2021 UNIVERSAL REGISTRATION DOCUMENT

AND ANNUAL FINANCIAL REPORT

GROUPE BPCE

Contents

Items contained in the Annual Financial Report are flagged in the Table of Contents with the following icon AFR

The Statement of Non-Financial Performance is identified in the summary using the following icon SNFP

2021 UNIVERSAL REGISTRATION DOCUMENT
AND ANNUAL FINANCIAL REPORT

Operating in more than
40
COUNTRIES

9 MILLION cooperative shareholders

Groupe BPCE, the second largest banking group in France, performs a full range of banking and insurance activities.

Its **100,000 employees**, serve **36 million customers** around the world – individuals, professionals, businesses, investors, and local authorities. It provides retail banking and insurance services in France through its two major cooperative networks, Banque Populaire and Caisse d'Epargne.
With Natixis, it also provides asset & wealth management, corporate & investment banking and payment services around the world.

www.groupebpce.com

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 matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

Only the French version of the Universal Registration Document has been submitted to the AMF. It is therefore the only version that is binding in law.

The original Universal Registration Document was filed on March 23, 2022 with the AMF, in its capacity as the competent authority in respect of Regulation (EU) No. 2017/1129, without prior approval pursuant to Article 9 of said regulation. Groupe BPCE's Universal Registration Document may only be used for the purposes of a public offering or admission of securities to trading on a regulated market if it is accompanied by a memorandum pertaining to the securities and, where applicable, an executive summary and all amendments made to the Universal Registration Document. The complete package of documents is approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

Copies of this Universal Registration Document may be obtained free of charge from BPCE, 50, avenue Pierre Mendès-France 75013 Paris.

Message from the **Chairman of the Management Board**

Laurent MIGNON
Chairman of the Management Board

In 2021, we supported all our clients in reviving the economy, whether they are individuals, professionals, companies, local authorities or institutions, by fully playing our role in terms of financing retail banking, corporate & investment banking and as a major player in savings management.

All our business lines are growing and recorded remarkable performances in 2021: we owe these good results to the commercial dynamism of our brands - Banque Populaire, Caisse d'Epargne, Natixis, Banque Palatine, Oney - of course, but also to our decentralized cooperative model, our spirit of innovation and our ability to transform ourselves.

On this last point, 2021 continues to stand out for its major strategic projects.

First and foremost, the simplification of the organization of our Group with the delisting of Natixis, the creation of the Global Financial Services division, bringing together our two major global business lines of asset management and corporate & investment banking, the transfer of insurance and payment activities to BPCE, and the merger of the support functions of Natixis and BPCE.

It also brought together a common team dedicated to IT development in retail banking, with the creation of BPCE Solutions informatiques. Finally, in asset management, the simplification of our relations with the Banque Postale/CNP group, which enabled us to consolidate the structure of our asset manager, Natixis Investment Managers, and to extend our commercial partnerships.

All of these projects are part of our new BPCE 2024 strategic plan, which we presented last July. This development plan provides concrete answers - those of a responsible and committed group - to issues such as the environmental transition and healthcare. It sets ambitious targets for conquest by 2024, in all our businesses and in all our regions, with the aim of offering our customers a safe environment and the highest quality of service.

With our More United, More Useful and Stronger BPCE 2024 strategic plan, we aim to become a leader in banking, financial expertise, insurance and asset management by 2024, serving all our customers. This ambition will guide the actions of our companies, our business lines and all the functions at work in our Group starting this year.

“In 2021, our Group sets out for 2024!

Groupe BPCE at a glance

A cooperative, multi-brand and entrepreneurial model serving its customers and the economy

Groupe BPCE is the second-leading banking group[1] in France and finances over 20%[2] of the French economy. All our customers, be they individuals, professionals, associations, corporate customers of all sizes or institutional customers, have constantly evolving expectations, with increasing demands in terms of availability, feedback, advice and service.

Our business lines, in France and internationally, offer solutions tailored to meet these needs, in Retail Banking, Insurance, Financial Solutions & Expertise, Payments, Asset & Wealth Management, and Corporate & Investment Banking.

In the regions and internationally, our brands support our customers in all their projects, through all distribution channels.

We are convinced that our universal cooperative banking model, successfully built around strong brands recognized and close to their customers, is a model of the future, deeply in line with the aspirations and needs of society. Multi-entrepreneurial, decentralized and unlisted, it allows our actions to take place over a long period of time with short decision-making circuits. This is how we combine the present and the future with efficiency and confidence.

Our new strategic plan, BPCE 2024, reaffirms this conviction: Groupe BPCE, with strong positions in each of its business lines, has the momentum to accelerate its development by supporting its customers with their investment needs for the economic recovery. It intends to deploy the full potential of its model to be a leader in banking, insurance and asset management at the service of all.

9 million cooperative shareholders

36 million customers

100,000 employees

PRESENT IN MORE THAN 40 countries

€25.7 bn in NBI

15.8% CET1 ratio

>20% financing of the French economy[2]

(1) Market shares: 22.1% in customer savings and 22% in customer loans (Banque de France Q3-2021 all non-financial customer categories).

(2) 22% market share in loan outstandings, all non-financial sector customers (Banque de France Q3 2021).

Diversified businesses, Strong, recognized brands

Retail banking and related businesses

SERVICES IN BANKING AND FINANCE

ADVISORY AND SPECIALIZED FINANCING

INSURANCE

DIGITAL & PAYMENTS

N°. 1
bank
for SMEs[1]

N°. 1
private funder
of local authorities, the hospital sector and social housing[2]

N°. 2
bank
for individual customers professional customers and individual entrepreneurs[3]

N°. 1
banking player
in consumer loans in France[4]

Bancassurer:
Top 5[5]

Global Financial Services

ASSET & WEALTH MANAGEMENT

CORPORATE & INVESTMENT BANKING

Top 15
Global Asset Managers[6]

~€1,250bn
in assets under
management 15th global asset manager[6]

>80%
of funds ranked
1st and 2nd quartile for more than 5 years[9]

2nd
worldwide
for bond issues in euros to financial institution[7]

2nd
Global MLA
in infrastructure financing by value[8]

[1] 2021 Kantar SME SMI survey.
[2] Observatoire de la dette Finance Active des Collectivités Locales, April 2020 (local authorities and hospital sector); Benchmarks 88 USH end-21 "HLM in figures" (social housing).
[3] SOFIA Kantar study, March 2020 (individual customers); 2019-2020 Pépites survey (CSA) (professional and self-employed customers).
[4] Athling analyses.
[5] Argus de l'assurance 2021.
[6] Cerulli Quantitative Update: Global Markets 2021.
[7] Dealogic.
[8] IJGlobal.
[9] Morningstar.

BPCE 2024 strategic plan

With its new BPCE 2024 strategic plan, the Group intends to take advantage of the economic recovery by leveraging new growth drivers. This three-year development plan is structured around three priorities and three key areas.

Three strategic priorities

Because simplicity is a condition for efficiency and satisfaction, Groupe BPCE is joining its forces.

Five priority areas defined with a target for additional revenue of around €1.5 billion and acceleration of international development.

TWO GROWTH DRIVERS WITH SOCIETAL CHALLENGES

> Environmental transition

The Group intends to support all its customers in this market:

- Retail banking: five priority areas: energy renovation, renewable energies, mobility, companies in transition, green savings offers and insurance
- Corporate & Investment Banking (CIB): the environmental transition positioned at the heart of the customer relationship, intensification of expertise and green revenues
- Asset Management: development of a leading ESG offering, with ambitious targets for assets under sustainable or impact management

> Healthcare

Already a leader in the financing of public hospitals, Groupe BPCE intends to become the benchmark partner in the healthcare sector:

- Key player for healthcare professionals (hospital civil service, liberal professions, future healthcare professionals) and a leading player in dependency
- Recognized healthcare infrastructure provider (EHPADs, senior residences, nursing homes, public hospitals, private clinics, etc.)
- Partner of healthcare companies and of the innovative ecosystem (e-health, biotech, medtech, etc.)

TWO KEY ACTIVITIES TO ACCELERATE, SOURCES OF VALUE CREATION

> Non-life insurance

As a fully-fledged bank-insurer, the Group will rely on its latest generation platform to develop, offer a differentiating customer/advisor experience, support network advisors in marketing and accelerate professional and individual health offers.

> Consumer loans

Thanks to the equipment potential of Banque Populaire and Caisses d'Epargne customers, Groupe BPCE wants to position itself as a leader in this market, with the launch of new solutions (instant personal loans, digital revolving credit, and debt restructuring), investments in digital technology and the development of online assistance.

A CUSTOMER MARKET TO BE DEVELOPED

> Medium-sized companies

Thanks to its regional roots and the complementary nature of its businesses, Groupe BPCE has set itself the goal of developing its customer base and its financing outstandings in the medium-sized segment.

INTERNATIONAL

> Speeding up the growth in the international arena of our global business lines

In Asset Management and in Corporate & Investment Banking, Groupe BPCE has confirmed the United States as the second main market after France and is accelerating its development in the Asia-Pacific region (APAC).

> Specialized financing

A growth strategy in Europe through development, from Oney, and acquisition opportunities in the consumer loans and leasing businesses.

Because a strong local and regional presence is written in its very DNA, Groupe BPCE undertakes to provide its customers with the highest quality of service over the long term.

The Group aims to offer its retail banking customers the best experience thanks to a "3D" relational model, with a pragmatic and local approach to the network of branches. All of the Group's business lines and companies have set Net Promoter Score (NPS) targets for 2024.

3D RELATIONSHIP MODEL

> Trustworthy

The customer advisor, the linchpin of a long-term banking relationship of trust, supports the customer in all of their life events

> Digital Inside

100% accessible banking, omnichannel pathways and digital spaces for digital native players

> Useful data

Customization of the solutions provided and of the proposed pathways according to customer needs, automated data collection, management of consents

PRAGMATIC AND LOCAL APPROACH OF THE NETWORK OF BRANCHES

- A distribution and relationship model consistent with local roots
- Networks of branches that value local relationships and advice and are constantly adapting
- Varied branch formats designed to match market realities and customer expectations: consultancy branches, multi-site branches, specialized branches, temporary branches, seasonal branches, e-branches, sustainable development branches, etc.

Because the climate is the major challenge of our time, Groupe BPCE makes climate action a priority for all of its business lines and all of its companies.

Groupe BPCE joined the Net-Zero Banking Alliance in 2021 and made concrete commitments to achieve carbon neutrality by 2050.

COMMITMENT TO ALIGN GROUP PORTFOLIOS ON A "NET-ZERO" TRAJECTORY

- By prioritizing the portfolios where the bank can have the most significant impact (most greenhouse gas-intensive sectors)
- By measuring the climate impact and defining an alignment trajectory for all of its portfolios

Aligning the Group with a "Net Zero" trajectory

- For the insurance portfolio, Groupe BPCE aims to align itself with the 1.5°C trajectory as early as 2030, with an intermediate milestone of 2°C in 2024.
- For Corporate & Investment Banking's financing portfolios, Groupe BPCE aims to reduce the temperature impact of its financing to 2.5°C in 2024, 2.2°C in 2030 and 1.5°C in 2050.

SUPPORT FOR ALL CUSTOMERS IN THEIR ENVIRONMENTAL TRANSITION

- Project financing, privileged advice and strategic dialog around the transition, dedicated ESG savings offers

EXTENSION OF THE SUSTAINABLE FUNDING STRATEGY

- Broader issue policy (energy transition theme alongside green & social issues)
- ESG savings and investment products for customers
- O2D approach in financing the new production of green & social assets

ACCELERATING THE REDUCTION OF THE GROUP'S OWN ENVIRONMENTAL FOOTPRINT

Towards a low-carbon economy

- Groupe BPCE and Natixis have published their first climate reports following the recommendations of the TCFD[1] and detail their actions to support the transition towards a low-carbon economy and adaptation to the effects of climate change.

(1) Task Force on Climate-Related Financial Disclosures.

Three lines of force

Because simplicity is a condition for efficiency and satisfaction, Groupe BPCE is joining its forces.

A SIMPLER AND MORE LEGIBLE ORGANIZATION

- Grouping of business lines serving the networks: Insurance, Payments, Financial Solutions & Expertise (FSE)
- Creation of Global Financial Services (GFS) bringing together the Asset & Wealth Management and Corporate & Investment Banking businesses
- Simplification of the coordination of functions between BPCE and the GFS, Insurance and Payments business lines

EVOLUTION OF INFORMATION SYSTEMS

- Grouping of IT productions within a single BPCE-IT entity
- Project for a joint retail software development team
- Cloud transformation program

ACCELERATED TRANSFORMATION OF BANKING SERVICES

- Harmonization, self-care, automation of key local banking processes
- Strengthening of pooling and cooperation (fiduciary, checks, desktop publishing, credit, etc.)

Because it is driven by an entrepreneurial spirit and aware of the reality of ongoing changes, Groupe BPCE is strengthening its capacity for innovation.

DATA AND NEW TECHNOLOGY MARKETS: CHANGING SCALE

- €400 million investment in data
- Invest in fintech/insurtech, enrich offers and diversify revenues through open banking

Place the use of data at the heart of business

- To develop and personalize the customer relationship (identification of life events, management of customer satisfaction), improve operational efficiency (automated collection and control of documents, detection of fraud), and reduce risks (predictive approach, industrialization of reporting)

PAYMENTS: ACCELERATING TO SUPPORT THE DIGITALIZATION OF RETAIL TRADE

- Digital commerce: being a key partner
- Installment payments: becoming a European leader
- "Employee benefits": developing a reference platform
- EPI project (pan-European payment solutions initiative): founding shareholder

Develop a reference platform for employee benefits

- Bimpli (contraction of "Better" & "Simply") is becoming THE sole and simple solution combining the best of employee benefits (gift vouchers, restaurant vouchers, CESU, prize pools, etc.) on a single platform.

DESIGNING THE FUTURE OF WORK

- Hybrid work for around 50,000 Group employees
- Training, a pillar of the employee experience: a culture, behaviors and processes to train for the future of the professions
- Internal careers, integration, mobility, talent pools

Building tailored career paths

- The transformation of the business lines within Groupe BPCE requires the development of relational and managerial positions in line with the new ways of working. The BPCE Campus supports the Group's strategic priorities with programs dedicated to career progression and development in the commercial networks and the promotion of banking services.

Because it works for the long term, Groupe BPCE prioritizes the security of its development model in view of its ambitions.

TIGHT ECONOMIC PERFORMANCE AND FINANCIAL STRENGTH, AT THE HEART OF THE AMBITIONS OF THE STRATEGIC PLAN

- Significant increase in profitability by activating growth drivers, simplifying the operating model and controlling the cost of risk
- Cost savings: simplification of the IT organization, modernization of banking services, real estate portfolio, operational efficiency plan for GFS businesses, etc.
- Financial resilience requirement: reinforcement of recurring solvency mainly from reserves

TIGHT RISK MANAGEMENT

- Tightly managing risks by confirming the Group's current level of risk appetite and investing in risk management systems

CONFIRMED FUNCTION AS A TRUSTED THIRD PARTY

- Relational model, data ethics at the heart of the action, enhanced technological security

Targets of the BPCE 2024 strategic plan

2024 NBI TARGET

€ 25.5 bn in NBI

with an average **growth rate of 3.5%/year** of which additional **€1.5bn**

Related to **two growth drivers:**
(2024 Vs 2020)

> €300m
Environmental transition

> €250m
Healthcare

Related to **three priority markets:**

> €300m
Non-life insurance

> €300m
Consumer loans

> €300m
Medium-sized companies

COST TO INCOME RATIO	< 65%
COST OF RISK	< 25 BPS
CET1 RATIO TARGET	> 15.5%

100 % of the Group

ON A TRAJECTORY FOR CARBON NEUTRALITY (net zero)

2050 target
for CIB portfolios

2030 target
for the general fund of Natixis Assurances

Deployment of **the Green Evaluation models methodology on**

100%

of portfolios

Decrease of

15%

of the Group's own carbon footprint
(vs 2019)

Renewed governance

Composition of the Supervisory Board

19 members

6 non-voting directors

15 meetings

41% gender diversity rate

97% attendance rate

7 Representatives of the Banques Populaires


Thierry CAHN
Chairman of the Supervisory Board of BPCE, Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne


Gérard BELLEMON
Chairman of the Board of directors of Banque Populaire Val de France


Bernard DUPOUY
Chairman of the Board of directors of Banque Populaire Aquitaine Centre Atlantique


Daniel KARYOTIS *
Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes

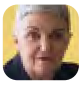

Olivier KLEIN
Chief Executive Officer of BRED Banque Populaire


Catherine MALLET
Chairwoman of the Board of directors of Banque Populaire Occitane


Marie PIC-PÂRIS ALLAVENA *
Chairwoman of the Board of directors of Banque Populaire Rives de Paris

7 Representatives of the Caisses d'Epargne


Alain DENIZOT
Chairman of the Management Board of Caisse d'Epargne Rhône Alpes


Catherine AMIN-GARDE
Chairwoman of the Steering & Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche


Alain DI CRESCENZO *
Chairman of the Steering & Supervisory Board of Caisse d'Epargne de Midi-Pyrénées

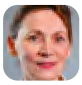

Eric FOUGERE
Vice-Chairman of the Supervisory Board of BPCE, Chairman of the Steering & Supervisory Board of Caisse d'Epargne Bourgogne Franche-Comté


Françoise LEMALLE
Chairwoman of the Steering & Supervisory Board of Caisse d'Epargne Côte d'Azur


Didier PATAULT
Chairman of the Management Board of Caisse d'Epargne Île-de-France


Benoît PELLERIN *
Chairman of the Steering & Supervisory Board of Caisse d'Epargne Normandie

3 Independent members


Valérie PANCRAZI
Chairwoman of VAP Conseils


Anne-Claude PONT
Chairwoman of Wilov


Kadidja SINZ
European Director of Liberty Specialty Markets

2 Employee representatives

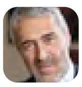

Nicolas GETTI *


Bertrand GUYARD*

As advisors 6 Non-voting directors


Maurice BOURRIGAUD *
Chief Executive Officer of Banque Populaire Grand Ouest


Sabine CALBA
Chief Executive Officer of Banque Populaire Méditerranée


Joël CHASSARD
Chairman of the Management Board of Caisse d'Epargne CEPAC


Bruno DELETRE *
Chairman of the Management Board of Caisse d'Epargne Grand Est Europe


Dominique GOURSOLLE-NOUHAUD *
Chairwoman of the Fédération Nationale des Caisses d'Epargne, Chairwoman of the Steering & Supervisory Board of Caisse d'Epargne Aquitaine Poitou-Charentes


André JOFFRE
Chairman of the Fédération Nationale des Banques Populaires, Chairman of the Board of Directors of Banque Populaire du Sud

* New representatives and members of governance.

● Audit Committee ● Risk Committee ● Appointments Committee ● Remuneration Committee ● Cooperative and CSR Committee.

Supervisory Board members' expertise

8 Over 50%

Retail Banking and Insurance

Strategic planning and understanding of commercial strategy

Financial accounting and financial disclosures

Skills and experience in terms of management

Legal and regulatory expertise

Risk management, compliance verification and Internal Audit

Experience with the cooperative model

Financial markets, capital markets, solvency and models

1 Between 30 and 50%

International

1 Between 10% and 30%

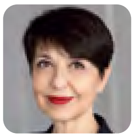
IT and digital

5 specialized committees mobilized

AUDIT COMMITTEE	RISK COMMITTEE	APPOINTMENTS COMMITTEE	REMUNERATION COMMITTEE	COOPERATIVE & CSR COMMITTEE
6 members	**6** members	**7** members	**8** members	**7** members
5 meetings	**10** meetings	**4** meetings	**3** meetings	**2** meetings
100% attendance	**95%** attendance	**100%** attendance	**100%** attendance	**91%** attendance

Management Board members

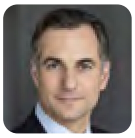
Laurent MIGNON,
Chairman of the Management Board



Christine FABRESSE,
Retail Banking and Insurance

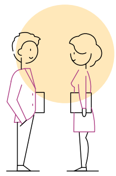
Béatrice LAFAURIE,
Group human resources

Jean-François LEQUOY,
Group Finance & Strategy



Nicolas NAMIAS,
Chief Executive Officer of Natixis

5
MEMBERS



40%
GENDER EQUALITY RATE

A REMUNERATION POLICY INDEXED ON TOTAL VALUE CREATION

The remuneration of the members of the Management Board includes an annual variable portion which is 40% based on qualitative criteria. 10% are dedicated to achieving CSR objectives.
(implementation of strategic ambitions on the four components of the climate axis)

Business model

Resolutely cooperative, innovative and committed players, retail bankers and insurers, Groupe
financial solutions adapted to each one and build a sustainable and responsible relationship

OUR DNA | **OUR STRENGTHS** | **OUR CHALLENGES**

OUR DNA

A banking model that is cooperative

universal in the service of its **36 million customers**

Participatory governance

9 million Cooperative shareholders elect their representatives to sit on the committees of the regional banks

A strategy and actions

implemented for the **long term**

A committed group in the company

that finances **more than 20%[1] of the French economy**

OUR STRENGTHS

COMMITTED AND EXPERT EMPLOYEES

100,000 women and men of which 90% in France

> 68,000 employees trained

Local presence

A **decentralized model** that promotes decision-making with local customers: **14 Banque Populaire banks** and **15 Caisses d'Epargne** spread across the country

Digital integrated in the business lines

80% of banking customers are active on digital channels

Digital subscriptions are being increasingly used by our customers

A strong group

CET1 ratio: **15.8%**

Financial ratings from four agencies: **A/A1/A+**

Liquidity reserves: **€329bn**

Guarantee and solidarity system

Strong and complementary long-term brands

Banque Populaire, Caisse d'Epargne, Natixis, CASDEN, Crédit Coopératif, Banque Palatine, Oney

OUR CHALLENGES

Urgent need for sustainability
- Climate pressures
- Corporate Social Responsibility

Digitization
- Online shopping
- Remote work
- Information and advice

Trust
- Data protection
- Security
- Business ethics

OUR BUSINESS LINES

70% **Retail Banking and Insurance** of NBI

VALUE PROPOSITION

59% Retail Networks	5% Financial Solutions & Expertise	4% Insurance	2% Payments
Isupporting our customers on a daily basis, with a relationship of trust over time	*consulting in the financing and guarantee business lines*	*a comprehensive insurance offer for customers of the Group's networks*	*solutions covering the entire payments and employee benefits value chain*

OUR THREE STRATEGIC PRIORITIES

(1) 22% market share in loan outstandings, all non-financial sector customers (Banque de France Q3 2021).

BPCE companies and employees support their cooperative shareholders and customers with with them

OUR THREE STRENGTHS | **OUR VALUE CREATION**

Economic challenges
New global deal

Health crisis

Regulatory issues
Growing demands

ESG regulations

30% **Global Financial Services of NBI**

VALUE PROPOSITION

15%
Asset & Wealth Management
a wide range of solutions meeting the savings, responsible investment and insurance management needs of private and institutional customers

15%
Corporate & Investment Banking
recognized expertise for corporate clients and investors: strategic consulting, financing, capital markets, green & sustainablede capitaux, green & sustainable

Customers
N°. 2 retail **bank**[2]

N°. 1 bank for SMEs[3]

€795bn in loan outstandings

€1,245bn in assets under management

Employees
72% of our employees are committed

45% of women are managers

29% of women in management positions

17% conversion of work-study students

Company
N°. 1 lender to the social and solidarity economy[4]

31% of purchases made with SMEs and mid-sized companies

25% of customers are cooperative shareholders

€34 billion in State-guaranteed loans

€1.9 billion in taxes paid by the Group in France

Environment
€1.7 billion in financing granted in 2021 for the environmental transition

€414.3 billion in assets under sustainable or impact management

€5.9 billion in green, social and transition bonds issued in 2021

Strong and concrete commitments to achieve **carbon neutrality by 2050**

NBI
€25.7bn

Net Income Group Share
€4bn

Capital
€69.8bn

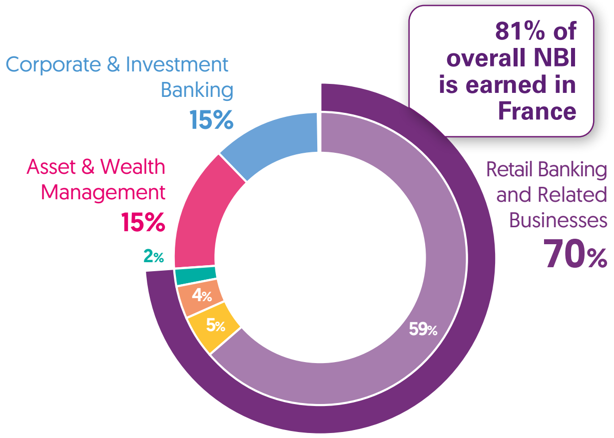
(2) Market share: 22% in household deposits/savings and 25.9% in home loans (Banque de France, Q3-2021). Overall penetration rate of 29.6% (rank 2) among retail customers (SOFIA Kantar study, March 2020).
(3) 53% (No. 1) in terms of total penetration rate (Kantar 2021 SME-SMI survey).
(4) Market share: 34% of loans granted to resident NPISHs (Banque de France Q3-2021).

A solid group generating robust performances

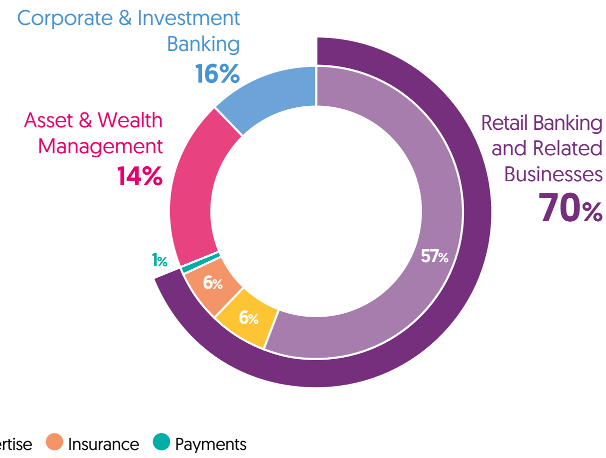
A recurring and diversified revenue base

in millions of euros	2021	2020	2019
Net banking income	**25,716**	**22,540**	**24,305**
Gross operating income	**7,876**	**5,896**	**6,722**
Cost/income ratio	69.4%	73.8%	72.3%
Cost of risk	(1,783)	(2,998)	(1,367)
Income before tax	**6,231**	**2,789**	**5,538**
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**4,003**	**1,610**	**3,030**

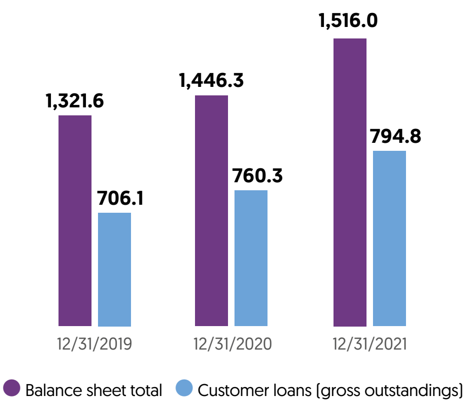
BUSINESS LINE CONTRIBUTION TO NBI IN 2021 *(in %)*



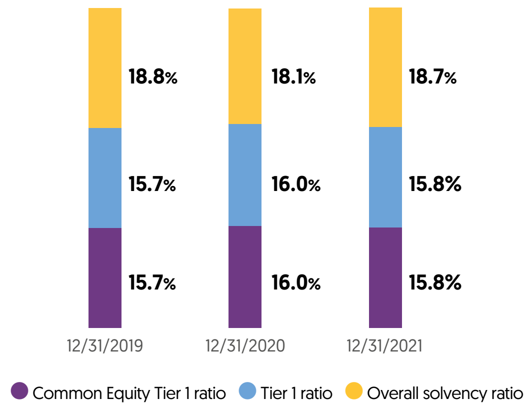
BUSINESS LINE CONTRIBUTION TO INCOME BEFORE TAX IN 2021 *(in %)*



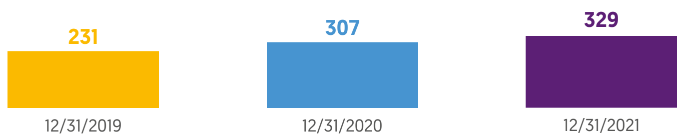
Activity *(in billions of euros)*



Prudential ratios *(in %)*



LIQUIDITY RESERVE *(in billions of euros)*|



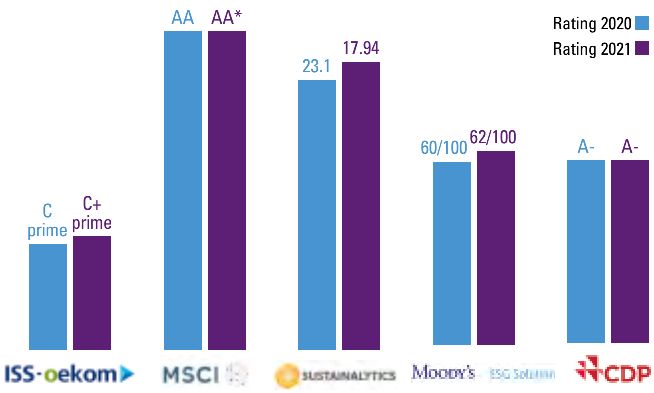
Ratings as of December 31, 2021

LONG AND SHORT-TERM RATINGS

The ratings concern BPCE
and also apply to Groupe BPCE

	Fitch Ratings	Moody's investors Service	R&I	Standard & Poor's
Counterparty long and short term	-	Aa3(cr)/ P1(cr)	-	-
Long-term rating preferred senior	A+	A1	A+	A
Short term rating	F1	P-1	-	A-1
Outlook	Negative	Stable	Stable	Stable
Date of last report	11/17/2021	8/9/2021	7/29/2021	12/3/2021

NON-FINANCIAL RATINGS



KEY NON-FINANCIAL FIGURES

€1.7bn in loans granted in 2021 for the environmental transition

€414.3bn in sustainable or impact assets under management

€5.9bn in green, social and transition bonds issued in 2021

92/100% gender equality index 2021

BPCE SA group indicators[1]

SUMMARY INCOME STATEMENT

in millions of euros	2021	2020	2019
Net banking income	11,780	9,816	11,145
Gross operating income	2,702	1,854	2,286
Income before tax	2,293	500	1,923
NET INCOME GROUP SHARE	**1,185**	**176**	**631**

FINANCIAL STRUCTURE

in billions of euros	12/31/2021	12/31/2020	12/31/2019
Equity attributable to equity holders of the parent	25.5	20.2	20.4
Tier 1 capital	18.6	19.0	19.9
Tier 1 ratio	10.8%	10.5%	11.2%
Total capital ratio	17.9%	15.5%	18.6%

(1) BPCE SA group includes BPCE SA and its subsidiaries. The Banques Populaires and Caisses d'Epargne do not contribute to the results of BPCE SA group.

1

PRESENTATION OF GROUPE BPCE

1.1 Group history

Groupe BPCE was established in 2009 through the merger of Groupe Banque Populaire and Groupe Caisse d'Epargne. This marked the combination of two leading cooperative banks, created in 1878 and 1818 respectively, sharing common values rooted in solidarity, a local presence, democratic governance and a long-term vision.

The first step to forming the Group took place in 2006, with the creation of Natixis from the merger of Ixis and Natexis Banques Populaires.

In 2021, the Group became the leading unlisted European banking group.

True to its roots, Groupe BPCE is as committed as ever to bringing about transformations and meeting the pressing challenges of its time, particularly when it comes to the energy and ecological transition.

BANQUE POPULAIRE

1878: **FIRST BANQUE POPULAIRE FOUNDED**
The Banques Populaires were founded by and for entrepreneurs, to make it easier to finance their projects.

1917: The Banques Populaires quickly become **major players in their region's economy**, working for craftsmen, small retailers, and SMEs.

1962: The Banques Populaires **open their services to individual customers**.

1998: The acquisition of Natexis gives the Groupe Banque Populaire a **listed vehicle**.

CAISSE D'EPARGNE

1818: **FIRST CAISSE D'EPARGNE FOUNDED** to promote, collect, and manage people's savings.

1835: The Caisses d'Epargne become "private institutions in the public interest."

1895: The Caisses d'Epargne conduct **operations of general interest**.

1983: The Caisses d'Epargne become **not-for-profit credit institutions**.

1999: The Caisses d'Epargne become **cooperative banks**.

2004: By purchasing CDC Ixis, the Groupe Caisse d'Epargne **branches out into investment banking**.

2006: THE BANQUE POPULAIRE AND CAISSE D'EPARGNE GROUPS UNITE THEIR STRENGTHS BY CREATING A JOINT SUBSIDIARY, NATIXIS

1

2009

CREATION OF GROUPE BPCE 2ND LARGEST BANKING GROUP IN FRANCE BY MERGER OF THE BANQUE POPULAIRE AND CAISSE D'EPARGNE GROUPS

2010

The 1st strategic plan, "Together", mobilizes all Group entities to become **the preferred banks of the French and their companies**

2014

"Growing otherwise", a development and transformation plan for 2014-2017 to **always better meet the expectations and needs of customers, by affirming the Group's cooperative difference**

2017

Groupe BPCE launched "TEC 2020", the strategic plan for 2018-2020: a combination of **digital transformation** in order to seize opportunities created by the ongoing technological revolution, **Engagement** towards customers, employees and cooperative shareholders, and **Growth** in all of its core businesses

Creation of the single insurance platform

Mergers within the Banque Populaire and Caisses d'Epargne networks

2019

A CHANGING GROUP:

- Purchase of a **50.1% stake in Oney Bank alongside Auchan Holding**
- Integration of Crédit Foncier's activities and expertise and integration of Natixis' Specialized Financial Services businesses within BPCE SA
- Continued mergers of the Banques Populaires and Caisses d'Epargne

Groupe BPCE is the first Premium Partner of the Paris 2024 Olympic and Paralympic Games

Signing of the Principles for Responsible Banking: the Group undertakes to strategically align its activities with the United Nations Sustainable Development Goals and the Paris Climate Agreement

2020

- With the health crisis linked to Covid-19, exceptional mobilization by all Group companies and all employees throughout the year to find solutions that are pertinent and appropriate to their customers' needs
- Following the finalization of the operation with LBP AM, creation of a major European player in fixed-income and insurance asset management, Ostrum Asset Management, which provides asset management and investment services

2021

A SIMPLIFIED AND UNIFIED GROUP, READY FOR THE NEXT STAGES OF ITS DEVELOPMENT

Launch of the BPCE 2024 strategic plan to unleash the full potential of the Group's multi-brand, entrepreneurial cooperative model to be the leader in banking, insurance and asset management for everyone

Groupe BPCE is changing its organization:

- Withdrawal from the Natixis' listing, enabling the Group to strengthen its universal cooperative banking model, while benefiting from greater strategic leeway.
  The Group becomes the leading unlisted European banking group
- Creation of Global Financial Services (GFS) bringing together the Group's two business lines: Asset & Wealth Management and Corporate & Investment Banking
- Transfert insurance and payments activities to BPCE to bring together of all the business lines serving the networks - Insurance, Payments, Financial Solutions & Expertise (FSE)
- Sale by BPCE to La Banque Postale of its 16.1% stake in CNP Assurances; proposed acquisition from La Banque Postale of its 45% stake in Ostrum AM and 40% in AEW Europe - Natixis IM would then hold 100% of Ostrum AM and AEW Europe; the two groups reaffirm their intention to strengthen their industrial partnerships

1.2 Understanding the Group's organization

Overview

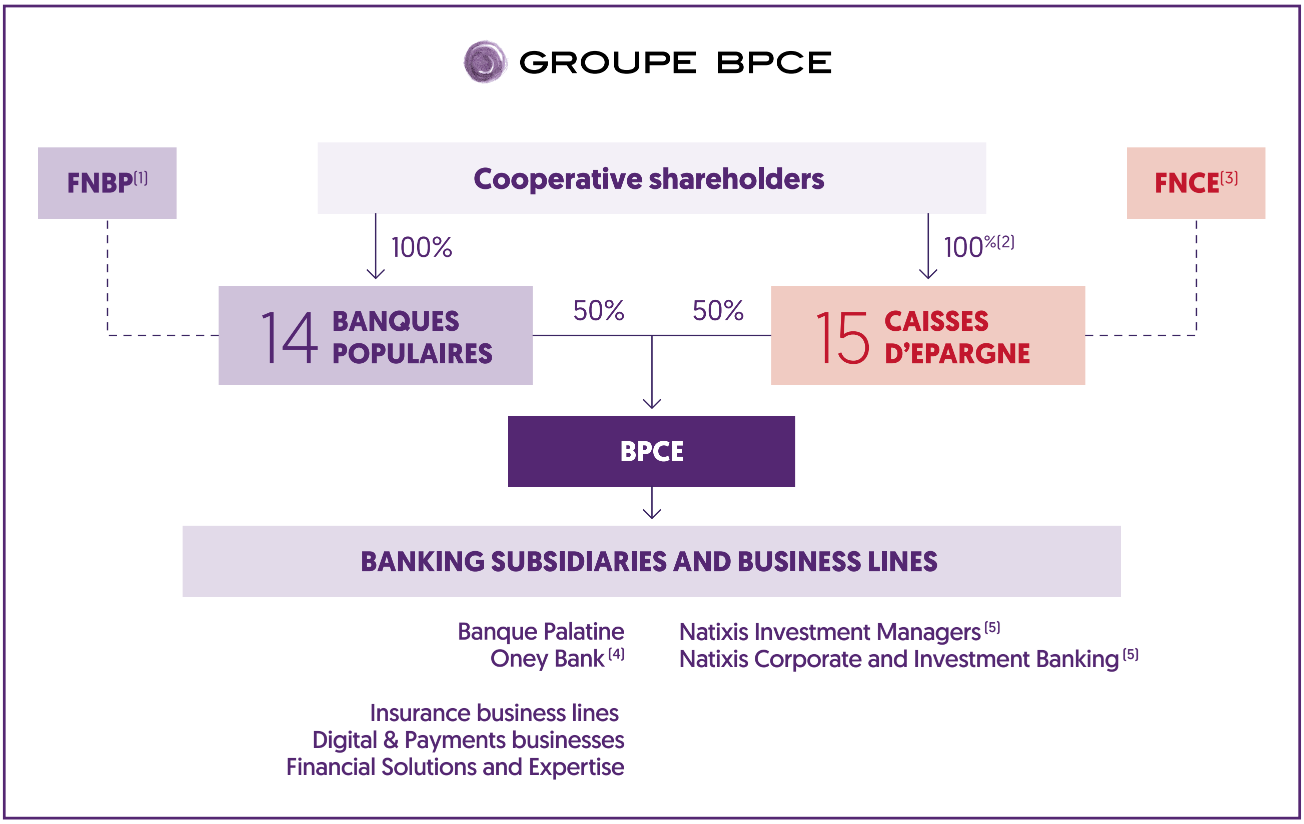
The Banques Populaires and the Caisses d'Epargne are owned by nine million cooperative shareholders. This highly stable shareholding structure is imbued with a strong cooperative spirit.

BPCE SA, the central institution of Groupe BPCE, is wholly-owned by the 14 Banques Populaires and 15 Caisses d'Epargne. It defines the policies and strategic objectives of the Group and coordinates the sales policies of each network.

The Banques Populaires and Caisses d'Epargne are banks in their own right. They collect deposits and savings, distribute loans and define their priorities.

The Fédération nationale des Banques Populaires (FNBP) and the Fédération nationale des Caisses d'Epargne (FNCE), the bodies that provide deliberation, communication and representation for the two networks and their cooperative shareholders, play an essential role in defining, coordinating and promoting the banks' cooperative spirit and social responsibility initiatives, in accordance with Groupe BPCE's commercial and financial objectives.

Important members of their regional economies sit on the Board of Directors of the Banques Populaires and on the Steering and Supervisory Board of the Caisses d'Epargne. Their resources are first and foremost allocated to meet the needs of local areas and regional customers.



[1] Fédération nationale des Banques Populaires
[2] Indirectly through local savings companies (LSCs)
[3] Fédération nationale des Caisses d'Epargne
[4] 50.1% owned
[5] Indirectly through Natixis SA

Three-pillar structure

1 TWO BPCE SA COOPERATIVE SHAREHOLDER NETWORKS

Under the cooperative banking model, cooperative shareholding customers are the focal point of the Group's governance.

The Banques Populaires and Caisses d'Epargne are credit institutions wholly-owned by their cooperative shareholders (via LSCs – Local Savings Companies – for the Caisses d'Epargne).

Cooperative shareholding customers – both individuals and legal entities – **play an active part in the life, ambitions and development of their bank.**

Being a cooperative shareholder means owning a cooperative share (a percentage of the share capital not quoted on the stock exchange), representing a portion of the share capital in a Banque Populaire or an LSC for a Caisse d'Epargne, and playing a role in the bank's operation by taking part in General Meetings and voting to approve the financial statements and resolutions, validating management decisions and electing directors.

Each institution is governed by a Board of Directors and a Chief Executive Officer for the Banques Populaires, or a Steering and Supervisory Board and a Management Board for the Caisses d'Epargne.

SEE CHAPTER 3
"CORPORATE GOVERNANCE"

2 BPCE SA: THE CENTRAL INSTITUTION DEDICATED TO ACHIEVING THE GROUP'S AMBITIONS

BPCE SA is responsible for the strategy, coordination and organization of the Group as well as each of the networks.

The main duties of the central institution, as defined by the French act of June 18, 2009, are:

- coordinate trade policies;
- represent the Group and its networks, and negotiate national/international agreements on their behalf;
- represent the Group and its networks as an employer;
- take all necessary measures to ensure the Group's liquidity and solvency, risk management and internal control.

All credit institutions affiliated with the central institution are covered by a guarantee and solidarity mechanism.

The scope of affiliated entities is mainly comprised of the Banque Populaire and Caisse d'Epargne networks, and Natixis.

SEE CHAPTER 7
"LEGAL INFORMATION"

3 SPECIALIZED SUBSIDIARIES

Natixis Investment Managers, one of the world's largest asset managers, offers a range of diversified solutions covering different types of asset classes, management styles and vehicles, including innovative environmental, social and governance (ESG) strategies and products dedicated to the development of sustainable finance.

Natixis Corporate & Investment Banking, a global financial player, provides corporates, financial institutions, financial sponsors, sovereigns and supranationals with a range of advisory, investment banking, financing, commercial banking and capital markets services.

As a bank for corporate and wealth management customers, **Banque Palatine** helps its customers achieve their personal and professional goals alike.

Oney, a 50.1%-owned subsidiary of Groupe BPCE since October 2019, is a French bank with an international presence that supports the daily lives of its customers by offering in-store and online shopping experiences.

1.3 Highlights 2021

January

Groupe BPCE has created an employer brand based on three key areas: vitality, freedom and commitment. The company's true identity, it conveys its image, its characteristics and its uniqueness to its employees and potential candidates.

Mirova, the asset management company specializing in sustainable investment, affiliated with Natixis Investment Managers, participated in the creation of the Natural Capital Investment Alliance. This Alliance aims to mobilize $10 billion in favor of Natural Capital and make it a real investment opportunity through different asset classes.

February

The Group is launching a project to simplify its organization, which aims to provide each of its business lines with new room for maneuver to develop, transform and win new customers. The project includes a simplified takeover bid for Natixis shares by the Group, accompanied by an exit from listing.

On board Banque Populaire X, Clarisse Crémer crossed the finish line of the Vendée Globe in 12th position and became the fastest solo woman to sail around the world in a monohull.

The Group finances very high-speed broadband in two *départements*, making it possible to connect more than 160,000 households in Côte d'Or and Landes. Natixis acted as the arranger, coordinator of Groupe BPCE's response and as ESG coordinator. The Caisses d'Epargne Aquitaine Poitou-Charentes, de Bourgogne Franche-Comté and de Midi-Pyrénées co-arranged the financing of the transaction. Lastly, the Caisses d'Epargne de Normandie, Ile-de-France, BRED and Banque Palatine also acted as guaranteeing banks on a financing line.

March

Groupe BPCE furthered its commitment to gender diversity by signing a Charter, the aim of which is to share common convictions regarding gender diversity with all Groupe BPCE companies through ten concrete commitments to be pursued and developed over the years to come. With this signature, Groupe BPCE committed to promoting professional equality at the highest level of responsibility, systematically integrating the principle of gender equality in all HR processes, supporting female/mixed networks, and promoting and retaining talents.

Banque Populaire is supporting the transition of the agricultural model with the launch of the *Agrilismat Green* offer, to finance agricultural equipment. Banque Populaire has set itself a target of producing €1 billion in green loans by 2024, *i.e.* 20% of the total production in their territory of professional agricultural loans over the period.

April

The Group's four banks – Banque Populaire Auvergne Rhône Alpes, Caisses d'Epargne Rhône Alpes, Loire Drôme Ardèche and d'Auvergne et du Limousin – are contributing to the creation of a public-private financing tool intended to strengthen the companies' equity.

The Caisses d'Epargne created a debt fund with resources of €1.5 billion, in conjunction with Natixis and BPCE Énergéco. This fund is intended to finance major operations for the development of renewable energy projects of all kinds on a national scale: offshore and onshore wind, photovoltaic, energy storage, hydroelectricity, hydrogen and methanisation, etc.

May

BPCE L'Observatoire publishes *Le temps des aidants*. This new opus is dedicated to the 15 million French people who provide assistance to a loved one because of their health, disability or age.

June

Caisse d'Epargne launched its *Pacte Utile* (Useful Pact) which aims to make the Paris 2024 Olympic and Paralympic Games a lever for the transformation of society through inclusion through sporting activities, the financing of numerous sports infrastructures and support for athletes.

July

Launch of the "BPCE 2024 – More United, More Useful, Stronger" strategic plan. Its ambition: to be a leader in banking, insurance and asset management for everyone.

The simplified public tender offer initiated by BPCE resulted in the delisting of Natixis shares. With the success of this transaction, after 12 years of existence, Groupe BPCE became the largest unlisted cooperative banking group in Europe.

The Group joined the Net-Zero Banking Alliance, which aims to achieve carbon neutrality by 2050. Launched by the UN Environment Finance Initiative (UNEP FI), it brings together around 50 banking institutions mobilized against global warming.

Oney, a subsidiary of Groupe BPCE, confirmed its leadership by creating universal installment payments. With Oney+, consumers can pay in 3 times or 4 times anywhere in the world, on all channels, in all types of businesses and for all types of services.

August

The athletes and para-athletes supported by the Group's companies shine at the Tokyo Olympic and Paralympic Games. They won more than 40% of the total medals won by the French delegation.

September

The quality of the funds designed, managed and distributed by the Group's entities was recognized by the awarding of eight trophies at the 2021 edition of the *Corbeilles Mieux Vivre votre Argent*.

The Group became the main partner of Energy Observer, the first autonomous hydrogen vessel. It supports a project to develop technological solutions around hydrogen and contributes to the deployment of financing tools adapted to new technologies and green energy.

October

The Group and Natixis published their first Task Force on Climate-related Financial Disclosure (TCFD) report. In this document, they detail their actions to support the transition to a low-carbon economy and adaptation to the effects of climate change.

Natixis Corporate & Investment Banking signed cooperation agreements with LBBW in Germany and Tyndall Group in Chile with the aim of obtaining joint M&A advisory mandates and improving support for the international business development of their respective customers.

November

Banque Populaire was named the number one bank for SMEs for the 12th consecutive year. This recognition reflects the historic commitment to serving SMEs but also the daily mobilization of the Banque Populaire banks, particularly during the past year.

An affiliate of Natixis Investment Managers, Ostrum AM is among the best-positioned players in the 2021 edition of the RIBI (Responsible Investment Brand Index), which assesses the ability of asset managers to translate their commitment to sustainable development into their identity and their brand.

December

La Banque Postale acquired BPCE's 16.1% stake in CNP Assurances.

Stabilization of the terms and conditions between Groupe BPCE and La Banque Postale of the proposed acquisition by Natixis Investment Managers (a wholly-owned subsidiary of Natixis) of the minority stakes held by La Banque Postale in Ostrum Asset Management (45%) and AEW Europe (*i.e.* 40%). The planned acquisitions will enable Natixis Investment Managers to hold 100% of the capital of these management companies.

More than 3,000 companies and partners are committed to "Entreprendre 2024", a system created in 2020 by Groupe BPCE to support its clients, small and medium-sized businesses, medium-sized companies, social economy organizations and social economy players and solidarity in the Paris 2024 adventure.

1.4 The Group's business lines

RETAIL BANKING AND RELATED BUSINESS LINES

BANQUE POPULAIRE | CAISSE D'EPARGNE | BANQUE PALATINE | oney

- **Banking & financial services**
- **Advisory services & specialized financing**
- **Insurance**
- **Digital & Payment solutions**

GLOBAL FINANCIAL SERVICES

NATIXIS INVESTMENT MANAGERS | NATIXIS CORPORATE AND INVESTMENT BANKING

- **Asset & Wealth Management**
- **Corporate & Investment Banking**

1.4.1 Retail Banking and Insurance

Banques Populaires

Founded by entrepreneurs for entrepreneurs more than 140 years ago, the Banques Populaires have stayed true to their roots, confirming their position as the leading bank for SMEs in France for the 12th consecutive year.[1] A top-tier banking network with 12 regional Banques Populaires and two national affiliated banks (CASDEN Banque Populaire, dedicated to the civil service sector, and Crédit Coopératif, a bank serving the social and solidarity-based economy), Banque Populaire is also the No. 2 bank of craftsmen and small retailers.[2]

Key figures

- **14 Banques Populaires**
- **4.8 million cooperative shareholders**
- **9.5 million customers**
- **30,000 employees**
- **€347.2bn in deposits and savings**
- **€276.4bn in loan outstandings**
- **€6.9bn in net banking income**

IN 2021

- The Banques Populaires confirmed their commercial dynamism. Loan outstandings increased by 6.3% and deposits and savings by 7.5%.
- A year of conquest with a strong increase in new contacts, both for professionals, to +14% at the end of December, and for companies, to +21.1% at the end of December.
- With a 6.1% increase in consumer loan outstandings, the Banques Populaires achieved a record year.
- The pprivate wealth management business passed the milestone of 500,000 clients, a number that has doubled in ten years.

INDIVIDUAL CUSTOMERS

The Banques Populaires confirmed their commercial dynamism and continued to gain market share. As such, they have more than five million active customers, an increase of 3% year-on-year, including over four million principal bank customers. The production of credit increased sharply, both in consumer loans, with historic growth (+5.2%), and home loans (+6.7%). It was an exceptional year in terms of non-life insurance policies (fires, accidents, miscellaneous risks) with the production of more than 352.025 home and car policies sold as of December 31, 2021. The commercial momentum is reflected in a 22% increase in non-life insurance policy gross sales and a 21% increase in protection against 2020, the baseline year for the Banques Populaires.

2021 saw the culmination of a movement initiated in 2019 to revisit the entire range offered to individual customers: launch of the *CRISTAL* relationship agreement in early 2020, with more than 850,000 customers equipped, creation of a single platform for non-life insurance, and marketing of life insurance and delegated management services, individual retirement savings plan and borrower insurance in October 2021.

2021 was marked by the dynamism of the green financing and savings offer deployed throughout the network. As a result, *Codevair*'s outstandings amounted to more than €2.3 billion, an increase of 26% at the end of December 2021. Financial savings also showed sustained dynamism thanks to the *Ambition Durable* green bond, which raised more than €300 million at the end of October 2021. Finally, a new solution was introduced: the *Energy Renovation Loan*, which provides a concrete solution to customers whose home *Energy Performance Assessment* (DPE) is poor and who wish to undertake work.

Lastly, the Banques Populaires confirmed their commitment to young people, students and apprentices. This mobilization resulted in growth of 6% in new contacts among 16 to 24 year-olds in 2021 (vs. 2020) and a stability in student loans, which now account for 6% of loans granted. In addition, as part of the student loan guarantee scheme entrusted to Bpifrance by the French Ministry of Higher Education and Research, the BPI budget increased threefold.

€35.1bn in new loans, +6.1%

€141.6bn in loan outstandings, +9.3%

€181.2bn in deposits and savings, +7.2%

352,025 new non-life insurance policies

(1) Kantar PME-PMI study 2021-Banques Populaires: No. 1 bank for SMEs.
(2) 2020 Pépites survey.

PRIVATE MANAGEMENT

The third largest player in private wealth management in France[1] with €99.2 billion in assets under management, the Banques Populaires doubled their number of customers in this segment in ten years and, in 2021, passed the milestone of 500,000. The sales momentum resulted in an increase in inflows of more than 10.7% over the year.

2021 was marked by the deployment of "green" solutions across all asset classes, notably with: a wide range of funds selected from Groupe BPCE asset managers with the certification of numerous funds (including: three Greenfin labels) and new products: Label Relance funds, PEA funds, thematic funds in particular on health and sport from September 2021; a range of structured products with an ESG component (environment, social, governance) for the most part, at least through their benchmark index or *via* green bond issues (*Ambition Durable* range); a retirement savings plan offering favoring responsible savings, with the choice of three investment formulas that have a favorable impact on the environment and society, and more than 30 freely managed SRI (socially responsible investment) vehicles.

479,421 customers in the portfolio and 19,173 new customers in 2021

€99.2bn under management, +11%

PROFESSIONAL CUSTOMER

More than 725,000 professionals are clients of the Banques Populaires, including 66,889 who joined Banque Populaire in 2020. They develop a business partner approach with them, combining financing, services, digital solutions, insurance and employee savings to support them on a daily basis and support their projects. Best bank in the Palmarès du *Monde du Chiffre* magazine for the accounting profession, for which it received the Gold Trophy for the fourth consecutive year, Banque Populaire is still the first bank recommended by franchisors according to the fifteenth edition of the annual franchise survey carried out with the French Franchise Federation.

Activity

The momentum on the professional market is reflected in the growth of new contacts, up by 16.4% year-on-year at the end of December 2021, and the growth of the portfolio of liberal healthcare professions, up by 7.6%, a level higher than the market (+3% according to Coface).

In non-life insurance, gross sales of contracts increased by 28%, with a change in the equipment rate of 32.2% as of September 2021, *i.e.* an increase of 0.6 points.

New solutions

2021 was marked by the launch of *Oney Proximity*, a service enabling local shops to gain customer loyalty by offering them payment in 3 or 4 installments by bank card.

The partnership with HeoH, a specialist in donations in France, has become widespread in the Banques Populaires. Retailers can now offer their customers the option to make a micro-donation *via* TPE (electronic payment terminal) to support national and local non-profits.

Lastly, the Banques Populaires carried out the first European issue for sustainable agriculture with the creation of a dedicated green bond.

Recognition

The Banques Populaires were voted number one in terms of satisfaction and recommendations from farmers and winegrowers[2]. They support more than 76,108 of them throughout France. With an annual loan production of over €2.2 billion and loan outstandings of over €10.3 billion, the Banques Populaires regularly demonstrate their commitment to agriculture in France.

1.1 million professional clients

507,953 tradesmen

172,203 liberal professionals

67,108 farmers

€71.4bn loan outstandings, +7.3%

(1) L'Opinion, 2018.
(2) Results of the BVA study of 1,359 heads of medium and large farms - Telephone survey (CATI) from February 10 to March 17, 2021.

COMPANIES

Activity

After a year in 2020 marked by a slowdown in activity due to the health crisis, 2021 saw the conquest momentum accelerate. New relationships rose sharply, +21%, with stronger growth in the small business segment (+27%).

The Banques Populaires supported the investments made as a result of the resumption of activity, which rose sharply, with a 20% increase in the production of equipment loans in 2021. Lastly, flows returned to their pre-crisis momentum, rising by +4% year-on-year.

Satisfaction and positioning

This sustained activity was accompanied by high customer satisfaction as it remained at the level of 2020, a record year, with an NPS of +14.

For the 12th year in a row, company executives renewed their trust in Banque Populaire by once again naming her the leading bank for SMEs in France[1]. Trust that extends to other customer segments. As a result, the Banques Populaires and Crédit Coopératif stepped onto the podium as the bank of employers associations, rising from fifth to third place[2].

128,983 corporate clients, +5.9%

260,630 non-profits and institutions, +5.9%

No. 1 bank for SMEs, 42% are customers[1]

€42.2bn of medium and long-term loan outstandings

COMMUNICATION

In particular, 2021 was marked for Banque Populaire by the broadcast of a new film on television called "Le bon partenaire" to accompany the end of the last lockdown, the digital film "La Relève" to further assert its support for young people and a campaign to celebrate, for the 12th consecutive year, its position as the leading bank for SMEs.

In 2021, a new banking website and a new digital marketing approach were launched to better respond to the concerns and needs of all French people.

The media coverage of Clarisse Crémer's participation in the Vendée Globe on Banque Populaire X was also recognized with a gold award at the "Grand Prix Stratégies Sport".

Lastly, Banque Populaire took to the cinema the day after the Tokyo Olympic and Paralympic Games to celebrate all those who are working today to make the Paris 2024 Games a success.

CRÉDIT COOPÉRATIF

As the leading bank serving the social and solidarity-based economy and engaged citizens, Crédit Coopératif recorded an increase of 32% in new loans to individual customers (personal loans and real estate loans) and 24% to legal entities.

2021 was marked by supporting corporates in their structural changes and by continuing work on quality to increase customer satisfaction at all levels. In terms of organization, the bank structured its private banking business, created a "major customer" expertise center around a dedicated business center, organized the regional e-branches into a "remote banking" center, and created a unit to promote cooperative life.

New offers were introduced for individual customers such as the *Platinum* and *Infinite* cards, the student loan guaranteed by the State and the new *Millevie* life insurance policies. For legal entities, the e-commerce payment service was rolled out, as was "Cooperation ESS" for temporary business groupings (TBGs) in response to calls for tenders.

Lastly, the digitization of services continued, notably with the deployment of electronic signatures for legal entities and individual customers.

A major highlight of the year, Crédit Coopératif gave itself a *raison d'être*, a possibility offered by the Pacte law of April 11, 2019, by incorporating the "Manifesto for another bank" adopted in 2014 into its articles of association.

102,944 cooperative shareholders

424,816 customers (PM customers and PP customers)

€3.14m in donations, raised from solidarity-based products, distributed to 54 associations

(1) Kantar reference study on SMEs and SMIs.
(2) Barometer of the Observatory of the Social and Solidarity Economy conducted by the CSA among 1,194 employer associations.

CASDEN BANQUE POPULAIRE

CASDEN furthered its development, achieving its goal of becoming the leading bank in the civil service sector. In 2021, 120,021 new cooperative shareholders, of which 71% are from the Civil Service excluding National Education, joined. Today, there are nearly 2.1 million cooperative shareholders.

As a cooperative and affinity bank, the satisfaction of the cooperative shareholders is preponderant: its NPS reached +10 in 2021, up by four points.

2021 was marked by the completion of several projects. The accessibility of new self-care services, such as the publication of an amortization schedule or obtaining an end-of-loan certificate, free of charge, in the cooperative shareholders' personal space on casden.fr.

The enhancement of the loan offer, notably with *Prevair* and *Autovair* to finance more responsible and environmentally-friendly projects, and the "project loan", which can be used according to individual needs.

CASDEN also announced the launch of its new strategic plan for 2022-2024, "Elan 2024", based on a new development dynamic, a culture of performance and strong collective commitment.

Lastly, CASDEN supported three athletes who participated in the Tokyo Olympic and Paralympic Games all from the public service, notably Manon Brunet, who won two medals in saber: individual bronze and team silver.

The Caisses d'Epargne

The Caisses d'Epargne have financed the French economy for more than 200 years. They support their customers over the long-term and in all their life events, with the ambition to "Be Useful" to each and everyone. Individuals, professionals, non-profits, corporates and local authorities all receive personalized solutions from their Caisse d'Epargne, tailored to their individual needs and objectives. The 15 Caisses d'Epargne are cooperative banks, which make up the second largest banking network in France.

Key figures

- **15 Caisses d'Epargne**
- **4.4 million cooperative shareholders**
- **17.8 million customers**
- **33,474 employees**
- **€495.6bn in deposits and savings**
- **€335.9bn in loan outstandings**
- **€7.2bn in net banking income**

IN 2021

- A dynamic of conquest and renewed banking in the retail market.
- Financing offers to support the energy transition of individual, professional and corporate customers.
- Implementation of the "Global Post-Crisis Approach" to support corporate customers in their recovery.
- Creation of *Prêt à Impact*, a loan dedicated to local authorities to encourage them to take into account more ambitious non-financial environmental and social criteria.

INDIVIDUAL CUSTOMERS

The year 2021 was marked by a recovery in commercial activity in all sub-funds.

In terms of savings, inflows amounted to €10.8 billion, demand deposits included. In life insurance, revenues reached almost €13.1 billion with a unit-linked ratio up by 3.2 pts compared to 2020, to 36.2%. This change was driven by recent launches such as delegated management for the general public and a new *Millevie 2* life insurance offer.

In terms of loans, home loan production remained very strong with €38.4 billion in loans and a market share of 13.3%. The strong activity also resulted in a significant increase in the Consumer Loan market share. (+32 pt to 10.50% in the third quarter of 2021).

Lastly, in terms of insurance, 2021 saw the completion of the *#INNOVE2020* program, which made it possible to launch several offers, notably in the Auto and Home segments, as well as to set up new customer journeys.

This dynamic of conquest and extending banking services is reflected in the favorable evolution of banking mobility with very positive balance which reached over 31,000 customers at the end of December, and in the successful subscription to the daily banking offer *Les Formules* by 1.1 million customers.

Finally, the Caisses d'Epargne have reaffirmed their usefulness as a family bank and insurer thanks to the introduction of a system to support their customers in the event of cyber-harassment, a phenomenon that is currently affecting one in five teenagers in France.

€188.8bn in loan outstandings, +7.1%

€372.2bn in deposits and savings, +3.4%

€13.1bn collected in life insurance

1.1 million non-life insurance contracts marketed, +19%

PRIVATE MANAGEMENT

In 2021, the Caisses d'Epargne won 129,000 new customers in private management, and have 1.7 million customers. Inflow outstandings increased by 6.5% and amounted to €280 billion. In this context, life insurance revenues in 2021 amounted to €9.8 billion, with a unit-linked ratio on revenues of around 36.8%. Lastly, this activity was also supported by the dynamic of asset inflows under discretionary management, which amounted to more than €2.2 billion.

The satisfaction of high-net-worth clients was up with an NPS of 11 (+2 points over one year).

Lastly, the "savings banker" strategy continued with the roll-out of a new life insurance offer and the extension of delegated management to the general public. The Caisses d'Epargne also enhanced the services offered by self-care for life insurance.

The 15 Caisses d'Epargne have a Private Bank or Executive Bank in their area.

No. 2 in France

1.7 million relationships

€280bn in assets under management, +6.5%

PROTECTED PERSONS

The Caisse d'Epargne is the bank for more than one in six protected persons, whether under guardianship, trusteeship or family authorization. Across France, 150 specialized advisors are on-hand to assist family representatives and legal guardians.

The year was very dynamic with an increase of 5,000 protected adults and of deposits and savings under management, which reached €10 billion.

Lastly, the bank payment cards offered to protected persons have been offered with the "contactless payment" option since 2021.

No. 1 bank for persons under legal guardianship/ supervision and dependent adults living at home

330,790 customers

€10.2bn in managed savings

PROFESSIONAL CUSTOMERS

The Caisses d'Epargne won nearly 18,000 professional clients, thus promoting sustained growth in their business assets (+4.5% year-on-year). With loan outstandings in excess of €18 billion, up by 6.5% year-on-year, the Caisses d'Epargne continued to support professional customers in carrying out their projects.

The year was marked by the launch of several solutions, which complemented their range.

Firstly, the launch of a complete financing offer to support their customers in their energy transition.

Then, with *Oney x3 x4*, merchants can offer their customers split payment with a fully digital process.

Also for retailers, the *IZ e-commerce* offer, an all-in-one solution for creating an e-commerce site, has become widespread. It integrates the PayPlug payment solution, which enables entrepreneurs to quickly set up a personalized online store.

A dedicated channel for healthcare professionals, a strategic customer for Groupe BPCE, was set up at the end of 2021. The sharing of best practices in the regions, the development of synergies with other markets, the creation of adapted offers, the mobilization of the Group's subsidiaries and the structuring of partnerships will increase the conquering and intensify the relationship with healthcare professionals.

Lastly, the *Digital Inside* strategy continued, notably with the electronic signature, extended to the subscription of electronic payment contracts, medium and long-term loans and equipment leasing.

410,284 professional clients, +4.5%

€18,358m loan outstandings, (incl. CBM) +6.5%

8,416 employee savings contracts signed

11,699 Pro non-life insurance policies taken out

14,069 Pro personal protection insurance contracts subscribed

CORPORATE CUSTOMERS

With more than 31,900 corporate clients (VSEs, SMEs and mid-sized companies), and 2,752 new contacts in 2021, the Caisses d'Epargne continued to support the development of companies in a context of growth in investment. Short-term loan outstandings reached €3.6 billion and outstanding medium-long-term loans (excluding SGL), €23.2 billion.

This good momentum was also reflected in international business activity (international guarantees +10% of requests in 2020) and the activity of innovative companies (209 new contacts, *i.e.* +8% vs. 2019).

To support their corporate customers in their recovery, the Caisses d'Epargne set up the "Global Post-Crisis Approach", including in particular the EGF guarantee (Pan-European Guarantee Fund), the security trust, the pledge on inventory, and the reprofiling of debt, in addition to the SGL and the PPR.

2021 was also the year of the launch of the *green* offer to support customers in their energy and ecological transition.

In addition, remote banking was enriched with the launch of the Dalenys offer, with its unified payment platform for all collections from major e-merchants, and the instantaneous B2B transfer to remote banking.

Lastly, the *Neo Business* activity, for the financing of start-ups and innovative companies, was marked by the introduction of the Innovation loan, the key man insurance and a partnership with French Tech, the French start-up movement.

31,942 corporate clients

€28bn medium and long-term commitments, (with SGLs), i.e. +6.6% over one year

€159bn cash management, +19% over one year

FINANCIAL ENGINEERING

The Caisses d'Epargne offer a full range of financial engineering solutions: private equity, consulting on disposals-business transmissions, and structured financing (arrangement, syndication and management of financing solutions). Equity investment in companies in their region is a strategic development focus for the Caisses d'Epargne with 17 regional structures and a national venture capital company (Caisse d'Epargne Développement) endowed with €160 million.

In 2021, the financial engineering division continued its growth, particularly in the area of debt structuring, with €64 million, up by 14% compared to 2020. This momentum is essentially driven by structured and syndicated corporate financing activities, which increased by 35% and which represent the most dynamic segment of the financial engineering markets.

In Private Equity, the regional investment companies of the Caisses d'Epargne were very active, with 29 investments made during the year for a total of almost €30 million and 11 disposals. At 31 December 2021, the investment portfolio totaled €79 million.

The year was marked by the implementation of the renewable energy debt fund. It involves the creation by all Caisses d'Epargne of a form of shared balance sheet. Endowed with €1.5 billion, the fund enables them to engage in major financing transactions (€250 million or more). Since its creation in July 2021, the fund has targeted the acquisition of €90 million in receivables on the largest onshore wind farm in France. At the end of the year, the renewable energies fund was positioned on a potential deal flow of around €450 million.

PROFESSIONAL REAL ESTATE

In 2021, the Caisses d'Epargne consolidated their position among the leaders in the real estate professionals market with a market share of nearly 9% in France in 2020[1].

Despite a rather sluggish environment, the Caisses d'Epargne stood out, posting new loans and commitments by signature of nearly €8.9 billion. New loans granted to property developers, estate agents and land/subdivision developers amounted to €5.5 billion and those intended for MLT investors, to €2.6 billion.

Launched last year with operators, the *Prêt à Impact* loan was extended in 2021 to long-term investors, thus covering all professional real estate customers.

€5.5bn in new short-term commitments

€2.6bn in new medium/long-term loans

(1) 2020 PIM ACPR survey.

SOCIAL AND SOLIDARITY ECONOMY

As the No. 1 private financier of the SSE, with loan outstandings of €6 billion in 2021, the Caisses d'Epargne maintained a steady pace in winning new customers, particularly in the social entrepreneurship market, focusing on the challenges of the environmental transition and short supply chains. There were close to 1,000 new customers in 2021.

This development is based on a long-standing partnership with the entire SSE ecosystem and social innovation support networks.

With solutions that are constantly enriched and the search for high value-added advice (confirmed by the good levels of customer satisfaction in 2021), the Caisses d'Epargne are reaffirming their ambitions for this impact clientele which is more than ever at the center of social and ecological recovery issues. This takes the form of intensive support for their customers: +21% in debit flows over 1 year and growth in equipment to respond to the various needs.

2021 was marked by the marketing of the *Prêt à Impact* loan for SSE customers, which aims to increase the interest rate of the loan according to the level of achievement of social or environmental objectives.

No. 1 in SSE financing[1]

€970m in medium/long-term new loans (incl. SGL)

PUBLIC SECTOR

The Caisses d'Epargne are a major partner of local authorities and public health institutions. Everyday banking, cash management, bridging loans, and project financing: they provide a full range of solutions. Most of the activity is based on the financing of public investments in the service of the regions.

The activity in 2021 was characterized by a very clear increase in financing, supported both by the strong upturn in investments by local authorities after an exceptionally low level in 2020 due to the health crisis. The use of SCF (société de crédit foncier) refinancing for the public sector has made it possible to offer the best conditions to major accounts.

The year was also marked by the deployment of a grant assistance solution and the launch and signature of the first *Public sector Prêts à Impact* loans.

With €41.8bn in loan outstandings, Caisse d'Epargne is the main private financier of the French public sector.

SOCIAL HOUSING AND MIXED ECONOMY

Long-standing partners of social housing organizations and actors in the mixed economy, the Caisses d'Epargne support their daily banking, financing and investment needs with, in 2021, €2.8 billion in medium- and long-term financing.

The Caisses d'Epargne are also a major player in social housing in France, through the Habitat en Région Group, their social property operator. The second largest private social housing operator in France, its network manages a stock of 237,000 housing units in which nearly 483,000 people live. This year, Habitat en Région launched its strategic plan for 2024, the aim of which is to respond to the new challenges faced by regions and residents after the health crisis.

2021 saw the rise of *Social and Environmental Prêt à Impact* loans for social housing. This is evidenced by the numerous contracts signed on the Caisse d'Epargne stand at the Union sociale pour l'habitat USH congress in Bordeaux in October 2021.

Lastly, the renewed partnership between Caisse d'Epargne and the Fédération des offices publics de l'habitat (OPH) enables the latter to use very long-term fixed-rate private financing, thanks to a dedicated budget of €200 million.

€2.8bn in new loans

€12.7bn in loan outstandings

COMMUNICATION

In 2021, several major projects were rolled out by the Caisse d'Epargne brand: the new visual identity, with a more impactful and modern logo, the new brand territory, as well as the new banking site and the new digital marketing approach to better meet the concerns and needs of all French people.

The brand was also present in the media, with two new TV films to continue to demonstrate its societal usefulness as a bank and for family insurance: a campaign on cyber-bullying and a campaign on caregivers, two social phenomena that have an impact on many families today and for which it offers solutions to support its customers as part of its insurance contracts.

Lastly, Caisse d'Epargne launched the *Pacte Utile*, its program of commitments as a premium partner of the Paris 2024 Olympic and Paralympic Games with numerous actions, including the construction or renovation of 50 3x3 basketball courts throughout France over the next three years. To promote this partnership, the brand chose to speak the day after the Tokyo Games with a TV film highlighting its desire to make the Paris 2024 Olympic and Paralympic Games useful for all.

Tokyo was also a very successful event for the brand, with 12 medals won by athletes supported by the Caisses d'Epargne, two gold medals won by the French handball teams and one silver and one bronze medal respectively by the French men's and women's basketball teams.

(1) Banque de France: PDM APRI Q3 2021, investment loans.

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Banque Palatine

Since its creation, Banque Palatine has been a partner to intermediate-sized enterprises (ISEs) and private company directors. ISEs needing to finance a project, undertake capital transactions, or expand their business internationally can call on Banque Palatine to build tailored solutions and help with its customers' projects based on extensive business and sector expertise. Private Banking experts draw on a comprehensive understanding of their customers' personal and professional environment to construct a suitable long-term wealth strategy in consultation with them.

Key figures

- **13,980 corporate customers**
- **55,688 private banking customers**
- **1,174 employees**
- **€18.4bn in deposits and savings**
- **€11bn in loan outstandings**

IN 2021

Banque Palatine launched its "UP 2024" strategic plan, which is based on two strategic orientations: accelerating the targeted acquisition of SME and private client markets, on the one hand, and adapting to the environment, on the other hand. It will be based on three cross-functional markers: strengthening employee engagement; modernizing and digitizing uses; and, reinforcing Banque Palatine's involvement in environmental, social and governance matters.

Activity

In the corporate market, the conquest mainly concerned companies with revenues of more than €15 million. The volume of new loans stabilized with activity focused on structured transactions on medium-sized companies. Corporate Finance had an excellent year: nearly €12 million in fees and commissions were generated, and €317 million in financing was co-arranged with Groupe BPCE entities.

In the private banking market, 2021 was marked by a very good level of activity with nearly 900 new core customers, SRI outstandings doubled to €102 million at December 31, 2021 and a strong increase in loan distribution at €577 million.

Green

After the *crédit impact* in 2020 (traditional loan with a contractual clause indexing the margin to the sustainable performance of the company based on social, environmental and governance criteria, for which the reduction in margin achieved was abandoned by Banque Palatine to a non-profit organization), Banque Palatine strengthened its green offering with the launch of the green calculator. This new tool gives real estate professionals who take out a loan, a "green" rating based on the objective criteria of their project. This rating is mentioned in the loan offer. Beyond a certain rating, the financial conditions are improved in favor of non-profits committed to sustainable development.

Professional equality

Banque Palatine published its index on gender equality in the workplace: at 97 points, it placed the bank among the best French companies, all sectors combined. In addition, it has had its Afnor label renewed for four years. Banque Palatine is also committed to the "digital Mixity" footprint, the first digital platform that reflects the overall diversity and inclusion impact of companies, schools, local authorities, non-profits, etc.

Oney

For 37 years, Oney has created payment, financing and insurance solutions adapted to the transformation of commerce, that enable millions of Europeans to improve their daily lives. As a retail partner, Oney plays a major role in supporting consumption by making it all possible: equipment needs, work and travel plans, health and education expenses, and the management of unforeseen expenses. Oney deploys an inclusive vision of its business lines. And because it wants to guarantee sustainable performance and act positively for society, Oney is committed to ensuring that everyone has the power to consume better.

Key figures

- **7.8 million customers**
- **1,700 e-retail partners**
- **13,000 physical or virtual points of sale**
- **2,500 employees**
- **12 countries of operation**

In 2021, Oney recorded a good level of activity, with production up 16% year-on-year.

It confirmed its leadership in split payment activities in France but also in Portugal, Italy and Romania. A new offer was launched this year with Oney+ which includes a payment account, a Visa bank card and an "app". Consumers can pay in 3 or 4 times anywhere in the world, on all channels, in all types of businesses and for all types of services.

Major new partnerships were signed with e-merchants: at the end of 2021, more than 1,700 e-merchants trusted it, from very small businesses to international groups, in all retail sectors.

Two years after BPCE took a stake in Oney, cooperation with Groupe BPCE companies is under way. This is notably the case with the payment service provider PayPlug in the preparation of common responses to certain calls for tenders, with S-money in the construction of the innovative solution *Oney+* which makes split payment universal, and with BPCE Financement, the Caisses d'Epargne and the Banques Populaires to offer their professional customers the Oney split payment solution.

Finally, in 2021 Oney launched a European Circular Consumption Observatory to support its customers and partners in their ecological and economic transition.

The Insurance Business Unit

The Insurance Business Unit designs and manages a comprehensive range of personal insurance products (life insurance, retirement savings vehicles, payment protection insurance, and individual provident insurance) and non-life insurance products (automotive, multi-risk home, supplementary health insurance, personal accident insurance, legal protection, non-banking insurance, etc.). After the successful deployment of the #INNOVE2020 project, it is now the sole insurance platform serving the Banque Populaire and Caisse d'Epargne networks, which consolidates Groupe BPCE's position as a leading bancassurer in France. The strategy implemented since 2014 is now paying off: the sales momentum recorded in 2021 was very intense and sustained. Groupe BPCE Insurance Business Unit is now one of the Top 10 insurers and the Top 5 bancassurers in France.

The year 2021 was marked by the launch of many new or renewed offers. Responding to the new demands, new needs and modes of consumption of customers, they were all redesigned with a view to offering a simpler and more fluid experience with the highest standards of service quality. This was the case for the new motorcycle insurance, borrower insurance and life insurance offerings. In addition, the marketing of the Natixis Life offering, already available through the Banque Populaire network, was extended to the Caisses d'Epargne in 2021. Another innovation: a concrete solution to the scourge of cyberbullying, which affects 20% of young people, was provided by including psychological assistance in Caisse d'Epargne's school and supplementary health insurance offerings.

As in previous years, the proposed contracts were again awarded in 2021. In non-life insurance, the new multi-risk home insurance offering, the result of the #INNOVE2020 program and common to the Banque Populaire and Caisse d'Epargne networks, is already among the best on the market and was awarded four Labels of Excellence. In personal protection insurance, *Dossiers de l'Epargne* also awarded three "Labels 2021" in the individual protection category to *SECUR'Famille 2*, *Autonomis* and *Assurance Famille*. In addition, the *IMA PROTECT* remote surveillance product, offered by the Banque Populaire and Caisse d'Epargne networks, was once again recognized by *Capital Magazine*. Lastly, the Insurance Business Unit was also rewarded with an Argus d'Or in the "open innovation" category for the work carried out with the start-up Zelros on the automation of medical screening.

The year 2021 was also marked by a strong commitment from employees to deal with the very significant surplus of activity caused by the health crisis and by the various climate disasters.

Groupe BPCE Insurance Business Unit also confirmed its status as pioneering insurer in terms of climate commitment. Each year, 10% of investments are dedicated to green assets so that they represent 10% of outstandings by 2030.

The Payments Business Line

The Payments Business Line creates "payment as a service" solutions across the entire payment value chain: from issuance to acquisition to omnichannel to processing to employee benefits. It is backed by a robust technological base, highly innovative fintechs, and teams of recognized experts. The solutions are aimed at retail, professional, corporate and non-profit customers of Groupe BPCE networks, as well as retailers, banks and fintechs:

- online, physical and omnichannel payment solutions (acceptance, fraud prevention, payment terminals, open payment, centralized electronic banking, etc.);
- card payments and issuance processing;
- merchant electronic payment acquisition solutions;
- account-to-account payment (SEPA credit transfers/direct debits, instant payment);
- employee benefits (meal vouchers, gift vouchers) and benefits for social and economic committees.

In 2021 the Payments Business Line continued its development, notably through the commercial activity of PayPlug, which recorded nearly 3,400 new customer signatures. Dalenys, whose offers are aimed at large e-merchants, also supported its customers in the DSP2 migration which imposes new rules such as strong customer authentication. The Banques Populaires expanded their range with the launch of an offer in conjunction with Dalenys.

With regard to its Employee Benefits and Services activities, an important step in its technological development was taken with the acquisition of the start-up Jackpot. Bimpli, a unique platform for employee benefits, was launched. Bimpli's ambition is to support companies in the transformation of their social policy by offering a wide range of digital services capable of improving the daily lives of employees in both their professional and personal lives.

The Financial Solutions & Expertise Business Unit

The Financial Solutions & Expertise Business Unit (FSE) combines Groupe BPCE's expertise in the financing, advisory and custodial services business lines. This Business Unit reflects the Group's goal of focusing its activities on retail banking in a bid to accelerate its development for the benefit of its customers.

FINANCING BUSINESS LINES

BPCE Factor

BPCE Factor develops factoring solutions for companies of all sizes, covering their entire growth process (set-up, development, acquisitions, international expansion, etc.). In 2021, in a context of economic recovery and thanks to its commercial momentum, it will record an 11% growth in factored revenues.

A large part of its SME and professional customers can enter into a fully digitized relationship. BPCE Factor strives to offer a digital experience of the highest market standards with its all-digital offer, *FlashFactures*, which has a Net Promoter Score (NPS) of 56.

A satisfaction target confirmed for the 6th consecutive year by Bureau Véritas Certification, which renewed BPCE Factor's service certification and labeling. It was recognition for the high level of quality perceived by customers: 94% overall satisfaction and a Net Promoter Score of 26.

BPCE Financement

BPCE Financement develops offers and complete solutions for the management of revolving loans and personal loans for Groupe BPCE's networks.

In 2021, with an amount of outstandings of €29.9 billion, up 8%, Groupe BPCE became the leading player in consumer loans in France[1]. The year was marked by record commercial activity with financing totaling more than €14 billion, up 19% year-on-year. The level of customer satisfaction measured by the NPS also shows a strong increase over 2021 with an NPS of 38 for personal loans compared to 31 in 2020 and 7 for revolving loans compared to 1 in 2020.

Lastly, for customers of the Banques Populaires and the Caisses d'Epargne, BPCE Financement, is deploying the *CZEN* financing solution, which enables payment in three or four installments.

BPCE Lease

BPCE Lease offers a complete range of rental solutions: furniture and property leasing, long-term vehicle leasing, boating or automotive leasing, IT operational leasing, and renewable energy financing.

At the end of 2021, BPCE Lease and its subsidiaries saw their production increase by 22% and total assets of €15.72 billion, representing an inventory of approximately 198,000 contracts. A dynamic that concerns all business lines. BPCE Car Lease, the long-term automotive leasing subsidiary of BPCE Lease, recorded an increase of 22% in its orders, in a declining automotive market.

In property leasing, BPCE Lease increased its production by 35% in amount. In the real estate segment as well, BPCE Lease nearly €47 million in security trust operations, a solution launched at the end of 2020.

Lastly, with €633 million in arranged financing, BPCE Énergéco, the subsidiary dedicated to financing renewable energies, also had a very active year.

In 2021, the *Long-Term Rental* (LLD) offer for individual customers was launched and the *corporate LLD* service offering was enhanced with the financing of electric charging terminals and the launch of a solution for managing connected fleets and car-sharing.

Lastly, BPCE Lease launched the Lease Impact program, which aims to support Groupe BPCE's customers in their energy transition by meeting their needs in terms of energy production, energy efficiency and green mobility.

CEGC

Compagnie Européenne de Garanties et Cautions (CEGC) offers a wide range of financial guarantees across all Groupe BPCE markets, including individual, professional and corporate customers, and the real estate, social economy and social housing sectors.

The real estate businesses recorded a high level of activity in 2021. In a French market that grew by 7.7%, CEGC guaranteed 303,000 home loans to individual customers produced by Groupe BPCE's networks, for an amount of €47 billion, an increase of 11%.

The year was marked by the launch of a new guarantee offer for unpaid rents intended for property managers on behalf of their landlord clients. The data from the *Green Weighting Factor®* was included in the criteria for granting financial guarantees to developers and loan guarantees to social housing players. Finally, the use of artificial intelligence techniques to respond quickly to borrowers has intensified. In 2021, nearly 50% of requests for home loan guarantees to individual customers reviewed by the Caisses d'Epargne and the Banques Populaires received an immediate response.

SOCFIM

Historically the market leader in real estate financing (developers, property dealers, development funds, etc.), SOCFIM covers the entire country and all asset classes: new and existing housing, managed housing (students and seniors), offices, retail and logistics warehouses.

In line with market trends, operations involving new uses (co-living, co-working, urban logistics, etc.) were developed, as were those aimed at "building the city on top of the city" (financing brownfields, recycling obsolete buildings) in a vision of sustainable real estate for which SOCFIM and its expert teams have implemented innovative financial engineering.

(1) Athling analyses.

ADVISORY BUSINESSES

Pramex International

Pramex International specializes in advising French start-ups, SMEs and ISEs on international expansion, either through internal growth (creating and overseeing foreign subsidiaries) or external growth (international acquisitions). Originally related to the Banques Populaires, Pramex International recorded sustained activity in 2021 in its two core business lines: Corporate Management and M&A (merger-acquisition). Since 2020, the Caisses d'Epargne have benefited from the services of Pramex International, which they are gradually integrating into their activities.

BPCE Solutions immobilières

BPCE Solutions immobilières, a major player in real estate consulting in France, has three business lines: Expertise & Consulting, Residential, Investment & Leasing with revenue of €39.6 million in 2021 (vs. €30.4 million in 2020).

In 2021, it continued to grow steadily by strengthening its partnership with Groupe BPCE companies – mainly in the residential sector with revenue of €24.2 million, i.e. +43% compared to 2020 and in the Expertise division by continuing to win new external customers with revenue of €14.4 million, i.e. +20% compared to 2020.

CUSTODY BUSINESSES

EuroTitres

EuroTitres is the leading French provider of outsourced custody services on the retail market. As in 2020, EuroTitres recorded exceptional activity on the stock market in 2021, again thanks to the strong mobilization of individual customers but also due to the simplified public tender offer by BPCE for Natixis shares, which affected many savers of Groupe BPCE. At the end of December, 3,000,000 orders had been processed. A system for the exit from securities that have become ineligible for the PEA has been set up for the portfolios of the Group's clients as part of the implementation of Brexit.

1.4.2 Global Financial Services

Global Financial Services (GFS) combines Groupe BPCE's global business lines: Asset and Wealth Management and Corporate & Investment Banking. They serve corporates, investors, financial institutions, financial sponsors, as well as customers of the Banque Populaire and Caisse d'Epargne networks in the realization of their projects throughout the world. They offer them innovative and sustainable financing and investment solutions that contribute to the implementation of their environmental, technological and societal transitions.

Key figures

- **€7.5bn in net banking income**
- **€1,245bn in assets under management**
- **12,500 employees in 36 countries (as of March 1, 2022)**

IN 2021

- **The Global Financial Services business lines** made a strong contribution to Groupe BPCE's excellent performance, with NBI of €7.5 billion, up 27% over the year, representing almost 30% of Group revenues. With a balanced split between Asset & Wealth Management and Corporate & Investment Banking, the results of GFS's business lines are up sharply, reflecting sustained commercial activity.
- In **Asset Management**, Natixis Investment Managers strengthened its multi-boutique model with the purchase of La Banque Postale's shares in AEW Europe and Ostrum AM. At the end of 2021, it had 33% of assets under sustainable or impact management, for a target of 50% by 2024. Its funds have performed well with 80% of offerings ranked 1st and 2nd quartile over 5 years by Morningstar.
- In **Corporate & Investment Banking**, Natixis Corporate & Investment Banking continued to make strong commitments to projects with high transition potential, such as data centers, green hydrogen and carbon capture techniques. The Green & Sustainable hub doubled its revenues in 2021 and the Tech hub was launched to support customers in their digital transition.

ASSET & WEALTH MANAGEMENT

Asset & Wealth Management develops solutions to meet the deposits and savings, investment, risk management and advisory needs of the various private banking and institutional customers of Groupe BPCE. Its ambition is to assert its position as a world leader in active management.

Asset Management

Ranked among the world's top asset managers (€1,245 billion in assets under management at the end of December 2021), Natixis Investment Managers offers a range of diversified and responsible solutions to help investors build their portfolios.

With its multi-boutique model, drawing on the expertise of 21 affiliated asset management companies worldwide, Natixis Investment Managers offers a wide range of solutions to help its customers achieve their targets in any market conditions. The company is developing its offering around four key areas of expertise: fundamental active management, liability-driven management, real assets and quantitative management.

In 2021, Natixis Investment Managers continued to strengthen its multi-boutique model by announcing the purchase of La Banque Postale's shares in AEW Europe (40%) and in Ostrum AM (45%).

Natixis Investment Managers continued its withdrawal process from H_2O AM, with the gradual resumption by the management company of the distribution of the funds, in the interest of the unitholders and in agreement with the regulatory authorities.

The year 2021 was marked by favorable market conditions, strong management performance across all asset classes and dynamic inflows in all geographical areas. This positive environment has enabled Natixis Investment Managers to strengthen its positions: the growth in assets under management, margins and revenues testifies to the strength and relevance of its multi-boutique active management model.

In the United States, Natixis Investment Managers continued to benefit from a strong commercial momentum and developed its distribution network, particularly with retail customers, through strengthened strategic distribution partnerships. In July 2021, direct indexing, portfolio construction, multi-asset class portfolios and portfolio management analysis and advisory activities were brought together within Natixis Investment Managers Solutions to serve clients with a clearer offering.

In Europe, Latin America and Asia Pacific, inflows were positive, particularly in responsible equity strategies and infrastructure. Major institutional clients renewed their confidence in Natixis Investment Managers' management companies and distribution through the Banque Populaire and Caisse d'Epargne networks generated solid gross inflows from European affiliates.

Alongside its affiliates, Natixis Investment Managers is pursuing its commitment to financing the transition to a more sustainable economy. As of December 31, 2021, it had 33% of assets under sustainable or impact management, with a target of 50% by 2024. As active managers, Natixis Investment Managers and its affiliates make their voices heard through individual and collective engagement, active voting policies and participation in key marketplace initiatives to advance responsible investment.

At the end of 2021, 99% of Natixis Investment Managers' assets were managed by management companies that have signed the PRI (Principles for Responsible Investment). The measurement of the implied temperature increase of Natixis Investment Managers[1] listed equity and bond portfolios published in the TCFD (Task Force on Climate-Related Financial Disclosures) reports of Groupe BPCE and Natixis, proved to be less than 3 °C and less than the temperature of its benchmark index (50% MSCI ACWI + 50% Bloomberg Barclays Global Aggregate Corporate Index).

Finally, Natixis Investment Managers continues to invest in support of its sustainable development objectives; in particular, it has invested, alongside other investors, in Iceberg Data Lab, a fintech specializing in data, which is developing models to measure the impact of investments on the environment and biodiversity.

Natixis Investment Managers also intends to consolidate its position as a leading player in the asset management sector by becoming one of the most customer-centric asset managers in the world by 2024. As such, the company has recruited a customer experience manager, whose ambition will be to support the company in achieving this objective, particularly through the optimization of customer journeys and the implementation of a Net Promoter Score.

Wealth Management

With a strong French and Luxembourg footprint, Natixis Wealth Management offers wealth and financial solutions to business owners, executives and family shareholders to support them over the long term.

Groupe BPCE's customers and direct customers benefit from a wide range of expertise covering all aspects of their projects, at all stages of their development: corporate advisory, origination, vanilla and complex financing, investment, wealth engineering, asset management and diversification solutions, particularly in private equity. The entire value proposition is tailored to the degree of personalization desired by the customers and is distributed via two BtC and BtB channels.

To expand its range of asset management products and services, Natixis Wealth Management relies on two of its subsidiaries: VEGA Investment Managers and Massena Partners. Vega Investment Managers' fundamental expertise in collective management, delegated management and fund selection in open architecture is complementary to that of Massena Partners, advising private family groups and family offices, mainly in private equity.

In 2021, Natixis Wealth Management continued to develop its activities in synergy with Groupe BPCE, in particular through the creation of its subsidiary Teora by Natixis Wealth Management, an open-architecture, top-of-the-range life insurance broker, which offers its tailor-made solutions to Banques Populaires, Caisses d'Epargne and its own customers. It also strengthened the repositioning of its direct customer franchise in the "High Net Worth Individuals" segment by specializing its private bankers by business sector and by forming a privileged partnership with Natixis Partners, in order to position itself as far upstream as possible of the liquidity events of shareholder managers. Natixis Wealth Management is pursuing its ESG commitments with the expansion of the VEGA Investment Managers offer, which has just launched VEGA Europe Active SRI and now has a range of seven SRI-labeled funds.

At December 31, 2021, Natixis Wealth Management managed €30 billion in assets[2].

Employee Savings

Natixis Interépargne, the reference in employee savings and pension plans for Groupe BPCE, works with companies of all sizes to help them set up and manage their employee savings and pensions as well as their employee shareholding to make them a performance driver. As a pioneer in innovation for more than 50 years, its ability to adapt to a changing environment, with practices that are constantly in flux, allows it to offer full access to a whole range of employee savings and supplementary pension solutions: company savings plans and pension savings plans in securities account format or, in partnership with Arial CNP Assurances, in insurance format.

The company bases its activities on the range of financial management solutions developed by Natixis Investment Managers, a specialist in active investment strategies for employee savings plans. In 2021, Natixis Interépargne consolidated its position as the leading provider of employee savings and pensions solutions with 67,000 corporate customers, over 3 million savers and a 26.7% market share in employee savings. With a 24.6% market share in SRI employee savings and pensions and a 27.8% market share in socially responsible savings, Natixis Interépargne confirmed its position as the leader in socially responsible and solidarity-based employee savings.

In 2021, Natixis Interépargne was awarded two prizes at the 36th Corbeilles *Mieux Vivre Votre Argent* awards: 2nd place in the Corbeilles de l'Epargne Salariale, in the long-term employee savings category, and the certificate for the best management of diversified funds. Natixis Interépargne is committed to long-term performance thanks to the quality and consistency of its product range and the expertise of the management teams at Natixis Investment Managers International.

In 2021, Natixis Interépargne extended to more than 1.7 million savers with a PEE, PER or PERCO savings plan the 100% digital personalized advice service, a diagnosis of their savings allocation and a proposal for optimizing their investments according to their profile.

(1) Measure at 31/12/2020 on 72% of assets under management.
(2) Figures as of December 31, 2021 in France and Luxembourg (excluding funds and third-party manager activities).

CORPORATE & INVESTMENT BANKING

Corporate & Investment Banking, which launched its Natixis Corporate & Investment Banking (Natixis CIB) brand as part of Groupe BPCE's new strategic plan, supports companies, institutional investors, financial sponsors, the public sector and the Groupe BPCE networks. It advises them and offers a diversified range of capital markets, financing, trade finance and cash management solutions. Its objective is to develop a strategic dialog with each of its customers over the long-term and to maintain a close working relationship with them through a strong regional and international presence. It capitalizes on the technical expertise of its teams to design innovative solutions tailored to their strategy.

In 2021, Natixis CIB continued to capitalize on the expertise of its Green Hub and also launched its Tech Hub, which aims to support clients in their technological transition, whether or not they are specialized in Tech.

Capital Markets

In fixed income, Natixis CIB supported its institutional customers in their restructuring operations, opening up new opportunities for its franchise. The bank was also proactive in offering companies currency and interest rate hedges adjusted to a low volatility environment.

In equity derivatives, Natixis CIB has proven the relevance of strategic choices to reposition the activity made at the end of 2020 and has also implemented its refocusing on its strategic customers and less risky products, while continuing to position itself as a leader in the financial savings offer with social and environmental responsibility (ESG). It worked with various index administrators and joined forces with Mirova to develop new innovative joint offers for the Banque Populaire and Caisse d'Epargne networks in particular.

Global Trade

Global Trade strengthened its Treasury Solutions and Trade Finance businesses as part of the new strategic plan and continued to innovate in the digital arena, with key initiatives in its markets such as the implementation of the Komgo operation.

In addition, Global Trade partnered with Trustpair to offer a technology solution to combat wire transfer fraud.

Strategic financing

The various sectors in the Real Assets business line held up well despite a still difficult economic environment. Only the aviation sector again saw its activity strongly impacted by the health crisis.

The ABS market regained momentum thanks to Natixis' efforts to position itself in this product.

In addition, Natixis CIB strengthened its dominant position in the telecom sector and also continued to finance solar farms in Chile, affirming its leading position in this region.

In the United States, the production of traditional loans was relaunched.

Investment banking

Natixis CIB was the first French bank to create a business line (advisory, transactions, execution and hedging) 100% dedicated to private equity within a single department (Strategic Equity Capital Markets).

This business line not only integrates ECM and SET expertise, but also includes brokerage, syndication, CB and volatility trading and distribution to achieve full alignment in terms of origination, pricing and distribution to enable primary or structured transactions.

After a record year in 2020, the ASF and DCM businesses continued to benefit from favorable market conditions and the bond market rose to 1st place in the league tables for senior euro issues in France.

In the financial institutions market, Natixis CIB ranked 5th in the league tables in euro for all financial issuers[1].

M&A Advisory

M&A strengthened its positioning in large caps while retaining its expertise in mid-caps.

(1) Dealogic

1.5 Agenda

May 12, 2022	After market close – Publication of first-quarter 2022 results
May 19, 2022	BPCE General Meeting
August 4, 2022	Before trading – Publication of second-quarter and first-half 2022 results
November 9, 2022	Before trading – Publication of third quarter results for 2022

Calendar subject to change

1.6 Contacts

https://groupebpce.com/

"Investor Relations" section

Roland Charbonnel,

Head of Group Funding and Investor Relations

2

NON-FINANCIAL PERFORMANCE STATEMENT

A cooperative group in the heart of the region

The second largest banking group in France, Groupe BPCE operates in all areas of banking, asset management and insurance, serving its 36 million customers in France and worldwide. Cooperative, it is owned by its nine million cooperative shareholders and is supported by its 29 regional banks (14 Banque Populaire banks and 15 Caisses d'Epargne), Natixis, Banque Palatine and Oney. The strength and durability of its model are based on balanced governance. The Group is thus focusing its strategy and actions on the long term, reconciling economic performance, social equity and environmental protection.

The Group's companies are closely linked to their regions, are actively involved in the life of the city, and contribute more than 20% of the financing of the French economy. The Banque Populaire banks and the Caisses d'Epargne have often been at the forefront of social innovations that have marked the economic and social history of the country, through employee savings, financial education and low-cost housing. Today, the entire Groupe BPCE is committed to meeting the challenges of our time, first and foremost the fight against climate change. The transition to a low-carbon economy requires considerable levels of funding and support for all economic players in their own transition. The Group has mobilized and committed to making energy transition a priority in its BPCE 2024 strategic plan.

Its strong local presence puts Groupe BPCE in direct contact with major societal issues. It is thus a leading player in banking inclusion, whether in terms of preventing over-indebtedness or supporting micro-entrepreneurs, notably through partnerships with major networks in France. Its presence is particularly recognized among protected persons, vulnerable people and companies in difficulty. Groupe BPCE and its subsidiaries are actively working to promote greater social diversity by integrating young employees, some from underprivileged neighborhoods, and greater diversity by increasing the number of women in its governance bodies. Natixis has also committed to diversity by supporting the creation of the LGBT + All Equals network in France.

The nature of its business and its power mean that Groupe BPCE has a great responsibility when it comes to CSR issues. It is completely involved and puts its full capacity for action at their service.

2.1 A CSR roadmap in line with the Group's strategic priorities

2.1.1 Our strategy

In 2021, Groupe BPCE placed the climate and the "employee experience" at the heart of its new strategic plan, BPCE 2024. This plan highlights a strong environmental strategy combined with ambitious intermediate objectives and an HR strategy promoting the quality of life at work and the professional development of all employees. In addition, the Group's CSR policy combines fundamentals that emphasize the overall consideration of our economic and social responsibility and respect for the principles that guide its approach.

In this context, Groupe BPCE's CSR strategy has been overhauled and structured around three areas and twelve commitments:

- meeting the expectations of civil society by promoting inclusion, solidarity and active sponsorship. In addition, the Group continues to encourage open and constructive relationships with all of its stakeholders;
- becoming a major player in the environmental transition by making climate issues a priority for all its business lines and all its companies. Groupe BPCE is committed to aligning all of its portfolios on a "Net Zero" trajectory.[1] It wants to support all its customers in their environmental transition and accelerate the reduction of its own carbon footprint;
- designing the future of work by offering its employees and future employees a suitable hybrid work environment to effectively deploy teleworking. The Group also wants to develop its employees, talents and young employees, by supporting them in dedicated training circuits. At the same time, Groupe BPCE continues to promote diversity in management positions.

Groupe BPCE's CSR strategy and goals are carried out in compliance with business ethics. The Group is committed to managing legal, regulatory and ethical risks for the benefit of its customers, employees and partners. Groupe BPCE thus ensures strict compliance with laws, regulations and best professional practices in all its companies. This is reflected in a Group code of conduct and ethics approved by the Steering and Supervisory Board in 2018 and a rigorous tax policy with a tax code of conduct in 2021.

Through international and national memberships, Groupe BPCE acts in compliance with numerous international, national and working group commitments.

For several years, the Group and its subsidiaries have been committed to reinforcing their contributions to the UN sustainable development Goals (SDGs) and to increasingly contributing to the fight against climate change. The SDGs are a common language built around 17 global goals, broken down into 169 targets. Thus, Groupe BPCE's CSR strategy is fully committed to integrating its SDGs in order to participate in the common journey to achieve a better and more sustainable future for all.

(1) Target 2050 for Corporate & Investment Banking financing portfolios, Target 2030 for the Natixis Assurances general fund.

MEETING THE EXPECTATIONS OF CIVIL SOCIETY

1. Serving regional economic players by participating in the economic development of our regions

2. Be an inclusive bank by supporting personal and professional microcredit in partnership with support networks for a better inclusion of our vulnerable customers and clients with disabilities

3. To be a leading partner in the healthcare sector by supporting healthcare professionals, financing healthcare infrastructures and continuing to be a leading player in the field of dependency

4. Be exemplary by maintaining a responsible purchasing policy on behalf of the Group

5. Maintain an active dialogue with our stakeholders through participatory governance thanks to long-term strategy and actions

BECOMING A MAJOR PLAYER IN THE ENVIRONMENTAL TRANSITION

6. Contribute to the fight against climate change by aligning the Group's portfolios with a "Net Zero" trajectory

7. Broaden its emissions policy to include the issue of energy transition alongside green & social issues

8. Intensify the financing of projects promoting the environmental transition, give priority to consulting and strategic dialogue around the transition and strengthen our dedicated ESG savings offers

9. Be exemplary in its own way by reducing the Group's own environmental footprint

DESIGNING THE FUTURE OF WORK

10. Promote employability by developing new hybrid working methods for around 50,000 Group employees (60% in flex office) and offering them privileged working conditions (well-being, real estate, etc.)

11. Be a diversified Group by promoting gender equality and the integration of disabled people

12. Support the employment of young people and ensure the successful integration and retention of new employees

PUBLIC COMMITMENTS THAT MEET DEMANDING INTERNATIONAL STANDARDS

Signing date	Commitment	Entity
2003	Global Compact Advanced	Groupe BPCE & Natixis
2010	Principles for Responsible Investment	22 Groupe BPCE asset management companies* signatories to the PRI, representing 99% of NIM's total assets under management
2010	Equator Principles	Natixis
2018	Act4Nature	Natixis
2019	UNEP FI	Groupe BPCE & Natixis
2021	Net Zero Banking Alliance	Groupe BPCE

* 22 NIM affiliates adhering to the PRI.

PARTICIPATION IN SECTORAL WORKING GROUPS

For several years, the Group has been particularly active in think tanks committed to the fight against climate change, sustainable finance, biodiversity and market issues.

SUSTAINABLE FINANCE

In 2021, Groupe BPCE participated in numerous working groups launched by the European Commission through technical consultations on the following topics (non-exhaustive list):

- new sustainable finance strategy;
- the Taxonomy regulation for sustainable activities: consultations on delegated acts and on various articles of this regulation, its impacts for financial institutions, and banks;
- SFDR (Sustainable Finance Disclosure Regulation);
- European Standard for Green Bond Issues;
- non-financial reporting;
- integration of ESG factors in risk management.

In addition to the European consultations, Groupe BPCE may be required to respond to the consultations launched by the French authorities concerning the transposition of European texts.

At the European level, Groupe BPCE is a member of various professional associations, and participates in specific working groups that European banking organizations have set up to help advance Sustainable Finance strategy. These include the European Savings Banks Group (ESBG) and the European Association of Co-operative Banks (EACB).

Groupe BPCE also took part in the sensitivity analysis exercise of the European Banking Authority (EBA) in connection with the Taxonomy, giving rise to a stress test carried out throughout the Paris financial center.

FIGHT AGAINST CLIMATE CHANGE

As part of its work within the working group of the Climate Commission of the French Banking Federation (FBF), which is chaired by the Chairman of the Management Board Laurent Mignon, Groupe BPCE participates in dialogs and discussions on:

- the coal exit strategy, with an overall exit schedule with firm, transparent and monitored commitments;
- working with the supervisory authorities to develop methodologies to assess the exposure of their portfolios to climate risks and to align investment portfolios with a "Net Zero" scenario. The objective is to promote the dissemination and open source standardization of these methodologies.

In parallel with this work on the market, Groupe BPCE is committed to working alongside its peers. In July 2021, the Group joined the Net Zero Banking Alliance (NZBA), a financial initiative of the United Nations Environment Program (UNEP FI). This alliance between banking institutions is a decisive step in the mobilization of the financial sector to fight against global warming.

In addition, on the occasion of the Climate Finance Day of October 26, 2021, the FBF announced the commitment of the six largest French banks, including Groupe BPCE, to no longer finance dedicated projects and companies whose share of unconventional hydrocarbons in exploration and production (shale oil, shale gas and tar sands) would exceed 30% of their activity by January 2022. During 2022, the banks included in this working group will continue their work to promote the reduction of the use of these unconventional hydrocarbons.

BIODIVERSITY

Natixis, through its subsidiary Mirova, is part of the steering group of the Taskforce on Nature-related Financial risk and Disclosure (TNFD) initiative, whose work began in 2021 for two years. The TNFD is the result of a partnership between the Natural Capital Finance Alliance (NCFA), the United Nations Development Program (UNDP) and the World Wide Fund for Nature (WWF), with the support of the British government. With the same model as the Taskforce on Climate-related Financial Disclosures (TCFD), but making it possible to extend to nature-related issues, the TNFD will offer a framework to meet the measurement and data needs of financial institutions so they can better understand dependencies and their impacts on nature. The TNFD is intended to support the transition of the financial market by providing a framework for organizations to report nature-related risks and act according to their evolution, in order to divert global financial flows from negative activities for nature and redirect them towards activities that are positive for nature.

This working group addresses several issues:

- data accessibility: unlike climate data (mainly GHG emissions), which are held by companies, data related to natural capital require access to larger databases (government, NGOs, universities, etc.);
- spatiality: risks related to nature are specific to their location, and the locations of a company's assets are generally not disclosed;
- materiality: as nature is a public good, it is currently used free of charge by companies. Risks related to nature are therefore rarely taken into account in financial decision-making. The working group will have to consider the possibilities of integrating this materiality through regulations, changes in terms of reporting or responsibility.

Once adopted, the TNFD will enable financial institutions to manage the indirect impact of their investment and financing activities on nature, to reduce financial flows with a negative impact while promoting those with a positive impact.

TAXONOMY: PROMOTION OF A COMMON EUROPEAN LANGUAGE

Contextual elements: the valuation of assets eligible for the Taxonomy is an unprecedented exercise, the results of which depend in part on the interpretation of the regulatory texts by the institutions measuring them. These texts are backed by a recent regulation, some specifications having been published in February 2022. There are persistent inaccuracies in terms of application. Groupe BPCE therefore specifies that, while efforts have been made to comply with their requirements, the methods used are likely to change.

The objective of the Taxonomy Regulation (EU) 2020/852

Groupe BPCE intends to commit to a long-term change in its balance sheet as part of a strategy to mitigate the climate impact of its activities and assets financed, invested or insured.

As a priority for action, it is committed to supporting all its customers in their own environmental transformation challenges and to making the environmental transition one of its main growth drivers as part of its BPCE 2024 strategic plan.

It is also committed to aligning its portfolios on a "Net Zero" trajectory by prioritizing the portfolios for which the bank can have the most significant impact, *i.e.* those in the most greenhouse gas-intensive sectors.

The European Taxonomy is a methodology for assessing the activities of a company in relation to environmental objectives, and more specifically in its current version, to mitigate and adapt to climate change.

These assessments are provided for by regulation in several phases.

For this first fiscal year according to the delegated act adopted in July 2021[1], the objective is to identify so-called "eligible" activities, that is, products or services that can potentially (but not necessarily) contribute to climate change mitigation or adaptation. For financial institutions, a ratio measuring the balance sheet portion of assets eligible for the Taxonomy is to be published.

In a second phase, the green assets corresponding to the activities said to be aligned with the Taxonomy will be assessed: they differ from those eligible by comparing the performance of these eligible activities with technical criteria and requirements in terms of respect for the environment and minimum social safeguards. These so-called aligned activities, which can be assessed in 2024 based on company data, will be published by BPCE and will enrich its internal climate measures and green commitments.

For Groupe BPCE, Taxonomy is an essential tool for increasing the transparency of climate measures and encouraging the development of companies' green activities and their financing over time.

Also, while these first asset ratio assessments in their eligible versions do not reflect a real green measurement (as the "alignment" ratio aims for in 2024), they nevertheless constitute a first regulatory step that the Group supports in its publication efforts in terms of mandatory and voluntary declarations.

Framework of the exercise and result of the assessments of the eligible ratios of the taxonomy

Groupe BPCE publishes its eligibility ratio here for its activities as a credit institution.

The valuation was carried out on the data as of December 31, 2021 on the basis of the prudential consolidation scope, in a FINREP compliant environment, measured at gross book value. It does not take into account off-balance sheet exposures (financial guarantees and other off-balance sheet exposures).

In accordance with regulations, central governments, central banks and supranational bodies as well as financial assets held for trading are excluded from the numerator and denominator of the ratio.

Companies that are not required to publish non-financial information under directive 2013/34/EU (NFRD) and interbank demand loans are excluded from the numerator.

(1) Delegated Regulation (EU) 2021/2178 of July 6, 2021

Mandatory publications

ELIGIBILITY RATIO RESULT

As of December 31, 2021, in accordance with the mandatory publication format, the proportion of exposures to economic activities eligible for the Groupe BPCE taxonomy, in relation to the total exposures covered[1] by the ratio is 46%.

The proportion of exposures to economic activities not eligible for the taxonomy, in relation to the total exposures covered by the ratio, is 54%.

Most eligible assets includes outstanding home loans and loans to local authorities, loans to social housing and financing of automotive consumer loans. It should be noted that in this mandatory format, in the absence of data published by the companies on their eligible activities, the ratios cannot take into account their potential eligible activities[2].

Methods and limits underlying the calculation:

- home loans and car loans to individual customers were considered eligible activities regardless of their geography;
- to identify the counterparties subject to the NFRD, an estimate was made based on the size of the companies (excluding SMEs and PRO) and their geography (Europe).

DETAILS ON THE HEDGING OF OUTSTANDINGS

CALCULATION SCOPE[3]

Percentage of exposures covered by the ratio, in relation to total on-balance sheet exposures	**68%**
Percentage of other exposures not included in the calculation of the ratio, compared to total on-balance sheet exposures	32%
• *Of which on the trading portfolio*	13%
• *Of which on central banks*	13%
• *Of which on sovereigns*	6%
TOTAL ON-BALANCE SHEET EXPOSURES (REF. FINREP TOTAL)	**100%**

EXPOSURES INCLUDED IN THE DENOMINATOR BUT EXCLUDED FROM THE NUMERATOR

Percentage of exposures to financial and non-financial companies not subject to Articles 19 *bis* and 29 *bis* of Directive 2013/34/EU, compared to total exposures covered by the ratio	**21%**
Percentage of derivatives in relation to total exposures hedged by the ratio	0.8%
Percentage of exposures to interbank demand loans in relation to total exposures covered by the ratio	0.8%

Other clarification:

The proportion of exposures to financial and non-financial companies subject to Articles 19 *bis* and 29 *bis* of directive 2013/34/EU (NFRD), in relation to the total exposures covered by the ratio is 36%. For calculation purposes, this is the share of non-SME corporate customers in Europe.

VOLUNTARY PUBLICATION FOR THE BANKING BOOK

On a voluntary basis and in the interest of transparency, BPCE nevertheless supplements its publication by including in the calculation of the eligibility ratio the companies considered "eligible" on the basis of their NACE sector classification.

These are approximations, as the breakdown of activities between eligible and non-eligible companies is not based on data published by them.

Including in this framework the estimate of eligible corporate customers, Groupe BPCE's ratio of eligible economic activities to total exposures covered (by the ratio) is 54%.

(1) The total exposures covered by the ratio correspond to the gross value of the FINREP balance sheet less exposures to central governments, central banks and supranational bodies, and financial assets held for trading.
(2) Except for sufficient information.
(3) Calculations of outstandings based on their gross book value.

2.1.2 Our organization

GOVERNANCE THAT DEFINES AND IMPLEMENTS THE MAJOR STRATEGIC CSR ORIENTATIONS

The Supervisory Board validates the Group's strategy and oversees the management of risks and opportunities related to CSR issues. The Chairman of the Management Board and the Executive Management Committee ensure the implementation of the CSR strategy and oversee the management of the Group's climate risks.

Remuneration of Groupe BPCE executives indexed to CSR criteria

The Supervisory Board sets the method and amount of remuneration for each member of the Management Board. For the 2021 fiscal year, the remuneration of the Chairman of the Management Board and the members of the Management Board of BPCE includes an annual variable portion indexed at 40% to qualitative criteria, of which 10% is based on the achievement of CSR criteria. The allocation of this variable portion depends on the implementation of the Group's strategic ambitions on environmental issues (including climate issues) and the positioning of Groupe BPCE in the rankings of non-financial rating agencies.

CSR GOVERNANCE

A Group CSR department was created in November 2020, reporting directly to the Chairman of the Management Board. This department also coordinates all the initiatives of the companies in this area, particularly within the framework of the objectives set in its new strategic plan.

The four main missions of the Group CSR department are:

- manage the definition and implementation of the Group's strategic ambitions in terms of environmental transition;
- federate and coordinate the Group's ambitions and their implementation for the other aspects of CSR through the bodies represented by the various business lines (Retail Banking and Insurance, Asset Management, Corporate & Investment Banking), the Fédération des Banques Populaires (FNBP) and the Fédération des Caisses d'Epargne (FNCE);
- promote the Group's visibility on all CSR topics to all stakeholders;
- ensure that the Group meets the next regulatory deadlines relating to CSR.

CSR departments ensure the operational deployment of the strategic guidelines in all Group entities (Banques Populaires, Caisses d'Epargne, Natixis, Banque Palatine and Oney). In this context, more than 300 CSR correspondents within these entities ensure the implementation of the CSR strategy.

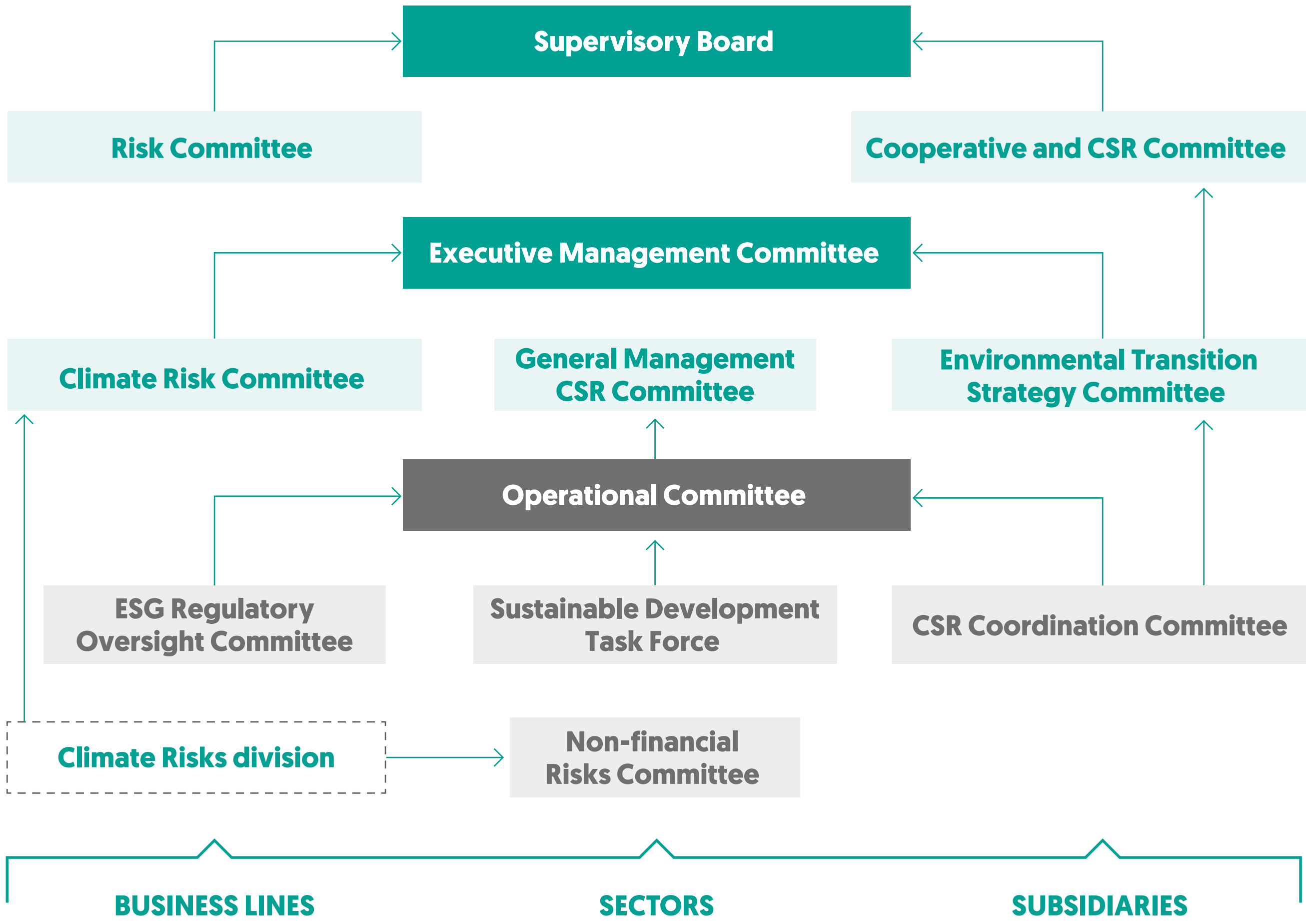
2021 was marked by the structuring of the Group's CSR governance through the creation of three steering committees:

- the CDG CSR Committee, which validates the strategic priorities in terms of social and environmental responsibility;
- the Environmental Transition Committee, which defines the Group's CSR strategy in terms of environmental transition and ensures its implementation;
- the ESG Regulatory Steering Committee, which is responsible for monitoring regulations on sustainable finance issues.

In addition, two task forces (TF) managed by the Group CSR department were created:

- the Sustainable Finance TF coordinates the implementation of Groupe BPCE's CSR strategy for the sustainable finance component and is in charge of coordinating work on climate measurement for the Group's portfolios;
- the non-financial communication TF defines and implements the non-financial communication strategy and ensures the quality of the information sent to our stakeholders.

ORGANIZATION OF THE BODIES INVOLVED TO ADDRESS CLIMATE CHANGE



2.1.3 Measuring our performance

In order to monitor the commitments made as part of its BPCE 2024 strategic plan and its CSR strategy, Groupe BPCE has set up a dashboard to monitor its performance with a dual objective:

- provide quantified and transparent information on our non-financial performance to our stakeholders;
- manage Groupe BPCE's CSR strategy and monitor the targets set for 2024.

Project	Performance monitoring indicators	2021	2020
Civil society			
Developing our regions economically	Groupe BPCE penetration rate among SMEs and SMIs	53%[1]	N/A
	Groupe BPCE market share of the social economy (NPISH)	34%[2]	31%
	Total annual new social housing loans	€3.5bn	€2.8bn
Continue to grow our cooperative values	Number of cooperative shareholders *(in millions)*	BP: 4.9 CE: 4.4	BP: 4.7 CE: 4.4
	Percentage of cooperative shareholders among customers	BP: 33% CE: 25%	BP: 33% CE: 24%
	Board attendance rate	BP: 77% EC: 97%	BP: 89% EC: 96%
	Average amount of shares held per shareholder	BP: €4,273 CE: €3,421	BP: €3,269 CE: €3,374
Facilitating access to our services to a vulnerable clientele	Production of supported micro-loans to individual customers	€18.2m	€18m
	Production of microcredits and other solidarity loans to business creators[3]	€656.3m	€505.4m
Developing responsible procurement services	Percentage of procurement projects including a CSR lever	54%	36%
	Supplier payment terms	28.9 days	30 days
	Amount of purchases made from SMEs Amount of purchases made from ISEs	31% 31%	35% 34%
Be a player in the environmental transition			
Alignment with a "Net Zero" trajectory[4]	Alignment with a "Net zero" trajectory for large client financing portfolios - Green Weighting factor mix of colors	23% green, 33% neutral, 44% brown	29% green, 30% neutral, 41% brown
	Alignment with a "Net zero" trajectory for the Natixis Assurances general fund - Temperature induced by investments and carbon intensity of investments	2.4°C 182 TCO_2e/€m	2.7°C 166 TCO_2e/€m
	Percentage of portfolios assessed by the "Green Evaluation Models" methodology	43%	33%
Supporting all customers in their environmental transition	Amount of annual production for the environmental transition in retail banking[5]	€1,714m[5.2]	€201m[5.1]
Develop a leading ESG offer	Percentage of assets under sustainable[6] and impact[7] management	33.3%[8]	-
Intensify the Green refinancing strategy	Number of bond issues	5	2
Reducing the Group's environmental footprint	Annual CO_2 emissions	542,883	536,717
Designing the future of work			
Enhancing employability	Percentage of committed employees[9]	72%	-
Promoting gender equality	Percentage of women among managers	45%	44.5%
	Percentage of women among senior executives	29.2%	27.9%
Supporting youth employment	Apprenticeship conversion rate	17%	17% to 20%

(1) Kantar PME-PMI study in 2021, conducted every two years.
(2) Banque de France/Groupe BPCE, SURFI statements - Total loans granted to resident NPISHs, outstandings - Data as of Q3 2020 and Q3 2021.
(3) Includes professional microcredits, complementary NACRE loans (market scheme managed by France Active) and complementary loans to honor loans (Initiative France).
(4) Data from the Green Weighting Factor for Corporate & Investment Banking, gross exposures excluding financials, Global Markets and sovereigns.
(5) Cumulative BP and CE; (5.1) Financing of the environmental transition = Green buildings (Eco PTZ + Prevair/Ecureuil Crédit DD + Provair) + Decarbonized transport (autovair + Ecureuil auto DD); (5.2) Financing of the environmental transition = Real Estate [PTZ, Eco PTZ, Eco PTZ condominium i.e. €1,196.6 million + consumer loans [SD Works Loans, Energy Renovation Loans, SD Auto Loans] i.e. €267.2 million + Professional Market Provair i.e. €250.2m - More details in the methodological note (section 2.6).
(6) Equivalent to Art. 8 of the SFDR regulation, i.e. products that promote, among other characteristics, environmental and/or social characteristics or a combination of these characteristics, provided that the companies in which the investments are made apply good governance practices such as the incorporation of SDG criteria in investment decisions.
(7) Equivalent to Art. 9 of the SFDR regulation, i.e. financial products that pursue a sustainable investment objective assessed through indicators.
(8) i.e. €414.3 billion with 8.3% of "responsible" loans, 22.3% of "sustainable" loans and 2.7% of impact loans.
(9) Diapason social barometer, an internal opinion survey conducted in Group companies since 2012, in particular to measure their commitment.

NON-FINANCIAL RATINGS

In 2021, Groupe BPCE was rated by Sustainalytics, Vigeo Eiris (VE) and CDP. Groupe BPCE's risk level fell from "moderate" to low following the Sustainalytics assessment. The Group's VE rating also improved during the last fiscal year, maintaining its "Advanced" position. Lastly, following the response to CDP's 2021 climate questionnaire, the Group's rating remained stable at A-.

The following table shows the most recent assessments of the top ESG rating agencies.

Agency	2021 rating	2020 rating	Δ 2020-2021
ISS ESG (formerly ISS Oekom)	C+ – Prime	C – Prime	↑
MSCI	AA*	AA-	=
Sustainalytics	17.94 (Low risk)	23.1 (Medium risk)	↑
VIGEO EIRIS	62/100 – Advanced (100)	60/100 – Advanced	↑
CDP	A-	A- (first year)	=

* No rating review in 2021.

Lastly, the actions carried out by Groupe BPCE in terms of CSR are also assessed by public and private bodies, which subsequently award a label and/or certification, a guarantee of compliance with a standard.

BANQUES POPULAIRES NETWORK AND CAISSES D'EPARGNE NETWORK LABELS

LABELS AND CERTIFICATIONS WITHIN THE CE AND BP NETWORKS AS OF DECEMBER 31, 2021

Banque Populaire		Caisse d'Epargne	
CSR strategy labels			
• Lucie	4	• Lucie	2
• Engagé RSE	2	• Engagé RSE	1
		• B-Corp	1
Themed labels			
• Responsible supplier relations	5	• Responsible supplier relations	8
• Professional equality	8	• Professional equality	7
• Cancer@Work	2	• Cancer@Work	3
• Guaranteed 100% renewable electricity (Engie)	5	• Diversity footprints - Mixity inclusion	4
• ISO 50001 certification (Energy management system)	1	• Happy Trainees	1
• HQE certification	8	• Departmental climate plan trophy	1
• Effinergie label	4	• Environmental certifications: NF HQE/NF tertiary buildings and BBC	5
• "Demonstration buildings" label and PREBAT label (ADEME)	2	• Real Estate: HPE label and BREEAM label	2
• Pepp's customer service quality label and Finansol label	4		

2.1.4 Managing non-financial risks

In order to identify its most strategic non-financial challenges, in 2018 Groupe BPCE set up a working group with representatives of the CSR correspondents of the Banques Populaires and Caisses d'Epargne, the federations of the Banques Populaires and the Caisses d'Epargne, BPCE Achats and BPCE business lines: human resources, Risks, Financial Communication and CSR.

At the conclusion of the Group's work, a mapping of non-financial risks was drawn up, based on the risk analysis methodology of the Group's Risk division. The mapping is composed of:

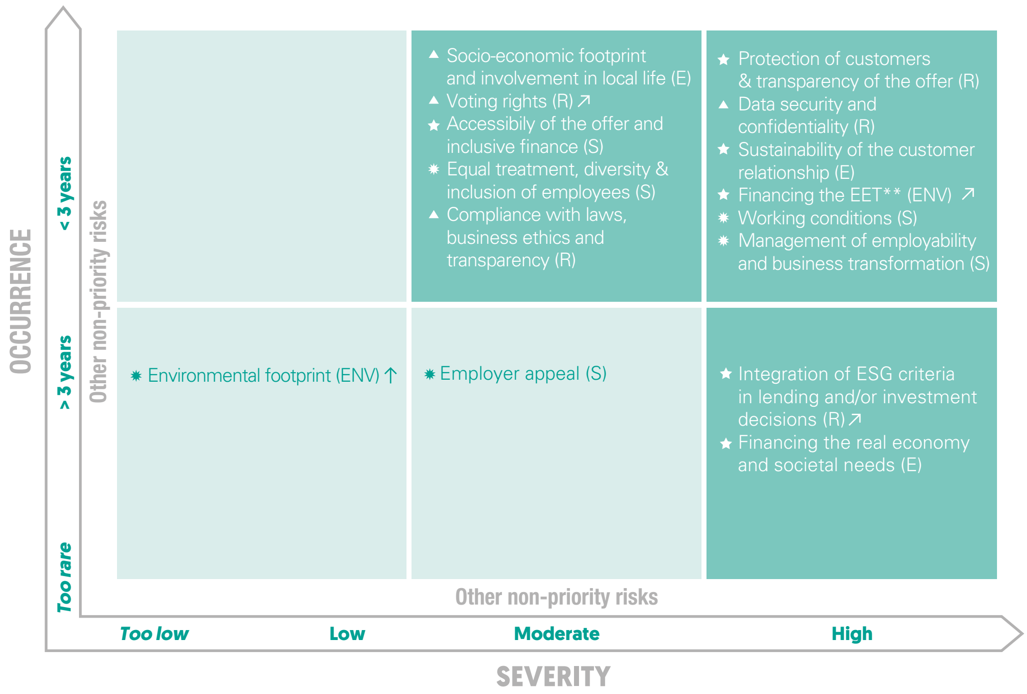
- a universe of 21 CSR risks divided into three types (governance, products and services, and internal operations) where each risk is precisely defined;
- a rating methodology for the risks, according to their frequency and severity.

Since 2018, representatives of the CSR correspondents and of BPCE's various business lines have been meeting each year to update the mapping. During the workshops, non-financial risks and their ratings are reviewed through the prism of:

- changes in regulations;
- changes in the Group's macro-risk mapping;
- the recommendations of the external auditors of the reporting;
- requests from rating agencies and investors;
- new reporting standards.

In 2021, 15 workshops and bilateral meetings were held with the participation of more than 50 people. The analysis led to the emergence of 15 major risks to which Groupe BPCE is exposed: socio-economic footprint and involvement in the life of the regions, voting rights, accessibility of the offer & inclusive finance, equal treatment, diversity & inclusion of employees, compliance with laws, business ethics & transparency, customer protection & transparency of the offer, data security and confidentiality, sustainability of the customer relationship, financing of the energy transition, working conditions, employability management and business transformation, incorporation of ESG criteria in lending and/or investment decisions, financing of the real economy and societal needs, environmental footprint and employer appeal.

The taxonomy of the impacts of non-financial risks has been reviewed. The main impacts are now environmental, social/societal, economic and reputational. The objective is to limit the impacts to the non-financial universe. The other impacts are addressed in the registration document in Chapter 6 – Risk management.



Risk category
- ▲ Governance
- ★ Products & Services
- ✱ Internal operations

Main impact
Social/Societal
Economic
Reputational
ENVironmental

Trend for the future
→ More severe
↑ More frequent
↗ A combination of the two

** Environmental Transition

OUR NON-FINANCIAL RISK MONITORING INDICATORS

Identified risks	Definition	Policies	Monitoring indicators for 2021	Monitoring indicators for 2020	Chapter concerned
Products and services					
Accessibility of the offer & inclusive finance	Ensuring that products and services are accessible to all, in all regions and in technological terms	• Systems dedicated to customers in financial difficulty • Banking inclusion and over-indebtedness prevention charter	Number of customers equipped with OCF[1] (Gross production) **31,804**	Number of customers equipped with OCF (gross production) **24,379**	Chapter 2.2.3
Financing the real economy and societal needs	Fulfilling our role in financing all types of economic operators (businesses, professionals, local authorities, households, members of the social and solidarity-based economy)	• Cooperative and decentralized structure rooted in the regions	Amount of and change in outstanding loans and origination in the BP and CE networks **€581.2bn**	Amount of and change in outstanding loans and origination in the BP and CE networks **€530.5bn**	Chapter 1
Integration of ESG criteria in lending and/or investment decisions	Ensure the identification, management and supervision of ESG risks that may have a financial or non-financial impact	• Integration of ESG risks into the Group's overall risk policy • ESG methodology to integrate Environmental, Social and Governance criteria into risk analysis up to the granting of credit	Number of establishments[2] that have begun to include ESG criteria in the loan files: **10 establishments** Number of establishments including ESG criteria in their investment decisions on their own behalf **22 establishments**	Number of establishments that have begun to include ESG criteria in the loan files: **6 establishments** Number of establishments including ESG criteria in their investment decisions on their own behalf **11 establishments**	Chapter 2.3.1
Sustainability of the customer relationship	Delivering satisfactory customer service quality over the long term	• Customer satisfaction and quality policy	NPS[2] Individual customers **BP:11** **EC: 4**	NPS Individual customers **BP: 2** **EC: (6)**	Chapter 2.2.4
Customer protection & transparency of the offer	Ensuring all customers understand our products and services. Providing clear information and selling products and services suited to each client's requirements	• Code of Ethics • Validation and governance committees for new products, services, sales processes and their evolution • Employee training • Complaint management	Rate of complaints Information/advice[6] **2.8%** Rate of complaints Unauthorized transaction[7] **0.8%**	Rate of complaints Information/advice[4] **2.9%** Rate of complaints Unauthorized transaction[5] **0.8%**	Chapter 2.2.4
Financing the energy transition	Define and monitor a financing strategy for projects favorable to environmental transition	• Strategy to support customers in the energy and ecological transition	Amount of financing for the energy transition (annual production)[9] **€1,714m**	Amount of financing for the energy transition (annual production)[8] **€201m**	Chapter 2.3.4
Governance					
Data security and confidentiality	Protection against cyber-threats, safeguarding of clients' and employees' personal data and ensuring business continuity.	• Cybersecurity strategy • Group data protection policy	Percentage of new community projects with ISS and Privacy support **87%**	Percentage of new community projects with ISS and Privacy support **85%**	Chapter 2.5.2
Voting rights	Establishing and applying rules governing engagement, voting, support and participation in the Boards of companies in which the Group has an equity holding.	• Voting and engagement policies	Banque Palatine and Ecofi voting and engagement policy	Mirova voting and engagement policy	Chapter 2.2.5

Identified risks	Definition	Policies	Monitoring indicators for 2021	Monitoring indicators for 2020	Chapter concerned
Socio-economic footprint and involvement in local life	Acting as an employer and purchaser with an appropriate local presence	• Responsible Purchasing Policy • Sponsorship of Banques Populaires, Caisses d'Epargne and Natixis • Employer brand strategy	Amount of purchases made from SMEs **31%** Amount of purchases made from ISEs **31%**	Socio-economic footprint (calculated by Utopies) **1.6 million jobs supported and €111bn contributed to GDP**	Chapter 2.2.6
Business ethics	Compliance with regulatory requirements, anti-corruption and anti-fraud policies, prevention of unethical behavior and access to information	• Code of Conduct and Ethics • System for combating internal fraud, non-compliance with internal rules and ethical breaches • Corruption prevention mechanisms Employee training	Share of employees having completed code of conduct training **96.3%**	Share of employees having completed code of conduct training **92.7%**	Chapter 2.5
Internal operations					
Working conditions	Ensure respectful working conditions for employees	• Policies on freedom of association and working conditions • Occupational risk prevention tool • Charters and labels	Sickness absenteeism rate **4.1%** Number of workplace and commute injuries **781** Sickness absenteeism rate due to pandemic **0.3%**	Sickness absenteeism rate **5.3%** Number of workplace and commute injuries **710** Sickness absenteeism rate due to pandemic **1.4%**	Chapter 2.2.4
Management of employability and business transformation	Matching company requirements with employee needs to address changing business requirements	• Employer brand strategy • GFS program • Professional training • The Mobiliway platform	Number of hours of training per FTE (in hours per FTE) **30**	Number of hours of training per FTE (in hours per FTE) **27**	Chapter 2.4.2
Equal treatment, diversity & inclusion of employees	Ensure equal treatment of applicants and employees within the company	• Gender diversity policy • Professional Equality Label • Disability policy • "Our neighborhoods have talent" program	Percentage of women managers **45%** Percentage of female senior executives **29.2%**	Percentage of women managers **44.5%**	Chapter 2.4.5
Employer appeal	Provide attractive working conditions, career development opportunities and give meaning to employees' duties	• Employer brand strategy • Groupe BPCE Ambassadors Program • HR Lab • Diapason survey	Resignation rate **2.8%** Resignation rate (seniority < 3 years) **1.8%** Resignation rate (seniority > 3 years) **1.1%**	Resignation rate **2.2%** Resignation rate (seniority < 3 years) **0.8%** Resignation rate (seniority > 3 years) **1.4%**	Chapter 2.4.1
Environmental footprint	Measure and reduce the environmental footprint	• Internal operations carbon reduction strategy	Annual CO2 emissions **542,883 Tn CO_2**	Annual CO2 emissions **536,717 Tn CO_2**	Chapter 2.3.6

(1) OCF: Specific offer for vulnerable customers.
(2) Scope of 32 banks including 14 Banques Populaires, 15 Caisses d'Epargne, Natixis, Banque Palatine and Oney.
(3) NPS: Net promoter score.
(4) Number of "Information/advice" complaints processed in 2020 with a favorable response/Total number of complaints processed in 2020.
(5) Number of "unauthorized transaction" claims processed in 2020 with a favorable response/Total number of claims processed in 2020.
(6) Number of "Information/advice" claims processed in 2021 with a favorable response/Total number of claims processed in 2021.
(7) Number of "unauthorized transaction" complaints processed in 2021 with a favorable response/Total number of complaints processed in 2021.
(8) Financing of the environmental transition = Green buildings (Eco PTZ + Prevair/Ecureuil Crédit DD + Provair) + carbon-free transport (autovair + Ecureuil auto DD) - More details in the methodological note (section 2.6).
(9) Financing of the environmental transition = Real Estate [PTZ, Eco PTZ, Eco PTZ condominium i.e. €1,196.6 million + consumer loans [SD Works Loans, Energy Renovation Loans, SD Auto Loans] i.e.€267.2 million + Professional Market [Provair] i.e. €250.2m - More details in the methodological note (section 2.6).

2.2 Meeting the expectations of civil society

- 4.9 million cooperative shareholders in Banque Populaire network;
- 4.5 million cooperative shareholders in the Caisse d'Epargne network;
- distribution of 221,693 SGLs[1] (State-guaranteed loans) from Groupe BPCE for an amount of €33.8bn;
- €3.5 billion in medium- and long-term financing for social housing;
- €674.5 billion in micro-loans and other solidarity loans;
- 14 of the Group’s banks have the “Responsible Supplier Relations and Purchasing” label.

2.2.1 Cultivate our cooperative values in line with the evolution of society

Groupe BPCE intends to participate in the development of all regions. The cooperative nature of the Group is one determining factor in how it conducts its business. The Group wants to help build an environment in which its cooperative shareholders and customers can grow.

Our regional banks have strong community ties, so they are attentive to the needs of all customers. They work with local players, local authorities, associations, business networks, schools and universities to strengthen the local socioeconomic fabric.

Each of the networks, Banque Populaire and Caisse d’Epargne, is backed by a federation. They support the network’s CSR strategy, facilitate cooperative shareholder relations, provide training for directors and assist with governance. They also promote initiatives in local communities.

BANQUES POPULAIRES

The Banque Populaire banks, cooperative banks, expressed their “raison d’être” in 2019: Banque Populaire expresses its purpose - Fédération Banque Populaire (https://www.fnbp.fr/actualite/banque-populaire-exprime-sa-raison-detre/)

In 2021, despite the ongoing health and economic crisis, the Banque Populaire banks maintained a strong relationship with their cooperative shareholders and their directors, who guarantee the vitality of their cooperative model. The 4.9 million cooperative shareholders are the foundation of the cooperative structure of Banques Populaires. They hold their share capital. They vote at General Meetings and directly elect the directors who represent them on the Boards of Directors.

For the General Meetings, the banks have given their cooperative shareholders the option of attending either remotely or by viewing the recorded proceedings. More than 578,000 cooperative shareholders voted. The average total vote rate for the network is 12.3%.

To ensure the continuity of cooperation, online conferences and webinars have maintained the link between the bank and its cooperative shareholders. These latter enjoy access to information channels to keep up to date with news about their banks, including newsletters, magazines, and websites. A stakeholder listening tool “Le WOK Banque Populaire” was set up to enable cooperative shareholders to participate in the life of their bank. In 2021, more than 500,000 cooperative shareholders were invited to share their ideas on various topics such as “supporting young people in the face of the crisis” and “their commitment to their cooperative bank”. In addition, for the past five years, the Banque Populaire banks have been organizing “Faites de la coopération” (Cooperate), a week to raise awareness and discuss the cooperative model. It is part of Social and Solidarity-Based Economy (SSE) month. The program for the 2021 edition included communication tools, employee training (BDIGIT application) and tools explaining the cooperative model for advisors (money plan and Banque Populaire cooperative cheat sheet).

In 2021, the Banque Populaire network had 219 directors (and 20 non-voting members). They are business leaders, researchers and teachers involved in the economic life of their region.

To meet the regulatory requirements for training directors and evaluating the functioning of the Boards of Directors, the National Federation of Banques Populaires (FNBP) has drawn up:

- a self-assessment system for Boards of Directors made available throughout the Banque Populaire network;
- an annual training plan covering topics related to the seven skills selected by the ECB, as well as CSR and digital topics;
- an annual report on training has been set up to monitor the number of training sessions carried out, the number of training hours completed, the diversity of training courses taken and the satisfaction rate.

(1) Production of SGLs (State-guaranteed loans) since the launch of the product on December 31, 2021: Network of Works Councils, 70,144 SGLs for an amount of €10.1 billion; BP network, 149,594 SGLs for an amount of €19.6 billion; rest of the Group, 1,955 SGLs for an amount of €4.2 billion.

COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE AT DECEMBER 31

Banques Populaires	2021	2020	2019	Change in 2020/2021
Number of cooperative shareholders *(in millions)*	4.9	4.7	4.6	2.8%
Percentage of cooperative shareholder customers *(as a %)*[1]	33%	33%	33%[2]	0%
Average value of shares held per cooperative shareholder *(in euros)*	4,273[2]	3,269[2]	3,269[2]	30.7%
TS-I (delta between the ratio of highly satisfied customers and totally dissatisfied customers)[3]	32	28	22	12.1%

(1) Excluding BRED, CASDEN, and Crédit Coopératif.
(2) Data at the end of December 2020.
(3) Data from the individual customer satisfaction barometer at BP and CE. *Internal source: Group Customer Research Department excluding Crédit Coopératif and CASDEN.*

COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Banques Populaires	2021	2020	2019	Change in 2020/2021
Governance bodies				
Number of members of Boards of Directors	219	221	225	(0.1%)
Director attendance rate at Board of Directors Meetings *(as a %)*	77%	89%	85%	(13.5%)
Percentage of Board Members who are women *(as a %)*	48%	46.4%	45.5%	3.4%
Percentage of Board Chairmen and Vice-Chairmen who are women *(as a %)*	29%	28%	24%	3.8%
Director training				
Boards of Directors: percentage of members who took at least one training course over the year *(as a %)*	70%	53%	77%	24.3%
Boards of Directors: average number of training hours per person[1]	7.9	4.3	9.3	54.4%

(1) Data including Audit Committee training courses.

CAISSES D'EPARGNE

As the CSR & Co-operative Guidelines for 2018-2021 expire, the Caisses d'Epargne have defined a new roadmap for 2024. Several objectives have been set as part of the "Active cooperation" ambition, including a goal of rebalancing the age pyramid of cooperative shareholders and promoting membership among employees. 2021 was marked by the complete renewal of the cooperative governance chain of the Caisses d'Epargne.

The Caisses d'Epargne had a membership of 4.5 million cooperative shareholders at the end of 2021, the vast majority of whom were private individuals, spread across 218 local savings companies (SLEs), which constitute an intermediate level to strengthen local roots, proximity and the expression of members.

In 2021, the Caisses d'Epargne continued their efforts to get their cooperative shareholders more involved in the life of their bank as key stakeholders. They took action to ensure they had access to their services and kept them informed during the health crisis. They provide them with dedicated information and communication channels, newsletters, and meetings led by Caisse d'Epargne experts. The website www.societaires.caisse-epargne.fr underwent a complete overhaul in 2020, fulfilling its role as a single portal for information and access to the cooperative shareholders' club.

In addition to these supports, some Caisses d'Epargne set up mechanisms for listening to cooperative shareholders, as well as actions to enhance leadership, such as web conferences. Some Caisses d'Epargne also implemented initiatives to raise employee awareness of the cooperative model, in particular during the welcome days for new members, in order to strengthen and rejuvenate cooperative shareholding. For more information: https://www.federation.caisse-epargne.fr/.

As part of the cooperative governance of the Caisse d'Epargne network, the Fédération Nationale des Caisses d'Epargne (FNCE), in conjunction with BPCE and the Caisses d'Epargne, supports and trains elected representatives in the exercise of their mandate through a dedicated training system. Training programs are designed for directors of local savings companies, members of the Steering and Supervisory Boards (COS), and members of specialized committees. Each audience benefits from a training offer adapted to their mandate in a face-to-face format and/or by videoconference:

- for directors: a welcome seminar for directors on the fundamentals of understanding the Caisse d'Epargne, its history, its local banking model in its region, its cooperative model and its long-standing social banking model. Training is provided to deepen this initial foundation throughout the term of office. General banking culture and digital topics complete this system;
- for members of Boards of Directors and Supervisory Boards, initial regulatory training tackles the six areas established by decree: governance, accounting and financial information, banking and the financial markets, legal and regulatory requirements, risk management and internal control, and strategic planning. In-depth training is offered throughout the term of office;
- for the specialized committees, training courses are offered to members of the Risk, Audit, Appointments, and Remuneration Committees.

A distance learning system completes the system with a wide choice of online training courses, videos, quizzes and thematic sheets.

In 2021, the renewal of governance was a major institutional highlight, particularly in the organization of training and information sessions during the first year of office.

COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE AT DECEMBER 31

Caisses d'Epargne	2021	2020	2019	Change in 2020/2021
Number of individual cooperative shareholders *(in millions)*	4.4	4.4	4.5	(0.8%)
Percentage of cooperative shareholder customers *(as a %)*[1]	25%	24%	25%	4%
Average value of shares held per cooperative shareholder *(in euros)*[2]	3,421	3,374	3,255	1.4%
TS-I (delta between the ratio of highly satisfied customers and totally dissatisfied customers)[3]	24	20	15	4

(1) Natural persons only (customers and cooperative shareholders). Figure calculated as the "total number of cooperative shareholders" divided by the "total number of customers". Source: Cooperative shareholder base dashboard, 2021.
(2) Figures calculated based on the "total number of customers" and "outstanding shares"; cooperative shareholders natural persons only. (Internal source: Cooperative shareholder base dashboard, 2021).
(3) Data from the BP & CE individual customer satisfaction survey. (Internal source: Group Customer Research division).

2

COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Caisses d'Epargne	2021	2020	2019	Change in 2020/2021
Governance bodies				
Number of members of Steering and Supervisory Boards	283	284	298	(0.3%)
Director attendance rate at Steering and Supervisory Board Meetings *(as a %)*	97%	96%	94%	1%
Percentage of Steering and Supervisory Board Members who are women *(as a %)*	46%	47%	46%	(2%)
Percentage of Steering and Supervisory Board Chairmen or Vice-Chairmen who are women *(as a %)*	44%	33%	30%	33%
Director training				
Steering and Supervisory Board: percentage of members who took at least one training course over the year *(as a %)*	99%	90%	90%	11%
Steering and Supervisory Board: average number of training hours per person *(basis = 100)*	20.5	12.5	11.1	64%

COOPERATIVE REVIEW

The French act of September 10, 1947 on the status of cooperatives establishes the principle of a cooperative review every five years. The review is performed by an independent auditor responsible for verifying that the structure and operation of cooperative entities observe cooperative principles and rules.

Over the past three years, all Banques Populaires and Caisses d'Epargne have carried out a cooperative review. None of the Banques Populaires or the Caisses d'Epargne was identified as possibly being 'non-compliant' with the cooperative banking model and the auditors voiced no reservations in the course of their audit.

2.2.2 Contribute to the region's economic development

BANKERS FOR SOCIAL ECONOMY ACTORS

An encouraging partnership with Paris 2024 for VSEs and SSE structures

Groupe BPCE became the first premium partner of Paris 2024 in 2019. As part of their commitment, the Banques Populaires and the Caisses d'Epargne have launched numerous initiatives in line with the commitments and vision of Paris 2024 to promote and support very small companies and SSE (social and solidarity economy) structures.

The "Entreprendre 2024" support program was launched in 2020 and a tour followed to facilitate the access of companies to economic and social opportunities related to the organization of the Olympic Games. Since then, 20 of the Group's banks have taken part in the program, 13 sessions have been organized in the regions and more than 2,000 companies and partners have responded to the invitation of Groupe BPCE, Paris 2024 and SOLIDEO (the Olympic infrastructure delivery company).

The results of the program are encouraging with 5% of the contracts launched. The first calls for tenders have already been awarded with some success for the companies supported by the Group's banks.

BANQUES POPULAIRES

With a portfolio of more than 170,000 customers, the Banque Populaire banks provide local support to associations, foundations, mutuals and cooperatives. To contribute to the local development of Social and Solidarity Economy (SSE) projects, the Banque Populaire banks offer social enterprises solutions to strengthen their equity, such as shares from associations.

As a long-standing partner of Le Mois de l'ESS (SSE month), the sector's annual highlight, the Banques Populaires help to promote energy transition and social utility initiatives. Positioned as the long-term banker of all companies, they now support their clients in all transitions, and in particular, with solutions that take into account the major challenges of the ecological transition and the development of local employment.

CAISSES D'EPARGNE

The Caisses d'Epargne network is the leading private financier of the social and solidarity economy (SSE). With nearly 20,000 customers in historical SSE sectors, the regional banks finance the following players (not exhaustive): medico-social, private education, institutions (foundations, mutual insurance companies, large associations). The network also finances new sectors in connection with the social and environmental transition of regions such as the circular economy and waste management, construction and eco-construction, short-circuit food, the silver economy adapted for the elderly, digital technology and mobility and accessibility.

These new sectors are a source of development opportunities. To support the sales teams in understanding the specific characteristics of these new activities, a training and acculturation program has been in place since January 2021. To date, 48 people have completed the program.

In addition, one of the ambitions of the Caisses d'Epargne network stated in the BPCE 2024 strategic plan is to assert itself as the bank for cooperation and regional cohesion.

To this end, the Caisses d'Epargne are committed to ensuring the coordination and success of regional projects with all public and private players in the regions. They want to maintain their leadership position with local authorities and social landlords by providing them with more added value and innovative solutions.

MAJOR PARTNER OF LOCAL AUTHORITIES

With €46 billion in loan outstandings in 2021, the Caisses d'Epargne network is the main financier of the French public sector and a major partner of local authorities and public health institutions. They provide them with a complete range of solutions: day-to-day banking, cash management, bridging loans, financing of projects and/or public investments (for the most part).

Activity in 2021 was characterized by:

- a strong increase in the financing of public investments following a significant upturn in investments by local authorities after an exceptionally low level in 2020 due to the health crisis. The government's proactive social policy and in favor of the ecological transition has amplified this trend;
- in terms of innovation for local authorities, the deployment of a solution to help obtain subsidies and, at the end of the year, the realization of the first public sector impact loans;
- the renewal and revitalization of partnerships with associations of elected officials, in order to ensure the Group's visibility at regional meetings and to facilitate the association of our expertise and resources in the service of regional projects.

Impact loan for local authorities

In addition to the range of impact loans for social housing and real estate professionals, a new impact loan offering specifically designed for local authorities was created in 2021 by the Caisses d'Epargne network. This impact loan enables them to enhance their environmental and social commitment through the objectives they set for themselves.

For each impact loan, the local authority chooses an environmental (renovation of energy-intensive buildings, low-carbon mobility, combating climate change, protection of the environment) or social theme (regional attractiveness, diversity, social diversity), then specifies the indicator on which it wishes to position itself.

Each year, and throughout the life of the impact loan, if the target is reached or exceeded, the local authority benefits from a rate subsidy paid by the Caisse d'Epargne. If the target is not achieved, the contractual rate is applied, without a penalty.

The other major advantage of this loan is that it encourages local authorities to donate part or all of the subsidy to an association related to the selected theme. To seal their mutual commitment, the loan is subject to a tripartite agreement between the Caisse d'Epargne, the local authority and the beneficiary association. The charity supported (for example, Fondation Abbé Pierre, APF, Envie, Réseau de Cocagne, etc.) will receive all or part of the bonus each year if the objective is achieved.

In 2020, the non-financial rating agency Vigeo Eiris was mandated to review the methodology of the "impact loan" product. The review focused on the loan's ESG strategy, performance indicators and targets, and verification and reporting commitments.

The Vigeo Eiris agency validated the consistency of the impact loan with Groupe BPCE's ESG strategy and provided its highest level of assurance for the other two items of the review.

ACCELERATION OF THE GROUPE BPCE SOCIAL HOUSING DEVELOPMENT AMBITIONS...

By financing the social housing sector

Long-standing partners of social housing organizations and players in the mixed economy, the Caisses d'Epargne support their day-to-day banking, financing and investment needs with €3.3 billion in medium- and long-term financing in 2021.

In addition, the renewed partnership between Caisse d'Epargne and the federation of public housing offices enables public housing offices to use long-term private financing at a fixed rate, thanks to a dedicated budget of €200 million. This partnership also takes on a social and environmental dimension with the impact loan.

Thanks to its subsidiary Groupe Habitat en Région, a major player in social housing in France

The second largest private social housing operator in France, Groupe Habitat en Région (GHR) manages a stock of 237,000 housing units in which nearly 483,000 people live. In 2021, GHR launched its **strategic plan for 2024**, built to meet the new challenges of the territories and inhabitants after the health crisis. During the process, it began a construction program for 17,000 new homes over the duration of its strategic plan (2021-2024) and for 2,600 social housing units financed, in particular, by a social housing sales target of 1,300 homes. This exceptional effort should result in a contribution of €3.4 billion to the economy of the regions, generating more than 50,000 direct and indirect jobs.

Creation of a solidarity fund amounting to €3 million for tenants made vulnerable by the health crisis

Young tenants between the ages of 18 and 25 will benefit from a capped discount on rent of between €250 and €400. Tenants experiencing arrears due to the Covid crisis will be supported through partial or total abandonment of their arrears. Another strong measure in line with Groupe BPCE's strategic plan: the companies of Groupe Habitat en Région will provide 1,500 housing units for hospital staff by 2024.

AMOUNT OF GROUPE BPCE FINANCING IN THE SOCIAL ECONOMY, SOCIAL HOUSING AND THE PUBLIC SECTOR

Indicators *(in €m)*	**2021**	**2020**	**2019**	**Change in 2020/2021**
Total annual new social economy loans	2,392	2,241	1,490	6.8%
Total annual new social housing loans	3,525	2,837	2,524	24.2%
Total annual new regional public sector loans	4,747	4,546	4,309	4.4%
TOTAL FINANCING OF THE SOCIAL ECONOMY, SOCIAL HOUSING AND THE PUBLIC SECTOR BY GROUPE BPCE	**10,664**	**9,624**	**8,323**	**10.8%**

GROUPE BPCE, THE LEADING FINANCIER IN THE HEALTHCARE SECTOR

The Banque Populaire and Caisse d'Epargne networks are firmly established in the financing of healthcare infrastructures and healthcare companies. With regard to infrastructure, five markets were prioritized: public hospitals, private hospitals, EHPADs, multi-professional healthcare centers and social housing. With regard to healthcare companies, three markets were prioritized: the pharmaceutical industry, healthcare innovation (biotech, medtech, and e-health) and support for the growth of professionals and SMEs.

The penetration rate of Caisses d'Epargne in public hospitals is 70% and that of Banque Populaire banks in private hospitals is 30%.

As part of the 2021-2024 strategic plan, the Banque Populaire banks and the Caisses d'Epargne want to provide everyone with access to healthcare in all regions of France.

This involves support for:

- the transformation of infrastructures (financing of public hospitals, support for mergers, reinforcing the presence in a majority of operations concerning private hospitals, clinics and nursing homes);
- healthcare professionals, including healthcare students, in their work (regardless of their form, hospital public service, employee, collaboration or liberal profession) and in their transformation (support for groups);
- French people facing dependency and improving access to healthcare by:
  - supporting French people with their dependency or that of their families:
    - 57% of French people were or are caregivers, *i.e.* 15 million French people in 2021 (20 million in 2040),
    - in April 2021, Groupe BPCE published the observatory "Le temps des aidants". https://groupebpce.com/etudes-economique/bpcelobservatoireaidants;
  - improving access to healthcare in all regions by supporting the development of e-health, based on the NextInnov and NéoBusiness systems.

FINANCING THE LOCAL ECONOMY, A PRIORITY FOR REGIONAL BANKS

THE BANQUE POPULAIRE BANKS, THE LEADING BANKS FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)...

Reaffirming its leadership in small and medium-sized enterprises and conquering other segments: professionals, VSEs (very small enterprises) and ETIs (medium-sized companies) are among the objectives of the Banque Populaire banks stated in the BPCE 2024 strategic plan.

Created by and for entrepreneurs, the Banque Populaire banks were the number one bank for SMEs for the twelfth consecutive year (Kantar PME-SMI study in 2021).

Operating locally in all regions, they are the leading banking partners of nearly one in two SMEs in France. In 2021, this presence was reflected in the 1.4 million face-to-face or remote interviews that enabled companies to be supported during the health crisis and during the recovery. In addition, this support to entrepreneurs to maintain their activity resulted in the implementation of the automatic deferral of loan maturities and the distribution of 149,594 SGLs (loans guaranteed by the State) for approximately €19.5 billion during the health crisis.

Building on this entrepreneurial DNA, the Banque Populaire banks support innovative and social companies, and are thus at the origin of the distribution of the first EIB (European Investment Bank) funds to finance innovation. They provide social enterprises with solutions enabling them to reinforce their equity, such as associative securities.

Positioned as the long-term banker for all companies, the Banque Populaire banks now support their clients in all transitions, and in particular, with solutions that take into account the major challenges of the ecological transition and the development of local employment.

… LEADING PARTNERS OF FARMERS

In the agricultural market, Banque Populaire has a high satisfaction rating and is recommended by its customers, according to the 2021 BVA-BPCE survey, published in July 2021. It supports more than 100,000 agricultural and wine-growing businesses in the region. Annual loan production amounted to €2.2 billion for outstandings of more than €10.3 billion at the end of 2021. An institutional film made in 2021 illustrates the link with the Banques Populaires (https://www.youtube.com/watch?app=desktop&v=tczlyt7gJ18).

Banque Populaire's commitment to farmers is structured around the following three themes.

- supporting their transformation with:
  - financing solutions (loans dedicated to the crisis), partnerships to better support dairy farmers in their investment projects, and savings solutions such as the regulated account, DEP (Precautionary Savings Deduction) to enhance the resilience of dairy farmers and farms and operators faced with economic, structural, health or social risks,
  - the implementation of specific professional inheritance offers and complete facilities to ensure the renewal of generations while enhancing their assets;
- the well-being and quality of life of farmers and the enhancement of their farms:
  - the Banque Populaire network is a signatory of the French government's 2021 roadmap for the prevention of malaise and support for farmers in difficulty. In this roadmap, Banque Populaire confirmed its participation in national and regional support units and the implementation of personalized solutions as part of its close relationship with customers,
  - the establishment of partnerships, the organization of, and participation in regional and national initiatives *via* an agri-acting approach contribute to the development of the agricultural world. These initiatives include the national agricultural dynamic award, a leading award that has promoted farmers and winegrowers for the past 29 years. There is also the membership and the highlighting of the association "Les agriculteurs ont du cœur" (Farmers have heart), dedicated radio broadcasts (Tontons Farmers) to support the exchange of best practices and initiatives, and the "ovinpiades" (national and international shepherd competitions) in partnership with INTERBEV - the livestock industry - and agricultural schools,
  - the partnership with the FNCUMA (National Federation of Agricultural Equipment Cooperatives) allows farmers and agricultural structures such as CUMA to benefit from preferential financing offers, cash flow paid in real time and to simplify their daily lives with tailored banking services;
- financing the transformation of the agricultural sector towards more sustainable agriculture in line with the French State's recovery plan:
  - in 2021, the first European green bond to support investments related to the sustainable transition of farms was issued,
  - an Agrilismat green equipment financing offer was also launched. It is part of the extension of the French Ministry of Agriculture's "agroecology recovery plan" which aims to encourage the purchase and renewal of equipment related to the adaptation of French agriculture to climate change (irrigation, agricultural equipment). production methods, etc.). At the end of 2021, *Agrilismat* production amounted to €253 million for outstandings of €718 million. Regarding the *Agrilismat Green* loan, production has begun, with requests amounting to €0.8 million for €0.5 million disbursed. In addition to the equipment offer, in order to upgrade their production equipment or set up, customers can benefit from an INAF loan (national initiative for French agriculture). It is counter-guaranteed by the European Investment Fund and backed financially by the European Investment Fund and the French State, whose guarantee is free for beneficiaries. In 2021, 386 loans were granted for an amount of €43 million.

WINEGROWERS ARE SUPPORTED BY THE CAISSES D'EPARGNE NETWORK

For the past five years, the Caisses d'Epargne have opened wine-growing agencies in the heart of the vineyards with specialist wine-growing advisers and are accelerating their development in all regions with wine-growing potential.

The three pioneering Caisses d'Epargne in the wine-growing market, Aquitaine-Poitou-Charente, Bourgogne-Franche-Comté and Grand Est Europe, share their know-how and experience with the other regional banks.

To be useful to winegrowers in the transformation of their business, the Caisses d'Epargne have:

- created expert channels (professional and corporate markets), teams committed and trained in the specificities of these businesses with the opening of agencies and business centers dedicated to viticulture;
- provided a banking offer adapted to their daily needs in terms of:
  - financing with INAF (National Initiative for French Agriculture) loans to support the ecological transition, short-term loans and movable property leases,
  - savings with the interest-bearing "Déduction Epargne de Precaution" current account, which allows for saving in anticipation of occupational health, climate or economic risks,
  - insurance to cover against climatic hazards, and provident insurance to improve personal protection,
  - but also innovative services (SoftPOS, TPE premium, CE boost FID, CE boost Pay). 36% of winegrowers have a website (IZ e-commerce).

In October 2021, Groupe BPCE published the results of the survey conducted with the BVA institute. It provides a better understanding of the transformations of viticulture, between the massification of agroecology, the development of short supply chains and demographic challenges.

CORPORATE & INVESTMENT BANKING CONTRIBUTES TO THE DEVELOPMENT OF TERRITORIES IN DEVELOPING COUNTRIES

Natixis has distinguished itself through the development of innovative financial solutions that help its clients align their operations with the sustainable development Goals (SDGs). In 2020 and 2021, Corporate & Investment Banking supported the governments of Mexico and the Republic of Benin, as well as the French Development Agency (AFD) and the West African Development Bank (BOAD), with their SDG bond issues, both as advisor in sustainable structuring and as co-bookrunner.

Natixis structured the first sovereign bond issue backed by the United Nations SDGs for the Mexican Ministry of Finance (€750 million at seven years). In 2021, Corporate & Investment Banking worked with Mexico as Joint Bookrunner for its second SDG-backed sovereign bond issue (€1.25 billion). This funding is allocated to public expenditure contributing to the achievement of the SDGs, in particular the reduction of inequalities.

In the same year, Natixis structured the inaugural 12-year sustainable bond issued by the BOAD. This is the first sustainable bond from an African issuer. Proceeds from the issue will be used to finance green and social projects as well as to deal with the social and economic impacts of pandemics. This issue received the Environmental Finance Sustainability bond of the year award - supranational, sub-sovereign and agency (SSA).

2.2.3 Be an inclusive bank by supporting our vulnerable customers and supporting microcredit

FINANCIAL INCLUSION AND BANKING ACCESSIBILITY: AN EXTENDED OFFER

To manage the risk of financial exclusion, Groupe BPCE has put in place systems that enable low-income customers to access financing and customers in vulnerable economic situations to manage their bank accounts with greater peace of mind.

In 2021, the BP and CE banking networks continued to develop the various inclusive finance systems[1]:

- basic banking services (account entitlement);
- specific offer for customers in financial difficulty (OCF);
- at December 31, 2021, 31,804 Groupe BPCE customers were equipped with the OCF offer;
- customer interviews, following the detection of a situation of weakness or to prevent the risk of over-indebtedness;
- personal or professional micro-loans;
- banking services adapted to disabled or protected persons.

As part of their retail banking activity, the Banque Populaire banks and Caisses d'Epargne offer a range of protective measures for their individual customers and apply the right to an account which gives any eligible person without a deposit account, the right to open an account with free basic banking services (SBB). As of December 31, 2021, 51,111 people were beneficiaries of SBBs compared to 54,456 at end-2020.

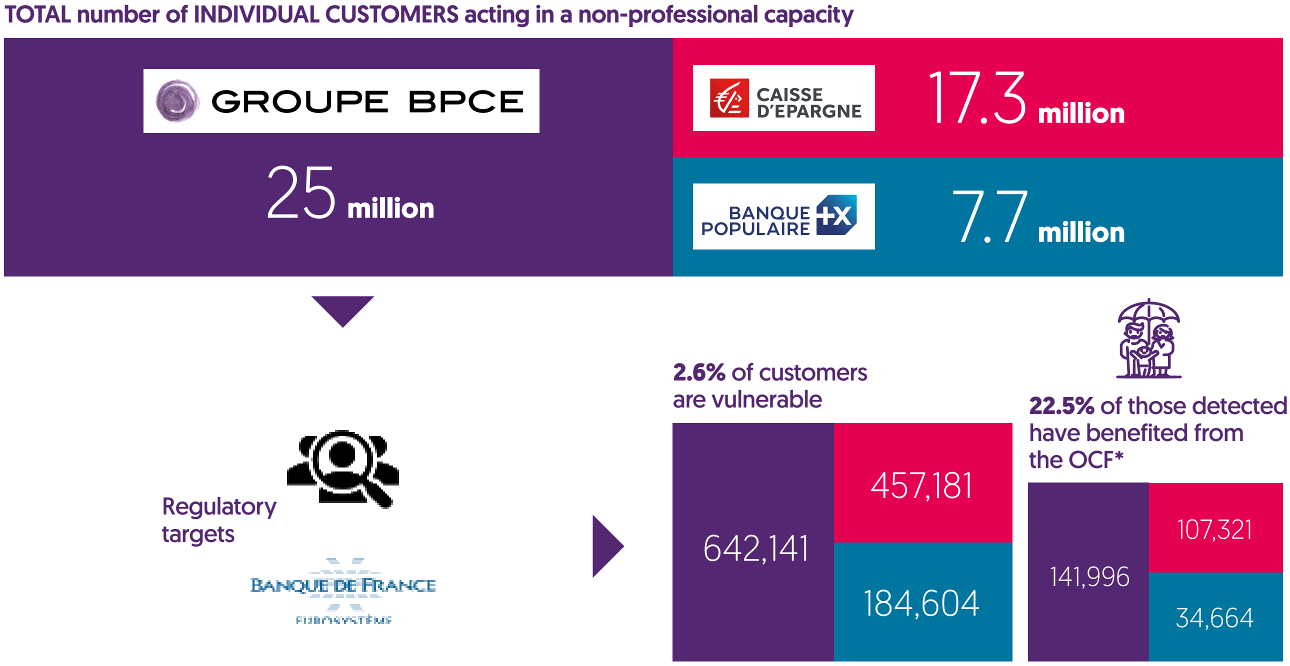
IDENTIFICATION OF VULNERABLE CUSTOMERS

Groupe BPCE banks identify vulnerable customers on the basis of regulatory criteria controlled by Banque de France:

- the costs of incidents or irregularities in the operation of the account:
  - if, for three consecutive months, there are at least 15 payment incidents and the maximum amount of the average credit balance of the individual customer's account over the period is equivalent to three times the monthly net minimum wage (SMIC),
  - if at least five payment incidents are recorded over a month and the maximum amount of the customer's average credit balance over the period is equivalent to the monthly net minimum wage;
- registration in the Central Check Register (FCC), a census database managed by the Banque de France:
  - customers registered with the FCC deprived of checkbooks due to the issue of bad checks or following a withdrawal of their bank card for three consecutive months;
- over-indebtedness declared admissible by a commission of the Banque de France, with effect over the entire duration of the settlement plan. (Article L. 722 of the French Consumer Code).

(1) The term inclusive finance has been defined since 2009 by the European Investment Bank, which manages inclusion programs by providing guarantees for the financing activities of banking and/or microfinance operators.

REGULATORY MONITORING OF FINANCIALLY VULNERABLE CUSTOMERS AS DEFINED BY THE BANQUE DE FRANCE (2021/2020)[1]



* OCF: *Offre spécifique pour la clientèle fragile* (special offer for vulnerable customers) (regulated)

The issue of financial fragility within the meaning of the **AFECEI Charter** also applies to institutions that do not have deposit accounts. For Groupe BPCE, these are its subsidiaries BPCE Financement, BPCE Lease, ONEY Banque, Crédit Foncier, CASDEN and Capitole Finance. All of its establishments have set up internal tools for detecting customers with repayment difficulties, along with a process to facilitate the resolution of situations. In addition, they carried out awareness-raising campaigns for their advisors *via* dedicated training sessions.

GROUPE BPCE SUPPORT MEASURES FOR ITS VULNERABLE CUSTOMERS

Customers in financial difficulty can benefit from an interview with their advisor as well as specific measures adapted to their financial situation:

- a specific offer for vulnerable customers (OCF) billed at a maximum rate of €3/ month including (non-exhaustive list):
  - a systematically authorized payment card (CPAS),
  - capping of fees for payment incidents and irregularities in the operation of the account at €16.50/month,
  - a specific cap on intervention fees per transaction. (Article R. 312-4-2 of the French Monetary and Financial Code),
  - a subscription to products providing alerts on the status of the account by SMS regarding the level of the account balance.

Each Groupe BPCE retail bank provides details of its specific offer for vulnerable customers on its website.

For more information,

- Financially fragile customers | Caisse d'Epargne (Caisse-epargne.fr)
- Offer for vulnerable customers (OCF) | Banque Populaire
- Support services for vulnerable customers (OCF): Banque Palatine
- **"vulnerable" customers who do not wish to subscribe to the OCF** nonetheless benefit from a cap on fees for payment incidents and account irregularities, set at €25/month. https://www.economie.gouv.fr/renforcement-plafonnement-frais-incidents-publics-fragiles;

  Since January 1, 2021, 535,669 vulnerable customers have benefited from a fee cap.
- **customers potentially at risk of over-indebtedness:** In accordance with the AFECEI Charter all deposit accounts are subject to predictive scoring intended to detect in advance (six months before the occurrence of the risk) any deterioration in their financial position. This score is based on a modeling technique based on socio-demographic variables, equipment, flows, outstandings and banking incidents. It is subject to regular backtesting to monitor its performance. Once the customer has been identified, they receive a letter inviting them to make an appointment with their advisor to take stock of their situation and possibly readjust their banking products and services. In early 2021, Groupe BPCE extended its method of identifying the risk of over-indebtedness to individual customers and individual entrepreneurs of the two networks. The objective is to no longer be limited to credit holders but to target a wider audience to be more effective in terms of prevention.

(1) Total number of customers detected as being in a fragile situation in Groupe BPCE equals 642,141, including 356 Banque Palatine customers and 141,996 Groupe BPCE customers with the specific offer (OCF), including 11 Banque Palatine customers.

REINFORCING RECEPTION AND LISTENING TO CUSTOMERS IN DIFFICULTY

"The issue of customers in difficulty is sometimes neglected by banks. I am proud to come to Rennes to inaugurate the Banque Populaire Grand Ouest branch dedicated to supporting these customers. A dedicated agency allows more time for the client, thanks to the know-how of specialized advisers. This local approach must be at the heart of the banking business, even more so for our regional cooperative banks. In this spirit, I have included Groupe BPCE in the "Collectif des entreprises inclusives" initiative launched at the end of 2018. With major operators such as EDF, Orange, Veolia and producers such as Danone, we are experimenting with offers reserved for our customers who are most vulnerable due to increases in their fixed fees."

Laurent Mignon, Chairman of the Management Board of Groupe BPCE, at the inauguration of the Rennes branch on November 26, 2021.

The creation of entities (specialized branch, dedicated service within a customer relations center, telephone platform, etc.) dedicated to the reception, handling and monitoring of difficult banking situations is a good practice recommended at Group level.

These entities provide more personalized support for the customer for a return to better finances. In 2021, 19 Banque Populaire banks and Caisses d'Epargne out of 29 institutions had such a system.

Mobilization of Banque Populaire Grand Ouest in favor of customers in difficulty and entrepreneurship

Banque Populaire Grand-Ouest's new "Grand Ouest Coopération" branch, located in Rennes, assists clients in financial difficulty and self-employed entrepreneurs with the launch of their business, in particular through microcredit. The agency deploys specific listening, diagnostic, advice and support systems for this clientele.

MICROCREDIT FOR FINANCIAL INCLUSION

Microcredit covers specific categories of loans dedicated to groups in need of economic and social inclusion and who are excluded from traditional loans. It makes it possible to finance a project for access to employment or the creation of a company. The implementation of microcredit is backed by a public guarantee and support from a general interest organization.

WITHIN THE BANQUE POPULAIRE NETWORK

In line with their entrepreneurial positioning, the Banque Populaire banks are focusing their actions on professional microcredit, in particular through their support for ADIE (Association for the Right to Economic Initiative). The Banque Populaire banks provide credit lines and replenish the fund with honorary loans for young people. In 2021, with 30% of the refinancing lines granted to 9,207 borrowers, the Banque Populaire network remains the leading financier of micro-loans granted by ADIE. In addition, the Banques Populaires and their federation, the FNBP, are supporting the new online training program, called "Je construis mon projet". They are mobilizing for the organization of the Créadie Jeunes - Banque Populaire Award, given in the regions and at the national level in support of young entrepreneurial project leaders. Lastly, in 2021 they supported a study on young ADIE beneficiaries in order to help the association better target its actions for this audience.

WITHIN THE CAISSE D'EPARGNE NETWORK

In 2021, the Caisses d'Epargne network maintained its positioning as a major player in bank microcredit. Through the FNCE, it develops innovative offers in personal microcredit and supports entrepreneurship *via* professional microcredit. The Parcours Confiance associations and the Créa-Sol microfinance institute are dedicated to microloan subscribers. Fifty advisors are dedicated to this activity across France, alongside over 600 partners providing support for borrowers. In 2021, 3,132 personal microloans and 914 professional microloans were granted by the Caisses d'Epargne, as well as 339 microloans through Créa-Sol.

As part of their 2022-2024 CSR & Cooperative Guidelines, the Caisses d'Epargne aim to develop an offer of inclusive products and services for their vulnerable customers. For example, after an experimental phase, the LOA Mobilize offer, launched in 2017 by Renault, Action Tank Entreprise et Pauvreté and FNCE, took on a new dimension with the delivery of the thousandth car in 2021. This offer allows people in difficulty to access a new vehicle thanks to a lease-to-buy option financed by a microloan.

ALL SOLIDARITY LOANS IN THE BP AND CE NETWORK

	2021		2020		
Solidarity loans	**Number**	**Amounts** *(€m)*	**Number**	**Amounts** *(€m)*	**Change in amounts between 2020-2021**
Microcredit	**15,217**	**144.6**	**13,737**	**118.7**	**21.8%**
• Employee data	5,505	18.2	5,565	17.9	1.7%
• Professional customers	9,712	126.4	8,172	100.8	25.4%
Other solidarity loans	**6,526**	**529.9**	**5,288**	**404.6**	**30.9%**
TOTAL MICROCREDITS AND SOLIDARITY LOANS GRANTED	**21,743**	**674.5**	**19,025**	**523.3**	**28.9%**

To develop professional microcredit, the Banque Populaire banks and the Caisses d'Epargne have partnered with major business creation support networks: BGE (formerly Boutiques de gestion), France Active and Initiative France. The Banques Populaires network is also a partner of the Association pour le Droit à l'initiative économique (Association for the Right to Economic Initiative) (ADIE).

SECURING THE BANKING OFFER OF PROTECTED PERSONS

In France, 800,000 adults receive legal or social protection under a ruling by a guardianship judge. These measures, graded according to the degree of autonomy of the person, involve the banks through the management of the accounts and assets of these customers, in conjunction with their legal representative.

The **Caisse d'Epargne network** is the leader in this customer segment with 316,264 protected adults at the end of 2021, representing a penetration rate of 39.4%. Spread over all the regional banks, there are 170 experts dedicated to this clientele offering solutions that meet their specific needs. Thus, to promote their autonomy in the context of the health crisis, all bank withdrawal and payment cards issued in 2021 were equipped with a "contactless" system. Legal representatives can also access a range of services to help them manage the protected person's account. The Caisse d'Epargne also publishes practical guides for trustees and family guardians.

At the end of 2021, the **Banque Populaire banks** managed, 56,600 protected adult customers.

The Group's second largest operator in this area, **Crédit Coopératif** manages the situation of more than 124,160 protected people with offers and management tools adapted to their situation. Crédit Coopératif maintains a relationship of trust with legal guardians and guardians' associations. It has extended its solutions by establishing a clear distinction between the services offered to guardians' associations and those available to the adult customers. A specific customer onboarding charter has been drafted for protected persons.

SPECIFIC TRAINING FOR EMPLOYEES, YOUNG PEOPLE AND VULNERABLE PEOPLE

In accordance with the Banking Inclusion Charter (AFECEI Charter) and faced with the financial difficulties encountered by certain clients, the acculturation of financial advisers to banking inclusion issues is crucial.

Groupe BPCE and its establishments have set up a specific training program with a module dedicated to customers in vulnerable situations (e-learning and virtual classroom) and another specific to account entitlement. This training must be taken every five years by individual advisors in the branches and those on the telephone platforms.

In 2021, 22,973 employees were trained on the AFECEI and 36,384 were trained on the right to an account.

Finances et Pédagogie (F&P), created in 1957 by the Caisses d'Epargne, is an association that aims to help everyone manage their daily budgets and at key stages of life (studies, mobility, retirement, etc.). The association is certified: Qualiopi and ESUS ("Entreprise solidaire d'utilité sociale") (Solidarity company of social utility).

To respond to societal changes accelerated by the health crisis, the association, which works with more than 600 public, private and non-profit partners, has updated its interventions. The target audience is made up of young people and actors from schools and universities, people in a situation of economic and financial difficulty, and social action and association professionals (volunteers or employees).

In 2021, 3,319 interventions were carried out with 35,387 trainees. The content of the events:

- 68% covered everyday budgeting and money issues;
- 26% related to banking and banking relationships;
- 6% related to questions on credit, microcredit and over-indebtedness.

The quantitative and qualitative impacts of Finance and Education interventions contribute overall to the reduction of risks related to banking exclusion, in conjunction with all our stakeholders.

For more information: https://www.finances-pedagogie.fr/les-formations.

2.2.4 Placing customer satisfaction at the heart of our priorities

Groupe BPCE defines customer satisfaction as the common thread of its commercial approach. To do this, the Group has developed the "3D" relationship model that guarantees the best customer experience in retail banking and puts people at the heart of relationships. This model has three pillars:

- "Trustworthy", the customer advisor is a linchpin of the long-term relationship of trust, supporting the customer at all times of life;
- "Digital inside", the bank is 100% accessible with the development of the mobile application that allows for all daily self-care operations. As a result, the customer advisor frees up more time in their daily work to develop the customer relationship;
- "Useful data", customization of solutions based on customer needs and management of consents so that customers always remain in control of their data.

CUSTOMER SATISFACTION MEASUREMENT

With its robust listening tools for customers, Groupe BPCE effectively assesses the feedback from each of its customers in all its markets:

- customer satisfaction is calculated in real time, resulting in faster deployment of improvement actions, whether regarding the mobile experience or the relationship with the agency and the advisor;
- these systems make it possible to interview 100% of customers once a year and each time they have contact with their advisor;
- in total, nearly 20 million Groupe BPCE customers are surveyed on a full-year basis across all markets.

In 2021, the "net promoter score" (NPS), a reference indicator for measuring customer satisfaction, became positive in all of Groupe BPCE's markets, reflecting the clear increase in customer satisfaction. This performance was made possible by the mobilization of all establishments with respect to the fundamentals of customer satisfaction, namely the reinforcement of the quality of service and the strong responsiveness to the requests of our customers, the continuity of the relationship and the proactivity that they receive.

CUMULATIVE RESULTS OF THE CUSTOMER SATISFACTION MEASUREMENT OF BANQUE POPULAIRE BANKS AND CAISSES D'EPARGNE

	Individual customers			Professional customers			Corporate customers		
	2021*	2020		2021*	2020		2021*	2020	
	+11	+2	+9	**+13**	+7	+6	**+13**	+14	-1
	+4	-6	+10	**+5**	+1	+4	**+12**	+9	+3

Number of establishments with NPS>0: (Individual customers)
2018 : 1/27
2019 : 5/27
2020 : 15/28 (with CCOP)
2021 : 23/28 (with CCOP and excluding overseas)

Number of establishments with NPS>0: (Professional customers)
2018 : 1/27
2019 : 5/27
2020 : 18/28 (with CCOP)
2021 : 23/28 (with CCOP and excluding overseas)

Number of establishments with NPS>0: (Corporate customers)
2018 : 11/27
2019 : 21/27
2020 : 27/27
2021 : 27/28 (with CCOP and excluding overseas)

INDIVIDUAL CUSTOMERS:
* Total at end-2021

PROFESSIONAL CUSTOMERS:
* 2021 total

CORPORATE CUSTOMERS:
*2021 total

COMPLAINT MANAGEMENT

Groupe BPCE has a strong desire to satisfy its customers by developing a relationship of trust with them. Collecting customer feedback in real time strengthens the complaints management process. The listening system deployed in all establishments is used both as a tool for managing complaints and for continuous improvement of the range of banking products and services offered by the Group. All Groupe BPCE entities have a department that handles customer complaints.

ANALYSIS AND USE OF INFORMATION ABOUT COMPLAINTS

Group entities analyze complaints in order to detect failures, shortcomings and bad practices. This analysis allows them to establish corrective measures to be implemented with the relevant divisions. The search for the root causes of complaints is a continuous improvement process that also draws on comments made by customers in satisfaction surveys and on monitoring social networks and customer reviews.

THE COMPLAINTS HANDLING PROCESS

Complaints are handled at three successive levels:

- First level: the agency or business center in charge of the local commercial relationship;
- Second level: the Customer Relations department of the bank or the subsidiary if the complaint has not been resolved at level 1;
- Third level: the mediator, if the dispute persists.

The mediator is an independent body. It has its own website. A form allows clients to submit their requests for mediation.

The procedure for discussing or transferring complaints between the Customer Relations departments of Group institutions, and those of the subsidiaries, is organized to ensure that each complaint is addressed as quickly as possible.

INFORMING CUSTOMERS ABOUT THE COMPLAINTS HANDLING PROCESS

Customers are informed of the complaints handling process and how to contact the bank:

- on the websites of the Group's establishments:
  - https://www.banquepopulaire.fr/votre-banque/reclamation-et-mediation/,
  - https://www.caisse-epargne.fr/votre-banque/reclamation-et-mediation/;
- in fee guides;
- in the general terms and conditions.

MONITORING OF THE COMPLAINTS HANDLING PROCESS

This management concerns in particular the grounds for complaint, the products and services concerned by these complaints and the processing times. Key indicators are regularly submitted to Groupe BPCE bank directors, Internal Control departments and all sales structures.

Among the reasons for complaints, indicators are monitored which may reveal discrepancies between the service expected by the customer and the service provided, such as information and advice for 2.8% of complaints processed in 2021 and unauthorized transactions for 0.8%, both stable compared to 2020.

In 2021, 65% of complaints were processed within ten days. The average processing time was 12.6 days. Complaints processing times increased in 2021. The growing number of fraud and scam cases, which are often complex, partly explains the increase in processing times.

	2021	2020	2019
Average processing time	12.6 days	10.3 days	13 days
% under ten days	65%	67%	63%

The search for the root causes of complaints is a constant focus of work. This process of continuous improvement also draws on comments made by customers in satisfaction surveys and on monitoring social networks and customer reviews.

CUSTOMER PROTECTION

Groupe BPCE protects its customers' interests by tasking committees with the approval of new products, services and sales processes and any upgrades. The organization and missions of the Group Compliance department in charge of the compliance of banking and insurance products and financial products are detailed in the section Non-compliance risks and security of Chapter 6 – Risk Management.

In 2010, Groupe BPCE introduced an approval procedure for new banking and financial products and services. This procedure aims to:

- control the risks related to the marketing of products and services and the implementation of new sales processes (digitization, etc.) and, on the other hand;
- ensure that the various regulatory requirements aimed at protecting customer interests and personal data are taken into account.

The approval procedure is based on the contributions of the competent experts and business lines within Groupe BPCE. This procedure must be completed before the new product or sales process is presented to the Group's approval committees prior to marketing or development.

In terms of the monitoring of bancassurance products, five committee meetings were held in June 2021 covering daily BtC (Business to Customer) banking, daily BtB (Business to Business) banking, BtC loans and BtC bank savings and non-life insurance.

The purpose of these committees is to constantly monitor the marketing of products throughout their life cycle in order to guarantee that the interests, objectives and characteristics of the customer initially targeted at the time of their approval continue to be duly taken into account.

Within the scope of financial savings (investment and life insurance services), BPCE's marketing process incorporates the obligations arising from the Markets in Financial Instruments Directive and regulation (MiFID II), the Insurance Distribution Directive (IDD) and the Packaged Retail Investment and Insurance-based Products Regulation (PRIIPs). Remediation has continued since the entry into force of these regulations. The governance and monitoring of products introduced by MIF2 and DDA resulted in the implementation of:

- a committee for the validation of model portfolios relating to financial instruments led by the Retail Banking and Insurance division (BPA): monitoring the performance of risky asset pockets, macroeconomic review, allocation analyses and outlook;

- a governance and product monitoring committee with producers (meeting on June 24, 2021) whose objectives are:
  - to monitor and analyze the marketing of financial savings products and customer complaints in compliance with MiFID and DDA regulations,
  - to define, on the basis of the analyses, potential changes in the marketing processes and offers in line with customer needs,
  - to identify during this committee meeting the areas for improvement of the overall monitoring system.

The Group ensures it provides its customers with accurate information (in-branch displays; contractual, pre-contractual and commercial documentation; and, product subscription process). To this end, Groupe BPCE has put in place a system for validating national commercial materials which is based on the validation of the documentation by the business lines producing the documents, then by the experts including the Risk division, the Legal department and, where applicable, the Tax department and, ultimately, the Compliance division. Local communications are validated by the Group's establishments, which have at their disposal documentation listing the obligations in this area (norma and the legal bot - a tool made available by the Group Legal department).

The system for validating commercial media was overhauled in 2021.

Compliance is careful to ensure that sales procedures, processes and policies guarantee that compliance and ethics rules are observed at all times for all customer segments, and in particular that customers are given suitable advice with respect to their situation and their needs.

With regard to CSR offers (environmental products and solidarity and social products), the Group has set up a specific range of financial products. It should be noted that since 2018, several European consultations related to sustainable finance and the incorporation of ESG criteria (in particular in product governance but also in client consulting) have been launched and the updating of MiF2 and DDA directives introducing the integration of ESG criteria will be applicable in 2022.

2

EMPLOYEE TRAINING

Group employees regularly receive training on customer protection, the right to hold an account and vulnerable customers. Two "Code of Conduct" and "The Essentials of Professional Ethics and Anti-Corruption" training sessions have been set up for all employees.

SUPERVISION OF COMMERCIAL EVENTS

Groupe BPCE Compliance takes part, alongside legal and tax experts, in the validation of national sales events, ensuring that conflicts of interest are managed and that the primacy of customer interests is taken into account. Local challenges are coordinated by local Compliance teams.

The system for validating commercial events was reviewed in 2021.

2.2.5 Maintain an active dialogue with all our stakeholders

A CONSTANT AND CONSTRUCTIVE DIALOG

Dialog with stakeholders consists of establishing and perpetuating listening among the parties concerned and/or involved in its activities. The objective is to understand them and take into account their expectations, so that the decisions taken can take into account the opinion of each one in accordance with our CSR approach.

In 2021, for our internal stakeholders, the hybrid working methods were defined thanks to a rich dialogue with the employee representative bodies. This dialog with employee representatives took place through two bodies, commissions and a forum (see section 4). This dialog with the social partners led to four social agreements in 2021.

For our external stakeholders, this dialogue is based on the following tools and processes (non-exhaustive list):

- the procedures established within Groupe BPCE in compliance with human rights and international (UN Global Compact) and national reference principles;
- policies and charters that commit employees to follow Groupe BPCE's ethical principles and commitments;
- responses to questionnaires from rating agencies;
- the commitment to transparency made in all Groupe BPCE publications, including in its TCFD report, which clearly presents the actions to combat climate change; and
- the voting policies of asset management companies.

THE VOTING POLICY, A NATURAL APPROACH FOR RESPONSIBLE INVESTORS

In accordance with regulations, each asset management subsidiary of Groupe BPCE follows a specific voting policy and makes it available to its stakeholders on their website. Thanks to these voting policies, the Group's asset management companies develop a committed shareholder base whose objective is to positively influence the governance of the companies in which they invest on CSR issues;

DILIGENT EXERCISE OF VOTING RIGHTS

- To exercise its voting rights, **Palatine Asset Management** (PAM) has been relying since 2015 on the expertise of ISS (Institutional shareholder Services Europe SA) to broaden its voting scope. During fiscal year 2021, PAM exercised its voting rights at General Meetings held throughout Europe (excluding the POA - Power of Attorney - countries where the voting procedure requires additional financial costs) and mainly at the companies making up the CAC 40 index, the companies comprising the assets of the SRI-labeled UCIs, the French companies whose consolidated shareholding threshold is greater than 0.50% of the market capitalization and finally, foreign companies with a shareholding market capitalization greater than €100 million. The objective is to promote best ESG practices within those companies in which the funds managed by Palatine Asset Management are shareholders in order to encourage these latter to adopt an approach of progress and responsibility. The principles of this voting policy are available at (https://www.palatine-am.com/investissement-responsable/ politique-dengagement-isr/);

- within the subsidiary, **Ecofi**, one of Groupe BPCE's asset management companies, the voting policy and dialogue with stakeholders are at the heart of its corporate responsibility strategy. As planned in its engagement policy, Ecofi has undertaken in-depth and regular individual dialogue with several companies involved in serious controversies or with poor ESG performance. In a collaborative manner, Ecofi plays an active role in shareholder coalitions to which it is a signatory to influence the companies concerned on CSR issues. Lastly, as part of its voting policy, Ecofi votes remotely at all General Meetings of companies invested by its funds under management through shares, without any condition of holding a minimum capital threshold (link to the 2021 engagement policy: https://www.ecofi.fr/sites/default/files/Informations-reglementaires/Politique_de_vote_Ecofi_Investissements.pdf).

A SUSTAINED COMMITMENT TO ACTIVE SHAREHOLDING

At Natixis Investment Managers, each of the affiliates, both equity and bond investors, behaves as active investors through constructive engagement with the companies in which they invest. With regard to the multitude of affiliates, the methods vary, but all follow the three main models of engagement illustrated below by certain highlights of the year 2021:

- Direct engagement with issuers:
  - **DNCA Investments** is committed to dialogue with the TOP ten companies that represent the worst performers from a climate point of view,
  - **Ostrum AM** co-constructed a new engagement policy for all Equity and Fixed-Income management based on eight common areas and fifteen themes, thus highlighting the importance it attaches to dialogue with companies beyond voting,
  - **Thematics**, guided by its responsible investment principles and its vision of corporate governance to better manage risks and create long-term sustainable value, has defined a more structured engagement framework. Thematics explained the reasons for its commitment, what it expects from the companies it holds in its portfolios and how it can make this commitment a reality;
- Proxy engagement, *via* a third party, such as ISS (Institutional Shareholder Services):
  - **DNCA Investments** undertakes to support any resolution in favor of the climate;
- Collaborative engagement (by pooling with other investors):
  - **Loomis Sayle** is a member of Climate Action 100+,
  - **Ostrum AM** is a member of Finance for Tomorrow's Just Transition Coalition,
  - **Seeyond** strengthened its commitment as a responsible investor by joining the Forum for Responsible Investment (FIR) in March 2021. This membership in a leading association reflects Seeyond's desire to strengthen its commitment to the market, to be able to dialogue with various stakeholders, but also to support dedicated initiatives in the field of responsible investment,
  - **WCM** - "Get Better" is a core value for the WCM investment team. Based on its belief in perpetual improvement, WCM collaborates with academics and thought leaders on a variety of investment topics, including ESG considerations,
  - **HSBC Pollination Climate Asset Management**, **Lombard Odier** and **Mirova** co-founded the Alliance for Investment in Natural Capital within the Sustainable Markets Initiative.

Because dialogue is necessary with all stakeholders, a mapping of dialogue methods has been drawn up which is valid for the entire Groupe BPCE.

REPRESENTATION OF THE DIALOGUE WITH ALL GROUPE BPCE STAKEHOLDERS

Customers

Corporates
Institutions
Individuals

- 107 institutional and commercial partnerships
- Monitoring of the respect for compliance and ethics rules in commercial policies, procedures and sales
- Measurement of satisfaction and the goals set
- Offers and organization for vulnerable customers
- Complaint management and mediation
- Cooperative shareholders

Cooperative shareholders

Banque Populaire customers
Caisse d'Epargne customers

- Holding of cooperative shares
- General meetings, meetings and newsletters
- Measurement of customer satisfaction
- Coordination by the Fédération des Caisses d'Epargne and the Fédération des Banques Populaires

Directors

SLE
Boards of Directors of the Banques Populaires
Supervisory Boards of the Caisses d'Epargne
BPCE SA Supervisory Board
Specialized committees

- Training by the Federations
- Participation in Board of Directors, Supervisory Board and committee meetings

Employees

Employees of the Group and its subsidiaries
Employee representatives and labor unions

- Specialized committees
- Internal information
- "Diapason" 2018 employee survey
- Women's networks, skills management
- Strategic goals

Suppliers and sub-contractors

Corporates
Service providers
Protected and adapted sector companies

- Consultations and RFPs
- Responsible Supplier Relations Charter
- CSR clauses in contracts
- Annual convention with awards and satisfaction survey

NGOs and non-profits

Non-profits protecting the environment and human rights

- Interaction via contributions to surveys
- Regular dialog
- Employee volunteering
- Skills sponsorship

Institutions, federations, regulators

Financial regulation bodies, French Banking Federation, *Association française des banques*, ORSE, Global Compact, ESBG, EACB, etc.

- Regular meetings
- Members of the Sector Advisory Committee
- Financier of the *Observatoire du financement en entreprise* and of the *Observatoire de l'inclusion bancaire*
- Transfer of information and documents
- Contribution to the work of the French Banking Federation

Ratings agencies, investors and independent third parties

Financial rating agencies
Non-financial rating agencies
Statutory Auditors

- Transfer of information and documents for ratings/audits
- Regular dialog
- Green/Social/Sustainable bonds
- ESG roadshows

Academic and research sector

Schools and universities
Research Institutes (e.g.: I4CE)

- Relations with business schools and universities
- Employment of interns and students on work-study contracts
- Contribution to research and working groups

2.2.6 Be exemplary by adopting a responsible purchasing policy on behalf of the Group

A RESPONSIBLE PURCHASING POLICY

In 2021, the BPCE Achats subsidiary changed Groupe BPCE's responsible purchasing policy, which is based on the following key areas:

- apply and monitor good business practices (prevention of corruption, ethics, compliance with Labor Law, respect for payment deadlines, promotion of sustainable and balanced relations, etc.);
- contribute, with the Groupe BPCE companies, to local development;
- take into account the life cycle of products, the full cost and the sustainable design of the products and services purchased.

BPCE Achats has implemented the following principles of action to integrate CSR into its purchasing actions:

- building a lasting relationship with suppliers, notably by setting up a dedicated environment, but also by establishing a reciprocal evaluation of the relationship;
- integrating CSR criteria into each of the purchasing stages (supplier sourcing, eco-design, life cycle analysis, measurement of the environmental impact of goods and services purchased, particularly carbon, etc.);
- assessing suppliers based on CSR criteria during consultations according to criteria adapted to purchasing projects (including the Duty of Vigilance);
- measuring the environmental impacts of the purchasing actions carried out, including the carbon impact;
- promoting, with all Groupe BPCE companies, the economic and social development of the local economic fabric;
- increasing the use of inclusive suppliers *via* structures for integration through economic activity and structures of the protected and adapted work sector (STPA).

ESTABLISHMENT OF A CONSTRUCTIVE DIALOGUE WITH STAKEHOLDERS

2018	Responsible Purchasing Charter	BPCE Achats for Groupe BPCE	Adopt responsible purchasing practices for their suppliers and implement due diligence measures as part of the purchasing process

The Responsible Purchasing Charter, a joint initiative of **BPCE Achats** and the main French players in the banking and insurance sector, is one of the reference documents in the tender documents sent to suppliers. The aim is to involve suppliers in the application of diligence measures in this area.

CSR is incorporated:

- in Groupe BPCE's responsible purchasing policy;
- in the procurement process: the responsible procurement policy has been adapted and included in the different tools used in the procurement process;
- in supplier relations: analysis considered how to find a simple, quantifiable way of measuring suppliers' CSR performance. Procurement teams can include a voluntary CSR performance assessment questionnaire for suppliers and their products in order to identify CSR risks and opportunities in the tender process and incorporate this performance in their overall assessment;
- in purchasing files by including CSR levers in decision-making processes. In 2021, the CSR questionnaire was reworked, the consideration of environmental aspects increased in the questions to be answered by suppliers, and in the associated analyses. The Group's procurement managers are instructed to apply and circulate this policy within their companies and among their supplier panels;
- two training sessions on responsible purchasing were rolled out to the Group's purchasing function, in two parts: "CSR and Responsible Purchasing", in order to familiarize the Group with CSR and "Responsible Purchasing in Groupe BPCE", to present the transformation path of the sector, with the associated goals, tools and methods;
- the Group's ambition is to continue to deploy and systematize, in 100% of the cases handled, the inclusion of CSR in purchasing decision-making by 2024, and the sharing of best practices and systematic monitoring of CSR criteria.

PROMOTING A SUSTAINABLE AND BALANCED RELATIONSHIP WITH SUPPLIERS

2010	Responsible Supplier Relations Charter	Groupe BPCE	Adopt responsible purchasing practices with their suppliers

In line with the Responsible Supplier Relations Charter and the responsible procurement standard ISO 20400, the Responsible Supplier Relations and Procurement certification is awarded by the company mediator (under the auspices of the French Ministry for the Economy) and the CNA (French association of purchasing managers). It aims to single out French companies that have established lasting, balanced relations with their suppliers.

The label is awarded for three years. An annual audit is performed to verify that best practices in responsible supplier relations (ethics, respect for supplier interests, integration of environmental and social criteria in procurement procedures, quality of supplier relations, etc.) are constantly applied by the certified entities.

Fourteen Groupe BPCE companies are involved in the label: Banque Populaire Méditerranée, Banque Populaire Alsace Lorraine Champagne, Caisse d'Epargne Côte d'Azur, Banque Populaire du Sud, Caisse d'Epargne Hauts de France and La Banque Populaire Rives de Paris, Caisse d'Epargne Ile-de-France, Caisse d'Epargne Midi-Pyrénées, Caisse d'Epargne Rhône Alpes, Caisse d'Epargne Aquitaine Poitou Charente, Banque Populaire Grand Ouest, Caisse d'Epargne Bretagne Pays de Loire, Caisse d'Epargne Grand Est Europe and BPCE SA.

PAYMENT TERMS

In 2021, BPCE Achats continued to measure payment terms at Group level. The monthly dashboard was posted on PowerBI, as part of the Group's Purchasing activity monitoring report.

A working group led by BPCE Achats, made up of buyers and accountants from BPCE SA, four Caisses d'Epargne and three Banques Populaires, led to the drafting of a White Paper on best practices (in particular on legal and organizational aspects), which was presented, then distributed to all establishments.

At the end of December 2021, the average payment terms observed, all companies combined, were 28.9 days from the date of issue of the invoices.

2.2.7 Extend our actions for society through committed sponsorship

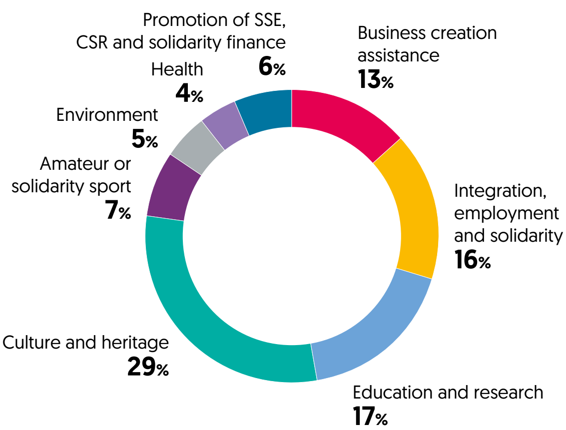
BANQUES POPULAIRES SPONSORSHIP

The Banques Populaires are involved in initiatives in support of civil society. They are highly involved in supporting business creation (through microloans in particular), integration and solidarity, and actively support education and research. In order to take effective action in the local public interest and to structure their patronage, nine Banques Populaires have their own foundation and/or endowment fund.

Action taken by Crédit Coopératif and its foundation is mainly focused on supporting and promoting the social and solidarity-based economy, while CASDEN Banque Populaire naturally focuses on education and research.

In 2021, sponsorship from the Banque Populaire network amounted to nearly €12.8 million.

DONATION AMOUNTS BY CATEGORY



The Fédération Nationale des Banques Populaires inspires and carries out a policy of partnerships and sponsorship – through its endowment fund to finance projects eligible for sponsorship – in line with the actions of the Banques Populaires.

This policy of partnerships and sponsorship strengthens the societal impact of the Banques Populaires. Adie (which finances and supports micro-entrepreneurs) and Entreprendre pour Apprendre (which aims to develop the entrepreneurial spirit of young people aged 8 to 25) remain two essential partners. Since 2017, it has funded research projects on the cooperative model, in partnership with the Burgundy School of Business *via* its Governance Chair, focusing on the challenges of cooperative shareholding. A three-year partnership was established in 2019 with Chaire Lyon 3 Coopération (research on cooperatives) and the Chaire de l'immatériel at Paris Sud/Saclay (European Chair on Intangibles, a regional innovation index). An annual partnership was formed in 2021 with the University of Angers (archiving within the Banques Populaires).

It is also a partner of the annual theses competition organized by the Institut Francophone pour la justice et la democratie (formerly the Institut Universitaire Varenne), in the "Private Law of Economic Activities and Financial Cooperatives" category.

BANQUE POPULAIRE CORPORATE FOUNDATION

Supporting success has been the mission of the Banques Populaires since their inception. Their Corporate Foundation has been implementing this credo since 1992 with a long-term commitment to individual initiative and young people, in the fields of classical music, persons with disabilities, and arts & crafts.

By leveraging its regional presence, the expertise of its juries, and past winners, the Foundation has built up a large network demonstrating that success can mean many things and lies within everyone's reach. Since the initiative was launched, the foundation has already supported more than 922 life projects through 2021.

For cooperative shareholders, customers and employees alike, the Foundation's winners embody the cooperative and societal commitment of the Banques Populaires by promoting their values of solidarity, entrepreneurial spirit and a taste for innovation.
For more information: https://www.fondationbanquepopulaire.fr/

CAISSES D'EPARGNE SPONSORSHIP

A commitment to philanthropic activity lies at the heart of the history, identity and values of the Caisses d'Epargne. The Caisses d'Epargne are major sponsors in France. In 2021, philanthropy represented €20.7 million and 987 local projects supported, mainly in the field of solidarity.

Each Caisse d'Epargne has its own philanthropic strategy based on local needs. To implement this strategy, the Caisses d'Epargne operate directly and/or *via* regional foundations or endowment funds.

The Caisses d'Epargne share a commitment to following a structured and local approach, focusing on initiatives that have a significant social impact. A network of 15 philanthropy managers builds a common approach through the sharing of tools and best practices. The Caisses d'Epargne and their Federation worked with Le Rameau (an advisory and research laboratory) to complete an in-depth analysis of alliances between companies and non-profits with the goal of developing innovative solutions to local requirements.

Help for students in precarious situations throughout France

In 2021, the Caisses d'Epargne, *via* their national federation, became partners of the young "1 cabas pour 1 étudiant" (one bag for one student) platform (*i.e.* https://1cabaspour1etudiant.fr/) which supports students in difficulty. The main objective is to get everyone to commit to delivering food and making contact with students.

The #1CabasPour1Etudiant platform therefore connects families (the "sponsors") with students ("the sponsees") in need who live nearby if possible. The families regularly offer a shopping basket to each of their sponsored students, which contains food, books and any other item that will improve their daily lives.

In addition to initiatives decided upon regionally, the Caisses d'Epargne also support the Caisse d'Epargne network endowment fund and the Fondation Belem.

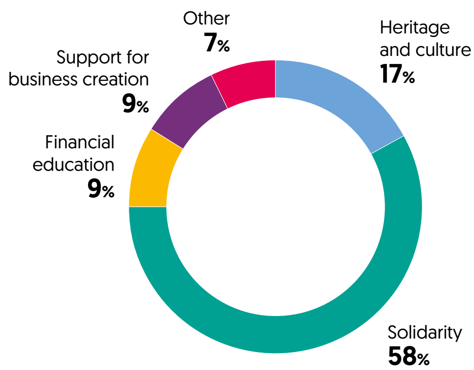
The purpose of the endowment fund of the Caisse d'Epargne network is to encourage and support actions of general interest aimed at combating exclusion and poverty, particularly in banking and financial situations, and to support humanitarian actions and assistance programs.

The Caisses d'Epargne network endowment fund also supports Finances et Pédagogie (www.finances-pedagogie.fr). It organizes educational programs on money matters across the country.

The purpose of the Belem Foundation (www.fondationbelem.com), which is recognized in the public interest, is to promote France's maritime past and to preserve France's last large ship of the nineteenth century, which has been classified as a historic monument since 1984.

The Caisses d'Epargne are also involved in sport (basketball, handball and skiing) through patronage and sponsorship initiatives.
For more information:
https://www.engagement.caisse-epargne.fr/.

DONATION AMOUNTS BY CATEGORY



NATIXIS SPONSORSHIP

Natixis is involved in many solidarity projects by supporting the mobilization of its employees, who are increasingly willing to get involved in meaningful and useful projects for society.

Since 2013, Natixis has allowed its employees to take humanitarian leave (Congé Solidaire®) to support the non-profit association Planète Urgence. Projects include protecting biodiversity, providing social and educational support for children, and adult skills training in various fields. As part of the health crisis, missions were offered in France and remotely. It has funded 150 missions since the project's launch.

Since 2019, Natixis has been offering its employees a simple and participative generosity scheme: salary rounding. With it, they can support one of the five selected associations. The monthly microdonation is deducted directly from the payslip, and Natixis doubles the amount of donations. Two years after its launch, nearly €150,000, including the company's contribution, were donated to the five beneficiary associations.

Solidarity days for Natixis employees

On the occasion of the Solidarity Week organized in December 2021, Natixis set up a pilot solidarity day, organized during working hours. Nearly 100 employees spent a day in a charitable organization, in contact with vulnerable or isolated people. The various workshops (painting, cooking, eco-building of furniture, self-esteem) were a great success. It was an unprecedented human experience for employees that transformed their view of the most vulnerable and encouraged them to continue their commitment.

In 2020 the Natixis Foundation – a corporate foundation – was created. Its aim is to facilitate the commitment of all Natixis employees to a just transition. Natixis Foundation will support projects and public-interest initiatives that address both environmental protection and solidarity, with the goal of lasting impact.

In 2021, Natixis Foundation defined three priority areas of action: the professional integration of young people and education, the circular economy and biodiversity. In its first year of operation, the foundation paid particular attention to selecting and implementing regional actions or projects, in France and abroad, with the support of Natixis employees. They got involved by proposing actions as part of the foundation's first call for projects, voting for projects, and co-constructing them.

Natixis Foundation supports the professional integration of young people through biodiversity protection missions, in partnership with the Unis-Cité association, helping the most disadvantaged by combating food waste, in partnership with the associations Linkee and Banco Alimentare, helping people in professional reintegration through the renovation of toys, in partnership with the Rejoué association, improving the quality of biodiversity, respectively in rural and mountain areas, in partnership with the Fondation Terre de Liens and with the Mountain Wilderness France association.

Internationally, two projects were selected by employees and are supported by the foundation:

- the improvement of care conditions in four African rural villages thanks to solar energy equipment, in partnership with the NGO Électriciens Sans Frontières;
- the construction and rehabilitation of wells in rural communities in Liberia, in partnership with the NGO Action contre la Faim. In fact, access to water improves the conditions of rural communities and promotes the development of local agriculture.

2.3 Be a major player in the environmental transition

KEY FIGURES

- €0.4 billion of exposure to the coal industry, i.e. 0.14% of BPCE's outstanding corporate loans;
- €5 billion in green and transition bonds;
- €2.6bn in financing for low-consumption housing (financing with interest-free loans)
- €11.1bn in assets for renewable energy
- Groupe BPCE is the third largest contributor to Eco-PTZ loans in France

2.3.1 Groupe BPCE places the climate at the heart of its strategy and incorporates ESG criteria in its processes

Fighting climate change and creating a more low-carbon society is a major challenge of our time. In response, the financial sector has a key role to play by supporting the transition to a low-carbon economy, which balances the environmental, social and economic needs of society.

At the heart of its concerns, the environmental transition is one of the three pillars of the BPCE 2024 strategic plan and is a priority for all its business lines and all its companies.

Thus, Groupe BPCE has set itself four major objectives:

- commit to a long-term change in its balance sheet as part of a strategy to mitigate the climate impact of its activities, assets financed, invested or insured. This makes a strong commitment to society and customers by aligning financing portfolios with a "Net Zero" trajectory, *i.e.* carbon neutrality by 2050;
- extend its "green" refinancing strategy with energy transition-themed issues;
- supporting the energy transition of customers in their own transition challenges, whether in terms of financing, savings or insurance, with a dimension of advice and structured strategic dialogue, providing expertise, solutions and a long-term vision;
- accelerate the reduction of its direct environmental footprint, with a target of reducing its carbon footprint by 15% by 2024 compared to 2019.

A committed Group, a "Net zero" Group

For Groupe BPCE, joining the Net Zero Banking Alliance means aligning its portfolios with a net zero emissions trajectory by 2050 but also setting, now, using the measurement tools at its disposal, the alignment of its balance sheet in the short, medium and long term.

For the financing portfolios of Corporate & Investment Banking, which finances the highest-emitting sectors, the target for 2050 is 1.5°C with intermediate milestones: 2.5°C in 2024 and 2.2°C in 2030.

For the general fund of Natixis Assurances, the target for 2030 is 1.5°C with an intermediate milestone of 2°C in 2024.

GOVERNANCE DEDICATED TO CLIMATE RISKS

In order to manage these climate-related commitments as closely as possible, the Group has strengthened its governance bodies (see section 2.1.2) and the management of climate-related risks.

Since January 1, 2019, Groupe BPCE has had a Climate Risks division within the BPCE Risk division. In 2020, dedicated risk correspondents were appointed in the risk departments of the Banque Populaire and Caisse d'Epargne networks, as well as in the Group's subsidiaries. In 2021, the unit became the Climate Risk department reporting directly to Groupe BPCE's Deputy Chief Executive Officer, a member of the Executive Management Committee in charge of Groupe BPCE risk. It is responsible for defining and implementing the climate risk monitoring system for all Groupe BPCE companies. The operational integration of this system in the establishments will make it possible to better integrate climate risks into the Group's risk appetite.

The Climate Risk Committee, chaired by the Chairman of the Management Board, was created in 2020. This is a decision-making and monitoring committee that deals with climate issues from a cross-functional perspective for the Group and its various business lines. Among its responsibilities, it is in charge of examining the Group's main existing or potentially emerging climate and environmental risk areas. It also builds scenarios and validates the climate stress test transition matrices to assess the resilience and vulnerability of the Group's business model. By way of illustration, in 2021 the Climate Risk Committee approved the review of the work on climate risk in all its dimensions in order to provide a comprehensive view of its challenges.

CONTINUED WITHDRAWAL FROM GROUPE BPCE'S MOST EMITTING ACTIVITIES

In order to limit the climate impact of its financing, investment and Insurance activities, Groupe BPCE is withdrawing from activities with the highest emissions, framing this approach within appropriate exclusion policies.

Coal, which is responsible for around 45% of human emissions, is the leading source of global temperature rise. Accordingly, in accordance with its objectives in terms of combating global warming, Groupe BPCE has undertaken to gradually reduce its exposure to thermal coal to zero by 2030 for its activities in European Union countries and the OECD and, by 2040, for its activities in the rest of the world. This timeline is aligned with the International Energy Agency (IEA) sustainable development Scenario.

At the end of 2021, Groupe BPCE's exposure to coal industry financing (0.14% exposure) were zero for thermal coal mine financing and reached a residual amount for coal plant financing and other coal-related infrastructure.

Groupe BPCE has also committed to no longer financing dedicated projects and companies whose share of unconventional hydrocarbons in exploration and production (shale oil, shale gas and tar sands) is higher than 25% of their activity, knowing that in December 2017, Corporate & Investment Banking had undertaken to stop financing the exploration and production of oil in the Arctic.

This commitment to the protection of the Arctic strengthens the position of Ostrum and Mirova (affiliates of Natixis Investment Managers), which have been at the head of a group of investors since 2016, signatories of a declaration calling for the protection of this area against oil exploration activities, as well as the respect of national commitments in terms of the fight against climate change in this region, which is particularly rich in hydrocarbons.

In October 2021, Groupe BPCE committed to reducing its exposure to hydrocarbon exploration and production activities by 15% by 2024 compared to the end of 2020.

2

IMPLEMENTATION OF SECTOR-BASED EXCLUSION POLICIES IN SENSITIVE SECTORS WITHIN THE GROUP'S BUSINESS LINES

Sector policies	URL/Main source of engagement
Defense industry - CIB scope Corporate & Investment Banking excludes the financing, investment and provision of services to companies involved in the production, storage and trade of anti-personnel mines and cluster munitions. This policy broadens the scope of weapons subject to exclusion and sets precise criteria in the conditions for carrying out transactions, in particular those relating to the countries of export and import.	CSR sector policy - Defense sector (September 2020) -Natixis https://natixis.groupebpce.com/natixis/fr/politique-sectorielle-rse-secteur-de-la-defense-septembre-2020-en-anglais-rqaz5_107685.html
Coal industry - Group scope Since 2015, Corporate & Investment Banking (CIB) has undertaken to no longer support companies developing new coal-fired power plants, thermal coal mines, any port and rail infrastructure projects and any equipment or installations related to thermal coal. In addition, the CIB prohibits any general-purpose financing for companies whose business is derived for more than 25% from thermal coal. In 2021, Groupe BPCE extended its coal policy to all of the Group's financing activities. This sectoral policy also applies to investments made by Ostrum, for all of its directly managed portfolios, and to Natixis Assurances, for all of its general funds, both of which no longer invest in industrial companies, of which 25% or more of the business comes from coal-fired power plants and/or thermal coal mines. Mirova, for its part, excludes any investment in the fossil fuel sector.	Groupe BPCE sector policy (https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiTycn8mLT2AhW7gs4BHWeUCOAQFnoECAgQAQ&url=https%3A%2F%2Fgroupebpce.com%2Fcontent%2Fdownload%2F25538%2Ffile%2FPolitique%2520applicable%2520%25C3%25A0%2520l%25E2%2580%2599industrie%2520du%2520charbon%2520du%2520Groupe%2520BPCE.pdf&usg=AOvVaw2KN1qhE0HvHKhOLNuw5ie6)
Oil and gas industries - CIB scope In 2017, Corporate & Investment Banking (CIB) undertook to stop financing the exploration and production of oil from tar sands and oil located in the Arctic. In 2020, CIB completed its policy by committing to no longer finance any exploration and production of shale oil or gas projects worldwide. In addition, CIB will no longer finance companies whose activity is based more than 25% on the exploration and production of oil and shale gas.	CSR sector policy - Oil & Gas sector (April 2021) - Responsible Finance - Natixis https://natixis.groupebpce.com/natixis/fr/politique-sectorielle-rse-secteur-petrole-et-gaz-avril-2021-en-anglais-rep_95711.html)
Tobacco industry - CIB scope, asset management, insurance Natixis has undertaken to cease all financing and investment in favor of tobacco producers, wholesalers and traders, as well as manufacturers of tobacco products. Following its commitment, Natixis published a detailed industry policy for the tobacco sector which applies to the financing, investment and services activities of Natixis, Ostrum and Natixis Assurances.	CSR sector policy - Tobacco industry (May 2018) - Strategy and commitments - Groupe BPCE - Global Financial Services https://www.natixis.com/natixis/fr/politique-sectorielle-rseindustrie-du-tabac-mai-2018-rep_95634.html
• **Other industries** - CIB scope • Corporate & Investment Banking has **CSR policies for internal use** for the nuclear, mining & metals and palm oil sectors. These policies, which apply to fundraising activities, cover the following aspects: • Nuclear: compliance with the strictest international safety rules (IAEA), reliability of technologies, and demonstration on the basis of precise criteria of the capacities of the host country and the operator to control and operate its nuclear sector; • Mining and metals: compliance with international mining industry standards and IFC (World Bank) E&S performance criteria. • Palm oil: traceability and compliance with current best practices and standards.	Policies for internal use: https://natixis.groupebpce.com/natixis/en/sector-policies-lpaz5_117434.html

INTEGRATION OF ESG CRITERIA INTO FINANCING ACTIVITIES: RETAIL BANKING AND CORPORATE & INVESTMENT BANKING

Within the retail banking scope, ESG criteria have been systematically incorporated into sectoral policies since 2018. The Non-Financial Risk Committee (CoREFi), made up of the Climate Risk, Credit Analysis and CSR departments, has been conducting reviews of all sectoral policies since March 2020 with a view to integrating these issues.

As part of these reviews, each business sector is assessed on the basis of criteria related to physical climate risks, transition risks and biodiversity. A sectoral classification follows from this assessment and identifies specific points of attention. These sectoral policies are intended to fuel exchanges, particularly when granting credit. The primary objective is to provide additional elements of analysis with regard to regulatory and market developments, to be able to better advise our clients, but above all to be aware of environmentally-friendly behavior in order to be able to support and promote exemplary activities. Since 2020, a non-financial note for the customer is, in certain cases, added to the analysis sheets in order to enrich the process of granting credit.

Climate risk analysis applied to the liquidity reserve

An non-financial analysis of the liquidity reserve has been carried out since December 2019. This information enables Groupe BPCE companies to better manage their portfolios and to communicate on their incorporation of ESG criteria.

The ISS ESG ratings range from A+ (excellent performance, the two highest rated issuers are A-) to D- (poor performance). The ratings of issuers are comparable, regardless of the sector. Based on the ISS ESG ratings, the Climate Risks division develops an ESG analysis according to the environmental axis of the company's portfolio, and identifies the lowest-rated issuers. Since April 2021, BPCE's Financial Management department has supplemented the liquidity reserve monitoring indicators with a breakdown of the securities portfolio by ESG rating (from A to D-) and by a categorization of sustainable securities - green, social, sustainable and sustainable-linked. In order to have a Group vision and to manage the liquidity reserve in a dynamic way, an annual non-financial analysis was rolled out to all Banque Populaire and Caisse d'Epargne networks in the summer of 2021 *via* a dynamic Power BI tool and is updated monthly.

The review of climate and environmental issues comes from the analyses of CoREFi sector policies mentioned above. These elements will be used over time for the credit committees and counterparties of the entities and Groupe BPCE.

At the same time, tools to integrate ESG criteria within the bank have been deployed:

- the in-house Clim'Ap tool (under development) aims to assess the physical climate risk, *i.e.* the exposure of a geographical area to extreme weather events that may affect the economic players in the area in question. Climate risks are therefore included in Groupe BPCE's usual risk management framework (credit policy). They are taken into account and updated at each review of the Group's sector policies. By extension, this tool helps to identify the degree of exposure to climate risk of the Group's customers, which will make it possible to monitor the risks incurred by customers;
- experimenting with the climate and environment questionnaire, co-developed with establishments, whose objective is to better understand customer practices, initiatives and/or concerns regarding these issues. The topics covered in the questionnaire aim to open a dialogue between the project manager and the client to better target their support needs in terms of taking these issues into account. Eight pilot establishments were testing the questionnaire at the end of 2021. Ten institutions already include certain ESG indicators in their credit files, collected from public customer reports or during a dedicated strategic dialogue. The objective is to start generalized use of the questionnaire in all establishments according to the Group standard in 2022;
- the mapping of climate-related risks makes it possible to understand their materiality by reference to the main traditional risk classes: credit risk, financial risks (market, liquidity) and operational risk.

In Corporate & Investment Banking business lines, the consideration of ESG risks is part of a global approach involving business lines, CSR and control functions. This approach includes the development and implementation of CSR policies in the most sensitive sectors, the definition of excluded business sectors, the evaluation and monitoring of the ESG risks of transactions and counterparties *via* various tools and processes.

As a signatory of the Equator Principles, Corporate & Investment Banking applies a market methodology recognized by the member banks and institutions aiming to assess the environmental and social risks of the projects financed and the management of its risks by customers regardless of their sector of activity. Corporate & Investment Banking has applied the amended version of the Principles (EP IV Amendment) since October 2020. More comprehensive criteria in terms of respect for human rights (including the rights of indigenous communities) and the analysis of physical and transitional climate risks are required. The financing granting process is enhanced by an in-depth analysis of the ESG impacts for each corporate *via* the ESR Screening tool (see section 1.3.2) and, more granularly for each transaction, on the environmental impacts thanks to the Green Weighting Factor tool.

INTEGRATION OF ESG CRITERIA INTO ASSET MANAGEMENT ACTIVITIES

The incorporation of ESG criteria is fully in line with the overall investment strategy of Natixis Investment Managers' affiliates, which enables them to identify the risks or opportunities related to ESG issues and to assess how these issues may affect financial performance, particularly over the long term.

Many affiliates use internal models to assess the impact of ESG issues based on data from companies in which they invest, public institutions and other external organizations.

In 2021, **Ostrum Asset Management** strengthened its expertise in sustainable bonds (green bonds, social impact bonds, and sustainable bonds) through the development of the methodology for analyzing sustainability-linked bonds and the implementation of an analysis and rating tool. These new methodologies for assessing sustainability-linked bonds and transition bonds will be included in the tool from 2022. As of this year, Ostrum has also joined the principles of the ICMA (International Capital Market Association) and participates in various working groups, notably on impact reporting and social impact bonds.

Also this year, for example, **Harris Associates** increased the amount of ESG data available and facilitated access to it for its investment teams through the creation of an ESG dashboard accessible on their data platform. 2022 will be marked by the development of their internal ESG risk management system.

Alliance Entreprendre, an expert in private equity for SMEs and mid-sized companies, takes into account ESG criteria throughout the investment cycle and undertakes to systematically assess its investment targets on the basis of the relevant ESG criteria. These are discussed with the managers of the target companies and an ESG clause is systematically included in the shareholders' agreements, mentioning in particular the commitment to send an annual assessment of the ESG indicators.

INTEGRATION OF ESG CRITERIA IN OWN INVESTMENT ACTIVITIES AND FOR INSURANCE ACTIVITIES

The ESG incorporation approach applied to financing and retail banking activities is being extended in **own-account investment activities**. An ESG analysis of bond portfolios has been offered to institutions since April 2020. The purpose of these analyses is to provide institutions with reliable information, based on the ratings assigned by the non-financial rating agency ISS ESG. This information enables institutions to better manage their portfolios and to be able to communicate on their incorporation of ESG criteria. Twenty-two institutions integrate ESG criteria upstream of their investment decision.

As part of its **life insurance business**, the risk management of the insurance division's portfolio is based on a dual approach:

- sector exclusions within defined and published policies (tobacco, coal, controversial weapons, and tar sands);
- a selection of counterparties according to the best-in-class criterion, which excludes companies with a negative rating for sustainable development.

In addition to risk management, Groupe BPCE is committed to making a positive contribution to the sustainable development Goals for its Insurance activities. This commitment involves a selective ESG integration policy that enables improvements, based on Mirova's ESG analysis (an affiliate of Natixis Investment Managers), to the ESG profile of investments under management mandates and in dedicated funds.

BEYOND THE CLIMATE, THE GROUP IS COMMITTED TO BIODIVERSITY....

Groupe BPCE is aware of the major challenge presented by the deterioration of natural capital and, as a bank, asset manager and insurer, it is committed to taking concrete action to preserve it. The Earth is currently facing a mass extinction of living species: more than 60% of the population of wild animals has disappeared in the last 40 years. One million animal and plant species are threatened with extinction out of the estimated eight million on the planet.

All of Natixis' financing, asset management and insurance businesses have been involved in a cross-functional discussion on biodiversity issues since 2018, resulting in eight concrete commitments targeted 100% on its direct and indirect biodiversity impacts. The commitments are part of Natixis' participation in the Act4nature international initiative, and their SMART nature (specific, measurable, additional, relevant, time-bound) was validated by a multi-stakeholder committee made up of 16 partners including several environmental NGOs. Natixis was the first bank involved in the Act4nature international initiative to communicate individual SMART commitments in June 2020:

1. Include biodiversity in its strategic plan for 2021-2024.
2. Support the environmental transition of its customers by systematically integrating biodiversity issues into its sustainable finance offering.
3. Measure the impact on biodiversity of its customers, its financing, some of the assets managed on behalf of third parties and real estate investments.
4. Incorporate biodiversity criteria into the ESG (Environmental, Social and Governance) analysis, shareholder dialogue for the sectors for which biodiversity is the most important and in real estate investment decisions.
5. Avoid, reduce and offset its impact on biodiversity, whether direct or derived from its financing activities.
6. Increase the assets under management for natural capital and the protection of water resources to €2 billion by 2023, through investment funds managed by its affiliates Mirova and Thematics.
7. Train and raise employee awareness of biodiversity issues.
8. Actively contribute to the emergence of market standards by 2022 to measure and report on the impact of companies in terms of biodiversity, notably through the work of the TNFD.

By making these commitments, Natixis has made biodiversity issues central to its CSR system, along with climate change. Aware that reducing its indirect impact is an important lever for contributing to the preservation of natural capital, Natixis puts biodiversity at the heart of its discussions with all of its customers and stakeholders. This approach is part of a more global action to support its customers in their environmental transition. Details of Natixis' individual commitments are available on this link.

With regard to the integration of biodiversity into the dialog with public authorities, Natixis committed to "La Charte Objectif 100 hectares": the City of Paris and its partners mobilized to revegetate 100 hectares of built-up area in the capital by 2020 (roofs, facades and green walls), one third of which is dedicated to urban agriculture.

INCORPORATION OF SPECIFIC BIODIVERSITY CRITERIA INTO FUNDING DECISION-MAKING PROCESSES

The Green Weighting Factor (GWF) internal assessment tool makes it possible, among other things, to assess the impact of financing on biodiversity in the sectors for which this issue is material, as well as the impact of dedicated financing (financing of projects or assets) located in Key Biodiversity Areas.

Corporate & Investment Banking can thus integrate an in-depth analysis of the impact on biodiversity into its project financing operations, and continue to further take into account the issues related to the preservation of natural capital in all its activities.

In accordance with the Equator Principles, Natixis requires its clients to study all the risks and potential impacts of their projects from an environmental, social, health and safety perspective, and to implement all the necessary means to minimize and correct potential impacts. Damage to biodiversity is an integral part of this vigilance. Groupe BPCE's risk policy is applied in the banks and at the central level in the sector policies. These include a section dedicated to the impacts on biodiversity.

ASSET MANAGEMENT INITIATIVES TO TAKE BIODIVERSITY MORE INTO ACCOUNT IN THE BUSINESS

As part of our commitment to support innovative environmental solutions, **Natixis IM** recently completed a minority investment with Iceberg Data Lab, a financial technology company that develops assessment tools and provides environmental data solutions to financial institutions.

Faced with the growing demand from financial institutions and their stakeholders for greater transparency on the impact of portfolios on the climate and the environment, Natixis IM and its subsidiary Mirova, as well as AXA IM, Sienna Capital and Solactive will support the global expansion and product development of Iceberg Data Lab. The latter aims to bring to market intelligent solutions based on scientific and biodiversity data. It was recently selected by a consortium of investors, including Mirova, to develop a tool allowing investors to measure the impact of their investments on biodiversity.

Ossiam also worked closely with the company to develop the Food for Biodiversity ETF using Iceberg Data Lab's biodiversity footprint indicator. In addition, following the development of an investment strategy that minimizes the portfolio's biodiversity footprint, Ossiam committed to integrating biodiversity at the heart of its activities by signing the Finance for Biodiversity commitment.

In addition:

- **Ostrum AM** has enhanced the consideration of biodiversity in their analyses and commitments;
- **DNCA Investments** publishes a trajectory/biodiversity report;
- **Dorval Asset Management** measures the sensitivity of issuers in terms of "Biodiversity and land management", "Water stress" and "Relations with local communities". Thus, issues related to biodiversity and natural capital are an integral part of their proprietary non-financial rating for the Environmental pillar;
- **Mirova** published a progress report on its biodiversity roadmap in September 2021. It focused on three areas:
  - Accelerate investments in biodiversity,
  - Develop dedicated measurement indicators,
  - Strengthen commitments to our stakeholders;
- in 2021 **Mirova** also made the first investments in its strategy dedicated to the preservation of biodiversity in the Amazon and joined the call for more ambitious biodiversity policies before COP 15.

2.3.2 Aligning portfolios with a Net Zero trajectory

Because committing to a Net Zero temperature trajectory requires the ability to measure and monitor the carbon profile of its portfolios, Groupe BPCE is developing methods for assessing the climate in its financing portfolios, called Green Evaluation Models, which are based on a dual approach:

- assessing the carbon footprint of the portfolios in order to classify them according to their climate materiality and prioritizing alignment work (starting with the most emitting sectors) - see the description of the GWF in the section "Assessment of the impact of assets, projects and clients financed";
- creating a granular grading of the climate impact of assets, projects and clients financed.

These assessments make it possible, on the one hand, to identify customers who need support in their transition challenges and, on the other hand, to manage the alignment on a Net Zero trajectory consistent with the proportionality of the carbon emissions of the financing.

Groupe BPCE is aware of the exploratory nature of the measurement work, as some climate assessment tools are still in the research and development stage. Nevertheless, this work relating to the measurement and establishment of "green" benchmarks is essential to take ownership of the challenges and integrate climate objectives into the finance professions. They also contribute to the issues of the transparency, traceability and comparability of the commitments concerned.

WORK TO MEASURE THE CARBON FOOTPRINT OF FINANCING PORTFOLIOS

Work began in 2020 to estimate the greenhouse gas (GHG) emissions of Groupe BPCE's financing. The estimates were based on direct (Scopes 1 and 2) and indirect emissions (Scope 3 emissions generated by the entire value chain of products manufactured and their use). Home loans, which account for nearly a third of Groupe BPCE's outstandings, have benefited from initial measures thanks to the establishment of a partnership with the Centre scientifique et technique du bâtiment (CSTB).

The objective of these carbon footprint measurements of the companies, projects and assets financed is to:

- rank the portfolios in order of carbon impact, from the most carbon-intensive to the least-emitting in proportion to the size of their assets (in order to establish a scale of the carbon intensity of the portfolios);
- identify the portfolios on which to commit as a priority in terms of alignment with the Net Zero trajectory.

For example, for Groupe BPCE, the oil and gas sector is twenty times smaller in size than the home loan sector, but ten times more carbon-emitting.

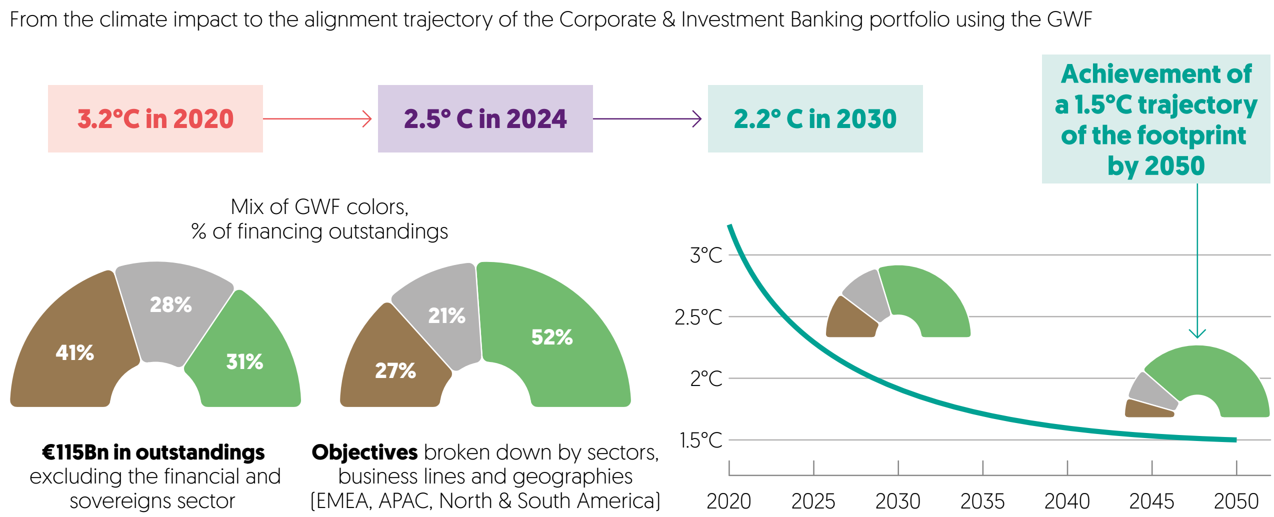
At the end of December 2020, more than 50% of Groupe BPCE's outstanding financing was covered by a carbon measurement. The objective is to have a carbon measurement for 100% of the portfolios by 2024, fully taking into account the issues surrounding the quality of the data.

CLIMATE IMPACT ASSESSMENT OF PROPERTIES, PROJECTS AND CLIENTS FINANCED

Since 2018, Groupe BPCE has been developing an internal rating to assess the climate impact of its various assets, whether for customers, properties or projects. It takes into account the environmental impact and carbon strategy of the companies financed. The tools developed by Groupe BPCE are specific to the nature of the portfolios assessed. The financing of large corporates is analyzed using the Green Weighting Factor (GWF) developed by the Corporate & Investment Banking (CIB) since 2018. Thanks to this tool, Natixis has become the first bank in the world to actively measure and manage the climate impact of its balance sheet through a color-coded measurement indicator. The rating scale comprises seven levels, from "dark brown" to "dark green", around principles that are clear and consistent with the future requirements of European regulations. Based on the GWF rating mix, the temperature of the portfolios is deduced and the alignment trajectory to follow (1.5°C) is committed to, with an intermediate milestone of 2.5°C by the end of 2024.

At the end of 2021, more than 86% of non-dedicated CIB financing outside of the financial sector was covered by the GWF measurement. The CIB portfolio includes the financing for the Group's large companies, particularly in the sectors related to energy, basic industries (steel, cement, and chemicals) and transport. As a result, this portfolio represents the most carbon-intensive exposures of Groupe BPCE.

ALIGNMENT OF THE NATIXIS CIB PORTFOLIO



Thanks to the GWF, Groupe BPCE is now able to measure the carbon intensity of its portfolios whose climate impact is potentially the most significant and to steer their alignment on a Net Zero trajectory. The Green Evaluation Models approach consists of gradually extending this work to all portfolios, using data and tools adapted to the different types of portfolios financed by the Group.

CLIMATE IMPACT ASSESSMENT FOR ASSET MANAGEMENT ACTIVITIES

Natixis Investment Managers (NIM) has undertaken a consolidated measurement of the impact and climate risks associated with the portfolios of all its affiliates, focusing on:

- 75% of assets under management, *i.e.* more than €850 billion of the €1.1 billion of assets under management in October 2021;
- the other 25% do not allow for a climate analysis because of their nature (cash, derivatives, synthetic products, and funds of funds).

Given the multi-boutique model, the 22 affiliates of NIM use different methodologies and indicators to measure the climate impact of their management portfolios for third parties.

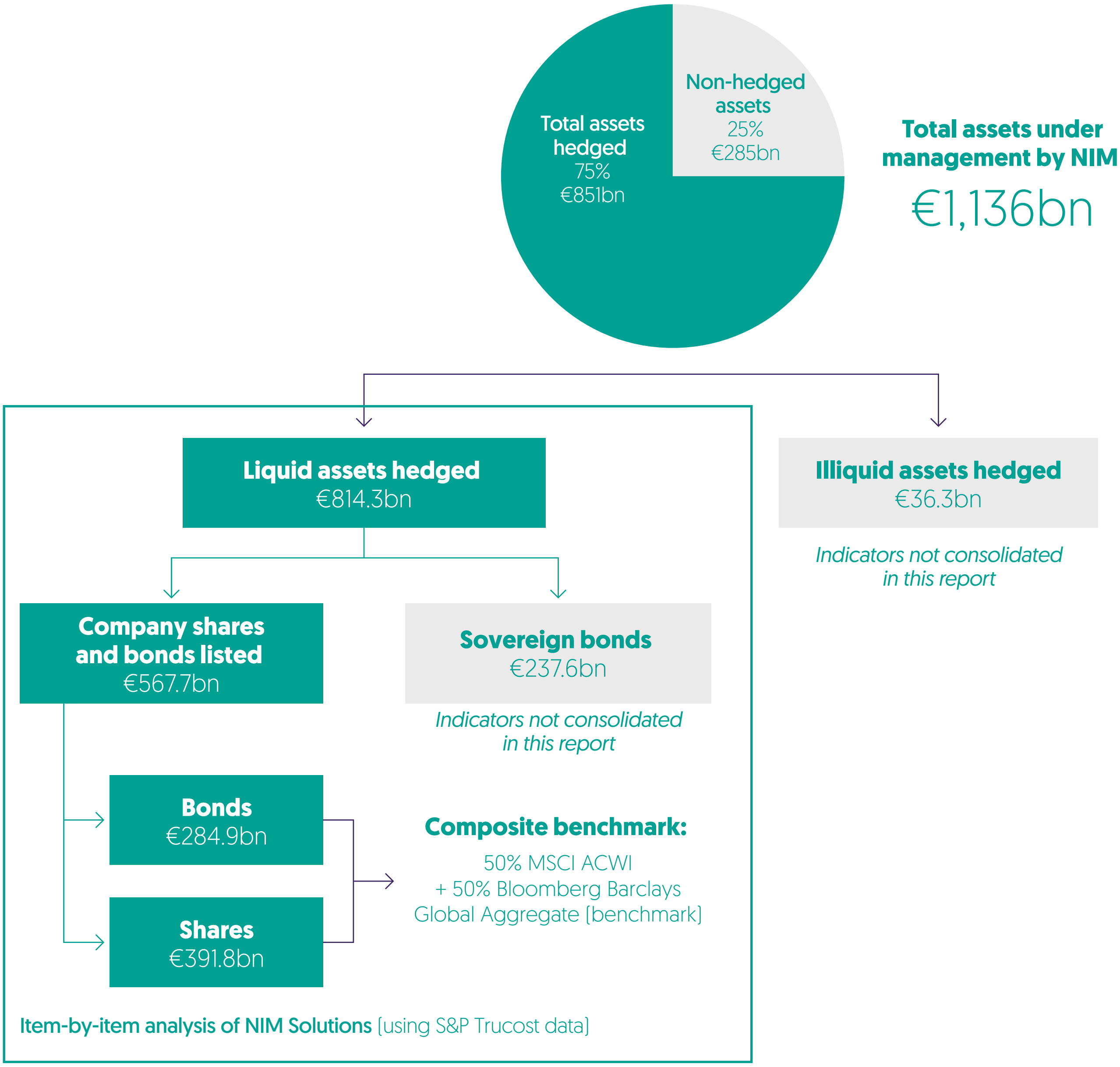
The methodologies and data provided by S&P Trucost are used for the liquid asset portfolios (managed by 15 affiliates). The liquid assets covered by S&P Trucost represent:

- 72% of the total assets managed by NIM affiliates, *i.e.* €814 billion;
- of which around 70% equities and bonds of listed companies (corporate assets[1]) and 30% sovereign debt.

For the portfolios of illiquid assets managed by eight of the twenty-two NIM affiliates (real estate, infrastructure, private equity, and private debt), several methodologies and data sources are used, notably Carbon Delta, Carbone 4, PwC and EthiFinance.

(1) For the consolidated portfolio of corporate assets, i.e. €570 billion, a composite benchmark was calculated to compare the temperature of the aggregate portfolio of NIM affiliates with the market. This benchmark index is composed of 50% of the MSCI All Country World Index (MSCI ACWI) and 50% of the Bloomberg Barclays Global- Aggregate Index.

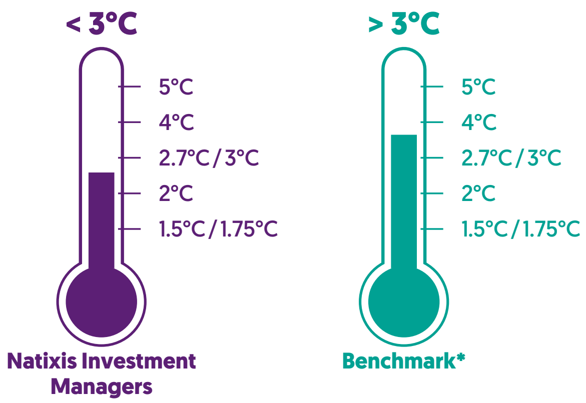
BREAKDOWN OF CONSOLIDATED ASSETS MANAGED BY THE AFFILIATES OF NATIXIS INVESTMENT MANAGERS (NIM)[1]



(1) Quantified data from the publication of the Natixis TCFD report in October 2021.

RESULTS OF THE FIRST CLIMATE MEASUREMENT WORK FOR NATIXIS INVESTMENT MANAGERS ACTIVITIES

Implicit temperature increase



* 50% of the MSCI All Country World Index (MSCI ACWI) and 50% of the Bloomberg Barclays Global Aggregate Index.

To go into more detail:
First TCFD climate report - News - Natixis (https://natixis.groupebpce.com/natixis/en/2021-tcfd-report-task-force-on-climate-related-financial-disclosure-lpaz5_133685.html)

NIM affiliates are committed to climate issues: many of them have integrated climate into their investment and engagement processes:

- **DNCA Investments** has developed a temperature rating methodology for its CDP (Carbon Disclosure Project) portfolios. DNCA has also published its first climate trajectory report on its DNCA portfolios and developed new partnerships with Climate actions 100+ and the TCFD;
- **Dorval AM** supports the Non Disclosure Campaign and the Science Best Target Campaign (SBT) led by CDP. These campaigns encourage companies to publish and set reduction targets for their emissions. Dorval AM publishes an annual climate impact report for all of its open funds in line with the Paris Agreement based on the methodology of their partner ISS. In this report, the current and future emissions of the companies invested in are compared according to three different climate scenarios developed by the International Energy Agency: sustainable development scenario (SDS), the declared policy scenario (STEPS) and the current policies scenario (CPS). In addition, Dorval AM's ambition by 2030 is to have 80% of the assets of its open-ended funds at least aligned with a trajectory which is less than or equal to 2°C by 2050;
- **Loomis Sayles** has integrated climate impact assessment instruments for its portfolios in order to better understand the risks and associated climate scenarios. These instruments make it possible to measure and monitor the carbon footprint of the portfolios and compare them with their benchmarks. Loomis Sayles is considering incorporating new external assessment tools and more climate change data to improve its carbon footprint assessment capabilities. Loomis Sayles uses several ESG data providers, including ISS, which allows it to have a comprehensive approach to climate risk and transition scenarios to assess the potential impact of future events on its portfolios. By 2022, it aims to develop an internal portfolio management system to incorporate more ESG information. Loomis Sayles will offer training to its teams on this ESG information, as well as on the analysis of climate scenarios.

CLIMATE IMPACT ASSESSMENT FOR INSURANCE ACTIVITIES

For its Insurance activities, Groupe BPCE committed, in 2018, to align its general fund with the Paris Agreement. It strengthened the commitment in 2020 to meet the trajectory of 1.5°C by 2030, with more than 10% of its investments in green assets each year.

Natixis Assurances has been measuring and publishing the climate impact of its investment portfolios (*i.e.* €57.6 billion at the end of 2021) every year since 2018. It uses the following five indicators: carbon intensity of investments, temperature indicator, proportion of green assets in portfolio, investments in green and sustainable bonds and investments in carbon-intensive sectors.

NATIXIS ASSURANCES INDICATORS

2021 indicators	Carbon intensity of investments	182 TCO_2e/€m
	Temperature indicators (ITR)	2.4°C Benchmark (Barclays Euro Aggregate/MSCI EMU): 3.7°C
	Share of "green" assets in the portfolio	6.7%
	Investments in green and sustainable bonds	€3.72bn
	Investments in carbon-intensive sectors: thermal coal and oil & gas	Total fossil fuels: **1.96% of assets (€1.13bn,** of which 0.89% on the Urgewald GCEL coal exposure)

CLIMATE ASSESSMENTS FOR GROUP INSURANCE ACTIVITIES

	2018	2019	2020	2021
Temperature indicator	3°C	2.7°C	2.7°C*	2.4°C*
% of green investments in the portfolio at year-end	1.8% = €0.7bn	3.4% = €1.8bn	4.5% = €2.7bn	6.7% = €3.8bn

* Benchmark (Barclays Euro Aggregate/MSCI EMU): 3.7°C

SUMMARY OF THE CLIMATE ASSESSMENT AND OF THE GROUP'S CLIMATE COMMITMENTS

PORTFOLIO CLIMATE INDICATORS BY BUSINESS LINE

Business line	Topic	Indicator	2020 situation	2024 objectives
Groupe BPCE (excluding asset management and insurance)	Alignment of Group portfolios on a Net Zero trajectory	Hedging by the Green Evaluation Models approach to financing outstandings	33%	100%
	Total exposure linked to fossil fuels	Amount in €bn and % of our exposure to coal and % of total exposure	€0.5bn (0.04%)	€0m by 2030 OECD/2040 rest of the world
	Green financing	Amount in €bn of financing for energy renovation, renewable energy and green mobility (including the arrangement of new financing for renewable energy with major corporate customers)		+€21bn
Network and Retail Banking	Green exposure	Amount in €bn for energy renovation, renewable energy and green mobility financing	€7bn	€12bn over 2021-2024
Corporate & Investment Banking	Alignment of the portfolios with a Net Zero trajectory	Green Weighting Factor color mix	41% brown 28% neutral 31% green 	27% brown 21% neutral 52% green 
		Increase in temperature caused by financing	3.2°C	2.5°C in 2024 2.2°C in 2030 1.5°C by 2050
		Carbon intensity of financing	920 Tco2e/€m (GWF scope)	
	Green exposure	Renewable energy financed	87% of new projects financed in energy production in 2020	Minimum 75% of new projects financed in energy production (generation) + €9bn arranged over the 2021-2024 period
		Green revenues		Green revenues x 1.7
		Green and sustainable bond issues arranged	€11.95bn (€1.9bn in new green bonds arranged in 2020)	
	Transition risks exposure	Share of assets exposed to transition risk (RWA risk weighting identified in dark brown)	14.40%	
		Outstandings tied to fossil fuels	€5.8bn in outstandings in the oil and gas sector in exploration-production	15% reduction in exposure to exploration-production
Asset management - Natixis Investment Managers	Alignment of the portfolios on a Net Zero trajectory	Carbon intensity of investments	726 tCO2e/€m in assets under management	
		Increase in temperature caused by investments	Portfolio: less than 3°C	
	Green exposure	Green/social bond outstandings	€18.5bn in assets under management	
	Exposure to fossil fuels	Outstandings tied to fossil fuels	Coal sector: 0.2% of assets under management	
			Total fossil fuels: 4.4% of assets under management	
Insurance activities - Natixis Assurances	Alignment of the portfolios with a Net Zero trajectory	Carbon intensity of investments	166 tCO2e/€m	
		Increase in temperature caused by investments	2.7°C	2°C in 2024
	Green exposure	Share of green assets	4.5%	8.5%
	Exposure to fossil fuels	Outstandings tied to fossil fuels	2.1% of assets (€1.2bn, including €1bn in the general fund) of which €0.07bn in thermal coal	€0m coal sector by 2030 OECD and 2040 for the rest of the world

Data from the Climate Indicators table as of December 31, 2020 - Extract from Groupe BPCE's TCFD

To go into more detail: PDF - TCFD, Groupe BPCE climate report (October 2021): https://newsroom-en.groupebpce.fr/assets/tcfd-the-groupe-bpce-climate-report-october-2021-pdf-b6b1-53927.html?lang=en

2.3.3 Intensify the "green" refinancing strategy with energy transition-themed bond issues

In order to contribute to a better energy transition, refinanced loans contribute to reducing the effects of climate change (CO_2 emissions) or help to support other environmental challenges (such as sustainable agriculture, biodiversity, waste treatment or water conservation) through the production of clean energy, energy savings or other types of actions.

As part of its Net Zero trajectory, Groupe BPCE plans to intensify its program of green bond and social bond issues in order to align its financing activities with the Group's commitments.

In 2021, Groupe BPCE issued €5 billion in green bonds and nearly €900 million in social bonds to environmentally and socially responsible investors, bringing the outstanding amount to €12.1 billion at the end of 2021.

In 2021, the Group mainly issued green bonds intended to finance the real estate portfolio for the 15% of most energy-efficient buildings in France (methodology available on the website https://groupebpce.com/en/investors/funding/green-bonds), using several of its debt instruments:

- BPCE SFH, the Group's covered bond vehicle, issued €1.5 billion in June 2021;
- BPCE HL21 Green UoP, the first RMBS securitization dedicated to the financing of new production of low-consumption buildings, issued €1.5 billion in securities (classes A & B) in October 2021;

Green securitization to finance low-energy housing

In October 2021, Groupe BPCE completed its first green securitization transaction of €1.5 billion to finance low-energy housing. The securitization, a RMBS (residential mortgage-backed securities), rated AAA by Fitch and S&P and in which the Banque Populaire banks and the Caisses d'Epargne are stakeholders, is the first transaction of such an amount to have been carried out in this format by a French issuer.

The Group acted as lead-arranger and agent for the transaction and its CIB acted as co-arranger and sole bookrunner for the transaction. The innovative nature of this operation is based, on the one hand, on the Group's commitment to finance the production of new home loans to enable the purchase or construction of low-energy housing in the amount of the loans sold and, on the other hand, on the desire to involve investors directly in our work on the transition of a sector that emits a large amount of greenhouse gases.

- Several network issuance campaigns were carried out in 2021 (Ambition Durable, Horizon Tréso Durable, and Iris Eco) for more than €1 billion. At the end of 2020, Groupe BPCE developed an Ambition Durable savings solution, the first green bond for customers of Banque Populaire banks and Caisses d'Epargne who want to give meaning to their savings. The funds raised - in three issues - are used to finance the construction and renovation of buildings with a low environmental footprint. The "Water and Ocean" equity index was chosen as the performance driver for the first two issues. With a view to diversification, the third issue is based on a "Water and Transatlantic Oceans" equity index, which includes European and North American stocks. These three issues, which are 100% Groupe BPCE and 100% responsible, raised more than €1 billion at the end of August 2021;
- The Group has also completed more than €800 million in structured private placements issued by Natixis dedicated to the refinancing of "Renewable Energies" assets according to the dedicated methodological note available on the institutional investor website (https://groupebpce.com/en/investors/funding/green-bonds).

All of these issues comply with the Green Bond Principles (GBP) which ensure that capital is raised and new and existing projects are invested in with environmental benefits. The GBP published by the International Capital Markets Association (ICMA) secretariat, are voluntary guidelines that promote transparency and disclosure and promote integrity in the development of green bond and social bond markets by clarifying the approach to issuing the bonds.

In addition, Groupe BPCE closely monitors any potential changes in the regulation of the sustainable finance market, constantly striving to comply with the best market practices. The Group is aligning its framework document with the European Union standard on green bonds in order to comply with the recommendations of the European Commission.

Finally, the Group continued to broaden its issuance framework with the publication in 2021 of the first "Sustainable agriculture" methodological note dedicated to the refinancing of assets falling within one of the four categories of eligible financing:

- organic farming with the aim of reducing inputs and using agricultural processes that protect the environment;
- environmental protection on farms with the aim of supporting the transition or development of sustainable farming practices;
- investment in forests and protected areas with the objective of protecting forests by promoting sustainable practices;
- investments by agricultural structures in renewable energies (agroecology) with the objective of reducing greenhouse gas emissions.

In January 2022, the Group issued the first green bond in Europe dedicated to sustainable agriculture for an amount of €750 million.

SOCIAL BONDS, ALSO PREFERRED IN GROUPE BPCE'S REFINANCING STRATEGY

Groupe BPCE has developed issuance methodologies for social bonds that comply with the Social Bond Principles (SBP):

- social bonds – Human Development respond to the challenges of social sustainability through contributions to economic systems that are essential for human development (education, healthcare, social inclusion, and social housing) and that could potentially benefit people who live and work in areas or communities that are economically and/or socially disadvantaged;

- social bonds – Local Economic Development support the development and resilience of regions and communities by funding small businesses, SMEs, local authorities and non-profit organizations that seek to benefit people who live and work in areas or municipalities that are economically and/or socially disadvantaged.

In October 2021, Groupe BPCE issued a social bond labeled "Local Economic Development Bond" for an amount of US $1 billion, the equivalent of €870 million. This is the first social issue in USD by a non-US issuer.

2.3.4 Supporting our customers in their move to a direct low-carbon economy

Groupe BPCE intends to support all its customers in their transformation with regard to environmental challenges and make the environmental transition one of its main growth drivers by 2024. As a result, Groupe BPCE is transforming its businesses: Retail Banking, Insurance, Asset Management and Corporate & Investment Banking.

IN RETAIL BANKING

Groupe BPCE has identified five priority areas and is building an ecosystem of partners to support all of its clients in their transition projects. It therefore wants to:

- strengthen its leadership in two major markets, the energy renovation of properties and buildings, and renewable energies, by consolidating its regional positioning in this segment;
- promote sustainable mobility, support companies in their transition and strengthen its green banking and financial savings offer.

For Groupe BPCE, supporting all of its customers means:

- providing advice and dialogue around the transition through a high level of training for sales teams and the establishment of expertise platforms at Group level, particularly in the area of renewable energies;
- forging quality partnerships to support our clients' transformation efforts and offering them a single source solution for their transition. These partnerships are aimed in particular at energy renovation;
- set up a dedicated range of financing offers, impact loans, and specific savings and insurance products, with good balance sheet traceability.

BY PROMOTING THE ENERGY RENOVATION OF OUR CUSTOMERS

The financing of residential real estate is a particularly important market in terms of exposure for Groupe BPCE. This is why intermediate indicators for energy renovation have been defined:

- supporting a third of home energy renovation projects;
- financing a quarter of condominium energy renovation projects;
- financing one third of social housing projects through impact loans.

Groupe BPCE works on a daily basis to enable its customers to take action to improve the energy efficiency of their homes. In 2021, the Group was the third largest contributor in France to the distribution of the Eco-PTZ loan, which is used to finance energy renovation work. One in four individual Eco-PTZs is provided by the Banque Populaire and Caisse d'Epargne networks. The Group also plays a major role in the renovation of condominiums. It is one of the only two establishments, *via* Caisse d'Epargne Ile-de-France, to distribute the condominium Eco-PTZ.

In 2021, Groupe BPCE entities distributed 13,180 Eco-PTZs for an amount of €168.7 million. As of September 30, 2021, the market share of the Banque Populaire and Caisse d'Epargne networks was 23% (*Source: SGFGAS*).

	2021		2020		Change in 2020/2021	
Production *(in €m)*	**Number**	**Production**	**Number**	**Production**	**Number**	**Production**
Banque Populaire	6,858	87.8	4,688	61.1	48.3%	43.7%
Caisse d'Epargne	6,322	80.9	4,840	62.2	30.7%	30.1%
TOTAL ECO-PTZ LOANS FINANCED	**13,180**	**168.7**	**9,528**	**123.3**	**38.3%**	**36.9%**

In addition to the Eco-PTZs, the networks distribute loans specifically dedicated to energy renovation work (PREVair for the Banques Populaires, Crédit Développement Durable Travaux for the Caisses d'Epargne).

The energy renovation offer of each of the networks was enhanced in 2021 with dedicated offers:

- Energy renovation loans, which are unregulated loans available in three versions: a loan with partial deferral to anticipate a subsidy on the project, a loan with immediate repayment to start repaying the loan immediately, and a loan in the form of a pre-approved budget allowing work to be planned over a longer period;
- a partnership with the start-up Cozynergy, which offers an integrated energy renovation service with diagnostics, works and maintenance, and integrating all aspects of financing (aid and bank financing);
- a partnership with Ilek to provide access to green electricity at negotiated prices.

FINANCING OF ENERGY RENOVATION AND LOW-ENERGY HOUSING BY BANQUE POPULAIRE BANKS AND CAISSES D'EPARGNE: PRODUCTION COMMITTED

	2021		2020		Change in 2020/2021	
Production *(in €m)*	**Number**	**Production**	**Number**	**Production**	**Number**	**Production**
Loans dedicated to energy renovation work	**26,159**	**354.9**	**12,115**	**154.2**	**115.9%**	**130.2%**
Eco-PTZ	13,180	168.7	9,528	123.4	38.3%	36.8%
SD works loan	2,709	36.5	2,587	30.8	4.7%	18.5%
Energy renovation loan	10,270	149.7	0	0		
PTZ home loan[(1)]	**19,825**	**1,022.2**	**19,523**	**1,039.8**	**1.5%**	**(1.7%)**
TOTAL REAL ESTATE - FINANCING ENERGY RENOVATION	**45,984**	**1,377.1**	**31,638**	**1,194**	**45.3%**	**15.3%**

(1) Financing of new or old housing with energy renovation work (Eco-PTZ) to bring housing up to the highest energy standards.

BY ENCOURAGING ACCESS TO SOFT MOBILITY

Mobility is one of the major challenges of the energy transition today. In 2021, the Mobility Orientation Act (LOM) complemented the measures already provided for by the energy transition law (inclusion of mandatory quotas for green vehicles in company fleets and ban on the sale of internal combustion vehicles by 2040). Groupe BPCE's networks have therefore adapted their offers to support the maximum number of professional and individual customers making the transition to soft mobility:

- the BPCE Lease subsidiary provides financing offers dedicated to green mobility in LOA (lease with purchase offer) and LLD (long-term lease), and advice on optimizing the fleet of its professional customers. To encourage responsible behavior, BPCE Lease offers a training program, one of the themes of which is an eco-driving course (fuel-efficient driving) which is offered once a year;
- to promote the acquisition of green mobility devices (scooters, electric bikes, gyropods, etc.) with complete peace of mind, the Multirisque Habitation policy offers an option to insure them;
- a green mobility loan to finance green passenger and/or utility vehicles and recharging terminals;
- the Banque Populaire and Caisse d'Epargne Auto products cover all types of "green" vehicles (hybrid, electric, and LPG) and offer a specific price for electric vehicles (up to -30%) and small-wheeled vehicles (reduction of up to 10% if they travel less than 8,000 kilometers).

BPCE Lease's Lease Impact program

Since 2021, BPCE Lease has offered companies and professionals comprehensive support to complete their environmental transition, with the opportunity to streamline their energy management and increase their competitiveness. With its multi-business expertise (equipment leasing (CBM), real estate leasing (CBI), renewable energies, long-term leasing (LDD) and IT operational leasing (LOI)), BPCE Lease combines its know-how to support its customers in three areas of need:

- green mobility: reduce the environmental impact of the vehicle fleet, transport/industrial vehicles, and employee travel, by promoting green alternatives;
- energy efficiency: support the implementation of the tertiary decree, optimize the energy efficiency of buildings and professional equipment;
- energy production: produce energy for own needs (self-consumption) or for the electricity grid (resale).

In 2021, Lease Impact financed: 4,619 green vehicles (hybrid or electric) in CBM or LLD, €758 million in green buildings in CBI, as well as 2,643 MW of wind energy and 1,847 MW of solar energy.

GREEN MOBILITY FINANCING MARKETED BY THE BANQUE POPULAIRE BANKS AND CAISSES D'EPARGNE: PRODUCTION

	2021		2020		Change in 2020/20201	
Production *(in €m)*	**Number**	**Production**	**Number**	**Production**	**Number**	**Production**
DD car loan - Banque Populaire banks	2,223	39.8	1,788	30.5	24.3%	30.5%
DD car loan - Caisses d'Epargne	2,778	41.2	2,083	26.7	33.4%	54.3%
TOTAL GREEN MOBILITY LOAN	**5,001**	**81**	**3,871**	**57.2**	**29.2%**	**41.6%**

BY SUPPORTING THE ENERGY TRANSITION OF PROFESSIONALS, COMPANIES AND COMMUNITIES

The BPCE 2024 plan promotes support for professionals, companies and institutions for their environmental transition.

In 2021, the Banque Populaire banks supported their professional and corporate clients by offering a loan dedicated to investments contributing to the environmental transition. Production (ProVair) amounted to €250.2 million for 2,099 projects, and the outstanding amount at the end of December 2021 stood at €788.2 million.

At the same time, the Banques Populaires and Caisses d'Epargne offerings for their corporate clients have been expanded. Three credit solutions have been implemented, with the possibility of a guarantee by the Banque publique d'investissement (Public Investment Bank) (Bpifrance) and a subsidy from the European Investment Bank (EIB):

- an "energy renovation" loan to finance work on a building and improve its energy efficiency;
- a "renewable energy" loan to finance a renewable energy investment linked to the customer's building or activity;
- an "activity transition" loan to finance equipment and works to reduce energy consumption and/or resources due to the activity.

These three loans will be gradually marketed in 2022.

In addition, Groupe BPCE benefits from three financing lines at the EIB dedicated to the energy transition, totaling nearly €1 billion, for local authorities and companies:

- a "Climate Action II" envelope of €300 million to finance renewable energy projects of less than €50 million;
- a "Green Growth SME & ISE" envelope of €300 million to finance energy renovation projects, renewable energy related to buildings or activity, green mobility and business transition (first contract signed for €200 million in December 2020);
- the "Renovation of public sports infrastructures" of €150 million to finance projects relating to the renovation and extension of existing sports infrastructures as well as the improvement of related infrastructures by public sector entities.

BY CONTINUING OUR EFFORTS TO GIVE MEANING TO OUR CLIENTS' SAVINGS

The CODEVair distributed by the Banques Populaires enables customers to direct their savings towards the energy transition. It is distributed by eight Banques Populaires and the Crédit Coopératif. As of December 31, 2021, assets under management amounted to €2.2 billion. The stock amounted to 37,583 projects financed, in particular low-energy housing and clean vehicles, which represented €483 million.

The Compte sur Livret Régional (CSLR) passbook savings account is distributed by 13 Caisses d'Epargne. Funds collected are used to finance local support and development initiatives. Each Caisse d'Epargne chooses to use the funds to finance digital development, healthcare or employment. Outstanding savings in CSLR accounts total €2.8 billion, invested by 100,616 customers who can ask to be informed of the projects financed by their savings.

Crédit Coopératif is maintaining its leadership in social finance in France. It has developed a range of products, AGIR, including a bank card and six solidarity passbook savings accounts.

The flagship product is the Livret AGIR, which donates 50% of accrued interest to one of the 25 beneficiary associations approved by the bank. In 2021, more than €3 million in donations were made *via* Crédit Coopératif solidarity products and Ecofi Investissements sharing funds. With the Coopération pour ma région passbook savings account, savers can put their deposits to work in funding the social and solidarity-based economy in the region of their choice. The REV3 account is used to finance projects in the Hauts de France region that are part of the third industrial revolution.

The Banque Populaire banks and Caisses d'Epargne offer the Livret A and the Livret de Développement Durable Solidaire. The latter's funds are used in part to meet the needs of the fight against climate change. In fact, 10% of funds not centralized at Caisse des Dépôts must be used to finance projects of legal entities and individuals contributing to the energy transition or to reducing the carbon footprint. These projects are part of the national low-carbon development strategy and the national energy transition objectives.

For Groupe BPCE, this represented a volume of €63.8 billion in 2021, used to finance low-carbon real estate, renewable energy and sustainable mobility projects.

CHANGE IN THE PRODUCTION AND NUMBER OF RESPONSIBLE PASSBOOK SAVINGS ACCOUNTS

	2021		2020		Change in 2020/2021	
Production of responsible passbook savings accounts *(in €m)*	**Number**	**Production**	**Number**	**Production**	**Number**	**Production**
LDD sustainable development passbook savings account	339,839	1,664	277,007	1,408	22.7%	18.2%
CODEVair passbook savings account	12,190	750	10,757	627	13.3%	19.6%
Regional passbook savings account	23,975	1,107	19,684	848	21.8%	30.5%
Crédit Coopératif solidarity savings accounts	6,805	177	4,726	165	44%	7.2%
TOTAL RESPONSIBLE PASSBOOK SAVINGS ACCOUNTS	**382,809**	**3,698**	**312,174**	**3,048**	**22.6%**	**21.3%**

The financial savings offer has also been enhanced. It relies in particular on broad universes of funds offered by the Group's asset managers.

- a range of 86 funds offered to network clients, of which 60 funds are SRI/ESG, *i.e.* a ratio of 70%. This range is regularly enhanced by the SRI certification of many funds already present in the investment universe and by many new products made available to our clients, such as a "Women" fund in March 2020, several PEA funds in March 2021 and five thematic funds in September 2021. In addition, three funds offered by Mirova have the Greenfin label. This is a range of ESG-oriented structured products through their benchmark index or through a Green Bond type of issue (Ambition Durable range);
- the creation by the majority of Banque Populaire banks of delegated management profiles favoring responsible investment;
- the launch of a retirement savings plan with a focus on responsible savings with the choice of three investment formulas with a favorable impact on the environment and society, and more than 30 SRI vehicles in free management.

The savings advisory program guiding the interviews offered by advisors has also changed:

- highlighting ESG/SRI funds to encourage advisor/client discussions. In fact, since the first half of 2021, data automatically sent to advisors has made it possible to identify the ESG/SRI funds in the offering and to know their description thanks to a "tooltip";
- ESG/SRI fund universes with a stronger presence in the proposed allocations (more than two-thirds of the funds in the model portfolios were ESG/SRI in November 2021);
- new presentation of the proposed allocations reflecting the themes allocated to the customer's savings (H2 2022).

As of December 31, 2021, the SRI/ESG fundraising rate (SRI-labeled or SFDR-rated 8 or 9 funds and green bonds) was 58% of life insurance revenue (gross inflows & arbitrages), *i.e.* €860 million (*Source: NIMI*).

OUTSTANDINGS OF SRI AND SOLIDARITY FUNDS AND FCPE SRI OR SOLIDARITY FUNDS MARKETED BY THE BP AND CE NETWORKS

Outstandings at 12/31 *(in €bn)*	**2021**	**2020**	**Change in 2020/2021**
Banque Populaire	5.4	5.8	(6.9%)
Caisse d'Epargne	6.2	4.6	34.8%
TOTAL SRI AND SOLIDARITY-BASED ASSETS SOLD BY THE BP AND CE NETWORKS	**11.6**	**10.4**	**11.5%**

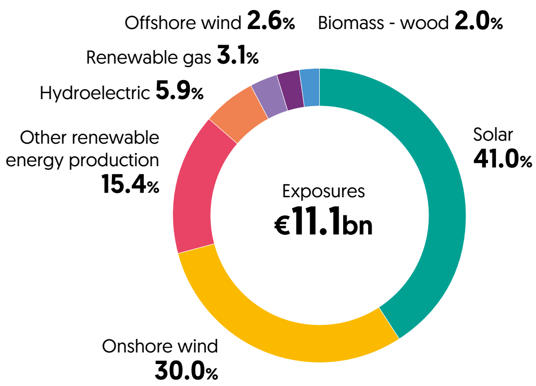
BY FINANCING RENEWABLE ENERGIES

Groupe BPCE finances renewable energies *via* projects of all sizes thanks to the involvement of its various entities. Groupe BPCE's renewable energy assets amounted to €11.1 billion at September 30, 2021. The portfolio is concentrated on solar (41%) and wind (33%), and mainly in France (50%).

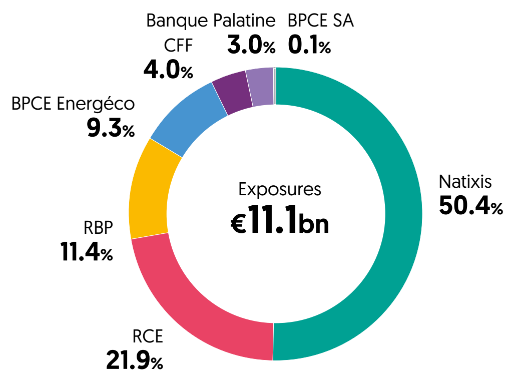
GROUPE BPCE'S EXPOSURE TO RENEWABLE ENERGIES

Exposure *(in €bn)*	**2021**	**2020**	**Change in 2020/2021**
Total Group RE exposure	11.1	10.4	6.8%

EXPOSURE OF RENEWABLE ENERGIES BY GROUPE BPCE SUB-SECTOR



EXPOSURE TO RENEWABLE ENERGIES OF GROUPE BPCE ENTITIES



The Banques Populaires and the Caisses d'Epargne are key sources of financing for local projects. The networks draw on the expertise of several specialized subsidiaries, such as Grand Ouest Environnement, Hypéria Finance and BPCE Energéco.

During 2021, Groupe BPCE made improvements to its organizational plan to support its development ambitions for renewable energy projects within the scope of retail banking. It now relies on BPCE Energéco to create a renewable energy skills hub, which will bring together all entities active in this area.

This Hub will make it possible to better coordinate the action of establishments in the field but also to share knowledge, anticipate markets and identify the strategies to be adopted to best develop renewable energies in the regions.

The BPCE Energéco subsidiary, which is an expert in the financing of renewable energy projects, operates mainly in the French market and in the French Overseas Departments and Collectivities. It financed 18 new operations representing a grid connection capacity of 499 MW including 385 MW of additional power for a total amount arranged or co-arranged by BPCE Energéco of €633 million:

- seven onshore wind projects with a total capacity of 315 MW;
- eleven photovoltaic and concentrating solar projects with a capacity of 184 MW.

In line with this strategy, the Caisses d'Epargne also launched a €1.5 billion renewable energy debt fund on July 23, 2021, in partnership with BPCE Energéco and Corporate & Investment Banking. The purpose of this fund is to finance major operations (over €100 million) for the development of renewable energy projects of all kinds at the national level: offshore and onshore wind, photovoltaics, energy storage, hydropower, hydrogen and methanization.…

Collaboration of Groupe BPCE companies around a renewable energy project

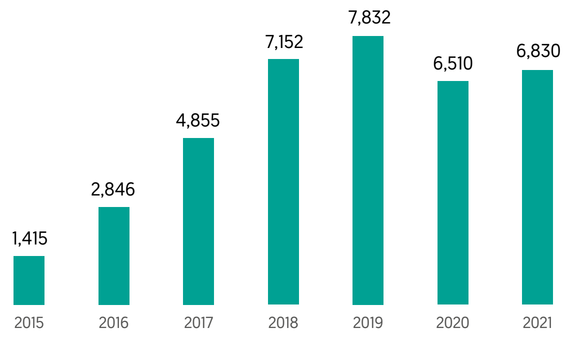
The BPCE Energéco subsidiary, Caisse d'Epargne Grand Est Europe and La Banque Postale co-arranged the financing of the acquisition and construction of a wind farm with a total installed capacity of 122.1 MW in the Marne region of France, in the municipalities of Corroy, Gourgançon, Faux-Fresnay and Angluzelles-et-Courcelles. The wind farm is being developed by TTR Energy and Ailenergie, after ten years of upstream work. The wind turbines use Vestas technology, the world leader in the sector. Bank financing amounted to €270 million, of which Groupe BPCE contributed in the amount of €154 million (or 57%), of which €110 million was loaned by the Caisses d'Epargne debt fund.

For its part, the **CIB** once again positioned itself in 2021 as a leading player in renewable energy financing, particularly in Europe and Latin America. The infrastructure financing teams financed 26 new projects in 2021, representing an installed capacity of 6,830 MW for a total amount arranged by Natixis of €2.2 billion:

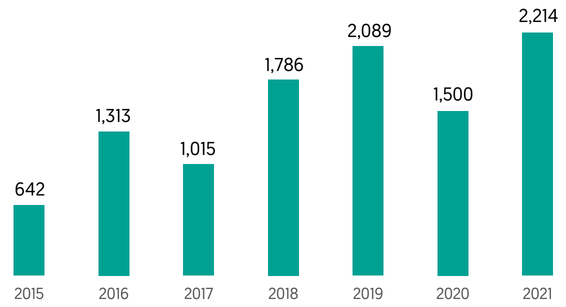
- seven wind projects with a total capacity of 2,555 MW;
- eighteen solar photovoltaic and concentrator projects with a capacity of 4,151 MW;
- one hydraulic project with a capacity of 125 MW.

Over the period, renewable energies accounted for 95% of CIB financing in the electricity generation sector.

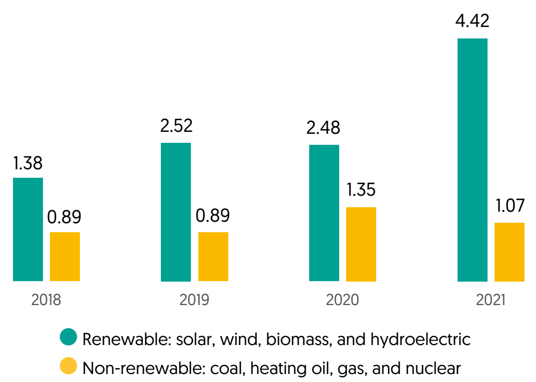
TOTAL INSTALLED CAPACITY OF RENEWABLE ENERGY PROJECTS FINANCED BY NATIXIS BY YEAR *(in MW)*



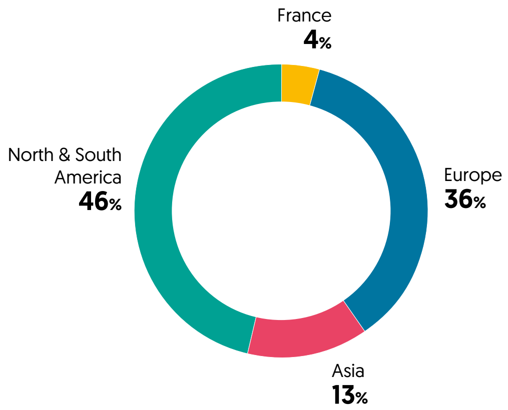
RENEWABLE ENERGY PROJECT AMOUNTS ARRANGED BY NATIXIS BY YEAR *(in €m)*



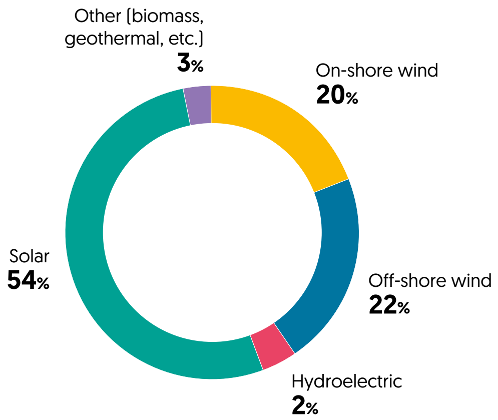
CHANGE IN THE EXPOSURE OF THE PORTFOLIO TO RENEWABLE ENERGIES AND NON-RENEWABLE ENERGIES *(in €bn)*



GEOGRAPHICAL BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO IN 2021 *(% outstandings)*



SECTOR BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO IN 2021 *(% outstandings)*



BY DEVELOPING PRODUCTS STRUCTURED IN INNOVATIVE FORMATS TO SUPPORT THE ENVIRONMENTAL TRANSITION

In 2021, Natixis arranged 86 green bonds and sustainability bonds, confirming its solid positioning in this market, particularly in Europe. The total size of these issues amounted to €103.5 billion (Natixis share of €18.5 billion).

- **Generali's Green Catastrophe Bond:** In 2021, Natixis worked with Generali, as Joint Bookrunner and Sole Sustainability Coordinator, for the issue of the first Green Cat Bond. The bond, in the amount of €200 million, will make it possible to reinsure any losses arising from natural disasters in Europe. Generali undertakes to invest the capital received in green insurance projects and products. An issue framework defines the eligible sectors and the refinancing conditions, as for a green bond. The collateral provided in the transaction will also be invested in sustainable securities of the European Bank for Reconstruction and Development (EBRD).
- **Repsol's Sustainability-linked Bond:** Natixis structured Repsol's first sustainability-linked bond issue (two tranches: €650 million at eight years and €600 million at 12 years) in 2021. This issue contributes to the financing of the ambitious energy transition strategy of the Spanish oil group, which is the first company in its sector to commit to a carbon neutrality objective by 2050. It is also the first sustainability-linked bond with scope 3 in the sector. The coupon of the bond is linked to the achievement of targets to reduce Repsol's carbon intensity (CO_2 emissions per unit of energy produced).
- **Solek Green Loan:** Natixis arranged a senior guaranteed facility of $85.2 million in favor of the Czech group SOLEK, through its Chilean subsidiaries, intended to finance a solar power plant in Chile, totaling at least 110 MWC.

In the meantime, the CIB markets green and sustainable financing in two forms:

- loans earmarked for the financing of environmental and/or social projects (in the form of "term loans" called "green/social loans");
- loans backed by ESG criteria (in the form of a "revolving credit facility", known as "sustainability-linked loans").

90 transactions were completed in 2021 (including securitizations).

2.3.5 Strengthen the ESG offering in asset management and green investments within the insurance business

BY ENCOURAGING TRANSPARENCY ON NATIXIS INVESTMENT MANAGERS' SUSTAINABLE INVESTMENT OFFERING

The European SFDR (Sustainable Finance Disclosure Regulation) came into force on March 10, 2021. This regulation on "the publication of information on sustainability in the financial services sector" aims to ensure greater transparency and requirements around financial products presented as sustainable by investment companies.

This regulation also proposes a new classification of investment products claiming to be environmentally or socially responsible. Natixis Investment Managers (NIM) supports the transparency objective of this regulation and encourages its affiliates to align themselves with the classification provided by the SFDR regulation through workshops and the sharing of best practices in order to:

- comply with regulatory requirements;
- align and develop their product offering in line with new ESG standards;

- increase transparency through authentic communication;
- manage the reputational/regulatory risks associated with greenwashing.

In addition, in pursuit of this transparency objective, a growing number of NIM affiliates are giving their funds ESG benchmark labels. These labels aim to promote societal and environmental progress, in parallel with financial returns. For details of the funds of our labeled affiliates, see the table below.

		Funds classified as Sustainable Finance Disclosure Regulation (SFDR)					Labeled funds	
List of NIM affiliates	**Total outstandings** *(in €bn)*	**Article 6**[1]	**Article 8**[2]	**Article 9**[3]	**Amount of outstandings under management** *(in €bn)*	**% of outstandings under management**	**Amount of outstandings under management** *(in €bn)*	**% of outstandings under management**
Harris Associates	**108.8**	4.5	0.1	-	**4.7**	**4.3%**	-	0%
Loomis Sayles[4]	**319.3**	17.7	3.8	-	**21.5**	**6.7%**	1.1	0.3%
AEW	**29.4**	-	-	-	**-**	**0%**	-	0%
Vaughan	**13.6**	1.4	-	-	**1.4**	**10.5%**	-	0%
Gateway	**10.2**	-	-	-	**-**	**0%**	-	0%
Alpha Simplex	**5.5**	-	-	-	**-**	**0%**	-	0%
US Distribution	**29.4**	-	-	-	**-**	**0%**	-	0%
WCM	**94.1**	-	-	-	**-**	**0%**	-	0%
Ostrum AM	**426.2**	99.5	332.8		**422.4**	**99.1%**	60.1	14.1%
Seeyond	**8.6**	6.4	2.2		**8.6**	**100%**	2.2	25.9%
Mirova	**28.6**	-	-	28.6	**28.6**	**100%**	20.5	71.4%
Dorval	**1.5**	0.3	1.2	-	**1.5**	**100%**	1.2	80.1%
Ossiam	**5.8**	4.0	1.8	-	**5.8**	**100%**	1.2	20.8%
DNCA Finance	**29.2**	9.3	18.4	1.5	**29.1**	**99.6%**	17.5	59.9%
Vega IM	**11.3**	5.0	3.3	-	**8.3**	**73.7%**	3.2	28.6%
AEW Europe	**37.6**	23.7	13.9	-	**37.6**	**100%**	0.9	2.5%
Thematics	**3.9**	0.1	2.6	1.2	**3.9**	**100%**	2.8	70.9%
IML	**3.3**	-	-	-	**-**	**0%**	-	0%
Natixis IM Singapore Limited	**0.7**	-	0.3	-	**0.3**	**38.9%**	0.3	38.9%
Alliance Entreprendre	**0.4**	0.4	-	-	**0.4**	**100%**	-	0%
Seventure Partners	**0.8**	0.8	-	-	**0.8**	**100%**	-	0%
Naxicap Partners	**5.8**	5.8	-	-	**5.8**	**100%**	-	0%
Flexstone Partners	**4.8**	1.4	0.2	-	**1.6**	**34.9%**	-	0%
Vauban	**6.0**	-	6.0	-	**6.0**	**100%**	-	0%
MV Credit	**2.7**	2.7	-	-	**2.7**	**100%**	-	0%
Solutions	**58.0**	42.7	3.0	3.4	**49.2**	**84.8%**	5.6	9.6%
TOTAL	**1,245.5**	**225.8**	**379.6**	**34.7**	**640.1**	**51.4%**	**116.5**	**9.4%**

(1) Concerns financial products that do not promote environmental and/or social characteristics and that do not have a sustainable investment objective and that do not meet the definition of Articles 8 and 9.
(2) Concerns products that promote, among other characteristics, environmental and/or social characteristics or a combination of these characteristics, provided that the companies in which the investments are made apply good governance practices, *i.e.* integration of ESG criteria in the investment decision-making process.
(3) Concerns financial products that pursue a sustainable investment objective assessed through indicators.
(4) For Loomis Sayles, the assets reported in the SFDR classification are only assets distributed in the European Union.

GREENING NATIXIS ASSURANCES INVESTMENTS

Natixis Assurances has raised its investment objective in green assets from 10% to 15% per year, and is now targeting 10% of its total assets under management by 2024 (compared to 2030 previously). Its commitment covers all its investment portfolios (excluding unit-linked policies). Achieving this last objective requires investing more than €1 billion per year in green assets between 2022 and 2024.

In December 2021, Natixis Assurances made investments with a positive impact on the climate of €1 billion, representing 19.4% of investments over the year (flows).

Natixis Assurances has signed the "Declaration of financial institutions in view of the COP15 Convention on Biological Diversity", coordinated by the Ceres Foundation and the Finance for Biodiversity Foundation. In addition, with regard to biodiversity, Natixis Assurances supports Mirova with the Land Degradation Neutrality fund, which invests in sustainable land management projects (agroforestry, regenerative and sustainable agriculture, and sustainable forestry on degraded land). As of December 31, 2021, €5 million had been invested for a forward commitment of €15 million.

In addition, Groupe BPCE's insurance subsidiary extended ESG integration to its real estate portfolio. To this end, an energy convergence plan and continued labeling of its portfolio assets will be rolled out in 2022. Natixis Assurances monitors and reports the proportion of its real estate investments with an environmental label each year. Since July 2020, Natixis Assurances has implemented an ESG reporting monitoring strategy for its dedicated NAMI INVEST and FRUCTIFONCIER portfolios. Eight real estate assets received HQE certification in 2021, resulting in the labeling of 77% by value of the NAMI INVEST portfolio and 63% of the FRUCTIFONCIER portfolio.

2.3.6 Set new targets for reducing the direct environmental footprint

Reducing the Group's environmental footprint in its own operations is one of the pillars of its new BPCE 2024 strategic plan. The Group has set itself the target of reducing its carbon emissions by 15% compared to the end of 2019, *i.e.* from 599,008 tCO2 at the end of 2019 to 509,157 tCO2 by the end of 2024.

This commitment is reflected in the mobilization of the departments concerned and the definition of priority areas. Several working groups were held, structured around four major projects: real estate, employee mobility, purchasing and digital uses. Targets were set for each theme and deployed in all Group entities.

In addition, a Group environmental reporting system and numerous awareness-raising campaigns on best practices were carried out in 2021. The Group's training catalog offers specific sessions on CSR and carbon assessment, open to all employees.

To monitor progress on initiatives subject to clear targets, the Group CSR division has used a special tool since 2013 to review its greenhouse gas (GHG) emissions. The tool is based on a methodology compatible with that used by the ADEME (the French environment and energy management agency), ISO 14064 and the Greenhouse Gas Protocol.

Each year, the Group provides stable benchmark indexes covering the entire Group and each individual entity. The indexes are used to define local GHG emission reduction plans and drive national initiatives.

The entities that currently perform a carbon review represent 88% of the Group's permanent staff.

MEASURING THE GROUP'S CARBON FOOTPRINT

The tool developed by Groupe BPCE makes it possible to estimate the GHG emissions from the operation of its branches and its head office. This methodology makes it possible to convert activity data into estimated emissions, expressed in CO2 equivalent, using emission factors. Quantifying GHG emissions essentially involves carrying out a diagnosis of physical flows and applying the corresponding emission factors by type of flow.

Emission factors are ratios used to estimate the amount of greenhouse gases emitted based on each activity data. These emission factors are updated annually in order to be consistent with the extraction of data from the ADEME carbon database.

For example:

- the electricity emission factor (in $kgCO_2e/kWh$) is used to calculate the amount of GHG emitted by each kWh of electricity consumed;
- the paper emission factor (in $kgCO_2e/ton$) is used to calculate the amount of GHG emitted for each ton of paper consumed.

TRANSFORMATION OF BUSINESS LINE DATA *(m^2, liters, €, etc.)* IN CO_2 EMISSIONS

THE CALCULATION PRINCIPLE

Activity data	×	Emissions factors	=	GHG emissions
Physical and monetary indicators reflecting an "activity"		Average emissions ratio for a given activity		Direct and indirect emissions from an activity
To be completed by each company		Provided to companies (source: Ademe)		

EXAMPLES

Items	Activity data	Emissions factors	GHG emissions
Occupied real estate (leased or owned)	**3,000** m^2	**16** kgCO2e/m^2 per year	**~48** tCO2e
Gas consumption to heat buildings	**250** MWh	**205** kgCO2e/MWh PCS	**~51** tCO2e

The methodology provides:

- an estimate of each company's greenhouse gas emissions;
- a mapping of the emissions by item (energy, purchases of goods and services, travel, fixed assets, waste and freight) and by scope.

This Bilan Carbone® allows the Group to know the level and changes in CO_2 emissions each year and thus establish its reduction plan.

EXAMPLE OF TOOLS MADE AVAILABLE TO EMPLOYEES TO MONITOR THEIR CARBON FOOTPRINT

My Green Footprint: a measurement tool to support employees in their environmental transition

Natixis has made an individual tool available to all its employees in France to measure their environmental footprint at work: My Green Footprint.

Thanks to My Green Footprint, employees can quickly assess their carbon footprint related to their work (commuting, lunch, energy consumption, IT equipment) and, through the simulation game and tips, get leads for actions to reduce their impact. My Green Footprint will be enhanced in the future with three new indicators: business travel, IT use and waste.

RESULTS OF GROUPE BPCE'S CONSOLIDATED CARBON FOOTPRINT *(Emissions in tCO_2eq)*[1]

Indicators *(tCO2eq)*	**2021**	**2020**	**2019**	**Change 2020-2021**	**Change 2019-2021**
Direct greenhouse gas emissions – Scope 1	22,470	20,880	28,073	8%	(20%)
Indirect greenhouse gas emissions – Scope 2	20,926	20,554	22,681	2%	(8%)
Indirect greenhouse gas emissions – Scope 3[2]	499,487	495,284	548,254	1%	(9%)
Total (excl. data centers)	542,883	536,717	599,008	1%	(9%)
Total *(tCO2eq/FTE)*	6.36	6.25	6.98	2%	(9%)

(1) The data has been restated according to the calculation methodology of Bilan Carbone® 2021 (see methodological note).
(2) Excluding indirect emissions from banking products and services.

Thanks to the use of electricity from 100% renewable sources and the use of electricity resulting from a PPA (Power Purchase Agreement), Groupe BPCE has helped to avoid 1,200 metric tons of CO2 equivalent.

The data centers accounted for 1.9% of total Group emissions in 2021.

Indicator	**2021**	**2020**	**2019**	**Change in 2020/2021**
Data center emissions	9,711	10,054	10,457	(3%)
% of Group carbon emissions (recorded in the carbon review) generated by data centers	1.8%	1.9%	1.7%	(5%)

The main sources of emissions in 2021 were:

- purchases: 33%;
- travel: 28%;
- fixed assets: 24%.

GROUPE BPCE CONSOLIDATED CARBON FOOTPRINT RESULTS – BY SOURCE *(EMISSIONS IN TCO_2EQ)*

GROUPE BPCE CARBON EMISSIONS IN 2021

542,883 tCO_2 eq

SOURCE	2021 (tCO_2 eq)	SHARE OF TOTAL	CHANGE IN 2020/2021	CHANGE IN 2019/2021
TRAVEL	150,200	28%	7%	(21%)
Daily work commute	92,630	17%	12%	(8%)
Business travel	30,302	5%	6%	(39%)
Customer and visitor travel	27,268	5%	(6%)	(34%)
PROCUREMENT Goods and services purchased	176,952	33%	0.2%	(4%)
FIXED ASSETS IT equipment, buildings, vehicles, ATMs	128,853	24%	0.4%	0.6%
TRANSPORT Mail, cash transport	48,191	9%	(5%)	(8%)
ENERGY Electricity, natural gas, heating oil, heating network	38,293	7%	(2%)	(8%)
WASTE Non-hazardous and recycled waste, WEEE	393	0.1%	8%	(19%)

ANALYSIS OF THE GROUP'S CARBON FOOTPRINT FOR 2020-2021

The very slight increase of 1% in the Group's carbon footprint between 2020 and 2021 is due to the following:

- The Covid-19 pandemic continued to impact the operations of all the Group's entities and resulted in stable carbon emissions between 2020 and 2021. Overall, the variations were very small for the two largest items (purchases and fixed assets). The latter two represent more than half of the Group's total carbon footprint.
- The upturn in activity between 2020 and 2021 increased travel-related emissions. A significant example is emissions from air travel, which increased by 31% over the period.
- The reduction in energy emissions is linked to a change in consumption patterns in favor of less carbon-intensive energy. This offset the increase in emissions from home-work and business travel.

ANALYSIS OF THE GROUP'S CARBON FOOTPRINT FOR 2019-2021

The decrease of 9% in the Group's total carbon footprint between 2019 and 2021 is mainly due to:

- travel that has not yet reach the 2019 level, due to the persistence of the pandemic;
- the introduction of teleworking, which has become widespread since employees (head offices and networks) now benefit from it;
- remote meetings, which have grown significantly regardless of the customer segment;
- remote or hybrid meetings, training sessions, plenary sessions, seminars, etc., which have become very common.

There are various best practices for reducing emissions, some of which are described below.

ENERGY CONSUMPTION

The Group's energy consumption amounted to 162 kW/h per m^2 in 2021 *versus* 168 kW/h per m^2 in 2020. A series of measures were taken to reduce our energy consumption in 2021:

- implementation of a Group eco-energy platform to monitor compliance with the tertiary decree and application of the Group Strategic Plan;
- better energy-use management, in particular with the installation of automated controllers in branches: since 2016, an energy-saving solution has been available to the companies in the Group. The software identifies energy savings and implements energy reduction initiatives with the assistance of energy manager;

- launch of an IOT solution to collect information about temperatures in our branches, replacing the previous "plugged-in" solution;
- continued replacement of incandescent light bulbs with LED bulbs and installation of motion detectors in most head office buildings;
- less use of heating oil (-11% from 2020 to 2021) in our networks. This decline reflects the gradual replacement of heating oil by low carbon energy sources.

Indicator	2021	2020	2019	Change in 2020/2021
Total energy consumption per m^2 *(in kWh/m^2)*	162	168	180	(4%)
Total final energy consumption *(in MWh)*[1]	463,763	501,301	540,693	(7%)
o/w data centers *(in kWh)*	15%	15%	13%	2%
Share of green electricity *(in MWh)*	66%	N/A	N/A	N/A

(1) Sum of: (kWh electricity + kWh HHV of gas/1.11 + liters heating oil x 9.86 + kWh steam + kWh cold)/total m^2.

In addition, the number of buildings certified or eco-labeled increased by 18%. Thus, the 375,490 m^2 certified or eco-labeled represents 13% of the total m^2 used by the Group.

Indicator	2021	2020	2019	Change in 2020/2021
Number of buildings with environmental or other certification	58	49	44	18%
Surface area of buildings with environmental or other certification *(m^2)*	375,490	361,928	333,201	4%

Datacenters

Thanks to the combination of actions taken to optimize energy consumption, in 2021 the average annual PUE (Power Usage Effectiveness) of sites, an indicator to measure the energy efficiency of a data center, continued to decrease, falling from 1.72 to 1.70. It is calculated by dividing the total energy consumed by the data center by the total energy used by IT equipment. For information, the average PUE of our four data centers is approximately 1.70 while in France the average PUE is around 2.2. The results obtained are among the best measured PUEs for centers with high resilience and availability.

In 2022, Albiant-IT will contribute to ADEME's work on measuring the environmental impacts of data centers and the cloud.

Focus on the data centers' environment/energy policy

In 2021, the four data centers obtained ISO 14001 (environmental performance management) certification and ISO 50001 (energy performance management) certification. Obtaining this dual certification confirms Groupe BPCE's ability and commitment to implementing a continuous improvement approach.

At the same time, data center employees are made aware of the environmental impacts of digital technology through an awareness-raising campaign on eco-friendly practices to be adopted in the office on waste management, packaging and selective sorting and on best practices in terms of waste. lighting, heating and air conditioning. Around twenty employees were able to take part in this internal awareness campaign.

Groupe BPCE, winner of digital awards

This distinction, obtained in the "strategy of organizations and responsible digital technology" category, was awarded to the Group at the awards ceremony organized by the Institut du Numérique Responsable in Bercy on December 16.

Supported by Barbara Pompili, Minister for the Ecological Transition, and Cédric O, Secretary of State for Digital Services, this first edition was intended to reward initiatives aimed at reducing the societal, economic and environmental footprint of digital technology.

For the Group, this is recognition of its actions and, in particular, of the resources mobilized, the organization implemented around its Responsible Digital channel, its relations with both its internal and external stakeholders, and the commitments made by the Group as part of its new "BPCE 2024" strategic plan. It aims to reduce the carbon footprint of its IT systems by 15% and to improve the energy efficiency of its data centers by 10%.

REDUCING ENERGY CONSUMPTION RELATED TO TRANSPORT

Based on the carbon reviews conducted by the Group, business travel and commuting are one of the highest sources of total estimated CO2 emissions (averaging nearly one-third of total emissions each year).

The pandemic continues to impact travel habits as the indicators have not returned to their 2019 level. However, business travel by plane increased by 33% during 2021.

Indicator	2021	2020	2019	Change in 2020/2021
Total fuel consumption for business travel by car[(1)] *(in liters)*	9,095,612	8,650,224	12,962,075	5%
Average grams of CO_2 per km (as stated by manufacturer) for company cars and fleet cars *(grams of CO_2/km)*	107	99	100	8%
Business travel by train *(in km)*	17,623,334	17,772,464	62,421,532	(1%)
Business travel by plane *(in km)*	61,860,708	13,755,610	18,316,885	33%

(1) Sum of indicators: gasoline consumption by company and fleet cars + diesel consumption by company and fleet cars + business travel in private cars; km-to-liter conversion for the private car indicator using the ratio from the carbon review user guide.

WASTE REDUCTION AND RECYCLING

The Group's total volume of non-hazardous industrial waste per FTE increased by 5% due to the recovery of post-pandemic activity, of which 52% is recycled.

The categories of waste included in the carbon footprint are ordinary industrial waste and electrical or electronic waste (D3E). Entities have undertaken multiple initiatives to recycle different types of waste and certain types of products.

SUSTAINABLE USE OF RESOURCES

In 2021, paper use amounted to 1,996 metric tons or 23 kg/FTE, compared with 2,398 metric tons or 28 kg/FTE in 2020.

The reduction in paper consumption is achieved by:

- shared printers, with printout confirmation on the spot. This avoids unused printouts;
- accelerated dematerialization, particularly in customer relations (in-branch electronic signature, remote selling, paperless account statements and general terms and conditions of sale);
- a procurement policy encouraging the use of responsible paper (derived from recycling or sustainably managed forests), *i.e.* containing over 50% recycled paper or PEFC-certified (Program for the Endorsement of Forest Certification schemes) or FSC-certified (Forest Stewardship Council) paper.

PAPER CONSUMPTION

Indicator	2021	2020	2019	Change in 2020/2021
Total recycled and/or certified A4 paper *(in kg per FTE)*	22	26	33	(13%)
Total non-recycled/non-certified A4 paper *(in kg per FTE)*	1	2	3	(54%)
Percentage of recycled and/or certified reams of A4 paper	93%	93%	92%	0%

2.4 Designing the future of work

Groupe BPCE plays a major role in the economic and social development of France. As a socially responsible employer, it obviously respects:

- a code of conduct and ethics https://groupebpce.com /en/all-the-latest-news/news/2019/a-code-of-conduct-and-ethics-for-groupe-bpce-staff;
- the commitments made under the Global Compact and the International Labour Organization.

Since 2020, we have been experiencing an unprecedented situation linked to the health crisis: a human challenge for all teams which has led to the acceleration of the implementation of new digital tools and to rethinking the organization of work and its practical aspects. This situation of crisis and "constraints" has enabled a new collective experience: new digital tools, new way of managing remote teams, all with increased vigilance in terms of data security.

Our 100,000 employees have all remained very engaged and committed to their internal and external customers. They have all demonstrated an exceptional ability to adapt to maintain and develop our customer service.

In this context of acceleration, the future of work and the HR roadmap for the 2024 strategic plan are emerging:

- develop new ways of working:
  - hybrid work for around 50,000 Group employees (60% in flex office and up to ten days per month of teleworking offered depending on the company),
  - set up the *WELL* program, which is based on three pillars taking into account new developments in the work environment and its organization. This program is initially intended for the BPCE Community and "Global Financial Services" (26,000 people);
- "Advance in the network" by offering a personalized skills pathway and degree courses in expertise;
- "Enhance banking services" with a program to move towards closer relationships and added value for customers;
- a mobility policy in each company and for the Group, talent pools that prepare for professional development in each region - Encourage and prepare functional mobility;
- strengthen the onboarding pathways to welcome new employees, particularly young people and apprentices;
- measure employee engagement in all these changes and transformations. The Group will focus on deferred and on-the-spot feedback systems.

A variety of ways to listen to the employees

- Key employee moments

These measure the quality of the employee experience at specific moments in their professional life (recruitment, mobility, transition to management). In 2021, 20 companies analyzed 54 Key Employee Moments processes *(MCC)* and three new companies joined the scheme.

The MCC scheme was recognized as part of the 2021 Human Capital Leadership Awards.

- The Diapason social barometer

This internal opinion survey, conducted every two years in the Group's companies since 2012, is used to measure employee commitment. Through 11 questions, this indicator validates their loyalty, their involvement and their alignment with the company's orientations. After a decline in 2018, it increased by six points to 72% in 2021. This level of commitment indicates a renewed confidence in companies, linked to the involvement of all employees and their employers in managing the health crisis.

- Flash surveys at Natixis and BPCE SA

They are conducted throughout the year to take the pulse of employees. At Natixis, nearly 200 flash surveys were conducted in 2021 to monitor team morale and implement the necessary corrective actions.

GROUP HEADCOUNT

Groupe BPCE
99,900

BP network 30,016

CE network 33,474

BPCE commu.: 9,354

Natixis: 18,041

Other subsidiaries: 9,015

Key figures:

- 72% of our employees are engaged;
- 45% of managers are women;
- 29% of executive management positions are held by women;
- 17% conversion of apprentices.

Complete quantitative human resources indicators for Groupe BPCE are available at https://groupebpce.com/en/csr/employees(1)

2.4.1 Attract talent

UNVEILING THE POSSIBILITIES: AN EMPLOYER BRAND REVISITED

Vitality, freedom, commitments: Groupe BPCE affirms the pillars of its identity as an employer

To reinforce the Group's reputation among candidates and employees, the Group renewed its employer brand in 2021, with a **brand platform** developed in addition to and in line with existing brands. The objective of Groupe BPCE employer brand is to create strong, structured, and unique positioning.

https://groupebpce.com/en/all-the-latest-news/news/2021/vitality-freedom-and-commitment-groupe-bpce-confirms-the-pillars-of-its-identity-as-an-employer

Groupe BPCE recruits nearly 6,000 candidates each year. The Group is strengthening the following areas to attract the right profiles in a competitive environment:

- employer image;
- presence on social networks;
- efficiency and proactivity of sourcing;
- candidate experience and mobile solution.

TARGETS

Our recruitment mainly concerns the commercial sector and, in particular, the following groups:

- students (recruitment and communication), interns and potential work-study students;
- young graduates;
  - Bac+3 graduates:
  - university Bac+4 and Bac+5 graduates,
  - business school graduates,
  - engineering school graduates;
- experienced profiles for the specialized professions;
- diverse profiles with a commercial background and the ability to adapt and learn;
- evolving and mobile profiles.

Special attention is also paid to *IT and Data* profiles.

Our recruitment policy is focused on skills. It contributes to the development of a diversity of profiles (by degree, gender, origin, etc.).

(1) The companies included in the reporting scope for social indicators are detailed in the "CSR reporting methodology" section.

A STRONGER DIGITAL PRESENCE

Groupe BPCE continued to develop its presence on social media by regularly communicating about its recruitment events, broadcasting business videos and promoting work-study programs.

The number of subscribers is constantly increasing:

- LinkedIn: 123,818 (+23.4%);
- Twitter: 5,123 (+4%);
- Facebook: 7,100 (+11.4%);
- Instagram: launched in 2021.

> **Among the top 25 employers in France**
>
> In 2021, Groupe BPCE hosted and managed a page on the Glassdoor e-reputation website, responding to the opinions and questions of Internet users. In this first year, Groupe BPCE was included in the list of France's 25 Best Employers for 2020, based on employee feedback. (https://www.glassdoor.fr/Avis/Groupe-BPCE-Avis -E354301.htm)

ENSURE THE RECRUITMENT OF YOUNG PEOPLE EVEN IN TIMES OF CRISIS

The crisis did not prevent companies from pursuing their policy of recruiting work-study students and of offering professional training contracts.

In 2021, the Group set up a new recruitment website with better visibility for the business lines and more powerful testimonials. A page is dedicated to work-study programs and young graduates.

https://recrutement.bpce.fr/

The "Innove ta banque" competition, the flagship event for students and work-study students, also continued with great success: 73 participating schools, 990 candidates and 255 applications submitted.

https://www.agorize.com/fr/challenges/innove-ta-banque

For its part, Natixis maintained its commitment to youth employment during the health crisis and took part in around fifty events to raise awareness of its businesses among young people in 2021: student forums (such as *Trium 2020*), *initiatives* with partner schools (*e.g.* the Chaire "*Business analytics and future banking*" with HEC & Polytechnique, the launch of a student lab with *Ecole 42*, a workshop on the meaning of work with HEC, etc.).

> **Recognition of Natixis as an employer**
>
> On the occasion of the "Grand Prix VIE Entreprises" organized by Business France, MEDEF and the CCE (French Foreign Trade Advisors), Natixis was honored with the "Diversity of Talents" trophy.
>
> Natixis was certified *"Happy Trainees"* for the second consecutive year with a satisfaction rate of 91% among the trainees and work-study students interviewed.

INTEGRATE AND RETAIN NEW EMPLOYEES

The newcomer pathway *(PNE)* is the preferred support system offered by the Group. It places the employee on a professionalizing and adapted learning and progress path.

It is intended to cover all the skills required (in terms of knowledge, know-how and soft skills) and useful to:

- provide a personalized career path incorporating the history and profile of each employee;
- reduce the duration of training while maintaining the level of requirements;
- reduce the failure rate during the trial period.

Integration pathways are increasingly digitized, but with dedicated in-person events.

- for example, the BPCE Community pathway (the Community is the grouping of ten companies and subsidiaries whose common purpose is to support the network);
- at Natixis, the aim is to share a common culture with:
  - workshops dedicated to the *"Purple Way"* and its three values (sustainable impact, entrepreneurial spirit, collective intelligence), as well as to the discovery of professions, within six months of arrival,
  - integration surveys of each employee, to collect their comments on their new position and take corrective actions if necessary, carried out one month and six months after their arrival,
  - systematized monthly integration points between the *Talent Acquisition Hub* and the human resources managers in the various business lines.

2.4.2 Building tailored career paths

TRAINING AS A LEVER FOR EMPLOYABILITY AND ATTRACTIVENESS

The transformation of the activities and business lines within Groupe BPCE requires enhanced support for employees to enable them to develop the skills necessary for their development. This concerns both new skills to be developed and skills that need to be strengthened in order to facilitate the career of employees. In this context, the investment in training remains central to making this support a strong focus of Groupe BPCE's policy in favor of the employability of all its employees.

INCREASE IN THE NUMBER OF EMPLOYEES TRAINED

The number of employees in training remained stable between 2020 and 2021 while the average number of training hours per employee increased to reach 30 hours.

SKILLS DEVELOPMENT: TOP PRIORITY OF THE NEW STRATEGIC PLAN

- support the increase in skills by customizing learning solutions and offers to the skills of each individual and expected from the business lines;

- develop relational and managerial positions adapted to development challenges and new ways of working. For example, Natixis has set up training courses for managers on the topic of "managing in an uncertain environment";
- support the employability of employees by reinforcing professional expertise, particularly on new growth levers (mid-sized companies, health, energy transition):
  - spread a data and technology culture,
  - develop leadership and managerial practices,
  - measure skills development,
  - develop a culture of continuous learning and experience,
  - provide a technological ecosystem for artificial intelligence,
  - capitalize on internal know-how;
- diversify, promote and recognize all forms of learning by intensifying and accelerating educational innovation through:
  - face-to-face training (more than 36.1% of all training sessions),
  - alternative modes and, in particular, virtual classes, which are growing (more than 24% of training courses),
  - the development of action training programs such as the AFEST (*Action de Formation en Situation de Travail*), certifying training courses such as the VAE (*Validation of acquired experience*) and the CQP (Professional Qualification Certificate), in support of the need for professionalization and expertise.

Promote learning in the workplace: a trend

AFEST, the new learning method at the workstation, is gradually winning over the Group's companies. While the ramp-up was slow in 2020, slowed down by the health crisis and the decline in on-site interactions, we noted a strong increase in 2021, which is very promising. To date, 680 AFEST sessions were carried out at a dozen Group companies.

THE ABUNDANCE OF THE TRAINING OFFER: A MAJOR ASSET IN THE DEVELOPMENT AND INFLUENCE OF THE GROUP'S ATTRACTIVENESS

This ambition is enshrined in the business unit agreements relating to vocational training. The dynamic is based on national and regional partnerships with players in initial, continuing and work-study training, and in particular on an optimized relationship with our OPCO ATLAS team (*Opérateur de Compétence des entreprises des branches services financiers et du conseil*).

- As a result, more than 12 degree programs have been deployed in the wealth management and private sector and the corporate and professional sectors, with schools such as Paris Dauphine, HEC, ESSEC and the ESB;
- At the same time, our OPCO ATLAS team has intervened for the last three years in support of our youth projects for work-study students as well as in the financing of prospective studies of our business line observatories and business unit qualifications in the fields of apprenticeship, seniority, and soft skills.

2021 was marked by the very strong development of online resources, notably with the launch of the LinkedIn Learning platform for all employees, which includes hundreds of online courses on business, tech and personal development.

At Natixis, we particularly note the introduction of training and skills development programs on the themes of responsible finance and CSR to support the Corporate Social Responsibility ambitions of the company (launch of a mandatory e-learning course on CSR, for example).

THE CREATION OF THE BPCE CAMPUS: VOCATIONAL TRAINING, CERTIFYING AND DIPLOMA COURSES

To support its strategy, the Group has set up a training structure for the entire Group called "the BPCE campus". This certification training body aims to internalize the diploma policy (Bac+3, +4/5) and to deploy a modular and personalized offer. It offers a full range of work-study and continuous training for all of the Group's business lines and employees.

https://recrutement.bpce.fr/nous-rejoindre/notre-politique-pour-les-jeunes/rejoindre-le-campus-bpce/

The BPCE Campus aims to:

- develop the integration of employees hired through apprenticeships according to training paths specific to/adapted to Groupe BPCE, based on a CFA (Apprenticeship Training Center) within the Group;
- provide tools for strategic programs aimed, in particular, at professional advancement and development in the commercial networks business lines and the promotion of banking services;
- structure an initial training and continuing education offer (CFA and training organization) to meet all skills requirements (including regulatory training);
- develop professional retraining approaches (Pro A, professional transition platforms, collective transitions, etc.) by building on the Group's own certifications recognized in the labor market.

To this end, a dedicated site is active and the "campus" platform is accessible from the Group's recruitment site.

As a guarantee of high standards, the CFA, "The BPCE Campus", was certified "Qualiopi" in 2021.

Pending the consolidation and alignment of continuing education programs and pathways within The BPCE Campus, the CFA Group, launched with the educational partnership of *Ecole Supérieure de la Banque* is already benefiting from feedback from three pilot companies.

- In 2020 and 2021:
  - 3 Professional Banking License classes for the benefit of 47 work-study students;
  - 87% of these work-study students obtained their diploma with an integration rate of 53%.
- In 2021 and 2022:
  - twelve companies were involved (six Banques Populaires and six Caisses d'Epargne) in the Banking license course;
  - a Caisse d'Epargne in the Omnichannel Banking Bachelor program.

The classes are in-house and personalized and last nine days. They are given by internal trainers of the host companies.

Twelve new Omnichannel Banking Bachelor classes are expected to be launched by June 2022.

ACCESSIBILITY BRIDGES BETWEEN BUSINESS LINES AND DYNAMIC MOBILITY

Groupe BPCE, through its training and mobility policy, as well as its tools *HR JUMP* and *MEET & MOVE*, allows employees who so wish to build a bridge to a different profession.

This approach is accelerated by:

- the achievement by the employee of a specific assessment of training needs, in line with strategic orientations and associated employment trends;
- the definition of training and development actions, where necessary strengthened, in conjunction with HR, to meet the need for skills development.

Companies make the tools and resources available to employees to facilitate mobility. In 2021, 663 employees benefited from inter-company mobility and more than 7,800 changed jobs.

The tools available to Group employees include:

- the Mobiliway site: https://www.mobiliway.fr/;
- Jobs in Motion at Natixis, which is an 18-month program to ensure the repositioning of a maximum number of employees whose jobs are evolving into new positions.

It operates on two levels:

- to boost internal mobility, in particular by investing in Artificial Intelligence to facilitate the management of skills needs and to give employees the means to access the widest possible range of positions. Natixis has set itself the target of doubling the internal mobility rate by 2024;
- to invest in the professions of the future with the *Step Up Academy* by increasing the number of training courses to train up to 1,000 employees by 2024 in the professions of the future and thus redeploy and increase skills in strategic areas, such as *Tech & Data*.

  https://natixis.groupebpce.com/natixis/en/upskilling-and-reskilling-to-support-successful-career-conversion-lpaz5_121907.html

2.4.3 Managing a socially responsible company

SUSTAINED DIALOG WITH EMPLOYEE REPRESENTATIVES AT GROUPE BPCE LEVEL

Dialog with employee representatives at Groupe BPCE level takes place through two bodies and committees:

- the Group Committee, a forum for information, discussion and dialog, which met four times in 2021. The topics addressed included the economic situation, and the financial and social expertise of the Group. They were prepared in advance by the economic and employment/training committees;
- the Strategy Committee, a forum for sharing strategy and vision, which met three times during the year.

Most of the collective bargaining agreements signed in 2021 were the result of negotiations conducted locally with the Group companies. The agreements cover the following main topics:

- professional equality between women and men;
- mandatory annual negotiations;
- the quality of life at work and, in particular, teleworking;
- employee savings and retirement.

Groupe BPCE has the characteristic of leading two professional divisions within it that are very active in social negotiations and professional training.

2021 was rich in exchanges, such that four agreements were signed in the Banques Populaires and Caisses d'Epargne business units on quality of life at work and professional equality between women and men.

PROTECTION AND SUPPORT FOR THE GROUP'S EMPLOYEES: 2021 STILL MARKED BY THE CRISIS BUT ALSO BY AN IMPROVEMENT IN THE HEALTH CONTEXT

The health crisis continued in 2021 and Groupe BPCE managed the ongoing situation. However, the second half of the year saw the intensity of the health crisis decrease with the increase in vaccinations. Despite everything, Groupe BPCE remained very prudent. The crisis unit is maintained periodically.

In order to monitor changes in the health protocol, the Group HR department and the HR departments of all Group companies maintain an intense level of dialog with employee representatives with regular exchanges with the trade unions of the Banques Populaires and Caisses d'Epargne business units, as well as with each Company Social and Economic Committee (CSE).

THE DEVELOPMENT OF HYBRID WORK IN THE GROUP

As part of the *WELL* project, Groupe BPCE aims to develop hybrid work through a collaborative and decentralized approach to install suitable work spaces, operating methods and management in each company.

In this context, 28 hybrid work agreements were signed within Groupe BPCE. The goal is to improve the individual and collective performance of the company, contribute to the sustainable development policy, improve the quality of life at work and encourage innovation within the Group.

For example, Natixis and BPCE SA signed an amendment to their teleworking agreement (allowing teleworking up to three days a week, opening up teleworking to work-study students, providing assistance for financing equipment, etc.).

2.4.4 Committing to quality of life at work

For Groupe BPCE, Quality of Life at Work (QVT) consists in implementing an environment that allows everyone to do quality work to reconcile social progress, customer satisfaction and economic performance. Its development relies on a network of QVT advisors present in each company and responsible for local policies.

The QVT is deployed in three areas:

- the quality of work itself, which covers the organization, content and transformation of work;
- services to facilitate work-life balance;
- occupational health to maintain the physical, mental and social well-being of employees.

Sport, health and work

The company encourages employees to practice sports, as part of its health and work policy, and in line with its Paris 2024 partnership. This enables the Group's employees to be actors and ambassadors of these "Games for All".

https://groupebpce.com/en/the-group-and-sport/partner-of-paris-2024/imagine-2024-for-our-employees

This commitment to sports was particularly deployed in 2021 *via* challenges (walking, running, etc.) to encourage employees to come out of their sedentary lifestyle linked to confinement, and to promote conviviality between cross-functional teams within the Group.

In 2021, the anchoring of QVT policies continued with a special focus on support for employee caregivers, support for transformation, and improved occupational risk prevention.

MANAGING AID: A GLOBAL APPROACH TO SUPPORT EMPLOYEES AND COMPANIES

A common approach to inclusion and support for employee caregivers is conducted in the Group's companies and relies on various levers and tools:

- a business unit agreement on quality of life at work, committing companies to developing solidarity and support for caregivers, notably through information and awareness-raising actions for management and teams, and access to platforms for the provision of career services and the organization of work;
- local initiatives that are relayed and shared throughout the Group and mainly concern the organization of work, assistance with material and financial impacts, careers and employment, psychological support, the training of caregivers, awareness-raising for managers, the acculturation of employees and the management of systems;
- sharing of experiments and practices *via* dedicated web conferences and collaborative sites;
- a guide for employee caregivers presenting help, resources and advice. It can be customized by each company, and was designed by a group of caregivers to be of immediate operational use;
- a 2021 guide for company management. Built by an inter-company working group, it is an interactive tool for structuring and deploying a caregiver policy that offers a methodology and lists many possible actions;
- an internal study in 2021 called "The time for caregivers" which, by providing the keys to better understanding the life paths of caregivers, facilitates the definition of better-targeted support policies.

https://groupebpce.com/en/economic-research/bpcelobservatoire-aidants

The Group received the first Company & caregiver award in 2021

Groupe BPCE was awarded first prize in the "Companies and Employee Caregivers" competition for its entire approach to supporting employees, the best practices put in place in the establishments, and the Group HRD's support for policies.

https://www.linkedin.com/feed/update/urn:li:activity:6862348758055714816/

https://t.co/fUSg51k56m

MEASURING THE HUMAN IMPACTS OF TRANSFORMATION

By giving employees a voice, the Human Impact Measurement approach (MIH) identifies the major consequences of a transformation shared by the working group. The overview of impacts makes it possible to guide the change management plan and, if necessary, to adjust the transformation.

Management of the approach with pre-identification of the main changes caused by the transformation of work

Interviews with employees to collect their impressions of the consequences of the transformation and their level of buy-in with the changes

A quantitative and qualitative analysis of the content of the interviews

Potential actions based on the impacts identified to update the support plan for the changes and review potential adaptations to the project

An action plan and plan to optimize change

This approach is of particular importance in a context of crisis and profound changes in the banking sector characterized by new ways of organizing work. As part of the BP and CE business unit agreements, its dissemination increased in 2021 both in terms of the appropriation of the method and tools by the teams (eight new companies trained in the method) and of the number of projects that resulted in its implementation (7 MIH completed).

PREVENTING OCCUPATIONAL RISKS

AN EFFECTIVE PREVENTION POLICY DEMONSTRATED BY A SIGNIFICANT REDUCTION IN CLAIMS

The improvement in the number of workplace accident reports since 2018 highlights the efforts to adapt technology and organization, particularly in favor of remote working.

A TRAINING PLAN FOR NEW SAFETY OFFICERS

The overhaul of the integration program for the new officers of the sector responds to two major areas of the occupational risk prevention policy:

- the development of skills based on a certifying occupational risk prevention program (e-learning 16 hours);
- sharing practices and experiences by organizing discussions with the Group's safety and prevention experts and sector managers (QVT, Information Systems Security managers, etc.).

Beyond the objective of increasing skills, the induction program aims to develop multidisciplinary approaches in prevention.

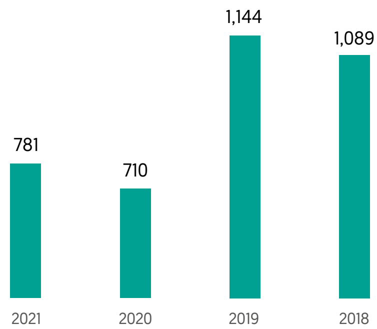
https://groupebpce.com/toute-l-actualite/actualites/2021/the-diversity-in-the-bpce-group

TARGETED ACTIONS TO PREVENT ACCIDENTS AT WORK AND COMMUTING ACCIDENTS

In order to mobilize the safety of people and property, inter-company working groups have made it possible to identify best practices and draw up rules concerning:

- short and long-term international travel;
- travel for missions in the country;
- movement within companies.

EVOLUTION OF THE NUMBER OF SICK DAYS FOR WORK/COMMUTING ACCIDENTS



In 2022, specific studies will be carried out to provide a community tool for managing risks and a tool for managing and processing mobility alerts.

2.4.5 Promote gender equality and diversity

For Groupe BPCE, it is essential that each of its companies ensure that it acts fairly, reducing inequalities and developing an environment that respects the differences arising from each individual's social identity.

The Group has set targets and taken concrete steps to promote diversity ever since it was founded.

As a major illustration of its commitment to diversity, Groupe BPCE created its diversity footprint, enabling it to make a precise and transparent assessment of the actions already undertaken but also the improvements to be pursued. Since its completion, a dozen of the Group's companies have also implemented this footprint, which allows them to have an accurate overview and to include new initiatives in their action plans.

https://www.mixity.co/structure/groupe-bpce/public/

PURSUING ACTIONS TO PROMOTE GENDER EQUALITY

Emblematic actions in 2021: signature of Groupe BPCE's Diversity Charter

The purpose of this Charter is to share, with all Groupe BPCE companies, common convictions in terms of diversity through ten concrete commitments to be pursued and developed in the coming years. With this signature, the Group undertakes to promote professional equality at the highest level of responsibility, to systematically integrate the principle of gender equality in all HR processes, to support female/mixed networks, and to promote and retain talent.

The Charter is the reflection of collective work based on the Group's determination to make gender balance and diversity a source of economic efficiency and sustainable performance.

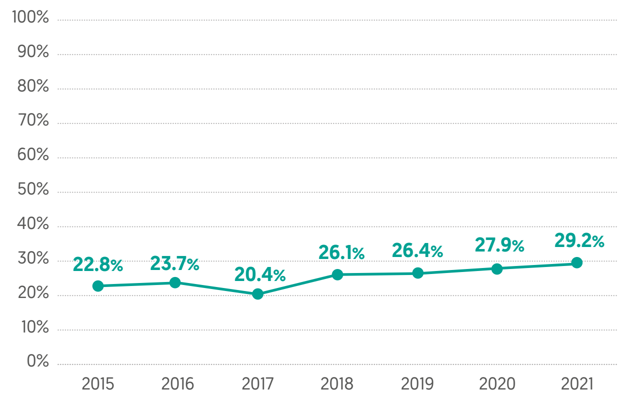
https://groupebpce.com/en/all-the-latest-news/news/2020/gender-diversity-in-groupe-bpce-where-do-we-stand-in-2020

INCREASING THE NUMBER OF FEMALE COMPANY DIRECTORS

This ambition involves stepping up efforts to identify and support women with the potential to hold senior management positions. This aims to reinforce their identification and to pay particular attention to supporting female employees:

- female employees identified during potential reviews and the relevant support to be implemented;
- gender parity in the Group's career development programs;
- individualized courses offered if necessary;
- individual interviews during breakfast meetings organized by "Les Elles de BPCE".

PERCENTAGE OF WOMEN IN MANAGEMENT POSITIONS



INCREASING THE NUMBER OF FEMALE EXECUTIVES

At end-2021, 57.4% of all Group employees were women. The number of women executives has always been an important indicator for the Group. The number of women executives increased from 36.2% in 2010 to 45% at the end of 2021, representing a very sharp rise of 8.8 basis points.

PERCENTAGE OF WOMEN EXECUTIVES

SPREAD A CULTURE OF DIVERSITY IN ALL OUR COMPANIES

Two new business unit agreements relating to gender equality in the workplace were signed in July 2021

They reinforce the commitments and measures already put in place by the companies in the business unit for several years in terms of recruitment, training, remuneration, professional promotion and, more generally, awareness of stereotypes.

They also include new provisions such as:

- support for parenthood: from July 1, 2021, after one year of service, any employee on paternity leave covered by social security benefits from remuneration equal to 100% of the difference between the amount paid by social security and the amount of their gross remuneration;
- a chapter dedicated to the fight against sexual harassment and sexist behavior, which reaffirms the desire to guarantee safe working environments for women and men that respect their health, integrity and dignity *via* the implementation of tools and resources that enable companies to affirm a message of zero tolerance in the event of inappropriate behavior.

Renewal of the Professional Equality Label

It was awarded for four years after an on-site audit. The fact that it was presented to a joint commission is indisputable proof of the companies' continuous improvement approach. In 2021, fifteen companies received the Professional Equality Label, which meets the requirements of demanding specifications and of experts.

A methodology for detecting pay gaps between women and men

This methodology is applied in each company. Its goal is to reduce differences and harmonize salaries upon hiring, particularly in the highest categories. This approach is reflected in an equal pay index for Groupe BPCE of 91/100 on March 1, 2020 (compared to 83/100 in 2019)[1]

Promotion of gender diversity policies

The Group HR department is continuing to support all of the Group's companies in promoting gender diversity policies through awareness-raising tools available to managers, employees and management teams: Gender Equality Guide, Co-Parenting Guide, awareness-raising videos, quizzes, etc.

HR and CSE harassment officers

Finally, because a respectful environment between men and women is also essential for a better gender balance, Groupe BPCE appointed and trained HR & CSE harassment officers in each establishment. Throughout the year, we lead the community of HR harassment officers through quarterly meetings and regular sharing of best practices.

An awareness-raising questionnaire on sexism

Groupe BPCE has provided the companies with an awareness-raising questionnaire on sexism since 2020. Each employee can anonymously examine their own stereotypes and test their level of sensitivity to sexism in the company. In 2021 this awareness-raising system was supplemented with an e-learning course for all employees.

Women's networks, major players in promoting gender equality

Created in 2012, Groupe BPCE's network for women executives, "Les Elles de BPCE", currently has a membership of over 430 women and 28 local networks. In line with the HR policy promoting gender equality, these networks are valuable forums for discussion and mutual assistance. In particular, they offer training sessions, mentoring, workshops and training modules. Among the recent initiatives proposed by the network, the partnership with the Capital Filles association enables 190 female Group employees to support young girls in their final high school year in rural areas or underprivileged neighborhoods.

https://www.lesellesdebpce.fr/

Natixis is committed to gender equality and diversity

- A commitment was made to have at least 40% of women in all leadership circles, 50% of juniors in recruitment, to increase the proportion of international profiles in leadership circles and to train all leaders with inclusive leadership, all by 2024.
- Natixis was the first bank in the SBF120's eighth ranking of women in governing bodies and placed tenth in the ranking compared to thirtieth in 2019.
- For juniors a discovery path dedicated to Master 1 and Master 2 students (in 2021, 100% digital and international, with 25 female sponsors and 50 female students).
- On the diversity axis, the action plan for the LGBT community is also being rolled out to limit LGBT phobias in the workplace. The signing of the Charte Autre Cercle in June 2021 (LGBT+), participation in the appointment of LGBT role models in October 2021 and the creation of a guide for employees completed this system.

(1) The 2021 index was not available at the date of publication of the non-financial performance statement.

SUPPORTING EMPLOYEES WITH DISABILITIES

As part of their commitment to diversity and the promotion of equal opportunities, companies of Groupe BPCE have implemented a policy to promote the social and professional integration of people with disabilities since 2006.

It is based on clear commitments, enshrined in Group, business unit and company agreements (Banques Populaires and Caisses d'Epargne business units, BPCE community, Natixis, etc.) in accordance with the legal provisions provided for under the French obligation to employ workers with disabilities (OETH) and more generally the law of 2005.

In 2019, Groupe BPCE renewed its commitment to employing people with disabilities through the signing of four agreements for the period from 2020 to 2022.

For the most part, they are in line with previous agreements and reflect the desire of stakeholders to consolidate and expand the disability policy in the following areas:

- recruiting and integrating people with disabilities;
- maintaining employees with disabilities in employment through training, career development and taking into account the need to accommodate their disability;
- supporting the change of attitude for better inclusion and quality of life at work for employees with disabilities;
- supporting people with disabilities working in the protected and adapted work sector through a proactive procurement policy.

In 2021, Groupe BPCE implemented initiatives to promote direct and indirect employment and the retention of people with disabilities, including:

- sourcing actions to help companies with their recruitment;
- communication and awareness-raising measures: launch of an online awareness-raising scheme for all employees (Hand'E passports) and creation of a communication kit on the recognition of disability;
- tools to promote job retention: implementation of a "Disability & work life" hotline for employees;
- continued partnership with the GESAT Network in order to continue to use the services of the protected and adapted work sector.

In each company of Groupe BPCE, a disability coordinator supports people with disabilities throughout their career in the company (recruitment, integration, training, job retention, support in the process of recognizing their disability, etc.) in conjunction with human resources managers, managers and occupational health services.

GROUP DISABILITY POLICY[1]

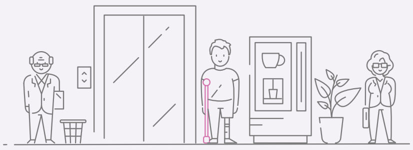
DISABILITY POLICY
Groupe BPCE

as of 12/31/2020

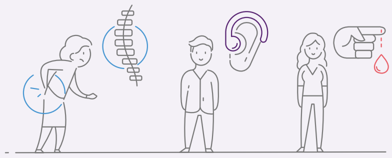
Promoting employment and equal opportunity for people with disabilities is a commitment made in Groupe BPCE's Human Resources policy.

Employment rate
of people with disabilities [1]

6%



[1] Legal obligation: 6%



4,440

employees
have a disability;
4,341 have permanent contracts

Recruiting of
141
employees with a disability
(permanent, work-study and fixed-term contracts > 6 months)
of which **52%** with a permanent contract

Use of the
protected and adapted work sector
by revenues [2]

€8.4m

[2] Amount without tax for supplies, works or services minus the cost of raw materials, products, materials and sales costs.

Scope: Banque Populaire, Caisse d'Epargne, Natixis, BPCE Community, Crédit Foncier and Banque Palatine

(1) The infographic represents the figures as at December 31, 2020. The data for 2021 was not available at the date of publication of the non-financial performance statement.

Handi'days operation at Natixis:

The company raises the awareness of its employees through the operation of its *handi'days* during the European Week for the Employment of People with Disabilities and participates in several specialized job forums such as *Hello Handicap*, *Paris pour l'emploi* and the *TH ESSEC forum*.

2.4.6 Supporting equal opportunities and youth employment

In recent years, in order to increase youth employment, Groupe BPCE has emphasized the use of work-study programs in favor of young people. To a lesser extent, it has also supported the retraining of employees from other business sectors than banking.

In four years, Groupe BPCE has gone from **3,200 work-study students welcomed in 2018 to over 4,000 in 2021, representing an increase of 25%**.

APPRENTICESHIP

Work-study programs, and more specifically apprenticeships, are a recruitment tool used to deal with the need for skilled labor or with a shortage of skills in certain occupations. Work-study programs have many advantages for Groupe BPCE:

- they facilitate the integration of young people into the company thanks to the training provided and above all thanks to the "field" experience that enables them to acquire specific know-how in banking;
- they also encourage people to hire with confidence at the end of training and make it possible to cope with a lack of candidates for jobs in short supply.

Helping young people to integrate into professional life is a real challenge today with regard to employment issues. Work-study hiring enables employees to be trained in the company's working methods. It teaches them a trade and integrates them into the life and culture of the company. For young people, work-study contracts are irreplaceable, enriching experiences that add value to their resume. They allow them to build up their first professional experience, which will be highly valued by future employers when they are looking for a job.

THE PROFESSIONALIZATION CONTRACT

Unlike apprenticeships available to candidates up to the age of 30, the professionalization contract is open to jobseekers aged 25 and over (or beneficiaries of minimum social benefits) and thus covers all age brackets.

Based on alternating theoretical training and professional practice in a company, the professionalization contract is intended to lead to qualifications and has many advantages for the company.

The professionalization contract also makes it possible to "reorient" young people who have obtained diplomas that have not enabled them to enter the business world because they are far removed from the diplomas expected by companies or not adapted to the sectors that are recruiting.

At the end of 2021, there were 3,962 work-study students, including 3,519 apprenticeships and 443 professionalization contracts.

PROMOTING EQUAL OPPORTUNITIES

Following on from action taken since 2010 with the *Nos quartiers ont du talent* (Our Neighborhoods Have Talent) association, Groupe BPCE participated in the national plan in support of disadvantaged neighborhoods and the "*PaQte*" agreement between the government and corporations. Several priority actions are therefore deployed in our companies.

http://www.paqte.fr/wp-content/uploads/2020/04/R
I'POQTE-2019-GROUPE-BPCE.pdf

- raising awareness of working life among young people through internships and school presentations by employees;
- facilitating access to apprenticeships to allow young people from disadvantaged neighborhoods to enter employment and to diversify the Group's talent pool. In 2021, we had 5.8% of apprentices from disadvantaged neighborhoods (QPV);
- continuation of our non-discrimination training for recruiters;
- more broadly, raising the awareness of all employees about non-discrimination and the fight against sexism through the provision of self-assessment tools and videos on stereotypes;
- employee involvement:
  - 175 mentors in the "Our Neighborhoods Have Talent", and
  - 190 sponsors of "*Capital filles*".

Complete quantitative human resources indicators for Groupe BPCE are available at https://groupebpce.com/en/csr/employees.

2.5 Respect our business ethics commitments

INTRODUCTION

THE GROUPE BPCE CODE OF CONDUCT AND ETHICS

Groupe BPCE adopted a "Group code of conduct and ethics" in 2018. It was reviewed by the Cooperative and CSR Committee then approved by the Executive Management Committee and the Supervisory Board.

The code is based on international values and standards. It includes a message from Executive Management and sets out the Group's ethical standards in three areas: the interests of customers, employer responsibility and social responsibility, with practical business-oriented examples.

The Code applies to all members of staff in all Groupe BPCE entities. In addition, Natixis also has a code of conduct which was published in early 2018. It defines the main principles on which the company's employees can rely in their relations with Natixis' various stakeholders: clients, teams, shareholders, and society as a whole.

For more detail, here are the links where they can be found:

- Groupe BPCE Code of Ethics: http://guide-ethique.groupebpce.fr/
- Natixis Code of Ethics: https://www.natixis.com/natixis/jcms/rpaz5_65439/fr/code-de-conduite

GUIDING PRINCIPLES

These rules of conduct are illustrated with real-life situations that may be experienced by any employee, manager, director or other stakeholder. The scenarios enacted serve as benchmarks to help them discern the right decision to make in the exercise of their profession.

The code of conduct and internal policies and procedures provide clear instructions on how to behave, but they cannot provide a solution for all situations. Employees must exercise their judgment to make the right decision, drawing on the principles set out in the code of conduct.

If they have any doubts about what they are about to do, employees should ask themselves the following questions:

WHISTLEBLOWING

Groupe BPCE employees can use the internal whistleblowing procedures in place in all Group entities to report breaches of the rules before they become serious risks.

The Group protects whistleblowers. Under no circumstances may they be subject to any disciplinary action or legal proceeding, provided they have acted impartially and in good faith.

MANDATORY KNOWLEDGE OF THE CODE OF CONDUCT BY ALL EMPLOYEES

Regulatory training, in e-learning format, has been developed to ensure that the principles of the code of conduct have been learned. This training is mandatory for all Group employees and for all new hires. As of December 31, 2021, 93.6% of registered employees, including those of Natixis, had completed the training.

Another training course entitled "The Essentials of Ethics" completes the program. It consists of 15 sketches illustrating concrete cases of behavior to be avoided.

Since the end of 2019, a "conduct and ethics" dashboard, covering the Group's scope, monitors 36 indicators collected from all Group entities. It is presented twice a year to the Supervisory Board's Cooperative and CSR Committee (fifth edition, presented in December 2021). It collects data and information on the deployment of the system, incidents, disciplinary sanctions and types of breaches.

ALERT SYSTEM

Groupe BPCE has a whistleblowing system specifying the procedure applicable in all Group entities, as provided for by the law of December 9, 2016 (Sapin 2 law) and the decree of November 3, 2014 on the internal control of banking sector companies. The current whistleblowing procedure applies to all internal employees, as well as to external and occasional staff, who may resort to the procedure if they become aware of a crime, offense, serious violation of the law, serious threat to, or infringement of, the public interest or of any behavior or situation that violates the code of conduct. Groupe BPCE entities protect whistleblowers.

The details of the whistleblowing process and the procedure to follow as a whistleblower are available on the Group's website: Ethics and compliance: Groupe BPCE's actions and commitments. The contact details of a hotline are listed in the procedure. Whistleblowers can make an anonymous report if they prefer. Finally, in order to protect whistleblowers, all reports are treated confidentially.

The majority of Groupe BPCE operates in French, but the procedure is also available in English. As this is an important subject, communication campaigns are carried out to remind people of the existence of this system, notably on the Yammer employee exchange site.

In 2021, the Group updated the systems governing "Whistleblowers", "Conflicts of interest", and "Gifts and benefits":

- a system for collecting and processing professional alerts for serious incidents, including corruption and influence peddling offenses, was updated in 2021 to strengthen the protection for whistleblowers. Alerts relating to corruption are subject to anonymized Group reporting.

In addition, the Group is finalizing a standard summarizing all of the rules relating to ethics. This latter document defines the missions of the players, presents the main elements of the regulatory framework, and identifies the elements of the system relating to ethics, including control.

2.5.1 Supervise the Group's activities in terms of business ethics

PREVENTION OF CORRUPTION

Groupe BPCE condemns corruption in all its forms and under all circumstances, including facilitation payments. It is a signatory of the United Nations Global Compact, whose tenth principle states that "Businesses should work against corruption in all its forms, including extortion and bribery".

ANTI-CORRUPTION MEASURES

The Group's employees are required to comply with the internal rules and procedures that help to prevent and detect behaviors likely to characterize acts of corruption or influence peddling. The following rules and procedures make it possible to comply with the requirements introduced by Article 17 of the Law of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy ("Sapin 2"):

- the mapping of exposure to corruption risks for Group entities: the mapping methodology was reviewed in 2021 to improve its relevance. The discussions with the business lines required for the mapping exercise made it possible to identify and assess the risks of corruption, whether active or passive, direct or indirect (complicity), and to arrive at a shared vision of the challenges of the fight against corruption;
- compliance by employees with the code of conduct and rules of professional conduct and ethics, relating to the prevention of conflicts of interest, the policy on gifts, benefits and invitations, and the principles of confidentiality and professional secrecy;
- disciplinary sanctions have been defined for any failure to respect professional rules governing the activities conducted by Group companies; The Group's "gifts, benefits and invitations" policy, formalized in 2021, provides for a maximum threshold of €150 (at the first euro for public employees) for gifts received or given, a threshold beyond which a prior authorization from the hierarchy, and a Declaration to Compliance are required;
- training in the rules of professional ethics and the fight against corruption in the form of e-learning presents concrete examples of behaviors likely to constitute acts of corruption or breaches of probity. It is mandatory for all new hires and, since 2021, for all employees;
- a system for collecting and processing professional alerts on serious incidents, including corruption and influence peddling offenses. Since 2021, alerts for corruption have been subject to anonymized Group reporting;
- the **BPCE Achats** subsidiary is responsible for evaluating suppliers whose total purchases at Group level total at least €50,000. This assessment, which takes into account a certain number of criteria (purchase category, geographical criterion, negative information about the supplier, etc.) leads, if necessary, to additional procedures aimed at assessing the ultimate risk, particularly with regard to anti-corruption measures implemented by the supplier;

- the management of relations with intermediaries (including business introducers) and customers is now standardized within the Group contract, which includes anti-corruption clauses. Approval committees are planned. Corporate & Investment Banking also assesses its customers with regard to the risk of corruption. The anti-corruption clauses of customer account agreements were expanded in 2021 to enable the collection of additional information from legal entity customers;
- the internal control and accounting control system: Groupe BPCE has an extensive body of standards and procedures governing the strict separation of operational and control functions, including in particular:
  - a system of delegations for the granting of loans and relations with politically exposed persons,
  - a customer knowledge framework;
- as part of the organization of internal control, permanent control plans contribute to the security of the system. In 2021, the elements of this system were explicitly directed towards the risks of corruption identified by the business lines in the new risk mapping.

Groupe BPCE also has accounting standards and procedures that comply with professional standards. The Group's internal control system for accounting information is based on a structured audit process to check the conditions in which such information is assessed, recorded, stored and made available, in particular by verifying the existence of the audit trail. A Group framework of controls involved in the prevention and detection of fraud and acts of corruption or influence peddling was formalized in 2020. In this context, donations, sponsorships and patronage are handled with due care.

Generally speaking, these systems are formalized and detailed in the charter governing the organization of Group internal control and the Risk, Compliance and Permanent Control Charter.

Natixis' corruption prevention policy is available on its website https://www.natixis.com/natixis/jcms/ala_5383/en/compliance

FIGHT AGAINST LAUNDERING AND PREVENTING INTERNAL FRAUD

Financial security covers anti-money laundering and terrorist financing (AML-CFT) measures as well as adherence to international sanctions aimed at individual persons, entities or countries.

Groupe BPCE works to prevent money laundering and terrorist financing through:

- a corporate culture spread across all hierarchical levels, based on:
  - customer relations principles aimed at preventing risks, which are formalized and regularly communicated to the employees,
  - a harmonized training program for Group employees, conducted at least once every two years, and specialized training for the Financial Security function;
- a team dedicated to financial security in all establishments in accordance with Groupe BPCE charters. Within the General Secretariat, a department is responsible for the prevention of money laundering and the financing of terrorism. It determines the financial security policy for the entire Group, establishes and obtains approval for standards and procedures, and ensures that money laundering and terrorism financing risks are taken into account in the Group's procedures for approving new products and services;
- internal reporting for executives and decision-making bodies, as well as for the central institution; and
- due diligence in accordance with regulations. Indeed, institutions have largely automated means for detecting atypical transactions, adapted to their risk classification. Alerts are mainly handled by the networks, as close as possible to KYC. Those that are identified as giving rise to a doubt that could not be resolved are usually referred automatically to financial security, enabling it to carry out, if necessary, the in-depth examinations and the necessary declarations to Tracfin (processing and action against illegal financial circuits) as soon as possible.

The declarations are made in respect of money laundering or terrorist financing and/or tax fraud. The Group risk classification incorporates the issue of "at-risk" countries, whether in terms of money laundering, terrorism, tax fraud, or corruption, as well as the politically exposed status of the client or its beneficial owners, for legal entities. The transactions of high-risk customers are subject to particular vigilance. The Group's system was strengthened in 2018 with the introduction of a framework and automated scenarios (generating alerts), regularly adapted to changes in risks related to the financing of terrorism.

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).

STRENGTHENING OF THE SYSTEM IN 2021

Over the past fiscal year, Groupe BPCE has stepped up its oversight system to ensure compliance with international financial sanctions and embargoes in order to become more effective. After the creation of a central alert processing team in 2020, the management system was enriched with face-to-face training on how to handle sanctions alerts and improved tools for filtering customers and operations.

The tool for detecting politically exposed persons has been optimized to improve efficiency and reliability.

As part of the program initiated by the Group in 2020 to update customer knowledge based on the risks of money laundering and terrorist financing, a remediation action on the incomplete files of high-risk customers was carried out in 2021.

Intra-group information exchanges were extended to the various categories of customers with a high AML/CFT risk.

A certification module dedicated to the professional expertise of financial security employees has been rolled out.

The exceptional context of the health crisis linked to the Covid-19 pandemic made it possible to test business continuity and remote work arrangements, and did not lead to a reduction in AML/CFT vigilance on customers or on operations.

EMPLOYEES TRAINED IN ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

	2021	2020	Change in 2020/2021
Percentage of employees trained in their entity's anti-money laundering policies and procedures (based on reports from the entities)[1]	93%	82%	13.4%

(1) Number of employees (on permanent, fixed-term or work-study contracts) who received anti-money laundering training within the last two years, as of December 31.

FIGHTING AGAINST INTERNAL FRAUD

Groupe BPCE has set up a common system to combat internal fraud, non-compliance with internal rules and breaches of ethics, in line with the Group's code of conduct and ethics. This system makes it possible to meet the requirements of the supervisory authorities and to pool the resources and work carried out by the establishments. It is formalized in a framework procedure and consists of the following elements:

- internal fraud risk mapping;
- requests for detection, in particular of potentially fraudulent transactions of which vulnerable customers could be victims, supplemented by additional sources for reporting alerts;
- a fraud management tool;
- awareness-raising and information tools (depending on their specific nature, the banks may implement their own awareness-raising actions);
- a training program;
- a psychological support system;
- a declaration and reporting system;
- anti-corruption measures.

POLICY ON COMBATING TAX EVASION AND GROUP TAX POLICY

Although it mainly operates in France through its retail banking networks, Groupe BPCE also operates abroad through its subsidiary Natixis.

In this respect, the Group's establishment abroad is justified by the need for commercial support for its clients, which excludes any consideration of offshore operations due to the existence of preferential tax regimes in certain jurisdictions. Groupe BPCE's tax policy is determined by BPCE SA. However, Group companies are responsible for its implementation in their respective activities.

Groupe BPCE ensures its full compliance with all tax regulations applicable to its activities. As such, Groupe BPCE ensures that it pays its fair share to public finances. In France, for fiscal year 2021, the amount of income tax amounted to €1,946 million, plus bank taxes and contributions amounting to €535 million.

In 2021, a Eurotax Observatory study published on September 21 examined the operations in low-taxed states of 36 European banking groups over the period 2014-2020. It noted that only 2.2% of Groupe BPCE's profits are made in countries or territories with low taxation rates, compared to an average of 20% for the other European banks in the study.

The same study noted that Groupe BPCE's effective tax rate is 30%, placing it among the highest among European banks. Indeed, the average effective tax rate of the European banking groups was 20% and the lowest observed was 10%.

In 2021, Groupe BPCE continued to solicit the tax authorities to secure the tax treatment of corporate tax and VAT transactions as part of the fiscal partnership with the French Ministry of Public Action and Accounts active since 2019. This regular and transparent dialogue with the administration covered various areas of tax law and included large-scale financial transactions. Groupe BPCE was the first bank to be admitted to this new system.

TAX CODE OF CONDUCT

Groupe BPCE has adopted a tax code of conduct describing the principles and general framework that guide all Group entities with regard to their own taxation and that applicable to their customers, and within the framework of their relationship with the tax authorities. The code will be distributed in 2022 and will apply to all Group employees.

EU DIRECTIVE "DAC 6": NEW TAX TRANSPARENCY OBLIGATIONS

Groupe BPCE is committed to implementing international and European regulations aimed at reducing the impact on government budgets of organizations taking advantage of more favorable regulations.

Thus, in the course of 2021, Group entities established in a European Union country completed the deployment of procedures that will enable them to comply with the obligation imposed by European regulations to detect and, if necessary, report cross-border arrangements that are somewhat aggressive from a tax point of view.

The deployment concerns both operations carried out by customers and those implemented by the Group's entities themselves.

LIST OF NON-COOPERATIVE STATES AND TERRITORIES (ETNC)

France has, by an order of February 26, 2021 published in the Official Journal on March 4, 2021, updated its list of non-cooperative states and territories (hereafter "ETNC").

The new list includes the following 13 jurisdictions:

Anguilla, British Virgin Islands, Panama, Seychelles, Vanuatu, Fiji, Guam, American Virgin Islands, American Samoa, Samoa, Trinidad and Tobago, Palau, and Dominica.

The new decree excludes the Bahamas and Oman from the list. However, Dominica and Palau are included in the ETNC list.

It should be noted that the French list of ETNCs is now identical to the EU list with the sole exception of the British Virgin Islands, which remain on the French list but not on the EU list.

The Group is not present in the list of ETNCs, with the very marginal exception of the territories of Fiji and Vanuatu. These locations meet the needs of customers for commercial support.

FINANCING OF PUBLIC LIFE AND REPRESENTATION OF INTEREST

Groupe BPCE does not directly support any specific political party, whether in the form of donations, sponsorship or any other means. The Group is strictly neutral in political matters. On the other hand, as a leading banking player in France, Groupe BPCE establishments contribute to the financing of public life, in accordance with the strict legislative and regulatory framework existing in France in this area, and in compliance with the rules on KYC, Anti-Money Laundering (AML), and Politically Exposed Persons (PEP). Its involvement is therefore at two levels:

- as account keeper: the Group's establishments comply with the obligations of Articles L. 52-6 and L.52-6-1 of the French Electoral Code, which stipulate in particular that any fiscal agent appointed by their candidate during an election campaign is entitled to open a campaign account, and to the necessary means of payment as supplied by the bank keeping the account. This principle is applied directly by the banking institution when it has accepted the opening of an account, or as part of a forced Banque de France procedure. As a reminder, the control of this right to hold an account is ensured in France by the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector. Finally, it should be noted that, at the end of the election, the accounts of the agent are appended to the candidate's campaign account, which will ultimately be submitted to the control of the National Commission for Political Campaigns and Financing (CNCCFP);
- as a provider of financing: *via* loans granted to candidates who are natural persons who have applied to the institution. These loans are granted in accordance with the rules in force in banks, in accordance with national and European legislation and regulations. In this respect, as with all loans, our institutions apply a risk and responsible lending policy, combined with an analysis of the borrower's creditworthiness, its personal ability to repay and a guarantee (personal or third-party, real property, pledging of securities, borrower insurance, etc.). In addition, due to the specific nature of the financing, the institutions also take into account the expenditure ceiling, as well as the uncontrollable risk of invalidation of campaign accounts and non-reimbursement to the candidates concerned of a portion of the costs by the French government. Lastly, as with account management, institutions ensure compliance with anti-money laundering and Politically Exposed Persons (PEP) rules.

Lastly, Groupe BPCE is in constant contact with the mediation of loans to candidates and political parties set up by Article 28 of act No. 2017-1339 of September 15, 2017, for Trust in Political Life.

REPRESENTATION OF INTERESTS

As a cooperative bank committed to serving its cooperative shareholder customers, in the very heart of the regions, Groupe BPCE's establishments intend to make a constructive contribution to the public debate by providing decision-makers and civil society with information on socio-economic changes at the regional, national or international level, as well as in the banking sector and its developments. Groupe BPCE's objective is to actively contribute to the reflection and to participate as a stakeholder in collective, fair and informed decision-making. Groupe BPCE's lobbying initiatives are therefore strictly within this framework. In terms of lobbying, in addition to respecting its ethical rules and its cooperative values, BPCE applies all the regulations in force, as well as all the codes of ethics with which its public contacts, and the various financial market associations of which it is a member, are required to comply.

In addition, in France, BPCE is registered in the "AGORA" Lobbyist Register, in accordance with the legal obligations arising from Law No. 2016-1691 of December 9, 2016, Regarding Transparency, the Fight against Corruption, and Modernization of Economic Life, as well as the directives of the High Authority for Transparency in Public Life (HATVP). In this context, Groupe BPCE reports on its actions, commitments and expenses to the HATVP with the information required by law (https://www.hatvp.fr/fiche-organisation/?organisation=493455042).

Lastly, at the European level, Groupe BPCE is also listed in the European Commission transparency register. As a reminder, this register is a database that lists organizations that attempt to influence the law-making and policy implementation process of the EU institutions.
https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do? id = 179370613236-62

2.5.2 Protect customer data and develop a cybersecurity culture

PROTECT CUSTOMER DATA

DATA SECURITY

A Group data protection policy has been in place since 2021, setting out the standard organization, the roles of the various stakeholders, and the application of the general guidelines of the GDPR (General Data Protection Regulation) within the Group. Adoption of the Drive/Archer tool, also common to information systems security, the fight against cybercrime and business continuity, will make it possible to optimize the synergies between these different activities. In 2021, the tool hosted the registers of each of the Group's entities and enabled the formalization of GDPR level 2 permanent controls and the monitoring of the associated action plans. In 2022, the processing of incidents affecting personal data will be centralized on the Drive tool for the entire Group.

THE RESPECTFUL USE OF DATA

The third pillar of the "Useful Data" 3D relational model of the BPCE 2024 strategic plan (see section 2.2.4) proposes customization of the solutions provided according to customer needs and management of consents so that the customer always remains in control of their data. In this context, the GDPR project continued to spread the culture of personal data protection within Groupe BPCE, the networks and the subsidiaries.

The monitoring of compliance with the GDPR continues to benefit from a high level of sponsorship, with the presence of three members of the BPCE CDG in the quarterly Executive Steering Committee meeting.

Consent collection has grown:

- with, in April 2021, the compliance of cookies following the new CNIL guidelines, which now provide for the collection of Internet users' consent on all the websites of Groupe BPCE's establishments;
- with the implementation of a project on the collection of consent, particularly for uses including the use of payment data that could not be covered by legitimate interest[1]. This consent collection should include a Privacy Center whose purpose would be to manage the customer's consents and manage the provision of a certain amount of information.

The use of data is primarily carried out through a datalake with optimal security conditions and each new use case is validated by a uses committee (which meets every two months) in order to guarantee compliance with the GDPR and the ethical use of data.

During the second half of 2021, a GDPR awareness-raising cycle for all Group employees was launched, so that each Group employee will have received training at least every three years. The training offer for project managers will be expanded.

INDICATORS IN LINE WITH OUR GUIDELINES

The exercise of rights by Groupe BPCE customers remains at a reasonable level with 625 requests across the entire scope excluding Natixis and its subsidiaries, including 200 requests for access rights and 227 rights of opposition in 2020. Portability rights are virtually non-existent. At the same time, 24 incidents requiring a personal data breach notification to the CNIL were identified. Only one case was the subject of a CNIL response.

CYBERSECURITY CULTURE

Preventing risks relating to cyber threats, safeguarding the information systems and protecting data – in particular the personal data of our customers, employees and all our stakeholders – are key priorities and the focus of Groupe BPCE's concerns.

Trust lies at the heart of the Group's digital transformation, and it firmly believes that cybersecurity is essential for its businesses.

A CYBERSECURITY STRATEGY THAT SUPPORTS NEW CHALLENGES

In response to the new challenges of IT transformation and to achieve the goals it has set, Groupe BPCE has implemented a cybersecurity strategy with five priorities:

1) protect assets and strengthen the security of the information system, people and property:
   - by raising awareness and supporting our customers on cyber risk management,
   - by accelerating and standardizing security, personal data protection and fraud support in business projects with an appropriate level of security as part of a security and data protection approach starting with the design of new offers and new products,
   - by improving the user experience in terms of digital security for both customers and employees,
   - thanks to an Information Systems Security policy defined at Group level under the responsibility and management of the Group RSSI. The main objective of the ISSP-G is to control and manage the risks associated with Information Systems, to preserve and increase the Group's performance, to strengthen the trust of its customers and partners and to ensure the compliance of its actions in accordance with national and international laws and regulations,
   - thanks to a permanent control system defined by a permanent control framework intended to measure the level of control of ISS risks, deployed in all Group establishments. This framework constitutes the basis of the Group's level 2 ISS permanent controls, on the basis of which each institution must ultimately perform the controls applicable to its information system,
   - *via* risk management and an inventory of the results of permanent controls on SPB topics,
   - through implementation and the Group's awareness-raising plan, which is reviewed annually for all IT operators in Retail, BPCE SA and all credit institutions that apply the awareness-raising measures requested by Groupe BPCE;
2) governing and complying with regulations by:
   - deploying governance and a common security reference framework,
   - strengthening and automating permanent controls,
   - defining a risk appetite model for cyber risk management,
   - managing the risks brought by third parties (partners, service providers, etc.), including in terms of personal data protection;

(1) Legitimate interest is one of the six legal bases provided for by the GDPR authorizing the processing of personal data. It may be the basis for processing necessary to meet the interests of the controller or a third party, subject to compliance with certain conditions.

3) continually improving understanding of the information systems' assets and improving their protection by:
   - applying and reinforcing security basics,
   - strengthening the protection of the most sensitive assets in line with the risk appetite model, and in particular data protection,
   - establishing enhanced governance of identities, *i.e.* people (employees, service providers, partners, etc.) accessing the information systems and the authorizations assigned to them,
   - developing a cyber culture within the Group, and the associated tools and methods for different target populations;
4) continuously stepping up the detection and reaction capabilities against cyberattackers:
   - in order to respond to the evolution of the cybersecurity threat, Groupe BPCE CERT has launched a project to renew the cybersecurity services for the Group's establishments. In addition to the renewal of services in 2021 (Anti-Phishing Service, Domain Name Monitoring, Fraudulent Mobile Application Monitoring, Vulnerability Monitoring, Malware Monitoring, Incident Support and Darkweb Monitoring), the Group has also subscribed to a security service to monitor social networks, as well as a Cyber Rating service and a service enabling establishments to have a Bugbounty program. The purpose of this program is to submit one or more applications to a community of researchers so that they can report bugs,
   - a repository based on proxy logs was built by Groupe BPCE CERT in order to inform the RSSIs about shadow sites. The repository will be sent periodically in order to provide the RSSIs with up-to-date information,
   - strengthening of the system for combating external fraud with the aim of protecting bank users.

     Actions carried out:
     - commissioning of community rules based on artificial intelligence models concerning check cashing reserves, for both CE and BP networks. Work during the second half of the year on improving the variables to limit customer discomfort while maintaining a good level of fraud detection,
     - work in progress for the implementation of a fraud score in addition to the Community rules on collection reserves,
     - following the launch of FREGAT, a tool for managing external fraud, implementation of the first half-yearly report from the Banque de France on fraud involving non-cash means of payment and the first external fraud reporting on consolidated data from institutions in H1 2021, on all types of fraud,
     - conducting of several expert training sessions for external fraud advisors,

     Actions to be continued:
     - reinforcement of detection in collaboration with the Group's internal players in the fight against fraud,
     - reliability of FREGAT data and completeness of external fraud scenarios,
     - development of interoperability between the various anti-fraud tools,
     - targeting of awareness-raising actions for customers and employees at both the Groupe BPCE and national levels (FBF);
5) Guarantee Group Business Continuity (CAG):
   - Groupe BPCE's business continuity is organized as a business line and managed by the Group Business Continuity Group (CAG). The Group Business Continuity Manager (RCA-G) oversees the Business Continuity function, which brings together the PCA/PUPA (RPCA/RPUPA) managers of the Banque Populaire banks, Caisses d'Epargne, IT structures, Natixis, BPCE SA and other subsidiaries.

ADEQUACY OF THE FRAMEWORK DESCRIBING THE EVOLUTIONS OF THE IS AND RESOURCES FOR THE CYBER-SECURITY STRATEGY

The implementation of the cybersecurity strategy is part of a master plan (a framework that describes all changes in information systems and resources - human, hardware, and software) covering the period from 2021 to 2024 with 129 projects identified over the period for an overall budget of €74 million over four years.

In 2021, despite the health situation, the deployment of this cybersecurity strategy continued at a steady pace through the following major projects:

- ongoing implementation of the Identity and Rights Management (IAM) roadmap through a dedicated Group program whose objectives are to:
  - establish a Group database of individuals, applications and organizations,
  - implement Group IAM governance,
  - integrate, if possible, all of the Group's applications in the IAM with automated allocation of access rights and a consolidated view of rights;
- increased security of access to the Group's IS:
  - implementation and deployment of a single authentication portal for Group employees, with a high level of security, while allowing a significant reduction in costs. Since January 2021, more than 50,000 of the 105,000 employees use the access portal exclusively,
  - widespread use of strong authentication since January 2021, with more than 40,000 employees using a reinforced means of authentication (smartphone, biometrics, etc.);
- continued implementation of the Group Awareness Plan:
  - delivery of a new awareness kit to all Group establishments to facilitate Cyber Security Month, including:
    - 4 videos on social networks,
    - motion on Phishing,
    - golden rule on cybersecurity,
    - 3 articles to be published on the intranets about the cyber month and the topics covered,
  - a first experiment with a virtual escape game on cybersecurity has been completed,
  - regular phishing awareness campaigns with Group employees. Nine campaigns were conducted in 2021, each targeting between 25,000 and 40,000 employees,
  - publications of new e-learning programs on phishing and security fundamentals;
- review of the Group's IT network security model:
  - implementation of a new "airport"-type network security model to, among other things, control the compliance with the security requirements of equipment and users accessing the IS, as well as finer, more precise and more agile protection of information system resources,

- overall strengthening of the surveillance system using intrusion detection sensors,
- improved detection by deploying sensors on the network (NDR, IPS, CASB) and workstations (EDR),
- more efficient processing of alerts thanks to a Security Information and Event Management system (SIEM) at Groupe BPCE level,
- improvement of the management of identities, of access and authorizations for users and of privileged accounts with the introduction of new tools being rolled out,
- globally, ongoing standardization of security policies, tools and settings, paving the way for automation and the "by-design" integration of security in applications;
- continuation of the mapping of the exhaustiveness of the Group's IS:
  - this mapping includes the private information systems of the institutions. At end-2021, the ISS mapping was 84% complete for the 28 most critical business processes across a scope of 36 institutions.

2.5.3 Duty of Vigilance

REGULATORY FRAMEWORK

The Group sees in Law no. 2017-399 of March 27, 2017 on the duty of vigilance, an opportunity to review its existing framework of vigilance and to be part of a continuous improvement approach.

GOVERNANCE, METHODOLOGY AND SCOPE OF THE DUE DILIGENCE PLAN

Given the issues covered by the vigilance system and its risk management scope, many business lines were involved in the development of this plan.

The study of the main risks that may result from the activities enabled the selection of two mapping universes:

- one related to the operation and activities of Groupe BPCE and its subsidiaries, addressed in the "Activities" pillar (namely, its employees and its main activities as a banker);
- the other specific to the Procurement function, addressed in the "Procurement" pillar (*i.e.* its suppliers and subcontractors).

In light of these identified risks, and given the obligation to provide results, reasonable due diligence measures intended to prevent the risks were identified and/or enhanced.

The overall roll-out of the due diligence plan is coordinated by the divisions in question and implemented under their responsibility. The plan is designed to adapt over time as new issues and risks are identified.

As part of the development of its due diligence action plan, the following issues were identified:

Human rights and fundamental freedoms	Discrimination, infringement of equality, respect for private and family life, the right to strike, freedom of assembly and association as well as infringement of freedom of opinion.
Health and safety of people	Health-related risk, failure to observe legal working conditions, forced labor, child labor, violation of worker safety, and unequal access to healthcare.
Environment	Risk of pollution (water, sea, soil), undermining the fight against global warming, damage to biodiversity, waste management.

The Group is committed to promoting compliance with a number of principles and standards that form the foundation of its activities, such as the United Nations sustainable development Goals (SDGs), the ten principles of the United Nations Global Compact, and the standards defined by the International Labor Organization (ILO).

With regard to the monitoring system, existing risk assessment and management tools, the deployment and effectiveness of the actions carried out by group are monitored *via* monitoring indicators used as part of its strategy or as part of its non-financial communication. They are summarized in tables (summary of the identified risk universe in the context of the DPEF/most relevant focus areas for Groupe BPCE/mitigation measures/monitoring indicators).

EMPLOYEES

With respect to the management of its employees, Groupe BPCE is aware that its primary area of responsibility is internal and therefore pursues a responsible policy with its employees, most of whom are located in France. These topics are already strictly governed by numerous regulations, mainly by Labor Law. Groupe BPCE's human resources management policies provide a response to the challenges of achieving a fairer society, and address the transformation of its business activities over time. A series of voluntary charters, agreements and operational systems ensure the protection and safety of employees in performing their duties.

TOPICS COVERED BY THE ESG RISK ANALYSIS IN THE NON-FINANCIAL PERFORMANCE REPORT UNDER THE TITLE "DIVERSITY AMONG EMPLOYEES," "EMPLOYABILITY AND TRANSFORMATION OF JOBS," AND "WORKING CONDITIONS."

Subject	Mitigating measures	Monitoring indicators
Preventing discrimination and promoting equal opportunities for men and women	See Chapter 2.4.5, section "Promoting gender equality and diversity".	Percentage of women among executives: 42.9% (in 2018), 43.7% (in 2019), and 44.5% in 2020, 45% in 2021 < Target: 45% Percentage of women among company directors: 26.1% (in 2018), 26.4% (in 2019), and 27.9% in 2020, 29.1% in 2021 < Target: 30%
Promoting equal opportunities	See Chapter 2.4.6, section "Supporting equal opportunities and employment for young people".	No specific indicators at present
Preventing discrimination against persons with disabilities	See Chapter 2.4.5, section "Taking action in favor of employees with disabilities".	Employment rate of people with disabilities of 6% for 2020. The rate for 2021 will be known in June 2022 at the time of the declaration *via* the Nominative Social Declaration (DSN).
Facilitating social dialog and the freedom of association	See Chapter 2.4.3, "Managing a socially responsible company" section.	Number of Group committees in 2021: 4 Number of Strategy Committee meetings in 2021: 3
Non-compliance with legal working conditions	See Chapter 2.4.4, "Committing to quality of life at work"	No specific indicators at present
Health and safety in the workplace	See Chapter 2.4.4, "Committing to quality of life at work"	Number of workplace/commuting accidents with lost time: 1,144 in 2019, 710 in 2020 and 781 in 2021

As a responsible company, Groupe BPCE ensures it applies ethical business practices by fostering a compliance culture among all members of staff through the Groupe BPCE code of conduct and ethics. This is rounded out by a responsible compliance approach implemented by Financial Security and Compliance, covering anti-money laundering, anti-fraud and anti-corruption systems.

TOPICS COVERED BY THE ESG RISK ANALYSIS IN THE NON-FINANCIAL PERFORMANCE REPORT UNDER THE TITLE "BUSINESS ETHICS."

Subject	Mitigating measures	Monitoring indicators
Business ethics	See Chapter 2.4.5, section "Prevention of money laundering and fraud"	93.6% of employees trained in the code of conduct and ethics in 2021 (92.7% in 2020)

FINANCIAL PRODUCTS AND SERVICES

Regarding the risks relating to discrimination against customers arising with the distribution of financial products and services, the topics identified are presented in the table below along with the mitigating measures applied by Groupe BPCE.

TOPICS COVERED BY THE ESG RISK ANALYSIS IN THE NON-FINANCIAL PERFORMANCE REPORT UNDER THE TITLE "FINANCIAL INCLUSION," "FINANCING THE REGIONS" AND MORE GENERALLY, VIA THE RISK RELATING TO THE "SUSTAINABLE CUSTOMER RELATIONSHIP" AND "CUSTOMER PROTECTION"

Risks regarding customers' right to privacy, data protection and cybersecurity were also identified. These risks are covered in the non-financial performance report under "Data security".

Subject	Mitigating measures	Monitoring indicators
Promoting equal opportunities for visible minorities	See Chapter 2.4.6, section "Supporting equal opportunities and employment for young people" and section 2.1 "Our commitments".	It is not possible to report on visible minorities because this would involve the application of criteria requiring the production of sensitive data under the terms of the GDPR
Data security and confidentiality	See Chapter 2.4.5, section "Protecting customer data and developing a cybersecurity culture".	Percentage of new community projects with ISS and Privacy support: 87% in 2021 (85% in 2020)

More generally, as part of its business as a banker, Groupe BPCE is subject to a series of regulations (anti-money laundering, anti-corruption, embargoes, etc.) which form an integral part of its activity.

Over and above these requirements, ESG criteria are gradually being incorporated into the Group's risk policies to take into account the impact of the activities it finances. A section on climate risk and strengthening CSR principles was added to the Group's credit risk policy in 2018. A section on Environmental, Social and Governance (ESG) and Biodiversity risk assessments has also been added with a rating (high, moderate, or low risk). It completes the sector policies (agri-foods, automotive, construction and public works, communications and media, transport, etc.). The non-financial performance statement addresses the risk under the term "ESG criteria" (see Chapter 2.3.1 "Integration of ESG criteria in financing activities: Retail and Corporate & Investment Banking").

For several years now, as part of its financing activities, Natixis has already managed the risks to human rights and the environment borne by some of its financing activities (see Chapters 2.1.1 "Our strategy" and 2.3.1. "Implementation of sectoral exclusion policies in sensitive sectors within the Group's business lines"), particularly in the context of:

- the application of the Equator Principles for project financing, where Natixis has set up a system for assessing and managing risks related to human rights and the environment for project financing;
- CSR policies introduced and integrated into the risk policies of the business lines working in sensitive sectors. These policies at Natixis cover the following sectors: coal, defense, tobacco, and oil and gas industries. The nuclear, mining & metals, and palm oil sectors are covered by policies for internal use.

In addition to these procedures, Natixis has developed an internal screening tool called the ESR Screening Tool, to assess ESG risks. This mandatory system systematizes the analysis of ESG risks for new customers and the granting of credit for corporate clients of Corporate & Investment Banking, where a level of due diligence is assigned according to four criteria (ESG controversies of which the client is a subject/geographies and activities in which the client operates/maturity of its ESG risk management system/business relationship with Natixis). It aims in particular to comply with the new obligations introduced by the law on the duty of vigilance (Chapter 2.3.1 "Implementation of sectoral exclusion policies in sensitive sectors within the Group's business lines").

SUPPLIERS AND PARTNERS

2

In a concerted sectoral approach, BPCE Achats, acting on behalf of Groupe BPCE, and three other banking groups decided to map out CSR risks by procurement category using shared classifications covering around a hundred sourcing categories. The CSR risk map and the corresponding due diligence plan were presented to the Procurement and CSR functions in 2018. The map identifies risks of serious violations and prioritizes the necessary actions in each category. It also incorporates the risk associated with the country in which the majority of the added value on each product and service is generated.

Mapping identifying 13 categories of purchases with high or very high risks regardless of country risk, which can minimize or maximize intrinsic risk		**Indicators are used to monitor the roll-out of the due diligence process for high and very high risk procurement categories**
Framework of the consultations managed by BPCE Achats on behalf of the Groupe BPCE companies	For these categories, a specific system has been put in place. Under this procedure, suppliers must complete a questionnaire specific to each category and provide details of the action taken to mitigate the risks and prevent major violations. BPCE Achats assesses these actions and assigns a CSR rating, which is included in the supplier's overall rating. Depending on the results, an improvement plan is established with the chosen suppliers, subject to review at the six-month point.	At the end of 2021, 69% of relevant procurement categories had been assessed. These are the following categories of purchases: • servers; • ATMs; • bank cards; • relationship marketing; • furniture; • long-term vehicle leasing; • acquisition vehicles; • vehicle taxes; • building services and equipment.
System outside the framework of the consultations managed by BPCE Achats on behalf of the Groupe BPCE companies	This system can be implemented for suppliers already listed or generating significant revenue with Groupe BPCE	100% of BPCE Achats buyers responsible for these procurement categories have received training

2.6 CSR reporting methodologies

This section explains the methodology applied by Groupe BPCE in its CSR reporting.

2.6.1 CSR reporting structure

Sustainable development indicators based on the Global Reporting Initiative (GRI) guidelines are used to complete the non-financial performance statement, in line with the ESG risk analysis performed by the Group in 2021 (see Chapter 2.1.4). The indicator guidelines were also updated to incorporate regulatory changes, the expectations of our stakeholders (rating agencies, investors, NGOs, etc.), feedback from CSR officers in charge of reporting, and the recommendations of the independent third party for fiscal year 2021.

ENVIRONMENTAL INDICATORS

Environmental transition indicators are business line indicators collected from centralized databases by network. Indicators on outstanding renewable energy loans are collected from the Group Risk division.

The environmental indicators linked to the carbon footprint are collected from the CSR correspondents of the entities, in collaboration with their general resources correspondents *via* the SPIDER data entry tool.

The methodological approach adopted for the construction of the carbon footprint is that of the ISO 14064 standard. Data are collected annually by each entity's CSR officers, and are reported in the COGNOS tool, rolled out in 2015.

Most of the emissions factors are based on those set by the French Environment and Energy Management Agency (ADEME) and are updated annually. In accordance with the general principles of carbon accounting, the integration of emission factors specific to Groupe BPCE is encouraged in the following cases:

- to compensate for a lack of appropriate factors;
- to replace ADEME's emissions factors (or factors from any other public or semi-public source) when they are not relevant or sufficiently detailed.

Work to refine the carbon footprint data was carried out in 2021, mainly on the inclusion of teleworking. Other adjustments to the data of the entities were made mainly to the purchasing and energy items (emission factor of the overseas agencies). The data for 2019 and 2020 were aligned accordingly.

2019 and 2020 data from the Banque de Savoie (a subsidiary of BPAURA) and the data from Oney France were also included in the Group's carbon footprint.

HUMAN RESOURCES INDICATORS

No major changes were made to the human resources indicators so as to ensure stability and to allow for comparison.

Human resources data (excluding training) are extracted from two centralized information systems managed by the Group HR Data Management and Information Systems division (HRIS). They are "My Link RH" for companies in the Caisse d'Epargne network, and the "Perse" data center for all other entities.

The data extracted from the two information systems is verified following a regular control process at Group level, according to the human resources indicators published in the registration document.

Not all of the Group's workforce is included in the HRIS. In order to obtain the total workforce for the Group, the Group social management system collects workforce data from the companies concerned and a manual consolidation is done. The workforce excluding Group HRIS represents 7% of the Group's total workforce.

Permanent contracts include work-study contracts with an indefinite term. Fixed-term contracts include fixed-term work-study contracts (professionalization contracts and apprenticeships). Employees included in the headcount at December 31 of each year include those departing on that date and those whose contracts have been suspended.

New hires data refer to new hires on permanent and fixed-term contracts signed between January 1, and December 31, including work-study contracts (professionalization and apprenticeships).

Departures data include staff on permanent contracts leaving between December 31 of the previous year and December 30 of the current year broken down by reason: dismissal, resignation, departure during a trial period, mutually-agreed termination, transfer within the Group and retirement. The departure rate corresponds to the number of departures among permanent staff in year N divided by the total number of permanent staff at December 31 in year N-1.

Since the migration of the Caisses d'Epargne to the My Link HR information system, the Group HRIS is unable to count the movements of employees on fixed-term contracts who have had several successive contracts. In 2021, around ten Caisses d'Epargne were affected by this anomaly.

In view of this difficulty, indicators relating to hiring and departures are only published for permanent contracts (work-study students included).

Entries and exits in the context of transfers between different Group companies are taken into account in the new hires and departures totals for the year.

Absenteeism figures are calculated at December 31 of year N, based on absences recorded at that date and recorded in the HR information system at the time of data extraction for the scope under review.

Absenteeism is calculated as per the Group human resources data. It corresponds to the ratio between the number of days of absence in year N and the number of days due to be worked in the same year.

The "pandemic" absenteeism rate takes into account all absences linked to the Covid epidemic (illness-pandemic, medical emergency absences, partial activity, childcare, etc.).

Since 2020, the indicators relating to training have been extracted from the "Click and Learn" training information system and concern all attributable training sessions allocated to the plan for year N and validated by the training departments of the companies in the scope in question on the date of data extraction.

SOCIETAL INDICATORS

Societal indicators are mainly indicators related to the funding granted to local authorities, social housing players and the social and solidarity economy. Data are extracted from centralized databases. Their accuracy is regularly verified at Group level. Indicators related to patronage, microloans and cooperative identity are provided by the two networks' federations and by the Group's outside partners (Adie, France Active, Initiative France). Procurement indicators are provided by BPCE Achats.

FINANCING THE ENERGY TRANSITION

The scope adopted is that of the BPCE 2024 strategic plan to integrate the new offers already launched in 2021.

The indicator "Amount of financing of the energy transition (annual production)" for 2021 includes PTZ loans, ECOPTZ loans, co-ownership ECOPTZ loans, consumer loans (SD works loans, energy renovation loans, SD car loans) and PROVAIR for companies.

The changes concern:

- inclusion in this indicator of amounts financed with a PTZ. PTZs are regulated loans that allow households to finance part of their new home (efficient by definition since they meet RT2012 standards) or old eco-conditioned home (*i.e.* a PTZ combined with an energy renovation loan) to bring older housing up to good energy standards);
- the integration of a new consumer loan: the renovation loan.

Consumer loan financing can be used to finance the installation of photovoltaic panels on the customer's home.

This indicator does not include the financing of renewable energy projects such as wind farms or photovoltaic fields.

BUSINESS MODEL

The Group's business model is presented in the Chapter 1. It presents our main activities, our business model, what sets us apart and our ambitions in line with the BPCE 2024 strategic plan. The business model is updated each year as necessary.

REPORTING STRUCTURE

CSR reporting is organized by the Group CSR division, which coordinates the required tasks each year (updating the guidelines, indicators and user guides; advising the banks on the drafting of their own annual CSR report; etc.).

Like every year, it worked with the Group's operational divisions (IT, human resources, Real Estate & Logistics, Procurement, etc.) and federations (FNBP, FNCE) in order to make better use of centralized databases.

More specifically, to prepare the 2021 non-financial performance statement, the Group CSR division worked with the Group Risk division and its regional functions.

Various initiatives were taken in this respect in 2021, in collaboration with all of the contributors to the non-financial performance statement, to facilitate the appropriation of this new process by all Group entities:

- groupwide distribution of a memorandum going over regulations and detailing the reporting process for the business lines;
- organization of two days of seminars for the CSR function:
  - a day to present the updates to the new CSR reporting campaign to the establishments in the presence of the OTI,
  - a meeting to present the results of the previous reporting campaign and the areas for improvement;
- three conference calls attended by nearly all of the sustainable development officers to provide advice and answer questions about the non-financial performance statement and the collection of CSR data.

REPORTING TOPICS

The following topics are considered relevant in terms of the bank's indirect impacts: circular economy, reducing food waste, combating food poverty, improving animal welfare and ensuring responsible, fair, sustainable food supplies.

These topics are not addressed in specific paragraphs in this report but are covered by the bank's ESG risk analysis procedures. For its lending business, these topics are covered in sector policies. For investment and asset management activities, they are covered by the ESG ratings methodologies for fund management.

ROLE OF METHODOLOGY TOOLS

Risk analysis matrix

The matrix used to rate the 15 non-financial risks provides a rating system for gross risks based on their frequency and severity over a three-year period.

User Guides

The user guide for all contributors to Group CSR reporting was updated for the 2021 fiscal year. It specifies the following for the Universal Registration Document (URD) and for each entity (annual management report or URD):

- the regulatory environment;
- the timeline;
- the reporting process (scope, rules on extrapolation for incomplete data, consolidation rules and the information control process);
- a glossary.

This guide also relies on a CSR reporting standard that specifies all of the indicators published, their definitions, their units, the corresponding GRI reference, their sources, how they are calculated and collected, and examples of controls to carry out.

The Group carbon footprint user guide was also updated in 2021. The guide is intended to promote the carbon-review system. The purpose of this guide is to:

- present the general principles of the method developed by the Group;

- review the system's history and the most recent changes to the system;
- offer a uniform presentation of the reporting rules for Groupe BPCE's greenhouse gas emissions reviews (reporting period, scope, extrapolation rules, etc.);
- enable departments to establish action plans for carbon reduction while meeting the requirements of Article 75 of the Grenelle 2 Act, which concerns greenhouse gas emissions reviews and the Local Climate-Energy Plan ("PCET") plan.

Reporting period

The published data covers the period from January 1, 2021 to December 31, 2021. Where physical data are not comprehensive for the period, contributors make approximate calculations to estimate the value of the missing data from average ratios provided by Groupe BPCE (in the user guides) based on FTEs and/or the surface area covered. The contributors review the estimates used and send their comments along with the information provided and approved by the Group.

Comparability

This year, Groupe BPCE chose to only report figures for a single fiscal year for some indicators which underwent a major change in definition compared to 2020 and some that were newly published in 2021.

Controls

The "Non-financial information quality control framework" defines the organization of the control system for non-financial information within Groupe BPCE, and describes the main policies in place on this subject. It applies to all Groupe BPCE entities in the consolidated scope: the central institution, its direct and indirect subsidiaries, all BPCE affiliates and their subsidiaries.

Each entity is responsible for the accuracy of its CSR data. The same applies to Groupe BPCE's operational divisions.

At Group level, all data collected are verified and subject to a careful review of units and data consistency. Contributors are asked for an explanation where figures appear unjustified.

If any data published in the management report for the previous year prove inaccurate, a correction is made with an accompanying explanation on the bottom of the same page.

2.6.2 Reporting scope for 2021

Groupe BPCE's long-term objective is to meet the regulatory requirement of producing CSR reporting for the statutory scope of consolidation (the same as used for the publication of the Group's consolidated financial statements). The scope established for 2021 was defined as reasonably as possible under the circumstances. This scope varies depending on the type of indicator. The scope will expand every year, with the aim of covering the entire statutory scope of consolidation.

HUMAN RESOURCES INDICATORS – REPORTING SCOPE

In 2021, the reporting scope reviewed for human resources indicators (excluding training and absenteeism) included the following:

- the Banques Populaires;
- the Caisses d'Epargne;
- the Banque de Savoie;
- the subsidiaries of Crédit Coopératif;
- SBE;
- IT organizations I-BP, IT-CE and BPCE-IT;
- BPCE SA and Natixis SA;
- BPCE Lease, BPCE Car Lease, BPCE Factor, BPCE Financement;
- BPCE Assurance and its subsidiaries;
- BPCE Achats;
- BPCE Financial Services, BPCE Services, BPCE Solutions Crédits;
- Natixis Payment Solutions, Natixis Intertitres, Natixis Titres Cadeaux, Natixis Interépargne;
- Natixis Investment Managers International, Ostrum AM, AEW;
- Oney.

This is a limited scope of companies compared to the Group's total workforce. The reporting scope for social data represents 92% of the Group's workforce.

Quantitative human resources indicators relating to headcount by contract, hires and departures, remuneration, the organization of working hours and absenteeism are calculated on this limited scope.

With regard to data relating to training, the scope studied corresponds to the Banque Populaire banks, the Caisses d'Epargne, BPCE SA, Oney and Groupe BPCE's IT subsidiaries. It represents 86% of permanent employees, including work-study programs.

ENVIRONMENTAL AND SOCIETAL INDICATORS – REPORTING SCOPE

For 2021, the reporting scope covers 88% of Groupe BPCE's permanent headcount.

It includes the following entities (barring specifically-mentioned exceptions):

- the 14 companies of the Banque Populaire network, composed of the Banques Populaires and their subsidiaries in France;
- the 15 companies of the Caisse d'Epargne network and their subsidiaries;
- BPCE, BPCE Factor, BPCE Financement, BPCE Lease, Compagnie Européenne de Garanties et de Cautions, BPCE IT, I-BP, IT-CE, Natixis SA and its subsidiaries in France, Banque Palatine and its subsidiaries in France, Crédit Foncier, and Oney France.

The methodologies and scopes related to BRED Banque Populaire, Crédit Coopératif and Natixis are outlined in their respective management reports.

DIFFICULTIES AND LIMITATIONS

It is difficult to analyze and interpret the data owing to the large number of information systems in use within Groupe BPCE. The reporting scopes vary according to the type of data (human resources, environmental, societal or business data).

2.7 Report of one of the Statutory Auditors, appointed as an independent third party, on the verification of the consolidated non-financial performance statement

For the fiscal year ended December 31, 2021

To the General Meeting of Shareholders,

In our capacity as Statutory Auditors of BPCE SA, designated as an independent third party, accredited by COFRAC under No. 3-1048 (Cofrac Inspection accreditation, No. 3-1048, available at www.cofrac.fr) and in the process of adapting our management system as part of the evolution of our accreditation procedures decided by COFRAC (transition from ISO 17020 to ISO 17029), we carried out work aimed at formulating a reasoned opinion expressing a conclusion of limited assurance on the historical information (recorded or extrapolated) of the consolidated non-financial performance statement, prepared according to the procedures of the entity (hereinafter the "Guidelines"), for the year ended on December 31, 2021 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report in accordance with the legal and regulatory provisions of Articles L. 225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we have implemented, as described in the section entitled "Nature and scope of the work", and the information we have collected, we have not identified any significant anomaly that would call into question the fact that the non-financial performance statement complies with the applicable regulatory provisions and that the Information, taken as a whole, is fairly presented in accordance with the Guidelines.

Comments

Without calling into question the conclusion expressed above and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we make the following comment:

As stated in the methodological note, the social indicators are not exhaustive outside the Group's workforce and cover significantly different scopes depending on the topic.

Preparation of the Statement

The absence of a generally accepted and commonly used reference framework or established practices on which to evaluate and measure the Information allows the use of different but acceptable measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, the material elements of which are presented in the Statement (or available on the website or on request at the entity's head office).

Limitations inherent in the preparation of information related to the Statement

The Information may be subject to uncertainty inherent to the state of scientific or economic knowledge and the quality of the external data used. Some information is sensitive to the methodological choices, assumptions and/or estimates used in its preparation and presented in the Statement.

Entity liability

It is incumbent on the Management Board

- to select or establish appropriate criteria for the preparation of the Information;
- to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators and the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- as well as to implement the internal controls that it deems necessary to establish information that does not contain any significant anomalies, whether these result from fraud or error.

The Statement was prepared by applying the entity's guidelines as mentioned above.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information".

As it is our responsibility to form an independent conclusion on the information as prepared by management, we are not authorized to be involved in the preparation of such information, as this could compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular with regard to the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance, anti-corruption and tax evasion plan;
- the accuracy of the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional doctrine

Our work described below was carried out in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code, the professional doctrine of the *Compagnie Nationale des Commissaires aux Comptes* relating to this intervention in lieu of an audit program and the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by the requirements of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have put in place a quality control system that includes documented policies and procedures to ensure compliance with applicable legal and regulatory texts, ethical rules and the professional doctrine of the *Compagnie nationale des commissaires aux comptes* related to this intervention.

Means and resources

Our work involved the skills of five people and took place between November 2021 and February 2022 over a total period of fifteen weeks.

To assist us in conducting our work, we referred to our Corporate Social Responsibility and sustainable development experts. We conducted around ten interviews with the people responsible for the preparation of the Statement, representing executive management, administration and finance, risk management, foundations, human resources and the environment.

Nature and scope of procedures

We have planned and carried out our work taking into account the risk of material misstatement of the Information.

We believe that the procedures we have conducted, exercising our professional judgment, enable us to formulate a conclusion of moderate assurance:

- we familiarized ourselves with the business activities of the companies included in the scope of consolidation and with the description of the principal associated risks;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of the principal risks associated with the activities of all of the entities included in the scope of consolidation, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

- for the key performance indicators and other quantitative results that we considered the most important, presented in Appendix 1, we implemented:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto,
  - detailed tests on the basis of surveys or other means of selection, consisting of verifying the correct application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities and covers between 12% and 100% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement in relation to our knowledge of all the entities included in the scope of consolidation.

The procedures implemented as part of a moderate assurance are less extensive than those required for a reasonable assurance carried out in accordance with the professional doctrine of the *Compagnie Nationale des Commissaires aux Comptes*. A higher level of assurance would have required more extensive audit work.

Paris-La Défense, March 23, 2022

One of the Statutory Auditors,

Deloitte & Associés

Marjorie Blanc Lourme	**Julien Rivals**
Partner, Audit	Partner, sustainable development

2.8 Cross-reference table of the main social, environmental and societal information

Major gross ESG risks [1]	GRI 4 equivalent	Global Compact	Sustainable Development Goals	Section
Business ethics	G4-56; G4-41; G4-SO4 and FS4	10	16	2.5.1
Data security	G4-PR8			2.5.2
Lasting relations with customers	FS3; FS5; G4-PR8; G4-24; G4-26			2.2.6
Financing the energy transition	G4-EC2; FS1; G4-EN27; FS15	8, 9	6, 7, 8, 9, 11, 12, 13, 14, 15	2.3
Working conditions	G4-LA4; G4-LA5; G4-LA6; G4-LA8; G4-HR4; G4-HR5; G4-HR6	3	3, 4, 8, 16	2.4.4
Employability and transformation of jobs	G4-LA9; G4-LA10	3	4, 8, 13	2.4.4
ESG risks	G4-EC2; G4-EN27; FS1; FS2; FS3; FS11;	7, 8	6, 7, 8, 9, 10, 11, 12, 14	2.1.4
Financing for local regions	G4-EN27; G4-EN28; G4-EN29; G4-EN30; G4-EC7; FS8; FS7		2, 4, 7, 8, 11, 12, 13, 14, 16	2.2.2
Regional footprint	G4-SO1; G4-SO2; G4-9; FS13; G4-EC1; G4-EC9		1, 2, 8, 9	2.2.2
Inclusive finance	FS7; FS14; FS16; G4-9		1, 8, 10, 11	2.2.3
Customer protection	G4-PR5			2.2.4
Diversity among employees	G4-10; G4-LA1; G4-HR3; G4-HR8	1, 2, 3, 4, 5, 6	5, 8, 10	2.4.5
Voting rights	G4-16; FS5			2.2.5

(1) Based on the risk analysis performed in Section 2.2.4 pursuant to directive 2014/95/EU, enacted into French law by Ministerial Order No. 2017-1180 of July 19, 2017 and Decree No. 2017-1265 of August 9, 2017, amending Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code initially established by Article 225 of the Grenelle 2 act of 2010 and its 2012 implementing decree.

(2) French Energy Transition for Green Growth Act.

(3) Information required in accordance with Article 173, Section VI, of the French Energy Transition for Green Growth Act, available on the reports published by the companies in question.

3

REPORT ON CORPORATE GOVERNANCE

3.1 Introduction

Dear shareholders,

In addition to the management report and in accordance with Article L. 225-68 of the French Commercial Code, this report by the Supervisory Board contains information on:

- the composition of the Supervisory Board and implementation of the principle of balanced representation of women and men;
- the conditions governing the preparation and organization of the Supervisory Board's work during the fiscal year ended December 31, 2021;
- the principles and rules governing the determination of all types of pay and benefits granted to corporate officers.

This report was reviewed by the Appointments Committee and the Remuneration Committee on February 10, 2022, then approved by the Supervisory Board at its meeting of February 10, 2022.

The external Statutory Auditors will issue a specific report, appended to their report on the annual financial statements, attesting to the provision of other information required by law in the report on corporate governance (Article L. 225-235 of the French Commercial Code).

3.2 Corporate Governance Code

In preparing this report, BPCE referred to the Corporate Governance Code for listed companies published in December 2008 and revised in January 2020 by the Association française des entreprises privées (AFEP – French Private Companies Association) and the Mouvement des entreprises de France (MEDEF – French Business Confederation), hereinafter referred to as the AFEP-MEDEF Code, including the October 2008 recommendations on executive pay, as set out in Article L. 225-68 of the French Commercial Code.

Only certain provisions were not followed, insofar as they are not deemed to apply to BPCE's operating procedures as the central institution of a cooperative group and its equal ownership by the Banque Populaire and Caisse d'Epargne networks, which is reflected in the composition of its Board. These provisions were as follows: terms of office, the proportion of independent directors on the Supervisory Board and its committees, Board member ownership of a material number of shares and the publication of the CEO pay ratio.

Regarding terms of office, unlike the maximum four-year term recommended in the AFEP-MEDEF Code, the statutory term of office of BPCE Supervisory Board Members is six years, *i.e.* the maximum permitted by law. The benefit of a four-year term, as presented by the AFEP-MEDEF Code, is that it gives shareholders sufficiently frequent opportunity to provide an opinion on Board Member performance. However, this is unnecessary for BPCE, as its shareholders are limited to Banques Populaires and Caisses d'Epargne, which are already amply represented on the Supervisory Board as voting or non-voting directors. Accordingly, a shorter term of office would not substantially change the composition of the Supervisory Board. In addition, BPCE staggers reappointments, renewing the terms of office of half of the Supervisory Board members every three years, in order to avoid mass reappointments and promote a smooth Board member reappointment process. This gives shareholders sufficiently frequent opportunity to provide an opinion on Supervisory Board members, as recommended in the AFEP-MEDEF Code.

Regarding Supervisory Board member ownership of a material number of shares, BPCE's Articles of Association take into account the fact that, in accordance with act No. 2008-776 of August 4, 2008, Supervisory Board members are no longer required to own shares in the company. As a result, BPCE Supervisory Board members do not own a material number of shares and are not shareholders in a personal capacity, but the two categories of shareholders are represented through their appointment, which ensures that the company's interests are respected.

Concerning the proportion of independent directors on the Board and its committees, BPCE does not follow the recommendation of the AFEP-MEDEF Code, under which independent directors must represent half of the members of the Boards of companies that are not under control, as defined by Article L. 233-3 of the French Commercial Code. In fact, this recommendation is not compatible with Article L. 512-106 of the French Monetary and Financial Code, which stipulates that the representatives of cooperative shareholders proposed by the Chairmen of the Steering and Supervisory Boards of the Caisses d'Epargne and the Chairmen of the Boards of Directors of the Banques Populaires account for a majority of the Supervisory Board of BPCE. In addition to this legal rule, good governance rules result from Groupe BPCE's unique structure: a balance of power must be maintained, as well as balanced representation of the Banque Populaire and Caisse d'Epargne networks. However, this organizational structure does not compromise the quality of the work and discussions of the Board, an objective of the AFEP-MEDEF Code recommendation.

However, BPCE wishes to demonstrate the independence of the members of its Supervisory Board representing the cooperative shareholders proposed by the Chairmen of the Steering and Supervisory Boards of the Caisses d'Epargne and the Chairmen of the Boards of Directors of the Banques Populaires. The report "Coopératives et mutuelles: un gouvernement d'entreprise original" [Cooperatives and mutual insurance companies: original corporate governance], drafted within the framework of the French Institute of Directors in January 2006, explains why the elected directors of the cooperative companies that are the Banques Populaires and the Caisses d'Epargne fully meet the definition of "independent director". Thus, the question of "independent directors" concerns a specific type of company, which is the listed company. […] In cooperative enterprises, the form of government is radically different. […] The legitimacy and control of a mutual manager, and therefore his independence, depend on the office he holds through his election. Removing a director from the electoral process would dissociate him from the interests of the organization and its cooperative shareholders.

From another perspective, it is a fact that the directors of cooperatives and mutual societies commit themselves out of conviction and not out of financial interest. They devote a significant portion of their time and energy to their responsibilities as directors. They are wide open to the local, nonprofit and/or political world. These are all characteristics that make them truly independent directors, an independence that does not have to be called into question, but is continually reinforced by an authentic democratic process.

For Supervisory Board Meetings and committee meetings, BPCE does not apply the recommendation on the organization of an annual meeting without the presence of executive company directors. However, the deliberations of the Supervisory Board and the opinions of the Board committees concerning the executive company directors take place without their presence.

In addition, the Fédération Nationale des Banques Populaires and the Fédération Nationale des Caisses d'Epargne, bodies that organize discussions, hear ideas and provide representation, each hold annual meetings bringing together all the Chairmen of the Boards of Directors and the Chief Executive Officers of the Banques Populaires and all the Chairmen of the Boards of Directors and Supervisory Boards of Caisses d'Epargne without the presence of Statutory Auditors and the company directors of BPCE. These meetings, which guarantee the free expression of all participants, who represent BPCE's shareholders, promote strategic discussions and, accordingly, protect the interests of the institutions they represent.

Furthermore, regarding information on company director pay, BPCE does not apply the recommendation that stipulates that information on pay ratios should be published, thereby enabling comparison of company director pay and employee pay. In fact, the legislator's aim in drafting this legal provision, now taken up by the AFEP-MEDEF Code recommendation, which is to enable shareholders or investors of publicly-traded corporations to assess company director pay against the company's performance, is not relevant in light of BPCE's capital structure, under which the Banques Populaires and Caisses d'Epargne together hold all of the share capital and voting rights.

Finally, with the exception of the CEO pay ratio, BPCE formally adheres to and implements the AFEP-MEDEF Code recommendations on executive pay.

3

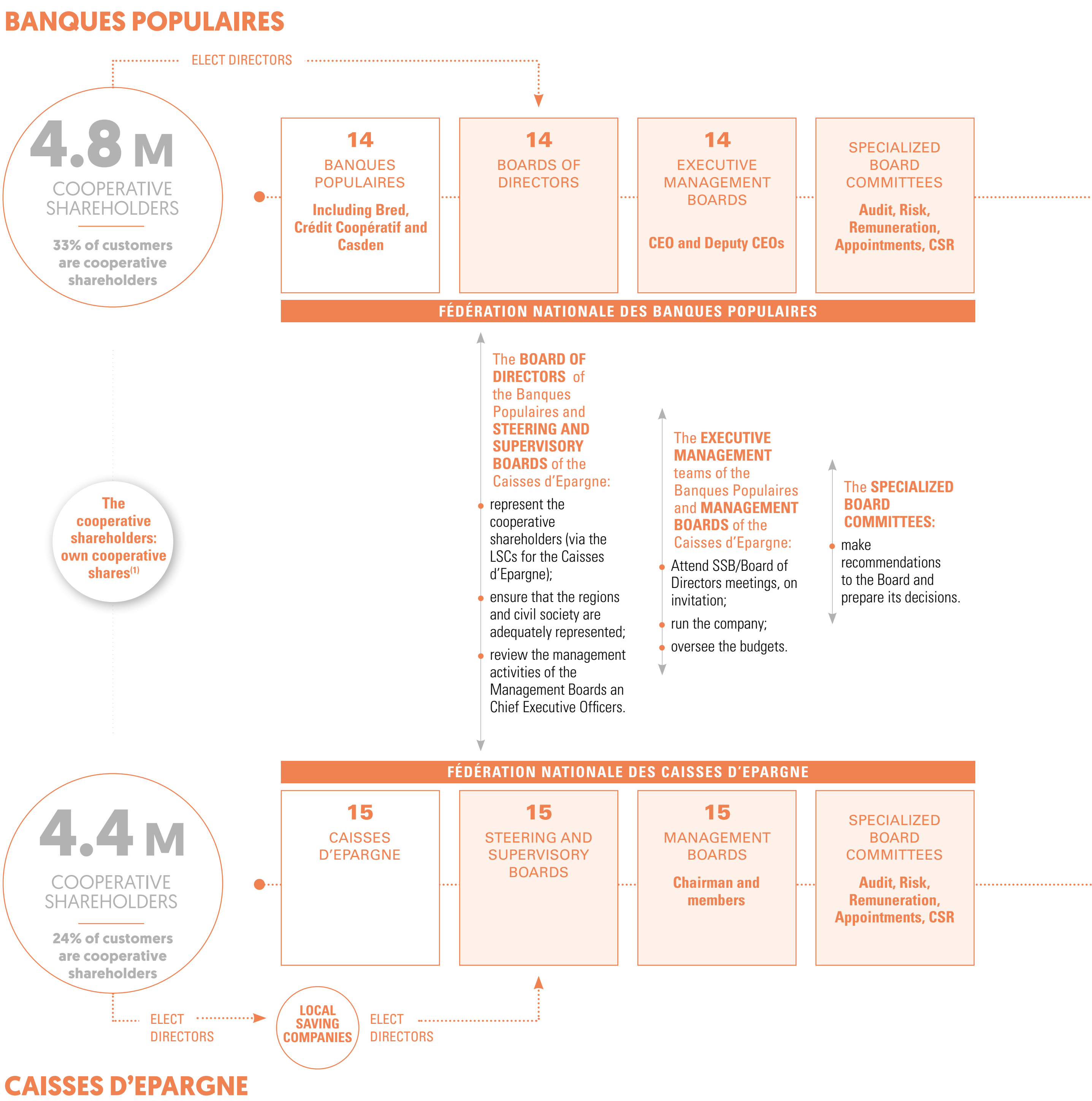
STATEMENT OF NON-COMPLIANCE WITH THE AFEP-MEDEF CODE[1]

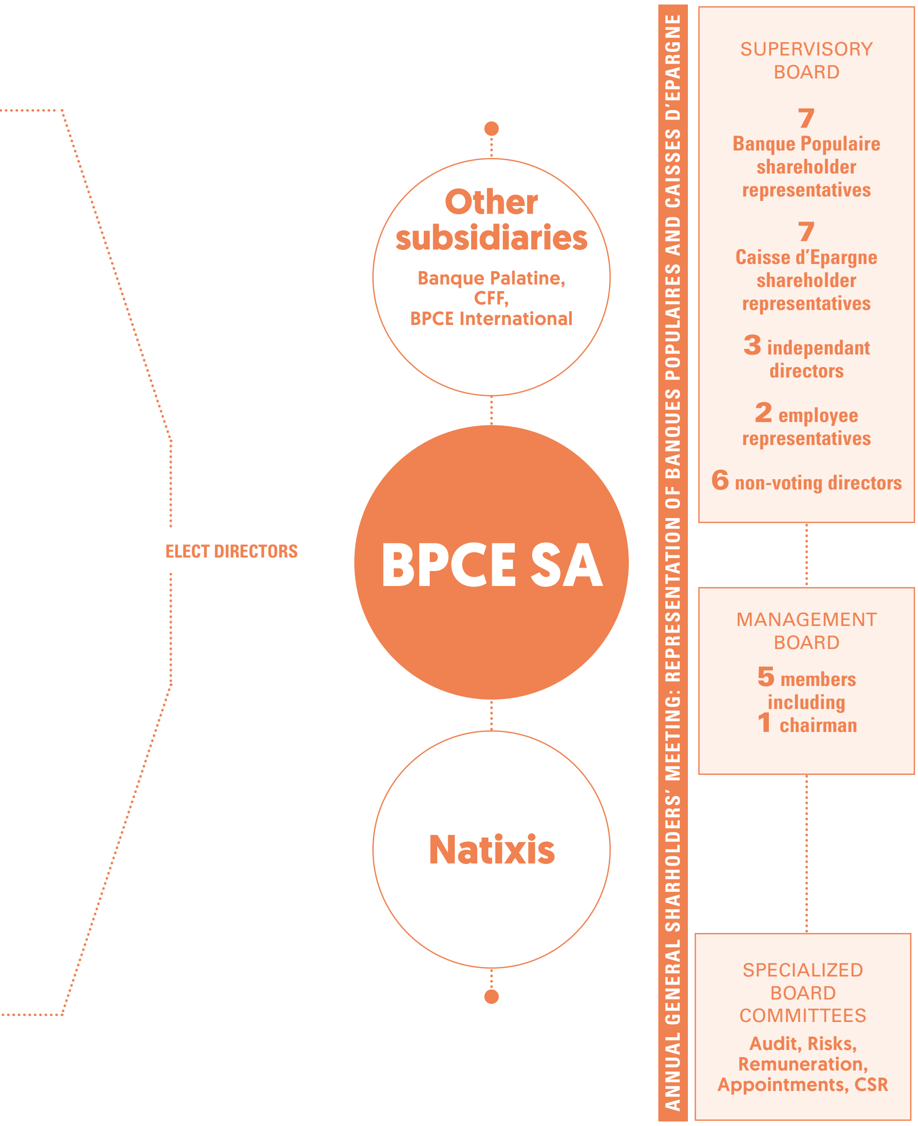
Independent directors	Recommendations partly implemented (not followed regarding proportion of independent directors on the Board)
Board Meetings and committee meetings	Recommendations partly implemented (not followed regarding the organization of an annual meeting without the presence of executive company directors)
Directors' terms of office	Recommendations partly implemented (not followed regarding the six-year term)
Audit Committee	Recommendations partly implemented (not followed regarding the proportion of independent directors on the committee)
Committee responsible for appointments	Recommendations partly implemented (not followed regarding the proportion of independent directors on the committee)
Committee responsible for pay	Recommendations partly implemented (not followed regarding the proportion of independent directors on the committee)
Shareholding obligation of company directors	Recommendations not implemented
Information on pay awarded to company directors	Recommendations partially implemented (not followed with regard to the publication of the equity ratio)

(1) BPCE has implemented the provisions of the AFEP-MEDEF Code, adapting them to its Management Board/Supervisory Board governance model.

3.3 Composition of the management and supervisory bodies

3.3.1 Groupe BPCE's governance organization chart





The **BPCE SA SUPERVISORY BOARD**:

- approves the policy and strategic guidelines of Groupe BPCE and each of the networks;
- verifies and audits the parent company and consolidated financial statements.

The **AUDIT COMMITTEE**:

- is tasked with monitoring the process for preparing financial information, the statutory audit of the annual and consolidated financial statements by the Statutory Auditors and their independence.

The **RISK COMMITTEE**:

- is tasked with assessing the effectiveness of internal control and risk management systems.

The **APPOINTMENTS COMMITTEE**:

- makes proposals to the Supervisory Board regarding the choices of Supervisory Board members, non-voting directors and experts from outside the Group, as well as the appointment of the Chairman of the Management Board.

The **REMUNERATION COMMITTEE**:

- makes proposals to the Board regarding the levels and conditions of pay granted to Management Board members and the Chairman of the Management Board, and the distribution of attendance fees payable to the Board members.

The **COOPERATIVE** and **CSR COMMITTEE**:

- is in charge of making proposals and recommendations aimed at promoting the cooperative and social values of long-term engagement as well as professional and interpersonal ethics. It also ensures that Group and network activities represent these values, thereby strengthening the cooperative banking model of the Group and each of the networks.

3.3.2 Supervisory Board

The terms of the BPCE Supervisory Board members were renewed at the Ordinary Shareholders' Meeting of May 22, 2015 for a period of six years, *i.e.* until the General Meeting called to approve the financial statements for the fiscal year ending December 31, 2020. Furthermore, under the staggered reappointment procedure for Supervisory Board members, the Supervisory Board acknowledged the resignation of eight of its members at its meeting of May 17, 2018. The Combined General Meeting held on May 25, 2018 subsequently appointed eight new members for a period of six years, *i.e.* until the General Meeting called to approve the financial statements for the fiscal year ending December 31, 2023. Similarly, the Combined General Meeting of May 27, 2021 appointed nine members for a period of six years, *i.e.* until the General Meeting called to approve the financial statements for the fiscal year ended on December 31, 2026.

In accordance with Article L. 225-79-2 of the French Commercial Code, two employee representative members were appointed on March 31, 2021 and May 4, 2021 by the two unions that received the most votes in the first round of elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code, namely *Fédération SU-UNSA Banque/Assurance* and the *Fédération CFDT des Banques et Assurances*.

GUIDELINES

Pursuant to Article 21 of the Articles of Association, the BPCE Supervisory Board is composed of ten to nineteen members. As of December 31, 2021, the Supervisory Board was composed of nineteen members: seven representatives of category A shareholders (Caisses d'Epargne et de Prévoyance), seven representatives of category B shareholders (Banques Populaires), three independent members within the meaning of the AFEP-MEDEF Code[1] and two members representing employees of BPCE and its direct or indirect subsidiaries having their registered office in France.

The Supervisory Board includes six non-voting directors acting in an advisory capacity.

Among the non-voting directors, the Chairman of Fédération Nationale des Caisses d'Epargne and the Chairman of Fédération Nationale des Banques Populaires, who cannot be members of the Supervisory Board, are non-voting directors as of right, in accordance with Article 28.1 of BPCE's Articles of Association.

The other four non-voting directors are appointed by the Ordinary Shareholders' Meeting in accordance with Article 31.9 of BPCE's Articles of Association: two from among the candidates proposed by Category A shareholders and two from among the candidates proposed by Category B shareholders.

The non-voting directors are tasked with ensuring that BPCE fulfills its assigned responsibilities, particularly those set out by law, without interfering or getting involved in BPCE's management.

In accordance with Article L. 2312-72 of the French Labor Code, the Articles of Association also stipulate the presence of one non-voting representative from the company's Works Council.

The Supervisory Board includes a bureau consisting of the Chairman, the Vice-Chairman, a member chairman of the Management Board of a Caisse d'Epargne and a member chief executive officer of a Banque Populaire. The Supervisory Board bureau serves as a forum for exchange and discussion about important matters before they are presented to the Supervisory Board. It is not a decision-making body.

APPOINTMENT

During the company's life and subject to co-opting, Supervisory Board members are appointed by the shareholders at the Ordinary Shareholders' Meeting, as indicated in Article 21 of BPCE's Articles of Association, on a motion by Category A or B shareholders, depending on the category in question.

Independent members are proposed by the Appointments Committee to the Supervisory Board, which asks the Management Board to put their appointment to a vote at the Ordinary Shareholders' Meeting.

The two members representing employees of BPCE and its subsidiaries are appointed by each of the two unions that received the most votes in the first round of elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code.

Supervisory Board members hold office for a term of six years. Their duties end at the close of the Ordinary Shareholders' Meeting convened to rule on the financial statements for the past fiscal year, held during the year in which their term expires.

The Supervisory Board is partially reappointed every three years, and for the first time since the General Meeting that approved the financial statements for the year ended December 31, 2017.

The Supervisory Board members are eligible again under the conditions set out by the Articles of Association, specifically the provisions of Article 21 regarding the completion of a half-term without reaching the mandatory age limit of 70. They are automatically deemed to have resigned once they no longer carry out the responsibilities set out in Article 21 of the Articles of Association. Furthermore, no persons may be appointed as members of the Supervisory Board if, from the date of their appointment, they cannot complete at least half of their term before reaching the above-cited age limit.

DIVERSITY POLICY

In accordance with the law and Articles of Association as well as the Internal Rules, the Appointments Committee is tasked with making proposals regarding the choice of Group outsiders and Supervisory Board members suggested to it.

To that end, the Appointments Committee verifies the fitness of Supervisory Board candidates with respect to their integrity, skills, and independence while pursuing a goal of diversity within the Supervisory Board, meaning a situation where the characteristics of the Supervisory Board Members differ to an extent that ensures a variety of viewpoints within the Supervisory Board, given that the cooperative nature of the Group greatly helps to promote diversity.

As such, the Appointments Committee checks the following criteria: education, professional experience, age, balanced geographic representation, representation of different market types, representation of the different socio-professional categories of the Group's cooperative shareholder base, and a minimum 40% target for the representation of the underrepresented gender.

(1) A complete description of the shareholder categories is provided in section 7.2.2 "Class A and B shares".

With respect to these criteria, when assessing a candidate for the Supervisory Board, the Appointments Committee strives to maintain or achieve a balance and have a skill set appropriate for the Group's activities and strategic plan, as well as the technical responsibilities assigned to the various Supervisory Board Committees.

None of these criteria on its own, however, is sufficient to mark the presence or absence of diversity, which is assessed collectively within the Supervisory Board. This is because the Appointments Committee prioritizes the synergy of technical skills, cultural diversity, and diverse experience in order to achieve a set of profiles that enhances the angles of analysis and viewpoints on which the Supervisory Board may rely when conducting its discussions and making its decisions, thereby encouraging good governance.

Finally, the Appointments Committee reports to the Supervisory Board any changes that it recommends making to the composition of the Supervisory Board in order to achieve the goals set out in the diversity policy.

DIVERSITY OF THE SUPERVISORY BOARD

At December 31, 2021, with seven women on its Supervisory Board out of a total of nineteen members, BPCE had a proportion of 41.17% women, it being specified that, in accordance with Article L. 225-79 of the French Commercial Code, the members representing the employees of BPCE and its direct or indirect subsidiaries having their registered office in France are not taken into account in this calculation. At December 31, 2021, BPCE respected the minimum proportion of 40% of members of each gender on its Supervisory Board, and thus complied with the provisions of Article L. 225-69-1 of the French Commercial Code.

INDEPENDENCE

In keeping with the corporate governance guidelines and best practices set out in the Supervisory Board's internal rules adopted on July 31, 2009 and amended on December 20, 2018, Supervisory Board members:

- take care to maintain their independence of judgment, decision and action in all circumstances. They avoid being influenced by anything that is contrary to the company's interests, which it is their duty to defend;
- undertake to avoid any conflict that may exist between their moral and material interests and those of the company. They inform the Supervisory Board of any conflict of interest that may affect them. In such cases, they abstain from taking part in any discussions and decisions on the matters in question.

In addition, the Supervisory Board and each of its committees include elected or co-opted independent members. The definition below is based on the AFEP-MEDEF Code recommendations. However, BPCE does not follow the AFEP-MEDEF Code recommendations concerning the proportion of independent directors on the Supervisory Board and its committees: because of Groupe BPCE's cooperative structure, the proportion of directors representing the Banque Populaire and Caisse d'Epargne networks is larger than the proportion of independent directors as defined in the AFEP-MEDEF Code (three in number).

The criteria stated below are designed to define a member's independent status. The guiding principle is that "members are independent if they have no relations of any sort with the company, its group or its management, which might compromise the free exercise of their judgment."

Independent members must not:

- be an employee or executive corporate officer of the company or Groupe BPCE, or an employee or director of one of the company's shareholders, and must not have been so during the previous five years;
- be an executive corporate officer of a company in which the company directly or indirectly holds a directorship or in which a designated employee or an executive corporate officer of the company (either currently or in the last five years) holds a directorship;
- be a customer (or directly or indirectly linked to a customer), supplier, investment banker or commercial banker, if the business relationship is such that it could compromise the free exercise of the member's judgment;
- have close family ties with an executive or non-executive corporate officer of the company or its group;
- have been an auditor, accountant, or permanent or alternate Statutory Auditor of the company or of any Groupe BPCE companies during the last five years;
- have been a non-executive corporate officer of the company for longer than 12 years; or
- receive or have received any substantial additional pay from the company or Groupe BPCE, excluding attendance fees and including participation in any stock option package or any other performance-based pay package.

The Supervisory Board may find that one or more of its members, although meeting the criteria above, should not be classified as independent given their individual situation or that of the company, with regard to their shareholdings or for any other reason.

The conflicts of interest specific to the independent members of the Supervisory Board are defined in section 3.5.1 of this report.

Pursuant to Article 3.2 of the Internal Rules, at its meeting of December 9, 2021, the Appointments Committee reviewed and confirmed the independent status of Valérie Pancrazi, Anne-Claude Pont and Kadidja Sinz, based on the criteria defined by the Supervisory Board's Internal Rules.

AVAILABILITY

Pursuant to the requirements set by the European Central Bank (ECB), at its meeting of December 19, 2019, BPCE's Supervisory Board acknowledged a fit and proper policy governing in particular the assessment of Board member availability. This policy implements a system to ensure that Board members dedicate sufficient time to their roles and responsibilities.

To that end, the Appointments Committee assesses the availability of potential Board members by checking the number of corporate offices held and determining the amount of time allotted to each office.

ASSESSMENT

In 2021, as in 2020, in accordance with the French Monetary and Financial Code and the AFEP-MEDEF Code, an evaluation of the functioning and organization of the Supervisory Board was carried out internally by the Appointments Committee, without the involvement of a third-party firm, on the basis of a questionnaire to which members of the Supervisory Board and non-voting members were invited to respond.

The summary of the responses to the questionnaire was returned to the Supervisory Board meeting on December 16, 2021 in the presence of the Management Board.

The assessment made it possible to identify elements of satisfaction, in particular the information provided to the Board and access to documents, relations with the Management Board and the Chairman of the Supervisory Board, and the improvement of the quality of discussions.

Several topics stand out as priorities to be addressed, in particular, information related to climate risks and the environmental transition and the enrichment of information relating to competition.

Some areas for improvement have already been implemented or are in the process of being implemented, such as the addition to the program for Supervisory Board training in 2021/2023 of new topics relating in particular to competition, CSR and climate risks, and the appointment of a member of the Board representing employees to the Cooperative and CSR Committee.

The Appointments Committee also carried out an individual assessment of the suitability of the members of the Board and the members of the Management Board and noted in particular that the rules for holding multiple offices were complied with and that sufficient time was devoted to the exercise of their duties, that there was nothing to call into question their good repute, their honesty or their integrity and that there were no new conflicts of interest to be declared.

TRAINING

In compliance with Article L. 511-53 of the French Monetary and Financial Code, BPCE is committed to training the members of its Supervisory Board.

The main components of the training program were defined by considering the experience and needs of the members of the Board, as well as the proposals made during the Board audit.

As such, the training program takes into consideration that Board members working within a Banque Populaire or Caisse d'Epargne already benefit from training programs organized by the network Federations.

Board members who are employee representatives also receive additional training provided by a third-party training firm in accordance with applicable legal and regulatory provisions.

There are three core components to BPCE's training program:

- a core curriculum open to all Board members;
- a training program for new Board members;
- ongoing training.

Training may be provided by internal and/or external providers.

Certain sessions of the training program for members of the BPCE Supervisory Board are open to directors of the main subsidiaries:

- to date: Natixis, CFF, Banque Palatine, Oney and BPCE International;
- target: as well as Natixis Assurance and Natixis Payment Solutions.

Furthermore, Natixis' training modules are open to members of BPCE's Supervisory Board and are designed to be consistent with the existing module specific to members of BPCE's Supervisory Board. The training programs of the Federations, designed for members of the Network Council, are also open to members of the BPCE Board.

At its meeting of May 27, 2021, the Board decided on a multi-year training program for 2021-2023 with the aim of complying with the best practices and market standards (expectations of regulators and supervisors) and enabling the consolidation of knowledge and the development of a skills matrix.

An induction program for new Board members appointed in 2021 was set up and was held in the summer of 2021. It was the occasion for meetings with the heads of internal control functions, the main business line managers as well as the Statutory Auditors and two ACPR correspondents. Training was digitized and the sessions were available *via* videoconferencing. Recordings of the sessions were also made available afterwards.

During fiscal year 2021, members of BPCE's Supervisory Board had the opportunity to receive training on the following subjects:

- Training module for new directors:
  - Governance: roles and responsibilities of Board members and managers, Fit and Proper (Governance),
  - Risks: role of the central institution terms of risks and risk appetite,
  - Finance: crisis governance, recovery and resolution, financial management of a banking group, banking accounting, equity, liquidity,
  - Retail Banking and Insurance: development of Banque Populaire/Caisse d'Epargne specialized markets,
  - IT and Digital: Innovation, Data and Digital/Technologies and Operations;
- Finance module:
  - Groupe BPCE resolution and resolvability,
  - Crisis management, recovery and resolution;
- Risk and Compliance module:
  - Climate risk assessment,
  - ALM risk analysis, Market,
  - Financial security: sanctions and embargoes, internal fraud,
  - Cybersecurity;
- Computer and Digital module: Artificial intelligence;
- Macroeconomic module:
  - Macroeconomic environment of French banks and financing of the economy,
  - Monetary policies of central banks, financial.

The following training sessions are scheduled for fiscal year 2022:

- Energy transition economy;
- Relationship marketing, customer satisfaction, partnerships;
- Specialized Trades module: asset and wealth management, market activities, equity derivatives;
- Transformation of banking services;
- Technological challenges of payments;
- Combating money laundering and the financing of terrorism.

MEMBERS

At its meeting on May 6, 2021, BPCE's Supervisory Board:

- duly noted the resignation of Pierre Carli from his duties as non-voting director of the Supervisory Board, with effect from April 30, 2021;

- duly noted the resignation of Jean Arondel from his duties as non-voting director of the Supervisory Board, with effect from May 5, 2021;
- duly noted of the resignation of Dominique Goursolle-Nouhaud from her duties as member of the Supervisory Board, with effect from May 5, 2021;
- duly noted the appointment of Dominique Goursolle-Nouhaud as non-voting director as of right of the Supervisory Board, for the duration of her term of office as Chairwoman of the Fédération Nationale des Caisses d'Epargne and ending no later than the end of the Annual General Meeting called in 2021 to approve the financial statements for the fiscal year ended December 31, 2020.

In addition, the terms of office of nine members and four non-voting directors expired at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2020.

As a result, at its meeting of May 27, 2021, the BPCE Combined General Meeting appointed:

- on the proposal of Class A shareholders, Éric Fougère, Alain DI Crescenzo, Benoît Pellerin and Alain Denizot as members of the Supervisory Board, and Joël Chassard and Bruno Deletré as non-voting directors of the Supervisory Board, for a six-year term expiring at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2026;
- on the proposal of Class B shareholders, Catherine Mallet, Marie Pic-Pâris Allavena and Olivier Klein as members of the Supervisory Board, and Maurice Bourrigaud and Daniel Karyotis as non-voting directors of the Supervisory Board, for a six-year term expiring at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2026;
- Kadidja Sinz and Anne-Claude Pont as independent members of the Supervisory Board, for a six-year term expiring at the end of the Annual General Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2026.

Accordingly, Alain Denizot, Olivier Klein, Éric Fougère, Catherine Mallet, Kadidja Sinz and Anne-Claude Pont were reappointed as members of the Supervisory Board, and Daniel Karyotis and Joël Chassard were reappointed as non-voting directors of the Supervisory Board.

As Pierre Valentin, Michel Grass and Dominique Goursolle-Nouhaud (who became Chairwoman of the Fédération Nationale des Caisses d'Epargne on May 5, 2021) were not reappointed as members of the Supervisory Board, three new members were appointed: Benoît Pellerin, Alain Di Crescenzo and Marie Pic-Pâris Allavena.

As Sylvie Garcelon and Pierre Carli were not reappointed as non-voting directors of the Supervisory Board, two new non-voting directors were appointed: Maurice Bourrigaud and Bruno Deletré.

In addition, at the end of the Combined General Meeting of May 27, 2021, the terms of office of Dominique Goursolle-Nouhaud and André Joffre, non-voting directors, and of Vincent Gontier and Frédéric Hassaine, employee representative members of the Supervisory Board, expired.

As a result of the end of these terms of office, BPCE's Supervisory Board, at its meeting of May 27, 2021, duly noted:

- the appointment, as employee representative members of the Supervisory Board, of Bertrand Guyard, designated by the Fédération CFDT Banques et Assurances, and of Nicolas Getti, designated by the Fédération SU-UNSA Banques/Assurances, for a six-year term expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2026;
- the appointment of Dominique Goursolle-Nouhaud, as non-voting director of the Supervisory Board, for the duration of her term of office as Chairwoman of the Fédération Nationale des Caisses d'Epargne ending no later than the end of the Annual General Meeting called in 2027 to approve the financial statements for the fiscal year ended December 31, 2026;
- the appointment of André Joffre, as non-voting director of the Supervisory Board, for the duration of his term of office as Chairman of the Fédération Nationale des Banques Populaires ending no later than the end of the Annual General Meeting called in 2027 to approve the financial statements for the fiscal year ended December 31, 2026.

Lastly, at its meeting of May 27, 2021, the BPCE Supervisory Board also:

- appointed Thierry Cahn as Chairman of the BPCE Supervisory Board to replace Pierre Valentin, whose duties as Chairman had expired. Thierry Cahn will hold office for a three-year term that will expire at the end of the Annual General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023;
- appointed Éric Fougère as Vice-Chairman of the BPCE Supervisory Board to replace Thierry Cahn, whose duties as Vice-Chairman had expired. Éric Fougère will hold office for a three-year term which will expire at the end of the Annual General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

Lastly, at its meeting of December 16, 2021, the BPCE Supervisory Board:

- noted the resignation of Yves Gevin from his mandate as a member of the Supervisory Board, following the Supervisory Board Meeting of December 16, 2021;
- took note of the resignation of Daniel Karyotis from his position as non-voting director on the Supervisory Board, following the Supervisory Board Meeting of December 16, 2021;
- appointed Daniel Karyotis as member of the Supervisory Board, member of the Audit Committee, the Appointments Committee, the Remunerations Committee, and the Cooperative and CSR Committee, for the remaining term of office of his predecessor, Yves Gevin, *i.e.*, until the General Meeting called to approve the financial statements for the fiscal year ended on December 31, 2023;
- appointed, as non-voting director on the Supervisory Board, Sabine Calba for the remaining term of office of her predecessor, Daniel Karyotis, *i.e.* until the General Meeting called to approve the financial statements for the fiscal year ended December 31, 2026;
- appointed Nicolas Getti as member of the Cooperative and CSR Committee for the duration of his term as member of the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD AS OF DECEMBER 31, 2021

SB: Supervisory Board

BD: Board of Directors

SSB: Steering and Supervisory Board

GSM: General Shareholders Meeting

	Personal information			Experience		Position on the Board				
Functions	**Age**	**Gender**	**Nationality**	**Number of shares**	**Number of offices held in listed companies**	**Indepen-dence**	**Initial appt/ reappt date**	**Term end date (GSM)**	**Length of tenure on the Board**	**Participation in Board committees**
Chairman of the Supervisory Board							**05/27/2021**	**2024**		
Thierry Cahn Chairman of the BD of Banque Populaire Alsace Lorraine Champagne	65	M	Fr	0	0	-	07/31/2009 Renewed on 05/22/2015 and 05/25/2018	2024	12 years	Cooperative and CSR Committee
Vice-Chairman of the Supervisory Board							**05/27/2021**	**2024**		
Éric Fougère Chairman of the SSB of Caisse d'Epargne Bourgogne Franche-Comté	54	M	Fr	0	0	-	12/19/2019 Reappointed 05/27/2021	2027	2 years	Cooperative and CSR Committee
Banque Populaire Representatives										
Gérard Bellemon Chairman of the BD of Banque Populaire Val de France	67	M	Fr	0	0	-	06/19/2018	2024	3 years	Appointments Committee Remuneration Committee
Bernard Dupouy Chairman of the BD of Banque Populaire Aquitaine Centre Atlantique	66	M	Fr	0	0	-	08/2/2018	2024	3 years	Audit Committee Remuneration Committee
Daniel Karyotis Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes	60	M	Fr	0	0	-	12/16/2021	2027	< 1 year	Audit Committee Appointments Committee Remuneration Committee Cooperative and CSR Committee
Olivier Klein Chief Executive Officer of BRED Banque Populaire	64	M	Fr	0	0	-	01/01/2019 Reappointed 05/27/2021	2027	3 years	Risk Committee
Catherine Mallet Chairman of the BD of Banque Populaire Occitane	52	F	Fr	0	1	-	05/17/2018 Reappointed 05/27/2021	2027	3 years	-
Marie Pic-Pâris Allavena Chairman of the Board of Directors of Banque Populaire Rives de Paris	61	F	Mco	0	1	-	05/27/2021	2027	< 1 year	Risk Committee Appointments Committee
Caisse d'Epargne Representatives										
Catherine Amin-Garde Chairman of the SSB of Caisse d'Epargne Loire Drôme Ardèche	66	F	Fr	0	0	-	07/31/2009 Renewed on 05/22/2015 and 05/25/2018	2024	12 years	Appointments Committee Remuneration Committee
Alain Denizot Chairman of the Management Board of Caisse d'Epargne Rhône Alpes	61	M	Fr	0	0	-	05/27/2021	2027	3 years	Risk Committee
Alain Di Crescenzo Chairman of the Management Board of Caisse d'Epargne de Midi-Pyrénées	59	M	Fr	0	0	-	05/27/2021	2027	< 1 year	Appointments Committee Remuneration Committee
Françoise Lemalle Chairman of the SSB of Caisse d'Epargne Côte d'Azur	56	F	Fr	0	0	-	05/22/2015 Reappointed 05/25/2018	2024	6 years	Risk Committee

Functions	Personal information: Age	Gender	Nationality	Number of shares	Experience: Number of offices held in listed companies	Position on the Board: Independence	Initial appt/ reappt date	Term end date (GSM)	Length of tenure on the Board	Participation in Board committees
Didier Patault Chairman of the Management Board of Caisse d'Epargne Île-de-France	60	M	Fr	0	0	-	07/31/2009 Renewed on 05/22/2015 and 05/25/2018	2024	12 years	Audit Committee Appointments Committee Remuneration Committee Cooperative and CSR Committee
Benoît Pellerin Chairman of the SSB of Caisse d'Epargne Normandie	59	M	Fr	0	0	-	05/27/2021	2027	< 1 year	Audit Committee
Independent Members										
Valérie Pancrazi Independent advisor VAP Conseils	58	F	Fr	0	0	X	05/9/2019	2024	2 years	Appointments Committee Remuneration Committee
Anne-Claude Pont Chairman and Co-Founder of Wilov	61	F	Fr	0	0	X	05/27/2021	2027	3 years	Audit Committee Risk Committee
Kadidja Sinz Head of Europe – Liberty Specialty Markets	64	F	Fr	0	0	X	05/27/2021	2027	3 years	Audit Committee Risk Committee
Members representing employees of BPCE and its subsidiaries										
Nicolas Getti Fédération UNSA Banques Assurances et sociétés financières	49	M	Fr	0	0	-	05/27/2021	2027	< 1 year	Cooperative and CSR Committee
Bertrand Guyard Fédération CFDT Banques et assurances	57	M	Fr	0	0	-	05/27/2021	2027	< 1 year	Remuneration Committee
Non-Voting Directors										
Maurice Bourrigaud Chief Executive Officer of Banque Populaire Grand Ouest	63	M	Fr	0	0	-	05/27/2021	2027	< 1 year	-
Sabine Calba Chief Executive Officer of Banque Populaire Méditerranée	50	F	Fr	0	0	-	12/16/2021	2027	< 1 year	-
Joël Chassard Chairman of the Management Board of Caisse d'Epargne Provence-Alpes-Corse	64	M	Fr	0	0	-	05/27/2021	2027	3 years	-
Bruno Deletré Chairman of the Management Board of Caisse d'Epargne Grand Est Europe	60	M	Fr	0	0	-	05/27/2021	2027	< 1 year	-
Dominique Goursolle-Nouhaud[(1)] Chairman of the SSB of Caisse d'Epargne Aquitaine Poitou-Charentes	68	F	Fr	0	0	-	05/6/2021	2027	< 1 year	Cooperative and CSR Committee
André Joffre[(1)] Chairman of Fédération Nationale des Banques Populaires	68	M	Fr	0	0	-	05/27/2021	2027	3 years	Cooperative and CSR Committee

(1) Non-voting directors as of right.

SUPERVISORY BOARD – DISTRIBUTION OF EXPERTISE

Areas of expertise	> 50%	30% to 50%	10% to 30%
Retail Banking and Insurance	X		
Financial markets, capital markets, capital adequacy and models	X		
Financial accounting and financial disclosures	X		
Risk management, compliance verification and Internal Audit	X		
Legal and regulatory expertise	X		
Strategic planning and understanding of business strategy	X		
Management skills and experience	X		
International		X	
Information systems and digital expertise			X
Cooperative banking experience	X		

COMPOSITION OF BOARD COMMITTEES AS OF DECEMBER 31, 2021

AUDIT COMMITTEE

The Audit Committee's members were chosen for their expertise in accounting, finance and internal control:

Since August 2, 2018, the Audit Committee has been chaired by Kadidja Sinz, independent member, Head of Europe, Liberty Specialty Markets.

The other members are:

- Bernard Dupouy, Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique;
- Daniel Karyotis, Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Île-de-France;
- Benoît Pellerin, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie;
- Anne-Claude Pont, independent member, Chairman of Wilov.

The Chairman and Vice-Chairman of the Supervisory Board are permanent guests of the Audit Committee.

The heads of Group Inspection Générale, Risk Management, Compliance and Permanent Control are invited to the meetings of the Audit Committee as non-voting participants.

The biographies of Audit Committee members are available in section 3.3.5.

RISK COMMITTEE

The Risk Committee's members were chosen for their knowledge, skills and expertise that enable them to understand and monitor corporate strategy and risk appetite.

Since March 29, 2018, the Risk Committee has been chaired by Anne-Claude Pont, independent member, Chairman of Wilov.

The other members are:

- Alain Denizot, Chairman of the Management Board of Caisse d'Epargne Rhône Alpes;
- Olivier Klein, Chief Executive Officer of BRED Banque Populaire;
- Françoise Lemalle, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur;
- Marie Pic-Pâris Allavena, Chairman of the Board of Directors of Banque Populaire Rives de Paris;
- Kadidja Sinz, independent member, Head of Europe, Liberty Specialty Markets.

The Chairman and Vice-Chairman of the Supervisory Board are permanent guests of the Risk Committee.

The heads of Group Inspection Générale, Risk Management, Compliance and Permanent Control are invited to the meetings of the Risk Committee as non-voting participants.

The biographies of Risk Committee members are available in section 3.3.5.

APPOINTMENTS COMMITTEE

The Appointments Committee's members were chosen for their expertise and professional experience.

Since May 9, 2019, the Appointments Committee has been chaired by Valérie Pancrazi, independent member, Independent Advisor of VAP Conseils.

The other members are:

- Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche;
- Gérard Bellemon, Chairman of the Board of Directors of Banque Populaire Val de France;
- Alain Di Crescenzo, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Midi-Pyrénées;
- Daniel Karyotis, Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Île-de-France;
- Marie Pic-Pâris Allavena, Chairman of the Board of Directors of Banque Populaire Rives de Paris.

The Chairman and Vice-Chairman of the Supervisory Board are permanent guests of the Appointments Committee.

At the invitation of the Chairman of the Appointments Committee, the member of the Management Board in charge of Group Human Resources attends the meetings of the Appointments Committee without the right to vote.

The biographies of Appointments Committee members are available in section 3.3.5.

REMUNERATION COMMITTEE

The Remuneration Committee's members were chosen for their expertise and professional experience.

Since May 9, 2019, the Remuneration Committee has been chaired by Valérie Pancrazi, independent member, Independent Advisor of VAP Conseils.

The other members are:

- Catherine Amin-Garde, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche;
- Gérard Bellemon, Chairman of the Board of Directors of Banque Populaire Val de France;
- Alain Di Crescenzo, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Midi-Pyrénées;
- Bernard Dupouy, Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique;
- Daniel Karyotis, Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes;
- Bertrand Guyard, employee representative;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Île-de-France.

The Chairman and Vice-Chairman of the Supervisory Board are permanent guests of the Remuneration Committee.

At the invitation of the Chairman of the Remuneration Committee, the member of the Management Board in charge of Group Human Resources participates in the meetings of the Remuneration Committee without the right to vote.

The biographies of Remuneration Committee members are available in section 3.3.5.

COOPERATIVE AND CSR COMMITTEE

The Cooperative and CSR Committee's members were chosen for their expertise and professional experience:

Since June 16, 2020, the Cooperative and CSR Committee has been chaired by André Joffre, non-voting director as of right, Chairman of the Fédération Nationale des Banques Populaires.

The other members are:

- Thierry Cahn, Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne, Chairman of the Supervisory Board of BPCE;
- Éric Fougère, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Bourgogne Franche-Comté, Vice-Chairman of the Supervisory Board of BPCE;
- Nicolas Getti, employee representative;
- Daniel Karyotis, Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes;
- Dominique Goursolle-Nouhaud, non-voting director as of right, Chairman of the Fédération Nationale des Caisses d'Epargne;
- Didier Patault, Chairman of the Management Board of Caisse d'Epargne Île-de-France.

The biographies of Cooperative and CSR Committee members are available in section 3.3.5.

3.3.3 Management Board

GUIDELINES

The Management Board consists of between two and five individuals, who may or may not be selected from among the shareholders.

The age limit for serving on the Management Board is 65. When members reach the age limit, they are deemed to have resigned as of the date of the next meeting of the Supervisory Board, which decides on a replacement.

The Supervisory Board appoints the Chairman of the Management Board, who then provides it with recommendations on the other members to be appointed to the Management Board.

Members of the Management Board are appointed for four-year terms, with their terms of office ending at the conclusion of the Ordinary Shareholders' Meeting to approve the financial statements for the previous year and held during the year in which their term of office expires.

DIVERSITY POLICY

At its meeting of December 19, 2019, the Supervisory Board adopted a diversity policy applicable to members of the Management Board.

Accordingly, and in compliance with the Internal Rules, the Appointments Committee:

- is in charge of submitting motions to the Supervisory Board on potential candidates for the office of Management Board Chairman;
- regularly reviews and assesses the integrity and expertise of candidates for the office of Management Board member (appointed by the Board based on motions from the Chairman of the Management Board).

The Appointments Committee regularly reviews and assesses candidates for the office of Management Board member in terms of their integrity, expertise, independent judgment and availability while pursuing a goal of diversity within the Management Board.

To that end, the Appointments Committee examines the following criteria: education; professional experience; age; and strategic, managerial, business and financial expertise, while making every effort to achieve balanced gender representation on the Management Board.

With respect to these criteria, the appointments Committee:

- when assessing a candidate for the office of Management Board member, strives to maintain or achieve a balance and have a skill set appropriate for the Group's activities and strategic plan; and
- ensures that at all times the members of the Management Board collectively have the necessary skills to understand the risks, challenges and potential developments involved in running a cooperative banking group.

SUCCESSION PROCEDURE FOR THE CHAIRMAN OF THE MANAGEMENT BOARD

In accordance with Article 3.2 of the Internal Rules, the Appointments Committee drafted a succession procedure for the Chairman of the Management Board, which was adopted by the Supervisory Board at its meeting of December 20, 2018.

The purpose of this procedure is to define the terms under which the Chairman of the Management Board is to be replaced in the event of a temporary or permanent absence. Specifically, it stipulates that:

- a legal representative may be appointed for the replacement period in the event of a temporary absence;
- candidate(s) should be sought from within the Group and, if necessary, outside the Group in the event of a permanent absence.

The succession procedure applicable to the Chairman of the Management Board is updated as necessary and at least during any new four-year term of office of the Management Board.

SUCCESSION PROCEDURE FOR MEMBERS OF THE MANAGEMENT BOARD

In accordance with the EBA/ESMA guidelines, the Appointments Committee has drawn up a succession procedure for members of the Management Board, adopted by the Supervisory Board at its meeting of February 10, 2022.

The purpose of this procedure is to define the terms and conditions under which the members of the Management Board are replaced in the event of temporary or permanent absence. Specifically, it stipulates that:

- in the event of temporary absence, the possibility either not to replace the absent member, or to re-distribute tasks, or to replace the member temporarily;
- in the event of permanent absence, the procedures under which the Supervisory Board appoints, on the proposal of the Chairman of the Management Board, a replacement from the Group's personalities or from outside the Group.

The succession procedure applicable to the members of the Management Board is updated as necessary and at least during any new four-year term of office of the Management Board.

MEMBERS

COMPOSITION OF THE MANAGEMENT BOARD FROM JANUARY 1, 2021 TO MARCH 25, 2021

Laurent Mignon, Chairman of the Management Board
Christine Fabresse, Member of the Management Board – Head of Retail Banking and Insurance
Catherine Halberstadt, Member of the Management Board – Head of Group Human Resources
Jean-François Lequoy, Member of the Management Board – Head of Group Finance and Strategy
Nicolas Namias, Member of the Management Board – Chief Executive Officer of Natixis

At its meeting on March 25, 2021, BPCE's Supervisory Board:

- duly noted the resignation of Catherine Halberstadt from her duties as Management Board member in charge of Group Human Resources, at the end of the Supervisory Board Meeting of March 25, 2021;
- appointed Béatrice Lafaurie as Management Board member in charge of Group Human Resources, with effect from March 25, 2021 and until the end of the General Meeting called to approve the financial statements for the fiscal year ending December 31, 2022.

COMPOSITION OF THE MANAGEMENT BOARD SINCE MARCH 25, 2021

Laurent Mignon, Chairman of the Management Board
Christine Fabresse, Member of the Management Board – Head of Retail Banking and Insurance
Béatrice Lafaurie, member of the Management Board – Head of Group Human Resources
Jean-François Lequoy, Member of the Management Board – Head of Group Finance and Strategy
Nicolas Namias, Member of the Management Board – Chief Executive Officer of Natixis

3.3.4 Executive Management Committee – BPCE governing body

EXECUTIVE MANAGEMENT COMMITTEE MEMBERS (AS OF DECEMBER 31, 2021)

- Laurent Mignon, Chairman of the Management Board;
- Christine Fabresse, Member of the Management Board – Head of Retail Banking and Insurance;
- Béatrice Lafaurie, Member of the Management Board – Head of Group Human Resources;
- Jean-François Lequoy, Member of the Management Board – Head of Group Finance and Strategy;
- Nicolas Namias, Member of the Management Board – Chief Executive Officer of Natixis;
- Laurent Bénatar, Chief Technology and Operations Officer;
- Jacques Beyssade, Secretary General of Groupe BPCE in charge of Legal, Governance, Compliance, Permanent Control and Market Relations;
- Géraud Brac de La Perrière, Chief Risk Officer;
- François Codet, Chief Executive Officer of Natixis Assurances, in charge of the Group's Insurance division;
- Catherine Halberstadt, Chief Executive Officer[1] head of Financial Solutions and Expertise;
- Yves Tyrode, Chief Digital and Payments Officer;

(1) The title of Chief Executive Officer is not governed by Article L. 225-66 of the French Commercial Code

Furthermore, Stéphanie Paix, who reports directly to Laurent Mignon, is Deputy Chief Executive Officer in charge of the Group Inspection Générale division.

From January 1, 2022:

- Stephanie Paix replaces Géraud Brac de La Perrière as Chief Risk Officer;
- Christine Jacglin replaces Stephanie Paix as Deputy Chief Executive Officer in charge of Group Inspection Générale.

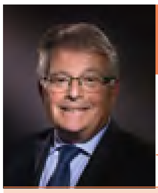
DIVERSITY

On January 1, 2022, the Executive Management Committee comprised four women out of a total of eleven members, *i.e.* a proportion of 36.36%.

As of December 31, 2021, the gender distribution of the top 10% senior management positions was 33.5%, *i.e.* 84 women out of 251 people.

3.3.5 Directorships and offices held by corporate officers

SUPERVISORY BOARD



Thierry CAHN

BORN 09/25/1956

CHAIRMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE

CHAIRMAN OF THE SUPERVISORY BOARD AND MEMBER OF THE BPCE COOPERATIVE AND CSR COMMITTEE (SINCE MAY 27, 2021)

Business address: 3 rue François de Curel BP 40124 57021 Metz cedex 1

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Chairman of the Supervisory Board and member of the BPCE Cooperative and CSR Committee** (from 5/27/2021)
- **Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne** (since 11/27/2014)
- **Member of the Supervisory Board:** Banque BCP Luxembourg (since 07/03/2018)
- **Director:** FNBP (since 11/27/2014)

Outside Groupe BPCE

-

Thierry Cahn has been a member of the Board of Directors of Banque Fédérale des Banques Populaires (Groupe Banque Populaire's central institution) since 2008. He also served as a member of the Board of Directors of Banques Populaires Participations from July 2009 to August 2010 and of Natixis from January 2013 to May 2020. He is an attorney at the Colmar Court of Appeals and Honorary Chairman of the Confédération Nationale des Avocats (CNA – French National Federation of Attorneys) and a former Chairman of the Bar. Since 2003, he has been Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne.

A member of the BPCE Supervisory Board since July 2009, Thierry Cahn was elected Vice-Chairman of the Supervisory Board of BPCE on May 24, 2019 then Chairman on May 27, 2021.

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Vice-Chairman of the BPCE Supervisory Board** (from May 24, 2019 to May 27, 2021)

Outside Groupe BPCE

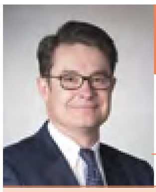
-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: Natixis (from 1/28/2013)			(until 05/25/2020)

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).



Éric FOUGÈRE

BORN 08/13/1967

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE BOURGOGNE FRANCHE-COMTÉ;
VICE-CHAIRMAN OF THE SUPERVISORY BOARD OF BPCE (SINCE MAY 27, 2021)

Business address: 1 rond point de la Nation BP 23088 21088 Dijon cedex 9

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE
– **Vice-Chairman of the Supervisory Board of BPCE** (from 5/27/2021)
– **Member of the Supervisory Board of BPCE** (since 12/19/2019)
– **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Bourgogne Franche-Comté** (since 04/30/2019)
– **Chairman of the Board of Directors:** SLE Sud Côte d'Or
– **Director:** FNCE (since April 30, 2019)

Outside Groupe BPCE
– **Member of the Management Board:** SA Louis Latour (since 09/2006)
– **Director:** Louis Latour – Inc., Louis Latour – Ltd., Louis Latour – Vins Fins Henry Fessy

A graduate of the specialized Master's program in Banking Senior Management at the Centre d'études supérieures bancaires in Paris, Éric Fougère has been Chief Financial Officer and member of the Management Board of Groupe Louis Latour in Beaune since 2006. He began his career at Le Crédit Lyonnais (LCL) group where he was Head of Corporate Banking.

Since 2013, he has actively participated in the governance of Caisse d'Epargne de Bourgogne Franche-Comté, initially as a director of local savings company (LSC) Sud Côte d'Or, before becoming Chairman of this same LSC in January 2015. He was appointed as a member of the Steering and Supervisory Board of the Caisse d'Epargne de Bourgogne Franche-Comté in April of the same year and subsequently became Chairman in April 2019.

A member of the BPCE Supervisory Board since December 2019, Eric Fougère was elected Vice-Chairman of the BPCE Supervisory Board on May 27, 2021.

TERMS EXPIRED IN 2021

Within Groupe BPCE
– **Member:** BPCE Audit Committee (from 12/19/2019 to 05/27/2021)

Outside Groupe BPCE
-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
-			

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: Société locale d'épargne (local savings company).

Pierre VALENTIN (UNTIL MAY 27, 2021)

BORN 02/06/1953

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE LANGUEDOC-ROUSSILLON

CHAIRMAN OF THE SUPERVISORY BOARD AND MEMBER OF THE BPCE COOPERATIVE AND CSR COMMITTEE

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

-

Outside Groupe BPCE

- **Director:** Association Maison de Santé Protestante d'Alès
- **Manager:** SCI Les Trois Cyprès (since 1/1/1988)

Pierre Valentin has a degree in private law and a postgraduate degree from the Institut des Assurances d'Aix-Marseille. He is an entrepreneur and began his career at Mutuelle d'Assurances du Bâtiment et des Travaux Publics in Lyon in 1978. In 1979, he set up Société Valentin Immobilier. Pierre Valentin quickly formed a long-standing commitment to the Caisse d'Epargne network. In 1984, he became a consulting advisor to Caisse d'Epargne d'Alès. In 1991, he served as a consulting advisor to Caisse d'Epargne Languedoc-Roussillon. He was appointed Chairman of local savings company Vallée des Gardons in 2000. He has been a member of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon since 2000 and was Chairman of the Audit Committee from 2003 to 2006. In 2006, he was appointed Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon, and was re-appointed to this office in 2009 and 2015.

Since 2008, Pierre Valentin has been on the Board of Directors of FNCE and has actively participated in the Group's governance. He also served as a director, Chairman of the Audit Committee and Vice-Chairman of the Supervisory Board of Banque Palatine between 2008 and 2013, and then as director of listed company Natixis from 2013 to 2015.

Pierre Valentin, a member of the BPCE Supervisory Board from 2009 to 2021 and a member of the Audit and Risk Committee from 2013 to 2015, served as Chairman of the BPCE Supervisory Board from May 22, 2015 to May 19, 2017. He was a member of the Audit Committee from June 21, 2017 to May 24, 2019.

Pierre Valentin was Chairman of the Supervisory Board of BPCE from May 24, 2019 to May 27, 2021.

TERMS EXPIRED IN 2021

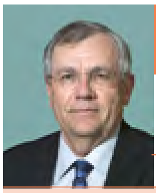
- **Chairman and member of the Supervisory Board, member of the BPCE Cooperative and CSR Committee** (from May 24, 2019 to May 27, 2021)
- **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon (CELR)** (from May 30, 2006 to October 13, 2021)
- **Member of the Steering and Supervisory Board of Caisse d'Epargne Languedoc-Roussillon (CELR)** (from December 11, 1994 to December 12, 2021)
- **Chairman of the Board of Directors:** CE Holding Participations (from June 17, 2019 to December 9, 2021), SLE Alès Gard Rhodanien (from October 25, 2019 to November 25, 2021)
- **Director:** CE Holding Participations (from 06/30/2010 to 12/09/2021), FNCE (until 10/13/2021)

TERMS EXPIRED DURING PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Member: BPCE Audit Committee (from 06/21/2017)		(until 05/24/2019)	
Chairman of the BPCE Supervisory Board (from 05/22/2015 to 05/19/2017)			

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

FOR THE BANQUE POPULAIRE NETWORK



Gérard BELLEMON

BORN 10/01/1954

CHAIRMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE VAL DE FRANCE

MEMBER OF THE SUPERVISORY BOARD, THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE OF BPCE

Business address: 9 avenue Newton 78183 Saint-Quentin-en-Yvelines cedex

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board, the Appointments Committee, and the Remuneration Committee of BPCE** (since 6/16/2018)
- **Chairman of the Board of Directors of Banque Populaire Val de France** (since 09/16/2010)
- **Director:** FNBP (since 09/16/2010)

Outside Groupe BPCE

- **Chairman:** SAS SOGEBEST, SAS Suard Bellemon

67 years old, a graduate of the École de Commerce IDRAC, Gérard Bellemon is Chairman of the Board of Directors of Banque Populaire Val de France. He is also Chairman of SAS Suard Bellemon.

He was a director at Natixis Investments Managers and BPCE VIE.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: BPCE Vie (from 03/28/2017)			(until 06/16/2020)
Director: Natixis Investment Managers (from 10/20/2016)			
Director: Natixis Assurances (from 10/01/2008 until 12/09/2020)			

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Bernard DUPOUY

BORN 09/19/1955

CHAIRMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE

MEMBER OF THE SUPERVISORY BOARD, THE REMUNERATION COMMITTEE AND THE AUDIT COMMITTEE OF BPCE

Business address: 10 quai des Queyries 33072 BORDEAUX Cedex

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board of BPCE** (since 08/02/2018), **member of the Appointments Committee and the Remuneration Committee of BPCE** (since 05/24/2019)
- **Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique** (since 01/27/2015)
- **Director:** FNBP (since 06/09/2015)

Outside Groupe BPCE

- **Chairman of the Board of Directors, Chief Executive Officer:** Groupe Dupouy SA (since 07/22/1993), Établissements Dupouy SBCC (since 09/01/1998)
- **Director:** Union Maritime du Port de Bordeaux, Société Centrale des Caisses de Crédit Maritime Mutuel
- **Manager:** SCI BADIMO (since 1/26/2000)

A graduate of École Supérieure de Commerce et d'Administration et des Entreprises de Bordeaux, Bernard Dupouy joined the Board of Directors of Banque Populaire du Sud-Ouest (BPSO) in 1996 as a director. He was appointed Secretary in 2006, then Vice-Chairman in 2009. In November 2011, BPSO became Banque Populaire Aquitaine Centre Atlantique (BPACA). At that time, Bernard Dupouy became Deputy Vice-Chairman, then Chairman of the Board of Directors in January 2015.

He also chaired the Board of Directors of Crédit Commercial du Sud-Ouest, a subsidiary of BPSO, from 2008 to 2011. From 2011 to 2015, he was Chairman of its Audit and Risk Committee, while also serving as a director.

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Vice-Chairman:** FNBP (from 06/06/2018 to 06/11/2021)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
Director: Natixis (since 08/01/2017)			(until 06/23/2020)
	Member of the Appointments Committee: BPCE (since 8/2/2018)	(until 05/24/2019)	
Permanent Representative of BPACA, Director: Bordeaux Grands Événements (2)		(until 04/25/2019)	
Vice-Chairman of the Board of Directors: Congrès et Expositions de Bordeaux Association(2)		(until 03/18/2019)	
Director: Natixis Interépargne (since 11/30/2016)	(until 08/03/2018)		
Director of the Board of Directors: BPCE Vie (since 3/23/2017)	(until 08/03/2018)		

(1) Listed company
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Daniel KARYOTIS (SINCE DECEMBER 16, 2021)

BORN 02/09/1961

CHIEF EXECUTIVE OFFICER OF BANQUE POPULAIRE AUVERGNE RHÔNE ALPES
MEMBER OF THE SUPERVISORY BOARD, THE AUDIT COMMITTEE, THE APPOINTMENTS COMMITTEE, THE REMUNERATION COMMITTEE AND THE COOPERATIVE AND CSR COMMITTEE OF BPCE

Business address: 4 boulevard Eugène Deruelle 69003 Lyon

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board, the Audit Committee, the Appointments Committee, the Remuneration Committee and the Cooperative and CSR Committee of BPCE** (since 12/16/2021)
- **Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes (BPAURA)** (since 05/01/2016)
- **Chairman of the Board of Directors:** Banque de Savoie (since 05/10/2017)
- **Chairman:** BTE (since 06/02/2020)
- **Director:** FNBP (since 05/01/2016)
- **Permanent representative of BPAURA, director:** I-BP (since 10/2016)
- **Permanent representative of BPAURA, Chairman:** Garibaldi Capital Développement (since 05/29/2017), SAS Sociétariat BPA (since 12/07/2016)
- **Permanent representative of BPAURA, non-voting director:** Siparex (since 09/28/2017)

Outside Groupe BPCE

-

After starting his career at Société Générale in the financial markets, Daniel Karyotis held the position of financial analyst in charge of the banking sector at Standard & Poor's for five years. In 1992, he joined Caisse d'Epargne Champagne Ardennes where he held various management positions until 1997. He then became Chief Executive Officer of Caisse d'Epargne du Pas de Calais from 1998 to 2001, then Chairman of the Management Board of Caisse d'Epargne Champagne Ardennes from 2002 to 2007. In 2007, he became Chairman of the Management Board of Banque Palatine, then in 2012 he was appointed Chief Executive Officer and member of the Management Board in charge of Groupe BPCE's Finance, Risks and Operations. In April 2016, he led the merger of the three Banque Populaire banks in the Auvergne-Rhône-Alpes region, which gave rise to Banque Populaire Auvergne Rhône Alpes (the largest of the Banque Populaire banks in the region), of which he has been the Chief Executive Officer since December 2016.

Daniel Karyotis is a non-voting director with SIPAREX and a director of Fondation Paul Bocuse.

Daniel Karyotis has also been a non-voting director of the Supervisory Board of BPCE since 2016. On December 16, 2021, he was appointed a member of the Supervisory Board, the Audit Committee, the Appointments Committee, the Remuneration Committee and the Cooperative and CSR Committee of BPCE.

In addition, Daniel Karyotis has written two books and works at HEC.

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Non-voting member of the BPCE Supervisory Board** (from 11/08/2016 to 12/16/2021)
- **Director:** Coface SA(1) (from 02/08/17 to 02/10/2021)

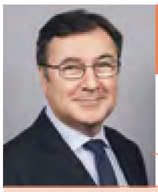
Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Permanent representative of BPAURA, director: Pramex International (since 10/11/2016)			(until 06/10/2020)
Permanent representative of Banque Populaire Auvergne Rhône Alpes, Chairman: SAS Sociétariat BPMC		(until 08/09/2019)	

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).



Olivier KLEIN

BORN 06/15/1957

CHIEF EXECUTIVE OFFICER OF BRED BANQUE POPULAIRE

MEMBER OF THE SUPERVISORY BOARD AND OF THE RISK COMMITTEE OF BPCE

Business address: 18 quai de la Rapée 75604 Paris cedex 12

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board and the Risk Committee of BPCE** (since 01/01/2019)
- **Chief Executive Officer of BRED Banque Populaire** (since 09/28/2012)
- **Managing Director:** COFIBRED (since 11/16/2012)
- **Member of the Supervisory Board:** PREPAR VIE (since 12/11/2012)
- **Director:** BRED Gestion (since 05/14/2013), BIC-BRED (since 05/16/2013), BRED Bank Fiji Ltd (since 10/23/2013), BRED Bank Cambodia (since 10/22/2015), Banque FRANCO LAO (since 03/07/2014), BIC BRED – Suisse SA (since 07/29/2015), COFIBRED (since 11/19/2013), Promepar Asset Management (since 10/04/2012)
- **First Vice-Chairman of the Board of Directors:** FNBP (since 05/16/2013)
- **Permanent representative of BRED BP on the Board:** BCI Mer Rouge (since 10/25/2012), BCI NC (since 10/03/2012)

Outside Groupe BPCE

- **Director:** Rexecode (since 01/01/2018), Unigestion Asset Management (since 06/22/2015)

A graduate of ENSAE and the HEC postgraduate cycle in finance, Olivier Klein holds various responsibilities at BFCE, where he created and manages the investment bank specializing in mergers and acquisitions and private equity. He joined Groupe Caisse d'Epargne in 1998 and became Chairman of the Management Board of Caisse d'Epargne Ile-de-France Ouest in 2000. In 2007, he was appointed Chairman of the Management Board of Caisse d'Epargne Rhône Alpes. Olivier Klein is a former Chairman of the Caisses d'Epargne National retail banking Commission. He has also been a director of Natixis, CNP and Nexity, and Chairman of the Board of Banque Palatine.

From April 2010 to October 2012, Olivier Klein was a member of the Management Board of BPCE, in charge of Commercial Banking and Insurance.

Since September 2012, he has been Chief Executive Officer of BRED Banque Populaire. He is also Chairman of the French section of the Ligue Européenne de Coopération Économique (LECE), director of Rexecode, member of the Supervisory Board and of the Risk Committee of BPCE and First Vice-Chairman of the Fédération Nationale des Banques Populaires. In addition, he is an associate professor at HEC in Economics and Finance, and is co-responsible for the Major (Master 2) of the Grande École Managerial and Financial Economics and the Master in Managerial and Financial Economics.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

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TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Vice-Chairman of the Supervisory Board: SOCFIM (since 03/29/2013)			(until 05/27/2020)
Director: PREPAR IARD (from 12/11/2012)		(until 03/29/2019)	
Director: Natixis Investment Managers (from 12/11/2012)	(until 12/20/2018)		
Chairman of the Board of Directors: PROMEPAR Asset Management[2] (from 10/4/2012 to 03/30/2017)			
Member of the Supervisory Board: Tikehau[2] (from 06/30/2015 to 03/07/2017)			
Chairman: Adaxtra (from 10/23/2012 to 06/09/2016)	(ending on 12/10/2018)		
Chairman: Perspectives Entreprises (from 11/05/2015)			
Permanent representative of BRED BP, Director: SOFIAG (from 11/05/2012)		(until 03/01/2019)	
Permanent representative of BRED BP, Director: SOFIDER (from 11/05/2012)		(until 04/08/2019)	
Permanent Representative of COFIBRED, Director: Click and Trust (from 01/08/2013)		(until 03/15/2019)	

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Catherine MALLET

BORN 05/26/1969

CHAIRMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE OCCITANE
MEMBER OF THE SUPERVISORY BOARD OF BPCE

Business address: 33-43 avenue Georges Pompidou 31130 Balma

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE
- **Member of the Supervisory Board of BPCE** (since 05/17/2018)
- **Chairman of the Board of Directors of Banque Populaire Occitane** (since 05/14/2018)
- **Director:** FNBP (since 05/14/2018)

Outside Groupe BPCE
- **Deputy CEO: Actia Group SA**[1] (since 10/30/2020)
- **Chairwoman of the Management Board:** LP2C (since 10/19/2020)
- **Member of the Management Board:** LP2C (since 07/11/2002)
- **Chairwoman of the Board of Directors:** ACTIA Telecom (since 11/24/2020), ACTIA PCs (since 07/12/2018)
- **Co-Manager:** SCI Oratoire (since 11/17/2020) and SCI de Pouvourville (since 11/24/2020)
- **Director:** ACTIA PCs (since 03/17/2015), ACTIA China (since 04/07/2015), ACTIA Italia (since 04/26/2018), ACTIA De Mexico (since 04/06/2016), CIPI ACTIA (since 04/19/2016), ACTIA Corp (03/08/2016), ACTIA Inc. (since 03/08/2016), ACTIA India (since 09/29/2016, ACTIA Do Brasil (since 11/03/2015), ACTIA UK (since 08/01/2017), ACTIA Telecom (since 11/24/2017), ACTIA Electronics (since 12/15/2018), ACTIA Group (since 10/30/2020), ACTIA Africa (since 04/06/2018), ACTIA Nordic (since 12/20/2020), SCI Los Olivos (since 07/20/2021), Association Middlenext (since 03/18/2020)
- **Member of the Management Committee:** ACTIA Power (since 12/17/2020)
- **Permanent representative of LP2C, Director:** ACTIA 3E (since 03/18/2019), ACTIA Systems (since 10/19/2020), ACTIA Engineering Services (since 10/19/2020)
- **Permanent representative of Promologis, Director:** SAC Occitanie Habitat (since 06/01/2021)
- **Permanent Representative of Action Logement Immobilier (MEDEF), Director:** Promologis SA HLM (since 06/22/2018)
- **Member of the Board:** Associations Toulouse Place Financière (since 04/07/2015)

A graduate of École Supérieure de Commerce de Toulouse, Catherine Mallet has been a Management Board member in charge of Finance and Communication for ACTIA Group, which specializes in manufacturing electronic components and systems for the automotive, telecommunications, and energy sectors, since 2003. In 2015, she was appointed a director of the Board of Banque Populaire Occitane, then Chairman of the Board of Directors on May 14, 2018.

TERMS EXPIRED IN 2021

Within Groupe BPCE

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Outside Groupe BPCE
- **Director: ACTIA Systems** (from 10/30/2015 to 03/30/2021),

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Member of the Management Board: ACTIA Group SA[1] (since 11/12/2002)			(until 10/30/2020)
		Permanent representative of ACTIA Group SA[1], Director: ACTIA Telecom (since 11/16/2019)	(until 11/24/2020)
Permanent representative of Action Logement Immobilier (MEDEF): Ma Nouvelle Ville SA (from 2009)		(until 2019)	

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Marie PIC-PÂRIS ALLAVENA (SINCE 05/27/2021)

BORN 07/04/1960

CHAIRMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE RIVES DE PARIS

MEMBER OF THE SUPERVISORY BOARD, THE RISK COMMITTEE AND THE APPOINTMENTS COMMITTEE OF BPCE

Business address: 76-78 avenue de France 75204 Paris cedex 13

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board and the Risk Committee and the Appointments Committee of BPCE** (since 05/27/2021)
- **Chairman of the Board of Directors of Banque Populaire Rives de Paris** (since 05/09/2019)
- **Director:** FNBP

Outside Groupe BPCE

- **Deputy Chief Executive Officer:** Eyrolles Group (since 02/10/2009)
- **Director:** Eyrolles Group (since 10/02/2009)
- **Independent Director:** TF1[(1)] (since 04/01/2019)

A graduate of ESSEC, Marie Allavena began her career in banking at BNP Paribas, then in the Crédit Agricole group, where she developed expertise in the structuring of complex banking transactions (aircraft financing, LBO).

In 1994, she founded her company – Futurekids – a computer school for children who were introduced to new technologies starting at age three. Her company expanded in France and Monaco, either directly or in schools.

She sold her company in 2002 to hold management positions in consulting firms, notably at Bernard Julhiet.

In 2006 she joined Serge Eyrolles, as General Secretary of the Eyrolles group (independent, family-owned publishing group). She was appointed Chief Executive Officer of the Eyrolles Group in 2008. For the past 11 years, she has broadened the historical editorial line in professional and technical fields to more general audience topics. Eyrolles books are now translated into 35 languages. Lastly, Marie Allavena developed digital books very early on, forging partnerships with major players such as Apple and Amazon, thereby making it possible to distribute content on all platforms and in all formats.

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Director:** Banque Palatine (from 01/05/2016 to 10/01/2021), Coface SA[(1)] (from 10/23/2019 to 02/10/2021)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
-	-	-	-

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Yves GEVIN (UNTIL 12/16/2021)

BORN 09/02/1958

CHIEF EXECUTIVE OFFICER OF BANQUE POPULAIRE RIVES DE PARIS

MEMBER OF THE SUPERVISORY BOARD, THE AUDIT COMMITTEE, THE APPOINTMENTS COMMITTEE, THE REMUNERATION COMMITTEE AND THE COOPERATIVE AND CSR COMMITTEE OF BPCE

Business address: 76-78 avenue de France 75204 Paris cedex 13

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Chief Executive Officer of Banque Populaire Rives de Paris** (since 05/01/2012)
- **Chairman of the Board of Directors:** TURBO SAS (since 07/23/2019), BP Développement (since 06/19/2018), Rives Croissance (since 04/13/2015)
- **Member of the Supervisory Board:** Naxicap Partners (since 05/29/2013)
- **Director:** Fondation d'entreprise Banque Populaire (since 06/14/2016), Fondation d'entreprise Banque Populaire Rives de Paris (since 2006), FNBP (since 05/01/2012)
- **Manager:** Equinoxe (since 07/27/2016)
- **Permanent Representative of Banque Populaire Rives de Paris, Director:** I-BP

Outside Groupe BPCE

- **Director:** ESSCA (since 06/10/2015)

Yves Gevin earned an engineering degree from Institut National des Sciences Appliquées (INSA) in Lyon in 1981. He also holds an MBA from EM Lyon Business School (CESMA), awarded in 1982. He joined Groupe Banque Populaire in 1987. He joined Banque Populaire Franche-Comté, Maçonnais et Ain, where he served as Head of Organization and Information Technology and, beginning in 1995, Deputy Chief Executive Officer. In 1998, Mr. Gevin was appointed Chief Executive Officer of Banque Populaire Anjou Vendée. In 2002, he led the merger of Banque Populaire Anjou Vendée and Banque Populaire Bretagne Atlantique, which became Banque Populaire Atlantique. In 2008, he was appointed Chairman of the Management Board of Foncia Group. He has served as Chief Executive Officer of Banque Populaire Rives de Paris since 2012.

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Member of the Supervisory Board, the Audit Committee, the Appointments Committee, the Remuneration Committee and the Cooperative and CSR Committee of BPCE** (from 05/22/2015 to 12/16/2021)

Outside Groupe BPCE

Chairman of the Board of Directors: ESSCA (from 6/01/2016 to 1/13/2021)

TERMS EXPIRED DURING PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: Compagnie Européenne de Garanties et Cautions (CEGC) (since 02/16/2009)			(until 07/09/2020)

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Michel GRASS (UNTIL 05/27/2021)

BORN 11/12/1957

CHAIRMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ

MEMBER OF THE SUPERVISORY BOARD, THE RISK COMMITTEE AND THE APPOINTMENTS COMMITTEE OF BPCE

Business address: 5, avenue de Bourgogne BP 63 21802 Quetigny cedex

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté** (since 6/22/2000)
- **Director:** Natixis Investment Managers (since 10/27/2021), FNBP (since 06/22/2000)

Outside Groupe BPCE

- **Town Councilor** of the City of Sens (since 03/2014)
- **Councilor** of the Greater Senonais agglomeration (since 03/2014)
- **Director:** SCET SA (since 06/17/2021)

Michel Grass holds a Master's Degree in Management from Université de Paris 1. He began his career in 1983 as a Clinic Director in the healthcare sector in Sens. From 1987 to 2010, he created and ran a small regional group of private clinics. In 2000, he became a Director at Banque Populaire de Bourgogne and has served as a commercial court judge since 2009.

Mr. Grass has been Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté since 2010.

Michel Grass was Chairman of the Supervisory Board of BPCE from May 2017 to May 2019 and a member from 2015 to 2021.

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Member of the Supervisory Board** (from 05/22/2015 to 05/27/2021), **member of the BPCE Risk Committee and the Appointments Committee** (from 05/25/2019 to 05/27/2021)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

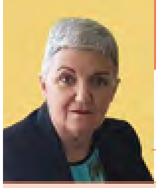
2017	2018	2019	2020
Chairman of the Supervisory Board and member of the BPCE Cooperative and CSR Committee (from 05/19/2017)		(until 05/24/2019)	
Director: Natixis – (from 02/19/2014 to 05/24/2017)			
Director: SA HLM Brennus Habitat(2) (from 08/05/2015 to 08/25/2017)			

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

3

FOR THE CAISSE D'EPARGNE NETWORK



Catherine AMIN-GARDE

BORN 03/08/1955

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE LOIRE DRÔME ARDÈCHE

MEMBER OF THE SUPERVISORY BOARD, THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE OF BPCE

Business address: Espace Fauriel 17 rue P. and D. Ponchardier BP 147 4 2012 Saint-Etienne cedex 2

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board, the Appointments Committee and the Remuneration Committee of BPCE** (since 07/31/2009)
- **Chairwoman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche** (since 04/29/2009)
- **Chairwoman of the Board of Directors:** SLE Drôme Provençale Centre (since 02/02/2009); Solidaire à fond(s), the Caisse d'Epargne Loire Drôme Ardèche endowment fund (since 12/24/2015)
- **Director:** FNCE (since 05/04/2009), CE Holding Participations (since 06/30/2010)
- **Permanent Representative of CE Holding Participations, Director:** SAS Groupe Habitat en Région (since 02/08/2021)

Outside Groupe BPCE

-

Catherine Amin-Garde holds advanced degrees in both History and European Studies. She joined Groupe Caisse d'Epargne in 1984.

She is currently Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
Director: Natixis Interépargne (since 09/30/2010)			(until 05/15/2020)

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

Alain DENIZOT

BORN 10/01/1960

CHAIRMAN OF THE MANAGEMENT BOARD OF CAISSE D'EPARGNE RHÔNE ALPES

MEMBER OF THE SUPERVISORY BOARD AND OF THE RISK COMMITTEE OF BPCE

Business address: 116 cours Lafayette BP 3276 69404 Lyon cedex 03

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board and the Risk Committee of BPCE** (since 12/20/2018)
- **Chairman of the Management Board of Caisse d'Epargne Rhône Alpes** (CERA) (since 11/12/2018)
- **Chairman of the Board of Directors:** Banque du Léman (since 11/30/2018)
- **Chairman of the Supervisory Board:** Rhône Alpes PME Gestion (since 01/25/2019)
- **Director:** FNCE (since 11/12/2018), CE Holding Participations (since 05/09/2019)
- **Non-voting Director:** Société des Trois Vallées (since 01/18/2019)
- **Permanent Representative of CERA, Chairman of the Board:** HUB612 (since 11/12/2018)
- **Permanent representative of CERA, Chairman:** Rework Place (since 11/12/2018), HUB612 Participations (since 09/2021)
- **Permanent Representative of CERA, Director:** IT-CE (since 11/12/2018), Fondation d'entreprise CERA (since 11/12/2018), GIE BPCE-IT (since 12/07/2018)

Outside Groupe BPCE

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A graduate of IAE Paris with a degree in Agricultural Economics, and holding another degree in Accounting, Alain Denizot began his career at Crédit du Nord, followed by SG Warburg France and then Société Marseillaise de Crédit. In 1990, he joined Caisse d'Epargne Île-de-France-Ouest as manager and then Director of Financial Management. In 1995, he became a member of the Management Board in charge of the Risk and Finance division, then in 1999 a member of the Management Board in charge of the Network and Development. In 2000, he joined Caisse d'Epargne de Flandre as Chief Executive Officer and Management Board member in charge of the Network and Banking Development. In 2003, he became CEO of Ecureuil Assurance IARD. He was appointed Chairman of the Management Board of Caisse d'Epargne Picardie in early 2008. And in 2011 he joined Caisse d'Epargne Nord France Europe, now Caisse d'Epargne Hauts de France (CEHDF), as Chairman of the Management Board. He was appointed Chairman of the Management Board of Caisse d'Epargne Rhône Alpes (CERA) on November 12, 2018.

3

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Permanent representative of CE Holding Participations, Director:** Habitat en Région Participations (from 04/26/2019 to 02/08/2021)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: BPCE Factor (since 10/13/2010)			(until 05/25/2020)
	Permanent representative of CERA, Director: Erilia (since 12/14/2018)		(until 06/19/2020)
	Permanent representative of CERA, manager: Garibaldi Office, Lafayette Bureaux, SCI Le Ciel, SCI Le Relais, SCI Dans la ville (since 11/12/2018)		(until 02/11/2020)
Non-voting Director: CE Holding Participations (from 11/17/2016)		(until 05/09/2019)	
Chairman of the Board of Directors: BATIXIA (from 06/17/2011)		(until 01/20/2019)	
Director: Natixis – (from 05/19/2015 until12/20/2018)	(until 12/20/2018)		
Chairman of the Management Board: CEHDF (from 05/01/2017 until 11/11/208)	(until 12/20/2018)		
Chairman of the Board of Directors: SIA Habitat (from 06/01/2016 until 11/11/2018)	(until 12/20/2018)		
Chairman of the Management Board: CENFE (from 02/10/2011 to 05/01/2017)			
Member of the Supervisory Board: SIGH (from 10/16/2017 until 11/11/2018)	(until 11/11/2018)		
Permanent representative of CEHDF, member of the Supervisory Board: EuraTechnologies (from 06/29/2017)	(until 11/11/2018)		
Permanent representative of CENFE, then CEHDF Director: IT-CE (from 12/01/2016), BPCE-IT, FINORPA Financement (from 05/05/2014)	(until 11/11/2018)		
FINORPA SCR (from 05/05/2014)			
Hi SA (from 06/17/2014)			
Permanent representative of CENFE and CEHDF, ex-officio member: Foundation Agir et Réussir Ensemble (from 12/14/2015)	(until 11/11/2018)		
Permanent representative of CENFE, then CEHDF, Treasurer: Fondation des Possibles (since 12/17/2016)	(until 11/11/2018)		
Permanent representative of CENFE, Chairman: Foncière Ceptentrion (from 04/04/2011 to 05/01/2017)			

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

Alain DI CRESCENZO (SINCE 05/27/2021)

BORN 01/20/1962

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE MIDI-PYRENEES

MEMBER OF THE SUPERVISORY BOARD, APPOINTMENTS COMMITTEE AND REMUNERATION COMMITTEE OF BPCE

Business address: 10 avenue Maxwell BP 22306 31023 Toulouse cedex 1

Alain DI Crescenzo, 59 years old, is a graduate of the Ecole Nationale Supérieure des Arts et Métiers (ENSAM). He has been Chairman and Chief Executive Officer since 1998 of the IGE+XAO Group (a subsidiary of the Schneider Electric Group), specializing in the publishing of software dedicated to the design, manufacture, commissioning and maintenance of electrical systems for all sectors of activity.

He was also Chairman of the Occitanie Chamber of Commerce and Industry. He is also an advisor to the French Foreign Trade Department and a consultant to the Toulouse branch of the Banque de France.

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board, the Appointments Committee and the Remuneration Committee of BPCE** (since 05/27/2021)
- **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Midi-Pyrénées** (since 04/30/2020)
- **Chairman of the Board of Directors:** SLE Haute Garonne Sud (since 06/19/2019)
- **Director:** FNCE (since 04/30/2020)

Outside Groupe BPCE

- **Chairman and Chief Executive Officer:** IGE+XAO SA France (since 01/29/1998), IGE+XAO USA (since 12/07/2007)
- **Chairman:** ALPI SAS (since 06/19/2019)
- **Managing Director:** IGE+XAO Softwaren Vertriebs (since 12/06/2000)
- **Director:** EHMS (since 08/05/2006), IGE+XAO China (since 01/04/2008), IGE+XAO India (since 12/19/2016), IGE+XAO Nordic AS (since 2001), IGE+XAO North AmÉrica (since 05/07/1997), IGE+XAO UK (since 02/01/1999)
- **Sole director:** IGE+XAO IbÉrica SL (since 11/12/2015)
- **Manager:** IGE+XAO Madagascar (since 09/23/2008), IGE+XAO Maroc (since 06/24/2008), IGE+XAO Tunisia (since 06/24/2008), IGE+XAO DO BRASIL (since 05/23/2017), ADC Investment – France (since 01/11/2018), ALPI Deutschland GmbH (since 06/05/2019), ALPI International Software España (since 06/05/2019), ALPI Africa SARL – Burkina Faso (since 06/05/2019)
- **Permanent representative of IGE+XAO SA France, Director:** IGE+XAO Belgium (since 06/04/2021)

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

- **Chairman of the Board of Directors:** CAE Development (from 06/16/2008 to 11/16/2021)
- **Chairman:** BIM-Electrical Corp. (Ex-ALPI Corporation-USA) (from 06/05/2019 to 11/29/2021), Occitanie Chamber of Commerce and Industry (from 12/16/2016 to 12/09/2021)
- **Vice-Chairman of the Supervisory Board:** IGE+XAO Polska SP Zoo (from 10/14/2005 to 12/15/2021)
- **Director:** IGE (from 01/29/2016 to 04/26/2021), S2E (from 09/04/2006 to 06/30/2021)
- **Manager:** IGE+XAO Belgium (from 06/19/2015 to 06/04/2021), SCI Consulaire – France (from 12/01/2015 to 12/31/2021)

TERMS EXPIRED DURING PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: TBS[2] (since 12/30/2015), IGE+XAO BV Netherlands[2] (since 08/01/2007)			(until 04/20/2020) (until 12/31/2020)
Chairman: CCIWEBSTORE [2] (since 09/25/2018)			(until 07/31/2020)
	Vice-Chairman of the Supervisory Board: Aéroport Toulouse-Blagnac [2] (since 04/24/2018)		(until 03/04/2020)
Director: IGE+XAO Turkey [2] (since 07/20/2012)		(until 04/15/2019)	
Non-voting member: Caisse d'Epargne Midi-Pyrénées (from 04/28/2017)		(until 06/21/2019)	
Member of the Supervisory Board: Banque Courtois [2] (from 12/02/2005)	(until 05/31/2018)		

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

Françoise LEMALLE

BORN 01/15/1965

CHAIRWOMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE CÔTE D'AZUR;
MEMBER OF THE SUPERVISORY BOARD AND OF THE RISK COMMITTEE OF BPCE

Business address: 455 Promenade des Anglais BP3297 06205 Nice cedex 03

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

– **Member of the Supervisory Board and the Risk Committee of BPCE** (since 05/22/2018)
– **Chairwoman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur** (CECAZ) (since 04/23/2015)
– **Chairwoman of the Board of Directors:** SLE CECAZ (SLE Ouest des Alpes-Maritimes) (since 01/19/2015)
– **Director:** CE Holding Participations (since 09/09/2015), FNCE (since 04/23/2015
– **Treasurer:** Association Benjamin Delessert

Outside Groupe BPCE

– **Chief Executive Officer:** Lemalle Experts Associés (formerly Lemalle Ares-Xpert) (since 07/12/2013)
– **Director:** MFI Créa-Sol

A chartered accountant since 1991 (and the youngest Chartered Accountant in the PACA region that year), Françoise Lemalle registered with the Compagnie des Commissaires aux Comptes in 1993. She runs an accounting and auditing firm of 25 people, located in Mougins. She regularly hosts training sessions for small retailers, craftsmen and self-employed professionals, mostly within management bodies.

In 1999, she became a founding director of local savings company SLE de Cannes, before being elected as its Chairman in 2009. She was on the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur as a Non-Voting Director, then from 2009 as LSC Chairman, joining the Audit Committee at that time as well. Françoise Lemalle was appointed Chairwoman of the Steering and Supervisory Board on April 23, 2015.

Since 2013, she has also been a director and member of the Audit Committee of association IMF Créa-Sol[(2)].

3

TERMS EXPIRED IN 2021

Within Groupe BPCE

– **Director:** Fondation BELEM (from 06/30/2020 to 06/17/2021)

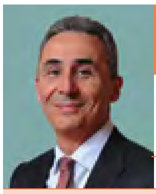
Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: Natixis (from 07/30/2015)			(until 02/06/2020)

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).



Didier PATAULT

BORN 02/22/1961

CHAIRMAN OF THE MANAGEMENT BOARD OF CAISSE D'EPARGNE ÎLE-DE-FRANCE
MEMBER OF THE SUPERVISORY BOARD, THE AUDIT COMMITTEE, THE APPOINTMENTS COMMITTEE, THE REMUNERATION COMMITTEE AND THE COOPERATIVE AND CSR COMMITTEE OF BPCE

Business address: 26-28 rue Neuve Tolbiac 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board, the Audit Committee, the Appointments Committee, the Remuneration Committee and the Cooperative and CSR Committee of BPCE** (since 07/31/2009)
- **Chairman of the Management Board of Caisse d'Epargne Île-de-France** (CEIDF) (since 04/25/2013)
- **Chairman of the Supervisory Board: Banque BCP** (France) (since 06/17/2013)
- **Chairman of the Board of Directors:** Banque de Nouvelle Calédonie (since 06/24/2019), Banque de Tahiti (since 06/20/2019)
- **Director:** CE Holding Participations (since 06/30/2010), FNCE (since 04/25/2013)
- **Permanent Representative of CEIDF, Chairman of the Board of Directors:** Bicentenaire Caisse d'Epargne (non-profit) (since 06/25/2015)
- **Permanent representative of CEIDF, member of the Supervisory Board:** IT-CE (since 05/24/2013)
- **Legal Representative of CEIDF, Chairman:** SAS Immobilière Thoynard Île-de-France (since 06/03/2016)

Outside Groupe BPCE

- **Manager:** SCI Saint James 2018 (since 02/28/2018)

Chairman of the Caisse d'Epargne Île-de-France Management Board since 2013, Didier Patault is also a member of the BPCE Supervisory Board. A graduate of École Polytechnique and the École Nationale des Statistiques et de l'Administration Économique (ENSAE), after starting at Caisse des Dépôts et Consignations, Mr. Patault has spent his career at Groupe BPCE since 1992.

After holding several financial and sales positions at Caisse d'Epargne des Pays du Hainaut (1992-1999), in 1999 he joined Caisse Nationale des Caisses d'Epargne as Head of Financial Activities, then Head of Group Development Strategy in local markets.

In 2000, he was appointed Chairman of the Management Board of Caisse d'Epargne des Pays du Hainaut, then Chairman of the Management Board of Caisse d'Epargne des Pays de la Loire (2004-2008) and Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire (2008-2013). He has been Chairman of the Management Board of Caisse d'Epargne Île-de-France since 2013.

TERMS EXPIRED IN 2021

Within Groupe BPCE

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Outside Groupe BPCE

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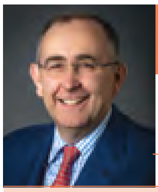
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
	Director: Natixis Investment Managers (from 06/29/2018)		(until 12/09/2020)
Director: Natixis Coficiné (since 10/20/2010)			(until 04/03/2020)
Permanent representative of CEIDF, Director: Fondation de France (from 01/01/2016)		(until 08/25/2019)	
Director as a qualified person (for CEIDF): Paris Habitat – OPH (from 10/17/2013)		(until 09/09/2019)	

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.



Benoît PELLERIN (SINCE 05/27/2021)

BORN 11/25/1962

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE NORMANDIE

MEMBER OF THE SUPERVISORY BOARD AND MEMBER OF THE BPCE AUDIT COMMITTEE

Business address: 151 rue Uelzen 76230 Bois Guillaume

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board and the Risk Committee of BPCE** (since 05/27/2021)
- **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Normandie** (since 04/28/2020)
- **Chairman of the Board of Directors:** SLE Rouen Elbeuf Yvetot (since 01/28/2021)
- **Director:** SLE Rouen Elbeuf Yvetot (since 07/03/2017), FNCE (since 04/28/2020)

Outside Groupe BPCE

- **Chairman:** SAS BN Developpement (since 2012)
- **Co-manager:** Groupement Forestier de Montbazon (since 2005), SCP de l'Acacia (since 2008), SCP des Tourmottes (since 2008), SCI des Marronniers (since 2009), SC de la Maison Rouge (since 1994).
- **Member of the bureau:** Normandie Administrateurs indépendants (since June 2014)

A civil engineer, graduated from Mines Paris Tech (class of 1982), Benoît Pellerin began his career with the Danone Group (engineering, management control, Group purchasing, internal audit, etc.), where he spent 12 years. He then became CEO and shareholder of the Groupe Pays d'Auge Finances, which became Spirit France in 2007. He developed the Group internationally and made it the world leader in the Calvados category with the Boulard, Pere Magloire and Lecompte brands.

Since 2012, specializing in business development strategy consulting, he has also been Chairman of Normandie Administrateur Indépendants and a member of the national office of APIA. Together with these associations of managers or former managers of SMEs/mid-caps, he is committed to promoting good governance practices in SMEs. A member of the Investment Committee of the Normandie Participations regional fund, an investor in several innovative companies and in the Normandie Capital Investissement fund, he also provides voluntary support to managers in various organizations promoting entrepreneurship, such as the Réseau Entreprendre Normandie Ouest and the Institute for Entrepreneurial Mentoring.

A National Service Medalist, a Naval Reserve Officer, and a Frigate captain of the French Marine Reserve, Benoît Pellerin was an auditor of the first national session of the IHEDN entitled "Issues and Maritime Strategies" (2016). He is a member of the Fondation de la Mer, more specifically in charge of fundraising, and is also a shareholder of innovative maritime companies.

TERMS EXPIRED IN 2021

Within Groupe BPCE

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Outside Groupe BPCE

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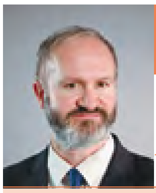
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Board member: Administrateurs Professionnels Indépendants Associés (APIA)[2] (since June 2014)			(until June 2020)
Chairman: Normandie Administrateurs indépendants[2] (since June 2014)			(until June 2020)
Director: Normandie Participations[2] (since April 2017)			(until June 2020)

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

EMPLOYEE REPRESENTATIVES



Nicolas GETTI (SINCE 05/27/2021)

BORN 07/09/1972

MEMBER OF THE SUPERVISORY BOARD AND THE COOPERATIVE AND CSR COMMITTEE OF BPCE

MEMBER REPRESENTING EMPLOYEES

Business address: 5 avenue de la Liberté 94220 Charenton-le-Pont

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

– **Member of the BPCE Supervisory Board** (since 05/27/2021) and the Cooperative and CSR Committee (since 12/16/2021)

Outside Groupe BPCE

-

After graduating from the Ecole Nationale Supérieure des Arts et Métiers in 1995, and holding a position as a business engineer in the construction industry, Nicolas Getti took up a position as an IT consultant in life insurance for three years. He joined Groupe BPCE in 2001 as IT Project Manager and then, in 2005, became Project Director for the overhaul of the Natixis Accounting and Information System (2005). He then became the manager of the version on the accounting application before managing a production department for services to employees. Nicolas Getti has been working at the Natixis Data Office since 2020 as Data Tools Project Manager.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
-	-	-	-

Bertrand GUYARD (SINCE 05/27/2021)

BORN 12/15/1964

MEMBER OF THE SUPERVISORY BOARD AND THE REMUNERATION COMMITTEE OF BPCE

EMPLOYEE REPRESENTATIVE

Business address: 5 avenue de la Liberté 94220 Charenton-le-Pont

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

– **Member of the Supervisory Board and the Remuneration Committee of BPCE – Employee representative** (since 05/27/2021)

Outside Groupe BPCE

-

A graduate with a DUT GEA and a DUGECA in advanced accounting, Bertrand Guyard worked for eleven years at CCF Reims (Crédit Commerciale de France) in the securities custody business, where he held positions in the securities and private banking back-offices. In 1999 he joined the CCBP (which became Natixis Banque Populaire) at the time of the sale of the securities activities, which were consolidated within Eurotitres. He was successively responsible for the Accounting Control department then the Operational Risk Correspondent position in conjunction with the Risk department. In 2009, he became head of the Vetting department (carrying out KYC due diligence for BGC clients in the context of AML/CFT), initially reporting to Natixis Compliance and then to T&T's Client Support Group Operation. Since September 2021, he has held the position of Expert Leader Methode & Quality within the same department.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
-	-	-	-

Vincent GONTIER (UNTIL 05/27/2021)

BORN 07/29/1954

MEMBER OF THE SUPERVISORY BOARD AND THE REMUNERATION COMMITTEE OF BPCE – EMPLOYEE REPRESENTATIVE

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

-

Outside Groupe BPCE

– **Chairman of SAS:** Compagnie des Algorithmes (since 10/22/2018)

Vincent Gontier graduated from the HEC business school after working briefly at a sales and acquisitions firm. He worked for eight years in the Financial Services and Economic Modeling departments at EDF-GDF Group. He subsequently joined Crédit Agricole Group, first as Deputy Head of the fixed income trading desk (bonds, treasuries, forward options) and later as Chief Executive Officer of brokerage firm Bertrand Michel SA. In 1991, he joined Crédit National (which later became Natixis), where he held a series of positions in Asset management (Chief Executive Officer of Alfi Gestion, Corporate Secretary of the discretionary Asset management subsidiary, Chief Executive Officer of Interépargne) and in capital markets activities (acting Head of Capital Markets Activities, Head of Equity Derivatives). He currently works at Natixis on the Capital Market Advisory team.

TERMS EXPIRED IN 2021

Within Groupe BPCE

– **Member of the Supervisory Board and the Remuneration Committee of BPCE – Employee representative** (from 05/22/2015 to 05/27/2021)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
-	-	-	-

Frédéric HASSAINE (UNTIL 05/27/2021)

BORN 05/22/1966

MEMBER OF THE SUPERVISORY BOARD OF BPCE – EMPLOYEE REPRESENTATIVE

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

Frédéric Hassaine is a graduate of the Toulouse Business School with a postgraduate degree in tax law and another in accounting and finance. He began his career at Arthur Andersen, where he worked as an auditor, then at a law firm as a tax specialist. In 1998, he became a lead auditor at BNP Paribas, where he worked in business engineering. He joined Société Générale in 2001, followed by IXIS CIB (now Natixis) in 2004 to start up and develop financial engineering and accounting for large corporates.

TERMS EXPIRED IN 2021

Within Groupe BPCE

– **Member of the Supervisory Board of BPCE – Member representing employees** (from 05/22/2015 to 05/27/2021)

Outside Groupe BPCE

-

OFFICES EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
-	-	-	-

INDEPENDENT MEMBERS

Valérie PANCRAZI

BORN 02/02/1963

CHAIRWOMAN OF VAP CONSEILS

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD, CHAIRWOMAN OF THE APPOINTMENTS COMMITTEE AND CHAIRWOMAN OF THE REMUNERATION COMMITTEE

Business address: 6 avenue du Docteur Brouardel 75007 Paris

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board, Chairwoman of the Appointments Committee and Chairwoman of the Remuneration Committee of BPCE – Independent Member** (since 05/09/2019)
- **Independent director:** Crédit Foncier de France (since 05/02/2016)

Outside Groupe BPCE

- **Chairwoman:** VAP Conseils SASU (since 10/03/2009)
- **Independent member of the Supervisory Board:** GAGEO SAS (since December 2017)
- **Independent director on the Board of Directors:** Poclain SAS (since 2015)

A graduate of École Polytechnique, with a post-graduate degree in the Financial Markets from Université Paris Dauphine and École Nationale des Ponts et Chaussées, Valérie Pancrazi began her professional career in 1988 as the Head of securitization transactions and international finance for Compagnie Bancaire Group (Paribas). In June 1992, she became Chief Executive Officer of Bear Stearns Finance SA. From February 1999 to October 2004, Valérie Pancrazi worked at AXA RE, first as Deputy Chief Executive Officer of AXA RE Finance, then special advisor to the Chairman and finally Head of Corporate Finance. From November 2004 to June 2007, she was Head of private equity investment mandates for French and international AXA group entities at AXA Private Equity (now ARDIAN). Since 2009, Valérie Pancrazi has been an independent advisor (VAP Conseils) and, since 2012, an expert in corporate finance and international financial transactions at the Paris Court of Appeal.

In May 2019, she was appointed as an independent member of the BPCE Supervisory Board and Chairman of the Appointments Committee and the Remuneration Committee.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
Independent Director: Frey SA[1][2] (from 2013 to 05/09/2017)			
Independent Director: Quantel SA[1][2] (from 2014 to 07/10/2017)			

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Anne-Claude PONT

BORN 05/15/1960

CHAIRWOMAN OF WILOV

MEMBER OF THE SUPERVISORY BOARD, CHAIRWOMAN OF THE RISK COMMITTEE AND MEMBER OF THE AUDIT COMMITTEE OF BPCE – INDEPENDENT MEMBER

Business address: 15 rue Linné 75005 Paris

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board, Chairwoman of the Risk Committee and member of the Audit Committee of BPCE – Independent Member** (since 03/29/2018)
- **Director:** Compagnie Européenne de Garanties et Cautions (CEGC) (since 07/09/2020)

Outside Groupe BPCE

- **Chairman:** WILOV (since 19/08/2016)

Anne-Claude Pont has nearly 30 years experience in corporate finance and management. After graduating from ESCP, she started at Crédit Lyonnais in the United States. When she returned to France, she joined Compagnie Bancaire (Groupe Paribas) where she was put in charge of International Cash Management. She continued her career at German Group HVB, where she became Chief Executive Officer in France, head of Markets, human resources, and Information Systems. In 2007 Anne-Claude Pont joined RBS to grow its FI (Financial Institutions) business in France, Belgium, and Luxembourg, as a Managing Director and member of the Executive Committee. Finally, in 2016, she co-founded wilov, the first 100% smartphone-connected auto insurer, where the price adjusts to daily usage levels ("Pay when you drive"). Anne-Claude Pont is a certified director (Sciences-Po-IFA 2015) and a member of several networks (including IFA, FBA, France Digitale and France Fintech). In March 2018, she was appointed as an independent member of the BPCE Supervisory Board, Chairwoman of the Risk Committee and member of the Audit Committee.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

OFFICES EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
Director: Crédit Foncier de France (from 02/17/2015)	(until 11/07/2018)		
Vice-Chairwoman: Femmes Business Angels[2] (since 05/31/2016)	(until 05/24/2018)		

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Kadidja SINZ

BORN 04/29/1957

CHIEF EXECUTIVE OFFICER OF LIBERTY SPECIALTY MARKETS EUROPE

MEMBER OF THE SUPERVISORY BOARD, CHAIRWOMAN OF THE AUDIT COMMITTEE AND MEMBER OF THE RISK COMMITTEE OF BPCE – INDEPENDENT MEMBER

Business address: 42 rue Washington 75008 Paris

OFFICES HELD AT DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Supervisory Board, Chairwoman of the Audit Committee and member of the Risk Committee of BPCE – Independent Member** (since 08/02/2018)

Outside Groupe BPCE

- **Chief Executive Officer:** Liberty Specialty Markets Europe

Kadidja Sinz holds an advanced degree in private international law and an Executive MBA. She also graduated from Institut d'Études Politiques de Paris in international relations and the Centre des Hautes Études en Assurance.

She began her career in the United States at Chubb, a US firm specializing in political risks. Later, she joined AIG in France to hone her skills at the European level before joining ACE, then XL (bought out by AXA) in 2010. In 2016, she joined US insurer Liberty Mutual, which specializes in corporate risk, as Chief Executive Officer for Europe. Kadidja Sinz was appointed as an independent member of the Supervisory Board of

BPCE in August 2018, Chairwoman of the Audit Committee and member of the Risk Committee.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

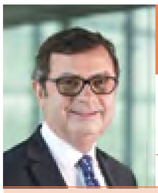
OFFICES EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
-	-	-	-

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

NON-VOTING DIRECTORS



Maurice BOURRIGAUD (SINCE 05/27/2021)

BORN 01/21/1958

CHIEF EXECUTIVE OFFICER OF BANQUE POPULAIRE GRAND OUEST
NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE

Business address: 15 boulevard de la Boutière CS26858 35768 Saint Gregoire CEDEX

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE
- **Non-voting director of the Supervisory Board of BPCE** (since 05/27/2021)
- **Chief Executive Officer of Banque Populaire Grand Ouest** (BPGO) (since 12/07/2017)
- **Director:** Fondation d'Entreprise Banque Populaire de l'Ouest (since 12/01/2015), BPCE-IT (since 05/21/2018), ALBIANT-IT (since 05/21/2018), I-BP (since 11/15/2018), TURBO SAS (since 07/18/2019), FNBP (since 12/16/2020), IP-BP (since 10/28/2021), CAR BP (since 10/28/2021), RSBP (since 10/28/2021)
- **Permanent representative of BPGO, Director:** Ouest Croissance (since 06/06/2019)

Outside Groupe BPCE
- **Vice-Chairman:** Comité régional FBF de Bretagne (since 12/01/2015), Comité régional FBF des Pays de Loire (since 12/07/2017)
- **Director:** Crédit Municipal de Nantes (since 09/03/2020)
- **Permanent representative of CRB-FBF Bretagne, Director:** MEDEF (since December 2015)
- **Permanent representative of CRB-FBF Pays de Loire, Director:** MEDEF (since December 2017)

TERMS EXPIRED IN 2021

Within Groupe BPCE
- **Director:** Banque Palatine (from 02/14/2014 to 10/01/2021)

Outside Groupe BPCE

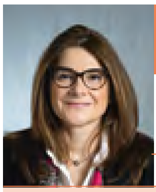
-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: Natixis Investment Managers (from 09/13/2017)			(until 12/09/2020)
Chief Executive Officer: Banque Populaire de Ouest (from 12/10/2015 to 12/06/2017)			
Manager: SCI GC21[2] (since 12/07/2017)	(until 12/19/2018)		
Director: Orchestre Symphonique de Bretagne[2] (since 12/01/2015)	(until 04/01/2018)		

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.



Sabine CALBA (SINCE 12/16/2021)

BORN 02/26/1971

CHIEF EXECUTIVE OFFICER OF BANQUE POPULAIRE MEDITERRANEE
NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE

Business address: 457 Promenade des Anglais 06000 Nice

OFFICES HELD AT DECEMBER 31, 2021

Within Groupe BPCE
- **Non-voting director of the Supervisory Board of BPCE** (since 12/16/2021)
- **Chief Executive Officer of Banque Populaire Méditerranée** (BPMED) (since 4/01/2021)
- **Director:** Crédit Foncier (since 07/24/2020), Compagnie de Financement Foncier (since 12/13/2019), Crédit Foncier Immobilier (since 06/16/2017), Les Elles de BPCE (since 06/01/2015), FNBP (since 04/01/2021)
- **Permanent representative of BPMED, Director:** I-BP (since 06/03/2019)

Outside Groupe BPCE
- **Director:** University of Lorraine (since 05/01/2017)

TERMS EXPIRED IN 2021

Within Groupe BPCE
- **Director:** BCP Luxembourg (from 03/14/2016 to 04/01/2021)

Outside Groupe BPCE

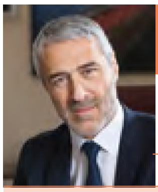
-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
		Permanent representative of BPCE, Director: Ostrum Asset Management (since 06/03/2019)	(until on 10/23/2020)
	Director: Société d'Equipement du Bassin Lorrain (since 01/01/2018)	(until 10/01/2019)	
	Deputy Chief Executive Officer: BPALC (since 01/01/2018)	(until 02/28/2019)	
Director: Natixis Payment Solutions (since 12/01/2016)			(until 10/30/2020)
Chairman: Association Aprofin – Lorraine Place Financière (since 09/01/2013)		(until 10/1/2019)	

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).



Joël CHASSARD

BORN 01/28/1957

CHAIRMAN OF THE MANAGEMENT BOARD OF CAISSE D'EPARGNE CEPAC
NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE

Business address: place Estrangin Pastré BP 108 13254 Marseille cedex

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE
- **Non-voting director of the Supervisory Board of BPCE** (since 05/17/2018)
- **Chairman of the Management Board of Caisse d'Epargne CEPAC** (since 03/30/2018)
- **Chairman of the Board of Directors:** Erilia (since 06/14/2019), SAC Habitat en Région Sud-Est (since 10/21/2020)
- **Chairman of the Supervisory Board:** Sogima (since 04/18/2018)
- **Director:** CE Holding Participations (since 06/25/2018), GIE BPCE Achats, FNCE (since 10/30/2018)
- **Permanent representative of CEPAC, Director:** GIE IT-CE (since 04/25/2018), SAS Groupe Habitat en Région (since 05/21/2021)
- **Permanent representative of CEPAC, Chairman of the Management Board:** CEPAC I-D (since 03/30/2018)
- **Permanent representative of CEPAC, ex-officio member of the Supervisory Board:** France Active PACA (since 04/17/2019)
- **Permanent representative of CEPAC, associate manager:** PY and ROTJA (since 03/30/2018)

Outside Groupe BPCE
- **Manager:** SCI Dojo (since 09/12/2018)

TERMS EXPIRED IN 2021

Within Groupe BPCE

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Outside Groupe BPCE

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TERMS EXPIRED IN PREVIOUS YEARS

2016	2017	2018	2019
Director: BPCE Assurances (since 05/23/2015)			(until on 07/02/2020)
Director: BPCE Lease (since 09/28/2010)			(until 07/08/2020)
	Permanent representative of CEPAC, Director: Erilia (from 03/30/2018)	(until 05/27/2019)	
	Chairman of the Board of Directors: Logirem (from 04/25/2018)	(until 12/13/2019)	
Non-voting Director: SEML Zénith Caen (from 01/01/2016)	(until 12/12/2018)		
Chairman of the Management Board: Caisse d'Epargne Normandie – CEN (from 06/02/2008)	(until 04/23/2018)		
Chairman: CEN Innovation (from 11/28/2017)	(until 04/23/2018)		
Permanent representative of CEN, member of the Supervisory Board: GIE IT-CE (from 12/31/2011)	(until 04/30/2018)		
Permanent representative of CEN, Director: Surassur (from 06/04/2007)	(until 12/31/2018)		
Erilia (from 06/16/2016)	(until 04/24/2018)		
Habitat en Région Services (from 05/31/2011)	(until 04/24/2018)		
Caisse d'Epargne Normandie Fund for Solidarity Initiative (from 01/01/2016)	(until 04/24/2018)		

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

Bruno DELETRE (SINCE 05/27/2021)

BORN 04/30/1961

CHAIRMAN: MANAGEMENT BOARD OF CAISSE D'EPARGNE GRAND EST EUROPE

NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE

Business address: 1 avenue du Rhin 67925 Strasbourg cedex 9

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Non-voting director of the Supervisory Board of BPCE** (since 05/27/2021)
- **Chairman of the Management Board of Caisse d'Epargne Grand Est Europe** (CEGEE) (since 06/23/2018)
- **Member of the Supervisory Committee:** Banque BCP SA – Luxembourg (since 07/03/2018)
- **Chairman of the Board of Directors:** Fondation de la CEGEE (since 11/21/2018), Fonds de dotation de CEGEE (since 06/23/2018)
- **Director:** FNCE (since 01/20/2018), SAS TURBO (since 07/18/2019)
- **Permanent representative of CEGEE, member of the Supervisory Board:** GIE IT-CE (since 09/04/2018)

Outside Groupe BPCE

- **Permanent representative of CEGEE, member of the Supervisory Board:** BATIGERE SAS (since 09/04/2018)
- **Permanent representative of CEGEE, Director:** SERS (since 02/12/2018)
- **Chairman:** Association des comités des banques du grand est de la FBF (since 11/21/2018)

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Director:** Natixis Investment Managers (from 12/9/2020 to 09/29/2021)
- **Permanent representative of CEGEE, manager:** SCI CEFCL (from 06/23/2018 to 03/24/2021)

Outside Groupe BPCE

-

TERMS EXPIRED DURING PREVIOUS FISCAL YEARS

2017	2018	2019	2020
	Director: Compagnie Européenne de Garanties et Cautions (CEGC) (since 07/17/2018)		(until 07/09/2020)
	Director: SOLOREM (since 12/21/2018)		(until 06/26/2020)
	Chairman of the Management Board of Caisse d'Epargne d'Alsace (from 01/01/2018 to 06/23/2018)		
Permanent representative of Crédit Foncier, Director: Crédit Logement (since 10/21/2014)	(until 12/31/2018)		
Permanent representative of Crédit Foncier, Director: La Mondiale Partner(2) (since 07/15/2013)	(until 05/29/2018)		
Permanent representative of Crédit Foncier, member of the Supervisory Board: IT-CE (since 12/31/2011)	(until 01/01/2018)		
Chief Executive Officer: Crédit Foncier (from 06/28/2011 to 12/31/2017)			
Chairman of the Board of Directors: Compagnie Financement Foncier (from 12/18/2013 to 12/31/2017), Crédit Foncier Immobilier SA (until 2017)			
Chairman: ENFI SAS (from 09/30/2011 to 12/31/2017), Fédération Hypothécaire Européenne (Belgium) (until 2017)			
Member of the Supervisory Board: SOCFIM (from 12/07/2011 to 12/31/2017)			
Vice-Chairman of the Supervisory Board: SOCFIM (from 10/11/2012 to 12/31/2017)			

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

Dominique GOURSOLLE-NOUHAUD (SINCE 05/06/2021)

BORN 04/22/1952

CHAIRWOMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE AQUITAINE POITOU-CHARENTES
CHAIRWOMAN OF THE BOARD OF DIRECTORS OF THE FÉDÉRATION NATIONALE DES CAISSES D'EPARGNE
NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD AND MEMBER OF THE BPCE COOPERATIVE AND CSR COMMITTEE

Business address: 1 parvis Corto Maltese – CS 31271 33076 Bordeaux cedex

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE
- **Non-voting director as of right of the Supervisory Board and member of the Cooperative and CSR Committee of BPCE** (since 06/05/2021)
- **Chairwoman of the Board of Directors:** Fédération Nationale des Caisses d'Epargne (FNCE) (since 05/06/2021)
- **Chairwoman of the Steering and Supervisory Board of Caisse d'Epargne Aquitaine Poitou-Charentes** (CEAPC) (since 12/20/2017)
- **Chairwoman of the Board of Directors:** SLE Dordogne Périgord
- **Director:** CE Holding Participations (since 06/18/2019)
- **Permanent representative of CELC, manager:** SNC Ecureuil 5 rue Masseran (since 05/05/2021)

Outside Groupe BPCE
- **Chairman:** SAS ESCE (since 01/30/1990), European Savings and Retail Banking Group (ESBG) (since 12/16/2021)

TERMS EXPIRED IN 2021

Within Groupe BPCE
- **Member of the Supervisory Board, member of the Appointments Committee and of the Remuneration Committee of BPCE** (from 08/02/2018 to 05/05/2021)

Outside Groupe BPCE
-

TERMS EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
Director: BPCE Financement (since 12/22/2016)			(until 11/25/2020)

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

André JOFFRE

BORN 12/31/1953

CHAIRMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE DU SUD
CHAIRMAN OF THE BOARD OF DIRECTORS OF THE FÉDÉRATION NATIONALE DES BANQUES POPULAIRES
NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD AND CHAIRMAN OF THE BPCE COOPERATIVE AND CSR COMMITTEE

Business address: 38 boulevard Georges Clemenceau 66966 Perpignan cedex 09

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE
- **Non-voting director as of right of the Supervisory Board** (since 06/19/2018) **and Chairman of the Cooperative and CSR Committee of BPCE** (since 06/16/2020)
- **Chairman of the Board of Directors of Banque Populaire du Sud** (BPSUD) (since 04/23/2009)
- **Chairman of the Board of Directors of FNBP** (since 06/06/2018)

Outside Groupe BPCE
- **Director:** Tecsol (since 07/17/2010)

TERMS EXPIRED IN 2021

Within Groupe BPCE

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Outside Groupe BPCE

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TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: BPCE Factor (since 10/13/2010)			(until 12/3/2020)
Chairman of the Board of Directors: Banque Marze(2) (from 11/25/2016)		(until 06/01/2019)	
Chairman of the Board of Directors: Banque Dupuy, de Parseval(2) (since 06/27/2008)		(until 06/01/2019)	
Managing Director: Tecsol Presse(2) (since 10/16/2002)	(until 06/22/2018)		
Chairman and Chief Executive Officer: Tecsol(2) (since 06/29/2013)	(until 06/22/2018)		
Managing Director: Sunergie(2) (since 11/06/1990)	(until 06/08/2018)		
Member of the Supervisory Board: BPCE (from 05/25/2015)	(until 06/06/2018)		

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Jean ARONDEL (UNTIL 05/05/2021)

BORN 04/12/1950

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE LOIRE-CENTRE
CHAIRMAN OF THE BOARD OF DIRECTORS OF THE FEDERATION NATIONALE DES CAISSES D'EPARGNE
NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD AND MEMBER OF THE BPCE COOPERATIVE AND CSR COMMITTEE

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

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Outside Groupe BPCE

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TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Non-voting director as of right of the Supervisory Board and member of the Cooperative and CSR Committee of BPCE** (from 05/06/2015 until 05/05/2021)
- **Chairman of the Board of Directors of the Fédération Nationale des Caisses d'Epargne** (FNCE) (from 01/05/2015 to 05/05/2021)
- **Chairman of the Steering and Supervisory Board of Caisse d'Epargne Loire-Centre (CELC)** (from 04/16/2009 to 04/21/2021)
- **Chairman of the Board of Directors:** SLE Pays Chartrain et Drouais (until 01/19/2021)
- **Chairman:** Association pour l'Histoire des CEP (from 06/2017 to 07/07/2021)
- **Director:** CE Holding Participations (from 09/09/2015 to 05/19/2021), Coface SA[1] (from 11/21/2012 to 02/10/2021), Fondation d'entreprise Caisse d'Epargne Loire-Centre (from 05/03/2016 to 05/03/2021)
- **Permanent representative of CELC, Co-manager:** SNC Ecureuil 5 rue Masseran (from 06/23/2015 to 04/14/2021)
- **Permanent representative of CELC, Director:** Fondation d'entreprise Caisse d'Epargne Loire-Centre (from 05/03/2016 to 05/03/2021)

Outside Groupe BPCE

- **Vice-President:** World Savings Banks Institute (WSBI) (from June 2015 to May 2021)
- **Observer** (alternate) at the General Meeting and Board of Directors meeting of the European Savings Banks Group (ESBG) (from June 2015 to May 2021)

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Chairman of the BPCE Cooperative and CSR Committee (since 06/19/2018)			(until 06/16/2020),

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

Pierre CARLI (UNTIL 04/30/2021)

BORN 08/21/1955

CHAIRMAN OF THE MANAGEMENT BOARD OF CAISSE D'EPARGNE MIDI-PYRÉNÉES
NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

-

Outside Groupe BPCE

-

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Non-voting member of the BPCE Supervisory Board** (from 07/31/2009 to 04/30/2021)
- **Chairman of the Management Board of Caisse d'Epargne Midi-Pyrénées (CEMP)** (from 07/22/2003 to 04/30/2021)
- **Chairman of the Supervisory Board:** Capitole Finance-Tofinso (from 01/16/2006 to 04/30/2021), Midi 2I (from 12/20/2005 to 04/30/2021)
- **Chairman of the Board of Directors:** Midi Epargne (from 10/30/2007 to 04/30/2021), Midi Foncière (from 12/30/2005 to 04/30/2021)
- **Chairman:** SOREPAR SAS (from 04/29/2008 to 04/30/2021)
- **Vice-Chairman of the Board of Directors:** Promologis (from 06/22/2018 to 04/30/2021)
- **Director:** FNCE (until 04/30/2021), CE Holding Participations (from 06/30/2010 to 04/30/2021)
- **Permanent representative of CEMP, member of the Supervisory Board:** GIE IT-CE (from 12/31/2011 to 04/30/2021), TOFINSO INVESTISSEMENT (from 09/06/2003 to 04/30/2021), EIG CE SYNDICATION RISQUE (from 12/21/2006 to 04/30/2021)

Outside Groupe BPCE

- **Chairman of the Supervisory Board:** Sotel (from 09/06/2003 to 04/30/2021)
- **Chairman of the Board of Directors:** Association Toulouse 2030 (from 03/14/2018 to 04/30/2021)
- **Chairman:** Fédération Bancaire de Midi-Pyrénées Regional Committee (until 04/30/2021)
- **Director:** Toulouse School of Management (from 10/06/2017 to 04/30/2021)
- **Permanent representative of CEMP, member of the Supervisory Board:** IRDI Gestion (until 04/30/2021)
- **Permanent representative of SOREPAR, member of the Board of Directors:** SEM Oppidea (until 04/30/2021)

TERMS EXPIRED DURING PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: Groupe Promo Midi (since 06/29/2015)			(until 12/31/2020)
Chairman of the Board of Directors: Ecureuil Immo (since 12/20/2011)	(until 01/09/2018)		
Permanent Representative of the CEMP, Director: Edenis (until 09/20/2017)			
	Permanent Representative of CEMP, Director: Habitat en région (until 02/01/2018)		
Vice-Chairman of the Board of Directors: IRDI Midi-Pyrénées		(until 01/01/2019)	
Member of the Supervisory Board: Ecureuil Service SAS (from 12/05/2005)		(until 01/01/2019)	
Director: GIE BPCE Achats (from 06/15/2010)		(until 12/31/2019)	
Permanent representative of CEMP, Director: Fondation d'Entreprise du Toulouse Football Club (from 11/04/2010)		(until 01/01/2019)	
Permanent representative of Midi Foncière, Director: Saint-Exupery Montaudran		(until 01/01/2019)	
Chairman of the Board of Directors: IDEI Association, Fondation Espace Ecureuil		(until 01/01/2019)	

(1) Listed company.
(2) Non-Group company.

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FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).

Sylvie GARCELON (UNTIL 05/27/2021)

BORN 04/14/1965

CHIEF EXECUTIVE OFFICER OF BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE

NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE

Business address: 10 quai des Queyries 33072 Bordeaux cedex

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Managing Director:** Banque Populaire Aquitaine Centre Atlantique (since 04/01/2021)
- **Director:** Natixis (since 02/10/2016), Fondation d'Entreprise Banque Populaire (since 06/22/2016), FNBP (since 04/04/2017), I-BP (since 04/01/2021).), Albiant-IT (since 04/01/2021), BP Développement (since 06/24/2021), SOCAMA (since 05/19/2021)
- **Chairman:** Ouest Croissance SCR (since 06/24/2021)

Outside Groupe BPCE

- **Director:** CNRS (since 12/07/2018), Foncière Aquitaine Poitou-Charentes (since 06/01/2021), BP Immo Nouvelle Aquitaine (since 04/01/2021), BRG Sud-Ouest Investissement (since 04/01/2021), Rebondir Nouvelle Aquitaine (since 04/01/2021)

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Non-voting director of the BPCE Supervisory Board** (from 12/20/2018 to 05/27/2021)
- **Managing Director:** CASDEN Banque Populaire (from 05/27/2015 to 03/31/2021)

Outside Groupe BPCE

-

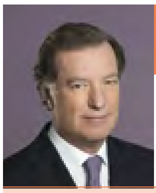
TERMS EXPIRED DURING PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: Banque Palatine (since 10/05/2016)			(until 05/26/2020)
Managing Director: BMF[2] (from 03/22/2013 to 10/20/2017)			

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

MANAGEMENT BOARD



Laurent MIGNON

BORN 12/28/1963

CHAIRMAN OF THE MANAGEMENT BOARD OF BPCE

Business address: 50 avenue Pierre Mendès France 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Chairman of the Management Board of BPCE** (since 06/01/2018 and member of the Management Board since 08/06/2013)
- **Chairman of the Board of Directors:** Natixis (since 06/01/2018)
- **Chairman:** SAS CE Holding Participations (since 06/06/2018)

Outside Groupe BPCE

- **Director:** Arkema (since 10/27/2009), AROP (Association pour le Rayonnement de l'Opéra National de Paris) (since 12/10/2015), CNP Assurances[1][2] (since 06/01/2018)
- **Non-voting Director:** ODDO BHF SCA (since 03/29/2019), FIMALAC (since 04/16/2019)
- **Member of the Executive Committee:** Fédération Bancaire Française (FBF) (since 09/01/2019)
- **Chairman:** Association Française Bancaire (AFB) (since 01/09/2021)

A graduate of the HEC business school and Stanford Executive Program, Laurent Mignon worked in several divisions of Banque Indosuez over a period of more than ten years, including positions on the trading floor and in investment banking. In 1996, he joined Schroders in London before moving to AGF in 1997 as Chief Financial Officer, where he was appointed as a member of the Executive Committee in 1998. In 2002, he was successively appointed as Head of Investment at Banque AGF, AGF Asset Management and AGF Immobilier, and in 2003 he was put in charge of the life insurance and Financial Services division and of Credit Insurance. In 2006, he was made Chief Executive Officer and Chairman of the Executive Committee. From September 2007 to May 2009, he was a managing partner at Oddo et Cie.

In 2009, he was appointed Chief Executive Officer of Natixis and member of the Management Board of BPCE as of 2013.

Since June 1, 2018, he has been Chairman of the Management Board of BPCE.

TERMS EXPIRED IN 2021

Within Groupe BPCE

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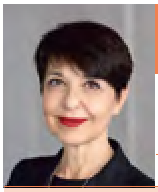
Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
	Director: Sopassure (since 06/18/2018)		(until 02/02/2020)
	Chairman of the Board of Directors: Crédit Foncier (from 05/17/2018)	(until 07/31/2019)	
	Chairman: Association Française des Établissements de Crédit et des Entreprises d'Investissement[2], Fédération Bancaire Française[2] (FBF) (since 09/01/2018)	(until 08/31/2019)	
Director: Peter J. Solomon Company LP (from 06/08/2016)	(until 05/30/2018)		
Director: Peter J. Solomon GP, LLC (from 12/15/2017)	(until 05/30/2018)		
Chairman of the Board of Directors: Natixis Assurances (from 03/23/2017)	(until 06/07/2018)		
Chief Executive Officer: Natixis (since 05/2009)	(until 06/01/2018)		
	Vice-Chairman: Fédération Bancaire Française[2](from 06/01/2018 to 08/31/2018)		

(1) Listed company.
(2) Non-Group company.



Christine FABRESSE

BORN 05/24/1964

MEMBER OF THE MANAGEMENT BOARD OF BPCE IN CHARGE OF RETAIL BANKING AND INSURANCE

Business address: 50 avenue Pierre Mendès France 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Management Board of BPCE in charge of Retail Banking and Insurance** (since 11/01/2018)
- **Chairwoman of the Board of Directors:** Banque Palatine (since 11/19/2018), SAS Groupe Habitat en Région (since 07/27/2021)
- **Permanent representative of BPCE, Director:** Natixis Investment Managers (since 11/01/2018)
- **Permanent representative of BPCE Maroc, Director:** Banque Centrale Populaire Maroc (BCP) (since 11/26/2018)

Outside Groupe BPCE

- **Permanent representative of BPCE, member of the Prospective Commission:** Fédération Bancaire Française (FBF) (since November 2018)
- **Member of the Executive Board, qualified person:** MEDEF (since January 2020)
- **Co-manager:** SCI Mauricette (since August 2003), SCI Chiffalo (since August 2003)

A graduate of Montpellier Business School, Christine Fabresse joined Crédit Lyonnais in 1987, where she worked as a sales manager, business center director, international cash management specialist, Head of Retail and Professional markets, then beginning in 2001 as Head of HR Development at Crédit Lyonnais, and finally in 2003 as Head of HR Policies and Mobility at Crédit Agricole SA. In 2006, she joined the Executive Management Committee of LCL as Commercial Director of Retail Banking. In 2008, she joined the Executive Committee of the Caisse Nationale des Caisses d'Epargne (CNCE) as head of the sales management department. Later, at Groupe BPCE, she became Head of Development at Caisses d'Epargne, and was appointed as a member of the Executive Committee in 2011. In June 2013, she was appointed Chairman of the Management Board of Caisse d'Epargne Languedoc-Roussillon, before being appointed, effective November 1, 2018, as a member of the BPCE Management Board, Head of Retail Banking and Insurance.

3

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

Outside Groupe BPCE

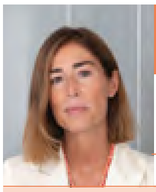
-

TERMS EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
Director: Crédit Foncier (since 05/03/2013)			(until 7/24/2020)
Chairman of the Management Board of CEP Languedoc Roussillon (from 04/25/2013)	(until 10/30/2018)		
Director: Ellisphere (from 12/14/2015 to 04/13/2017)			
Director: BPCE Vie (from 03/28/2017)	(until 12/12/2018)		
	Vice-Chairman of the Board of Directors: FNCE (until 10/31/2018)		
	Director: Bastide Le Confort Médical[(2)] until 10/31/2018)		
	Director: Compagnie de Financement Foncier (from 05/16/2018 to 11/01/2018)		
Permanent representative of CEP Languedoc-Roussillon, Director: Erilia (from 06/03/2016)	(until 10/31/2018)		
Permanent representative of CEP Languedoc-Roussillon, Director: BPCE-IT (from 07/17/2015)	(until 10/15/2018)		
Permanent representative of CEP Languedoc-Roussillon, Director: BPCE-IT (from 12/31/2011)	(until 03/25/2018)		
Permanent representative of CEP Languedoc-Roussillon, Director: FNCE (from 06/03/2016)	(until 10/25/2018)		
	Permanent representative of CEP Languedoc-Roussillon, Co-manager: SNC Ecureuil (from 04/24/2018 to 10/25/2018)		

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.



Béatrice LAFAURIE (SINCE MARCH 25, 2021)

BORN 10/12/1967

MEMBER OF THE MANAGEMENT BOARD OF BPCE IN CHARGE OF GROUP HUMAN RESOURCES

Business address: 50 avenue Pierre Mendès France 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2021

Outside Groupe BPCE

– **Member of the Management Board of BPCE in charge of Group Human Resources** (since 03/25/2021)

After graduating from Sciences Po Paris and obtaining a Masters in Human Resources from Paris Dauphine University, Béatrice Lafaurie began her career in human resources in the Crédit Agricole Group's life insurance subsidiary, Prédica. She subsequently joined the Human Resources department of the Caisse d'Epargne Group before moving to Crédit Foncier as Head of Human Resources until 2007.

She then joined SNCF, where she successively held the positions of Head of Recruitment, Regional Head of Human Resources, Head of Human Resources for the High-Speed division and Group Head of Human Resources Development. She had been Head of Human Resources for the SNCF Mobilités branch since 2015 and was appointed Head of Human Resources for SNCF Voyageurs, and a member of the Executive Committee, on the creation of the latter branch in 2020.

On March 25, 2021, Béatrice Lafaurie was appointed member of the Management Board in charge of BPCE's Human Resources.

TERMS EXPIRED IN 2021

Within Groupe BPCE

-

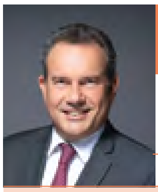
Outside Groupe BPCE

– **Member of the Executive Committee, Director of Human Resources:** SNCF Voyageurs (from 07/01/2014 to 03/01/2021)

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
-	-	-	-

(1) Listed company.
(2) Non-Group company.



Jean-François LEQUOY

BORN 04/09/1961

MEMBER OF THE MANAGEMENT BOARD OF BPCE IN CHARGE OF GROUPE BPCE'S FINANCE AND STRATEGY

Business address: 50 avenue Pierre Mendès France 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Member of the Management Board of BPCE in charge of Group Finance and Strategy** (since 09/14/2020)
- **Chairman of the Board of Directors:** Crédit Foncier (since 10/02/2020), GIE BPCE Services Financiers (since 10/15/2020)
- **Deputy Chief Executive Officer:** CE Holding Participations (since 12/17/2020)
- **Permanent representative of BPCE, Director:** CE Holding Participations (since 12/17/2020)

Outside Groupe BPCE

-

Graduate of the École Polytechnique, ENSAE and Institut des Actuaires, Jean-François Lequoy began his career as an Insurance Commissioner in the department of the French Ministry of Finance in 1986.

In 1991, he was appointed Deputy Director of the Insurance department of Compagnie de Suez, then in 1994, Managing Director of the insurance broker J&H Marsh & McLennan, before becoming in 1998 Director and General Manager of La Mondiale Partenaire.

He joined AGF (Allianz Group) in 2001 as Chief Financial Officer, then became a member of the Executive Committee in 2003 and was appointed Deputy Chief Executive Officer in 2004.

From 2008 to 2014 he held the position of General Director of Federation Française des Sociétés d'Assurances (the French Insurers' Federation-FFSA). In 2014, he became a member of the Natixis Executive Management Committee in charge of insurance activities, then, in 2019, Chairman of the French Bancassurers' Federation (GFB).

On September 14, 2020, Jean-François Lequoy was appointed member of the BPCE Management Board in charge of Group Finance and Strategy.

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Chairman of the Board of Directors:** BPCE Assurances (from 05/17/2019 to 02/23/2021), BPCE Vie (from 09/27/2015 to 03/31/2021), SURASSUR (from 12/12/2016 to 03/04/2021, REACOMEX (12/12/2016 to 03/04/2021), BPCE Prévoyance (05/23/2017 to 03/31/2021)
- **Permanent representative of Natixis, Director:** Compagnie Européenne de Garanties et Cautions (CEGC) (from 07/09/2020 to 07/07/2021)
- **Permanent representative of Natixis Assurances, Director:** BPCE IARD (from 06/27/2017 to 02/22/2021)

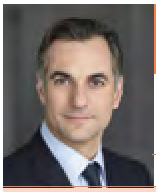
Outside Groupe BPCE

- **Director:** CNP Assurances (from 11/18/2021 to 12/16/2021)

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Chief Executive Officer: Natixis Assurances (since 03/23/2014)			(until 09/21/2020)
Director: Natixis Assurances (from 03/18/2014)			(until 09/21/2020)
Director: SAS Ecureuil Vie Développement (since 01/01/2016)			(until 12/31/2020)
Permanent representative of BPCE Vie, Director: Fonds Stratégiques de Participations(2) (since 04/27/2017)			(until 09/14/2020)
		Chairman: Groupement Français des Bancassureurs(2) (since 07/07/2019)	(until 09/15/2020)
		Vice-Chairman: Fédération Française de l'Assurance(2) (since 07/07/2019)	(until 10/6/2020)
Chairman of the Board of Directors: Natixis Assurances (from 03/18/2014 to 03/23/2017)			

(1) Listed company.
(2) Non-Group company.



Nicolas NAMIAS

BORN 03/25/1976

CHIEF EXECUTIVE OFFICER OF NATIXIS
MEMBER OF THE MANAGEMENT BOARD OF BPCE

Business address: 30 avenue Pierre Mendès France 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE
- **Member of the Management Board of BPCE** (since 06/01/2018)
- **Chief Executive Officer of Natixis** (since 08/03/2020)
- **Chairman of the Board of Directors:** Natixis Assurances (since 09/21/2020), Natixis Investment Managers (since 08/28/2020), Natixis Payment Solutions (since 09/10/2020)
- **Director:** Solomon Partners GP LLC (formerly Peter J. Solomon GP LLC) (since 09/14/2020)

Outside Groupe BPCE
- **Manager:** SCI Nantucket (since July 2018)

An alumnus of the elite École Nationale d'Administration (ENA) with degrees from Stanford Graduate School of Business (Executive Program), ESSEC and Institut d'Études Politiques de Paris, Nicolas Namias began his career in 2004 in the Treasury department of the French Ministry of Economy and Finance. He was first tasked with preparing for the international financial summits of the G8 and G20, before being named as the Government's Substitute Commissioner to the *Autorité des marchés financiers* (AMF), the French financial markets authority. In June 2008, he joined the Finance division of Groupe BPCE, then became Head of Planning for Commercial Banking and Insurance. In 2012, he was named Technical Advisor to the Prime Minister for the funding of the economy, businesses, and international economic affairs.

Nicolas Namias returned to Groupe BPCE in 2014 as Head of Strategic Planning at Natixis and a member of the Executive Committee. In this role, he has coordinated all acquisitions carried out by Natixis since 2014. In September 2017, he was appointed Chief Executive Officer and Head of Strategic Planning, and as a member of the Natixis Executive Management Committee.

In June 2018, Nicolas Namias was appointed as a member of the BPCE Management Board in charge of Finance, Strategy, Legal Affairs and the Secretary's Office of the Supervisory Board. As of November 2018, he is a member of the BPCE Management Board in charge of Group Finance and Strategy.

Nicolas Namias has been Chief Executive Officer of Natixis and a member of the BPCE Management Board since August 3, 2020.

TERMS EXPIRED IN 2021

Within Groupe BPCE
- **Chairman of the Board of Directors:** Coface SA[1] (from 9/9/2020 to 02/10/2021)
- **Director:** Coface SA[1] (from 09/09/2020 to 02/10/2021)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
	Member of the Management Board of BPCE in charge of Group Finance and Strategy (since 05/17/2018)		(until 08/03/2020)
		Chairman of the Board of Directors: Crédit Foncier (from 07/31/2019)	(until 02/10/2020)
		Chairman of the Board of Directors: GIE BPCE Financial Services (since 04/18/2019)	(until 10/15/2020)
	Director: Natixis Coficiné (since 02/07/2018)		(until 05/05/2020)
	Deputy Chief Executive Officer: CE Holding Participations (since 06/06/2018)		(until 12/01/2020)
	Permanent representative of BPCE, Director: CE Holding Participations (since 06/06/2018)		(until 12/01/2020)
Representative of Natixis, Director: IFCIC (since 12/16/2016)			(until 06/16/2020),
	Representative of BPCE, Director: Crédit Foncier (from 06/01/2018)	(until 07/31/2019)	
Director: Natixis Partners (from 05/13/2015)	(until 07/10/2018)		
Director: Natixis Assurances (from 01/26/2017)	(until 06/19/2018)		
	Representative of Natixis, Director: Natixis Coficiné (from 02/07/2018 to 11/08/2018)		
Representative of Natixis, Director: Natixis Investment Managers (from 12/11/2017)	(until 09/06/2018)		
Representative of Natixis, Director: Coface SA[1] (since 12/11/2017)	(until 09/06/2018)		
Director: Natixis Partners Iberia (from 01/21/2016)	(until 01/17/2018)		
Chief Executive Officer: Natixis HCP (from 09/30/2014 to 06/27/2017)			
Permanent representative of Natixis HCP, Director: Ellisphère (from 09/30/2014 to 04/13/2017)			

(1) Listed company.
(2) Non-Group company.

Catherine HALBERSTADT (UNTIL 03/25/2021)

BORN 10/09/1958

MEMBER OF THE MANAGEMENT BOARD OF BPCE IN CHARGE OF GROUP HUMAN RESOURCES

OFFICES HELD AS OF DECEMBER 31, 2021

Within Groupe BPCE

- **Chairman of the Supervisory Board:** SOCFIM (since 03/31/2021)
- **Chairman of the Board of Directors:** BPCE Financement (since 04/15/2021), BPCE Lease (since 03/26/2021), BPCE Solutions Immobilières (since 03/21/2021), Pramex International (since 04/15/2021), BPCE Factor (since 04/22/2021), Compagnie Européenne de Guarantees et Cautions (CEGC) (since 04/01/2021)
- **Member of the Supervisory Board:** SOCFIM (since 03/31/2021)
- **Director:** Oney Bank (since 04/14/2021)
- **Permanent Representative of BPCE, director:** Natixis (since 01/01/2018)

Outside Groupe BPCE

- **Non-voting member:** BPI France (since 12/18/2020)

Catherine Halberstadt has a postgraduate degree in Accounting and another in Business, Administration and Finance from École Supérieure de Commerce de Clermont-Ferrand. In 1982, she joined Banque Populaire du Massif Central, where she was Head of human resources, then Chief Financial Officer, Chief Operations Officer and, starting in 2000, Deputy Chief Executive Officer. In 2008, Ms. Halberstadt became Chief Executive Officer of Natixis Factor.

From September 1, 2010 to March 25, 2016, Catherine Halberstadt was Chief Executive Officer of Banque Populaire du Massif Central.

Since January 1, 2016, Catherine Halberstadt has served as the BPCE Management Board Member in charge of human resources, Internal Communications and the Corporate Secretary's Office of BPCE. She was reappointed effective November 1, 2018 as BPCE Management Board Member, Head of human resources.

On March 25, 2021, Catherine Halberstadt was appointed a member of the Executive Management Committee in charge of Financial Solutions and Expertise (FSE).

TERMS EXPIRED IN 2021

Within Groupe BPCE

- **Member of the Management Board of BPCE in charge of Group Human Resources** (from 01/01/2016 to 03/25/2021)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2017	2018	2019	2020
Director: Crédit Foncier (from 05/10/2012)			(until 12/02/2020)
Director: Bpifrance Financement (from 07/12/2013)			(until 12/18/2020)

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

3

3.4 Role and operating rules of governing bodies

3.4.1 Supervisory Board

DUTIES AND POWERS

The Supervisory Board performs the duties attributed to it by law. It carries out all checks and controls it deems appropriate and may request any documents it regards as expedient in fulfilling its mission.

The Supervisory Board:

- receives a report from the Management Board on the company's business activities once every quarter;
- examines and checks the parent company and consolidated financial statements prepared and presented by the Management Board within three months of the end of the fiscal year, along with a written report on the position and activities of the company and its subsidiaries during the past year;
- presents to the Ordinary Shareholders' Meeting a report on corporate governance that states the makeup of the managerial and supervisory bodies, the role and operation of the governing bodies, the diversity policy applied to Supervisory Board members, the principles and rules for determining pay and benefits of any kind given to corporate officers, and including its observations on the management report prepared by the Management Board and the financial statements for the previous fiscal year.

In addition to these powers, the Supervisory Board has the authority to:

OWN POWERS

- appoints the Chairman of the Management Board;
- appoints the other members of the Management Board, based on motions by the Chairman of the Management Board;
- sets the method and amount of pay received by each Management Board member;
- grants the status of Chief Executive Officer to one or more members of the Management Board, based on a motion by the Chairman of the Management Board, and withdraw said status as applicable;
- proposes the appointment of the Statutory Auditors at the General Shareholders' Meeting, after they are recommended by the Audit Committee;
- decides to move the registered office to another location within the same department or to an adjacent department, subject to ratification of the decision by the next Ordinary Shareholders' Meeting.

FOR DECISIONS SUBJECT TO A SIMPLE MAJORITY

The following operations proposed by the Management Board must receive prior authorization from the Supervisory Board, acting by simple majority of its present or represented members:

- approval of the policy and strategic guidelines of Groupe BPCE and each of the networks;
- authorization of any transaction[1] exceeding €100 million;
- authorization of any transaction[2] proposed by BPCE that is not part of the BPCE strategic plan, regardless of the transaction amount;
- approval of the company's annual budget and definition of the rules for calculating contributions due from affiliated institutions;
- authorization of related-party agreements pursuant to the French Commercial Code;
- approval of Groupe BPCE's internal solidarity mechanisms;
- approval of the national and international agreements involving each of the networks and Groupe BPCE as a whole;
- approval of the general criteria that must be met by the directors of Groupe BPCE's affiliated institutions, including age limits, which may not exceed:
  - 65 for Chief Executive Officers or members of the Management Board, or
  - 70 for Chairmen of Boards of Directors and Steering and Supervisory Boards, it being stipulated that no individuals may be appointed Chairman of a Board of Directors or a Steering and Supervisory Board if they cannot, on the date of first appointment, complete at least half the term as Chairman before reaching this age limit; however, the age limit remains set at 68 for offices currently held on the date of the Supervisory Board Meeting that approved the age limit set in this section;
- authorization of the directors of affiliated institutions as well as the withdrawal of such authorization and all other dismissals as set out in Article L. 512-108 of the French Monetary and Financial Code;
- approval of the creation or elimination of a Banque Populaire or Caisse d'Epargne, including through the merger of two or more Banques Populaires or two or more Caisses d'Epargne;

(1) Refers to any proposed capital investment or divestment, contribution, merger, spin-off, restructuring, joint venture or partnership by the company or its subsidiaries, and the negotiation or signing of any national or international agreements on behalf of the Caisses d'Epargne, the Banques Populaires and affiliates and, in each instance, any related or ancillary transactions. Also refers to (i) acquisitions, disposals, and equity investments or divestments by the Banques Populaires and the Caisses d'Epargne in credit institutions, financial companies, Insurance companies, investment service providers, portfolio or fund management firms, acquisitions or disposals of bank branches or branches targeting specific customer segments, whether directly or indirectly (ii) equity investments or divestments in industrial or commercial companies by the Banques Populaires and the Caisses d'Epargne; and (iii) equity investments or divestments by the Banques Populaires and the Caisses d'Epargne in companies, regardless of their form or purpose, whose articles of association or legal form entail undefined liability for the partners (not limited to the amount of their contribution).
(2) Idem above.

- examination and approval of the main risk limits applicable to Groupe BPCE and each network, as defined by the Management Board; regular examinations and checks on Groupe BPCE's risks, any changes therein and the systems and procedures used to control them; examination of Internal Control audits and finding, and the main conclusions of audits performed by the Group's Inspection Générale division;
- appointment of BPCE's representatives to the Natixis Board of Directors. Representatives from the Caisses d'Epargne and from the Banques Populaires will be of identical number and will together hold, at a minimum, the majority of seats on the Board;
- upon recommendation from the Appointments Committee, examination and assessment of the integrity and skills of candidates for the Supervisory Board and the non-voting directors, Chairman, and other members of the Management Board;
- adoption of the Board's Internal Rules.

DECISIONS SUBJECT TO A QUALIFIED MAJORITY VOTE (13 OF 19 MEMBERS)

The following operations proposed by the Management Board are subject to the prior authorization of the Supervisory Board and a favorable vote from at least thirteen of its nineteen present or represented members:

- any decision to subscribe for or acquire (or any agreement binding the company therein), by any means (including by transfer of assets to the company), securities or rights of any kind whatsoever, be they issued by a company or any other entity and directly or indirectly representing an investment or contribution of more than €1 billion;
- any decision to transfer (or any agreement binding the company therein), by any means, securities or rights of any kind whatsoever held by the company and representing a divestment of more than €1 billion for the company;
- any decision by the company to issue equity securities or shares giving immediate or eventual access to the company's capital, without pre-emptive rights;
- any merger, demerger, spin-off, or related decision involving the company;
- any decision relating to the admission of company shares or shares in any of its main direct or indirect subsidiaries to trading on a regulated market;
- any transaction related or connected to the aforementioned cases;
- any decision to appoint the Chairman or remove the Chairman of the company's Management Board from office;
- any decision to submit to the General Meeting any changes to the Articles of Association with regard to the company that amend the terms of governance;
- any decision to approve the disposal of securities.

INTERNAL RULES

The Internal Rules of the Supervisory Board, adopted at the Board Meeting of July 31, 2009 and amended at the Board Meeting of December 20, 2018, form the Supervisory Board's Governance Charter, which sets out its internal operating procedures, notably for the purpose of ensuring that governing bodies interact efficiently and operate smoothly.

The Internal Rules enhance the quality of the work done by Supervisory Board members by promoting the application of corporate governance principles and best practices in the interest of ethics and efficiency.

Their purpose is also to supplement the Articles of Association, notably by:

- specifying the procedures for convening Supervisory Board and Supervisory Board Committee Meetings, as well as the rules under which they are to deliberate;
- specifying the general and specific powers of the Board under the law, as set out in Articles 27.1 and 27.2 of the company's Articles of Association;
- specifying those instances requiring the Board's prior approval for material transactions ("Important Decisions" and "Key Decisions"), as set out in Articles 27.3 and 27.4 of the company's Articles of Association;
- specifying the rules governing the information of Board members;
- specifying the duties of the various committees, for which they serve as the internal rules;
- specifying the professional secrecy and confidentiality obligations binding the members of the Supervisory Board and its committees;
- defining the penalties that apply in the event members of the Supervisory Board or of a committee fail to comply with any of their obligations.

The Supervisory Board's Internal Rules are available on the BPCE website: https://groupebpce.com/investisseurs/informations-reglementees/autres-informations

ETHICS AND COMPLIANCE CHARTER

The Supervisory Board of BPCE adopted an Ethics and Compliance Charter for its members at its meeting of June 22, 2016. The Ethics and Compliance Charter is divided into four main Chapters that set out good governance principles, in addition to reiterating several laws and regulations.

Chapter 1 covers the Board Members' professionalism, as expressed in different ways:

- the total number of offices held by Supervisory Board Members and their availability (time spent preparing for meetings and reviewing issues);
- expertise, *i.e.* consolidation of knowledge and understanding of information that may be used in performing their duties;
- diligence and effectiveness (active participation);
- duty to intervene and raise the alarm, *i.e.* expressing viewpoints and participating in discussions;
- respect for corporate responsibility and good faith.

Chapter 2 covers ethics, as expressed by:

- respect for the law and the company's Articles of Association;
- integrity (lack of a criminal record, incompatibility with certain duties);
- good credit history, which is checked by the Risk Management division of the institution or network in which the member also holds office, under the authority of the BPCE Risk Management division (except for independent members, whose credit history is checked using any rating either internal or external to the company in which they play a primary role);
- benefits (soliciting or accepting direct or indirect benefits is prohibited).

Chapter 3 covers confidentiality:

- banking secrecy and the duty of discretion;
- management of inside information (with the understanding that all members are on the list of permanent insiders);
- reporting of transactions in financial instruments issued by BPCE and Groupe BPCE companies (if the total exceeds €5,000 in one calendar year);
- compliance with blackout periods on financial instruments issued by Groupe BPCE companies.

Chapter 4 covers conflicts of interest:

- independence of judgment;
- incompatibility with the duties performed on their own behalf in other investment banks or investment companies outside Groupe BPCE (unless explicitly approved by the Management Board of BPCE);
- due diligence in business relationships.

ACTIVITY OF THE SUPERVISORY BOARD

In accordance with Article 25.1 of the Articles of Association, the Supervisory Board meets as often as the company's interests, laws and regulations require, and at least once every quarter in order to examine the Management Board's quarterly report. Board Meetings may be convened by its Chairman, its Vice-Chairman or by one half of its members and take place at the registered office or any other location stated in the notice of meeting.

In accordance with Article L. 823-17 of the French Commercial Code, the Statutory Auditors are invited to Board Meetings examining full-year and half-year financial statements.

The BPCE Supervisory Board met 15 times between January 1 and December 31, 2021. In 2021, the average attendance rate for Supervisory Board Members was 96.84%. In addition to the topics regularly discussed – quarterly reports of the Management Board, related-party agreements, approvals of executives, current events and other matters for information – the main topics discussed during the Board Meetings were as follows:

GOVERNANCE – INTERNAL OPERATING PROCEDURES OF THE BOARD

- presentation of the Supervisory Board's corporate governance report;
- determination of the variable pay of Management Board members for fiscal year 2020 and establishment of fixed pay and the criteria (amount, trigger, qualitative and quantitative criteria) for determining the variable pay of Management Board members for 2021;
- modification of the retirement remuneration for members and the Chairman of the Management Board;
- approval of the 2021 pay policy for corporate officers;
- setting a minimum capital threshold for Groupe BPCE for the allocation of variable portions of Groupe BPCE risk takers for fiscal year 2021;
- taking note of the report provided for in Article 266 of the order of November 3, 2014 on internal control concerning the policy and practices for the remuneration of risk takers;
- adoption of the revised Group standard on risk takers in application of the CRD V directive;
- preparation of the Annual General Meeting, taking note of the payment of a dividend and authorization for a capital increase;
- taking note of the resignation of a member of the Management Board and appointment of a new member of the Management Board;
- taking note of the resignation of Supervisory Board members and of non-voting members;
- taking note of the appointment by the Annual General Meeting of Supervisory Board members and non-voting members as part of the staggered renewal of Supervisory Board members;
- taking note of the appointment of two new members representing employees and of two non-voting members to the Supervisory Board;
- appointment of the Chairman and Vice-Chairman of the Supervisory Board;
- appointment of a non-voting director and of a member of the Supervisory Board;
- modification of the composition of the committees following the various movements within the Supervisory Board;
- taking note of the multi-year training program for 2021-2023 for members of the Board (including CSR topics) and approval of the specific training program for 2021-2023 for the Board members representing employees;
- authorization to appoint candidates as directors to the Board of Natixis;
- monitoring of the company's policy on professional and pay equality;
- monitoring of the Board's self-assessment process on the basis of a questionnaire filled in by Supervisory Board members and non-voting directors and review of the report;
- monitoring of the individual assessment of the suitability of the members of the Supervisory Board and the Management Board;
- annual review of independent member status on the Board;
- review of the dashboard of persons comprising the "regulated population";
- annual review of diversity policies applicable to Board members and Management Board members;

STRATEGIC OPERATIONS

- approval of the 2021-2024 strategic plan and of the Group's policy and strategic guidelines as well as of the Banque Populaire and Caisse d'Epargne networks as defined by the strategic plan;
- authorization and monitoring of the implementation of the simplified takeover bid for the shares of Natixis SA not yet held by BPCE;
- authorization of the acquisition by BPCE Financement of the entire stake of Banco Primus held by Crédit Foncier, representing 100% of the share capital and voting rights;
- monitoring of the proposed sale of BPCE's entire stake in the capital of Fidor Bank AG;
- monitoring of the implementation of the strategic transactions authorized by the Board in 2019, 2020 and in the first quarter of 2021;
- authorization to sell all Coface shares held by Natixis;
- authorization for the sale to La Banque Postale of the entire stake of CNP Assurances held by BPCE, representing 16.1% of the share capital and voting rights.

FINANCE

- presentation of the annual financial statements, as of December 31, 2020, of Groupe BPCE, Groupe BPCE SA and BPCE SA;
- presentation of the 2021 quarterly and first-half financial statements of Groupe BPCE, Groupe BPCE SA and BPCE SA;
- Taking note of the bottom line for 2021 and approval of the budgets for 2022.

AUDIT – COMPLIANCE – RISKS

- follow-up on the reports and investigations of the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector, and the European Central Bank (ECB);
- risk monitoring: monitoring of consolidated risks, review of the impact of conditions in Europe and the health crisis on the Group, forward-looking risk management approach, monitoring of the Group's internal ceilings and limits, monitoring of risk governance and annual review and reconsideration of Groupe BPCE's risk appetite, modification of operational limits;
- annual review of the system for reporting significant incidents and assessment of the 2020 reports;
- review of the report on internal control prepared in accordance with Article 258 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies and the report on risk measurement and supervision, prepared in accordance with Article 262 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies: work carried out by the Inspection Générale division, annual compliance report (annual report of the investment services compliance officer (RCSI), report on the annual check control program, report on credit risks), update on accounting risks;
- examination of the annual reports on the organization of internal control systems for the fight against money laundering and terrorist financing and the freezing of assets, on a parent-company and consolidated basis, for the 2020 fiscal year;
- monitoring of the recommendations of the Group Inspection Générale and of the supervisor;
- acknowledgment of the measures taken in 2020 to ensure the control of essential outsourced services, including the monitoring of critical or important services and review of the 2021 outsourcing policy;
- evaluation of the Group's internal control functions (audit, risk and compliance);
- annual review of Groupe BPCE's preventive recovery plan (PPR);
- follow-up on the ICAAP (Internal Capital Adequacy Assessment Process) for 2021, the methods used within this framework and the results of internal stress tests used to determine figures for 2021;
- follow-up to the ILAAP (Internal Liquidity Adequacy Assessment Process) report;
- Status of the SRAB-Volcker system at Groupe BPCE for 2020;
- review of the results of the self-assessment by type of risk carried out on the basis of the criteria for compliance with the ECB's BCBS principles;
- follow-up on the Supervisory Review and Evaluation Process (SREP);
- review of the senior management report on the effectiveness of the enhanced compliance mechanism, drawn up by the Management Board (Senior Management) and implemented in accordance with the Volcker rule's specifications;

CSR

- monitoring of the work of the Cooperative and CSR Committee relating in particular to:
  - monitoring the environmental challenges of the 2021-2024 strategic plan with the review of the Group's climate objectives,
  - presentation of the current status and outlook for Groupe BPCE's carbon footprint and direct environmental footprint,
  - the CSR and cooperative guidelines of Banque Populaire banks and the Caisses d'Epargne,
  - examining the impacts of climate risks;
- acknowledgment of BPCE's raison d'être.

Depending on the type of matters submitted to the Supervisory Board, discussions were held and decisions made on the basis of the reports presented by the relevant Board Committees.

3.4.2 Specialized committees

The Supervisory Board has instituted five specialized committees in charge of preparing its decisions and making recommendations. Their duties, resources, operating procedures and composition are set out in the Supervisory Board's internal rules.

As far as possible, and depending on applicable circumstances, any discussion by the Supervisory Board that falls within the remit of a committee created by the Board is preceded by the referral of the matter to said committee and a decision may only be made after that committee has issued its recommendations or motions.

Under no circumstances may the specialized committees be consulted either for the purpose of delegating powers to said committees, powers that are allocated to the Supervisory Board by law or the Articles of Association, or to reduce or limit the Management Board's powers.

Whenever it is necessary to consult a committee, the Chairman of that committee receives from the Management Board, within a reasonable time frame (given the circumstances), all of the items and documents that will enable the committee to carry out its work and formulate its opinions, recommendations and motions relating to the Supervisory Board's upcoming agenda.

Committee members are chosen by the Supervisory Board based on a motion made by the Chairman of the Board from among its members. Members may be dismissed by the Supervisory Board.

The term of office for committee members coincides with their term of office as Supervisory Board Members. The renewal of both terms of office may take place concomitantly.

Each committee is made up of at least three and at most seven members, except for the Remuneration Committee which has eight members, including one employee representative as stipulated by Article L. 225-79-2 of the French Commercial Code.

The Supervisory Board may also appoint a person from outside Groupe BPCE or a Non-Voting Director to any of these committees. The Cooperative and CSR Committee includes both Non-Voting Directors as of right among its members.

A Chairman is in charge of organizing the work conducted by each committee. The Chairman of each committee is appointed by the Supervisory Board.

AUDIT COMMITTEE

DUTIES

In accordance with Article 3.4 of the Supervisory Board's Internal Rules, the Audit Committee assists the Supervisory Board in its role of auditing and controlling the financial statements and the Management Board's report on the company's business.

The Audit Committee is tasked with overseeing the process for preparing financial information, the statutory audit of the annual and consolidated financial statements by the Statutory Auditors and their independence.

Accordingly, it ensures the quality of information provided to shareholders and, more generally, fulfills the duties set out in the French Commercial Code.

The Audit Committee is also responsible for reviewing the strategic operations undertaken by Groupe BPCE.

The Audit Committee oversees:

Preparation of financial information

In this respect, its duties include:

- reviewing the quarterly, half-year and annual consolidated financial statements of the company and Groupe BPCE, as well as the parent company financial statements, which are presented by the Management Board prior to their review by the Supervisory Board;
- verifying that the information provided is clear;
- reviewing the scope of consolidated companies and supporting evidence thereof;
- assessing the appropriateness of accounting methods adopted in preparing the company's individual financial statements and the consolidated financial statements of the company and Groupe BPCE;
- reviewing the draft of the Supervisory Board Chairman's report on internal control and risk management procedures as regards preparing and processing accounting and financial information;
- reviewing the prudential and accounting impacts of any material acquisition by the company or Groupe BPCE.

Statutory audit of the annual and consolidated financial statements, and of the Statutory Auditors' independence

In this respect, its duties include:

- ensuring that the "Framework for Statutory Auditor Assignments at Groupe BPCE," approved by BPCE's Supervisory Board on November 5, 2020 and which defines the rules and principles aimed at guaranteeing Statutory Auditor independence in Groupe BPCE companies, is observed and updated;
- ensuring that the Statutory Auditor selection procedure is observed and issuing an opinion on the Statutory Auditors proposed for appointment at the General Meeting;
- in accordance with applicable regulations, authorizing services (other than certification of the financial statements) that are provided by the Group's Statutory Auditors;
- ensuring that the Statutory Auditors are independent, specifically by reviewing fees paid to them by Group companies as well as fees paid to any network to which they might belong and by overseeing, on a quarterly basis, any services that do not fall within the strict framework of the statutory audit;
- reviewing the Statutory Auditors' work schedule, the results of their audits and recommendations, and any follow-up action.

Groupe BPCE strategic operations

The Audit Committee is asked to review and issue a prior opinion on any material internal or external growth operations submitted for the approval of the Supervisory Board, including in particular:

- any material equity investments or divestments, contributions, mergers, spin-offs, restructuring operations, joint ventures, strategic deals, alliances or partnerships entered into by BPCE or its subsidiaries;
- any material acquisitions or disposals, including acquisitions or disposals of equity interests, carried out by the Banques Populaires and the Caisses d'Epargne, specifically reviewing the associated terms and conditions as well as the prudential and accounting impacts.

ACTIVITY

The Audit Committee met five times between January 1 and December 31, 2021. The average attendance rate at these meetings was 100%.

The main issues that it addressed were as follows:

- presentation of the annual financial statements of the Group and BPCE as of December 31, 2020;
- presentation of the 2021 quarterly and half-year financial statements of the Group and of BPCE;
- presentation of the 2021 bottom line and review of the 2022 budget of the Group and BPCE;
- review and examination of Groupe BPCE's capital adequacy and liquidity ratios;
- oversight of the management of intra-group prudential ratio requirements;
- monitoring of cost of risk;
- monitoring of the proposed simplified public tender offer for the shares of Natixis SA not yet held by BPCE;
- monitoring of the impacts of the health crisis;
- monitoring of the impact on the financial statements of the Group's transformation initiatives;
- regular information on the results of BPCE's main subsidiaries;
- review of the Executive Management Committee action plan;
- IFRS 17 update;
- update on the insurance business;
- presentation of the building master plan and its impacts;
- monitoring of the work and presentation of the Statutory Auditors' audit plan, review of their independence, update on their fees, approval of services performed by the Statutory Auditors other than the certification of the financial statements, annual delegation concerning the pre-approval of services other than the certification of financial statements.

RISK COMMITTEE

DUTIES

In accordance with Article 3.5 of the Supervisory Board's Internal Rules, the Risk Committee assists the Supervisory Board with regard to BPCE's overall strategy and risk appetite, both current and future, and when the latter controls the implementation of the strategy. Accordingly, it is tasked with assessing the effectiveness of the internal control and risk management systems and, more generally, fulfills the duties set out in Articles L. 511-92 et seq. of the French Monetary and Financial Code and by the Ministerial Order of November 3, 2014 on internal control of banking sector companies.

In this respect, its duties include:

- conducting a regular review of the strategies, policies, procedures, systems, tools and limits referred to in Article 148 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies and the underlying assumptions, and sharing its findings with the Supervisory Board;
- reviewing the total risk exposure of company and Groupe BPCE activities, based on the associated reports;
- advising the Supervisory Board on the company's overall strategy and risk appetite, both current and future;
- assisting the Supervisory Board when it reviews the implementation of this strategy by the members of the Management Board and the Head of Risk Management;
- assisting the Supervisory Board in regularly reviewing the policies established to comply with the provisions of the Ministerial Order of November 3, 2014 on internal control of banking sector companies, assessing the effectiveness of these policies and that of the provisions and procedures implemented for the same purposes as well as any corrective measures undertaken in the event of failures;
- reviewing the annual report(s) on risk measurement and supervision and on the conditions under which internal control is conducted throughout the Group;
- proposing to the Board the materiality criteria and thresholds referred to in Article 98 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies, *i.e.* the criteria and thresholds used to identify incidents that must be brought to the Board's attention;
- ensuring the independence of Groupe BPCE's Inspection Générale division, which is authorized to request or access all items, systems, or information required for the successful completion of its duties;
- reviewing the annual schedule of the Group's Inspection Générale division;
- ensuring that the findings of audits performed by the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector, and/or the ECB and the Group's Inspection Générale division, whose summaries regarding the company and Groupe BPCE entities are disclosed to it, are addressed;
- reviewing the follow-up letters sent by the ACPR and/or by the ECB and issuing an opinion on the draft replies to these letters;
- determining, in accordance with its purview, if the prices of products and services (referred to in Books II and III of the French Monetary and Financial Code: financial instruments, savings products, banking transactions, investment services) offered to customers are compatible with the company's risk strategy and, if not, to present an action plan to the Supervisory Board to remedy the situation;
- determining if incentives provided by the company's pay practices and policy are compatible with the risks incurred by the company, its capital and liquidity and the likelihood that the expected benefits will vest, as well as their staggered vesting over time.

ACTIVITY

The Risk Committee met ten times between January 1 and December 31, 2021. The average attendance rate at these meetings was 95%.

The main issues that it addressed were as follows:

- follow-up on the reports and investigations of the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector, and of the European Central Bank (ECB), and on the recommendations made by the Group's Inspection Générale division;
- study and monitoring of the Supervisory Board's assessment of the Group's internal control functions and risk management;
- review of reports on internal control prepared in accordance with Article 258 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies and on risk measurement and supervision, prepared in accordance with Article 262 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies: work carried out by the Group's Inspection Générale division, annual compliance report (annual report of the investment services compliance officer [RCSI], report on the annual check control program, report on credit risks), update on accounting risks;
- review of the annual review of the system for reporting significant incidents and assessment of the 2020 reports;
- review of the Asset/Liability management risk limit criteria (Article 98 of the Ministerial Order of November 3, 2014 on internal control of banking sector companies);
- Progress report on the BCBS 239 roadmap and action plans, "limitations" on BCBS 239 key reports;
- Self-assessment by type of risk based on the criteria of compliance with the ECB's BCBS 329 principles;
- monitoring of the impacts of the health crisis (detection and measurement of credit risk, treatment of customers in difficulty, effectiveness of the liquidity management plan in crises);
- review of compliance work;
- review of the work performed by the Group's Inspection Générale division and presentation of the 2022 multi-year audit plan;
- review of risk management and measurement work, and particularly the review of Group risk monitoring mechanisms (monitoring of consolidated risks, review of the impact of conditions in Europe on the Group, forward-looking risk management approach, oversight of the Group's market and credit limits);
- monitoring of the measures taken to ensure the control of essential outsourced services, including the monitoring of critical or important services and review and assessment of the 2020 outsourcing policy;
- analysis of Group risk measurement and quantification systems, and review of their performance;
- updates on Groupe BPCE's anti-money laundering efforts and review of the annual reports on the organization of internal control systems for the fight against money laundering and terrorist financing and the freezing of assets, on a parent-company and consolidated basis;
- review of the governance of Groupe BPCE's products and services;

- annual review of Groupe BPCE's risk appetite, including the Preventive Recovery Plan (PPR);
- 2021 update of the Preventive Recovery Plan;
- annual review of Groupe BPCE's overall credit risk policy;
- annual review of the assessment of internal rating systems;
- review of the annual results of the mapping of non-compliance risks, the mapping of operational risks and macro-risk mapping;
- regular monitoring of Natixis (consequences of the crisis, autocalls, cost of risk, sector focus on aeronautical/real estate credit risks, etc.);
- review of internal stress test results;
- review of the methods and results of the annual ICAAP (Internal Capital Adequacy Assessment Process) process intended to analyze capital adequacy;
- annual review of the ILAAP (Internal Liquidity Adequacy Assessment Process) report;
- review of the economic viability of the transactions and credit risks of Groupe BPCE's banking institutions, in accordance with Article L. 511-94 of the French Monetary and Financial Code;
- monitoring of internal caps and Group limits (credit risks, market risks, interest rate risks and liquidity risks);
- review of the 2021 action plan in terms of credit risk monitoring and focus on bad loans;
- update on the integration and monitoring of the Financial Solutions & Expertise division's risk management;
- update on climate risks and the first regulatory stress tests;
- review of the 2020 assessment of the Contingency and Business Continuity Plan (PUPA);
- update on cyber security and cyber crime and review of the system for monitoring and detecting cyber incidents;
- review of Leveraged Finance management principles in the Risk Appetite Framework;
- assessment of the implementation of the new default;
- analysis and securing of contagion mechanisms between: real estate risks, solvency and Group liquidity;
- status of the SRAB-Volcker system at Groupe BPCE for 2020;
- review of the results of the EBA 2021 stress test and work for the first half-year (internal stress tests);
- review of the impacts of the Pléiade transaction on control functions.

APPOINTMENTS COMMITTEE

DUTIES

In accordance with Article 3.2 of the Supervisory Board's Internal Rules, the Appointments Committee is responsible for making proposals to the Supervisory Board concerning:

- the choice of members of the Supervisory Board and Non-Voting Directors who come from outside Groupe BPCE. Supervisory Board Members from inside Groupe BPCE are appointed in compliance with the company's Articles of Association and Article L. 512-106 of the French Monetary and Financial Code;
- the appointment of the Chairman of the Management Board.

Furthermore, the Appointments Committee:

- regularly reviews and assesses the integrity and skills of candidates for the Supervisory Board and the Non-Voting Directors, Chairman, and other members of the Management Board;
- assesses the balance and diversity of knowledge, skills and experience individually and collectively held by the members of the Supervisory Board;
- specifies the duties and qualifications required for positions on the Supervisory Board and assesses the amount of time that should be spent on Supervisory Board duties;
- sets a target for the balanced representation of men and women on the Supervisory Board and creates a policy to achieve this target;
- writes, submits to the Supervisory Board, and annually reviews a diversity policy applicable to Supervisory Board members with respect to criteria such as age, gender, or qualifications and professional experience, as well as a description of the goals of that policy, its terms of implementation, and the results achieved during the past year.
- periodically, and at least once a year, assesses:
  - the structure, size, composition and effectiveness of the Supervisory Board with respect to its assigned tasks, and submits all useful recommendations to the Board,
  - the knowledge, skills and experience of the members of the Supervisory Board, both individually and collectively, and reports on this assessment to the Board;
- periodically reviews the policies of the Supervisory Board governing the selection and appointment of Management Board members and the Head of Risk Management and makes appropriate recommendations;
- ensures that the Supervisory Board is not dominated by any one person or small group of people under conditions that are detrimental to the company's interests;
- draws up and reviews, at each new four-year term of office of the Management Board and as necessary, a succession procedure for the company directors, which it submits to the Supervisory Board.

ACTIVITY

The Appointments Committee met four times between January 1 and December 31, 2021. The average attendance rate at these meetings was 100%.

The main issues that it addressed were as follows:

- examination of the integrity and skills of the members and non-voting members of the Supervisory Board and of a candidate for the BPCE Management Board;
- review of the training program for Supervisory Board members for 2021-2023;
- review of the succession procedure for members of the Management Board;
- implementation of the recommendations of the previous Supervisory Board evaluation;
- launch of the annual assessment process of the Supervisory Board and its members, review of the assessment report and annual assessment of the suitability of the members of the Supervisory Board;
- annual assessment of the ability of the members of the Management Board;
- annual review of independent member status on the Supervisory Board;
- annual review of diversity policies for members of the Management and Supervisory Boards;
- review of the Supervisory Board's report on corporate governance for fiscal year 2021 (governance section).

REMUNERATION COMMITTEE

DUTIES

In accordance with Article 3.3 of the Supervisory Board's Internal Rules, the Remuneration Committee is responsible for making proposals to the Supervisory Board concerning:

- the amounts and conditions of pay, compensation and benefits of any kind awarded to members of the company's Management Board, including benefits in kind, provident Insurance and pension plans;
- the pay granted to the Chairman of the Supervisory Board and, where applicable, the Vice-Chairman;
- the distribution of the remuneration (formerly attendance fees) among members of the Supervisory Board and committees and the total amount submitted for approval at the company's General Shareholders' Meeting.

Furthermore, the Remuneration Committee:

- conducts an annual review:
  - of the principles of the company's pay policy,
  - of the pay, compensation and benefits of any kind granted to corporate officers of the company,
  - of the pay policy for categories of personnel, including Management Board Members, risk takers, persons exercising control duties and any employees who, as a result of their total income, are in the same pay bracket, whose professional activities have a material impact on the company's or Group's risk profile;
- directly controls the pay granted to the Head of Risk Management, referred to in Article L. 511-64 of the French Monetary and Financial Code and, where applicable, the Head of Compliance;
- reports regularly on its work to the Supervisory Board;
- examines the draft of the Supervisory Board's corporate governance report;
- gives its opinion to the Board on the policy for granting stock options or similar securities and on the list of beneficiaries;
- is informed of Groupe BPCE's pay policy, particularly the policy regarding the main company directors of affiliated institutions;
- reviews and issues opinions on the insurance policies taken out by the company covering the liability of company directors;
- gives its opinion to the Board on the section of the annual report covering issues within the remit of the Remuneration Committee.

ACTIVITY

The Appointments Committee met three times between January 1 and December 31, 2021. The average attendance rate at these meetings was 100%.

The main issues that it addressed were as follows:

- remuneration of the members of the Management Board for fiscal year 2020 (payment of deferred portions due in 2021 and the variable portion for 2020) and for fiscal year 2021 (variable indicators, remuneration for 2021, draft report on the BPCE remuneration policy for 2021);
- Groupe BPCE's remuneration policy for risk takers (revision of the Group standard on risk takers for fiscal year 2021 in application of the CRD V directive, identification and remuneration of risk takers in the BPCE SA scope for fiscal year 2020, focus on the credit companies of the FSE division with a balance sheet total of more than €5 billion);
- review of pay for the BPCE SA Risk and Compliance functions;
- review of the Supervisory Board's report on corporate governance for fiscal year 2021 (remuneration section);
- review of the report on internal control of credit institutions regarding the policy and practices governing pay in respect of 2020 granted to members of the executive body and persons whose professional activities have a material impact on the corporate risk profile of the Company, pursuant to Article 266 of the order of November 3, 2014 on internal control of banking sector companies;
- review of the mobility of a member of the Management Board and the remuneration of a member of the Management Board.

COOPERATIVE AND CSR COMMITTEE

DUTIES

In accordance with Article 3.7 of the Supervisory Board's Internal Rules, the Cooperative and CSR Committee is in charge of making proposals and recommendations aimed at promoting the cooperative and social values of long-term engagement as well as professional and interpersonal ethics. It also ensures that Group and network activities represent these values, thereby strengthening the cooperative banking model of the Group and each of the networks.

To this end, the Cooperative and CSR Committee monitors cooperative share sales and dividend practices exercised by the Banques Populaires and the Caisses d'Epargne, changes to their share capital and fair distribution among cooperative shareholders.

ACTIVITY

The Cooperative and CSR Committee met twice between January 1 and December 31, 2021. The average attendance rate at these meetings was 91.67%.

The main issues that it addressed were as follows:

- monitoring of the environmental challenges of the 2021-2024 strategic plan with the review of the Group's ambitions on the climate component and the implementation of the plan *via* the Green Networks action plan, the clean carbon footprint (scopes 1 & 2) and the carbon footprint of the Group's portfolios;
- review of the group conduct and ethics reporting;
- presentation of the current status and outlook for Groupe BPCE's carbon footprint and direct environmental footprint;
- presentation of the state of play of the digital and inclusive project;
- review of the Caisses d'Epargne's CSR and cooperative guidelines for 2022-2024;
- review of the action principles behind the "raison d'être" of the Banques Populaires;
- validation of the Group CSR priorities proposed by the Group Extra-Financial Communication Task Force;
- presentation of the project on ESG data;
- presentation of the progress of work on the measurement of emissions financed by the Group;
- presentation of the new cooperative shareholder portal;
- updates on the FNBP and FNCE projects.
- review of BPCE's "raison d'être."

3.4.3 Attendance of Board and Specialized Committee Meetings

	Supervisory Board	Audit Committee	Risk Committee	Appts Committee	Remuneration Committee	Cooperative and CSR Committee	TOTAL	Individual attendance rate
Members of the Supervisory Board	**Meetings attended/number of meetings**							
Thierry Cahn Vice-Chairman then Chairman of the Board (since 05/27/2021)	15/15	N/A	N/A	N/A	N/A	2/2	17/17	100%
Éric Fougère Member then Vice-Chairman of the Board (since 05/27/2021)	15/15	2/2	N/A	N/A	N/A	2/2	19/19	100%
Caisse d'Epargne Representatives								
Catherine Amin-Garde	15/15	N/A	N/A	4/4	3/3	N/A	22/22	100%
Alain Di Crescenzo (since 05/27/2021)	9/9	N/A	N/A	2/2	1/1	N/A	12/12	100%
Alain Denizot	14/15	N/A	9/10	N/A	N/A	N/A	23/25	92%
Dominique Goursolle-Nouhaut Member (until May 05/05/2021)	5/5	N/A	N/A	1/1	2/2	N/A	8/8	100%
Françoise Lemalle	15/15	N/A	10/10	N/A	N/A	N/A	25/25	100%
Didier Patault	14/15	5/5	N/A	4/4	3/3	2/2	28/29	96.55%
Benoît Pellerin (since 05/27/2021)	8/9	3/3	N/A	N/A	N/A	N/A	11/12	91.67%
Pierre Valentin Chairman (until 05/27/2021)	7/7	N/A	N/A	N/A	N/A	N/A	7/7	100%
Banque Populaire Representatives								
Gérard Bellemon	15/15	N/A	N/A	4/4	3/3	N/A	22/22	100%
Bernard Dupouy	15/15	5/5	N/A	N/A	3/3	N/A	23/23	100%
Yves Gevin* (until 12/16/2021)	15/15	5/5	N/A	4/4	3/3	2/2	29/29	100%
Michel Grass (until 05/27/2021)	6/6	N/A	4/4	2/2	N/A	N/A	12/12	100%
Olivier Klein	10/15	N/A	8/10	N/A	N/A	N/A	18/25	72%
Catherine Mallet	14/15	N/A	N/A	N/A	N/A	N/A	14/15	93.33%
Marie Pic-Pâris Allavena (since 05/27/2021)	9/9	N/A	6/6	2/2	N/A	N/A	17/17	100%
Independent Members								
Valérie Pancrazi	15/15	N/A	N/A	4/4	3/3	N/A	22/22	100%
Anne-Claude Pont	15/15	5/5	10/10	N/A	N/A	N/A	30/30	100%
Kadidja Sinz	15/15	5/5	10/10	N/A	N/A	N/A	30/30	100%
Employee Representatives								
Nicolas Getti (since 05/27/2021)	9/9	N/A	N/A	N/A	N/A	N/A	9/9	100%
Bertrand Guyard (since 05/27/2021)	9/9	N/A	N/A	N/A	1/1	N/A	10/10	100%
Vincent Gontier (until 05/27/2021)	6/6	N/A	N/A	N/A	2/2	N/A	8/8	100%
Frédéric Hassaine (until 05/27/2021)	6/6	N/A	N/A	N/A	N/A	N/A	6/6	100%

Members of the Supervisory Board	Supervisory Board	Audit Committee	Risk Committee	Appts Committee	Remuneration Committee	Cooperative and CSR Committee	TOTAL	Individual attendance rate
	Meetings attended/number of meetings							
Non-voting directors								
Jean Arondel – FNCE (until 05/05/2021)	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maurice Bourrigaud (since 05/27/2021)	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
André Joffre – FNBP	NA	N/A	N/A	N/A	N/A	2/2	2/2	100%
Pierre Carli (until 04/30/2021)	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA
Joël Chassard	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA
Sylvie Garcelon (until 05/27/2021)	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA
Dominique Goursolle -Nouhaut – FNCE Non-voting member (since 05/05/2021)	N/A	N/A	N/A	N/A	N/A	1/2	1/2	50%
Bruno Deletré (since 05/27/2021)	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA
Daniel Karyotis* Non-voting member (until 12/16/2021)	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	**276/285**	**30/30**	**57/60**	**27/27**	**24/24**	**11/12**	**425/438**	
AVERAGE	**96.84%**	**100%**	**95%**	**100%**	**100%**	**91.67%**	**97.03%**	

* On December 16, 2021, the Supervisory Board duly noted the resignation of Yves Gevin from his position as member of the Supervisory Board and appointed Daniel Karyotis as member and Sabine Calba as non-voting director of the Supervisory Board, from December 17, 2021.

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3.4.4 Management Board

In accordance with Article 18 of BPCE's Articles of Association, the Management Board has the broadest powers to act under all circumstances in the company's name, within the corporate purpose and subject to decisions requiring prior authorization by the Supervisory Board and the General Shareholders' Meeting, in accordance with the law or the Articles of Association.

In particular, the Management Board:

- performs duties as the company's central institution as specified by law and, where applicable, after receiving prior authorization from the Supervisory Board, as specified by the company's Articles of Association;
- exercises all banking, financial, administrative and technical powers;
- approves the appointment of executive management at the company's main direct and indirect subsidiaries;
- appoints the person or persons tasked with temporary Management or control functions for an affiliated institution in the event the Supervisory Board decides to dismiss any persons referred to in Article L. 512-108 of the French Monetary and Financial Code;
- decides, in an emergency, to suspend one or more executive managers of an affiliated institution as a protective measure;
- uses the Group's internal solidarity mechanisms, notably by calling on the guarantee and solidarity funds of the Networks and the Group;
- approves the Articles of Association of affiliated institutions and local savings companies and any changes thereto;
- determines the rules governing the pay granted to executive managers of affiliated institutions, including any contingent pay and benefits granted to such individuals on or after termination of employment;
- authorizes any transaction of less than €100 million;
- issues general internal directives to affiliated institutions, covering the objectives defined in Article L. 511-31 of the French Monetary and Financial Code.

The Management Board is required to comply with the limitations of powers defined in Articles 27.1, 27.2, 27.3 and 27.4 of BPCE's Articles of Association, which set out the duties of the Supervisory Board.

The Chairman of the Management Board represents the company in its dealings with third parties.

On the recommendation of the Chairman of the Management Board, the Supervisory Board may grant the same power of representation to one or more Management Board members, who shall then bear the title of Chief Executive Officer. The Chairman of the Management Board and the Chief Executive Officer or officers, if any, are authorized to appoint a special representative to deputize them in respect of part of their powers.

With the authorization of the Supervisory Board, the members of the Management Board may, on the recommendation of the Chairman of the Management Board, divide management tasks between them. However, in no event should this division have the effect of removing the Management Board's capacity as a collegial management body.

Once every three months, the Management Board presents a written report to the Supervisory Board on the company's performance. Within three months of the end of each accounting period, the Management Board completes the parent company financial statements and presents them to the Supervisory Board for verification and control. It also submits the consolidated financial statements to the Supervisory Board within this same period.

3.4.5 General Meetings

The provisions governing the participation of shareholders at the General Meeting (Article 30 of BPCE's Articles of Association) are as follows:

1° General Shareholders' Meetings are called and convened in accordance with the regulations in force.

The meetings take place at the registered office or at any other location specified in the notice of meeting.

The Ordinary Shareholders' Meeting called to approve the annual financial statements for the previous fiscal year convenes within five months of the end of the fiscal year.

2° Only Category "A" shareholders, Category "B" shareholders and owners of ordinary shares are entitled to take part in the General Shareholders' Meetings.

Their participation is subject to the registration of the shares in the name of the shareholder by the second business day preceding the General Meeting at twelve midnight, Paris time, in the registered share accounts maintained by the company.

3° Shareholders unable to personally attend the General Shareholders' Meeting may select one of the following three options:

- to grant a proxy to another shareholder or, if the shareholder is a natural person, to the shareholder's spouse; or
- to vote by absentee ballot; or
- to send a power of attorney to the company without designating a representative.

4° General Shareholders' Meetings are chaired by the Chairman of the Supervisory Board or, in the Chairman's absence, by the Vice-Chairman. In the absence of both the Chairman and Vice-Chairman, General Shareholders' Meetings are chaired by a member of the Supervisory Board specially appointed for this purpose by the Supervisory Board. Failing this, the General Shareholders' Meeting elects its own Chairman.

The General Shareholders' Meeting appoints its officers.

The duties of scrutineer are performed by two consenting shareholders representing, themselves or as proxies, the greatest number of shares. The officers of the General Shareholders' Meeting appoint a Secretary, who may be selected from outside the shareholders' ranks.

A register of attendance is kept in accordance with regulations in force.

5° The Ordinary Shareholders' Meeting convened on first notice may validly transact business only if the shareholders present or represented own at least one-fifth of the voting shares. The Ordinary Shareholders' Meeting convened on second notice may validly transact business regardless of the number of shareholders present or represented.

Resolutions of the Ordinary Shareholders' Meeting are carried by majority vote of the shareholders present or represented, including shareholders who have voted by absentee ballot.

The Ordinary Shareholders' Meeting called to approve the financial statements for the past fiscal year is consulted on the components of pay due or granted for the fiscal year ended to the Chairman of the Management Board and to each member of the Management Board.

It is consulted on the overall budget for pay of any kind paid during the fiscal year ended to the company's executive managers and to categories of staff referred to in Article L. 511-71 of the French Monetary and Financial Code, whose professional activities have a material impact on the company or Group risk profile.

The Ordinary Shareholders' Meeting may, in accordance with Article L. 511-78 of the French Monetary and Financial Code, resolve to raise the variable pay to an amount greater than the fixed pay amount, within the limit of double the fixed pay amount, for the company's executive managers, as well as for categories of staff referred to in Article L. 511-71 of said Code whose professional activities have a material impact on the company or Group risk profile. This resolution is carried by a two-thirds majority of the votes of the shareholders present or represented, including the shareholders having voted by absentee ballot. If at least half the shareholders are not present or represented, the resolution is carried by a three-quarters majority vote.

6° The Extraordinary Shareholders' Meeting convened on first notice may only validly transact business only if the shareholders present or represented own at least one-quarter of the voting shares.

The Extraordinary Shareholders' Meeting, convened on second notice, may validly transact business only if the shareholders present or represented own at least one-fifth of the voting shares.

Resolutions of the Extraordinary Shareholders' Meeting are carried by a two-thirds majority of the votes of the shareholders present or represented, including shareholders who have voted by absentee ballot.

7° Copies or extracts of the minutes of the General Shareholders' Meeting are validly certified by the Chairman of the Supervisory Board, by the Vice-Chairman, a member of the Management Board, or by the Secretary of the General Shareholders' Meeting.

8° Ordinary and Extraordinary Shareholders' Meetings exercise their respective powers in accordance with regulations in force.

3.4.6 Dialogue with shareholders

BPCE is equally owned by the Banque Populaire banks and the Caisses d'Epargne. In addition to the participation of shareholders in the General Meeting, meetings are held every month with the BPCE Executive Management Committee and the executive officers (Chairmen of the Management Boards and Chief Executive Officers) and every two months with the non-executive officers (*i.e.* Chairmen of the Boards of Directors and of the Supervisory Boards) of the two networks.

In addition, the link with shareholders is strengthened by the composition of the BPCE Supervisory Board, which comprises fourteen members out of nineteen representing equally category A shareholders (the Caisses d'Epargne) and category B shareholders (the Banques Populaires) as well as six non-voting members representing equally the category A and B shareholders, thus allowing a broad representation of the shareholders.

3.5 Rules and principles governing the determination of remuneration and benefits

3.5.1 Remuneration policy, pay components, benefits in kind, loans, guarantees and remuneration received by members of the Supervisory Board of BPCE [1]

At the meeting on May 19, 2017, the Supervisory Board set the pay for the Chairman and Vice-Chairman of the Supervisory Board as well as the terms for distributing pay for attendance at meetings among the Supervisory Board members. These terms and conditions were reviewed by the Supervisory Board at its meeting of March 26, 2020.

The remuneration package for the members of the BPCE Supervisory Board was set at €800,000 for fiscal year 2021 and subsequent years by the Ordinary General Meeting of May 29, 2020. This pay is detailed in the statement regarding pay collected by the non-executive corporate officers of BPCE.

Aside from the Chairman, who receives annual fixed pay, Supervisory Board members are paid based on their attendance at meetings.

PAY GRANTED TO THE CHAIRMAN OF THE SUPERVISORY BOARD

- annual fixed pay: €400,000;
- variable pay: €0.

PAY GRANTED TO SUPERVISORY BOARD MEMBERS

Pay granted to the Vice-Chairman of the Supervisory Board:

- annual fixed pay: €80,000;
- variable pay for each meeting attended, up to a limit of eleven meetings during the fiscal year: €1,500.

Other members of the Supervisory Board:

- annual fixed pay: €8,200;
- variable pay for each meeting attended, up to a limit of eleven meetings during the fiscal year: €1,200.

ADDITIONAL PAY GRANTED TO SUPERVISORY BOARD COMMITTEE MEMBERS

Pay granted to the Chairman of the Audit Committee:

- annual fixed pay: €23,900;
- variable pay for each meeting attended, up to a limit of six meetings during the fiscal year: €2,400.

Other members of the Audit Committee:

- annual fixed pay: €750;
- variable pay for each meeting attended, up to a limit of six meetings during the fiscal year: €875.

Pay granted to the Chairman of the Risk Committee:

- annual fixed pay: €23,900;
- variable pay for each meeting attended, up to a limit of nine meetings during the fiscal year: €2,400.

Other members of the Risk Committee:

- annual fixed pay: €750;
- variable pay for each meeting attended, up to a limit of nine meetings during the fiscal year: €875.

Pay granted to the Chairman of the Appointments Committee:

- annual fixed pay: €13,100;
- variable pay for each meeting attended, up to a limit of four meetings during the fiscal year: €1,650.

Other members of the Appointments Committee:

- annual fixed pay: €750;
- variable pay for each meeting attended, up to a limit of four meetings during the fiscal year: €600.

Pay granted to the Chairman of the Remuneration Committee:

- annual fixed pay: €13,100;
- variable pay for each meeting attended, up to a limit of five meetings during the fiscal year: €1,650.

Other members of the Remuneration Committee:

- annual fixed pay: €750;
- variable pay for each meeting attended, up to a limit of five meetings during the fiscal year: €600.

Pay granted to the Chairman of the Cooperative and CSR Committee:

- annual fixed pay: €13,100;
- variable pay for each meeting attended, up to a limit of two meetings during the fiscal year: €1,650.

Other members of the Cooperative and CSR Committee:

- annual fixed pay: €750;
- variable pay for each meeting attended, up to a limit of two meetings during the fiscal year: €600.

(1) The figures presented in this section are gross amounts.

As a reminder, the Chairman and Vice-Chairman of the Supervisory Board do not receive any pay for participating in the Cooperative and CSR Committee.

PAY GRANTED TO NON-VOTING DIRECTORS

Pursuant to Article 28.3 of the Articles of Association, the Supervisory Board has resolved to compensate non-voting directors by making a deduction from the pay for attendance at meetings allocated to Supervisory Board members at the General Shareholders' Meeting.

Non-voting directors receive:

- annual fixed pay: €4,000;
- variable pay for each meeting attended, up to a limit of eleven meetings during the fiscal year: €600.

RULES GOVERNING PAY GRANTED TO THE MEMBERS OF THE SUPERVISORY BOARD

Attendance fees were eliminated by Article 185 of the PACTE act (act No. 2019-486 of May 22, 2010), which replaced them with "pay" that may be paid to directors and members of the Supervisory Board of a French limited liability company *(société anonyme)*.

The change in legal terminology has no impact on the tax or social security charges applicable to the sums paid to directors and members of the Supervisory Board.

As such, any references to "attendance fees" below should be construed from a legal point of view as "pay."

Attendance fees are subject to single mandatory withholding tax at the global rate of 30%, consisting of a non-discharging flat 12.80% of the income tax plus social security contributions at the global rate of 17.20%.

Taxpayers may, if they so choose, opt for the progressive income tax scale instead of the flat 12.80% when filing their tax return. This option can be used for the full amount, provided that it applies to all income and gains that fall within the scope of the single flat-rate withholding tax, which are collected or earned during a single year by all members of the tax household.

The following taxation conditions apply:

- withholdings:
  - a non-exempting flat-rate withholding tax, serving as income tax, at a rate of 12.8%. This tax entitles taxpayers to a tax credit that can be applied to the tax calculated for the year in which the attendance fees are collected at either the flat rate or using the progressive scale, as per their choice. Taxpayers may ask to be exempted from this withholding if they provide the attendance fee distributing company with a sworn statement that the baseline tax income thresholds set out by law have been met, no later than November 30 of the year preceding the year in which the attendance fees are paid,
  - social security charges at rates applicable on the date of the levy (17.2% since January 1, 2018, including a CSG [contribution sociale généralisée – general social security tax] of 6.8% deductible from taxable income for the year of the payment, if the taxpayer has opted for the progressive scale),
  - declaration of attendance fees on the 2042 income tax return and taxation at the flat rate of 12.80% or, optionally, using the progressive income tax scale. The tax credit attributed for the non-exempting flat withholding tax is determined in this way.

OTHER PAY

Other pay consists of total pay for attendance at meetings received by corporate officers in respect of their duties on the boards of Group companies during the period in question.

Each payment relates to the corporate officer's presence at Board Meetings and is calculated on the basis of the total budget for attendance at meetings set by each company's General Meeting.

TABLE ON PAY RECEIVED BY BPCE'S NON-EXECUTIVE CORPORATE OFFICERS FROM JANUARY 1 TO DECEMBER 31, 2021 (AMF TABLE 3)

	Fiscal year 2020		Fiscal year 2021	
	Amounts due[1]	**Amounts paid[2]**	**Amounts due[3]**	**Amounts paid[4]**
Thierry Cahn Vice-Chairman until May 27, 2021 and Chairman of the Supervisory Board since May 27, 2021				
Annual fixed pay	NA	NA	€238,709.65	€238,709.65
BPCE pay	€93,500.00	€93,500.00	€41,258.07	€41,258.07
Other pay	€10,452.46	€10,452.46	NA	NA
Éric Fougère Vice-Chairman of the Supervisory Board since May 27, 2021				
BPCE pay	€23,250.00	€23,250.00	€67,800.80	€67,800.80
Other pay	NA	NA	3,400.00	3,400.00
Caisse d'Epargne Representatives				
Catherine Amin-Garde				
BPCE pay	€24,700.00	€24,700.00	€27,100.00	€27,100.00
Other pay	€3,900.00	€3,900.00	€9,000.00	€9,900.00
Alain Di Crescenzo (since May 27, 2021)				
BPCE pay	NA	NA	€18,388.71	€18,388.71
Other pay	NA	NA	€4,000.00	€4,000.00
Alain Denizot				
BPCE pay	€25,000.00	€25,000.00	€30,025.00	€30,025.00
Other pay	€3,000.00	€3,000.00	€9,000.00	€9,000.00
Françoise Lemalle				
BPCE pay	€25,000.00	€25,000.00	€30,025.00	€30,025.00
Other pay	€6,045.36	€6,045.36	€4,000.00	€4,000.00
Didier Patault				
BPCE pay	€30,900.00	€30,900.00	€34,175.00	€34,175.00
Other pay	€11,400.00	€7,800.00	€9,000.00	€ 17,400.00
Benoit Pellerin (since May 27, 2021)				
BPCE pay	NA	NA	€17,566.13	€17,566.13
Other pay	NA	NA	€4,000.00	€4,000.00
Nicolas Plantrou (Vice-Chairman of the Supervisory Board until May 24, 2019 and member until December 14, 2019)				
BPCE pay	NA	NA	NA	NA
Other pay	€8,100.00	€13,100.00	NA	NA
Pierre Valentin (Chairman of the Supervisory Board until May 27, 2021)				
Annual fixed pay	€400,000.00	€400,000.00	€161,290.31	€161,290.31
BPCE pay	NA	NA	NA	NA
Other pay	€2,400.00	€2,400.00	€10,016.44	€10,016.44
Banque Populaire Representatives				
Gérard Bellemon				
BPCE pay	€24,700.00	€24,700.00	€27,100.00	€27,100.00
Other pay	€10,300.00	€6,950.00	NA	€10,300.00
Bernard Dupouy				
BPCE pay	€25,200.00	€25,200.00	€29,075.00	€29,075.00
Other pay	€13,319.13	€13,319.13	NA	NA
Yves Gevin (until December 16, 2021)				
BPCE pay	€30,300.00	€30,300.00	€34,175.00	€34,175.00
Other pay	€1,200.00	€2,400.00	NA	€1,200.00
Michel Grass (until May 27, 2021)				
BPCE pay	€27,550.00	€27,550.00	€17,037.36	€17,037.36
Other pay	NA	NA	€ 2,400.00	NA

	Fiscal year 2020		Fiscal year 2021	
	Amounts due[1]	Amounts paid[2]	Amounts due[3]	Amounts paid[4]
Daniel Karyotis (non-voting director until December 16, 2021 and member since December 17, 2021)				
BPCE pay	€9,400.00	€9,400.00	€10,600.00	€10,600.00
Other pay	€26,000.00	€18,200.00	€4,000.00	€2,800.00
Olivier Klein				
BPCE pay	€25,000.00	€25,000.00	€27,950.00	€27,950.00
Other pay	NA	NA	NA	NA
Catherine Mallet				
BPCE pay	€19,000.00	€19,000.00	€21,400.00	€21,400.00
Other pay	NA	NA	NA	NA
Marie Pic-Pâris Allavena (since May 27, 2021)				
BPCE pay	NA	NA	€23,038.71	€23,038.71
Other pay	NA	NA	€14,375.00	€12,388.00
Independent Members				
Valérie Pancrazi				
BPCE pay	€56,750.00	€56,750.00	€59,150.00	€59,150.00
Other pay	€48,500.00	€46,500.00	€46,500.00	€48,500.00
Anne-Claude Pont				
BPCE pay	€61,550.00	€61,550.00	€72,025.00	€72,025.00
Other pay	€1,200.00	€0.00	€2,400.00	€1,200.00
Kadidja Sinz				
BPCE pay	€58,500.00	€58,500.00	€65,925.00	€65,925.00
Other pay	NA	NA	NA	NA
Employee Representatives				
Nicolas Getti[5] (since May 27, 2021)				
BPCE pay	NA	NA	€15,693.55	€15,693.55
Other pay	NA	NA	NA	NA
Vincent Gontier[5] (until May 27, 2021)				
BPCE pay	€22,150.00	€22,150.00	€13,232.93	€13,232.93
Other pay	NA	NA	NA	NA
Bertrand Guyard[5] (since May 27, 2021)				
BPCE pay	NA	NA	€16,741.13	€16,741.13
Other pay	NA	NA	NA	NA
Fredéric Hassaine[5] (until May 27, 2021)				
BPCE pay	€19,000.00	€19,000.00	€11,728.49	€11,728.49
Other pay	NA	NA	NA	NA
Non-Voting Directors				
Jean Arondel (FNCE) (until May 5, 2021)				
BPCE pay	€18,575.00	€18,575.00	€4,647.18	€4,647.18
Other pay	€92,689.00	€84,889.00	€ 27,239.72	€26,039.72
Maurice Bourrigaud (since May 27, 2021)				
BPCE pay	NA	NA	€7,787.10	€7,787.10
Other pay	NA	NA	€ 9,250.00	€15,250.00
Sabine Calba (since December 17, 2021)				
BPCE pay				NA
Other pay				€0.00
Pierre Carli (until April 30, 2021)				
BPCE pay	€9,400.00	€9,400.00	€3,733.33	€3,733.33
Other pay	€15,000.00	€15,000.00	€5,145.20	€13,200.00
Joël Chassard				
BPCE pay	€9,400.00	€9,400.00	€10,600.00	€10,600.00
Other pay	€25,300.00	€25,900.00	€11,000.00	€21,300.00

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	Fiscal year 2020		Fiscal year 2021	
	Amounts due[1]	Amounts paid[2]	Amounts due[3]	Amounts paid[4]
Bruno Deletré (since May 27, 2021)				
BPCE pay	NA	NA	€7,787.10	€7,787.10
Other pay	NA	NA	€17,800.00	€10,000.00
Sylvie Garcelon (until May 27, 2021)				
BPCE pay	€9,400.00	€9,400.00	€5,823.65	€5,823.65
Other pay	€35,000.00	€35,000.00	€35,000.00	€35,000.00
Dominique Goursolle-Nouhaud (Member until May 5, 2021 and non-voting director since May 6, 2021)				
BPCE pay	€24,700.00	€24,700.00	€20,866.53	€20,866.53
Other pay	€9,500.00	€11,000.00	€49,952.22	€54,452.22
André Joffre				
BPCE pay	€18,575.00	€18,575.00	€27,000.00	€27,000.00
Other pay	€2,700.00	€1,800.00	NA	€2,700.00
TOTAL PAY	**€1,417,505.94**	**€1,399,155.94**	**€1,482,934.29**	**€1,515,502.09**

(1) Amounts due in respect of 2020: all amounts owed in respect of fiscal year 2020, regardless of the date of payment.
(2) Amounts paid in 2020: all amounts paid and received in 2020 (due in 2019 and paid in 2020 and due in 2020 and paid in 2020) excluding withholding taxes (amounts actually received by members include withholding taxes).
(3) Amounts due in respect of 2021: all amounts owed in respect of fiscal year 2021, regardless of the date of payment.
(4) Amounts paid in 2021: all amounts paid and received in 2021 (due in 2020 and paid in 2021 and due in 2021 and paid in 2021) excluding withholding taxes (amounts actually received by members include withholding taxes).
(5) Both employee representatives have waived their BPCE pay in favor of their unions.

N/A Not Applicable.

3.5.2 Corporate officer pay policy for fiscal year 2022

The pay policy described below was defined by the Supervisory Board on February 10, 2022, based on a motion by the Remuneration Committee.

This policy sets the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items making up the total pay and benefits of any kind that may be granted to members of the Management Board for the 2022 fiscal year.

The Chairman of the Management Board is paid solely in respect of his corporate office.

The other members of the Management Board, except the Chief Executive Officer of Natixis, receive an employment contract. Their pay is divided 90%/10% respectively between the employment contract and corporate office.

Given his duties as Chief Executive Officer of Natixis, the member of the BPCE Management Board who is also CEO of Natixis is paid solely for his corporate office at Natixis. As such, he does not collect any pay from BPCE.

The principles and rules for determining their pay and other benefits granted in respect of their office and employment contract are approved by the Supervisory Board based on a motion by the Remuneration Committee.

The terms and conditions of payment of annual variable pay granted to Management Board Members comply with the provisions applicable to governing the pay granted to persons whose professional activities have a material impact on the corporate risk profile as set out by the corpus of texts "CRD 5" consisting of directive 2019/878/EU ("CRD 5" directive).

This regulation was transposed into French law in the French Monetary and Financial Code (in particular by Order No. 2014-158 of February 20, 2014 and Order No. 2020-1635 of December 21, 2020, as well as by regulatory provisions, amended by Decree No. 2020-1637 of December 22, 2020 and an order of the same day).

PAY POLICY APPLICABLE TO THE CHAIRMAN OF THE MANAGEMENT BOARD

Pay component	Principles and criteria adopted
Fixed pay	In accordance with Article 19 of BPCE's Articles of Association and on the recommendation of the Remuneration Committee, the Supervisory Board determines the pay of the Chairman of the Management Board. It takes into account the special responsibilities of the Chairman of the Management Board in relation to the other members of the Management Board. This pay primarily reflects the professional experience related to the position held and the responsibilities exercised, and is determined by comparison to market practices. Since January 1, 2018, it has included a special supplement equal to 20% of the Chairman's fixed pay in respect of the Article 82 supplemental pension scheme. The fixed pay of the Chairman of the Management Board is periodically reviewed.
Annual variable pay	For the **Chairman of the Management Board**: variable pay is determined based on target pay equal to 100% of fixed pay (including the special supplement) for the fiscal year, with a maximum of 120%. Variable pay is determined based on the quantitative and qualitative criteria previously validated by the Supervisory Board. It is awarded if the criterion for triggering variable pay is met, specifically pertaining to the Group Basel III Common Equity Tier 1 ratio. For 2022, this level corresponds to the minimum CET1 level, plus the P2R, the P2G and the phase-in combined buffers as requested by the ECB. This level was confirmed by the ECB in its letter of February 2, 2022. No variable pay is granted if this criterion is not met[1]. Quantitative criteria account for 60% of variable pay and are defined based on quantitative factors that reflect how well a number of the Group's financial fundamentals are being satisfied. These criteria are defined by the Supervisory Board, and take into account[2]: • net income attributable to equity holders of the parent (30%); • the Group's cost/income ratio (20%); • the Group's net banking income (10%). For each of these criteria, if the target as set by the Supervisory Board is reached, Management Board Members would be entitled to receive the entire fixed percentage. In respect of fiscal year 2022, qualitative criteria account for 40% of variable pay (of which 10% for CSR) and are determined based on key targets in terms of: • CSR (10%); • Transformation; • Information systems and digital; • Human resources; • Monitoring and control. Only quantitative criteria can be used to determine outperformance. The Management Board's 2022 CSR qualitative objectives include the implementation of the strategic goals for the four climate aspects, *i.e.* the alignment of the portfolios on a Net Zero trajectory, support for all customers, Green issues, and the reduction of the Group's carbon footprint. In compliance with the regulations applicable to executive managers, between 40% and 60% of the variable pay of the Chairman of the Management Board is deferred in equal installments over five years (*i.e.* between 2024 and 2028 for deferred variable pay awarded in fiscal year 2022), depending on the variable pay amount[3]. In addition, at least half of the variable pay awarded to the Chairman of the Management Board is indexed. The methods for indexing portions of deferred variable pay will be set by the Supervisory Board allocating variable pay for fiscal year 2022. The payment of the deferred portions of the variable pay awarded for the year 2022 is conditional on the achievement of a financial criterion representative of the Group's financial position, which will be approved by the Supervisory Board awarding the variable pay for fiscal year 2022.
Multi-year variable pay	The Chairman of the Management Board does not receive any multi-year variable pay.
Exceptional pay	The Chairman of the Management Board does not receive any exceptional pay.
Grants of stock options/preference shares	The Chairman of the Management Board does not receive any stock options or preference shares.
Grants of bonus shares	The Chairman of the Management Board does not receive any bonus shares.
Attendance fees	The Chairman of the Management Board does not collect attendance fees.
Sign-on bonus	The Chairman of the Management Board does not receive a sign-on bonus.
Benefits in kind	Based on a motion by the Remuneration Committee, the Supervisory Board may resolve to grant an annual housing allowance to the Chairman of the Management Board. In the wake of the bases for contributions to R2E and CGP supplementary pension plans being capped at eight times the annual ceiling for social security annuities as of January 1, 2020, additional CGP and R2E compensation has been implemented at the same cost to the employer. This fixed compensation is not included in the calculation bases that determine the special supplement, variable pay, retirement bonuses and involuntary-termination severance pay. The Supervisory Board has also decided to grant the Chairman of the Management Board the benefit of collective and mandatory pension plans (incapacity, disability, death) and additional reimbursement of healthcare costs applicable to BPCE SA employees.

(1) The CET1 ratio requirement set by the ECB, including the "Pillar II Guidance" component, is not subject to disclosure.

(2) The Supervisory Board has established specific expected targets for these quantitative goals, but for confidentiality reasons, they are not publicly disclosed.

(3) All of the variable pay allocated by Group companies for the year in question is taken into account when determining the percentage of deferred variable pay. This particularly applies to company directors who may take up new offices during the year.

POST-EMPLOYMENT BENEFITS FOR THE CHAIRMAN OF THE MANAGEMENT BOARD

The commitment made in favor of Laurent Mignon, Chairman of the Management Board, relating to the involuntary-termination severance pay was authorized by the Supervisory Board on October 4, 2018 in compliance with the related-party agreements and commitments procedure.

The commitment relating to the retirement bonus was authorized by the Supervisory Board on October 4, 2018, and was last amended by the Supervisory Board on February 11, 2021. This commitment and amendment were carried out in accordance with the related-party agreements procedure.

Pay component	Principles and criteria adopted
Involuntary-termination severance pay and retirement bonus	The Chairman of the Management Board, under certain conditions, receives a severance or bonus when his duties cease. The Chairman of the Management Board, under certain conditions, **receives involuntary-termination severance** pay equal to at least 12 months' pay (fixed and variable portions), and up to 24 months, earned for 12 years' seniority with the Group. Payment is subject to the following conditions: ● **Conditions for receiving involuntary-termination severance pay** The severance may not be paid unless termination of the duties of Chairman of the Management Board of BPCE SA is involuntary (involuntary end to term of office due to removal by the General Meeting, withdrawal of approval, involuntary resignation, or non-renewal by the Supervisory Board), other than for serious misconduct or a change of position within Groupe BPCE. This severance is not paid if the Chairman of the Management Board leaves the Group at his own initiative. Payment of involuntary-termination severance causes the Chairman of the Management Board to lose any entitlement to the retirement bonus he otherwise may have claimed (it being specified that he does not benefit from a defined-benefit pension plan). If he is re-assigned to another position with Groupe BPCE under an employment contract, the termination of said employment contract, with notification given more than 12 months after he is forcibly removed from his corporate office, entitles him – barring gross negligence or willful misconduct – to receive the severance pay provided for in the applicable collective bargaining agreement. Conversely, if the employment contract is terminated with notification given less than 12 months after he is forcibly removed from corporate office, he is entitled – barring gross negligence or willful misconduct – to receive involuntary-termination severance pay, minus any remuneration required by law to be paid in respect of the termination of the employment contract. Finally, involuntary-termination severance pay is only due if the Group generated positive net income in the last fiscal year preceding the termination of the corporate office. ● **Determination of the severance pay** The monthly benchmark pay used in the calculation is equal to one-twelfth of the sum of the fixed pay (excluding the special supplement and benefits) granted for the last calendar year of work preceding the termination of the position and the average of the variable pay (whether paid immediately or deferred) for the last three calendar years of work preceding the termination of the position. Amounts paid in respect of the relevant corporate office are taken into account. The amount of involuntary-termination severance pay is equal to: Monthly benchmark pay x (12 months +1 month per year of seniority with the Group) Seniority is calculated in years and fractions of a year. The amount of involuntary-termination severance pay is capped at 24 times the monthly benchmark pay, which corresponds to a period of 12 years' seniority with the Group. Where at least 50% of the maximum variable component is awarded on average during the last three years of the corporate office in progress (or during the term of office served, plus the previous term of office served if the term was renewed), the involuntary-termination severance pay will be paid in full. Where at least 33.33% of the maximum variable component is not awarded on average over this period, no involuntary-termination severance pay is granted. Between 33.33% and 50%, the amount of involuntary-termination severance pay is calculated on a straight-line basis, at the discretion of the Supervisory Board. Regardless, any remuneration paid for termination of an employment contract is deducted from the amount of involuntary-termination severance pay. Upon a decision made by the Supervisory Board, the Chairman of the Management Board may receive a **retirement bonus** equal to no less than six months' and no more than 12 months' salary, provided he has at least 10 years' seniority, without any minimum presence conditions. Payment is subject to the following conditions: ● **Conditions for receiving a retirement bonus** Payment of the retirement bonus is subject to the same performance conditions as those applicable to the involuntary-termination severance pay mentioned above, *i.e.*: ● the Group must have generated positive net income in the fiscal year preceding the termination of the corporate office, and ● beneficiaries must have been awarded a minimum percentage of variable pay on average during the last three years of the current term of office. The retirement bonus may only be paid when the social security pension is drawn, provided that the beneficiary falls within the applicable scope (defined below) at the time the pension is drawn. Payment of the retirement bonus is at the discretion of the Supervisory Board after consultation with the Remuneration Committee. Payment of the retirement bonus is excluded from payment of any other departure bonus. As such, if involuntary-termination severance is paid, the company director will not be entitled to the retirement bonus.

Pay component	Principles and criteria adopted
Involuntary-termination severance pay and retirement bonus (continued)	• **Amount of the retirement bonus** The monthly benchmark pay used in the calculation is equal to one-twelfth of the sum of the fixed pay (excluding benefits and the special supplement) granted for the last calendar year of work preceding the termination and the average of the top three variable pay amounts (whether paid immediately or deferred) for the last five calendar years of work. The amount of involuntary-termination severance pay is equal to: Monthly benchmark pay x (6 +0.6 A) where A is the number, which may be a fraction, of years served in a corporate office within the relevant scope (*i.e.* terms of office served as CEO of Banque Populaire, Chairman of the Management Board of Caisse d'Epargne, CEO of CFF until November 6, 2019, CEO of BPCE I until December 31, 2018, Chairman of the Management Board of Banque Palatine, and member of the Management Board of BPCE SA). For an executive benefiting from this scheme who is then appointed to the Executive Management Committee of Natixis or who, following a transfer to BPCE SA, holds the position of CEO or Deputy CEO at BPCE SA, the terms during which these offices are held will be taken into account when determining A. Conversely, the terms during which these offices are held before the executive becomes a beneficiary of this scheme will not be taken into account. Should the offices included in the calculation of A be held simultaneously, these terms will be counted only once (no double-counting). The amount is capped at 12 times the monthly benchmark pay corresponding to a total term of office of 10 years. Regardless, any compensation paid for termination of an employment contract is deducted from the retirement bonus.
Supplementary pension plan	The Chairman of the Management Board is entitled to: • the mandatory CGP collective supplementary defined-contribution pension plan for all BPCE employees and by extension applicable to BPCE company directors. The contribution rate is 6% from Bracket A and 4% from the pensionable portion of pay in excess of Bracket A and capped at eight times the annual ceiling for social security annuities; 70% of this contribution is paid by the company and 30% by the employee; • the mandatory R2E collective supplementary defined-contribution pension plan for all BPCE senior executives (AFB agreement) and by extension applicable to BPCE company directors. The contribution rate is 3.5% of pensionable pay capped at eight times the annual ceiling for social security annuities. This contribution is funded entirely by the company. If the Chairman of the Management Board is not on the Group's supplementary executive pension plan, he is entitled to participate in **the pension plan through a Group insurance policy** under Article 82 of the French General Tax Code, in which company directors of Groupe BPCE who do not benefit from the "Pension plan for company directors of Groupe BPCE" may participate, as this policy is funded solely through voluntary payments by the company directors who have decided to participate therein. On February 8, 2017, the Supervisory Board authorized BPCE to join this "Article 82" Insurance plan. The Chairman of the Management Board participates in this plan. As such, the Chairman's fixed pay includes a 20% special supplement.

PAY POLICY APPLICABLE TO THE MEMBERS OF THE MANAGEMENT BOARD (EXCEPT FOR THE CHAIRMAN OF MANAGEMENT BOARD AND THE CHIEF EXECUTIVE OFFICER OF NATIXIS)

Pay component	Principles and criteria adopted
Fixed pay	Based on a motion by the Remuneration Committee, the Supervisory Board sets the pay granted to the members of the Management Board. This fixed pay primarily reflects professional experience related to the position held and the responsibilities exercised, and is determined by comparison to market practices. The fixed pay of the members of the Management Board is periodically reviewed.
Annual variable pay	For members of the Management Board, variable pay is determined based on target pay equal to 80% of their fixed pay (including the special supplement, if applicable) for the fiscal year, with a maximum of 100%. Variable pay is determined based on the quantitative and qualitative criteria previously validated by the Supervisory Board. It is awarded if the criterion for triggering variable pay is met, specifically pertaining to the Group Basel III Common Equity Tier 1 ratio. For 2022, this level corresponds to the minimum CET1 level, plus the P2R, the P2G and the phase-in combined buffers as requested by the ECB. This level was confirmed by the ECB in its letter of February 2, 2022. No variable pay is granted if this criterion is not met[1]. Quantitative criteria account for 60% of variable pay and are defined based on quantitative factors that reflect how well a number of the Group's financial fundamentals are being satisfied. These criteria are defined by the Supervisory Board, and take into account[2]: ● net income attributable to equity holders of the parent (30%); ● the Group's cost/income ratio (20%); ● the Group's net banking income (10%). For each of these criteria, if the target as set by the Supervisory Board is reached, Management Board Members would be entitled to receive the entire fixed percentage. In respect of fiscal year 2022, qualitative criteria account for 40% of variable pay (of which 10% for CSR) and are determined based on key targets in terms of: ● CSR (10%); ● Transformation; ● Information systems and digital; ● Human resources; ● Monitoring and control. Only quantitative criteria can be used to determine outperformance. The Management Board's 2022 CSR qualitative objectives include the implementation of the strategic goals for the four climate aspects, *i.e.* the alignment of the portfolios on a Net Zero trajectory, support for all customers, Green issues, and the reduction of the Group's carbon footprint. In compliance with the regulations applicable to executive managers, between 40% and 60% of the variable pay of members of the Management Board is deferred in equal installments over five years (*i.e.* between 2024 and 2028 for deferred variable pay awarded in fiscal year 2022), depending on the variable pay amount [3]. In addition, at least half of the variable pay awarded to the members of the Management Board is indexed. The methods for indexing portions of deferred variable pay will be set by the Supervisory Board allocating variable pay for fiscal year 2022. The payment of the deferred portions of the variable pay awarded for 2022 is conditional on the achievement of a financial criterion representative of the Group's financial position, which will be approved by the Supervisory Board awarding the variable pay for fiscal year 2022.
Multi-year variable pay	Members of the Management Board do not receive any multi-year variable pay.
Exceptional pay	Members of the Management Board do not receive any exceptional pay.
Grants of stock options/preference shares	Members of the Management Board do not receive any stock options or preference shares.
Grants of bonus shares	Except when related to the nature of the corporate office, members of the Management Board do not receive any bonus shares.
Attendance fees	Members of the Management Board do not collect attendance fees.
Sign-on bonus	Members of the Management Board do not receive a sign-on bonus.
Benefits in kind	Based on a motion by the Remuneration Committee, the Supervisory Board may resolve to grant an annual housing allowance to members of the Management Board. In the wake of the bases for contributions to R2E and CGP supplementary pension plans being capped at eight times the annual ceiling for social security annuities as of January 1, 2020, additional CGP and R2E compensation has been implemented at the same cost to the employer. This compensation benefits the members of the Management Board in office on January 1, 2020. This fixed compensation is not included in the calculation bases that determine the special supplement, variable pay, retirement bonuses and involuntary-termination severance pay. The Supervisory Board has also decided to grant members of the Management Board collective and mandatory insurance plans (incapacity, disability, death) and additional reimbursement of healthcare costs applicable to BPCE SA employees.

(1) The CET1 ratio requirement set by the ECB, including the "Pillar II Guidance" component, is not subject to disclosure.
(2) The Supervisory Board has established specific expected targets for these quantitative goals, but for confidentiality reasons, they are not publicly disclosed.
(3) All of the variable pay allocated by Group companies for the year in question is taken into account when determining the percentage of deferred variable pay. This particularly applies to company directors who may take up new offices during the year.

POST-EMPLOYMENT BENEFITS

The commitment made for the benefit of Christine Fabresse relating to the forced departure payment was authorized by the Supervisory Board on October 4, 2018 in accordance with the related-party agreements procedure. The commitment relating to the retirement bonus was authorized by the Supervisory Board on October 4, 2018, and was last amended by the Supervisory Board on February 11, 2021. This amendment was made in compliance with the related-party agreements procedure.

The commitments made to the benefit of Jean-François Lequoy relating to the forced departure and retirement benefits were approved by the Supervisory Board on September 15, 2020 in accordance with the related-party agreements procedure. The commitment relating to the retirement benefit was amended by the Supervisory Board on February 11, 2021 in accordance with the same procedure.

The commitments made to Béatrice Lafaurie relating to the forced departure and retirement benefits were approved by the Supervisory Board on March 25, 2021 in accordance with the related-party agreements procedure.

Pay component	Principles and criteria adopted
Involuntary-termination severance pay and retirement bonus	Members of the Management Board, under certain conditions, receive a severance or bonus when their duties cease. Members of the Management Board are entitled to involuntary-**termination severance pay** equal to at least 12 months' pay (fixed and variable portions), and up to 24 months, earned for 12 years of seniority with the Group. Payment is subject to the following conditions: • **Conditions for receiving involuntary-termination severance pay** The severance may not be paid unless termination is involuntary (involuntary end to term of office due to removal by the General Meeting, withdrawal of approval, involuntary resignation, or non-renewal by the Supervisory Board), other than for serious misconduct or a change of position within Groupe BPCE. This severance is not paid if the member of the Management Board concerned leaves the Group on his own initiative. Persons receiving involuntary-termination severance pay lose any entitlement under the defined-benefit plan, subject to employment by the company at the time of retirement, provided for under Article L. 137-11 of the French Social Security Code *(Code de la sécurité sociale)*, and/or to any retirement bonus they may claim. If he is re-assigned to another position with Groupe BPCE under an employment contract, the termination of said employment contract, with notification given more than 12 months after he is forcibly removed from his corporate office, entitles him – barring gross negligence or willful misconduct – to receive the severance pay provided for in the applicable collective bargaining agreement. Conversely, if the employment contract is terminated with notification given less than 12 months after he is forcibly removed from corporate office, he is entitled – barring gross negligence or willful misconduct – to receive involuntary-termination severance pay, minus any remuneration required by law to be paid in respect of the termination of the employment contract. Finally, involuntary-termination severance pay is only due if the Group generated positive net income in the last fiscal year preceding the termination of the corporate office. • **Determination of the severance pay** The monthly benchmark pay used in the calculation is equal to one-twelfth of the sum of the fixed pay (excluding the special supplement and benefits) granted for the last calendar year of work preceding the termination of the corporate office or the employment contract and the average of the variable pay (whether paid immediately or deferred) for the last three calendar years of work preceding the termination of the corporate office or the employment contract. Amounts in respect of the relevant corporate office and employment contract are taken into account. The amount of involuntary-termination severance pay is equal to: Monthly benchmark pay x (12 months +1 month per year of seniority with the Group) Seniority is calculated in years and fractions of a year. The amount of involuntary-termination severance pay is capped at 24 times the monthly benchmark pay, which corresponds to a period of 12 years' seniority with the Group. Where at least 50% of the maximum variable component is awarded on average during the last three years of the corporate office in progress (or during the term of office served, plus the previous term of office served if the term was renewed), the involuntary-termination severance pay will be paid in full. Where at least 33.33% of the maximum variable component is not awarded on average over this period, no involuntary-termination severance pay is granted. Between 33.33% and 50%, the amount of involuntary-termination severance pay is calculated on a straight-line basis, at the discretion of the Supervisory Board. Regardless, any compensation paid for termination of an employment contract is deducted from the amount of involuntary-termination severance pay. Upon a decision made by the Supervisory Board, members of the Management Board may benefit from a **retirement bonus** equal to no less than six months and no more than 12 months' salary, for 10 years of seniority, without any minimum presence conditions. Payment is subject to the following conditions: • **Conditions for receiving a retirement bonus** Payment of a retirement bonus is subject to the same conditions as those applicable to involuntary-termination severance pay, *i.e.*: • the Group must have generated positive net income in the fiscal year preceding the termination of the corporate office; and • beneficiaries must have been awarded a minimum percentage of variable pay on average during the last three years of the current term of office. The retirement bonus may only be paid when the social security pension is drawn, provided that the beneficiary falls within the applicable scope (defined below) at the time the pension is drawn. Payment of the retirement bonus is at the discretion of the Supervisory Board after consultation with the Remuneration Committee. If involuntary-termination severance is paid, the company director will not be entitled to the retirement bonus.

Pay component	Principles and criteria adopted
Involuntary-termination severance pay and retirement bonus (continued)	• **Amount of the retirement bonus** The monthly benchmark pay used in the calculation is equal to one-twelfth of the sum of the fixed pay (excluding benefits and the special supplement) granted for the last calendar year of work preceding the termination of the corporate office or the employment contract and the average of the top three variable pay amounts allocated (whether paid immediately or deferred) for the last five calendar years of work preceding the termination of the corporate office or the employment contract. Amounts in respect of the relevant corporate office and employment contract are taken into account. The amount of involuntary-termination severance pay is equal to: Monthly benchmark pay x (6 +0.6 A) where A is the number, which may be a fraction, of years served in a corporate office within the relevant scope (*i.e.* terms of office served as CEO of Banque Populaire, Chairman of the Management Board of Caisse d'Epargne, CEO of CFF until November 6, 2019, CEO of BPCE I until December 31, 2018, Chairman of the Management Board of Banque Palatine, and member of the Management Board of BPCE SA). For an executive benefiting from this scheme who is then appointed to the Executive Management Committee of Natixis or who, following a transfer to BPCE SA, holds the position of CEO or Deputy CEO at BPCE SA, the terms during which these offices are held will be taken into account when determining A. Conversely, the terms during which these offices are held before the executive becomes a beneficiary of this scheme will not be taken into account. Should the offices included in the calculation of A be held simultaneously, these terms will be counted only once (no double-counting). The amount is capped at 12 times the monthly benchmark pay corresponding to a total term of office of 10 years. Regardless, any compensation paid for termination of an employment contract is deducted from the retirement bonus.
Supplementary pension plan	Members of the Management Board receive: • the mandatory CGP collective supplementary defined-contribution pension plan for all BPCE employees and by extension applicable to BPCE company directors. The contribution rate is 6% from Bracket A and 4% from the pensionable portion of pay in excess of Bracket A and capped at eight times the annual ceiling for social security annuities; 70% of this contribution is paid by the company and 30% by the employee; • the mandatory R2E collective supplementary defined-contribution pension plan for all BPCE senior executives (AFB agreement) and by extension applicable to BPCE company directors. The contribution rate is 3.5% of pay capped at eight times the annual ceiling for social security annuities. This contribution is funded entirely by the company. Management Board Members were also able to vest entitlements under this plan during their previous careers as Group employees or company directors. Furthermore, there are other supplementary pension plans offered to members of the Management Board, based on their professional career spent with the Group, namely: **Pension plan for company directors of Groupe BPCE:** pension plan governed by Article L. 137-11 of the French Social Security Code: • until June 30, 2014, Chairmen of Caisse d'Epargne Management Boards, Members of the Management Board of the former CNCE and Chief Executive Officers of Crédit Foncier, Banque Palatine and BPCE International could benefit from a supplementary defined-benefit pension plan entitling them to additional retirement income based on their salary; • until June 30, 2014, Banque Populaire Chief Executive Officers could benefit from a differential defined-benefit pension plan. Effective July 1, 2014, these two pension plans were harmonized under a single supplementary pension plan, now closed to new members and subject to conditions: • they must end their career with Groupe BPCE. This condition is met when beneficiaries are Group employees on the day before their social security pension is drawn following voluntary retirement; • they must have served in an executive management position for at least the required minimum period (seven years) at the date on which their social security pension is drawn. Beneficiaries who meet the above conditions are entitled to an annuity set at 15% of benchmark pay, *i.e.* their average annual pay earned in the three highest-paid years during the five calendar years before the date on which their social security pension is drawn and capped at four times the annual ceiling for social security annuities. Annual pay refers to the sum of the following types of pay received for the year in question: • fixed pay, excluding benefits in kind or duty-related bonuses; • variable pay – not exceeding 100% of fixed pay – and defined as the total variable amount paid, including the portion that may have been deferred over several years and subject to attendance and performance requirements, in accordance with regulations on variable pay granted by credit institutions. Once drawn, this supplementary pension may be paid to a spouse or former non-remarried spouse, at a rate of 60%. This plan, which is funded entirely by the Group, is covered by two Insurance policies taken out with the Quatrem and Allianz Insurance companies, with a target obligation coverage rate of 80% of assets and 100% of pension recipients. Expenses paid by the company consist of the 32% contribution on annuities paid by the insurer to the beneficiaries. The supplementary pension plan for company directors, which is subject to Article L. 137-11 of the French Social Security Code, is governed by the provisions of section 25.6.2 of the AFEP-MEDEF Code. It complies with the principles governing the capacity of beneficiaries, overall establishment of base pay, seniority conditions, the progressive increase in potential entitlements depending on seniority, the reference period used to calculate benefits and the prevention of artificially inflated pay. For the members of the Management Board who benefit from this plan, the annual vesting of conditional entitlements is contingent on Groupe BPCE generating a net profit for the period considered. Members of the Management Board who are not on the Group's supplemental executive pension plan are entitled to participate in **a pension plan through a group insurance policy** under Article 82 of the French General Tax Code, in which company directors of Groupe BPCE who do not benefit from the "Pension plan for company directors of Groupe BPCE" may participate, as this policy is funded solely through voluntary payments by the company directors who have decided to participate therein. As such, the fixed pay of the Management Board Members on that plan includes a 20% special supplement.

PAY POLICY APPLICABLE TO THE CHAIRMAN AND MEMBERS OF THE SUPERVISORY BOARD

Pay component	Principles and criteria adopted
Annual fixed pay	The total amount of pay allocated to members of BPCE's Supervisory Board for attendance at meetings is set by the General Meeting. Based on recommendations from the Remuneration Committee, the Supervisory Board sets the guidelines for allocating pay between the members of the Supervisory Board. Aside from the Chairman, who receives annual fixed pay, Supervisory Board Members are paid based on their attendance at meetings. **Fixed pay granted to the members of the Supervisory Board** Board members, with the exception of the Chairman, receive an annual fee. The annual fixed pay received by the Vice-Chairman is increased compared to that received by the other members of the Board (excluding the Chairman). **Additional pay granted to Board Committee Members** Members and Chairmen of the Audit Committee, the Risk Committee, the Appointments Committee, the Remuneration Committee and the Cooperative and CSR Committee also collect an additional annual amount for their work on these committees. **Pay granted to Non-Voting Directors** Pursuant to Article 28.3 of the Articles of Association, the Supervisory Board has resolved to compensate non-voting directors by making a deduction from the pay allocated to Supervisory Board Members at the General Shareholders' Meeting. As such, Non-Voting Directors receive an annual amount.
Variable pay	**Variable pay granted to members of the Supervisory Board** In addition to an annual fixed sum, the members of the Supervisory Board, except for the Chairman, collect a fee for each meeting they attend, within the limit of eleven meetings during the fiscal year. This complementary share takes priority over the annual fixed sum. Exceptionally, the annual fixed sum received by the Vice-Chairman is larger than the supplemental portion. **Additional pay granted to Board Committee Members** In addition to an annual fixed sum, the Board Committee Members (including Chairmen) collect a fee for each meeting they attended: • for the Audit Committee, within the limit of six meetings during the fiscal year; • for the Risk Committee, within the limit of nine meetings during the fiscal year; • for the Appointments Committee, within the limit of four meetings during the fiscal year; • for the Remuneration Committee, within the limit of five meetings during the fiscal year; • for the Cooperative and CSR Committee, within the limit of two meetings during the fiscal year. For the Committee Chairmen, the annual fixed sum that they collect is greater than the supplemental portion of variable pay, given their unique responsibilities. **Pay granted to Non-Voting Directors** In addition to an annual fixed sum, the Non-Voting Directors collect a fee for each meeting they attended, within the limit of eleven meetings during the fiscal year.
Benefits in kind	The Chairman and members of the Supervisory Board and of the Board Committees do not receive benefits in kind.

3.5.3 Remuneration and benefits of all kinds awarded to executive corporate officers for fiscal year 2021.

The pay awarded to company directors of BPCE SA in respect of fiscal year 2021 complies with the pay policy defined by the Supervisory Board on February 11, 2021, based on the motions of the Remuneration Committee and approved by the General Meeting held on May 27, 2021 called to approve the financial statements for fiscal year 2020.

The Chairman of the Management Board is paid solely in respect of his corporate office.

Given his duties as Chief Executive Officer of Natixis, the member of the BPCE Management Board who is also CEO of Natixis is paid solely for his corporate office at Natixis. As such, he does not collect any pay from BPCE.

The other members of the Management Board (excluding the Chairman of the Management Board) receive an employment contract. Their pay is divided 90%/10% respectively between the employment contract and corporate office. The implementation of the employment contract of Catherine Halberstadt was authorized and approved by the Supervisory Board on February 13, 2018. The implementation of the employment contract for Christine Fabresse was authorized and approved by the Supervisory Board on October 4, 2018. The implementation of the employment contract of Jean-François Lequoy was authorized and approved by the Supervisory Board on September 7, 2020. The implementation of the employment contract for Béatrice Lafaurie was authorized and approved by the Supervisory Board on March 25, 2021.

Pay received by the Chairman and members of the Management Board for fiscal year 2021:

FIXED PAY FOR 2021

	Annual fixed pay*	Comments
Laurent Mignon Chairman of the Management Board	**€1,200,000** (including a special supplement in respect of the supplemental pension scheme pursuant to Article 82 of the French General Tax Code)	Unchanged in 2021
Christine Fabresse Member of the Management Board, Retail Banking and Insurance division	**€500,009**	Unchanged in 2021
Catherine Halberstadt Member of the Management Board – Group Human Resources (until March 25, 2021)	**€500,024**	Unchanged in 2021
Béatrice Lafaurie Member of the Management Board – Group Human Resources (from March 25, 2021)	**€480,000** (including a special supplement in respect of the pension scheme pursuant to Article 82 of the French General Tax Code)	
Jean-François Lequoy Member of the Management Board – Group Finance and Strategy	**€600,000** (including a special supplement in respect of the pension scheme pursuant to Article 82 of the French General Tax Code)	Unchanged in 2021
Nicolas NAMIAS Member of the Management Board – Chief Executive Officer of Natixis	**€0**	Nicolas Namias is paid exclusively for his corporate office at Natixis.

* Excluding benefits in kind.

ANNUAL VARIABLE PAY IN RESPECT OF 2021

ACHIEVEMENT OF TARGETS SET FOR FISCAL YEAR 2021

Annual variable pay in respect of 2021 was determined based on quantitative and qualitative criteria that were the same for all Board Members and had previously been submitted to the Remuneration Committee for review on February 10, 2021, then validated by the Supervisory Board on February 11, 2021 and submitted to the General Meeting on May 27, 2021.

The achievement rates for performance criteria, validated by the Supervisory Board on February 10, 2022 after receiving the opinion of the Remuneration Committee on February 9, 2022, were as follows:

- the trigger criterion is observation of the Group Basel III Common Equity Tier 1 ratio. This level corresponds to the minimum threshold of the CET1 level, plus the P2R, the P2G and the phase-in combined buffers set by the ECB. No variable pay is granted if this criterion is not met. This criterion was verified at December 31, 2021;
- quantitative criteria account for 60% of variable pay: net income attributable to equity holders of the parent (30%), the Group's cost/income ratio (20%), and the Group's net banking income (10%). The contribution under the quantitative criteria amounts to 90%;
- qualitative criteria account for 40% of variable pay and are associated with the performance of Retail Banking and Insurance, Financial Solutions & Expertise, Group human resources; Finance and Strategy; supervision, control and governance; and information systems, the digital transformation and CSR. The contribution of the qualitative criteria amounts to 40%;
- The contribution on all the criteria amounts to 130% (before application of the cap rules).

	Variable pay	Variable pay awarded in respect of fiscal year 2021
Laurent Mignon Chairman of the Management Board	Target at 100% of fixed pay including the special supplement, with a maximum of 120% of fixed pay including the special supplement	**€ 1,200,000 x (130% x 100%), capped at 120% *i.e.* €1,440,000**
Christine Fabresse Member of the Management Board, Retail Banking and Insurance division	Target at 80% of fixed pay, with a maximum of 100% of fixed pay	**€500,009 x (130% x 80%), capped at 100% *i.e.* €500,009**
Catherine Halberstadt Member of the Management Board – Group Human Resources (until March 25, 2021)	Target at 80% of fixed pay, with a maximum of 100%. The amount is calculated on a pro rata basis according to the period of presence within BPCE in 2021, as a member of the Management Board.	**€116,941 x (130% x 80%), capped at 100% *i.e.* €116,941**
Béatrice Lafaurie Member of the Management Board – Group Human Resources (from March 25, 2021)	Target at 80% of fixed pay including the special supplement, with a maximum of 100% of the fixed pay including the special supplement. The amount is calculated on a pro rata basis according to the period of presence within BPCE in 2021, as a member of the Management Board.	**€369,032 x (130% x 8%), capped at 100% *i.e.* €369,032**
Jean-François Lequoy Member of the Management Board – Group Finance and Strategy	Target at 80% of fixed pay including the special supplement, with a maximum of 100% of fixed pay including the special supplement.	**€600,000 x (130% x 80%), capped at 100% *i.e.* €600,000**
Nicolas NAMIAS Member of the Management Board – Chief Executive Officer of Natixis	Nicolas Namias does not receive remuneration as a member of the BPCE SA Management Board.	

TERMS AND CONDITIONS OF PAYMENTS

In accordance with the pay policy approved by the General Meeting held on May 27, 2021, a portion of the variable pay awarded to members of the Management Board is deferred in equal installments over five years (*i.e.* 2023 to 2027 for the variable pay awarded in respect of fiscal year 2021). This deferred portion represents, for the Chairman of the Management Board, 60% of his variable remuneration awarded for fiscal year 2021, for Catherine Halberstadt, Christine Fabresse and Jean-François Lequoy, 50% of their variable remuneration awarded for 2021, and for Béatrice Lafaurie, 40% of her variable remuneration awarded for fiscal year 2021.

In addition, in accordance with the remuneration policy approved by the General Meeting of May 27, 2021, at least half of the variable remuneration awarded to the members of the Management Board is indexed.

The variable indexed portion evolves according to the change in net income attributable to equity holders of the parent (for fiscal years before 2016, it was indexed to the change in net income attributable to equity holders of the parent, calculated after neutralizing the impact of the revaluation of own debt). Indexing coefficients are calculated by applying the underlying net income attributable to equity holders of the parent over the last three calendar years preceding the allocation year and the payment year. Indexation coefficients are rounded to the fourth decimal place.

Payment of the deferred portion is contingent upon attaining a standard Return on Equity (ROE) for core Group businesses (Retail Banking and Insurance, AWM, CIB) that is at least equal to 4% during the fiscal year before payment falls due.

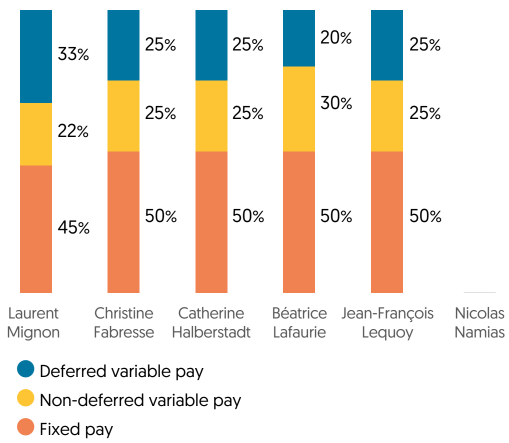
The payment structure of the variable remuneration awarded to the members of the Management Board for fiscal year 2021 is as follows:

VARIABLE PAY AWARDED IN RESPECT OF FISCAL YEAR 2021

	Part not subject to performance conditions		Deferred part subject to performance conditions				
	60% to 40% depending on the amount of variable remuneration		40% to 60% depending on the amount of variable remuneration				
	Not indexed	Indexed	Indexed				
	no earlier than February 2022	no earlier than February 2023	October 2023	October 2024	October 2025	October 2026	October 2027
Béatrice Lafaurie *deferred at 40%*	50%	10%	8%	8%	8%	8%	8%
Christine Fabresse Catherine Halberstadt Jean-François Lequoy *deferred at 50%*	50%	-	10%	10%	10%	10%	10%
Laurent Mignon *deferred at 60%*	40%	-	12%	12%	12%	12%	12%

PAY MIX FOR FISCAL YEAR 2021

The breakdown of the remuneration of the members of the Management Board for the fiscal year 2021 is as follows:



In accordance with Article L. 511-73 of the French Monetary and Financial Code, the BPCE General Meeting will be consulted in 2022 on the budget for all types of remuneration paid during the previous fiscal year to members of the Management Board and other BPCE employees whose professional activities have a material impact on the company or Group risk profile.

OTHER ITEMS

The amount of the CGP/R2E compensation allowance for 2021 is:

€140,529 for Laurent Mignon, €9,859 for Catherine Halberstadt for the period she was a member of the Management Board, and €39,456 for Christine Fabresse.

Members of the Management Board receive a company car allowance, except for Béatrice Lafaurie who has waived this benefit.

For the period she worked as a member of the Management Board, Catherine Halberstadt received a housing allowance of €9,355 to which is added an allocation of an amount, for the period she was a member of the Management Board, of €1,044 paid under a company collective agreement that entered into force in 2020.

Regarding the supplementary pension plan for executive directors, the estimated annual amount of the annuity resulting from potential entitlements reported at December 31, 2021 is €143,400 for Catherine Halberstadt and €124,079 for Christine Fabresse.

STANDARDIZED TABLES SUMMARIZING PAY GRANTED TO EXECUTIVE CORPORATE OFFICERS, IN ACCORDANCE WITH AMF RECOMMENDATIONS

AMF TABLE 1

STATEMENT OF PAY, STOCK OPTIONS AND SHARES GRANTED TO EACH COMPANY DIRECTOR FROM JANUARY 1 TO DECEMBER 31, 2021

		Fiscal year	Total pay due in respect of the period (fixed and variable) (Table 2)	Total pay received during the period (fixed and variable) (Table 2)	Value of multi-year variable pay received during the year[1]	Value of stock options allocated during the year (Table 4)	Value of performance shares granted during the year (Table 6)
Laurent Mignon		2020	€2,171,169	€1,901,439	€0	€0	€0
	Chairman of the Management Board	2021	€2,780,529	€2,091,728	€0	€0	€0
	Chairman of the Board of Directors of Natixis[2]	2020	€300,000	€839,924[3]	€0	€0	€0
		2021	€300,000	€650,967[3]	€0	€0	€0
Christine Fabresse	Member of the Management Board – Retail Banking and Insurance	2020	€825,306	€792,727	€0	€0	€0
		2021	€1,048,435	€775,914	€0	€0	€0
Catherine Halberstadt	Member of the Management Board – Group Human Resources (until March 25, 2021)[4]	2020	€867,606	€1,038,007	€0	€0	€0
		2021	€ 255,094	€489,909	€0	€0	€0
Béatrice Lafaurie	Member of the Management Board – Group Human Resources (from March 25, 2021)	2020	NA	NA	NA	NA	NA
		2021	€738,064	€369,032	€0	€0	€0
	For positions held at BPCE before March 25, 2021	2020	NA	NA	NA	NA	NA
		2021	€54,194	€27,097	€0	€0	€0
Nicolas Namias	Member of the Management Board – Chief Executive Officer of Natixis (since August 4, 2020)[5]	2020	€525,119	€414,485	€0	€0	€0
		2021	€2,609,526	€1,037,305	€0	€0	€0
	For positions held at BPCE before August 4, 2020	2020	€672,548	€753,322	€0	€0	€0
		2021	€0	€241,819	€0	€0	€0
Jean-François Lequoy	Member of the Management Board – Group Finance and Strategy (from September 14, 2020)	2020	€280,629	€181,271	€0	€0	€0
		2021	€1,206,986	€661,630	€0	€0	€0
	In respect of his duties at Natixis before September 14, 2020[6]	2020	€679,250	€885,601	€0	€0	€40,000[7]
		2021	€0	€434,652	€0	€0	€0

(1) There were no multi -year variable remuneration awards or bonus share plans during fiscal years 2020 and 2021; except for Nicolas Namias (Chief Executive Officer of Natixis from August 4, 2020), and Jean-François Lequoy (Head of the Insurance division at Natixis from January 1 to September 13, 2020), in respect of their positions at Natixis.

(2) Laurent Mignon receives remuneration from Natixis for his duties as Chairman of the Board of Directors of Natixis of €300,000.

(3) This amount includes the payment and awarding of shares related to deferred variable pay in respect of previous years and granted for his duties as Chief Executive Officer of Natixis. Deliveries of shares related to long-term incentive plans for members of the Natixis Executive Management Committee are presented in AMF Table 7.

(4) In addition, in respect of her duties at BPCE after her term of office as a member of the Management Board (from March 26, 2022), the total remuneration awarded to Catherine Halberstadt for this period amounted to €912,233 and the remuneration paid to her over this period was €490,862.

(5) Nicolas Namias has received remuneration from Natixis, a company under the control of BPCE as defined by Article L. 233-16 of the French Commercial Code, for his duties as Chief Executive Officer since August 4, 2020. Nicolas Namias does not receive any remuneration from BPCE with respect to his office as a member of the BPCE Management Board.

(6) Jean-François Lequoy has received remuneration from Natixis, a company under the control of BPCE as defined by Article L. 233-16 of the French Commercial Code, for his duties as Director of the Insurance division from January 1, to September 13, 2020.

(7) Value of the shares at the grant date, *i.e.* a fair value of €18,278 for fiscal year 2020.

AMF TABLE 2

Summary statement of pay granted and paid to each executive corporate officer

In the following statements:

The expression "amount granted" corresponds to the pay and benefits granted to a corporate officer in respect of their duties during the fiscal year, regardless of the date of payment.

The expression "amount paid" corresponds to the pay and benefits actually paid to a corporate officer in respect of their duties during the fiscal year, regardless of the grant date.

PAY STATEMENT: LAURENT MIGNON

	Fiscal year 2020		Fiscal year 2021	
Chairman of the Management Board	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€1,200,000	€1,200,000	€1,200,000	€1,200,000
Annual variable pay	€830,640[1]	€560,910[2]	€1,440,000[3]	€751,199[4]
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing and other benefits)	€0	€0	€0	€0
Attendance fees	€0	€0	€0	€0
Other pay	€140,529[5]	€140,529[5]	€140,529[5]	€140,529[5]
TOTAL	**€2,171,169**	**€1,901,439**	**€2,780,529**	**€2,091,728**
Other pay for Laurent Mignon for his duties at Natixis[6]	**€300,000**	**€839,924 [7]**	**€300,000**	**€650,967[7]**

(1) Variable pay in respect of fiscal year 2020, of which €332,256 (40%) paid in 2021 and the balance (60%) deferred over three years in equal shares of €166,128 before indexation and performance condition.
(2) Amount paid in fiscal year 2020 for the variable portion due in respect of 2019 (€377,640) and the deferred portion of variable pay in respect of 2018 (€183,270).
(3) Variable pay in respect of fiscal year 2021, of which €576,000 (40%) paid in 2022 and the balance (60%) deferred over five years in equal shares of €172,800 before indexation and the performance condition.
(4) Amount paid in fiscal year 2021 for the variable portion due in respect of 2020 (€332,256), for the deferred portion of variable pay in respect of 2019 (€257,974) and for the deferred portion of variable pay in respect of 2018 (€160,969).
(5) CGP/R2E compensatory allowance.
(6) Laurent Mignon received pay from Natixis, a company under the control of BPCE as defined by Article L. 233-16 of the French Commercial Code, for his duties as Chief Executive Officer of Natixis, and receives pay from Natixis for his duties as Chairman of the Board of Directors of Natixis.
(7) This amount includes the payment and awarding of shares related to deferred variable pay in respect of previous years and granted for his duties as Chief Executive Officer of Natixis. Deliveries of shares related to long-term incentive plans for members of the Natixis Executive Management Committee are presented in AMF Table 7.

PAY STATEMENT: CHRISTINE FABRESSE

	Fiscal year 2020		Fiscal year 2021	
Member of the Management Board – Retail Banking and Insurance	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€500,004	€500,004	€500,009	€500,009
Annual variable pay	€276,885[1]	€222,270[2]	€500,009[3]	€210,817[4]
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing and other benefits)	€8,961[5]	€8,961[5]	€8,961[5]	€8,961[5]
Attendance fees	€0	€0	€0	€0
Other pay	€39,456[6]	€61,492[7]	€39,456[6]	€56,127[8]
TOTAL	**€825,306**	**€792,727**	**€1,048,435**	**€775,914**

(1) Variable pay in respect of fiscal year 2020, of which €138,442 (50%) paid in 2021 and the balance (50%) deferred over three years in equal shares of €46,147 before indexation and performance condition.
(2) Amount paid in fiscal year 2020 for the variable portion due in respect of 2019 (€209,800) and the deferred portion of variable pay in respect of 2018 (€12,470).
(3) Variable pay in respect of fiscal year 2021, of which €250,004 (50%) paid in 2022 and the balance (50%) deferred over five years in equal shares of €50,001 before indexation and performance condition.
(4) Amount paid in fiscal year 2021 for the variable portion due in respect of 2020 (€138,443), for the deferred portion of variable pay in respect of 2019 (€61,422) and for the deferred portion of variable pay in respect of 2018 (€10,952).
(5) Company car allowance of €8,961.
(6) CGP/R2E compensatory allowance, *i.e.* €39,456, plus the profit-sharing granted to Christine Fabresse for the fiscal year (not yet known as of the publication date of the Universal Registration Document for the fiscal year in question).
(7) CGP/R2E compensatory allowance, *i.e.* €39,456. Christine Fabresse also benefits from BPCE's profit-sharing agreement paid in 2020 in respect of 2019 in the amount of €22,036.
(8) CGP/R2E compensatory allowance, *i.e.* €39,456. Christine Fabresse also benefits from BPCE's profit-sharing agreement paid in 2021 in respect of 2020 in the amount of €16,671.

PAY STATEMENT: CATHERINE HALBERSTADT

	Fiscal year 2020		Fiscal year 2021	
Member of the Management Board – Group human resources (until March 25, 2021)	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€500,012	€500,012	€116,941	€116,941
Annual variable pay	€276,894(1)	€425,259(2)	€116,941(3)	€335,085(4)
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing and other benefits)	€44,080(5)	€44,080(5)	€10,309(6)	€10,309(6)
Attendance fees	€0	€0	€0	€0
Other pay	€46,620(7)	€68,656(8)	€10,903(9)	€27,574(10)
TOTAL	**€867,606**	**€1,038,007**	**€255,094(11)**	**€489,909(11)**

(1) Variable pay in respect of fiscal year 2020, of which €138,446.80 (50%) paid in 2021 and the balance (50%) deferred over three years in equal shares of €46,149.90 before indexation and performance condition.
(2) Amount paid in fiscal year 2020 for the variable portion due in respect of 2019 (€209,800), for the deferred portion of variable pay in respect of 2018 (€74,820), for the deferred portion of variable pay in respect of 2017 (€79,129) and for the deferred portion of variable pay in respect of 2016 (€61,510).
(3) Variable pay in respect of fiscal year 2021, of which €58,471 (50%) paid in 2022 and the balance (50%) deferred over five years in equal shares of €11,694 before indexation and performance condition.
(4) Amount paid in fiscal year 2021 for the variable portion due in respect of 2020 (€138,447), for the deferred portion of variable pay in respect of 2019 (€61,422), for the deferred portion of variable pay in respect of 2018 (€65,715) and for the deferred portion in respect of 2017 (€69,501).
(5) Housing allowance of €40,000 and company car allowance of €4,080.
(6) A housing allowance of €9,355 and a "car" benefit in kind of €954 for the period spent as a member of the Management Board;
(7) CGP/R2E compensatory allowance, *i.e.* €42,154 and an allocation of €4,466 paid under a company collective agreement, plus the profit-sharing granted to Catherine Halberstadt for the fiscal year (not yet known as of the publication date of the Universal Registration Document).
(8) CGP/R2E compensatory allowance, *i.e.* €42,154 and an allocation of €4,466 paid under a company collective agreement. Catherine Halberstadt also benefits from BPCE's profit-sharing agreement paid in 2020 in respect of 2019 in the amount of €22,036.
(9) CGP/R2E compensatory allowance, *i.e.* €9,859 and an allocation of €1,044 paid under a company collective agreement, plus the profit-sharing granted to Catherine Halberstadt for the fiscal year (not yet known as of the publication date of the Universal Registration Document).
(10) CGP/R2E compensatory allowance, *i.e.* €9,859 and an allocation of €1,044 paid under a company collective agreement. Catherine Halberstadt also benefits from BPCE's profit-sharing agreement paid in 2021 in respect of 2020 in the amount of €16,671.
(11) In addition, in respect of her duties at BPCE after her term of office as a member of the Management Board (since March 26, 2022), the total remuneration awarded to Catherine Halberstadt for this period amounted to €912,233 and her remuneration paid over the period was €490,862.

PAY STATEMENT: BEATRICE LAFAURIE

	Fiscal year 2020		Fiscal year 2021	
Member of the Management Board, Group human resources (since March 25, 2021)	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	NA	NA	€369,032	€369,032
Annual variable pay	NA	NA	€369,032(1)	€0
Multi-year variable pay	NA	NA	€0	€0
Exceptional pay	NA	NA	€0	€0
Benefits in kind (company car, housing and other benefits)	NA	NA	€0(2)	€0(2)
Attendance fees	NA	NA	€0	€0
Other pay	NA	NA	NA(3)	€0
TOTAL	**NA**	**NA**	**€738,064**	**€369,032**
Other pay for Béatrice Lafaurie for positions held at BPCE (prior to her appointment as a member of the Management Board)	**NA**	**NA**	**€54,194(4)**	**€27,097(4)**

(1) Variable pay in respect of fiscal year 2021 of which €184,516 (50%) paid in 2022, €36,903 (10%) before indexation to be paid at the earliest in February 2023 and the balance (40%) deferred over five years in equal shares of €29,522.60 before indexation and performance condition.
(2) Béatrice Lafaurie does not receive a "car" benefit in kind.
(3) Under her employment contract, Béatrice Lafaurie benefits from the BPCE profit-sharing agreement. The individual amount allocated to Béatrice Lafaurie for the fiscal year is not known at the date of publication of the Universal Registration Document.
(4) In addition, in respect of her duties at BPCE prior to her term of office as a member of the Management Board (from March 1 to 24, 2022), the total remuneration awarded to Béatrice Lafaurie for the period amounted to €54,194, and her remuneration paid over this period was €27,097.

PAY STATEMENT: NICOLAS NAMIAS

	Fiscal year 2020		Fiscal year 2021	
Member of the Management Board – Chief Executive Officer of Natixis (since August 4, 2020)	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€0	€0	€0	€0
Annual variable pay	€0	€0	€0	€0
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing and other benefits)	€0	€0	€0	€0
Attendance fees	€0	€0	€0	€0
Other pay	€0	€0	€0	€0
TOTAL	**€0**	**€0**	**€0**	**€0**
Other pay granted to Nicolas Namias for his duties at BPCE (before the date he was appointed as a member of the Management Board and Chief Executive Officer of Natixis)	**€672,548**[(1)]	**€753,322**[(2)]	**€0**	**€241,819**[(3)]
Other pay for Nicolas Namias for his duties at Natixis[(4)]	**€525,119**	**€414,485**	**€2,609,526**	**€1,037,305**

(1) Amount awarded to Nicolas Namias in 2020 in respect of his position as a member of the Management Board – Finance and Strategy from June 1, 2018 to August 3, 2020. This amount includes the fixed remuneration awarded from January 1, 2020 to August 3, 2020, *i.e.* €352,230, the variable portion for fiscal year 2020, of which €97,525.30 (50%) paid in 2021 and the balance (50%) deferred over three years in equal shares of €32,508.50 before indexation and performance condition, €5,369 in respect of a "car" benefit in kind, and the CGP/R2E compensatory indemnity, *i.e.* €30,505 and the settlement of the CET paid to Nicolas Namias on the termination of his employment contract with BPCE on August 3, 2020, *i.e.* €89,393 to which must be added the individual amount of the profit-sharing granted to Nicolas Namias for the fiscal year (not known at the date of publication of the Universal Registration Document for the year in question).

(2) Amount paid to Nicolas Namias in 2020 in respect of his position as a member of the Management Board – Finance and Strategy from June 1, 2018 to August 3, 2020. This amount includes the fixed remuneration paid from January 1, 2020 to August 3, 2020, *i.e.* €352,230, the amount paid in 2020 for the variable portion in respect of the fiscal year 2019, *i.e.*, €201,408, and for the deferred portion of the variable portion in respect of fiscal year 2018, *i.e.* €52,381, €5,369 in respect of a car benefit in kind, the CGP/R2E compensatory allowance, *i.e.* €30,505 and the payment of the CET paid to Nicolas Namias for the termination of his employment contract with BPCE on August 3, 2020, *i.e.* €89,393, and the amount of the BPCE profit-sharing scheme granted to Nicolas Namias in respect of his employment contract paid in 2020 in respect of 2019 in the amount of €22,036.

(3) Amount paid to Nicolas Namias in 2021 for his position as member of the Group Management Board – Finance and Strategy from June 1, 2018 to August 3, 2020. This amount includes the amount paid in 2021 for the variable portion in respect of the fiscal year 2020, *i.e.* €97,525, for the deferred portion of the variable portion in respect of the fiscal year 2019, *i.e.*, €88,448, for the deferred portion of the variable portion in respect of the 2018 fiscal year, *i.e.* €46,007, and the BPCE profit-sharing scheme granted to Nicolas Namias in respect of his employment contract paid in 2021 in respect of 2020 in the amount of €9,839.

(4) Nicolas Namias received pay from Natixis, a company under the control of BPCE as defined by Article L. 233-16 of the French Commercial Code, for his duties as Chief Financial Officer of Natixis from January 1 to May 31, 2018, as well as remuneration for his duties as Chief Executive Officer of Natixis since August 4, 2020. The amounts paid include payment and share deliveries in respect of the deferred variable pay installments of previous years at Natixis and granted for other duties.

PAY STATEMENT: JEAN-FRANCOIS LEQUOY

	Fiscal year 2020		Fiscal year 2021	
Member of the Management Board – Group Finance and Strategy	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€179,424	€179,424	€600,000	€600,000
Annual variable pay	€99,358[(1)]	0 €	€600,000[(2)]	€49 679[(3)]
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing and other benefits)	€1,847[(4)]	€1,847[(4)]	€6,986[(4)]	€6,986[(4)]
Attendance fees	€0	€0	€0	€0
Other pay	NA[(5)]	€0	NA[(5)]	€4,965[(6)]
TOTAL	**€280,629**	**€181,271**	**€1,206,986**	**€661,630**
Other pay granted to Jean-François Lequoy for his duties at Natixis[(7)]	**€679,250**	**€885,601**	**€0**	**€434,652**

(1) Variable pay in respect of fiscal year 2020, of which €49,678.90 (50%) paid in 2021 and the balance (50%) deferred over three years in equal shares of €16,559.60.

(2) Variable pay in respect of fiscal year 2021, of which €300,000 (50%) paid in 2022 and the balance (50%) deferred over five years in equal shares of €60,000 before indexation and performance condition.

(3) Amount paid in fiscal year 2021 for the variable portion due in respect of 2020.

(4) Company car allowance.

(5) Under his employment contract, Jean-François Lequoy benefits from BPCE's profit-sharing agreement. The individual amount granted to Jean-François Lequoy for the year in question is unknown as of the publication date of the Universal Registration Document of the year in question.

(6) Under his employment contract, Jean-François Lequoy benefits from the BPCE profit-sharing agreement paid in 2021 in respect of 2020 in the amount of €4,965.

(7) Jean-François Lequoy received pay from Natixis, a company under the control of BPCE as defined by Article L. 233-16 of the French Commercial Code, for his duties at Natixis prior to September 14, 2020. The amount paid also includes payment and shares deliveries in respect of the deferred variable pay installments of previous years at Natixis.

AMF TABLE 4

STOCK OPTIONS ALLOCATED TO EXECUTIVE CORPORATE OFFICERS DURING FISCAL YEAR 2021

No stock options were granted during fiscal year 2021.

AMF TABLE 5

STOCK OPTIONS EXERCISED BY EXECUTIVE CORPORATE OFFICERS DURING FISCAL YEAR 2021

No stock options were exercised during fiscal year 2021.

AMF TABLE 6

BONUS SHARES GRANTED TO EXECUTIVE CORPORATE OFFICERS DURING FISCAL YEAR 2021

No shares were granted during fiscal year 2021.

AMF TABLE 7

BONUS SHARES THAT BECAME TRANSFERABLE DURING THE PERIOD FOR EACH EXECUTIVE CORPORATE OFFICER

Name of executive corporate officer	Plan number and date	Number of shares vested during the fiscal year[(1)]	Vesting conditions
	04/13/2018	56,517	[(2)]
	04/12/2019	10,172	[(2)]
Laurent Mignon	05/23/2017	22,030	[(2)]
	04/13/2018	7,634	[(2)]
Nicolas Namias	04/12/2019	2,993	[(2)]
	04/13/2018	20,297	
	04/12/2019	12,460	
Jean-François Lequoy	05/23/2017	4,589	
TOTAL	**N/A**	**136,692**	**N/A**

(1) The holding requirement for shares granted to Natixis corporate officers is 30% of the shares delivered until the end of their terms of office.
(2) See the presentation of the remuneration principles for corporate officers, section 2.3.1.3 "Annual variable pay" and "Grants of bonus shares" of the Natixis Universal Registration Document.

AMF TABLE 8

RECORD OF PURCHASE OR SUBSCRIPTION OPTIONS GRANTED

Natixis has granted no stock options to Group employees (Natixis, BPCE, Caisse d'Epargne, Banque Populaire) since 2009.

AMF TABLE 9

STOCK OPTIONS OR CALL OPTIONS GRANTED TO TOP TEN NON-CORPORATE OFFICER EMPLOYEES AND OPTIONS EXERCISED BY THEM

No options were granted to or exercised by BPCE employees during fiscal year 2021.

AMF TABLE 10

PAST BONUS SHARE ALLOCATIONS TO EXECUTIVE CORPORATE OFFICERS

Information on free shares granted	Meeting date	Date of Board Meeting	Total number of bonus shares granted[(1)]	Vesting date	End of holding period[(2)]	Number of shares vested at 12/31/2021	Total number of shares canceled or lapsed	Bonus shares outstanding or lapsed at period end
Laurent Mignon[(3)]	05/24/2016	05/23/2017	29,911	05/23/2021	05/23/2021	22,030	7,881	0
Laurent Mignon	05/24/2016	04/13/2018	56,517[(7)]	03/01/2021	10/01/2021	56,517	-	0
Laurent Mignon	05/24/2016	05/23/2018	11,661	05/23/2022	05/23/2022	-	11,661[(6)]	0
Laurent Mignon	05/24/2016	04/12/2019	10,172[(7)]	03/01/2021	10/01/2021	10,172	-	0
Laurent Mignon	05/24/2016	04/12/2019	20,345[(7)]	03/01/2022	10/01/2022	-	-	20,345
Nicolas Namias[(4)]	05/24/2016	04/13/2018	7,634[(7)]	03/01/2021	10/01/2021	7,634	-	0
Nicolas Namias	05/24/2016	05/23/2018	2,125	05/23/2022	05/23/2022	-	2,125[(6)]	0
Nicolas Namias	05/24/2016	04/12/2019	2,993[(7)]	03/01/2021	10/01/2021	2,993	-	0
Nicolas Namias	05/24/2016	04/12/2019	5,986[(7)]	03/01/2022	10/01/2022	-	-	5,986
Jean-Francois Lequoy[(5)]	05/24/2016	05/23/2017	6,231	05/23/2021	05/23/2021	4,589	1,642	0
Jean-Francois Lequoy	05/24/2016	04/13/2018	20,297[(7)]	03/01/2021	10/01/2021	20,297	-	0
Jean-Francois Lequoy	05/24/2016	05/23/2018	5,830	05/23/2022	05/23/2022	-	5,830 [(6)]	0
Jean-Francois Lequoy	05/24/2016	04/12/2019	12,460 [(7)]	03/01/2021	10/01/2021	12,460	-	0
Jean-Francois Lequoy	05/24/2016	04/12/2019	24,919 [(7)]	03/01/2022	10/01/2022	-	-	24,919
Jean Francois Lequoy	05/24/2016	05/28/2019	7,927	05/28/2023	05/28/2023	-	7,927 [(6)]	0
Jean Francois Lequoy	05/24/2016	05/20/2020	19,445	05/20/2024	05/20/2024	-	19,445 [(6)]	0

(1) All shares granted during fiscal years 2017 to 2020 (inclusive) are subject to performance conditions.

(2) Natixis corporate officers are subject to a lock-up period on 30% of shares until the end of their term of office at Natixis for grants prior to 05/20/2020. As of that date, the lock-up period applies to 100% of the shares.

(3) For Laurent Mignon, the following were previously awarded and vested before the 2021 fiscal year: by the Board of Directors on 11/6/2013, 90 shares, acquired on 03/01/2016; by the Board of Directors on 07/31/2014, 31,955 shares, acquired on 08/01/2018; by the Board of Directors on 02/18/2015, 27,321 shares, acquired on 02/18/2019; by the Board of Directors on 07/28/2016, 28,755 shares, acquired on 03/01/2018; by the Board of Directors on 07/28/2016, 57,510 shares, acquired on 03/01/2019; by the Board of Directors on 04/10/2017, 17,947 shares, acquired on 03/01/2019; by the Board of Directors on 07/28/2016, 37,370 shares, acquired on 07/28/2020; by the Board of Directors on 04/10/2017, 35,894 shares, acquired on 03/01/2020; by the Board of Directors on 04/13/2018, 28,258 shares, acquired on 03/01/2020.
30% of these shares are subject to a lock-up obligation until the end of his term of office, except for the 90 shares granted in 2013 for which the holding obligation applies to all shares vested until the end of his term of his corporate office.

(4) For Nicolas Namias, the following were previously awarded and vested before the 2021 fiscal year: by the Board of Directors on 04/10/2017, 2,633 shares, acquired on 03/01/2020; by the Board of Directors on 04/13/2018, 3,817 shares, acquired on 03/01/2020;
30% of these shares are subject to a holding obligation until the end of his term of office.

(5) For Jean-François Lequoy, the following were previously granted and vested before the 2021 fiscal year: by the Board of Directors on 07/28/2016, 11,865 shares, acquired on 07/28/2020; by the Board of Directors on 04/10/2017, 21,436 shares, acquired on 03/01/2020; by the Board of Directors on 04/13/2018, 10,148 shares, acquired on 03/01/2020.

(6) A phantom share plan was substituted for the Long-Term Incentive Plan being vested, initially granted in the form of performance shares, the performance conditions of which could no longer be assessed due to the delisting of Natixis.

(7) Shares granted under the deferred annual variable remuneration plan for previous fiscal years.

AMF TABLE 11

SITUATION OF EXECUTIVE CORPORATE OFFICERS

Name of company directors	Term of office: Start (or reappointment)	Term of office: End	Employment contract	Supplementary pension plan	Compensation or benefits due or potentially due as a result of termination of/change in duties	Compensation related to a non-compete clause
Laurent Mignon Chairman of the Management Board	11/01/2018	2023	no	CGP, R2E, Group System for Article 82	yes	no
Catherine Halberstadt Member of the Management Board, Group human resources	11/01/2018	03/25/2021	yes	CGP, R2E, Pension plan for company directors of Groupe BPCE	yes	no
Béatrice Lafaurie Member of the Management Board, Group human resources	03/25/2021	2023	yes	CGP, R2E, Group System for Article 82	yes	no
Jean-François Lequoy Member of the Management Board, Group Finance and Strategy	09/14/2020	2023	yes	CGP, R2E, Group System for Article 82	yes	no
Christine Fabresse Member of the Management Board, Retail Banking and Insurance	11/01/2018	2023	yes	CGP, R2E, Pension plan for company directors of Groupe BPCE	yes	no
Nicolas Namias(1) Member of the Management Board Chief Executive Officer of Natixis	08/04/2020	2023	no		no(2)	no(2)

(1) The member of the BPCE Management Board - Chief Executive Officer of Natixis does not receive benefits.
(2) The Chief Executive Officer of Natixis receives severance and non-compete pay in respect of his company directorship at Natixis, which was approved at the General Meeting of Natixis.

3.5.4 Procedure for enforcing pay policies and practices in Groupe BPCE covered by Articles L. 511-71 to L. 511-88 of the French Monetary and Financial Code

In accordance with Article L. 511-71 of the French Monetary and Financial Code, the General Meeting of May 27, 2016 decided that, for fiscal year 2016 and thereafter, the variable portion of the total remuneration of each of the persons concerned in Article L. 511-71 of the Monetary and Financial Code identified by BPCE SA, could exceed the amount of their fixed remuneration without exceeding double the amount thereof.

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 will be the subject of a report published on the BPCE website prior to the General Meeting, in accordance with the same terms applicable to the Universal Registration Document.

3.6 Potential conflicts of interest

3.6.1 Members of the Supervisory Board

INTEGRITY OF MEMBERS

Pursuant to Article L. 511-98 of the French Monetary and Financial Code, the integrity and expertise of all newly appointed members are subject to review by the Appointments Committee.

In accordance with the Internal Rules of BPCE's Supervisory Board, Supervisory Board members must perform their duties with loyalty and professionalism.

They must not take any initiatives intended to harm the company's interests and they must act in good faith in all circumstances.

Furthermore, all members of the Supervisory Board and its committees, as well as anyone who may be invited to attend their meetings, are bound by an obligation of professional secrecy, as provided for in Article L. 511-33 of the French Monetary and Financial Code and by a duty of discretion regarding their discussions and any confidential information or information presented as confidential by the Chairman of the meeting, as provided for in Article L. 225-92 of the French Commercial Code.

The Chairman of the Board stresses that the proceedings of a meeting are confidential whenever regulations or the interests of the company or Groupe BPCE may require it. The Chairman of each Board Committee does the same.

The Chairman of the Board or one of its committees takes the measures necessary to ensure the confidentiality of discussions. This may require all persons taking part in a meeting to sign a confidentiality agreement.

If a member of the Board or one of its committees fails to comply with an obligation, in particular the obligation of confidentiality, the Chairman of the Supervisory Board refers the matter to the Board in order to issue a warning to said member, independently of any measures taken under the applicable legal, regulatory or statutory provisions. Said member is given advance notice of the penalties being considered, and will be able to present observations to the Supervisory Board.

In addition, Supervisory Board Members:

- undertake to devote the necessary time and attention to their duties;
- attend all meetings of the Supervisory Board and the committees of which they are members, unless this is impossible;
- stay informed about the company's business lines, activities, issues and values;
- endeavor to maintain the level of knowledge they need to fulfill their duties;
- request and make every effort to obtain, in a timely manner, the information deemed necessary to be able to hold informed discussions at Supervisory Board Meetings.

Finally, Supervisory Board Members participate in the training programs set up for them.

CONFLICTS OF INTEREST

To the company's knowledge:

- there are no potential conflicts of interest between the duties of the Supervisory Board members with regard to the issuer and other private duties or interests. If required, the Supervisory Board's internal rules and the Ethics and Compliance Charter govern the conflicts of interest of any member of the Supervisory Board;
- there is no arrangement or agreement with an individual shareholder, customer, supplier, or other, under which any of the Supervisory Board's members has been selected;
- there are no family ties between the Supervisory Board Members;
- no restriction, other than legal, is accepted by any of the Supervisory Board Members regarding the disposal of their equity interest in the company.

In addition, specific conflicts of interest may arise from financial ties that may exist between the group in which an independent member exercises executive functions and BPCE.

In application of the AFEP-MEDEF Code and the EBA guidelines, financial ties are only an obstacle to the qualification of independence if they are significant.

The balanced and immaterial nature of the business relationship is assessed according to cumulative criteria relating to:

- the weight of the debts and receivables of the group in which the independent member exercises his main activity vis-à-vis Groupe BPCE, in relation to its liabilities or its revenue;
- the dependence of the company in which the independent member exercises executive functions on a Groupe BPCE entity with regard to its financing.

DISCLOSURE OF CONVICTION

To the company's knowledge, to date, no member of BPCE's Supervisory Board has been convicted of fraud in the last five years. To the company's knowledge, to date, no member of BPCE's Supervisory Board has been declared bankrupt or in liquidation, or had assets placed in receivership, in the last five years.

3.6.2 Members of the Management Board

INDEPENDENCE AND INTEGRITY

Pursuant to Article L. 511-98 of the French Monetary and Financial Code, the integrity and expertise of all newly appointed members are subject to review by the Appointments Committee.

Members of the Management Board may hold other offices subject to laws and regulations in force. A Management Board Member may not perform duties similar to those of Chief Executive Officer or Deputy Chief Executive Officer at a Caisse d'Epargne or a Banque Populaire.

CONFLICTS OF INTEREST

To the company's knowledge:

- there are no conflicts of interest between any duties of Management Board Members with respect to the issuing entity and their private interests or other duties;
- there are no family ties between Management Board Members.

At the filing date of this document, no member of the Management Board was linked to BPCE or any of its subsidiaries by a service agreement offering benefits.

DISCLOSURE OF CONVICTION

To the company's knowledge, to date, no member of the Management Board has, for at least the previous five years, been convicted of fraud, associated with bankruptcies, receiverships or liquidations, convicted of a crime or subject to an official public sanction handed down by statutory or regulatory authorities, or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from participating in the management or conduct of the affairs of any issuer.

4

ACTIVITIES AND FINANCIAL INFORMATIONS 2021

4.1 Foreword

The financial data for the fiscal year ended December 31, 2021 and the comparative data for 2020 were prepared under IFRS as adopted by the European Union and applicable at that date, excluding some provisions of IAS 39 on hedge accounting.

This management report discusses the results of Groupe BPCE and BPCE SA group, built around the central institution, BPCE, which was established on July 31, 2009 following the merger of Groupe Banque Populaire and Groupe Caisse d'Epargne.

BPCE SA group's results are summarized because the activities and results of the two groups are closely related. The main differences in scope relative to Groupe BPCE concern the exclusion of the contributions of the Banques Populaires and the Caisses d'Epargne.

4.2 Significant events of 2021

4.2.1 Economic and financial environment

2021: A BRIGHT, HETEROGENOUS AND AUTOMATICALLY INFLATIONARY RECOVERY

In 2021, the global economy rebounded strongly by 5.8%, after its atypical collapse of 3.1% in 2020, linked to the emergence of Covid-19. The circulation of variants, such as Delta, with the fifth wave of which Europe was the epicenter in November, and the Omicron virus in December, further weighed on the economy. There was, however, a powerful automatic readjustment in activity, which was largely driven by several factors: the exceptional support provided by the persistent, "at any cost" monetary and budgetary policies on both sides of the Atlantic, the deployment of vaccination campaigns, the gradual loosening of health constraints and the lesser economic impact of the virus. However, this recovery was merely the reverse mirror of the historic fall in wealth levels in 2020.

Differences in strategy in the face of the epidemic have naturally produced geographical disparities in the economic recovery, structurally drawing the map of a more or less rapid economic recovery compared to the pre-crisis situation. Thus, the growth peak was exceeded in the first quarter in China and in the spring across the Atlantic, while it was not until July in the euro zone. From the third quarter, however, the instantaneous recovery momentum appeared more vigorous in France and Italy than in Germany and even more so than in Spain.

This sudden movement was responsible for very significant gaps between supply and demand. While causing the reappearance of recruitment difficulties, it fueled sharp tensions on prices, due to the incomplete re-establishment of all production, transport and distribution channels for certain goods and services, like semiconductors, throughout the world. At the end of October, it also led to Brent crude oil prices above the levels of the end of 2019 (over $80/barrel), before a relapse at the end of November ($70/barrel), linked to the appearance of the Omicron variant. As a result, inflation in developed countries has accelerated sharply, more in the United States (6.8% per year in November) than in the euro zone (4.9% per year) or in France (2.8% per year).

This inflationary fear, which intensified at the end of the year, did not lead the central banks on both sides of the Atlantic to profoundly modify their ultra-accommodative monetary policy, due to health uncertainties and the still-incomplete recovery of the labor market. Their key rates remained close to zero, despite pressure on prices and recruitment. However, as expected, in November, the Fed began a process of planned reduction of its net asset purchases (tapering), before announcing, on December 15, its acceleration aiming to extinguish it in March. It also paved the way for three key rate hikes by the end of 2022. On the other hand, the ECB reiterated the principle of reinvesting securities held at maturity and maintaining its sovereign debt purchase programs until at least the end of 2023. The prospect of US tapering and the expected growth and inflation trajectories have led to an increase, albeit very modest, in US long-term interest rates (1.4% compared with 0.9% in 2020) and, by contagion, but to a lesser extent, European and French long-term interest rates, while leading to a decline in the euro against the dollar ($1.13 as of December 31). The ten-year OAT stood at an annual average of zero, compared with -0.15% in 2020. In addition, the equity markets continued to rise relatively sharply. The performance of the CAC 40 was even spectacular, rising by 28.9% to 7,153 points in 2021, due to the extent of the rebound in corporate results, in a context of particularly negative real interest rates.

The French economy rebounded sharply by 6.8%, after falling by 8% in 2020. It has not escaped the emergence of growing pressure on prices, resulting from shortages and supply problems, not to mention recruitment difficulties. While inflation only increased by an annual average of 1.7%, after a year-on-year increase of only 0.5% in 2020, the year-on-year change was still at a rate of 2.8% in November, mainly driven by energy prices. Activity did not really stand out from the epidemiological curves until the summer, thanks to the acceleration of the vaccination process. GDP recovered to its pre-crisis level during the third quarter, one quarter earlier than expected, as did the operating results of non-financial corporations, working hours, the number of jobs in the business sector and the unemployment rate, which fell to 7.8% in the fourth quarter of 2021.

This sharp economic recovery was initially driven by household consumption, but it was not until the fourth quarter that it reached the level of the end of 2019. Indeed, as after most large-scale crises, the household savings rate normalized only very slowly, dropping from 21.4% in 2020 to 19.3% in 2021, notwithstanding the decline in fears about the evolution of unemployment since June. The excess savings accumulated during the lockdown did not therefore fuel growth through increased consumption, despite the preservation of purchasing power. The latter rose by 2.1%, compared to 0.4% in 2020. Business investment exceeded its level at the end of 2019 in the spring of 2021. The contribution of foreign trade to GDP growth was slightly positive. Finally, the public finance deficit stood at 7.4% of GDP, with public debt reaching 113% of GDP in 2021.

4.2.2 Significant events of the fiscal year

In July 2021, Groupe BPCE presented its new strategic plan BPCE 2024 which aims to deploy all of the potential of its cooperative, multi-brand and entrepreneurial model to become a leader in banking, insurance and asset management for all. The BPCE 2024 plan is focused on three strategic priorities: (i) Winning spirit: €1.5 billion in additional revenues in five priority areas, (ii) Customer: the highest quality of service with a custom relationship model, and (iii) Climate: concrete and measurable commitments for a Net Zero trajectory. It is based on three key principles: (i) Simple: a more simple, clearer and more effective organization, (ii) Innovative: significant goals in data and the future of work, the foundation of HR innovation, and (iii) Secure: improvements in financial performance and confirmation of the trusted third party function.

As part of the simplified approach, Groupe BPCE filed a simplified takeover bid for 29.3% of the share capital of Natixis SA, followed by a squeeze-out. On July 21, 2021, following the closing of the public offer, BPCE proceeded with the squeeze-out of all Natixis shares that were not tendered to the public offer. The objective of this transaction was to accelerate the development of the Group’s business lines by providing them with the means to increase their strategic maneuverability, their development in the service of customers and their performance. The Group is changing its model by distinguishing between retail banking, which includes Retail Banking and Insurance (Banques Populaires, Caisses d’Epargne), Financial Solutions & Expertise (FSE), and Insurance and Payments and, on the other hand, a new group called “Global Financial Services”, bringing together Asset & Wealth Management (“Natixis Investment Managers”, “Natixis Wealth Management”) and Corporate & Investment Banking ("Natixis Corporate & Investment Banking").

Added to this was the project to streamline capital links and strengthen industrial partnerships with La Banque Postale. The transaction consisted in the sale to La Banque Postale of the 16.1% stake that BPCE held in CNP Assurances and was accompanied by the project to acquire from La Banque Postale the 45% interest it held in the capital of Ostrum AM and its 40% stake in AEW Europe. La Banque Postale and Groupe BPCE would also strengthen and extend the industrial partnerships and commercial agreements between the two groups: (i) maintaining all commercial relations until the end of 2030, in particular the management by Ostrum AM of the general funds of CNP Assurances and the distribution of Ostrum AM interest rate products in the La Banque Postale/BPE networks, and (ii) extension until the end of 2035 of existing agreements for insurance products (personal risk, creditor insurance, group health insurance), whose initial maturity was set at the end of 2030.

In addition, after obtaining the latest regulatory approvals on August 26, 2021, the sale of BPCE International’s stake in BTK (Banque Tuniso-Koweitienne) took place on August 27.

With regard to the Supervisory Board of Groupe BPCE, Thierry Cahn, Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne, was elected as Chairman. In addition, Béatrice Lafaurie was appointed Head of Human Resources and member of the Executive Management Committee of Groupe BPCE and Catherine Halberstadt was named Head of the Financial Solutions & Expertise division.

In Retail Banking and Insurance, the first half of the year was again marked by the effects of the health emergency, with proposals sent to clients holding State-guaranteed loans (SGLs) and the first early repayments made. One year after the introduction of State-guaranteed loans, the Group’s banks as well as Natixis Assurance were in the front line to implement the Participative Recovery Loan (PPR) system, as evidenced by Caisse d’Epargne Ile-de-France, which granted the first PPR in France.

For students and apprentices, an exceptional support system has been set up with a strong commitment from the Banque Populaire and Caisse d’Epargne brands to facilitate professional integration, the financing of studies and access to insurance. A student guarantee offer in partnership with BPI France was put in place.

The health emergency also encouraged the use of online banking, which continued to increase in the first half of the year. More than 12 million active customers used the digital channels and connected an average of 18 times a month to the mobile app. The Group’s digital Net Promoter Score improved further and the rating of the Banque Populaire and Caisse d’Epargne mobile apps in the Apple Store reached a level of 4.7/5, ranking Groupe BPCE at the top of traditional banks by positioning it at a level equivalent to that of the pure players. In addition, the mobile applications of Banque Populaire and Caisse d’Epargne became accessible to customers equipped with Huawei Smartphones.

Groupe BPCE continued to enhance its online banking services across all its brands, with the aim of offering the same customer experience on the web and mobile phones. Particular priority was given to functionalities enabling customers to better manage their budget. New Banque Populaire and Caisse d’Epargne sites were launched with the aim of further increasing digital sales.

As regards transfers, they are now fully digitized and Instant Payment is now available for professional and corporate customers of the Caisses d’Epargne.

Digitized loans (real estate, consumer, professional equipment) now benefit from a full digital process with new services such as, for consumer loans, the possibility of being informed about the maximum borrowing capacity, or, for equipment loans, the automation of funds release (Banques Populaires). In addition, professional customers of the Banque Populaire banks can now access and sign their professional equipment loans directly from their digital spaces.

With regard to the new uses of data, the use of automatic control of customer documents for many banking processes, without the intervention of an advisor, is experiencing a real rise. In the area of data, getting employees used to, and adopting, new practices has been the subject of specific actions, such as the development of training modules on a common platform, the massive deployment of a data visualization tool common to the entire Group, and the creation of a dashboard to help establishments monitor their digital activities.

With regard to the access and security of transactions, Groupe BPCE continued to bring its customers into compliance with strong authentication: 7.5 million of them are now equipped with Secur'Pass to secure their transactions.

In terms of equipment, the momentum started in the sales of formulas continued both in the Banque Populaire banks with 395,000 Cristal plans and in the Caisses d'Epargne with 1.2 million plans expected for 2021.

The Banque Populaire banks and Caisses d'Epargne also continued their growth in insurance, with revenues of nearly €17 billion in life insurance and more than 1.8 million contracts sold in non-life insurance over the year. Property and casualty insurance sales continued to grow strongly, with a customer coverage rate of 29.6% for the Banque Populaire banks and 32.9% for the Caisses d'Epargne in the third quarter of 2021.

In terms of "green" offers, Groupe BPCE has continued to market new products in support of the energy transition: (i) loans for professionals to finance the renovation of buildings, the use of renewable energies, clean vehicles, etc., (ii) home energy renovation loans for households as part of a partnership with Cozynergy, (iii) the launch by the Caisses d'Epargne of the first debt fund dedicated to financing Renewable Energies endowed with €1.5 billion, with a major transaction already signed in the *Grand Est* region and five others under study, as well as the first impact loan signed with the municipality of Bobigny.

The Banques Populaires and the Caisses d'Epargne have also launched a long-term car leasing offer to promote greener mobility as part of a partnership between BPCE Lease and EcoTree: customers of this offer can become owners of trees in France and help capture greenhouse gases.

Lastly, the Caisse d'Epargne unveiled its new visual identity with the aim of reinforcing its "Serving you" slogan and demonstrating the usefulness of the brand on major societal issues. It also launched a campaign dedicated to cyberharassment. As part of Groupe BPCE's premium partnership for the Paris 2024 Olympic and Paralympic Games, Caisse d'Epargne has finally launched its *Pacte Utile*, the aim of which is to be of use to athletes, regions and society and to strengthen the Group's support for the world of sport. As for the Banque Populaire banks, they renewed their support for 78 athletes, all disciplines combined, as part of their preparation for the 2024 Olympic Games.

With regard to SMEs and intermediate-sized enterprises, Groupe BPCE has launched a range of "recovery labels" composed of four funds intended to strengthen the equity of French companies while respecting a set of environmental, social and good governance (ESG) criteria. In addition, Groupe BPCE obtained a budget, made available to the networks, from a European guarantee fund (EGF) for Professional Customers, SMEs and intermediate-sized enterprises with fewer than 500 employees. This budget made it possible to guarantee the "innovation" loans of the Banques Populaires and Caisses d'Epargne as well as two new loans: *Avenir Restructuration* (Future Restructuring) and *Avenir Développement* (Future Growth).

The Financial Solutions & Expertise division continued its development in 2021 with a sustained commercial momentum reaching a record level in certain activities (guarantees for loans to individuals, Consumer Loans, furniture leasing and long-term leasing, etc.). The introduction of new offers and ongoing very high customer satisfaction have enabled the FSE division to further intensify its relations with the Banque Populaire and Caisse d'Epargne networks, resulting in a volume of business with the Group up by 20% since the beginning of the year. Thus, in Consumer Loans, Groupe BPCE is now positioned as the leading bank in France.

The FSE business lines continue to enhance their offerings and expertise by developing products for external customers, as evidenced by the new Unpaid Rent Guarantee offer from CEGC, which is characterized by a fully digitized subscription process for property managers.

In addition, green products and offers continued to be rolled out, such as electric charging stations with equipment leasing and long-term rental or the personal green vehicle loan.

In Insurance, François Codet took up his new position as Chief Executive Officer of Natixis Assurances on February 22.

The Personal Insurance business line has launched two new offers for the Banque Populaire and Caisse d'Epargne networks: the first, in life insurance, allows delegated management and facilitates access to unit-linked funds; the second, dedicated to borrowers' insurance, can be combined with a digital home loan. In addition, the Natixis Life offering, historically distributed by the Banque Populaire network, has been rolled out to the Caisse d'Epargne network.

The non-life insurance business line launched its new auto offer in the Caisses d'Epargne in October 2021. At the same time, the business launched a new two-wheeler offer in the Banques Populaires, with access to Liberty Rider, a prevention app for bikers.

Yves Tyrode took up his position as Chief Innovation, Data & Digital and head of the Payments activity and Chairman of Oney Bank in early November. This appointment is intended to bring together, in a single unit, entities and teams that share common technology and business challenges.

By the end of 2021, Oney confirmed its leadership in split payment activities in France, with more than 1,000 partner merchants, from very small businesses to international groups from all sectors. More broadly, seven European countries now offer Oney's split payment solution. Lastly, Oney established new major local and European partnerships: AliExpress, SSP (PSA group), Rakuten, PrestaShop.

Oney also launched Oney+, a new offer that includes a payment account, a Visa bank card and an "app", and which provides consumers with universal split payment. Customers can thus pay in three or four times anywhere in the world, on all channels, in all types of businesses and for all types of services. They can also view all their bank accounts, monitor their expenses in real time and choose the account to be debited.

Two years after Groupe BPCE took a stake in Oney, collaboration between the Group's companies and Oney has intensified: joint responses to calls for tenders with Payplug, construction of the Oney+ solution with X-Pollens and offering the split payment solution to professional customers, with BPCE Financement, the Banque Populaire banks and the Caisses d'Epargne.

Natixis Payments continued its development, notably through the commercial activity of PayPlug, which recorded nearly 3,000 new customer signatures. Dalenys, whose offers are aimed at large e-merchants, also supported its customers in the DSP2 migration which imposes new rules such as strong customer authentication. Finally, the Banques Populaires have expanded their range with the launch of an offer in conjunction with Dalenys.

With regard to its Employee Benefits and Services activities, Natixis Payments reached an important stage in its technological development with the acquisition of the start-up Jackpot. The division continues to adapt its offerings with the launch of *Bimpli*, a unique platform for employee benefits. Bimpli's goal is to support companies in the transformation of their social policy by offering a wide range of digital services to improve the daily lives of employees in both their professional and personal lives.

In Asset & Wealth Management, on April 12, Tim Ryan was appointed a member of the Natixis Executive Management Committee in charge of the Asset & Wealth Management business lines, and Chief Executive Officer of Natixis Investment Managers.

Within this division, Natixis Investment Managers continued to strengthen its multi-affiliate model by announcing the purchase of La Banque Postale's shares in AEW Europe (40%) and in Ostrum AM (45%).

Natixis Investment Managers also continued its withdrawal from H2O AM, with the management company gradually resuming the distribution of funds, in the interest of unitholders and in agreement with the regulatory authorities.

2021 was marked by favorable market conditions, strong management performances across all asset classes and dynamic inflows in all geographical areas. This positive context has enabled Natixis Investment Managers to strengthen its positions: the growth of its assets under management, of its margins and of its revenues testify to the solidity and relevance of its active multi-affiliate management model.

Alongside its affiliates, Natixis Investment Managers has continued its commitment to financing a transition to a more sustainable economy, with the objective of reaching 50% of its assets under sustainable or impact management by 2024. At the end of 2021, 99% of Natixis Investment Managers' assets were managed by asset management companies that signed the PRI (Principles for Responsible Investment). Natixis Investment Managers has also invested, alongside other investors, in Iceberg Data Lab, a fintech specialized in data, which develops models to measure the impact of investments on the environment and biodiversity.

Natixis Interépargne further strengthened its retirement savings system for both corporate and savings customers, by enhancing its services: information sheets and guides, new retirement features on the Personal Space and the mobile app, integration of a personalized retirement savings simulator *(Amplus)* and the possibility of pooling savings through an aggregator.

Natixis Wealth Management pursued the development of all its activities with the launch of the delegated management offering for the general public, the creation of a subsidiary (Teora by Natixis Wealth Management), a high-end life insurance broker with an open architecture, which offers its customized solutions to the Banque Populaire banks, the Caisses d'Epargne and its own customers, and the signing of a special partnership with Natixis Partners.

As part of Groupe BPCE's new strategic plan, Corporate & Investment Banking launched its Natixis Corporate & Investment Banking brand. In 2021, Corporate & Investment Banking continued to capitalize on the expertise of its Green & Sustainable Hub and also launched its Tech Hub, which aims to support clients in their technological transition, whether or not they are specialized in tech.

In the capital markets, Natixis Corporate & Investment Banking supported its institutional clients in their restructuring operations, opening up new opportunities for its fixed income franchise. The bank has also been proactive with companies by offering them foreign exchange and interest rate hedges adjusted to a context of low volatility. In equity derivatives, Natixis Corporate & Investment Banking has refocused on its strategic clients and less risky products while continuing to position itself as a leader in the social and environmental responsibility (ESG) savings offer. It has developed new innovative joint offers for the Banque Populaire and Caisse d'Epargne networks in particular.

Global Trade strengthened its Treasury Solutions and Trade Finance activities as part of the new strategic plan and continued to innovate in the digital domain, with key initiatives in its markets such as the implementation of Komgo, a platform designed to secure and optimize the exchanges with customers and to bring efficiency to all members of the network.

In addition, Global Trade has partnered with Trustpair to offer a technological solution to combat bank transfer fraud.

The various sectors of the Real Assets business line held up well despite a still difficult economic environment. Only the aviation sector saw its activity again strongly impacted by the health crisis. For its part, the ABS market has regained momentum thanks to Natixis' efforts to position itself on this product. In addition, Natixis consolidated its dominant position in the Telecom sector and also continued to finance solar parks in Chile, affirming its leadership position in this region. In the United States, the production of traditional loans was relaunched.

In terms of Investment Banking, Natixis was the first French bank to bring together in a single department (Strategic Equity Capital Markets) a business line 100% dedicated to all private-side equity advice, transactions, executions and hedging. After a record year in 2020, the ASF and DCM activities continued to benefit from favorable market conditions and the bond market rose to first place in the league table of senior euro issues in France. In the financial institutions market, Natixis ranked fifth in the all financial issuers' euro League table.

The M&A advisory business strengthened its positioning in large caps while retaining its expertise in mid-caps.

Lastly, Natixis Corporate & Investment Banking received the "ESG Infrastructure Bank of the Year" award at the IJGlobal ESG Awards 2021.

4.3 Groupe BPCE financial data

4.3.1 Groupe BPCE results[1]

Groupe BPCE reported revenue growth of 14.1% to €25.7 billion compared to 2020 and net income of €4 billion, including the continued transformation of the Group.

	Groupe BPCE			
			Chg. 2021/2020 pf	
in millions of euros	2021	2020 pf	€m	%
Net banking income	25,716	22,540	3,176	14.1%
Operating expenses	(17,840)	(16,644)	(1,196)	7.2%
Gross operating income	**7,876**	**5,896**	**1,980**	**33.6%**
Cost/income ratio	69.4%	73.8%	--	-4.5 pts
Cost of risk	(1,783)	(2,998)	1,215	(40.5%)
Share in income of equity-accounted associates	212	227	(15)	(6.6%)
Net income (expense) from other assets	(82)	(144)	62	(43.1%)
Income before tax	**6,224**	**2,982**	**3,242**	**X2.1**
Income tax	(1,946)	(1,045)	(901)	86.2%
Non-controlling interests (minority interests)	(280)	(191)	(89)	46.4%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - EXCL. COFACE NET CONTRIBUTION	**3,998**	**1,745**	**2,252**	**X2.3**
Net contribution by Coface	5	(136)	141	N/S
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**4,003**	**1,610**	**2,393**	**X2.5**

NET BANKING INCOME

As of December 31, 2021, Groupe BPCE's net banking income stood at €25.7 billion, up sharply compared to 2020, reflecting sustained activity and a rebound in all of the Group's business lines in a context of gradual exit from the health crisis. The retail banking business, particularly through the networks, posted a very good level of performance, as did the Insurance, Financial Solutions & Expertise and Payments businesses. This dynamic is also observed in the Global Financial Services division.

Retail Banking and Insurance posted net banking income up by 6.3%, to €17.5 billion, thanks to the performance of a solid model anchored in the heart of the regions and despite a low interest rate environment which weighs on loan outstandings and an environment still marked by restrictions related to the Covid-19 pandemic.

Loan outstandings increased by 6.2% year-on-year to €650 billion at the end of December 2021, with home loans up 7.6%, consumer loans up 7.0%, and equipment loans up 5.5%.

At the end of December 2021, deposits and savings excluding centralized regulated savings amounted to €553 billion (+6.0%), while demand deposits showed an increase of 7.1% year-on-year.

Net banking income for the Global Financial Services division was up by 26.3% to €7.6 billion (28.3% at constant exchange rates), driven by the growth in Asset & Wealth Management revenues of 21.5% (23.7% at constant exchange rates) at €3.9 billion and by Corporate & Investment Banking revenues, which rose by 31.8% (33.7% at constant exchange rates) to €3.7 billion compared to 2020. Asset management revenues were driven by the sharp increase in management fees (across all regions), performance fees (mainly in Europe) and financial products. At the same time, income from employee savings was up significantly by 11.1% year-on-year, benefiting in particular from an increasing level of financial management fees, and income from wealth management up by 4.3%. Corporate & Investment Banking revenues benefited from the rebound in Global Markets revenues (mainly in Global Equity), and the dynamism of Distribution & Portfolio Management and M&A.

OPERATING EXPENSES

Operating expenses stood at -€17.8 billion, up by 7.2% compared to 2021 (+7.2% restated for the contribution to the Single Resolution Fund). This change is in line with the revenue growth of the Group's business lines and with the objective of supporting and meeting the needs of customers, while pursuing the policy of reducing costs through the optimization of operational performance and the strict cost control.

(1) Segment information has been restated for the net contribution of Coface, now isolated in the income statement presentation in net income attributable to equity holders of the parent of +€5 million in 2021 and -€136 million in 2020.

The Group's transformation costs, related to synergy-creating transactions such as mergers of institutions and migrations of IT platforms for digital transformation, are included in operating expenses. Restated for these items, operating expenses were up by +7.4%.

Retail Banking and Insurance operating expenses, including transformation costs, were up by 2.1% in line with the development of its activities and posted a scissors effect.

Most of the increase in operating expenses for the Group's business lines is concentrated on Global Financial Services at +17.3%, including the Asset & Wealth Management activity (+18.7%) and Corporate & Investment Banking (+ 15.7%) in line with their performance.

The Group headcount dipped 0.4% in relation to 2020, to 99,900 employees on December 31, 2021.

Gross operating income amounted to nearly €7.9 billion in 2021, an increase of 33.6% on 2020. The cost/income ratio stood at 69.4% in 2021, an improvement of 4.5 points compared to 2020, and to 67.7% after restatement of exceptional items (-4.2 points compared to 2020).

INCOME BEFORE TAX

Groupe BPCE's cost of risk amounted to -€1.8 billion, down by 40.5% compared to 2020 due to an improvement in the economic situation compared to 2020 which was significantly impacted by the Covid-19 crisis for all business lines. As a percentage of outstanding customer loans, Groupe BPCE's average annual cost of risk was 23 basis points vs 41 points in 2020.

The rate of non-performing loans to gross outstandings was 2.4% on December 31, 2021, a decrease in relation to 2020. The coverage rate for non-performing loans, including collateral on impaired loan outstandings, came to 69.8% on December 31, 2021 *versus* 69.1% on December 31, 2020.

In retail banking, the Banque Populaire network has a cost of risk in relation to outstandings of 27 basis points (34 basis points in 2020) and the Caisse d'Epargne network of 18 basis points (30 basis points in 2020). The cost of risk has also fallen sharply at the Corporate & Investment Banking level with a cost of risk in relation to outstandings of 27 basis points in 2021 (126 basis points in 2020).

Net income (expense) from other assets amounted to -€82 million, of which -€84 million related to H20.

Pre-tax income was up sharply to €6.2 billion, representing growth of €3.2 billion compared to 2020.

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Group's income tax totaled -€1,946 million, an increase of 86.2% compared to 2020. The increase was mainly due to the increase in pre-tax income, however, offset by the decrease in the French ordinary tax rate for fiscal year 2021.

Coface's contribution, isolated in the presentation of the income statement, totaled net income of €5 million in 2021.

Net income attributable to equity holders of the parent amounted to €4,003 million, up by €2.4 billion compared to 2020.

SOLVENCY

The Common Equity Tier 1 ratio was 15.8% on December 31, 2021 *versus* 16.0% on 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 implementation of CRR2 as of June 30, 2021 (-14 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 sale of CNP (+14 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 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% on December 31, 2021, *i.e.* above the ECB's minimum requirement.

TLAC (Total Loss Absorbing Capacity) amounted to €109.4 billion at end-December 2021. The TLAC ratio was 24.8% on December 31, 2021 *versus* 23.6% on December 31, 2020 for a target of 21.5% in early 2019, as defined in the 2024 strategic plan.

The leverage ratio came out at 5.8% on December 31, 2021 *versus* 5.6% on December 31, 2020.

LIQUIDITY

Groupe BPCE's total liquidity reserves amounted to €329 billion on December 31, 2021, including €107 billion in available assets eligible for central bank funding, €41 billion in LCR-eligible assets, and €181 billion in liquid assets placed with central banks.

Short-term funding increased from €106 billion on December 31, 2020 to €112 billion on December 31, 2021.

On December 31, 2021, Groupe BPCE's total liquidity reserves covered 247% of all short-term funding as well as short-term maturities of MLT debt (*versus* 246% at end-2020).

The Liquidity Coverage Ratio (LCR) was well above the regulatory requirements of 100%, standing at 158% on the basis of the average of end-of-month LCRs in the fourth quarter of 2021.

4.3.2 The Group's business lines

Groupe BPCE has two core business lines:

Retail Banking and Insurance, which is central to the transformation, includes:

- the Banque Populaire network, comprising the fourteen Banques Populaires and their subsidiaries, Crédit Maritime Mutuel, and the Mutual Guarantee Companies;
- the Caisse d'Epargne network, consisting of the fifteen Caisses d'Epargne;
- Financial Solutions & Expertise, a sub-division encompassing the specialized financing activities: Factoring, Leasing, Consumer Loans, Sureties & Financial Guarantees, and the "Retail Securities" business, in addition to Socfim, BPCE Solutions Immobilières and Pramex;
- Insurance, serving the Groupe BPCE networks and their customers;
- Payments, which offers a full range of payment and prepaid solutions to local businesses, online and *via* mobile devices;
- Other networks, which include Oney Bank and Banque Palatine.

Global Financial Services, comprising the two sub-divisions of Natixis:

- Asset & Wealth Management:
  - Asset Management, which operates on several international markets, combines expertise in investment management and distribution,
  - Wealth Management, with Natixis Wealth Management, which offers wealth management and financing solutions for large private investors;

employee savings, Natixis Interépargne is a top-tier player in employee savings plan management in France.

- Corporate & Investment Banking:

Corporate & Investment Banking advises and supports corporates, institutional investors, insurance companies, banks, public sector entities and film and audiovisual financing.

The Corporate center, which primarily includes:

- the Group's central institution and holding companies;
- run-off activities of Crédit Foncier and BPCE International;
- cross-business activities;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the Group's acquisition and investment strategy;
- the contribution to the Single Resolution Fund.

The segment information also takes into account the change in the rules for re-invoicing by BPCE SA of the expenses recognized in respect of its duties as a central institution at the end of 2020. As a result, and for comparison purposes, the income statements for the Retail Banking and Insurance and Corporate Center divisions for 2020 were restated.

4.3.3 Income statement by sector

	Retail Banking and Insurance		Global Financial Services		Corporate center		Groupe BPCE	
in millions of euros	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf
Net banking income	17,502	16,460	7,571	5,997	643	84	25,716	22,540
Operating expenses	(11,034)	(10,807)	(5,276)	(4,498)	(1,530)	(1,339)	(17,840)	(16,644)
Gross operating income	**6,468**	**5,652**	**2,295**	**1,499**	**(887)**	**(1,255)**	**7,876**	**5,896**
Cost/income ratio	63.0%	65.7%	69.7%	75.0%	N/S	N/S	69.4%	73.8%
Cost of risk	(1,566)	(2,042)	(170)	(846)	(47)	(110)	(1,783)	(2,998)
Share in income of equity-accounted associates	45	4	12	11	155	212	212	227
Net income (expense) from other assets	(14)	10	(70)	(45)	2	(109)	(82)	(144)
Value adjustments on goodwill								
Income before tax	**4,933**	**3,624**	**2,067**	**619**	**(775)**	**(1,261)**	**6,224**	**2,982**
Income tax	(1,414)	(1,175)	(546)	(181)	14	312	(1,946)	(1,045)
Non-controlling interests (minority interests)	(74)	(116)	(271)	(186)	66	111	(280)	(191)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - EXCL. COFACE NET CONTRIBUTION	**3,444**	**2,332**	**1,250**	**252**	**(696)**	**(839)**	**3,998**	**1,745**
Net contribution by Coface					5	(136)	5	(136)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,444**	**2,332**	**1,250**	**252**	**(691)**	**(974)**	**4,003**	**1,610**

The net banking income of the Group's two business lines was up by 11.7% compared to 2020, supported by the improvement in the economic environment.

The relative weight of the net banking income of Retail Banking and Insurance compared to that generated by all the Group's business lines is 70%, and that of Global Financial Services is 30%.

4.3.4 Retail Banking and Insurance

	Banques Populaires		Caisses d'Epargne		Financial Solutions & Expertise		Insurance		Payments		Other networks		Retail Banking and Insurance		Change	
in millions of euros	**2021**	**2020 pf**	**2021**	**2020 pf**	**2021**	**2020 pf**	**2021**	**2020 pf**	**2021**	**2020 pf**	**2021**	**2020 pf**	**2021**	**2020 pf**	**€m**	**%**
Net banking income	6,867	6,315	7,240	6,917	1,200	1,134	964	904	489	430	741	760	17,502	16,460	1,042	6.3%
Operating expenses	(4,354)	(4,242)	(4,614)	(4,549)	(634)	(604)	(515)	(490)	(425)	(386)	(492)	(537)	(11,034)	(10,807)	(227)	2.1%
Gross operating income	**2,513**	**2,072**	**2,625**	**2,369**	**566**	**530**	**450**	**415**	**65**	**43**	**249**	**223**	**6,468**	**5,652**	**815**	**14.4%**
Cost/income ratio	63.4%	67.2%	63.7%	65.8%	52.8%	53.2%	53.4%	54.1%	86.8%	89.9%	66.4%	70.7%	63.0%	65.7%	--	-2.6 pts
Cost of risk	(734)	(828)	(578)	(914)	(113)	(117)			(8)	2	(133)	(185)	(1,566)	(2,042)	476	(23.3%)
Share in income of equity-accounted associates	38	20					7	(17)					45	4	41	N/S
Net income (expense) from other assets	(11)	8		9		(1)					(4)	(6)	(14)	10	(24)	N/S
Income before tax	**1,806**	**1,273**	**2,048**	**1,464**	**453**	**413**	**456**	**398**	**57**	**46**	**113**	**31**	**4,933**	**3,624**	**1,309**	**36.1%**

Retail Banking and Insurance's pre-tax income was up sharply by 36.1% compared to 2020, driven by strong NBI and improved cost of risk. Operating expenses, including transformation costs, were up by +2.1% compared to 2020, in line with the development of the business lines. The cost of risk decreased compared to 2020, averaging 24 basis points in 2021 compared to 35 points in 2020.

The Banque Populaire and Caisse d'Epargne networks accounted for 78% of the Retail Banking and Insurance division's income before tax in 2021.

BANQUE POPULAIRE NETWORK

The Banque Populaire network maintained resilient sales activity in 2021 despite the sanitary context, drawing on the expansion and equipment of its business base. The Banques Populaires thus recorded an increase of +4.6% in their principal active customers, of which +4.8% for customer stock set up with banking services. The number of active professional customers increased by +5.0%, as did the number of active corporate customers: +5.7% over the year.

INCREASE IN ON-BALANCE SHEET DEPOSITS AND SAVINGS (EXCLUDING CENTRALIZED SAVINGS) OF 7.3%

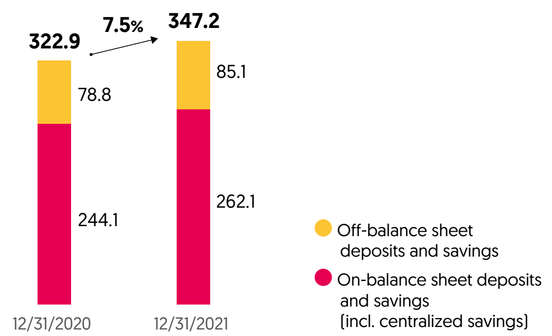
The Banques Populaires posted robust inflows in what remained a highly competitive economic environment. On-balance sheet deposits and savings (excluding centralized savings) climbed +7.3% to €245.6 billion. Off-balance sheet deposits and savings totaled €85.1 billion at end-2021 (+8.0%), underpinned by life insurance outstandings, which increased by +€3.1 billion (+5.6%), as well as by UCIs which rose by +€2.2 billion (+12.8%).

Despite the context of the health crisis, deposits increased by +7.2% in the individual customer market and by +7.9% in the professional, corporate, and institutional customer markets.

The investments of individual customers were oriented towards both balance sheet savings (+7.5%) and financial savings (+6.5%). Demand deposits also contributed to the growth in on-balance sheet deposits and savings over the year, with a substantial increase of +9.7% (+€3.4 billion), taking total demand deposit outstandings to €38.4 billion at the end of 2021. Growth was driven by passbook savings accounts (+9.5% to €56.0 billion at end-2021), in particular the *Livret Jeune* and *Ordinary* passbook savings accounts, the outstandings of which increased by +13.7% to €26.3 billion, and the *Livret A* passbook savings account, which grew by +€1.4 billion to €15.0 billion at the end of 2021. Outstandings of LDD Sustainable Development passbook savings accounts increased by +€0.4 billion (+3.9%) to €10.0 billion at the end of 2021. Home savings schemes PEL outstandings grew by a smaller proportion, by +0.2 billion over the year (*i.e.* +0.7% to €22.1 billion). In view of the low-interest-rate environment, term deposits continued to decline, with outstandings falling by -16.4% to reach €1.0 billion at the end of 2021.

Professional, corporate, and institutional customers made a significant contribution to the growth in on-balance sheet savings. In particular, it continued to favor sight deposits (+8.9%, *i.e.* +€8.1 billion, *i.e.* a level of outstandings of €98.7 billion at the end of December 2021), and passbook savings accounts (+8.8%, i.e. +€1.0 billion to €12.9 billion). Outstanding term deposits also increased by +€2.4 billion, or +9.6%, to reach €27.2 billion at the end of December 2021.

CUSTOMER DEPOSITS AND SAVINGS *(in billions of euros)*



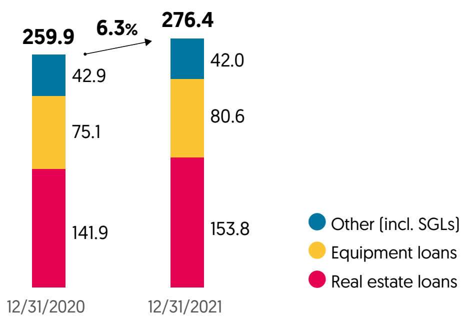
LOAN OUTSTANDINGS UP 6.3% IN AN ENVIRONMENT OF LOW INTEREST RATES

The Banques Populaires consolidated their active role in financing the economy, with an annual increase of +6.3% in loan outstandings to €276.4 billion at end-2021.

The growth in loan outstandings in the individual customer market (+9.3% to €141.6 billion at end-December 2021) was buoyed by robust growth in home loan outstandings (+9.3% to €128.6 billion), amid low interest rates which bolstered demand. Consumer loans also contributed to the rise in total loan outstandings, with growth of +9.5% to €12.5 billion at end-2021.

In the professional, corporate and institutional markets, the growth in outstandings was more moderate (+3.4%), bringing them to €134.8 billion at the end of December 2021, supported by the growth in equipment loans (+8.1% to €77.2 billion).

LOAN OUTSTANDINGS *(in billions of euros)*



FINANCIAL RESULTS (2020 PRO FORMA VIEW)

The Banque Populaire network's net banking income totaled €6.9 billion in 2021, a slight increase (+8.7%) compared to 2020 (+8.9% excluding the provision for home-purchase savings schemes).

The interest margin[1] was €4.1 billion, up +351.6 million year-on-year. In an environment of persistently low interest rates, it was driven by strong momentum in business volumes and the decline in the cost of collection (notably with an increase in demand deposits in customer resources and the decline in term deposits), refinancing at very low or even negative rates, in the form of TLTROs, as well as the improvement observed in the financial markets generating positive impacts of changes in fair value on financial assets. In addition, a change in accounting standards now requires the recordin of GML downstream fees[2] in interest margin (-€96 million).

Fees and commissions increased significantly (+11.4%) to €2.8 billion, notably fees and commissions related to credit activity (+22.2%), driven by Credit insurance at +11.1% and the reclassification in interest margin of the GML downstream fees (€96 million) as well as fees and commissions on financial savings (+8.2%). Fees and commissions on means of payment (+8.8%) and on account management (+6.6%) are upbeat, a sign of an upturn in economic growth.

Income and expenses from other activities decreased by €66.0 million, due to the recognition of provisions for disputes and risks in the fourth quarter of 2021.

Net income from Insurance activities, which relates to BRED's Prépar Vie and Prépar IARD subsidiaries, fell (-€21.3 million, *i.e.* -14.2%), due to the reversal of provision for floor-risk cover guarantees of €16 million in 2020 and less sustained activity in 2021.

Operating expenses rose significantly (-€112.1 million, or +2.6%) to -€4.4 billion, driven in particular by personnel expenses due to the increase in variable remuneration (in particular, incentive and profit-sharing) linked to better results. Other expenses remained under control, based on the savings made in external services, the reclassification of recovery costs as cost of risk and finally the benefit of the deletion of the regional share of the CAVC (Contribution on the Added Value of Companies).

Transformation costs rose significantly to -€56.6 million in 2021 compared to -€32.0 million in 2020 (*i.e.* +76.5%) and are spread over almost all banks. The main institutions affected are Banque Populaire Alsace Lorraine Champagne (-€16.6 million), BRED (-€6.8 million), Banque Populaire du Nord (-6.0 million), Banque Populaire Occitane (-€5.5 million) and Crédit Coopératif (-€3.8 million), which account for -€38.7 million of the transformation costs of the Banque Populaire network, or 68.3% of the total.

Gross operating income came out at €2.5 billion, increasing by +21.2%, while the cost/income ratio improved 3.8 points to 63.4% in 2021.

The cost of risk fell significantly by -11.4% to -€0.7 billion, after being heavily impacted by the health crisis in 2020. In the end, the cost of risk reached 10.68% of NBI (*vs* 13.12% in 2020). In relation to outstanding customer loans, it amounted to 27 basis points at the end of December 2021, down by 7 points compared to the end of December 2020.

The Banques Populaires contributed €1.8 billion to the Retail Banking and Insurance division's income before tax, up +41.9% relative to 2020.

THE CAISSES D'EPARGNE NETWORK

Against the backdrop of an upturn in economic activity, the Caisses d'Epargne had a particularly dynamic commercial year in 2021, with production of €71 billion in loans granted to finance the economy, *i.e.* +5% compared to 2020. After a decline in 2020 due to the health crisis, 2021 marks a return to normal. The principal active customers posted growth of +2.7% year-on-year, and an average annual growth rate over the last two years that has returned to its pre-crisis level (+0.9% per year). In addition, the growth of the customer base was also sustained by active professional customers, up +7.1%, as well as by active corporate customers, which increased by +14.5% compared to 2020.

(1) Fees on centralized savings have been restated from interest margin and included in fee and commission income.
(2) Outstanding loans granted by the Banques Populaires Régionales to CASDEN members (Guaranteed Mutual Loan - GML) are guaranteed for up to 100% of the risk in return for a downstream fee paid by the Banque Populaire banks of 0.15% for the GMLs concerning for National Education members and of 0.19% for the GMLs concerning Public Service members.

INCREASE IN ON-BALANCE SHEET DEPOSITS (EXCLUDING CENTRALIZED SAVINGS) OF 4.7%

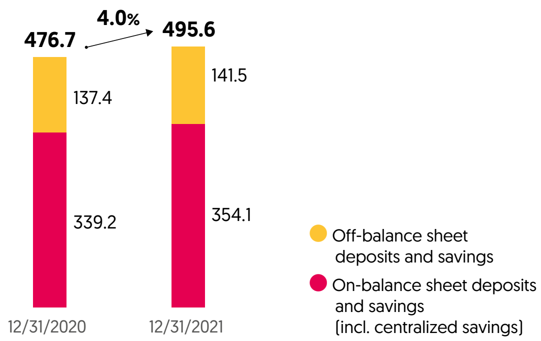
In a still-competitive savings market, the Caisses d'Epargne increased their inflows compared to 2020 to reach €294.2 billion in on-balance sheet deposits and savings assets excluding centralized savings (+4.7%, *i.e.* + €13.2 billion). Outstandings increased by +3.4% in the retail market and by +5.7% in the professional, corporate, and institutional individual customer markets.

A context still favorable to precautionary savings in 2021 steered the investments of individual customers towards balance sheet savings. It increased by +3.6% to €239.2 billion (*i.e.* +€8.4 billion) under the combined effect of the growth in outstanding demand deposits to €52.4 billion (+9.0% or +€4.3 billion) and passbook savings accounts, up +3.9% to €123.1 billion (*i.e.* +€4.6 billion). Thus *Livret A* savings accounts posted an increase in outstandings (+1.8% or +€1.4 billion), as did the *Livret Jeune* and *Livret B* accounts (+14.2% or +€2.6 billion). Home savings schemes PEL outstandings were relatively stable (+0.1% to €59.9 billion).

Professional, corporate, and institutional customers also made a significant contribution to the growth in balance sheet savings. Outstandings in these markets amounted to €114.8 billion at the end of 2021 (+6.0% or +€6.5 billion). In particular, these clients continued to favor demand deposits (+1.9%, or +€1.2 billion, for outstandings of €67.7 billion), passbook savings accounts (+6.0%, or +€1.1 billion to €18.8 billion), and, finally, term deposits of €24.4 billion (+17.2%, or +€3.6 billion), despite the low-interest-rate environment.

Financial deposits and savings were also up, at €141.5 billion in 2021 (+3.0%), driven mainly by the growth in life insurance outstandings (+3.0%, *i.e.* +€4.0 billion to €136.5 billion). UCIs outstandings remained fairly stable at €5.0 billion (+2.2% or +€0.1 billion).

CUSTOMER DEPOSITS & SAVINGS *(in billions of euros)*



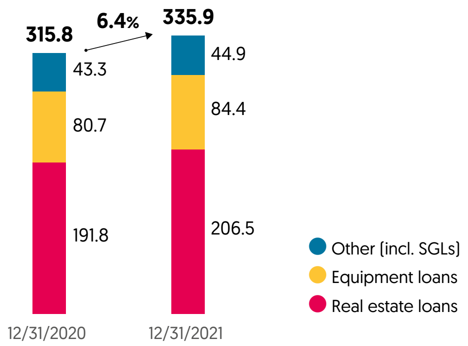
2021, A YEAR MARKED BY A VERY SUSTAINED ACTIVITY IN LOANS (+6.4%)

In a context of economic recovery, the production of loans of the Caisse d'Epargne network was very dynamic with an increase in its outstandings of +6.4% or +€20.1 billion, to €335.9 billion at the end of 2021. Thus, once again this year, the network confirmed its sustained commitment to financing the economy and the regions.

Loan outstandings in the individual market increased +7.1% on 2021 to €188.8 billion, driven in particular by an upturn in home loans (+7.2% *i.e.*, +€11.4 billion), the outstandings of which came to €169.6 billion in 2021, with activity boosted by low interest rates. Outstanding consumer loans are well above their 2020 performance, posting growth of +6.2% (*i.e.* +€1.1 billion), to €18.9 billion at the end of 2021.

In the professional, corporate and institutional markets, outstandings were also up at a steady pace, +5.4% (*i.e.* +€7.5 billion), bringing them to €147.1 billion at the end of 2021. Their growth was supported by home loans (+9.7%, *i.e.* +€3.3 billion), to €36.9 billion, and equipment loans (+4.6%, *i.e.* +€3.7 billion), at €84.4 billion.

LOAN OUTSTANDINGS *(in billions of euros)*



FINANCIAL RESULTS (2020 PRO FORMA VIEW)

In a context of economic recovery, the net banking income of the Caisse d'Epargne network amounted to €7.2 billion in 2021, a strong increase of +4.7% compared to 2020 (+4.8% excluding the provision for home-purchase savings schemes).

The interest margin[1] recorded growth of +7.8%, at €4.1 billion (+7.9% excluding the provision for home-purchase savings schemes). NIM on customer activity was supported by a positive volume effect on loans, almost neutralizing the negative interest rate effect, combined with a decrease in the cost of customer resources, linked to the positive evolution of the structure of outstandings (in particular an increase in the weight of demand deposits, a drop in BPCE bonds at high rates and renewal of term accounts at lower rates). In addition, the NMI also benefited from more favorable market conditions, generating positive fair value effects on financial assets in 2021, as well as gains from TLTRO refinancing.

Fees and commissions, up +3.2% compared to 2020, were mainly driven by life insurance (+5.5%) and credit activity (+3.7%), supported by Credit insurance, at +5.6%. Despite a decline in the number of incidents, Account Management recovered (+4.6%), driven by fees and commissions for account maintenance transactions. Means of payment, meanwhile, posted a decline (-4.1%).

Income and expenses from other activities decreased by €74 million due to the recognition in 2021 of provisions for disputes and risks.

(1) Fees on centralized savings have been restated from interest margin and included in fee and commission income.

Operating expenses increased by +1.4% to -€4.6 billion, mainly on personnel costs, under the effect of higher variable remuneration in line with better results. The other expenses benefited from the deletion of the regional share of the CAVC (Contribution on the Added Value of Companies), lower depreciation charges and the reclassification of recovery costs as cost of risk.

Transformation costs were stable at -€40.0 million in 2021 *vs* -€40.2 million in 2020 (*i.e.* -0.5%), spread across all Caisses d'Epargne. The main institutions concerned are Caisse d'Epargne Hauts de France (-€11.6 million), Caisse d'Epargne Bretagne Pays de Loire (-€7.2 million), Caisse d'Epargne Provence Alpes Corse (-€3.4 million), Caisse d'Epargne Ile-de-France (-€3.3 million), and Caisse d'Epargne Côte d'Azur (-€3.2 million), for a cost of -€26.3 million, *i.e.* 71.8% of the total.

As a result, gross operating income stood at €2.6 billion for 2021, up +10.8% compared to 2020. The cost/income ratio improved by +2 points to 63.7%.

The Caisses d'Epargne's cost of risk, at -€0.6 billion, fell sharply (-36.7%), after being particularly affected by the sanitary crisis in 2020. In the end, the cost of risk came out at 7.98% of NBI (*vs* 13.21% in 2020). In relation to outstanding customer loans, it stood at 18bp in December 2021, down significantly by -12bp compared to 2020.

The Caisses d'Epargne contributed €2.0 billion to the Retail Banking and Insurance division's income before tax in 2021, up +39.9% compared to 2020.

FINANCIAL SOLUTIONS & EXPERTISE (FSE)

The eight business lines of the Financial Solutions & Expertise division took full advantage of the economic recovery in 2021. Activity was marked by very strong commercial and financial momentum both at the subsidiaries and at the Banque Populaire and Caisse d'Epargne networks.

Despite a period of lockdown, Consumer Loans had an excellent year, reaching the threshold of €30 billion in outstandings at the end of December, up 8% year-on-year. The Group is thus continuing to gain market share and consolidate its position among the French banking leaders in Consumer Loans.

The sureties and guarantees business was also very strong, mainly on the guarantee of home loans to individual customers in the context of a buoyant real estate market and an increase in the penetration rate within the Banque Populaire network. Written premiums, up +10%, set a new record after a very strong year in 2020.

Leasing also experienced strong growth shared by all its activities (CBM, CBI, LLD, etc.) and its locations (France, Italy, Spain). Synergies with the networks continued to grow, particularly with the ramp-up of the CBM activity, whose outstandings at year-end were up by 12% year-on-year.

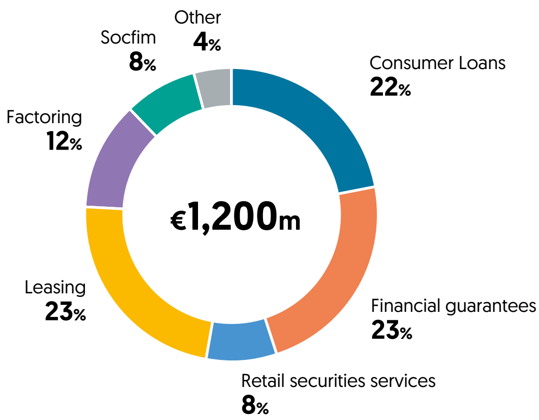
After 2020, which was penalized by the excess liquidity of companies, the Factoring business regained momentum across all its customer segments with a marked acceleration in the second half of the year. The figure factored with the Banque Populaire and Caisse d'Epargne networks exceeded the levels of 2019 (+3%).

In 2021, Socfim strengthened its position in the real estate investor financing market with a significant increase in its outstandings at the end of the year (+44% year-on-year), reflecting growth in both short-term and medium-long term activities.

After an exceptional year 2020 favored by the financial market crisis and volatility, the level of activity in the Securities business remained very strong in 2021, boosted by the Natixis takeover bid and automatic clipping operations in a bullish CAC40 context.

The Pramex and Real Estate Solutions business lines achieved a very good growth trajectory in line with the development of their activities within the Group.

BREAKDOWN OF 2021 NBI BY FSE BUSINESS LINE



The Financial Solutions & Expertise division's net banking income, up by 5.9%, exceeded the milestone of €1.2 billion at the end of 2021, thanks to good performances across all SEF businesses. Growth during the year was particularly marked in real estate financing (+20%) and leasing (+10%), in particular equipment leasing.

In this context of strong growth, special attention remained paid to the control of operating expenses with a reduction in the cost/income ratio. Their limited to 5%, reflects a 2020 baseline effect (particularly low costs in a context of high uncertainties related to the health situation) and the implementation of additional resources to support the development of activities and the launch of new growth drivers.

These various trends led to a significant increase in gross operating income of 6.8%.

The cost of risk, down by 3.5% year-on-year, reflects good risk management while maintaining prudent management.

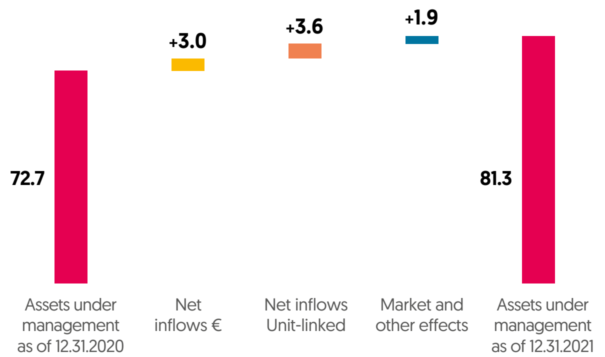
Operating income before tax amounted to €453 million at the end of 2021, up 9.8% compared to 2020.

INSURANCE

2021 was marked by a very dynamic commercial activity in all business lines.

With premiums of €11.3 billion in direct business, life insurance inflows recorded a sharp rebound (+39%) compared to 2020. Inflows are thus back at a higher level than before the health crisis: +12% compared to 2019. Unit-linked premiums amounted to €4.4 billion, an increase of 51%, and represented 38.5% of total gross inflows, an increase of 3.2 points compared to 2020 and 0.4 points higher than the market at the end of November. Gross inflows invested in the "Euro" fund increased by 32% to €6.9 billion.

CHANGE IN LIFE INSURANCE ASSETS UNDER MANAGEMENT
(in billions of euros)



At €1.2 billion, contributions to Personal Protection and Creditor Insurance (ADE) increased at a sustained pace (+15%). Individual protection contributions were up by 11%, mainly driven by the Caisse d'Epargne network (+19%), which represents 42% of the business. Borrower insurance premiums were up by 17% thanks to the commercial dynamism of the networks and the change in the co-insurance share of new business since January 1, 2020 (from 34% to 50%).

In non-life insurance, the portfolio reached €6.8 million policies, an increase of 6%, driven by the sales momentum in both networks, both for retail and professionals. Gross sales, up by 15%, confirmed a "shift in gear" due to the successful deployment of the new Auto and HRM offers. Earned premiums increased by 8% to €1.8 billion, with strong growth in activity for both the Banque Populaire network (+11%) and the Caisse d'Epargne (+6%). Growth was driven by the core offering, with auto insurance up 11%, multi-risk home insurance up 10%, and Pers. acc./Multi-risk acc. insurance up 7%, in line with growth in the portfolio and the pricing changes.

Net banking income for the Insurance business lines totaled €964 million, up 7% compared with 2020, resulting from:

- growth of 10% in life and health insurance NBI, which benefited from the 12% increase in life insurance outstandings and the increase in financial markets. NBI growth also benefited from the good performance of the individual protection and borrower insurance business, with an improvement in the number of losses;
- the decline of 5% of NBI in non-life insurance is linked to the deterioration of the loss ratio;
- the non-renewal of the exceptional contribution of €14 million to the Covid Insurance Solidarity Fund implemented by the government and recognized in the first half of 2020.

Operating expenses amounted to €515 million, up by 5%. This change helped support business growth.

Gross operating income rose 8% to €450 million.

PAYMENTS

While 2021 was still marked by health restrictions, the business of the Payments division nevertheless benefited from the upturn in economic activity and consumption across all its business lines, and continued to grow in 2021.

Revenue from Payments at €489.3 million increased by 14% (+€59.6 million) compared to 2020. The division's strong revenue growth was driven by the historical activities of processing payment flows and service vouchers in connection with the lifting of health restrictions in the second half of 2021, combined with the continued development of the division's e-commerce activities due to the acceleration of the digitization of the economy.

Expenses for the Payments division, at €424.5 million, increased by 10% (+€38.2 million) in line with the human and IT investments necessary for the development of the division, as well as the increase in operating costs due to the resumption of activity and the actions implemented to develop the Bimply brand dedicated to employee benefits and offers.

In total, Gross operating income at €64.8 million increased by €21.4 million (+49%).

OTHER NETWORKS

ONEY GROUP

Oney Bank's pre-tax income stood at €40 million in 2021. The resilience of its activities in an environment still marked by restrictions linked to the health crisis is due in particular to the dynamism of split payment in France. Expenses are under control, while continuing partnership development programs and investments. The cost of risk was stable in 2021.

BANQUE PALATINE

Banque Palatine contributed €73 million to the division's pre-tax income, up compared to 2020. Net banking income was up slightly by 0.7% and operating expenses were down by 14.7%, leading to a significant improvement in the cost/income ratio to 64.8%, *i.e.* -11.7 pts compared to 2020. The cost of risk fell significantly by 61.1%.

4.3.5 Asset & Wealth Management

	Asset & Wealth Management			
			Chg. 2021/2020 pf	
in millions of euros	2021	2020 pf	€m	%
Net banking income	3,921	3,226	694	21.5%
Operating expenses	(2,842)	(2,394)	(448)	18.7%
Gross operating income	**1,079**	**832**	**246**	**29.6%**
Cost/income ratio	72.5%	74.2%	--	-1.7 pt
Cost of risk	(4)	(27)	23	(86.6%)
Share in income of equity-accounted associates	1	1	0	17.9%
Net income (expense) from other assets	(70)	(45)	(26)	57.8%
Income before tax	**1,006**	**762**	**244**	**32.1%**

Revenues from the Asset & Wealth Management division (including H2O) were up +23.7% compared to 2020 at constant exchange rates (+21.5% at current exchange rates), at €3.9 billion.

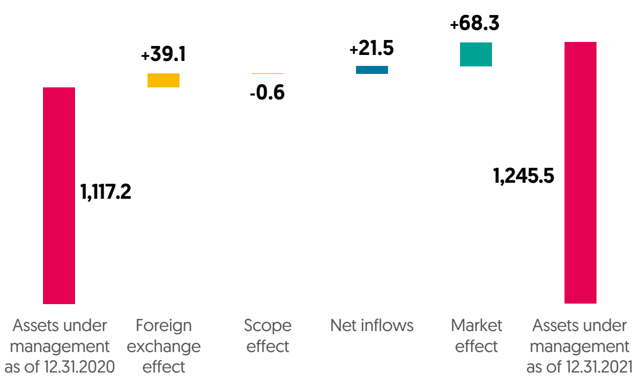
Expenses increased by 20.7% at constant exchange rates (+18.7% at current exchange rates) and amounted to €2.8 billion.

Gross operating income increased by 32.3% at constant exchange rates (+29.6% at current exchange rates) to €1.1 billion.

ASSET MANAGEMENT

Assets under management at the end of December 2021 amounted to €1,259.0 billion. Excluding H20, they amounted to €1,245.5 billion, an increase of €128.3 billion or 11% at current exchange rates (+€89.2 billion, +8% at constant exchange rates) compared to December 31, 2020, driven by a favorable market effect (+€68.3 billion), a positive currency effect (+€39.1 billion) and dynamic net inflows (+€21.5 billion).

YEAR-ON-YEAR CHANGE IN ASSETS UNDER MANAGEMENT
(in billions of euros)



The business recorded net inflows of €21.5 billion over the year (excluding H2O), including €20 billion in long-term products.

In the United States, net inflows amounted to €17.0 billion mainly at WCM Investment Management (equity products), Loomis Sales & Co. (fixed-income products), Integrated Portfolio Implementation (diversified products) and Harris Associates and Direct Indexing (equity products).

Private Equity companies reported net inflows of €3.1 billion, mainly with Vauban Infrastructure Partners and Naxicap Partners.

In distribution, inflows reached €2.9 billion thanks to Dynamic Solutions (in life insurance, money market and equity).

Net inflows in Europe amounted to €0.3 billion. This is a combination of net inflows at Mirova (equity and bond products), AEW Europe (real estate products) and Vega Investment Managers (diversified products) and a majority of outflows at Ostrum Asset Management (life insurance).

The Asia region saw an outflow of -€1.8 billion from Investors Mutual Limited (equity products).

Average outstandings (excluding H2O) of €1,087.2 billion at December 31, 2021 were up (+29%) compared to last year in constant euros. The fee rate on outstandings reached 24.2 basis points, down by 2.1 basis points compared to December 31, 2020. It amounted to 38.2 basis points excluding Ostrum Asset Management (+0.5 basis points) whose average rate is much lower given the activity.

As of December 31, 2021, net banking income (including H2O) of €3.6 billion was up +€0.7 billion (+22.9%) compared to December 31, 2020, (+25.3% at constant exchange rates) with a scope effect linked to the LBPAM and AEW UK IM LLP contributions for a total of €31.9 million in 2021. The change in net banking income over one year was driven by the increase in management fees in the United States and Europe in line with the increase in average outstandings. It was also supported by the significant increase in performance fees, mainly in Europe at AEW, and to a lesser extent by the improvement of financial products with the positive impact of the valuation of the seed money portfolio and the payment, by WCM Investment Management, of higher dividends.

Expenses amounted to €2.6 billion, up by €0.4 billion (+19.6%) compared to December 31, 2020 (+21.8% at constant exchange rates) with a LBPAM and AEW UK IM LLP scope effect of €29.2 million. The increase in expenses was mainly due to the significant growth in variable remuneration, in Europe and in the United States, in line with the increase in performance fees and income. Internal fixed personnel costs were also up, driven by headcount growth. To a lesser extent, IT investments made necessary by the development of the activity were implemented, while the costs of external non-IT staff and consulting also increased in support of projects and the strengthening of the control system.

Net income (expense) from other assets amounted to -€70.3 million and corresponded to a gain of €13.1 million recorded in the last quarter of the year as part of the buyback of 100% of AEW UK IM LLP by AEW Global Ltd and losses relating to the H2O subsidiary for -€84.2 million, including -€57.6 million for an additional provision for the capital loss on disposal following the review of the sale price of the entity.

WEALTH MANAGEMENT

Over 2021, the business line's net banking income, at €184.9 million, was up by 4% (+€7.6 million) compared to 2020, which had recorded a record level of performance fees. The increase is mainly due to the growth in commissions on outstandings and the good performance of the financial margin.

Expenses amounted to €171.4 million, up by 12% compared to 2020, due in particular to the inclusion in 2021 of exceptional costs related to the restructuring of the Luxembourg subsidiary and of the Real Estate Master Plan. Adjusted for these exceptional items, the business line's expenses increased by 4% (€6.4 million) compared to 2021.

EMPLOYEE SAVINGS

As of December 31, 2021, net banking income of €110.3 million was up by € 11.0 million, *i.e.* 11% compared to December 31, 2020, thanks to the improvement in management fees related to the increase in average outstandings and in the rate of return as well as in the invoicing of subscription commissions on better priced funds.

Expenses amounted to €82.8 million and were up by €5.8 million or +7% compared to December 31, 2020, in the absence of capitalization of IT projects in 2021, and to a lesser extent, due to higher variable personnel costs.

4.3.6 Corporate & Investment Banking (CIB)

	Corporate & Investment Banking			
			Chg. 2021/2020 pf	
in millions of euros	**2021**	**2020 pf**	**€m**	**%**
Net banking income	3,651	2,770	880	31.8%
Operating expenses	(2,434)	(2,104)	(331)	15.7%
Gross operating income	**1,216**	**667**	**550**	**82.5%**
Cost/income ratio	66.7%	75.9%	--	-9.3 pts
Cost of risk	(167)	(819)	652	(79.7%)
Share in income of equity-accounted associates	10	10	0	4.5%
Net income (expense) from other assets	1	(0)	1	N/S
Income before tax	**1,061**	**(143)**	**1,203**	**N/S**

In 2021, Corporate & Investment Banking's net banking income totaled €3,651 million, up 33.7% compared to 2020 at constant exchange rates.

Capital market revenues totaled €1,560 million in 2021, an increase of 47.4% compared with 2020 at constant exchange rates.

At €1,131 million in 2021, revenues from interest rate, foreign exchange, credit, commodities and treasury activities were slightly up by 3.3% compared to 2020 at constant exchange rates. The following changes were observed in each segment:

- income from the fixed-income and foreign exchange activities was down by 8.9% to €292 million including a provision of -€18.5 million related to a dispute with a local authority. Excluding this one-off item, revenue was down by 3.1% to €310 million. Interest rate activities were up by 17.9% to €211 million with a more dynamic commercial activity in 2021. Foreign exchange activities were down by 29.8% to €99 million due to an unfavorable base effect (context of high currency volatility in 2020 having generated a peak in demand for hedging from clients);
- revenues from GSCS credit activities were up by 31.3% compared to 2020 to €359 million, benefiting from an active securitization market in 2021, unlike in 2020;
- revenues from repos activities amounted to €314 million, a slight increase of 2.2% compared to 2020. The abundant liquidity available on the markets following the implementation of a new TLTRO operation by the European Central Bank (ECB) in June 2020 and strong pressure on margins limited activity growth in 2021;
- with revenues of €421 million, equity activities recovered strongly compared to 2020, which had recorded negative revenues of €58 million at constant exchange rates due to very high volatility in the equity markets and changes in dividend distribution policies (cancellations);
- revenues from JV activities (whose results are equally shared between Global Markets and Investment Banking to ensure team alignment) posted a good performance.

Strategic and acquisition financing revenues increased by 30.6% to €202 million, driven by a high volume of new production on acquisition financings and with a high comparison basis, as 2020 saw strong demand for loans, particularly for State-guaranteed loans (SGLs) from corporate customers.

Syndication on the bond market recorded revenues of €122 million, down by 8.4% compared to 2020 in a primary bond issuance market still dynamic in 2021 but nevertheless lower than in 2020, which saw a historic peak in issuance across all customer segments in the context of the health crisis.

At €1,499 million, revenues from Financing activities (including global trade and cinema) were up 19.0% compared to 2020 at constant exchange rates.

Revenues from Real Assets origination and syndication activities amounted to €233 million, an increase of 17.6% compared to 2020 benefiting from dynamic activity in the various sectors, in particular Infrastructure and Energy, compared to a sharp slowdown in 2020. At €903 million in 2021, revenues from the financing portfolio were up by 25.3% at constant exchange rates, driven by an increase in the interest margin recorded on the corporate portfolio and structured finance real assets, as well as positive impacts recorded on restructured projects. Revenues from Global Trade increased by 5.5% at constant exchange rates to €339 million, benefiting from a higher average oil price than in 2021.

Revenues from Investment Banking, including M&A activities, were up 46.1% year-on-year at constant exchange rates to €613 million. The M&A activity was particularly dynamic in 2021 with annual revenues of €371 million, up by 80.0% at constant exchange rates.

In 2021, Corporate & Investment Banking expenses amounted to €2,434 million, up 16.8% at constant exchange rates compared to 2020. Excluding TEO expenses classified as exceptional items in financial communication for €9 million in 2021 and €11 million in 2020, expenses were up by 17.0% at constant exchange rates, including a strong increase in variable remuneration in connection with improved results compared to 2020. Excluding variable remuneration, expenses increased by 5.0% at constant exchange rates.

Gross operating income totaled €1,216 million, up 87.8% compared with 2020 at constant exchange rates. The cost/income ratio stood at 66.7% in 2021, a 9.3 point improvement compared to 2020 (75.9%).

At €167 million, the cost of risk was down sharply compared to 2020, which had seen a deterioration in risk on several raw materials sector files, as well as the impacts of fraud and IFRS 9 provisions in the context of the health crisis.

Income before tax stood at €1,061 million compared to a negative result of -€143 million in 2020 at current exchange rates.

4.3.7 Corporate center

	Corporate center			
			Chg. 2021/2020 pf	
in millions of euros	**2021**	**2020 pf**	**€m**	**%**
Net banking income	643	84	559	N/S
Operating expenses	(1,530)	(1,339)	(191)	14.2%
Gross operating income	**(887)**	**(1,255)**	**368**	**(29.3%)**
Cost of risk	(47)	(110)	63	(57.2%)
Share in income of equity-accounted associates	155	212	(57)	(26.8%)
Net income (expense) from other assets	2	(109)	111	N/S
Income before tax	**(775)**	**(1,261)**	**486**	**(38.5%)**

The Corporate center generated income before tax of -€775 million in 2021 *versus* -€1,261 million in 2020. In 2021, the Corporate center included the following activities and items:

- the contribution of the Crédit Foncier group, which was up by +€115 million. The impact of the amortization of the portfolio, linked to the discontinuation of activities, was offset by favorable effects on macro-hedging and by the good control of expenses. The cost of risk also improved significantly due to a base effect in 2020 in the context of the health crisis;
- BPCE International’s contribution was up +€14 million year-on-year. The slowdown in activity is offset by a base effect in 2020 (provisioning for guarantees of a large corporate file);
- an increase in asset valuations for investment activities (+€281 million in NBI in 2021 compared to -€155 million in 2020);
- CNP Assurance’s net income reached €148 million (in line with the Share note for the net income of equity-accounted entities in Chapter 5);
- the contribution to the Single Resolution Fund of -€421 million in operating expenses, an increase of -€22 million compared with 2020;
- lastly, this division includes the contribution of the Group’s central institution, BPCE SA, the non-core Natixis division, companies providing resources or central functions and real estate operating companies.

4.3.8 Analysis of the Groupe BPCE consolidated balance sheet

			Change	
in billions of euros	**12/31/2021**	**12/31/2020**	**€bn**	**%**
Cash and amounts due from central banks	186.3	153.4	32.9	21.5%
Financial assets at fair value through profit or loss	198.9	196.3	2.7	1.4%
Hedging derivatives – Positive FV	7.2	9.6	(2.4)	(25.4%)
Financial assets at fair value through other comprehensive income	48.6	49.6	(1.0)	(2.1%)
Financial assets at amortized cost	900.2	863.6	36.7	4.2%
Loans and advances to banks	94.1	90.0	4.1	4.6%
Loans and advances to customers	781.1	746.8	34.3	4.6%
Debt securities at amortized cost	25.0	26.7	(1.7)	(6.5%)
Revaluation differences on interest rate risk-hedged portfolios	5.4	8.9	(3.5)	(39.7%)
Insurance business investments	135.2	124.6	10.7	8.6%
Current and deferred tax assets and other assets	21.6	28.0	(6.4)	(22.8%)
Fixed assets (excluding goodwill)	8.1	8.0	0.1	1.5%
Goodwill	4.4	4.3	0.1	3.2%
ASSETS	**1,516.0**	**1,446.3**	**69.8**	**4.8%**
Cash and amounts due from central banks	0.0	0.0	0.0	n/s
Financial liabilities at fair value through profit or loss	191.8	191.4	0.4	0.2%
Hedging derivatives – Negative FV	12.5	15.3	(2.7)	(18.0%)
Financial liabilities at amortized cost (excluding subordinated debt)	1,058.1	997.5	60.7	6.1%
Amounts due to banks	155.4	138.4	17.0	12.3%
Amounts due to customers	665.3	630.8	34.5	5.5%
Debt securities	237.4	228.2	9.2	4.0%
Revaluation difference on interest rate risk-hedged portfolios	0.2	0.2	(0.1)	(24.2%)
Current and deferred tax liabilities and other liabilities	24.4	26.3	(1.9)	(7.3%)
Liabilities related to insurance contracts	125.1	114.6	10.5	9.1%
Provisions	5.3	6.2	(0.9)	(14.2%)
Subordinated debt	19.0	16.4	2.6	16.0%
Shareholder's equity	**79.6**	**78.4**	**1.2**	**1.5%**
Equity attributable to equity holders of the parent	78.9	72.7	6.2	8.5%
Non-controlling interests	0.7	5.7	(5.0)	(87.7%)
LIABILITIES	**1,516.0**	**1,446.3**	**69.8**	**4.8%**

On December 31, 2021, the consolidated balance sheet of Groupe BPCE totaled €1,516.0 billion, up 4.8% compared with December 31, 2020. The return on assets ratio stood at 28 basis points as of December 31, 2021 compared to 12 basis points as of December 31, 2020.

CHANGES IN SIGNIFICANT CONSOLIDATED BALANCE SHEET ASSET ITEMS

The main asset items are loans and advances due from customers (51.5% of total assets on December 31, 2021) and banks (6.2%), financial assets at fair value through profit or loss (13.1%), cash and net balance of accounts with central banks (12.3%), and insurance business investments (8.9%). Taken together, these items account for nearly 92.1% of the Group's assets.

CASH AND AMOUNTS DUE FROM CENTRAL BANKS

Cash and central bank accounts amounted to €186.3 billion on December 31, 2021, up by 21.5% compared to December 31, 2020 (€153.4 billion). This change is mainly due to the increase in balances with central banks (+€32.9 billion).

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These financial assets include negotiated transactions for trading. Total financial instruments measured at fair value through profit or loss increased by €2.7 billion compared to December 31, 2020. This change reflects a disparity between:

- the increase in shares and other equity instruments held for trading (+€8.8 billion), trading derivatives (+€3.5 billion), bonds and other debt securities held for trading (+€2.5 billion);
- to the detriment of the securities received under repurchase agreements from customers (-€8.0 billion), guarantee deposits paid (-€1.9 billion) and non-standard debt instruments (-€1.7 billion).

LOANS AND ADVANCES DUE FROM BANKS

Loans and advances due from banks (net of provisions) amounted to €94.1 billion on December 31, 2021, up by €4.1 billion *versus* December 31, 2020. They are divided between term receivables and demand receivables, including current accounts with overdrafts. Non-performing loan outstandings and recognized impairments were relatively stable over the period.

LOANS AND ADVANCES DUE FROM CUSTOMERS

Net outstanding loans and advances due from customers amounted to €781.1 billion, up €34.3 billion over the fiscal year (+4.6%). This change was mainly due to the good performance of the Group's businesses, in particular Retail Banking and Insurance. This performance can be attributed to the Banque Populaire network for +€17.8 billion and the Caisse d'Epargne network for +€19.9 billion. This dynamism is mainly concentrated on home loans under the more significant volume effect (+€20.3 billion) and on equipment loans (+€12.1 billion).

INSURANCE BUSINESS INVESTMENTS

These financial assets comprise available-for-sale investments, including investments at fair value through profit or loss, loans and advances due from customers, and the shares held by cedents and retrocessionaires in liabilities related to insurance policies and financial contracts. This portfolio totaled €135.2 billion on December 31, 2021 *versus* €124.6 billion in fiscal year 2020. The increase of €10.7 billion reflects the business' good performance (+8.6%). 2021 was marked by dynamic commercial activity across all insurance products Natixis, which accounted for 90.7% of outstandings on December 31, 2021, recorded inflows of €11.6 billion in life insurance, while its non-life and personal protection insurance activities saw gains of +8.3% and +11.5%, respectively.

CHANGES IN SIGNIFICANT CONSOLIDATED BALANCE SHEET LIABILITY ITEMS

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

On the liabilities side, this portfolio consists of debt instruments carried at fair value at the reporting date, with an offsetting entry on the income statement. As of December 31, 2021, it represented €191.8 billion, stable compared to December 31, 2020 (€191.4 billion). This change is due to the decrease in financial liabilities held for trading (-€1.1 billion) and debt securities designated at fair value through profit or loss (+€1.5 billion).

AMOUNTS DUE TO BANKS

Amounts due to banks consist mainly of term borrowings and to a lesser extent current accounts. They amounted to €155.4 billion, representing a strong increase of €17.0 billion over the year (+12.3%). This change mainly includes the increase in borrowings and term deposits with credit institutions (+€18.6 billion) including long term refinancing operations (TLTRO 3).

AMOUNTS DUE TO CUSTOMERS

Amounts due to customers mainly comprise regulated savings accounts, current accounts in credit, and customer accounts. They totaled €665.3 billion on December 31, 2021, an increase of €34.5 billion compared to December 31, 2020. This increase can mainly be broken down as follows:

- a sharp increase in current accounts in credit (+€19.1 billion);
- higher investments in regulated savings accounts (+€11.8 billion), underpinned by inflows from *Livret A* passbook savings accounts (+€3.5 billion), *Livret B* passbook savings accounts (+€7.2 billion), and to a lesser extent by the good performance of the Sustainable Development passbook (+€1.1 billion);
- an increase in other customer accounts (+€7.0 billion). They are divided between demand loans and term loans, including loans from financial customers and term accounts in credit.

DEBT SECURITIES

These are mainly comprised of bonds, certificates of deposit, treasury notes, commercial paper and senior non-preferred debt. These debts amounted to €237.4 billion on December 31, 2021, up by €9.2 billion compared to fiscal year 2020. It was increased by +€3.1 billion, respectively, by bond issues, +€3.1 billion by Non-Preferred Senior Debt, and +€2.5 billion by treasury and commercial paper and +€1.7 billion through certificates of deposit.

LIABILITIES RELATED TO INSURANCE CONTRACTS

This category mainly includes technical liabilities relating to insurance contracts and financial contracts. These debts amounted to €125.1 billion on December 31, 2021, an increase of +€10.5 billion. This change is mainly due to the increase in technical debts relating to insurance contracts (+ €9.2 billion).

SHAREHOLDERS' EQUITY

Equity attributable to equity holders of the parent totaled €78.9 billion on December 31, 2021 compared to €72.7 billion on December 31, 2020. This increase of +€6.2 billion includes in particular:

- net income for the period: +€4.0 billion;
- the impact of acquisitions and disposals on non-controlling interests: +€1.2 billion;
- changes in shares of +1.0 billion (+0.8 billion for the Banque Populaire network and +0.3 billion for the Caisse d'Epargne network);
- changes in gains and losses recognized directly in other comprehensive income: +€0.3 billion;
- the distribution of dividends for -0.3 billion (of which -0.1 billion from the Banques Populaires network and -0.2 billion from the Caisse d'Epargne network).

4.4 BPCE SA group financial data

4.4.1 BPCE SA group results

BPCE SA group's income is calculated after restating the contribution of non-consolidated entities.

In 2021, the transition from Groupe BPCE's net income attributable to equity holders of the parent to BPCE SA group can be broken down as follows:

in millions of euros	2021
Groupe BPCE net income - excl. Coface net contribution	**3,998**
Non-consolidated entities or consolidated under a different method[(1)]	(3,114)
Other items	296
BPCE SA group net income - excl. Coface net contribution	**1,180**

(1) Including the Banques Populaires, Caisses d'Epargne and their consolidated subsidiaries.

The BPCE SA group posted net income of €1.2 billion excluding Coface's net contribution.

	Retail Banking and Insurance		Global Financial Services		Corporate center		BPCE SA group	
in millions of euros	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf
Net banking income	3,355	3,177	7,571	5,997	854	592	11,780	9,766
Operating expenses	(2,066)	(2,007)	(5,276)	(4,498)	(1,736)	(1,543)	(9,078)	(8,047)
Gross operating income	**1,290**	**1,171**	**768**	**1,499**	**(883)**	**(951)**	**2,702**	**1,719**
Cost/income ratio	61.6%	63.2%	69.7%	75.0%	N/S	N/S	77.1%	82.4%
Cost of risk	(214)	(250)	(170)	(846)	(46)	(108)	(430)	(1,204)
Share in income of equity-accounted associates	7	(17)	12	11	64	212	83	206
Net income (expense) from other assets	(4)	(7)	(70)	(45)	5	(111)	(69)	(163)
Income before tax	**1,079**	**897**	**2,067**	**619**	**(861)**	**(959)**	**2,285**	**558**
Income tax	(300)	(266)	(546)	(181)	7	305	(838)	(142)
Non-controlling interests (minority interests)	(63)	(112)	(271)	(186)	66	105	(268)	(193)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT – EXCL. COFACE NET CONTRIBUTION	**716**	**519**	**1,250**	**252**	**(786)**	**(548)**	**1,180**	**223**

In a more favorable economic environment than in 2020, income before tax for Retail Banking and Insurance was up 20.2% to €1,079 million as of December 31, 2021, with improved results across all its businesses.

The Global Financial Services division, with income before tax of €2,067 million, recorded a €1,447 million increase compared to 2020, driven both by dynamic activity since the beginning of the year, an increase in financial markets and a base effect linked to the health emergency of 2020.

The Corporate center division's income before tax improved by €98 million compared to 2020 and stood at -€861 million. This result includes an expense of -€249 million for the Single Resolution Fund.

4.4.2 Analysis of BPCE SA group's consolidated balance sheet

in billions of euros	12/31/2021	12/31/2020	Change €bn	Change %
Cash and amounts due from central banks	182.1	148.7	33.3	22.4%
Financial assets at fair value through profit or loss	190.4	190.8	(0.4)	(0.2%)
Hedging derivatives – Positive FV	6.0	7.9	(1.9)	(23.8%)
Financial assets at fair value through other comprehensive income	16.1	17.8	(1.7)	(9.3%)
Financial assets at amortized cost	375.7	335.0	40.7	12.2%
Loans and advances to banks	195.7	149.9	45.8	30.6%
Loans and advances to customers	167.7	171.2	(3.5)	(2.0%)
Debt securities at amortized cost	12.3	13.9	(1.6)	(11.5%)
Revaluation differences on interest rate risk-hedged portfolios	4.5	6.8	(2.3)	(34.2%)
Insurance business investments	127.6	117.1	10.5	8.9%
Current and deferred tax assets and other assets	13.4	17.9	(4.6)	(25.6%)
Fixed assets (excluding goodwill)	3.4	3.1	0.2	7.7%
Goodwill	3.9	3.7	0.1	3.4%
ASSETS	**923.0**	**848.9**	**74.0**	**8.7%**
Cash and amounts due from central banks	0.0	0.0	0.0	n/s
Financial liabilities at fair value through profit or loss	197.9	199.6	(1.7)	(0.9%)
Hedging derivatives – Negative FV	8.3	10.0	(1.7)	(17.0%)
Financial liabilities at amortized cost (excluding subordinated debt)	536.4	471.2	65.3	13.9%
Amounts due to banks	264.2	208.3	55.9	26.8%
Amounts due to customers	52.0	50.7	1.3	2.6%
Debt securities	220.3	212.2	8.1	3.8%
Revaluation difference on interest rate risk-hedged portfolios	0.1	0.2	(0.1)	(30.3%)
Current and deferred tax liabilities and other liabilities	16.1	16.3	(0.3)	(1.7%)
Liabilities related to insurance contracts	116.9	106.9	9.9	9.3%
Provisions	2.4	2.6	(0.3)	(10.2%)
Subordinated debt	18.9	16.2	2.6	16.2%
Shareholder's equity	**26.0**	**25.8**	**0.2**	**0.8%**
Equity attributable to equity holders of the parent	25.5	20.2	5.3	26.0%
Non-controlling interests	0.5	5.6	(5.0)	(90.5%)
LIABILITIES	**923.0**	**848.9**	**74.0**	**8.7%**

On December 31, 2021, the consolidated balance sheet of BPCE SA group totaled €923 billion, up €8.7% compared with December 31, 2020.

The increase in the balance sheet reflects the increase in cash and central bank accounts (+€33.3 billion), loans and advances to banks at amortized cost (+€45.8 billion) and insurance investments (+€10.5 billion).

Equity attributable to equity holders of the parent totaled €25.5 billion at December 31, 2021 compared to €20.2 billion at December 31, 2020. This +€5.3 billion change was primarily due to:

- an issue of TSSDI: +€2.7 billion;
- the incorporation of net income for the period: +€1.2 billion;
- the impact of acquisitions and disposals on non-controlling interests: +€1.2 billion;
- a capital increase: +€0.8 billion;
- changes in gains and losses recognized directly in other comprehensive income: +€0.2 billion;
- dividends paid: -€0.7 billion.

4.5 Investments

4.5.1 In 2021

Groupe BPCE made a Simplified Purchase Offer for the 29.3% of Natixis shares held by the financial markets. On July 21, 2021 the Group completed a definitive withdrawal of all listed shares.

4.5.2 In 2020

BPCE made no material investments (*i.e.* investments of more than €1 billion requiring the approval of the qualified majority of the Supervisory Board) during the fiscal year.

4.5.3 In 2019

Acquisition by BPCE of Natixis SA's Factoring, Sureties & Guarantees, Leasing, Consumer Loans and Securities Services business lines for €2.7 billion on March 31, 2019.

Acquisition by BPCE of a 50.1% stake in Oney Bank SA from Auchan Holding for €371 million on October 20, 2019.

4.6 Post-balance sheet events

There are no events after the reporting period.

4.7 Outlook for Groupe BPCE

4.7.1 Forecasts for 2022: a restricted return to the pre-Covid-19 trend

Inflationary pressures and the reappearance of health uncertainties, with the emergence of a sixth wave of the pandemic (Omicron) and the recurring risk of the virus mutating, threaten the economic outlook of developed countries all the more as the global economy seems to have passed a peak. In addition, the potential for catching up from previous lockdowns appears to be of lesser magnitude, not to mention fears of renewed Sino-American protectionist tensions, or even geopolitical crises. A new phase of the economic cycle is now emerging, due to the resurgence of fundamental obstacles both internal and external, in addition to supply and recruitment problems, bottlenecks, induced increases in prices and the gradual withdrawal of European and American budget support. More specifically, the automatic drift in prices, which is stronger and may be less temporary than initially expected, is creating a levy on the purchasing power of households and on company margins. This should lead to a slowdown in spending in 2022, which the mechanisms for restoring the situation of private and public balance sheets are likely to accentuate. In addition, the risk of runaway prices makes the mission of central banks more complex, torn between the need to contain inflation and the desire not to break the economic momentum, already in a downturn phase in China, the United States and the euro zone. All this would lead activity to naturally return to its pre-Covid-19 trend, especially from the second half of the year, even if the annual averages forecast for 2022 largely reflect the effects of the considerable gains of previous quarters and of previous expansive monetary and budgetary policies.

The risk of inflation, which is more prevalent in the United States, England and certain emerging countries than in the euro zone and Japan, is driving the expected speed of monetary policy normalization. Across the Atlantic, a price-wage loop seems to be beginning due to serious recruitment difficulties (0.7 unemployed per available position). The Fed may make three successive but modest increases in its key interest rates starting in March 2022, while accelerating the reduction of its program of net purchases of government securities, stopping it in March instead of June. In Europe, the sharp rise in producer prices is starting to spread to consumer prices, excluding energy. It hasn't yet led to a process of acceleration of wage increases, while reflecting significant and reversible base effects, such as the rise in fuel prices and the explosion in European gas and electricity market prices. The ECB, far from adopting the same approach as the Fed, would leave its key rates unchanged in 2022, even though it has decided to end its net purchases of bonds *via* its emergency program (PEPP) in March. However, it would offset the negative effect of the end of the PEPP by temporarily increasing the traditional net asset purchase program (APP). These choices also probably stem from the desire to maintain the sustainability of Italian and Spanish public finances. This transatlantic divergence in monetary policies would be reflected directly in the comparative evolution of long-term rates, while probably continuing to weigh on the euro against the dollar in 2022. Inflationary pressures should ease in the second half of the year, due to the economic slowdown, which should reduce exceptionally high pressure on the supply and prices of energy products. Oil prices are expected to be around an average of $75 per barrel (Brent), due to persistently uncertain demand and the continued gradual upturn in black gold production. The absence of a surge in prices and the previous outflow of liquidity would limit the rise in sovereign rates, with the ten-year US Treasury bill yielding an annual average of 1.9%, compared with 0.4% for the ten-year OAT in 2022. Real rates should therefore remain very negative.

French growth should approach 4% in 2022, thanks also to stimulus from the recovery plan. However, it should normalize in the second half of 2022 towards its pre-pandemic trend rate of 1% per year, which would reduce price tensions. However, inflation should reach an annual average of at least 2.4%. This economic deceleration would be all the more logical given that public deficit would support the economy much less than in 2021. In addition, the current price shock would exert a purchasing power levy on the entire economy. This drain would be more pronounced for companies, unable at this stage of the cycle to pass on all of the increase in costs to their own prices. In addition, company results could slow down, due to a relative acceleration of wages in the face of recruitment difficulties, which would dampen their willingness to invest.

In the absence of overly restrictive health measures, the French economy would be driven by several factors, despite the slowdown in the pace of global growth: the prior preservation of the productive fabric and income of private individuals despite the decline in purchasing power linked to the rise in inflation; the combination of a still unlimited easing by the ECB and exceptional monetized fiscal stimulus plans, keeping interest rates at extremely low levels over the long term, despite their upward trend; the potential decline in the household savings rate, without it necessarily and rapidly returning to its pre-crisis level; and the resilience of productive investment and, especially, of the labor market.

OUTLOOK FOR THE GROUP AND ITS BUSINESS LINES

On July 8, 2021, Groupe BPCE unveiled its new BPCE 2024 strategic plan. (Full document available on the website https://groupebpce.com/en/the-group/strategic-plan)

After 12 years of transformation, Groupe BPCE, which is financially very solid with strong positions in each of its business lines, is fully capable of accelerating its development by supporting its customers' investment needs in the economic recovery.

The Covid crisis has indeed revealed trends, starting with digitalization, hybrid work and the acceleration of the energy transition, but it has also created profound expectations in terms of proximity, support and trust, expectations with which Groupe BPCE's multi-brand cooperative model is totally in line.

Groupe BPCE intends to fully grasp this momentum and to realize the full potential of its multi-brand, entrepreneurial cooperative banking model in order to be a front-ranking player in banking, insurance and asset management useful for all.

The BPCE 2024 business development plan presents a common signature: "More United, More Useful, More Robust":

- **More United**, because Groupe BPCE, a cooperative, multi-brand and entrepreneurial institution, is strengthening its ability to act collectively through greater simplicity, more joint initiatives and more shared investments;
- **More Useful**, because Groupe BPCE, thanks to its unique cooperative banking model, provides concrete answers to the major social issues of concern to its cooperative shareholders, customers, employees and partners;
- **More Robust**, because Groupe BPCE is ready to seize every opportunity for growth by drawing on the wealth of expertise of its multi-company, multi-brand business model, notably in targeted areas.

This development plan is based on **three strategic priorities**:

- **Winning Spirit:** €1.5 billion in additional revenue in five priority areas: environmental transition, health, intermediate-sized enterprises, non-life insurance and personal protection, and Consumer Loans. The Group is also aiming to speed up the pace of its international development through its global business lines, Asset Management and Corporate & Investment Banking, and certain specialized financing business lines;
- **Customer:** the highest quality of service with an adapted relational model, a pragmatic and local approach to the network of branches, and NPS objectives for all of the Group's business lines and companies;
- **Climate:** concrete and measurable commitments as part of a "net zero" trajectory, backed by dedicated measurement tools, and support for all customers in their environmental transition.

It is based **on three key principles**:

- **Simple:** a simpler, more legible and more efficient organization, simplified through the delisting of Natixis and adapting its information systems, and accelerating the transformation of its banking services;
- **Innovative:** by changing the scale for data, with uses that serve the business and all of the bank's functions; by accelerating payments to support the digitalization of trade; and by shaping the future of work through hybrid work, training programs and internal career paths;
- **Secure:** enhancement of its economic performance; risk control, with a target cost of risk of less than 25 basis points by 2024; confirmation of its role as a trusted third party through its relational model, the ethical use of data and enhanced technological security.

For the Retail Banking and Insurance business lines, the Group intends to deploy an ambitious and profitable development strategy in all its markets, with a strategy centered on the relationship with advisors, who embody a relation of trust, building on regional density, digital technology and the ethical use of data for the benefit of customers and employees.

For the two Global Financial Services business lines of Asset & Wealth Management and Corporate & Investment Banking, the Group has a common ambition around three axes: diversify, for the benefit of our customers and our development; commit, to energy transition and responsible finance; transform ourselves, and invest to deliver sustainable value.

By 2024, Groupe BPCE aims to achieve net banking income of around €25.5 billion with revenue growth of around 3.5% per year, a cost/income ratio of less than 65% in 2024 and net income attributable to equity holders of the parent in excess of €5 billion.

For 2022, the economic outlook remains positive for both consumption and investment. However, the environment remains marked by the Covid-19 pandemic, supply difficulties in certain sectors, an increase in the prices of manufactured products and a surge in energy prices. This return of inflation led to an increase in regulated savings rates on February 1, 2022, with the *Livret A* rate and the *Livret de Développement Durable et Solidaire* rate rising from 0.5% to 1% and the *Livret Épargne Populaire* rate rising from 1% to 2.2%. Although it has revised its inflation forecasts upwards, the European Central Bank does not plan to raise its key rates immediately, unlike the FED and the Bank of England.

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

While Ukraine is not a member of NATO, the Western reaction was strong. The European Union, the United States and many other countries adopted a series of unprecedented sanctions, including the freezing of the Russian Central Bank's foreign assets, the exclusion of Russian banks from SWIFT, and the announcement by many Western groups of their withdrawal from the Russian Federation.

Even if the essential subject of energy and natural gas remains for the moment outside the scope of the measures taken on both sides, the United States and Great Britain have announced their intention to ban the import of Russian oil and gas. In addition, new economic measures and sanctions could be adopted, including by the European Union and the United States, and retaliatory economic measures and sanctions could be adopted by the Russian Federation. This conflict could have major consequences for the Russian economy but also for Western economies and more generally for the world economy. The risk of default on Russian debt, rising inflation and the loss of purchasing power for the population in Russia are significant. A questioning of growth prospects and increased inflationary pressure cannot be ruled out in both the United States and Europe.

Exposures net of guarantees (direct on-balance sheet and off-balance sheet exposures net of guarantees to Russian and Ukrainian customers) amounted to €788[1][2] million in the Russian Federation (of which €615 million to corporate and structured financing counterparties) and €63[1] million in Ukraine at February 28, 2022.

In addition, in the Asset Management business line on behalf of the Group's customers, the exposure to Russia of the various funds managed by Natixis Investment Managers, corresponding mainly to investments in bonds issued by the Russian government, was €302[1] million as of February 28, 2022, and €97[1] million for Ukraine.

In addition, a risk linked to expropriation measures that could be taken by the Russian authorities against foreign companies, in retaliation for Western sanctions, is mentioned.

(1) Management data
(2) Gross exposures: eq. €1,310 million to the Russian Federation and eq. €122 million to Ukraine

In this respect, Groupe BPCE owns a subsidiary in Russia, Natixis Moscow, whose equity at December 31, 2021 amounted to eq. €73 million, of which eq. €48 million in subordinated debt with Natixis. Natixis is also an issuer of structured private placements denominated in rubles up to €83 million[1] at February 28, 2022. Of the funds raised in rubles, approximately eq. €58[1] million are used to refinance the subsidiary. At the beginning of March 2022, most of the subsidiary's assets consisted of ruble and foreign currency loans to bank counterparties, as well as its excess liquidity with the Central Bank of Russia (approximately €66[1] million at the beginning of March 2022).

In addition, the capital of the Ukrainian subsidiary and the Russian subsidiary of the Oney group is not material.

In addition to the above, the direct market risk on Russian or ruble assets is not material.

Lastly, H2O AM funds and mandates are exposed to a basket of emerging currencies, including the Russian ruble. The long exposure to the Russian ruble was built via forwards with physical settlement at maturity. As of March 3, 2022, this exposure represents less than 7.5% of their overall gross currency exposure.

(1) Management data

5

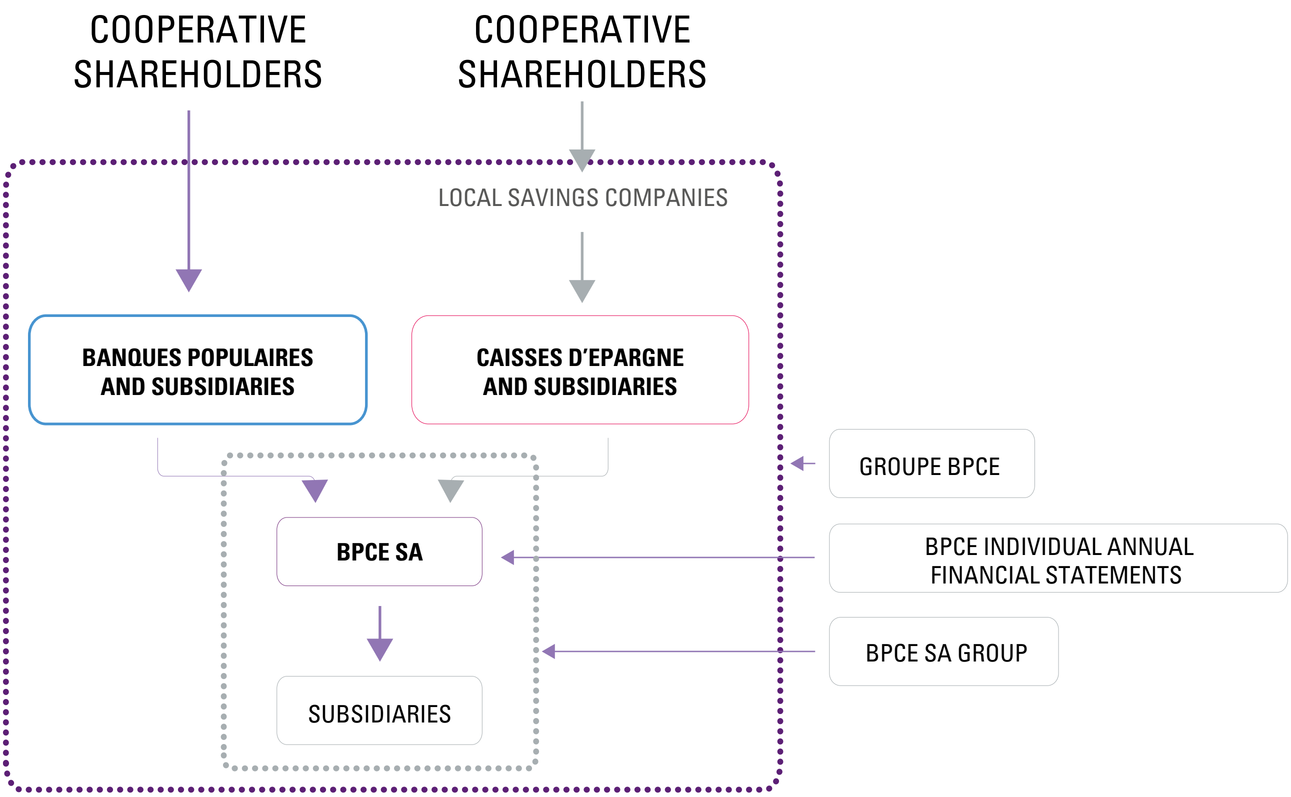
FINANCIAL REPORT

Groupe BPCE and BPCE SA group scopes of consolidation

The scope of consolidation of both groups, organized around the central institution, is presented in the diagram below.

In addition to BPCE SA group, Groupe BPCE includes the Banques Populaires, the Caisses d'Epargne and their respective subsidiaries.

BPCE SA group comprises BPCE and its subsidiaries. The main difference in terms of consolidation perimeter stems from the contributions of the parent companies, which do not contribute to BPCE SA group's net income.



5.1 IFRS Consolidated Financial Statements of Groupe BPCE as at December 31, 2021

5.1.1 Consolidated income statement

in millions of euros	***Notes***	**Fiscal year 2021**	**Fiscal year 2020**
Interest and similar income	*4.1*	22,220	22,295
Interest and similar expenses	*4.1*	(12,341)	(13,125)
Commission income	*4.2*	11,990	10,802
Commission expenses	*4.2*	(1,666)	(1,615)
Gains (losses) on financial instruments at fair value through profit or loss	*4.3*	2,385	1,140
Gains (losses) on financial instruments measured at fair value through other comprehensive income before tax	*4.4*	228	230
Gains (losses) arising from the derecognition of financial assets measured at amortized cost	*4.5*	(4)	18
Net income from Insurance activities	*9.2.1*	2,860	2,550
Income from other activities	*4.6*	1,285	1,120
Expenses from other activities	*4.6*	(1,241)	(875)
Net banking income		**25,716**	**22,540**
Operating expenses	*4.7*	(16,567)	(15,327)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets		(1,273)	(1,317)
Gross operating income		**7,876**	**5,896**
Cost of credit risk	*7.1.1*	(1,783)	(2,998)
Net operating income		**6,093**	**2,898**
Share in net income of associates and joint ventures	*12.4.2*	220	180
Net income (expense) from other assets	*4.8*	(82)	(289)
Income before tax		**6,231**	**2,789**
Income tax	*11.1*	(1,946)	(1,045)
Net income		**4,285**	**1,744**
Non-controlling interests	*5.16.1*	(282)	(134)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**4,003**	**1,610**

5.1.2 Comprehensive income

in millions of euros	Fiscal year 2021	Fiscal year 2020
Net income	**4,285**	**1,744**
Items recyclable to net income	**(130)**	**(184)**
Foreign exchange rate adjustments	372	(410)
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	(14)	98
Revaluation of available-for-sale financial assets of Insurance businesses	(220)	259
Revaluation of derivatives hedging items that can be recycled to profit or loss	248	(35)
Share of gains and losses of associates recognized directly in other comprehensive income	(709)	1
Related taxes, items recyclable to net income	193	(97)
Items not recyclable to net income	**407**	**40**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	243	4
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	13	(23)
Revaluation of equity financial assets recognized at fair value through other comprehensive income	303	49
Share of gains and losses of associates recognized directly in other comprehensive income	35	(4)
Related taxes, items not recyclable to net income	(188)	14
GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME	**277**	**(144)**
COMPREHENSIVE INCOME	**4,562**	**1,600**
Attributable to equity holders of the parent	4,256	1,504
Non-controlling interests	306	96

For information, items not recyclable to profit or loss transferred to consolidated reserves amounted to -€11 million for 2021 and -€31 million for 2020.

5.1.3 Consolidated balance sheet

ASSETS

in millions of euros	Notes	12/31/2021	12/31/2020
Cash and amounts due from central banks	*5.1*	186,317	153,403
Financial assets at fair value through profit or loss[(1)]	*5.2.1*	198,919	196,260
Hedging derivatives	*5.3*	7,163	9,608
Financial assets at fair value through other comprehensive income	*5.4*	48,598	49,630
Securities at amortized cost	*5.5.1*	24,986	26,732
Loans and advances to banks at amortized cost	*5.5.2*	94,140	90,018
Loans and advances to customers at amortized cost[(2)]	*5.5.3*	781,097	746,809
Revaluation differences on interest rate risk-hedged portfolios, assets		5,394	8,941
Insurance business investments	*9.1.1*	135,228	124,566
Current tax assets		465	747
Deferred tax assets	*11.2*	3,524	3,667
Accrued income and other assets[(1)]	*5.6*	13,830	16,366
Non-current assets held for sale	*5.7*	2,241	2,599
Investments accounted for using equity method	*12.4.1*	1,525	4,586
Investment property	*5.8*	758	770
Property, plant and equipment	*5.9*	6,396	6,222
Intangible assets	*5.9*	997	1,038
Goodwill	*3.5.1*	4,443	4,307
TOTAL ASSETS		**1,516,021**	**1,446,269**

(1) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).
(2) For information, a change in the presentation of zero-rate loans (PTZ) occurred in 2021 without restatement of the financial statements published in 2020 (see Note 5.5.3).

LIABILITIES

in millions of euros	Notes	12/31/2021	12/31/2020
Central banks		6	
Financial liabilities at fair value through profit or loss[(1)]	*5.2.2*	191,768	191,371
Hedging derivatives	*5.3*	12,521	15,262
Debt securities	*5.10*	237,419	228,201
Amounts due to banks and similar	*5.11.1*	155,391	138,416
Amounts due to customers	*5.11.2*	665,317	630,837
Revaluation differences on interest rate risk-hedged portfolios, liabilities		184	243
Current tax liabilities		1,313	485
Deferred tax liabilities	*11.2*	1,049	1,239
Accrued expenses and other liabilities[(1)(2)]	*5.12*	20,114	22,662
Liabilities associated with non-current assets held for sale	*5.7*	1,946	1,945
Liabilities related to Insurance policies	*9.1.2*	125,081	114,608
Provisions	*5.13*	5,330	6,213
Subordinated debt	*5.14*	18,990	16,375
Equity		**79,592**	**78,412**
Equity attributable to equity holders of the parent		**78,884**	**72,683**
Capital and associated reserves	*5.15.1*	*28,240*	*27,481*
Consolidated reserves		*45,126*	*42,547*
Gains and losses recognized directly in equity		*1,516*	*1,045*
Net income (expenses) for the reporting period		*4,003*	*1,610*
Non-controlling interests	*5.16*	707	5,728
TOTAL LIABILITIES AND EQUITY		**1,516,021**	**1,446,269**

(1) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).
(2) For information, a change in the presentation of zero-rate loans (PTZ) occurred in 2021 without restatement of the financial statements published in 2020 (see Note 5.5.3).

5.1.4 Statement of changes in equity

	Capital and associated reserves			
in millions of euros	Share capital (Note 5.15.1)	Additional paid-in capital (Note 5.15.1)	Perpetual deeply subordinated notes	Consolidated reserves[3]
SHAREHOLDERS' EQUITY AT JANUARY 1, 2020	**22,906**	**3,834**		**42,001**
Dividend payments				(337)
Capital increase (Note 5.15.1)	743			448
Impact of acquisitions and disposals on non-controlling interests (Note 5.16.2)				450
Increase (decrease) through transactions with owners	**743**			**561**
Gains and losses recognized directly in shareholders' equity (Note 5.17)				
Capital gains and losses reclassified to retained earnings				(27)
Net income for the period				
Comprehensive income				**(27)**
Other changes[2]		(2)		12
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2020	**23,649**	**3,832**		**42,547**
Allocation of net income for 2020				1,610
SHAREHOLDERS' EQUITY AT JANUARY 1, 2021	**23,649**	**3,832**		**44,157**
Dividend payments				(324)
Capital increase (Note 5.15.1)	759			282
Impact of acquisitions and disposals on non-controlling interests (Note 5.16.2)[1][4]				991
Increase (decrease) through transactions with owners	**759**			**949**
Gains and losses recognized directly in shareholders' equity (Note 5.17)[4]				
Capital gains and losses reclassified to retained earnings				11
Net income for the period				
Comprehensive income				**11**
Other changes[2]				9
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2021	**24,408**	**3,832**		**45,126**

(1) The impact of the simplified public tender offer for Natixis shares is presented in Note 1.3.
(2) Other changes notably include interest on perpetual deeply subordinated notes for the portion subscribed for by non-controlling interests.
(3) The impact of the decision of the IFRS Interpretations Committee (IFRS IC) on IAS 19 "Employee Benefits" is presented in Note 2.2.
(4) The impact of the disposal of the CNP investment is presented in Note 1.3.

Gains and losses recognized directly in other comprehensive income										
Recyclable				Non-recyclable						
Foreign exchange rate adjust-ments	Debt financial assets recognized at fair value through other compre-hensive income	Available-for-sale financial assets of Insurance businesses	Change in fair value of hedging derivatives	Equity financial assets recognized at fair value through other compre-hensive income	Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	Revaluation differences on employee benefits	Net income attributable to equity holders of the parent	Total equity attributable to equity holders of the parent	Non-controlling interests	Total consolidated equity
296	**261**	**1,150**	**(219)**	**105**	**(76)**	**(350)**		**69,909**	**7,431**	**77,341**
								(337)	(174)	(511)
								1,191	1	1,192
2		(55)				8		405	(1,587)	(1,182)
2		**(55)**				**8**		**1,259**	**(1,760)**	**(501)**
(388)	84	227	(40)	30	(13)	(6)		(106)	(38)	(144)
				27						
							1,610	1,610	134	1,744
(388)	**84**	**227**	**(40)**	**57**	**(13)**	**(6)**	**1,610**	**1,504**	**96**	**1,600**
								10	(39)	(29)
(90)	**345**	**1,322**	**(258)**	**162**	**(89)**	**(348)**	**1,610**	**72,683**	**5,728**	**78,412**
							(1,610)			
(90)	**345**	**1,322**	**(258)**	**162**	**(89)**	**(348)**		**72,683**	**5,728**	**78,412**
								(324)	(114)	(438)
								1,041	7	1,048
81	2	173	4	32	(29)	(34)		1,219	(5,208)	(3,988)
81	**2**	**173**	**4**	**32**	**(29)**	**(34)**		**1,936**	**(5,315)**	**(3,378)**
533	(18)	(863)	190	195	9	208		253	24	277
				(11)						
							4,003	4,003	282	4,285
533	**(18)**	**(863)**	**190**	**184**	**9**	**208**	**4,003**	**4,256**	**306**	**4,562**
								9	(13)	(4)
524	**329**	**633**	**(64)**	**378**	**(109)**	**(174)**	**4,003**	**78,884**	**707**	**79,592**

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5.1.5 Consolidated cash flow statement

in millions of euros	Fiscal year 2021	Fiscal year 2020
Income before tax	**6,231**	**2,789**
Adjustments for net depreciation of property, plant, equipment and intangible assets	1,403	1,440
Adjustments for net charge to provisions and provisions for impairment (including Insurance companies' technical reserves)	9,966	5,557
Adjustments for share in net income of investments accounted for using equity method	(220)	(232)
Adjustments for net income (loss) from investment activities	(856)	(591)
Adjustments for other changes	526	(2,008)
Total non-monetary items included in net income before tax	***10,820***	***4,167***
Change in inter-credit institutions items	17,502	61,239
Change in customer items	(1,488)	16,464
Change in financial assets and liabilities	1,684	(11,012)
Change in non-financial assets and liabilities	(930)	763
Income taxes paid	(1,493)	(1,389)
Increase (decrease) in assets and liabilities resulting from operating activities	***15,275***	***66,064***
Net cash flows generated by operating activities (A)	**32,326**	**73,020**
Decrease (increase) in financial assets and equity interests	623	2,455
Decrease (increase) in investment property	16	(65)
Change in property, plant, equipment and intangible assets, investing activities	(1,286)	(1,074)
Net cash flows generated by investing activities (B)	**(647)**	**1,317**
Net increase (decrease) arising from transactions with shareholders[(1)]	610	680
Other increases (decreases) generated by financing activities[(2)]	2,602	(449)
Net cash flows generated by financing activities (C)	**3,212**	**231**
Impact of changes in exchange rates (D)	**835**	**(1,704)**
Cash flow on assets and liabilities held for sale (E)	**(474)**	**(1,025)**
TOTAL NET CASH FLOWS (A+B+C+D+E)	**35,252**	**71,839**
Net cash and bank balances at central banks	**153,403**	**80,246**
Cash and accounts with central banks (assets)	153,403	80,246
Net demand loans and deposits with credit institutions	**(6,396)**	**(5,080)**
Current accounts with overdrafts[(3)]	5,780	6,706
Demand accounts and loans	5	50
Demand accounts in credit	(9,471)	(9,389)
Demand repurchase agreements	(2,710)	(2,446)
Opening cash and cash equivalents	**147,006**	**75,167**
Net cash and bank balances at central banks	**186,310**	**153,403**
Cash and accounts with central banks (assets)	186,317	153,403
Accounts with central banks (liabilities)	(6)	
Net demand loans and deposits with credit institutions	**(4,051)**	**(6,396)**
Current accounts with overdrafts[(3)]	7,582	5,780
Demand accounts and loans	5	5
Demand accounts in credit	(7,694)	(9,471)
Demand repurchase agreements	(3,944)	(2,710)
Closing cash and cash equivalents	**182,259**	**147,006**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**35,252**	**71,839**

(1) Cash flows from or To the Shareholders mainly include:

- net changes in capital and associated reserves of the Banques Populaires and Caisses d'Epargne amounting to +€1,048 million (+€1,191 million in 2020);
- dividend payouts amounting to -€438 million (-€511 million in 2020).

(2) Other increases (decreases) generated by financing activities mainly include the impact of redemptions of subordinated notes and loans for -€1,854 million (-€449 million in 2020) and the subscription of a new loan for +€4,455 million.

(3) Current accounts with overdrafts do not include Livret A, LDD and LEP savings accounts centralized with the Caisse des Dépôts et Consignations.

5.1.6 Notes to the financial statements of Groupe BPCE

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Note 1 General framework

1.1 GROUPE BPCE

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

TWO BANKING NETWORKS: THE BANQUES POPULAIRES AND THE CAISSES D'EPARGNE

Groupe BPCE is a cooperative group whose shareholders own the two retail banking networks: the 14 Banques Populaires and the 15 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the group's central institution.

The Banque Populaire network consists of the Banques Populaires and the Mutual Guarantee Companies which grant them the exclusive benefit of their guarantees.

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

The Banques Populaires are wholly-owned by their cooperative shareholders.

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

BPCE

A central institution as defined by the French Banking Law and a credit institution licensed to operate as a bank, BPCE was created pursuant to act No. 2009-715 of June 18, 2009. BPCE was incorporated as a French limited liability company governed by a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 14 Banques Populaires and the 15 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banques Populaires and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves key appointments of company directors and oversees the smooth operation of the group's institutions.

As a holding company, BPCE is the head entity of the group and holds the joint ventures between the two networks in retail banking and insurance, corporate banking and financial services, and their production units. It defines the group's corporate strategy and growth and expansion policies.

The network and BPCE's main subsidiaries are organized around two core business lines:

- Retail Banking and Insurance, which includes the Banque Populaire network, the Caisse d'Epargne network, the Financial Solutions & Expertise business line (including Factoring, consumer loans, Leasing, Sureties & Financial Guarantees, and the "Retail Securities" business), the Natixis' Payments and Insurance business lines and Other networks (primarily Banque Palatine and the Oney group);
- Global Financial Services combining Asset & Wealth Management (Natixis Investment Managers and Natixis Wealth Management) and Corporate & Investment Banking (Natixis Corporate & Investment Banking).

In respect of the group's financial functions, BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of any financial transactions required to develop and fund the group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the group. BPCE also provides banking services to the other group entities.

1.2 GUARANTEE MECHANISM

Pursuant to Articles L. 511-31 and L. 512-107-5 and L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism was set up to ensure the liquidity and capital adequacy of the group and its associates, and to organize financial support within the group.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the group and each of the networks, including implementing the appropriate internal financing mechanisms within the group and establishing a Mutual Guarantee Fund common to both networks, for which it determines the operating rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of associates to the fund's initial capital endowment and reconstitution.

BPCE manages the Banque Populaire network Fund and the Caisse d'Epargne network Fund and has established the Mutual Guarantee Fund.

The Banque Populaire Network Fund was formed by a deposit made by the Banques Populaires of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to **the Caisse d'Epargne Network Fund** by the Caisses d'Epargne of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The Mutual Guarantee Fund was formed by deposits made by the Banques Populaires and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €172 million at December 31, 2021.

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

The booking of deposits in the institutions' individual accounts under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

Mutual guarantee companies granting the exclusivity of their guarantees to a Banque Populaire benefit from a liquidity and capital adequacy guarantee in their capacity as affiliates of the central institution.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne of which the local savings company in question is a shareholder.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

SIMPLIFIED PUBLIC TENDER OFFER FOR NATIXIS SHARES

On February 9, 2021, BPCE SA announced its intention to acquire the share capital of Natixis SA that it did not hold, *i.e.* approximately 29.3% at December 31, 2020, and to file a simplified public tender offer with the *Autorité des Marchés Financiers* (AMF), the French financial markets authority.

After obtaining the approval of the AMF on the compliance of the transaction and the various regulatory approvals required, the simplified Public tender offer for Natixis shares was conducted from June 4 to July 9, 2021 inclusive.

In accordance with the notice of the *Autorité des marchés financiers* (AMF), the French financial markets authority (D&I No.221C1758 of July 13, 2021), BPCE proceeded, on July 21, 2021, to the squeeze-out of all Natixis shares that had not been tendered to the public offer, under the same financial conditions as the simplified public tender offer, *i.e.* 4 euros per share of Natixis company. Consequently, as a result of the successful implementation of the squeeze-out, Natixis is, since July 21, 2021, no longer listed on the Stock Exchange.

As of December 31, 2021, BPCE held all the capital and voting rights of Natixis, with the exception of bonus shares issued by Natixis to employees and corporate officers of Natixis and its subsidiaries, which were still subject to a lock-up period at that date. These shares are covered by a liquidity contract and are subject to a liability of €17 million (commitment to buy back shares issued) and a provision of €13 million (commitment to buy back shares in the course of acquisition).

In accordance with IFRS 3, the acquisition of shares from minority shareholders of Natixis as part of the simplified public tender offer has no impact on the control already exercised by BPCE SA. This resulted in a decrease in total equity of -€3,792 million, representing the value of the shares purchased and delivered at that date, including a decrease in non-controlling interests of -€5,161 million and an increase in equity attributable to equity holders of the parent of +€1,369 million.

PROJECT TO SIMPLIFY THE GROUP'S ORGANIZATION

The simplified public tender offer for Natixis shares is part of an industrial project to support the development of Groupe BPCE's business lines and the simplification of its functional channels.

In particular, this project could result in an operational implementation in the first quarter of 2022 that includes:

- the direct attachment of the Insurance and Payments business lines to BPCE SA;
- the regrouping of the Asset & Wealth Management and the Corporate & Investment Banking business lines into a new "Global Financial Services" division.

It includes the following steps:

- the contribution by Natixis to a company wholly owned by BPCE SA of all the shares held by Natixis in Natixis Assurances;
- the contribution by Natixis to a company wholly owned by BPCE SA of all of the shares held by Natixis in Natixis Payment Solutions, Partecis and Natixis Payment Holding (NPH), Natixis subsidiaries currently operating the Groupe BPCE's Payments business;
- the distribution by Natixis to its shareholders of the shares of the Insurance Holding Company and the Payments Holding Company received as consideration, respectively, for the Insurance Contribution and the Payments Contribution;
- the acquisition by BPCE of all the shares received by the beneficiaries of bonus shares in the Insurance Holding Company and the Payments Holding Company as a result of the exercise of the put options provided for in the liquidity contracts.

Under the proposed transaction, BPCE would directly hold all of the share capital and voting rights of the Insurance Holding Company and the Payments Holding Company.

On September 22, 2021, the Natixis Board of Directors and the BPCE Supervisory Board approved the terms of the negotiation protocol, signed on the same day, in order to report on their discussions and to define the guiding principles that will inform the eventual conclusion of the definitive documentation relating to the proposed transaction.

In addition, the parties have also announced the sale by Natixis to BPCE SA of all the shares held in Natixis Immo Exploitation (NIE). This transfer is part of a project to create a shared service center ("CSP" Workplace) within BPCE SA bringing together all the expertise related to real estate operations. It would be carried out through a sale of 100% of the shares comprising the share capital of NIE. This transaction could take place in the first quarter of 2022, at the same time as the transfer of the Workplace workforce.

The information-consultation process of the relevant employee representative bodies within Groupe BPCE was initiated on September 23, 2021. The latter issued their opinion on January 11, 2022.

These proposed transactions are internal to Groupe BPCE and therefore have no impact on Groupe BPCE's financial statements as of December 31, 2021.

EVOLUTION OF THE RELATIONSHIP WITH H2O MANAGEMENT

In the fourth quarter of 2020, the group initiated negotiations concerning the sale of its entire stake in the H2O entity, *i.e.* 50.01% of the share capital. This sale consists for H2O Holding company in the purchase of its own shares. Discussions continued during the year, including with the relevant regulators, resulting in a new version of the memorandum of understanding signed on January 6, 2022, which is now expected to be implemented by the end of the first quarter of 2022.

The group has therefore continued to fully consolidate the entity as of December 31, 2021 and, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", has presented the assets and liabilities of this entity under two separate balance sheet headings: "Non-current Assets Held for Sale" in the amount of €401 million and "Non-current Liabilities Held for Sale" for €76 million. The provision for the estimated loss on disposal is now estimated at €140 million, of which €84 million is recorded in Gains and Losses on Long-Term Investments (excluding tax effects) for fiscal year 2021.

LA BANQUE POSTALE AND GROUPE BPCE ANNOUNCED THE RATIONALIZATION OF THEIR CAPITAL TIES AND THE STRENGTHENING OF THEIR INDUSTRIAL PARTNERSHIPS

On October 28, 2021, La Banque Postale and Groupe BPCE announced their intention to rationalize their capital ties and strengthen their industrial partnerships.

As a first step, La Banque Postale announced its plan to acquire the CNP Assurances shares held by Groupe BPCE and to file a simplified public tender offer for CNP Assurances minority shareholders with the AMF at a price of €21.90 per share (with dividend attached), with a view to a compulsory delisting if the conditions are met.

On December 16, 2021, BPCE sold its entire stake in CNP Assurances (16.11%) for €2,422 million, resulting in a pre-tax loss of -€14 million recognized in "Share in net income of associates and joint ventures". Following the sale, Groupe BPCE retains a directorship in CNP Assurances.

Groupe BPCE and La Banque Postale have also announced that they have entered into exclusive negotiations in connection with the proposed acquisition by Natixis Investment Managers of 40% of the share capital of AEW and 45% of the share capital of Ostrum Asset Management, currently held by La Banque Postale. The proposed acquisition of these minority stakes will strengthen the capital position of Natixis Investment Managers in these two strategic affiliates, by holding them at 100%.

The final agreements should be concluded in the first half of 2022, after obtaining the necessary authorizations from the competent authorities and after an information and consultation procedure with the employee representative bodies.

This project is accompanied by an extension of the distribution and management agreements currently in force with CNP Assurances and La Banque Postale until 2030.

SALE OF 29.5% OF COFACE'S SHARE CAPITAL TO ARCH CAPITAL GROUP LTD

On February 10, 2021, following the approval of the competent competition and regulatory authorities, Natixis and Arch Capital Group Ltd announced the completion of the sale of 29.5% of the share capital of Coface to Arch Financial Holdings Europe IV Limited, an affiliate of Arch Capital Group Ltd. at a price of €9.95 per share (dividend attached). Since then, Natixis is no longer represented on the Coface Board of Directors.

The income recognized on the loss of significant influence amounts to +€7 million.

Since this transaction, the residual interest is recognized as financial assets at fair value through other comprehensive income. During the second half of 2021, Natixis sold Coface shares on the market, reducing its residual stake from 12.7% to 10.04% as of December 31, 2021, representing an amount of €189 million (fair value calculated on the basis of the share price at that date).

On January 6, 2022, Natixis announced the successful sale of its entire residual stake at the price of €11.55 per share through an accelerated placement to institutional investors. This disposal will affect the accounts for the first quarter of 2022, with the recording of an amount of -€15 million in other comprehensive income.

SALE OF THE SUBSIDIARY BANQUE TUNISO-KOWEITIENNE (BTK):

On August 27, 2021, Groupe BPCE sold its stake in Banque Tuniso-Koweitienne (BTK) to the Elloumi Group.

The income recognized in 2021 on this transaction, after taking into account the associated reversals of provisions, is not significant.

1.4 POST-BALANCE SHEET EVENTS

No post-balance sheet events have been identified.

Note 2 Applicable accounting standards and comparability

2.1 REGULATORY FRAMEWORK

The consolidated financial statements of Groupe BPCE were prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable at the reporting date, excluding certain provisions of IAS 39 relating to hedge accounting.

2.2 ACCOUNTING STANDARDS

The standards and interpretations used and detailed in the annual financial statements at December 31, 2020 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from January 1, 2021.

Groupe BPCE used the option available in IFRS 9 not to apply the provisions of the standard relative to hedge accounting, and to continue to apply IAS 39 as adopted by the European Union for the recognition of these transactions, *i.e.* excluding certain provisions relating to macro-hedging.

On November 3, 2017, the European Commission adopted the amendment to IFRS 4 applying IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" with specific provisions for financial conglomerates, applicable from January 1, 2018. European regulations therefore allow European financial conglomerates to opt to defer application of IFRS 9 for their Insurance activities until January 1, 2021 (effective date of first-time application of the new IFRS 17, Insurance contracts), provided they:

- do not transfer financial instruments between the Insurance sector and other sectors of the conglomerate (with the exception of financial instruments designated at fair value through profit or loss for the two sectors affected by the transfer);
- indicate the Insurance entities that apply IAS 39;
- disclose specific additional information in the notes to the financial statements.

At its meeting on March 17, 2020, the IASB decided to defer its application by two years, as clarifications still need to be given regarding key aspects of the standard. It also decided to defer the expiry of Insurance companies' temporary exemption from IFRS 9 to January 1, 2023, to align it with the application of IFRS 17. An amendment was published on June 25, 2020. This amendment improves the application of IFRS 17.

As Groupe BPCE is a financial conglomerate, it elected to apply this provision to its Insurance businesses, which continue to be covered by IAS 39. The entities concerned by this measure are mainly CEGC, Natixis Assurances, BPCE Vie and its consolidated funds, Natixis Life, BPCE Prévoyance, BPCE Assurances, BPCE IARD, Surassur, Oney Insurance, Oney Life, Prépar Vie and Prépar IARD.

In accordance with the Implementing Regulation of November 3, 2017, the group took the necessary steps to prohibit any transfer of financial instruments between its Insurance sector and the rest of the group that would lead to derecognition for the transferring entity; this restriction is not, however, required for transfers of financial instruments measured at fair value through profit or loss by the two sectors involved.

Regulation (EU) 2017/2395 dated December 12, 2017 relating to transitional arrangements for mitigating the impact of the introduction of IFRS 9 on capital and for the large exposures treatment of certain public-sector exposures was published in the Official Journal on December 27, 2017. Groupe BPCE has decided not to opt to neutralize IFRS 9 transitional impacts at the prudential level due to the limited impact when applying the standard.

Amendments to IAS 39 and IFRS 9: interest rate benchmark reform (phase 2)

As a reminder, on August 27, 2020, the IASB published amendments regarding issues related to the replacement of benchmark rates by their alternative benchmark rate (phase 2). These amendments involved IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 regarding modifications of financial assets and financial liabilities (including lease liabilities), whether or not these are related to the enforcement of existing contractual clauses (*i.e.* fallback clauses), hedge accounting, and disclosures. These amendments were adopted by the European Commission on January 13, 2021. Their application date is January 1, 2021 and they may be applied early. Groupe BPCE chose to apply the amendment early as of December 31, 2020.

The uncertainties related to the benchmark rate reform and the organization implemented by Groupe BPCE are presented in Note 5.20.

Decision of the IFRS Interpretations Committee (IFRS IC) on IAS 19 "Employee Benefits"

The IFRS IC has been asked to take into account the vesting conditions of post-employment defined benefit plans (pension and similar benefits provided for in the balance sheet) when the benefit granted to the employee depends on:

- the employee's presence in the company at the time of retirement;
- the employee's length of service (seniority);
- a ceiling determined by the number of years of service.

The final position of the IFRS IC issued at its meeting on April 20, 2021, states that under IAS 19, the vesting period should be the period immediately before retirement age, starting from the date on which each year of service counts towards vesting under the terms of the plan.

As a result, it is no longer possible, as was previously the case for Groupe BPCE, to use the total period of service as the vesting period when this exceeds the ceiling used to calculate the benefit.

This position does not change the valuation of the commitments but the timing of their recognition in the income statement.

Groupe BPCE has implemented this position as of December 31, 2021. This decision mainly concerns end-of-career awards (IFC), with the non-material effect of reducing the amount of the provision recognized in this respect at December 31, 2021 by €59 million before tax, with a corresponding entry in equity (consolidated reserves). The IFRS IC impact is presented under "Other changes" in the statement of changes in equity for an amount net of deferred taxes of €44 million.

The comparative information presented for fiscal year 2020 has not been restated for these effects but is the subject of specific information at the bottom of the tables in Note 8.2.

Decision of the IFRS Interpretations Committee (IFRS IC) on IAS 38 "Intangible Assets"

IFRS IC has been asked to address the issue of accounting for the customer's costs of configuring and customizing software obtained from a supplier under a SaaS contract.

The final position of the IFRS IC issued at its meeting on March 16, 2021, states that in application of IAS 38, IAS 8 and IFRS 15, SaaS contracts are generally not recognized as assets and are accounted for at the customer's premises as a service provision. Configuration and customization costs incurred on these contracts can only be recognized as intangible assets in certain situations, such as when the contract could result in the creation of new lines of code, the future economic benefits of which would accrue to the customer alone. Otherwise, the customer recognizes these costs as an expense at the time the customer receives the configuration and customization services from the vendor (not at the time the customer uses the services).

This decision has no effect on the financial statements of Groupe BPCE as of December 31, 2021.

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

NEW STANDARDS PUBLISHED AND NOT YET APPLICABLE

IFRS 17

IFRS 17 "Insurance contracts" was published by the IASB on May 18, 2017 and will replace IFRS 4 "Insurance contracts". Initially applicable on January 1, 2021, with a comparison at January 1, 2020, this standard is only expected to come into force from January 1, 2023. At its meeting on March 17, 2020, the IASB decided to defer its application by two years, as clarifications still need to be given regarding key aspects of the standard. It also decided to defer the expiry of Insurance companies' temporary exemption from IFRS 9 to January 1, 2023, to align it with the application of IFRS 17. An amendment was published on June 25, 2020. This amendment improves the application of IFRS 17. Regulation (EU) 2020/2097, of December 15, 2020 adopts the amendments made to IFRS 4 to extend the exemption from applying IFRS 9 for insurers. EU Regulation 2021/2036 of November 19, 2021 adopts IFRS 17 and provides for the possibility of exempting intergenerational and cash flow offset pooled contracts from the annual cohort requirement imposed by the standard. Groupe BPCE's savings/retirement contracts should fully fall within the scope of this European exemption. On December 9, the IASB published an amendment to IFRS 17 allowing all financial assets held by insurers as of January 1, 2022 to be presented under IFRS 9 in the comparative statements when IFRS 17 and IFRS 9 are applied together in 2023. Groupe BPCE plans to apply this option and also to apply the impairment rules of IFRS 9 for credit risk to eligible financial assets for its comparative statements for 2022.

IFRS 17 establishes the principles of recognition, measurement, presentation and disclosure for the Insurance contracts and investment contracts with discretionary profit sharing provisions that fall within its scope.

Currently measured at historic cost, contract obligations shall be recognized at present value, in accordance with IFRS 17. To that end, Insurance contracts will be measured based on their future cash flows, including a risk margin in order to factor in the uncertainty relating to these cash flows. IFRS 17 also introduces the concept of contractual service margin. This represents the insurer's unearned profit and will be released over time as the services are rendered to the policyholder. The standard requires a more detailed level of granularity in the calculations since it requires estimates by group of contracts (without classifying contracts issued more than one year apart in the same group – annual cohorts). However, the European Commission has introduced an optional "carve-out" allowing the annual cohort requirement to be waived for groups of Insurance contracts with direct participation features and groups of investment contracts with discretionary participation features that benefit from a pooling of returns on the underlying assets between different generations of policyholders (contracts with intergenerational pooling).

These accounting changes could modify the profile of Insurance income (in particular for life insurance) and also introduce greater volatility in income.

As of December 31, 2021, Groupe BPCE's Insurance entities have set up project teams to address the changes brought about by the standard and are continuing their preparatory work. This work includes making decisions and documenting the choices made pertaining to the standard, modeling, adapting systems and organizations, producing financial statements and the switchover strategy, financial disclosures and change management.

2.3 USE OF ESTIMATES AND JUDGMENTS

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

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

Actual future results may differ from these estimates.

With respect to the financial statements for the period ended December 31, 2021 in particular, accounting estimates requiring assumptions were mainly used for the following measurements:

- the fair value of financial instruments determined on the basis of valuation models (Note 10);
- the amount of expected credit losses on financial assets as well as on loan and guarantee commitments (Note 7.1);
- the results of hedge effectiveness tests (Note 5.3);
- provisions recorded under liabilities in the balance sheet and more specifically the provision for regulated home savings products (Note 5.13) and provisions for Insurance policies (Note 9);
- calculations related to the cost of pensions and future employee benefits (Note 8.2);
- uncertainties relating to the tax treatment of income taxes (Note 11);
- deferred tax assets and liabilities (Note 11);
- uncertainties related to the application of certain provisions related to benchmarks (Note 5.20);
- goodwill impairment tests (Note 3.5);
- the lease term to be used for the recognition of rights-of-use and lease liabilities (Note 12.2.2).

Judgment must also be exercised to assess the business model and the basic characteristics of a financial instrument. The procedures are described in the relevant paragraphs (Note 2.5.1).

Estimates and judgments are also used in the group's activities to estimate climate and environmental risks. Governance and commitments regarding these risks are presented in Chapter 2 "Non-financial performance statement". Information on the effect and consideration of climate risks on credit risk management (Note 7) is presented in Chapter 6 "Risk management – Climate risks". The accounting treatment of the main green financial instruments is presented in the Notes 2.5, 5.5, 5.10, 5.11.2.

2.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND REPORTING DATE

As no specific format is required under IFRS, the presentation used by the group for summarized statements follows Recommendation No. 2017-02 issued by the *Autorité des normes comptables* (ANC – French national accounting standards authority) on June 2, 2017.

The consolidated financial statements are based on the financial statements at December 31, 2020. The group's consolidated financial statements for the period ended December 31, 2021 were approved by the Management Board on February 8, 2022. They will be presented to the General Meeting on May 19, 2022.

The amounts presented in the financial statements and in the notes are shown in millions of euros, unless otherwise indicated. Rounding may lead to differences between the amounts shown in the financial statements and those referred to in the notes.

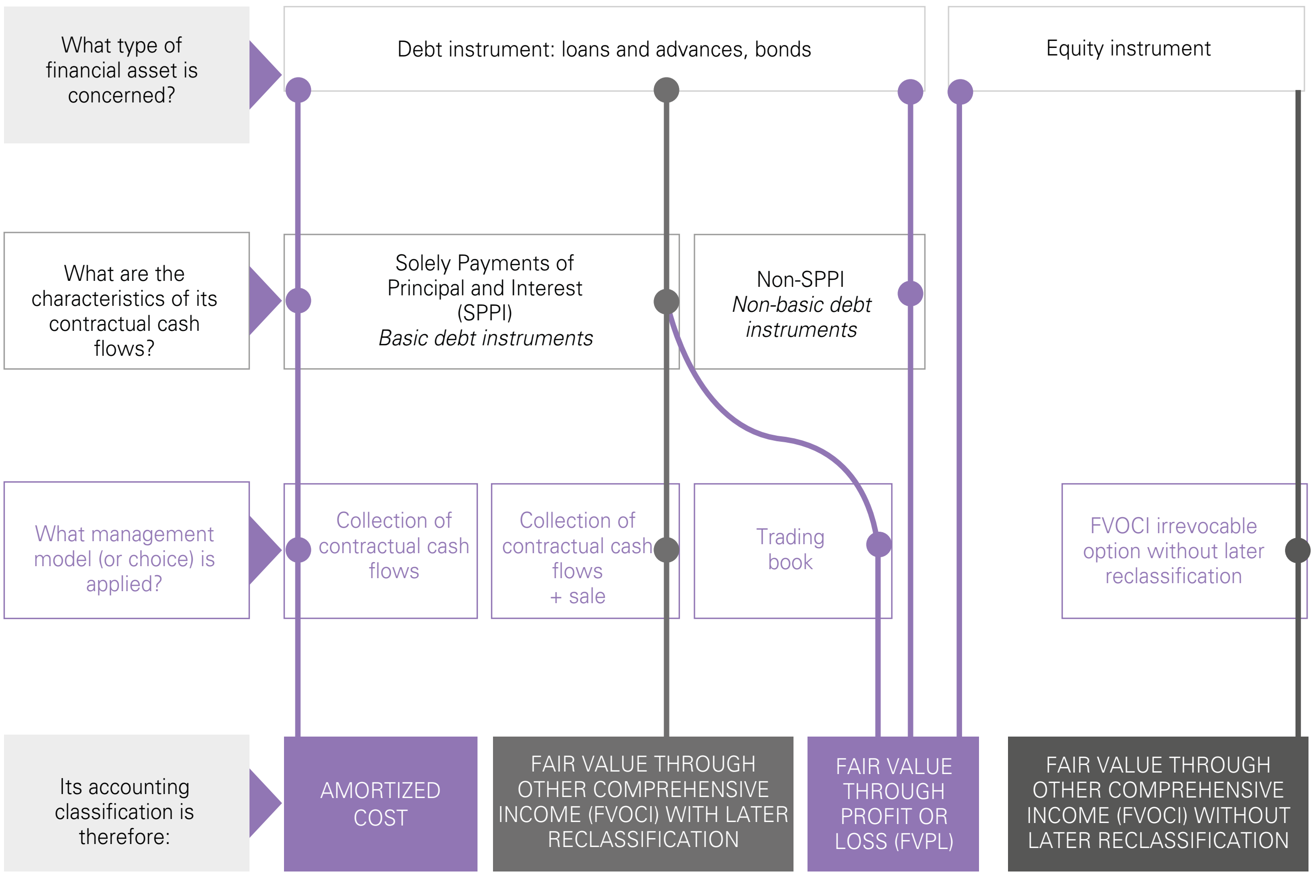
2.5 GENERAL ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

The general accounting principles set out below apply to the main items of the financial statements. Specific accounting principles are presented in the Notes to which they refer.

2.5.1 CLASSIFICATION AND VALUATION OF FINANCIAL ASSETS AND LIABILITIES

IFRS 9 is applicable to Groupe BPCE, except for the Insurance subsidiaries which still apply IAS 39.

On initial recognition, financial assets are classified at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss, according to the type of instrument (debt or equity), the characteristics of their contractual cash flows and how the entity manages its financial instruments (its business model).



Business model

The entity's business model represents the way in which it manages its financial assets to produce cash flow. Judgment is exercised to ascertain the business model.

The choice of business model must take into account all information regarding the manner in which cash flows were generated in the past, along with all other relevant information.

For example:

- the way in which the performance of financial assets is assessed and presented to the main company directors;
- risks having an impact on the business model's performance, in particular the way in which these risks are managed;
- the way in which directors are paid (for example, if pay is based on the fair value of assets under management or on the contractual cash flows received);
- the frequency of, volume of and reason for sales.

Moreover, the choice of business model must be made at a level which reflects the way in which groups of financial assets are managed collectively with a view to achieving a given economic objective. The business model is therefore not decided on an instrument by instrument basis, but rather at a higher level of aggregation, by portfolio.

The standard provides for three business models:

- a business model whose objective is to hold financial assets in order to receive contractual cash flows ("hold to collect model"). This model, under which the concept of "holding" is relatively similar to holding to maturity, remains valid if disposals occur under the following conditions:
  - the disposals are due to an increase in credit risk,
  - the disposals occur just before maturity and at a price that reflects the contractual cash flows that are still owed,
  - other disposals may also be compatible with the "hold to collect" model's objectives if they are infrequent (even if their value is significant) or if their value is insignificant when considered both individually and overall (even if they are frequent).

For Groupe BPCE, the "hold to collect" model applies to financing activities (excluding the loan syndication activity) carried out by retail banking, Corporate & Investment Banking and Financial Solutions & Expertise;

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

  Groupe BPCE applies the "hold to collect and sell" model primarily to the portion of portfolio management activities for securities in the liquidity reserve that is not managed solely under a "hold to collect" model;
- a model intended for other financial assets, especially those held for trading, for which the collection of contractual cash flows is incidental. This business model applies to the loan syndication activity (for the portion of outstandings to be sold that was identified at the outset) and to the capital market activities carried out primarily by Corporate & Investment Banking.

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

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

The principal amount is defined as the financial asset's fair value at its acquisition date. Interest is the consideration for the time value of money and the credit risk incurred on the principal amount, as well as other risks such as liquidity risk, administrative costs and the profit margin.

The instrument's contractual terms must be taken into account to assess whether contractual cash flows are solely payments of principal and interest. All elements that may cast doubt as to whether only the time value of money and credit risk are represented must therefore be analyzed. For example:

- events that would change the amount and date of the cash flows. Any contractual option that creates risk exposure or cash flow volatility that is not consistent with a basic lending arrangement, such as exposure to fluctuations in the price of stocks or of a market index, or the introduction of leverage, would make it impossible to categorize contractual cash flows as SPPI;
- the applicable interest rate features (for example, consistency between the rate refixing period and the interest calculation period). If a clear determination cannot be made through qualitative analysis, a quantitative analysis (a benchmark test) is carried out. This test involves comparing the contractual cash flows for the asset in question with the contractual cash flows of a benchmark asset;
- early redemption and extension conditions. For the borrower or lender, a contractual option permitting prepayment of financial instruments does not violate the SPPI test for contractual cash flows if the prepayment amount mainly represents the unpaid amounts of principal and interest and, if applicable, a reasonable additional remuneration for the early termination of the contract.

Furthermore, although they do not strictly meet the criteria for remuneration of the time value of money, certain assets with a regulated interest rate are classified SPPI if this regulated rate provides consideration that corresponds substantially to the passage of time and presents no exposure to a risk that would be inconsistent with a basic lending arrangement. This is the case in particular for financial assets representing the portion of Livret A passbook savings account inflows that is centralized with Caisse des Dépôts et Consignations.

Financial assets that generate SPPI are debt instruments such as fixed-rate loans, floating-rate loans without an interest rate tenor mismatch or that are not linked to a security or to a market index, and fixed-rate or floating-rate debt securities.

Non-SPPI financial assets include UCITS units, debt instruments convertible or redeemable into a fixed number of shares and structured loans to local authorities.

To qualify as SPPI assets, the securities held in a securitization vehicle must meet specific conditions. The contractual terms of the tranche must meet the SPPI criterion. The pool of underlying assets must meet the SPPI conditions. The risk inherent in the tranche must be lower than or equal to the exposure to the vehicle's underlying assets.

A non-recourse loan (*e.g.* infrastructure financing-type project financing) is a loan secured only by physical collateral. If there is no possible recourse to the borrower, the structure of other possible recourses or protection mechanisms for the lender in the event of default must be examined in order to categorize these loans as SPPI assets: acquisition of the underlying asset, collateral provided (security deposits, margin call, etc.), enhancements provided.

Accounting categories

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

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

- the asset is held under a hold to collect business model; and
- the contractual terms of the financial asset define it as generating SPPI within the meaning of the standard.

A debt instrument is valued at fair value through other comprehensive income if it meets the following two conditions:

- the asset is held under a hold to collect and sell business model; and
- the contractual terms of the financial asset define it as generating SPPI within the meaning of the standard.

Equity instruments are, by default, recorded at fair value through profit or loss unless they qualify for an irrevocable option for valuation at fair value through other comprehensive income not recyclable to profit or loss (provided they are not held for trading purposes and accordingly classified as financial assets at fair value through profit or loss), without subsequently being reclassified through profit or loss. If opting for the latter category, dividends continue to be recognized in income.

Financing through the issuance of green financial products or investments in such products are accounted for at amortized cost unless they are held as part of a short-term disposal activity.

All other financial assets are recorded at fair value through profit or loss. These financial assets include financial assets held for trading, financial assets at fair value through profit or loss and non-SPPI assets. Financial assets may only be designated at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch. This option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

Embedded derivatives are no longer recognized separately to their host contract when these are financial assets, such that the entire hybrid instrument must now be recognized at fair value through profit or loss when it does not meet the SPPI criterion.

For financial liabilities, the classification and measurement rules set out in IAS 39 are carried forward to IFRS 9 unchanged, with the exception of those applicable to financial liabilities that the entity chooses to record at fair value through profit or loss (fair value option), for which revaluation differences related to changes in own credit risk are recorded under gains and losses recognized directly in other comprehensive income, without being subsequently reclassified through profit or loss.

The provisions of IAS 39 on the derecognition of financial assets and liabilities remain unchanged in IFRS 9. The amendment to IFRS 9 of October 12, 2017 clarified the treatment under IFRS 9 of modifications of liabilities recognized at amortized cost if the modification does not result in derecognition: the profit or loss resulting from the difference between the original cash flows and the modified cash flows discounted at the original effective interest rate must be recognized in profit or loss.

2.5.2 TRANSACTIONS IN FOREIGN CURRENCIES

The method used to account for assets and liabilities relating to foreign currency transactions entered into by the group depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the group entity on whose balance sheet they are recognized, at the exchange rate prevailing at the balance sheet date. All resulting foreign exchange gains and losses are recognized in income. However, there are two exceptions to this rule:

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

Non-monetary assets carried at historic cost are translated using the exchange rate prevailing at the transaction date. Non-monetary assets carried at fair value are translated using the exchange rate in effect at the date on which the fair value was determined. Foreign exchange gains and losses on non-monetary items are recognized in profit or loss if gains and losses relating to the items are recorded in profit or loss, and in "Gains and losses recognized directly in other comprehensive income" if gains and losses relating to the items are recorded in "Gains and losses recognized directly in other comprehensive income".

Note 3 Consolidation

3.1 CONSOLIDATING ENTITY

Due to the group's structure as described in Note 1, Groupe BPCE's consolidating entity includes:

- the Banques Populaires, namely the 12 Banque Populaire regional banks, CASDEN Banque Populaire and Crédit Coopératif;
- the 15 Caisses d'Epargne;
- the Mutual Guarantee Companies (*sociétés de caution mutuelle*) collectively affiliated with the Banques Populaires to which they are linked;
- the group's central institution, BPCE.

In addition, the group comprises:

- the subsidiaries of the Banques Populaires;
- the subsidiaries of the Caisses d'Epargne, including CE Holding Participations and its subsidiaries;
- the subsidiaries owned by the central institution, including Natixis, Crédit Foncier, Banque Palatine, the entities of the Financial Solutions & Expertise division, BPCE International and Oney.

3.2 SCOPE OF CONSOLIDATION – CONSOLIDATION AND VALUATION METHODS

The group's financial statements include the financial statements of all the entities over which it exercises control or significant influence, whose consolidation had a material impact on the aforementioned financial statements.

The scope of entities consolidated by Groupe BPCE is described in Note 13 – Scope of consolidation.

3.2.1 ENTITIES CONTROLLED BY THE GROUP

The subsidiaries controlled by Groupe BPCE are fully consolidated.

Definition of control

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

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

Exclusive control is presumed to exist when the group holds directly or indirectly either the majority of the subsidiary's voting rights, or at least half of an entity's voting rights and a majority within the management bodies, or is in a position to exercise significant influence.

Special case: structured entities

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

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

(a) well-defined activities;

(b) a specific and well-defined aim, for example: implementing a lease eligible for specific tax treatment, carrying out research and development, providing an entity with a source of capital or funding, or providing investors with investment options by transferring associated risk and advantages to the structured entity's assets;

(c) insufficient equity for the structured entity to finance its activities without subordinated financial support;

(d) financing through the issuance, to investors, of multiple instruments inter-related by contract and which create concentrations of credit risk or other risks ("tranches").

The group therefore considers, among others, collective investment undertakings within the meaning of the French Monetary and Financial Code and equivalent bodies governed by foreign law as structured entities.

Full consolidation method

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

The portion of interest which is not directly or indirectly attributable to the group corresponds to a non-controlling interest.

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

Changes to the percentage interest in subsidiaries that do not lead to a change in control are recognized as transactions affecting equity.

The effects of these transactions are recognized in equity at their after-tax amount and therefore do not impact consolidated income attributable to equity holders of the parent.

Exclusion from the scope of consolidation

Non-material controlled entities are excluded from the scope in accordance with the principle set out in Note 13.5.

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

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

3.2.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Definition

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

A joint venture is a partnership in which the parties which exercise joint control over the entity have rights over its net assets.

Joint control is the contractually agreed sharing of control over a company, which exists only when the strategic decisions require the unanimous consent of the parties sharing control.

Equity method

Income, assets and liabilities of investments in associates and joint ventures are accounted for in the group's consolidated financial statements using the equity method.

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

The equity method is applied from the date on which the entity becomes an associate or a joint venture. On the acquisition of an associate or a joint venture, the difference between the cost of investment and the group's share in the net fair value of the entity's identifiable assets and liabilities is recognized in goodwill. When the net fair value of the entity's identifiable assets and liabilities is higher than the cost of investment, the difference is recognized in income.

The share of net income of entities accounted for under the equity method is included in the group's consolidated income.

When a group entity carries out a transaction with a group joint venture or associate, the profit or loss resulting from this transaction is recognized in interests held by third parties in the associate or joint venture.

The net investment in an associate or joint venture is subject to impairment testing if there is objective evidence of impairment arising from one or more events occurring after the initial recognition of the net investment and if the events have an impact on estimated cash flows, provided this impact can be reliably calculated.

In such cases, the total carrying amount of the investment (including goodwill) is subject to impairment testing in accordance with the provisions of IAS 36 "Impairment of assets".

Exception to the equity method

When the investment is held by a venture capital organization, an investment fund, an investment company with variable share capital or a similar entity such as an Insurance asset investment fund, the investor may choose not to recognize the investment using the equity method. In this case, revised IAS 28 "Investments in Associates and Joint Ventures" authorizes the investor to recognize the investment at its fair value (with changes in fair value recognized in income) in accordance with IFRS 9.

These investments are therefore recognized as "Financial assets at fair value through profit or loss".

The Global Financial Services division's private equity subsidiaries have chosen to measure their investments in this way, considering that this valuation method provides more relevant information.

3.2.3 INVESTMENTS IN JOINT ACTIVITIES

Definition

A joint activity is a partnership where parties that have joint control over an entity have direct rights over the entity's assets, and obligations for its liabilities.

Accounting treatment of joint activities

An investment in a joint enterprise is accounted for by integrating all interests held in the joint activity, *i.e.* the entitled share in each asset and liability and item of income. These interests are allocated by nature to the various lines of the consolidated balance sheet, consolidated income statement and the statement of net income and gains and losses recognized directly in other comprehensive income.

3.3 CONSOLIDATION RULES

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

3.3.1 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are expressed in euros.

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

Foreign exchange rate adjustments arise from a difference in:

- net income for the period translated at the average rate and at the closing rate;
- equity (excluding net income for the period) translated at the historic exchange rate and at the year-end rate.

The portion attributable to equity holders of the parent is recorded in equity under "Foreign exchange rate adjustments" and the portion attributable to minority shareholders under "Non-controlling interests".

3.3.2 ELIMINATION OF INTRA-GROUP TRANSACTIONS

The impact of intercompany transactions on the consolidated balance sheet and consolidated income statement is eliminated. Dividends, as well as gains and losses on intercompany asset disposals, are also eliminated. Where appropriate, capital losses from asset disposals resulting in impairment are maintained.

3.3.3 BUSINESS COMBINATIONS

In accordance with revised IFRS 3, "Business Combinations" and IAS 27, "Consolidated and Separate Financial Statements":

- combinations between mutual insurers are included within the scope of IFRS 3;
- costs directly linked to business combinations are recognized in net income for the period;
- contingent considerations payable are included in the acquisition cost at their fair value at the date of acquisition of a controlling interest in an entity, even if they are only potential. Depending on the settlement method, transferred considerations are recognized against:
  - capital and later price revisions will not be booked,
  - or debts and later adjustments are recognized against income statement (financial debts) or according to the appropriate standards (other debts outside the scope of IFRS 9);
- on an entity's acquisition date, non-controlling interests may be valued:
  - either at fair value (method resulting in the allocation of a share of the goodwill to non-controlling interests),
  - or at the share in the fair value of the identifiable assets and liabilities of the entity acquired (method similar to that applicable to transactions prior to December 31, 2009).

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

Whatever method is chosen when the acquisition is made, increases in the percentage of interest in an entity already controlled are systematically recognized in capital:

- when an entity is acquired, any share previously held by the group must be revalued at fair value through profit or loss. Consequently, in the event of a step acquisition, goodwill is determined by referring to the fair value at the acquisition date;
- when the group loses control of a consolidated company, any share previously held by the group must be revalued at fair value through profit or loss.

All business combinations that occurred prior to the revisions of IFRS 3 and IAS 27 are accounted for by applying the purchase method, except business combinations involving two or more mutual insurers or entities under joint control, as these transactions were explicitly excluded from the scope of application.

3.3.4 PURCHASE COMMITMENTS GRANTED TO MINORITY SHAREHOLDERS OF FULLY CONSOLIDATED SUBSIDIARIES

The group has entered into commitments with minority shareholders of certain fully consolidated group subsidiaries to buy out their shares. These buyback commitments are optional commitments (sales of put options). The exercise price for these options may be an amount fixed contractually, or may be established according to a calculation formula defined upon the acquisition of the subsidiary's securities and taking into account its future activity, or may be set as the fair value of the subsidiary's securities on the day on which the options are exercised.

For accounting purposes, these commitments are treated as follows:

- pursuant to the provisions of IAS 32, the group recognizes a financial liability with respect to the put options sold to minority shareholders in fully-consolidated entities. This liability is initially recognized at the discounted value of the put option exercise price under "Other liabilities";
- the obligation to record a liability even though the put options are not exercised means, for purposes of consistency, that the same accounting treatment as that for transactions related to non-controlling interests must be applied. As a result, the corresponding entry for this liability is deducted from "Non-controlling interests" underlying the options and the balance is deducted from "Consolidated reserves attributable to equity holders of the parent";
- subsequent changes in this liability relating to any change in the estimated exercise price of the options and the carrying amount of "Non-controlling interests" are fully booked as "Consolidated reserves attributable to equity holders of the parent";
- in the event of a buyback, the liability is settled by the cash payment related to the acquisition of minority shareholders' stakes in the subsidiary in question. However, when the commitment expires, if the buyback does not take place, the liability is written off against non-controlling interests and "Consolidated reserves attributable to equity holders of the parent" according to their respective amounts;
- as long as the options have not been exercised, results from non-controlling interests subject to put options are included in the consolidated income statement as "Non-controlling interests".

3.3.5 FISCAL YEAR CLOSING DATE OF CONSOLIDATED ENTITIES

The entities included in the scope of consolidation close their accounts on December 31.

3.4 CHANGES IN THE SCOPE OF CONSOLIDATION DURING FISCAL YEAR 2021

The main changes in the scope of consolidation in the 2021 fiscal year are presented below:

CHANGES IN THE OWNERSHIP INTEREST IN SUBSIDIARIES (WITH NO IMPACT ON CONTROL)

Change in the group's ownership interest in Natixis

Following the simplified public tender offer for Natixis shares launched in February 2021, Groupe BPCE's interest in Natixis has been 100% since July 1, 2021, compared with 70.66% at December 31, 2020. The impacts of this change on equity are presented in Note 1.3.

Other changes

Natixis IM, which previously held 50% of the capital of AEW UK Investment Management LLP, acquired 50% of the remaining capital from the managers of the structure. Following this transaction, the company, which is now wholly owned by Natixis IM, changed its consolidation method from the equity method to full consolidation.

OTHER CHANGES IN SCOPE

Newly consolidated entities

DURING THE FIRST QUARTER OF 2021

- consolidation of Val de France Immo, a subsidiary of Banque Populaire Val de France;
- creation of Natixis Investment Managers UK (Funds) Limited as part of the international distribution activity of the Global Financial Services division;
- creation of Loomis Sayles (Netherlands) B.V. to permanently locate and accelerate the growth of Loomis Sayles in Europe;
- creation by AEW Capital Management (US) of a new subsidiary in South Korea: AEW Korea LLC. Furthermore, AEW Capital Management created two non-consolidated fund management entities in Luxembourg (AEW VIA IV GP Partners Sarl and AEW APREF GP Sarl).

DURING THE SECOND QUARTER OF 2021

- consolidation of CEPRAL Participations SAS, a subsidiary of Caisse d'Epargne Rhône Alpes and the FRUCTI ACTIONS France C fund in the Insurance division.

DURING THE THIRD QUARTER OF 2021

- consolidation of Banque de Transition Energétique, a subsidiary of Banque Populaire Auvergne Rhône Alpes, dedicated to financing the region's energy transition through the mobilization of local responsible savings;
- consolidation of COOPMED, the Belgian subsidiary of Crédit Coopératif which aims to develop economically responsible initiatives linked to the sectors of microfinance and the cooperative, mutual and non-profit economy or any other form of social economy throughout the Mediterranean basin;
- consolidation of DNCA INVEST NORDEN, Vega Euro Rendement RC, Insurance investment mutual fund, creation of Natixis Global Services (India) Private Limited, dedicated to operational support.

DURING THE FOURTH QUARTER OF 2021

- creation by AEW Capital Management (U.S.) of a new subsidiary in the United States: AEW Core Property (U.S.) GP LLC and a second one in Luxembourg: AEW Core Property (U.S.) LUX GP SARL, specialized in the management of non-consolidated real estate funds;
- consolidation of THEMATHICS AI AND ROBOTICS (asset management).

Deconsolidated entities

DISPOSALS (SEE NOTE 1.3)

- Coface shares by the Global Financial Services division: 29.5% carried out on February 10, 2021 then an additional disposal in the second quarter bringing the residual stake to 10.04%;
- the 60% stake in Banque Tuniso Koweitienne, on August 27, 2021, and of its subsidiaries Arab International Lease, El Istifa, Univer Invest SICAR, Tunis Center, Univers Participations SICAF, Société du Board et de l'intermédiation Financière (Board and Financial Intermediation Company) and MADAI SA;
- the 16.11% stake in CNP Assurances on December 16, 2021.

DISSOLUTIONS/LIQUIDATIONS

- AEW Senior Housing Investors Inc in the first quarter, which was involved in the management of AEW Capital Management's non-consolidated AEW Senior Housing Investors fund;
- AEW REAL ESTATE ADVISORS, INC. (asset management) and the NALEA fund (formerly NORDRI) in the third quarter.

DECONSOLIDATIONS

- Natixis Formation Epargne Financière in the second quarter following the liquidation of the entity which had been in run-off mode for several year;
- ESNI, a securitization company, following the liquidation of the Groupe BPCE Credit-Claim1 fund in the second quarter;
- IRD Nord Pas de Calais (EQ), following the sale of 4.54% of the share capital in the third quarter;
- Muracef in the fourth quarter.

Mergers and full transfers of assets and liabilities

- TUP of EXPANSINVEST at GARIBALDI PARTICIPATIONS within the scope of Banque Populaire Rhône Alpes in the second quarter;
- TUP of SEREXIM at BPCE Expertises Immobilières in the third quarter of 2021;
- Merger by BIMPLI of Alter CE (Comitéo), Jackpot, Lakooz, Natixis Intertitres, Titres cadeaux into the Payments division in the fourth quarter of 2021;
- Merger of Financière Participation BPS by Banque Populaire du Sud in the fourth quarter;
- TUP of Natixis Funding to Natixis SA in the fourth quarter.

3.5 GOODWILL

3.5.1 VALUE OF GOODWILL

in millions of euros	Fiscal year 2021	Fiscal year 2020
Opening net value	**4,307**	**4,665**
Acquisitions[1]	30	52
Disposals		(282)
Other movements	(7)	
Foreign exchange rate adjustments	113	(128)
CLOSING NET VALUE	**4,443**	**4,307**

(1) Includes the additional acquisition of 50% of AEW UK Investment Management LLP shares by the Global Financial Services division.

At December 31, 2021, gross goodwill stood at €4,912 million and total impairment came to -€469 million.

Certain goodwill items recognized in the United States give rise to tax amortization over 15 years, leading to a difference between the carrying amount of the goodwill and its tax base. This difference in treatment generated a deferred tax liability of €349 million at December 31, 2021, compared with €321 million at December 31, 2020.

Breakdown of goodwill

	Net carrying amount	
in millions of euros	12/31/2021	12/31/2020
Regional Banks[(1)]	633	633
Banque BCP France	42	42
Other	8	8
Retail banking	**683**	**683**
Oney Bank	170	170
Other Networks	**170**	**170**
Financial Solutions & Expertise	**18**	**20**
Insurance	**39**	**39**
Payments	**137**	**137**
Retail Banking and Insurance	**1,047**	**1,049**
Asset & Wealth Management[(2)]	**3,253**	**3,123**
Corporate & Investment Banking	**143**	**135**
TOTAL GOODWILL	**4,443**	**4,307**

(1) Regional Banks: Banque de Savoie, goodwill carried by Banque Populaire du Sud (transfer of Banque Dupuy, de Parseval's and Banque Marze's goodwill, post-merger), goodwill carried by Banque Populaire Aquitaine Centre Atlantique (transfer of CCSO – Pelletier's goodwill, post-merger) and goodwill carried by Banque Populaire Méditerranée (transfer of Banque Chaix's goodwill, post-merger).

(2) Including +€30 million following the acquisition of an additional 50% of shares in AEW UK Investment Management LLP by the Global Financial Services division.

3.5.2 GOODWILL IMPAIRMENT TESTS

All items of goodwill are impaired, based on the value in use of the cash-generating units (CGUs) to which they have been allocated.

At December 31, 2021, the Regional Banks CGU represents the sum of the CGUs of the following banks: BP Aquitaine Centre Atlantique, Retail Banque Populaire Sud CGU, Retail groupe Banque Populaire Auvergne Rhône Alpes CGU and Banque Populaire Méditerranée. Goodwill is allocated to groups of CGUs (and non-CGUs) and the financial assumptions presented for each group are averages of the assumptions for their component CGUs.

Key assumptions used to calculate recoverable value

Value in use was primarily calculated based on the discounting of the estimate of each CGU's future cash flows (*i.e.* the discounted cash flow method (DCF)) as they result from the business lines' latest results forecasts reassessed for the health crisis.

For Corporate & Investment Banking, the fact that the goodwill is exclusively derived from the M&A activity led to carry out the valuation exercise on the M&A perimeter only, while enriching the valuation methods used (multi-criteria approach including a DCF approach as well as valuation methods based on stock market multiples and comparable transactions) in continuity with the previous fiscal year.

For the Insurance and Payments business lines, an impairment test was carried out at December 31, which consisted of a comparison of the fair value on disposal and the carrying amount (adjusted for recyclable equity). This test did not lead to the recognition of any impairment at December 31, 2021.

The following assumptions were used:

	Discount rate	Long-term growth rate
Retail Banking		
Regional Banks	7.5% - 8.0%	1.5% - 2.5%
Financial Solutions & Expertise	8.0%	2.0%
Asset & Wealth Management	**7.7%**	**2.5%**
Corporate & Investment Banking	**9.2%**	**2.5%**

- estimated future cash flows: data from the most recent multi-year earnings projections for each business line, drawn up in the course of preparing the Global Financial Services division's strategic plan;
- perpetual growth rate: set at 2.5% for the Asset & Wealth Management CGUs and for Corporate & Investment Banking's M&A activity, based on the growth outlook supported by their level of activity and resilience in the face of the crisis;
- discount rate: a different rate was applied to each CGU: 7.7% for Asset & Wealth Management (7.6% as of December 31, 2020), 9.2% for Corporate & Investment Banking (9.5% as of December 31, 2020).

Market data are now calculated on a 5-year historical basis (*vs.* 10 years previously) to reflect a period more representative of current trading conditions for the CGUs, notably the constant fall in interest rates since the euro zone crisis. This change in methodology is the main reason for the reduction in discount rates this year.

In addition, in more detail, the discount rates were determined by taking into account:

- for the Asset & Wealth Management and Corporate & Investment Banking CGUs, the average of the 10-year OAT and the US 10-year, averaged over a depth of five years. This is then increased by a risk premium based on a sample of representative companies in the CGU, averaged over a depth of 5 years;
- for the Financial Solutions & Expertise (FSE) CGU, a risk-free rate (10-year OAT) over a depth of nine years, plus a risk premium calculated based on a sample of listed European banks with a similar banking business, while factoring in the specific characteristics of these institutions;
- for the Regional Banks CGU, on the basis of a risk-free rate (10-year OAT) based on a 12-month average of daily French government bond rates, to which is added a risk premium calculated on the basis of a sample of listed European banks engaged in similar banking activities and taking into account the specific characteristics of these institutions.

These tests did not lead to the recognition of any impairment at December 31, 2021.

Sensitivity of recoverable values

A 50 bp increase in discount rates (assumption based on the historical annual variability observed over one year using 2012-2020 historical data) combined with a 50 bp reduction in perpetual growth rates would reduce the value in use of CGUs by:

- -14% for the Asset & Wealth Management CGU;
- -13% for the Corporate & Investment Banking CGU (M&A activity);
- -8.5% for the Financial Solutions & Expertise CGU;
- -8.1% for the Regional Banks CGU.

and would not lead to the recognition of any impairment losses for these CGUs.

Similarly, the sensitivity of these CGUs' future cash flows, as forecast in the business plan, to changes in the main assumptions would not significantly affect their recoverable value:

- for Asset & Wealth Management, a 10% decline in the equity markets (a uniform decline across all years) would have a -10% negative impact on the CGU's recoverable value and would not lead to the recognition of impairment;
- for Corporate & Investment Banking, sensitivity to the dollar or to higher liquidity costs would have a an insignificant impact on the recoverable amount and would not result in the recognition of impairment;
- for Financial Solutions & Expertise, the sensitivity of future cash flows, as forecast in the business plan, to a 5%-point fall in recurring net income combined with an increase in the target prudential ratio of 25 basis points would have a negative impact on the CGU's value of -5.3% and would have no impact in terms of impairment;
- for the Regional Banks, the sensitivity of future cash flows, as forecast in the business plan, to a 5%-point fall in recurrent net income combined with an increase in the target prudential ratio of 25 basis points would have a negative impact on the CGU's value of -4.3% and would have no impact in terms of impairment.

Note 4 Notes to the income statement

Key points

Net Banking Income (NBI) includes:

- interest income and expenses;
- fees and commissions;
- gains (losses) on financial instruments at fair value through profit or loss;
- gains (losses) on financial instruments at fair value through other comprehensive income;
- net gains or losses arising from the derecognition of financial assets at amortized cost;
- net income from Insurance businesses;
- income and expenses from other activities.

4.1 INTEREST AND SIMILAR INCOME AND EXPENSES

Accounting principles

Interest income and expenses are recognized in the income statement for all financial instruments measured at amortized cost using the effective interest method, which includes interbank and customer items, the portfolio of securities at amortized cost, subordinated debt and lease liabilities. This item also includes interest receivable on fixed income securities classified as financial assets at fair value through other comprehensive income and hedging derivatives, it being specified that accrued interest on cash flow hedging derivatives is taken to income in the same manner and period as the accrued interest on the hedged item.

Interest income also consists of interest on non-SPPI debt instruments not held under a trading model as well as interest on the related economic hedges (classified by default as instruments at fair value through profit or loss).

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

The effective interest rate calculation takes account of all transaction fees paid or received as well as additional paid-in capital and discounts. Transaction fees paid or received that are an integral part of the effective interest rate of the contract, such as loan set-up fees and commissions paid to financial partners, are treated as additional interest.

Negative interest is presented as follows:

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

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Interest income	Interest expenses	Net	Interest income	Interest expenses	Net
Loans to/borrowings from banks[1]	1,983	(1,003)	981	1,510	(817)	693
Loans to/borrowings from customers[2]	14,265	(3,549)	10,716	14,557	(3,768)	10,789
Bonds and other debt securities held/issued	1,059	(2,701)	(1,642)	780	(3,309)	(2,529)
Subordinated debt		(616)	(616)		(624)	(624)
Lease liabilities		(17)	(17)		(17)	(17)
Financial assets and liabilities at amortized cost (excluding finance leases)	**17,306**	**(7,885)**	**9,421**	**16,847**	**(8,535)**	**8,312**
Finance leases	**436**	**///**	**436**	**462**	**///**	**462**
Debt securities	820		820	462		462
Financial assets at fair value through other comprehensive income	**820**		**820**	**462**		**462**
TOTAL FINANCIAL ASSETS AND LIABILITIES AT AMORTIZED COST AND AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME[3]	**18,562**	**(7,885)**	**10,677**	**17,771**	**(8,535)**	**9,236**
Non-standard financial assets not held for trading	**100**		**100**	**119**		**119**
Hedging derivatives	**3,445**	**(4,187)**	**(743)**	**4,135**	**(4,357)**	**(222)**
Economic hedging derivatives	**90**	**(184)**	**(94)**	**270**	**(132)**	**138**
Other interest income and expenses	**23**	**(85)**	**(62)**		**(101)**	**(101)**
TOTAL INTEREST INCOME AND EXPENSES	**22,220**	**(12,341)**	**9,879**	**22,295**	**(13,125)**	**9,170**

(1) Interest income from loans and advances with banks consists of €635 million (€613 million in 2020) collected on the Livret A, LDD and LEP passbook savings accounts, which are deposited with Caisse des Dépôts et Consignations.

(2) Of which €35 million concerning the impact of the extension of certain State-guaranteed loans (catch up: re-estimate of future cash flows).

(3) Interest income from financial assets with a known credit risk (S3) amounted to €376 million in 2021 (€430 million in 2020), of which €377 million in financial assets at amortized cost (€429 million in 2020).

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4.2 FEE AND COMMISSION INCOME AND EXPENSES

Accounting principles

Under IFRS 15 "Revenue from contracts with customers", recognition of revenue from ordinary activities reflects the transfer of control of goods and services promised to customers in an amount corresponding to the consideration that the entity expects to receive in exchange for these goods and services. The recognition of this revenue calls for a five-step approach:

- identification of contracts with customers;
- identification of specific performance obligations (or items) to be recognized separately from one another;
- determination of the overall transaction price;
- allocation of the transaction price to the various specific performance obligations;
- recognition of revenue when performance obligations are met.

This approach applies to contracts entered into by an entity with its customers, with the exception of leases (covered by IFRS 16), Insurance contracts (covered by IFRS 4) and financial instruments (covered by IFRS 9). If specific stipulations relating to revenue or contract costs are given under a different standard, these will first be applied.

This method primarily applies to the following group activities:

- fee and commission income, notably that relating to banking services when this income is not included in the effective interest rate, or that relating to asset management or financial engineering services;
- income from other activities (see Note 4.6), in particular for services included in leases.

As a result, fees and commissions are recorded based on the type of service rendered and on the method of accounting for the financial instruments to which the service relates.

This line includes mainly fees and commissions receivable or payable on recurring services (payment processing, custody fees, etc.) and occasional services (fund transfers, late payment penalties, etc.), fees and commissions receivable or payable on execution of significant transactions, and fees and commissions receivable or payable on trust assets held or managed on behalf of the group's customers.

However, fees and commissions that form an integral part of the effective yield on a contract are recorded under "Net interest income".

Commissions on services

Commissions on services are analyzed to separately identify their different items (or performance obligations) and to assign the appropriate share of revenues to each item. Each item is then recorded in the income statement by type of service provided, and according to the method used to recognize the associated financial instrument:

- commissions payable or receivable on recurring services are deferred over the period in which the service is provided (payment processing, custody fees, etc.);
- commissions payable or receivable on occasional services are recognized in full in income when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable or receivable on execution of a significant transaction are recognized in full in income on completion of the transaction.

When there is some uncertainty about the amount of a commission (incentive fee in asset management, variable financial engineering commission, etc.), only the amount that the group is already certain to receive, given the information available at the end of the fiscal year, is recognized.

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees on loan commitments given or loan set-up fees, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as "Interest income" rather than "Fee and commission income".

Fiduciary and similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. Trust-management services mainly cover asset management business and custody services on behalf of third parties.

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	65	(46)	19	58	(47)	11
Customer transactions	2,980	(43)	2,938	2,725	(29)	2,696
Financial services	582	(558)	23	407	(159)	248
Sales of life insurance products	1,249	///	1,249	1,242	///	1,242
Payment services	1,827	(559)	1,268	1,720	(508)	1,211
Securities transactions	258	(160)	98	270	(186)	84
Trust management services[1]	4,182	(11)	4,171	3,545	(10)	3,535
Financial instruments and off-balance sheet transactions	515	(134)	381	533	(472)	61
Other fee and commission income/(expense)	331	(155)	176	302	(203)	99
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**11,990**	**(1,666)**	**10,323**	**10,802**	**(1,615)**	**9,187**

(1) Of which performance fees in the amount of €587 million (€532 million for Europe) in 2021, compared with €314 million (€286 million for Europe) in 2020.

4.3 GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting principles

"Gains (losses) on financial instruments at fair value through profit or loss" includes gains and losses (including the related interest) from financial assets and liabilities classified as held for trading or designated at fair value through profit or loss.

"Gains and losses on hedging transactions" include gains and losses arising from the revaluation of derivatives used as fair value hedges, as well as gains and losses from the revaluation of the hedged item in the same manner, the revaluation at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Gains and losses on financial instruments mandatorily recognized at fair value through profit or loss[1]	**3,377**	**1,612**
Gains and losses on financial instruments designated at fair value through profit or loss	**(1,195)**	**(689)**
Gains and losses on financial assets designated at fair value through profit or loss	23	(14)
Gains and losses on financial liabilities designated at fair value through profit or loss	(1,218)	(675)
Gains and losses on hedging transactions	**42**	**(57)**
• Ineffective portion of cash flow hedges (CFH)	(27)	(8)
• Ineffective portion of fair value hedges (FVH)	69	(49)
Changes in fair value hedges	*(67)*	*(161)*
Changes in fair value of hedged items	*136*	*112*
Gains and losses on foreign exchange transactions	**161**	**274**
TOTAL GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,385**	**1,140**

(1) In 2021, "Gains and losses on financial instruments mandatorily recognized at fair value through profit or loss" included:

- write downs taken against the fair value of CDS entered into with monoline insurers: a decrease of €13 million was recorded in 2021 *versus* an increase of €5 million (expense) in 2020 (excluding currency effects), taking cumulative write downs to €17 million in 2021 compared to €30 million in 2020;
- changes in the fair value of derivatives, in the amount of +€40 million, arising from the increase in write downs for counterparty risk (Credit Valuation Adjustment – CVA), in the amount of -€1 million due to the consideration of non-performance risk in the valuation of derivative financial liabilities (Debit Valuation Adjustment – DVA), and in the amount of +€6 million due to the inclusion of an adjustment for funding costs (Funding Valuation Adjustment – FVA).

DAY ONE PROFIT

in millions of euros	Fiscal year 2021	Fiscal year 2020
Day one profit at the start of the year	163	122
Deferred profit on new transactions	197	137
Profit recognized in income during the year	(117)	(95)
DAY ONE PROFIT AT YEAR-END	**244**	**164**

4.4 GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting principles

Financial assets at fair value through other comprehensive income include:

- SPPI debt instruments managed under a hold to collect and sell business model at fair value through other comprehensive income recyclable to profit or loss. If they are sold, changes in fair value are taken to income;
- equity instruments at fair value through other comprehensive income not recyclable to profit or loss. In the event of disposal, changes in fair value are not transferred to profit or loss but are taken directly to consolidated reserves. Only dividends affect income when they correspond to a return on investment.

Changes in the value of SPPI debt instruments managed under a hold to collect and sell business model recognized at fair value through other comprehensive income recyclable to profit or loss include:

- income and expenses recognized in net interest income;
- net gains or losses on derecognized debt financial assets at fair value through other comprehensive income;
- impairment/reversals recognized in “Cost of risk”;
- gains and losses recognized directly in other comprehensive income.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Net gains or losses on debt instruments	66	92
Net gains or losses on equity instruments (dividends)	162	138
TOTAL NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**228**	**230**

4.5 NET GAINS OR LOSSES ARISING FROM THE DERECOGNITION OF FINANCIAL ASSETS AT AMORTIZED COST

Accounting principles

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

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Gains	Losses	Net	Gains	Losses	Net
Loans or receivables due from banks	16	(11)	5	13		13
Loans or receivables due from customers	23	(10)	13	5	(2)	3
Debt securities		(0)	(0)	52	(54)	(2)
Gains and losses on financial assets at amortized cost	**39**	**(21)**	**18**	**70**	**(56)**	**14**
Amounts due to banks	2	(15)	(13)	1	(15)	(14)
Debt securities	4	(13)	(9)	21	(3)	18
Gains and losses on financial liabilities at amortized cost	**6**	**(28)**	**(22)**	**22**	**(18)**	**4**
TOTAL GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT AMORTIZED COST	**45**	**(49)**	**(4)**	**92**	**(74)**	**18**

4.6 INCOME AND EXPENSES FROM OTHER ACTIVITIES

Accounting principles

Income and expenses from other activities mainly include:

- income and expenses on investment property (rental income and expense, gains and losses on disposals, depreciation, amortization and impairment);
- income and expenses on operating leases;
- income and expenses on real estate development activities (revenues, purchases used).

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expenses from real estate activities	4	(5)	(1)	8	(3)	5
Income and expenses from leasing transactions	578	(489)	89	491	(433)	58
Income and expenses from investment property	118	(60)	58	99	(69)	30
Share of joint ventures	*8*	*(7)*	*1*	*9*	*(15)*	*(7)*
Transfers of expenses and income	*8*	*(8)*	*0*	*9*	*(8)*	*1*
Other operating income and expenses(1)	*569*	*(496)*	*73*	*485*	*(347)*	*138*
Net additions to/reversals from provisions to other operating income and expenses(1)		*(176)*	*(176)*	*18*		*18*
Other income and expenses	585	(687)	(102)	522	(370)	152
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**1,285**	**(1,241)**	**44**	**1,120**	**(875)**	**245**

(1) Income of €87 million recognized in the item "Income from other activities" in respect of the EIC exchange fine following the favorable decision rendered by the French Court of Appeal on December 2, 2021. In view of the uncertainty and history of the case (see Legal Risks in the Risk Management section), a provision of an equivalent amount has been recorded as an offsetting entry under "Expenses from other activities".

Income and expenses from Insurance businesses are presented in Note 9.2.

4.7 OPERATING EXPENSES

Accounting principles

Operating expenses include mainly payroll costs (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and external service costs.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Payroll costs	**(11,232)**	**(10,029)**
Taxes other than on income(1)	(858)	(924)
External services and other operating expenses(2)	(4,477)	(4,374)
Other administrative costs	**(5,335)**	**(5,298)**
TOTAL OPERATING EXPENSES(3)	**(16,567)**	**(15,327)**

(1) Taxes other than on income included, in particular, the contribution to the SRF (Single Resolution Fund) for an amount of €421 million in 2021 (compared to €400 million in 2020) and the TSC (Tax for the Support of Local Authorities) for an amount of €21 million in 2021 (compared to €21 million in 2020).

(2) Includes a decrease of €71 million in 2021 in the cost of collection on doubtful files (S3) reclassified to "Cost of credit risk" as these costs are marginal and directly attributable to the recovery of contractual cash flows (€68 million at December 31, 2020).

(3) Operating expenses include €423 million in transformation and restructuring costs in 2021 compared to €425 million in 2020.

The breakdown of payroll costs is provided in Note 8.1.

Contributions to banking resolution mechanisms

The terms and conditions governing the establishment of the deposit and resolution guarantee fund were amended by the Ministerial Order of October 27, 2015. For the Deposit Guarantee Fund, the cumulative amount of contributions made to the fund by the group for deposit, collateral and securities guarantee mechanisms amounts to €1,389 million. Cumulated contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) represent €305 million. Contributions paid in the form of partner or association certificates and cash security deposits recognized as assets on the balance sheet total €1,084 million.

European directive 2014/59/EU, known as the BRRD (the Bank Recovery and Resolution directive), which sets out a framework for the recovery and resolution of banks and investment firms, and European regulation 806/2014 (the Single Resolution Mechanism (SRM) Regulation) set up a resolution fund from 2015. In 2016, this fund became a Single Resolution Fund (SRF) between the Member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution funding mechanism at the disposal of the resolution authority (Single Resolution Board). The latter may draw on this fund in the context of the implementation of the resolution procedures.

The Single Resolution Board set the level of contributions for 2021 in accordance with Delegated Regulation 2015/63 and Implementing Regulation 2015/81 supplementing the BRRD on *ex-ante* contributions to bank resolution financing mechanisms. The amount of contributions paid by the group in the fiscal year totaled €496 million, of which €422 million recognized as an expense and €74 million in cash security deposits recognized as assets on the balance sheet (15% of funds in cash security deposits). The cumulative amount of contributions recognized as assets on the balance sheet totaled €404 million at December 31, 2021.

4.8 NET INCOME (EXPENSE) FROM OTHER ASSETS

Accounting principles

This item includes gains and losses on disposals of property, plant and equipment and intangible assets, as well as gains and losses on disposals of consolidated investments in associates.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations	7	14
Gains or losses on disposals of consolidated investments[1]	(89)	(303)
TOTAL NET INCOME (EXPENSE) FROM OTHER ASSETS	**(82)**	**(289)**

(1) Of which -€84 million on H2O recognized in fiscal year 2021.

Note 5 Notes to the balance sheet

5.1 CASH AND AMOUNTS DUE FROM CENTRAL

Accounting principles

This item mainly includes cash and assets held with central banks at amortized cost.

in millions of euros	12/31/2021	12/31/2020
Cash	2,726	2,739
Central banks	183,591	150,664
TOTAL CASH AND AMOUNTS DUE FROM CENTRAL BANKS	**186,317**	**153,403**

5.2 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting principles

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives; certain assets and liabilities that the group chose to recognize at fair value at their date of acquisition or issue using the fair value option available under IFRS 9 and non-SPPI assets.

The criteria for classification as financial assets are described in Note 2.5.1.

Date of recognition

Securities are recorded in the balance sheet on the settlement-delivery date.

Temporary sales of securities are also recorded on the settlement/delivery date.

When such transactions are recorded under "Assets and liabilities at fair value through profit or loss", the commitment is recorded as an interest rate derivative.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

5.2.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting principles

Financial assets at fair value through profit or loss are:

- financial assets held for trading, *i.e.* securities acquired or issued principally for the purpose of selling them in the near term;
- financial assets that the group has chosen to recognize at fair value through profit or loss at inception using the fair value option available under IFRS 9. The qualifying criteria used when applying this option are described above;
- non-SPPI debt instruments;
- equity instruments measured by default at fair value through profit or loss (which are not held for trading purposes).

These assets are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, dividends, and gains or losses on disposals on these instruments are recognized in "Net gains or losses on financial instruments at fair value through profit or loss", with the exception of non-SPPI debt financial assets whose interest is recorded in "Interest income".

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the group to manage its risk exposure.

Assets designated at fair value through profit or loss

IFRS 9 allows entities to designate financial assets at fair value through profit or loss on initial recognition. However, an entity's decision to do so may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

This option may only be applied to eliminate or significantly reduce an accounting mismatch. Applying the option eliminates accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the group to manage its risk exposure.

in millions of euros	12/31/2021 Financial assets mandatorily recognized at fair value through profit or loss: Financial assets considered part of a trading activity	12/31/2021 Financial assets mandatorily recognized at fair value through profit or loss: Other financial assets[(1)(2)]	12/31/2021 Financial assets designated at fair value through profit or loss[(3)]	12/31/2021 Total	12/31/2020 Financial assets mandatorily recognized at fair value through profit or loss: Financial assets considered part of a trading activity	12/31/2020 Financial assets mandatorily recognized at fair value through profit or loss: Other financial assets[(1)(2)]	12/31/2020 Financial assets designated at fair value through profit or loss[(3)]	12/31/2020 Total
Treasury bills and equivalent	11,339			11,339	12,053			12,053
Bonds and other debt securities	12,364	6,704	44	19,112	9,893	8,089	21	18,002
Debt securities	**23,703**	**6,704**	**44**	**30,451**	**21,945**	**8,089**	**21**	**30,055**
Loans to banks (excluding repurchase agreements)						20	3	23
Customer loans (excluding repurchase agreements)	4,607	2,890		7,497	2,932	3,199		6,132
Repurchase agreements[(4)]	56,170			56,170	65,947			65,947
Loans	**60,777**	**2,890**		**63,667**	**68,880**	**3,219**	**3**	**72,102**
Equity instruments	**45,098**	**2,519**	**///**	**47,617**	**36,278**	**2,251**	**///**	**38,529**
Trading derivatives[(4)(5)]	**43,712**	**///**	**///**	**43,712**	**40,233**	**///**	**///**	**40,233**
Security deposits paid	**13,473**	**///**	**///**	**13,473**	**15,340**	**///**	**///**	**15,340**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**186,762**	**12,113**	**44**	**198,919**	**182,677**	**13,560**	**23**	**196,260**

(1) Consisting of non-SPPI assets that fall outside the scope of a trading activity including units of UCITS and private equity investment funds (FCPR) presented in bonds and other debt securities (€5,885 million at December 31, 2021 vs. €7,280 million at December 31, 2020). Loans to customers include, among others, certain structured loans to local authorities. This category also includes equity instruments the Group decided not to recognize through other comprehensive income for a total of €2,519 million at December 31, 2021 versus €2,251 million at December 31, 2020.
(2) The criteria used by Groupe BPCE to categorize financial assets at fair value through profit or loss if they do not meet the SPPI criterion are provided in Note 2.5.1.
(3) Only in the case of an "accounting mismatch".
(4) This information is presented after netting effects, in accordance with IAS 32 (see Note 5.18.1).
(5) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

5.2.2 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting principles

These are financial liabilities held for trading or classified in this category on a voluntary basis at initial recognition using the fair value option available under IFRS 9. The trading book includes liabilities arising from short-selling transactions, repurchase agreements and derivative instruments. The qualifying criteria used when applying this option are described above.

These liabilities are measured at fair value at the date of initial recognition and at each balance sheet date.

Changes in fair value over the period, interest, and gains or losses related to these instruments are booked as "Net gains or losses on financial instruments at fair value through profit or loss", with the exception of changes in fair value attributable to own credit risk associated with financial liabilities designated at fair value through profit or loss, which have been booked, since January 1, 2016, in "Revaluation of own credit risk of financial liabilities designated at fair value through profit or loss" within "Gains and losses recognized directly in other comprehensive income". If the liability is derecognized before its maturity (early redemption, for example), fair value gains or losses attributable to own credit risk are directly transferred to consolidated reserves.

Financial liabilities at fair value through profit or loss

IFRS 9 allows entities to designate financial liabilities at fair value through profit or loss on initial recognition. However, an entity's decision to do so may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may be applied only under the specific circumstances described below:

Elimination of or significant reduction in an accounting mismatch

Applying the option eliminates accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

Harmonization of accounting treatment for management and performance measurement

The option applies for liabilities managed and measured at fair value, provided that such management is based on a formally documented risk management policy or investment strategy, and that internal monitoring also relies on a fair value measurement.

Hybrid financial instruments containing one or more embedded derivatives

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

The fair value option may be applied to a financial liability when the embedded derivative substantially modifies the cash flows of the host contract and when the separate recognition of the embedded derivative is not specifically prohibited by IFRS 9 (*e.g.* an early redemption option embedded in a debt instrument). The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

This accounting treatment applies in particular to some structured debt issues containing material embedded derivatives.

Financial liabilities in the trading book include liabilities arising from short-selling transactions, repurchase agreements and derivative instruments.

in millions of euros	12/31/2021 Financial liabilities issued for trading	12/31/2021 Financial liabilities designated at fair value through profit or loss	12/31/2021 Total	12/31/2020 Financial liabilities issued for trading	12/31/2020 Financial liabilities designated at fair value through profit or loss	12/31/2020 Total
Short sales	25,974	///	25,974	22,474	///	22,474
Trading derivatives[(1) (2)]	40,434	///	40,434	37,276	///	37,276
Interbank term accounts and loans		151	151		157	157
Customer term accounts and loans		36	36		120	120
Non-subordinated debt securities	7	23,376	23,383	295	23,856	24,151
Subordinated debt	///	100	100	///	99	99
Repurchase agreements[(1)]	86,417	///	86,417	93,233	///	93,233
Guarantee deposits received	9,616	///	9,616	10,312	///	10,312
Other	///	5,658	5,658	///	3,549	3,549
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**162,448**	**29,320**	**191,768**	**163,590**	**27,782**	**191,371**

(1) This information is presented after netting effects, in accordance with IAS 32 (see Note 5.18.2).
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

These liabilities are measured at fair value on the reporting date with changes in value, including coupon, recorded in the "Net gains or losses on financial instruments at fair value through profit or loss" line on the income statement, with the exception of changes in fair value attributable to own credit risk associated with financial liabilities designated at fair value through profit or loss, which are recognized in "Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss" in accordance with IFRS 9.

Total revaluations attributable to own credit risk came to +€146 million at December 31, 2021, *versus* +€159 million at December 31, 2020. These revaluations relate mainly to debt securities.

Conditions for designating financial liabilities at fair value through profit or loss

At group level, financial liabilities designated at fair value through profit or loss are mostly held by the Global Financial Services division. They mainly comprise issues originated and structured for customers and for which the risks and hedges are managed collectively. These issues include significant embedded derivatives for which changes in value are offset by those of the derivative instruments hedging them.

Financial liabilities designated at fair value through profit or loss, excluding Global Financial Services, also include some structured debt issues and structured deposits containing embedded derivatives (*e.g.* structured medium-term notes and equities for personal savings plans).

in millions of euros	12/31/2021 Accounting mismatches	12/31/2021 Fair value measurement	12/31/2021 Embedded derivatives	12/31/2021 Financial liabilities designated at fair value through profit or loss	12/31/2020 Accounting mismatches	12/31/2020 Fair value measurement	12/31/2020 Embedded derivatives	12/31/2020 Financial liabilities designated at fair value through profit or loss
Interbank term accounts and loans	3		147	150	12		146	158
Customer term accounts and loans			36	36			120	120
Non-subordinated debt securities	18,661		4,715	23,376	19,030		4,826	23,856
Subordinated debt			100	100			99	99
Other	5,658			5,658	3,549			3,549
TOTAL	**24,322**		**4,998**	**29,321**	**22,591**		**5,191**	**27,782**

Financial liabilities designated at fair value through profit or loss and credit risk

	12/31/2021			12/31/2020		
in millions of euros	Carrying amount	Contractual amount due at maturity	Difference between the carrying amount and the contractual amount due at maturity	Carrying amount	Contractual amount due at maturity	Difference between the carrying amount and the contractual amount due at maturity
Interbank term accounts and loans	151	156	(5)	158	146	12
Customer term accounts and loans	36	36		119	119	
Non-subordinated debt securities	23,376	23,150	226	23,856	23,335	521
Subordinated debt	100	100		99	100	(1)
Other	5,658	5,658		3,549	3,549	
TOTAL	**29,320**	**29,099**	**221**	**27,782**	**27,249**	**533**

In 2021, the group did not reclassify any change in fair value of instruments carried as "Financial liabilities designated at fair value through profit or loss" to the "Consolidated reserves" component.

The amount contractually due on loans at maturity comprises the outstanding principal amount at the balance sheet date plus accrued interest not yet due. In the case of securities, the redemption value is generally used.

Total revaluations attributable to own credit risk came to +€146 million at December 31, 2021, *versus* +€159 million at December 31, 2020.

5.2.3 TRADING DERIVATIVES

Accounting principles

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

All derivative financial instruments are recognized on the balance sheet at the trade date and are measured at fair value at inception. They are remeasured at their fair value at each reporting period regardless of whether they were acquired for trading or hedging purposes.

Trading derivatives are recognized on the balance sheet under "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss". Realized and unrealized gains and losses are taken to income on the "Net gains or losses on financial instruments at fair value through profit or loss" line.

The notional amounts of derivative instruments are merely an indication of the volume of the Group's business in financial instruments and do not reflect the market risks associated with such instruments. Positive or negative fair values represent the replacement value of these instruments. These values may vary significantly depending on changes in market parameters.

Change in accounting and reporting of currency swaps

Until December 31, 2021, the valuation of currency swaps of the term leg was recorded in the balance sheet (i) for the interest rate component under "Derivatives excluding hedges" and (ii) for the foreign exchange component under "Accrual accounts".

As of December 31, 2021, the accounting principle for the valuation portion of currency swaps was reviewed. Accordingly, the two components of the term leg, interest rate and currency, are included in the valuation of derivatives under Financial assets/liabilities at fair value through profit or loss ("Non-hedging derivatives"). The change had no impact on the income statement.

This affected a number of items, as follows:

in billions of euros	12/31/2021 Before modification	12/31/2021 Modification	12/31/2021 After modification	12/31/2020 Before modification	12/31/2020 Modification	12/31/2020 After modification
ASSETS						
Financial assets at fair value through profit or loss	193.0	5.9	198.9	196.3	5.9	202.2
Accrued income and other assets	13.8		13.8	16.4	(0.2)	16.2
TOTAL	**206.8**	**5.9**	**212.7**	**212.6**	**5.8**	**218.4**
LIABILITIES						
Financial liabilities at fair value through profit or loss	185.9	5.9	191.8	191.4	5.8	197.2
Accrued expenses and other liabilities	20.1		20.1	22.7		22.7
TOTAL	**206.0**	**5.9**	**211.9**	**214.0**	**5.8**	**219.8**

in millions of euros	12/31/2021 Notional amount	12/31/2021 Positive fair value	12/31/2021 Negative fair value	12/31/2020 Notional amount	12/31/2020 Positive fair value	12/31/2020 Negative fair value
Interest rate derivatives	6,690,716	14,015	10,403	4,263,661	18,540	13,827
Equity derivatives	146,593	2,097	2,703	128,810	2,422	2,846
Currency derivatives(1)	862,724	14,033	13,234	703,248	8,915	9,503
Other instruments	64,315	662	941	51,098	739	589
Forward transactions	**7,764,348**	**30,807**	**27,282**	**5,146,817**	**30,616**	**26,765**
Interest rate derivatives	551,181	6,488	6,642	532,467	6,963	6,845
Equity derivatives	65,192	2,611	2,278	72,657	1,245	1,551
Currency derivatives(1)	217,588	2,623	3,120	211,299	125	649
Other instruments	23,301	475	380	31,032	451	399
Options	**857,262**	**12,197**	**12,419**	**847,455**	**8,784**	**9,444**
Credit derivatives	**36,490**	**708**	**733**	**45,232**	**833**	**1,067**
TOTAL TRADING DERIVATIVES	**8,658,101**	**43,712**	**40,434**	**6,039,504**	**40,233**	**37,276**
o/w on organized markets	*406,465*	*1,920*	*1,580*	*369,860*	*935*	*642*
o/w over-the-counter transactions	*8,251,636*	*41,792*	*38,854*	*5,669,644*	*39,298*	*36,634*

(1) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps.

5.3 HEDGING DERIVATIVES

Accounting principles

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

All derivative financial instruments are recognized on the balance sheet at the trade date and are measured at fair value at inception. They are remeasured at their fair value at each reporting period regardless of whether they were acquired for trading or hedging purposes.

Changes in the fair value of derivatives are recognized in income for the period, except for derivatives qualifying as cash flow hedges or as hedges of net investments in foreign operations for accounting purposes.

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relationship between the derivatives and the hedged items is both prospectively and retrospectively effective.

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market interest rates. They transform fixed-rate assets or liabilities into floating-rate instruments. Fair value hedges include, in particular, hedges of loans, securities, deposits and fixed-rate subordinated debt.

Fair value hedging is also used to manage the overall interest rate risk position.

Cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. Cash flow hedging is also used to manage the overall interest rate risk position.

The notional amounts of derivative instruments are merely an indication of the volume of the group's business in financial instruments and do not reflect the market risks associated with such instruments.

The hedging relationship qualifies for hedge accounting if, at the inception of the hedge, there is formal documentation of the hedging relationship identifying the hedging strategy, the type of risk hedged, the designation and characteristics of the hedged item and the hedging instrument. In addition, the effectiveness of the hedge must be demonstrated at inception and subsequently verified.

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

Groupe BPCE used the option available in IFRS 9 not to apply the provisions of the standard relative to hedge accounting, and to continue to apply IAS 39 as adopted by the European Union for the recognition of these transactions, *i.e.* excluding certain provisions relating to macro-hedging.

Fair value hedges

Fair value hedges are intended to reduce exposure to changes in the fair value of an asset or liability carried on the balance sheet, or of a firm commitment, in particular the interest rate risk on fixed-rate assets and liabilities.

The gain or loss on the revaluation of hedging instruments attributable to the risk being hedged is recognized in income in the same manner as the gain or loss on the hedged item. The ineffective portion of the hedge, if any, is recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income in the same manner as the accrued interest on the hedged item.

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

The ineffective portion relating to the dual-curve valuation of collateralized derivatives is taken into account when calculating the effectiveness of a hedge.

If a hedging relationship ceases (investment decision, failure to fulfill effectiveness criteria, or because the hedged item is sold before maturity), the hedging instrument is transferred to the trading book. The revaluation difference recorded in the balance sheet in respect of the hedged item is amortized over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation gain or loss is recognized in income for the period.

Cash flow hedges

The purpose of cash flow hedges is to hedge the exposure to the variability of cash flow that is attributable to a particular risk associated with a recognized asset or liability or with a future transaction (hedge of interest rate risk on floating-rate assets or liabilities, hedge of conditions relating to future transactions such as future fixed interest rates, future prices, exchange rates, etc.).

The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized on a separate line of "Gains and losses recognized directly in other comprehensive income". The ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income under interest income in the same manner as the accrued interest on the hedged item.

The hedged items are accounted for using the treatment applicable to their specific asset category.

If a hedging relationship ceases (because the hedge no longer meets the effectiveness criteria, the derivative is sold or the hedged item ceases to exist), the cumulative amounts recognized in other comprehensive income are transferred to the income statement as and when the hedged item impacts profit or loss, or immediately if the hedged item ceases to exist.

Special case: portfolio hedging (macro-hedging)

Documentation as cash flow hedges

Some group institutions document their macro-hedging of interest rate risk as cash flow hedges (hedging of portfolios of loans or borrowings).

In this case, the portfolios of assets or liabilities that may be hedged are, for each maturity band:

- floating-rate assets and liabilities; the entity incurs a risk of variability in future cash flows from floating-rate assets or liabilities insofar as future interest rate levels are not known in advance;
- future transactions deemed to be highly probable (forecasts): assuming total outstandings remain constant, the entity is exposed to the risk of variability in future cash flows on future fixed-rate loans insofar as the interest rate at which the loan will be granted is not yet known. Similarly, the group may be exposed to the risk of variability in future cash flows on the funding that it will need to raise in the market.

IAS 39 does not permit the designation of a net position by maturity band. The hedged item is therefore deemed to be equivalent to a share of one or more portfolios of identified floating-rate instruments (portion of deposit outstandings or floating-rate loans); the effectiveness of the hedges is measured by creating a hypothetical instrument for each maturity band and comparing its changes in fair value from inception to those for the documented hedging derivatives.

The characteristics of this instrument model those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical instrument with the actual hedging instrument. This method requires the preparation of a maturity schedule.

The effectiveness of the hedge must be shown prospectively and retrospectively.

The hedge is effective prospectively if, for each target maturity band, the nominal amount of items to be hedged is higher than the notional amount of the hedging instruments.

The retrospective test calculates the retrospective effectiveness of a hedge initiated at various balance sheet dates.

At each balance sheet date, changes in the fair value of hedging instruments, excluding accrued interest, are compared with those of hypothetical instruments. The ratio of their respective changes should be between 80% and 125%.

If the hedged item is sold or the future transaction is no longer highly probable, the cumulative unrealized gain or loss recognized in other comprehensive income is transferred immediately to profit or loss.

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

Documentation as fair value hedges

Some of the group's institutions document their macro-hedging of interest rate risk as fair value hedges by applying the carve-out arrangements under IAS 39 as adopted by the European Union.

The version of IAS 39 adopted for use by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce their overall exposure to interest rate risk. In particular, this carve-out allows the group to make use of hedge accounting for interbank interest rate risk on customer transactions at fixed rates (loans, savings accounts and demand deposits). The group mainly uses plain vanilla interest rate swaps designated at inception as fair value hedges of fixed-rate deposits or loans.

Macro-hedging derivatives are accounted for in the same manner as derivatives used to hedge the fair value of specific transactions (micro-hedging).

In a macro-hedging relationship, gains and losses on the revaluation of the hedged item are recorded in "Revaluation differences on interest rate risk-hedged portfolios", under balance sheet assets for hedges of a portfolio of financial assets and under balance sheet liabilities for hedges of a portfolio of financial liabilities.

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio. The ineffective portion relating to the dual-curve valuation of collateralized derivatives is taken into account.

Effectiveness is tested in two ways:

- asset-based testing: for plain vanilla swaps designated as hedging instruments at inception, the group verifies that no over-hedging exists both prospectively at the date the hedging relationship is designated and retrospectively at each balance sheet date;
- quantitative testing: for other swaps, the change in the fair value of the actual swap must offset the changes in the fair value of a hypothetical instrument that exactly reflects the underlying hedged item. These tests are conducted prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date.

If a hedging relationship ceases, the revaluation adjustment is amortized on a straight-line basis over the remaining term of the initial hedge, if the hedged item has not been derecognized. It is taken directly to income if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the nominal amount of the hedged items falls below the notional amount of the hedging instruments, for example in the case of the prepayment of loans or the withdrawal of deposits observed and modeled.

Hedges of net investments in foreign operations

A net investment in a foreign operation is the amount of the investment held by the consolidating entity in the net assets of the operation.

The purpose of a hedge of a net investment in a foreign operation is to minimize the foreign exchange effect for a consolidating entity of an investment in an entity whose functional currency is different from the presentation currency of the consolidating entity's financial statements. Net investment hedges are accounted for in the same manner as cash flow hedges.

Unrealized gains and losses initially recognized in other comprehensive income are taken to income when the net investment is sold in full or in part (or when partially sold with loss of control).

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market interest rates. They transform fixed-rate assets or liabilities into floating-rate instruments.

Fair value macro-hedges are used to manage the overall interest rate risk position, in particular to hedge:

- fixed-rate loan portfolios;
- demand deposits;
- PEL home savings deposits;
- the inflation component of Livret A passbook savings accounts.

Fair value micro-hedges are notably used to hedge:

- fixed-rate liabilities;
- fixed-rate liquidity reserve securities and inflation-indexed securities.

Cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. Cash flow hedging is also used to manage the overall interest rate risk position.

Cash flow hedges are mainly used to:

- hedge floating-rate liabilities;
- hedge the risk of changes in value of future cash flows on liabilities;
- provide macro-hedging of floating-rate assets.

The main causes of ineffective hedging are related to:

- inefficiency due to dual-curve valuations: the value of collateralized derivatives (with margin calls yielding €STR) is based on the €STR discount curve, while the fair value of the hedged component of item hedged is calculated using a EURIBOR discount curve;
- the time value of options;
- over-hedging for asset-based testing of macro-hedges (notional amounts of hedging derivatives higher than the nominal amount of the hedged items, in particular where prepayments on the hedged items were higher than expected);
- credit value adjustments and debit value adjustments linked to credit risk and own credit risk on derivatives;
- differences in interest rate fixing dates between the hedged item and the hedge.

The notional amounts of derivative instruments are merely an indication of the volume of the group's business in financial instruments and do not reflect the market risks associated with such instruments.

	12/31/2021			12/31/2020		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate derivatives	832,286	5,580	9,920	413,111	8,433	12,710
Equity derivatives						
Currency derivatives	612	383	883	484	376	797
Other instruments						
Forward transactions	**832,898**	**5,963**	**10,803**	**413,595**	**8,809**	**13,507**
Interest rate derivatives	5,671	9	9	6,040	1	21
Options	**5,671**	**9**	**9**	**6,040**	**1**	**21**
Fair value hedges	**838,570**	**5,972**	**10,812**	**419,635**	**8,810**	**13,528**
Interest rate derivatives	25,000	131	198	27,447	160	410
Currency derivatives	24,151	1,061	1,511	22,493	637	1,323
Forward transactions	**49,152**	**1,191**	**1,709**	**49,940**	**797**	**1,733**
Interest rate derivatives	46			83	1	1
Options	**46**			**83**	**1**	**1**
Cash flow hedges	**49,198**	**1,191**	**1,709**	**50,023**	**798**	**1,734**
TOTAL HEDGING INSTRUMENTS	**887,768**	**7,163**	**12,521**	**469,658**	**9,608**	**15,262**

All hedging derivatives are included in "Hedging derivatives" in balance sheet assets and liabilities.

Currency swaps are documented both as interest rate fair value hedges and as currency cash flow hedges. Total fair value is nevertheless recorded under currency derivatives. These derivatives were mainly recorded under currency fair value hedges and are recorded under currency cash flow hedges in order to better reflect the weight of the currency component (associated with the cash flow hedge) in total fair value.

MATURITY OF THE NOTIONAL AMOUNT OF HEDGING DERIVATIVES AS AT DECEMBER 31, 2021

	12/31/2021				12/31/2020			
in millions of euros	< 1 year	1 to 5 years	6 to 10 years	> 10 years	< 1 year	1 to 5 years	6 to 10 years	> 10 years
Interest rate risk hedging	**321,915**	**321,606**	**118,076**	**101,408**	**65,045**	**180,727**	**109,020**	**91,888**
Cash flow hedges	3,728	7,013	6,160	8,146	5,960	2,232	12,073	7,264
Fair value hedges	318,187	314,593	111,916	93,262	59,085	178,495	96,947	84,624
Currency risk hedging	**2,235**	**14,245**	**5,799**	**2,484**	**4,359**	**9,847**	**6,038**	**2,733**
Cash flow hedges	1,860	14,074	5,799	2,418	4,026	9,766	6,038	2,663
Fair value hedges	375	171		66	333	81		70
TOTAL	**324,150**	**335,851**	**123,875**	**103,892**	**69,405**	**190,574**	**115,058**	**94,621**

Currency swaps are documented both as interest rate fair value hedges and as currency cash flow hedges. Total fair value is nevertheless recorded under currency derivatives. These derivatives were mainly recorded under currency fair value hedges and are recorded under currency cash flow hedges in order to better reflect the weight of the currency component (associated with the cash flow hedge) in total fair value.

HEDGED ITEMS

Fair value hedges

in millions of euros	Fair value hedges 12/31/2021 – Interest rate risk hedging – Carrying amount	o/w revaluation of the hedged component(1)	Hedged component remaining to be recognized(2)	Currency risk hedging – Carrying amount	o/w revaluation of the hedged component(1)
ASSETS					
Financial assets at fair value through other comprehensive income	**37,876**	**715**	**(0)**	**539**	**(0)**
Debt securities	37,876	715	(0)	539	(0)
Financial assets at amortized cost	**139,348**	**7,522**	**202**	**4,304**	**653**
Loans and advances due from banks	24,630	235		579	0
Loans and advances due from customers	107,787	5,702	1	78	13
Debt securities at amortized cost	6,932	1,586	201	3,646	639
LIABILITIES					
Financial liabilities at amortized cost	**155,707**	**4,287**	**195**	**7,261**	**452**
Amounts due to banks	34,826	435	1		
Amounts due to customers	5,413	(0)			
Debt securities	98,099	3,321	194	6,368	394
Subordinated debt	17,369	532		893	58
TOTAL – FAIR VALUE HEDGES	**332,932**	**12,524**	**397**	**12,104**	**1,105**

(1) Accrued interest excluded.
(2) Declassification, end of hedging relationship.

The ineffective portion of hedging for the period is presented in Note 4.3 "Net gains or losses on financial instruments at fair value through profit or loss" or in Note 4.4 "Gains (losses) on financial instruments at fair value through other comprehensive income" for non-recyclable own equity instruments at fair value through other comprehensive income.

in millions of euros	Fair value hedges 12/31/2020 – Interest rate risk hedging – Carrying amount	o/w revaluation of the hedged component(1)	Hedged component remaining to be recognized(2)	Currency risk hedging – Carrying amount	o/w revaluation of the hedged component(1)
ASSETS					
Financial assets at fair value through other comprehensive income	**38,352**	**1,181**		**405**	
Debt securities	38,352	1,181		405	
Financial assets at amortized cost	**149,024**	**11,861**	**252**	**4,439**	**830**
Loans and advances due from banks	23,995	548		555	
Loans and advances due from customers	116,001	9,506	4	86	17
Debt securities at amortized cost	9,029	1,808	247	3,799	813
LIABILITIES					
Financial liabilities at amortized cost	**153,772**	**9,479**	**50**	**7,147**	**447**
Amounts due to banks	33,218	1,440	3		
Amounts due to customers	7,939	199	(200)		
Debt securities	98,186	6,760	248	6,442	442
Subordinated debt	14,428	1,080		705	5
TOTAL – FAIR VALUE HEDGES	**341,148**	**22,521**	**302**	**11,991**	**1,277**

(1) Accrued interest excluded.
(2) Declassification, end of hedging relationship.

Cash flow hedges

	12/31/2021				12/31/2020			
in millions of euros	Fair value of the hedging derivative	o/w effective portion of hedges not due[1]	o/w ineffective portion	Balance of hedges due and remaining to be recognized[2]	Fair value of the hedging derivative	o/w effective portion of hedges not due[1]	o/w ineffective portion	Balance of hedges due and remaining to be recognized[2]
Interest rate risk hedging	(67)	(69)	1	34	(249)	(243)	(6)	34
Currency risk hedging	(450)	(456)	6		(687)	(702)	15	
TOTAL CASH FLOW HEDGES	**(517)**	**(525)**	**7**	**34**	**(936)**	**(945)**	**9**	**34**

(1) Booked to other items recognized in other comprehensive income or to profit or loss for the recycled portion with a corresponding entry to hedged items.
(2) Declassification, end of hedging relationship.

The ineffective portion of the hedge is recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss", see Note 4.3.

The "Cash flow hedges" reserve corresponds to the effective portion of hedges not due and the balance of hedges that are due and remaining to be recognized, before tax, including the portion attributable to non-controlling interests.

Recycling from "Cash flow hedges" to profit or loss is included either in net interest income or in income on derecognition of the hedged item in the same way as the line impacted by the hedged item.

Cash flow hedges – Details of other items recognized in other comprehensive income

in millions of euros	01/01/2021	Change in the effective portion	Reclassification of the effective portion in income	Hedged item partially or fully extinguished	12/31/2021
Amount of equity for cash flow hedging	(345)	229	11	7	(98)
TOTAL	**(345)**	**229**	**11**	**7**	**(98)**

in millions of euros	01/01/2020	Change in the effective portion	Reclassification of the effective portion in income	Hedged item partially or fully extinguished	12/31/2020
Amount of equity for cash flow hedging	(310)	(46)	4	7	(345)
TOTAL	**(310)**	**(46)**	**4**	**7**	**(345)**

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5.4 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting principles

Financial assets at fair value through other comprehensive income are initially recognized at fair value, plus any transaction costs.

Debt instruments measured at fair value through other comprehensive income recyclable to profit or loss

For each reporting period, these instruments are carried at their fair value and changes in fair value (excluding accrued interest) are recorded under "Gains and losses recognized directly in other comprehensive income recyclable to profit or loss" (as the foreign currency assets are monetary assets, changes in the fair value of the foreign currency component affect income). The principles used to determine fair value are described in Note 10.

These instruments are subject to IFRS 9 impairment requirements. Information about credit risk is provided in Note 7.1. If they are sold, these changes in fair value are taken to income.

Interest income accrued or received on debt instruments is recorded under "Interest and similar income" based on the effective interest method. This method is described in Note 5.5 – Assets at amortized cost.

Equity instruments measured at fair value through other comprehensive income not recyclable to profit or loss

For each reporting period, these instruments are carried at their fair value and changes in fair value are recorded under "Gains and losses recognized directly in other comprehensive income not recyclable to profit or loss" (as the foreign currency assets are not monetary assets, changes in the fair value of the foreign currency component do not affect income). The principles used to determine fair value are described in Note 10.

The designation at fair value through other comprehensive income not recyclable to profit or loss is an irrevocable option that is applied on an instrument-by-instrument basis only to equity instruments not held for trading purposes. Realized and unrealized losses continue to be recorded in other comprehensive income with no impact on income. These financial assets are not impaired.

In the event of disposal, changes in fair value are not transferred to profit or loss but are taken directly to consolidated reserves.

Only dividends affect income when they correspond to a return on investment. They are recorded in "Gains (losses) on financial instruments at fair value through other comprehensive income" (Note 4.4).

in millions of euros	12/31/2021	12/31/2020
Loans and advances	20	19
Debt securities	44,436	46,231
Shares and other equity securities[1][2]	4,142	3,380
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**48,598**	**49,630**
o/w impairment for expected credit losses[3]	(79)	(86)
o/w gains and losses recognized directly in other comprehensive income (before tax)[4]	949	672
• *Debt instruments*	*434*	*448*
• *Equity instruments*	*515*	*224*

(1) Shares and other equity securities include strategic equity interests and certain long-term private equity securities. As these securities are not held for sale, their classification as equity instruments designated at fair value through other comprehensive income is appropriate.
(2) Of which Coface for €189 million.
(3) Details are provided in Note 7.1.1.
(4) Including the portion attributable to non-controlling interests (-€1 million at December 31, 2021, compared with +€53 million at December 31, 2020).

EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting principles

Equity instruments designated at fair value through other comprehensive income can include:

- investments in associates;
- shares and other equity securities.

On initial recognition, equity instruments designated at fair value through other comprehensive income are carried at fair value plus any transaction costs.

On following accounting dates, changes in the fair value of the instrument are recognized in other comprehensive income (OCI).

These changes in fair value that accrue to other comprehensive income will not be reclassified to profit or loss in subsequent years (other comprehensive income not recyclable to profit or loss).

Dividends are only taken to income when they meet the required conditions.

	12/31/2021				12/31/2020			
		Dividends recognized over the period	Derecognition over the period			Dividends recognized over the period	Derecognition over the period	
in millions of euros	Fair value	Equity instruments held at the end of the period	Fair value at the disposal date	Total profit or loss at the disposal date	Fair value	Equity instruments held at the end of the period	Fair value at the disposal date	Total profit or loss at the disposal date
Investments in associates	3,420	150	37	(11)	2,794	133	18	(31)
Shares and other equity securities	722	12			586	6		
TOTAL	**4,142**	**162**	**37**	**(11)**	**3,380**	**139**	**18**	**(31)**

Investments in associates include strategic investments, "tool" entities (IT for example) and certain long-term private equity securities. As these equity investments are not held for sale, their classification as equity instruments designated at fair value through other comprehensive income is appropriate.

The cumulative amount of changes in fair value reclassified to the "Consolidated reserves" component during the period mainly concerns the liquidation of non-consolidated securities and amounts to €11 million in 2021.

5.5 ASSETS AT AMORTIZED COST

Accounting principles

Assets at amortized cost are SPPI financial assets managed under a hold to collect business model. Most loans originated by the group are classified in this category. Information about credit risk is provided in Note 7.1.

Financial assets at amortized cost include loans and advances due from banks and customers as well as securities at amortized cost such as treasury bills and bonds.

Loans and advances are initially recorded at fair value plus any costs and less any income directly related to the arrangement of the loan or to the issue.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

On subsequent closing dates, these financial assets are measured at amortized cost using the Effective Interest Method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the carrying amount of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the implementation of the loans, which are treated as an adjustment to the effective yield on the loan. No internal cost is included in the calculation of amortized cost.

State-guaranteed loans

The State-guaranteed loan (SGL) is a support scheme set up under Article 6 of the amended French Finance Act for 2020 (act No. 2020-289 of March 23, 2020) and the ministerial order issued by the Minister of the Economy and Finance on March 23, 2020 establishing a State guarantee for credit institutions and financing companies from March 16, 2020, to meet the cash flow requirements of companies impacted by the Covid-19 health crisis. The measure was extended until June 30, 2022 by Finance Act No. 2021-1900 of December 30, 2021 for 2022. The State-guaranteed loan is subject to common eligibility criteria applicable by all institutions issuing the loan, as set out by law.

The SGL is a one-year loan with capital repayments deferred for this period. The beneficiary companies may decide, at the end of the first year, to repay the SGLs over one to five additional years or to start repaying the capital only from the second year of the repayment period, paying only the interest and the cost of the State guarantee in the meantime.

For eligible companies, the amount of the SGL is generally capped at 25% of the company's revenues (excluding innovative and recently created companies, and excluding the Seasonal SGL for clients in the Tourism/Hotels/Catering sector, for example). The government provides a guarantee covering between 70% and 90% of the loan, depending on the size of the company. The issuing bank incurs the residual risk. The State guarantee covers a portion of the total amount due on the loan (principal, interest and incidental expenses) until it becomes due. The State guarantee may be enforced before the loan is due if a credit event should occur.

The prepayment penalty is set in the contract, at a reasonable level (2% of the principal amount outstanding during the initial loan period, then 3%-6% of the principal amount outstanding during the repayment period). The terms and conditions for extending the loan are not set in advance but are established two to three months before the extension option expires, in line with market conditions.

A State-guaranteed loan may not be covered by another collateral security or guarantee besides the State guarantee, with the exception of those granted pursuant to a ministerial order by the Minister of the Economy and Finance. The self-employed professional or business leader may request or be offered loan repayment Insurance, but such Insurance is not mandatory.

In view of these features, the State-guaranteed loans meet the criteria of a basic lending arrangement (see Note 2.5.1). These loans are therefore recognized at amortized cost, because they are managed in a hold to collect business model (see Note 2.5.1). On subsequent balance sheet dates, they will be measured at amortized cost using the effective interest method.

The State guarantee is considered to be an integral part of the terms of the loan and is taken into account when calculating impairment for expected credit losses. The guarantee fee paid to the government by Groupe BPCE on granting the loan is recorded in income over the initial term of the loan, using the effective interest method. The impact is recognized in net interest income.

A State-guaranteed loan granted to a borrower considered to be non-performing on inception (Stage 3) is classified as a POCI (Purchased or Originated Credit-Impaired) asset.

However, the grant of a State-guaranteed loan to a given counterparty is not in itself evidence of deterioration in risk, requiring a downgrade to Stage 2 or 3 of the other outstandings of this counterparty.

Loan renegotiations and restructuring

When contracts are modified, IFRS 9 requires the identification of financial assets that are renegotiated, restructured or otherwise modified (whether or not as a result of financial hardship), but not subsequently derecognized. Any profit or loss arising from the modification of a contract is recognized in income. The gross carrying amount of the financial asset must be recalculated so it is equal to the present value of the renegotiated or amended contractual cash flows at the initial effective interest rate. The materiality of the modifications is, however, analyzed on a case by case basis.

"Restructured" amounts correspond to loans where an arrangement has been reached that represents a concession to debtors in financial hardship or in danger of being so. "Restructured" amounts therefore require a combination of two elements: a concession and financial difficulties.

To qualify as a "restructuring", an arrangement must result in a more favorable situation for the debtor (*e.g.* suspended payments of interest or principle, extension of maturities, etc.) and take the form of additional clauses to an existing contract or the full or partial refinancing of an existing loan.

Financial difficulty is measured by a number of criteria, such as payments more than 30 days past due or an at-risk classification. The arrangement of a restructuring does not necessarily mean the counterparty in question is classed as in default by Basel standards. Whether they are classed as in default depends on the viability test carried out during the counterparty's restructuring.

Under IFRS 9, the treatment of loans restructured due to financial hardship is similar to that applied under IAS 39: a discount is applied to loans restructured following a credit loss event (impaired, Stage 3) to reflect the difference between the present value of the contractual cash flows expected at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of credit risk" in the income statement and offset against the corresponding item on the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method. If the discount is immaterial, the effective interest rate on the restructured loan is adjusted and no discount is recognized.

The restructured loan is reclassified as performing (not impaired, Stage 1 or Stage 2) when no uncertainty remains as to the borrower's capacity to honor the commitment.

For substantially restructured loans (for example, the conversion of all or part of a loan into an equity instrument), the new instruments are booked at fair value. The difference between the carrying amount of the derecognized loan (or portion of the loan) and the fair value of the assets received in exchange is taken to income under "Cost of credit risk". Any previously established impairment loss on the loan is adjusted. It is fully reversed in the event of full conversion of the loan into new assets.

The widespread moratoria granted to business customers in response to temporary cash flow difficulties arising from the Covid-19 crisis modified these loans' repayment schedules without substantially modifying their features. These loans were therefore amended without being derecognized. In addition, the granting of the moratorium is not in itself an indication of financial distress for the companies in question.

Fees and commissions

Costs directly attributable to the arrangement of loans are external costs which consist primarily of commissions paid to third parties such as business provider fees.

Income directly attributable to the issuance of new loans principally comprises set-up fees charged to customers, rebilled costs and commitment fees (if it is more probable than improbable that the loan will be drawn down). Commitment fees received that will not result in any drawdowns are apportioned on a straight-line basis over the life of the commitment.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

Date of recognition

Securities are recorded in the balance sheet on the settlement-delivery date.

Temporary sales of securities are also recorded on the settlement/delivery date.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

For repurchase transactions, a loan commitment given is recorded between the transaction date and the settlement-delivery date.

5.5.1 SECURITIES AT AMORTIZED COST

in millions of euros	12/31/2021	12/31/2020
Treasury bills and equivalent	13,783	14,959
Bonds and other debt securities	11,328	11,953
Impairment for expected credit losses	(125)	(180)
TOTAL SECURITIES AT AMORTIZED COST	**24,986**	**26,732**

The fair value of securities at amortized cost is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by impairment Stage is detailed in Note 7.1.

5.5.2 LOANS AND ADVANCES TO BANKS AT AMORTIZED COST

in millions of euros	12/31/2021	12/31/2020
Current accounts with overdrafts	7,587	5,786
Repurchase agreements	1,694	2,155
Accounts and loans[(1)]	79,149	76,257
Other loans or receivables due from banks and similar	35	57
Security deposits paid	5,715	5,807
Impairment for expected credit losses	(40)	(44)
TOTAL LOANS AND ADVANCES DUE FROM BANKS	**94,140**	**90,018**

(1) Livret A, LDD and LEP savings accounts centralized with Caisse des Dépôts et Consignations and recorded under "Accounts and loans" amounted to €76,596 million at December 31, 2021 versus €73,557 million at December 31, 2020.

The fair value of loans and advances due from banks and similar is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by impairment Stage is detailed in Note 7.1.

5.5.3 LOANS AND ADVANCES TO CUSTOMERS AT AMORTIZED COST

in millions of euros	12/31/2021	12/31/2020
Current accounts with overdrafts	**10,827**	**11,251**
Other facilities granted to customers	**776,777**	**742,565**
Loans to financial sector customers	15,107	10,615
Cash loans[(1)]	121,290	114,682
Equipment loans	192,533	180,459
Home loans	404,985	384,789
Export loans	3,116	2,646
Repurchase agreements	5,057	6,901
Finance leases	20,107	19,742
Subordinated loans	575	565
Other loans	14,007	22,165
Other loans or receivables due from customers	**6,652**	**5,488**
Security deposits paid	**570**	**1,042**
Gross loans and advances due from customers	**794,826**	**760,347**
Impairment for expected credit losses	(13,728)	(13,538)
TOTAL LOANS AND ADVANCES DUE FROM CUSTOMERS	**781,097**	**746,809**

(1) State-guaranteed loans (SGL) are included in short-term credit facilities and totaled €34 billion at December 31, 2021 versus €30 billion at December 31, 2020.

Outstanding green financing is detailed in Chapter 2 "Non-financial performance statement" (Note 2.3.4 "Supporting our customers towards a direct low carbon economy").

The fair value of loans and advances due from customers is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by impairment Stage is detailed in Note 7.1.

Change in the balance sheet presentation of zero-rate loans (PTZ):

Since June 30, 2021, BPCE has changed the balance sheet presentation of zero-rate loans to better reflect the value of the exposure. The reclassification related to this change in presentation results in a decrease in the amount of housing loans presented under "Loans and advances to customers at amortized cost" on the assets side, with a corresponding reduction in the deferred income account (PCA), which was previously recorded on the liabilities side and is now deducted from the face value of the loan.

At December 31, 2021, the amount of zero-rate loans in "Loans and advances to customers at amortized cost" is reduced by €2,577 million, including +€258 million for 2021, compared with a decrease of €2,835 million at December 31, 2020.

5.6 ACCRUED INCOME AND OTHER ASSETS

in millions of euros	12/31/2021	12/31/2020
Collection accounts	1,499	851
Prepaid expenses	559	496
Accrued income	846	956
Other accruals(1)	3,364	6,070
Accrued income and prepaid expenses	**6,268**	**8,373**
Settlement accounts in debit on securities transactions	166	158
Other accounts receivable(2)	7,396	7,835
Other assets	**7,562**	**7,993**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**13,830**	**16,366**

(1) Including a decrease in reimbursement rights following the exit of CNP for -€444 million at December 31, 2021 (see Note 5.13).
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

5.7 NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Accounting principles

Where a decision is made to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately on the balance sheet on the "Non-current assets held for sale" line. Any liabilities associated with these assets are also shown separately on the balance sheet on the "Liabilities associated with non-current assets held for sale" line.

Once classified in this category, non-current assets are no longer depreciated/amortized and are measured at the lowest of their carrying amount or fair value less sales costs. Financial instruments continue to be measured in accordance with IFRS 9.

A non-current asset (or group of assets) is held for sale when its carrying amount is recovered by its sale. The asset (or group of assets) must be immediately available for sale and it must be highly likely that the sale will be completed within the next twelve months.

At December 31, 2020, "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" included the assets and liabilities of Banque Tuniso-Koweïtienne, Fidor Bank AG, Coface and H2O.

At December 31, 2021, the assets and liabilities of Fidor Bank AG, TISE and H2O are maintained under "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale".

Figures relating to the entities held for sale are shown below:

in millions of euros	12/31/2021	12/31/2020
Cash and amounts due from central banks	1,640	1,310
Financial assets at fair value through profit or loss	187	141
Financial assets at fair value through other comprehensive income	9	54
Loans and advances to banks at amortized cost	160	141
Loans and advances to customers at amortized cost	144	389
Current tax assets	1	1
Deferred tax assets	22	18
Accrued income and other assets	77	79
Investments accounted for using equity method		446
Investment property		13
Property, plant and equipment		3
Intangible assets	1	3
NON-CURRENT ASSETS HELD FOR SALE	**2,241**	**2,599**
Debt securities	4	44
Amounts due to banks and similar	119	63
Amounts due to customers	1,576	1,601
Current tax liabilities	17	(1)
Deferred tax liabilities		15
Accrued expenses and other liabilities	120	109
Provisions	100	108
Subordinated debt	9	7
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**1,946**	**1,945**

5.8 INVESTMENT PROPERTY

Accounting principles

In accordance with IAS 40, investment property is property held to earn rent and for capital appreciation.

The accounting treatment for investment property is identical to that used for property, plant and equipment for all group entities except for certain Insurance entities, which recognize the property they hold as Insurance investments at fair value, with any adjustment to fair value recorded in income. Fair value is calculated using a multi-criteria approach, by capitalizing rent at market rates and through comparisons with market transactions.

The fair value of the group's investment property is based on regular expert valuations, except in special cases significantly affecting the value of the relevant asset.

Investment property leased under an operating lease may have a residual value that will reduce the depreciable amount of the asset.

Gains or losses on the disposal of investment property are recognized in income on the "Net income or expenses on other activities" line, with the exception of Insurance businesses, which are recognized in "Income from Insurance businesses".

	12/31/2021			12/31/2020		
in millions of euros	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Property recognized at historic cost	1,389	(631)	758	1,378	(608)	770
TOTAL INVESTMENT PROPERTY			**758**			**770**

Investment property held by the Insurance subsidiaries is reported with Insurance investments (see Note 9).

The fair value of investment property came to €1,127 million at December 31, 2021 (€1,162 million at December 31, 2020).

The fair value of investment property is classified in Level 3 of the fair value hierarchy in accordance with IFRS 13.

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5.9 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Accounting principles

This item includes property owned and used in the business, equipment acquired under operating leases, property acquired under finance leases and temporarily unleased assets held under finance leases. Interests in non-trading real estate companies (SCIs) are accounted for as property, plant and equipment.

In accordance with IAS 16 and IAS 38, property, plant and equipment and intangible assets are recognized as assets only if they meet the following conditions:

- it is probable that the company will enjoy future economic benefits associated with the asset;
- the cost of the asset can be measured reliably.

Property, plant and equipment and intangible assets used in operations are initially recognized at cost plus any directly attributable acquisition costs. Software developed internally that fulfills the criteria for recognition as a non-current asset is recognized at its production cost, which includes external charges and the payroll costs of employees directly assigned to the project.

The component-based approach is applied to all buildings.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortization or impairment. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

Property, plant and equipment and intangible assets are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life. Where an asset consists of a number of components that have different uses or economic benefit patterns, each component is recognized separately and depreciated over a period that reflects the useful life of that component.

The depreciation and amortization periods used by the group are as follows:

- buildings: 20 to 60 years;
- internal fixtures and fittings: 5 to 20 years;
- furniture and special equipment: 4 to 10 years;
- computer equipment: 3 to 5 years;
- software: not more than 5 years.

Other items of property, plant and equipment are depreciated over their estimated useful life, which generally ranges from five to ten years.

Property, plant and equipment and intangible assets are tested for impairment whenever there is any evidence that they may be impaired at the balance sheet date. If this is the case, the revised recoverable amount of the asset is compared to its net carrying amount. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognized in income.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any evidence of impairment.

Equipment leased under operating leases (group as lessor) is recognized as an asset on the balance sheet under property, plant and equipment.

	12/31/2021			12/31/2020		
in millions of euros	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Property, plant and equipment	**11,652**	**(7,661)**	**3,991**	**11,627**	**(7,579)**	**4,048**
Real estate assets	4,301	(2,176)	2,125	4,214	(2,136)	2,077
Movable assets	7,351	(5,485)	1,866	7,413	(5,443)	1,971
Property, plant and equipment leased under operating leases	**852**	**(261)**	**591**	**782**	**(269)**	**513**
Movable assets	852	(261)	591	782	(269)	513
Right-of-use assets for leases	**3,036**	**(1,223)**	**1,813**	**2,644**	**(982)**	**1,661**
Real estate assets	3,017	(1,207)	1,811	2,621	(969)	1,651
o/w contracted during the period	*64*	*(15)*	*49*	*2*		*2*
Movable assets	19	(16)	3	23	(13)	10
TOTAL PROPERTY, PLANT AND EQUIPMENT	**15,540**	**(9,145)**	**6,396**	**15,053**	**(8,830)**	**6,222**
Intangible assets	**3,913**	**(2,917)**	**997**	**3,792**	**(2,755)**	**1,038**
Software	3,147	(2,571)	576	3,014	(2,431)	582
Other intangible fixed assets	766	(345)	421	778	(323)	456
TOTAL INTANGIBLE ASSETS	**3,913**	**(2,917)**	**997**	**3,792**	**(2,755)**	**1,038**

5.10 DEBT SECURITIES

Accounting principles

Issues of debt securities not classified as financial liabilities at fair value through profit or loss or through other comprehensive income are initially recognized at fair value less any transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recognized on the balance sheet under "Amounts due to banks", "Amounts due to customers" or "Debt securities".

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

Securities are recorded in the balance sheet on the settlement-delivery date.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

A new category of liabilities eligible for the numerator in the TLAC (*Total Loss Absorbing Capacity*) calculation has been introduced by French law and is commonly referred to as "senior non-preferred debt". These liabilities rank between own funds and other senior preferred debt.

in millions of euros	12/31/2021	12/31/2020
Bonds	129,487	126,207
Interbank market instruments and negotiable debt securities	80,591	76,768
Other debt securities that are neither preferred nor subordinated	1,170	1,970
Senior non-preferred debt[(1)]	25,163	22,065
Total	**236,411**	**227,010**
Accrued interest	1,008	1,191
TOTAL DEBT SECURITIES	**237,419**	**228,201**

(1) In its dual role as an issuer on the bond market (to refinance the excess of the group's financing needs over its customers' deposits and to provide the group with additional capital and capacity to absorb losses), and as the organizer / manager of the group's internal capital management operations as a central institution, BPCE SA issued €3.2 billion of non-preferred senior bonds on the market in 2021.

Green bond issues are described in detail in Chapter 2 "Non-financial performance statement" (Note 2.3.3 "Intensifying its green refinancing strategy with energy transition bond issues").

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

5

5.11 AMOUNTS DUE TO BANKS AND SIMILAR AND CUSTOMERS

Accounting principles

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried at amortized cost under "Amounts due to banks" or "Amounts due to customers".

Issues of debt securities (which are not classified as financial liabilities at fair value through profit or loss or through other comprehensive income) are initially recognized at fair value less any transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recognized on the balance sheet under "Amounts due to banks", "Amounts due to customers" or "Debt securities" (see Note 5.10).

Temporary sales of securities are recorded on the settlement/delivery date.

For repurchase transactions, a loan commitment received is recorded between the transaction date and the settlement-delivery date when such transactions are recorded as "Liabilities".

Use of the ECB's long-term refinancing facility (TLTRO3) was booked at amortized cost in accordance with IFRS 9. Interest is recognized in the income statement by the Effective Interest Method estimated based on the assumption that the loan production targets set by the ECB are met. As these loans are remunerated *via* an adjustable rate, the effective interest rate used may change from one period to another. This means the -0.50% interest bonus has been booked as income for the 12-month period concerned.

5.11.1 AMOUNTS DUE TO BANKS AND SIMILAR

in millions of euros	12/31/2021	12/31/2020
Demand deposits	7,694	9,471
Repurchase agreements	3,944	2,710
Accrued interest	3	6
Amounts due to banks and similar – repayable on demand	**11,641**	**12,187**
Term deposits and loans[1]	137,041	117,556
Repurchase agreements	6,886	7,607
Accrued interest	(1,317)	(373)
Amounts due to banks and similar – repayable at agreed maturity dates	**142,610**	**124,790**
Guarantee deposits received	**1,140**	**1,439**
TOTAL AMOUNTS DUE TO BANKS AND SIMILAR	**155,391**	**138,416**

(1) The liability related to the TLTRO3 long-term refinancing with the ECB amounted to €97 billion at December 31, 2021 (€82 billion at December 31, 2020) and resulted in the recognition of interest income in interest and similar income on the basis a bonus rate of -1% over the period, as the group considers it highly probable that it will achieve the target of stable loans outstanding set by the ECB.

The fair value of amounts due to banks and similar is presented in Note 10.

5.11.2 AMOUNTS DUE TO CUSTOMERS

in millions of euros	12/31/2021	12/31/2020
Current accounts	**285,152**	**266,086**
Livret A savings accounts	104,245	100,781
Regulated home savings products	82,279	82,058
Other regulated savings accounts	107,939	99,839
Accrued interest	4	3
Regulated savings accounts	**294,467**	**282,681**
Demand deposits and loans	9,737	13,917
Term accounts and loans	70,540	59,118
Accrued interest	1,135	1,339
Other customer accounts	**81,412**	**74,374**
Repurchase agreements	**3,205**	**5,225**
Other amounts due to customers	**1,036**	**2,453**
Guarantee deposits received	**45**	**18**
TOTAL AMOUNTS DUE TO CUSTOMERS	**665,317**	**630,837**

The details of the passbook savings accounts are presented in Chapter 2 "Non-financial performance statement" (Note 2.3.4 "Supporting our customers towards a direct low-carbon economy").

The fair value of amounts due to customers is presented in Note 10.

5.12 ACCRUED EXPENSES AND OTHER LIABILITIES

in millions of euros	12/31/2021	12/31/2020
Collection accounts	2,596	1,621
Prepaid income[1]	949	1,504
Accounts payable	2,889	2,606
Other accruals[1]	3,026	6,612
Accrued expenses and other liabilities	**9,460**	**12,343**
Settlement accounts in credit on securities transactions	792	1,882
Other accounts payable[2]	7,980	6,719
Lease liabilities	1,882	1,719
Other liabilities	**10,654**	**10,320**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**20,114**	**22,662**

(1) The change in deferred income is mainly due to a modification in the presentation of zero-rate loans (PTZ) (see Note 5.5.3).
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

5.13 PROVISIONS

Accounting principles

Provisions other than those relating to employee benefit commitments and similar, regulated home savings products, off-balance sheet commitments, and Insurance policies mainly consist of provisions for restructuring, claims and litigation, fines and penalties, and tax risks (excluding income tax).

Provisions are liabilities for which the timing or amount is uncertain, but can be reliably estimated. They correspond to current obligations (legal or implicit), resulting from a past event, and for which an outflow of funds will probably be necessary to settle them.

The amount recognized in provisions is the best estimate of the expense required to extinguish the present commitment at the balance sheet date.

Provisions are discounted when the impact of discounting is material.

Changes in provisions are recognized in the income statement on the lines corresponding to the nature of the future expenditure.

Provisions on regulated home savings products

Regulated Home Savings Accounts (*Comptes d'Épargne Logement* – CEL) and Regulated Home Savings Plans (*Plans d'Épargne Logement* – PEL) are retail products marketed in France governed by the 1965 law on home savings plans and accounts, and subsequent implementing decrees.

Regulated home savings products generate two types of commitments for establishments selling them:

- a commitment to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- a commitment to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Commitments with potentially unfavorable consequences are measured for each generation of regulated home savings plans and for all regulated home savings accounts.

A provision is recognized for the associated risks by discounting future potential earnings from at-risk outstandings:

- at-risk saving deposit outstandings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical investor behavior patterns, and corresponds to the difference between the probable outstandings and the minimum expected outstandings;
- at-risk loans correspond to the loan outstandings granted but not yet due at the calculation date plus statistically probable loan outstandings based on historical customer behavior patterns as well as earned and future rights relating to regulated home savings accounts and plans.

The commitments are estimated using the Monte Carlo method in order to reflect the uncertainty of future interest rate trends and their impact on customer behavior models and at-risk outstandings. On this basis, a provision is recorded for a given generation of contracts in the event of a situation liable to be detrimental for the group, with no netting between generations.

The provision is recognized under liabilities in the balance sheet and changes are recorded in net interest income and expenses.

in millions of euros	12/31/2020	Increase	Used	Reversals unused	Other movements[(1)]	12/31/2021
Provisions for employee benefits[(2)]	2,174	273	(87)	(94)	(688)	1,578
Provisions for restructuring costs[(3)]	152	75	(28)	(40)	2	161
Legal and tax risks[(4)]	1,208	283	(295)	(124)	53	1,124
Loan and guarantee commitments[(5)]	855	660	(7)	(679)	37	866
Provisions for regulated home savings products	613	53		(2)		664
Other operating provisions[(6)]	1,211	399	(88)	(149)	(436)	937
TOTAL PROVISIONS	**6,213**	**1,743**	**(506)**	**(1,089)**	**(1,032)**	**5,330**

(1) Other movements notably include:

- the change in the revaluation reserve for post-employment defined benefit plans (-€244 million before tax) and the change in foreign exchange rate adjustments (+€62 million);
- the impact of changes in the scope of consolidation and in particular the sale of the CNP Assurances investment (-€444 million in reimbursement rights);
- a change in the presentation of provisions for the restitution of tax savings, which are now presented within current tax liabilities for -€439 million in "Other operating provisions".

(2) Including €1,408 million for post-employment defined-benefit plans and other long-term employee benefits.
The implementation of the IFRS IC decision relating to IAS 19 Employee Benefits over 2021 has the effect of reducing provisions by €59 million, with a corresponding reduction in consolidated reserves (see Note 2.2).

(3) At December 31, 2021, provisions for restructuring costs notably included:

- €72 million for the voluntary redundancy plan at Crédit Foncier;
- €16 million for the "Internal mobility and external departure plan" at Global Financial Services;
- €3 million for the employment protection plan at BPCE International.

(4) Provisions for legal and tax risks include €319 million for the net exposure on the Madoff fraud (*versus* €503 million at December 31, 2020). The decrease in this provision is mainly due to the write-off, fully covered by provisions, following the confirmation of the liquidation of certain assets deposited in the group's name.

(5) Provisions for loan and guarantee commitments are detailed in Note 7.1.3.

(6) This item records a provision for contingencies and losses of €87 million to cover the income recognized in "Income from other activities" in respect of the EIC fine following the favorable decision handed down by the Court of Appeal on December 2, 2021 (see Note 4.6).

5.13.1 DEPOSITS COLLECTED FOR REGULATED HOME SAVINGS PRODUCTS

in millions of euros	12/31/2021	12/31/2020
Deposits collected for regulated home savings plans (PEL)		
• plans less than 4 years old	3,876	4,507
• plans more than 4 years but less than 10 years old	49,338	46,899
• plans more than 10 years old	22,036	23,371
Deposits collected for regulated home savings plans (PEL)	**75,250**	**74,777**
Deposits collected for regulated home savings accounts (CEL)	**6,039**	**5,896**
TOTAL DEPOSITS COLLECTED FOR REGULATED HOME SAVINGS PRODUCTS	**81,289**	**80,673**

5.13.2 LOANS GRANTED ON REGULATED HOME SAVINGS PRODUCTS

in millions of euros	12/31/2021	12/31/2020
Loans granted on regulated home savings plans (PEL)	15	22
Loans granted on regulated home savings accounts (CEL)	53	81
TOTAL LOANS GRANTED ON REGULATED HOME SAVINGS PRODUCTS	**68**	**103**

5.13.3 PROVISIONS FOR REGULATED HOME SAVINGS PRODUCTS

in millions of euros	12/31/2021	12/31/2020
Provisions for home savings plans (PEL)		
• plans less than 4 years old	52	67
• plans more than 4 years but less than 10 years old	177	165
• plans more than 10 years old	365	336
Provisions for home savings plans (PEL)	**594**	**568**
Provisions for regulated home savings accounts (CEL)	**71**	**46**
Provisions for home savings plan (PEL) loans		
Provisions for home savings account (CEL) loans	(1)	(1)
Provisions for home savings loans	**(1)**	**(1)**
TOTAL PROVISIONS FOR REGULATED HOME SAVINGS PRODUCTS	**664**	**613**

5.14 SUBORDINATED DEBT

Accounting principles

Subordinated debt differs from other debt and bonds in that it will be repaid only after all the senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated notes.

Subordinated debt which the issuer is obliged to repay is classified as debt and initially recognized at fair value less any transaction costs. It is subsequently measured at amortized cost at each balance sheet date using the effective interest method.

in millions of euros	12/31/2021	12/31/2020
Subordinated debt designated at fair value through profit or loss	100	100
SUBORDINATED DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS	**100**	**100**
Term subordinated debt	17,529	14,457
Perpetual subordinated debt	303	303
Mutual guarantee deposits	109	121
Subordinated debt and similar	**17,941**	**14,881**
Accrued interest	460	409
Revaluation of the hedged component	589	1,085
SUBORDINATED DEBT AT AMORTIZED COST	**18,990**	**16,375**
TOTAL SUBORDINATED DEBT[(1)]	**19,090**	**16,475**

(1) Including €251 million for the insurance entities at December 31, 2021 (no change from December 31, 2020).

The fair value of subordinated debt is presented in Note 10.

CHANGES IN SUBORDINATED DEBT AND SIMILAR DURING THE YEAR

in millions of euros	12/31/2020	Issuance[1]	Redemption[2]	Other movements[3]	12/31/2021
Subordinated debt designated at fair value through profit or loss	100				100
SUBORDINATED DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS	**100**				**100**
Term subordinated debt	14,457	4,456	(1,854)	470	17,529
Perpetual subordinated debt	303				303
Mutual guarantee deposits	121	11	(23)	(1)	109
SUBORDINATED DEBT AT AMORTIZED COST[4]	**14,881**	**4,467**	**(1,877)**	**469**	**17,941**
SUBORDINATED DEBT AND SIMILAR	**14,981**	**4,467**	**(1,877)**	**469**	**18,041**

(1) In its dual role as an issuer on the bond market (to refinance the excess of the group's financing needs over its customers' deposits and to provide the group with additional capital and capacity to absorb losses), and as the organizer / manager of the group's internal capital management operations as a central institution, BPCE SA issued €4.5 billion of Tier 2 bonds (including €1.8 billion of contingent Tier 2 bonds) in 2021.
(2) Redemptions of subordinated loans and notes were due to the maturing of such borrowings.
(3) Other changes mainly included the revaluation of debts subject to hedging, foreign exchange fluctuations and variations in intra-group securities held by Natixis Funding for the purposes of market-making on the Global Financial Services division's debt on the secondary market.
(4) Excluding accrued interest and revaluation of the hedged component.

Deeply subordinated notes qualifying as equity instruments are presented in Note 5.15.2.

5.15 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

Accounting principles

Financial instruments issued by the group qualify as debt or equity instruments depending on whether or not the issuer has a contractual obligation to deliver cash or another financial asset to the holder of the instrument, or to exchange the instrument under conditions that are potentially unfavorable to the group. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

In addition, when an instrument qualifies as equity:

- its remuneration impacts equity. However, in accordance with the amendment to IAS 12 of December 2017, which applies from January 1, 2019, the tax consequences of dividend payments can be recognized in consolidated reserves, gains and losses recognized directly in other comprehensive income, or in income, depending on the source of the amounts paid. Accordingly, when the payment corresponds to the notion of a dividend within the meaning of IFRS 9, the tax consequence is taken to income. This rule applies to interest on perpetual deeply subordinated notes, which is treated as a dividend for accounting purposes;
- it cannot be an underlying instrument eligible for hedge accounting;
- if the issue is in a foreign currency, the instrument is fixed at its historical value resulting from its conversion to euros at its initial date of transfer to equity.

Finally, when these instruments are issued by a subsidiary, they are included in "Non-controlling interests". When their remuneration is of a cumulative nature, it is charged to "Income attributable to equity holders of the parent" and increases the income of "Non-controlling interests". However, when their remuneration is not of a cumulative nature, it is drawn from consolidated reserves attributable to equity holders of the parent.

5.15.1 COOPERATIVE SHARES

Accounting principles

IFRIC 2 "Members' Shares in Co-operative Entities and Similar Instruments" clarifies the provisions of IAS 32. In particular, it stipulates that the contractual right of the holder of cooperative shares in cooperative entities to request redemption does not, in itself, automatically give rise to an obligation for the issuer. Rather, the entity must consider all of the terms and conditions of the financial instrument in determining its classification as a debt or equity.

Based on this interpretation, cooperative shares are classified as equity if the entity has an unconditional right to refuse redemption of the cooperative shares or if local laws, regulations or the entity's articles of association unconditionally prohibit or curtail the redemption of cooperative shares.

Based on the existing provisions of the group's articles of association relating to minimum capital requirements, cooperative shares issued by the group are classified as equity.

As the local savings companies (LSCs) are considered to be fully consolidated structured entities, their consolidation impacts consolidated reserves.

At December 31, 2021, the share capital is broken down as follows:

- €12,004 million in cooperative shares fully subscribed for by the cooperative shareholders of the Banques Populaires (compared to €11,245 million at December 31, 2020);
- €12,404 million in cooperative shares fully subscribed for by the cooperative shareholders of the Caisses d'Epargne (compared to €12,404 million at December 31, 2020).

Since January 1, 2021, the Banques Populaires have carried out capital increases of €759 million (€743 million during 2020), resulting in an increase in the "Capital" item. The shareholders' equity of the local savings companies is also included in "Consolidated reserves" after the elimination of the Caisses d'Epargne cooperative shares held. Shares issued by local savings companies since January 1, 2021 resulted in an increase in reserves of €282 million (€448 million during 2020).

At December 31, 2021, additional paid-in capital is broken down as follows:

- €947 million linked to cooperative shares subscribed for by the cooperative shareholders of the Banques Populaires;
- €2,885 million linked to cooperative shares subscribed for by the cooperative shareholders of the Caisses d'Epargne.

5.15.2 PERPETUAL DEEPLY SUBORDINATED NOTES CLASSIFIED IN OTHER COMPREHENSIVE INCOME

At December 31, 2021, Groupe BPCE had no more perpetual deeply subordinated notes classified in other comprehensive income.

5.16 NON-CONTROLLING INTERESTS

5.16.1 MATERIAL NON-CONTROLLING INTERESTS

At December 31, 2021, significant non-controlling interests in the group's equity consisted mainly of non-controlling interests in the Global Financial Services division (including H2O) and minority interests in Oney Bank group.

At December 31, 2020, material non-controlling interests with regard to the group's equity mainly comprised the share of minority interests in Natixis group, non-controlling interests in the Global Financial Services division (including H2O) and the share of minority interests in the Oney Bank group.

in millions of euros		Fiscal year 2021						
		Non-controlling interests			Financial data summarized at 100%			
Entity name	**Percentage ownership of non-controlling interests**	Income attributed to holders of non-controlling interests during the period	Amount of non-controlling interests in the subsidiary	Dividends paid to holders of non-controlling interests	Assets	Liabilities	Reportable net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Global Financial Services division[(1)(2)]	**0.00%**	**249**	**272**	**105**	**568,556**	**547,486**	**1,403**	**1,899**
o/w H2O	*49.99%*	*25*	*155*		*384*	*91*	*49*	*65*
Oney Bank	**49.90%**	**17**	**257**	**3**	**5,887**	**5,241**	**96**	**96**
Other entities		**16**	**178**	**6**				
TOTAL AT DECEMBER 31, 2021		**282**	**707**	**114**				

(1) As part of Groupe BPCE's simplification project, Natixis's activities are now grouped into a new "Global Financial Services" division (see Note 1.3).
(2) The impact of the simplified public tender offer on Natixis shares in Groupe BPCE's financial statements at December 31, 2021 are presented in Note 1.3.

in millions of euros	Fiscal year 2020							
		Non-controlling interests			Financial data summarized at 100%			
Entity name	**Percentage ownership of non-controlling interests**	**Income attributed to holders of non-controlling interests during the period**	**Amount of non-controlling interests in the subsidiary**	**Dividends paid to holders of non-controlling interests**	**Assets**	**Liabilities**	**Reportable net income attributable to equity holders of the parent**	**Comprehensive income attributable to equity holders of the parent**
Natixis group	**29.34%**	**128**	**5,326**	**166**	**495,320**	**475,924**	**101**	**(81)**
o/w H2O[1]	*49.99%*	*30*	*122*	*124*	*282*	*55*	*60*	*38*
Oney Bank	**49.90%**	**22**	**243**		**4,363**	**3,748**	**70**	**70**
Other entities		**(16)**	**159**	**8**				
TOTAL AT DECEMBER 31, 2020		**134**	**5,728**	**174**				

(1) Non-controlling interests calculated at the Natixis level.

5.16.2 TRANSACTIONS MODIFYING THE SHARE OF NON-CONTROLLING INTERESTS IN CONSOLIDATED RESERVES

	Fiscal year 2021		Fiscal year 2020	
in millions of euros	Attributable to equity holders of the parent	Attributable to non-controlling interests	Attributable to equity holders of the parent	Attributable to non-controlling interests
Put options on non-controlling interests	**(168)**	**(58)**	**3**	**5**
Recognition of a liability in connection with liquidity contracts on Natixis shares[1]	(25)			
Acquisitions/Disposals[2]	(5)	(30)	(13)	(5)
Revaluations and other	(138)	(28)	16	10
Change in ownership interests with no change of control[3]	**1,408**	**(5,170)**	**5**	**7**
Loss of control of Coface[4]			**(53)**	**(1,196)**
Other[5]	**(21)**	**20**	**450**	**(403)**
TOTAL IMPACT OF ACQUISITIONS AND DISPOSALS ON NON-CONTROLLING INTERESTS	**1,219**	**(5,208)**	**405**	**(1,587)**

(1) In the context of the simplified public tender offer for Natixis shares, liquidity contracts were concluded by BPCE SA, and a reduction of €17 million in consolidated reserves (attributable to equity holders of the parent) was recorded in respect of shares already allocated and €8 million in respect of shares in the process of being acquired. In the same context, a 5 million expense was recognized in the income statement of BPCE SA for the revaluation of recognized provisions, see Note 1.3 and Note 8.3.

(2) The impact of the sale of the BTK Group on the financial statements of Groupe BPCE as of December 31, 2021 is presented in Note 1.3. At December 31, 2020, the sale of 45% of the Ostrum shares led to the recognition of -€13 million as attributable to equity holders of the parent and -€5 million as portion attributable to non-controlling interests.

(3) The impact of the simplified public tender offer for Natixis shares on Groupe BPCE's financial statements as of December 31, 2021 are presented in Note 1.3.

(4) The loss of control of Coface meant the deconsolidation of -€1,174 million of consolidated reserves attributable to minority interests and the recycling to income of unrealized reserves on available-for-sale assets (-€55 million attributable to equity holders of the parent and -€23 million attributable to non-controlling interests) and foreign exchange rate adjustments (+€2 million attributable to equity holders of the parent and +€1 million attributable to non-controlling interests).

(5) In 2020, the revision of reserves attributable to minority interests resulted in a +€409 million transfer between reserves attributable to equity holders of the parent and those attributable to non-controlling interests.

5.17 CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME

Accounting principles

In the event of disposal of equity financial assets recognized in other comprehensive income, changes in fair value are not transferred to profit or loss. These items are described as being not recyclable to profit or loss.

	12/31/2021			12/31/2020		
in millions of euros	Gross	Tax	Net	Gross	Tax	Net
Foreign exchange rate adjustments	372	///	372	(410)	///	(410)
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	(14)	(3)	(17)	98	(13)	85
Revaluation of available-for-sale financial assets of Insurance businesses	(220)	57	(164)	259	(63)	196
Revaluation of derivative hedging items that can be recycled to net income	248	(61)	187	(35)	3	(32)
Items of the share of gains and losses of associates recognized directly in other comprehensive income	(709)	200	(509)	1	(24)	(23)
Items recyclable to profit or loss	**(323)**	**193**	**(130)**	**(87)**	**(97)**	**(184)**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	243	(61)	182	4	(4)	
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	13	(4)	9	(23)	6	(17)
Revaluation of equity financial assets recognized at fair value through other comprehensive income	303	(113)	190	49	12	61
Items of the share of gains and losses of associates recognized directly in other comprehensive income	35	(9)	26	(4)		(4)
Items not recyclable to profit or loss	**594**	**(188)**	**407**	**26**	**14**	**40**
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (AFTER TAX)	**271**	**5**	**277**	**(61)**	**(83)**	**(144)**
Attributable to equity holders of the parent			253			(106)
Non-controlling interests			24			(38)

5.18 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Accounting principles

Financial assets and liabilities were offset on the balance sheet in accordance with IAS 32. Under this standard, a financial asset and financial liability are offset and a net balance is recorded in the balance sheet if and only if:

- the group has the legally enforceable right to offset the recorded amounts; and
- it has the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Within Groupe BPCE, most offset amounts are the result of repurchase agreements and derivatives transactions largely carried out by the GFS division with clearing houses, which meet the requirements of IAS 32:

- for listed derivatives, the positions recorded under the respective asset and liability items for:
  - index options and futures options are offset by maturity and by currency,
  - equity options are offset by ISIN code and maturity date;
- for OTC derivatives, this comprises the netting, by currency, of the asset valuations and liability valuations of the derivatives;
- for repurchase agreements, the amount recorded in the balance sheet corresponds to the net value of repurchase and reverse repurchase agreements:
  - entered into with the same counterparty and which:
    - have the same maturity date,
    - have the same depositary (unless the depositary uses the T2S platform),
    - are denominated in the same currency.

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Since December 31, 2020, OTC derivatives traded by the GFS division with the clearing houses LCH Clearnet Ltd, Eurex Clearing AG and CME Clearing are not subject to netting within the meaning of IAS 32, but are settled daily (application of the Settlement to Market principle as provided for by these three clearing houses, which treats margin calls as daily settlement for derivatives instead of collateral).

Financial assets and liabilities under netting agreements may only be offset if they meet the restrictive netting criteria set by IAS 32.

Offsetting may not be performed for derivatives or OTC repurchase agreements subject to master agreements that do not meet the net settlement criteria or where the realization of a simultaneous settlement of the asset and liability cannot be demonstrated or for which the offsetting right can only be exercised in the event of default, insolvency or bankruptcy by one of the parties to the agreement. However, the impact of such agreements in terms of reducing the exposure is presented in the second table.

For these instruments, the "Related financial assets and financial instruments received as collateral" and "Related financial liabilities and financial instruments pledged as collateral" columns include in particular:

- for repurchase agreements:
  - loans or borrowings resulting from reverse repurchase agreements with the same counterparty, and securities pledged or received as collateral (for the fair value of said securities),
  - margin calls in the form of securities (for the fair value of said securities);
- for derivatives, the fair values of reverse transactions with the same counterparty, as well as margin calls in the form of securities.

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

5.18.1 FINANCIAL ASSETS

Impact of offsetting on financial assets under netting agreements in the balance sheet

in millions of euros	12/31/2021 Gross amount of financial assets[1]	12/31/2021 Gross amount of financial liabilities offset in the balance sheet	12/31/2021 Net amount of financial assets recognized in the balance sheet	12/31/2020[2] Gross amount of financial assets	12/31/2020[2] Gross amount of financial liabilities offset in the balance sheet	12/31/2020[2] Net amount of financial assets recognized in the balance sheet
Derivatives (trading and hedging)	55,328	4,453	50,875	54,811	4,970	49,841
Repurchase agreements	87,665	31,495	56,170	81,096	15,149	65,947
Financial assets at fair value	**142,993**	**35,948**	**107,045**	**135,908**	**20,119**	**115,789**
Repurchase agreements loans and advances portfolio)	**9,535**	**2,785**	**6,751**	**14,113**	**5,057**	**9,056**
TOTAL	**152,529**	**38,733**	**113,796**	**150,021**	**25,176**	**124,845**

(1) Includes the gross amount of financial assets subject to netting or an enforceable master netting agreement or similar and financial assets not subject to any agreement.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

Impact of netting agreements on financial assets not recognized in the financial statements

in millions of euros	12/31/2021 Net amount of financial assets recognized in the balance sheet	12/31/2021 Related financial liabilities and financial instruments received as collateral[1]	12/31/2021 Margin calls received (cash collateral)	12/31/2021 Net exposure	12/31/2020[2] Net amount of financial assets recognized in the balance sheet	12/31/2020[2] Related financial liabilities and financial instruments received as collateral	12/31/2020[2] Margin calls received (cash collateral)	12/31/2020[2] Net exposure
Derivatives (trading and hedging)	50,875	32,570	6,130	12,175	49,841	33,133	7,126	9,582
Repurchase agreements	62,921	60,439	7	2,475	75,003	74,518	88	397
TOTAL	**113,796**	**93,009**	**6,137**	**14,650**	**124,845**	**107,651**	**7,214**	**9,980**

(1) Including collateral received in the form of securities.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

The net exposure does not reflect the accounting position, because it takes into account the reduced exposure arising from agreements that do not meet the restrictive netting criteria set by IAS 32.

5.18.2 FINANCIAL LIABILITIES

Impact of offsetting on financial liabilities under netting agreements in the balance sheet

	12/31/2021			12/31/2020[2]		
in millions of euros	Gross amount of financial liabilities[1]	Gross amount of financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet	Gross amount of financial liabilities	Gross amount of financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet
Derivatives (trading and hedging)	57,233	4,278	52,955	57,048	4,510	52,538
Repurchase agreements	117,912	31,495	86,417	108,382	15,149	93,233
Financial liabilities at fair value	**175,146**	**35,774**	**139,372**	**165,430**	**19,659**	**145,771**
Repurchase agreements (debt portfolio)	**16,818**	**2,785**	**14,033**	**20,607**	**5,057**	**15,550**
Other financial instruments (debt portfolio)	**175**	**175**		**460**	**460**	
TOTAL	**192,138**	**38,733**	**153,405**	**186,496**	**25,176**	**161,320**

(1) Includes the gross amount of financial liabilities subject to netting or an enforceable master netting agreement or similar and financial liabilities not subject to any agreement and financial assets not subject to any agreement.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

Impact of netting agreements on financial liabilities not recognized in the financial statements

	12/31/2021				12/31/2020[2]			
in millions of euros	Net amount of financial liabilities recognized in the balance sheet	Related financial assets and financial instruments pledged as collateral[1]	Margin calls paid (cash collateral)	Net exposure	Net amount of financial liabilities recognized in the balance sheet	Related financial assets and financial instruments pledged as collateral	Margin calls paid (cash collateral)	Net exposure
Derivatives (trading and hedging)	52,955	34,709	12,522	5,724	52,538	34,875	15,462	2,201
Repurchase agreements	100,450	98,769	1	1,680	108,782	107,958	32	792
TOTAL	**153,405**	**133,478**	**12,523**	**7,404**	**161,320**	**142,833**	**15,494**	**2,993**

(1) Including collateral received in the form of securities.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

The net exposure does not reflect the accounting position, because it takes into account the reduced exposure arising from agreements that do not meet the restrictive netting criteria set by IAS 32.

5.19 TRANSFERRED FINANCIAL ASSETS, OTHER FINANCIAL ASSETS PLEDGED AS COLLATERAL AND ASSETS RECEIVED AS COLLATERAL THAT CAN BE SOLD OR REPLEDGED

Accounting principles

A financial asset (or group of similar financial assets) is derecognized when the contractual rights to the asset's future cash flows have expired or when such rights are transferred to a third party, together with virtually all of the risks and rewards associated with ownership of the asset. In such case, rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

When a financial asset is derecognized, a gain or loss on disposal is recorded in the income statement reflecting the difference between the carrying amount of the asset and the consideration received.

In the event that the group has neither transferred nor retained virtually all of the risks and rewards, but has retained control of the asset, the asset continues to be recognized on the balance sheet to the extent of the group's continuing involvement.

In the event that the group has neither transferred nor retained virtually all of the risks and rewards and has not retained control of the asset, the asset is derecognized and all of the rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

If all the conditions for derecognizing a financial asset are not met, the group keeps the asset in the balance sheet and records a liability representing the obligations arising when the asset is transferred.

The group derecognizes a financial liability (or a part of a financial liability) only when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, terminated or expires.

Repurchase agreements

Securities sold under repurchase agreements are not derecognized in the vendor's accounts. A liability representing the commitment to return the funds received is identified and recognized under "Securities sold under repurchase agreements". This debt is a financial liability recorded at amortized cost or at fair value through profit or loss when this liability is considered part of a trading business model.

The assets received are not recognized in the purchaser's books, but a receivable is recorded with respect to the vendor representing the funds loaned. The amount disbursed in respect of the asset is recognized under "Securities purchased under resale agreements". On subsequent balance sheet dates, the securities continue to be accounted for by the vendor in accordance with the rules applicable to the category in which they were initially classified. The receivable is valued according to methods specific to its category: at amortized cost when classified in "Loans and advances", or at fair value through profit or loss when it is considered part of a trading business model.

Outright securities lending

Securities loaned under outright securities lending transactions are not derecognized in the vendor's accounts. They continue to be recognized in their original accounting category and are valued accordingly. For the borrower, the securities borrowed are not recognized.

Transactions leading to substantial changes in financial assets

When an asset is subject to substantial changes (in particular following renegotiation or remodeling due to financial hardship) there is derecognition, since the rights to the initial cash flows have essentially expired. The group considers that this is the case for:

- changes leading to a change of counterparty, especially if the new counterparty has a very different credit quality than the previous counterparty;
- changes intended to move from a very structured to basic indexing, as the two assets are not exposed to the same risks.

Transactions leading to substantial changes in financial liabilities

A substantial change to the terms of a lending instrument must be recorded as the extinguishment of the existing debt and its replacement with a new debt. The amendment to IFRS 9 of October 12, 2017 clarified the treatment under IFRS 9 of modifications of liabilities recognized at amortized cost if the modification does not result in derecognition: the profit or loss resulting from the difference between the original cash flows and the modified cash flows discounted at the original effective interest rate must be recognized in profit or loss. To assess the substantial nature of the change, IFRS 9 includes a threshold of 10% based on discounted cash flows, integrating potential costs and fees: when the difference is greater than or equal to 10%, all of the costs or fees incurred are recognized as profit or loss on debt extinguishment.

The group may consider other changes to be substantial, such as a change of issuer (even within the same group) or a change in currency.

5.19.1 TRANSFERRED FINANCIAL ASSETS NOT FULLY DERECOGNIZED AND OTHER FINANCIAL ASSETS PLEDGED AS COLLATERAL

At December 31, 2021

	Net carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2021
Financial assets at fair value through profit or loss – Held for trading	3,249	8,261	47	292	11,850
Financial assets at fair value through profit or loss – Non-SPPI			8		8
Financial assets at fair value through other comprehensive income	5,502	1,448	1,208		8,158
Financial assets at amortized cost		1,311	139,336	40,372	181,019
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**8,751**	**11,020**	**140,599**	**40,664**	**201,034**
o/w transferred financial assets not fully derecognized	*8,751*	*11,020*	*135,143*	*40,664*	*195,578*

The amount of liabilities associated with financial assets pledged as collateral for repurchase agreements came to €10,385 million at December 31, 2021 (€10,161 million at December 31, 2020).

The fair value of assets pledged as collateral for non-deconsolidating securitization transactions was €41,915 million at December 31, 2021 (€38,580 million at December 31, 2020) and the amount of related liabilities came to €31,162 million at December 31, 2021 (€22,851 million at December 31, 2020).

At December 31, 2020

	Net carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2020
Financial assets at fair value through profit or loss – Held for trading	3,852	9,038	441	373	13,704
Financial assets at fair value through profit or loss – Non-SPPI			9		9
Financial assets at fair value through other comprehensive income	6,581	575	1,857		9,013
Financial assets at amortized cost	1,132	1,208	127,151	38,167	167,658
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**11,566**	**10,820**	**129,457**	**38,541**	**190,383**
o/w transferred financial assets not fully derecognized	*11,566*	*10,820*	*121,654*	*38,541*	*182,580*

5.19.1.1 Comments on transferred financial assets

SECURITIES REPURCHASING AND LENDING

Groupe BPCE repurchases and loans securities.

Under the terms of the agreements, the securities may be sold on by the purchaser throughout the duration of the repurchase or lending agreement. The purchaser must nevertheless return them to the vendor at the end of the agreement. Cash flows generated by the securities are also transferred to the vendor.

The group believes that it retains almost all of the risks and benefits of securities under repurchase or loan agreements. They are therefore not derecognized. Financing has been recorded in liabilities for the repurchasing or lending of financed securities.

SALES OF RECEIVABLES

Groupe BPCE sells receivables as security (Articles L. 211-38 or L. 313-23 *et seq.* of the French Monetary and Financial Code) under guaranteed refinancing operations, notably with the central bank. This type of disposal for security involves the legal transfer of the associated contractual rights, and therefore a "transfer of assets" as per the amendment to IFRS 7. The group nevertheless remains exposed to virtually all the risks and benefits, and as such the receivables are maintained on the balance sheet.

CONSOLIDATED SECURITIZATIONS

Securitizations consolidated with outside investors constitute an asset transfer according to the amendment to IFRS 7.

The group has an indirect contractual obligation to transfer to outside investors the cash flow from assets transferred to the securitization fund (although these assets are included in the group's balance sheet through the consolidation of the fund).

In the interest of transparency, for consolidated securitization transactions:

- the share of receivables sold attributable to external investors is considered to be pledged as collateral to third parties;
- the share of receivables sold attributable to units and bonds subscribed for by the group, and eliminated on consolidation, is not considered to be pledged as collateral unless these securities were brought to Groupe BPCE's single treasury and central bank collateral management pool and used as part of a refinancing mechanism.

The securitization transactions performed by BPCE in 2014 (BPCE Master home loans), 2016 (BPCE consumer loans 2016_5) and 2017 (BPCE home loans 2017_5) were fully subscribed for by the group, while the senior tranches of the BPCE home loans FCT 2018, BPCE home loans FCT 2019, BPCE home loans FCT 2020, BPCE home loans FCT 2021 and BCPE Financement Purple Master Credit Card securitizations were subscribed for by external investors (Note 13.1).

5.19.1.2 Comments on financial assets pledged as collateral but not transferred

Financial assets provided as collateral but not transferred are generally pledged. The main mechanisms involved are the CRH (Caisse de Refinancement de l'Habitat) and securities pledged as collateral for European Central Bank (ECB) refinancing operations.

Moreover, in accordance with French law, the intrinsic guarantees attached to issues of covered bonds are not recognized under guarantee commitments given. The covered bonds issued by BPCE SFH and Compagnie de Financement Foncier benefit from a legal privilege comprised of eligible assets.

5.19.1.3 Financial assets received as collateral that can be sold or repledged

This heading covers financial assets received as security under financial guarantee agreements with the right to reuse the assets in the absence of any default on the part of the owner of the guarantee.

The fair value of the financial assets received as collateral that Groupe BPCE may sell or repledge amounted to €223 billion at December 31, 2021, compared to €210 billion at December 31, 2020.

The fair value of the financial assets received as collateral that were actually sold or repledged amounted to €160 billion at December 31, 2021, compared with €151 billion at December 31, 2020.

5.19.2 FULLY DERECOGNIZED FINANCIAL ASSETS FOR WHICH THE GROUP RETAINS AN ONGOING COMMITMENT

Fully derecognized transferred financial assets for which the group retains an ongoing commitment consist of asset transfers to a deconsolidated securitization vehicle in which Groupe BPCE has an interest or an obligation, although this does not call into question the transfer of almost all of the benefits and risks relating to the assets transferred.

Ongoing commitments retained by the group in relation to securitization vehicles were not significant on December 31, 2021.

5.20 FINANCIAL INSTRUMENTS SUBJECT TO BENCHMARK INDEX REFORM

Accounting principles

In accordance with the amendments to IFRS 9 and IAS 39 relating to the reform of the benchmark rates, (phase 1), until the uncertainties relating to the reform disappear, it is considered that:

- transactions designated as cash flow hedges are considered "highly probable", as it is assumed that the cash flows will not change as a result of the reform;
- prospective effectiveness tests of fair value hedges and cash flow hedges are not affected by the reform, and in particular hedge accounting can continue if retrospective assessment results are outside the 80%-125% range during the transition period, while the ineffective portion of hedging relationships shall continue to be recognized in the income statement;
- hedged risk components determined using a benchmark rate are considered to be separately identifiable.

Groupe BPCE considers that all its hedging agreements with a BOR or EONIA component are concerned by the reform and therefore qualify for the amendments for as long as there is uncertainty as to the contractual changes required by regulations or regarding the replacement benchmark to be used or the application period of temporary rates. BPCE SA group's exposure primarily lies with its derivatives contracts and lending and borrowing contracts that use the EURIBOR, EONIA or US LIBOR interest rates.

The amendments of phase 2, after implementation of the alternative rates, introduce a practical expedient, which consists of modifying the effective interest rate prospectively without impact on net income in cases where the changes in flows of financial instruments are exclusively related to the reform and make it possible to maintain an economic equivalence between the old flows and the new ones.

They also introduce, if these conditions are met, relaxations in the eligibility criteria for hedge accounting in order to be able to maintain the hedging relationships concerned by the reform. These provisions relate in particular to the impacts related to hedge redocumentation, portfolio hedging, treatment of the OCI reserve for the CFH hedging, identification of an identifiable risk component, retrospective effectiveness tests.

These amendments were applied by Groupe BPCE in advance in the financial statements for December 31, 2020 and will continue to apply mainly to EURIBOR and USD LIBOR which have not yet been remediated.

As a reminder, European regulation (EU) 2016/1011 of June 8, 2016 on the indexes used as benchmarks ("the Benchmarks Regulation" or "BMR") introduces a common framework aimed at guaranteeing the accuracy and integrity of the indexes used as benchmarks for financial instruments and contracts, or to measure the performance of investment funds within the European Union.

The purpose of the Benchmarks Regulation is to regulate the provision of benchmark interest rates, the provision of data underlying benchmark interest rates, and the use of benchmarks, within the European Union. It provides for a transition period for administrators, which have until January 1, 2022 to be approved or registered. After this date, the use by entities supervised by the EU of benchmarks whose administrators are not approved or registered (or, if they are not located in the EU, are not subject to equivalent or otherwise recognized or approved regulations) will be prohibited.

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

Benchmark reform has been accelerated by announcements, effective March 2021, from the Financial Conduct Authority (FCA), the UK regulator overseeing the ICE Benchmark Administration (LIBOR administrator):

- confirming the cessation, after December 31, 2021, of the publication of the EUR, CHF, JPY and GBP LIBORs, the publication of the USD LIBOR being extended until June 30, 2023 (except for the 1 week and 2 month tenors which will cease after December 31, 2021);
- authorizing, for a limited time, for existing contracts (excluding cleared derivatives) indexed to YEN and GBP LIBOR (1-month, 3-month and 6-month tenors), beginning January 1, 2022, the use of synthetic LIBOR indices based on risk-free rates published by the ICE Benchmark Administration;
- aiming to limit the use, for new contracts, from the end of 2021, of the USD LIBOR, a similar announcement having been made in November 2021 by the US authorities.

On October 22, 2021, the European Union published two regulations (Implementing Regulations (EU) 2021/1847 and 2021/1848) providing for the legal replacement rate for CHF LIBOR (Implementing Regulation (EU) 2021/1847) to be the compounded SARON rate plus the spread adjustment with CHF LIBOR determined by ISDA, on March 5, 2021 (adjustment determined following the FCA's announcement of the discontinuation of the index), and for EONIA (Implementing Regulation (EU) 2021/1848), the €STR rate (successor rate to EONIA recommended by the Eurozone Interest Rate Working Group) plus the margin of 8.5 basis points calculated by the European Central Bank. These replacement rates will be applied at the end of the publication of the CHF LIBOR (January 1, 2022) and the EONIA (January 3, 2022), to all contracts and financial instruments for which a transition to the alternative benchmark rates or the incorporation of a robust fallback clause (a contractual provision stipulating the terms and conditions for the replacement of the index initially agreed upon by the parties), will not have been carried out.

The introduction of a new calculation approach aimed at transitioning to a hybrid methodology for the EURIBOR, which has been recognized by the Belgian regulator as being consistent with the requirements laid down by the Benchmark Regulation, was finalized in November 2019. At this stage, there is moderate uncertainty about the sustainability of EURIBOR, resulting from the limited number of banks contributing to the determination of the index and uncertainty about whether the hybrid method can be maintained across all maturities.

In the context of this reform, in the first half of 2018, Groupe BPCE established a project team tasked with anticipating the impacts of the benchmark reform, from a legal, commercial, financial, risk, systemic and accounting viewpoint. During 2019, work focused on the reform of the Euribor and the transition from the EONIA to the €STR and the strengthening of contractual clauses regarding benchmark interest rates. Since 2020, a more operational phase has begun around the transition and reduction of exposure to benchmark rates that are likely to disappear. It includes preparatory work for the use of the new benchmark rates and the implementation of new products indexed on these benchmark rates, the identification and implementation of legacy contracts plans as well as active communication with the bank's customers. In this capacity:

- with regard to derivatives, the process of remediation of derivative contracts has been accelerated with the entry into force, on January 25, 2021, of Supplement 70 to the 2006 ISDA Definitions (known as the "ISDA IBOR Fallbacks Supplement") and of new FBF rate definitions aimed at explicitly providing – for future transactions – for fallback rates following the announced disappearance of LIBORs. The entry into force on the same date of the ISDA 2020 IBOR Fallbacks Protocol, to which Natixis SA and BPCE SA acceded on December 21, 2020, also enables the same fallback clauses to be applied to the stock of transactions outstanding with the other members of this protocol. In addition, in December 2021, the clearing houses will switch cleared products to RFRs (excluding USD LIBOR), as the transition to €STR and SOFR rates was made for the remuneration of collateralized derivatives in 2020. Groupe BPCE proactively asked its customers to remedy transactions under the same conditions as the clearing houses. After December 31, 2021, for a very limited number of contracts, pending a transition to RFRs, the YEN or GBP synthetic LIBOR will be applied;
- with regard to the GFS division's loans indexed to GBP, CHF, YEN and USD LIBOR (for 1-week and 2-month tenors), remediation actions were launched in June 2021, with a differentiated approach depending on its role in the financing (agent or participant) and the nature of the financing (syndicated or bilateral loans). As of December 31, 2021, all GFS customers with loans indexed to these indices have been contacted to update the fallback clauses. The loans not yet remediated at that date, also representing a very limited number of contracts, are in the process of being renegotiated, with the signing of most of the contracts concerned scheduled for the first quarter of 2022. Until their remediation is completed, these contracts will be subject to the synthetic LIBOR or statutory fallback designated by the authorities;
- with regard to retail banking customer loans, the Banque Populaire banks and Caisses d'Epargne had transactions indexed to the EONIA, which are in the process of being finalized for remediation, in support of the European Commission's Implementing Regulation and information for our customers. With regard to commercial transactions indexed to LIBOR, the Banques Populaires and the Caisses d'Epargne are mainly exposed to CHF LIBOR, with housing loans to individual customers granted by six Swiss border institutions. The remediation of these transactions is mostly automatic, after informing our customers, in support of the European Commission's implementing regulation. International transactions, mainly in USD/GBP LIBOR to Professional Customers and Corporates make up the remainder of the Banques Populaires and Caisses d'Epargne book to date. These transactions were remediated in the third quarter of 2021. Finally, Public Sector Market customers have taken out loans with a CHF LIBOR component from the Caisses d'Epargne, which were remediated in 2021; those with a USD LIBOR component will be remediated at a later date, with the tenors disappearing in June 2023;
- concerning securities issues, over 2021, the securities issued by BPCE and indexed to the YEN LIBOR have all been remediated through the consent solicitation process or by way of a convocation of holders; Issues carried by the GFS division and indexed on the YEN LIBOR are remediated through the consent solicitation process operated *via* the depositaries. In the event that the security holders have not consented to their vote prior to the start of the first interest period in 2022, the contingency plan, the terms of which depend on the contractual fallback provisions (ISDA fallback provisions or application of synthetic LIBOR), will apply. Natixis SA and BPCE SA plan to remediate issues indexed to USD LIBOR as of 2022. With respect to securitization transactions, all

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transactions affected by the indices that ceased to be published on December 31, 2021 have been remedied.

Information on outstanding financial assets excluding derivatives, financial liabilities excluding derivatives, and derivatives subject to transition is presented in Chapter 6 "Risk management – Interest rate and liquidity risk". The materiality of LIBOR exposures as of December 31, 2021 is related to the existence, as of that date, of transactions whose interest period uses a last fixing benchmarked to LIBOR, combined, for derivatives, with the application of fallbacks on January 3, 2022.

The transition to benchmark rates exposes Groupe BPCE to various risks, in particular:

- the risk associated with change management which, in the event of asymmetry of information and treatment of GFS customers, could lead to disputes with the latter. To guard against such risks, the GFS division has taken steps to train employees in the challenges of the index transition, as well as launching communication campaigns with customers and setting up a control plan;
- the regulatory risk related to the non-compliant use of the reformed indices – in particular the USD LIBOR after January 1, 2022 – apart from exceptions authorized by the authorities. Employees and customers have been informed of the restrictions on these indices, and compliance has issued a procedure for handling exceptions and controls have been implemented;
- the risk of legal documentation on the legacy transactions for which customers do not take the corrective action of setting up fallback clauses proposed by the market and/or the group, which could also lead to customer disputes. The GFS teams are actively monitoring legislative initiatives in the various jurisdictions to recommend successor rates;
- operational risks related to the ability to execute new transactions referencing the new rates and to remediate the transaction legacy contracts. The project teams ensure that the implementation schedules for the impacted systems are respected, early renegotiation actions are carried out to spread the remediation load over time;
- the potential financial risk that would be reflected in a financial loss resulting from the remediation of the stock of LIBOR-indexed products. Simulations of losses in income linked to remediations carried out without taking into account a spread adjustment applied to the alternative benchmark rates are monitored directly by the Executive Management in order to raise awareness among the business lines during renegotiations with customers. The application of this adjustment (or "credit adjustment spread") is intended to ensure the economic equivalence of the cash flows of the contracts before and after the replacement of the reference index by an RFRs rate;
- valuation risks related to price volatility and basis risk resulting from the switch to alternative benchmark rates. The necessary updates to both risk management methodologies and valuation models are carried out.

Note 6 Commitments

Accounting principles

Commitments are materialized by the existence of a contractual obligation and are binding.

It must not be possible for commitments included in this item to be deemed financial instruments falling within the scope of IFRS 9 for classification and measurement purposes. However, loan commitments and guarantees given are covered by IFRS 9 provisioning rules, as set out in Note 7.

The effects of the rights and obligations covered by such commitments must be subject to the occurrence of conditions or subsequent transactions. Commitments are broken down into:

- loan commitments (confirmed credit facilities or refinancing agreements);
- guarantee commitments (off-balance sheet commitments or assets received as collateral).

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

6.1 LOAN COMMITMENTS

in millions of euros	12/31/2021	12/31/2020
Loan commitments given to:		
• banks	1,428	994
• customers	154,408	142,792
Credit facilities granted	*144,324*	*133,142*
Other commitments	*10,084*	*9,650*
TOTAL LOAN COMMITMENTS GIVEN	**155,837**	**143,786**
Loan commitments received from:		
• banks	32,132	36,943
• customers	1,894	1,018
TOTAL LOAN COMMITMENTS RECEIVED	**34,025**	**37,961**

6.2 GUARANTEE COMMITMENTS

in millions of euros	12/31/2021	12/31/2020
Guarantee commitments given to:		
• banks	8,443	7,653
• customers(1)	42,731	35,468
TOTAL GUARANTEE COMMITMENTS GIVEN	**51,173**	**43,121**
Guarantee commitments received from:		
• banks	20,117	22,162
• customers(2)	199,833	177,210
TOTAL GUARANTEE COMMITMENTS RECEIVED	**219,950**	**199,373**

(1) Guarantees given by CEGC in connection with its activity are treated as Insurance policies for accounting purposes, in accordance with IFRS 4 "Insurance contracts". They are recorded on the liabilities side of the balance sheet and are not included in guarantees given to customers shown in the table above.
(2) Guarantees received under State-guaranteed loans are amounted to €28 billion at December 31, 2021.

Guarantee commitments are off-balance sheet commitments.

SPECIFIC CASE OF GUARANTEES GIVEN TO UCITS BY THE GLOBAL FINANCIAL SERVICES DIVISION

The capital and/or yield on the units of certain UCITS are subject to a guarantee granted by the Global Financial Services division. The guarantees are only enforced if, on the maturity date, the net asset value of each unit is below the guaranteed net asset value.

The capital and/or performance guarantees to certain UCITS are recognized as derivatives and are subject to measurement at fair value in accordance with the provisions of IFRS 13.

Note 7 Exposure to risks

Exposures to risks are discussed below by type of risk: credit, market, overall interest rate, foreign exchange and liquidity risk.

Information relating to capital management and regulatory ratios is presented in the "Risk Management" section.

Information on adjustments on account of financial difficulties is provided in the section on "Credit Risk" in Chapter 6 "Risk Management".

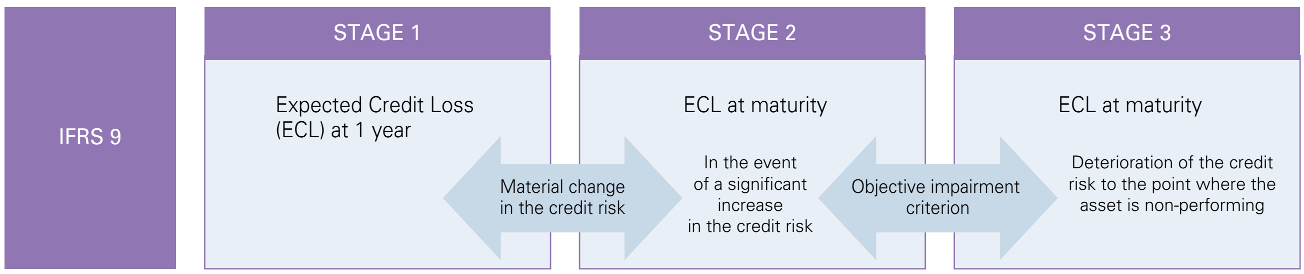
Information on the effect and consideration of climate risks on credit risk management is presented in the section on "Climate risks" in Chapter 6 "Risk management".

Information on liquidity risk (analysis of financial assets and liabilities and commitments by contractual maturity date) is provided in the section on "Liquidity, interest rate and exchange rate risks" in Chapter 6 "Risk Management".

7.1 CREDIT RISKS

Key points

Credit risk is the risk that one party to a financial transaction fails to fulfill its obligations, causing the other party to incur a financial loss.



Certain disclosures relating to risk management required by IFRS 7 are also provided in the risk management report. They include:

- the breakdown of gross exposures by category and approach (separation of credit and counterparty risk);
- the breakdown of gross exposure by geographic region;
- concentration of credit risk by borrower;
- credit quality of renegotiated exposures (CQ1);
- performing and non-performing exposures and corresponding provisions (CR1);
- quality of performing and non-performing exposures by number of days past due (CQ3);
- quality of exposures by geographic area (CQ4);
- credit quality of loans and advances by industry (CQ5);
- breakdown of guarantees received by type on financial instruments (CR3);
- credit risk exposures by portfolio and by default probability range (CR6).

This information forms an integral part of the financial statements certified by the Statutory Auditors.

7.1.1 COST OF CREDIT RISK

Accounting principles

Cost of risk applies to debt instruments classified as financial assets at amortized cost or at fair value through other comprehensive income recyclable to profit or loss as well as to loan commitments and financial guarantees given that are not recognized at fair value through profit or loss. It also applies to receivables relating to leasing contracts, business loans and contract assets.

This item therefore covers net impairment and provision charges for credit risk.

Credit losses related to other types of instruments (derivatives or securities designated at fair value) recorded as a result of credit institution counterparty default are also included under this item.

Irrecoverable loans not covered by provisions for impairment are loans that have acquired the character of permanent loss before being provisioned in Stage 3.

Cost of credit risk for the period

in millions of euros	Fiscal year 2021	Fiscal year 2020
Net charge to provisions and provisions for impairment	(1,716)	(2,901)
Recoveries of bad debts written off	115	35
Irrecoverable loans not covered by provisions for impairment(1)	(182)	(132)
TOTAL COST OF CREDIT RISK	**(1,783)**	**(2,998)**

(1) For fiscal year 2021, the losses on irrecoverable receivables include an increase of €71 million related to the reclassification of collection costs from "Operating expenses" to "Cost of credit risk" as these costs are marginal and directly attributable to the recovery of contractual cash flows on doubtful files (S3). In 2020, the impact would have been an increase of €68 million.

Cost of credit risk for the period by type of asset

in millions of euros	Fiscal year 2021	Fiscal year 2020
Financial assets at fair value through income	(8)	(56)
Financial assets at fair value through other comprehensive income	(6)	(4)
Financial assets at amortized cost	(1,760)	(2,683)
o/w loans and advances	*(1,761)*	*(2,680)*
o/w debt instruments	*1*	*(3)*
Other assets	(35)	(29)
Loan and guarantee commitments	27	(225)
TOTAL COST OF CREDIT RISK	**(1,783)**	**(2,998)**
o/w *stage 1*	*60*	*(461)*
o/w *stage 2*	*(479)*	*(897)*
o/w *stage 3*	*(1,363)*	*(1,640)*

7.1.2 CHANGE IN GROSS CARRYING AMOUNTS AND EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS AND COMMITMENTS

Accounting principles

General principles

Expected credit losses are represented by impairments of assets classified at amortized cost and at fair value through other comprehensive income, and by provisions for loan and guarantee commitments.

The financial instruments concerned (see Note 7.1.1) are impaired or covered by a provision for expected credit losses (ECL) as of the date of initial recognition.

When the financial instruments do not individually show objective evidence of loss, impairment or provisions for expected credit losses are measured based on past losses and reasonable and justifiable discounted future cash flow 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:

Stage 1 (S1)

- these are performing loans 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;

interest income is recognized in income using the effective interest method applied to the gross carrying amount of the instrument before impairment.

Stage 2 (S2)

- 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;
- interest income is recognized in income, as for Stage 1 assets, using the effective interest method applied to the gross carrying amount of the instrument before impairment.

Stage 3 (S3)

- these are loans for which there is objective evidence of impairment loss due to an event which represents a known credit risk occurring after the initial recognition of the instrument in question. As under IAS 39, this category includes loans for which a default event has been identified as defined in Article 178 of European regulation No. 575/2013 of June 26, 2013 on prudential requirements for banks. Default situations are now more tightly identified for outstandings with significant amounts past due (introduction of relative and an absolute threshold for past due payments) and the criteria for a return to non-defaulted status have been clarified with the introduction of a probation period and of explicit criteria for a classification as default of restructured loans;
- the impairment or the provision for credit risk is calculated based on the financial instrument's lifetime expected credit losses on the basis of the recoverable amount of the receivable, *i.e.* the present value of estimated recoverable future cash flows;
- interest income is recognized through profit or loss using the effective interest method applied to the net carrying amount of the instrument after impairment;
- the financial assets purchased or originated and impaired for credit risk on their initial recognition because the entity does not expect to recover all the contractual cash flows (Purchased or Originated Credit-Impaired financial instruments or POCI) also belong to Stage 3. These assets may be transferred to Stage 2 if their credit risk improves.

For operating or finance lease receivables (which fall within the scope of IFRS 16) the group has elected not to make use of the option of applying the simplified approach as set out in IFRS 9 paragraph 5.5.15.

Method for measuring the increase in credit risk and expected credit losses

The principles for measuring the increase in credit risk and expected credit losses applicable to most of the group's exposures are described below. Only a few portfolios held by group entities – representing a limited volume of exposures – cannot be treated according to the methods described below and are subject to appropriate valuation techniques.

Significant increase in credit risk

A significant increase in credit risk is measured on an individual basis for each instrument 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. A counterparty-based approach (applying the contagion principle to all outstanding loans to the counterparty in question) is also possible, in particular with regard to the watch list criterion.

In accordance with IFRS 9, a counterparty with a significant deterioration in credit risk (Stage 2) that has just been originated will be classified as Stage 1.

Assessment of increases in credit risk involves comparing the probability of default or ratings on the initial recognition date with those applicable at the reporting date. The same principles as those used to classify an exposure in Stage 2 are applied in case of a decline in the material deterioration in credit risk.

The standard also includes a rebuttable presumption that credit risk has significantly increased since initial recognition if contractual payments are more than 30 days past due.

The moratoria granted as a general measure to support businesses facing cash flow problems, and the granting of State-guaranteed loans (SGLs), do not in themselves constitute evidence of financial hardship calling into question the counterparty's capacity to honor its contractual agreements on maturity. As a result, the principles described above apply in full depending on each counterparty's specific situation.

In most cases, a measurement showing an increase in risk leads to the asset's transfer to Stage 2 before it is individually impaired (Stage 3).

Assessment of a material increase in credit risk is made at the level of each instrument, based on indicators and thresholds that vary according to the type of exposure and counterparty.

More specifically, the change in credit risk is measured on the basis of the following criteria:

- for loans to Individual Customers, Professional Customers, SMEs, Public Sector entities and Social Housing entities, measurement of the increase in credit risk relies on a combination of quantitative and qualitative criteria. The quantitative criterion is based on the change in the probability of default over one year (mid-cycle average) from initial recognition. Additional qualitative criteria are used to classify as Stage 2 all contracts with payments more than 30 days past due (unless the 30-day presumption of non-payment is rebutted), rated at-risk or undergoing adjustments or financial hardship if the downgrade to Status 3 criteria are not met;

The significant deterioration in credit risk is calculated on the basis of the following condition:

$$PD_{t\,calculation}^{12\,months} > \Delta + \mu \times PD_{t\,grant}^{12\,months}$$

The multiplicative μ and additive Δ criteria for the different portfolios are detailed below (moving to S2 if

$$PD_{at\ date} > \mu \times PD_{at\ grant} + \Delta$$

Portfolio	Mu	Delta
Banque Populaire Network Individual Customers	1	4.2%
Caisse d'Epargne Network Individual Customers	1	3.0%
Banque Populaire Network Professional Customers	1	7.0%
Caisse d'Epargne Network Professional Customers	1	6.0%
SMEs	2	0.5%
Public sector	2	0.5%
Social housing	2	0.5%

- for loans to Large Corporates, Banks and Sovereigns, the quantitative criterion is based on changes in the rating since initial recognition. The same qualitative criteria apply as for Individual Customers, Professional Customers and SMEs, as well as contracts placed on the watchlist, along with additional criteria based on the level of country risk.

The downgrade thresholds on the portfolios of Large Corporates and Banks are the following:

Score at origin	Significant degradation
1 to 7 (AAA to A-)	3 notches
8 to 10 (BBB+ to BBB-)	2 notches
11 to 21 (BB+ to C)	1 notch

For Sovereigns, the downgrade thresholds on the 8-pot rating scale are as follows:

Score at origin	Significant degradation
1	6 notches
2	5 notches
3	4 notches
4	3 notches
5	2 notches
6	1 notch
7	S2 directly (unless newly originated contract)
8	S2 directly (unless newly originated contract)

- for Specialized Financing, the criteria applied vary according to the characteristics of the exposures and the related ratings system. The exposures noted under the engine dedicated to large exposures are treated in the same way as Large Corporates; other exposures are treated in the same way as small and medium-sized enterprises.

For all these loan books, the ratings on which the increase in risk is measured using the ratings produced by internal systems when they are available, as well as external ratings, particularly when an internal rating is not available.

The standard provides that the credit risk of a financial instrument has not increased materially since its initial recognition if this risk is considered to be low at the end of the fiscal year. This provision is applied to certain investment-grade debt securities that are managed as part of Groupe BPCE's liquidity reserve, as required by Basel III regulations. Investment grade ratings are those equal to or above BBB- or its equivalent by Standard and Poor's, Moody's or Fitch.

In accordance with IFRS 9, the recognition of guarantees and collateral does not influence the assessment of a material increase in credit risk, which depends on changes in credit risk relating to the debtor without taking into account such guarantees.

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

- a first level based on rules and criteria defined by the group that are binding on the group's institutions (known as the "central model");
- a second level linked to an expert assessment of the risk carried by each institution on its portfolios, which may lead to an adjustment of the criteria defined by the group for downgrading to Status 2 (portfolio or sub-portfolio switch to ECL at maturity).

Measurement of expected credit losses

Expected credit losses are defined as being an estimate of credit losses (*i.e.* the present value of cash flow shortfalls) weighted by the probability of occurrence of these losses over the expected lifetime of the financial instrument in question. They are calculated individually for each exposure.

In practice, for Stage 1 and Stage 2 financial instruments, expected credit losses are calculated as the product of a number of 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, for home loans, the level of prepayment expected on the contract;
- Loss Given Default (LGD);
- the probability of default (PD) over the coming year for Stage 1 financial instruments and to maturity for Stage 2 financial instruments.

The group's methodology draws on existing concepts and mechanisms to define these inputs, and in particular on internal models developed to calculate regulatory capital requirements (Basel framework) and 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;

- IFRS 9 inputs must 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;
- IFRS 9 parameters must be forward-looking and take into account the expected economic environment over the projection period, whereas prudential parameters correspond to mid-cycle estimates (for PD) or bottom-of-the-cycle estimates (for LGD and the cash 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.

Expected credit loss calculations take into account assets pledged as collateral and other credit enhancements that form an integral part of the instrument's contractual conditions and that the entity does not recognize separately. The estimate of expected cash flow shortfalls on a financial instrument reflects the amount and schedule for enforcing collateral.

The IFRS 9 model validation process is fully aligned with the group's existing model validation process. Models are reviewed by an independent unit responsible for internal validation and the unit's conclusions are then examined by the group Models Committee. Subsequent recommendations are monitored up by the validation unit.

Forward looking macroeconomic data are taken into account in a methodological framework applicable at two levels:

- at the group level, in the determination of a shared framework for taking forward looking into account in the projection of PD and LGD inputs over the amortization horizon of operations within the central model;
- at the level of each entity, with regard to its own portfolios.

Recognition of forward-looking information

The amount of expected credit losses is calculated using an average ECL by scenario, weighted by probability of occurrence, taking into consideration past events, current circumstances and reasonable and justifiable forecasts of the economic environment.

Groupe BPCE uses forward-looking data to estimate any significant increase in credit risk and to measure expected credit losses. To do this, Groupe BPCE uses the projections of macroeconomic variables used to define its budget process, considered to be the most probable, framed by optimistic and pessimistic projections of macroeconomic variables in order to define probable alternative trajectories. These projections of macroeconomic variables are hereafter referred to as scenarios.

To determine a significant increase in credit risk, as well as applying rules based on the comparison of risk parameters between the initial recognition date and the reporting date, the calculation is supplemented by forward-looking information such as sector or geographical macro-economic scenarios.

To measure expected credit losses, the group has chosen three macroeconomic scenarios, which are detailed in the following paragraph.

Methodology for calculating expected losses in the central model

The parameters used to measure expected credit losses, are adjusted to economic conditions by defining three economic scenarios over a three-year period:

- the core scenario was updated based on the scenarios determined by the group's economists in June 2021 and validated by the Executive Management Committee;
- a pessimistic scenario, corresponding to a deterioration in macro-economic variables defined in relation to the core scenario;
- an optimistic scenario, corresponding to an improvement in macro-economic variables defined in relation to the core scenario.

The definition and review of these scenarios follows the same organization and governance as that defined for the budget process, with a quarterly review of their relevance since the Covid-19 crisis, which may lead to a revision of macroeconomic projections in the event of a significant deviation in the situation observed on the basis of proposals from economic research and validation by the Executive Management Committee. The probability of occurrence of each scenario is reviewed on a quarterly basis by the group Watchlist and Provisions Committee. The inputs thus defined allow expected credit losses for all exposures to be valued, regardless of whether they belong to a scope approved using an internal method or are processed using the standardized method for the calculation of risk-weighted assets.

We show below the 4-year projections (including the 12-month lag) for key economic variables used, based on the scenario of the group's economists for each range limit:

	Baseline		
	GDP	Unemp.	10Y yld
2021	5.5%	8.9%	0.34%
2022	4.0%	9.3%	0.53%
2023	2.0%	9.0%	0.70%
2024	1.6%	8.7%	0.88%

	Optimistic		
	GDP	Unemp.	10Y yld
2021	7.0%	8.0%	1.23%
2022	5.5%	8.4%	1.27%
2023	3.5%	8.1%	1.43%
2024	3.1%	7.8%	1.61%

	Pessimistic		
	GDP	Unemp.	10Y yld
2021	3.0%	9.8%	(0.41%)
2022	1.0%	10.2%	(0.37%)
2023	0.5%	9.9%	(0.21%)
2024	0.1%	9.6%	(0.03%)

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 economic scenarios are associated with probabilities of occurrence, making it possible to calculate the average probable loss, which is used as the amount of the IFRS 9 expected credit loss.

In addition, Groupe BPCE has extended and adapted this approach by adjusting for a number of factors specific to certain scopes or significant markets: Each scenario is therefore weighted based on how close it is to the consensus forecast for the main economic variables in each scope or significant market of the group.

For retail banking, projections are calculated using the main macroeconomic variables such as GDP, unemployment and interest rates on 10-year French sovereign debt. For Corporate & Investment Banking, the macro-economic variables applied relate to the international situation and make greater use of financial and market data.

For retail banking, economic scenarios have been adapted to take account of uncertainties surrounding economic forecasts and economic support measures (SGL, partial furlough, tax breaks). The result of these adaptations is to:

- mitigate the suddenness of the crisis in 2020 and the mechanical rebound from 2021 with a 60% moderation of the crisis shock on GDP. For instance, in the core scenario, the GDP figure projected is a weighted average of the scenario's starting value (GDP for 2020: -9%, weighted 40%) and long-term growth in France (+1.4%, weighted 60%). This adjustment is consistent with the ECB's communications on accounting for the Covid-19 crisis under IFRS 9 and the EBA's guidelines on moratoria; and
- spread the effects of the crisis over a longer period, pushing back the scenario by 12 months, which means it takes an additional 12 months for the worsening of GDP and other variables to feed through to probabilities of default.

These adjustments reflect the positive impacts of the various measures taken by the government to prop up the economy: most notably defaults are reduced and delayed.

For retail banking, in the context of the health crisis and the difficulty of accurately assessing the risk situation of counterparties, post-model adjustments lead to the recognition of ECL on the credit portfolios of Professional Customers and Small Businesses, which are automatically rated, and for which the rating drivers improved by the government support measures (positive impact of moratoria and SGLs on the cash flow situation of these counterparties) have been neutralized.

For retail banking and Corporate & Investment Banking, the various models for estimating expected credit losses have been supplemented by post-model adjustments based on expert opinion that increase the amount of expected losses in an economic context of great uncertainty linked to the unprecedented nature of the health crisis.

Weighting of scenarios at December 31, 2021

Expected credit losses are calculated by assigning to each scenario a weighting coefficient determined by how close the consensus of forecasters is to each of the core, pessimistic and optimistic scenarios, on the variables GDP growth, unemployment and 10-year interest rates on French sovereign debt.

In the fourth quarter of 2021, a slight deterioration in French GDP forecasts for 2022 was observed, as well as an improvement in unemployment rate forecasts in France; 10-year OAT rate forecasts remained stable. At the same time, the emergence of the Omicron variant, causing a new wave of the particularly virulent Covid-19, led the government to put in place new restrictive measures. As such, an adjustment was made to overweight the pessimistic scenario at 85% (instead of 20% before adjustment) and to underweight the core scenario at 10% (65% before adjustment) and the optimistic scenario at 5% (instead of 15% before adjustment). Thus, the weightings used, after adjustment, by the various group business lines are as follows:

- core scenario: for Retail Banking, 10% at December 31, 2021 *versus* 60% at December 31, 2020, and for Corporate & Investment Banking, 60% weighting at December 31, 2021 *versus* 85% at December 31, 2020;
- pessimistic scenario: for Retail Banking, 85% at December 31, 2021 *versus* 35% at December 31, 2020 and for Corporate & Investment Banking, 35% weighting at December 31, 2021 *versus* 5% at December 31, 2020;
- optimistic scenario: for Retail Banking, 5% weighting unchanged from December 31, 2020 and for Corporate & Investment Banking, 5% weighting at December 31, 2021 *versus* 10% at December 31, 2020.

Due to the different customer markets and the more international nature of Corporate & Investment Banking, Retail Banking and Corporate & Investment Banking have applied specific scenario weights.

Expected credit losses built up in addition to the central model

Locally calculated provisions have been recorded by the Institutions to cover the specific risks of their portfolios, in addition to the provisions described above and calculated by the group's tools. These provisions mainly concern the tourism, hotel, restaurant, specialized retailing, agri-food, construction, real estate and automobile sectors.

In this context, the group has considerably strengthened the monitoring of the affected sectors. The sector monitoring approach allows central classification of economic sectors and sub-sectors by Groupe BPCE's Risk division with regular updates.

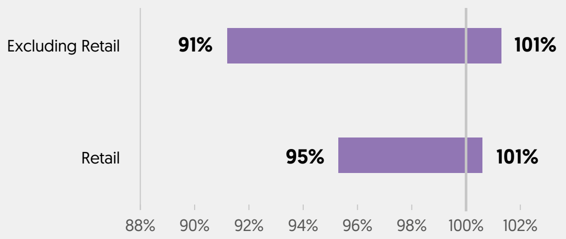
Expected credit losses on climate risks have been recorded by certain institutions, in application of general principles defined by the group, and mainly concern physical climate risk. These provisions are made in anticipation of direct losses, by sector or by geographic area, caused by extreme or chronic weather events resulting in an increased risk of default following a cessation or reduction in activity.

The total expected S1/S2 credit losses at December 31, 2021 amounted to €5,133 million and broke down as follows:

in millions of euros	12/31/2021
Central model	**3,621**
including overweight of the pessimistic scenario	*103*
Post-model adjustments	**215**
Complements to the central model	**1,297**
including credit losses due to climate risks	*37*
TOTAL EXPECTED CREDIT LOSSES S1 / S2	**5,133**

ECL sensitivity analysis

For retail banking, the graph below compares the provisions associated with the optimistic and pessimistic scenarios with the provisions retained at December 31, 2021 for each asset class.



The 100% base corresponds to the amount of the provisions with the weighting retained at December 31, 2021 for each scenario (optimistic and pessimistic). Provisions for the retail segment (Individual customers and Professional customers) associated with the optimistic scenario weighted at 100% represent 95% (excluding retail 91%) of provisions retained at December 31, 2021. The provisions on the retail segment associated with the pessimistic scenario weighted at 100% represent 101% (also excluding retail 101%) of the provisions retained as at December 31, 2021.

For Retail Banking, an increase in the probability of occurrence of the pessimistic scenario to 100% would result in an additional provision of €41 million.

Method for measuring assets classified as Stage 3

Exposures for which there is objective evidence of impairment loss due to an event representing a counterparty risk and occurring after initial recognition are classified as Stage 3. The criteria for identifying assets are in line with the definition of default under Article 178 of European regulation 575/2013, of June 26, 2013, on prudential requirements for credit institutions, consistent with EBA guidelines (EBA/GL/2016/07) on the application of the definition of default, and Delegated Regulation (EU) 2018/1845 of the European Central Bank on the threshold for assessing the materiality of credit obligations past due.

Loans and advances are considered as impaired and are classified as Stage 3 if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are "triggering events" or "loss events" identifying counterparty risk occurring after the initial recognition of the loans in question. Objective evidence of impairment includes:
  - the occurrence of a payment past due for at least three consecutive months, the amount of which exceeds the absolute thresholds (of €100 for a retail exposure, otherwise €500) and the relative threshold of 1% of the counterparty's exposures,
  - or the restructuring of loans if certain criteria are met, or regardless of whether any payment has been missed, the observation of financial hardship experienced by the counterparty leading to the expectation that some or all of the amounts owed may not be recovered. Restructured loans are classed as Stage 3 when the loss is greater than 1% of the difference between the net present value before restructuring and the net present value after restructuring;
- these events are liable to lead to the recognition of incurred credit losses, that is, expected credit losses for which the probability of occurrence has become certain.

The Stage 3 classification is maintained for a probationary period of three months after the disappearance of all the above-mentioned default indicators. The probationary period in Stage 3 is extended to one year for restructured contracts that have been subject to a Stage 3 transfer.

Debt instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs) are considered impaired and are classified as Stage 3 when there is a known counterparty risk.

The group uses the same impairment indicators for Stage 3 debt securities as those used for individually assessing the impairment risk on loans and advances, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes (TSSDI) that meet the definition of debt instruments within the meaning of IAS 32, particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

Impairment for expected credit losses on Stage 3 financial assets is determined as the difference between the amortized cost and the recoverable amount of the receivable, *i.e.* the present value of estimated recoverable future cash flows, whether these cash flows come from the counterparty's activity or from the potential activation of guarantees. For short-term assets (maturity of less than one year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal. Expected credit losses arising from Stage 3 off-balance sheet commitments are taken into account through provisions recognized on the liability side of the balance sheet. They are calculated on the basis of the maturity schedules determined based on historic recoveries for each category of receivable.

For the purposes of measuring expected credit losses, pledged assets and other credit enhancements that form an integral part of the contractual conditions of the instrument and that the entity does not recognize separately are taken into account in the estimate of expected cash flow shortfalls.

Recognition of impairment of assets classified at amortized cost and at fair value through other comprehensive income, and of provisions for loan and guarantee commitments

For debt instruments recognized on the balance sheet in the financial assets at amortized cost category, impairment is recorded against the line on which the asset was initially shown for its net amount (regardless of whether the asset is S1, S2, S3 or POCI). Impairment charges and reversals are recognized in the income statement under "Cost of credit risk".

For debt instruments recognized as financial assets at fair value through other comprehensive income on the balance sheet, impairment is carried on the liabilities side of the balance sheet at the level of other comprehensive income recyclable to profit or loss, with a corresponding entry on the income statement under "Cost of credit risk" (regardless of whether the asset is classified S1, S2, S3 or POCI).

For loan and financial guarantee commitments given, provisions are recorded on the liabilities side of the balance sheet under "Provisions" (irrespective of whether the commitment given is classified S1, S2, S3 or POCI). Additions to/reversals from provisions are recognized in the income statement under "Cost of credit risk".

7.1.3 CHANGE IN EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS AND COMMITMENTS

7.1.3.1 Change in impairment for credit losses on financial assets through other comprehensive income

	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired (S3 POCI) assets (S30 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**46,234**	**(10)**	**15**	**(1)**	**6**	**(5)**	**81**	**(70)**	**46,336**	**(86)**
Origination and acquisitions	11,524	(3)			///	///	9	///	11,532	(3)
Derecognition (redemptions, disposals and debt forgiveness)	(11,446)		(6)				(20)	20	(11,472)	20
Impairment (write-off)	///	///	///	///	(2)	2			(2)	2
Transfers of financial assets	(52)	1	51	(1)	1	(1)				(1)
Transfers to S2	*(51)*		*51*	*(1)*						*(1)*
Transfers to S3	*(1)*	*1*			*1*	*(1)*				
Other movements[1]	(1,858)	5	(2)		0		(1)	(16)	(1,860)	(10)
BALANCE AT 12/31/2021	**44,403**	**(7)**	**58**	**(2)**	**6**	**(5)**	**68**	**(65)**	**44,535**	**(79)**

(1) Including amortization of receivables, changes in credit risk parameters (including partial repayments), exchange rate fluctuations.

7.1.3.2 Change in impairment for credit losses on debt securities at amortized cost

	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired (S3 POCI) assets (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**25,578**	**(11)**	**1,092**	**(6)**	**129**	**(108)**	**114**	**(55)**	**26,912**	**(180)**
Origination and acquisitions	3,384	(10)	27		///	///		///	3,410	(10)
Derecognition (redemptions, disposals and debt forgiveness)	(3,899)	3	(153)		(8)	8			(4,060)	11
Impairment (write-off)	///	///	///	///			(43)	43	(43)	43
Transfers of financial assets	180	6	(180)	(4)						2
Transfers to S1	*214*	0	*(214)*	0			///	///		0
Transfers to S2	*(34)*	*6*	*34*	*(4)*						*2*
Other movements[1]	(907)	4	(187)	2	(4)	5	(12)		(1,109)	10
BALANCE AT 12/31/2021	**24,337**	**(9)**	**598**	**(7)**	**117**	**(96)**	**60**	**(13)**	**25,111**	**(125)**

(1) Including amortization of receivables, changes in credit risk parameters (including partial repayments) and exchange rate fluctuations.

7.1.3.3 Change in impairment for credit losses on loans and advances due from banks at amortized cost

Loans and advances to credit institutions registered in Stage 1 include funds centralized at the Caisse des Dépôts et Consignations; €76,596 million at December 31, 2021, compared to €73,557 million at December 31, 2020.

	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired (S3 POCI) assets (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**89,406**	**(3)**	**620**	**(7)**	**35**	**(34)**			**90,061**	**(44)**
Origination and acquisitions	3,978	(1)	8		///	///		///	3,986	(1)
Derecognition (redemptions, disposals and debt forgiveness)	(4,793)	1	(99)						(4,893)	1
Impairment (write-off)	///	///	///	///			(5)	5	(5)	5
Transfers of financial assets	218	(1)	(218)							(1)
Transfers to S1	*222*	*(1)*	*(222)*				///	///		*(1)*
Transfers to S2	*(4)*		*4*							
Other movements[1]	5,083	(4)	(55)	4	(8)	9	10	(10)	5,031	(1)
BALANCE AT 12/31/2021	**93,894**	**(7)**	**254**	**(3)**	**27**	**(24)**	**5**	**(5)**	**94,179**	**(40)**

(1) Other changes include amortization of receivables, changes in credit risk parameters (including partial repayments), changes in exchange rates and the impact of the application of IFRS 5.

7.1.3.4 Change in impairment for credit losses on loans and advances due from customers at amortized cost

Financial instruments are divided into three categories (Stages) depending on the increase in credit risk observed since initial recognition. This deterioration is measured on the basis of the rating as of the closing date.

	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired (S3 POCI) assets (S2 POCI)		Purchased or Originated Credit-Impaired (S3 POCI) assets (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**675,190**	**(1,424)**	**63,566**	**(2,738)**	**20,755**	**(9,257)**	**112**	**(2)**	**724**	**(117)**	**760,347**	**(13,538)**
Origination and acquisitions	127,314	(530)	4,790	(83)	///	///	///	///	420	///	132,523	(614)
Derecognition (redemptions, disposals and debt forgiveness)	(68,827)	46	(7,471)	78	(2,947)	247	(15)		(49)	4	(79,309)	375
Impairment (write-off)	///	///	///	///	(1,526)	1,413	///	///	(10)	10	(1,536)	1,422
Transfers of financial assets	(26,815)	1,472	22,814	(1,286)	4,001	(917)	21	1	(21)	0		(731)
Transfers to S1	*14,289*	*(102)*	*(13,863)*	*208*	*(425)*	*14*	*/// *	*/// *	*/// *	*/// *		*120*
Transfers to S2[(1)]	*(38,429)*	*1,204*	*39,372*	*(1,874)*	*(943)*	*86*	*33*		*(33)*	*1*		*(584)*
Transfers to S3	*(2,673)*	*370*	*(2,695)*	*380*	*5,369*	*(1,017)*	*(12)*	*1*	*12*	*(1)*		*(267)*
Other movements[(2)]	(12,575)	(946)	(4,914)	832	167	(452)	92	(1)	29	(76)	(17,200)	(644)
BALANCE AT 12/31/2021	**694,288**	**(1,384)**	**78,785**	**(3,198)**	**20,451**	**(8,967)**	**210**	**(2)**	**1,092**	**(178)**	**794,826**	**(13,728)**

(1) Including the reclassification of outstandings from Stage 1 to Stage 2 for €38.5 billion:

- €12.8 billion in reclassifications linked to the implementation of a harmonized methodology (i.e. taking into account the deterioration in the rating of contracts according to their sector of activity) in the sectors most affected by the Covid-19 crisis (i.e. tourism, hotels, catering, specialized trade-distribution, aeronautics and viticulture) and the cancellation of the reclassification of outstandings that had been automatically improved at December 31, 2020;
- €3.3 billion in outstandings that were reclassified as renegotiated receivables.

These reclassifications do not have a material impact on the calculation of expected credit losses allocated to these outstandings: additional provisions had been recognized at December 31, 2020 to cover the risk of a significant deterioration in credit risk in the sectors most affected by the crisis.

(2) Other changes include the amortization of receivables, the change in credit risk parameters (including partial repayments), changes in exchange rates and the effect of the application of IFRS 5.

7.1.3.5 Change in credit losses on loan commitments given

	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired (S3 POCI) assets (S2 POCI)		Purchased or Originated Credit-Impaired (S3 POCI) assets (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**133,866**	**(202)**	**9,549**	**(167)**	**357**	**(81)**	**6**		**8**		**143,786**	**(450)**
Origination and acquisitions	67,459	(139)	1,601	(10)	///	///	///	///	20	///	69,080	(149)
Derecognition (redemptions, disposals and debt forgiveness)	(35,215)	21	(2,196)	16	(114)	5	(1)		(17)		(37,542)	42
Transfers of financial assets	(3,022)	37	2,932	(61)	90	(6)						(29)
Transfers to S1	*1,207*	*(5)*	*(1,194)*	*9*	*(13)*		*///*	*///*	*///*	*///*		*4*
Transfers to S2	*(4,160)*	*42*	*4,192*	*(72)*	*(32)*	*1*						*(29)*
Transfers to S3	*(69)*		*(66)*	*2*	*135*	*(7)*						*(5)*
Other movements[(1)]	(18,242)	91	(1,447)	14	(7)	19	15		194		(19,487)	125
BALANCE AT 12/31/2021	**144,846**	**(192)**	**10,438**	**(208)**	**327**	**(63)**	**20**		**206**		**155,837**	**(462)**

(1) Including amortization of receivables, changes in credit risk parameters (including partial repayments), exchange rate fluctuations and effect of the application of IFRS 5.

7.1.3.6 Change in credit losses on guarantee commitments given

in millions of euros	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired (S3 POCI) assets (S2 POCI)		Purchased or Originated Credit-Impaired (S3 POCI) assets (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**31,740**	**(54)**	**3,817**	**(75)**	**1,287**	**(275)**	**2**				**36,845**	**(405)**
Origination and acquisitions	22,497	(18)	1,475	(5)	///	///	///	///	78	///	24,051	(22)
Derecognition (redemptions, disposals and debt forgiveness)	(15,942)	3	(856)	3	(377)	28					(17,175)	34
Transfers of financial assets	(1,901)	12	1,511	(11)	390	(7)						(6)
Transfers to S1	*732*	*(1)*	*(711)*	*1*	*(21)*	*1*	*///*	*///*	*///*	*///*		*1*
Transfers to S2	*(2,510)*	*9*	*2,528*	*(14)*	*(18)*	*1*						*(3)*
Transfers to S3	*(122)*	*3*	*(306)*	*2*	*428*	*(9)*						*(4)*
Other movements[1]	12	13	14	17	(112)	(25)	(1)		5	(9)	(81)	(5)
BALANCE AT 12/31/2021	**36,406**	**(44)**	**5,961**	**(71)**	**1,187**	**(280)**	**1**		**84**	**(9)**	**43,640**	**(404)**

(1) Including amortization of receivables, changes in credit risk parameters (including partial repayments), exchange rate fluctuations and effect of the application of IFRS 5.

7.1.4 MEASUREMENT AND MANAGEMENT OF CREDIT RISK

Credit risk arises whenever a counterparty is unable to meet its payment obligations and may result from a reduction in credit quality or default by the counterparty.

Commitments exposed to credit risk consist of existing or potential receivables and particularly loans, debt securities, equities, performance swaps, performance bonds, or confirmed or undrawn facilities.

Credit risk management procedures and assessment methods, risk concentration, the quality of performing financial assets, and the analysis and breakdown of outstandings are described in the risk management report.

7.1.5 GUARANTEES RECEIVED ON IFRS 9 IMPAIRED INSTRUMENTS

The statement below shows the credit and counterparty risk exposure for all Groupe BPCE's financial assets. This exposure to credit risk (determined without taking into account the impact of any unrecognized netting or collateral agreements) and to counterparty risk is based on the net carrying amount of the financial assets.

in millions of euros	Maximum risk exposure	Impairment	Maximum exposure net of impairment	Guarantees
Debt securities at amortized cost	176	(108)	68	
Loans and advances due from banks at amortized cost	31	(29)	2	
Loans and advances to customers at amortized cost	21,544	(9,145)	12,399	9,812
Debt securities – Fair value through OCI recyclable to profit or loss	74	(71)	3	
Loan commitments	532	(63)	470	47
Guarantee commitments	1,271	(289)	982	236
TOTAL IMPAIRED FINANCIAL INSTRUMENTS (S3)	**23,628**	**(9,705)**	**13,924**	**10,095**

7.1.6 CREDIT RISK MITIGATION MECHANISMS: ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL

The policy followed by Groupe BPCE entities is to sell assets obtained by taking possession of collateral as soon as possible. The amount of these assets was non-material at December 31, 2021.

7.2 MARKET RISKS

Market risk refers to the possibility of financial loss due to market trends, such as:

- interest rates: interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates of interest;
- exchange rates;
- prices: market price risk is the risk of a potential loss resulting from changes in market prices, whether they are caused by factors specific to the instrument or its issuer, or by factors affecting all market traded instruments. Variable-income securities, equity derivatives and commodity derivatives are exposed to this type of risk; and
- more generally, any market parameter involved in the valuation of portfolios.

Systems for the measurement and monitoring of market risks are presented in the risk management report.

The information provided in the risk management report required under IFRS 7 and relating to the management of market risk comprises:

- VaR for the Groupe BPCE scope;
- the conclusions of the global stress tests.

7.3 INTEREST RATE RISK AND EXCHANGE RATE RISK

Interest rate risk is the risk that unfavorable changes in interest rates will adversely impact the group's annual results and net worth. Exchange rate risk is the risk of losses resulting from changes in exchange rates.

The group's approach to the management of overall interest rate risk and foreign exchange risk is discussed in Chapter 6 "Risk Management – Liquidity, Interest Rate and Exchange Rate Risks".

7.4 LIQUIDITY RISK

Liquidity risk is the risk that the bank will not be able to meet its commitments or maturities at any given time.

The funding procedures and liquidity risk management arrangements are disclosed in the risk management report.

Disclosures relating to the management of liquidity risk required by IFRS 7 are provided in Chapter 6 "Risk Management – Liquidity, Interest Rate and Exchange Rate Risk".

Note 8 Employee benefits and similar

Accounting principles

There are four categories of employee benefits:

- short-term employee benefits such as wages, salaries, paid annual leave, bonuses, and profit sharing and incentive schemes which are expected to be paid within 12 months of the end of the period in which the employee renders the service are recognized in expenses;
- post-employment benefits paid to retired staff break down into two categories: defined-contribution plans and defined-benefit plans.

Defined-contribution plans such as French national plans are those for which Groupe BPCE's obligation is limited to payment of a contribution; there is no obligation for the employer regarding a certain level of benefits. Contributions paid into these plans are recognized as an expense for the period.

Defined-benefit plans are those for which Groupe BPCE has undertaken to provide a given amount or level of benefits.

Defined-benefit plans are subject to provisions calculated based on an actuarial assessment of the amount of the obligation, taking into account demographic and financial assumptions. When these plans are funded by external funds meeting the definition of plan assets, the amount of the provision is reduced by the fair value of these assets.

The cost of defined-benefit plans recorded in expenses for the period includes: the service cost (representing the rights acquired by beneficiaries over the period), the past service cost (revaluation differences on actuarial liabilities following an amendment or reduction in the plan), the net financial cost (effect of unwinding the discount on the net obligation for interest income generated by plan assets) and the effect of pension drawdowns.

Revaluation differences on actuarial liabilities caused by changes in demographic and financial assumptions and past-experience effects are recorded in gains and losses recognized directly in other comprehensive income not recyclable to net income:

- other long-term employee benefits include awards accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service. They mainly include long-service awards and deferred variable remuneration payable in cash and not indexed to the share price.

These benefits are calculated using the same actuarial method as that applied for defined-benefit pension plans. The accounting method differs in terms of revaluation differences on actuarial liabilities, which are recorded under expenses:

- termination benefits are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the group to terminate a contract or a decision by an employee to terminate a contract in exchange for a severance package. They are covered by a provision. Termination benefits that are not expected to be paid within the 12 months following the balance sheet date are discounted to present value.

Share-based payments include payments in equity instruments or cash, the amount of which depends on the evolution of the value of the equity instruments or a valuation formula.

A personnel expense is systematically recorded for an amount equal to the fair value of the instruments awarded, spread over the period over which the rights are acquired.

8.1 PAYROLL COSTS

Payroll costs include all personnel expenses and the associated social security contributions and taxes.

They include expenses for employee benefits and share-based payments.

Information on employees by category is presented in Chapter 2, "Non-financial performance statements" (Note 2.4 "Shaping the future of work").

in millions of euros	Fiscal year 2021	Fiscal year 2020
Wages and salaries	(6,978)	(6,325)
Expenses for defined-benefit and defined-contribution pension plans and other long-term employee benefits	(748)	(728)
Other social security costs and payroll-based taxes	(2,784)	(2,421)
Profit sharing and incentive schemes	(723)	(555)
TOTAL PAYROLL COSTS	**(11,233)**	**(10,029)**

8.2 EMPLOYEE BENEFITS

Groupe BPCE grants its staff a variety of employee benefits.

The Banques Populaires private supplementary pension plan, managed by Caisse Autonome de Retraite des Banques Populaires (CAR-BP), covers the pension benefits deriving from the closure of the Banques Populaires banking pension scheme at December 31, 1993.

The pension plans managed by CAR-BP are partially covered by Insurance for annuities paid to beneficiaries over a certain age, and for obligations in respect of beneficiaries below this age.

The annuities paid to beneficiaries over the reference age are managed under the insurer's (CNP) general pension plan. The assets in this general plan are reserved for the insurer's pension obligations and their composition is adjusted in line with foreseeable payment trends. They mostly comprise fixed income instruments so as to enable the insurer to apply the capital guarantee that it is obliged to provide for this type of assets. The insurer is responsible for the fund's Asset/Liability management.

Other obligations are managed in a diversified fund managed as a unit-linked policy and are not covered by any particular guarantee from the insurer. The management of these obligations is based on a target strategic allocation that mostly invests in debt instruments (60%, over 95% of which are government bonds), but which also includes equity investments (40%, with 20% invested in the euro zone). The allocation is adjusted to optimize the portfolio's expected performance, subject to a risk constraint comprising many criteria. The corresponding asset/liability reviews are performed each year and are presented to the CAR-BP Technical, Financial and Risk Committee and to the Groupe BPCE Employee Benefits Monitoring Committee for information. The relatively aggressive asset allocation is made possible by the long-term investment horizon and by the regulation mechanisms integrated in the plan's financial management system.

The Caisses d'Epargne's former private supplementary pension plan (a retained-benefit plan), previously managed by Caisse Générale de Retraite des Caisses d'Epargne (CGRCE), is now incorporated within Caisse Générale de Prévoyance des Caisses d'Epargne (CGP). Beneficiaries' rights were maintained on the date of the plan's closure, on December 31, 1999. The strategic guidelines for the management of the Caisses d'Epargne retained-benefit plan are set by the CGP Board of Directors based on asset/liability reviews submitted first to a Joint Investment Committee. The Groupe BPCE Employee Benefits Monitoring Committee also receives the reviews for information purposes.

The bond allocation is a decisive component of the plan's assets. To manage interest rate risk, the CGP is obliged to replicate expected payouts with equivalent assets *via* a matching process. Liability constraints require the holding of long-term assets to ensure the duration is as close as possible to the duration of liabilities. The wish to be able to review annuities on an annual basis, which is decided by the CGP Board of Directors, means the portfolio holds a large portion of inflation-indexed bonds.

The CAR-BP and CGP plans are presented under "Supplementary pension benefits and other".

Other employee benefits include:

- pensions and other post-employment benefits such as end-of-career awards and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

8.2.1 ANALYSIS OF EMPLOYEE-RELATED ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other	12/31/2021	12/31/2020
Actuarial liabilities[(1) (2)]	7,705	897	269	371	9,242	9,816
Fair value of plan assets[(2)]	(8,454)	(620)	(10)		(9,084)	(8,638)
Fair value of reimbursement rights[(2)]	(42)	(27)			(69)	(505)
Effect of ceiling on plan assets	1,237				1,237	865
Net amount reported on the balance sheet[(1)]	**446**	**250**	**259**	**371**	**1,326**	**1,538**
Passive employee benefits[(1)]	488	281	259	371	1,399	2,043
Active employee benefits[(3)]	42	31			73	505

(1) The implementation of the IFRS IC decision relating to IAS 19 Employee Benefits has resulted in a reduction in provisions of €59 million for 2021, with a corresponding reduction in consolidated reserves (see Note 2.2).
(2) The restatement of pension plan assets invested with CNP following its withdrawal from the group resulted in a reduction of -€444 million in employee benefits.
(3) Mostly recorded on the assets side of the balance sheet under "Accrued income and other assets".

Actuarial liabilities represent the group's obligation in respect of beneficiaries. They are calculated by independent actuaries using the projected unit credit method based on demographic and financial assumptions that are reviewed on a regular basis and at least once a year.

When these plans are funded by assets meeting the definition of plan assets, the amount of the provision corresponds to actuarial liabilities less the fair value of these assets.

Plan assets no longer meeting the definition of plan assets are recorded under assets.

8.2.2 CHANGES IN AMOUNTS RECOGNIZED ON THE BALANCE SHEET

Changes in actuarial liabilities

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other	Fiscal year 2021	Fiscal year 2020
Actuarial liabilities at start of year	**8,244**	**1,026**	**280**	**266**	**9,816**	**9,623**
Service cost	13	64	20	99	196	112
Past service cost		1	1		2	(9)
Interest cost	53	4	1		58	80
Benefits paid	(217)	(62)	(14)	(36)	(329)	(308)
Other items recorded in income	3	9	(21)	74	65	13
Changes recorded in income	**(148)**	**16**	**(13)**	**137**	**(8)**	**(112)**
Revaluation adjustments – Demographic assumptions	72	(2)			70	(8)
Revaluation adjustments – Financial assumptions	(405)	(66)			(471)	347
Revaluation adjustments – Past-experience effect	(79)	(25)			(104)	(65)
Changes recognized directly in other comprehensive income not recyclable to profit or loss	**(412)**	**(93)**			**(505)**	**274**
Foreign exchange rate adjustments	21			2	23	(31)
Changes related to non-current assets held for sale[(1)]						(69)
Other changes[(2) (3)]		(52)	2	(34)	(84)	131
ACTUARIAL LIABILITIES AT END OF YEAR	**7,705**	**897**	**269**	**371**	**9,242**	**9,816**

(1) Corresponds in 2020 to the exit of Coface treated under IFRS 5 and accounted for using the equity method.
(2) Of which €115 million in 2020 corresponding to the reclassification at the beginning of the provision for time savings in long-term employee benefits.
(3) The implementation of the IFRS IC decision relating to IAS 19 Employee Benefits has resulted in a reduction in provisions of €59 million in 2021, with a corresponding reduction in consolidated reserves shown under "Other" (see Note 2.2). For 2020, the application of this decision would have resulted in the recognition of an adjusted amount of -€52 million of actuarial debt at January 1, 2020, of -€7 million for the revaluation differences and thus -€59 million of actuarial debt at December 31, 2020 and January 1, 2021.

Change in plan assets

in millions of euros	Post-employment defined-benefit plans		Other long-term employee benefits		
	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Fiscal year 2021	Fiscal year 2020
Fair value of plan assets at start of year	**8,495**	**638**	**10**	**9,143**	**9,054**
Interest income	55	2		57	79
Plan participant contributions	12	1		13	32
Benefits paid	(183)	(11)		(194)	(186)
Other items recorded in income		(3)		(3)	(2)
Changes recorded in income	**(116)**	**(11)**		**(127)**	**(77)**
Revaluation adjustments – Return on plan assets	89	15		104	169
Changes recognized directly in other comprehensive income not recyclable to profit or loss	**89**	**15**		**104**	**169**
Foreign exchange rate adjustments	21			21	(24)
Changes related to non-current assets held for sale[1]					(2)
Other changes	7	5		12	23
FAIR VALUE OF ASSETS AT END OF YEAR[2]	**8,496**	**647**	**10**	**9,153**	**9,143**

(1) Corresponds in 2020 to the exit of Coface treated under IFRS 5 and accounted for using the equity method.
(2) Of which €42 million in reimbursement rights included in supplementary retirement benefits (€476 million in 2020) and €27 million included in end-of-career awards (compared to €29 million in 2020).

Amounts paid in cash to beneficiaries reduce the amount of provisions recorded to this end by an equivalent amount. A total of €194 million was charged against pension plan assets.

Interest income on plan assets is calculated by applying the same discount rate as that used to discount commitments. The difference between the actual return at the balance sheet date and this interest income is a revaluation difference recorded in equity not recyclable to profit or loss for post-employment benefits.

8.2.3 EXPENSES FOR DEFINED-BENEFIT PENSION PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS

Expenses for defined-benefit pension plans and other long-term employee benefits

The various components of the expense recognized for defined-benefit plans and other long-term employee benefits are included under “Payroll costs”.

in millions of euros	Post-employment defined -benefit plans	Other long-term benefits	Fiscal year 2021	Fiscal year 2020
Service cost	(78)	(120)	(198)	(103)
Net interest cost		(1)	(1)	(1)
Other (o/w asset ceiling)	(20)	(53)	(73)	(23)
Expense for the period	**(98)**	**(174)**	**(272)**	**(127)**
Benefits paid	85	50	135	122
Plan participant contributions	13		13	32
Change in provisions due to contributions	**98**	**50**	**148**	**154**
TOTAL		**(124)**	**(124)**	**27**

Gains and losses on defined-benefit plans recorded directly in other comprehensive income

in millions of euros	Supplementary pensions and other plans	End-of-career awards	Fiscal year 2021	Fiscal year 2020
Revaluation differences at start of period	**432**	**53**	**485**	**523**
Revaluation differences over the period	(502)	(108)	(610)	104
Changes related to non-current assets held for sale[1]				(35)
Adjustments to asset ceiling	368		368	(107)
REVALUATION DIFFERENCES AT END OF PERIOD	**298**	**(55)**	**243**	**485**

(1) Corresponds in 2020 to the exit of Coface treated under IFRS 5 and accounted for using the equity method.

8.2.4 OTHER INFORMATION

Main actuarial assumptions

	Fiscal year 2021		Fiscal year 2020	
	CAR-BP	CGP-CE	CAR-BP	CGP-CE
Discount rate	0.86%	1.07%	0.38%	0.61%
Inflation rate	1.70%	1.70%	1.60%	1.60%
Life tables used	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05
Duration	13 years	17 years	14 years	18 years

Sensitivity of actuarial liabilities to changes in the principal assumptions

At December 31, 2021, a 0.5% change in the discount rate and the inflation rate would have the following impact on actuarial liabilities:

	12/31/2021				12/31/2020			
	CAR-BP		CGP-CE		CAR-BP		CGP-CE	
as a% and in millions of euros	%	Amount	%	Amount	%	Amount	%	Amount
+0.5% increase in the discount rate	(6.30%)	(49)	(7.94%)	(479)	(6.68%)	(56)	(8.38%)	(542)
-0.5% decrease in the discount rate	7.02%	54	9.01%	543	7.48%	63	9.56%	618
+0.5% increase in the inflation rate	6.41%	50	7.61%	459	6.79%	57	7.56%	489
-0.5% decrease in the inflation rate	(5.46%)	(42)	(6.89%)	(416)	(5.64%)	(48)	(6.85%)	(443)

Payment schedule – (non-discounted) amounts paid to beneficiaries

	12/31/2021		12/31/2020	
	CAR-BP	CGP-CE	CAR-BP	CGP-CE
Year N+1 to N+5	183	865	182	819
N+6 to N+10	171	937	171	918
N+11 to N+15	153	925	154	930
N+16 to N+20	128	838	130	854
Year > N+20	241	2,090	256	2,217

Breakdown of fair value of CAR-BP plan assets (including reimbursement rights) and CGP-CE plan assets

	12/31/2021				12/31/2020			
	CAR-BP		CGP-CE		CAR-BP		CGP-CE	
as a% and in millions of euros	Weighting by category	Fair value of plan assets	Weighting by category	Fair value of plan assets	Weighting by category	Fair value of plan assets	Weighting by category	Fair value of plan assets
Cash	8.80%	47	1.80%	130	1.30%	6	1.00%	73
Equities	42.70%	227	12.00%	870	37.70%	179	8.40%	616
Bonds	40.90%	218	84.30%	6,110	51.70%	246	88.40%	6,481
Real estate			1.90%	138			2.20%	161
Investment funds	7.70%	41			9.30%	44		
TOTAL	**100.00%**	**533**	**100.00%**	**7,248**	**100.00%**	**476**	**100.00%**	**7,332**

8.3 SHARE-BASED PAYMENTS

Accounting principles

Share-based payments are those based on shares issued by the group, regardless of whether the transactions are settled in the form of equity or cash indexed to the share price or on a valuation formula.

In accordance with IFRS 2 on "Share-based payments", grants of bonus shares to employees gives rise to the recognition of an expense representing the fair value of the goods or services received at the grant date. The fair value of the services received is determined by reference to the fair value of the shares at the grant date, less the discounted amount of dividends not received by employees over the vesting period, and taking into account any attendance conditions.

The expense is spread on a straight-line basis over the vesting period. The expense is adjusted over the vesting period to reflect the loss of rights.

The corresponding adjustment for the expense recorded under equity-settled plans is an increase in equity.

For cash-settled plans for which the group has a liability, the expense corresponds to the fair value of that liability. This amount is expensed over the vesting period when its payment is subject to a presence condition, by the counterpart of a liability account. It is then remeasured at fair value through profit or loss at each closing date until it is settled. The revaluation of the debt at the closing date takes into account not only the fulfillment of the performance and/or presence condition but also the change in value of the underlying shares.

Where deferred variable remuneration plans provide for a cash payment based on a formula that is not representative of the fair value of the share, these plans fall within the scope of IAS 19. The principles applicable under IAS 19 to this type of plan are similar to those under IFRS 2 for cash-settled plans.

DEFERRED VARIABLE REMUNERATION PLANS

Since 2010 and until 2020, Natixis has granted each year to certain categories of its employees plans whose payment was based on Natixis shares.

Plans settled in cash indexed to the Natixis share price (for their non-vested components) have been modified following the delisting of the Natixis share on July 21, 2021. Their payment is now indexed to a formula based in particular on the price of the simplified public tender offer for Natixis shares (i.e. €4) and the evolution of BPCE's net income attributable to equity holders of the parent. It should be noted that the plans granted in 2021 did not have to be modified because their conditions had already been adapted when they were created, in the event of a delisting of the Natixis share.

With regard to the 2022 plan, as the grants were not formally made at the closing date, the cost assessment was made on the basis of the best possible estimate as of December 31, 2021.

Natixis subsidiaries may also establish their own share-based payment plans. The expense relating to these plans at December 31, 2021 was -€16 million compared to -€13 million in 2020.

In June 2021, BPCE entered into a liquidity agreement with each beneficiary of bonus shares, consisting of a promise to sell that may be exercised by the beneficiary within 60 calendar days from the date of availability of the shares, followed by a promise to buy granted by BPCE to each beneficiary for the benefit of BPCE, that may be exercised by BPCE during 60 calendar days from the end of the exercise period for the promise to sell. The acquisition price of the shares is based on a formula based in particular on the price of the simplified public tender offer for Natixis shares (*i.e.* €4) and the evolution of BPCE's net income attributable to equity holders of the parent.

The implementation of these contracts has the effect of reclassifying the share-based plans granted by Natixis within Groupe BPCE as cash-settled plans based on a valuation formula. The expense recognized in this respect is revalued at each closing date in order to reflect the vesting of rights by beneficiaries and changes in the valuation formula.

LONG-TERM CASH-SETTLED PAYMENT PLANS INDEXED ON A VALUATION FORMULA

Payments under these plans are subject to presence and performance criteria for the categories of regulated personnel within the meaning of the CRD.

Year the plan was granted	Grant date	Number of units granted at inception[1]	Vesting date	Number of units vested by beneficiaries	Fair value of indexed cash unit at valuation date *(in euros)*
2018 plan	04/13/2018	2,858,061	March 2020 March 2021	1,154,437 1,512,264	///
2019 plan	04/12/2019	3,111,057	March 2021 March 2022	894,846	€4.40
2020 plan	04/10/2020	5,867,435	March 2022 March 2023		[€4.40 ; €4.47]
2021 plan	04/15/2021	2,075,079	March 2023 March 2024 March 2025		[€4.47 ; €5.49]
2021 plan	02/18/2021	2,638,236	March 2022 March 2023 March 2024		[€4.40 ; €5.31]
2022 plan[1]	03/17/2022		March 2023 March 2024 March 2025 March 2026 March 2027		

(1) Concerning the 2022 plan, the grants were not formally made at 31 December 2021.

SHARE-BASED PAYMENT PLANS SUBJECT TO LIQUIDITY CONTRACTS

Year the plan was granted	Grant date	Number of shares concerned at December 31, 2021	Vesting date
2018 plan	04/13/2018	223,081	April 2023
2019 plan	04/12/2019	1,610,941	March 2022
2020 plan	04/10/2020	1,138,822	March 2022
2020 plan	04/10/2020	2,277,720	March 2023

The shares in the process of being acquired under the liquidity contracts give rise to a liability of €13 million at December 31, 2021.

EXPENSE FOR THE YEAR REPRESENTED BY DEFERRED VARIABLE REMUNERATION PLANS

in millions of euros	Fiscal year 2021			Fiscal year 2020
	Plans settled in shares subject to a liquidity contract	Plans settled in cash indexed to a valuation formula	Total	
Previous plans	(6)	(35)	(41)	(6)
Plans from the fiscal year[1]		(34)	(34)	(23)
TOTAL	**(6)**	**(69)**	**(75)**	**(29)**

(1) 2020 amount restated to take into account the expense on all deferred variable pay plans.

VALUATION PARAMETERS USED FOR THE COST ESTIMATE FOR THESE PLANS

	12/31/2021	12/31/2020
Share price	///	2.79
Fair value of the indexed cash unit[1]	[€4.40 ; €5.49]	///
Risk-free interest rates	(0,69%)	(0.56%)
Dividend payout ratio	///	7.17%
Loss of rights rate	4.97%	4.55%

(1) Corresponds to the range of fair values of indexed cash units, which as of 2021 are differentiated by plan and by year.
(2) From 2021, dividend forecasts are included in the fair value of the indexed cash unit.

CASH-SETTLED DEFERRED VARIABLE REMUNERATION PLANS

Some employees are awarded deferred cash-settled loyalty and performance bonus benefits. These bonuses are subject to presence and performance conditions. In terms of accounting treatment, they are accounted for under "Other long-term employee benefits". The estimated expense takes into account an actuarial estimate of these conditions being met. It is spread over the rights vesting period. The amount recognized in respect of fiscal year 2021 was:

Year the plan was granted	Grant date	Vesting date	Fiscal year 2021 *(in millions of euros)*	Fiscal year 2020 *(in millions of euros)*
2018 plan	02/23/2018	March 2019 March 2020	///	(1)
2019 plan	02/26/2019	March 2020 March 2021	(1)	(5)
2020 plan	01/22/2020	March 2021 March 2022	(4)	(3)
2021 plan	01/20/2021	March 2022 March 2023	(9)	(8)
TOTAL			**(13)**	**(17)**

Note 9 Insurance businesses

Key points

Insurance businesses cover life insurance and non-life insurance activities. In Groupe BPCE these activities are performed by dedicated subsidiaries subject to the specific regulations applicable to the Insurance sector.

On November 3, 2017, the European Commission adopted the amendment to IFRS 4 applying IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" with specific provisions for financial conglomerates, applicable as of January 1, 2018.

European regulations therefore allow European financial conglomerates to opt to defer application of IFRS 9 for their Insurance activities until January 1, 2021 (effective date of the new IFRS 17, Insurance contracts). At its meeting on March 17, 2020, the IASB decided to defer its application by two years, as clarifications still need to be given regarding key aspects of the standard. It also decided to defer the expiry of Insurance companies' temporary exemption from IFRS 9 to January 1, 2023, to align it with the application of IFRS 17. An amendment was published on June 25, 2020. This amendment improves the application of IFRS 17. EU Regulation 2021/2036 of November 19, 2021 adopts IFRS 17 and provides for the possibility of exempting intergenerational and cash flow offset pooled contracts from the annual cohort requirement imposed by the standard. Groupe BPCE's savings/retirement contracts should fall fully within the scope of this European exemption. On December 9, the IASB published an amendment to IFRS 17 allowing all financial assets held by insurers as of January 1, 2022 to be presented under IFRS 9 in the comparative statements when IFRS 17 and IFRS 9 are applied together in 2023. Groupe BPCE plans to apply this option and also to apply the impairment rules of IFRS 9 for credit risk to eligible financial assets for its comparative statements for 2022.

As Groupe BPCE is a financial conglomerate, it elected to apply this provision to its Insurance businesses, which continue to be covered by IAS 39. The entities concerned are listed in Note 13.4 on the scope of consolidation.

Financial assets and liabilities of Insurance businesses are therefore recognized in accordance with the provisions of IAS 39. They are classified into categories defined by this standard, which calls for specific approaches to measurement and accounting treatment.

Pending amendments to IFRS 4, Insurance liabilities continue to be measured broadly in line with French GAAP.

In accordance with Phase I of IFRS 4, Insurance contracts are classified into three categories:

- policies that expose the insurer to a significant Insurance risk within the meaning of IFRS 4: this category comprises policies covering provident Insurance, pensions, property and casualty and unit-linked savings carrying a minimum guarantee. These policies continue to be measured under the rules provided under local GAAP for measuring technical reserves;
- financial contracts such as savings contracts that do not expose the insurer to a significant Insurance risk are recognized in accordance with IFRS 4 if they contain a discretionary profit sharing feature, and continue to be measured in accordance with the rules for measuring technical reserves provided under local GAAP;
- financial contracts without a discretionary profit sharing feature, such as unit-linked policies without a non-unit-linked component and without a minimum guarantee, are accounted for in accordance with IAS 39.

Most financial contracts issued by group entities contain discretionary profit sharing features.

The discretionary profit sharing feature grants life insurance policyholders the right to receive a share of the financial income generated, in addition to guaranteed benefits. For these contracts, in accordance with shadow accounting principles defined by IFRS 4, the provision for net participating benefit is adjusted to include the policyholders' share in the unrealized capital gains or losses on financial instruments measured at fair value in application of IAS 39. The share of the gains or losses attributable to policyholders is determined on the basis of the characteristics of contracts likely to generate such gains or losses.

Any change in net participating benefit is taken to other comprehensive income where it results from changes in the value of available-for-sale financial assets and to profit or loss where it arises from changes in the value of financial assets at fair value through profit or loss.

At each balance sheet date, the group tests the adequacy of its recognized Insurance liabilities based on the estimated present value of future cash flows from its Insurance policies and investment contracts containing a discretionary profit sharing feature. The liability adequacy test shows the economic value of the liabilities corresponding to the average derived from stochastic analyses. If the sum of the surrender value and net participating benefit is lower than the fair value of the technical reserves, the shortfall is recognized in income.

Groupe BPCE has decided to apply the option available under ANC recommendation No. 2017-02 of presenting the Insurance businesses separately on the balance sheet and income statement.

9.1 NOTES TO THE BALANCE SHEET

Accounting principles

The "Insurance business investments" line on the assets side of the balance sheet includes Insurance business assets representative of:

- financial investments (*i.e.* in financial instruments) including advances to policyholders;
- financial investments in unit-linked products;
- derivatives;
- revaluation differences on interest rate risk-hedged portfolios.

Other balances related to the Insurance business are aggregated with the balances related to the other balance sheet items by type.

On the liabilities side of the balance sheet, the "Liabilities related to Insurance policies" line consists of:

- the technical reserves of Insurance companies (as defined in Appendix A to IFRS 4);
- Insurance and reinsurance liabilities, including amounts due to policyholders;
- Insurance-related derivatives;
- shares of the revaluation of interest rate risk-hedged portfolios;
- the net participating benefit liability.

9.1.1 INSURANCE BUSINESS INVESTMENTS

Accounting principles

Loans and advances due from banks and customers and certain securities not listed in an active market are recorded in “Insurance business investments”.

Loans and advances are initially recorded at fair value plus any costs directly related to their issuance, less any proceeds directly attributable to issuance. On subsequent balance sheet dates, they are measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the value of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the issue of the loans, which are treated as an adjustment to the effective yield on the loan. No internal cost is included in the calculation of amortized cost.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

A discount is applied to loans restructured following a loss event as defined by IAS 39, to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to “Cost of credit risk” (for the insurer’s net share) in the income statement and offset against the corresponding outstanding on the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method. The restructured loan is reclassified as performing based on expert opinion when no uncertainty remains as to the borrower’s capacity to honor the commitment.

External costs consist primarily of commissions paid to third parties in connection with the arrangement of loans. They essentially comprise commissions paid to business providers.

Income directly attributable to the issuance of new loans principally comprises set-up fees charged to customers, rebilled costs and commitment fees (if it is more probable than improbable that the loan will be drawn down). Commitment fees received that will not result in any drawdowns are apportioned on a straight-line basis over the life of the commitment.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

Securities recorded as assets are classified into four categories as defined by IAS 39:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and advances;
- available-for-sale financial assets.

Impairment of securities

An impairment loss is recognized on an individual basis against securities, with the exception of securities classified as financial assets at fair value through profit or loss, when there is objective evidence of impairment resulting from one or more loss events having occurred since the initial recognition of the asset and where the impact of these events on estimated future cash flows can be reliably measured.

Different rules are used for the impairment of equity instruments and debt instruments.

For equity instruments, a lasting decline or a significant decrease in value are objective indicators of impairment.

A decline of over 50% or lasting for over 36 months in the value of a security by comparison with its historic cost is an objective indicator of permanent impairment, leading to the recognition of an impairment loss in income.

In addition, these impairment criteria are also supplemented by a line-by-line review of the assets that have recorded a decline of more than 30% or lasting for more than six months in their value in relation to their historical cost or if events occur that are liable to represent a material or prolonged decline. An impairment charge is recorded in the income statement if the group determines that the value of the asset will not be recovered in its entirety.

For unlisted equity instruments, a qualitative analysis of their situation is carried out.

Impairment losses recognized on equity instruments may not be reversed and nor may they be written back to income. Losses are recorded under “Net income from Insurance businesses”. A subsequent increase in value is taken to “Gains and losses recognized directly in other comprehensive income” until disposal of the securities.

Impairment losses are recognized on debt instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs) when there is a known counterparty risk.

The group uses the same impairment indicators for debt securities as those used for individually assessing the impairment risk on loans and advances, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes (TSSDI), particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

In the event of an improvement in the issuer’s financial position, impairment losses taken on debt instruments must be written back to the income statement. Impairment losses and write-backs are recorded in “Cost of credit risk” (for the insurer’s net share).

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Impairment of loans and advances

IAS 39 defines the methods for calculating and recognizing the impairment of loans.

A loan or receivable is deemed to be impaired if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are "triggering events" or "loss events" identifying counterparty risk occurring after the initial recognition of the loans in question. On an individual level, the criteria for deciding whether or not a credit risk has been incurred include the existence of past due payments;
- these events are likely to lead to the recognition of incurred losses.

Impairment is determined as the difference between the amortized cost and the recoverable amount of the receivable, *i.e.* the present value of estimated recoverable future cash flows taking into account the impact of any collateral.

in millions of euros	12/31/2021	12/31/2020
Investment property	1,893	1,842
Financial assets at fair value through income	34,775	30,209
Available-for-sale financial assets	62,986	59,737
Loans and advances due from banks	708	393
Loans and advances due from customers	12,717	12,379
Held-to-maturity financial assets	1,136	1,274
Share held by cedents and retrocessionaires in liabilities relating to Insurance policies and financial contracts	18,632	16,569
Receivables arising from Insurance and assumed reinsurance activities	1,941	1,768
Receivables arising from ceded reinsurance activities	55	35
Deferred acquisition costs	385	361
TOTAL INSURANCE BUSINESS INVESTMENTS	**135,228**	**124,566**

9.1.1.1 Investment property

	12/31/2021			12/31/2020		
in millions of euros	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Investment property recognized at historic cost	44	(16)	28	44	(15)	29
Investment property recognized at fair value[1]	1,476		1,476	1,419		1,419
Investment property (unit-linked vehicles)	389		389	394		394
TOTAL INVESTMENT PROPERTY	**1,909**	**(16)**	**1,893**	**1,857**	**(15)**	**1,842**

(1) Changes in fair value give rise to symmetrical recognition of a provision for deferred profit-sharing averaging, at December 31, 2021, 89% of the calculation base in question *versus* 87% at December 31, 2020.

The fair value of investment property came to €1,929 million at December 31, 2021 *versus* €1,873 million at December 31, 2020.

The fair value of investment property is classified in Level 3 of the fair value hierarchy in accordance with IFRS 13.

9.1.1.2 Financial assets at fair value through income

Accounting principles

This asset category includes:

- financial assets held for trading, *i.e.* securities acquired or issued principally for the purpose of selling them in the near term; and
- financial assets that the group has chosen to recognize at fair value through profit or loss at inception using the fair value option available under IAS 39.

These assets are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, dividends, gains or losses on disposals on these instruments are recognized in "Net income from Insurance businesses".

Financial assets and liabilities designated at fair value through profit or loss

The amendment to IAS 39 adopted by the European Union on November 15, 2005 allows entities to designate financial assets and liabilities at fair value through profit or loss on initial recognition. However, an entity's decision to designate a financial asset or liability at fair value through profit or loss may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may be applied only under the specific circumstances described below:

Elimination of or significant reduction in an accounting mismatch.

Applying the option eliminates accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy. This treatment applies in particular to unit-linked policy assets and liabilities.

Harmonization of accounting treatment for management and performance measurement.

The option applies for a group of assets and/or liabilities managed and measured at fair value, provided that it is based on a formally documented risk management or investment strategy, and information about the group is also reported internally on a fair value basis.

Hybrid financial instruments containing one or more embedded derivatives.

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

The fair value option may be applied when the embedded derivative(s) substantially modify the cash flows of the host contract and when the separate recognition of the embedded derivative(s) is not specifically prohibited by IAS 39 (*e.g.* an early redemption option at cost embedded in a debt instrument). The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

This treatment applies in particular to certain financial instruments containing material embedded derivatives (convertible bonds, indexed bonds and structured securities).

in millions of euros	12/31/2021	12/31/2020
UCITS	4,348	5,669
Financial assets held for trading	**4,348**	**5,669**
Trading derivatives	**15**	**17**
Hedging derivatives		**29**
Bonds	1,618	1,710
Equities	1,085	1,268
UCITS	5,153	3,512
Investments backed by unit-linked policies	22,556	18,004
Financial assets designated at fair value	**30,412**	**24,494**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**34,775**	**30,209**

CONDITIONS FOR DESIGNATING INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2021				12/31/2020			
in millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial assets designated at fair value	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial assets designated at fair value
Bonds	534	27	1,057	1,618	553	26	1,131	1,710
Equities	503	582		1,085	499	768		1,268
UCITS	5,153			5,153	3,512			3,512
Investments backed by unit-linked policies	19,862	2,115	579	22,556	15,922	1,510	573	18,005
TOTAL	**26,052**	**2,724**	**1,636**	**30,412**	**20,486**	**2,304**	**1,704**	**24,494**

9.1.1.3 Available-for-sale financial assets

Accounting principles

This category includes financial assets that do not fall under the previous portfolios.

Available-for-sale financial assets are initially recognized at fair value, plus any transaction costs.

On the closing date, they are carried at their fair value and changes in fair value are recorded under "Gains and losses recognized directly in other comprehensive income" (except for foreign currency monetary assets, for which changes in the fair value of the foreign currency component affect income).

If they are sold, these changes in fair value are taken to income.

Interest income accrued or received on fixed income securities is recorded under "Net income from Insurance businesses". Income from variable-income securities is recorded under "Net income from Insurance businesses".

in millions of euros	12/31/2021	12/31/2020
Bonds	49,563	48,636
Equities	5,783	4,379
UCITS	7,969	7,007
Available-for-sale financial assets, gross	**63,315**	**60,023**
Impairment of debt instruments	(51)	(57)
Impairment of equity instruments(1)	(278)	(229)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**62,986**	**59,737**

(1) In 2021, permanent impairment of variable-income securities came to €85 million compared with €171 million in 2020. This expense was 89% offset by the profit sharing mechanism (87% in 2020). The 2021 expense can be broken down into an additional impairment loss on previously impaired securities for €8 million (€144 million in 2020) and an allowance for newly impaired securities for €76 million (€27 million in 2020).

9.1.1.4 Loans and advances

Accounting principles

The portfolio of loans and advances included in "Insurance business investments" comprises non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. In addition, these assets must not be exposed to a risk of material losses unrelated to a deterioration in their credit quality.

Some securities not quoted in an active market may be classified in this portfolio. These are initially recognized at fair value, plus any transaction costs and less any transaction income. Securities classified in this category comply with the rules for recognition, measurement and impairment applicable to loans and advances.

When a financial asset recorded under loans and advances is sold before its maturity, the income from the disposal is recorded under "Net income from Insurance businesses".

in millions of euros	12/31/2021	12/31/2020
Loans and advances due from banks	708	393
Loans and advances to customers(1)	12,717	12,379
TOTAL LOANS AND ADVANCES	**13,425**	**12,772**

(1) Including €11,338 million for guarantee deposits made for the acceptance of reinsurance treaties *versus* €11,089 million at December 31, 2020.

9.1.1.5 Held-to-maturity financial assets

Accounting principles

Held-to-maturity (HTM) financial assets are securities with fixed or determinable payments and fixed maturity dates that the group has the intention and ability to hold until maturity.

IAS 39 does not permit the sale or transfer of these securities before maturity except in certain specific circumstances. In the event that the securities are sold before maturity, all held-to-maturity assets must be reclassified and the held-to-maturity category cannot be used during the current year or the following two years. Exceptions to the rule apply in the following cases:

- a material deterioration in the issuer's credit quality;
- a change in tax regulations canceling or significantly reducing the tax exemption on interest earned on investments held-to-maturity;
- a major business combination or significant withdrawal of activity (sale of a sector, for example) requiring the sale or transfer of held-to-maturity investments in order to maintain the entity's existing situation in terms of interest rate risk or its credit risk policy;
- a change in legal or regulatory provisions significantly modifying either the definition of an eligible investment or the maximum amount of certain types of investment, requiring that the entity dispose of a held-to-maturity asset;
- a significant increase in capital requirements forcing the entity to restructure by selling held-to-maturity assets;
- a significant increase in the risk weighting of held-to-maturity assets in terms of prudential capital regulations.

In the exceptional cases described above, the income from the disposal is recorded under "Net income from Insurance businesses".

The hedging of these securities against interest rate risk is not permitted. However, hedges against exchange rate risk or the inflation component of certain held-to-maturity financial assets are allowed.

Held-to-maturity financial assets are recognized at fair value at inception, plus any transaction costs directly attributable to their acquisition. They are subsequently measured at amortized cost using the effective interest method, including any additional paid-in capital, discounts and acquisition fees, where material.

in millions of euros	12/31/2021	12/31/2020
Treasury bills and equivalent	512	507
Bonds and other fixed-income securities	625	769
Gross amount of held-to-maturity investments	**1,137**	**1,275**
Impairment	(1)	(1)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**1,136**	**1,274**

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9.1.1.6 Fair value hierarchy of financial assets at fair value

The principles used to assess fair value are described in Note 10.

in millions of euros	12/31/2021 Level 1	12/31/2021 Level 2	12/31/2021 Level 3	12/31/2021 Total	12/31/2020 Level 1	12/31/2020 Level 2	12/31/2020 Level 3	12/31/2020 Total
ASSETS								
Assets held for trading (equities and UCITS)	4,348			4,348	5,669			5,669
Financial assets held for trading	**4,348**			**4,348**	**5,669**			**5,669**
Currency derivatives	2			2	2	2		4
Equity derivatives	13			13	13			13
Derivatives excl. hedging derivatives (positive fair value)	**15**			**15**	**15**	**2**		**17**
Securities designated at fair value through profit or loss	5,066	1,518	1,273	7,856	3,762	1,210	1,518	6,490
Bonds	*26*	*329*	*1,264*	*1,618*	*115*	*77*	*1,518*	*1,710*
Equities and UCITS	*5,040*	*1,189*	*9*	*6,238*	*3,647*	*1,133*		*4,780*
Investments backed by unit-linked policies	18,516	4,026	14	22,556	14,787	3,216	1	18,004
Financial assets designated at fair value through profit or loss	**23,582**	**5,543**	**1,287**	**30,412**	**18,549**	**4,426**	**1,519**	**24,494**
Currency derivatives						29		29
Hedging derivatives						**29**		**29**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**27,945**	**5,543**	**1,287**	**34,775**	**24,232**	**4,458**	**1,519**	**30,209**
Investments in associates			216	216			150	150
Other available-for-sale securities	52,353	6,543	3,873	62,770	49,328	6,818	3,441	59,586
Bonds	*42,999*	*3,282*	*3,231*	*49,512*	*41,831*	*3,713*	*3,035*	*48,579*
Equities and UCITS	*9,354*	*3,261*	*642*	*13,258*	*7,497*	*3,105*	*406*	*11,007*
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**52,353**	**6,543**	**4,089**	**62,986**	**49,328**	**6,818**	**3,591**	**59,737**

BREAKDOWN OF FINANCIAL ASSETS AT FAIR VALUE CLASSIFIED IN LEVEL 3 OF THE FAIR VALUE HIERARCHY

		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement								
in millions of euros	01/01/2021	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In other comprehensive income	Purchases / Issues	Sales / Redemptions	To another reporting category	From and to another level	Other changes	12/31/2021
ASSETS										
Securities designated at fair value through profit or loss	1,518	(4)	(1)		59	(338)		40		1,273
Bonds	*1,518*	*(4)*	*(1)*		*58*	*(338)*		*31*		*1,264*
Equities and UCITS					*1*			*8*		*9*
Investments backed by unit-linked policies	1							12		14
Financial assets designated at fair value through profit or loss	**1,519**	**(4)**	**(1)**		**59**	**(338)**		**52**		**1,287**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,519**	**(4)**	**(1)**		**59**	**(338)**		**52**		**1,287**
Investments in associates	150	(18)		8	9	(18)			84	216
Other available-for-sale securities	3,441			19	690	(454)		87	91	3,873
Bonds	*3,035*		*(4)*	*(13)*	*452*	*(416)*		*87*	*91*	*3,231*
Equities and UCITS	*406*		*4*	*32*	*238*	*(37)*				*642*
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**3,591**	**(18)**		**27**	**698**	**(471)**		**87**	**174**	**4,089**

BREAKDOWN OF FAIR VALUE HIERARCHY TRANSFERS

		Fiscal year 2021					
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Securities designated at fair value through profit or loss		61		18	40		
Bonds		*61*		*18*	*32*		
Equities and UCITS					*8*		
Investments backed by unit-linked policies					**13**		**1**
Financial assets designated at fair value through profit or loss		**61**		**18**	**53**		**1**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**61**		**18**	**53**		**1**
Other available-for-sale securities		124		320	376		289
Bonds		*124*		*320*	*376*		*289*
AVAILABLE-FOR-SALE FINANCIAL ASSETS		**124**		**320**	**376**		**289**

		Fiscal year 2020					
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Securities designated at fair value through profit or loss					513		160
Bonds					*513*		*160*
Financial assets designated at fair value through profit or loss					**513**		**160**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					**513**		**160**
Other available-for-sale securities		300		52	351		385
Bonds		*300*		*52*	*351*		*385*
AVAILABLE-FOR-SALE FINANCIAL ASSETS		**300**		**52**	**351**		**385**

9.1.1.7 Fair value of investments from Insurance activities carried in the balance sheet at amortized cost

The principles used to assess fair value are described in Note 10.

	12/31/2021				12/31/2020			
in millions of euros	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Investments of loans and advances due from banks	709	5	704		393	5	388	
Investments of loans and advances due from customers	12,717		12,717		12,379		12,379	
Held-to-maturity investments	1,479	1,315	161	3	1,714	1,504	208	3
INSURANCE BUSINESS INVESTMENTS AT AMORTIZED COST	**14,905**	**1,320**	**13,582**	**3**	**14,487**	**1,509**	**12,975**	**3**

9.1.2 LIABILITIES RELATED TO INSURANCE POLICIES

in millions of euros	12/31/2021	12/31/2020
Technical reserves relating to Insurance policies	63,860	58,518
Technical reserves relating to unit-linked policies	19,101	15,202
Technical reserves relating to Insurance policies	**82,961**	**73,720**
Technical reserves relating to financial contracts with a discretionary profit sharing feature	19,667	19,561
Technical reserves relating to unit-linked financial contracts	6,049	5,356
Technical reserves relating to financial contracts	**25,716**	**24,917**
Net participating benefit liabilities[1]	4,730	5,204
Liabilities arising from Insurance and assumed reinsurance activities, and liabilities arising from ceded reinsurance activities	11,667	10,756
Trading derivatives	7	5
Hedging derivatives		5
Other liabilities		1
TOTAL LIABILITIES RELATED TO INSURANCE POLICIES	**125,081**	**114,608**

(1) Of which €4,646 million in net participating benefit recognized in other comprehensive income including the share attributable to non-controlling interests (€5,120 million at December 31, 2020).

The information required by IFRS 7 is presented for:

- financial liabilities at fair value through profit or loss in Note 5.2.2;
- debt securities in Note 5.10;
- amounts due to banks and similar and amounts due to customers in Note 5.11;
- subordinated debt in Note 5.14.

9.2 NOTES TO THE INCOME STATEMENT

9.2.1 NET INCOME FROM INSURANCE BUSINESSES

Accounting principles

Net income from Insurance businesses includes:

- revenues from the Insurance businesses, which consist of additional paid-in capital written and the change in unearned premium reserves for Insurance policies and investment contracts containing a discretionary profit sharing feature within the meaning of IFRS 4;
- investment income net of expenses:
  - investment income including income from investment property,
  - investment expenses and other financial expenses excluding financing expenses,
  - gains and losses on the sale of investments including on investment property,
  - depreciation, amortization and impairment reversals on investments (including investment properties) and other assets (including assets provided under operating leases), recognized at amortized cost,
  - the change in fair value of investments (including investment property) recognized at fair value through profit or loss;
- amortization of acquisition costs;
- the external costs of benefits and claims paid on policies which include paid benefits and claims on Insurance policies and on investment contracts containing a discretionary profit sharing feature (paid benefits and claims, changes in technical reserves), including policyholder remuneration (net participating benefit), as well as changes in the value of investment contracts, particularly for unit-linked policies;
- income from reinsurance cessions, defined as the sum of ceded additional paid-in capital, net of ceded claims and benefits paid and commissions;
- where applicable:
  - net gains or losses resulting from the derecognition of financial assets at amortized cost,
  - cumulative gain (loss) previously recognized in other comprehensive income arising from reclassification of financial assets out of fair value through other comprehensive income into fair value through profit or loss measurement category.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Additional paid-in capital written	16,062	12,061
Change in unearned additional paid-in capital	(388)	(296)
Earned additional paid-in capital	**15,674**	**11,765**
Revenues and other income from Insurance activities	**40**	**25**
Income from investments	2,496	1,714
Expenses on investments	(194)	(298)
Gains or losses on disposals of investments less reversals of impairment and amortization	335	144
Change in fair value of investments recognized at fair value through profit or loss	1,669	362
Change in impairment for investments	(92)	(178)
Income from investments net of expenses	**4,214**	**1,745**
Amortization of acquisition costs	**11**	**(13)**
Claims and benefits expenses	**(16,846)**	**(11,059)**
Income from reinsurance cessions	3,615	3,214
Expenses on reinsurance cessions	(3,848)	(3,126)
Net income or expenses on reinsurance cessions	**(233)**	**88**
NET INCOME FROM INSURANCE ACTIVITIES	**2,860**	**2,550**

9.2.2 TRANSITION BETWEEN THE PRESENTATION APPLICABLE TO INSURANCE COMPANIES AND TO BANKS

The statement shown below provides a transition between the financial statements of Insurance companies included in the scope of consolidation and their translation into the financial statements of Groupe BPCE in accordance with the presentation applicable to banks.

	Fiscal year 2021 Banking Format						
	NBI						
in millions of euros	Net income from Insurance businesses[1]	Other items of net banking income (excluding net income from Insurance businesses)	Operating expenses	Gross operating income	Other items	2021 Insurance format	2020 Insurance format
Earned additional paid-in capital	15,623	(44)	(4)	15,575	(80)	15,495	11,689
Revenues or income from other activities	26	(22)	20	24	7	31	4
Other operating income							24
Net financial income before finance costs	4,214	(14)	(15)	4,185	10	4,195	1,832
TOTAL REVENUE FROM ORDINARY ACTIVITIES	**19,864**	**(80)**	**1**	**19,785**	**(64)**	**19,721**	**13,549**
Claims and benefits expenses	(16,820)	465	(112)	(16,467)	69	(16,398)	(11,204)
Expenses from other activities		(520)		(520)		(520)	(6)
Net income from reinsurance cessions	(233)	86		(147)	4	(143)	162
Policy acquisition costs	11	(737)	(152)	(878)	(39)	(917)	(839)
Administrative expenses		(645)	(144)	(789)	(2)	(791)	(732)
Other recurring operating income and expenses		(36)	(211)	(247)	1	(246)	(239)
TOTAL OTHER RECURRING INCOME AND EXPENSES	**(17,041)**	**(1,386)**	**(620)**	**(19,047)**	**33**	**(19,014)**	**(12,858)**
OPERATING INCOME	**2,823**	**(1,465)**	**(619)**	**739**	**(31)**	**708**	**691**

(1) Net income from Insurance businesses does not include income from the Prêt Viager Hypothécaire, a reverse mortgage for seniors offered by Crédit Foncier.

9.3 INFORMATION TO BE PROVIDED ON THE TEMPORARY EXEMPTION OF INSURANCE BUSINESSES FROM IFRS 9

	12/31/2021		12/31/2020	
in millions of euros	Fair value	Change in fair value over the period	Fair value	Change in fair value over the period
SPPI financial assets	48,908	(1,165)	48,241	982
Other financial assets	9,881	311	8,900	183
TOTAL INSURANCE BUSINESS INVESTMENTS[(1)]	**58,790**	**(855)**	**57,142**	**1,165**

(1) Excluding UCITS classified as available-for-sale assets for €7,255 million at December 31, 2021, versus €6,312 million at December 31, 2020.

This table does not include financial assets recognized at fair value through profit of loss or reinsurance activities.

Credit risk associated with Insurance businesses is presented in Chapter 6 "Risk Management – Insurance Risks – Asset Management and Financial Conglomerate".

Note 10 Fair value of financial assets and liabilities

Key points

This section sets out the principles for measuring the fair value of financial instruments as defined in IFRS 13 "Fair value measurement" and the methods used by Groupe BPCE entities to measure the value of their financial instruments.

Financial assets and liabilities are recorded in the balance sheet either at fair value or at amortized cost. An indication of the fair value of items measured at amortized cost is provided in the notes.

For instruments traded on an active market with a quoted price, the fair value is equal to the quoted price, corresponding to Level 1 in the fair value hierarchy.

The fair value of other financial instruments not traded on an active market, including in particular loans, borrowings and derivatives traded over the counter, is calculated using valuation techniques that rely on widely used models and observable data, corresponding to Level 2 in the fair value hierarchy. When internal data or proprietary models are used (Level 3 in the fair value hierarchy), independent controls are used to validate the value obtained.

DETERMINATION OF FAIR VALUE

General principles

The fair value of an instrument is 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.

On first recognition, fair value is usually the transaction price and is thus the price paid to purchase the asset or the price received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

In this case, fair value consists of a mid-market price and additional valuation adjustments determined according to the instruments in question and the associated risks.

The mid-market price is obtained based on:

- the instrument's quoted price, if the instrument is quoted on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring transactions on the principal market or, failing that, on the most favorable market, on an arm's length basis;
- if the market for a financial instrument is not active, fair value is established using valuation techniques. The techniques used must maximize the use of relevant observable entry data and minimize the use of non-observable entry data. They may refer to observable data from recent transactions, the fair value of similar instruments, discounted cash flow analysis and option pricing models, proprietary models in the case of hybrid instruments or non-observable data when no pricing or market data are available.

Additional valuation adjustments include factors related to valuation uncertainties, such as market and credit risk additional paid-in capital, in order to recognize the costs incurred by a divestment transaction on the principal market.

The main additional adjustments are as follows:

BID/ASK ADJUSTMENT – LIQUIDITY RISK

This adjustment is the difference between the bid price and the ask price corresponding to the selling costs. It reflects the cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

MODEL UNCERTAINTY ADJUSTMENT

This adjustment takes into account imperfections in the valuation techniques used, and in particular risk factors not considered even though observable market inputs are available. This is the case when the risks inherent in the instruments differ from those incurred by the observable market data used to determine their valuation.

INPUT UNCERTAINTY ADJUSTMENT

Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may not be available on a sufficiently regular basis to determine the exit price. Under these circumstances, an adjustment may be necessary to reflect the probability of different values being used by market participants for the same inputs when measuring the fair value of the financial instrument in question.

CREDIT VALUATION ADJUSTMENT (CVA)

This adjustment applies to valuations that do not account for the counterparty’s credit quality. It corresponds to the assessment of the loss linked to the risk of default by a counterparty and aims to take into account the fact that the group may not recover the full market value of the transactions.

The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices, for all segments of counterparties subject to this calculation. In the absence of liquid market inputs, proxies by type of counterparty, rating and geographic area are used.

FUNDING VALUATION ADJUSTMENT (FVA)

The FVA is intended to take into account the liquidity cost associated with uncollateralized or imperfectly collateralized OTC derivatives. It is generated by the need to fund or refinance margin calls to be paid or received in the future, associated with hedging derivatives which are collateralized. Measuring a future funding/refinancing requirement (*i.e.* until the maturity of the exposures), it is based on expected future exposures for non-collateralized derivatives and a liquidity spread curve.

DEBIT VALUATION ADJUSTMENT (DVA)

The DVA is symmetrical to the CVA and represents he assessment of the loss, from the counterparty’s perspective, on liability valuations of derivatives. It reflects the impact of the group's credit quality on the valuation of these instruments. This adjustment is based on the observation of the zero coupon spread of a sample of comparable institutions, taking into account the level of liquidity of the BPCE zero coupon spread during the period. The DVA adjustment is established after taking into account the funding valuation adjustment (FVA).

DETERMINATION OF AN ACTIVE MARKET

The following criteria are used to determine whether or not a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data on prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- wide bid-ask price spread; and
- steep price volatility over time or between different market participants.

The valuation control system is presented in section 6.8, “Market risks.”

Fair value hierarchy

For financial reporting purposes, IFRS 13 requires that the fair value of financial and non-financial instruments be broken down into a fair value hierarchy that reflects the level of observability of the models and inputs used to perform the valuations. The fair value hierarchy is presented in the following three fair value levels:

LEVEL 1: VALUATION USING PRICES QUOTED ON A LIQUID MARKET

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets.

Level 1 mainly includes securities listed on a stock exchange or traded continuously on other active markets, derivatives traded on organized markets (futures, options, etc.) whose liquidity can be demonstrated, and units of UCITS that calculate and report their net asset value on a daily basis.

LEVEL 2: VALUATION USING OBSERVABLE MARKET MODELS AND INPUTS

Level 2 fair value comprises instruments other than those mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (derived from prices) through to the instrument’s maturity. This mainly includes:

Simple instruments

Most over-the-counter derivatives, swaps, credit derivatives, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, *i.e.* liquid markets in which trades occur regularly.

These instruments are valued using generally accepted models (discounted future cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs.

For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using Level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;
- securities not quoted on an active market whose fair value is determined based on observable market data (for example, using market data for listed peers or the earnings multiple method based on techniques widely used in the market);
- Greek sovereign securities, whose fair value is recorded under Level 2;
- shares of UCITS that do not calculate and report their net asset value on a daily basis but which are subject to regular reporting or which offer observable data from recent transactions;
- issued debt instruments designated at fair value are classified as Level 2 when the underlying derivatives are classified as Level 2;
- "issuer credit risk" is also considered to be observable. It is measured using the discounted future cash flow method, using inputs such as the yield curve and revaluation spreads. For each issue, this valuation represents the sum of the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the revaluation spread (based on the BPCE cash reoffer curve at December 31, 2021, as for previous closing dates) and the average issue spread. Changes in revaluation of own debt are generally not material for issues with an initial maturity of less than one year.

Complex instruments

Certain hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- **equity products:** complex products are valued using:
  - market data,
  - a payoff, *i.e.* the formula of positive or negative flows attached to the product at maturity,
  - a model of changes in the underlying asset.

  These products can have single or multiple underlyings or be hybrids (fixed income/equity for example).

  The main models used for equity products are local volatility models, which combine local volatility with a Hull & White 1 factor (H&W1F) model, and Local Stochastic Volatility (LSV).

  The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

  The local volatility hybrid model, paired with the H&W1F, consists of pairing the local volatility model described above with a Hull & White 1 factor type fixed income model, described below (see fixed income products).

  The LSV model is based on the joint diffusion of the underlying asset and its volatility (two factors in total), with a local volatility function (known as a decorator), to ensure consistency with all vanilla options;
- **fixed income products:** fixed income products generally have specific characteristics which determine the choice of model. Underlying risk factors associated with the payoff are taken into account.

  The main models used to value and manage fixed income products are Hull & White one-factor (HW1F), two-factor (HW2F) and one-factor stochastic volatility (HW1FVS) models.

  The HW1F model is used to model the yield curve with a single Gaussian factor, calibrated on vanilla interest rate options.

  The HW2F model is used to model the yield curve with two factors, calibrated on vanilla interest rate options and spread-option type instruments.

  The HW1VS model is used to model both the Gaussian factor representing the yield curve and its volatility (like the LSV model for equities);
- **foreign exchange products:** foreign exchange products generally have specific characteristics which justify the choice of model.

  The main models used to value and manage foreign exchange products are local and stochastic volatility models (like the LSV model for Equity), as well as hybrid models, which combine modeling of the underlying foreign exchange transaction with two Hull & White 1-factor models to understand the yield curves of domestic and foreign economies;
- **credit derivatives:** the products generally have specific characteristics that drive the choice of model.

  The main models used to value and manage credit products are the Hull & White one credit factor model (HW1F Credit) and the hybrid Bi-Hull&White Rate/Credit model (Bi-HW Rate/Credit).

  The HW1F Credit model allows the diffusion of the credit curve (CDS curve) with a Gaussian factor.

  The Bi-HW Rate/Credit model allows for the joint diffusion of the yield curve and the credit curve, each with a Gaussian factor correlated between them;
- **commodity products:** Commodity products generally have specific characteristics which justify the choice of model.

The main models used to value and manage commodity products are the Black&Scholes models, with local volatility and local volatility combined with the Hull & White 1 factor (H&W1F), a version extended for all these models to a multi-underlying framework to manage all the futures of the commodity family.

The Black & Scholes model is based on lognormal dynamics of the underlying asset and a deterministic volatility assumption.

The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

The H&W1F model consists in coupling the local volatility model described above with a Hull & White 1 Factor fixed income model described above (see fixed income products).

Inputs relating to all such Level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:

- inputs are derived from external sources (primarily a recognized contributor, for example);
- they are updated periodically;
- they are representative of recent transactions;
- their characteristics parameters are identical to the characteristics of the transaction. If necessary, a proxy may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity risk (bid-ask), counterparty risk, the risk relating to the cost of financing uncollateralized or partially collateralized derivatives, own credit risk (measurement of liability derivative positions), and modeling and input risk.

The margin generated when these instruments begin trading is immediately taken to profit or loss.

LEVEL 3: VALUATION USING UNOBSERVABLE MARKET INPUTS

Level 3 comprises instruments measured using unrecognized models and/or models based on unobservable market data, where they are liable to materially impact the valuation. This mainly includes:

- unlisted shares whose fair value could not be determined using observable inputs;
- private equity securities not listed on an active market, measured at fair value with models commonly used by market participants, in accordance with International Private Equity Valuation (IPEV) standards, but which are sensitive to market fluctuations and whose fair value determination necessarily involves a judgment call. Given the health crisis, BPCE carried out an exhaustive review of its portfolio on December 31, 2021;
- structured securities or securities representative of private placements, held by the Insurance business line;
- hybrid interest rate and currency derivatives and credit derivatives that are not classified in Level 2;
- loans to be syndicated for which there is no secondary market price;
- loans in the securitization process for which fair value is determined based on an expert appraisal;
- loan trading activity for which the market is illiquid;
- investment property whose fair value is calculated using a multi-criteria approach, by capitalizing rent at market rates and through comparisons with market transactions;
- instruments with a deferred day one margin;
- units of UCITS for which the fund has not published a recent NAV at the valuation date, or for which there is a lock-up period or any other constraint calling for a significant adjustment to available market prices (NAV, etc.) in respect of the low liquidity observed for such shares;
- issued debt instruments designated at fair value are classified as Level 3 when the underlying derivatives are classified as Level 3. The associated "issuer credit risk" is regarded as observable and it is therefore classified as Level 2;
- CDS contracted with credit enhancers (monoline insurers), for which the valuation model used to measure write downs is similar to the Credit Valuation Adjustment (CVA) used for counterparty risk. The model also takes into account the expected amortization of exposures and the counterparty spread implicit in market data.

Plain vanilla derivatives are also classified as Level 3 fair value when exposure is beyond the liquidity horizon determined by underlying currencies or by volatility ranges (*e.g.* certain foreign currency options and volatility caps/floors).

In accordance with Regulation 2019/876 of May 20, 2019 (CRR II) amending European regulation 575/2013 of June 26, 2013 (CRR) relating to Pillar III requirements, for each of the models used, a description of the stress tests applied and the ex-post control system (validation of the accuracy and consistency of the internal models and modeling procedures) is provided in Chapter 6 "Risk Management".

Under IFRS 9, day one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, *i.e.* only if the model and parameters input into the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs significantly affecting the instrument's valuation is not observable, the trading profit on the trade date cannot be recognized immediately in the income statement. It is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

At December 31, 2021, instruments for which the recognition of day one profit/loss has been deferred mainly included:

- multi-underlying structured equity and index products;
- mono-underlying structured products indexed to sponsored indexes;
- synthetic loans;
- options on funds (multi-assets and mutual funds);
- structured fixed income products;
- securitization swaps.

These instruments are almost all located within the GFS division.

The table below provides the main unobservable inputs and the value ranges for these instruments at December 31, 2021:

Instrument class	Main types of products	Valuation techniques used	Main unobservable data	Unobservable data ranges min – max (DEC21)
Interest rate derivatives	Sticky CMS/Volatility Bonds	Interest rate options valuation models	Mean reversion inputs	[0.5%; 2.5%]
Interest rate derivatives	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	Mean reversion spread	[0%; 30%]
Interest rate derivatives	Bermuda Accreting		Accreting factor	[61%; 94%]
Interest rate derivatives	Volatility caps/floors	Interest rate options valuation models	Interest rate volatility	[3%; 95.21%]
Equity	Simple and complex equity, equity basket or fund derivatives	Different valuation models for equity, equity basket or fund options	Equity volatility	[0.26%; 290.41%]
			Fund volatility	[3.89%; 36.75%]
			Stock/stock correlation	[11.87%; 99.02%]
			Repo of general baskets	[-0.76%; 1.20%]
Forex	Exchange rate derivatives	Exchange rate option valuation models	Currency volatility	[6.7612%; 13.074%]
Forex	Long-term PRDC/PRDKO/TARN	Hybrid currency/interest rate options valuation model	Correlation between foreign exchange rates and interest rates as well as long-term volatility levels	[-40%; 60%]
				[6.7612%; 13.074%]
Credit	CDO	The default rates are based on the market prices of the underlying PFI bonds and the recovery rates are based on historical ratings agency data	Correlation between the asset base spread between the cash asset and derivative asset, recovery rate	80%
Credit	Securitization swaps	Discounted expected cash flows based on early redemption assumptions on the underlying portfolio	Prepayment rate	[27.6%; 53.9%]
Hybrids	Hybrid equity/fixed income/forex (FX) derivatives	Hybrid models coupled with equity, forex and interest rate diffusion	Equity-FX correlations	[-49.25%; 55%]
			Equity/FI correlations	[23.1%; 42%]
			FI-FX correlations	[-35%; 32.8%]
Forex	Helvetix: Strip of long-term options, Strip of quanto options, Strip of digital options	Black & Scholes model	EURCHF/EURUSD correlations	[11.25%; 20.67%]
	Helvetix: Options spread and digital options spread	Gaussian copula	Long-term USD/CHF & EUR/CHF volatility	USD/CHF volatility: [8.0039%; 10.9906%] EUR/CHF volatility: [6.9699%; 8.1764%]

Policy concerning fair value hierarchy transfers

Transfers between fair value levels are reviewed and validated by the Valuation Committee, which includes the Finance and Risk Management functions and the business lines. To do so, the Committee relies on observability studies of the valuation models and/or inputs that are carried out periodically.

These transfers of fair value levels are also presented to the Umbrella Valuation Committee:

- OTC derivatives and issues that have been transferred to level 3 fair value due to a methodological refinement in the observability of market inputs;
- listed derivatives that have been transferred from Level 1 fair value to Level 2 fair value due to methodological refinement;
- the loan trading activity which has been transferred to level 3 fair value due to the illiquidity of the market;
- write downs that have been transferred to Level 2 fair value in order to harmonize the fair value level of the write downs.

As a reminder, the main reclassifications at December 31, 2020 were as follows:

- Bermudan accreters (in AUD), with residual maturities between 10 and 20 years, which were transferred to Level 2 fair value, due to the immateriality of the accreting factor parameter (see table above);
- mono underlying indexed equity products, which were transferred to Level 3 fair value following a review of the observability horizon of the valuation parameters (volatility, repos, dividends) of the underlyings.

Instruments not carried at fair value on the balance sheet

IFRS 13 requires disclosure in the notes to the financial statements of the fair value, and the associated fair value levels, of all financial instruments carried at amortized cost, including loans. The valuation methods used to determine the fair value disclosed in the notes to the financial statements are described below.

ASSETS AND LIABILITIES OF THE GFS BUSINESS LINES, THE BPCE CASH MANAGEMENT POOL, AND THE CAISSES D'EPARGNE FINANCIAL PORTFOLIOS

Credit and loans recognized at amortized cost and amounts payable under finance leases

The fair value of these instruments is determined by discounting future cash flows. The discount rate applied for a given loan is the rate at which the group would grant a loan with similar characteristics to a similar counterparty at the reporting date. The interest rate and counterparty risk components are re-assessed.

The fair value of repurchase agreements is calculated by discounting expected cash flows at the market rate on the closing date and adding a liquidity spread.

If there is a quoted price that meets the criteria of IFRS 13, the quoted price is used.

The fair value of loans with an initial term of less than one year is considered to be their carrying amount. This is generally the case for financial assets with a term of one year or less and current accounts. The corresponding receivables are classified in Level 2 of the fair value hierarchy. Loans and advances granted to affiliates are also classified in Level 2.

BORROWINGS AND SAVINGS

Within the GFS division, the assessment of the fair value of securities borrowings and debts is based on the method of discounting future cash flows using inputs on the closing date such as the interest rate curve of the underlyings and the spread at which this division lends or borrows.

The fair value of debts maturing in less than one year is considered to be the book value. In this situation, they are classified in Level 2 of the fair value hierarchy, as are debts payable to affiliates.

The fair value of other amounts due to banks and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date, plus the own credit risk of Groupe BPCE.

INVESTMENT PROPERTY RECOGNIZED AT COST

The fair value of investment property (excluding investment property held by Insurance companies) is determined using the rent capitalization method, which is widely used by real estate professionals. The capitalization rate applied to the property depends on a number of factors such as location, the quality and type of building, use, type of ownership, quality of lessee and characteristics of the lease, the interest rate and competition in the real estate market.

Financial instruments of the retail banking business lines

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only provided for information purposes in the notes to the financial statements. They are not indicators used in order to monitor retail banking activities, for which the business model is mainly based on the collection of contractual cash flows.

Consequently, the following simplified assumptions were used:

The carrying amount of the assets and liabilities is deemed to be their fair value in certain cases.

These notably include:

- short-term financial assets and liabilities (whose initial term is one year or less) provided that sensitivity to interest-rate risk and credit risk is not material during the period;
- demand liabilities;
- floating rate loans and borrowings;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

FAIR VALUE OF LOANS TO RETAIL CUSTOMERS

The fair value of loans is measured using internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. Except in special cases, only the interest rate component is remeasured, as the credit margin is established at the outset and not subsequently remeasured. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

FAIR VALUE OF LOANS TO LARGE CORPORATES, LOCAL AUTHORITIES AND BANKS

The fair value of loans is measured using internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. The interest rate component is remeasured, as is the credit risk component (where it is an observable piece of data used by customer relationship managers). Failing that, the credit risk component is established at the outset and not subsequently remeasured, as with loans to retail customers. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

FAIR VALUE OF DEBTS

The fair value of fixed-rate debt owed to banks and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date. Own credit risk is not generally taken into account.

10.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

10.1.1 FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	12/31/2021			
in millions of euros	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Debt instruments	**20,205**	**73,563**	**4,184**	**97,952**
Loans due from banks and customers		70,637	3,612	74,250
Debt securities	20,205	2,926	572	23,703
Equity instruments	**43,322**	**1,770**	**6**	**45,098**
Shares and other equity securities	43,322	1,770	6	45,098
Derivatives	**652**	**39,294**	**2,926**	**42,872**
Interest rate derivatives		18,944	934	19,879
Equity derivatives	340	3,273	1,094	4,707
Currency derivatives		15,737	705	16,442
Credit derivatives		517	191	708
Other derivatives	312	822	3	1,137
Financial assets at fair value through profit or loss – Held for trading[1]	**64,180**	**114,627**	**7,116**	**185,922**
Derivatives		**773**	**67**	**840**
Interest rate derivatives		560	65	625
Equity derivatives			1	1
Currency derivatives		213		213
Financial assets at fair value through profit or loss – Economic hedges		**773**	**67**	**840**
Debt instruments			**44**	**44**
Debt securities			44	44
Financial assets designated at fair value through profit or loss			**44**	**44**
Debt instruments	**2,503**	**579**	**6,513**	**9,594**
Loans due from banks and customers		459	2,431	2,890
Debt securities	2,503	120	4,082	6,704
Financial assets at fair value through profit or loss – Non-standard	**2,503**	**579**	**6,513**	**9,594**
Equity instruments	**216**	**105**	**2,198**	**2,519**
Shares and other equity securities	216	105	2,198	2,519
Financial assets at fair value through profit or loss – Excluding assets held for trading	**216**	**105**	**2,198**	**2,519**
Debt instruments	**41,598**	**2,046**	**812**	**44,456**
Loans due from banks and customers		4	16	20
Debt securities	41,598	2,042	796	44,436
Equity instruments	**590**	**729**	**2,823**	**4,142**
Shares and other equity securities	590	729	2,823	4,142
Financial assets at fair value through other comprehensive income	**42,188**	**2,775**	**3,635**	**48,598**
Interest rate derivatives		5,719		5,719
Currency derivatives		1,444		1,444
Hedging derivatives		**7,163**		**7,163**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**109,087**	**126,022**	**19,572**	**254,681**

(1) Excluding economic hedges.

	12/31/2021			
in millions of euros	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES				
Debt securities	**25,827**	**86,137**	**434**	**112,398**
Derivatives	**166**	**36,375**	**2,907**	**39,447**
Interest rate derivatives		15,377	720	16,097
Equity derivatives	23	3,610	1,347	4,980
Currency derivatives		15,739	576	16,315
Credit derivatives		518	216	733
Other derivatives	142	1,131	48	1,321
Other financial liabilities		**9,616**		**9,616**
Financial liabilities at fair value through profit or loss – Held for trading[1]	**25,993**	**132,128**	**3,341**	**161,462**
Derivatives	**1**	**474**	**512**	**987**
Interest rate derivatives		436	512	948
Equity derivatives	1			1
Currency derivatives		38		38
Financial liabilities at fair value through profit or loss – Economic hedges	**1**	**474**	**512**	**987**
Debt securities		14,099	9,564	23,662
Other financial liabilities	5,635	(82)	105	5,658
Financial liabilities designated at fair value through profit or loss	**5,635**	**14,017**	**9,668**	**29,320**
Interest rate derivatives		10,127		10,127
Currency derivatives		2,394		2,394
Hedging derivatives		**12,521**		**12,521**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**31,629**	**159,140**	**13,521**	**204,289**

(1) Excluding economic hedges.

	12/31/2020			
in millions of euros	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Debt instruments	**18,358**	**85,510**	**2,298**	**106,166**
Loans due from banks and customers		82,257	1,964	84,221
Debt securities	18,358	3,253	334	21,945
Equity instruments	**35,840**	**438**		**36,278**
Shares and other equity securities	35,840	438		36,278
Derivatives	**1,048**	**36,468**	**1,817**	**39,332**
Interest rate derivatives	29	24.026	661	24,715
Equity derivatives	445	2,678	544	3,667
Currency derivatives[(2)]		8,498	428	8,926
Credit derivatives		650	184	833
Other derivatives	574	616		1,190
Financial assets at fair value through profit or loss – Held for trading[(1)]	**55,246**	**122,415**	**4,115**	**181,776**
Derivatives		**873**	**28**	**901**
Interest rate derivatives		759	28	787
Currency derivatives		114		114
Financial assets at fair value through profit or loss – Economic hedges		**873**	**28**	**901**
Debt instruments		**2**	**21**	**23**
Loans due from banks and customers		2		2
Debt securities			21	21
Financial assets designated at fair value through profit or loss		**2**	**21**	**23**
Debt instruments	**4,413**	**1,102**	**5,794**	**11,309**
Loans due from banks and customers		934	2,285	3,219
Debt securities	4,413	168	3,509	8,089
Financial assets at fair value through profit or loss – Non-standard	**4,413**	**1,102**	**5,794**	**11,309**
Equity instruments	**460**	**31**	**1,760**	**2,251**
Shares and other equity securities	460	31	1,760	2,251
Financial assets at fair value through profit or loss – Excluding assets held for trading	**460**	**31**	**1,760**	**2,251**
Debt instruments	**43,054**	**2,627**	**569**	**46,250**
Loans due from banks and customers		3	16	19
Debt securities	43,054	2,624	552	46,231
Equity instruments	**304**	**715**	**2,361**	**3,380**
Shares and other equity securities	304	715	2,361	3,380
Financial assets at fair value through other comprehensive income	**43,358**	**3,342**	**2,930**	**49,630**
Interest rate derivatives		8,595		8,595
Currency derivatives		1,013		1,013
Hedging derivatives		**9,608**		**9,608**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**103,477**	**137,373**	**14,649**	**255,498**

(1) Excluding economic hedges.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

	12/31/2020			
in millions of euros	**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL LIABILITIES				
Debt securities	**22,446**	**92,982**	**574**	**116,002**
Derivatives	**749**	**33,491**	**1,467**	**35,708**
Interest rate derivatives	4	19,056	369	19,429
Equity derivatives	294	3,476	601	4,371
Currency derivatives[2]		9,626	226	9,852
Credit derivatives		804	263	1,067
Other derivatives	451	529	8	988
Other financial liabilities		**10,312**		**10,312**
Financial liabilities at fair value through profit or loss – Held for trading[1]	**23,195**	**136,785**	**2,042**	**162,021**
Derivatives	**1**	**1,007**	**561**	**1,569**
Interest rate derivatives		706	536	1,242
Equity derivatives	1		25	26
Currency derivatives		301		301
Financial liabilities at fair value through profit or loss – Economic hedges	**1**	**1,007**	**561**	**1,569**
Debt securities		15,478	8,754	24,232
Other financial liabilities	3,045	500	4	3,549
Financial liabilities designated at fair value through profit or loss	**3,045**	**15,978**	**8,758**	**27,782**
Interest rate derivatives		13,141		13,141
Currency derivatives		2,120		2,120
Hedging derivatives		**15,261**		**15,262**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**26,241**	**169,031**	**11,360**	**206,633**

(1) Excluding economic hedges.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

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10.1.2 BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED IN LEVEL 3 OF THE FAIR VALUE HIERARCHY

		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement[(1)]								
in millions of euros	01/01/2021	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In other comprehensive income	Purchases / Issues	Sales / Redemptions	To another reporting category	From and to another level[(2)]	Other changes[(3)]	12/31/2021
FINANCIAL ASSETS										
Debt instruments	**2,298**	**1,194**	**25**		**18,426**	**(17,811)**		**(29)**	**79**	**4,184**
Loans due from banks and customers	1,964	1,228	18		17,928	(17,444)		(150)	68	3,612
Debt securities	334	(34)	7		499	(367)		121	11	572
Equity instruments		**(70)**			**448**	**(536)**		**173**	**(9)**	**6**
Shares and other equity securities		(70)			448	(536)		173	(9)	6
Derivatives	**1,817**	**1,085**	**73**		**811**	**(1,322)**		**290**	**171**	**2,926**
Interest rate derivatives	662	116	(25)		17	(160)		319	5	934
Equity derivatives	544	1,016	147		545	(1,095)		(74)	11	1,094
Currency derivatives	428	(38)	(19)		243	(53)		29	115	705
Credit derivatives	184	(10)	(29)		5	(13)		17	38	191
Other derivatives		**2**						**(1)**	**1**	**3**
Financial assets at fair value through profit or loss – Held for trading[(4)]	**4,115**	**2,209**	**99**		**19,686**	**(19,669)**		**435**	**240**	**7,116**
Derivatives	**28**	**40**	**2**		**40**	**(7)**	**(13)**	**5**	**(29)**	**67**
Interest rate derivatives	28	21	2		33	(7)	(13)	5	(5)	65
Equity derivatives		19			7				(24)	1
Financial assets at fair value through profit or loss – Economic hedges	**28**	**40**	**2**		**40**	**(7)**	**(13)**	**5**	**(29)**	**67**
Debt instruments	**21**	**22**	**3**		**7**	**(9)**			**2**	**44**
Debt securities	21	22	3		7	(9)			2	44
Financial assets designated at fair value through profit or loss	**21**	**22**	**3**		**7**	**(9)**			**2**	**44**
Debt instruments	**5,794**	**138**	**5**		**1,172**	**(820)**	**7**	**219**	**(3)**	**6,513**
Loans due from banks and customers	2,285	(172)	(30)		535	(376)		214	(24)	2,431
Debt securities	3,509	310	35		638	(444)	7	5	21	4,082
Financial assets at fair value through profit or loss – Non-standard	**5,794**	**138**	**5**		**1,172**	**(820)**	**7**	**219**	**(3)**	**6,513**
Equity instruments	**1,760**	**388**	**45**		**468**	**(467)**	**2**	**3**	**(3)**	**2,198**
Shares and other equity securities	1,760	388	45		468	(467)	2	3	(3)	2,198
Financial assets at fair value through profit or loss – Excluding assets held for trading	**1,760**	**388**	**45**		**468**	**(467)**	**2**	**3**	**(3)**	**2,198**
Debt instruments	**569**	**(99)**	**59**	**(39)**	**764**	**(471)**		**27**	**2**	**812**
Loans due from banks and customers	16			(1)	3	(3)				16
Debt securities	552	(99)	59	(38)	761	(468)		27	2	795
Equity instruments	**2,361**	**457**	**50**	**(91)**	**271**	**(336)**	**(14)**	**14**	**111**	**2,823**
Shares and other equity securities	2,361	457	50	(91)	271	(336)	(14)	14	111	2,823
Financial assets at fair value through other comprehensive income	**2,930**	**358**	**108**	**(130)**	**1,035**	**(807)**	**(14)**	**41**	**114**	**3,635**

		Gains and losses recognized during the period		Transactions carried out during the period		Transfers during the period			
		In the income statement[1]							
in millions of euros	01/01/2021	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	Purchases / Issues	Sales / Redemp-tions	To another reporting category	From and to another level[2]	Other changes[3]	12/31/2021
FINANCIAL LIABILITIES									
Debt securities	**574**	**104**	**(15)**	**5,276**	**(5,599)**		**91**	**3**	**434**
Derivatives	**1,467**	**1,230**	**7**	**781**	**(1,409)**		**675**	**156**	**2,907**
Interest rate derivatives	369	55	(41)	44	(140)		427	6	720
Equity derivatives	601	1,036	237	661	(1,228)		117	(77)	1,347
Currency derivatives	226	128	5	60	(8)		85	81	576
Credit derivatives	263	(27)	(192)	4	(21)		44	145	216
Other derivatives	8	39	(1)	11	(11)		1	1	48
Financial liabilities at fair value through profit or loss – Held for trading[4]	**2,042**	**1,334**	**(8)**	**6,056**	**(7,008)**		**766**	**159**	**3,341**
Derivatives	**561**	**(84)**	**(4)**	**21**	**(8)**	**(12)**	**67**	**(28)**	**512**
Interest rate derivatives	536	(84)	(4)	21	(8)	(12)	67	(3)	512
Equity derivatives	25							(25)	
Financial liabilities at fair value through profit or loss – Economic hedges	**561**	**(84)**	**(4)**	**21**	**(8)**	**(12)**	**67**	**(28)**	**512**
Debt securities	8,754	210	375	6,650	(7,492)		838	228	9,564
Other financial liabilities	4	(2)		65			38		105
Financial liabilities designated at fair value through profit or loss	**8,758**	**208**	**375**	**6,715**	**(7,492)**		**876**	**228**	**9,668**

(1) The main impacts recognized in the income statement are mentioned in Note 4.3.
(2) The main transfers to and from Level 3 are described in Note 10.1.3.
(3) Other changes mainly include the impact of changes in the consolidation scope and foreign exchange gains and losses.
(4) Excluding economic hedges.

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		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement[1]								
in millions of euros	01/01/2020	On trans-actions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In other compre-hensive income	Purchases / Issues	Sales / Redemp-tions	To another reporting category	From and to another level[2]	Other changes[3]	12/31/2020[4]
FINANCIAL ASSETS										
Debt instruments	**3,706**	**(56)**	**431**		**9,497**	**(11,703)**		**512**	**(88)**	**2,298**
Loans due from banks and customers	2,823	55	21		5,276	(6,585)		433	(59)	1,964
Debt securities	883	(111)	409		4,222	(5,119)		78	(29)	334
Equity instruments	**60**								**(60)**	
Shares and other equity securities	60								(60)	
Derivatives	**2,066**	**32**	**28**		**516**	**(346)**	**(2)**	**(288)**	**(188)**	**1,817**
Interest rate derivatives	860	213	(274)		25	(51)		(108)	(3)	662
Equity derivatives	265	(179)	316		489	(254)		(13)	(80)	544
Currency derivatives	712	23	(12)			(25)		(176)	(95)	428
Credit derivatives	229	(25)	(2)		2	(16)	(2)	9	(11)	184
Financial assets at fair value through profit or loss – Held for trading[5]	**5,831**	**(24)**	**459**		**10,013**	**(12,050)**	**(2)**	**223**	**(336)**	**4,115**
Derivatives	**12**	**19**			**8**	**(12)**	**(1)**	**6**	**(4)**	**28**
Interest rate derivatives	12	19			8	(12)	(1)	6	(4)	28
Financial assets at fair value through profit or loss – Economic hedges	**12**	**19**			**8**	**(12)**	**(1)**	**6**	**(4)**	**28**
Debt instruments		**(13)**				**(6)**		**40**		**21**
Debt securities		(13)				(6)		40		21
Financial assets designated at fair value through profit or loss		**(13)**				**(6)**		**40**		**21**
Debt instruments	**6,205**	**(159)**	**185**		**538**	**(969)**	**26**	**11**	**(42)**	**5,794**
Loans due from banks and customers	2,545	24	1		215	(442)		(6)	(51)	2,285
Debt securities	3,660	(182)	184		322	(527)	26	17	9	3,509
Financial assets at fair value through profit or loss – Non-standard	**6,205**	**(159)**	**185**		**538**	**(969)**	**26**	**11**	**(42)**	**5,794**
Equity instruments	**1,752**	**(61)**	**30**		**294**	**(280)**	**(24)**	**20**	**28**	**1,760**
Shares and other equity securities	1,752	(61)	30		294	(280)	(24)	20	28	1,760
Financial assets at fair value through profit or loss – Excluding assets held for trading	**1,752**	**(61)**	**30**		**294**	**(280)**	**(24)**	**20**	**28**	**1,760**
Debt instruments	**524**	**8**	**(3)**	**8**	**240**	**(182)**		**(19)**	**(8)**	**569**
Loans due from banks and customers	39	1		8	3	(36)				16
Debt securities	484	8	(3)		237	(146)		(19)	(8)	552
Equity instruments	**2,220**	**311**	**128**	**(393)**	**272**	**(89)**	**(41)**		**(47)**	**2,361**
Shares and other equity securities	2,220	311	128	(393)	272	(89)	(41)		(47)	2,361
Financial assets at fair value through other comprehensive income	**2,743**	**319**	**125**	**(385)**	**512**	**(270)**	**(41)**	**(19)**	**(55)**	**2,930**

		Gains and losses recognized during the period		Transactions carried out during the period		Transfers during the period			
		In the income statement[1]							
in millions of euros	01/01/2020	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	Purchases / Issues	Sales / Redemp-tions	To another reporting category	From and to another level[2]	Other changes[3]	12/31/2020[4]
FINANCIAL LIABILITIES									
Debt securities	**809**	**16**	**(26)**	**524**	**(748)**				**574**
Derivatives	**1,685**	**201**	**(240)**	**297**	**(186)**		**(76)**	**(215)**	**1,467**
Interest rate derivatives	593	41	(179)	5	(29)		(55)	(5)	369
Equity derivatives	315	167	(30)	289	(164)		45	(20)	601
Currency derivatives	460	10	(11)		13		(71)	(175)	226
Credit derivatives	316	(20)	(20)	4	(4)		1	(13)	263
Other derivatives	1	3			(1)		4		8
Financial liabilities at fair value through profit or loss – Held for trading[5]	**2,494**	**217**	**(266)**	**821**	**(933)**		**(76)**	**(215)**	**2,042**
Derivatives	**433**	**119**	**1**	**6**	**(93)**	**4**	**89**		**561**
Interest rate derivatives	433	38	1	6	(36)	4	89		536
Equity derivatives		81			(56)				25
Financial liabilities at fair value through profit or loss – Economic hedges	**433**	**119**	**1**	**6**	**(93)**	**4**	**89**		**561**
Debt securities	9,366	(20)	422	4,627	(5,376)		(53)	(212)	8,754
Other financial liabilities	2						2		4
Financial liabilities designated at fair value through profit or loss	**9,368**	**(21)**	**422**	**4,627**	**(5,376)**		**(51)**	**(212)**	**8,758**

(1) The main impacts recognized in the income statement are mentioned in Note 4.3.
(2) The main transfers to and from Level 3 are described in Note 10.1.3.
(3) Other changes mainly include the impact of changes in the consolidation scope and foreign exchange gains and losses.
(4) The information at December 31, 2020 has not been restated for the change in the accounting method and presentation of currency swaps (see Note 5.2.3).
(5) Excluding economic hedges.

10.1.3 BREAKDOWN OF FAIR VALUE HIERARCHY TRANSFERS

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

	Fiscal year 2021					
From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL ASSETS						
Debt instruments	**329**		**1,156**	**243**		**271**
Loans due from banks and customers				87		237
Debt securities	329		1,156	156		34
Equity instruments	**296**		**1**	**173**		
Shares and other equity securities	296		1	173		
Derivatives	**413**			**564**		**274**
Interest rate derivatives				479		161
Equity derivatives	245			36		110
Currency derivatives				29		
Credit derivatives				19		2
Other derivatives	168					1
Financial assets at fair value through profit or loss – Held for trading[(1)]	**1,038**		**1,157**	**980**		**545**
Derivatives				**5**		
Interest rate derivatives				5		
Financial assets at fair value through profit or loss – Economic hedges				**5**		
Debt instruments		**1**	**49**	**347**		**129**
Loans due from banks and customers				341		128
Debt securities		1	49	6		1
Financial assets at fair value through profit or loss – Non-standard		**1**	**49**	**347**		**129**
Equity instruments	**14**			**3**		
Shares and other equity securities	14			3		
Financial assets at fair value through profit or loss – Excluding assets held for trading	**14**			**3**		
Debt instruments	**526**		**828**	**26**		
Debt securities	526		828	26		
Equity instruments	**24**			**14**		
Shares and other equity securities	24			14		
Financial assets at fair value through other comprehensive income	**550**		**828**	**40**		**(1)**

(1) Excluding economic hedges.

	Fiscal year 2021					
From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros **To**	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL LIABILITIES						
Debt securities	**26**			**91**		
Derivatives	**136**			**747**		**73**
Interest rate derivatives				437		10
Equity derivatives	136			173		55
Currency derivatives				85		
Credit derivatives				51		8
Other derivatives				1		
Financial liabilities at fair value through profit or loss – Held for trading[(1)]	**162**			**838**		**73**
Derivatives				**67**		**1**
Interest rate derivatives				67		1
Financial liabilities at fair value through profit or loss – Economic hedges				**67**		**1**
Debt securities				1,894		1,056
Other financial liabilities				38		
Financial liabilities designated at fair value through profit or loss				**1,932**		**1,056**

(1) Excluding economic hedges.

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	Fiscal year 2020					
From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros — To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL ASSETS						
Debt instruments	**936**		**104**	**527**		**16**
Loans due from banks and customers				433		
Debt securities	936		104	94		16
Equity instruments	**3**					
Shares and other equity securities	3					
Derivatives	**113**		**27**	**26**		**315**
Interest rate derivatives						108
Equity derivatives	111		12	16		29
Currency derivatives						176
Credit derivatives				10		1
Other derivatives	2		15			
Financial assets at fair value through profit or loss – Held for trading[(1)]	**1,053**		**131**	**554**		**330**
Debt instruments				**40**		
Debt securities				40		
Financial assets designated at fair value through profit or loss				**40**		
Debt instruments			**13**	**29**		**18**
Loans due from banks and customers						6
Debt securities			13	29		12
Financial assets at fair value through profit or loss – Non-standard			**13**	**29**		**18**
Equity instruments				**20**		
Shares and other equity securities				20		
Financial assets at fair value through profit or loss – Excluding assets held for trading				**20**		
Debt instruments	**502**		**712**	**8**		**27**
Debt securities	502		712	8		27
Equity instruments	**2**					
Shares and other equity securities	2					
Financial assets at fair value through other comprehensive income	**504**		**712**	**8**		**27**

(1) Excluding economic hedges.

	Fiscal year 2020					
From	**Level 1**	**Level 1**	**Level 2**	**Level 2**	**Level 3**	**Level 3**
in millions of euros **To**	**Level 2**	**Level 3**	**Level 1**	**Level 3**	**Level 1**	**Level 2**
FINANCIAL LIABILITIES						
Debt securities	**4**					
Derivatives	**40**			**161**		**238**
Interest rate derivatives						55
Equity derivatives	37			57		12
Currency derivatives				94		165
Credit derivatives				1		
Other derivatives	3			10		5
Financial liabilities at fair value through profit or loss – Held for trading[(1)]	**44**			**161**		**238**
Derivatives				**1**		
Interest rate derivatives				1		
Financial liabilities at fair value through profit or loss – Economic hedges				**1**		
Debt securities				503		556
Other financial liabilities				2		
Financial liabilities designated at fair value through profit or loss				**505**		**556**

(1) Excluding economic hedges.

10.1.4 SENSITIVITY OF LEVEL 3 FAIR VALUE TO CHANGES IN THE PRINCIPAL ASSUMPTIONS

At December 31, 2021, the group assessed the sensitivity of the fair value of the instruments of the GFS division measured using the main unobservable inputs. This sensitivity is intended to illustrate the uncertainty inherent in the use of judgment required to estimate the main unobservable inputs at the valuation date. It does not represent a measure of market risk on level 3 instruments. The estimate is based on the valuation adjustment policy. For equities and debt securities, the estimate is based on a shock of +/-1%.

10.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTIZED COST

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only provided for information purposes in the notes to the financial statements. They are not indicators used for monitoring purposes for which the management model is based on the collection of expected cash flows.

The simplified assumptions used to measure the fair value of instruments at amortized costs are presented in Note 10.1.

	12/31/2021			
in millions of euros	**Fair value**	**Level 1**	**Level 2**	**Level 3**
FINANCIAL ASSETS AT AMORTIZED COST				
Loans and advances due from banks	94,958	125	24,163	70,671
Loans and advances due from customers	799,099	178	134,695	664,227
Debt securities	24,808	14,382	6,652	3,774
FINANCIAL LIABILITIES AT AMORTIZED COST				
Amounts due to banks	153,251		48,864	104,387
Amounts due to customers	666,107		370,679	295,429
Debt securities	238,191	81,819	153,435	2,937
Subordinated debt	19,981	14,248	5,461	272

	12/31/2020			
in millions of euros	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTIZED COST				
Loans and advances due from banks	90,168	83	24,158	65,927
Loans and advances due from customers	769,098	428	130,248	638,422
Debt securities	26,484	14,607	6,883	4,994
FINANCIAL LIABILITIES AT AMORTIZED COST				
Amounts due to banks	137,145		47,485	89,660
Amounts due to customers	631,848		340,216	291,633
Debt securities	228,511	78,943	143,904	5,737
Subordinated debt	17,072	10,810	5,519	743

Note 11 Income taxes

11.1 INCOME TAX

Accounting principles

Income tax includes all domestic and foreign taxes payable on the basis of taxable profits. Income tax also includes taxes, such as withholding taxes, which are payable by a subsidiary, an associate or a joint arrangement on distributions of dividends to the entity that draws up financial statements. The CVAE (Business Added Value Tax) is not considered an income tax.

Income tax includes:

- current taxes, which are the amount of income taxes payable on taxable profit or recoverable on a tax loss over a given period. They are calculated on the taxable income for the period for each fiscal entity in the tax consolidation scope by applying the applicable tax rates and rules set by the tax authorities and on the basis of which tax shall be paid (received);
- deferred taxes (see Note 11.2).

Where it is probable that one of the group's tax positions will not be accepted by the tax authorities, this situation is reflected in the financial statements when calculating current tax (due or recoverable) and deferred tax (asset or liability).

IAS 12 "Income taxes" gave no particular details on how to account for uncertainties in income taxes, and was clarified by IFRIC 23 "Uncertainty over income tax treatments", which was adopted by the European Commission on October 23, 2018 with effect from January 1, 2019.

This interpretation clarifies how to apply the deferred income tax recognition and measurement requirements when there is uncertainty over income tax treatments. If there is doubt as to the acceptability of the income tax treatment by the tax authority under tax law, then this tax treatment is an uncertain tax treatment. Assuming it is likely that the tax authority will not accept the income tax treatment used, IFRIC 23 states that the amount of the uncertainty to be reflected in the financial statements shall be estimated using the method that will better predict the resolution of the uncertainty. To determine this amount, two approaches may be used: the most likely amount or the expected value of the tax treatment (that is, the weighted average of the different scenarios possible). Furthermore, IFRIC 23 requires the measurement of tax uncertainties to be reassessed if facts and circumstances change or new information arises.

The group reflects uncertainties regarding its tax treatment for income tax in its financial statements when it deems it probable that the tax authority will not accept its treatment. To ascertain whether a tax position is uncertain and to assess its effect on the amount of tax, the group assumes that the tax authority will examine all amounts reported and have full knowledge of all related information. It bases its judgment on administrative policy, case-law and on the existence of any corrections made by the administration relating to similar tax uncertainties. The group revises the estimate of the amount it expects to pay or recover from the tax authority due to tax uncertainties in the event of changes in the associated facts and circumstances, as these changes may result from (including, but not limited to) changes in tax law, the expiry of a statutory limitation period, or the outcome of audits and measures conducted by the tax authorities.

Tax uncertainties are reported as assets or liabilities and according to whether they relate to a current or deferred tax under the balance sheet headings "Deferred tax assets", "Current tax assets", "Deferred tax liabilities" and "Current tax liabilities".

in millions of euros	Fiscal year 2021	Fiscal year 2020
Current income tax expense	(2,225)	(1,287)
Deferred tax assets and liabilities	279	242
INCOME TAX	**(1,946)**	**(1,045)**

RECONCILIATION BETWEEN THE TAX CHARGE IN THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX CHARGE

	Fiscal year 2021		Fiscal year 2020	
	(in millions of euros)	Tax rate	*(in millions of euros)*	Tax rate
Net income attributable to equity holders of the parent	4,003		1,610	
Non-controlling interests	282		134	
Share in net income of associates	(220)		(180)	
Income taxes	1,946		1,045	
INCOME BEFORE TAX AND VALUE ADJUSTMENTS ON GOODWILL	**6,011**		**2,609**	
Effects of permanent differences[1]	785		643	
Consolidated taxable income (A)	**6,796**		**3,252**	
Standard income tax rate in France (B)		**28.41%**		**32.02%**
Theoretical income tax expense (income) at the tax rate applicable in France (AxB)	**(1,931)**		**(1,041)**	
Impact of the change in unrecognized deferred tax assets and liabilities			(12)	
Reduced rate of tax and tax-exempt activities	136		(44)	
Difference in tax rates on income taxed outside France	20			
Tax on prior periods, tax credits and other tax(2)	(37)		86	
Other items[3]	(134)		(34)	
INCOME TAX EXPENSE (INCOME) RECOGNIZED	**(1,946)**		**(1,045)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**28.64%**		**32.13%**

(1) Permanent differences mainly include the impact of the FRU (Fonds de Résolution Unique) contribution, which is a non-deductible expense (see Note 4.7), the impact of the reinstatement of the share of costs and expenses on dividends received and capital gains and losses on investments in associates subject to the long-term tax regime (in particular CNP for + €145 million for BPCE SA and H20 for + €84 million for Natixis).

(2) Tax on prior periods, tax credits and other tax mainly include tax credits as well as the impacts of tax adjustments.

(3) Other items mainly include the effects of provisions for tax adjustments, changes in tax rates and the group's tax consolidation, in particular the planned inclusion of the companies in the Natixis tax consolidation group, which ended on December 31, 2021, in the BPCE tax consolidation group as of January 1, 2022. This entry would be supported by an option formulated by BPCE for the legal mechanism known as the extended base, allowing the losses of the former Natixis group to be offset against the profits of the companies in the Natixis tax consolidation group that have joined the BPCE tax consolidation group. This option would improve future deficit allocation capabilities.

11.2 DEFERRED TAX ASSETS AND LIABILITIES

Accounting principles

Deferred tax assets and liabilities are recognized when temporary differences arise between the carrying amount of assets and liabilities on the balance sheet and their tax base, irrespective of when the tax is expected to be recovered or settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities and assets are offset at the level of each tax entity. The tax entity may either be a single entity or a tax consolidation group. Deferred tax assets are recognized only to the extent that it is probable that the entity will be able to recover them in the foreseeable future.

Deferred tax assets and liabilities are recognized as tax income or expense in the income statement, except for those related to:

- revaluation differences on post-employment benefits;
- unrealized gains and losses on financial assets at fair value through other comprehensive income;
- changes in the fair value of derivatives used as cash flow hedges;

for which the corresponding deferred tax assets and liabilities are recognized as unrealized gains and losses directly in other comprehensive income.

Deferred tax assets and liabilities are not discounted to their present value.

Deferred tax assets and liabilities on temporary differences arise from the recognition of the items listed in the statement below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

in millions of euros	12/31/2021	12/31/2020
Unrealized capital gains on UCITS	8	31
Fiscal EIGs	(29)	(29)
Provisions for employee-related liabilities	208	210
Provisions for regulated home savings products	172	161
Provisions on a portfolio basis	691	556
Other non-deductible provisions	993	317
Changes in fair value of financial instruments recorded in equity	(378)	(32)
Other sources of temporary differences[1]	52	382
Deferred tax related to timing differences[2]	**1,717**	**1,596**
Deferred tax assets and liabilities arising on the capitalization of tax loss carryforwards[2]	**1,921**	**1,962**
Unrecognized deferred tax assets and liabilities	**(1,163)**	**(1,131)**
NET DEFERRED TAX ASSETS AND LIABILITIES	**2,475**	**2,428**
Recognized		
As assets in the balance sheet	3,524	3,667
As liabilities in the balance sheet	(1,049)	(1,239)

(1) Of which a deferred tax liability relating to the tax amortization of goodwill in the United States.
(2) The amount of deferred tax on losses recognized is €758 million, of which €533 million is capitalized on the Natixis tax consolidation group in France. The tax loss carryforward base for this tax group in France is €2,140 million out of a total of €3,606 million of tax loss carryforwards. At December 31, 2021, the group performed tests to measure the potential impact on deferred tax assets of the assumptions made in the context of the institution of the tax business plans. These tests, which measure in particular the impact of a +/- 10% variation in NBI growth assumptions, confirm the probability of being able to offset tax losses against future taxable profits, which are taken into account for the purposes of deferred tax activation.

The 2019 Finance Act in France led Groupe BPCE to revalue its net deferred tax position:

Deferred tax assets and liabilities of French companies are calculated by applying the tax rate that will be in force when the temporary difference is reversed. Given the gradual reduction in tax rates by 2022, the tax rate (including the social security contribution on profits) will be 25.83% in 2022 and beyond for taxable profit taxed at the standard rate.

At December 31, 2021, deductible temporary differences, tax losses and unused tax credits for which no deferred tax asset has been recorded in the balance sheet amounted to €1,163 million.

Note 12 Other information

12.1 SEGMENT REPORTING

Groupe BPCE has two core business lines:

Retail Banking and Insurance, which is central to the transformation, includes:

- the Banque Populaire network, comprising the fourteen Banques Populaires and their subsidiaries, Crédit Maritime Mutuel, and the Mutual Guarantee Companies;
- the Caisse d'Epargne network, consisting of the fifteen Caisses d'Epargne;
- Financial Solutions & Expertise (FSE), a sub-division encompassing the specialized financing activities: Factoring, Leasing, consumer loans, Sureties & Financial Guarantees, and the "Retail Securities" business, in addition to Socfim, BPCE Solutions Immobilières and Pramex;
- Insurance, serving the Groupe BPCE networks and their customers;
- Payments, which offers a full range of payment and prepaid solutions to local businesses, online and *via* mobile devices;
- Other networks, which include Oney Bank and Banque Palatine.

Global Financial Services, comprising the two sub-divisions of Natixis:

- Asset & Wealth Management:
  - Asset Management, which operates on several international markets, combining expertise in investment management and distribution,
  - Wealth Management, with Natixis Wealth Management, which offers wealth management and financing solutions for large private-sector investors,
  - employee savings, Natixis Interépargne is a top-tier player in employee savings plan management in France;
- Corporate & Investment Banking:
  - Corporate & Investment Banking advises and supports corporates, institutional investors, Insurance companies, banks, public sector entities and film and audiovisual financing.

The Corporate Center, which primarily includes:

- the group's central institution and holding companies;
- run-off activities of Crédit Foncier and BPCE International;
- cross-business activities;

- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the group's acquisition and investment strategy;
- the contribution to the Single Resolution Fund.

As a reminder, segment reporting takes into account the change in the rules for rebilling by BPCE SA of the expenses recognized in respect of its duties as a central institution at the end of 2020. For comparison purposes, the 2020 income statements for Retail Banking and Insurance and Corporate center divisions were restated. In addition, the analytical rate of return on capital for Natixis' business lines was revised to 2021. For comparison purposes, 2020 data was restated.

12.1.1 SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Results by division[1] [2]

	Retail Banking and Insurance		Global Financial Services		Corporate center		Groupe BPCE	
in millions of euros	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf
Net banking income	17,502	16,460	7,571	5,997	643	84	25,716	22,540
Operating expenses	(11,034)	(10,807)	(5,276)	(4,498)	(1,530)	(1,339)	(17,840)	(16,644)
Gross operating income	**6,468**	**5,652**	**2,295**	**1,499**	**(887)**	**(1,255)**	**7,876**	**5,896**
Cost/income ratio	63.0%	65.7%	69.7%	75.0%	N/S	N/S	69.4%	73.8%
Cost of risk	(1,566)	(2,042)	(170)	(846)	(47)	(110)	(1,783)	(2,998)
Share in income of equity-accounted associates	45	4	12	11	155	212	212	227
Net income (expense) from other assets	(14)	10	(70)	(45)	2	(109)	(82)	(144)
Value adjustments on goodwill								
Income before tax	**4,933**	**3,624**	**2,067**	**619**	**(775)**	**(1,261)**	**6,224**	**2,982**
Income tax	(1,414)	(1,175)	(546)	(181)	14	312	(1,946)	(1,045)
Non-controlling interests (minority interests)	(74)	(116)	(271)	(186)	66	111	(280)	(191)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT – EXCL. NET CONTRIBUTION BY COFACE	**3,444**	**2,332**	**1,250**	**252**	**(696)**	**(839)**	**3,998**	**1,745**
Net contribution by Coface[1]					5	(136)	5	(136)
Transition from pro forma to reportable net income attributable to equity holders of the parent[2]		(4)		22		(18)		
REPORTABLE NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,444**	**2,328**	**1,250**	**275**	**(691)**	**(993)**	**4,003**	**1,610**

Results of the Retail Banking and Insurance sub-divisions

	Banques Populaires		Caisses d'Epargne		Financial Solutions & Expertise		Insurance		Payments		Other Networks		Retail Banking and Insurance	
in millions of euros	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf
Net banking income	6,867	6,315	7,240	6,917	1,200	1,134	964	904	489	430	741	760	17,502	16,460
Operating expenses	(4,354)	(4,242)	(4,614)	(4,549)	(634)	(604)	(515)	(490)	(425)	(386)	(492)	(537)	(11,034)	(10,807)
Gross operating income	**2,513**	**2,072**	**2,625**	**2,369**	**566**	**530**	**450**	**415**	**65**	**43**	**249**	**223**	**6,468**	**5,652**
Cost/income ratio	63.4%	67.2%	63.7%	65.8%	52.8%	53.2%	53.4%	54.1%	86.8%	89.9%	66.4%	70.7%	63.0%	65.7%
Cost of risk	(734)	(828)	(578)	(914)	(113)	(117)			(8)	2	(133)	(185)	(1,566)	(2,042)
Share in income of equity-accounted associates	38	20	0	0			7	(17)			0	0	45	4
Net income (expense) from other assets	(11)	8	0	9	(0)	(1)			0		(4)	(6)	(14)	10
Income before tax	**1,806**	**1,273**	**2,048**	**1,464**	**453**	**413**	**456**	**398**	**57**	**46**	**113**	**31**	**4,933**	**3,624**

(1) Segment information is restated for the impact of the net contribution by Coface on net income attributable to equity holders of the parent of -€5 million in 2021 and +€136 million in 2020.
(2) The 2020 segment information is pro forma for changes in the analytical remuneration of Natixis' business lines' capital.

Results of the sub-divisions of Global Financial Services

	Asset Management		Corporate & Investment Banking		Global Financial Services		Change	
in millions of euros	2021	2020 pf	2021	2020 pf	2021	2020 pf	M€	%
Net banking income	3,921	3,226	3,651	2,770	7,571	5,997	1,574	26.3%
Operating expenses	(2,842)	(2,394)	(2,434)	(2,104)	(5,276)	(4,498)	(778)	17.3%
Gross operating income	**1,079**	**832**	**1,216**	**667**	**2,295**	**1,499**	**796**	**53.1%**
Cost/income ratio	72.5%	74.2%	66.7%	75.9%	69.7%	75.0%	--	(5.3) pts
Cost of risk	(4)	(27)	(167)	(819)	(170)	(846)	676	(79.9%)
Share in income of equity-accounted associates	1	1	10	10	12	11	1	6.0%
Net income (expense) from other assets	(70)	(45)	1	(0)	(70)	(45)	(25)	56.3%
Income before tax	**1,006**	**762**	**1,061**	**(143)**	**2,067**	**619**	**1,447**	**x3.3**

12.1.2 SEGMENT ANALYSIS OF THE BALANCE SHEET

	Retail banking		Asset & Wealth Management		Corporate & Investment Banking		Corporate center		Groupe BPCE	
in millions of euros	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Segment assets	1,098,472	1,004,435	4,021	2,203	312,153	296,328	101,375	143,303	1,516,021	1,446,269
Segment liabilities	1,098,472	1,004,435	4,021	2,203	312,153	296,328	101,375	143,303	1,516,021	1,446,269

	Banques Populaires		Caisses d'Epargne		FSE		Payments		Insurance		Other Networks		Retail banking	
in millions of euros	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Segment assets	417,398	378,163	499,074	459,109	36,259	32,707	458	402	122,334	112,223	22,950	21,831	1,098,472	1,004,435
Segment liabilities	417,398	378,163	499,074	459,109	36,259	32,707	458	402	122,334	112,223	22,950	21,831	1,098,472	1,004,435

12.1.3 SEGMENT REPORTING BY GEOGRAPHIC REGION

The geographic analysis of segment assets and results is based on the location where business activities are recognized.

Net banking income

in millions of euros	Fiscal year 2021	Fiscal year 2020
France	20,890	18,434
Rest of Europe	1,260	1,132
North America	2,721	2,251
Rest of world	845	722
TOTAL	**25,716**	**22,540**

Note: the net banking income by geography for 2021 and 2020 is presented without restatement for Coface's contribution and the change in rebilling for central institutions.

Total segment assets

in millions of euros	12/31/2021	12/31/2020
France	1,407,278	1,334,747
Rest of Europe	26,948	28,881
North America	41,651	44,443
Rest of world	40,144	38,199
TOTAL	**1,516,021**	**1,446,269**

12.2 INFORMATION ON LEASES

12.2.1 LEASES AS LESSOR

Accounting principles

Leases are analyzed to determine whether in substance and economic reality they are operating leases or finance leases.

Finance leases

A finance lease is a lease that transfers to the lessee most of the risks and rewards incidental to ownership of an asset.

IFRS 16 standard for Lease contracts gives in particular five examples of situations that, individually or collectively, permit to distinguish finance lease to operating lease :

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the lease provides the lessee with the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term covers most of the economic life of the asset even if there is no transfer of ownership;
- at the inception of the lease, the present value of lease payments amounts to at least virtually all of the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

IFRS 16 also describes three indicators that may also individually or collectively lead to a lease being classified as a finance lease:

- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the change in the fair value of the residual value accrue to the lessee;
- the lessee has the ability to extend the lease at a rent that is significantly lower than the market rent.

At the start of the contract, assets under finance leases are recorded in the lessor's balance sheet in the form of a receivable equal to the net investment in the lease contract. The net investment corresponds to the amount of lease payments receivable from the lessee, discounted at the interest rate implicit in the lease plus any unguaranteed residual value of the asset accruing to the lessor. More specifically, the lease payments used to calculate the net investment include fixed payments less any lease incentives payable and variable payments that depend on an index or rate.

IFRS 16 requires unguaranteed residual values to be reviewed on a regular basis. A reduction in the estimated unguaranteed residual value modifies the income allocation over the lease term. In this case, a new payment schedule is drawn up and a charge is recorded to adjust the amount of financial income already recorded.

Any impairment recorded for counterparty risk on receivables in respect of finance leases is calculated in accordance with IFRS 9 using the same method as for financial assets at amortized cost (Note 5.5). This impairment is recorded on the income statement under "Cost of credit risk".

Finance lease income is considered to be interest and is recognized in the income statement under "Interest and similar income". This income is recognized using the interest rate implicit in the lease, which reflects a constant periodic rate of return on the lessor's net investment. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- the net investment;
- and the initial value of the asset (the fair value at the inception of the lease, plus any direct initial costs comprising expenses incurred specifically by the lessor to set up the lease).

Operating leases

A lease which is not considered to be a finance lease is classified as an operating lease.

Assets provided under operating leases are shown in the balance sheet under property, plant and equipment or intangible assets in the case of equipment leases, and investment property in the case of property leases. Lease income from operating leases is recognized in the income statement on a straight-line basis over the lease term, under "Income or expenses from other activities".

Schedule of finance lease receivables

in millions of euros	12/31/2021	12/31/2020
FINANCE LEASES		
Non-discounted lease payments (amount of gross investments)	**18,430**	**19,067**
< 1 year	4,274	4,415
1-5 years	9,896	10,334
> 5 years	4,260	4,319
Discounted lease payments (amount of net investments)	**16,511**	**17,079**
< 1 year	4,055	4,176
1-5 years	8,948	9,383
> 5 years	3,508	3,520
Financial income not received	**1,919**	**1,989**
OPERATING LEASES	**348**	**373**
< 1 year	73	74
1-5 years	193	205
> 5 years	83	94

12.2.2 LEASES AS LESSEE

Accounting principles

IFRS 16 applies to contracts that, irrespective of their legal form, meet the definition of a lease as laid down by the standard. The standard requires the identification of an asset and that the lessee controls the right to use this asset for a period of time. Control is established if the lessee holds the following two rights throughout the period of use:

- the right to obtain almost all of the economic benefits arising from use of the asset;
- the right to decide how the asset is used.

The existence of an identified asset requires that the lessor has no substantive rights to substitute alternative assets, with this requirement being assessed according to facts and circumstances in place at the start of the contract. If the lessor can freely substitute the leased asset, the contract becomes a non-lease contract whose purpose is to provide capacity rather than an asset.

The asset can be comprised of a portion of a larger asset, such as a floor within a building. However, a portion of an asset that is not physically distinct within a grouping without a pre-determined location is not an identified asset.

With certain exceptions, lessees are required under IFRS 16 to record leases in the balance sheet as a right-of-use asset under "Property, plant and equipment" or "Investment property", and as lease liabilities under "Other liabilities".

On the date of initial recognition, no deferred tax is reported if the value of the asset is equal to the value of the liability. Deferred tax is recorded for subsequent net temporary differences arising from changes in amounts recognized as right-of-use assets and lease liabilities.

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date.

These payments include fixed lease payments and in-substance fixed lease payments, variable lease payments calculated on an index or a rate calculated using the latest index or rate in force, any residual value guarantees and, where appropriate, any amount to be paid to the lessor under options that are reasonably certain to be exercised.

Lease payments used to determine the lease liability exclude variable payments that are not based on an index or a rate, taxes such as VAT, whether recoverable or not, and the housing tax.

Right-of-use is recognized as an asset on the commencement date of the lease for an amount equal to the lease liability on that date, adjusted for any payments made to the lessor at or before that date and not taken into account for the measurement of the lease liability, less any lease incentives received. If appropriate, this amount is adjusted for initial direct costs incurred by the lessee and an estimate of costs to be incurred in dismantling or restoring the asset if required by the terms and conditions of the lease, as long as the outflow of cash is probable and can be determined in a reliable manner.

The right-of-use asset is amortized on a straight-line basis and the lease liability is calculated on an actuarial basis over the term of the lease using the lessees' incremental borrowing rate mid-way through the contract.

The amount of lease liabilities is subsequently readjusted to take into account variations in the indices or rates to which the leases are indexed. As this adjustment reflects the right of use, it has no impact on the income statement.

For entities that are part of the financial solidarity mechanism that centralize their funding with the group Treasury, the rate is calculated at group level and adjusted, as applicable, to the currency applicable to the lessee.

The lease term is the non-cancellable period for which a lessee has the right to use an underlying asset, together with the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

For French "3/6/9" commercial leases, the term used is usually nine years. The reasonable certainty of whether the options relating to the lease term will be exercised is assessed by considering group entities' real estate management strategy.

At the end of the lease, the contract is no longer enforceable and the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The term of leases that are not extended or canceled at the end of the term (leases with automatic renewal) is determined by expert appraisal and, in the absence of specific information, assigned a reasonable term of three years.

For leases recognized in the balance sheet, the expense relating to the lease liability is reported as an interest expense under net banking income while the depreciation expense on the right-of-use asset is recognized as a depreciation expense under gross operating income.

Lease contracts not recognized in the balance sheet and variable payments that are excluded from lease liabilities are recorded as an expense for the period under operating expenses.

Impact of leases on the income statement – lessee

in millions of euros	12/31/2021	12/31/2020
EXPENSES FROM LEASE TRANSACTIONS	**(524)**	**(553)**
Interest expenses on lease liabilities	(17)	(17)
Depreciation of right-of-use assets	(452)	(470)
Variable lease expenses not included in measurement of lease liabilities	(33)	(34)
Expenses on short-term leases[1]	(17)	(26)
Expenses on underlying assets of low value[1]	(6)	(6)
INCOME FROM SUB-LEASING/OPERATING LEASES	**32**	**30**

(1) Related to leases not recognized in the balance sheet.

When the group sub-lets all or part of an asset it leases, the sub-letting contract is analyzed in substance using the same approach as that applied by lessors who distinguish between operating and finance leases.

Income from such leases is presented using the same approach as lessors: as income from other activities for operating leases and as interest income for finance leases.

Schedule of lease liabilities

in millions of euros	12/31/2021	12/31/2020
Amounts of non-discounted future payments	**1,872**	**1,711**
< 1 year	358	411
1-5 years	890	862
> 5 years	623	438

Commitments on leases not yet recognized in the balance sheet

In accordance with IFRS 16, future minimum payments relating to leases to which the group is committed but whose underlying assets have not yet been made available are not recognized on the balance sheet prior to their commencement date. The following table shows the minimum payments expected on these contracts.

in millions of euros	12/31/2021	12/31/2020
Amounts of non-discounted future payments	**37**	**362**
< 1 year	0	0
1-5 years	18	105
> 5 years	18	257

12.3 RELATED-PARTY TRANSACTIONS

For Groupe BPCE, related parties are considered to be all consolidated companies, including companies carried under the equity method, and the group's key management personnel.

The Social Housing Companies in which the group is the sole major shareholder are also covered.

12.3.1 TRANSACTIONS WITH CONSOLIDATED COMPANIES

All intercompany transactions carried out during the period and balances outstanding at the end of the period with fully consolidated companies are eliminated in full on consolidation.

The statement below only provides data on intercompany transactions concerning:

- companies over which the group exercises joint control (joint operations) in respect of the non-eliminated portion: no significant transactions were identified in this category;
- entities over which the group exercises significant influence and which are equity-accounted (associates). The significant transactions that have been identified were carried out with CNP Assurances group:
  - under a sales agreement, the group received commission income amounting to €1,058 million in 2021 (€1,039 million in 2020).

A list of fully consolidated subsidiaries is presented in Note 13, "Scope of consolidation".

12.3.2 TRANSACTIONS WITH COMPANY DIRECTORS

The group's company directors are the members of the Management Board and Supervisory Board of BPCE. The short-term benefits, post-employment benefits, long-term benefits and termination benefits of BPCE's company directors are described in the "Remuneration, benefits in kind, loans, guarantees and attendance fees received by BPCE corporate officers" section in Chapter 3 "Corporate governance report".

Short-term employee benefits

Short-term benefits paid out to the group's company directors amounted to €7 million in 2021 (*vs.* €7 million in 2020).

These include remuneration, directors' attendance fees and benefits paid to members of the Management Board and Supervisory Board.

Post-employment benefit commitments, long-term benefits and termination benefits

Post-employment benefit commitments, long-term benefits and termination benefits of BPCE's company directors are described in the "Rules and principles governing the determination of remuneration and benefits" section in Chapter 3 "Corporate governance report". The amount provisioned by BPCE SA group in respect of retirement bonuses came to €4 million at December 31, 2021 (€3 million at December 31, 2020).

12.3.3 RELATIONS WITH SOCIAL HOUSING COMPANIES

Groupe BPCE is a longstanding partner in the HLM social housing movement in France and a key player in the social housing production process. The group acts as an operator (the leading privately-owned bank involved in the construction of social housing which it finances in particular through Livret A passbook savings account deposits) and is one of the main distributors of subsidized loans and intermediary rental loans for the construction of rental housing for low-income families. The group is also the sole major shareholder in certain social housing companies.

In view of the economic substance of the group's dealings with the social housing sector, where organizations are subject to specific regulations, some social housing companies have been classified as related parties.

Banking transactions with social housing companies

in millions of euros	12/31/2021	12/31/2020
Loans outstanding	1,898	2,011
Commitments given	409	617
Deposit account balances	843	922
Outstanding financial investments (UCITS and securities)	45	38

in millions of euros	Fiscal year 2021	Fiscal year 2020
Interest income from loans	39	49
Interest expense on bank deposits	4	7

12.4 PARTNERSHIPS AND ASSOCIATES

12.4.1 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

12.4.1.1 Partnerships and other associates

The group's main equity-accounted investments are the following joint ventures and associates:

in millions of euros	12/31/2021	12/31/2020
CNP Assurances (group)[1]	///	2,938
EDF Investments group (EIG)	522	521
Coface[2]	///	158
Banque Calédonienne d'Investissement	178	168
Socram Banque	41	40
Other	638	611
Financial sector companies	**1,378**	**4,436**
Other	146	150
Non-financial companies	**146**	**150**
TOTAL INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	**1,525**	**4,586**

(1) On December 16, 2021, BPCE sold its entire stake in CNP Assurances, i.e. 16.11%, to La Banque Postale (see Note 1.3).
(2) At December 31, 2021, the Global Financial Services division's investment in Coface is considered as an investment (see Note 1.3).

12.4.1.2 Financial data for the main joint arrangements and associates

Summarized financial data for material joint ventures and/or companies under notable influence are as follows (based on the last available data published by the entities in question):

	Associates	
in millions of euros	**Banque Calédonienne d'Investissement**	**Socram Banque**
DIVIDENDS RECEIVED	**174**	
MAIN AGGREGATES		
Total assets	**3,534**	**1,556**
Total liabilities	**3,184**	**1,323**
Income statement		
Net operating income or net banking income	96	1
Income tax	(16)	1
Net income	22	2
CARRYING VALUE OF INVESTMENTS IN ASSOCIATES		
Equity of associates	350	233
Percentage ownership	49.90%	33.42%
VALUE OF INVESTMENTS IN ASSOCIATES	**178**	**41**
o/w goodwill	2	
MARKET VALUE OF INVESTMENTS IN ASSOCIATES	///	///

Groupe BPCE has no interest in any joint venture that has a material impact on the consolidated financial statements.

Summarized financial data for non-material joint ventures and companies under significant influence at December 31, 2021 is as follows:

in millions of euros	Main partnerships and associates	Other	Fiscal year 2021	Fiscal year 2020
Value of investments in associates	**741**	**784**	**1,525**	**761**
Total amount of share in:				
Net income	178	42	220	1
Gains and losses recognized directly in other comprehensive income		2	2	(1)
COMPREHENSIVE INCOME	**178**	**44**	**222**	**(1)**

12.4.1.3 Nature and scope of major restrictions

Groupe BPCE has not been faced with any major restrictions relating to interests held in associates and joint ventures.

12.4.2 SHARE IN NET INCOME OF ASSOCIATES

in millions of euros	Fiscal year 2021	Fiscal year 2020
CNP Assurances (group)[(1)]	148	217
EDF Investment group	10	10
Coface[(2)]	7	(47)
Socram Banque	1	(9)
Banque Calédonienne d'Investissement	11	9
Other	39	(3)
Financial sector companies	**217**	**176**
Other	3	4
Non-financial companies	**3**	**4**
SHARE IN NET INCOME OF ASSOCIATES	**220**	**180**

(1) On December 16, 2021, BPCE sold its entire stake in CNP Assurances, *i.e.* 16.11%, to La Banque Postale (see Note 1.3).
(2) At December 31, 2021, the Global Financial Services division's investment in Coface is considered as an investment (see Note 1.3).

12.4.3 IMPAIRMENT TESTS ON ASSOCIATES

At December 31, 2021, impairment tests on equity-accounted investments did not reveal any indication of loss in value.

12.5 INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

12.5.1 NATURE OF INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

A non-consolidated structured entity is a structured entity that is not controlled and is therefore not accounted for using the full consolidation method. As a result, the interests held in a joint venture or associate which is classed as a structured entity falls within the scope of this note.

The same is true of controlled structured entities that are not consolidated due to holding threshold reasons.

This includes all structured entities in which Groupe BPCE holds an interest and intervenes in one or more of the following capacities:

- originator/structurer/arranger;
- placement agent;
- manager;
- in any other capacity that has a major impact on the structuring or management of the transaction (*e.g.* provision of financing, guarantees or structuring derivatives, tax investor, major investor, etc.).

An interest in an entity corresponds to all types of relationships, contractual or not, that expose Groupe BPCE to a risk of fluctuations in returns relating to the entity's performance. Interests in another entity may be evidenced by, among others, the holding of equity instruments or debt securities, as well as, by other types of relationships, such as financing, short-term credit facilities, credit enhancement, the provision of guarantees or structured derivatives.

As a result, the following are not included in the scope of this note:

- structured entities which are associated with Groupe BPCE through a current transaction alone. This corresponds to an unstructured financial instrument which generally does not have a material impact on the variability of the structured entity's returns and which could be concluded by Groupe BPCE with structured entities or classically governed entities alike. The main kinds of current transactions are:
  - plain vanilla fixed income, foreign exchange and other underlying derivatives, as well as securities lending/borrowing and repurchase transactions,
  - plain vanilla guarantees and financing granted to family non-trading real estate companies (SCI) or to certain holdings;

- external structured entities in which Groupe BPCE simply acts as an investor.

These consist of:

- investments in external UCITS that the group does not manage, except for those in which the group owns almost all the shares;
- a limited scope of interests held in securitization vehicles (exposures on these funds are included in the information published in Chapter 6 "Risk Management – Securitizations");
- interests held in external real estate funds or private equity funds in which Groupe BPCE acts as a simple minority investor.

The structured entities with which the group has a relationship can be divided into four categories: entities involved in asset management, securitization vehicles, entities created for structured financing purposes, and entities created for other types of transactions.

Asset Management

Financial asset management (also known as portfolio management) consists of managing equity or funds entrusted by investors by investing in equities, bonds, cash SICAV or hedge funds, etc.

The Asset Management line of business which uses structured entities is represented by collective investment management or fund management. More specifically, it encompasses collective investment vehicles within the meaning of the French Monetary and Financial Code (other than securitization structures) as well as equivalent bodies governed by foreign law. These notably include entities such as UCITS, real estate funds and private equity funds.

Securitization

Securitization transactions are generally established as structured entities in which assets or derivatives representing credit risk are isolated.

These entities serve to diversify the underlying credit risks and to split them into various levels of subordination (tranches) with a view, generally, to sell them to investors seeking a certain level of return, according to the degree of risk accepted.

These vehicles' assets and the liabilities that they issue are rated by the rating agencies, which monitor that the level of risk associated with each tranche of risk sold is commensurate with the attributed rating.

The kind of securitization transactions used and which require the intervention of structured entities are as follows:

- transactions where the group (or a subsidiary) sells on its own behalf to a dedicated vehicle, in cash or synthetic form, the credit risk associated with one of its asset portfolios;
- securitization transactions performed on behalf of third parties. These transactions consist of housing in a dedicated structure (generally a Special Purpose Entity (SPE)) the assets belonging to another company. The SPE issues shares that can, in certain cases, be subscribed for directly by investors, or subscribed for by a multi-seller conduit which refinances the acquisition of these shares through the issue of short-term notes (commercial paper).

Structured financing (of assets)

Structured financing covers the range of activities and products set up to provide financing to economic players while reducing risks through the use of complex structures. These include the financing of movable assets (pertaining to aeronautic, marine or terrestrial transport, telecommunications, etc.), real estate assets and the acquisition of targeted companies (LBO financing).

The group may need to create a structured entity that houses a specific financing transaction on behalf of a customer. This is a contractual and structural organization. The particularities of these types of financing are related to risk management, with the use of notions such as limited recourse or waivers of recourse, standard and/or structural subordination and the use of dedicated legal vehicles used in particular to carry a single-contract finance lease representing the financing granted.

Other activities

This comprises all remaining activities.

12.5.2 NATURE OF RISKS ASSOCIATED WITH INTERESTS HELD IN NON-CONSOLIDATED STRUCTURED ENTITIES

Assets and liabilities recognized in the group's various balance sheet accounts relating to interests in non-consolidated structured entities contribute to determining the risks associated with these entities.

The values recorded under the balance sheet assets, along with financing and guarantee commitments given less guarantee commitments received and provisions recorded in liabilities, are used to assess the maximum exposure to risk of losses.

The "notional amounts" line corresponds to the notional amount of options sold to structured entities.

The data are presented below, aggregated based on their activity classification.

At December 31, 2021

Excluding Insurance business investments *in millions of euros*	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**276**	**3,197**	**1,918**	**690**
Trading derivatives	85	80	260	451
Trading financial instruments (excluding derivatives)	99	27	1,648	169
Financial assets at fair value through profit or loss – Non-SPPI	85	2,952	6	24
Financial instruments designated at fair value through profit or loss		19		
Equity instruments not held for trading	6	119	4	47
Financial assets at fair value through other comprehensive income	**3**	**125**	**7**	**274**
Financial assets at amortized cost	**6,577**	**1,280**	**11,852**	**1,425**
Other assets	**13**	**34**	**8**	**4**
TOTAL ASSETS	**6,869**	**4,635**	**13,786**	**2,394**
Financial liabilities at fair value through profit or loss	**19**	**35**	**115**	**124**
Provisions	**4**	**2**	**11**	**7**
TOTAL LIABILITIES	**23**	**36**	**126**	**131**
Loan commitments given	**8,072**	**293**	**3,802**	**536**
Guarantee commitments given[(1)]	**96**	**191**	**3,314**	**213**
Collateral received	**1,660**	**7**	**7,936**	**365**
Notional amount of derivatives	**1,563**		**8,731**	**333**
MAXIMUM LOSS EXPOSURE	**14,937**	**5,111**	**21,685**	**3,104**

(1) For the Asset Management activity, the group guarantees the share capital and/or returns on units in certain UCITS. These guarantees were recognized as derivatives at December 31, 2021 (see Note 6.2, Guarantee commitments).

At December 31, 2020

Excluding Insurance business investments *in millions of euros*	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through income	**217**	**3,018**	**1,384**	**654**
Trading derivatives	112	42	529	517
Trading financial instruments (excluding derivatives)	48	29	640	63
Financial assets at fair value through profit or loss – Non-SPPI	50	2,831	209	24
Financial instruments designated at fair value through profit or loss		28		
Equity instruments not held for trading	6	88	6	51
Financial assets at fair value through other comprehensive income	**9**	**164**	**6**	**279**
Financial assets at amortized cost	**6,255**	**1,148**	**12,895**	**1,296**
Other assets	**15**	**37**	**19**	**8**
TOTAL ASSETS	**6,496**	**4,367**	**14,305**	**2,237**
Financial liabilities at fair value through profit or loss	**10**	**82**	**140**	**249**
Provisions	**5**	**1**	**26**	**7**
TOTAL LIABILITIES	**15**	**83**	**166**	**256**
Loan commitments given	**7,089**	**302**	**2,346**	**572**
Guarantee commitments given	**161**	**243**	**3,557**	**109**
Collateral received	**233**	**9**	**4,399**	**211**
Notional amount of derivatives	**1,200**		**6,738**	**281**
MAXIMUM LOSS EXPOSURE	**14,708**	**4,901**	**22,521**	**2,982**

At December 31, 2021

Insurance business investments *in millions of euros*	Securitization	Asset Management	Other activities
Financial assets at fair value through income		**15,011**	
Trading financial instruments (excluding derivatives)		5,502	
Financial instruments designated at fair value through profit or loss		9,509	
Available-for-sale financial assets	**561**	**5,475**	
TOTAL ASSETS	**561**	**20,486**	
TOTAL LIABILITIES			
Loan commitments given	**603**	**461**	
MAXIMUM LOSS EXPOSURE	**1,164**	**20,947**	

At December 31, 2020

Insurance business investments *in millions of euros*	Securitization	Asset Management	Other activities
Financial assets at fair value through income		**14,353**	
Trading financial instruments (excluding derivatives)		7,046	
Financial instruments designated at fair value through profit or loss		7,307	
Available-for-sale financial assets	**498**	**4,975**	
TOTAL ASSETS	**498**	**19,328**	
TOTAL LIABILITIES			
Loan commitments given	**55**	**510**	
MAXIMUM LOSS EXPOSURE	**553**	**19,838**	

At December 31, 2021

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
SIZE OF STRUCTURED ENTITIES	**89,598**	**537,228**	**84,505**	**5,951**

At December 31, 2020

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
SIZE OF STRUCTURED ENTITIES	**80,039**	**426,060**	**87,416**	**2,976**

Securitization transactions in which Groupe BPCE is simply an investor are listed in Chapter 6 "Risk Management – Securitizations".

The size criterion used varies according to the types of structured entities:

- securitization, the total amount of issues recorded in the entities' liabilities;
- Asset Management: the net assets of collective investment vehicles (other than securitization);
- structured financing: the total amount of financing outstandings remaining due by the entities to all banks;
- other activities, total assets.

12.5.3 INCOME AND CARRYING AMOUNT OF ASSETS TRANSFERRED TO SPONSORED NON-CONSOLIDATED STRUCTURED ENTITIES

A structured entity is sponsored by a group entity when the following two indicators are both satisfied:

- it is involved in the creation and structuring of the structured entity;
- it contributes to the success of the entity by transferring assets to it or by managing relevant activities.

When the group entity's role is limited to one of advisor, arranger, custodian or placement agent, the structured entity is not considered to be sponsored.

Groupe BPCE plays the role of sponsor for:

- UCITS initiated by an investment management company belonging to Groupe BPCE and in which Groupe BPCE holds no investment or any other interest. Reported income includes management and incentive fees charged by Groupe BPCE entities, as well as profit or loss from ordinary business with these funds;

- a US activity involving the origination and disposal of portfolios of home loans to securitization vehicles created by the GFS division with third parties and in which Groupe BPCE holds no interests. Reported income includes structuring fees as well as gains or losses on the disposal of receivables.

For the non-consolidated structured entities that the group sponsors without holding any interests, the impact on the financial statements is presented below:

Fiscal year 2021

in millions of euros	Securitization	Asset Management
Net interest income	**(13)**	**245**
Net interest income	2	
Net fee and commission income		233
Net gains or losses on financial instruments at fair value through profit or loss	(15)	12
Carrying amount of assets transferred to the entity during the fiscal year	**368**	

Fiscal year 2020

in millions of euros	Securitization	Asset Management
Income from entities	**18**	**126**
Net interest income	3	
Net fee and commission income	1	139
Net gains or losses on financial instruments at fair value through profit or loss	14	(13)
Carrying amount of assets transferred to the entity during the fiscal year	**252**	

12.6 LOCATIONS BY COUNTRY

12.6.1 NET BANKING INCOME AND HEADCOUNT BY COUNTRY

Information on the number of employees broken down by category is presented in Chapter 2 "Non-financial performance statement" (Note 2.4 "Shaping the future of work").

	Fiscal year 2021			
	Net banking income *(in millions of euros)*	Profit or loss before tax *(in millions of euros)*[1]	Income tax *(in millions of euros)*[2]	FTE headcount[3] 12/31/2021
European Union Member States				
Germany	112	8	(14)	140
Belgium	29	18	(5)	11
Denmark	11	4	(1)	55
Spain	128	55	(16)	378
France[4]	20,890	4,967	(1,640)	87,741
United Kingdom	425	168	(6)	564
Hungary	3	(4)		105
Ireland	(1)	(3)		
Italy	140	105	(42)	118
Luxembourg	163	(11)	(1)	329
Malta	32	27	(1)	27
Netherlands	1	(1)		17
Poland	30	4	(3)	340
Portugal	70	30	(7)	1,472
Czech Republic				3
Romania	3			107
Sweden				3

	Fiscal year 2021			
	Net banking income *(in millions of euros)*	Profit or loss before tax *(in millions of euros)*[1]	Income tax *(in millions of euros)*[2]	FTE headcount[3] 12/31/2021
Other European Countries				
Monaco	60	46	(11)	42
Russia	4	(1)		48
Solomon Islands	6	(1)		79
Switzerland	51	15	(3)	125
Ukraine				7
Africa and Mediterranean Basin				
Algeria	55	24	(7)	789
Saudi Arabia				3
Djibouti	21			260
United Arab Emirates	47	22		53
Morocco	8	7		4
Tunisia	17	(1)		3
North & South America				
Brazil				14
Canada	8	7		8
United States	2,713	696	(148)	2,710
Cayman Islands	5	5		
Mexico				8
Uruguay	1			2
Asia and Oceania				
Australia	34	8	(7)	106
Cambodia	14	2	(1)	272
China	18			74
South Korea	2	1		4
Fiji	15	1	1	153
Hong Kong	262	96	(15)	418
India		(1)		48
Japan	57	21	(4)	100
Laos	10	1	1	168
Malaysia	3	2		4
New Caledonia	64	15	(6)	822
French Polynesia	59	21	(8)	281
Singapore	117	8	1	259
Taiwan	10	3	(1)	18
Thailand		1		219
Vanuatu	15	5		162
Vietnam	3	(1)		54
GROUP TOTAL	**25,716**	**6,368**	**(1,946)**	**98,727**

(1) Corresponding to profit or loss before income tax and before taxes other than on income recognized as net operating income.
(2) Corresponding to tax payable and deferred tax, excluding taxes other than on income recognized as net operating income.
(3) Number of FTE employees working at the reporting date.
(4) Including Martinique, Guadeloupe, Reunion and Saint-Pierre-et-Miquelon.

12.6.2 ENTITY LOCATIONS BY COUNTRY

Country of operation	Business
ALGERIA	
NATIXIS ALGÉRIE	Banking
GERMANY	
AEW INVEST GmbH	Distribution
FIDOR BANK AG	Digital loan institution
NATIXIS INVESTMENT MANAGERS SA, ZWEIGNIERDERLAASUNG DEUTSCHLAND	Distribution
NATIXIS PFANDBRIEFBANK AG	Credit institution
NATIXIS ZWEIGNIEDERLASSUNG DEUTSCHLAND	Financial institution
ONEY Gmbh	Services, business development consulting
PRAMEX INTERNATIONAL GmbH – FRANKFURT	International development and consulting services
SAUDI ARABIA	
SAUDI ARABIA INVESTMENT COMPANY	Financial institution
AUSTRALIA	
AEW ASIA LIMITED AUSTRALIAN BRANCH	Asset Management
AZURE CAPITAL HOLDINGS PTY LTD	M&A advisory services
AZURE CAPITAL LIMITED	Holding company
AZURE CAPITAL SECURITIES PTY LTD	Fund management and Equity capital markets
INVESTORS MUTUAL LIMITED	Asset Management
NATIXIS AUSTRALIA PTY LTD	Financial institution
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED	Distribution
THE AZURE CAPITAL TRUST	Holding company
BELGIUM	
CAISSE D'EPARGNE HAUTS DE FRANCE Belgium branch	Credit institution
CRÉDIT FONCIER DE FRANCE – Belgium branch	Credit institution
DALENYS SA	Holding company
EPBF	Payment institution
IRR INVEST	Private equity
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company
NATIXIS INVESTMENT MANAGERS SA, BELGIAN BRANCH	Distribution
NJR INVEST	Private equity
BRAZIL	
MIROVA NATURAL CAPITAL BRAZIL CONSULTORIA E ASSESSORIA LTDA	Consulting services
PRAMEX INTERNATIONAL DO BRAZIL CONSULTARIA LTDA – SAO PAULO	International development and consulting services
CAMBODIA	
BRED BANK CAMBODIA PLC	Financial company
CANADA	
NATIXIS CANADA	Financial institution
NATIXIS IM CANADA HOLDINGS LTD	Holding company
CHINA	
BRD CHINA LTD	Private equity
REP CHINA OFFICE	Brokerage
NATIXIS BEIJING	Financial institution
NATIXIS SHANGHAI	Financial institution
PRAMEX INTERNATIONAL CO LTD – SHANGHAI	International development and consulting services
VERMILION (BEIJING) ADVISORY COMPANY LIMITED	M&A advisory services
SOUTH KOREA	
NATIXIS INVESTMENT MANAGERS KOREA LIMITED	Distribution
AEW KOREA LLC	Asset Management
DENMARK	
MIDT FACTORING A/S	Factoring
UNITED ARAB EMIRATES	
NATIXIS DUBAI	Financial institution
NATIXIS INVESTMENT MANAGERS MIDDLE EAST	Distribution
SPAIN	
AEW EUROPE LLP (BRANCH IN SPAIN)	Distribution
BANCO PRIMUS Spain	Credit institution
BPCE LEASE MADRID – Branch	Non-real estate and real estate leasing
NATIXIS INVESTMENT MANAGERS, BRANCH IN SPAIN	Distribution
NATIXIS MADRID	Financial institution
NATIXIS PARTNERS IBERIA, SA	M&A advisory services
ONEY SERVICIOS FINANCIEROS EFC SAU (SPAIN)	Brokerage
PRAMEX INTERNATIONAL SA – MADRID	International development and consulting services
DJIBOUTI	
BCI MER ROUGE	Credit institution
UNITED STATES	
AEW CAPITAL MANAGEMENT, INC.	Asset Management
AEW CAPITAL MANAGEMENT, LP	Asset Management
AEW COLD OPS MM, LLC	Asset Management
AEW CORE PROPERTY (US) GP, LLC	Asset Management
AEW EHF GP, LLC	Asset Management
AEW PARTNERS REAL ESTATE FUND IX, LLC	Asset Management
AEW PARTNERS REAL ESTATE FUND VIII, LLC	Asset Management
AEW PARTNERS V, INC.	Asset Management
AEW PARTNERS VI, INC.	Asset Management
AEW PARTNERS VII, INC.	Asset Management
AEW SENIOR HOUSING INVESTORS II INC	Asset Management
AEW SENIOR HOUSING INVESTORS III LLC	Asset Management
AEW SENIOR HOUSING INVESTORS IV LLC	Asset Management
ALPHASIMPLEX GROUP LLC	Asset Management
AURORA INVESTMENT MANAGEMENT LLC	Asset Management
CASPIAN CAPITAL MANAGEMENT, LLC	Asset Management
CM REO HOLDINGS TRUST	Secondary markets finance
CM REO TRUST	Secondary markets finance
EPI SLP LLC	Asset Management

Country of operation	Business
EPI SO SLP LLC	Asset Management
FLEXSTONE PARTNERS LLC	Asset Management
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management
HARRIS ALTERNATIVES HOLDING INC	Holding company
HARRIS ASSOCIATES LP	Asset Management
HARRIS ASSOCIATES SECURITIES, LP	Distribution
HARRIS ASSOCIATES, INC.	Asset Management
LOOMIS SAYLES & COMPANY, INC.	Asset Management
LOOMIS SAYLES & COMPANY, LP	Asset Management
LOOMIS SAYLES ALPHA, LLC.	Asset Management
LOOMIS SAYLES DISTRIBUTORS, INC.	Distribution
LOOMIS SAYLES DISTRIBUTORS, LP	Distribution
LOOMIS SAYLES OPERATING SERVICES, LLC	Asset Management
LOOMIS SAYLES TRUST COMPANY, LLC	Asset Management
MIROVA US LLC	Asset Management
MSR TRUST	Real estate finance
NATIXIS ADVISORS, LLC (EX-NATIXIS ADVISORS, LP)	Distribution
NATIXIS ASG HOLDINGS, INC	Distribution
NATIXIS DISTRIBUTION, LLC (EX-NATIXIS DISTRIBUTION, LP)	Distribution
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions
NATIXIS FUNDING CORP	Other financial company
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	Distribution
NATIXIS INVESTMENT MANAGERS US HOLDINGS, LLC	Holding company
NATIXIS INVESTMENT MANAGERS, LLC	Holding company
NATIXIS NEW YORK	Financial institution
NATIXIS NORTH AMERICA LLC	Holding company
NATIXIS REAL ESTATE CAPITAL LLC	Real estate finance
NATIXIS REAL ESTATE HOLDINGS LLC	Real estate finance
NATIXIS SECURITIES AMERICAS LLC	Brokerage
NATIXIS US MTN PROGRAM LLC	Issuing vehicle
NIM-OS, LLC	Media and digital
OSTRUM AM US LLC	Asset Management
PETER J. SOLOMON COMPANY LP	M&A advisory services
PETER J. SOLOMON SECURITIES COMPANY LLC	Brokerage
PRAMEX INTERNATIONAL CORP – NEW YORK	International development and consulting services
SEAPORT STRATEGIC PROPERTY PROGRAM I CO-INVESTORS, LLC	Asset Management
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	Asset Management
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset Management
VERSAILLES	Securitization vehicle
FIJI	
BRED BANK FIJI LTD	Credit institution
FRANCE	
1818 IMMOBILIER	Real estate operations
185 LOCAL SAVINGS COMPANIES (LSCs)	Cooperative shareholders
32 MUTUAL GUARANTEE COMPANIES	Guarantee companies

Country of operation	Business
339 UNITED STATES	Real estate operations
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund
ADOUR SERVICES COMMUNS	Real estate operations
ADRAXTRA CAPITAL	Private equity
AEW (EX-AEW CILOGER)	Real estate management
AEW EUROPE SA (EX-AEW SA)	Asset Management
AFOPEA	Real estate operations
ALBIANT-IT	IT systems and software consulting
ALLIANCE ENTREPRENDRE	Asset Management
ALLOCATION PILOTEE EQUILIBRE C	Insurance investment mutual fund
APOUTICAYRE LOGEMENTS	Real estate operations
ARIES ASSURANCES	Insurance brokerage
BANQUE BCP SAS	Credit institution
BANQUE DE SAVOIE	Credit institution
ENERGY TRANSITION BANK	Financial investment advisory services
BANQUE PALATINE	Credit institution
BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE	Credit institution
BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	Credit institution
BANQUE POPULAIRE AUVERGNE RHÔNE ALPES	Credit institution
BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ	Credit institution
BANQUE POPULAIRE DU NORD	Credit institution
BANQUE POPULAIRE DU SUD	Credit institution
BANQUE POPULAIRE GRAND OUEST	Credit institution
BANQUE POPULAIRE MÉDITERRANÉE	Credit institution
BANQUE POPULAIRE OCCITANE	Credit institution
BANQUE POPULAIRE RIVES DE PARIS	Credit institution
BANQUE POPULAIRE VAL DE FRANCE	Credit institution
BATILEASE	Real estate leasing
BATIMAP	Non-real estate leasing
BATIMUR	Non-real estate leasing
BATIROC BRETAGNE PAYS DE LOIRE	Non-real estate and real estate leasing
BCEF 64	Real estate operations
BDR IMMO 1	Real estate operations
BEAULIEU IMMO	Real estate operations
BIC BRED	Credit institution
BIMPLI	Payment Services, Service Voucher Offerings and Online Services for Central Works Councils
BLEU RÉSIDENCE LORMONT	Real estate operations
BP DÉVELOPPEMENT	Private equity
BPA ATOUTS PARTICIPATIONS	Private equity
BPCE ACHATS	Services company
BPCE APS	Service providers
BPCE ASSURANCES	Insurance company
BPCE BAIL	Real estate leasing
BPCE CAR LEASE	Long-term vehicle leasing
BPCE ENERGECO	Non-real estate leasing
BPCE EXPERTISE IMMOBILIER (ex CRÉDIT FONCIER EXPERTISE)	Real estate valuation
BPCE FACTOR	Factoring
BPCE FINANCEMENT	Consumer loans

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Country of operation	Business
BPCE OUTSOURCING AND TECHNOLOGY	IT services
BPCE INTERNATIONAL	Specialized credit institution
BPCE LEASE	Non-real estate leasing
BPCE LEASE IMMO	Real estate leasing
BPCE LEASE RÉUNION	Non-real estate leasing
BPCE MASTER HOME LOANS FCT/BPCE CONSUMER LOANS FCT	French securitization fund (FCT)
BPCE PERSONAL CAR LEASE	Long-term vehicle leasing
BPCE PRÉVOYANCE	Personal protection Insurance
BPCE RELATION ASSURANCES	Services company
BPCE SA	Holding company
BPCE SERVICES FINANCIERS (ex CSF-GCE)	Services company
BPCE SFH	Funding
BPCE SOLUTIONS CRÉDIT (EX GIE ECUREUIL CRÉDIT)	Services company
BPCE SOLUTIONS IMMOBILIÈRES (ex CRÉDIT FONCIER IMMOBILIER)	Real estate operations
BPCE VIE	Insurance
BRED BANQUE POPULAIRE	Credit institution
BRED COFILEASE	Non-real estate leasing
BRED GESTION	Credit institution
BRETAGNE PARTICIPATIONS	Private equity
BTP BANQUE	Credit institution
BTP CAPITAL CONSEIL	Financial investment advisory services
BTP CAPITAL INVESTISSEMENT	Private equity
BURODIN	Real estate operations
CAISSE D'EPARGNE AQUITAINE POITOU-CHARENTES	Credit institution
CAISSE D'EPARGNE BRETAGNE PAYS DE LOIRE	Credit institution
CAISSE D'EPARGNE CÔTE D'AZUR	Credit institution
CAISSE D'EPARGNE D'AUVERGNE ET DU LIMOUSIN	Credit institution
CAISSE D'EPARGNE DE BOURGOGNE FRANCHE-COMTÉ	Credit institution
CAISSE D'EPARGNE DE MIDI-PYRÉNÉES	Credit institution
CAISSE D'EPARGNE GRAND EST EUROPE	Credit institution
CAISSE D'EPARGNE HAUTS DE FRANCE	Credit institution
CAISSE D'EPARGNE ÎLE-DE-FRANCE	Credit institution
CAISSE D'EPARGNE LANGUEDOC-ROUSSILLON	Credit institution
CAISSE D'EPARGNE LOIRE DRÔME ARDÈCHE	Credit institution
CAISSE D'EPARGNE LOIRE-CENTRE	Credit institution
CAISSE D'EPARGNE NORMANDIE	Credit institution
CAISSE D'EPARGNE CEPAC	Credit institution
CAISSE D'EPARGNE RHÔNE ALPES	Credit institution
CAISSE SOLIDAIRE	Financial company
CAPITOLE FINANCE	Non-real estate leasing
CASDEN BANQUE POPULAIRE	Credit institution
CE CAPITAL	Holding company
CE DÉVELOPPEMENT	Private equity
CE DÉVELOPPEMENT II	Private equity
CE HOLDING PARTICIPATIONS	Holding company

Country of operation	Business
CEBIM	Holding company
CEPAC FONCIÈRE	Real estate operations
CEPAC INVESTISSEMENT ET DÉVELOPPEMENT	Private equity
CEPAIM SA	Real estate operations
CEPRAL	Investments in real estate development
CFG COMPTOIR FINANCIER DE GARANTIE	Guarantee company
CICOBAIL SA	Real estate leasing
CLICK AND TRUST	Data processing
CO ASSUR CONSEIL ASSURANCE SA (BROKERAGE)	Insurance brokerage advisory
COFEG	Consulting
COFIBRED	Holding company
COFIMAB	Real estate agent
COMPAGNIE DE FINANCEMENT FONCIER	Financial company
COMPAGNIE EUROPÉENNE DE GARANTIES ET DE CAUTIONS	Insurance
CONTANGO TRADING SA	Brokerage company
CRÉDIT COOPÉRATIF	Credit institution
CRÉDIT FONCIER DE FRANCE	Credit institution
CREPONORD	Non-real estate and real estate leasing
CRISTAL IMMO	Real estate operations
DALENYS MARKETING	Online services
DALENYS PAYMENT	Payment services
DALENYS SERVICES	Financial investment advisory services
DALENYS TECHNOLOGIES	Online services
DARIUS CAPITAL CONSEIL	Financial investment advisory services
DNCA FINANCE	Asset Management
DNCA INVEST NORDEN	Insurance investment mutual fund
DORVAL MANAGEMENT	Asset Management
ECOFI INVESTISSEMENT	Portfolio management
EOLE COLLATERAL	Securitization vehicle
ESFIN GESTION	Portfolio management
EURO CAPITAL	Private equity
EUROTERTIA	Real estate operations
FCC ELIDE	French securitization fund (FCT)
FCT LIQUIDITÉ SHORT 1	Securitization vehicle
FCT NA FINANCEMENT DE L'ÉCONOMIE – COMPARTIMENT IMMOCORP II	Insurance investments (Securitization funds)
FCT PUMACC	Consumer loans securitization vehicle
FERIA PAULMY	Real estate operations
FINANCIÈRE DE LA BP OCCITANE	Holding company
FINANCIÈRE IMMOBILIÈRE DERUELLE	Real estate investment
FLANDRE INVESTMENT SAS	Credit institution, electronic payment systems, new technologies and holding company
FLEXSTONE PARTNERS SAS	Asset Management
FONCIER PARTICIPATIONS	Holding company
FONCIÈRE BFCA	Real estate development/management, real estate investment
FONCIÈRE D'ÉVREUX	Real estate operations
FONCIERE KUPKA	Real estate operations

Country of operation	Business
FONCIÈRE VICTOR HUGO	Holding company
FONDS TULIP	Insurance investments (Securitization funds)
FRUCTIFONCIER	Insurance real estate investments
G IMMO	Real estate operations
G102	Real estate operations
GARIBALDI CAPITAL DÉVELOPPEMENT	Private equity
GARIBALDI PIERRE	Real estate operations
GCE PARTICIPATIONS	Holding company
GEFIRUS SAS	Credit institution, electronic payment systems, new technologies and holding company
GESSINORD	Real estate operations
GIE CE SYNDICATION RISQUES	Guarantee company
GRAMAT BALARD	Real estate operations
GROUPEMENT DE FAIT	Services company
H2O AM EUROPE	Asset Management
HABITAT EN RÉGION SERVICES	Holding company
I-BP INVESTISSEMENT	Real estate operations
IMMOCARSO SNC	Investment property
IMMOCEAL	Investment property
IN CONFIDENCE INSURANCE SAS	Credit institution, electronic payment systems, new technologies and holding company
INCITY	Real estate operations
INFORMATIQUE BANQUES POPULAIRES	IT services
INGEPAR	Financial investment advisory services
INTER-COOP SA	Real estate leasing
INVESTIMA 77	Holding company
IT-CE	IT services
LABEGE LAKE H1	Real estate operations
LANGLADE SERVICES	Real estate operations
LEASE EXPANSION SA	IT operational leasing
LEVISEO	Real estate operations
MASSENA PARTNERS – BRANCH	Asset manager and investment advisory firm
MIDI COMMERCES	Real estate operations
MIDI FONCIÈRE	Real estate operations
MIDI MIXT	Real estate operations
MIFCOS	Investment property
MIROVA	Management of venture capital mutual funds
MIROVA EUROPE ENVIRONNEMENT C	Insurance investment mutual fund
MIROVA NATURAL CAPITAL LIMITED, FRANCE BRANCH	Asset Management
MONTAUDRAN PLS	Real estate operations
MULTICROISSANCE SAS	Portfolio management
MURET ACTIVITÉS	Real estate operations
MV CREDIT FRANCE	Holding company
NAMI INVESTMENT	Insurance real estate investments
NATIXIS ASSURANCES	Insurance company holding company
NATIXIS COFICINE	Finance company (audiovisual)
NATIXIS FONCIERE SA	Real estate investment
NATIXIS IM INNOVATION	Asset Management
NATIXIS IMMO DEVELOPPEMENT	Housing real estate development

Country of operation	Business
NATIXIS IMMO EXPLOITATION	Real estate operations
NATIXIS INNOV	Holding company
NATIXIS INTERÉPARGNE	Employee savings plan management
NATIXIS INVESTMENT MANAGERS	Holding company
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	Distribution
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding company
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding company
NATIXIS LIFE	Life insurance
NATIXIS MARCO	Investment company (extension of activity)
NATIXIS PAIEMENT HOLDING	Holding company
NATIXIS PARTNERS	M&A advisory services
NATIXIS PAYMENT SOLUTIONS	Banking services
NATIXIS PRIVATE EQUITY	Private equity
NATIXIS SA	Credit institution
NATIXIS TRADEX SOLUTIONS	Holding company
NATIXIS WEALTH MANAGEMENT	Credit institution
NAXICAP PARTNERS	Management of venture capital mutual funds
NAXICAP RENDEMENT 2018	Private equity
NAXICAP RENDEMENT 2022	Private equity
NAXICAP RENDEMENT 2024	Private equity
NOVA IMMO	Real estate operations
OCÉORANE	Financial investment advisory services
ONEY BANK	Holding company
ONEYTRUST SAS	Credit institution, electronic payment systems, new technologies and holding company
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund
OSSIAM	Asset Management
OSTRUM AM NEW)	Asset Management
OUEST CROISSANCE SCR	Private equity
PALATINE ASSET MANAGEMENT	Asset Management
PARTICIPATIONS BP ACA	Holding company
PAYPLUG	Payment services
PERSPECTIVES ENTREPRISES	Holding company
PHILAE SAS	Real estate operations
PLUSEXPANSION	Holding company
PRAMEX INTERNATIONAL	International development and consulting services
PRÉPAR COURTAGE	Insurance brokerage
PRÉPAR-IARD	Non-life insurance
PRÉPAR-VIE	Life insurance and endowment
PROMÉPAR GESTION	Portfolio management
REAUMUR ACTIONS	Insurance investment mutual fund
RECOMMERCE	Online services
RIOU	Real estate operations
RIVES CROISSANCE	Holding company
ROISSY COLONNADIA	Real estate operations
SCI ALTAIR 1	Real estate operations
SCI ALTAIR 2	Real estate operations
SAS ALPES DÉVELOPPEMENT DURABLE INVESTISSEMENT	Private equity

Country of operation	Business
SAS FONCIÈRE DES CAISSES D'EPARGNE	Investment property
SAS FONCIÈRE ECUREUIL II	Investment property
SAS GARIBALDI PARTICIPATIONS	Real estate operations
SAS LOIRE CENTRE IMMO	Real estate investment
SAS NSAVADE	Investment property
SAS SOCIÉTÉ IMMOBILIÈRE DE LA RÉGION RHÔNE ALPES	Real estate operations
SAS SUD CROISSANCE	Private equity
SAS TASTA	Services company
SASU BFC CROISSANCE	Private equity
SAVOISIENNE	Holding company
SBE	Credit institution
SCI AVENUE WILLY BRANDT	Real estate operations
SCI BPSO	Real estate operations
SCI BPSO BASTIDE	Real estate operations
SCI BPSO MÉRIGNAC 4 CHEMINS	Real estate operations
SCI BPSO TALENCE	Real estate operations
SCI DANS LA VILLE	Real estate operations
SCI DU CRÉDIT COOPÉRATIF DE SAINT-DENIS	Real estate operations
SCI FAIDHERBE	Real estate operations
SCI FONCIÈRE 1	Investment property
SCI GARIBALDI OFFICE	Real estate operations
SCI LA FAYETTE BUREAUX	Investment property
SCI LE CIEL	Real estate operations
SCI LE RELAIS	Real estate operations
SCI LOIRE CENTRE MONTESPAN	Real estate operations
SCI POLARIS	Real estate operations
SCI PYTHÉAS PRADO 1	Real estate operations
SCI PYTHÉAS PRADO 2	Real estate operations
SCI SAINT-DENIS	Real estate operations
SCI SHAKE HDF	Real estate operations
SCI TOURNON	Real estate operations
SCPI IMMOB EVOLUTIF	Insurance real estate investments
SEEYOND	Asset Management
SEGIMLOR	Real estate operations
SELECTIZ	Insurance investment mutual fund
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund
SEVENTURE PARTNERS	Asset Management
SI ÉQUINOXE	Holding company
SIPMÉA	Real estate development/management, real estate investment
SNC ECUREUIL 5 RUE MASSERAN	Investment property
SOCFIM	Credit institution
SOCFIM PARTICIPATIONS IMMOBILIÈRES	Holding company
SOCIÉTÉ CENTRALE DU CRÉDIT MARITIME MUTUEL	Services company
SOCIÉTÉ D'EXPANSION BOURGOGNE FRANCHE-COMTÉ	Holding company
SOCIÉTÉ D'INVESTISSEMENT ET DE PARTICIPATION IMMOBILIÈRE (SIPARI)	Holding company
SOCIÉTÉ IMMOBILIÈRE PROVENÇALE ET CORSE	Holding company

Country of operation	Business
SODERO PARTICIPATIONS	Private equity
SOFIAG	Financial company
SOFIDER	Financial company
SPG	Mutual fund
SPIG	Property leasing
SPORTS IMAGINE	Services company
SPPICAV AEW FONCIÈRE ECUREUIL	Real estate operations
SUD OUEST BAIL SA	Real estate leasing
SUD PARTICIPATIONS IMMOBILIÈRES (formerly SAS FINANCIERE IMMOBILIERE 15)	Housing real estate development
TECHNOCITÉ TERTIA	Real estate operations
TEORA	Insurance brokerage company
TÉTRIS	Real estate operations
THEMATICS ASSET MANAGEMENT	Asset Management
TRANSIMMO	Real estate agent
UNION DES SOCIÉTÉS DU CRÉDIT COOPÉRATIF (GIE)	Services company
VAL DE FRANCE IMMO	Real estate operations
VAL DE FRANCE TRANSACTIONS	Services company
VAUBAN INFRASTRUCTURE PARTNERS	Asset Management
VEGA EURO RENDEMENT FCP RC	Insurance investment mutual fund
VEGA INVESTMENT MANAGERS	Mutual fund holding company
VIALINK	Data processing
VIVALIS INVESTISSEMENTS	Real estate operations
XPOLLENS (EX-S-MONEY)	Payment services
GREAT BRITAIN	
AEW EUROPE ADVISORY LTD	Asset Management
AEW EUROPE CC LTD	Asset Management
AEW EUROPE HOLDING LTD	Asset Management
AEW EUROPE INVESTMENT LTD	Asset Management
AEW EUROPE LLP	Asset Management
AEW EUROPE PARTNERSHIP	Asset Management
AEW EVP GP LLP	Asset Management
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management
AEW GLOBAL LTD	Asset Management
AEW GLOBAL UK LTD	Asset Management
AEW PROMOTE LP LTD	Asset Management
AEW UK INVESTMENT MANAGEMENT LLP	Asset Management
FENCHURCH PARTNERS LLP	M&A advisory services
H2O ASSET MANAGEMENT CORPORATE MEMBER	Asset Management
H2O ASSET MANAGEMENT LLP	Asset Management
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management
MIROVA NATURAL CAPITAL LIMITED	Asset Management
MV CREDIT LIMITED	Asset Management
MV CREDIT LLP	Asset Management
NATIXIS ALTERNATIVE HOLDING LIMITED	Holding company
NATIXIS INVESTMENT MANAGERS UK (FUNDS) LIMITED (UK), LLC	Operational support
NATIXIS INVESTMENT MANAGERS UK LTD	Distribution
NATIXIS LONDON	Financial institution

Country of operation	Business
PRAMEX INTERNATIONAL LTD – LONDON	International development and consulting services
VERMILION PARTNERS (UK) LIMITED	Holding company
VERMILION PARTNERS LLP	M&A advisory services
HONG KONG	
AEW ASIA LIMITED	Asset Management
NATIXIS ASIA LTD	Other financial company
NATIXIS HOLDINGS (HONG KONG) LIMITED	Holding company
NATIXIS HONG KONG	Financial institution
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED	Asset Management
NATIXIS INVESTMENT MANAGERS INTERNATIONAL HONG KONG LIMITED	Asset Management
POINCARÉ CAPITAL MANAGEMENT LTD	Asset Management
POINCARÉ HOLDINGS LTD	Asset Management
PRAMEX INTERNATIONAL AP LTD – HONG KONG	International development and consulting services
VERMILION PARTNERS (HOLDINGS) LIMITED	Holding company
VERMILION PARTNERS LIMITED	Holding company
HUNGARY	
ONEY MAGYARORSZAG ZRT	Financial institution
ONEY PENZFORGALMI SZOLGALTATO KFT.	Financial institution
CAYMAN ISLANDS	
AEW VIA INVESTORS, LTD	Asset Management
DF EFG3 LIMITED	Holding company
INDIA	
NATIXIS GLOBAL SERVICES (INDIA) PRIVATE LIMITED	Operational support
PRAMEX INTERNATIONAL CONSULTING PRIVATE LTD – MUMBAI	International development and consulting services
IRELAND	
BLEACHERS FINANCE	Securitization vehicle
NATINIUM FINANCIAL PRODUCTS	Securitization vehicle
PURPLE FINANCE CLO 1	Securitization vehicle
PURPLE FINANCE CLO 2	Securitization vehicle
ITALY	
AEW ITALIAN BRANCH (EX-AEW CILOGER ITALIAN BRANCH)	Distribution
BPCE LEASE MILAN – Branch	Non-real estate and real estate leasing
DNCA FINANCE MILAN BRANCH	Asset Management
NATIXIS INVESTMENT MANAGERS S.A, ITALY BRANCH	Distribution
NATIXIS MILAN	Financial institution
ONEY SPA (ITALY)	Brokerage
PRAMEX INTERNATIONAL SRL – MILAN	International development and consulting services
JAPAN	
AEW JAPAN CORPORATION	Asset Management
NATIXIS INVESTMENT MANAGERS JAPAN CO, LTD	Asset Management
NATIXIS JAPAN SECURITIES CO, LTD	Financial institution
NATIXIS TOKYO	Financial institution
JERSEY	
AEW VALUE INVESTORS ASIA II GP LIMITED	Asset Management
AEW VALUE INVESTORS ASIA III GP LIMITED	Asset Management
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle
LAOS	
BANQUE FRANCO LAO	Credit institution
LUXEMBOURG	
AEW APREF GP SARL	Asset Management
AEW CORE PROPERTY (US) LUX GP, SARL	Asset Management
AEW EUROPE GLOBAL LUX	Asset Management
AEW EUROPE SARL	Asset Management
AEW VIA IV GP PARTNERS SARL	Asset Management
BCP LUXEMBOURG	Credit institution
DAHLIA A SICAR SCA	Private equity
DNCA FINANCE BRANCH LUXEMBOURG	Asset Management
H2O ASSET MANAGEMENT HOLDING	Asset Management
KENNEDY FINANCEMENT LUXEMBOURG	Investment company – Asset management
KENNEDY FINANCEMENT LUXEMBOURG 2	Central corporate treasury – Asset management
LOOMIS SAYLES ALPHA LUXEMBOURG, LLC	Asset Management
MASSENA PARTNERS SA	Asset manager and investment advisory firm
MASSENA WEALTH MANAGEMENT SARL	Asset manager and investment advisory firm
MV CREDIT SARL	Asset Management
NATIXIS ALTERNATIVE ASSETS	Holding company
NATIXIS INVESTMENT MANAGERS SA	Distribution
NATIXIS LIFE	Life insurance
NATIXIS REAL ESTATE FEEDER SARL	Investment company
NATIXIS STRUCTURED INSSUANCE	Issuing vehicle
NATIXIS TRUST	Holding company
NATIXIS WEALTH MANAGEMENT LUXEMBOURG	Banking
THEMATICS AI AND ROBOTICS	Life insurance
THEMATICS SUBSCRIPTION ECONOMY FUND	Asset Management
SURASSUR	Reinsurance
MALAYSIA	
NATIXIS LABUAN	Financial institution
MALTA	
ONEY HOLDING LIMITED (MALTA)	Holding company
ONEY INSURANCE (PCC) LIMITED (MALTA)	Insurance
ONEY LIFE (PCC) LIMITED (MALTA)	Insurance
MOROCCO	
BPCE MAROC	Real estate development
PRAMEX INTERNATIONAL AU CASABLANCA	International development and consulting services
MEXICO	
NATIXIS IM MEXICO, S. DE R.L DE C.V.	Asset Management
MONACO	
BANQUE POPULAIRE MÉDITERRANÉE – (MONACO BRANCH)	Credit institution

Country of operation	Business
CAISSE D'EPARGNE CÔTE D'AZUR – (MONACO BRANCH)	Credit institution
H2O AM MONACO SAM	Asset Management
PROMETHEUS WEALTH MANAGEMENT SAM	Asset Management
NEW CALEDONIA	
BANQUE DE NOUVELLE-CALÉDONIE	Credit institution
BPCE LEASE NOUMÉA	Non-real estate leasing
SOCIÉTÉ HAVRAISE CALÉDONIENNE	Real estate operations
NETHERLANDS	
AEW – DUTCH BRANCH	Real estate management
DALENYS FINANCE	Holding company
DALENYS INTERNATIONAL	Holding company
LOOMIS SAYLES & COMPANY, LP, DUTCH BRANCH	Distribution
LOOMIS SAYLES (NETHERLANDS) BV	Distribution
NATIXIS INVESTMENT MANAGERS, NEDERLANDS	Distribution
POLAND	
AEW CENTRAL EUROPE	Asset Management
ONEY POLSKA	Brokerage, financial institution
ONEY SERVICES SP ZOO	Brokerage, financial institution
PRAMEX INTERNATIONAL SP. ZOO – VARSOVIE	International development and consulting services
SMARTNEY	Brokerage, financial institution
TISE	Private equity
FRENCH POLYNESIA	
BANQUE DE TAHITI	Credit institution
BPCE LEASE TAHITI	Non-real estate leasing
PORTUGAL	
BANCO PRIMUS	Credit institution
NATIXIS PORTO	Financial institution
ONEY – PORTUGAL Branch	Brokerage
CZECH REPUBLIC	
AEW CENTRAL EUROPE CZECH	Distribution
ROMANIA	
ONEY FINANCES (ROMANIA)	Brokerage
RUSSIA	
BA FINANS (RUSSIA)	Brokerage, financial institution
NATIXIS BANK JSC, MOSCOW	Banking
SOLOMON ISLANDS	

Country of operation	Business
BRED SALOMON ISLAND	Credit institution
SINGAPORE	
AEW ASIA PTE LTD	Asset Management
H2O AM ASIA PTE LTD	Asset Management
LOOMIS SAYLES INVESTMENTS ASIA PTE LTD	Asset Management
NATIXIS INVESTMENT MANAGERS SINGAPORE LIMITED	Asset Management
NATIXIS SINGAPOUR	Financial institution
PRAMEX INTERNATIONAL PTE LTD – SINGAPORE	International development and consulting services
SWEDEN	
MIROVA SWEDEN SUBSIDIARY	Asset Management
NATIXIS INVESTMENT MANAGERS, NORDICS SUBSIDIARY	Distribution
SWITZERLAND	
BANQUE DU LÉMAN	Credit institution
BIC BRED (Suisse) SA	Credit institution
FLEXSTONE PARTNERS SARL	Asset Management
NATIXIS INVESTMENT MANAGERS SWITZERLAND SARL	Asset Management
THAILAND	
BRED IT	IT services
TAIWAN	
NATIXIS TAIWAN	**Financial institution**
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING CO. LTD	Asset Management
TUNISIA	
PRAMEX INTERNATIONAL SARL – TUNIS	International development and consulting services
UKRAINE	
ONEY UKRAINE (UKRAINE)	Brokerage
URUGUAY	
NATIXIS INVESTMENT MANAGERS URUGUAY SA	Distribution
VANUATU	
BRED VANUATU	Credit institution
FONCIÈRE DU VANUATU	Real estate investment
VIETNAM	
BPCE INTERNATIONAL HO CHI MINH CITY (Vietnam branch)	Specialized credit institution

12.7 STATUTORY AUDITORS' FEES

Fees in respect of duties performed by the Statutory Auditors for the whole of Groupe BPCE (including Statutory Auditors not belonging to the same network as those responsible for auditing BPCE's financial statements) in respect of the 2020 and 2021 fiscal years were as follows:

	Statutory Auditors responsible for auditing BPCE's financial statements												**Other Statutory Auditors**					
	PwC				**Mazars**				**Deloitte**									
	Amount		**%**		**Amount**		**%**		**Amount**		**%**		**KPMG Audit**[2]		**Other**		**Total**	
in thousands of euros[1]	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Certification of financial statements	13,813	13,839	75%	77%	5,833	6,069	83%	67%	9,235	8,255	71%	77%	5,552	5,236	771	1,494	35,204	34,893
Services other than financial statement certification[3]	4,601	3,946	25%	23%	1,192	1,753	17%	33%	3,783	2,423	29%	23%	848	453	22	105	10,446	8,679
TOTAL	**18,414**	**17,785**	**100%**	**100%**	**7,025**	**7,822**	**100%**	**100%**	**13.018**	**10,678**	**100%**	**100%**	**6,400**	**5,688**	**793**	**1,599**	**45,650**	**43,572**
o/w fees paid to commissioned Statutory Auditor for certification of financial statements of consolidating entities	*9,469*	*9,352*			*4,828*	*5,066*			*5,249*	*4,286*			*5,463*	*5,236*	*684*	*1,494*	*25,694*	*25,433*
o/w fees paid to commissioned Statutory Auditor for services other than certification of financial statements of consolidating entities	*1,412*	*1,005*			*687*	*669*			*1,138*	*930*			*662*	*453*	*22*	*105*	*3,921*	*3,161*
% Change	4%				(10%)				22%				13%		(50%)		5%	

(1) Amounts relating to services provided appear on the income statement for the fiscal year, notably including unrecoverable VAT.

(2) For the KPMG audit network, amounts include fees paid to the network when it signs the financial statements of shareholder institutions (and their subsidiaries) or direct subsidiaries of BPCE SA. Consequently, they do not take into account fees paid by BPCE SA of €1.4 million for "Services other than financial statement certification".

(3) In 2021, "Services other than financial statement certification" mainly concern assignments performed at the request of BPCE (€1.5 million), in particular for work relating to expert appraisals (€0.8 million), letters of comfort relating to issues (€0.4 million), as well as assignments performed at the request of Natixis SA and its subsidiaries (€5.9 million), in particular support for the compliance of systems put in place (€1 million), tax assignments outside the European Union (€0.9 million), technical assistance assignments (€0.7 million) and services rendered in connection with acquisitions of entities (€0.7 million).

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Note 13 Details of the scope of consolidation

13.1 SECURITIZATION TRANSACTIONS

Accounting principles

Securitization is a financial engineering technique that aims to enhance balance sheet liquidity. From a technical perspective, assets to be securitized are grouped according to the quality of the associated collateral or guarantees, and sold to special purpose entities that finance their acquisition by issuing securities underwritten by investors.

Entities created specifically for this purpose are consolidated if the group exercises control over them. Control is assessed according to the criteria provided in IFRS 10.

The following statement lists the securitization transactions carried out by the Retail Banking and Insurance entities without (full or partial) derecognition:

in millions of euros	Type of assets	Inception date	Expected maturity	Nominal at inception	12/31/2021
Elide 2014	Residential home loans	11/18/2014	October 2039	915	189
Elide 2017-1	Residential home loans	2/2/2017	December 2037	1,842	588
Elide 2017-2	Residential home loans	4/27/2017	October 2041	1,051	418
Elide 2018	Residential home loans	5/29/2018	September 2046	1,390	785
Elide 2021	Residential home loans	3/25/2021	March 2049		2,655
Elide sub-total				**7,477**	**4,635**
BPCE Master home loans/BPCE Master home demut	Residential home loans	5/26/2014	April 2032	44,068	39,732
BPCE consumer loans	Personal loans	5/27/2016	May 2032	5,000	4,985
BPCE home loans FCT 2017_5	Residential home loans	5/29/2017	May 2054	10,500	5,101
BPCE home loans 2018	Residential home loans	10/29/2018	October 2053 (call 2023)	1,125	464
BPCE home loans 2019	Residential home loans	10/29/2019	October 2054	1,100	636
BPCE home loans 2020	Residential home loans	10/28/2020	October 2054	1,090	889
BPCE home loans 2021	Residential home loans	10/26/2021	October 2054	1,619	1,573
Other sub-total				**64,503**	**53,210**
TOTAL				**71,980**	**57,845**

SECURITIZATION TRANSACTIONS WITHIN GROUPE BPCE

In 2021, two new special purpose entities (two Fonds Communs de Titrisation or "FCTs") were consolidated within Groupe BPCE: BPCE home loans FCT 2021 and BPCE home loans FCT 2021 Demut, both resulting from an internal securitization transaction carried out by the Banques Populaires and the Caisses d'Epargne on October 26, 2021.

Under this transaction, €1.6 billion in home loans were transferred to BPCE home loans FCT 2021, and external investors subscribed for senior securities issued by the FCT (€1.5 billion). Despite the placement in the market, this transaction does not lead to deconsolidation since the entities that transferred the loans subscribed for subordinated securities and residual shares. They therefore retain control within the meaning of IFRS 10.

It succeeds the previous securitization transactions: BPCE Master home loans, BPCE consumer loans 2016 (real estate loan securitization), BPCE home loans FCT 2017_5 (real estate loan securitization), BPCE home loans FCT 2018 (real estate loan securitization), BPCE home loans FCT 2019 (real estate loan securitization) and BPCE home loans FCT 2020 (real estate loan securitization). It was the fourth transaction with a placement of senior securities on the markets. Despite the placement in the market, these transactions do not allow deconsolidation since the entities that transferred the loans subscribed for subordinated securities and residual shares. They therefore retain control within the meaning of IFRS 10.

SECURITIZATION TRANSACTIONS CARRIED OUT WITH FULL OR PARTIAL DERECOGNITION

Crédit Foncier has entered into two public securitizations backed by home loans (Crédit Foncier home loans No. 1 in May 2014 and Crédit Foncier home loans No. 2 in August 2015).

As a receivables manager, Crédit Foncier does not have the ability to use its power to influence the variability of returns. Therefore, it does not control the securitization funds within the meaning of IFRS 10, and the funds are not consolidated.

However, given its ongoing ties with CFHL-2, the criteria needed to establish full derecognition of assets under IFRS 9 are not entirely met. As a result, the transaction leads to deconsolidation in accordance with IFRS 10, and to partial derecognition in accordance with IFRS 9.

The CFHL-2 assets transferred are recognized in proportion to Crédit Foncier's continued involvement. As a result, the group continues to recognize the maximum loss associated with each of the residual ties to the fund (swaps, clean-up calls, management fees) in balance sheet assets.

These adjustments led to the recognition of total assets of €67 million and total liabilities of €5 million at December 31, 2021.

The fair value of these residual ties is remeasured at each reporting date.

At December 31, 2021, the net impact of the CFHL-2 transactions was an expense of -€9 million.

13.2 GUARANTEED UCITS

Guaranteed UCITS are funds designed to reach a specific amount at the end of a given period, determined by applying a predefined calculation formula based on financial market indicators and, where appropriate, to distribute revenues derived from the investments as determined using the same methods. The portfolio management targets of these funds are guaranteed by a credit institution.

Based on an analysis of the substance of these funds in accordance with IFRS 10, the group does not control relevant activities (as management flexibility is limited) and is not exposed to variable returns (as a solid risk monitoring system has been implemented) and therefore does not consolidate these structures.

13.3 OTHER INTERESTS IN CONSOLIDATED SUBSIDIARIES AND STRUCTURED ENTITIES

MAJOR RESTRICTIONS

The group has not been faced with any major restrictions relating to stakes held in its structured or non-structured subsidiaries.

SUPPORT OF CONSOLIDATED STRUCTURED ENTITIES

The group did not grant any financial support to consolidated structured entities.

13.4 SCOPE OF CONSOLIDATION AT DECEMBER 31, 2021

Only those entities providing a material contribution are consolidated. For entities meeting the definition of financial sector entities given in Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 (the CRR), the accounting consolidation thresholds have been aligned, since December 31, 2017, with those applied for the prudential scope of consolidation. Article 19 of the CRR sets a threshold of €10 million in total balance sheet and off-balance sheet assets. For non-financial sector entities, materiality is assessed at the level of the consolidated entities. Based on the principle of ascending materiality, any entity included at a sub-consolidation level is included at all higher consolidation levels, even if it is not material at those levels.

The percentage interest is specified for each entity in the scope of consolidation. The percentage of interest describes the share of equity held by the group, either directly or indirectly, in companies within the scope. The percentage of interest can be used to determine the share attributable to equity holders of the parent in the net assets of the company held.

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
I) CONSOLIDATING ENTITY				
I-1 Banque Populaire banks				
BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE	Credit institution	FR	100%	FC
BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	Credit institution	FR	100%	FC
BANQUE POPULAIRE AUVERGNE RHÔNE ALPES	Credit institution	FR	100%	FC
BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ	Credit institution	FR	100%	FC
BANQUE POPULAIRE DU NORD	Credit institution	FR	100%	FC
BANQUE POPULAIRE DU SUD	Credit institution	FR	100%	FC
BANQUE POPULAIRE GRAND OUEST	Credit institution	FR	100%	FC
BANQUE POPULAIRE MÉDITERRANÉE	Credit institution	FR	100%	FC
Banque Populaire Méditerranée Monaco branch	Credit institution	MC	100%	FC
BANQUE POPULAIRE OCCITANE	Credit institution	FR	100%	FC
BANQUE POPULAIRE RIVES DE PARIS	Credit institution	FR	100%	FC
BANQUE POPULAIRE VAL DE FRANCE	Credit institution	FR	100%	FC
BRED BANQUE POPULAIRE	Credit institution	FR	100%	FC
CASDEN BANQUE POPULAIRE	Credit institution	FR	100%	FC
CRÉDIT COOPÉRATIF	Credit institution	FR	100%	FC
I-2 Caisses d'Epargne				
CAISSE D'EPARGNE AQUITAINE POITOU-CHARENTES	Credit institution	FR	100%	FC
CAISSE D'EPARGNE BRETAGNE PAYS DE LOIRE	Credit institution	FR	100%	FC
CAISSE D'EPARGNE CÔTE D'AZUR	Credit institution	FR	100%	FC
Caisse d'Epargne Côte d'Azur Monaco branch	Credit institution	MC	100%	FC
CAISSE D'EPARGNE D'AUVERGNE ET DU LIMOUSIN	Credit institution	FR	100%	FC
CAISSE D'EPARGNE DE BOURGOGNE FRANCHE-COMTÉ	Credit institution	FR	100%	FC
CAISSE D'EPARGNE DE MIDI-PYRÉNÉES	Credit institution	FR	100%	FC
CAISSE D'EPARGNE HAUTS DE FRANCE	Credit institution	FR	100%	FC
Caisse d'Epargne Hauts de France Belgium branch	Credit institution	BE	100%	FC
CAISSE D'EPARGNE ÎLE-DE-FRANCE	Credit institution	FR	100%	FC
CAISSE D'EPARGNE LANGUEDOC-ROUSSILLON	Credit institution	FR	100%	FC
CAISSE D'EPARGNE LOIRE-CENTRE	Credit institution	FR	100%	FC
CAISSE D'EPARGNE LOIRE DRÔME ARDÈCHE	Credit institution	FR	100%	FC
CAISSE D'EPARGNE GRAND EST EUROPE	Credit institution	FR	100%	FC
CAISSE D'EPARGNE NORMANDIE	Credit institution	FR	100%	FC
CAISSE D'EPARGNE CEPAC	Credit institution	FR	100%	FC
CAISSE D'EPARGNE RHÔNE ALPES	Credit institution	FR	100%	FC
I-3 BPCE SA				
BPCE SA	Credit institution	FR	100%	FC
I-4 Mutual Guarantee Companies				
32 MUTUAL GUARANTEE COMPANIES	Guarantee companies	FR	100%	FC
II) "ASSOCIATE" INSTITUTIONS				
EDEL	Credit institution	FR	34%	EQ
III) SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES				
III-1 – Banque Populaire subsidiaries				
ACLEDA	Credit institution	KH	12%	EQ
ADRAXTRA CAPITAL	Private equity	FR	100%	FC
AURORA	Holding company	BE	100%	EQ
BANQUE CALÉDONIENNE D'INVESTISSEMENT	Credit institution	NC	50%	EQ
BANQUE DE SAVOIE	Credit institution	FR	100%	FC
ENERGY TRANSITION BANK	Financial investment advisory services	FR	100%	FC
BANQUE FRANCO LAO	Credit institution	LA	70%	FC
BCEL	Credit institution	LA	10%	EQ
BCI MER ROUGE	Credit institution	DJ	51%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
BCP LUXEMBOURG	Credit institution	LU	100%	FC
BIC BRED	Credit institution	FR	100%	FC
BIC BRED (Suisse) SA	Credit institution	CH	100%	FC
BP DÉVELOPPEMENT	Private equity	FR	100%	FC
BPA ATOUTS PARTICIPATIONS	Private equity	FR	100%	FC
BRD CHINA LTD	Private equity	CN	100%	FC
BRED BANK CAMBODIA PLC	Financial company	KH	100%	FC
BRED BANK FIJI LTD	Credit institution	FJ	90%	FC
BRED COFILEASE	Non-real estate leasing	FR	100%	FC
BRED GESTION	Credit institution	FR	100%	FC
BRED IT	IT services	TH	100%	FC
BRED SALOMON ISLAND	Credit institution	SB	85%	FC
BRED VANUATU	Credit institution	VU	85%	FC
BTP BANQUE	Credit institution	FR	90%	FC
BTP CAPITAL CONSEIL	Financial investment advisory services	FR	90%	FC
BTP CAPITAL INVESTISSEMENT	Private equity	FR	53%	FC
CADEC	Private equity	FR	40%	EQ
CAISSE DE GARANTIE IMMOBILIÈRE DU BÂTIMENT	Insurance	FR	30%	EQ
CAISSE SOLIDAIRE	Financial company	FR	99%	FC
CLICK AND TRUST	Data processing	FR	100%	FC
COFEG	Consulting	FR	100%	FC
COFIBRED	Holding company	FR	100%	FC
COOPEST	Private equity	BE	32%	EQ
COOPMED	Private equity	BE	49%	EQ
CREPONORD	Non-real estate and real estate leasing	FR	100%	FC
ECOFI INVESTISSEMENT	Portfolio management	FR	100%	FC
EPBF	Payment institution	BE	100%	FC
ESFIN	Private equity	FR	38%	EQ
ESFIN GESTION	Portfolio management	FR	100%	FC
EURO CAPITAL	Private equity	FR	91%	FC
FCC ELIDE	French securitization fund (FCT)	FR	100%	FC
FINANCIÈRE DE LA BP OCCITANE	Holding company	FR	100%	FC
FINANCIÈRE IMMOBILIÈRE DERUELLE	Real estate investment	FR	100%	FC
FONCIÈRE DU VANUATU	Real estate investment	VU	100%	FC
FONCIÈRE BFCA	Real estate development/management, real estate investment	FR	100%	FC
FONCIÈRE VICTOR HUGO	Holding company	FR	100%	FC
GARIBALDI CAPITAL DÉVELOPPEMENT	Private equity	FR	100%	FC
GARIBALDI PIERRE	Real estate operations	FR	100%	FC
GESSINORD	Real estate operations	FR	100%	FC
GROUPEMENT DE FAIT	Services company	FR	100%	FC
I-BP INVESTISSEMENT	Real estate operations	FR	100%	FC
IMMOCARSO SNC	Investment property	FR	100%	FC
INGEPAR	Financial investment advisory services	FR	100%	FC
INFORMATIQUE BANQUES POPULAIRES	IT services	FR	100%	FC
IRR INVEST	Private equity	BE	100%	FC
MULTICROISSANCE SAS	Portfolio management	FR	100%	FC
NAXICAP RENDEMENT 2018	Private equity	FR	100%	FC
NAXICAP RENDEMENT 2022	Private equity	FR	100%	FC
NAXICAP RENDEMENT 2024	Private equity	FR	100%	FC
NJR INVEST	Private equity	BE	100%	FC
OUEST CROISSANCE SCR	Private equity	FR	100%	FC
PARNASSE GARANTIES	Insurance	FR	80%	EQ

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
PARTICIPATIONS BP ACA	Holding company	FR	100%	FC
PERSPECTIVES ENTREPRISES	Holding company	FR	100%	FC
PLUSEXPANSION	Holding company	FR	100%	FC
PRÉPAR COURTAGE	Insurance brokerage	FR	100%	FC
PRÉPAR-IARD	Non-life insurance	FR	100%	FC
PRÉPAR-VIE	Life insurance and endowment	FR	100%	FC
PROMÉPAR GESTION	Portfolio management	FR	100%	FC
RIVES CROISSANCE	Holding company	FR	100%	FC
SAS ALPES DÉVELOPPEMENT DURABLE INVESTISSEMENT	Private equity	FR	100%	FC
SAS GARIBALDI PARTICIPATIONS	Real estate operations	FR	100%	FC
SAS SOCIÉTÉ IMMOBILIÈRE DE LA RÉGION RHÔNE ALPES	Real estate operations	FR	100%	FC
SAS SUD CROISSANCE	Private equity	FR	100%	FC
SAS TASTA	Services company	FR	63%	FC
SASU BFC CROISSANCE	Private equity	FR	100%	FC
SAVOISIENNE	Holding company	FR	100%	FC
SBE	Credit institution	FR	100%	FC
SCI BPSO	Real estate operations	FR	100%	FC
SCI BPSO BASTIDE	Real estate operations	FR	100%	FC
SCI BPSO MÉRIGNAC 4 CHEMINS	Real estate operations	FR	100%	FC
SCI BPSO TALENCE	Real estate operations	FR	100%	FC
SCI DU CRÉDIT COOPÉRATIF DE SAINT-DENIS	Real estate operations	FR	100%	FC
SCI FAIDHERBE	Real estate operations	FR	100%	FC
SCI POLARIS	Real estate operations	FR	100%	FC
SCI PYTHÉAS PRADO 1	Real estate operations	FR	100%	FC
SCI PYTHÉAS PRADO 2	Real estate operations	FR	100%	FC
SCI SAINT-DENIS	Real estate operations	FR	99%	FC
SEGIMLOR	Real estate operations	FR	100%	FC
SI ÉQUINOXE	Holding company	FR	100%	FC
SIPMÉA	Real estate development/management, real estate investment	FR	100%	FC
SOCIÉTÉ CENTRALE DU CRÉDIT MARITIME MUTUEL	Services company	FR	100%	FC
SOCIÉTÉ D'EXPANSION BOURGOGNE FRANCHE-COMTÉ	Holding company	FR	100%	FC
SOCIÉTÉ IMMOBILIÈRE PROVENÇALE ET CORSE	Holding company	FR	100%	FC
SOCREDO	Credit institution	PF	15%	EQ
SOFIAG	Financial company	FR	100%	FC
SOFIDER	Financial company	RE	100%	FC
SPIG	Property leasing	FR	100%	FC
SUD PARTICIPATIONS IMMOBILIÈRES (formerly SAS FINANCIÈRE IMMOBILIÈRE 15)	Housing real estate development	FR	100%	FC
TISE[3]	Private equity	PL	100%	FC
TRANSIMMO	Real estate agent	FR	100%	FC
UNION DES SOCIÉTÉS DU CRÉDIT COOPÉRATIF (GIE)	Services company	FR	98%	FC
VAL DE FRANCE IMMO	Real estate operations	FR	100%	FC
VAL DE FRANCE TRANSACTIONS	Services company	FR	100%	FC
VIALINK	Data processing	FR	100%	FC
III-2 – Caisses d'Epargne subsidiaries				
339 UNITED STATES	Real estate operations	FR	100%	FC
ADOUR SERVICES COMMUNS	Real estate operations	FR	100%	FC
AFOPEA	Real estate operations	FR	100%	FC
APOUTICAYRE LOGEMENTS	Real estate operations	FR	100%	FC
BANQUE BCP SAS	Credit institution	FR	80%	FC
BANQUE DE NOUVELLE-CALÉDONIE	Credit institution	NC	97%	FC
BANQUE DE TAHITI	Credit institution	PF	97%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
BANQUE DU LÉMAN	Credit institution	CH	100%	FC
BATIMAP	Non-real estate leasing	FR	100%	FC
BATIMUR	Non-real estate leasing	FR	100%	FC
BATIROC BRETAGNE PAYS DE LOIRE	Non-real estate and real estate leasing	FR	100%	FC
BCEF 64	Real estate operations	FR	100%	FC
BDR IMMO 1	Real estate operations	FR	100%	FC
BEAULIEU IMMO	Real estate operations	FR	100%	FC
BLEU RÉSIDENCE LORMONT	Real estate operations	FR	66%	FC
BRETAGNE PARTICIPATIONS	Private equity	FR	50%	FC
BURODIN	Real estate operations	FR	100%	FC
CAPITOLE FINANCE	Non-real estate leasing	FR	100%	FC
CE DÉVELOPPEMENT	Private equity	FR	100%	FC
CE DÉVELOPPEMENT II	Private equity	FR	100%	FC
CEBIM	Holding company	FR	100%	FC
CEPAC FONCIÈRE	Real estate operations	FR	100%	FC
CEPAC INVESTISSEMENT ET DÉVELOPPEMENT	Private equity	FR	100%	FC
CEPAIM SA	Real estate operations	FR	100%	FC
CEPRAL	Investments in real estate development	FR	100%	FC
CRISTAL IMMO	Real estate operations	FR	100%	FC
EUROTERTIA	Real estate operations	FR	100%	FC
FERIA PAULMY	Real estate operations	FR	100%	FC
G IMMO	Real estate operations	FR	100%	FC
G102	Real estate operations	FR	100%	FC
GIE CE SYNDICATION RISQUES	Guarantee company	FR	100%	FC
IMMOCEAL	Investment property	FR	100%	FC
INCITY	Real estate operations	FR	100%	FC
IT-CE	IT services	FR	100%	FC
LABEGE LAKE H1	Real estate operations	FR	50%	FC
LANGLADE SERVICES	Real estate operations	FR	51%	FC
LEVISEO	Real estate operations	FR	50%	FC
MIDI COMMERCES	Real estate operations	FR	100%	FC
MIDI FONCIÈRE	Real estate operations	FR	100%	FC
MIDI MIXT	Real estate operations	FR	100%	FC
MONTAUDRAN PLS	Real estate operations	FR	100%	FC
MURET ACTIVITÉS	Real estate operations	FR	100%	FC
NOVA IMMO	Real estate operations	FR	100%	FC
PHILAE SAS	Real estate operations	FR	100%	FC
RIOU	Real estate operations	FR	100%	FC
ROISSY COLONNADIA	Real estate operations	FR	50%	FC
SAS FONCIÈRE DES CAISSES D'EPARGNE	Investment property	FR	100%	FC
SAS FONCIÈRE ECUREUIL II	Investment property	FR	78%	FC
SAS LOIRE CENTRE IMMO	Real estate investment	FR	100%	FC
SAS NSAVADE	Investment property	FR	100%	FC
SC RES. AILES D'ICARE	Real estate operations	FR	50%	EQ
SC RES. CARRÉ DES PIONNIERS	Real estate operations	FR	50%	EQ
SC RES. ILOT J	Real estate operations	FR	50%	EQ
SC RES. LATECOERE	Real estate operations	FR	50%	EQ
SC RES. MERMOZ	Real estate operations	FR	50%	EQ
SC RES. SAINT EXUPERY	Real estate operations	FR	50%	EQ
SCI AVENUE WILLY BRANDT	Real estate operations	FR	100%	FC
SCI DANS LA VILLE	Real estate operations	FR	100%	FC
SCI FONCIÈRE 1	Investment property	FR	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
SCI GARIBALDI OFFICE	Real estate operations	FR	100%	FC
SCI LA FAYETTE BUREAUX	Investment property	FR	100%	FC
SCI LE CIEL	Real estate operations	FR	100%	FC
SCI LE RELAIS	Real estate operations	FR	100%	FC
SCI LOIRE CENTRE MONTESPAN	Real estate operations	FR	100%	FC
SCI SHAKE HDF	Real estate operations	FR	100%	FC
SCI TOURNON	Real estate operations	FR	100%	FC
SNC ECUREUIL 5 RUE MASSERAN	Investment property	FR	100%	FC
SOCIÉTÉ HAVRAISE CALÉDONIENNE	Real estate operations	NC	90%	FC
SODERO PARTICIPATIONS	Private equity	FR	67%	FC
SPPICAV AEW FONCIÈRE ECUREUIL	Real estate operations	FR	100%	FC
TECHNOCITÉ TERTIA	Real estate operations	FR	100%	FC
TÉTRIS	Real estate operations	FR	50%	FC
VIVALIS INVESTISSEMENTS	Real estate operations	FR	100%	FC
III-3 – BPCE subsidiaries				
ALBIANT-IT	IT systems and software consulting	FR	100%	FC
BATILEASE	Real estate leasing	FR	100%	FC
BPCE ACHATS	Services company	FR	100%	FC
BPCE BAIL	Real estate leasing	FR	100%	FC
BPCE CAR LEASE	Long-term vehicle leasing	FR	100%	FC
BPCE ENERGECO	Non-real estate leasing	FR	100%	FC
BPCE EXPERTISE IMMOBILIER (ex CRÉDIT FONCIER EXPERTISE)	Real estate valuation	FR	100%	FC
BPCE FACTOR	Factoring	FR	100%	FC
BPCE Financement	Consumer loans	FR	100%	FC
BPCE OUTSOURCING AND TECHNOLOGY	IT services	FR	100%	FC
BPCE LEASE	Non-real estate leasing	FR	100%	FC
BPCE LEASE IMMO	Real estate leasing	FR	100%	FC
BPCE LEASE MADRID – Branch	Non-real estate and real estate leasing	ES	100%	FC
BPCE LEASE MILAN – Branch	Non-real estate and real estate leasing	IT	100%	FC
BPCE LEASE NOUMÉA	Non-real estate leasing	NC	99%	FC
BPCE LEASE RÉUNION	Non-real estate leasing	RE	100%	FC
BPCE LEASE TAHITI	Non-real estate leasing	PF	100%	FC
BPCE MASTER HOME LOANS FCT/BPCE CONSUMER LOANS FCT	French securitization fund (FCT)	FR	100%	FC
BPCE PERSONAL CAR LEASE	Long-term vehicle leasing	FR	100%	FC
BPCE SERVICES FINANCIERS (ex CSF-GCE)	Services company	FR	98%	FC
BPCE SFH	Funding	FR	100%	FC
BPCE SOLUTIONS CRÉDIT (EX GIE ECUREUIL CRÉDIT)	Services company	FR	100%	FC
BPCE SOLUTIONS IMMOBILIÈRES (ex CRÉDIT FONCIER IMMOBILIER)	Real estate operations	FR	100%	FC
CICOBAIL SA	Real estate leasing	FR	100%	FC
CO ASSUR CONSEIL ASSURANCE SA (BROKERAGE)	Insurance brokerage advisory	FR	100%	FC
COMPAGNIE EUROPÉENNE DE GARANTIES ET DE CAUTIONS	Insurance	FR	100%	FC
FCT PUMACC	Consumer loans securitization vehicle	FR	100%	FC
FIDOR BANK AG[3]	Digital loan institution	DE	100%	FC
GCE PARTICIPATIONS	Holding company	FR	100%	FC
INTER-COOP SA	Real estate leasing	FR	100%	FC
LEASE EXPANSION SA	IT operational leasing	FR	100%	FC
MAISON FRANCE CONFORT PROU INVESTISSEMENTS	Real estate development	FR	49%	EQ
MIDT FACTORING A/S	Factoring	DK	100%	FC
MIFCOS	Investment property	FR	100%	FC
SOCFIM	Credit institution	FR	100%	FC
SOCFIM PARTICIPATIONS IMMOBILIÈRES	Holding company	FR	100%	FC
SOCRAM BANQUE	Credit institution	FR	33%	EQ

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
SPORTS IMAGINE	Services company	FR	100%	FC
SUD OUEST BAIL SA	Real estate leasing	FR	100%	FC
SURASSUR	Reinsurance	LU	99%	FC
ONEY group				
ONEY BANK	Holding company	FR	50%	FC
FLANDRE INVESTMENT SAS	Credit institution, electronic payment systems, new technologies and holding company	FR	50%	FC
ONEY SERVICIOS FINANCIEROS EFC SAU (SPAIN)	Brokerage	ES	50%	FC
BA FINANS (RUSSIA)	Brokerage, financial institution	RU	50%	FC
ONEY PENZFORGALMI SZOLGALTATO KFT.	Financial institution	HU	50%	FC
ONEY MAGYARORSZAG ZRT	Financial institution	HU	50%	FC
GEFIRUS SAS	Credit institution, electronic payment systems, new technologies and holding company	FR	50%	FC
IN CONFIDENCE INSURANCE SAS	Credit institution, electronic payment systems, new technologies and holding company	FR	50%	FC
ONEY HOLDING LIMITED (MALTA)	Holding company	MT	50%	FC
ONEY LIFE (PCC) LIMITED (MALTA)	Insurance	MT	50%	FC
ONEY INSURANCE (PCC) LIMITED (MALTA)	Insurance	MT	50%	FC
ONEY POLSKA	Brokerage, financial institution	PL	50%	FC
ONEY SERVICES SP ZOO	Brokerage, financial institution	PL	50%	FC
ONEY FINANCES (ROMANIA)	Brokerage	RO	50%	FC
SMARTNEY	Brokerage, financial institution	PL	50%	FC
ONEY (Portugal branch)	Brokerage	PT	50%	FC
ONEYTRUST SAS	Credit institution, electronic payment systems, new technologies and holding company	FR	50%	FC
ONEY SPA (ITALY)	Brokerage	IT	50%	FC
ONEY UKRAINE (UKRAINE)	Brokerage	UA	50%	FC
ONEY Gmbh	Services, business development consulting	DE	50%	FC
Groupe BPCE International				
BPCE INTERNATIONAL	Specialized credit institution	FR	100%	FC
BPCE INTERNATIONAL HO CHI MINH CITY (Vietnam branch)	Specialized credit institution	VN	100%	FC
BPCE MAROC	Real estate development	MA	100%	FC
FRANSA BANK	Credit institution	FR	21%	EQ
OCÉORANE	Financial investment advisory services	MQ	100%	FC
PRAMEX INTERNATIONAL	International development and consulting services	FR	100%	FC
PRAMEX INTERNATIONAL AP LTD – HONG KONG	International development and consulting services	HK	100%	FC
PRAMEX INTERNATIONAL AU CASABLANCA	International development and consulting services	MA	100%	FC
PRAMEX INTERNATIONAL CO LTD – SHANGHAI	International development and consulting services	CN	100%	FC
PRAMEX INTERNATIONAL CONSULTING PRIVATE LTD – MUMBAI	International development and consulting services	IN	100%	FC
PRAMEX INTERNATIONAL CORP – NEW YORK	International development and consulting services	US	100%	FC
PRAMEX INTERNATIONAL DO BRAZIL CONSULTARIA LTDA – SAO PAULO	International development and consulting services	BR	100%	FC
PRAMEX INTERNATIONAL GmbH – FRANKFURT	International development and consulting services	DE	100%	FC
PRAMEX INTERNATIONAL LTD – LONDON	International development and consulting services	GB	100%	FC
PRAMEX INTERNATIONAL PTE LTD – SINGAPORE	International development and consulting services	SG	100%	FC
PRAMEX INTERNATIONAL SRL – MILAN	International development and consulting services	IT	100%	FC
PRAMEX INTERNATIONAL SA – MADRID	International development and consulting services	ES	100%	FC
PRAMEX INTERNATIONAL SARL – TUNIS	International development and consulting services	TN	100%	FC
PRAMEX INTERNATIONAL SP. ZOO – VARSOVIE	International development and consulting services	PL	100%	FC
Crédit Foncier group				
BANCO PRIMUS	Credit institution	PT	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
BANCO PRIMUS Spain	Credit institution	ES	100%	FC
CFG COMPTOIR FINANCIER DE GARANTIE	Guarantee company	FR	100%	FC
COFIMAB	Real estate agent	FR	100%	FC
COMPAGNIE DE FINANCEMENT FONCIER	Financial company	FR	100%	FC
CRÉDIT FONCIER DE FRANCE	Credit institution	FR	100%	FC
CRÉDIT FONCIER DE FRANCE(Belgium branch)	Credit institution	BE	100%	FC
FONCIER PARTICIPATIONS	Holding company	FR	100%	FC
FONCIÈRE D'ÉVREUX	Real estate operations	FR	100%	FC
GRAMAT BALARD	Real estate operations	FR	100%	FC
SOCIÉTÉ D'INVESTISSEMENT ET DE PARTICIPATION IMMOBILIÈRE (SIPARI)	Holding company	FR	100%	FC
Banque Palatine Group				
ARIES ASSURANCES	Insurance brokerage	FR	100%	FC
BANQUE PALATINE	Credit institution	FR	100%	FC
CONSERVATEUR FINANCE	Fund management	FR	20%	EQ
PALATINE ASSET MANAGEMENT	Asset Management	FR	100%	FC
Global Financial Services division				
NATIXIS PFANDBRIEFBANK AG	Credit institution	DE	100%	FC
AZURE CAPITAL HOLDINGS PTY LTD	M&A advisory services	AU	53%	FC
AZURE CAPITAL SECURITIES PTY LTD	Fund management and Equity capital markets	AU	53%	FC
THE AZURE CAPITAL TRUST	Holding company	AU	53%	FC
AZURE CAPITAL LIMITED	Holding company	AU	53%	FC
NATIXIS AUSTRALIA PTY LTD	Financial institution	AU	100%	FC
SAUDI ARABIA INVESTMENT COMPANY	Financial institution	SA	100%	FC
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company	BE	100%	FC
EDF INVESTISSEMENT GROUPE	Investment company	BE	8%	EQ
VERMILION (BEIJING) ADVISORY COMPANY LIMITED	M&A advisory services	CN	51%	FC
NATIXIS PARTNERS IBERIA, SA	M&A advisory services	ES	80%	FC
NATIXIS NORTH AMERICA LLC	Holding company	US	100%	FC
PETER J. SOLOMON COMPANY LP	M&A advisory services	US	53%	FC
PETER J. SOLOMON SECURITIES COMPANY LLC	Brokerage	US	53%	FC
NATIXIS FUNDING CORP	Other financial company	US	100%	FC
VERSAILLES	Securitization vehicle	US	0%	FC
NATIXIS SECURITIES AMERICAS LLC	Brokerage	US	100%	FC
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions	US	100%	FC
NATIXIS REAL ESTATE HOLDINGS LLC	Real estate finance	US	100%	FC
NATIXIS REAL ESTATE CAPITAL LLC	Real estate finance	US	100%	FC
CM REO HOLDINGS TRUST	Secondary markets finance	US	100%	FC
CM REO TRUST	Secondary markets finance	US	100%	FC
MSR TRUST	Real estate finance	US	100%	FC
NATIXIS US MTN PROGRAM LLC	Issuing vehicle	US	100%	FC
NATIXIS SA	Credit institution	FR	100%	FC
NATIXIS IMMO DEVELOPPEMENT	Housing real estate development	FR	100%	FC
CONTANGO TRADING SA	Brokerage company	FR	100%	FC
NATIXIS PARTNERS	M&A advisory services	FR	100%	FC
FCT LIQUIDITÉ SHORT 1	Securitization vehicle	FR	100%	FC
EOLE COLLATERAL	Securitization vehicle	FR	100%	FC
SPG	Mutual fund	FR	100%	FC
NATIXIS MARCO	Investment company (extension of activity)	FR	100%	FC
NATIXIS INNOV	Holding company	FR	100%	FC
INVESTIMA 77	Holding company	FR	100%	FC
NATIXIS ALTERNATIVE HOLDING LIMITED	Holding company	GB	100%	FC
FENCHURCH PARTNERS LLP	M&A advisory services	GB	51%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
VERMILION PARTNERS (UK) LIMITED	Holding company	GB	51%	FC
VERMILION PARTNERS LLP	M&A advisory services	GB	51%	FC
NATIXIS ASIA LTD	Other financial company	HK	100%	FC
NATIXIS HOLDINGS (HONG KONG) LIMITED	Holding company	HK	100%	FC
VERMILION PARTNERS (HOLDINGS) LIMITED	Holding company	HK	51%	FC
VERMILION PARTNERS LIMITED	Holding company	HK	51%	FC
NATIXIS GLOBAL SERVICES (INDIA) PRIVATE LIMITED	Operational support	IN	100%	FC
NATINIUM FINANCIAL PRODUCTS	Securitization vehicle	IE	100%	FC
BLEACHERS FINANCE	Securitization vehicle	IE	0%	FC
DF EFG3 LIMITED	Holding company	KY	100%	FC
NATIXIS JAPAN SECURITIES CO, LTD	Financial institution	JP	100%	FC
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle	JE	100%	FC
NATIXIS TRUST	Holding company	LU	100%	FC
NATIXIS REAL ESTATE FEEDER SARL	Investment company	LU	100%	FC
NATIXIS ALTERNATIVE ASSETS	Holding company	LU	100%	FC
NATIXIS STRUCTURED INSSUANCE	Issuing vehicle	LU	100%	FC
NATIXIS BANK JSC, MOSCOW	Banking	RU	100%	FC
NATIXIS Zweigniederlassung Deutschland-Branch	Financial institution	DE	100%	FC
NATIXIS CANADA-Branch	Financial institution	CA	100%	FC
NATIXIS SHANGHAI-Branch	Financial institution	CN	100%	FC
NATIXIS BEIJING-Branch	Financial institution	CN	100%	FC
NATIXIS DUBAI-Branch	Financial institution	AE	100%	FC
NATIXIS NEW YORK-Branch	Financial institution	US	100%	FC
NATIXIS MADRID-Branch	Financial institution	ES	100%	FC
NATIXIS LONDON-Branch	Financial institution	GB	100%	FC
NATIXIS HONG KONG-Branch	Financial institution	HK	100%	FC
NATIXIS MILAN	Financial institution	IT	100%	FC
NATIXIS TOKYO-Branch	Financial institution	JP	100%	FC
NATIXIS LABUAN-Branch	Financial institution	MY	100%	FC
NATIXIS PORTO-Branch	Financial institution	PT	100%	FC
NATIXIS SINGAPORE-Branch	Financial institution	SG	100%	FC
NATIXIS TAIWAN-Branch	Financial institution	TW	100%	FC
NATIXIS COFICINE	Finance company (audiovisual)	FR	100%	FC
AEW INVEST GmbH	Distribution	DE	60%	FC
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED	Distribution	AU	100%	FC
INVESTORS MUTUAL LIMITED	Asset Management	AU	68%	FC
MIROVA NATURAL CAPITAL BRAZIL CONSULTORIA E ASSESSORIA LTDA	Consulting services	BR	100%	FC
NATIXIS IM CANADA HOLDINGS LTD	Holding company	CA	100%	FC
NATIXIS INVESTMENT MANAGERS KOREA LIMITED	Distribution	KR	100%	FC
AEW KOREA LLC	Asset Management	KR	100%	FC
AEW CAPITAL MANAGEMENT, INC.	Asset Management	US	100%	FC
AEW CAPITAL MANAGEMENT, LP	Asset Management	US	100%	FC
AEW PARTNERS V, INC.	Asset Management	US	100%	FC
AEW PARTNERS VI, INC.	Asset Management	US	100%	FC
AEW PARTNERS VII, INC.	Asset Management	US	100%	FC
AEW SENIOR HOUSING INVESTORS II INC	Asset Management	US	100%	FC
AEW VALUE INVESTORS ASIA II GP LIMITED	Asset Management	JE	100%	FC
AEW VIA INVESTORS, LTD	Asset Management	KY	100%	FC
AEW PARTNERS REAL ESTATE FUND VIII, LLC	Asset Management	US	100%	FC
AEW SENIOR HOUSING INVESTORS III LLC	Asset Management	US	100%	FC
AEW SENIOR HOUSING INVESTORS IV LLC	Asset Management	US	100%	FC
AEW PARTNERS REAL ESTATE FUND IX, LLC	Asset Management	US	100%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
AEW COLD OPS MM, LLC	Asset Management	US	100%	FC
AEW EHF GP, LLC	Asset Management	US	100%	FC
AEW CORE PROPERTY (U.S.) GP, LLC	Asset Management	US	100%	FC
SEAPORT STRATEGIC PROPERTY PROGRAM I CO-INVESTORS, LLC	Asset Management	US	100%	FC
ALPHASIMPLEX GROUP LLC	Asset Management	US	100%	FC
AURORA INVESTMENT MANAGEMENT LLC	Asset Management	US	100%	FC
CASPIAN CAPITAL MANAGEMENT, LLC	Asset Management	US	100%	FC
EPI SLP LLC	Asset Management	US	60%	FC
EPI SO SLP LLC	Asset Management	US	60%	FC
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management	US	100%	FC
HARRIS ALTERNATIVES HOLDING INC	Holding company	US	100%	FC
HARRIS ASSOCIATES LP	Asset Management	US	100%	FC
HARRIS ASSOCIATES SECURITIES, LP	Distribution	US	100%	FC
HARRIS ASSOCIATES, INC.	Asset Management	US	100%	FC
LOOMIS SAYLES & COMPANY, INC.	Asset Management	US	100%	FC
LOOMIS SAYLES & COMPANY, LP	Asset Management	US	100%	FC
LOOMIS SAYLES ALPHA, LLC.	Asset Management	US	100%	FC
LOOMIS SAYLES DISTRIBUTORS, INC.	Distribution	US	100%	FC
LOOMIS SAYLES DISTRIBUTORS, LP	Distribution	US	100%	FC
LOOMIS SAYLES TRUST COMPANY, LLC	Asset Management	US	100%	FC
LOOMIS SAYLES OPERATING SERVICES, LLC	Asset Management	US	100%	FC
OSTRUM AM US LLC	Asset Management	US	100%	FC
NATIXIS ASG HOLDINGS, INC	Distribution	US	100%	FC
Flexstone Partners LLC	Asset Management	US	87%	FC
NATIXIS INVESTMENT MANAGERS, LLC	Holding company	US	100%	FC
NATIXIS ADVISORS, LLC (ex-NATIXIS ADVISORS, L.P.)	Distribution	US	100%	FC
NATIXIS DISTRIBUTION, LLC (ex-NATIXIS DISTRIBUTION, L.P.)	Distribution	US	100%	FC
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	Distribution	US	100%	FC
NIM-OS, LLC	Media and digital	US	100%	FC
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	Asset Management	US	100%	FC
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset Management	US	100%	FC
MIROVA US LLC	Asset Management	US	100%	FC
NATIXIS IM INNOVATION	Asset Management	FR	100%	FC
AEW EUROPE SA (ex-AEW SA)	Asset Management	FR	60%	FC
AEW (ex-AEW Ciloger)	Real estate management	FR	60%	FC
ALLIANCE ENTREPRENDRE	Asset Management	FR	100%	FC
DARIUS CAPITAL CONSEIL	Financial investment advisory services	FR	70%	FC
DNCA FINANCE	Asset Management	FR	87%	FC
DORVAL ASSET MANAGEMENT	Asset Management	FR	89%	FC
FLEXSTONE PARTNERS SAS	Asset Management	FR	87%	FC
MIROVA	Management of venture capital mutual funds	FR	100%	FC
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	Distribution	FR	100%	FC
OSTRUM AM NEW)	Asset Management	FR	55%	FC
NATIXIS TRADEX SOLUTIONS	Holding company	FR	100%	FC
NATIXIS INVESTMENT MANAGERS	Holding company	FR	100%	FC
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding company	FR	100%	FC
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding company	FR	100%	FC
NAXICAP PARTNERS	Management of venture capital mutual funds	FR	100%	FC
OSSIAM	Asset Management	FR	71%	FC
SEVENTURE PARTNERS	Asset Management	FR	59%	FC
SEEYOND	Asset Management	FR	100%	FC
MV CREDIT FRANCE	Holding company	FR	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
H2O AM EUROPE	Asset Management	FR	50%	FC
THEMATICS ASSET MANAGEMENT	Asset Management	FR	50%	FC
VAUBAN INFRASTRUCTURE PARTNERS	Asset Management	FR	62%	FC
AEW EUROPE ADVISORY LTD	Asset Management	GB	60%	FC
AEW EUROPE CC LTD	Asset Management	GB	60%	FC
AEW EUROPE HOLDING LTD	Asset Management	GB	60%	FC
AEW EUROPE INVESTMENT LTD	Asset Management	GB	60%	FC
AEW EUROPE LLP	Asset Management	GB	60%	FC
AEW EUROPE PARTNERSHIP	Asset Management	GB	60%	FC
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management	GB	100%	FC
AEW GLOBAL LTD	Asset Management	GB	60%	FC
AEW GLOBAL UK LTD	Asset Management	GB	60%	FC
AEW UK INVESTMENT MANAGEMENT LLP	Asset Management	GB	60%	FC
AEW PROMOTE LP LTD	Asset Management	GB	60%	FC
AEW EVP GP LLP	Asset Management	GB	60%	FC
H2O ASSET MANAGEMENT LLP	Asset Management	GB	50%	FC
H2O ASSET MANAGEMENT CORPORATE MEMBER	Asset Management	GB	50%	FC
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management	GB	100%	FC
NATIXIS INVESTMENT MANAGERS UK LTD	Distribution	GB	100%	FC
NATIXIS INVESTMENT MANAGERS UK (FUNDS) LIMITED (UK), LLC	Operational support	GB	100%	FC
MIROVA NATURAL CAPITAL LIMITED	Asset Management	GB	100%	FC
MV CREDIT LIMITED	Asset Management	GB	100%	FC
MV CREDIT LLP	Asset Management	GB	100%	FC
AEW ASIA LIMITED	Asset Management	HK	100%	FC
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED	Asset Management	HK	100%	FC
POINCARÉ HOLDINGS LTD	Asset Management	HK	25%	FC
POINCARÉ CAPITAL MANAGEMENT LTD	Asset Management	HK	25%	FC
NATIXIS INVESTMENT MANAGERS INTERNATIONAL HONG KONG LIMITED	Asset Management	HK	100%	FC
PURPLE FINANCE CLO 1	Securitization vehicle	IE	89%	FC
PURPLE FINANCE CLO 2	Securitization vehicle	IE	100%	FC
ASAHI NATIXIS INVESTMENT MANAGERS CO. LTD	Distribution	JP	49%	EQ
NATIXIS INVESTMENT MANAGERS JAPAN CO, LTD	Asset Management	JP	100%	FC
AEW JAPAN CORPORATION	Asset Management	JP	100%	FC
AEW VALUE INVESTORS ASIA III GP LIMITED	Asset Management	JE	100%	FC
AEW EUROPE SARL	Asset Management	LU	60%	FC
AEW EUROPE GLOBAL LUX	Asset Management	LU	60%	FC
AEW VIA IV GP PARTNERS S.À R.L	Asset Management	LU	100%	FC
AEW APREF GP S.A R.L.	Asset Management	LU	100%	FC
AEW CORE PROPERTY (U.S.) LUX GP, SARL	Asset Management	LU	100%	FC
H2O ASSET MANAGEMENT HOLDING	Asset Management	LU	50%	FC
KENNEDY FINANCEMENT LUXEMBOURG	Investment company – Asset management	LU	100%	FC
KENNEDY FINANCEMENT LUXEMBOURG 2	Central corporate treasury – Asset management	LU	100%	FC
LOOMIS SAYLES ALPHA LUXEMBOURG, LLC	Asset Management	LU	100%	FC
NATIXIS INVESTMENT MANAGERS SA	Distribution	LU	100%	FC
MV CREDIT SARL	Asset Management	LU	100%	FC
THEMATICS SUBSCRIPTION ECONOMY FUND	Asset Management	LU	44%	FC
NATIXIS IM MEXICO, S. DE R.L DE C.V.	Asset Management	MX	100%	FC
H2O AM MONACO SAM	Asset Management	MC	50%	FC
PROMETHEUS WEALTH MANAGEMENT SAM	Asset Management	MC	25%	FC
LOOMIS SAYLES (NETHERLANDS) B.V.	Distribution	NL	100%	FC
AEW CENTRAL EUROPE	Asset Management	PL	60%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
NATIXIS INVESTMENT MANAGERS SINGAPORE LIMITED	Asset Management	SG	100%	FC
AEW ASIA PTE LTD	Asset Management	SG	100%	FC
LOOMIS SAYLES INVESTMENTS ASIA PTE LTD	Asset Management	SG	100%	FC
H2O AM ASIA PTE LTD	Asset Management	SG	50%	FC
FLEXSTONE PARTNERS SARL	Asset Management	CH	87%	FC
NATIXIS INVESTMENT MANAGERS SWITZERLAND SARL	Asset Management	CH	100%	FC
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING CO. LTD	Asset Management	TW	100%	FC
NATIXIS INVESTMENT MANAGERS URUGUAY SA	Distribution	UY	100%	FC
NATIXIS INVESTMENT MANAGERS S.A, ZWEIGNIERDERLAASUNG DEUTSCHLAND	Distribution	DE	100%	FC
AEW ASIA LIMITED AUSTRALIAN BRANCH	Asset Management	AU	100%	FC
NATIXIS INVESTMENT MANAGERS SA, BELGIAN BRANCH	Distribution	BE	100%	FC
NATIXIS INVESTMENT MANAGERS MIDDLE EAST (BRANCH)	Distribution	AE	100%	FC
NATIXIS INVESTMENT MANAGERS, BRANCH IN SPAIN	Distribution	ES	100%	FC
AEW EUROPE LLP BRANCH IN SPAIN	Distribution	ES	60%	FC
MIROVA NATURAL CAPITAL LIMITED, FRANCE BRANCH	Asset Management	FR	100%	FC
AEW ITALIAN BRANCH (EX-AEW CILOGER ITALIAN BRANCH)	Distribution	IT	60%	FC
NATIXIS INVESTMENT MANAGERS S.A, ITALY BRANCH	Distribution	IT	100%	FC
DNCA FINANCE MILAN BRANCH	Asset Management	IT	87%	FC
DNCA FINANCE BRANCH LUXEMBOURG	Asset Management	LU	87%	FC
NATIXIS INVESTMENT MANAGERS, NEDERLANDS (BRANCH)	Distribution	NL	100%	FC
LOOMIS SAYLES & COMPANY, LP, DUTCH BRANCH	Distribution	NL	100%	FC
AEW – DUTCH BRANCH	Real estate management	NL	60%	FC
AEW CENTRAL EUROPE CZECH (BRANCH)	Distribution	CZ	60%	FC
NATIXIS INVESTMENT MANAGERS, NORDICS SUBSIDIARY (BRANCH)	Distribution	SE	100%	FC
MIROVA SWEDEN SUBSIDIARY (BRANCH)	Asset Management	SE	100%	FC
NATIXIS INVESTMENT MANAGERS U.S. HOLDINGS, LLC	Holding company	US	100%	FC
NATIXIS PRIVATE EQUITY	Private equity	FR	100%	FC
DAHLIA A SICAR SCA	Private equity	LU	100%	FC
NATIXIS WEALTH MANAGEMENT LUXEMBOURG	Banking	LU	100%	FC
NATIXIS WEALTH MANAGEMENT	Credit institution	FR	100%	FC
VEGA INVESTMENT MANAGERS	Mutual fund holding company	FR	100%	FC
1818 IMMOBILIER	Real estate operations	FR	100%	FC
TEORA	Insurance brokerage company	FR	100%	FC
MASSENA PARTNERS SA	Asset manager and investment advisory firm	LU	98%	FC
MASSENA WEALTH MANAGEMENT SARL	Asset manager and investment advisory firm	LU	98%	FC
MASSENA PARTNERS – BRANCH	Asset manager and investment advisory firm	FR	98%	FC
NATIXIS INTERÉPARGNE	Employee savings plan management	FR	100%	FC
NATIXIS ALGERIE	Banking	DZ	100%	FC
SCI ALTAIR 1	Real estate operations	FR	100%	FC
SCI ALTAIR 2	Real estate operations	FR	100%	FC
FONCIERE KUPKA	Real estate operations	FR	100%	FC
NATIXIS FONCIERE SA	Real estate investment	FR	100%	FC
Insurance division				
NATIXIS ASSURANCES	Insurance company holding company	FR	100%	FC
NATIXIS LIFE	Life insurance	LU	100%	FC
BPCE IARD (EX ASSURANCES BANQUE POPULAIRE IARD)	Property damage Insurance	FR	50%	EQ
BPCE PRÉVOYANCE	Personal protection Insurance	FR	100%	FC
ADIR	Property damage Insurance	LB	34%	EQ
FRUCTIFONCIER	Insurance real estate investments	FR	100%	FC
BPCE Vie	Insurance	FR	100%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
REAUMUR ACTIONS	Insurance investment mutual fund	FR	100%	FC
NAMI INVESTMENT	Insurance real estate investments	FR	100%	FC
ECUREUIL VIE DEVELOPPEMENT	Insurance	FR	51%	EQ
BPCE RELATION ASSURANCES	Services company	FR	100%	FC
SCI DUO PARIS	Real estate management	FR	50%	EQ
FONDS TULIP	Insurance investments (Securitization funds)	FR	100%	FC
FCT NA Financement de l'économie – compartiment Immocorp II	Insurance investments (Securitization funds)	FR	100%	FC
DNCA INVEST NORDEN	Insurance investment mutual fund	LU	39%	FC
THEMATICS AI AND ROBOTICS	Asset Management	LU	37%	FC
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund	FR	37%	FC
SCPI IMMOB EVOLUTIF	Insurance real estate investments	FR	48%	FC
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund	FR	57%	FC
SELECTIZ	Insurance investment mutual fund	FR	58%	FC
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund	FR	57%	FC
ALLOCATION PILOTEE EQUILIBRE C	Insurance investment mutual fund	FR	47%	FC
MIROVA EUROPE ENVIRONNEMENT C	Insurance investment mutual fund	FR	37%	FC
VEGA EURO RENDEMENT FCP RC	Insurance investment mutual fund	FR	31%	FC
BPCE ASSURANCES	Insurance company	FR	100%	FC
BPCE APS	Service providers	FR	53%	FC
NATIXIS LIFE (branch)	Life insurance	FR	100%	FC
Payments division				
NATIXIS PAYMENT SOLUTIONS	Banking services	FR	100%	FC
NATIXIS PAIEMENT HOLDING	Holding company	FR	100%	FC
XPOLLENS (ex S-MONEY)	Payment services	FR	100%	FC
PAYPLUG	Payment services	FR	100%	FC
BIMPLI	Payment Services, Service Voucher Offerings and Online Services for Central Works Councils	FR	100%	FC
DALENYS SA	Holding company	BE	100%	FC
DALENYS INTERNATIONAL	Holding company	NL	100%	FC
DALENYS FINANCE	Holding company	NL	100%	FC
DALENYS PAYMENT	Payment services	FR	100%	FC
DALENYS SERVICES	Financial investment advisory services	FR	100%	FC
DALENYS MARKETING	Online services	FR	100%	FC
DALENYS TECHNOLOGIES	Online services	FR	100%	FC
RECOMMERCE	Online services	FR	100%	FC
Other				
NATIXIS IMMO EXPLOITATION	Real estate operations	FR	100%	FC
III-4 – CE Holding Participations subsidiaries				
CE HOLDING PARTICIPATIONS	Holding company	FR	100%	FC
CE CAPITAL	Holding company	FR	100%	FC
HABITAT EN RÉGION SERVICES	Holding company	FR	100%	FC
III-5 Local savings companies				
185 LOCAL SAVINGS COMPANIES (LSCs)	Cooperative shareholders	FR	100%	FC

(1) Country of operation: AE: United Arab Emirates – AU: Australia – BE: Belgium – BR: Brazil – CA: Canada – CH: Switzerland – CN: China – DE: Germany – CZ: Czech Republic – DJ: Djibouti – DK: Denmark – ES: Spain – FJ: Fiji – FR: France – GB: United Kingdom of Great Britain and Northern Ireland – HK: Hong Kong -HU: Hungary – IE: Ireland – IN: India – IT: Italy – JE: Jersey – JP: Japan – KH: Cambodia – KY: Cayman Islands – KR: South Korea – LA: Laos – LU: Luxembourg – MA: Morocco – MC: Principality of Monaco – MQ: Martinique – MT: Malta – MX: Mexico – MY: Malaysia -NL: Netherlands – NC: New Caledonia – PF: French Polynesia – PL: Poland – PT: Portugal – RE: Reunion – RO: Romania – RU: Russia – SA: Saudi Arabia – SB: Solomon Islands – SE: Sweden – SG: Singapore – TH: Thailand – TN: Tunisia – TW: Taiwan – UA: Ukraine – UY: Uruguay – US: United States of America – VN: Viet Nam – VU: Vanuatu.

(2) Consolidation method: FC Full consolidation, EQ Equity method, JA Joint activities.

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

13.5 NON-CONSOLIDATED COMPANIES AT DECEMBER 31, 2021

ANC Regulation No. 2016-09 of December 2, 2016 requires companies that prepare their consolidated financial statements in accordance with international standards as adopted by the European Union to publish additional information relating to companies not included in their scope of consolidation as well as significant equity interests.

Non-consolidated companies include:

- significant interests that do not fall within the scope of consolidation; and
- companies excluded from the scope of consolidation owing to their non-material nature.

Company	Location	Share of equity held	Reason for non-consolidation	Amount of shareholders' equity[(1)] *(in millions of euros)*	Amount of income *(in millions of euros)*
CAISSE DE REFINANCEMENT DE L'HABITAT – CRH	France	11.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	563	-
SA COMITE OUVRIER DU LOGEMENT	France	13.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	45	3
COOPERATIVE HLM "CIF COOPERATIVE"	France	11.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	29	1
CREDIT LOGEMENT	France	15.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	1,665	99
ECM GROUP	France	10.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	50	2
FDI HABITAT SA limited liability company for low-cost housing – FDI HABITAT	France	10.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	105	4
GRENOBLE HABITAT	France	11.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	132	4
HABITAT DU NORD, limited liability company for low-cost housing	France	15.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	204	12
L'HABITATION MODERNE	France	15.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	191	4
HARMONIE HABITAT	France	12.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	150	3
HLM COUTANCES GRANVILLE	France	16.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	79	2
LE COTTAGE SOCIAL DES FLANDRES	France	10.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	112	6
LOGIREP	France	18.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	1,033	73
MEDUANE HABITAT	France	11.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	48	-
PATRIMOINE ET COMMERCE	France	10.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	220	4
SACICAP LES PREVOYANTS	France	10.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	67	-
SOCIETE DES TROIS VALLEES	France	17.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	137	3
SOCIETE DAUPHINOISE POUR L'HABITAT	France	13.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	352	8
SEDIA	France	14.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	16	-

Company	Location	Share of equity held	Reason for non-consolidation	Amount of shareholders' equity[1] *(in millions of euros)*	Amount of income *(in millions of euros)*
SIPAREX ASSOCIES	France	11.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	52	3
SOCIETE CENTRALE DE COOPERATION IMMOBILIERE ARCADE	France	10.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	129	3
SOCIETE D'AMENAGEMENT TOURISTIQUE DE L'ALPE D'HUEZ AND GRANDES ROUSSES	France	12.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	60	2
SOLIHA "BATISSEUR DE LOGEMENT D'INSERTION" HAUTS DE FRANCE	France	19.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	59	256
SYSTEMES TECHNOLOGIQUES D'ECHANGE ET DE TRAITEMENT – STET	France	15.00%	Holding not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	117	9
TANDEM	France	11.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	65	3
VAUBAN 21	France	10.00%	Holding in an entity not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	21	(3)
VENDEE LOGEMENT ESH	France	13.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	112	3

(1) Amount of shareholders' equity and income for the last fiscal year known at the reporting date and based on applicable accounting standards according to the country of location.

Information relating to companies excluded from the scope of consolidation owing to their non-material nature is available on the website of Groupe BPCE at the following address: https://groupebpce.com/en/investors/regulated-information.

5.2 Statutory Auditors' report on the consolidated financial statements

(For the year ended December 31, 2021)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Shareholders' Meeting

BPCE

50 avenue Pierre Mendès France

75201 Paris cedex 13

I. OPINION

In compliance with the engagement entrusted to us by your Annual General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Groupe BPCE for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2021, to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Furthermore, the non-audit services that we provided to the Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

- Deloitte & Associés : the main engagements carried out in fiscal year 2021 concerned certification, agreed-upon procedures, reviews of compliance procedures, accounting and financial due diligence on potential entity acquisitions, comfort letters issued in connection with issuance programs, and independent third party engagements on the CSR information in the management report.
- Mazars : the main engagements carried out in fiscal year 2021 concerned methodological reviews, certification and comfort letters issued in connection with issuance programs and CSR engagements.
- PricewaterhouseCoopers Audit : the main engagements carried out in fiscal year 2021concerned certification, agreed-upon procedures, reviews of compliance procedures, services provided as part of restructuring measures, comfort letters issued in connection with issuance programs, tax consultations and CSR engagements.

III. EMPHASIS OF MATTER

Without qualifying the opinion expressed above, we draw your attention to the following changes in accounting method:

- The application of the IFRIC decision on IAS 19 "Employee Benefits", set out in Note 2.2 to the consolidated financial statements;
- The change to the presentation in the balance sheet of zero-interest loans detailed in Note 5.5.3 to the consolidated financial statements;
- The change in method and balance sheet presentation of the measurement of the foreign exchange component of currency swaps, set out in Note 5.2.3 to the consolidated financial statements.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment of loans and receivables (Stages 1, 2 and 3)

Risk identified and main judgments

Groupe BPCE is exposed to credit risk. This risk results from the inability of its clients or counterparties to honor their financial commitments, in particular, covering their loan activities.

In accordance with the "Impairment" section of IFRS 9, Groupe BPCE records impairment and provisions intended to cover expected (Stage 1 and 2 loans) or proven (Stage 3 loan) losses.

The rules for the impairment of expected credit losses require the creation of a first impairment stage for 12-month expected credit losses as of the origination of a new financial asset, and a second stage for lifetime expected credit losses in the event of a significant increase in credit risk. Impairment for expected credit losses (Stages 1 and 2) is mainly determined based on models developed by BPCE integrating different inputs (probability of default, loss given default, exposures, etc.) and forward-looking information.

In view of the ongoing Covid-19 crisis, the methods of calculating impairment for expected credit losses required a number of adjustments as specified in Note 7.1.2.

These expected credit losses are supplemented when needed with sector-based impairment, taking into account local particularities.

Loan outstandings with a proven counterparty risk (Stage 3) are subject to impairment, determined mainly on an individual basis. This impairment is assessed by Management based on estimated future recoverable cash flows for each of the loans concerned.

We considered the identification and assessment of credit risk to be a key audit matter for the 2021 fiscal year, given that the resulting provisions represent significant estimates for the preparation of the financial statements and require Management to exercise judgment with respect to classifying the exposures in the different stages, determining the Stage 1 and 2 impairment calculation inputs and methods and assessing the amount of provisions for Stage 3 exposures on an individual basis.

In particular, amid the ongoing Covid-19 crisis, we considered that the assessment of the adequacy of the level of credit risk provisioning and the level of the associated cost of risk are areas of particular focus for the 2021 fiscal year.

Exposures to credit risk subject to impairment/provisions in accordance with IFRS 9 represent approximately 63% of Groupe BPCE's total assets at December 31, 2021 (59% and €889 billion of gross outstanding loans and receivables).

The impairment on outstanding loans and receivables amounts to €13.8 billion of which €1.4 billion in Stage 1, €3.2 billion in Stage 2, €9.2 billion in Stage 3. The cost of risk for the 2021 fiscal year amounts to €1.8 billion.

For more information on accounting principles and exposures, see Notes 5.5 and 7.1 to the consolidated financial statements.

The impacts of the ongoing Covid-19 crisis on credit risk are mentioned in Note 7.1.2.

Our response

Impairment of Stage 1 and Stage 2 exposures

Our work mainly consisted in:

- verifying that an internal control system is in place that updates credit ratings at a suitable frequency;
- verifying that a governance system is in place that ensures a suitably regular review of the appropriateness of the impairment models and inputs used to calculate impairment, and analyses changes in impairment in view of IFRS 9 rules;
- assessing the relevance of models and inputs used for the impairment calculations at December 31;
- performing counter-calculations on the main loan portfolios;
- carrying out controls on the Groupe BPCE IT framework, including the review of IT General Controls, interfaces and embedded controls regarding specific data used in processing IFRS 9 information;
- performing controls on (i) methodological changes and adjustments made to the methods of calculating impairment for expected credit losses in the context of the ongoing Covid-19 crisis and (ii) the tool used by Groupe BPCE to assess the impact of the application of sectoral impairments on expected credit losses;
- verifying the correct documentation and justification of the sectoral provisions recorded by the group. In this respect, we (i) assessed the criteria used by Groupe BPCE to identify the lines of business considered to be more sensitive to the impact of the current economic and health situation, and (ii) assessed the appropriateness of the provisions thus estimated.

Impairment of Stage 3 exposures

As part of our audit procedures, we generally reviewed the internal controls related to identifying Stage 3 exposures, monitoring credit and counterparty risk, assessing non-recovery risk and determining related impairment and provisions on an individual basis.

Our procedures consisted in assessing the quality of the measures for monitoring sensitive, doubtful and litigious counterparties, and the loan review process. Furthermore, based on a sample of files selected on the basis of materiality and risk criteria, we performed counter analyses of the amounts provisioned.

We also assessed the relevance of the disclosures in the notes with respect to credit risk in the evolving context of the pandemic, in particular disclosures required by IFRS 7.

Level 2 and 3 financial instruments under IFRS 13

Risk identified and main judgments

Groupe BPCE holds a substantive part of financial instruments which are recognized in the balance sheet at fair value. They are allocated to three levels defined by IFRS 13 depending on the fair value measurement method used.

Market value is determined according to different approaches depending on the nature and complexity of the instruments : use of quoted prices observable on the market (level 1 financial instruments in the fair value hierarchy), use of valuation models based on inputs for the most part observable on the market (level 2 financial instruments) and use of valuation models based on inputs for the most part unobservable on the market (level 3 financial instruments).

For the most complex financial instruments, these approaches may therefore involve a significant degree of judgment due to:

- the use of internal valuation models;
- the use of valuation inputs unobservable on the market;
- additional valuation adjustments made to reflect certain market, counterparty or liquidity risks.

We deemed the valuation of complex financial instruments, especially financial instruments classified in levels 2 and 3, to be a key audit matter due to the significant exposures and judgment required in the determination of fair value, especially for certain types of financial instruments amid the uncertainty of the evolving economic context linked to the health crisis.

For more details on accounting principles and fair value hierarchy of financial instruments, see note 10 to the consolidated financial statements.

Our response

We reviewed the internal control procedures relating to the determination, valuation, recording and classification of complex financial instruments classified at levels 2 and 3 in the fair value hierarchy.

We interviewed the Risk, Compliance and Permanent Control department and reviewed the reports and minutes of this department's Committee meetings (in conjunction with our audit team at Natixis, contributor to this topic).

We tested the controls that we deemed relevant to our audit, including those relating to:

- the approval and periodic review of the valuation models by Risk Management;
- the independent verification of the valuation inputs;
- the determination of main valuation adjustments;
- the approval and periodic review of observability criteria used in the classification of complex financial instruments in the fair value hierarchy.

We performed these procedures with the assistance of our valuation experts, with whom we also performed independent valuation work. This work, conducted on a sample basis, consisted in analyzing the assumptions, methodologies and market inputs used to estimate the main valuation adjustments at December 31, 2021.

We also examined, on a sample basis, any differences in margin calls with market counterparties so as to assess the appropriateness of the valuations.

Finally, we examined the disclosures relating to the valuation of financial instruments published in the notes to the consolidated financial statements, including those relating to the continuing impacts of the health crisis on the fair value of certain financial instruments.

Valuation of goodwill and intangible assets with infinite useful lives

Risk identified and main judgments

Groupe BPCE recognizes goodwill in its consolidated financial statements. External growth operations carried out by Groupe BPCE have led it to (i) assess the control methods implemented on the acquired entities in accordance with IFRS 10 "Consolidated Financial Statements" and (ii) allocate the purchase price in accordance with IFRS 3 "Business Combinations". Following this purchase price allocation, the unallocated "surplus", corresponding to residual identifiable net assets, was recognized in goodwill.

Goodwill and acquired intangible assets with indefinite useful lives are tested for impairment at least annually, based on an assessment of the recoverable amount of the cash generating units (CGUs) to which they relate, or as soon as there is an indication of impairment. The determination of the recoverable amount is based on the discounting of the CGU's estimated future cash flows resulting from the medium-term plans established by the entities concerned and assessed by the Group.

We deemed the impairment testing of goodwill and intangible assets with indefinite useful lives to be a key audit matter by its very nature as it requires judgment in determining discount rates, economic scenarios and financial trajectories.

At December 31, 2021, goodwill amounted to €4,912 million gross, and accumulated impairment losses stood at €469 million.

The methods used by Groupe BPCE for impairment testing, as well as the key assumptions used to determine the recoverable amount and the sensitivity of the recoverable amounts, are described in Note 3.5 to the consolidated financial statements.

Our response

With the help of our experts, we evaluated the procedure implemented by Groupe BPCE to identify signs of potential impairment loss and carried out a critical review of the method used for implementing impairment tests. In particular, our work involved:

- comparing assumptions and inputs with external sources;
- reviewing the reasonableness, particularly in the current economic and health context, of the medium-term plans adopted for each CGU concerned, involving:
- a comparison with the Group's strategic plan approved by the governing bodies (Supervisory Board or Board of Directors);
- an assessment of the consistency and reliability of the main assumptions used to prepare the plans, particularly regarding the financial trajectories developed during past financial years and actually carried out;
- an analysis of sensitivity to different valuation inputs (equity, discount rate, etc.);
- verification of the consistency of the disclosures published on the results of these impairment tests.

Insurance Technical Reserves

Risk identified and main judgments

Within the scope of its insurance activities, Groupe BPCE records technical reserves representing its commitments toward insured persons.

We deemed the valuation of reserves to be a key audit matter as they represent a material amount in the consolidated financial statements, and deemed that some of these reserves require the exercise of judgment in determining the underlying assumptions (e.g., actual mortality rates and behavioral laws) or the use of calculation models.

The technical reserves for insurance contracts amount to €113.4 billion at December 31, 2021.

See Note 9.1.2 to the consolidated financial statements for further details.

Our response

We called on our actuarial experts to assist us in performing our audit procedures on these items.

The main audit procedures implemented include, depending on the nature of the risks provisioned:

- obtaining an understanding of the general conditions relating to insurance contracts marketed by the group;
- evaluating the methods and assumptions used to calculate the reserves, specifically their compliance with applicable regulations, market practices and the economic and financial context that is more uncertain due to the health crisis;
- testing, on the basis of accounting reconciliations, reperformance, or surveys, the reliability of information relating to insurance contracts recorded in the management systems and used for the valuation of technical reserves;
- carrying out an independent recalculation of specific reserves, when necessary, on the basis of a sample of contracts;
- assessing the calculation method and the result of the liability adequacy test, as required by IFRS 4.

We also examined the disclosures published in the notes to Groupe BPCE consolidated financial statements relating to insurance liabilities.

IV. SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the management report prepared by the Management Board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the Group management report includes the consolidated non-financial information statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

V. OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

APPOINTMENT OF THE STATUTORY AUDITORS

Mazars was appointed as Statutory Auditors in the first by-laws dated December 19, 2006, of GCE Nao (whose corporate name became BPCE in July 2009), upon its incorporation. PricewaterhouseCoopers Audit and Deloitte & Associés were appointed as BPCE's Statutory Auditors by the Annual General Shareholders' Meetings of July 2, 2009, and May 22, 2015, respectively.

At December 31, 2021, Mazars was in the fifteenth consecutive year of its engagement, including 13 years since the company became a public-interest entity, PricewaterhouseCoopers Audit was in the thirteenth consecutive year of its engagement, and Deloitte & Associés its seventh consecutive year.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

VII. RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Paris La Défense and Neuilly-sur-Seine, March 23, 2022

The Statutory Auditors

Deloitte & Associés	**Mazars**	**PricewaterhouseCoopers Audit**
Marjorie Blanc Lourme	Charles de Boisriou	Antoine Priollaud
	Laurence Karagulian	Emmanuel Benoist

5.3 IFRS consolidated financial statements of BPCE SA group as at December 31, 2021

5.3.1 Consolidated income statement

in millions of euros	*Notes*	Fiscal year 2021	Fiscal year 2020
Interest and similar income	*4.1*	10,387	10,912
Interest and similar expenses	*4.1*	(8,193)	(9,141)
Commission income	*4.2*	6,685	5,758
Commission expenses	*4.2*	(2,235)	(2,066)
Gains (losses) on financial instruments at fair value through profit or loss	*4.3*	1,546	1,099
Gains (losses) on financial assets measured at fair value through other comprehensive income before tax	*4.4*	166	85
Gains (losses) arising from the derecognition of financial assets measured at amortized cost	*4.5*	(12)	10
Net income from insurance activities	*9.2.1*	2,692	2,350
Income from other activities	*4.6*	1,456	1,333
Expenses from other activities	*4.6*	(713)	(524)
Net banking income		**11,780**	**9,816**
Operating expenses	*4.7*	(8,474)	(7,344)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets		(604)	(618)
Gross operating income		**2,702**	**1,854**
Cost of credit risk	*7.1.1*	(430)	(1,204)
Net operating income		**2,272**	**649**
Share in net income of associates and joint ventures	*12.4.2*	90	159
Net income (expense) from other assets	*4.8*	(69)	(308)
Income before tax		**2,293**	**500**
Income tax	*11.1*	(838)	(189)
Net income		**1,455**	**311**
Non-controlling interests	*5.16.1*	(270)	(136)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,185**	**176**

5.3.2 Comprehensive income

in millions of euros	Fiscal year 2021	Fiscal year 2020
Net income	**1,455**	**311**
Items recyclable to net income	**(88)**	**(230)**
Foreign exchange rate adjustments	373	(402)
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	46	26
Revaluation of available-for-sale financial assets of insurance businesses	(219)	253
Revaluation of derivatives hedging items that can be recycled to profit or loss	246	(32)
Share of gains and losses of associates recognized directly in other comprehensive income	(715)	7
Related taxes, items recyclable to net income	182	(82)
Items not recyclable to net income	**274**	**48**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	59	21
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	13	(23)
Revaluation of equity financial assets recognized at fair value through other comprehensive income	230	108
Share of gains and losses of associates recognized directly in other comprehensive income	34	(2)
Related taxes, items not recyclable to net income	(62)	(56)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME	**186**	**(182)**
COMPREHENSIVE INCOME	**1,640**	**129**
Attributable to equity holders of the parent	1,345	32
Non-controlling interests	295	97

For information, items not recyclable to profit or loss transferred to consolidated reserves amounted to -€2 million for 2021 and -€28 million for 2020.

5.3.3 Consolidated balance sheet

ASSETS

in millions of euros	*Notes*	12/31/2021	12/31/2020
Cash and amounts due from central banks	*5.1*	182,053	148,709
Financial assets at fair value through profit or loss[1]	*5.2.1*	190,414	190,815
Hedging derivatives	*5.3*	6,025	7,907
Financial assets at fair value through other comprehensive income	*5.4*	16,138	17,797
Securities at amortized cost	*5.5.1*	12,298	13,904
Loans and advances to banks at amortized cost	*5.5.2*	195,659	149,862
Loans and advances to customers at amortized cost[2]	*5.5.3*	167,746	171,211
Revaluation differences on interest rate risk-hedged portfolios, assets		4,497	6,835
Insurance business investments	*9.1.1*	127,578	117,104
Current tax assets		463	715
Deferred tax assets	*11.2*	1,608	1,775
Accrued income and other assets[1]	*5.6*	8,276	8,753
Non-current assets held for sale	*5.7*	2,093	2,599
Investments accounted for using equity method	*12.4.1*	916	4,102
Investment property	*5.8*	62	65
Property, plant and equipment	*5.9*	2,415	2,157
Intangible assets	*5.9*	888	901
Goodwill	*3.4.1*	3,859	3,730
TOTAL ASSETS		**922,988**	**848,941**

(1) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).
(2) For information, a change in the presentation of zero-rate loans (PTZ) occurred in 2021 without restatement of the financial statements published in 2020 (see Note 5.5.3).

LIABILITIES

in millions of euros	*Notes*	12/31/2021	12/31/2020
Financial liabilities at fair value through profit or loss[1]	*5.2.2*	197,883	199,582
Hedging derivatives	*5.3*	8,331	10,039
Debt securities	*5.10*	220,256	212,196
Amounts due to banks and similar	*5.11.1*	264,158	208,259
Amounts due to customers	*5.11.2*	52,018	50,705
Revaluation differences on interest rate risk-hedged portfolios, liabilities		139	199
Current tax liabilities		1,204	645
Deferred tax liabilities	*11.2*	997	1,187
Accrued expenses and other liabilities[1][2]	*5.12*	12,045	12,566
Liabilities associated with non-current assets held for sale	*5.7*	1,823	1,945
Liabilities related to insurance policies	*9.1.2*	116,863	106,918
Provisions	*5.13*	2,368	2,637
Subordinated debt	*5.14*	18,869	16,243
Equity		**26,034**	**25,820**
Equity attributable to equity holders of the parent		**25,503**	**20,246**
Capital and associated reserves	*5.15.1*	*15,306*	*14,506*
Consolidated reserves		*7,915*	*4,855*
Gains and losses recognized directly in equity		*1,097*	*709*
Net income (expenses) for the reporting period		*1,185*	*176*
Non-controlling interests	*5.16*	531	5,573
TOTAL LIABILITIES AND EQUITY		**922,988**	**848,941**

(1) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).
(2) For information, a change in the presentation of zero-rate loans (PTZ) occurred in 2021 without restatement of the financial statements published in 2020 (see Note 5.5.3).

5.3.4 Statement of changes in equity

	Capital and associated reserves			
in millions of euros	Share capital (Note 5.15.1)	Additional paid-in capital (Note 5.15.1)	Perpetual deeply subordinated notes	Consolidated reserves[3]
SHAREHOLDERS' EQUITY AT JANUARY 1, 2020	**170**	**14,015**	**700**	**4,661**
Dividend payments				(914)
Capital increase (Note 5.15.1)	3	318		
Issue & redemption of deeply subordinated notes (Note 5.15.2)				
Interest paid on deeply subordinated notes				(37)
Impact of acquisitions and disposals on non-controlling interests (Note 5.16.2)				449
Increase (decrease) through transactions with owners	**3**	**318**		**(502)**
Gains and losses recognized directly in shareholders' equity (Note 5.17)				
Capital gains and losses reclassified to retained earnings				(24)
Net income for the period				
Comprehensive income				**(24)**
Other changes				21
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2020	**173**	**14,333**	**700**	**4,156**
Allocation of net income for 2020				176
SHAREHOLDERS' EQUITY AT JANUARY 1, 2021	**173**	**14,333**	**700**	**4,331**
Dividend payments				(717)
Capital increase (Note 5.15.1)	7	793		
Issue & redemption of deeply subordinated notes (Note 5.15.2)			2,690	
Interest on deeply subordinated notes				(58)
Impact of acquisitions and disposals on non-controlling interests (Note 5.16.2)[1][4]				997
Increase (decrease) through transactions with owners	**7**	**793**	**2,690**	**222**
Gains and losses recognized directly in shareholders' equity (Note 5.17)[4]				
Capital gains and losses reclassified to retained earnings				2
Net income for the period				
Comprehensive income				**2**
Other changes[2]				(30)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2021	**180**	**15,126**	**3,390**	**4,525**

(1) The impact of the simplified public tender offer for Natixis shares is presented in Note 1.3.
(2) Other changes also include interest on perpetual deeply subordinated notes for the portion subscribed for by non-controlling interests.
(3) The impact of the decision of the IFRS Interpretations Committee (IFRS IC) on IAS 19 "Employee Benefits" is presented in Note 2.2.
(4) The impact of the disposal of the CNP investment is presented in Note 1.3.

Gains and losses recognized directly in other comprehensive income										
Recyclable				Non-recyclable						
Foreign exchange rate adjustments	Debt financial assets recognized at fair value through other compre-hensive income	Available-for-sale financial assets of insurance businesses	Change in fair value of hedging derivatives	Equity financial assets recognized at fair value through other compre-hensive income	Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	Revaluation differences on employee benefits	Net income attributable to equity holders of the parent	Total equity attributable to equity holders of the parent	Non-controlling interests	Total conso-lidated equity
299	20	1,141	(251)	(91)	(76)	(169)		20,419	7,272	27,692
								(914)	(167)	(1,081)
								321		321
								(37)		(37)
2		(55)				8		404	(1,585)	(1,181)
2		(55)				8		(226)	(1,752)	(1,978)
(377)	22	223	(32)	22	(12)	10		(144)	(38)	(182)
				24						
							176	176	135	311
(377)	**22**	**223**	**(32)**	**46**	**(12)**	**10**	**176**	**32**	**97**	**129**
								21	(44)	(23)
(76)	42	1,309	(283)	(45)	(88)	(151)	176	20,246	5,573	25,820
							(176)			
(76)	42	1,309	(283)	(45)	(88)	(151)		20,246	5,573	25,820
								(717)	(108)	(825)
								800		800
								2,690		2,690
								(58)		(58)
81	2	173	4	32	(29)	(34)		1,226	(5,211)	(3,985)
81	2	173	4	32	(29)	(34)		3,941	(5,319)	(1,378)
531	34	(865)	182	197	10	72		161	25	186
				(2)						
							1,185	1,185	270	1,455
531	**34**	**(865)**	**182**	**195**	**10**	**72**	**1,185**	**1,346**	**295**	**1,640**
								(30)	(18)	(48)
537	78	617	(97)	182	(107)	(113)	1,185	25,503	531	26,034

5

5.3.5 Consolidated cash flow statement

in millions of euros	Fiscal year 2021	Fiscal year 2020
Income before tax	**2,293**	**500**
Adjustments for net depreciation of property, plant, equipment and intangible assets	703	689
Adjustments for net charge to provisions and provisions for impairment (including insurance companies' technical reserves)	8,841	4,761
Adjustments for share in net income of investments accounted for using equity method	(90)	(217)
Adjustments for net income (loss) from investment activities	(458)	(263)
Adjustments for other changes	2,240	(866)
Total non-monetary items included in net income before tax	**11,235**	**4,104**
Change in inter-credit institutions items	6,854	44,651
Change in customer items	4,972	5,400
Change in financial assets and liabilities	1,558	(6,649)
Change in non-financial assets and liabilities	(1,110)	516
Income taxes paid	(436)	(394)
Increase (decrease) in assets and liabilities resulting from operating activities	***11,838***	***43,524***
Net cash flows generated by operating activities (A)	**25,366**	**48,128**
Decrease (increase) in financial assets and equity interests	1,082	1,424
Decrease (increase) in investment property	(12)	(50)
Change in property, plant, equipment and intangible assets, investing activities	(764)	(571)
Net cash flows generated by investing activities (B)	**306**	**803**
Net increase (decrease) arising from transactions with shareholders[1]	(84)	(1,081)
Other increases (decreases) generated by financing activities[2]	2,601	(449)
Net cash flows generated by financing activities (C)	**2,517**	**(1,530)**
Impact of changes in exchange rates (D)	**846**	**(1,708)**
Cash flow on assets and liabilities held for sale (E)	**(439)**	**(1,025)**
TOTAL NET CASH FLOWS (A+B+C+D+E)	**28,597**	**44,667**
Net cash and bank balances at central banks	**148,709**	**72,602**
Cash and accounts with central banks (assets)	148,709	72,602
Net demand loans and deposits with credit institutions	**(57,831)**	**(26,392)**
Current accounts with overdrafts[3]	5,197	6,185
Demand accounts and loans	31	56
Demand accounts in credit	(60,348)	(30,187)
Demand repurchase agreements	(2,710)	(2,446)
Opening cash and cash equivalents	**90,878**	**46,211**
Net cash and bank balances at central banks	**182,053**	**148,709**
Cash and accounts with central banks (assets)	182,053	148,709
Net demand loans and deposits with credit institutions	**(62,579)**	**(57,831)**
Current accounts with overdrafts[3]	7,016	5,197
Demand accounts and loans	27	31
Demand accounts in credit	(65,678)	(60,348)
Demand repurchase agreements	(3,944)	(2,710)
Closing cash and cash equivalents	**119,474**	**90,878**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**28,597**	**44,667**

(1) Cash flows from or to the shareholders mainly include:
- dividend payouts amounting to -€825 million (-€1,081 million in 2020);
- the remuneration of deeply subordinated notes recorded in equity for -€58 million (-€37 million in 2020);
- BPCE SA's capital increase and additional paid-in capital totaling +€800 million.

(2) Other increases (decreases) generated by financing activities mainly include the impact of redemptions of subordinated notes and loans for -€1,854 million (-€449 million in 2020) and the subscription of a new loan for +€4,455 million.

(3) Current accounts with overdrafts do not include Livret A, LDD and LEP savings accounts centralized with the Caisse des Dépôts et Consignations.

5.3.6 Notes to the financial statements of BPCE SA group

Note 1 General framework

1.1 GROUPE BPCE

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

TWO BANKING NETWORKS: THE BANQUES POPULAIRES AND THE CAISSES D'EPARGNE

Groupe BPCE is a cooperative group whose shareholders own the two retail banking networks: the 14 Banques Populaires and the 15 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the group's central institution.

The Banque Populaire network consists of the Banques Populaires and the Mutual Guarantee Companies which grant them the exclusive benefit of their guarantees.

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

The Banques Populaires are wholly-owned by their cooperative shareholders.

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

BPCE

A central institution as defined by the French Banking Law and a credit institution licensed to operate as a bank, BPCE was created pursuant to act No. 2009-715 of June 18, 2009. BPCE was incorporated as a French limited liability company governed by a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 14 Banques Populaires and the 15 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banques Populaires and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves key appointments of company directors and oversees the smooth operation of the group's institutions.

As a holding company, BPCE is the head entity of the group and holds the joint ventures between the two networks in Retail Banking and Insurance, corporate banking and financial services, and their production units. It defines the group's corporate strategy and growth and expansion policies.

The network and BPCE's main subsidiaries are organized around two core business lines:

- Retail Banking and Insurance, which includes the Banque Populaire network, the Caisse d'Epargne network, the Financial Solutions & Expertise business line (including Factoring, Consumer Loans, Leasing, Sureties & Financial Guarantees, and the "Retail Securities" business), the Natixis' Payments and Insurance business lines and Other networks (primarily Banque Palatine and the Oney group);
- Global Financial Services combining Asset & Wealth Management (Natixis Investment Managers and Natixis Wealth Management) and Corporate & Investment Banking (Natixis Corporate & Investment Banking).

In respect of the group's financial functions, BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of any financial transactions required to develop and fund the group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the group. BPCE also provides banking services to the other group entities.

1.2 GUARANTEE MECHANISM

Pursuant to Articles L. 511-31, L. 512-107-5 and L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism was set up to ensure the liquidity and capital adequacy of the group and its associates, and to organize financial support within the group.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the group and each of the networks, including implementing the appropriate internal financing mechanisms within the group and establishing a Mutual Guarantee Fund common to both networks, for which it determines the operating rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of associates to the fund's initial capital endowment and reconstitution.

BPCE manages the Banque Populaire network Fund and the Caisse d'Epargne network fund and has established the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** was formed by a deposit made by the Banques Populaires of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the **Caisse d'Epargne network fund** by the Caisses d'Epargne of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The **Mutual Guarantee Fund** was formed by deposits made by the Banques Populaires and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €172 million at December 31, 2021.

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

The booking of deposits in the institutions' individual accounts under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

Mutual guarantee companies granting the exclusivity of their guarantees to a Banque Populaire benefit from a liquidity and capital adequacy guarantee in their capacity as affiliates of the central institution.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne of which the local savings company in question is a shareholder.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

SIMPLIFIED PUBLIC TENDER OFFER FOR NATIXIS SHARES

On February 9, 2021, BPCE SA announced its intention to acquire the share capital of Natixis SA that it did not hold, *i.e.* approximately 29.3% at December 31, 2020, and to file a simplified public tender offer with the *Autorité des Marchés Financiers* (AMF), the French financial markets authority.

After obtaining the approval of the AMF on the compliance of the transaction and the various regulatory approvals required, the simplified public tender offer for Natixis shares was conducted from June 4 to July 9, 2021 inclusive.

In accordance with the notice of the *Autorité des marchés financiers* (AMF), the French financial markets authority (D&I No. 221C1758 of July 13, 2021), BPCE proceeded, on July 21, 2021, to the squeeze-out of all Natixis shares that had not been tendered to the public offer, under the same financial conditions as the simplified public tender offer, *i.e.* €4 per share of Natixis company. Consequently, as a result of the successful implementation of the squeeze-out, Natixis is, since July 21, 2021, no longer listed on the Stock Exchange.

As of December 31, 2021, BPCE held all the capital and voting rights of Natixis, with the exception of bonus shares issued by Natixis to employees and corporate officers of Natixis and its subsidiaries, which were still subject to a lock-up period at that date. These shares are covered by a liquidity contract and are subject to a liability of €17 million (commitment to buy back shares issued) and a provision of €13 million (commitment to buy back shares in the course of acquisition).

In accordance with IFRS 3, the acquisition of shares from minority shareholders of Natixis as part of the simplified public tender offer has no impact on the control already exercised by BPCE SA. This resulted in a decrease in total equity of -€3,793 million, representing the value of the shares purchased and delivered at that date, including a decrease in non-controlling interests of -€5,154 million and an increase in equity attributable to equity holders of the parent of +€1,361 million.

PROJECT TO SIMPLIFY THE GROUP'S ORGANIZATION

The simplified public tender offer for Natixis shares is part of an industrial project to support the development of Groupe BPCE's business lines and the simplification of its functional channels.

In particular, this project could result in an operational implementation in the first quarter of 2022 that includes:

- the direct attachment of the Insurance and Payments business lines to BPCE SA;
- the regrouping of the Asset & Wealth Management and the Corporate & Investment Banking business lines into a new "Global Financial Services" division.

It includes the following steps:

- the contribution by Natixis to a company wholly owned by BPCE SA of all the shares held by Natixis in Natixis Assurances;
- the contribution by Natixis to a company wholly owned by BPCE SA of all of the shares held by Natixis in Natixis Payment Solutions, Partecis and Natixis Payment Holding (NPH), Natixis subsidiaries currently operating Groupe BPCE's Payments business;
- the distribution by Natixis to its shareholders of the shares of the Insurance Holding Company and the Payments Holding Company received as consideration, respectively, for the Insurance Contribution and the Payments Contribution;
- the acquisition by BPCE of all the shares received by the beneficiaries of bonus shares in the Insurance Holding Company and the Payments Holding Company as a result of the exercise of the put options provided for in the liquidity contracts.

Under the proposed transaction, BPCE would directly hold all of the share capital and voting rights of the Insurance Holding Company and the Payments Holding Company.

On September 22, 2021, the Natixis Board of Directors and the BPCE Supervisory Board approved the terms of the negotiation protocol, signed on the same day, in order to report on their discussions and to define the guiding principles that will inform the eventual conclusion of the definitive documentation relating to the proposed transaction.

In addition, the parties have also announced the sale by Natixis to BPCE SA of all the shares held in Natixis Immo Exploitation (NIE). This transfer is part of a project to create a shared service center ("CSP" Workplace) within BPCE SA bringing together all the expertise related to real estate operations. It would be carried out through a sale of 100% of the shares comprising the share capital of NIE. This transaction could take place in the first quarter of 2022, at the same time as the transfer of the Workplace workforce.

The information-consultation process of the relevant employee representative bodies within Groupe BPCE was initiated on September 23, 2021. The latter issued their opinion on January 11, 2022.

These proposed transactions are internal to Groupe BPCE and therefore have no impact on Groupe BPCE's financial statements as of December 31, 2021.

EVOLUTION OF THE RELATIONSHIP WITH H2O MANAGEMENT

In the fourth quarter of 2020, the group initiated negotiations concerning the sale of its entire stake in the H2O entity, *i.e.* 50.01% of the share capital. This sale consists for H2O Holding company in the purchase of its own shares. Discussions continued during the year, including with the relevant regulators, resulting in a new version of the memorandum of understanding signed on January 6, 2022, which is now expected to be implemented by the end of the first quarter of 2022.

The group has therefore continued to fully consolidate the entity as of December 31, 2021 and, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", has presented the assets and liabilities of this entity under two separate balance sheet headings: "Non-current Assets Held for Sale" in the amount of €401 million and "Non-current Liabilities Held for Sale" for €76 million. The provision for the estimated loss on disposal is now estimated at €140 million, of which €84 million is recorded in Gains and Losses on Long-Term Investments (excluding tax effects) for fiscal year 2021.

LA BANQUE POSTALE AND GROUPE BPCE ANNOUNCED THE RATIONALIZATION OF THEIR CAPITAL TIES AND THE STRENGTHENING OF THEIR INDUSTRIAL PARTNERSHIPS

On October 28, 2021, La Banque Postale and Groupe BPCE announced their intention to rationalize their capital ties and strengthen their industrial partnerships.

As a first step, La Banque Postale announced its plan to acquire the CNP Assurances shares held by Groupe BPCE and to file a simplified public tender offer for CNP Assurances minority shareholders with the AMF at a price of €21.90 per share (with dividend attached), with a view to a compulsory delisting if the conditions are met.

On December 16, 2021, BPCE sold its entire stake in CNP Assurances (16.11%) for €2,422 million, resulting in a pre-tax loss of €14 million recognized in "Share in net income of associates and joint ventures". Following the sale, Groupe BPCE retains a directorship in CNP Assurances.

Groupe BPCE and La Banque Postale have also announced that they have entered into exclusive negotiations in connection with the proposed acquisition by Natixis Investment Managers of 40% of the share capital of AEW and 45% of the share capital of Ostrum Asset Management, currently held by La Banque Postale. The proposed acquisition of these minority stakes will strengthen the capital position of Natixis Investment Managers in these two strategic affiliates, by holding them at 100%.

The final agreements should be concluded in the first half of 2022, after obtaining the necessary authorizations from the competent authorities and after an information and consultation procedure with the employee representative bodies.

This project is accompanied by an extension of the distribution and management agreements currently in force with CNP Assurances and La Banque Postale until 2030.

SALE OF 29.5% OF COFACE'S SHARE CAPITAL TO ARCH CAPITAL GROUP LTD.

On February 10, 2021, following the approval of the competent competition and regulatory authorities, Natixis and Arch Capital group Ltd announced the completion of the sale of 29.5% of the share capital of Coface to Arch Financial Holdings Europe IV Limited, an affiliate of Arch Capital group Ltd. at a price of €9.95 per share (dividend attached). Since then, Natixis is no longer represented on the Coface Board of Directors.

The income recognized on the loss of significant influence amounts to +€7 million.

Since this transaction, the residual interest has been recorded under financial assets at fair value through other comprehensive income. During the second half of 2021, Natixis sold Coface shares on the market, reducing its residual stake from 12.7% to 10.04% as of December 31, 2021, representing an amount of €189 million (fair value calculated on the basis of the share price at that date).

On January 6, 2022, Natixis announced the successful sale of its entire residual stake at the price of €11.55 per share through an accelerated placement to institutional investors. This disposal will affect the accounts for the first quarter of 2022, with the recording of an amount of -€15 million in other comprehensive income.

SALE OF THE SUBSIDIARY BANQUE TUNISO-KOWEITIENNE (BTK)

On August 27, 2021, Groupe BPCE sold its stake in Banque Tuniso-Koweitienne (BTK) to the Elloumi group.

The income recognized in 2021 on this transaction, after taking into account the associated reversals of provisions, is not significant.

1.4 POST-BALANCE SHEET EVENTS

No post-balance sheet events have been identified.

Note 2 Applicable accounting standards and comparability

2.1 REGULATORY FRAMEWORK

The consolidated financial statements of the BPCE SA group were prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable at the reporting date, excluding certain provisions of IAS 39 relating to hedge accounting.

2.2 ACCOUNTING STANDARDS

The standards and interpretations used and detailed in the annual financial statements at December 31, 2020 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from January 1, 2021.

BPCE SA group used the option available in IFRS 9 not to apply the provisions of the standard relative to hedge accounting, and to continue to apply IAS 39 as adopted by the European Union for the recognition of these transactions, *i.e.* excluding certain provisions relating to macro-hedging.

On November 3, 2017, the European Commission adopted the amendment to IFRS 4 applying IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" with specific provisions for financial conglomerates, applicable from January 1, 2018. European regulations therefore allow European financial conglomerates to opt to defer application of IFRS 9 for their insurance activities until January 1, 2021 (effective date of first-time application of the new IFRS 17, Insurance contracts), provided they:

- do not transfer financial instruments between the insurance sector and other sectors of the conglomerate (with the exception of financial instruments designated at fair value through profit or loss for the two sectors affected by the transfer);
- indicate the insurance entities that apply IAS 39;
- disclose specific additional information in the notes to the financial statements.

At its meeting on March 17, 2020, the IASB decided to defer its application by two years, as clarifications still need to be given regarding key aspects of the standard. It also decided to defer the expiry of insurance companies' temporary exemption from IFRS 9 to January 1, 2023, to align it with the application of IFRS 17. An amendment was published on June 25, 2020. This amendment improves the application of IFRS 17.

As BPCE SA group is a financial conglomerate, it elected to apply this provision to its insurance businesses, which continue to be covered by IAS 39. The entities concerned by this measure are mainly CEGC, Natixis Assurances, BPCE Vie and its consolidated funds, Natixis Life, BPCE Prévoyance, BPCE Assurances, BPCE IARD, Surassur, Oney Insurance and Oney Life.

In accordance with the Implementing Regulation of November 3, 2017, the group took the necessary steps to prohibit any transfer of financial instruments between its insurance sector and the rest of the group that would lead to derecognition for the transferring entity; this restriction is not, however, required for transfers of financial instruments measured at fair value through profit or loss by the two sectors involved.

Regulation (EU) 2017/2395 dated December 12, 2017 relating to transitional arrangements for mitigating the impact of the introduction of IFRS 9 on capital and for the large exposures treatment of certain public-sector exposures was published in the Official Journal on December 27, 2017. BPCE SA group has decided not to opt to neutralize IFRS 9 transitional impacts at the prudential level due to the limited impact when applying the standard.

Amendments to IAS 39 and IFRS 9: interest rate benchmark reform (phase 2)

As a reminder, on August 27, 2020, the IASB published amendments regarding issues related to the replacement of benchmark rates by their alternative benchmark rate (phase 2). These amendments involved IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 regarding modifications of financial assets and financial liabilities (including lease liabilities), whether or not these are related to the enforcement of existing contractual clauses (*i.e.* fallback clauses), hedge accounting, and disclosures. These amendments were adopted by the European Commission on January 13, 2021. Their application date is January 1, 2021 and they may be applied early. BPCE SA group chose to apply the amendment early as of December 31, 2020.

Uncertainty arising from the benchmark rate reform and the organization set up at BPCE SA group to address this matter are described in Note 5.20.

Decision of the IFRS Interpretations Committee (IFRS IC) on IAS 19 "Employee Benefits"

The IFRS IC has been asked to take into account the vesting conditions of post-employment defined benefit plans (pension and similar benefits provided for in the balance sheet) when the benefit granted to the employee depends on:

- the employee's presence in the company at the time of retirement;
- the employee's length of service (seniority);
- a ceiling determined by the number of years of service.

The final position of the IFRS IC issued at its meeting on April 20, 2021, states that under IAS 19, the vesting period should be the period immediately before retirement age, starting from the date on which each year of service counts towards vesting under the terms of the plan.

As a result, it is no longer possible, as was previously the case for Groupe BPCE, to use the total period of service as the vesting period when this exceeds the ceiling used to calculate the benefit.

This position does not change the valuation of the commitments but the timing of their recognition in the income statement.

Groupe BPCE has implemented this position as of December 31, 2021. This decision mainly concerns end-of-career awards (IFC), with the non-material effect of reducing the amount of the provision recognized in this respect at December 31, 2021 by €9 million before tax, with a corresponding entry in equity (consolidated reserves). The IFRS IC impact is presented under "Other changes" in the statement of changes in equity for an amount net of deferred taxes of €7 million.

The comparative information presented for fiscal year 2020 has not been restated for these effects but is the subject of specific information at the bottom of the tables in Note 8.2.

Decision of the IFRS Interpretations Committee (IFRS IC) on IAS 38 "Intangible Assets"

IFRS IC has been asked to address the issue of accounting for the customer's costs of configuring and customizing software obtained from a supplier under a SaaS contract.

The final position of the IFRS IC issued at its meeting on March 16, 2021, states that in application of IAS 38, IAS 8 and IFRS 15, SaaS contracts are generally not recognized as assets and are accounted for at the customer's premises as a service provision. Configuration and customization costs incurred on these contracts can only be recognized as intangible assets in certain situations, such as when the contract could result in the creation of new lines of code, the future economic benefits of which would accrue to the customer alone. Otherwise, the customer recognizes these costs as an expense at the time the customer receives the configuration and customization services from the vendor (not at the time the customer uses the services).

This decision has no effect on the financial statements of Groupe BPCE as of December 31, 2021.

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

NEW STANDARDS PUBLISHED AND NOT YET APPLICABLE

IFRS 17

IFRS 17 "Insurance contracts" was published by the IASB on May 18, 2017 and will replace IFRS 4 "Insurance contracts". Initially applicable on January 1, 2021, with a comparison at January 1, 2020, this standard is only expected to come into force from January 1, 2023. At its meeting on March 17, 2020, the IASB decided to defer its application by two years, as clarifications still need to be given regarding key aspects of the standard. It also decided to defer the expiry of insurance companies' temporary exemption from IFRS 9 to January 1, 2023, to align it with the application of IFRS 17. An amendment was published on June 25, 2020. This amendment improves the application of IFRS 17. Regulation (EU) 2020/2097, of December 15, 2020 adopts the amendments made to IFRS 4 to extend the exemption from applying IFRS 9 for insurers. EU regulation 2021/2036 of November 19, 2021 adopts IFRS 17 and provides for the possibility of exempting intergenerational and cash flow offset pooled contracts from the annual cohort requirement imposed by the standard. Groupe BPCE's savings/retirement contracts should fully fall within the scope of this European exemption. On December 9, the IASB published an amendment to IFRS 17 allowing all financial assets held by insurers as of January 1, 2022 to be presented under IFRS 9 in the comparative statements when IFRS 17 and IFRS 9 are applied together in 2023. Groupe BPCE plans to apply this option and also to apply the impairment rules of IFRS 9 for credit risk to eligible financial assets for its comparative statements for 2022.

IFRS 17 establishes the principles of recognition, measurement, presentation and disclosure for the insurance contracts and investment contracts with discretionary profit sharing provisions that fall within its scope.

Currently measured at historic cost, contract obligations shall be recognized at present value, in accordance with IFRS 17. To that end, insurance contracts will be measured based on their future cash flows, including a risk margin in order to factor in the uncertainty relating to these cash flows. IFRS 17 also introduces the concept of contractual service margin. This represents the insurer's unearned profit and will be released over time as the services are rendered to the policyholder. The standard requires a more detailed level of granularity in the calculations since it requires estimates by group of contracts (without classifying contracts issued more than one year apart in the same group – annual cohorts). However, the European Commission has introduced an optional "carve-out" allowing the annual cohort requirement to be waived for groups of insurance contracts with direct participation features and groups of investment contracts with discretionary participation features that benefit from a pooling of returns on the underlying assets between different generations of policyholders (contracts with intergenerational pooling).

These accounting changes could modify the profile of insurance income (in particular for life insurance) and also introduce greater volatility in income.

At December 31, 2021, BPCE SA group's insurance entities have set up project teams to address the changes brought about by the standard and are continuing their preparatory work. This work includes making decisions and documenting the choices made pertaining to the standard, modeling, adapting systems and organizations, producing financial statements and the switchover strategy, financial disclosures and change management.

2.3 USE OF ESTIMATES AND JUDGMENTS

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

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

Actual future results may differ from these estimates.

With respect to the financial statements for the period ended December 31, 2021 in particular, accounting estimates requiring assumptions were mainly used for the following measurements:

- the fair value of financial instruments determined on the basis of valuation models (Note 10);
- the amount of expected credit losses on financial instruments as well as on loan and guarantee commitments (Note 7.1);
- the results of hedge effectiveness tests (note 5.3);
- provisions recorded under liabilities in the balance sheet and more specifically the provision for regulated home savings products (Note 5.13) and provisions for insurance policies (Note 9);
- calculations related to the cost of pensions and future employee benefits (Note 8.2);
- uncertainties relating to the tax treatment of income taxes (Note 11);
- deferred tax assets and liabilities (Note 11);
- uncertainties related to the application of certain provisions related to benchmarks (Note 5.20);
- goodwill impairment tests (Note 3.4);
- the lease term to be used for the recognition of rights-of-use and lease liabilities (Note 12.2.2).

Judgment must also be exercised to assess the business model and the basic characteristics of a financial instrument. The procedures are described in the relevant paragraphs (Note 2.5.1).

Estimates and judgments are also used in the group's activities to estimate climate and environmental risks. Governance and commitments regarding these risks are presented in Chapter 2 "Non-financial performance statement". Information on the effect and consideration of climate risks on credit risk management (Note 7) is presented in Chapter 6 "Risk management – Climate risks". The accounting treatment of the main green financial instruments is presented in Notes 2.5, 5.5, 5.10, 5.11.2.

2.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

As no specific format is required under IFRS, the presentation used by the group for summarized statements follows Recommendation No. 2017-02 issued by the *Autorité des normes comptables* (ANC – French national accounting standards authority) on June 2, 2017.

The consolidated financial statements are based on the financial statements at December 31, 2020. The group's consolidated financial statements for the period ended December 31, 2021 were approved by the Management Board on February 8, 2022. They will be presented to the General Meeting on May 19, 2022.

The amounts presented in the financial statements and in the notes are shown in millions of euros, unless otherwise indicated. Rounding may lead to differences between the amounts shown in the financial statements and those referred to in the notes.

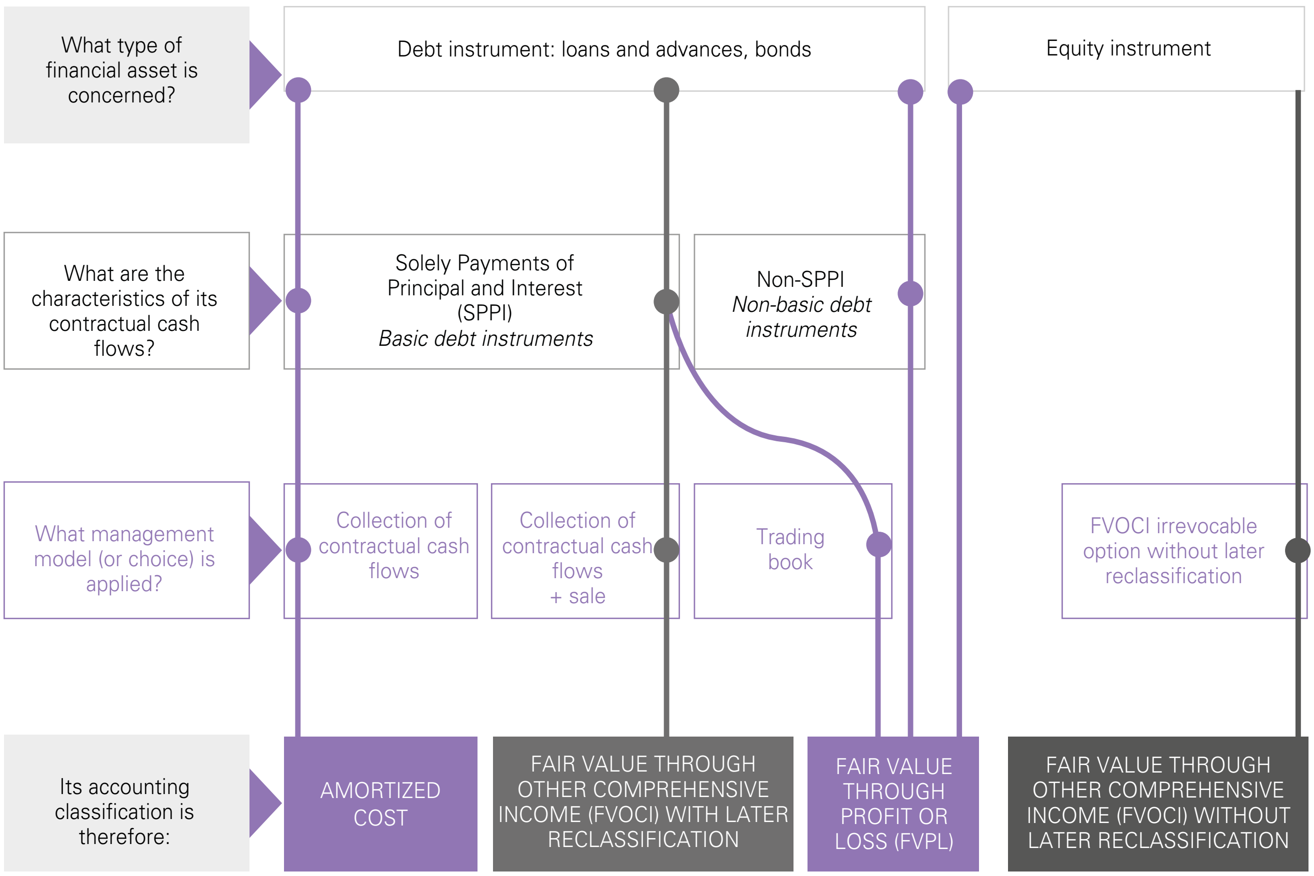
2.5 GENERAL ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

The general accounting principles set out below apply to the main items of the financial statements. Specific accounting principles are presented in the Notes to which they refer.

2.5.1 CLASSIFICATION AND VALUATION OF FINANCIAL ASSETS AND LIABILITIES

IFRS 9 is applicable to BPCE SA group, except for the insurance subsidiaries which still apply IAS 39.

On initial recognition, financial assets are classified at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss, according to the type of instrument (debt or equity), the characteristics of their contractual cash flows and how the entity manages its financial instruments (its business model).



Business model

The entity's business model represents the way in which it manages its financial assets to produce cash flow. Judgment is exercised to ascertain the business model.

The choice of business model must take into account all information regarding the manner in which cash flows were generated in the past, along with all other relevant information.

For example:

- the way in which the performance of financial assets is assessed and presented to the main company directors;
- risks having an impact on the business model's performance, in particular the way in which these risks are managed;
- the way in which directors are paid (for example, if pay is based on the fair value of assets under management or on the contractual cash flows received);
- the frequency of, volume of and reason for sales.

Moreover, the choice of business model must be made at a level which reflects the way in which groups of financial assets are managed collectively with a view to achieving a given economic objective. The business model is therefore not decided on an instrument by instrument basis, but rather at a higher level of aggregation, by portfolio.

The standard provides for three business models:

- a business model whose objective is to hold financial assets in order to receive contractual cash flows ("hold to collect model"). This model, under which the concept of "holding" is relatively similar to holding to maturity, remains valid if disposals occur under the following conditions:
  - the disposals are due to an increase in credit risk,
  - the disposals occur just before maturity and at a price that reflects the contractual cash flows that are still owed,
  - other disposals may also be compatible with the "hold to collect" model's objectives if they are infrequent (even if their value is significant) or if their value is insignificant when considered both individually and overall (even if they are frequent).

For BPCE SA group, the "hold to collect" model applies to financing activities (excluding the loan syndication activity) carried out by retail banking, Corporate & Investment Banking and Financial Solutions & Expertise;

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

BPCE SA group applies the "hold to collect and sell" model primarily to the portion of portfolio management activities for securities in the liquidity reserve that is not managed solely under a "hold to collect" model;

- a model intended for other financial assets, especially those held for trading, for which the collection of contractual cash flows is incidental. This business model applies to the loan syndication activity (for the portion of outstandings to be sold that was identified at the outset) and to the capital market activities carried out primarily by Corporate & Investment Banking.

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

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

The principal amount is defined as the financial asset's fair value at its acquisition date. Interest is the consideration for the time value of money and the credit risk incurred on the principal amount, as well as other risks such as liquidity risk, administrative costs and the profit margin.

The instrument's contractual terms must be taken into account to assess whether contractual cash flows are solely payments of principal and interest. All elements that may cast doubt as to whether only the time value of money and credit risk are represented must therefore be analyzed. For example:

- events that would change the amount and date of the cash flows. Any contractual option that creates risk exposure or cash flow volatility that is not consistent with a basic lending arrangement, such as exposure to fluctuations in the price of stocks or of a market index, or the introduction of leverage, would make it impossible to categorize contractual cash flows as SPPI;
- the applicable interest rate features (for example, consistency between the rate refixing period and the interest calculation period. If a clear determination cannot be made through qualitative analysis, a quantitative analysis (a benchmark test) is carried out. This test involves comparing the contractual cash flows for the asset in question with the contractual cash flows of a benchmark asset;
- early redemption and extension conditions. For the borrower or lender, a contractual option permitting prepayment of financial instruments does not violate the SPPI test for contractual cash flows if the prepayment amount mainly represents the unpaid amounts of principal and interest and, if applicable, a reasonable additional compensation for the early termination of the contract.

Furthermore, although they do not strictly meet the criteria for compensation of the time value of money, certain assets with a regulated interest rate are classified SPPI if this regulated rate provides consideration that corresponds substantially to the passage of time and presents no exposure to a risk that would be inconsistent with a basic lending arrangement. This is the case in particular for financial assets representing the portion of Livret A passbook savings account inflows that is centralized with *Caisse des Dépôts et Consignations*.

Financial assets that generate SPPI are debt instruments such as fixed-rate loans, floating-rate loans without an interest rate tenor mismatch or that are not linked to a security or to a market index, and fixed-rate or floating-rate debt securities.

Non-SPPI financial assets include UCITS units, debt instruments convertible or redeemable into a fixed number of shares and structured loans to local authorities.

To qualify as SPPI assets, the securities held in a securitization vehicle must meet specific conditions. The contractual terms of the tranche must meet the SPPI criterion. The pool of underlying assets must meet the SPPI conditions. The risk inherent in the tranche must be lower than or equal to the exposure to the vehicle's underlying assets.

A non-recourse loan (*e.g.* infrastructure financing-type project financing) is a loan secured only by physical collateral. If there is no possible recourse to the borrower, the structure of other possible recourses or protection mechanisms for the lender in the event of default must be examined in order to categorize these loans as SPPI assets: acquisition of the underlying asset, collateral provided (security deposits, margin call, etc.), enhancements provided.

Accounting categories

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

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

- the asset is held under a hold to collect business model; and
- the contractual terms of the financial asset define it as generating SPPI within the meaning of the standard.

A debt instrument is valued at fair value through other comprehensive income if it meets the following two conditions:

- the asset is held under a hold to collect and sell business model; and
- the contractual terms of the financial asset define it as generating SPPI within the meaning of the standard.

Equity instruments are, by default, recorded at fair value through profit or loss unless they qualify for an irrevocable option for valuation at fair value through other comprehensive income not recyclable to profit or loss (provided they are not held for trading purposes and accordingly classified as financial assets at fair value through profit or loss), without subsequently being reclassified through profit or loss. If opting for the latter category, dividends continue to be recognized in income.

Financing through the issuance of green financial products or investments in such products are accounted for at amortized cost unless they are held as part of a short-term disposal activity.

All other financial assets are recorded at fair value through profit or loss. These financial assets include financial assets held for trading, financial assets at fair value through profit or loss and non-SPPI assets. Financial assets may only be designated at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch. This option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

Embedded derivatives are no longer recognized separately to their host contract when these are financial assets, such that the entire hybrid instrument must now be recognized at fair value through profit or loss when it does not meet the SPPI criterion.

For financial liabilities, the classification and measurement rules set out in IAS 39 are carried forward to IFRS 9 unchanged, with the exception of those applicable to financial liabilities that the entity chooses to record at fair value through profit or loss (fair value option), for which revaluation differences related to changes in own credit risk are recorded under gains and losses recognized directly in equity, without being subsequently reclassified through profit or loss.

The provisions of IAS 39 on the derecognition of financial assets and liabilities remain unchanged in IFRS 9. The amendment to IFRS 9 of October 12, 2017 clarified the treatment under IFRS 9 of modifications of liabilities recognized at amortized cost if the modification does not result in derecognition: the profit or loss resulting from the difference between the original cash flows and the modified cash flows discounted at the original effective interest rate must be recognized in profit or loss.

2.5.2 TRANSACTIONS IN FOREIGN CURRENCIES

The method used to account for assets and liabilities relating to foreign currency transactions entered into by the group depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the group entity on whose balance sheet they are recognized, at the exchange rate prevailing at the balance sheet date. All resulting foreign exchange gains and losses are recognized in income. However, there are two exceptions to this rule:

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

Non-monetary assets carried at historic cost are translated using the exchange rate prevailing at the transaction date. Non-monetary assets carried at fair value are translated using the exchange rate in effect at the date on which the fair value was determined. Foreign exchange gains and losses on non-monetary items are recognized in profit or loss if gains and losses relating to the items are recorded in profit or loss, and in "Gains and losses recognized directly in equity" if gains and losses relating to the items are recorded in "Gains and losses recognized directly in equity".

Note 3 Consolidation

3.1 SCOPE OF CONSOLIDATION – CONSOLIDATION AND VALUATION METHODS

The group's financial statements include the financial statements of all the entities over which it exercises control or significant influence, whose consolidation had a material impact on the aforementioned financial statements.

The scope of entities consolidated by BPCE SA group is described in Note 13 – Details of the scope of consolidation.

3.1.1 ENTITIES CONTROLLED BY THE GROUP

The subsidiaries controlled by BPCE SA group are fully consolidated.

Definition of control

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

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

Exclusive control is presumed to exist when the group holds directly or indirectly either the majority of the subsidiary's voting rights, or at least half of an entity's voting rights and a majority within the management bodies, or is in a position to exercise significant influence.

Special case: structured entities

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

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

a) well-defined activities;

b) a specific and well-defined aim, for example: implementing a lease eligible for specific tax treatment, carrying out research and development, providing an entity with a source of capital or funding, or providing investors with investment options by transferring associated risk and advantages to the structured entity's assets;

c) insufficient equity for the structured entity to finance its activities without subordinated financial support; and

d) financing through the issuance, to investors, of multiple instruments inter-related by contract and which create concentrations of credit risk or other risks ("tranches").

The group therefore considers, among others, collective investment undertakings within the meaning of the French Monetary and Financial Code and equivalent bodies governed by foreign law as structured entities.

Full consolidation method

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

The portion of interest which is not directly or indirectly attributable to the group corresponds to a non-controlling interest.

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

Changes to the percentage interest in subsidiaries that do not lead to a change in control are recognized as transactions affecting equity.

The effects of these transactions are recognized in equity at their after-tax amount and therefore do not impact consolidated income attributable to equity holders of the parent.

Exclusion from the scope of consolidation

Non-material controlled entities are excluded from the scope in accordance with the principle set out in Note 13.5.

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

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

3.1.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Definition

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

A joint venture is a partnership in which the parties which exercise joint control over the entity have rights over its net assets.

Joint control is the contractually agreed sharing of control over a company, which exists only when the strategic decisions require the unanimous consent of the parties sharing control.

Equity method

Income, assets and liabilities of investments in associates and joint ventures are accounted for in the group's consolidated financial statements using the equity method.

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

The equity method is applied from the date on which the entity becomes an associate or a joint venture. On the acquisition of an associate or a joint venture, the difference between the cost of investment and the group's share in the net fair value of the entity's identifiable assets and liabilities is recognized in goodwill. When the net fair value of the entity's identifiable assets and liabilities is higher than the cost of investment, the difference is recognized in income.

The share of net income of entities accounted for under the equity method is included in the group's consolidated income.

When a group entity carries out a transaction with a group joint venture or associate, the profit or loss resulting from this transaction is recognized in interests held by third parties in the associate or joint venture.

The net investment in an associate or joint venture is subject to impairment testing if there is objective evidence of impairment arising from one or more events occurring after the initial recognition of the net investment and if the events have an impact on estimated cash flows, provided this impact can be reliably calculated.

In such cases, the total carrying amount of the investment (including goodwill) is subject to impairment testing in accordance with the provisions of IAS 36 "Impairment of Assets".

Exception to the equity method

When the investment is held by a venture capital organization, an investment fund, an investment company with variable share capital or a similar entity such as an insurance asset investment fund, the investor may choose not to recognize the investment using the equity method. In this case, revised IAS 28 "Investments in Associates and Joint Ventures" authorizes the investor to recognize the investment at its fair value (with changes in fair value recognized in income) in accordance with IFRS 9.

These investments are therefore recognized as "Financial assets at fair value through profit or loss".

The Global Financial Services division's private equity subsidiaries have chosen to measure their investments in this way, considering that this valuation method provides more relevant information.

3.1.3 INVESTMENTS IN JOINT ACTIVITIES

Definition

A joint activity is a partnership where parties that have joint control over an entity have direct rights over the entity's assets, and obligations for its liabilities.

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Accounting treatment of joint activities

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

3.2 CONSOLIDATION RULES

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

3.2.1 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are expressed in euros.

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

Foreign exchange rate adjustments arise from a difference in:

- net income for the period translated at the average rate and at the closing rate;
- equity (excluding net income for the period) translated at the historic exchange rate and at the year-end rate.

The portion attributable to equity holders of the parent is recorded in equity under "Foreign exchange rate adjustments" and the portion attributable to minority shareholders under "Non-controlling interests".

3.2.2 ELIMINATION OF INTRA-GROUP TRANSACTIONS

The impact of intercompany transactions on the consolidated balance sheet and consolidated income statement is eliminated. Dividends, as well as gains and losses on intercompany asset disposals, are also eliminated. Where appropriate, capital losses from asset disposals resulting in impairment are maintained.

3.2.3 BUSINESS COMBINATIONS

In accordance with revised IFRS 3, "Business Combinations" and IAS 27, "Consolidated and Separate Financial Statements":

- combinations between mutual insurers are included within the scope of IFRS 3;
- costs directly linked to business combinations are recognized in net income for the period;
- contingent considerations payable are included in the acquisition cost at their fair value at the date of acquisition of a controlling interest in an entity, even if they are only potential. Depending on the settlement method, transferred considerations are recognized against:
  - capital and later price revisions will not be booked,
  - or debts and later adjustments are recognized against income (financial debts) or according to the appropriate standards (other debts outside the scope of IFRS 9),
- on an entity's acquisition date, non-controlling interests may be valued:
  - either at fair value (method resulting in the allocation of a share of the goodwill to non-controlling interests),
  - or at the share in the fair value of the identifiable assets and liabilities of the entity acquired (method similar to that applicable to transactions prior to December 31, 2009).

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

Whatever method is chosen when the acquisition is made, increases in the percentage of interest in an entity already controlled are systematically recognized in capital:

- when an entity is acquired, any share previously held by the group must be revalued at fair value through profit or loss. Consequently, in the event of a step acquisition, goodwill is determined by referring to the fair value at the acquisition date; and
- when the group loses control of a consolidated company, any share previously held by the group must be revalued at fair value through profit or loss.

All business combinations that occurred prior to the revisions of IFRS 3 and IAS 27 are accounted for by applying the purchase method, except business combinations involving two or more mutual insurers or entities under joint control, as these transactions were explicitly excluded from the scope of application.

3.2.4 PURCHASE COMMITMENTS GRANTED TO MINORITY SHAREHOLDERS OF FULLY CONSOLIDATED SUBSIDIARIES

The group has entered into commitments with minority shareholders of certain fully consolidated group subsidiaries to buy out their shares. These buyback commitments are optional commitments (sales of put options). The exercise price for these options may be an amount fixed contractually, or may be established according to a calculation formula defined upon the acquisition of the subsidiary's securities and taking into account its future activity, or may be set as the fair value of the subsidiary's securities on the day on which the options are exercised.

For accounting purposes, these commitments are treated as follows:

- pursuant to the provisions of IAS 32, the group recognizes a financial liability with respect to the put options sold to minority shareholders in fully-consolidated entities. This liability is initially recognized at the discounted value of the put option exercise price under "Other liabilities";
- the obligation to record a liability even though the put options are not exercised means, for purposes of consistency, that the same accounting treatment as that for transactions related to non-controlling interests must be applied. As a result, the corresponding entry for this liability is deducted from "Non-controlling interests" underlying the options and the balance is deducted from "Consolidated reserves attributable to equity holders of the parent";
- subsequent changes in this liability relating to any change in the estimated exercise price of the options and the carrying amount of "Non-controlling interests" are fully booked as "Consolidated reserves attributable to equity holders of the parent";

- in the event of a buyback, the liability is settled by the cash payment related to the acquisition of minority shareholders' stakes in the subsidiary in question. However, when the commitment expires, if the buyback does not take place, the liability is written off against non-controlling interests and "Consolidated reserves attributable to equity holders of the parent" according to their respective amounts; and
- as long as the options have not been exercised, results from non-controlling interests subject to put options are included in the consolidated income statement as "Non-controlling interests".

3.2.5 FISCAL YEAR REPORTING DATE OF CONSOLIDATED ENTITIES

The entities included in the scope of consolidation close their accounts on December 31.

3.3 CHANGES IN THE SCOPE OF CONSOLIDATION DURING FISCAL YEAR 2021

the main changes in the scope of consolidation in the 2021 fiscal year are presented below:

CHANGES IN THE OWNERSHIP INTEREST IN SUBSIDIARIES (WITH NO IMPACT ON CONTROL)

Change in the group's ownership interest in Natixis

Following the simplified public tender offer for Natixis shares launched in February 2021, Groupe BPCE's interest in Natixis has been 100% since July 1, 2021, compared with 70.66% at December 31, 2020. The impacts of this change on equity are presented in Note 1.3.

Other changes

Natixis IM, which previously held 50% of the capital of AEW UK Investment Management LLP, acquired 50% of the remaining capital from the managers of the structure. Following this transaction, the company, which is now wholly owned by Natixis IM, changed its consolidation method from the equity method to full consolidation.

OTHER CHANGES IN SCOPE

Newly consolidated entities

DURING THE FIRST QUARTER OF 2021:

- creation of Natixis Investment Managers UK (Funds) Limited as part of the international distribution activity of the Global Financial Services division;
- creation of Loomis Sayles (Netherlands) BV to permanently locate and accelerate the growth of Loomis Sayles in Europe;
- creation by AEW Capital Management (US) of a new subsidiary in South Korea: AEW Korea LLC. Furthermore, AEW Capital Management created two non-consolidated fund management entities in Luxembourg (AEW VIA IV GP Partners Sarl and AEW APREF GP Sarl).

During the second quarter of 2021, consolidation of the FRUCTI ACTIONS France C fund in the Insurance division.

DURING THE THIRD QUARTER OF 2021:

- consolidation of DNCA INVEST NORDEN, Vega Euro Rendement FCPRC, insurance investment mutual fund, creation of Natixis Global Services (India) Private Limited, dedicated to operational support.

DURING THE FOURTH QUARTER OF 2021:

- creation by AEW Capital Management (US) of a new subsidiary in the United States: AEW Core Property (US) GP LLC and a second one in Luxembourg: AEW Core Property (US) LUX GP SARL, specialized in the management of non-consolidated real estate funds;
- consolidation of THEMATHICS AI AND ROBOTICS (asset management).

Deconsolidated entities

DISPOSALS (SEE NOTE 1.3)

- Coface shares by the Global Financial Services division: 29.5% carried out on February 10, 2021 then an additional disposal in the second quarter bringing the residual stake to 10.04%;
- the 60% stake in Banque Tuniso Koweitienne, on August 27, 2021, and of its subsidiaries Arab International Lease, El Istifa, Univer Invest SICAR, Tunis Center, Univers Participations SICAF, Société du Board et de l'intermédiation Financière (Board and Financial Intermediation Company) and MADAI SA;
- the 16.11% stake in CNP Assurances on December 16, 2021.

DISSOLUTIONS/LIQUIDATIONS

- AEW Senior Housing Investors Inc. in the first quarter, which was involved in the management of AEW Capital Management's non-consolidated AEW Senior Housing Investors fund;
- AEW REAL ESTATE ADVISORS, INC. (asset management) and the NALEA fund (formerly NORDRI) in the third quarter.

DECONSOLIDATIONS

- Natixis Formation Epargne Financière in the second quarter following the liquidation of the entity which had been in run-off mode for several years;
- ESNI, a securitization company, following the liquidation of the Groupe BPCE Credit-Claim1 fund in the second quarter;
- Muracef in the fourth quarter.

Mergers and full transfers of assets and liabilities

- TUP of SERIXIM to BPCE Expertises Immobilières in the third quarter;
- Merger-absorption by BIMPLI of Alter CE (Comitéo), Jackpot, Lakooz, Natixis Intertitres, Titres cadeaux in the fourth quarter;
- TUP of Natixis Funding to Natixis SA in the fourth quarter.

3.4 GOODWILL

3.4.1 VALUE OF GOODWILL

in millions of euros	Fiscal year 2021	Fiscal year 2020
Opening net value	**3,730**	**4,088**
Acquisitions[1]	30	52
Disposals		(282)
Other movements	(14)	
Foreign exchange rate adjustments	113	(128)
CLOSING NET VALUE	**3,859**	**3,730**

(1) Includes the additional acquisition of 50% of shares in AEW UK Investment Management LLP by the Global Financial Services division.

At December 31, 2021, gross goodwill stood at €4,170 million and total impairment came to -€311 million.

Certain goodwill items recognized in the United States give rise to tax amortization over 15 years, leading to a difference between the carrying amount of the goodwill and its tax base. This difference in treatment generated a deferred tax liability of €349 million at December 31, 2021, compared with €321 million at December 31, 2020.

Breakdown of goodwill

	Net carrying amount	
in millions of euros	12/31/2021	12/31/2020
Oney Bank	170	170
Other networks	170	170
Financial Solutions & Expertise	18	27
Insurance	93	93
Payments	137	137
Retail Banking and Insurance	**418**	**427**
Asset & Wealth Management[1]	**3,297**	**3,168**
Corporate & Investment Banking	**143**	**135**
TOTAL GOODWILL	**3,859**	**3,730**

(1) Including +€30 million following the acquisition of an additional 50% of shares in AEW UK Investment Management LLP by the Global Financial Services division.

3.4.2 GOODWILL IMPAIRMENT TESTS

All items of goodwill are impaired, based on the value in use of the cash-generating units (CGUs) to which they have been allocated.

Key assumptions used to calculate recoverable value

Value in use was primarily calculated based on the discounting of the estimate of each CGU's future cash flows (*i.e.* the discounted cash flow method (DCF)) as they result from the business lines' latest results forecasts reassessed for the health crisis.

For Corporate & Investment Banking, the fact that the goodwill is exclusively derived from the M&A activity led to carry out the valuation exercise on the M&A perimeter only, while enriching the valuation methods used (multi-criteria approach including a DCF approach as well as valuation methods based on stock market multiples and comparable transactions) in continuity with the previous fiscal year.

For the Insurance and Payments business lines, an impairment test was carried out at December 31, which consisted of a comparison of the fair value on disposal and the carrying amount (adjusted for recyclable equity). This test did not lead to the recognition of any impairment at December 31, 2021.

The following assumptions were used:

	Discount rate	Long-term growth rate
Financial Solutions & Expertise	**8.0%**	**2.0%**
Asset & Wealth Management	**7.7%**	**2.5%**
Corporate & Investment Banking	**9.2%**	**2.5%**

- estimated future cash flows: data from the most recent multi-year earnings projections for each business line, drawn up in the course of preparing the Global Financial Services division's strategic plan;
- perpetual growth rate: set at 2.5% for the Asset & Wealth Management CGUs and for Corporate & Investment Banking's M&A activity, based on the growth outlook supported by their level of activity and resilience in the face of the crisis;
- discount rate: a different rate was applied to each CGU: 7.7% for Asset & Wealth Management (7.6% as of December 31, 2020), 9.2% for Corporate & Investment Banking (9.5% as of December 31, 2020).

Market data are now calculated on a 5-year historical basis (*vs.* 10 years previously) to reflect a period more representative of current trading conditions for the CGUs, notably the constant fall in interest rates since the euro zone crisis. This change in methodology is the main reason for the reduction in discount rates this year.

In addition, in more detail, the discount rates were determined by taking into account:

- for the Asset & Wealth Management and Corporate & Investment Banking CGUs, the average of the 10-year OAT and the US 10-year, averaged over a depth of 5 years. This is then increased by a risk premium based on a sample of representative companies in the CGU, averaged over a depth of 5 years;
- for the Financial Solutions & Expertise CGU, a risk-free rate (10-year OAT) over a depth of 9 years, plus a risk premium calculated based on a sample of listed European banks with a similar banking business, while factoring in the specific characteristics of these institutions.

These tests did not lead to the recognition of any impairment at December 31, 2021.

Sensitivity of recoverable values

A 50 bp increase in discount rates (assumption based on the historical annual variability observed over one year using 2012-2020 historical data) combined with a 50 bp reduction in perpetual growth rates would reduce the value in use of CGUs by:

- -14% for the Asset & Wealth Management CGU;
- -13% for the Corporate & Investment Banking CGU (M&A activity);
- -8.5% for the Financial Solutions & Expertise CGU;

and would not lead to the recognition of any impairment losses for these CGUs.

Similarly, the sensitivity of these CGUs' future cash flows, as forecast in the business plan, to changes in the main assumptions would not significantly affect their recoverable value:

- for Asset & Wealth Management, a 10% decline in the equity markets (a uniform decline across all years) would have a -10% negative impact on the CGU's recoverable value and would not lead to the recognition of impairment;
- for Corporate & Investment Banking, sensitivity to the dollar would not have a significant impact on the recoverable amount and would not result in the recognition of impairment;
- for Financial Solutions & Expertise, the sensitivity of future cash flows, as forecast in the business plan, to a 5%-point fall in recurring net income combined with an increase in the target prudential ratio of 25 basis points would have a negative impact on the CGU's value of -5.3% and would have no impact in terms of impairment.

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Note 4 Notes to the income statement

Key points

Net Banking Income (NBI) includes:

- interest income and expenses;
- fees and commissions;
- gains (losses) on financial instruments at fair value through profit or loss;
- gains (losses) on financial instruments at fair value through other comprehensive income;
- net gains or losses arising from the derecognition of financial assets at amortized cost;
- net income from insurance businesses;
- income and expenses from other activities.

4.1 INTEREST AND SIMILAR INCOME AND EXPENSES

Accounting principles

Interest income and expenses are recognized in the income statement for all financial instruments measured at amortized cost using the Effective Interest Method, which includes interbank and customer items, the portfolio of securities at amortized cost, subordinated debt and lease liabilities. This item also includes interest receivable on fixed income securities classified as financial assets at fair value through other comprehensive income and hedging derivatives, it being specified that accrued interest on cash flow hedging derivatives is taken to income in the same manner and period as the accrued interest on the hedged item.

Interest income also consists of interest on non-SPPI debt instruments not held under a trading model as well as interest on the related economic hedges (classified by default as instruments at fair value through profit or loss).

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

The effective interest rate calculation takes account of all transaction fees paid or received as well as additional paid-in capital and discounts. Transaction fees paid or received that are an integral part of the effective interest rate of the contract, such as loan set-up fees and commissions paid to financial partners, are treated as additional interest.

Negative interest is presented as follows:

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

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Interest income	Interest expenses	Net	Interest income	Interest expenses	Net
Loans to/borrowings from banks	2,296	(1,855)	441	1,662	(1,334)	328
Loans to/borrowings from customers(1)	3,914	(367)	3,547	4,275	(475)	3,800
Bonds and other debt securities held/issued	752	(2,642)	(1,890)	623	(3,232)	(2,609)
Subordinated debt		(616)	(616)		(624)	(624)
Lease liabilities		(14)	(14)		(15)	(15)
Financial assets and liabilities at amortized cost (excluding finance leases)	**6,962**	**(5,494)**	**1,469**	**6,560**	**(5,680)**	**880**
Finance leases	**316**	**///**	**316**	**341**	**///**	**341**
Debt securities	42		42	88		88
Financial assets at fair value through other comprehensive income	**42**		**42**	**88**		**88**
TOTAL FINANCIAL ASSETS AND LIABILITIES AT AMORTIZED COST AND AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME(2)	**7,320**	**(5,494)**	**1,827**	**6,989**	**(5,680)**	**1,309**
Non-standard financial assets not held for trading	**85**		**85**	**104**		**104**
Hedging derivatives	**2,923**	**(2,585)**	**338**	**3,585**	**(3,300)**	**285**
Economic hedging derivatives	**59**	**(37)**	**22**	**234**	**(67)**	**167**
Other interest income and expenses		**(77)**	**(77)**		**(94)**	**(94)**
TOTAL INTEREST INCOME AND EXPENSES	**10,387**	**(8,193)**	**2,195**	**10,912**	**(9,141)**	**1,771**

(1) Of which €35 million concerning the impact of the extension of certain State-guaranteed loans (catch up: re-estimate of future cash flows).
(2) Interest income from financial assets with a known credit risk (S3) amounted to €181 million in 2021 (€241 million in 2020), of which €181 million in financial assets at amortized cost (€240 million in 2020).

4.2 FEE AND COMMISSION INCOME AND EXPENSES

Accounting principles

Under IFRS 15 "Revenue from contracts with customers", recognition of revenue from ordinary activities reflects the transfer of control of goods and services promised to customers in an amount corresponding to the consideration that the entity expects to receive in exchange for these goods and services. The recognition of this revenue calls for a five-step approach:

- identification of contracts with customers;
- identification of specific performance obligations (or items) to be recognized separately from one another;
- determination of the overall transaction price;
- allocation of the transaction price to the various specific performance obligations;
- recognition of revenue when performance obligations are met.

This approach applies to contracts entered into by an entity with its customers, with the exception of leases (covered by IFRS 16), insurance contracts (covered by IFRS 4) and financial instruments (covered by IFRS 9). If specific stipulations relating to revenue or contract costs are given under a different standard, these will first be applied.

This method primarily applies to the following group activities:

- fee and commission income, notably that relating to banking services when this income is not included in the effective interest rate, or that relating to asset management or financial engineering services;
- income from other activities (see Note 4.6), in particular for services included in leases.

As a result, fees and commissions are recorded based on the type of service rendered and on the method of accounting for the financial instruments to which the service relates.

This line includes mainly fees and commissions receivable or payable on recurring services (payment processing, custody fees, etc.) and occasional services (fund transfers, late payment penalties, etc.), fees and commissions receivable or payable on execution of significant transactions, and fees and commissions receivable or payable on trust assets held or managed on behalf of the group's customers.

However, fees and commissions that form an integral part of the effective yield on a contract are recorded under "Net interest income".

Commissions on services

Commissions on services are analyzed to separately identify their different items (or performance obligations) and to assign the appropriate share of revenues to each item. Each item is then recorded in the income statement by type of service provided, and according to the method used to recognize the associated financial instrument:

- commissions payable or receivable on recurring services are deferred over the period in which the service is provided (payment processing, custody fees, etc.);
- commissions payable or receivable on occasional services are recognized in full in income when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable or receivable on execution of a significant transaction are recognized in full in income on completion of the transaction.

When there is some uncertainty about the amount of a commission (incentive fees in asset management, variable financial engineering commissions, etc.), only the amount that the group is already certain to receive, given the information available at the closing date, is recognized.

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees on loan commitments given or loan set-up fees, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as "Interest income" rather than "Fee and commission income".

Fiduciary and similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. Trust-management services mainly cover asset management business and custody services on behalf of third parties.

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	57	(79)	(21)	46	(71)	(25)
Customer transactions	1,007	(17)	989	865	(13)	852
Financial services	367	(572)	(205)	233	(132)	101
Sales of life insurance products	143	///	143	155	///	155
Payment services	551	(84)	466	512	(75)	437
Securities transactions	173	(152)	21	181	(180)	1
Trust management services[(1)]	4,086		4,086	3,444		3,444
Financial instruments and off-balance sheet transactions	168	(138)	31	203	(514)	(311)
Other fee and commission income/(expense)	133	(1,192)	(1,060)	119	(1,081)	(962)
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**6,685**	**(2,235)**	**4,450**	**5,758**	**(2,066)**	**3,692**

(1) Of which performance fees in the amount of €587 million (€532 million for Europe) in 2021, compared with €314 million (€286 million for Europe) in 2020.

4.3 GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting principles

"Gains (losses) on financial instruments at fair value through profit or loss" includes gains and losses (including the related interest) from financial assets and liabilities classified as held for trading or designated at fair value through profit or loss.

"Gains and losses on hedging transactions" include gains and losses arising from the revaluation of derivatives used as fair value hedges, as well as gains and losses from the revaluation of the hedged item in the same manner, the revaluation at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Gains and losses on financial instruments mandatorily recognized at fair value through profit or loss[(1)]	**2,654**	**1,753**
Gains and losses on financial instruments designated at fair value through profit or loss	**(1,197)**	**(693)**
• Gains and losses on financial assets designated at fair value through profit or loss	22	(16)
• Gains and losses on financial liabilities designated at fair value through profit or loss	(1,218)	(677)
Gains and losses on hedging transactions	**37**	**(72)**
• Ineffective portion of cash flow hedges (CFH)	(27)	(8)
• Ineffective portion of fair value hedges (FVH)	64	(64)
Changes in fair value hedges	*(816)*	*141*
Changes in fair value of hedged items	*880*	*(205)*
Gains and losses on foreign exchange transactions	**52**	**111**
TOTAL GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,546**	**1,099**

(1) In 2021, "Gains and losses on financial instruments mandatorily recognized at fair value through profit or loss" included:

- write downs taken against the fair value of CDS entered into with monoline insurers: a decrease in the write-down inventory was recorded in fiscal year 2021 for €13 million, compared with an increase of €5 million (expense) in fiscal year 2020 (excluding the impact of exchange rates), bringing the total write-down inventory to €17 million at December 31, 2021, compared with €30 million at December 31, 2020;
- changes in the fair value of derivatives, in the amount of +€33 million, arising from the increase in write downs for counterparty risk (Credit Valuation Adjustment – CVA), in the amount of -€16 million due to the consideration of non-performance risk in the valuation of derivative financial liabilities (Debit Valuation Adjustment – DVA), and in the amount of -€3 million due to the inclusion of an adjustment for funding costs (Funding Valuation Adjustment – FVA).

DAY ONE PROFIT

in millions of euros	Fiscal year 2021	Fiscal year 2020
Day one profit at the start of the year	163	122
Deferred profit on new transactions	197	137
Profit recognized in income during the year	(117)	(95)
DAY ONE PROFIT AT YEAR-END	**244**	**164**

4.4 GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting principles

Financial assets at fair value through other comprehensive income include:

- SPPI debt instruments managed under a hold to collect and sell business model at fair value through other comprehensive income recyclable to profit or loss. If they are sold, changes in fair value are taken to income;
- equity instruments at fair value through other comprehensive income not recyclable to profit or loss. In the event of disposal, changes in fair value are not transferred to profit or loss but are taken directly to consolidated reserves. Only dividends affect income when they correspond to a return on investment.

Changes in the value of SPPI debt instruments managed under a hold to collect and sell business model recognized at fair value through other comprehensive income recyclable to profit or loss include:

- income and expenses recognized in net interest income;
- net gains or losses on derecognized debt financial assets at fair value through other comprehensive income;
- impairment/reversals recognized in "Cost of credit risk";
- gains and losses recognized directly in equity.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Net gains or losses on debt instruments	38	26
Net gains or losses on equity instruments (dividends)	128	59
TOTAL NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**166**	**85**

4.5 NET GAINS OR LOSSES ARISING FROM THE DERECOGNITION OF FINANCIAL ASSETS AT AMORTIZED COST

Accounting principles

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

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Gains	Losses	Net	Gains	Losses	Net
Loans or receivables due from banks	16	(11)	5	16		16
Loans or receivables due from customers	2	(8)	(6)		(16)	(16)
Debt securities	0		0	51	(54)	(3)
Gains and losses on financial assets at amortized cost	**18**	**(19)**	**(1)**	**67**	**(70)**	**(3)**
Amounts due to banks	2	(1)	1	1	(5)	(4)
Debt securities	1	(13)	(12)	21	(3)	18
Gains and losses on financial liabilities at amortized cost	**3**	**(14)**	**(11)**	**22**	**(8)**	**14**
TOTAL GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT AMORTIZED COST	**21**	**(33)**	**(12)**	**89**	**(79)**	**10**

4.6 INCOME AND EXPENSES FROM OTHER ACTIVITIES

Accounting principles

Income and expenses from other activities mainly include:

- income and expenses on investment property (rental income and expense, gains and losses on disposals, depreciation, amortization and impairment);
- income and expenses on operating leases;
- income and expenses on real estate development activities (revenues, purchases used).

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expenses from real estate activities	2	(2)	0	5	(1)	4
Income and expenses from leasing transactions	313	(257)	56	198	(164)	34
Income and expenses from investment property	34	(7)	27	18	(8)	10
Share of joint ventures	*128*	*(90)*	*38*	*120*	*(93)*	*27*
Transfers of expenses and income	*2*	*(7)*	*(5)*	*2*	*(7)*	*(5)*
Other operating income and expenses[1]	*977*	*(333)*	*644*	*990*	*(238)*	*751*
Net additions to/reversals from provisions to other operating income and expenses[1]		*(17)*	*(17)*		*(13)*	*(13)*
Other income and expenses	1,107	(447)	660	1,112	(351)	760
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**1,456**	**(713)**	**743**	**1,333**	**(524)**	**808**

(1) Income of €2 million recognized in the item “Income from other activities” in respect of the EIC exchange fine following the favorable decision rendered by the French Court of Appeal on December 2, 2021. In view of the uncertainty and history of the case (see Legal Risks in the "Risk management" section), a provision of an equivalent amount has been recorded as an offsetting entry under “Expenses from other activities”.

Income and expenses from insurance businesses are presented in Note 9.2.

4.7 OPERATING EXPENSES

Accounting principles

Operating expenses include mainly payroll costs (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and external service costs.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Payroll costs	**(5,630)**	**(4,690)**
Taxes other than on income[1]	(403)	(452)
External services and other operating expenses[2]	(2,442)	(2,203)
Other administrative costs	**(2,844)**	**(2,655)**
TOTAL OPERATING EXPENSES[3]	**(8,474)**	**(7,344)**

(1) Taxes other than on income included, in particular, the contribution to the SRF (Single Resolution Fund) for an amount of €249 million in 2021 (compared to €254 million in 2020) and the TSC (Tax for the Support of Local Authorities) for an amount of €8 million in 2021 (compared to €8 million in 2020).
(2) Includes a decrease of €26 million in 2021 in the cost of collection on doubtful accounts (S3) reclassified to “Cost of credit risk” as these costs are marginal and directly attributable to the recovery of contractual cash flows (€23 million at December 31, 2020).
(3) Operating expenses include €309 million in transformation and restructuring costs in 2021 compared to €209 million in 2020.

The breakdown of payroll costs is provided in Note 8.1.

Contributions to banking resolution mechanisms

The terms and conditions governing the establishment of the deposit and resolution guarantee fund were amended by the Ministerial Order of October 27, 2015. For the Deposit Guarantee Fund, the cumulative amount of contributions made to the fund by the group for deposit, collateral and securities guarantee mechanisms amounts to €34 million. Contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) represent €6 million. Contributions paid in the form of partner or association certificates and cash security deposits recognized as assets on the balance sheet total €28 million.

European directive 2014/59/EU, known as the BRRD (the Bank Recovery and Resolution Directive), which sets out a framework for the recovery and resolution of banks and investment firms, and European regulation 806/2014 (the Single Resolution Mechanism (SRM) Regulation) set up a resolution fund from 2015. In 2016, this fund became a Single Resolution Fund (SRF) between the Member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution funding mechanism at the disposal of the resolution authority (Single Resolution Board). The latter may draw on this fund in the context of the implementation of the resolution procedures.

The Single Resolution Board set the level of contributions for 2021 in accordance with Delegated Regulation 2015/63 and Implementing Regulation 2015/81 supplementing the BRRD on *ex-ante* contributions to bank resolution financing mechanisms. The amount of contributions paid by the group totaled €293 million, of which €249 million recognized as an expense and €44 million in cash security deposits recognized as assets on the balance sheet (15% of funds in cash security deposits). The cumulative amount of contributions recognized as assets on the balance sheet totaled €268 million at December 31, 2021.

4.8 NET INCOME (EXPENSE) FROM OTHER ASSETS

Accounting principles

This item includes gains and losses on disposals of property, plant and equipment and intangible assets, as well as gains and losses on disposals of consolidated investments in associates.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations	1	(1)
Gains or losses on disposals of consolidated investments[(1)]	(70)	(307)
TOTAL NET INCOME (EXPENSE) FROM OTHER ASSETS	**(69)**	**(308)**

(1) Of which -€84 million on H2O recognized in fiscal year 2021.

Note 5 Notes to the balance sheet

5.1 CASH AND AMOUNTS DUE FROM CENTRAL BANKS

Accounting principles

This item mainly includes cash and assets held with central banks at amortized cost.

in millions of euros	12/31/2021	12/31/2020
Cash	38	45
Central banks	182,015	148,664
TOTAL CASH AND AMOUNTS DUE FROM CENTRAL BANKS	**182,053**	**148,709**

5.2 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting principles

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives; certain assets and liabilities that the group chose to recognize at fair value at their date of acquisition or issue using the fair value option available under IFRS 9; and non-SPPI assets.

The criteria for classification as financial assets are described in Note 2.5.1.

Date of recognition

Securities are recorded in the balance sheet on the settlement-delivery date.

Temporary sales of securities are also recorded on the settlement/delivery date.

When such transactions are recorded under "Assets and liabilities at fair value through profit or loss", the commitment is recorded as an interest rate derivative.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

5.2.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting principles

Financial assets at fair value through profit or loss are:

- financial assets held for trading, *i.e.* securities acquired or issued principally for the purpose of selling them in the near term;
- financial assets that the group has chosen to recognize at fair value through profit or loss at inception using the fair value option available under IFRS 9. The qualifying criteria used when applying this option are described above;
- non-SPPI debt instruments;
- equity instruments measured by default at fair value through profit or loss (which are not held for trading purposes).

These assets are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, dividends, and gains or losses on disposals on these instruments are recognized in "Gains or losses on financial instruments at fair value through profit or loss", with the exception of non-SPPI debt financial assets whose interest is recorded in "Interest income".

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the group to manage its risk exposure.

Assets designated at fair value through profit or loss

IFRS 9 allows entities to designate financial assets at fair value through profit or loss on initial recognition. However, an entity's decision to do so may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

This option may only be applied to eliminate or significantly reduce an accounting mismatch. Applying the option eliminates accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the group to manage its risk exposure.

in millions of euros	12/31/2021				12/31/2020			
	Financial assets mandatorily recognized at fair value through profit or loss		Financial assets designated at fair value through profit or loss[3]	Total	Financial assets mandatorily recognized at fair value through profit or loss		Financial assets designated at fair value through profit or loss[3]	Total
	Financial assets considered part of a trading activity	Other financial assets[1][2]			Financial assets considered part of a trading activity	Other financial assets[1][2]		
Treasury bills and equivalent	8,378			8,378	10,087			10,087
Bonds and other debt securities	10,567	3,416	44	14,028	8,683	5,011	21	13,715
Debt securities	**18,945**	**3,416**	**44**	**22,406**	**18,770**	**5,011**	**21**	**23,802**
Loans to banks (excluding repurchase agreements)		378		378		966	2	968
Customer loans (excluding repurchase agreements)	4,607	1,881		6,488	2,932	2,049		4,981
Repurchase agreements[4]	58,145			58,145	67,019			67,019
Loans	**62,752**	**2,259**		**65,012**	**69,951**	**3,015**	**2**	**72,968**
Equity instruments	**41,575**	**1,023**	**///**	**42,598**	**32,733**	**1,055**	**///**	**33,788**
Trading derivatives[4][5]	**46,672**	**///**	**///**	**46,672**	**44,863**	**///**	**///**	**44,863**
Security deposits paid	**13,726**	**///**	**///**	**13,726**	**15,394**	**///**	**///**	**15,394**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**183,671**	**6,698**	**44**	**190,414**	**181,711**	**9,081**	**23**	**190,815**

(1) Consisting of non-SPPI assets that fall outside the scope of a trading activity including units of UCITS and private equity investment funds (FCPR) presented in bonds and other debt securities (€2,968 million at December 31, 2021 vs. €4,578 million at December 31, 2020). Loans to customers include, among others, certain structured loans to local authorities. This category also includes equity instruments the group decided not to recognize through other comprehensive income for a total of €1,023 million at December 31, 2021 versus €1,055 million at December 31, 2020.

(2) The criteria used by the group to categorize financial assets at fair value through profit or loss if they do not meet the SPPI criterion are provided in Note 2.5.1.

(3) Only in the case of an "accounting mismatch".

(4) This information is presented after netting effects, in accordance with IAS 32 (see Note 5.18.1).

(5) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

5.2.2 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting principles

These are financial liabilities held for trading or classified in this category on a voluntary basis at initial recognition using the fair value option available under IFRS 9. The trading book includes liabilities arising from short-selling transactions, repurchase agreements and derivative instruments. The qualifying criteria used when applying this option are described above.

These liabilities are measured at fair value at the date of initial recognition and at each balance sheet date.

Changes in fair value over the period, interest, and gains or losses related to these instruments are booked as "Gains (losses) on financial instruments at fair value through profit or loss", with the exception of changes in fair value attributable to own credit risk associated with financial liabilities designated at fair value through profit or loss, which have been booked, since January 1, 2016, in "Revaluation of own credit risk of financial liabilities designated at fair value through profit or loss" within "Gains and losses recognized directly in equity". If the liability is derecognized before its maturity (early redemption, for example), fair value gains or losses attributable to own credit risk are directly transferred to consolidated reserves.

Financial liabilities designated at fair value through profit or loss

IFRS 9 allows entities to designate financial liabilities at fair value through profit or loss on initial recognition. However, an entity's decision to do so may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may be applied only under the specific circumstances described below:

Elimination of or significant reduction in an accounting mismatch

Applying the option eliminates accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

Harmonization of accounting treatment for management and performance measurement

The option applies for liabilities managed and measured at fair value, provided that such management is based on a formally documented risk management policy or investment strategy, and that internal monitoring also relies on a fair value measurement.

Hybrid financial instruments containing one or more embedded derivatives

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

The fair value option may be applied to a financial liability when the embedded derivative substantially modifies the cash flows of the host contract and when the separate recognition of the embedded derivative is not specifically prohibited by IFRS 9 (*e.g.* an early redemption option embedded in a debt instrument). The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

This accounting treatment applies in particular to some structured debt issues containing material embedded derivatives.

Financial liabilities in the trading book include liabilities arising from short-selling transactions, repurchase agreements and derivative instruments.

in millions of euros	12/31/2021			12/31/2020(2)		
	Financial liabilities issued for trading	Financial liabilities designated at fair value through profit or loss	Total	Financial liabilities issued for trading	Financial liabilities designated at fair value through profit or loss	Total
Short sales	24,631	///	24,631	20,595	///	20,595
Trading derivatives(1)	43,661	///	43,661	41,405	///	41,405
Interbank term accounts and loans		151	151		173	173
Customer term accounts and loans		36	36		120	120
Non-subordinated debt securities	7	23,376	23,383	295	23,856	24,151
Subordinated debt	///	100	100	///	99	99
Repurchase agreements(1)	87,650	///	87,650	95,262	///	95,262
Guarantee deposits received	12,636	///	12,636	14,252	///	14,252
Other	///	5,637	5,637	///	3,525	3,525
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**168,584**	**29,299**	**197,883**	**171,810**	**27,772**	**199,582**

(1) This information is presented after netting effects, in accordance with IAS 32 (see Note 5.18.2).
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

These liabilities are measured at fair value on the reporting date with changes in value, including coupon, recorded in the "Gains or losses on financial instruments at fair value through profit or loss" line on the income statement, with the exception of changes in fair value attributable to own credit risk associated with financial liabilities designated at fair value through profit or loss, which are recognized in "Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss" in accordance with IFRS 9.

Total revaluations attributable to own credit risk came to +€167 million at December 31, 2021, versus +€159 *millio*n at December 31, 2020. These revaluations relate mainly to debt securities.

Conditions for designating financial liabilities at fair value through profit or loss

At group level, financial liabilities designated at fair value through profit or loss are mostly held by the Global Financial Services division. They mainly comprise issues originated and structured for customers and for which the risks and hedges are managed collectively. These issues include significant embedded derivatives for which changes in value are offset by those of the derivative instruments hedging them.

Financial liabilities accounted for under the fair value option, excluding Global Financial Services, also include some structured debt issues and structured deposits containing embedded derivatives (*e.g.* structured medium-term notes and equities for personal savings plans).

in millions of euros	12/31/2021				12/31/2020			
	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial liabilities designated at fair value through profit or loss	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial liabilities designated at fair value through profit or loss
Interbank term accounts and loans	3		147	150	27		146	173
Customer term accounts and loans			36	36			120	120
Non-subordinated debt securities	18,661		4,715	23,376	19,030		4,826	23,856
Subordinated debt			100	100			99	99
Other	5,637			5,637	3,525			3,525
TOTAL	**24,301**		**4,998**	**29,299**	**22,581**		**5,191**	**27,772**

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Financial liabilities designated at fair value through profit or loss and credit risk

in millions of euros	12/31/2021 Carrying amount	12/31/2021 Contractual amount due at maturity	12/31/2021 Difference between the carrying amount and the contractual amount due at maturity	12/31/2020 Carrying amount	12/31/2020 Contractual amount due at maturity	12/31/2020 Difference between the carrying amount and the contractual amount due at maturity
Interbank term accounts and loans	151	156	(5)	173	161	12
Customer term accounts and loans	36	36		119	119	
Non-subordinated debt securities	23,376	23,150	226	23,856	23,335	521
Subordinated debt	100	100		99	100	(1)
Other	5,637	5,637		3,525	3,525	
TOTAL	**29,299**	**29,078**	**221**	**27,772**	**27,240**	**532**

In 2021, the group did not reclassify any change in fair value of instruments carried as "Financial liabilities at fair value through profit or loss" to the "Consolidated reserves" component.

The amount contractually due on loans at maturity comprises the outstanding principal amount at the balance sheet date plus accrued interest not yet due. In the case of securities, the redemption value is generally used.

Total revaluations attributable to own credit risk came to +€146 million at December 31, 2021, *versus* +€159 million at December 31, 2020.

5.2.3 TRADING DERIVATIVES

Accounting principles

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

All derivative financial instruments are recognized on the balance sheet at the trade date and are measured at fair value at inception. They are remeasured at their fair value at each reporting period regardless of whether they were acquired for trading or hedging purposes.

Trading derivatives are recognized on the balance sheet under "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss". Realized and unrealized gains and losses are taken to income on the "Gains or losses on financial instruments at fair value through profit or loss" line.

The notional amounts of derivative instruments are merely an indication of the volume of the group's business in financial instruments and do not reflect the market risks associated with such instruments. Positive or negative fair values represent the replacement value of these instruments. These values may vary significantly depending on changes in market parameters.

Change in accounting and reporting of currency swaps

Until December 31, 2021, the valuation of currency swaps of the term leg was recorded in the balance sheet (i) for the interest rate component under "Derivatives excluding hedges" and (ii) for the foreign exchange component under "Accrual accounts".

As from December 31, 2021, the accounting principle for the valuation part of currency swaps has been reviewed and the two components of the term leg are included in the valuation of derivatives under Financial assets/liabilities at fair value through profit or loss ("Non-hedging derivatives"). The change had no impact on the income statement.

This affected a number of items, as follows:

	12/31/2021			12/31/2020		
in billions of euros	Before modification	Modification	After modification	Before modification	Modification	After modification
ASSETS						
Financial assets at fair value through profit or loss	184.5	5.9	190.4	190.8	5.9	196.7
Accrued income and other assets	8.3		8.3	8.8	(0.2)	8.6
TOTAL	**192.8**	**5.9**	**198.7**	**199.6**	**5.8**	**205.4**
LIABILITIES						
Financial liabilities at fair value through profit or loss	192.0	5.9	197.9	199.6	5.8	205.4
Accrued expenses and other liabilities	12.0		12.0	12.6		12.6
TOTAL	**204.0**	**5.9**	**209.9**	**212.2**	**5.8**	**218.0**

	12/31/2021			12/31/2020		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate derivatives	6,783,482	17,851	13,917	4,335,335	23,669	18,488
Equity derivatives	117,854	1,976	2,636	105,731	2,248	2,734
Currency derivatives[(1)]	842,959	13,635	13,050	670,450	8,615	9,144
Other instruments	64,315	662	941	51,097	738	589
Forward transactions	**7,808,610**	**34,124**	**30,545**	**5,162,613**	**35,270**	**30,955**
Interest rate derivatives	546,095	6,472	6,633	529,959	6,946	6,830
Equity derivatives	63,810	2,271	2,255	69,764	1,245	1,515
Currency derivatives[(1)]	217,394	2,624	3,119	211,046	120	645
Other instruments	23,301	475	380	31,032	451	398
Options	**850,600**	**11,842**	**12,386**	**841,801**	**8,762**	**9,388**
Credit derivatives	**36,340**	**706**	**730**	**45,084**	**831**	**1,062**
TOTAL TRADING DERIVATIVES	**8,695,550**	**46,672**	**43,661**	**6,049,498**	**44,863**	**41,405**
o/w on organized markets	*2,993,355*	*2,956*	*2,862*	*347,303*	*1,147*	*606*
o/w over-the-counter transactions	*5,702,195*	*43,716*	*40,799*	*5,702,195*	*43,716*	*40,799*

(1) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps.

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5.3 HEDGING DERIVATIVES

Accounting principles

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

All derivative financial instruments are recognized on the balance sheet at the trade date and are measured at fair value at inception. They are remeasured at their fair value at each reporting period regardless of whether they were acquired for trading or hedging purposes.

Changes in the fair value of derivatives are recognized in income statement for the period, except for derivatives qualifying as cash flow hedges or as hedges of net investments in foreign operations for accounting purposes.

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relationship between the derivatives and the hedged items is both prospectively and retrospectively effective.

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market interest rates. They transform fixed-rate assets or liabilities into floating-rate instruments. Fair value hedges include, in particular, hedges of loans, securities, deposits and fixed-rate subordinated debt.

Fair value hedging is also used to manage the overall interest rate risk position.

Cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. Cash flow hedging is also used to manage the overall interest rate risk position.

The notional amounts of derivative instruments are merely an indication of the volume of the group's business in financial instruments and do not reflect the market risks associated with such instruments.

The hedging relationship qualifies for hedge accounting if, at the inception of the hedge, there is formal documentation of the hedging relationship identifying the hedging strategy, the type of risk hedged, the designation and characteristics of the hedged item and the hedging instrument. In addition, the effectiveness of the hedge must be demonstrated at inception and subsequently verified.

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

BPCE SA group used the option available in IFRS 9 not to apply the provisions of the standard relative to hedge accounting, and to continue to apply IAS 39 as adopted by the European Union for the recognition of these transactions, *i.e.* excluding certain provisions relating to macro-hedging.

Fair value hedges

Fair value hedges are intended to reduce exposure to changes in the fair value of an asset or liability carried on the balance sheet, or of a firm commitment, in particular the interest rate risk on fixed-rate assets and liabilities.

The gain or loss on the revaluation of hedging instruments attributable to the risk being hedged is recognized in income in the same manner as the gain or loss on the hedged item. The ineffective portion of the hedge, if any, is recorded in the income statement under "Gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income in the same manner as the accrued interest on the hedged item.

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

The ineffective portion relating to the dual-curve valuation of collateralized derivatives is taken into account when calculating the effectiveness of a hedge.

If a hedging relationship ceases (investment decision, failure to fulfill effectiveness criteria, or because the hedged item is sold before maturity), the hedging instrument is transferred to the trading book. The revaluation difference recorded in the balance sheet in respect of the hedged item is amortized over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation gain or loss is recognized in income statement for the period.

Cash flow hedges

The purpose of cash flow hedges is to hedge the exposure to the variability of cash flow that is attributable to a particular risk associated with a recognized asset or liability or with a future transaction (hedge of interest rate risk on floating-rate assets or liabilities, hedge of conditions relating to future transactions such as future fixed interest rates, future prices, exchange rates, etc.).

The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized on a separate line of "Gains and losses recognized directly in equity". The ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement under "Gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging instrument is taken to income under interest income in the same manner as the accrued interest on the hedged item.

The hedged items are accounted for using the treatment applicable to their specific asset category.

If a hedging relationship ceases (because the hedge no longer meets the effectiveness criteria, the derivative is sold or the hedged item ceases to exist), the cumulative amounts recognized in other comprehensive income are transferred to the income statement as and when the hedged item impacts profit or loss, or immediately if the hedged item ceases to exist.

Special case: portfolio hedging (macro-hedging)

Documentation as cash flow hedges

Some group institutions document their macro-hedging of interest rate risk as cash flow hedges (hedging of portfolios of loans or borrowings).

In this case, the portfolios of assets or liabilities that may be hedged are, for each maturity band:

- floating-rate assets and liabilities; the entity incurs a risk of variability in future cash flows from floating-rate assets or liabilities insofar as future interest rate levels are not known in advance;
- future transactions deemed to be highly probable (forecasts): assuming total outstandings remain constant, the entity is exposed to the risk of variability in future cash flows on future fixed-rate loans insofar as the interest rate at which the loan will be granted is not yet known. Similarly, the group may be exposed to the risk of variability in future cash flows on the funding that it will need to raise in the market.

IAS 39 does not permit the designation of a net position by maturity band. The hedged item is therefore deemed to be equivalent to a share of one or more portfolios of identified floating-rate instruments (portion of deposit outstandings or floating-rate loans); the effectiveness of the hedges is measured by creating a hypothetical instrument for each maturity band and comparing its changes in fair value from inception to those for the documented hedging derivatives.

The characteristics of this instrument model those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical instrument with the actual hedging instrument. This method requires the preparation of a maturity schedule.

The effectiveness of the hedge must be shown prospectively and retrospectively.

The hedge is effective prospectively if, for each target maturity band, the nominal amount of items to be hedged is higher than the notional amount of the hedging instruments.

The retrospective test calculates the retrospective effectiveness of a hedge initiated at various balance sheet dates.

At each balance sheet date, changes in the fair value of hedging instruments, excluding accrued interest, are compared with those of hypothetical instruments. The ratio of their respective changes should be between 80% and 125%.

If the hedged item is sold or the future transaction is no longer highly probable, the cumulative unrealized gain or loss recognized in other comprehensive income is transferred immediately to profit or loss.

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

Documentation as fair value hedges

Some of the group's institutions document their macro-hedging of interest rate risk as fair value hedges by applying the carve-out arrangements under IAS 39 as adopted by the European Union.

The version of IAS 39 adopted for use by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce their overall exposure to interest rate risk. In particular, this carve-out allows the group to make use of hedge accounting for interbank interest rate risk on customer transactions at fixed rates (loans, savings accounts and demand deposits). The group mainly uses plain vanilla interest rate swaps designated at inception as fair value hedges of fixed-rate deposits or loans.

Macro-hedging derivatives are accounted for in the same manner as derivatives used to hedge the fair value of specific transactions (micro-hedging).

In a macro-hedging relationship, gains and losses on the revaluation of the hedged item are recorded in "Revaluation differences on interest rate risk, hedged portfolios, assets", under balance sheet assets for hedges of a portfolio of financial assets and under balance sheet liabilities for hedges of a portfolio of financial liabilities.

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio. The ineffective portion relating to the dual-curve valuation of collateralized derivatives is taken into account.

Effectiveness is tested in two ways:

- asset-based testing: for plain vanilla swaps designated as hedging instruments at inception, the group verifies that no over-hedging exists both prospectively at the date the hedging relationship is designated and retrospectively at each balance sheet date; and
- quantitative testing: for other swaps, the change in the fair value of the actual swap must offset the changes in the fair value of a hypothetical instrument that exactly reflects the underlying hedged item. These tests are conducted prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date.

If a hedging relationship ceases, the revaluation adjustment is amortized on a straight-line basis over the remaining term of the initial hedge, if the hedged item has not been derecognized. It is taken directly to income if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the nominal amount of the hedged items falls below the notional amount of the hedging instruments, for example in the case of the prepayment of loans or the withdrawal of deposits observed and modeled.

Hedges of net investments in foreign operations

A net investment in a foreign operation is the amount of the investment held by the consolidating entity in the net assets of the operation.

The purpose of a hedge of a net investment in a foreign operation is to minimize the foreign exchange effect for a consolidating entity of an investment in an entity whose functional currency is different from the presentation currency of the consolidating entity's financial statements. Net investment hedges are accounted for in the same manner as cash flow hedges.

Unrealized gains and losses initially recognized in other comprehensive income are taken to income when the net investment is sold in full or in part (or when partially sold with loss of control).

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market interest rates. They transform fixed-rate assets or liabilities into floating-rate instruments.

Fair value macro-hedges are used to manage the overall interest rate risk position, in particular to hedge:

- fixed-rate loan portfolios;
- demand deposits;
- PEL home savings deposits;
- the inflation component of Livret A passbook savings accounts.

Fair value micro-hedges are notably used to hedge:

- fixed-rate liabilities;
- fixed-rate liquidity reserve securities and inflation-indexed securities.

Cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. Cash flow hedging is also used to manage the overall interest rate risk position.

Cash flow hedges are mainly used to:

- hedge floating-rate liabilities;
- hedge the risk of changes in value of future cash flows on liabilities; and
- provide macro-hedging of floating-rate assets.

The main causes of ineffective hedging are related to:

- inefficiency due to dual-curve valuations: the value of collateralized derivatives (with margin calls yielding €STR) is based on the €STR discount curve, while the fair value of the hedged component of item hedged is calculated using a EURIBOR discount curve;
- the time value of options;
- over-hedging for asset-based testing of macro-hedges (notional amounts of hedging derivatives higher than the nominal amount of the hedged items, in particular where prepayments on the hedged items were higher than expected);
- credit value adjustments and debit value adjustments linked to credit risk and own credit risk on derivatives;
- differences in interest rate fixing dates between the hedged item and the hedge.

The notional amounts of derivative instruments are merely an indication of the volume of the group's business in financial instruments and do not reflect the market risks associated with such instruments.

	12/31/2021			12/31/2020		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate derivatives	715,247	4,508	5,792	301,444	6,849	7,604
Currency derivatives	66	378	881	70	369	797
Forward transactions	**715,313**	**4,886**	**6,673**	**301,514**	**7,219**	**8,401**
Interest rate derivatives	1,667	5	1	1,869	1	1
Options	**1,667**	**5**	**1**	**1,869**	**1**	**1**
Fair value hedges	**716,980**	**4,891**	**6,673**	**303,383**	**7,220**	**8,402**
Interest rate derivatives	18,689	82	152	19,581	60	323
Currency derivatives	23,409	1,052	1,505	18,975	627	1,315
Forward transactions	**42,099**	**1,134**	**1,657**	**38,556**	**687**	**1,638**
Cash flow hedges	**42,099**	**1,134**	**1,657**	**38,556**	**687**	**1,638**
TOTAL HEDGING INSTRUMENTS	**759,079**	**6,025**	**8,331**	**341,939**	**7,907**	**10,039**

All hedging derivatives are included in "Hedging derivatives" in balance sheet assets and liabilities.

Currency swaps are documented both as interest rate fair value hedges and as currency cash flow hedges. Total fair value is nevertheless recorded under currency derivatives. These derivatives were mainly recorded under currency fair value hedges and are recorded under currency cash flow hedges in order to better reflect the weight of the currency component (associated with the cash flow hedge) in total fair value.

MATURITY OF THE NOTIONAL AMOUNT OF HEDGING DERIVATIVES AS AT DECEMBER 31, 2021

	12/31/2021				12/31/2020			
in millions of euros	< 1 year	1 to 5 years	6 to 10 years	> 10 years	< 1 year	1 to 5 years	6 to 10 years	> 10 years
Interest rate risk hedging	**17,849**	**74,683**	**39,506**	**49,633**	**35,021**	**126,581**	**79,621**	**81,671**
Cash flow hedges	367	2,634	1,375	418	1,666	(445)	11,311	7,049
Fair value hedges	17,482	72,049	38,131	49,215	33,355	127,026	68,311	74,622
Currency risk hedging	**1,785**	**13,374**	**5,212**	**2,465**	**870**	**9,450**	**5,992**	**2,733**
Cash flow hedges	1,785	13,374	5,212	2,399	870	9,450	5,992	2,663
Fair value hedges				66				70
TOTAL	**19,634**	**88,057**	**44,718**	**52,098**	**35,891**	**136,031**	**85,613**	**84,403**

Currency swaps are documented both as interest rate fair value hedges and as currency cash flow hedges. Total fair value is nevertheless recorded under currency derivatives. These derivatives were mainly recorded under currency fair value hedges and are recorded under currency cash flow hedges in order to better reflect the weight of the currency component (associated with the cash flow hedge) in total fair value.

HEDGED ITEMS

Fair value hedges

in millions of euros	12/31/2021				
	Interest rate risk hedging			Currency risk hedging	
	Carrying amount	o/w revaluation of the hedged component[1]	Hedged component remaining to be recognized[2]	Carrying amount	o/w revaluation of the hedged component[1]
ASSETS					
Financial assets at fair value through other comprehensive income	**12,318**	**(10)**			
Debt securities	12,318	(10)			
Financial assets at amortized cost	**85,763**	**5,740**	**200**	**3,974**	**630**
Loans and advances due from banks	24,288	235		579	0
Loans and advances due from customers	57,411	4,396	(1)	78	13
Debt securities at amortized cost	4,064	1,110	201	3,316	617
LIABILITIES					
Financial liabilities at amortized cost	**128,397**	**3,887**	**193**	**7,261**	**452**
Amounts due to banks	14,075	53			
Amounts due to customers	218	(0)			
Debt securities	96,735	3,302	193	6,368	394
Subordinated debt	17,369	532		893	58
TOTAL – FAIR VALUE HEDGES	**226,478**	**9,617**	**393**	**11,235**	**1,082**

(1) Accrued interest excluded.
(2) Declassification, end of hedging relationship.

The ineffective portion of hedging for the period is presented in Note 4.3 "Gains or losses on financial instruments at fair value through profit or loss" or in Note 4.4 "Net gains or losses on financial instruments at fair value through other comprehensive income" for non-recyclable own equity instruments at fair value through other comprehensive income.

in millions of euros	Fair value hedges				
	12/31/2020				
	Interest rate risk hedging			Currency risk hedging	
	Carrying amount	o/w revaluation of the hedged component[1]	Hedged component remaining to be recognized[2]	Carrying amount	o/w revaluation of the hedged component[1]
ASSETS					
Financial assets at fair value through other comprehensive income	**12,818**	**252**			
Debt securities	12,818	252			
Financial assets at amortized cost	**90,313**	**8,587**	**246**	**4,147**	**806**
Loans or advances due from banks	23,723	545		555	
Loans or advances due from customers	62,064	6,752	(1)	86	17
Debt securities	4,526	1,290	247	3,507	789
LIABILITIES					
Financial liabilities at amortized cost	**127,917**	**8,130**	**46**	**7,147**	**447**
Amounts due to banks	14,096	160			
Amounts due to customers	2,866	199	(200)		
Debt securities	96,527	6,691	246	6,442	442
Subordinated debt	14,428	1,080		705	5
TOTAL – FAIR VALUE HEDGES	**231,048**	**16,969**	**293**	**11,294**	**1,253**

(1) Accrued interest excluded.
(2) Declassification, end of hedging relationship.

Cash flow hedges

in millions of euros	12/31/2021 Fair value of the hedging derivative	12/31/2021 o/w effective portion of hedges not due[2]	12/31/2021 o/w ineffective portion	12/31/2021 Balance of hedges due and remaining to be recognized[1]	12/31/2020 Fair value of the hedging derivative	12/31/2020 o/w effective portion of hedges not due[1]	12/31/2020 o/w ineffective portion	12/31/2020 Balance of hedges due and remaining to be recognized[2]
Interest rate risk hedging	(70)	(72)	1	0	(263)	(256)	(6)	0
Currency risk hedging	(453)	(459)	6	0	(688)	(703)	15	0
TOTAL – CASH FLOW HEDGES	**(524)**	**(531)**	**7**	**0**	**(951)**	**(960)**	**9**	**0**

(1) Booked to other items recognized in other comprehensive income or to profit or loss for the recycled portion with a corresponding entry to hedged items.
(2) Declassification, end of hedging relationship.

The ineffective portion of the hedge is recorded in the income statement under “Gains or losses on financial instruments at fair value through profit or loss”, see Note 4.3.

The “Cash flow hedges” reserve corresponds to the effective portion of hedges not due and the balance of hedges that are due and remaining to be recognized, before tax, including the portion attributable to non-controlling interests.

Recycling from “Cash flow hedges” to profit or loss is included either in net interest income or in income on derecognition of the hedged item in the same way as the line impacted by the hedged item.

Cash flow hedges – Details of other items recognized in other comprehensive income

in millions of euros	01/01/2021	Change in the effective portion	Reclassification of the effective portion in income	Hedged item partially or fully extinguished	12/31/2021
Amount of equity for cash flow hedging	(383)	231	8	7	(138)
TOTAL	**(383)**	**231**	**8**	**7**	**(138)**

in millions of euros	01/01/2020	Change in the effective portion	Reclassification of the effective portion in income	Hedged item partially or fully extinguished	12/31/2020
Amount of equity for cash flow hedging	(352)	(42)	4	7	(383)
TOTAL	**(352)**	**(42)**	**4**	**7**	**(383)**

5.4 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting principles

Financial assets at fair value through other comprehensive income are initially recognized at fair value, plus any transaction costs.

Debt instruments measured at fair value through other comprehensive income recyclable to profit or loss

For each reporting period, these instruments are carried at their fair value and changes in fair value (excluding accrued interest) are recorded under "Gains and losses recognized directly in equity recyclable to profit or loss" (as the foreign currency assets are monetary assets, changes in the fair value of the foreign currency component affect income). The principles used to determine fair value are described in Note 10.

These instruments are subject to IFRS 9 impairment requirements. Information about credit risk is provided in Note 7.1. If they are sold, these changes in fair value are taken to income.

Interest income accrued or received on debt instruments is recorded under "Interest and similar income" based on the effective interest method. This method is described in Note 5.5 – Assets at amortized cost.

Equity instruments measured at fair value through other comprehensive income not recyclable to profit or loss

For each reporting period, these instruments are carried at their fair value and changes in fair value are recorded under "Gains and losses recognized directly in equity not recyclable to profit or loss" (as the foreign currency assets are not monetary assets, changes in the fair value of the foreign currency component do not affect income). The principles used to determine fair value are described in Note 10.

The designation at fair value through other comprehensive income not recyclable to profit or loss is an irrevocable option that is applied on an instrument-by-instrument basis only to equity instruments not held for trading purposes. Realized and unrealized losses continue to be recorded in other comprehensive income with no impact on income. These financial assets are not impaired.

In the event of disposal, changes in fair value are not transferred to profit or loss but are taken directly to consolidated reserves.

Only dividends affect income when they correspond to a return on investment. They are recorded in "Net gains or losses on financial instruments at fair value through other comprehensive income" (Note 4.4).

in millions of euros	12/31/2021	12/31/2020
Loans and advances	20	19
Debt securities	14,075	16,104
Shares and other equity securities[(1)(2)]	2,043	1,674
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**16,138**	**17,797**
o/w impairment for expected credit losses[(3)]	(1)	(1)
o/w gains and losses recognized directly in equity (before tax)[(4)]	401	130
• *Debt instruments*	*102*	*56*
• *Equity instruments*	*299*	*74*

(1) Shares and other equity securities include strategic equity interests and certain long-term private equity securities. As these securities are not held for sale, their classification as equity instruments designated at fair value through other comprehensive income is appropriate.
(2) Of which Coface for €189 million.
(3) Details are provided in Note 7.1.1.
(4) Including the portion of non-controlling interests.

EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting principles

Equity instruments designated at fair value through other comprehensive income can include:

- investments in associates;
- shares and other equity securities.

On initial recognition, equity instruments designated at fair value through other comprehensive income are carried at fair value plus any transaction costs.

On following accounting dates, changes in the fair value of the instrument are recognized in other comprehensive income (OCI).

These changes in fair value that accrue to other comprehensive income will not be reclassified to profit or loss in subsequent years (other comprehensive income not recyclable to profit or loss).

Dividends are only taken to income when they meet the required conditions.

	12/31/2021				12/31/2020			
		Dividends recognized over the period	Derecognition over the period			Dividends recognized over the period	Derecognition over the period	
in millions of euros	Fair value	Equity instruments held at the end of the period	Fair value at the disposal date	Total profit or loss at the disposal date	Fair value	Equity instruments held at the end of the period	Fair value at the disposal date	Total profit or loss at the disposal date
Investments in associates	2,066	128	37	(2)	1,642	58	17	(28)
Shares and other equity securities	(23)				32			-
TOTAL	**2,043**	**128**	**37**	**(2)**	**1,674**	**58**	**17**	**(28)**

Investments in associates include strategic investments, "tool" entities (IT for example) and certain long-term private equity securities. As these equity investments are not held for sale, their classification as equity instruments designated at fair value through other comprehensive income is appropriate.

The cumulative amount of changes in fair value reclassified to the "Consolidated reserves" component during the period mainly concerns the liquidation of non-consolidated securities and amounts to €2 million in 2021.

5.5 ASSETS AT AMORTIZED COST

Accounting principles

Assets at amortized cost are SPPI financial assets managed under a hold to collect business model. Most loans originated by the group are classified in this category. Information about credit risk is provided in Note 7.1.

Financial assets at amortized cost include loans and advances due from banks and customers as well as securities at amortized cost such as treasury bills and bonds.

Loans and advances are initially recorded at fair value plus any costs and less any income directly related to the arrangement of the loan or to the issue.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

On subsequent balance sheet dates, these financial assets are measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the carrying amount of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the implementation of the loans, which are treated as an adjustment to the effective yield on the loan. No internal cost is included in the calculation of amortized cost.

State-guaranteed loans

The State-guaranteed loan (SGL) is a support scheme set up under Article 6 of the amended French Finance Act for 2020 (act No. 2020-289 of March 23, 2020) and the ministerial order issued by the Minister of the Economy and Finance on March 23, 2020 establishing a State guarantee for credit institutions and financing companies from March 16, 2020, to meet the cash flow requirements of companies impacted by the Covid-19 health crisis. The measure was extended until June 30, 2022 by Finance Act No. 2021-1900 of December 30, 2021. The State-guaranteed loan is subject to common eligibility criteria applicable by all institutions issuing the loan, as set out by law.

The SGL is a one-year loan with capital repayments deferred for this period. The beneficiary companies may decide, at the end of the first year, to repay the SGLs over one to five additional years or to start repaying the capital only from the second year of the repayment period, paying only the interest and the cost of the State guarantee in the meantime.

For eligible companies, the amount of the SGL is generally capped at 25% of the company's revenues (excluding innovative and recently created companies, and excluding the Seasonal SGL for clients in the Tourism/Hotels/Catering sector, for example). The government provides a guarantee covering between 70% and 90% of the loan, depending on the size of the company. The issuing bank incurs the residual risk. The State guarantee covers a portion of the total amount due on the loan (principal, interest and incidental expenses) until it becomes due. The State guarantee may be enforced before the loan is due if a credit event should occur.

The prepayment penalty is set in the contract, at a reasonable level (2% of the principal amount outstanding during the initial loan period, then 3%-6% of the principal amount outstanding during the repayment period). The terms and conditions for extending the loan are not set in advance but are established two to three months before the extension option expires, in line with market conditions.

A State-guaranteed loan may not be covered by another collateral security or guarantee besides the State guarantee, with the exception of those granted pursuant to a ministerial order by the Minister of the Economy and Finance. The self-employed professional or business leader may request or be offered loan repayment insurance, but such insurance is not mandatory.

In view of these features, the State-guaranteed loan meets the criteria of a basic lending arrangement (see Note 2.5.1). These loans are therefore recognized at amortized cost, because they are managed in a hold to collect business model (see Note 2.5.1). On subsequent balance sheet dates, they will be measured at amortized cost using the effective interest method.

The State guarantee is considered to be an integral part of the terms of the loan and is taken into account when calculating impairment for expected credit losses. The guarantee fee paid to the government by BPCE SA group on granting the loan is recorded in income over the initial term of the loan, using the effective interest method. The impact is recognized in net interest income.

A State-guaranteed loan granted to a borrower considered to be non-performing on inception (Stage 3) is classified as a POCI (Purchased or Originated Credit-Impaired) asset.

However, the grant of a State-guaranteed loan to a given counterparty is not in itself evidence of deterioration in risk, requiring a downgrade to Stage 2 or 3 of the other outstandings of this counterparty.

Loan renegotiations and restructuring

When contracts are modified, IFRS 9 requires the identification of financial assets that are renegotiated, restructured or otherwise modified (whether or not as a result of financial hardship), but not subsequently derecognized. Any profit or loss arising from the modification of a contract is recognized in income. The gross carrying amount of the financial asset must be recalculated so it is equal to the present value of the renegotiated or amended contractual cash flows at the initial effective interest rate. The materiality of the modifications is, however, analyzed on a case by case basis.

"Restructured" amounts correspond to loans where an arrangement has been reached that represents a concession to debtors in financial hardship or in danger of being so. "Restructured" amounts therefore require a combination of two elements: a concession and financial difficulties.

To qualify as a "restructuring", an arrangement must result in a more favorable situation for the debtor (*e.g.* suspended payments of interest or principle, extension of maturities, etc.) and take the form of additional clauses to an existing contract or the full or partial refinancing of an existing loan.

Financial difficulty is measured by a number of criteria, such as payments more than 30 days past due or an at-risk classification. The arrangement of a restructuring does not necessarily mean the counterparty in question is classed as in default by Basel standards. Whether they are classed as in default depends on the viability test carried out during the counterparty's restructuring.

Under IFRS 9, the treatment of loans restructured due to financial hardship is similar to that applied under IAS 39: a discount is applied to loans restructured following a credit loss event (impaired, Stage 3) to reflect the difference between the present value of the contractual cash flows expected at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of credit risk" in the income statement and offset against the corresponding item on the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method. If the discount is immaterial, the effective interest rate on the restructured loan is adjusted and no discount is recognized.

The restructured loan is reclassified as performing (not impaired, Stage 1 or Stage 2) when no uncertainty remains as to the borrower's capacity to honor the commitment.

For substantially restructured loans (for example, the conversion of all or part of a loan into an equity instrument), the new instruments are booked at fair value. The difference between the carrying amount of the derecognized loan (or portion of the loan) and the fair value of the assets received in exchange is taken to income under "Cost of credit risk". Any previously established impairment loss on the loan is adjusted. It is fully reversed in the event of full conversion of the loan into new assets.

The widespread moratoria granted to business customers in response to temporary cash flow difficulties arising from the Covid-19 crisis modified these loans' repayment schedules without substantially modifying their features. These loans were therefore amended without being derecognized. In addition, the granting of the moratorium is not in itself an indication of financial distress for the companies in question.

Fees and commissions

Costs directly attributable to the arrangement of loans are external costs which consist primarily of commissions paid to third parties such as business provider fees.

Income directly attributable to the issuance of new loans principally comprises set-up fees charged to customers, rebilled costs and commitment fees (if it is more probable than improbable that the loan will be drawn down). Commitment fees received that will not result in any drawdowns are apportioned on a straight-line basis over the life of the commitment.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

Date of recognition

Securities are recorded in the balance sheet on the settlement-delivery date.

Temporary sales of securities are also recorded on the settlement/delivery date.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

For repurchase transactions, a loan commitment given is recorded between the transaction date and the settlement-delivery date.

5.5.1 SECURITIES AT AMORTIZED COST

in millions of euros	12/31/2021	12/31/2020
Treasury bills and equivalent	4,156	4,887
Bonds and other debt securities	8,260	9,194
Impairment for expected credit losses	(118)	(177)
TOTAL SECURITIES AT AMORTIZED COST	**12,298**	**13,904**

The fair value of securities at amortized cost is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by impairment Stage is detailed in Note 7.1.

5.5.2 LOANS AND ADVANCES TO BANKS AT AMORTIZED COST

in millions of euros	12/31/2021	12/31/2020
Current accounts with overdrafts	7,016	5,197
Repurchase agreements	1,000	1,508
Accounts and loans(1)	183,043	138,325
Other loans or receivables due from banks and similar	371	534
Security deposits paid	4,258	4,333
Impairment for expected credit losses	(29)	(35)
TOTAL LOANS AND ADVANCES TO BANKS(2)	**195,659**	**149,862**

(1) Livret A, LDD and LEP savings accounts centralized with Caisse des Dépôts et Consignations and recorded under "Accounts and loans" amounted to €282 million at December 31, 2021 versus €243 million at December 31, 2020.

(2) Receivables arising from transactions with the networks amounted to €186,466 million at December 31, 2021 (€141,296 million at December 31, 2020). Their increase in 2021 is linked to the optimization of regulatory liquidity circulation within the group by the central institution.

The fair value of loans and advances due from banks and similar is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by stage is detailed in Note 7.1.

5.5.3 LOANS AND ADVANCES TO CUSTOMERS AT AMORTIZED COST

in millions of euros	12/31/2021	12/31/2020
Current accounts with overdrafts	**3,019**	**3,836**
Other facilities granted to customers	**161,029**	**165,241**
Loans to financial sector customers	14,317	9,795
Short-term credit facilities(1)	46,145	40,658
Equipment loans	28,435	25,657
Home loans	43,194	49,454
Export loans	2,778	2,379
Repurchase agreements	3,384	6,527
Finance leases	14,553	14,019
Subordinated loans	110	123
Other loans	8,114	16,630
Other loans or receivables due from customers	**6,490**	**5,328**
Security deposits paid	**340**	**138**
Gross loans and advances due from customers	**170,878**	**174,543**
Impairment for expected credit losses	(3,132)	(3,333)
TOTAL LOANS AND ADVANCES DUE FROM CUSTOMERS	**167,746**	**171,211**

(1) State-guaranteed loans (SGL) are included in short-term credit facilities and totaled €4 billion at December 31, 2021 versus €4 billion at December 31, 2020.

Outstanding green financing is detailed in Chapter 2 "Non-financial performance statement" (Note 2.3.4 "Supporting our customers towards a direct low-carbon economy").

The fair value of loans and advances due from customers is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by impairment Stage is detailed in Note 7.1.

Change in the balance sheet presentation of zero-rate loans (PTZ):

Since June 30, 2021, BPCE has changed the balance sheet presentation of zero-rate loans to better reflect the value of the exposure. The reclassification related to this change in presentation results in a decrease in the amount of housing loans presented under "Loans and advances to customers at amortized cost" on the assets side, with a corresponding reduction in the deferred income account (PCA), which was previously recorded on the liabilities side and is now deducted from the face value of the loan.

At December 31, 2021, the amount of zero-rate loans in "Loans and advances to customers at amortized cost" is reduced by €924 million, including +€150 million for 2021, compared with a decrease of €1,074 million at December 31, 2020.

5.6 ACCRUED INCOME AND OTHER ASSETS

in millions of euros	12/31/2021	12/31/2020
Collection accounts	88	74
Prepaid expenses	367	343
Accrued income	319	293
Other accruals	2,330	2,640
Accrued income and prepaid expenses	**3,104**	**3,350**
Settlement accounts in debit on securities transactions	61	15
Other accounts receivable(1)	5,111	5,388
Other assets	**5,172**	**5,403**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**8,276**	**8,753**

(1) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

5.7 NON-CURRENT ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Accounting principles

Where a decision is made to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately on the balance sheet on the "Non-current assets held for sale" line. Any liabilities associated with these assets are also shown separately on the balance sheet on the "Liabilities associated with non-current assets held for sale" line.

Once classified in this category, non-current assets are no longer depreciated/amortized and are measured at the lowest of their carrying amount or fair value less sales costs. Financial instruments continue to be measured in accordance with IFRS 9.

A non-current asset (or group of assets) is held for sale when its carrying amount is recovered by its sale. The asset (or group of assets) must be immediately available for sale and it must be highly likely that the sale will be completed within the next twelve months.

At December 31, 2020, "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" included the assets and liabilities of Banque Tuniso-Koweïtienne, Fidor Bank AG, Coface and H2O.

At December 31, 2021, the assets and liabilities of Fidor Bank AG and H2O are maintained under "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale".

Figures relating to the entities held for sale are shown below:

in millions of euros	12/31/2021	12/31/2020
Cash and amounts due from central banks	1,640	1,310
Financial assets at fair value through profit or loss	187	141
Financial assets at fair value through other comprehensive income	6	54
Loans and advances to banks at amortized cost	136	141
Loans and advances to customers at amortized cost	25	389
Current tax assets	1	1
Deferred tax assets	22	18
Accrued income and other assets	75	79
Investments accounted for using equity method		446
Investment property		13
Property, plant and equipment		3
Intangible assets	1	3
NON-CURRENT ASSETS HELD FOR SALE	**2,093**	**2,599**
Debt securities	4	44
Amounts due to banks and similar		63
Amounts due to customers	1,576	1,601
Current tax liabilities	17	(1)
Deferred tax liabilities		15
Accrued expenses and other liabilities	116	109
Provisions	100	108
Subordinated debt	9	7
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**1,823**	**1,945**

5.8 INVESTMENT PROPERTY

Accounting principles

In accordance with IAS 40, investment property is property held to earn rent and for capital appreciation.

The accounting treatment for investment property is identical to that used for property, plant and equipment for all group entities except for certain insurance entities, which recognize the property they hold as insurance investments at fair value, with any adjustment to fair value recorded in income. Fair value is calculated using a multi-criteria approach, by capitalizing rent at market rates and through comparisons with market transactions.

The fair value of the group's investment property is based on regular expert valuations, except in special cases significantly affecting the value of the relevant asset.

Investment property leased under an operating lease may have a residual value that will reduce the depreciable amount of the asset.

Gains or losses on the disposal of investment property are recognized in income on the "Net income or expenses on other activities" line, with the exception of insurance businesses, which are recognized in "Income from insurance businesses".

in millions of euros	12/31/2021			12/31/2020		
	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Property recognized at historic cost	195	(133)	62	194	(129)	65
TOTAL INVESTMENT PROPERTY			**62**			**65**

Investment property held by the insurance subsidiaries is reported with insurance investments (see Note 9).

The fair value of investment property came to €69 million at December 31, 2021 (€105 million at December 31, 2020).

The fair value of investment property is classified in Level 3 of the fair value hierarchy in accordance with IFRS 13.

5.9 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Accounting principles

This item includes property owned and used in the business, equipment acquired under operating leases, property acquired under finance leases and temporarily unleased assets held under finance leases. Interests in non-trading real estate companies (SCIs) are accounted for as property, plant and equipment.

In accordance with IAS 16 and IAS 38, property, plant and equipment and intangible assets are recognized as assets only if they meet the following conditions:

- it is probable that the company will enjoy future economic benefits associated with the asset;
- the cost of the asset can be measured reliably.

Property, plant and equipment and intangible assets used in operations are initially recognized at cost plus any directly attributable acquisition costs. Software developed internally that fulfills the criteria for recognition as a non-current asset is recognized at its production cost, which includes external charges and the payroll costs of employees directly assigned to the project.

The component-based approach is applied to all buildings.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortization or impairment. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

Property, plant and equipment and intangible assets are depreciated or amortized in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life. Where an asset consists of a number of components that have different uses or economic benefit patterns, each component is recognized separately and depreciated over a period that reflects the useful life of that component.

The depreciation and amortization periods used by the group are as follows:

- buildings: 20 to 60 years;
- internal fixtures and fittings: 5 to 20 years;
- furniture and special equipment: 4 to 10 years;
- computer equipment: 3 to 5 years;
- software: not more than 5 years.

Other items of property, plant and equipment are depreciated over their estimated useful life, which generally ranges from five to ten years.

5

Property, plant and equipment and intangible assets are tested for impairment whenever there is any evidence that they may be impaired at the balance sheet date. If this is the case, the revised recoverable amount of the asset is compared to its net carrying amount. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognized in income.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any evidence of impairment.

Equipment leased under operating leases (group as lessor) is recognized as an asset on the balance sheet under property, plant and equipment.

	12/31/2021			12/31/2020		
in millions of euros	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Property, plant and equipment	**1,903**	**(1,339)**	**564**	**1,806**	**(1,237)**	**570**
Real estate assets	502	(307)	195	421	(287)	134
Movable assets	1,401	(1,032)	369	1,386	(950)	436
Property, plant and equipment leased under operating leases	**801**	**(213)**	**588**	**709**	**(203)**	**506**
Movable assets	801	(213)	588	709	(203)	506
Right-of-use assets for leases	**1,868**	**(605)**	**1,263**	**1,541**	**(459)**	**1,081**
Real estate assets	1,850	(589)	1,261	1,518	(446)	1,072
o/w contracted during the period	*2*		*2*			
Movable assets	18	(16)	2	23	(13)	10
TOTAL PROPERTY, PLANT AND EQUIPMENT	**4,572**	**(2,157)**	**2,415**	**4,056**	**(1,898)**	**2,157**
Intangible assets	**2,915**	**(2,027)**	**888**	**2,806**	**(1,905)**	**901**
Software	2,279	(1,774)	505	2,172	(1,676)	496
Other intangible fixed assets	636	(253)	383	634	(230)	405
TOTAL INTANGIBLE ASSETS	**2,915**	**(2,027)**	**888**	**2,806**	**(1,905)**	**901**

5.10 DEBT SECURITIES

Accounting principles

Issues of debt securities not classified as financial liabilities at fair value through profit or loss or through other comprehensive income are initially recognized at fair value less any transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recognized on the balance sheet under "Amounts due to banks", "Amounts due to customers" or "Debt securities".

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

Securities are recorded in the balance sheet on the settlement-delivery date.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

A new category of liabilities eligible for the numerator in the TLAC (Total Loss Absorbing Capacity) calculation has been introduced by French law and is commonly referred to as "senior non-preferred debt". These liabilities rank between own funds and other senior preferred debt.

in millions of euros	12/31/2021	12/31/2020
Bonds	124,023	123,525
Interbank market instruments and negotiable debt securities	68,919	64,171
Other debt securities that are neither preferred nor subordinated	1,171	1,247
Senior non-preferred debt(1)	25,163	22,065
Total	**219,276**	**211,008**
Accrued interest	980	1,188
TOTAL DEBT SECURITIES	**220,256**	**212,196**

(1) In its dual role as an issuer on the bond market (to refinance the excess of the group's financing needs over its customers' deposits and to provide the group with additional capital and capacity to absorb losses), and as the organizer/manager of the group's internal capital management operations as a central institution, BPCE SA issued €3.2 billion of non-preferred senior bonds on the market in 2021.

Green bond issues are described in detail in Chapter 2 "Non-financial performance statement" (Note 2.3.3 "Intensifying its green refinancing strategy with energy transition bond issues").

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

5.11 AMOUNTS DUE TO BANKS AND SIMILAR AND CUSTOMERS

Accounting principles

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried at amortized cost under "Amounts due to banks" or "Amounts due to customers".

Issues of debt securities (which are not classified as financial liabilities at fair value through profit or loss or through other comprehensive income) are initially recognized at fair value less any transaction costs. They are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recognized on the balance sheet under "Amounts due to banks", "Amounts due to customers" or "Debt securities" (see Note 5.10).

Temporary sales of securities are recorded on the settlement/delivery date.

For repurchase transactions, a loan commitment received is recorded between the transaction date and the settlement-delivery date when such transactions are recorded as "Liabilities".

Use of the ECB's long-term refinancing facility (TLTRO3) was booked at amortized cost in accordance with IFRS 9. Interest is recognized in the income statement by the effective interest method estimated based on the assumption that the loan production targets set by the ECB are met. As these loans are remunerated via an adjustable rate, the effective interest rate used may change from one period to another. This means the -0.50% interest bonus has been booked as income for the 12-month period concerned.

5.11.1 AMOUNTS DUE TO BANKS AND SIMILAR

in millions of euros	12/31/2021	12/31/2020
Demand deposits	65,678	60,348
Repurchase agreements	3,944	2,710
Accrued interest	(21)	(17)
Amounts due to banks and similar – repayable on demand	**69,601**	**63,041**
Term deposits and loans	189,229	138,112
Repurchase agreements	6,115	6,498
Accrued interest	(1,315)	(369)
Amounts due to banks and similar – repayable at agreed maturity dates	**194,029**	**144,241**
Guarantee deposits received	**528**	**977**
TOTAL AMOUNTS DUE TO BANKS AND SIMILAR(2)	**264,158**	**208,259**

(1) The liability related to the TLTRO3 long-term refinancing with the ECB amounted to €97 billion at December 31, 2021 (€82 billion at December 31, 2020) and resulted in the recognition of interest income in interest and similar income on the basis a bonus rate of -1% over the period, as the group considers it highly probable that it will achieve the target of stable loans outstanding set by the ECB.

(2) Payables arising from transactions with the networks amounted to €125,823 million at December 31, 2021 (versus €87,130 million at December 31, 2020). Their increase in 2021 is linked to the optimization of regulatory liquidity circulation within the group by the central institution.

The fair value of amounts due to banks and similar is presented in Note 10.

5.11.2 AMOUNTS DUE TO CUSTOMERS

in millions of euros	12/31/2021	12/31/2020
Current accounts	**28,618**	**26,681**
Livret A savings accounts	269	202
Regulated home savings products	196	205
Other regulated savings accounts	1,113	1,197
Regulated savings accounts	**1,578**	**1,604**
Demand deposits and loans	5,007	6,745
Term accounts and loans	12,975	8,433
Accrued interest	12	13
Other customer accounts	**17,994**	**15,191**
Repurchase agreements	**2,784**	**4,766**
Other amounts due to customers	**1,035**	**2,453**
Guarantee deposits received	**9**	**11**
TOTAL AMOUNTS DUE TO CUSTOMERS	**52,018**	**50,705**

The details of the green passbook savings accounts are presented in Chapter 2 "Non-financial performance statement" (Note 2.3.4 "Supporting our customers towards a direct low-carbon economy").

The fair value of amounts due to customers is presented in Note 10.

5.12 ACCRUED EXPENSES AND OTHER LIABILITIES

in millions of euros	12/31/2021	12/31/2020
Collection accounts	173	305
Prepaid income(1)	341	385
Accounts payable	1,188	1,126
Other accruals(1)	2,562	3,334
Accrued expenses and other liabilities	**4,264**	**5,150**
Settlement accounts in credit on securities transactions	54	1,282
Other accounts payable(2)	6,365	4,955
Lease liabilities	1,362	1,179
Other liabilities	**7,781**	**7,416**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**12,045**	**12,566**

(1) The change in deferred income is mainly due to a modification in the presentation of zero-rate loans (PTZ) (see Note 5.5.3).
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

5.13 PROVISIONS

Accounting principles

Provisions other than those relating to employee benefit commitments and similar, regulated home savings products, off-balance sheet commitments, and insurance policies mainly consist of provisions for restructuring, claims and litigation, fines and penalties, and tax risks (excluding income tax).

Provisions are liabilities for which the timing or amount is uncertain, but can be reliably estimated. They correspond to current obligations (legal or implicit), resulting from a past event, and for which an outflow of funds will probably be necessary to settle them.

The amount recognized in provisions is the best estimate of the expense required to extinguish the present commitment at the balance sheet date.

Provisions are discounted when the impact of discounting is material.

Changes in provisions are recognized in the income statement on the lines corresponding to the nature of the hedged future expenditure.

Provisions on regulated home savings products

Regulated home savings accounts (*Comptes d'Épargne Logement* – CEL) and regulated home savings plans (*Plans d'Épargne Logement* – PEL) are retail products marketed in France governed by the 1965 law on home savings plans and accounts, and subsequent implementing decrees.

Regulated home savings products generate two types of commitments for establishments selling them:

- a commitment to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- a commitment to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Commitments with potentially unfavorable consequences are measured for each generation of regulated home savings plans and for all regulated home savings accounts.

A provision is recognized for the associated risks by discounting future potential earnings from at-risk outstandings:

- at-risk saving deposit outstandings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical investor behavior patterns, and corresponds to the difference between the probable outstandings and the minimum expected outstandings;
- at-risk loans correspond to the loan outstandings granted but not yet due at the calculation date plus statistically probable loan outstandings based on historical customer behavior patterns as well as earned and future rights relating to regulated home savings accounts and plans.

The commitments are estimated using the Monte Carlo method in order to reflect the uncertainty of future interest rate trends and their impact on customer behavior models and at-risk outstandings. On this basis, a provision is recorded for a given generation of contracts in the event of a situation liable to be detrimental for the group, with no netting between generations.

The provision is recognized under liabilities in the balance sheet and changes are recorded in net interest income and expenses.

in millions of euros	12/31/2020	Increase	Used	Reversals unused	Other movements[(1)]	12/31/2021
Provisions for employee benefits[(2)]	753	207	(81)	(36)	(14)	830
Provisions for restructuring costs[(3)]	132	66	(28)	(32)	3	141
Legal and tax risks[(4)]	820	68	(287)	(33)	55	624
Loan and guarantee commitments[(5)]	299	565		(510)	2	356
Provisions for regulated home savings products	3					3
Other operating provisions[(6)]	630	191	(74)	(70)	(263)	415
TOTAL PROVISIONS	**2,637**	**1,097**	**(469)**	**(681)**	**(217)**	**2,368**

(1) Other movements notably include:

- the change in the revaluation reserve for post-employment defined benefit plans (-€59 million before tax) and the change in foreign exchange rate adjustments (+€61 million);
- a change in the presentation of provisions for the restitution of tax savings, which are now presented within current tax liabilities for -€263 million in "Other operating provisions".

(2) Including €773 million for post-employment defined-benefit plans and other long-term employee benefits.
The implementation of the IFRS IC decision relating to IAS 19 Employee Benefits over 2021 has the effect of reducing provisions by €9 million, with a corresponding reduction in consolidated reserves (see Note 2.2).

(3) At December 31, 2021, provisions for restructuring costs notably included:

- €72 million for the voluntary redundancy plan at Crédit Foncier;
- €16 million for the "Internal mobility and external departure plan" at Global Financial Services;
- €3 million for the employment protection plan at BPCE International.

(4) Provisions for legal and tax risks include €319 million for the net exposure on the Madoff fraud (versus €503 million at December 31, 2020). The decrease in this provision is mainly due to the write-off, fully covered by provisions, following the confirmation of the liquidation of certain assets deposited in the group's name.

(5) Provisions for loan and guarantee commitments are detailed in Note 7.1.3.

(6) This item records a provision for contingencies and losses of €2 million to cover the income recognized in "Income from other activities" in respect of the EIC fine following the favorable decision handed down by the Court of Appeal on December 2, 2021 (see Note 4.6).

5.14 SUBORDINATED DEBT

Accounting principles

Subordinated debt differs from other debt and bonds in that it will be repaid only after all the senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated notes.

Subordinated debt which the issuer is obliged to repay is classified as debt and initially recognized at fair value less any transaction costs. It is subsequently measured at amortized cost at each balance sheet date using the effective interest method.

in millions of euros	12/31/2021	12/31/2020
Subordinated debt designated at fair value through profit or loss	100	100
SUBORDINATED DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS	**100**	**100**
Term subordinated debt	17,534	14,462
Perpetual subordinated debt	286	287
Subordinated debt and similar	**17,820**	**14,749**
Accrued interest	460	409
Revaluation of the hedged component	589	1,085
SUBORDINATED DEBT AT AMORTIZED COST	**18,869**	**16,243**
TOTAL SUBORDINATED DEBT[1]	**18,969**	**16,343**

(1) Including €251 million for the insurance entities at December 31, 2021 (no change from December 31, 2020).

The fair value of subordinated debt is presented in Note 10.

CHANGES IN SUBORDINATED DEBT AND SIMILAR DURING THE YEAR

in millions of euros	12/31/2020	Issue[1]	Redemption[2]	Other movements[3]	12/31/2021
Subordinated debt designated at fair value through profit or loss	100				100
SUBORDINATED DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS	**100**				**100**
Term subordinated debt	14,462	4,455	(1,854)	470	17,534
Perpetual subordinated debt	287				286
SUBORDINATED DEBT AT AMORTIZED COST[4]	**14,749**	**4,455**	**(1,854)**	**470**	**17,820**
SUBORDINATED DEBT AND SIMILAR	**14,849**	**4,455**	**(1,854)**	**470**	**17,920**

(1) In its dual role as an issuer on the bond market (to refinance the excess of the group's financing needs over its customers' deposits and to provide the group with additional capital and capacity to absorb losses), and as the organizer/manager of the group's internal capital management operations as a central institution, BPCE SA issued €4.5 billion of Tier 2 bonds (including €1.8 billion of contingent Tier 2 bonds) in 2021.

(2) Redemptions of subordinated loans and notes were due to the maturing of such borrowings.

(3) Other changes mainly included the revaluation of debts subject to hedging, foreign exchange fluctuations and variations in intra-group securities held by Natixis Funding for the purposes of market-making on the Global Financial Services division's debt on the secondary market.

(4) Excluding accrued interest and revaluation of the hedged component.

Deeply subordinated notes qualifying as equity instruments are presented in Note 5.15.2.

5.15 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

Accounting principles

Financial instruments issued by the group qualify as debt or equity instruments depending on whether or not the issuer has a contractual obligation to deliver cash or another financial asset to the holder of the instrument, or to exchange the instrument under conditions that are potentially unfavorable to the group. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

In addition, when an instrument qualifies as equity:

- its remuneration impacts equity. However, in accordance with the amendment to IAS 12 of December 2017, which applies from January 1, 2019, the tax consequences of dividend payments can be recognized in consolidated reserves, gains and losses recognized directly in equity, or in profit or loss, depending on the source of the amounts paid. Accordingly, when the payment corresponds to the notion of a dividend within the meaning of IFRS 9, the tax consequence is taken to income. This rule applies to interest on perpetual deeply subordinated notes, which is treated as a dividend for accounting purposes;
- it cannot be an underlying instrument eligible for hedge accounting;
- if the issue is in a foreign currency, the instrument is fixed at its historical value resulting from its conversion to euros at its initial date of transfer to equity.

Finally, when these instruments are issued by a subsidiary, they are included in "Non-controlling interests". When their remuneration is of a cumulative nature, it is charged to "Income attributable to equity holders of the parent" and increases the income of "Non-controlling interests". However, when their remuneration is not of a cumulative nature, it is drawn from consolidated reserves attributable to equity holders of the parent.

5.15.1 SHARE CAPITAL

On June 14, 2021, a capital increase fully underwritten by the Banques Populaires and the Caisses d'Epargne, was completed through the issuance of 1,372,914 shares for an amount of €800 million.

BPCE SA's share capital amounted to €180 million at December 31, 2021 (€174 million at December 31, 2020), *i.e.* 36,095,654 shares with a nominal value of €5 per share, which breaks down as follows:

- 18,047,827 ordinary shares held by the Banques Populaires for €90 million;
- 18,047,827 ordinary shares held by the Caisses d'Epargne for €90 million.

At December 31, 2021, additional paid-in capital amounted to €15,126 million *versus* €14,333 million at December 31, 2020.

5.15.2 PERPETUAL DEEPLY SUBORDINATED NOTES CLASSIFIED AS EQUITY

Issuing entity	Issue date	Currency	Amount *(in original currency)*	Call date	Interest step-up date[(2)]	Rate	Nominal *(in millions of euros[(1)])* 12/31/2021	12/31/2020
BPCE	November 30, 2018	EUR	700 million	September 30, 2023	September 30, 2023	5.35%	700	700
BPCE	September 28, 2021	EUR	2,690 million	September 28, 2026	September 28, 2026	3.00%	2,690	
TOTAL							**3,390**	**700**

(1) Nominal amount translated into euros at the exchange rate in force at the date of classification as equity.
(2) Interest step-up date or date of transition from fixed to variable rate.

- i.e. an increased interest rate of Euribor 3 months +5.04% after September 30, 2023 dedicated to the November 30, 2018 issue;
- i.e. an increased interest rate of Euribor 3 months +3.25% after September 28, 2026 dedicated to the September 28, 2021 issue.

Issues of perpetual deeply subordinated notes are recognized in equity due to the discretionary nature of their remuneration.

5.16 NON-CONTROLLING INTERESTS

5.16.1 MATERIAL NON-CONTROLLING INTERESTS

At December 31, 2021, material non-controlling interests with regard to the group's equity mainly comprised the share of non-controlling interests in the Global Financial Services division (including H2O) and minority interests in the Oney Bank group.

At December 31, 2020, material non-controlling interests with regard to the group's equity mainly comprised the share of minority interests in Natixis group, non-controlling interests in Natixis group (including H2O) and the share of minority interests in the Oney Bank group.

in millions of euros	Fiscal year 2021							
		Non-controlling interests			Financial data Summarized			
Entity name	Percentage ownership of non-controlling interests	Income attributed to holders of non-controlling interests during the period	Amount of non-controlling interests in the subsidiary	Dividends paid to holders of non-controlling interests	Assets	Liabilities	Reportable net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Global Financial Services Division[1][2]	**0.00%**	**253**	**272**	**105**	**568,556**	**547,486**	**1,403**	**1,899**
o/w H2O	*49.99%*	*25*	*155*		*384*	*91*	*49*	*65*
Oney Bank	**49.90%**	**17**	**257**	**3**	**5,887**	**5,241**	**96**	**96**
Other entities		**(1)**	**2**	**1**				
TOTAL AT DECEMBER 31, 2021		**270**	**531**	**108**				

(1) As part of Groupe BPCE's simplification project, Natixis's activities are now grouped into a new "Global Financial Services" (see Note 1.3).
(2) The impact of the simplified public tender offer on Natixis shares in BPCE SA group's financial statements at December 31, 2021 are presented in Note 1.3.

in millions of euros	Fiscal year 2020							
		Non-controlling interests			Financial data Summarized			
Entity name	Percentage ownership of non-controlling interests	Income attributed to holders of non-controlling interests during the period	Amount of non-controlling interests in the subsidiary	Dividends paid to holders of non-controlling interests	Assets	Liabilities	Reportable net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Natixis group	**29.34%**	**118**	**5,319**	**167**	**495,320**	**475,924**	**101**	**(81)**
o/w H2O[1]	*49.99%*	*30*	*122*	*124*	*282*	*55*	*60*	*38*
Oney Bank	**49.90%**	**22**	**243**		**4,363**	**3,748**	**70**	**70**
Other entities		**(5)**	**12**					
TOTAL AT DECEMBER 31, 2020		**136**	**5,573**	**167**				

(1) Non-controlling interests calculated at the Natixis level.

5.16.2 TRANSACTIONS MODIFYING THE SHARE OF NON-CONTROLLING INTERESTS IN CONSOLIDATED RESERVES

	Fiscal year 2021		Fiscal year 2020	
in millions of euros	Attributable to equity holders of the parent	Attributable to non-controlling interests	Attributable to equity holders of the parent	Attributable to non-controlling interests
Put options on non-controlling interests	**(163)**	**(58)**	**3**	**5**
Recognition of a liability in connection with liquidity contracts on Natixis shares[1]	(25)			
Acquisitions/Disposals[2]		(30)	(13)	(5)
Revaluations and other	(138)	(28)	16	10
Change in ownership interests with no change of control[3]	**1,391**	**(5,154)**	**5**	**7**
Loss of control of Coface[4]			**(53)**	**(1,196)**
Other[5]	**(2)**	**1**	**449**	**(401)**
TOTAL IMPACT OF ACQUISITIONS AND DISPOSALS ON NON-CONTROLLING INTERESTS	**1,226**	**(5,211)**	**404**	**(1,585)**

(1) In the context of the simplified public tender offer for Natixis shares, liquidity contracts were concluded by BPCE SA, and a reduction of €17 million in consolidated reserves (Attributable to equity holders of the parent) was recorded in respect of shares already allocated and €8 million in respect of shares in the process of being acquired. In the same context, a 5 million expense was recognized in the income statement of BPCE SA for the revaluation of recognized provisions, see Note 1.3 and Note 8.3.

(2) The impact of the sale of the BTK group on the financial statements of Groupe BPCE as of December 31, 2021 is presented in Note 1.3. At December 31, 2020, the sale of 45% of the Ostrum shares led to the recognition of -€13 million as attributable to equity holders of the parent and -€5 million as portion attributable to non-controlling interests.

(3) The impact of the simplified public tender offer for Natixis shares on the group's financial statements as of December 31, 2021 are presented in Note 1.3.

(4) In 2020, the loss of control of Coface meant the deconsolidation of -€1,174 million of consolidated reserves attributable to minority interests and the recycling to income of unrealized reserves on available-for-sale assets (-€55 million attributable to equity holders of the parent and -€23 million attributable to non-controlling interests) and foreign exchange rate adjustments (+€2 million attributable to equity holders of the parent and +€1 million attributable to non-controlling interests).

(5) In 2020, the revision of reserves attributable to minority interests resulted in a +€409 million transfer between reserves attributable to equity holders of the parent and those attributable to non-controlling interests.

5.17 CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

Accounting principles

In the event of disposal of equity financial assets recognized in other comprehensive income, changes in fair value are not transferred to profit or loss. These items are described as being not recyclable to profit or loss.

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Gross	Tax	Net	Gross	Tax	Net
Foreign exchange rate adjustments	373	///	373	(402)	///	(402)
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	46	(12)	34	26	(3)	23
Revaluation of available-for-sale financial assets of insurance businesses	(219)	58	(161)	253	(62)	190
Revaluation of derivative hedging items that can be recycled to net profit or loss	246	(65)	181	(32)	7	(24)
Items of the share of gains and losses of associates recognized directly in other comprehensive income	(715)	201	(514)	7	(24)	(17)
Items recyclable to profit or loss	**(270)**	**183**	**(88)**	**(148)**	**(82)**	**(230)**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	59	(12)	47	21	(6)	15
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	13	(4)	9	(23)	6	(17)
Revaluation of equity financial assets recognized at fair value through other comprehensive income	230	(37)	193	108	(56)	52
Items of the share of gains and losses of associates recognized directly in other comprehensive income	34	(10)	24	(2)		(2)
Items not recyclable to profit or loss	**336**	**(62)**	**274**	**104**	**(56)**	**48**
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY	**65**	**120**	**186**	**(44)**	**(138)**	**(182)**
Attributable to equity holders of the parent			161			(144)
Non-controlling interests			25			(38)

5.18 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Accounting principles

Financial assets and liabilities were offset on the balance sheet in accordance with IAS 32. Under this standard, a financial asset and financial liability are offset and a net balance is recorded in the balance sheet if and only if:

- the group has the legally enforceable right to offset the recorded amounts; and
- it has the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Within BPCE SA group, most offset amounts are the result of repurchase agreements and derivatives transactions largely carried out by the GFS division with clearing houses, which meet the requirements of IAS 32:

- for listed derivatives, the positions recorded under the respective asset and liability items for:
  - index options and futures options are offset by maturity and by currency,
  - equity options are offset by ISIN code and maturity date;
- for OTC derivatives, this comprises the netting, by currency, of the asset valuations and liability valuations of the derivatives;
- for repurchase agreements, the amount recorded in the balance sheet corresponds to the net value of repurchase and reverse repurchase agreements:
  - entered into with the same counterparty and which,
  - have the same maturity date,
  - have the same depositary (unless the depositary uses the T2S platform),
  - are denominated in the same currency.

Since December 31, 2020, OTC derivatives traded by the GFS division with the clearing houses LCH Clearnet Ltd, Eurex Clearing AG and CME Clearing are not subject to netting within the meaning of IAS 32, but are settled daily (application of the Settlement to Market principle as provided for by these three clearing houses, which treats margin calls as daily settlement for derivatives instead of collateral).

Financial assets and liabilities under netting agreements may only be offset if they meet the restrictive netting criteria set by IAS 32.

Offsetting may not be performed for derivatives or OTC repurchase agreements subject to master agreements that do not meet the net settlement criteria or where the realization of a simultaneous settlement of the asset and liability cannot be demonstrated or for which the offsetting right can only be exercised in the event of default, insolvency or bankruptcy by one of the parties to the agreement. However, the impact of such agreements in terms of reducing the exposure is presented in the second table.

For these instruments, the "Related financial assets and financial instruments received as collateral" and "Related financial liabilities and financial instruments pledged as collateral" columns include in particular:

- for repurchase agreements:
  - loans or borrowings resulting from reverse repurchase agreements with the same counterparty, and securities pledged or received as collateral (for the fair value of said securities),
  - margin calls in the form of securities (for the fair value of said securities);
- for derivatives, the fair values of reverse transactions with the same counterparty, as well as margin calls in the form of securities.

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

5.18.1 FINANCIAL ASSETS

Impact of offsetting on financial assets under netting agreements in the balance sheet

in millions of euros	12/31/2021 Gross amount of financial assets[1]	12/31/2021 Gross amount of financial liabilities offset in the balance sheet	12/31/2021 Net amount of financial assets recognized in the balance sheet	12/31/2020[2] Gross amount of financial assets	12/31/2020[2] Gross amount of financial liabilities offset in the balance sheet	12/31/2020[2] Net amount of financial assets recognized in the balance sheet
Derivatives (trading and hedging)	57,111	4,414	52,697	57,648	4,878	52,770
Repurchase agreements	89,641	31,495	58,145	82,168	15,149	67,019
Financial assets at fair value	**146,752**	**35,909**	**110,842**	**139,816**	**20,027**	**119,789**
Repurchase agreements loans and advances portfolio)	**6,234**	**1,850**	**4,384**	**13,091**	**5,057**	**8,034**
TOTAL	**152,986**	**37,759**	**115,227**	**152,907**	**25,085**	**127,823**

(1) Includes the gross amount of financial assets subject to netting or an enforceable master netting agreement or similar and financial assets not subject to any agreement.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

Impact of netting agreements on financial assets not recognized in the financial statements

	12/31/2021				12/31/2020[2]			
in millions of euros	Net amount of financial assets recognized in the balance sheet	Related financial liabilities and financial instruments received as collateral[1]	Margin calls received (cash collateral)	Net exposure	Net amount of financial assets recognized in the balance sheet	Related financial liabilities and financial instruments received as collateral	Margin calls received (cash collateral)	Net exposure
Derivatives (trading and hedging)	52,697	32,796	8,598	11,303	52,770	33,326	10,541	8,903
Repurchase agreements	62,530	60,910	8	1,612	75,053	71,810	5	3,238
TOTAL	**115,227**	**93,705**	**8,605**	**12,917**	**127,823**	**105,137**	**10,546**	**12,140**

(1) Including collateral received in the form of securities.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

The net exposure does not reflect the accounting position, because it takes into account the reduced exposure arising from agreements that do not meet the restrictive netting criteria set by IAS 32.

5.18.2 FINANCIAL LIABILITIES

Impact of offsetting on financial liabilities under netting agreements in the balance sheet

	12/31/2021			12/31/2020[2]		
in millions of euros	Gross amount of financial liabilities[1]	Gross amount of financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet	Gross amount of financial liabilities	Gross amount of financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet
Derivatives (trading and hedging)	56,230	4,239	51,991	55,862	4,418	51,444
Repurchase agreements	119,145	31,495	87,650	110,411	15,149	95,262
Financial liabilities at fair value	**175,376**	**35,735**	**139,641**	**166,274**	**19,567**	**146,707**
Repurchase agreements (debt portfolio)	**14,691**	**1,850**	**12,841**	**19,039**	**5,057**	**13,982**
Other financial instruments (debt portfolio)	175	175		460	460	
TOTAL	**190,241**	**37,759**	**152,482**	**185,774**	**25,085**	**160,689**

(1) Includes the gross amount of financial liabilities subject to netting or an enforceable master netting agreement or similar and financial liabilities not subject to any agreement and financial assets not subject to any agreement.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

Impact of netting agreements on financial liabilities not recognized in the financial statements

	12/31/2021				12/31/2020[2]			
in millions of euros	Net amount of financial liabilities recognized in the balance sheet	Related financial assets and financial instruments pledged as collateral[1]	Margin calls paid (cash collateral)	Net exposure	Net amount of financial liabilities recognized in the balance sheet	Related financial assets and financial instruments pledged as collateral	Margin calls paid (cash collateral)	Net exposure
Derivatives (trading and hedging)	51,991	34,923	11,585	5,483	51,444	35,101	14,488	1,855
Repurchase agreements	100,490	99,153	1	1,336	109,245	108,981		264
TOTAL	**152,482**	**134,075**	**11,585**	**6,822**	**160,689**	**144,082**	**14,488**	**2,119**

(1) Including collateral received in the form of securities.
(2) The information at December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).

The net exposure does not reflect the accounting position, because it takes into account the reduced exposure arising from agreements that do not meet the restrictive netting criteria set by IAS 32.

5.19 TRANSFERRED FINANCIAL ASSETS, OTHER FINANCIAL ASSETS PLEDGED AS COLLATERAL AND ASSETS RECEIVED AS COLLATERAL THAT CAN BE SOLD OR REPLEDGED

Accounting principles

A financial asset (or group of similar financial assets) is derecognized when the contractual rights to the asset's future cash flows have expired or when such rights are transferred to a third party, together with virtually all of the risks and rewards associated with ownership of the asset. In such case, rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

When a financial asset is derecognized, a gain or loss on disposal is recorded in the income statement reflecting the difference between the carrying amount of the asset and the consideration received.

In the event that the group has neither transferred nor retained virtually all of the risks and rewards, but has retained control of the asset, the asset continues to be recognized on the balance sheet to the extent of the group's continuing involvement.

In the event that the group has neither transferred nor retained virtually all of the risks and rewards and has not retained control of the asset, the asset is derecognized and all of the rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

If all the conditions for derecognizing a financial asset are not met, the group keeps the asset in the balance sheet and records a liability representing the obligations arising when the asset is transferred.

The group derecognizes a financial liability (or a part of a financial liability) only when it is extinguished, *i.e.* when the obligation specified in the contract is discharged, terminated or expires.

Repurchase agreements

Securities sold under repurchase agreements are not derecognized in the vendor's accounts. A liability representing the commitment to return the funds received is identified and recognized under "Securities sold under repurchase agreements". This debt is a financial liability recorded at amortized cost or at fair value through profit or loss when this liability is considered part of a trading business model.

The assets received are not recognized in the purchaser's books, but a receivable is recorded with respect to the vendor representing the funds loaned. The amount disbursed in respect of the asset is recognized under "Securities purchased under resale agreements". On subsequent balance sheet dates, the securities continue to be accounted for by the vendor in accordance with the rules applicable to the category in which they were initially classified. The receivable is valued according to methods specific to its category: at amortized cost when classified in "Loans and advances", or at fair value through profit or loss when it is considered part of a trading business model.

Outright securities lending

Securities loaned under outright securities lending transactions are not derecognized in the vendor's accounts. They continue to be recognized in their original accounting category and are valued accordingly. For the borrower, the securities borrowed are not recognized.

Transactions leading to substantial changes in financial assets

When an asset is subject to substantial changes (in particular following renegotiation or remodeling due to financial hardship) there is derecognition, since the rights to the initial cash flows have essentially expired. The group considers that this is the case for:

- changes leading to a change of counterparty, especially if the new counterparty has a very different credit quality than the previous counterparty;
- changes intended to move from a very structured to basic indexing, as the two assets are not exposed to the same risks.

Transactions leading to substantial changes in financial liabilities

A substantial change to the terms of a lending instrument must be recorded as the extinguishment of the existing debt and its replacement with a new debt. The amendment to IFRS 9 of October 12, 2017 clarified the treatment under IFRS 9 of modifications of liabilities recognized at amortized cost if the modification does not result in derecognition: the profit or loss resulting from the difference between the original cash flows and the modified cash flows discounted at the original effective interest rate must be recognized in profit or loss. To assess the substantial nature of the change, IFRS 9 includes a threshold of 10% based on discounted cash flows, integrating potential costs and fees: when the difference is greater than or equal to 10%, all of the costs or fees incurred are recognized as profit or loss on debt extinguishment.

The group may consider other changes to be substantial, such as a change of issuer (even within the same group) or a change in currency.

5.19.1 TRANSFERRED FINANCIAL ASSETS NOT FULLY DERECOGNIZED AND OTHER FINANCIAL ASSETS PLEDGED AS COLLATERAL

At December 31, 2021

	Net carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2021
Financial assets at fair value through profit or loss – Held for trading	1,540	7,977		292	9,809
Financial assets at fair value through profit or loss – Non-SPPI			8		8
Financial assets at amortized cost		250	9,098	3,723	13,072
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**1,540**	**8,227**	**9,106**	**4,015**	**22,888**
o/w transferred financial assets not fully derecognized	*1,540*	*8,227*	*8,654*	*4,015*	*22,436*

The amount of liabilities associated with financial assets pledged as collateral for repurchase agreements came to €8,081 million at December 31, 2021 (€8,927 million at December 31, 2020).

The fair value of assets pledged as collateral for non-deconsolidating securitization transactions was €4,015 million at December 31, 2021 (€4,172 million at December 31, 2020) and the amount of related liabilities came to €3,792 million at December 31, 2021 (€4,412 million at December 31, 2020).

At December 31, 2020

	Net carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2020
Financial assets at fair value through profit or loss – Held for trading	3,089	8,898		373	12,360
Financial assets at fair value through profit or loss – Non-SPPI			9		9
Financial assets at amortized cost	355	250	10,436	3,799	14,840
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**3,444**	**9,148**	**10,445**	**4,172**	**27,209**
o/w transferred financial assets not fully derecognized	*3,444*	*9,148*	*9,176*	*4,172*	*25,940*

5.19.1.1 Comments on transferred financial assets

SECURITIES REPURCHASING AND LENDING

BPCE SA group repurchases and loans securities.

Under the terms of the agreements, the securities may be sold on by the purchaser throughout the duration of the repurchase or lending agreement. The purchaser must nevertheless return them to the vendor at the end of the agreement. Cash flows generated by the securities are also transferred to the vendor.

The group believes that it retains almost all of the risks and benefits of securities under repurchase or loan agreements. They are therefore not derecognized. Financing has been recorded in liabilities for the repurchasing or lending of financed securities.

SALES OF RECEIVABLES

BPCE SA group sells receivables as security (Articles L. 211-38 or L. 313-23 *et seq.* of the French Monetary and Financial Code) under guaranteed refinancing operations, notably with the central bank. This type of disposal for security involves the legal transfer of the associated contractual rights, and therefore a "transfer of assets" within the meaning of the amendment to IFRS 7. The group nevertheless remains exposed to virtually all the risks and benefits, and as such the receivables are maintained on the balance sheet.

CONSOLIDATED SECURITIZATIONS

Securitizations consolidated with outside investors constitute an asset transfer according to the amendment to IFRS 7.

The group has an indirect contractual obligation to transfer to outside investors the cash flow from assets transferred to the securitization fund (although these assets are included in the group's balance sheet through the consolidation of the fund).

In the interest of transparency, for consolidated securitization transactions:

- the share of receivables sold attributable to external investors is considered to be pledged as collateral to third parties;
- the share of receivables sold attributable to units and bonds subscribed for by the group, and eliminated on consolidation, is not considered to be pledged as collateral unless these securities were brought to the BPCE SA group's single treasury and central bank collateral management pool and used as part of a refinancing mechanism.

The senior units of the BPCE Financement Purple Master Credit Cards securitization transactions are subscribed by external investors.

5.19.1.2 Comments on financial assets pledged as collateral but not transferred

Financial assets provided as collateral but not transferred are generally pledged. The main mechanisms involved are the CRH *(Caisse de Refinancement de l'Habitat),* the ESNI industry-wide funding mechanism and securities pledged as collateral for European Central Bank (ECB) refinancing operations.

Moreover, in accordance with French law, the intrinsic guarantees attached to issues of covered bonds are not recognized under guarantee commitments given. The covered bonds issued by BPCE SFH and Compagnie de Financement Foncier benefit from a legal privilege comprised of eligible assets.

5.19.1.3 Financial assets received as collateral that can be sold or repledged

This heading covers financial assets received as security under financial guarantee agreements with the right to reuse the assets in the absence of any default on the part of the owner of the guarantee.

The fair value of the financial assets received as collateral that BPCE SA group may sell or repledge amounted to €211 billion at December 31, 2021, compared to €198 billion at December 31, 2020.

The fair value of the financial assets received as collateral that were actually sold or repledged amounted to €160 billion at December 31, 2021, compared with €150 billion at December 31, 2020.

5.19.2 FULLY DERECOGNIZED FINANCIAL ASSETS FOR WHICH THE GROUP RETAINS AN ONGOING COMMITMENT

Fully derecognized transferred financial assets for which the group retains an ongoing commitment consist of asset transfers to a deconsolidated securitization vehicle in which BPCE SA group has an interest or an obligation, although this does not call into question the transfer of almost all of the benefits and risks relating to the assets transferred.

Ongoing commitments retained by the group in relation to securitization vehicles were not significant on December 31, 2021.

5.20 FINANCIAL INSTRUMENTS SUBJECT TO BENCHMARK INDEX REFORM

Accounting principles

In accordance with the amendments to IFRS 9 and IAS 39 relating to the reform of the benchmark rates, (phase 1), until the uncertainties relating to the reform disappear, it is considered that:

- transactions designated as cash flow hedges are considered "highly probable", as it is assumed that the cash flows will not change as a result of the reform;
- prospective effectiveness tests of fair value hedges and cash flow hedges are not affected by the reform, and in particular hedge accounting can continue if retrospective assessment results are outside the 80%-125% range during the transition period, while the ineffective portion of hedging relationships shall continue to be recognized in the income statement;
- hedged risk components determined using a benchmark rate are considered to be separately identifiable.

BPCE SA group considers that all its hedging agreements with a BOR or EONIA component are concerned by the reform and therefore qualify for the amendments for as long as there is uncertainty as to the contractual changes required by regulations or regarding the replacement benchmark to be used or the application period of temporary rates. BPCE SA group's exposure primarily lies with its derivatives contracts and lending and borrowing contracts that use the EURIBOR, EONIA or US LIBOR interest rates.

The amendments of phase 2, after implementation of the alternative rates, introduce a practical expedient, which consists of modifying the effective interest rate prospectively without impact on net income in cases where the changes in flows of financial instruments are exclusively related to the reform and make it possible to maintain an economic equivalence between the old flows and the new ones.

They also introduce, if these conditions are met, relaxations in the eligibility criteria for hedge accounting in order to be able to maintain the hedging relationships concerned by the reform. These provisions relate in particular to the impacts related to hedge redocumentation, portfolio hedging, treatment of the OCI reserve for the CFH hedging, identification of an identifiable risk component, retrospective effectiveness tests.

These amendments were applied by BPCE SA group in advance in the financial statements for December 31, 2020 and will continue to apply mainly to EURIBOR and USD LIBOR which have not yet been remediated.

As a reminder, European regulation (EU) 2016/1011 of June 8, 2016 on the indexes used as benchmarks ("the Benchmarks Regulation" or "BMR") introduces a common framework aimed at guaranteeing the accuracy and integrity of the indexes used as benchmarks for financial instruments and contracts, or to measure the performance of investment funds within the European Union.

The purpose of the Benchmarks Regulation is to regulate the provision of benchmark interest rates, the provision of data underlying benchmark interest rates, and the use of benchmarks, within the European Union. It provides for a transition period for administrators, which have until January 1, 2022 to be approved or registered. After this date, the use by entities supervised by the EU of benchmarks whose administrators are not approved or registered (or, if they are not located in the EU, are not subject to equivalent or otherwise recognized or approved regulations) will be prohibited.

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

Benchmark reform has been accelerated by announcements, effective March 2021, from the Financial Conduct Authority (FCA), the UK regulator overseeing the ICE Benchmark Administration (LIBOR administrator):

- confirming the cessation, after December 31, 2021, of the publication of the EUR, CHF, JPY and GBP LIBORs, the publication of the USD LIBOR being extended until June 30, 2023 (except for the 1 week and 2 month tenors which will cease after December 31, 2021);
- authorizing, for a limited time, for existing contracts (excluding cleared derivatives) indexed to YEN and GBP LIBOR (1-month, 3-month and 6-month tenors), beginning January 1, 2022, the use of synthetic LIBOR indices based on risk-free rates published by the ICE Benchmark Administration;
- aiming to limit the use, for new contracts, from the end of 2021, of the USD LIBOR, a similar announcement having been made in November 2021 by the US authorities.

On October 22, 2021, the European Union published two regulations (Implementing Regulations (EU) 2021/1847 and 2021/1848) providing for the legal replacement rate for CHF LIBOR (Implementing Regulation (EU) 2021/1847) to be the compounded SARON rate plus the spread adjustment with CHF LIBOR determined by ISDA, on March 5, 2021 (adjustment determined following the FCA's announcement of the discontinuation of the index), and for EONIA (Implementing Regulation (EU) 2021/1848), the €STR rate (successor rate to EONIA recommended by the Eurozone Interest Rate Working group) plus the margin of 8.5 basis points calculated by the European Central Bank. These replacement rates will be applied at the end of the publication of the CHF LIBOR (January 1, 2022) and the EONIA (January 3, 2022), to all contracts and financial instruments for which a transition to the alternative benchmark rates or the incorporation of a robust fallback clause (a contractual provision stipulating the terms and conditions for the replacement of the index initially agreed upon by the parties), will not have been carried out.

The introduction of a new calculation approach aimed at transitioning to a hybrid methodology for the EURIBOR, which has been recognized by the Belgian regulator as being consistent with the requirements laid down by the Benchmark Regulation, was finalized in November 2019. At this stage, there is moderate uncertainty about the sustainability of EURIBOR, resulting from the limited number of banks contributing to the determination of the index and uncertainty about whether the hybrid method can be maintained across all maturities.

In the context of this reform, in the first half of 2018, BPCE SA group established a project team tasked with anticipating the impacts of the benchmark reform, from a legal, commercial, financial, risk, systemic and accounting viewpoint. During 2019, work focused on the reform of the EURIBOR and the transition from the EONIA to the €STR and the strengthening of contractual clauses regarding the termination of benchmark interest rates. Since 2020, a more operational phase has begun around the transition and reduction of exposure to benchmark rates that are likely to disappear. It includes preparatory work for the use of the new benchmark rates and the implementation of new products indexed on these benchmark rates, the identification and implementation of legacy contracts remediation plans as well as active communication with the bank's customers. In this capacity:

- with regard to derivatives, the process of remediation of derivative contracts has been accelerated with the entry into force, on January 25, 2021, of Supplement 70 to the 2006 ISDA Definitions (known as the "ISDA IBOR Fallbacks Supplement") and of new FBF rate definitions aimed at explicitly providing – for future transactions – for fallback rates following the announced disappearance of LIBORs. The entry into force on the same date of the ISDA 2020 IBOR Fallbacks Protocol, to which Natixis SA and BPCE SA acceded on December 21, 2020, also enables the same fallback clauses to be applied to the stock of transactions outstanding with the other members of this protocol. In addition, in December 2021, the clearing houses will switch cleared products to RFRs (excluding USD LIBOR), as the transition to €STR and SOFR rates was made for the remuneration of collateralized derivatives in 2020. BPCE SA group proactively asked its customers to remediate transactions under the same conditions as the clearing houses. After December 31, 2021, for a very limited number of contracts, pending a transition to RFRs, the YEN or GBP synthetic LIBOR will be applied;
- with regard to the GFS division's loans indexed to GBP, CHF, YEN and USD LIBOR (for 1-week and 2-month tenors), remediation actions were launched in June 2021, with a differentiated approach depending on its role in the financing (agent or participant) and the nature of the financing (syndicated or bilateral loans). As of December 31, 2021, all GFS customers with loans indexed to these indices have been contacted to update the fallback clauses. The loans not yet remediated at that date, also representing a very limited number of contracts, are in the process of being renegotiated, with the signing of most of the contracts concerned scheduled for the first quarter of 2022. Until their remediation is completed, these contracts will be subject to the synthetic LIBOR or statutory fallback designated by the authorities;
- concerning securities issues, over 2021, the securities issued by BPCE and indexed to the YEN LIBOR have all been remediated through the consent solicitation process or by way of a convocation of holders, the issues carried by Natixis and indexed on the YEN LIBOR are remediated through the consent solicitation process operated *via* the depositaries. In the event that the security holders have not consented to their vote prior to the start of the first interest period in 2022, the contingency plan, the terms of which depend on the contractual fallback provisions (ISDA fallback provisions or application of synthetic LIBOR), will apply. Natixis SA and BPCE SA plan to remediate issues indexed to USD LIBOR as of 2022.

With respect to securitization transactions, all transactions affected by the indices that ceased to be published on December 31, 2021 have been remedied.

Information on outstanding financial assets excluding derivatives, financial liabilities excluding derivatives, and derivatives subject to transition is presented in Chapter 6 "Risk management – Interest rate and liquidity risk". The materiality of LIBOR exposures as of December 31, 2021 is related to the existence, as of that date, of transactions whose interest period uses a last fixing benchmarked to LIBOR, combined, for derivatives, with the application of fallbacks on January 3, 2022.

The transition to benchmark rates exposes BPCE SA group to various risks, in particular:

- the risk associated with change management which, in the event of asymmetry of information and treatment of GFS customers, could lead to disputes with the latter. To guard against such risks, the GFS division has taken steps to train employees in the challenges of the index transition, as well as launching communication campaigns with customers and setting up a control plan;
- the regulatory risk related to the non-compliant use of the reformed indices – in particular the USD LIBOR after January 1, 2022 – apart from exceptions authorized by the authorities. Employees and customers have been informed of the restrictions on these indices, and compliance has issued a procedure for handling exceptions and controls have been implemented;
- the risk of legal documentation on legacy transactions for which customers do not take the corrective action of setting up fallback clauses proposed by the market and/or the group, which could also lead to customer disputes. The GFS teams are actively monitoring legislative initiatives in the various jurisdictions to recommend successor rates;
- operational risks related to the ability to execute new transactions referencing the new rates and to remediate the legacy contracts. The project teams ensure that the implementation schedules for the impacted systems are respected, early renegotiation actions are carried out to spread the remediation load over time;
- the potential financial risk that would be reflected in a financial loss resulting from the remediation of the stock of LIBOR-indexed products. Simulations of losses in income linked to remediations carried out without taking into account a spread adjustment applied to the alternative benchmark rates are monitored directly by the Executive Management in order to raise awareness among the business lines during renegotiations with customers. The application of this adjustment (or "credit adjustment spread") is intended to ensure the economic equivalence of the cash flows of the contracts before and after the replacement of the reference index by an RFRs rate;
- valuation risks related to price volatility and basis risk resulting from the switch to alternative benchmark rates. The necessary updates to both risk management methodologies and valuation models are carried out.

Note 6 Commitments

Accounting principles

Commitments are materialized by the existence of a contractual obligation and are binding.

It must not be possible for commitments included in this item to be deemed financial instruments falling within the scope of IFRS 9 for classification and measurement purposes. However, loan commitments and guarantees given are covered by IFRS 9 provisioning rules, as set out in Note 7.

The effects of the rights and obligations covered by such commitments must be subject to the occurrence of conditions or subsequent transactions. Commitments are broken down into:

- loan commitments (confirmed credit facilities or refinancing agreements);
- guarantee commitments (off-balance sheet commitments or assets received as collateral).

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

6.1 LOAN COMMITMENTS

in millions of euros	12/31/2021	12/31/2020
Loan commitments given to:		
• banks	926	571
• customers	87,320	78,666
Credit facilities granted	*78,128*	*69,698*
Other commitments	*9,191*	*8,968*
TOTAL LOAN COMMITMENTS GIVEN	**88,246**	**79,236**
Loan commitments received from:		
• banks	26,807	33,587
• customers	11	10
TOTAL LOAN COMMITMENTS RECEIVED	**26,818**	**33,597**

6.2 GUARANTEE COMMITMENTS

in millions of euros	12/31/2021	12/31/2020
Guarantee commitments given to:		
• banks	8,081	7,745
• customers[1]	29,201	22,087
TOTAL GUARANTEE COMMITMENTS GIVEN	**37,282**	**29,832**
Guarantee commitments received from:		
• banks	19,253	20,439
• customers[2]	106,799	90,268
TOTAL GUARANTEE COMMITMENTS RECEIVED	**126,053**	**110,708**

(1) Guarantees given by CEGC in connection with its activity are treated as insurance policies for accounting purposes, in accordance with IFRS 4 "Insurance contracts". They are recorded on the liabilities side of the balance sheet and are not included in guarantees given to customers shown in the table above.

(2) Guarantees received under State-guaranteed loans are amounted to €3 billion at December 31, 2021.

Guarantee commitments are off-balance sheet commitments.

SPECIFIC CASE OF GUARANTEES GIVEN TO UCITS BY THE GLOBAL FINANCIAL SERVICES DIVISION

The capital and/or yield on the units of certain UCITS are subject to a guarantee granted by the Global Financial Services division.

The guarantees are only enforced if, on the maturity date, the net asset value of each unit is below the guaranteed net asset value.

The capital and/or performance guarantees to certain UCITS are recognized as derivatives and are subject to measurement at fair value in accordance with the provisions of IFRS 13.

Note 7 Exposure to risks

Exposures to risks are discussed below by type of risk: credit, market, overall interest rate, foreign exchange and liquidity risk.

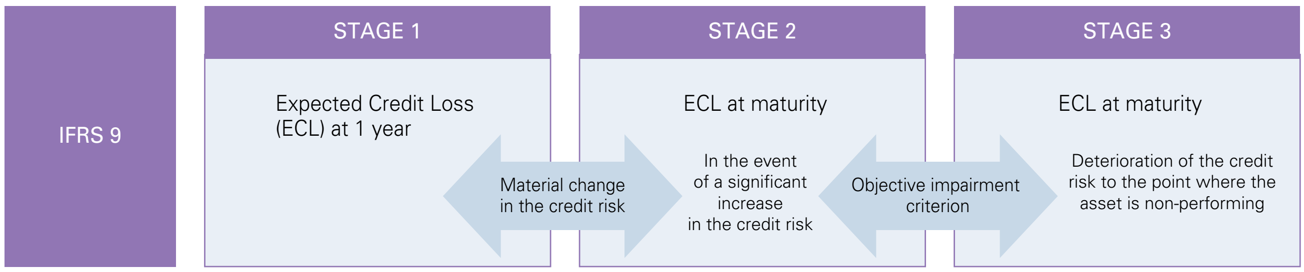
Information relating to capital management and regulatory ratios is presented in Chapter 6 "Risk Management".

Information on the effect and consideration of climate risks on credit risk management is presented in Chapter 6 "Risk management – Climate risks".

7.1 CREDIT RISKS

Key points

Credit risk is the risk that one party to a financial transaction fails to fulfill its obligations, causing the other party to incur a financial loss.



7.1.1 COST OF CREDIT RISK

Accounting principles

Cost of risk applies to debt instruments classified as financial assets at amortized cost or at fair value through other comprehensive income recyclable to profit or loss as well as to loan commitments and financial guarantees given that are not recognized at fair value through profit or loss. It also applies to receivables relating to leasing contracts, business loans and contract assets.

This item therefore covers net impairment and provision charges for credit risk.

Credit losses related to other types of instruments (derivatives or securities designated at fair value) recorded as a result of credit institution counterparty default are also included under this item.

Irrecoverable loans not covered by provisions for impairment are loans that have acquired the character of permanent loss before being provisioned in Stage 3.

7.1.1.1 Cost of credit risk for the period

in millions of euros	Fiscal year 2021	Fiscal year 2020
Net charge to provisions and provisions for impairment	(444)	(1,202)
Recoveries of bad debts written off	54	32
Irrecoverable loans not covered by provisions for impairment[(1)]	(41)	(34)
TOTAL COST OF CREDIT RISK	**(430)**	**(1,204)**

(1) For fiscal year 2021, the losses on irrecoverable receivables include an increase of €26 million related to the reclassification of collection costs from "Operating expenses" to "Cost of credit risk" as these costs are marginal and directly attributable to the recovery of contractual cash flows on doubtful files (S3). In 2020, the impact would have been an increase of €23 million.

7.1.1.2 Cost of credit risk for the period by type of asset

in millions of euros	Fiscal year 2021	Fiscal year 2020
Financial assets at fair value through profit or loss	(8)	(33)
Financial assets at fair value through other comprehensive income	2	2
Financial assets at amortized cost	(335)	(1,040)
o/w loans and advances	*(339)*	*(1,038)*
o/w debt instruments	*5*	*(2)*
Other assets	(35)	(26)
Loan and guarantee commitments	(55)	(107)
TOTAL COST OF CREDIT RISK	**(430)**	**(1,204)**
o/w stage 1	*28*	*(103)*
o/w stage 2	*(22)*	*(131)*
o/w stage 3	*(436)*	*(970)*

7.1.2 CHANGE IN GROSS CARRYING AMOUNTS AND EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS AND COMMITMENTS

Accounting principles

General principles

Expected credit losses are represented by impairments of assets classified at amortized cost and at fair value through other comprehensive income recyclable to profit or loss, and by provisions for loan and guarantee commitments.

The financial instruments concerned (see Note 7.1.1) are impaired or covered by a provision for expected credit losses (ECL) as of the date of initial recognition.

When the financial instruments do not individually show objective evidence of loss, impairment or provisions for expected credit losses are measured based on past losses and reasonable and justifiable discounted future cash flow 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:

Stage 1 (S1)

- these are performing loans 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;
- interest income is recognized in income using the effective interest method applied to the gross carrying amount of the instrument before impairment.

Stage 2 (S2)

- 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;
- interest income is recognized in income, as for Stage 1 assets, using the effective interest method applied to the gross carrying amount of the instrument before impairment.

Stage 3 (S3)

- these are loans for which there is objective evidence of impairment loss due to an event which represents a known credit risk occurring after the initial recognition of the instrument in question. As under IAS 39, this category includes loans for which a default event has been identified as defined in Article 178 of European regulation No. 575/2013 of June 26, 2013 on prudential requirements for banks. Default situations are now more tightly identified for outstandings with significant amounts past due (introduction of relative and an absolute threshold for past due payments) and the criteria for a return to non-defaulted status have been clarified with the introduction of a probation period and of explicit criteria for a classification as default of restructured loans;

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- the impairment or the provision for credit risk is calculated based on the financial instrument's lifetime expected credit losses on the basis of the recoverable amount of the receivable, *i.e.* the present value of estimated recoverable future cash flows;
- interest income is recognized through profit or loss using the effective interest method applied to the net carrying amount of the instrument after impairment;
- the financial assets purchased or originated and impaired for credit risk on their initial recognition because the entity does not expect to recover all the contractual cash flows (Purchased or Originated Credit-Impaired financial instruments or POCI) also belong to Stage 3. These assets may be transferred to Stage 2 if their credit risk improves.

For operating or finance lease receivables (which fall within the scope of IFRS 16) the group has elected not to make use of the option of applying the simplified approach as set out in IFRS 9 paragraph 5.5.15.

Method for measuring the increase in credit risk and expected credit losses

The principles for measuring the increase in credit risk and expected credit losses applicable to most of the group's exposures are described below. Only a few portfolios held by group entities – representing a limited volume of exposures – cannot be treated according to the methods described below and are subject to appropriate valuation *techniques*.

Significant increase in credit risk

A significant increase in credit risk is measured on an individual basis for each instrument 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. A counterparty-based approach (applying the contagion principle to all outstanding loans to the counterparty in question) is also possible, in particular with regard to the watch list criterion.

In accordance with IFRS 9, a counterparty with a significant deterioration in credit risk (Stage 2) that has just been originated will be classified as Stage 1.

Assessment of increases in credit risk involves comparing the probability of default or ratings on the initial recognition date with those applicable at the reporting date. The same principles as those used to classify an exposure in Stage 2 are applied in case of a decline in the material deterioration in credit risk.

The standard also includes a rebuttable presumption that credit risk has significantly increased since initial recognition if contractual payments are more than 30 days past due.

The moratoria granted as a general measure to support businesses facing cash flow problems, and the granting of State-guaranteed loans, do not in themselves constitute evidence of financial hardship calling into question the counterparty's capacity to honor its contractual agreements on maturity. As a result, the principles described above apply in full depending on each counterparty's specific situation.

In most cases, a measurement showing an increase in risk leads to the asset's transfer to Stage 2 before it is individually impaired (Stage 3).

Assessment of a material increase in credit risk is made at the level of each instrument, based on indicators and thresholds that vary according to the type of exposure and counterparty.

More specifically, the change in credit risk is measured on the basis of the following criteria:

- for loans to Individual Customers, Professional Customers, SMEs, Public Sector entities and Social Housing entities, measurement of the increase in credit risk relies on a combination of quantitative and qualitative criteria. The quantitative criterion is based on the change in the probability of default over one year (mid-cycle average) from initial recognition. Additional qualitative criteria are used to classify as Stage 2 all contracts with payments more than 30 days past due (unless the 30-day presumption of non-payment is rebutted), rated at-risk or undergoing adjustments or financial hardship if the downgrade to Stage 3 criteria are not met;
- for loans to Large Corporates, Banks and Sovereigns, the quantitative criterion is based on changes in the rating since initial recognition. The same qualitative criteria apply as for Individual Customers, Professional Customers and SMEs, as well as contracts placed on the watchlist, along with additional criteria based on the level of country risk;
- for Specialized Financing, the criteria applied vary according to the characteristics of the exposures and the related ratings system. The exposures noted under the engine dedicated to large exposures are treated in the same way as Large Corporates; other exposures are treated in the same way as small and medium-sized enterprises;
- for all these loan books, the ratings on which the increase in risk is measured using the ratings produced by internal systems when they are available, as well as external ratings, particularly when an internal rating is not available.

The standard provides that the credit risk of a financial instrument has not increased materially since its initial recognition if this risk is considered to be low at the end of the fiscal year. This provision is applied to certain investment-grade debt securities that are managed as part of BPCE SA group's liquidity reserve, as required by Basel III regulations. Investment grade ratings are those equal to or above BBB- or its equivalent by Standard and Poor's, Moody's or Fitch.

In accordance with IFRS 9, the recognition of guarantees and collateral does not influence the assessment of a material increase in credit risk, which depends on changes in credit risk relating to the debtor without taking into account such guarantees.

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

- a first level based on rules and criteria defined by the group that are binding on the group's institutions (known as the "central model");
- a second level linked to an expert assessment of the risk carried by each institution on its portfolios, which may lead to an adjustment of the criteria defined by the group for downgrading to Stage 2 (portfolio or sub-portfolio switch to ECL at maturity).

Measurement of expected credit losses

Expected credit losses are defined as being an estimate of credit losses (*i.e.* the present value of cash flow shortfalls) weighted by the probability of occurrence of these losses over the expected lifetime of the financial instrument in question. They are calculated individually for each exposure.

In practice, for Stage 1 and Stage 2 financial instruments, expected credit losses are calculated as the product of a number of 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, for home loans, the level of prepayment expected on the contract;
- loss given default (LGD);
- the probability of default (PD) over the coming year for Stage 1 financial instruments and to maturity for Stage 2 financial instruments.

The group's methodology draws on existing concepts and mechanisms to define these inputs, and in particular on internal models developed to calculate regulatory capital requirements (Basel framework) and 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;
- IFRS 9 inputs must 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;
- IFRS 9 parameters must be forward-looking and take into account the expected economic environment over the projection period, whereas prudential parameters correspond to mid-cycle estimates (for PD) or bottom-of-the-cycle estimates (for LGD and the cash 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.

Expected credit loss calculations take into account assets pledged as collateral and other credit enhancements that form an integral part of the instrument's contractual conditions and that the entity does not recognize separately. The estimate of expected cash flow shortfalls on a financial instrument reflects the amount and schedule for enforcing collateral.

The IFRS 9 model validation process is fully aligned with the group's existing model validation process. Models are reviewed by an independent unit responsible for internal validation and the unit's conclusions are then examined by the group Models Committee. Subsequent recommendations are monitored up by the validation unit.

Forward looking macroeconomic data are taken into account in a methodological framework applicable at two levels:

- at the group level, in the determination of a shared framework for taking forward looking into account in the projection of PD and LGD inputs over the amortization horizon of operations within the central model;
- at the level of each entity, with regard to its own portfolios.

Recognition of forward-looking information

The amount of expected credit losses is calculated using an average ECL by scenario, weighted by probability of occurrence, taking into consideration past events, current circumstances and reasonable and justifiable forecasts of the economic environment.

BPCE SA group uses forward-looking data to estimate any material increase in credit risk and to measure expected credit losses. To do this, BPCE SA group uses the projections of macroeconomic variables used to define its budget process, considered to be the most probable, framed by optimistic and pessimistic projections of macroeconomic variables in order to define probable alternative trajectories. These projections of macroeconomic variables are hereafter referred to as scenarios.

To determine a significant increase in credit risk, as well as applying rules based on the comparison of risk parameters between the initial recognition date and the reporting date, the calculation is supplemented by forward-looking information such as sector or geographical macro-economic scenarios.

To measure expected credit losses, the group has chosen three macroeconomic scenarios, which are detailed in the following paragraph.

Methodology for calculating expected losses in the central model

The parameters used to measure expected credit losses, are adjusted to economic conditions by defining three economic scenarios over a three-year period:

- the core scenario was updated based on the scenarios determined by the group's economists in June 2021 and validated by the Executive Management Committee;
- a pessimistic scenario, corresponding to a deterioration in macro-economic variables defined in relation to the core scenario;
- an optimistic scenario, corresponding to an improvement in macro-economic variables defined in relation to the core scenario.

The definition and review of these scenarios follows the same organization and governance as that defined for the budget process, with a quarterly review of their relevance since the Covid-19 crisis, which may lead to a revision of macroeconomic projections in the event of a significant deviation in the situation observed on the basis of proposals from economic research and validation by the Executive Management Committee. The probability of occurrence of each scenario is reviewed on a quarterly basis by the group Watchlist and Provisions Committee. The inputs thus defined allow expected credit losses for all exposures to be valued, regardless of whether they belong to a scope approved using an internal method or are processed using the standardized method for the calculation of risk-weighted assets.

We show below the 4-year projections (including the 12-month lag) for key economic variables used, based on the scenario of the group's economists for each range limit:

	Baseline		
	GDP	**Unemp.**	**10Y yld**
2021	5.5%	8.9%	0.34%
2022	4.0%	9.3%	0.53%
2023	2.0%	9.0%	0.70%
2024	1.6%	8.7%	0.88%

	Optimistic		
	GDP	**Unemp.**	**10Y yld**
2021	7.0%	8.0%	1.23%
2022	5.5%	8.4%	1.27%
2023	3.5%	8.1%	1.43%
2024	3.1%	7.8%	1.61%

	Pessimistic		
	GDP	**Unemp.**	**10Y yld**
2021	3.0%	9.8%	(0.41%)
2022	1.0%	10.2%	(0.37%)
2023	0.5%	9.9%	(0.21%)
2024	0.1%	9.6%	(0.03%)

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 economic scenarios are associated with probabilities of occurrence, making it possible to calculate the average probable loss, which is used as the amount of the IFRS 9 expected credit loss.

In addition, BPCE SA group has extended and adapted this approach by adjusting for a number of factors specific to certain scopes or significant markets. Each scenario is therefore weighted based on how close it is to the consensus forecast for the main economic variables in each scope or significant market of the group.

For retail banking, projections are calculated using the main macroeconomic variables such as GDP, unemployment and interest rates on 10-year French sovereign debt. For Corporate & Investment Banking, the macro-economic variables applied relate to the international situation and make greater use of financial and market data.

For retail banking, economic scenarios have been adapted to take account of uncertainties surrounding economic forecasts and economic support measures (SGL, partial furlough, tax breaks). The result of these adaptations is to:

- to mitigate the suddenness of the crisis in 2020 and the mechanical rebound from 2021 with a 60% moderation of the crisis shock on GDP. For instance, in the core scenario, the GDP figure projected is a weighted average of the scenario's starting value (2020 GDP: -9%, weighted 40%) and long-term growth in France (+1.4%, weighted 60%). This adjustment is consistent with the ECB's communications on accounting for the Covid-19 crisis under IFRS 9 and the EBA's guidelines on moratoria; and
- spread the effects of the crisis over a longer period, pushing back the scenario by 12 months, which means it takes an additional 12 months for the worsening of GDP and other variables to feed through to probabilities of default.

These adjustments reflect the positive impacts of the various measures taken by the government to prop up the economy: most notably defaults are reduced and delayed.

For retail banking and Corporate & Investment Banking, the various models for estimating expected credit losses have been supplemented by post-model adjustments based on expert opinion that increase the amount of expected losses in an economic context of great uncertainty linked to the unprecedented nature of the health crisis.

Weighting of scenarios at December 31, 2021

Expected credit losses are calculated by assigning to each scenario a weighting coefficient determined by how close the consensus of forecasters is to each of the core, pessimistic and optimistic scenarios, on the variables GDP growth, unemployment and 10-year interest rates on French sovereign debt.

For retail banking, in the fourth quarter of 2021, a slight deterioration in French GDP forecasts for 2022 was observed, as well as an improvement in unemployment rate forecasts in France; 10-year OAT rate forecasts remained stable. At the same time, the emergence of the Omicron variant, causing a new wave of the particularly virulent Covid-19, led the government to put in place new restrictive measures. As such, an adjustment was made to overweight the pessimistic scenario at 85% (instead of 20% before adjustment) and to underweight the core scenario at 10% (65% before adjustment) and the optimistic scenario at 5% (instead of 15% before adjustment). Thus, the weightings used, after adjustment, by the various group business lines are as follows:

- core scenario: for retail banking, 10% at December 31, 2021 *versus* 60% at December 31, 2020, and for Corporate & Investment Banking, 60% weighting at December 31, 2021 *versus* 85% at December 31, 2020;
- pessimistic scenario: for retail banking, 85% at December 31, 2021 *versus* 35% at December 31, 2020 and for Corporate & Investment Banking, 35% weighting at December 31, 2021 *versus* 5% at December 31, 2020;
- optimistic scenario: for retail banking, 5% weighting unchanged from December 31, 2020 and for Corporate & Investment Banking, 5% weighting at December 31, 2021 *versus* 10% at December 31, 2020.

Due to the different customer markets and the more international nature of Corporate & Investment Banking, retail banking and Corporate & Investment Banking have applied specific scenario weights.

Expected credit losses built up in addition to the central model

Locally calculated provisions have been recorded by the Institutions to cover the specific risks of their portfolios, in addition to the provisions described above and calculated by the group's tools. These provisions mainly concern the tourism, hotel, restaurant, specialized retailing, agri-food, construction, real estate and automobile sectors.

In this context, the group has considerably strengthened the monitoring of the affected sectors. The sector monitoring approach allows central classification of economic sectors and sub-sectors by BPCE SA group's Risk division with monthly updates.

Since the beginning of the year, the group has undertaken to harmonize the methodology for calculating sectoral provisions with the deployment and use of a dedicated tool in application of the methodology adopted by the group. This new tool makes it possible to take into account the downgrading of contracts by business sector on Professional and Corporate loan portfolios. Associated governance has been set up at the central level and at the level of the group's institutions.

The total expected S1/S2 credit losses at December 31, 2021 amounted to €882 million and broke down as follows:

in millions of euros	12/31/2021
Central model	**778**
including overweight of the pessimistic scenario	*11*
Post-model adjustments	**39**
Complements to the central model	**64**
TOTAL EXPECTED CREDIT LOSSES S1/S2	**882**

ECL sensitivity analysis

Increasing the probability of occurrence of the pessimistic scenario to 100% would result in an additional allocation of €42 million.

Method for measuring assets classified as Stage 3

Financial assets for which there is objective evidence of impairment loss due to an event representing a counterparty risk and occurring after initial recognition are classified as Stage 3. The criteria for identifying assets are in line with the definition of default under Article 178 of European regulation 575/2013, of June 26, 2013, on prudential requirements for credit institutions, consistent with EBA guidelines (EBA/GL/2016/07) on the application of the definition of default, and Delegated Regulation (EU) 2018/1845 of the European Central Bank on the threshold for assessing the materiality of credit obligations past due.

Loans and advances are considered as impaired and are classified as Stage 3 if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are "triggering events" or "loss events" identifying counterparty risk occurring after the initial recognition of the loans in question. Objective evidence of impairment includes:
  - the occurrence of a payment past due for at least three consecutive months, the amount of which exceeds the absolute thresholds (of €100 for a retail exposure, otherwise €500) and the relative threshold of 1% of the counterparty's exposures,
  - or the restructuring of loans if certain criteria are met, or regardless of whether any payment has been missed, the observation of financial hardship experienced by the counterparty leading to the expectation that some or all of the amounts owed may not be recovered. Restructured loans are classed as Stage 3 when the loss is greater than 1% of the difference between the net present value before restructuring and the net present value after restructuring;
- these events are liable to lead to the recognition of incurred credit losses, that is, expected credit losses for which the probability of occurrence has become certain.

The Stage 3 classification is maintained for a probationary period of three months after the disappearance of all the above-mentioned default indicators. The probationary period in Stage 3 is extended to one year for restructured contracts that have been subject to a Stage 3 transfer.

Debt instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs) are considered impaired and are classified as Stage 3 when there is a known counterparty risk.

The group uses the same impairment indicators for Stage 3 debt securities as those used for individually assessing the impairment risk on loans and advances, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes (TSSDI) that meet the definition of debt instruments within the meaning of IAS 32, particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

Impairment for expected credit losses on Stage 3 financial assets is determined as the difference between the amortized cost and the recoverable amount of the receivable, *i.e.* the present value of estimated recoverable future cash flows, whether these cash flows come from the counterparty's activity or from the potential activation of guarantees. For short-term assets (maturity of less than one year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal. Expected credit losses arising from Stage 3 off-balance sheet commitments are taken into account through provisions recognized on the liability side of the balance sheet. They are calculated on the basis of the maturity schedules determined based on historic recoveries for each category of receivable.

For the purposes of measuring expected credit losses, pledged assets and other credit enhancements that form an integral part of the contractual conditions of the instrument and that the entity does not recognize separately are taken into account in the estimate of expected cash flow shortfalls.

Recognition of impairment of assets classified at amortized cost and at fair value through other comprehensive income, and of provisions for loan and guarantee commitments

For debt instruments recognized on the balance sheet in the financial assets at amortized cost category, impairment is recorded against the line on which the asset was initially shown for its net amount (regardless of whether the asset is S1, S2, S3 or POCI). Impairment charges and reversals are recognized in the income statement under "Cost of credit risk".

For debt instruments recognized as financial assets at fair value through other comprehensive income on the balance sheet, impairment is carried on the liabilities side of the balance sheet at the level of other comprehensive income recyclable to profit or loss, with a corresponding entry on the income statement under "Cost of credit risk" (regardless of whether the asset is classified S1, S2, S3 or POCI).

For loan and financial guarantee commitments given, provisions are recorded on the liabilities side of the balance sheet under "Provisions" (irrespective of whether the commitment given is classified S1, S2, S3 or POCI). Additions to/reversals from provisions are recognized in the income statement under "Cost of credit risk".

7.1.3 CHANGE IN EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS AND COMMITMENTS

7.1.3.1 Change in impairment for credit losses on financial assets through other comprehensive income

	Stage 1		Stage 2		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**16,118**	**(1)**	**6**		**16,124**	**(1)**
Origination and acquisitions	2,314				2,314	
Derecognition (redemptions, disposals and debt forgiveness)	(2,653)		(6)		(2,659)	
Impairment (write-off)	///	///	///	///	///	///
Transfers of financial assets	(5)		5			
Transfers to S2	*(5)*		*5*			
Other movements[1]	(1,683)				(1,683)	
BALANCE AT 12/31/2021	**14,091**	**(1)**	**5**		**14,096**	**(1)**

(1) Including amortization of receivables, changes in credit risk parameters (including partial repayments), exchange rate fluctuations.

7.1.3.2 Change in impairment for credit losses on debt securities at amortized cost

in millions of euros	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired assets (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**12,792**	**(11)**	**1,058**	**(5)**	**124**	**(106)**	**108**	**(55)**	**14,081**	**(177)**
Origination and acquisitions	212		27		///	///		///	238	
Derecognition (redemptions, disposals and debt forgiveness)	(1,061)	3	(130)		(8)	8			(1,198)	10
Impairment (write-off)	///	///	///	///			(43)	43	(43)	43
Transfers of financial assets	195	6	(195)	(4)						2
Transfers to S1	*212*		*(212)*	*0*			*///*	*///*		*0*
Transfers to S2	*(16)*	*6*	*16*	*(4)*						*2*
Other movements[1]	(460)	(5)	(186)	2	(4)	4	(11)	4	(662)	4
BALANCE AT 12/31/2021	**11,678**	**(8)**	**572**	**(7)**	**113**	**(95)**	**53**	**(8)**	**12,416**	**(118)**

(1) Including amortization of receivables, changes in credit risk parameters (including partial repayments) and exchange rate fluctuations.

7.1.3.3 Change in impairment for credit losses on loans and advances due from banks at amortized cost

Loans and advances to credit institutions registered in Stage 1 include funds centralized at the *Caisse des Dépôts et Consignations*; €282 million at December 31, 2021, compared to €243 million at December 31, 2020.

in millions of euros	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired assets (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**149,420**	**(1)**	**447**	**(5)**	**31**	**(29)**			**149,897**	**(35)**
Origination and acquisitions	86,770	(0)	7		///	///		///	86,778	(0)
Derecognition (redemptions, disposals and debt forgiveness)	(46,228)	1	(87)						(46,316)	1
Impairment (write-off)	///	///	///	///			(5)	5	(5)	5
Transfers of financial assets	154	(0)	(154)	0						
Transfers to S1	*155*	*(0)*	*(155)*	*0*			*///*	*///*		
Transfers to S2	*0*		*0*							
Other movements[1]	5,320	(1)	13	2	(9)	10	10	(10)	5,334	1
BALANCE AT 12/31/2021	**195,436**	**(3)**	**226**	**(2)**	**22**	**(19)**	**5**	**(5)**	**195,688**	**(29)**

(1) Other changes include amortization of receivables, changes in credit risk parameters (including partial repayments), changes in exchange rates and the impact of the application of IFRS 5.

5

7.1.3.4 Change in impairment for credit losses on loans and advances to customers at amortized cost

Financial instruments are divided into three categories (Stages) depending on the increase in credit risk observed since initial recognition. This deterioration is measured on the basis of the rating as of the closing date.

	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired assets (S2 POCI)		Purchased or Originated Credit-Impaired assets (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**136,153**	**(242)**	**30.023**	**(435)**	**7,969**	**(2,572)**	**62**	**(1)**	**337**	**(83)**	**174,543**	**(3,333)**
Origination and acquisitions	31,601	(105)	4,161	(52)	///	///	///	///	271	///	36,033	(157)
Derecognition (redemptions, disposals and debt forgiveness)	(24,516)	33	(4,287)	64	(1,115)	145	(11)		(16)	3	(29,944)	244
Impairment (write-off)	///	///	///	///	(615)	598	///	///	(10)	10	(624)	608
Transfers of financial assets	(1,764)	45	631	(1)	1,133	(116)	0	0	0	0		(73)
Transfers to S1	*4,601*	*(59)*	*(4,488)*	*64*	*(113)*	*3*	*///*	*///*	*///*	*///*		*8*
Transfers to S2	*(5,855)*	*75*	*6,241*	*(142)*	*(386)*	*38*	*0*		*0*			*(29)*
Transfers to S3	*(510)*	*28*	*(1,122)*	*77*	*1,632*	*(157)*	*0*	*0*	*0*	*0*		*(52)*
Other movements(1)	(5,772)	53	(3,100)	(27)	(329)	(385)	65	(1)	7	(62)	(9,130)	(422)
BALANCE AT 12/31/2021	**135,702**	**(216)**	**27,428**	**(451)**	**7,043**	**(2,331)**	**117**	**(2)**	**589**	**(132)**	**170,878**	**(3,132)**

(1) Other changes include amortization of receivables, changes in credit risk parameters (including partial repayments), changes in exchange rates and the impact of the application of IFRS 5.

7.1.3.5 Change in credit losses on loan commitments given

	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired assets (S2 POCI)		Purchased or Originated Credit-Impaired assets (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**72,404**	**(54)**	**6,684**	**(85)**	**134**	**(10)**	**6**		**8**		**79,236**	**(149)**
Origination and acquisitions	28,728	(23)	1,475	(9)	///	///	///	///	19	///	30,222	(32)
Derecognition (redemptions, disposals and debt forgiveness)	(17,193)	11	(1,471)	13	(46)	5	(1)		(17)		(18,728)	29
Transfers of financial assets	(1,075)	0	1,030	(6)	45	(2)						(8)
Transfers to S1	*698*	*(3)*	*(697)*	*4*	*(1)*	*0*	*/// *	*/// *	*/// *	*/// *		*2*
Transfers to S2	*(1,750)*	*3*	*1,762*	*(11)*	*(12)*	*1*						*(8)*
Transfers to S3	*(22)*		*(35)*		*57*	*(3)*						*(2)*
Other movements[(1)]	(1,209)	14	(1,455)	(30)	(30)	5	15		194		(2,485)	(11)
BALANCE AT 12/31/2021	**81,655**	**(52)**	**6,264**	**(116)**	**102**	**(2)**	**20**		**204**		**88,246**	**(170)**

(1) Including amortization of receivables, changes in credit risk parameters (including partial repayments), exchange rate fluctuations and effect of the application of IFRS 5.

7.1.3.6 Change in credit losses on guarantee commitments given

	Stage 1		Stage 2		Stage 3		Purchased or Originated Credit-Impaired assets (S2 POCI)		Purchased or Originated Credit-Impaired assets (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 12/31/2020	**21,270**	**(16)**	**2,728**	**(21)**	**592**	**(113)**	**2**				**24,591**	**(150)**
Origination and acquisitions	16,708	(8)	1,465	(5)	///	///	///	///	77	///	18,250	(13)
Derecognition (redemptions, disposals and debt forgiveness)	(12,848)	3	(647)	3	(126)	18					(13,621)	24
Transfers of financial assets	(1,031)	1	722	(2)	310	(2)						(3)
Transfers to S1	*528*		*(524)*		*(4)*		*/// *	*/// *	*/// *	*/// *		
Transfers to S2	*(1,519)*	*1*	*1,521*	*(3)*	*(2)*	*1*						*(1)*
Transfers to S3	*(40)*			*1*	*315*	*(3)*						*(2)*
Other movements[(1)]	1,435	6	154	12	(174)	(57)				(6)	1,414	(45)
BALANCE AT 12/31/2021	**25,533**	**(13)**	**4,422**	**(12)**	**602**	**(154)**	**2**		**77**	**(6)**	**30,636**	**(186)**

(1) Including amortization of receivables, changes in credit risk parameters (including partial repayments), exchange rate fluctuations and effect of the application of IFRS 5.

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7.1.4 MEASUREMENT AND MANAGEMENT OF CREDIT RISK

Credit risk arises whenever a counterparty is unable to meet its payment obligations and may result from a reduction in credit quality or default by the counterparty.

Commitments exposed to credit risk consist of existing or potential receivables and particularly loans, debt securities, equities, performance swaps, performance bonds, or confirmed or undrawn facilities.

Credit risk management procedures and assessment methods, risk concentration, the quality of performing financial assets, and the analysis and breakdown of outstandings are described in the risk management report.

7.1.5 GUARANTEES RECEIVED ON IFRS 9 IMPAIRED INSTRUMENTS

The statement below shows the credit and counterparty risk exposure for all BPCE SA group's financial assets. This exposure to credit risk (determined without taking into account the impact of any unrecognized netting or collateral agreements) and to counterparty risk is based on the net carrying amount of the financial assets.

in millions of euros	Maximum risk exposure	Impairment	Maximum exposure net of impairment	Guarantees
Debt securities at amortized cost	166	(103)	63	
Loans and advances due from banks at amortized cost	26	(24)	2	
Loans and advances to customers at amortized cost	7,631	(2,463)	5,168	3,201
Loan commitments	307	(2)	305	47
Guarantee commitments	680	(160)	520	236
TOTAL IMPAIRED FINANCIAL INSTRUMENTS (S3)	**8,810**	**(2,752)**	**6,058**	**3,484**

7.1.6 CREDIT RISK MITIGATION MECHANISMS: ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL

The policy followed by BPCE SA group entities is to sell assets obtained by taking possession of collateral as soon as possible. The amount of these assets was non-material at December 31, 2021.

7.2 MARKET RISKS

Market risk refers to the possibility of financial loss due to market trends, such as:

- interest rates: interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates of interest;
- exchange rates;
- prices: market price risk is the risk of a potential loss resulting from changes in market prices, whether they are caused by factors specific to the instrument or its issuer, or by factors affecting all market traded instruments. Variable-income securities, equity derivatives and commodity derivatives are exposed to this type of risk;
- and more generally, any market parameter involved in the valuation of portfolios.

Systems for the measurement and monitoring of market risks are presented in the risk management report.

The information provided in the risk management report required under IFRS 7 and relating to the management of market risk comprises:

- VaR for the Groupe BPCE scope;
- the conclusions of the global stress tests.

7.3 INTEREST RATE RISK AND EXCHANGE RATE RISK

Interest rate risk is the risk that unfavorable changes in interest rates will adversely impact the group's annual results and net worth. Exchange rate risk is the risk of losses resulting from changes in exchange rates.

The group's approach to the management of overall interest rate risk and foreign exchange risk is discussed in Chapter 6 "Risk Management – Liquidity, Interest Rate and Exchange Rate Risks".

7.4 LIQUIDITY RISK

Liquidity risk is the risk that the bank will not be able to meet its commitments or maturities at any given time.

The funding procedures and liquidity risk management arrangements are disclosed in the risk management report.

Note 8 Employee benefits and similar

Accounting principles

There are four categories of employee benefits:

- short-term employee benefits such as wages, salaries, paid annual leave, bonuses, and profit sharing and incentive schemes which are expected to be paid within 12 months of the end of the period in which the employee renders the service are recognized in expenses;
- post-employment benefits paid to retired staff break down into two categories: defined-contribution plans and defined-benefit plans.

Defined-contribution plans such as French national plans are those for which BPCE SA group's obligation is limited to payment of a contribution; there is no obligation for the employer regarding a certain level of benefits. Contributions paid into these plans are recognized as an expense for the period.

Defined-benefit plans are those for which BPCE SA group has undertaken to provide a given amount or level of benefits.

Defined-benefit plans are subject to provisions calculated based on an actuarial assessment of the amount of the obligation, taking into account demographic and financial assumptions. When these plans are funded by external funds meeting the definition of plan assets, the amount of the provision is reduced by the fair value of these assets.

The cost of defined-benefit plans recorded in expenses for the period includes: the service cost (representing the rights acquired by beneficiaries over the period), the past service cost (revaluation differences on actuarial liabilities following an amendment or reduction in the plan), the net financial cost (effect of unwinding the discount on the net obligation for interest income generated by plan assets) and the effect of pension drawdowns.

Revaluation differences on actuarial liabilities caused by changes in demographic and financial assumptions and past-experience effects are recorded in gains and losses recognized directly in equity not recyclable to net income.

- other long-term employee benefits include awards accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service. They mainly include long-service awards and deferred variable remuneration payable in cash and not indexed to the share price.

These benefits are calculated using the same actuarial method as that applied for defined-benefit pension plans. The accounting method differs in terms of revaluation differences on actuarial liabilities, which are recorded under expenses.

- termination benefits are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the group to terminate a contract or a decision by an employee to terminate a contract in exchange for a severance package. They are covered by a provision. Termination benefits that are not expected to be paid within the 12 months following the reporting date are discounted to present value.

Share-based payments include payments in equity instruments or cash where the amount of the cash payment is indexed to the share price.

A personnel expense is systematically recorded for an amount equal to the fair value of the instruments awarded, spread over the period over which the rights are acquired.

8.1 PAYROLL COSTS

Payroll costs include all personnel expenses and the associated social security contributions and taxes.

They include expenses for employee benefits and share-based payments.

Information on employees by category is presented in Chapter 2, "Non-financial performance statements" (Note 2.4 "Shaping the future of work").

in millions of euros	Fiscal year 2021	Fiscal year 2020
Wages and salaries	(3,844)	(3,299)
Expenses for defined-benefit and defined-contribution pension plans and other long-term employee benefits	(225)	(216)
Other social security costs and payroll-based taxes	(1,300)	(991)
Profit sharing and incentive schemes	(261)	(184)
TOTAL PAYROLL COSTS	**(5,630)**	**(4,690)**

8.2 EMPLOYEE BENEFITS

BPCE SA group grants its staff a variety of employee benefits:

- pensions and other post-employment benefits such as end-of-career awards and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

8.2.1 ANALYSIS OF EMPLOYEE-RELATED ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other	12/31/2021	12/31/2020
Actuarial liabilities[1]	975	316	74	337	1,702	1,665
Fair value of plan assets	(816)	(170)			(986)	(962)
Fair value of reimbursement rights	(60)	(27)			(87)	(79)
Effect of ceiling on plan assets	43				43	17
Net amount reported on the balance sheet[1]	**142**	**119**	**74**	**337**	**672**	**641**
Passive employee benefits[1]	202	146	74	337	759	720
Active employee benefits[2]	60	27			87	79

(1) The implementation of the IFRS IC decision relating to IAS 19 Employee Benefits has resulted in a reduction in provisions of €9 million for 2021, with a corresponding reduction in consolidated reserves (see Note 2.2).
(2) Mostly recorded on the assets side of the balance sheet under "Accrued income and other assets".

Actuarial liabilities represent the group's obligation in respect of beneficiaries. They are calculated by independent actuaries using the projected unit credit method based on demographic and financial assumptions that are reviewed on a regular basis and at least once a year.

When these plans are funded by assets meeting the definition of plan assets, the amount of the provision corresponds to actuarial liabilities less the fair value of these assets.

Plan assets no longer meeting the definition of plan assets are recorded under assets.

8.2.2 CHANGES IN AMOUNTS RECOGNIZED ON THE BALANCE SHEET

Changes in actuarial liabilities

	Post-employment defined-benefit plans		Other long-term employee benefits			
in millions of euros	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other	Fiscal year 2021	Fiscal year 2020
Actuarial liabilities at start of year	**1,021**	**341**	**71**	**232**	**1,665**	**1,638**
Service cost	9	23	6	98	136	56
Past service cost			1		1	(12)
Interest cost	11	2			13	17
Benefits paid	(37)	(33)	(4)	(36)	(110)	(97)
Other items recorded in income	2	3	(2)	73	76	5
Changes recorded in income	**(15)**	**(5)**	**1**	**135**	**116**	**(31)**
Revaluation adjustments – Demographic assumptions	2	(2)				(8)
Revaluation adjustments – Financial assumptions	(39)	(7)			(46)	42
Revaluation adjustments – Past-experience effect	(14)	(4)			(18)	3
Changes recognized directly in other comprehensive income not recyclable to profit or loss	**(51)**	**(13)**			**(64)**	**37**
Foreign exchange rate adjustments	20			2	22	(31)
Changes related to non-current assets held for sale[1]						(69)
Other changes[2][3]		(7)	2	(32)	(37)	121
ACTUARIAL LIABILITIES AT END OF YEAR	**975**	**316**	**74**	**337**	**1,702**	**1,665**

(1) Corresponds in 2020 to the exit of Coface treated under IFRS 5 and accounted for using the equity method.
(2) Including €115 million in 2020 corresponding to the reclassification at the beginning of the year of the provision for time savings in long-term employee benefits.
(3) The implementation of the IFRS IC decision relating to IAS 19 "Employee Benefits" resulted in a decrease in provisions of €9 million in 2021, with a corresponding decrease in consolidated reserves presented under "Other" (see note 2.2). For 2020, the application of this decision would have resulted in the recognition of a corrected amount of -€7 million in actuarial liability as of January 1, 2020, of -€2 million in revaluation differences and thus -€9 million in actuarial liability as of December 31, 2020 and January 1, 2021.

Change in plan assets

in millions of euros	Post-employment defined-benefit plans: Supplementary pensions and other plans	Post-employment defined-benefit plans: End-of-career awards	Fiscal year 2021	Fiscal year 2020
Fair value of plan assets at start of year	**843**	**198**	**1,041**	**1,015**
Interest income	10		10	13
Plan participant contributions	11		11	14
Benefits paid	(32)	(5)	(37)	(37)
Other items recorded in income		(2)	(2)	(2)
Changes recorded in income	**(11)**	**(7)**	**(18)**	**(12)**
Revaluation adjustments – Return on plan assets	16	4	20	57
Changes recognized directly in other comprehensive income not recyclable to profit or loss	**16**	**4**	**20**	**57**
Foreign exchange rate adjustments	20		20	(24)
Changes related to non-current assets held for sale[1]				(2)
Other changes	8	2	10	7
FAIR VALUE OF ASSETS AT END OF YEAR[2]	**876**	**197**	**1,073**	**1,041**

(1) Corresponds in 2020 to the exit of Coface treated under IFRS 5 and accounted for using the equity method.
(2) Of which €60 million in reimbursement rights included in supplementary retirement benefits and €27 million included in end-of-career awards.

Amounts paid in cash to beneficiaries reduce the amount of provisions recorded to this end by an equivalent amount. A total of €37 million was charged against pension plan assets.

Interest income on plan assets is calculated by applying the same discount rate as that used to discount commitments. The difference between the actual return at the balance sheet date and this interest income is a revaluation difference recorded in equity not recyclable to profit or loss for post-employment benefits.

8.2.3 EXPENSES FOR DEFINED-BENEFIT PENSION PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS

Expenses for defined-benefit pension plans and other long-term employee benefits

The various components of the expense recognized for defined-benefit plans and other long-term employee benefits are included under "Payroll costs".

in millions of euros	Post-employment defined-benefit plans	Other long-term employee benefits	Fiscal year 2021	Fiscal year 2020
Service cost	(32)	(105)	(137)	(44)
Net interest cost	(3)		(3)	(4)
Other (o/w asset ceiling)	(7)	(71)	(78)	(7)
Expense for the period	**(42)**	**(176)**	**(218)**	**(55)**
Benefits paid	33	40	73	60
Plan participant contributions	11		11	14
Change in provisions due to contributions	**44**	**40**	**84**	**74**
TOTAL	**2**	**(136)**	**(134)**	**19**

GAINS AND LOSSES ON DEFINED-BENEFIT PLANS RECORDED DIRECTLY IN OTHER COMPREHENSIVE INCOME

in millions of euros	Supplementary pensions and other plans	End-of-career awards	Fiscal year 2021	Fiscal year 2020
Revaluation differences at start of period	**218**	**1**	**219**	**276**
Revaluation adjustments over the period	(67)	(17)	(84)	(22)
Changes related to non-current assets held for sale[1]				(35)
Adjustments to asset ceiling	27		27	
REVALUATION DIFFERENCES AT END OF PERIOD	**178**	**(16)**	**162**	**219**

(1) Corresponds in 2020 to the exit of COFACE treated under IFRS 5 using the equity method.

8.3 SHARE-BASED PAYMENTS

Accounting principles

Share-based payments are those based on shares issued by the group, regardless of whether the transactions are settled in the form of equity or cash indexed to the share price or on a valuation formula.

In accordance with IFRS 2 on "Share-based payments", grants of bonus shares to employees gives rise to the recognition of an expense representing the fair value of the goods or services received at the grant date. The fair value of the services received is determined by reference to the fair value of the shares at the grant date, less the discounted amount of dividends not received by employees over the vesting period, and taking into account any attendance conditions.

The expense is spread on a straight-line basis over the vesting period. The expense is adjusted over the vesting period to reflect the loss of rights.

The corresponding adjustment for the expense recorded under equity-settled plans is an increase in equity.

For cash-settled plans for which the group has a liability, the expense corresponds to the fair value of that liability. This amount is expensed over the vesting period when its payment is subject to a presence condition, by the counterpart of a liability account. It is then remeasured at fair value through profit or loss at each closing date until it is settled. The revaluation of the debt at the closing date takes into account not only the fulfillment of the performance and/or presence condition but also the change in value of the underlying shares.

Where deferred variable remuneration plans provide for a cash payment based on a formula that is not representative of the fair value of the share, these plans fall within the scope of IAS 19. The principles applicable under IAS 19 to this type of plan are similar to those under IFRS 2 for cash-settled plans.

DEFERRED VARIABLE REMUNERATION PLANS

Since 2010 and until 2020, Natixis has granted each year to certain categories of its employees plans whose payment was based on Natixis shares.

Cash-settled plans indexed to the Natixis share price (for their non-vested components) have been modified following the delisting of the Natixis share on July 21, 2021.

Their payment is now indexed to a formula based in particular on the price of the simplified tender offer for Natixis shares (i.e. €4) and the change in net income attributable to equity holders of Groupe BPCE. It should be noted that the plans granted in 2021 did not have to be modified because their conditions had already been adapted when they were created, in the event of a delisting of the Natixis share.

As the 2022 plan has not yet been formally implemented at the closing date, expense estimates are based on the best possible estimate at December 31, 2021.

Natixis subsidiaries may also establish their own share-based payment plans. The expense relating to these plans as of December 31, 2021 was -€16 million compared to -€13 million in 2020.

In June 2021, BPCE entered into a liquidity agreement with each beneficiary of bonus shares, consisting of a promise to sell that may be exercised by the beneficiary within 60 calendar days from the date of availability of the shares, followed by a promise to buy granted by BPCE to each beneficiary for the benefit of BPCE, that may be exercised by BPCE during 60 calendar days from the end of the exercise period for the promise to sell. The acquisition price of the shares is indexed on a formula based in particular on the price of the simplified public tender offer for Natixis shares (*i.e.* €4) and the evolution of BPCE's net income attributable to equity holders of the parent.

The implementation of these contracts has the effect of reclassifying the share-settled plans granted by Natixis within BPCE SA group as cash-settled plans based on a valuation formula. The expense recognized in this respect is revalued at each closing date in order to reflect the vesting of rights by beneficiaries and changes in the valuation formula.

LONG-TERM CASH-SETTLED PAYMENT PLANS INDEXED ON A VALUATION FORMULA

Payments under these plans are subject to presence and performance criteria for the categories of regulated personnel within the meaning of the CRD..

Year the plan was granted	Grant date	Number of units granted at inception[1]	Vesting date	Number of units vested by beneficiaries	Fair value of indexed cash unit at valuation date *(in euros)*
2018 plan	04/13/2018	2,858,061	March 2020 March 2021	1,154,437 1,512,264	///
2019 plan	04/12/2019	3,111,057	March 2021 March 2022	894,846	€4.40
2020 plan	04/10/2020	5,867,435	March 2022 March 2023		[€4.40 ; €4.47]
2021 plan	04/15/2021	2,075,079	March 2023 March 2024 March 2025		[€4.47 ; €5.49]
2021 plan	02/18/2021	2,638,236	March 2022 March 2023 March 2024		[€4.40 ; €5.31]
2022 plan[1]	03/17/2022		March 2023 March 2024 March 2025 March 2026 March 2027		

(1) Concerning the 2022 plan, the grants were not formally made as of December 31, 2021.

SHARE-BASED PAYMENT PLANS SUBJECT TO LIQUIDITY CONTRACTS

Payments under these plans are subject to presence and performance criteria.

Year the plan was granted	Grant date	Number of shares concerned at December 31, 2021	Vesting date
2018 plan	04/13/2018	223,081	April 2023
2019 plan	04/12/2019	1,610,941	March 2022
2020 plan	04/10/2020	1,138,822	March 2022
2020 plan	04/10/2020	2,277,720	March 2023

The shares in the process of being acquired under the liquidity contracts give rise to a liability of €13 million as of December 31, 2021.

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EXPENSE FOR THE YEAR REPRESENTED BY DEFERRED VARIABLE REMUNERATION PLANS

	Fiscal year 2021			
in millions of euros	Plans settled in shares subject to a liquidity contract	Plans settled in cash indexed on a valuation formula	Total	Fiscal year 2020
Previous plans	(6)	(35)	(41)	(6)
Plans from the fiscal year[1]		(34)	(34)	(23)
TOTAL	**(6)**	**(69)**	**(75)**	**(29)**

(1) 2020 amount restated to take into account the expense on all deferred variable pay plans.

VALUATION PARAMETERS USED FOR THE COST ESTIMATE FOR THESE PLANS

	12/31/2021	12/31/2020
Share price	///	2.79
Fair value of the indexed cash unit[1]	[€4.40; €5.49]	///
Risk-free interest rates[1]	(0.69 %)	(0.56%)
Dividend payout ratio[2]	///	7.17%
Loss of rights rate	4.97%	4.55%

(1) Corresponds to the range of fair values of indexed cash units, which as of 2021 are differentiated by plan and by year.
(2) From 2021, dividend forecasts are included in the fair value of the indexed cash unit.

DEFERRED VARIABLE REMUNERATION PLANS SETTLED IN CASH

Some employees are awarded deferred cash-settled loyalty and performance bonus benefits. These bonuses are subject to presence and performance conditions. In terms of accounting treatment, they are accounted for under "Other long-term employee benefits". The estimated expense takes into account an actuarial estimate of these conditions being met. It is spread over the rights vesting period. The amount recognized in respect of fiscal year 2021 was:

Year of plan	Grant date	Vesting date	Fiscal year 2021 *(in millions of euros)*	Fiscal year 2020 *(in millions of euros)*
2018 plan	02/23/2018	March 2019 March 2020	///	(1)
2019 plan	02/26/2019	March 2020 March 2021	(1)	(5)
2020 plan	01/22/2020	March 2021 March 2022	(4)	(3)
2021 plan	01/20/2021	March 2022 March 2023	(9)	(8)
TOTAL			**(13)**	**(17)**

Note 9 Insurance businesses

Key points

Insurance businesses cover life insurance and non-life insurance activities. In BPCE SA group these activities are performed by dedicated subsidiaries subject to the specific regulations applicable to the insurance sector.

On November 3, 2017, the European Commission adopted the amendment to IFRS 4 applying IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" with specific provisions for financial conglomerates, applicable as of January 1, 2018.

European regulations therefore allow European financial conglomerates to opt to defer application of IFRS 9 for their insurance activities until January 1, 2021 (effective date of the new IFRS 17, Insurance contracts). At its meeting on March 17, 2020, the IASB decided to postpone its application by two years, as clarifications remain to be made on the standard's structural points. It also decided to defer the expiry of insurance companies' temporary exemption from IFRS 9 to January 1, 2023, to align it with the application of IFRS 17. An amendment was published on June 25, 2020. This amendment improves the application of IFRS 17. EU regulation 2021/2036 of November 19, 2021 adopts IFRS 17 and provides for the possibility of exempting intergenerational and cash flow offset pooled contracts from the annual cohort requirement imposed by the standard. BPCE SA group's savings/retirement contracts should fall fully within the scope of this European exemption. On December 9, the IASB published an amendment to

IFRS 17 allowing all financial assets held by insurers as of January 1, 2022 to be presented under IFRS 9 in the comparative statements when IFRS 17 and IFRS 9 are applied together in 2023. BPCE SA group plans to apply this option and also to apply the impairment rules of IFRS 9 for credit risk to eligible financial assets for its comparative statements for 2022.

As BPCE SA group is a financial conglomerate, it elected to apply this provision to its insurance businesses, which continue to be covered by IAS 39. The entities concerned are listed in Note 13.4 on the scope of consolidation.

Financial assets and liabilities of insurance businesses are therefore recognized in accordance with the provisions of IAS 39. They are classified into categories defined by this standard, which calls for specific approaches to measurement and accounting treatment.

Pending amendments to IFRS 4, insurance liabilities continue to be measured broadly in line with French GAAP.

In accordance with Phase I of IFRS 4, insurance contracts are classified into three categories:

- policies that expose the insurer to a significant insurance risk within the meaning of IFRS 4: this category comprises policies covering provident insurance, pensions, property and casualty and unit-linked savings carrying a minimum guarantee. These policies continue to be measured under the rules provided under local GAAP for measuring technical reserves;
- financial contracts such as savings contracts that do not expose the insurer to a significant insurance risk are recognized in accordance with IFRS 4 if they contain a discretionary profit sharing feature, and continue to be measured in accordance with the rules for measuring technical reserves provided under local GAAP;
- financial contracts without a discretionary profit sharing feature, such as unit-linked policies without a non-unit-linked component and without a minimum guarantee, are accounted for in accordance with IAS 39.

Most financial contracts issued by group entities contain discretionary profit sharing features.

The discretionary profit sharing feature grants life insurance policyholders the right to receive a share of the financial income generated, in addition to guaranteed benefits. For these contracts, in accordance with shadow accounting principles defined by IFRS 4, the provision for net participating benefit is adjusted to include the policyholders' share in the unrealized capital gains or losses on financial instruments measured at fair value in application of IAS 39. The share of the gains or losses attributable to policyholders is determined on the basis of the characteristics of contracts likely to generate such gains or losses.

Any change in net participating benefit is taken to other comprehensive income where it results from changes in the value of available-for-sale financial assets and to profit or loss where it arises from changes in the value of financial assets at fair value through profit or loss.

At each balance sheet date, the group tests the adequacy of its recognized insurance liabilities based on the estimated present value of future cash flows from its insurance policies and investment contracts containing a discretionary profit sharing feature. The liability adequacy test shows the economic value of the liabilities corresponding to the average derived from stochastic analyses. If the sum of the surrender value and net participating benefit is lower than the fair value of the technical reserves, the shortfall is recognized in income.

BPCE SA group has decided to apply the option available under ANC recommendation No. 2017-02 of presenting the insurance businesses separately on the balance sheet and income statement.

9.1 NOTES TO THE BALANCE SHEET

Accounting principles

The "Insurance business investments" line on the assets side of the balance sheet includes insurance business assets representative of:

- financial investments (*i.e.* in financial instruments) including advances to policyholders;
- financial investments in unit-linked products;
- derivatives;
- revaluation differences on interest rate risk, hedged portfolios, assets.

Other balances related to the insurance business are aggregated with the balances related to the other balance sheet items by type.

On the liabilities side of the balance sheet, the "Liabilities related to insurance policies" line consists of:

- the technical reserves of insurance companies (as defined in Appendix A to IFRS 4);
- insurance and reinsurance liabilities, including amounts due to policyholders;
- insurance-related derivatives;
- shares of the revaluation of interest rate risk-hedged portfolios;
- the net participating benefit liability.

9.1.1 INSURANCE BUSINESS INVESTMENTS

Accounting principles

Loans and advances due from banks and customers and certain securities not listed in an active market are recorded in "Insurance business investments".

Loans and advances are initially recorded at fair value plus any costs directly related to their issuance, less any proceeds directly attributable to issuance. On subsequent balance sheet dates, they are measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows (payments or receipts) to the value of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the issue of the loans, which are treated as an adjustment to the effective yield on the loan. No internal cost is included in the calculation of amortized cost.

When loans are extended under conditions that are less favorable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

A discount is applied to loans restructured following a loss event as defined by IAS 39, to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of credit risk" (for the insurer's net share) in the income statement and offset against the corresponding outstanding on the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method. The restructured loan is reclassified as performing based on expert opinion when no uncertainty remains as to the borrower's capacity to honor the commitment.

External costs consist primarily of commissions paid to third parties in connection with the arrangement of loans. They essentially comprise commissions paid to business providers.

Income directly attributable to the issuance of new loans principally comprises set-up fees charged to customers, rebilled costs and commitment fees (if it is more probable than improbable that the loan will be drawn down). Commitment fees received that will not result in any drawdowns are apportioned on a straight-line basis over the life of the commitment.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

Securities recorded as assets are classified into four categories as defined by IAS 39:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and advances;
- available-for-sale financial assets.

Impairment of securities

An impairment loss is recognized on an individual basis against securities, with the exception of securities classified as financial assets at fair value through profit or loss, when there is objective evidence of impairment resulting from one or more loss events having occurred since the initial recognition of the asset and where the impact of these events on estimated future cash flows can be reliably measured.

Different rules are used for the impairment of equity instruments and debt instruments.

For equity instruments, a lasting decline or a significant decrease in value are objective indicators of impairment.

A decline of over 50% or lasting for over 36 months in the value of a security by comparison with its historic cost is an objective indicator of permanent impairment, leading to the recognition of an impairment loss in income.

In addition, these impairment criteria are also supplemented by a line-by-line review of the assets that have recorded a decline of more than 30% or lasting for more than six months in their value in relation to their historical cost or if events occur that are liable to represent a material or prolonged decline. An impairment charge is recorded in the income statement if the group determines that the value of the asset will not be recovered in its entirety.

For unlisted equity instruments, a qualitative analysis of their situation is carried out.

Impairment losses recognized on equity instruments may not be reversed and nor may they be written back to income. Losses are recorded under "Net income from insurance businesses". A subsequent increase in value is taken to "Gains and losses recognized directly in equity" until disposal of the securities.

Impairment losses are recognized on debt instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs) when there is a known counterparty risk.

The group uses the same impairment indicators for debt securities as those used for individually assessing the impairment risk on loans and advances, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes (TSSDI), particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

In the event of an improvement in the issuer's financial position, impairment losses taken on debt instruments must be written back to the income statement. Impairment losses and write-backs are recorded in "Cost of credit risk" (for the insurer's net share).

Impairment of loans and advances

IAS 39 defines the methods for calculating and recognizing the impairment of loans.

A loan or advance is deemed to be impaired if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are "triggering events" or "loss events" identifying counterparty risk occurring after the initial recognition of the loans in question. On an individual level, the criteria for deciding whether or not a credit risk has been incurred include the existence of past due payments; and
- these events are likely to lead to the recognition of incurred losses.

Impairment is determined as the difference between the amortized cost and the recoverable amount of the receivable, *i.e.* the present value of estimated recoverable future cash flows taking into account the impact of any collateral.

in millions of euros	12/31/2021	12/31/2020
Investment property	1,460	1,441
Financial assets at fair value through profit or loss	32,052	27,905
Available-for-sale financial assets	57,936	54,858
Loans and advances due from banks	708	393
Loans and advances due from customers	13,309	12,700
Held-to-maturity financial assets	767	764
Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts	18,599	16,538
Receivables arising from insurance and assumed reinsurance activities	1,908	1,751
Receivables arising from ceded reinsurance activities	42	26
Deferred acquisition costs	797	728
TOTAL INSURANCE BUSINESS INVESTMENTS	**127,578**	**117,104**

9.1.1.1 Investment property

	12/31/2021			12/31/2020		
in millions of euros	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Investment property recognized at historic cost	44	(16)	28	44	(15)	29
Investment property recognized at fair value(1)	1,043		1,043	1,018		1,018
Investment property (unit-linked vehicles)	389		389	394		394
TOTAL INVESTMENT PROPERTY	**1,476**	**(16)**	**1,460**	**1,456**	**(15)**	**1,441**

(1) Changes in fair value give rise to symmetrical recognition of a provision for deferred profit-sharing averaging, at December 31, 2021, 89% of the calculation base in question versus 87% at December 31, 2020.

The fair value of investment property came to €1,496 million at December 31, 2021 *versus* €1,472 million at December 31, 2020.

The fair value of investment property is classified in Level 3 of the fair value hierarchy in accordance with IFRS 13.

9.1.1.2 Financial assets at fair value through profit or loss

Accounting principles

This asset category includes:

- financial assets held for trading, *i.e.* securities acquired or issued principally for the purpose of selling them in the near term; and
- financial assets that the group has chosen to recognize at fair value through profit or loss at inception using the fair value option available under IAS 39.

These assets are measured at fair value at the date of initial recognition and at each balance sheet date. Changes in fair value over the period, interest, dividends, gains or losses on disposals on these instruments are recognized in "Net income from insurance businesses".

Financial assets and liabilities at fair value through profit or loss

The amendment to IAS 39 adopted by the European Union on November 15, 2005 allows entities to designate financial assets and liabilities at fair value through profit or loss on initial recognition. However, an entity's decision to designate a financial asset or liability at fair value through profit or loss may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may be applied only under the specific circumstances described below:

Elimination of or significant reduction in an accounting mismatch

Applying the option eliminates accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

This treatment applies in particular to unit-linked policy assets and liabilities.

Harmonization of accounting treatment for management and performance measurement

The option applies for a group of assets and/or liabilities managed and measured at fair value, provided that it is based on a formally documented risk management or investment strategy, and information about the group is also reported internally on a fair value basis.

Hybrid financial instruments containing one or more embedded derivatives

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

The fair value option may be applied when the embedded derivative(s) substantially modify the cash flows of the host contract and when the separate recognition of the embedded derivative(s) is not specifically prohibited by IAS 39 (*e.g.* an early redemption option at cost embedded in a debt instrument). The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

This treatment applies in particular to certain financial instruments containing material embedded derivatives (convertible bonds, indexed bonds and structured securities).

in millions of euros	12/31/2021	12/31/2020
UCITS	4,348	5,668
Financial assets held for trading	**4,348**	**5,668**
Trading derivatives	**15**	**17**
Hedging derivatives		**29**
Bonds	1,592	1,684
Equities	503	500
UCITS	5,153	3,512
Investments backed by unit-linked policies	20,441	16,495
Financial assets designated at fair value	**27,689**	**22,191**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**32,052**	**27,905**

CONDITIONS FOR DESIGNATING INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2021				12/31/2020			
in millions of euros	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial assets designated at fair value	Accounting mismatches	Fair value measurement	Embedded derivatives	Financial assets designated at fair value
Bonds	534		1,057	1,592	553		1,131	1,684
Equities	503			503	499			499
UCITS	5,153			5,153	3,512			3,512
Investments backed by unit-linked policies	19,862		579	20,441	15,922		573	16,495
TOTAL	**26,052**		**1,636**	**27,689**	**20,486**		**1,704**	**22,190**

9.1.1.3 Available-for-sale financial assets

Accounting principles

This category includes financial assets that do not fall under the previous portfolios.

Available-for-sale financial assets are initially recognized at fair value, plus any transaction costs.

On the closing date, they are carried at their fair value and changes in fair value are recorded under "Gains and losses recognized directly in equity" (except for foreign currency monetary assets, for which changes in the fair value of the foreign currency component affect income).

If they are sold, these changes in fair value are taken to income.

Interest income accrued or received on fixed income securities is recorded under "Net income from insurance businesses". Income from variable-income securities is recorded under "Net income from insurance businesses".

in millions of euros	12/31/2021	12/31/2020
Bonds	46,142	45,425
Equities	4,119	2,671
UCITS	7,969	7,003
AVAILABLE-FOR-SALE FINANCIAL ASSETS, GROSS	**58,230**	**55,099**
Impairment of debt instruments	(51)	(57)
Impairment of equity instruments(1)	(243)	(184)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**57,936**	**54,858**

(1) In 2021, permanent impairment of variable-income securities came to €85 million compared with €171 million in 2020. This expense was 89% offset by the profit sharing mechanism (87% in 2020). The 2021 expense can be broken down into an additional impairment loss on previously impaired securities for €8 million (€144 million in 2020) and an allowance for newly impaired securities for €76 million (€27 million in 2020).

9.1.1.4 Loans and advances

Accounting principles

The portfolio of loans and advances included in "Insurance business investments" comprises non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. In addition, these assets must not be exposed to a risk of material losses unrelated to a deterioration in their credit quality.

Some securities not quoted in an active market may be classified in this portfolio. These are initially recognized at fair value, plus any transaction costs and less any transaction income. Securities classified in this category comply with the rules for recognition, measurement and impairment applicable to loans and advances.

When a financial asset recorded under loans and advances is sold before its maturity, the income from the disposal is recorded under "Net income from insurance businesses".

in millions of euros	12/31/2021	12/31/2020
Loans and advances due from banks	708	393
Loans and advances to customers[(1)]	13,309	12,700
TOTAL LOANS AND ADVANCES	**14,017**	**13,093**

(1) Including €11,338 million for guarantee deposits made for the acceptance of reinsurance treaties versus €11,089 million at December 31, 2020.

9.1.1.5 Held-to-maturity financial assets

Accounting principles

Held-to-maturity (HTM) financial assets are securities with fixed or determinable payments and fixed maturity dates that the group has the intention and ability to hold until maturity.

IAS 39 does not permit the sale or transfer of these securities before maturity except in certain specific circumstances. In the event that the securities are sold before maturity, all held-to-maturity assets must be reclassified and the held-to-maturity category cannot be used during the current year or the following two years. Exceptions to the rule apply in the following cases:

- a material deterioration in the issuer's credit quality;
- a change in tax regulations canceling or significantly reducing the tax exemption on interest earned on investments held-to-maturity;
- a major business combination or significant withdrawal of activity (sale of a sector, for example) requiring the sale or transfer of held-to-maturity investments in order to maintain the entity's existing situation in terms of interest rate risk or its credit risk policy;
- a change in legal or regulatory provisions significantly modifying either the definition of an eligible investment or the maximum amount of certain types of investment, requiring that the entity dispose of a held-to-maturity asset;
- a significant increase in capital requirements forcing the entity to restructure by selling held-to-maturity assets; and
- a significant increase in the risk weighting of held-to-maturity assets in terms of prudential capital regulations.

In the exceptional cases described above, the income from the disposal is recorded under "Net income from insurance businesses".

The hedging of these securities against interest rate risk is not permitted. However, hedges against exchange rate risk or the inflation component of certain held-to-maturity financial assets are allowed.

Held-to-maturity financial assets are recognized at fair value at inception, plus any transaction costs directly attributable to their acquisition. They are subsequently measured at amortized cost using the effective interest method, including any additional paid-in capital, discounts and acquisition fees, where material.

in millions of euros	12/31/2021	12/31/2020
Treasury bills and equivalent	512	507
Bonds and other fixed-income securities	256	258
Gross amount of held-to-maturity investments	**768**	**765**
Impairment	(1)	(1)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**767**	**764**

9.1.1.6 Fair value hierarchy of financial assets at fair value

The principles used to assess fair value are described in Note 10.

in millions of euros	12/31/2021 Level 1	12/31/2021 Level 2	12/31/2021 Level 3	12/31/2021 Total	12/31/2020 Level 1	12/31/2020 Level 2	12/31/2020 Level 3	12/31/2020 Total
ASSETS								
Assets held for trading (equities and UCITS)	4,348			4,348	5,668			5,668
Financial assets held for trading	**4,348**			**4,348**	**5,668**			**5,668**
Currency derivatives	2			2	2	2		4
Equity derivatives	13			13	13			13
Derivatives excl. hedging derivatives (positive fair value)	**15**			**15**	**15**	**2**		**17**
Securities designated at fair value through profit or loss	4,654	1,321	1,273	7,248	3,124	1,054	1,517	5,695
Bonds		*328*	*1,264*	*1,592*	*89*	*77*	*1,517*	*1,684*
Equities and UCITS	*4,654*	*993*	*9*	*5,656*	*3,035*	*977*		*4,011*
Investments backed by unit-linked policies	17,013	3,413	14	20,441	13,508	2,986	1	16,495
Financial assets designated at fair value through profit or loss	**21,667**	**4,735**	**1,287**	**27,689**	**16,631**	**4,040**	**1,519**	**22,190**
Currency derivatives						29		29
Hedging derivatives						**29**		**29**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**26,031**	**4,735**	**1,287**	**32,052**	**22,314**	**4,072**	**1,519**	**27,905**
Investments in associates			240	240			151	151
Other available-for-sale securities	48,856	5,653	3,187	57,696	45,911	5,763	3,033	54,707
Bonds	*40,271*	*2,918*	*2,901*	*46,091*	*39,307*	*3,231*	*2,830*	*45,368*
Equities and UCITS	*8,584*	*2,734*	*286*	*11,605*	*6,604*	*2,532*	*204*	*9,339*
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**48,856**	**5,653**	**3,428**	**57,936**	**45,911**	**5,763**	**3,184**	**54,858**

BREAKDOWN OF FINANCIAL ASSETS AT FAIR VALUE CLASSIFIED IN LEVEL 3 OF THE FAIR VALUE HIERARCHY

		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement								
in millions of euros	01/01/2021	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In other comprehensive income	Purchases/ Issues	Sales/ Redemptions	To another reporting category	From and to another level	Other changes	12/31/2021
ASSETS										
Securities designated at fair value through profit or loss	1,517	(4)	(1)		59	(338)		40		1,273
Bonds	*1,517*	*(4)*	*(1)*		*58*	*(338)*		*31*		*1,264*
Equities and UCITS					*1*			*8*		*9*
Investments backed by unit-linked policies	1							12		14
Financial assets designated at fair value through profit or loss	**1,519**	**(4)**	**(1)**		**59**	**(338)**		**52**		**1,286**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,519**	**(4)**	**(1)**		**59**	**(338)**		**52**		**1,286**
Investments in associates	151			9	9	(17)			89	240
Other available-for-sale securities	3,033		(4)	4	526	(409)		36		3,187
Bonds	*2,830*		*(4)*	*(4)*	*442*	*(399)*		*36*		*2,901*
Equities and UCITS	*204*			*8*	*84*	*(10)*				*286*
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**3,184**		**(4)**	**12**	**535**	**(426)**		**36**	**89**	**3,428**

BREAKDOWN OF FAIR VALUE HIERARCHY TRANSFERS

		Fiscal year 2021					
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Securities designated at fair value through profit or loss		61		18	40		
Bonds		*61*		*18*	*32*		
Equities and UCITS					*8*		
Investments backed by unit-linked policies					13		1
Financial assets designated at fair value through profit or loss		**61**		**18**	**53**		**1**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**61**		**18**	**53**		**1**
Other available-for-sale securities		80		320	325		289
Bonds		*80*		*320*	*325*		*289*
AVAILABLE-FOR-SALE INVESTMENTS		**80**		**320**	**325**		**289**

		Fiscal year 2020					
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Securities designated at fair value through profit or loss					513		160
Bonds					*513*		*160*
Financial assets designated at fair value through profit or loss					**513**		**160**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					**513**		**160**
Other available-for-sale securities		279			351		317
Bonds		*279*			*351*		*317*
AVAILABLE-FOR-SALE FINANCIAL ASSETS		**279**			**351**		**317**

9.1.1.7 Fair value of investments from insurance activities carried in the balance sheet at amortized cost

The principles used to assess fair value are described in Note 10.

	12/31/2021				12/31/2020			
in millions of euros	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Investments of loans and advances due from banks	709	5	704		393	5	388	
Investments of loans and advances due from customers	13,309		13,309		12,700		12,700	
Held-to-maturity investments	915	780	132	3	963	820	140	3
INSURANCE BUSINESS INVESTMENTS AT AMORTIZED COST	**14,933**	**785**	**14,145**	**3**	**14,056**	**825**	**13,228**	**3**

9.1.2 LIABILITIES RELATED TO INSURANCE POLICIES

in millions of euros	12/31/2021	12/31/2020
Technical reserves relating to insurance policies	57,560	52,524
Technical reserves relating to unit-linked policies	17,696	14,035
Technical reserves relating to insurance policies	**75,256**	**66,559**
Technical reserves relating to financial contracts with a discretionary profit sharing feature	19,667	19,561
Technical reserves relating to unit-linked financial contracts	5,923	5,213
Technical reserves relating to financial contracts	**25,590**	**24,774**
Net participating benefit liabilities(1)	4,222	4,692
Liabilities arising from insurance and assumed reinsurance activities, and liabilities arising from ceded reinsurance activities	11,788	10,883
Trading derivatives	7	5
Hedging derivatives	-	5
TOTAL LIABILITIES RELATED TO INSURANCE POLICIES(2)	**116,863**	**106,918**

(1) Of which €4,153 million in net participating benefit recognized in other comprehensive income including the share attributable to non-controlling interests (€4,609 million at December 31, 2020).

The information required by IFRS 7 is presented for:

- financial liabilities at fair value through profit or loss in Note 5.2.2;
- debt securities in Note 5.10;
- amounts due to banks and similar and amounts due to customers in Note 5.11;
- subordinated debt in Note 5.14.

9.2 NOTES TO THE INCOME STATEMENT

9.2.1 NET INCOME FROM INSURANCE BUSINESSES

Accounting principles

Net income from insurance activities includes:

- revenues from the insurance businesses, which consist of additional paid-in capital written and the change in unearned additional paid-in capital reserves for insurance policies and investment contracts containing a discretionary profit sharing feature within the meaning of IFRS 4;
- investment income net of expenses:
  - investment income including income from investment property,
  - investment expenses and other financial expenses excluding financing expenses,
  - gains and losses on the sale of investments including on investment property,
  - depreciation, amortization and impairment reversals on investments (including investment properties) and other assets (including assets provided under operating leases), recognized at amortized cost,
  - the change in fair value of investments (including investment property) recognized at fair value through profit or loss;
- amortization of acquisition costs;
- the external costs of benefits and claims paid on policies which include paid benefits and claims on insurance policies and on investment contracts containing a discretionary profit sharing feature (paid benefits and claims, changes in technical reserves), including policyholder remuneration (net participating benefit), as well as changes in the value of investment contracts, particularly for unit-linked policies;
- income from reinsurance cessions, defined as the sum of ceded additional paid-in capital, net of ceded claims and benefits paid and commissions;
- where applicable:
  - net gains or losses arising from the derecognition of financial assets at amortized cost,
  - cumulative gain (loss) previously recognized in other comprehensive income arising from reclassification of financial assets out of fair value through other comprehensive income into fair value through profit or loss measurement category.

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in millions of euros	Fiscal year 2021	Fiscal year 2020
Additional paid-in capital written	14,974	11,411
Change in unearned additional paid-in capital	(407)	(296)
Earned additional paid-in capital	**14,567**	**11,115**
Revenues and other income from insurance activities	**47**	**40**
Income from investments	2,348	1,588
Expenses on investments	(189)	(297)
Gains or losses on disposals of investments less reversals of impairment and amortization	217	140
Change in fair value of investments recognized at fair value through profit or loss	1,616	306
Change in impairment for investments	(92)	(178)
Income from investments net of expenses	**3,900**	**1,559**
Amortization of acquisition costs	**(27)**	**(48)**
Claims and benefits expenses	**(15,643)**	**(10,452)**
Income from reinsurance cessions	3,421	3,023
Expenses on reinsurance cessions	(3,573)	(2,886)
Net income or expenses on reinsurance cessions	**(152)**	**137**
NET INCOME FROM INSURANCE ACTIVITIES	**2,692**	**2,350**

9.2.2 TRANSITION BETWEEN THE PRESENTATION APPLICABLE TO INSURANCE COMPANIES AND TO BANKS

The statement shown below provides a transition between the financial statements of insurance companies included in the scope of consolidation and their translation into the financial statements of BPCE SA group in accordance with the presentation applicable to banks.

	2021 Banking Format						
	NBI						
in millions of euros	Net income from insurance businesses[1]	Other items of net banking income (excluding net income from insurance businesses)	Operating expenses	Gross operating income	Other items	2021 Insurance Format	2020 Insurance Format
Earned additional paid-in capital	14,517	(17)	(4)	14,496	(27)	14,469	11,045
Revenues or income from other activities	32	(21)	20	31		31	4
Other operating income							24
Net financial income before finance costs	3,900	(15)	(11)	3,874	8	3,882	1,649
TOTAL REVENUE FROM ORDINARY ACTIVITIES	**18,449**	**(53)**	**5**	**18,401**	**(19)**	**18,382**	**12,721**
Claims and benefits expenses	(15,616)	(29)	(110)	(15,755)	24	(15,731)	(10,511)
Expenses from other activities							(37)
Net income from reinsurance cessions	(152)	2		(150)	3	(147)	149
Policy acquisition costs	(27)	(683)	(147)	(857)	(1)	(858)	(777)
Administrative expenses		(603)	(137)	(740)	(2)	(742)	(687)
Other recurring operating income and expenses		(35)	(201)	(236)	1	(235)	(228)
TOTAL OTHER RECURRING INCOME AND EXPENSES	**(15,795)**	**(1,348)**	**(595)**	**(17,738)**	**25**	**(17,713)**	**(12,091)**
OPERATING INCOME	**2,654**	**(1,401)**	**(591)**	**662**	**7**	**669**	**630**

(1) Net income from insurance businesses does not include income from the Prêt Viager Hypothécaire, a reverse mortgage for seniors offered by Crédit Foncier.

9.3 INFORMATION TO BE PROVIDED ON THE TEMPORARY EXEMPTION OF INSURANCE BUSINESSES FROM IFRS 9

	12/31/2021		12/31/2020	
in millions of euros	Fair value	Change in fair value over the period	Fair value	Change in fair value over the period
SPPI financial assets	45,279	(1,345)	44,792	1,062
Other financial assets	4,553	(28)	3,911	27
TOTAL INSURANCE BUSINESS INVESTMENTS[1]	**49,832**	**(1,373)**	**48,703**	**1,089**

(1) Excluding UCITS classified as available-for-sale assets for €7,255 million at December 31, 2021, versus €6,312 million at December 31, 2020.

This table does not include financial assets recognized at fair value through profit of loss or reinsurance activities.

Credit risk associated with insurance businesses is presented in Chapter 6 "Risk Management – Insurance Risks – Asset Management and Financial Conglomerate".

Note 10 Fair value of financial assets and liabilities

Key points

This section sets out the principles for measuring the fair value of financial instruments as defined in IFRS 13 "Fair value measurement" and the methods used by BPCE SA group entities to measure the value of their financial instruments.

Financial assets and liabilities are recorded in the balance sheet either at fair value or at amortized cost. An indication of the fair value of items measured at amortized cost is provided in the notes.

For instruments traded on an active market with a quoted price, the fair value is equal to the quoted price, corresponding to Level 1 in the fair value hierarchy.

The fair value of other financial instruments not traded on an active market, including in particular loans, borrowings and derivatives traded over the counter, is calculated using valuation techniques that rely on widely used models and observable data, corresponding to Level 2 in the fair value hierarchy. When internal data or proprietary models are used (Level 3 in the fair value hierarchy), independent controls are used to validate the value obtained.

DETERMINATION OF FAIR VALUE

General principles

The fair value of an instrument is 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.

On first recognition, fair value is usually the transaction price and is thus the price paid to purchase the asset or the price received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

In this case, fair value consists of a mid-market price and additional valuation adjustments determined according to the instruments in question and the associated risks.

The mid-market price is obtained based on:

- the instrument's quoted price, if the instrument is quoted on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from a Stock Exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring transactions on the principal market or, failing that, on the most favorable market, on an arm's length basis;
- if the market for a financial instrument is not active, fair value is established using valuation techniques. The techniques used must maximize the use of relevant observable entry data and minimize the use of non-observable entry data. They may refer to observable data from recent transactions, the fair value of similar instruments, discounted cash flow analysis and option pricing models, proprietary models in the case of hybrid instruments or non-observable data when no pricing or market data are available.

Additional valuation adjustments include factors related to valuation uncertainties, such as market and credit risk premiums, in order to recognize the costs incurred by a divestment transaction on the principal market.

The main additional adjustments are as follows:

BID/ASK ADJUSTMENT – LIQUIDITY RISK

This adjustment is the difference between the bid price and the ask price corresponding to the selling costs. It reflects the cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

MODEL UNCERTAINTY ADJUSTMENT

This adjustment takes into account imperfections in the valuation techniques used, and in particular risk factors not considered even though observable market inputs are available. This is the case when the risks inherent in the instruments differ from those incurred by the observable market data used to determine their valuation.

INPUT UNCERTAINTY ADJUSTMENT

Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may not be available on a sufficiently regular basis to determine the exit price. Under these circumstances, an adjustment may be necessary to reflect the probability of different values being used by market participants for the same inputs when measuring the fair value of the financial instrument in question.

CREDIT VALUATION ADJUSTMENT (CVA)

This adjustment applies to valuations that do not account for the counterparty's credit quality. It corresponds to the assessment of the loss linked to the risk of default by a counterparty and aims to take into account the fact that the group may not recover the full market value of the transactions.

The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices, for all segments of counterparties subject to this calculation. In the absence of liquid market inputs, proxies by type of counterparty, rating and geographic area are used.

FUNDING VALUATION ADJUSTMENT (FVA)

The FVA is intended to take into account the liquidity cost associated with uncollateralized or imperfectly collateralized OTC derivatives. It is generated by the need to fund or refinance margin calls to be paid or received in the future, associated with hedging derivatives which are collateralized. Measuring a future funding/refinancing requirement (*i.e.* until the maturity of the exposures), it is based on expected future exposures for non-collateralized derivatives and a liquidity spread curve.

DEBIT VALUATION ADJUSTMENT (DVA)

The DVA is symmetrical to the CVA and represents the assessment of the loss, from the counterparty's perspective, on liability valuations of derivatives. It reflects the impact of the group's credit quality on the valuation of these instruments. This adjustment is based on the observation of the zero coupon spread of a sample of comparable institutions, taking into account the level of liquidity of the BPCE zero coupon spread during the period. The DVA adjustment is established after taking into account the Funding Valuation Adjustment (FVA).

DETERMINATION OF AN ACTIVE MARKET

The following criteria are used to determine whether or not a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data on prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- wide bid-ask price spread; and
- steep price volatility over time or between different market participants.

The valuation control system is presented in section 6.8, "Market risks."

Fair value hierarchy

For financial reporting purposes, IFRS 13 requires that the fair value of financial and non-financial instruments be broken down into a fair value hierarchy that reflects the level of observability of the models and inputs used to perform the valuations. The fair value hierarchy is presented in the following three fair value levels:

LEVEL 1: VALUATION USING PRICES QUOTED ON A LIQUID MARKET

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets.

Level 1 mainly includes securities listed on a Stock Exchange or traded continuously on other active markets, derivatives traded on organized markets (futures, options, etc.) whose liquidity can be demonstrated, and units of UCITS that calculate and report their net asset value on a daily basis.

LEVEL 2: VALUATION USING OBSERVABLE MARKET MODELS AND INPUTS

Level 2 fair value comprises instruments other than those mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (derived from prices) through to the instrument's maturity. This mainly includes:

Simple instruments:

Most over-the-counter derivatives, swaps, credit derivatives, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, *i.e.* liquid markets in which trades occur regularly.

These instruments are valued using generally accepted models (discounted future cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs.

For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using Level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;

- securities not quoted on an active market whose fair value is determined based on observable market data (for example, using market data for listed peers or the earnings multiple method based on techniques widely used in the market);
- Greek sovereign securities, whose fair value is recorded under Level 2;
- shares of UCITS that do not calculate and report their net asset value on a daily basis but which are subject to regular reporting or which offer observable data from recent transactions;
- issued debt instruments designated at fair value are classified as Level 2 when the underlying derivatives are classified as Level 2;
- "issuer credit risk" is also considered to be observable. It is measured using the discounted future cash flow method, using inputs such as the yield curve and revaluation spreads. For each issue, this valuation represents the sum of the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the revaluation spread (based on the BPCE cash reoffer curve at December 31, 2021, as for previous closing dates) and the average issue spread. Changes in revaluation of own debt are generally not material for issues with an initial maturity of less than one year.

Complex instruments:

Certain hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- equity products: complex products are valued using:
  - market data,
  - a payoff, *i.e.* the formula of positive or negative flows attached to the product at maturity,
  - a model of changes in the underlying asset.

  These products can have single or multiple underlyings or be hybrids (fixed income/equity for example).

  The main models used for equity products are local volatility models, which combine local volatility with a Hull & White 1 factor (H&W1F) model, and Local Stochastic Volatility (LSV).

  The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

  The local volatility hybrid model, paired with the H&W1F, consists of pairing the local volatility model described above with a Hull & White 1 factor type fixed income model, described below (see fixed income products).

  The LSV model is based on the joint diffusion of the underlying asset and its volatility (two factors in total), with a local volatility function (known as a decorator), to ensure consistency with all vanilla options;
- fixed income products: fixed income products generally have specific characteristics which determine the choice of model. Underlying risk factors associated with the payoff are taken into account.

  The main models used to value and manage fixed income products are Hull & White 1-factor (HW1F), 2-factor (HW2F) and 1-factor stochastic volatility (HW1FVS) models.

  The HW1F model is used to model the yield curve with a single Gaussian factor, calibrated on vanilla interest rate options.

  The HW2F model is used to model the yield curve with two factors, calibrated on vanilla interest rate options and spread-option type instruments.

  The HW1VS model is used to model both the Gaussian factor representing the yield curve and its volatility (like the LSV model for equities);
- foreign exchange products: foreign exchange products generally have specific characteristics which justify the choice of model.

  The main models used to value and manage foreign exchange products are local and stochastic volatility models (like the LSV model for equity), as well as hybrid models, which combine modeling of the underlying foreign exchange transaction with two Hull & White 1-factor models to understand the yield curves of domestic and foreign economies;
- credit derivatives: the products generally have specific characteristics that drive the choice of model.

  The main models used to value and manage credit products are the Hull & White 1 credit factor model (HW1F Credit) and the hybrid Bi-Hull&White Rate/Credit model (Bi-HW Rate/Credit).

  The HW1F Credit model allows the diffusion of the credit curve (CDS curve) with a Gaussian factor.

  The Bi-HW Rate/Credit model allows for the joint diffusion of the yield curve and the credit curve, each with a Gaussian factor correlated between them;
- commodity products: commodity products generally have specific characteristics which justify the choice of model.

The main models used to value and manage commodity products are the Black&Scholes models, with local volatility and local volatility combined with the Hull & White 1 factor (H&W1F), a version extended for all these models to a multi-underlying framework to manage all the futures of the commodity family.

The Black & Scholes model is based on lognormal dynamics of the underlying asset and a deterministic volatility assumption.

The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

The H&W1F model consists in coupling the local volatility model described above with a Hull & White 1 Factor fixed income model described above (see fixed income products).

Inputs relating to all such Level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:

- inputs are derived from external sources (primarily a recognized contributor, for example);
- they are updated periodically;
- they are representative of recent transactions;
- their characteristics parameters are identical to the characteristics of the transaction. If necessary, a proxy may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity risk (bid-ask), counterparty risk, the risk relating to the cost of financing uncollateralized or partially collateralized derivatives, own credit risk (measurement of liability derivative positions), and modeling and input risk.

The margin generated when these instruments begin trading is immediately taken to profit or loss.

LEVEL 3: VALUATION USING UNOBSERVABLE MARKET INPUTS

Level 3 comprises instruments measured using unrecognized models and/or models based on unobservable market data, where they are liable to materially impact the valuation. This mainly includes:

- unlisted shares whose fair value could not be determined using observable inputs;
- private equity securities not listed on an active market, measured at fair value with models commonly used by market participants, in accordance with International Private Equity Valuation (IPEV) standards, but which are sensitive to market fluctuations and whose fair value determination necessarily involves a judgment call. Given the health crisis, BPCE carried out an exhaustive review of its portfolio on December 31, 2021;
- structured securities or securities representative of private placements, held by the Insurance business line;
- hybrid interest rate and currency derivatives and credit derivatives that are not classified in Level 2;
- loans to be syndicated for which there is no secondary market price;
- loans in the securitization process for which fair value is determined based on an expert appraisal;
- loan trading activity for which the market is illiquid;
- investment property whose fair value is calculated using a multi-criteria approach, by capitalizing rent at market rates and through comparisons with market transactions;
- instruments with a deferred day one margin;
- units of UCITS for which the fund has not published a recent NAV at the valuation date, or for which there is a lock-up period or any other constraint calling for a significant adjustment to available market prices (NAV, etc.) in respect of the low liquidity observed for such shares;
- issued debt instruments designated at fair value are classified as Level 3 when the underlying derivatives are classified as Level 3. The associated "issuer credit risk" is regarded as observable and it is therefore classified as Level 2;
- CDS contracted with credit enhancers (monoline insurers), for which the valuation model used to measure write downs is similar to the Credit Valuation Adjustment (CVA) used for counterparty risk. The model also takes into account the expected amortization of exposures and the counterparty spread implicit in market data.

Plain vanilla derivatives are also classified as Level 3 fair value when exposure is beyond the liquidity horizon determined by underlying currencies or by volatility ranges (*e.g.* certain foreign currency options and volatility caps/floors).

In accordance with regulation No. 2019/876 of May 20, 2019 (CRR II) amending European regulation No. 575/2013 of June 26, 2013 (CRR) relating to Pillar III requirements, for each of the models used, a description of the stress tests applied and the *ex-post* control system (validation of the accuracy and consistency of the internal models and modeling procedures) is provided in Chapter 6 "Risk Management".

Under IFRS 9, day one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, *i.e.* only if the model and parameters input into the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs significantly affecting the instrument's valuation is not observable, the trading profit on the trade date cannot be recognized immediately in the income statement. It is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

At December 31, 2021, instruments for which the recognition of day one profit/loss has been deferred mainly included:

- multi-underlying structured equity and index products;
- mono-underlying structured products indexed to sponsored indexes;
- synthetic loans;
- options on funds (multi-assets and mutual funds);
- structured fixed income products;
- securitization swaps.

These instruments are almost all located within the GFS division.

The table below provides the main unobservable inputs and the value ranges for these instruments at December 31, 2021:

Instrument class	Main types of products	Valuation techniques used	Main unobservable data	Unobservable data ranges Min-max (DEC21)
Interest rate derivatives	Sticky CMS/Volatility Bonds	Interest rate options valuation models	Mean reversion inputs	[0.5%; 2.5%]
Interest rate derivatives	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	Mean reversion spread	[0%; 30%]
Interest rate derivatives	Bermuda Accreting		Accreting factor	[61%; 94%]
Interest rate derivatives	Volatility caps/floors	Interest rate options valuation models	Interest rate volatility	[3%; 95.21%]
Equity	Simple and complex equity, equity basket or fund derivatives	Different valuation models for equity, equity basket or fund options	Equity volatility	[0.26%; 290.41%]
			Fund volatility	[3.89%; 36.75%]
			Stock/stock correlation	[11.87%; 99.02%]
			Repo of general baskets	[-0.76%; 1.20%]
Forex	Exchange rate derivatives	Exchange rate option valuation models	Currency volatility	[6.7612%; 13.074%]
Forex	Long-term PRDC/PRDKO/TARN	Hybrid currency/interest rate options valuation model	Correlation between foreign exchange rates and interest rates as well as long-term volatility levels	[-40%; 60%] [6.7612%; 13.074%]
Credit	CDO	The default rates are based on the market prices of the underlying PFI bonds and the recovery rates are based on historical ratings agency data	Correlation between the asset base spread between the cash asset and derivative asset, recovery rate	80%
Credit	Securitization swaps	Discounted expected cash flows based on early redemption assumptions on the underlying portfolio	Prepayment rate	[27.6%; 53.9%]
Hybrids	Hybrid equity/fixed income/forex (FX) derivatives	Hybrid models coupled with equity, forex and interest rate diffusion	Equity-FX correlations	[-49.25%; 55%]
			Equity/FI correlations	[23.1%; 42%]
			FI-FX correlations	[-35%; 32.8%]
Forex	Helvetix: Strip of long-term options, Strip of quanto options, Strip of digital options	Black & Scholes model	EURCHF/EURUSD correlations	[11.25%; 20.67%]
	Helvetix: Options spread and digital options spread	Gaussian copula	Long-term USD/CHF & EUR/CHF volatility	USDCHF volatility: [8.0039%; 10.9906%] EURCHF Volatility: [6.9699%; 8.1764%]

Policy concerning fair value hierarchy transfers

Transfers between fair value levels are reviewed and validated by the valuation committee, which includes the Finance and Risk Management functions and the business lines. To do so, the committee relies on observability studies of the valuation models and/or inputs that are carried out periodically.

These transfers of fair value levels are also presented to the umbrella valuation committee.

- OTC derivatives and issues that have been transferred to level 3 fair value due to a methodological refinement in the observability of market inputs.
- Listed derivatives that have been transferred from Level 1 fair value to Level 2 fair value due to methodological refinement.
- The loan trading activity which has been transferred to level 3 fair value due to the illiquidity of the market.
- Write downs that have been transferred to Level 2 fair value in order to harmonize the fair value level of the write downs.

As a reminder, the main reclassifications at December 31, 2020 were as follows:

- bermudan accreters (in AUD), with residual maturities between 10 and 20 years, which were transferred to Level 2 fair value, due to the immateriality of the accreting factor parameter (see table above);
- mono underlying indexed equity products, which were transferred to Level 3 fair value following a review of the observability horizon of the valuation parameters (volatility, repos, dividends) of the underlyings.

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Instruments not carried at fair value on the balance sheet

IFRS 13 requires disclosure in the notes to the financial statements of the fair value, and the associated fair value levels, of all financial instruments carried at amortized cost, including loans. The valuation methods used to determine the fair value disclosed in the notes to the financial statements are described below.

ASSETS AND LIABILITIES OF THE GFS BUSINESS LINES AND THE BPCE CASH MANAGEMENT POOL

Credit and loans recognized at amortized cost and amounts payable under finance leases

The fair value of these instruments is determined by discounting future cash flows. The discount rate applied for a given loan is the rate at which the group would grant a loan with similar characteristics to a similar counterparty at the reporting date. The interest rate and counterparty risk components are re-assessed.

The fair value of repurchase agreements is calculated by discounting expected cash flows at the market rate on the closing date and adding a liquidity spread.

If there is a quoted price that meets the criteria of IFRS 13, the quoted price is used.

The fair value of loans with an initial term of less than one year is generally considered to be their carrying amount. This is also the case for financial assets with a term of one year or less and current accounts. The corresponding receivables are classified in Level 2 of the fair value hierarchy. Loans and advances granted to affiliates are also classified in Level 2.

BORROWINGS AND SAVINGS

Within the GFS division, the assessment of the fair value of securities borrowings and debts is based on the method of discounting future cash flows using inputs on the closing date such as the interest rate curve of the underlyings and the spread at which this division lends or borrows.

The fair value of debts maturing in less than one year is considered to be the carrying amount. In this case, the debts are classified in Level 2 of the fair value hierarchy, as are debts payable to affiliates.

The fair value of other amounts due to banks and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the reporting date, plus the own credit risk of BPCE SA group.

INVESTMENT PROPERTY RECOGNIZED AT COST

The fair value of investment property (excluding investment property held by insurance companies) is determined using the rent capitalization method, which is widely used by real estate professionals. The capitalization rate applied to the property depends on a number of factors such as location, the quality and type of building, use, type of ownership, quality of lessee and characteristics of the lease, the interest rate and competition in the real estate market.

Financial instruments of the retail banking business lines

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only provided for information purposes in the notes to the financial statements. They are not indicators used in order to monitoring retail banking activities, for which the business model is mainly based on the collection of contractual cash flows.

Consequently, the following simplified assumptions were used:

The carrying amount of the assets and liabilities is deemed to be their fair value in certain cases.

These notably include:

- short-term financial assets and liabilities (whose initial term is one year or less) provided that sensitivity to interest-rate risk and credit risk is not material during the period;
- demand liabilities;
- floating rate loans and borrowings;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

FAIR VALUE OF LOANS TO RETAIL CUSTOMERS

The fair value of loans is measured using internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. Except in special cases, only the interest rate component is remeasured, as the credit margin is established at the outset and not subsequently remeasured. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

FAIR VALUE OF LOANS TO LARGE CORPORATES, LOCAL AUTHORITIES AND BANKS

The fair value of loans is measured using internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. The interest rate component is remeasured, as is the credit risk component (where it is an observable piece of data used by customer relationship managers). Failing that, the “credit risk” component is established at the outset and not subsequently remeasured, as with loans to retail customers. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

FAIR VALUE OF DEBTS

The fair value of fixed-rate debt owed to banks and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date. Own credit risk is not generally taken into account.

10.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

10.1.1 FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	12/31/2021			
in millions of euros	Level 1	Level 2	Level 3	TOTAL
FINANCIAL ASSETS				
Debt instruments	**16,592**	**75,107**	**3,725**	**95,424**
Loans due from banks and customers		72,988	3,490	76,479
Debt securities	16,592	2,119	235	18,945
Equity instruments	**39,822**	**1,747**	**6**	**41,575**
Shares and other equity securities	39,822	1,747	6	41,575
Derivatives	**312**	**43,048**	**2,883**	**46,243**
Interest rate derivatives		23,184	913	24,097
Equity derivatives		3,152	1,094	4,246
Currency derivatives		15,374	683	16,058
Credit derivatives		515	191	706
Other derivatives	312	822	3	1,137
Financial assets at fair value through profit or loss – Held for trading[1]	**56,726**	**119,902**	**6,614**	**183,243**
Derivatives		**420**	**8**	**428**
Interest rate derivatives		219	7	226
Equity derivatives			1	1
Currency derivatives		201		201
Financial assets at fair value through profit or loss – Economic hedges		**420**	**8**	**428**
Debt instruments			**44**	**44**
Debt securities			44	44
Financial assets designated at fair value through profit or loss			**44**	**44**
Debt instruments	**2,262**	**963**	**2,451**	**5,676**
Loans due from banks and customers		834	1,425	2,259
Debt securities	2,262	128	1,026	3,416
Financial assets at fair value through profit or loss – Non-standard	**2,262**	**963**	**2,451**	**5,676**
Equity instruments	**215**	**10**	**799**	**1,023**
Shares and other equity securities	215	10	799	1,023
Financial assets at fair value through profit or loss – Excluding assets held for trading	**215**	**10**	**799**	**1,023**
Debt instruments	**13,602**	**477**	**16**	**14,095**
Loans due from banks and customers		4	16	20
Debt securities	13,602	473		14,075
Equity instruments	**372**	**136**	**1,535**	**2,043**
Shares and other equity securities	372	136	1,535	2,043
Financial assets at fair value through other comprehensive income	**13,974**	**613**	**1,551**	**16,138**
Interest rate derivatives		4,595		4,595
Currency derivatives		1,430		1,430
Hedging derivatives		**6,025**		**6,025**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**73,177**	**127,933**	**11,468**	**212,577**

(1) Excluding economic hedges.

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	12/31/2021			
in millions of euros	Level 1	Level 2	Level 3	TOTAL
FINANCIAL LIABILITIES				
Debt securities	**24,488**	**87,366**	**434**	**112,288**
Derivatives	**142**	**40,225**	**2,858**	**43,226**
Interest rate derivatives		19,448	695	20,142
Equity derivatives		3,543	1,347	4,890
Currency derivatives		15,590	553	16,143
Credit derivatives		514	216	730
Other derivatives	142	1,131	48	1,321
Other financial liabilities		**12,636**		**12,636**
Financial liabilities at fair value through profit or loss – Held for trading[(1)]	**24,630**	**140,227**	**3,292**	**168,149**
Derivatives	**1**	**124**	**310**	**435**
Interest rate derivatives		98	310	408
Equity derivatives	1			1
Currency derivatives		26		26
Financial liabilities at fair value through profit or loss – Economic hedges	**1**	**124**	**310**	**435**
Debt securities		14,099	9,564	23,662
Other financial liabilities	5,635	(103)	105	5,637
Financial liabilities designated at fair value through profit or loss	**5,635**	**13,995**	**9,668**	**29,299**
Interest rate derivatives		5,945		5,945
Currency derivatives		2,386		2,386
Hedging derivatives		**8,331**		**8,331**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**30,266**	**162,677**	**13,270**	**206,214**

(1) Excluding economic hedges.

	12/31/2020			
in millions of euros	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
FINANCIAL ASSETS				
Debt instruments	**15,802**	**86,373**	**1,940**	**104,116**
Loans due from banks and customers		83,503	1,842	85,345
Debt securities	15,802	2,870	98	18,770
Equity instruments	**32,295**	**438**		**32,733**
Shares and other equity securities	32,295	438		32,733
Derivatives	**1,047**	**41,588**	**1,781**	**44,416**
Interest rate derivatives	28	29,617	624	30,268
Equity derivatives	445	2,503	544	3,492
Currency derivatives[(1)]		8,205	429	8,634
Credit derivatives		647	184	831
Other derivatives	574	616		1,190
Financial assets at fair value through profit or loss – Held for trading[(2)]	**49,145**	**128,398**	**3,721**	**181,264**
Derivatives		**438**	**9**	**447**
Interest rate derivatives		337	9	346
Currency derivatives		101		101
Financial assets at fair value through profit or loss – Economic hedges		**438**	**9**	**447**
Debt instruments		**2**	**21**	**23**
Loans due from banks and customers		2		2
Debt securities			21	21
Financial assets designated at fair value through profit or loss		**2**	**21**	**23**
Debt instruments	**3,972**	**2,013**	**2,041**	**8,026**
Loans due from banks and customers		1,875	1,139	3,014
Debt securities	3,972	138	902	5,011
Financial assets at fair value through profit or loss – Non-standard	**3,972**	**2,013**	**2,041**	**8,026**
Equity instruments	**439**	**10**	**607**	**1,055**
Shares and other equity securities	439	10	607	1,055
Financial assets at fair value through profit or loss – Excluding assets held for trading	**439**	**10**	**607**	**1,055**
Debt instruments	**15,284**	**823**	**16**	**16,123**
Loans due from banks and customers		3	16	19
Debt securities	15,284	820		16,104
Equity instruments	**155**	**191**	**1,328**	**1,674**
Shares and other equity securities	155	191	1,328	1,674
Financial assets at fair value through other comprehensive income	**15,438**	**1,015**	**1,344**	**17,797**
Interest rate derivatives		6,910		6,910
Currency derivatives		997		997
Hedging derivatives		**7,907**		**7,907**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**68,994**	**139,783**	**7,742**	**216,519**

(1) The information as of December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).
(2) Excluding economic hedges.

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	12/31/2020			
in millions of euros	Level 1	Level 2	Level 3	TOTAL
FINANCIAL LIABILITIES				
Debt securities	**20,567**	**95,011**	**574**	**116,152**
Derivatives	**713**	**38,397**	**1,426**	**40,536**
Interest rate derivatives	4	24,432	327	24,763
Equity derivatives	258	3,364	601	4,223
Currency derivatives[(1)]		9,273	227	9,500
Credit derivatives		799	263	1,062
Other derivatives	451	529	8	988
Other financial liabilities		**14,252**		**14,252**
Financial liabilities at fair value through profit or loss – Held for trading[(2)]	**21,280**	**147,661**	**2,001**	**170,941**
Derivatives	**1**	**442**	**426**	**869**
Interest rate derivatives		154	401	555
Equity derivatives	1		25	26
Currency derivatives		288		288
Financial liabilities at fair value through profit or loss – Economic hedges	**1**	**442**	**426**	**869**
Debt securities		15,494	8,754	24,248
Other financial liabilities	3,045	475	4	3,525
Financial liabilities designated at fair value through profit or loss	**3,045**	**15,969**	**8,758**	**27,772**
Interest rate derivatives		7,928		7,928
Currency derivatives		2,111		2,111
Hedging derivatives		**10,039**		**10,039**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**24,326**	**174,111**	**11,184**	**209,621**

(1) The information as of December 31, 2020 has not been restated for the change in the method of accounting and presentation of currency swaps (see Note 5.2.3).
(2) Excluding economic hedges.

10.1.2 BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED IN LEVEL 3 OF THE FAIR VALUE HIERARCHY

		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement[1]								
in millions of euros	01/01/2021	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In other comprehensive income	Purchases/ Issues	Sales/ Redemptions	To another reporting category	From and to another level[2]	Other changes[3]	12/31/2021
FINANCIAL ASSETS										
Debt instruments	**1,940**	**1,191**	**22**		**18,089**	**(17,581)**		**(15)**	**79**	**3,725**
Loans due from banks and customers	1,842	1,226	15		17,928	(17,438)		(149)	68	3,490
Debt securities	98	(34)	7		162	(143)		134	11	235
Equity instruments		**(70)**			**448**	**(536)**		**173**	**(9)**	**6**
Shares and other equity securities		(70)			448	(536)		173	(9)	6
Derivatives	**1,781**	**1,091**	**73**		**811**	**(1,326)**		**289**	**165**	**2,883**
Interest rate derivatives	624	125	(25)		17	(153)		319	5	913
Equity derivatives	544	1,016	147		545	(1,095)		(74)	11	1,094
Currency derivatives	429	(43)	(20)		243	(64)		29	109	683
Credit derivatives	184	(10)	(29)		5	(14)		17	38	191
Other derivatives		2						(1)	1	3
Financial assets at fair value through profit or loss – Held for trading[4]	**3,721**	**2,212**	**95**		**19,349**	**(19,444)**		**447**	**234**	**6,614**
Derivatives	**9**	**14**	**1**		**7**	**(2)**		**4**	**(25)**	**8**
Interest rate derivatives	9	(5)	1			(2)		4		7
Equity derivatives		19			7				(25)	1
Financial assets at fair value through profit or loss – Economic hedges	**9**	**14**	**1**		**7**	**(2)**		**4**	**(25)**	**8**
Debt instruments	**21**	**22**							**2**	**44**
Debt securities	21	22							2	44
Financial assets at fair value through profit or loss - Under option	**21**	**22**							**2**	**44**
Debt instruments	**2,041**	**(173)**	**9**		**575**	**(370)**		**337**	**34**	**2,451**
Loans due from banks and customers	1,139	(283)	1		394	(175)		337	12	1,425
Debt securities	902	110	7		180	(195)			22	1,026
Financial assets at fair value through profit or loss – Non-standard	**2,041**	**(173)**	**9**		**575**	**(370)**		**337**	**34**	**2,451**
Equity instruments	**607**	**100**	**18**		**106**	**(16)**		**3**	**(19)**	**799**
Shares and other equity securities	607	100	18		106	(16)		3	(19)	799
Financial assets at fair value through profit or loss – Excluding assets held for trading	**607**	**100**	**18**		**106**	**(16)**		**3**	**(19)**	**799**
Debt instruments	**16**			**(1)**	**3**	**(5)**			**2**	**16**
Loans due from banks and customers	16			(1)	3	(3)				16
Debt securities						(2)			2	
Equity instruments	**1,328**	**139**	**9**	**160**	**55**	**(166)**			**10**	**1,535**
Shares and other equity securities	1,328	139	9	160	55	(166)			10	1,535
Financial assets at fair value through other comprehensive income	**1,344**	**140**	**9**	**159**	**58**	**(170)**			**12**	**1,551**

		Gains and losses recognized during the period		Transactions carried out during the period		Transfers during the period			
		In the income statement[1]							
in millions of euros	01/01/2021	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	Purchases/ Issues	Sales/ Redemptions	To another reporting category	From and to another level[2]	Other changes[3]	12/31/2021
FINANCIAL LIABILITIES									
Debt securities	**574**	**104**	**(15)**	**5,276**	**(5,599)**		**91**	**3**	**434**
Derivatives	**1,426**	**1,233**	**6**	**781**	**(1,413)**		**675**	**150**	**2,858**
Interest rate derivatives	327	64	(41)	45	(133)		427	6	695
Equity derivatives	601	1,036	237	661	(1,228)		117	(77)	1,347
Currency derivatives	227	121	4	60	(19)		85	75	553
Credit derivatives	263	(27)	(192)	4	(21)		44	145	216
Other derivatives	8	39	(1)	11	(11)		1	1	48
Financial liabilities at fair value through profit or loss – Held for trading[4]	**2,001**	**1,337**	**(9)**	**6,057**	**(7,012)**		**765**	**153**	**3,292**
Derivatives	**426**	**(91)**						**(25)**	**310**
Interest rate derivatives	401	(91)							310
Equity derivatives	25							(25)	
Financial liabilities at fair value through profit or loss – Economic hedges	**426**	**(91)**						**(25)**	**310**
Debt securities	8,754	210	375	6,650	(7,491)		838	228	9,564
Other financial liabilities	4	(2)		65			38		105
Financial liabilities designated at fair value through profit or loss	**8,758**	**208**	**375**	**6,715**	**(7,491)**		**876**	**228**	**9,668**

(1) The main impacts recognized in the income statement are mentioned in Note 4.3.
(2) The main transfers to and from Level 3 are described in Note 10.1.3.
(3) Other changes mainly include the impact of changes in the consolidation scope and foreign exchange gains and losses.
(4) Excluding economic hedges.

		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement[1]								
in millions of euros	01/01/2020	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In other comprehensive income	Purchases/ Issues	Sales/ Redemptions	To another reporting category	From and to another level[2]	Other changes[3]	12/31/2020[4]
FINANCIAL ASSETS										
Debt instruments	**3,042**	**(55)**	**432**		**9,342**	**(11,211)**		**474**	**(84)**	**1,940**
Loans due from banks and customers	2,701	55	21		5,276	(6,585)		433	(59)	1,842
Debt securities	341	(110)	410		4,066	(4,626)		41	(24)	98
Equity instruments	**60**								**(60)**	
Shares and other equity securities	60								(60)	
Derivatives	**2,088**	**18**	**28**		**516**	**(361)**		**(285)**	**(223)**	**1,781**
Interest rate derivatives	819	213	(271)		25	(51)		(108)	(3)	624
Equity derivatives	262	(179)	316		489	(254)		(10)	(80)	544
Currency derivatives	778	11	(15)			(40)		(176)	(130)	429
Credit derivatives	230	(27)	(2)		2	(16)		9	(11)	184
Financial assets at fair value through profit or loss – Held for trading[5]	**5,190**	**(37)**	**460**		**9,858**	**(11,571)**		**189**	**(367)**	**3,721**
Derivatives	**12**	**1**							**(4)**	**9**
Interest rate derivatives	12	1							(4)	9
Financial assets at fair value through profit or loss – Economic hedges	**12**	**1**							**(4)**	**9**
Debt instruments	**2,430**	**(104)**	**169**		**196**	**(587)**			**(63)**	**2,041**
Loans due from banks and customers	1,235	46			192	(287)			(47)	1,139
Debt securities	1,195	(151)	169		4	(300)			(17)	902
Financial assets at fair value through profit or loss – Non-standard	**2,430**	**(104)**	**169**		**196**	**(587)**			**(63)**	**2,041**
Equity instruments	**641**	**(5)**	**(4)**		**12**	**(71)**			**34**	**607**
Shares and other equity securities	641	(5)	(4)		12	(71)			34	607
Financial assets at fair value through profit or loss – Excluding assets held for trading	**641**	**(5)**	**(4)**		**12**	**(71)**			**34**	**607**
Debt instruments	**52**	**1**		**9**	**3**	**(40)**			**(8)**	**16**
Loans due from banks and customers	39	1		9	3	(36)				16
Debt securities	12					(4)			(8)	
Equity instruments	**1,178**	**89**	**5**	**110**	**106**	**(102)**	**6**		**(63)**	**1,328**
Shares and other equity securities	1,178	89	5	110	106	(102)	6		(63)	1,328
Financial assets at fair value through other comprehensive income	**1,230**	**90**	**5**	**118**	**109**	**(142)**	**6**		**(71)**	**1,344**

		Gains and losses recognized during the period		Transactions carried out during the period		Transfers during the period			
		In the income statement[1]							
in millions of euros	01/01/2020	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	Purchases/ Issues	Sales/ Redemptions	To another reporting category	From and to another level[2]	Other changes[3]	12/31/2020[4]
FINANCIAL LIABILITIES									
Debt securities	**809**	**16**	**(26)**	**524**	**(748)**				**574**
Derivatives	**1,709**	**189**	**(242)**	**297**	**(200)**		**(76)**	**(250)**	**1,426**
Interest rate derivatives	551	41	(179)	5	(29)		(55)	(5)	327
Equity derivatives	315	167	(30)	289	(164)		45	(20)	601
Currency derivatives	526	(2)	(14)		(2)		(71)	(211)	227
Credit derivatives	316	(20)	(20)	4	(4)		1	(13)	263
Other derivatives	1	3			(1)		4		8
Financial liabilities at fair value through profit or loss – Held for trading[5]	**2,518**	**205**	**(269)**	**821**	**(948)**		**(76)**	**(250)**	**2,001**
Derivatives	**393**	**89**			**(56)**				**426**
Interest rate derivatives	392	8							401
Equity derivatives		81			(56)				25
Financial liabilities at fair value through profit or loss – Economic hedges	**393**	**89**			**(56)**				**426**
Debt securities	9,366	(21)	422	4,627	(5,376)		(53)	(212)	8,754
Other financial liabilities	2						2		4
Financial liabilities designated at fair value through profit or loss	**9,368**	**(21)**	**422**	**4,627**	**(5,376)**		**(51)**	**(212)**	**8,758**

(1) The main impacts recognized in the income statement are mentioned in Note 4.3.
(2) The main transfers to and from Level 3 are described in Note 10.1.3.
(3) Other changes mainly include the impact of changes in the consolidation scope and foreign exchange gains and losses.
(4) The information as of December 31, 2020 has not been restated for the change in the accounting method and presentation of currency swaps (see Note 5.2.3).
(5) Excluding economic hedges.

10.1.3 BREAKDOWN OF FAIR VALUE HIERARCHY TRANSFERS

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

	Fiscal year 2021					
From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros **To**	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL ASSETS						
Debt instruments	**318**		**1,130**	**243**		**258**
Loans due from banks and customers				87		237
Debt securities	318		1,130	156		21
Equity instruments	**291**		**1**	**173**		
Shares and other equity securities	291		1	173		
Derivatives	**413**			**563**		**274**
Interest rate derivatives				479		161
Equity derivatives	245			36		110
Currency derivatives				29		
Credit derivatives				19		2
Other derivatives	168					1
Financial assets at fair value through profit or loss – Held for trading[(1)]	**1,022**		**1,131**	**979**		**532**
Derivatives				**4**		
Interest rate derivatives				4		
Financial assets at fair value through profit or loss – Economic hedges				**4**		
Debt instruments			**49**	**337**		
Loans due from banks and customers				337		
Debt securities			49			
Financial assets at fair value through profit or loss – Non-standard			**49**	**337**		
Equity instruments				**3**		
Shares and other equity securities				3		
Financial assets at fair value through profit or loss – Excluding assets held for trading				**3**		
Debt instruments	**252**		**595**			
Debt securities	252		595			
Equity instruments	**1**					
Shares and other equity securities	1					
Financial assets at fair value through other comprehensive income	**253**		**595**			

(1) Excluding economic hedges.

	Fiscal year 2021					
From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros **To**	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL LIABILITIES						
Debt securities	**24**			**91**		
Derivatives	**136**			**747**		**73**
Interest rate derivatives				437		10
Equity derivatives	136			173		55
Currency derivatives				85		
Credit derivatives				51		8
Other derivatives				1		
Financial liabilities at fair value through profit or loss – Held for trading[(1)]	**160**			**838**		**73**
Debt securities				1,894		1,056
Other financial liabilities				38		
Financial liabilities designated at fair value through profit or loss				**1,932**		**1,056**

(1) Excluding economic hedges.

	Fiscal year 2020						
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL ASSETS							
Debt instruments		**903**		**74**	**485**		**12**
Loans due from banks and customers					433		
Debt securities		903		74	52		12
Equity instruments		**3**					
Shares and other equity securities		3					
Derivatives		**113**		**27**	**26**		**312**
Interest rate derivatives							108
Equity derivatives		111		12	16		26
Currency derivatives							176
Credit derivatives					10		1
Other derivatives		2		15			
Financial assets at fair value through profit or loss – Held for trading[1]		**1,019**		**101**	**512**		**323**
Debt instruments					**40**		
Debt securities					40		
Financial assets designated at fair value through profit or loss					**40**		
Debt instruments		**263**		**470**			
Debt securities		263		470			
Financial assets at fair value through other comprehensive income		**263**		**470**			

	Fiscal year 2020						
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL LIABILITIES							
Debt securities		**4**					
Derivatives		**40**			**162**		**238**
Interest rate derivatives							55
Equity derivatives		37			57		12
Currency derivatives					94		165
Credit derivatives					1		
Other derivatives		3			10		5
Financial liabilities at fair value through profit or loss – Held for trading[1]		**44**			**162**		**238**
Debt securities					503		556
Other financial liabilities					2		
Financial liabilities designated at fair value through profit or loss					**505**		**556**

(1) Excluding economic hedges.

10.1.4 SENSITIVITY OF LEVEL 3 ASSETS AND LIABILITIES TO CHANGES IN THE PRINCIPAL ASSUMPTIONS

At December 31, 2021, the group assessed the sensitivity of the fair value of the instruments of the GFS division measured using the main unobservable inputs. This sensitivity is intended to illustrate the uncertainty inherent in the use of judgment required to estimate the main unobservable inputs at the valuation date. It does not represent a measure of market risk on Level 3 instruments. The estimate is based on the valuation adjustment policy. For equities and debt securities, the estimate is based on a shock of +/-1%.

10.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT AMORTIZED COST

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only provided for information purposes in the notes to the financial statements. They are not indicators used for monitoring purposes for which the management model is based on the collection of expected cash flows.

The simplified assumptions used to measure the fair value of instruments at amortized costs are presented in Note 10.1.

	12/31/2021			
in millions of euros	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTIZED COST				
Loans and advances due from banks	196,370	35	146,438	49,896
Loans and advances due from customers	171,815	178	77,485	94,152
Debt securities	11,863	3,840	5,022	3,000
FINANCIAL LIABILITIES AT AMORTIZED COST				
Amounts due to banks	264,010		157,047	106,963
Amounts due to customers	52,022		48,953	3,069
Debt securities	221,141	81,300	137,605	2,235
Subordinated debt	19,845	14,248	5,379	218

	12/31/2020			
in millions of euros	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTIZED COST				
Loans and advances due from banks	151,511	36	93,793	57,682
Loans and advances due from customers	177,639	428	75,865	101,346
Debt securities	13,266	4,243	4,607	4,417
FINANCIAL LIABILITIES AT AMORTIZED COST				
Amounts due to banks	208,282		119,691	88,591
Amounts due to customers	51,941		44,942	7,000
Debt securities	212,732	78,672	129,917	4,176
Subordinated debt	16,940	10,810	5,426	703

Note 11 Income taxes

11.1 INCOME TAX

Accounting principles

Income tax includes all domestic and foreign taxes payable on the basis of taxable profits. Income tax also includes taxes, such as withholding taxes, which are payable by a subsidiary, an associate or a joint arrangement on distributions of dividends to the entity that draws up financial statements. The CVAE (Business Added Value Tax) is not considered an income tax.

Income tax includes:

- current taxes, which are the amount of income taxes payable on taxable profit or recoverable on a tax loss over a given period. They are calculated on the taxable income for the period for each fiscal entity in the tax consolidation scope by applying the applicable tax rates and rules set by the tax authorities and on the basis of which tax shall be paid (received);
- deferred taxes (see Note 11.2).

Where it is probable that one of the group's tax positions will not be accepted by the tax authorities, this situation is reflected in the financial statements when calculating current tax (due or recoverable) and deferred tax (asset or liability).

IAS 12 "Income taxes" gave no particular details on how to account for uncertainties in income taxes, and was clarified by IFRIC 23 "Uncertainty over income tax treatments", which was adopted by the European Commission on October 23, 2018 with effect from January 1, 2019.

This interpretation clarifies how to apply the deferred income tax recognition and measurement requirements when there is uncertainty over income tax treatments. If there is doubt as to the acceptability of the income tax treatment by the tax authority under tax law, then this tax treatment is an uncertain tax treatment. Assuming it is likely that the tax authority will not accept the income tax treatment used, IFRIC 23 states that the amount of the uncertainty to be reflected in the financial statements shall be estimated using the method that will better predict the resolution of the uncertainty. To determine this amount, two approaches may be used: the most likely amount or the expected value of the tax treatment (that is, the weighted average of the different scenarios possible). Furthermore, IFRIC 23 requires the measurement of tax uncertainties to be reassessed if facts and circumstances change or new information arises.

The group reflects uncertainties regarding its tax treatment for income tax in its financial statements when it deems it probable that the tax authority will not accept its treatment. To ascertain whether a tax position is uncertain and to assess its effect on the amount of tax, the group assumes that the tax authority will examine all amounts reported and have full knowledge of all related information. It bases its judgment on administrative policy, case-law and on the existence of any corrections made by the administration relating to similar tax uncertainties. The group revises the estimate of the amount it expects to pay or recover from the tax authority due to tax uncertainties in the event of changes in the associated facts and circumstances, as these changes may result from (including, but not limited to) changes in tax law, the expiry of a statutory limitation period, or the outcome of audits and measures conducted by the tax authorities.

Tax uncertainties are reported as assets or liabilities and according to whether they relate to a current or deferred tax under the balance sheet headings "Deferred tax assets", "Current tax assets", "Deferred tax liabilities" and "Current tax liabilities".

in millions of euros	Fiscal year 2021	Fiscal year 2020
Current tax assets and liabilities	(973)	(202)
Deferred tax assets and liabilities	135	14
INCOME TAX	**(838)**	**(189)**

RECONCILIATION BETWEEN THE TAX CHARGE IN THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX CHARGE

	Fiscal year 2021		Fiscal year 2020	
	in millions of euros	Tax rate	*in millions of euros*	Tax rate
Net income attributable to equity holders of the parent	1,185		176	
Non-controlling interests	270		136	
Share in net income of associates	(90)		(159)	
Income taxes	838		189	
INCOME BEFORE TAX AND VALUE ADJUSTMENTS ON GOODWILL	**2,202**		**341**	
Effects of permanent differences[1]	336		448	
Consolidated taxable income (A)	**2,538**		**789**	
Standard income tax rate in France (B)		**28.41%**		**32.02%**
Theoretical income tax expense (income) at the tax rate applicable in France (AxB)	**(721)**		**(253)**	
Impact of the change in unrecognized deferred tax assets and liabilities	7		(11)	
Reduced rate of tax and tax-exempt activities	29		(1)	
Difference in tax rates on income taxed outside France	22		(3)	
Tax on prior periods, tax credits and other tax[2]	(36)		80	
Other items[3]	(139)		(1)	
INCOME TAX EXPENSE (INCOME) RECOGNIZED	**(838)**		**(189)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**33.02%**		**23.95%**

(1) Permanent differences mainly include the impact of the FRU (Fonds de Résolution Unique) contribution, which is a non-deductible expense (see Note 4.7), the impact of the reinstatement of the share of costs and expenses on dividends received and capital gains and losses on investments in associates subject to the long-term tax regime (in particular CNP for +€145 million for BPCE SA and H20 for +€84 million for Natixis).

(2) Tax on prior periods, tax credits and other tax mainly include tax credits as well as the impacts of tax adjustments.

(3) Other items mainly include the effects of provisions for tax adjustments, changes in tax rates and the group's tax consolidation, in particular the planned inclusion of the companies in the Natixis tax consolidation group, which ended on December 31, 2021, in the BPCE tax consolidation group as of January 1, 2022. This entry would be supported by an option formulated by BPCE for the legal mechanism known as the extended base, allowing the losses of the former Natixis group to be offset against the profits of the companies in the Natixis tax consolidation group that have joined the BPCE tax consolidation group. This option would improve future deficit allocation capabilities.

11.2 DEFERRED TAX ASSETS AND LIABILITIES

Accounting principles

Deferred tax assets and liabilities are recognized when temporary differences arise between the carrying amount of assets and liabilities on the balance sheet and their tax base, irrespective of when the tax is expected to be recovered or settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities and assets are offset at the level of each tax entity. The tax entity may either be a single entity or a tax consolidation group. Deferred tax assets are recognized only to the extent that it is probable that the entity will be able to recover them in the foreseeable future.

Deferred tax assets and liabilities are recognized as tax income or expense in the income statement, except for those related to:

- revaluation differences on post-employment benefits;
- unrealized gains and losses on financial assets at fair value through other comprehensive income; and
- changes in the fair value of derivatives used as cash flow hedges;

for which the corresponding deferred tax assets and liabilities are recognized as unrealized gains and losses directly in other comprehensive income.

Deferred tax assets and liabilities are not discounted to their present value.

Deferred tax assets and liabilities on temporary differences arise from the recognition of the items listed in the statement below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

in millions of euros	12/31/2021	12/31/2020
Unrealized capital gains on UCITS	(11)	23
Fiscal EIGs	(36)	(39)
Provisions for employee-related liabilities	78	21
Provisions for regulated home savings products	1	1
Provisions on a portfolio basis	72	34
Other non-deductible provisions	587	4
Changes in fair value of financial instruments recorded in equity	(262)	11
Other sources of temporary differences[(1)]	(576)	(295)
Deferred tax related to timing differences	**(147)**	**(241)**
Deferred tax assets and liabilities arising on the capitalization of tax loss carryforwards[(2)]	**1,913**	**1,954**
Unrecognized deferred tax assets and liabilities[(2)]	**(1,154)**	**(1,126)**
NET DEFERRED TAX ASSETS AND LIABILITIES	**612**	**587**
Recognized		
As assets in the balance sheet	1,608	1,775
As liabilities in the balance sheet	(997)	(1,187)

(1) Of which a deferred tax liability relating to the tax amortization of goodwill in the United States.

(2) The amount of deferred tax on losses recognized is €759 million, of which €533 million is capitalized on the Natixis tax consolidation group in France. The tax loss carryforward base for this tax group in France is €2,140 million out of a total of €3,606 million of tax loss carryforwards. At December 31, 2021, the group performed tests to measure the potential impact on deferred tax assets of the assumptions made in the context of the institution of the tax business plans. These tests, which measure in particular the impact of a +/-10% variation in NBI growth assumptions, confirm the probability of being able to offset tax losses against future taxable profits, which are taken into account for the purposes of deferred tax activation.

The 2019 Finance act in France led BPCE SA group to revalue its net deferred tax position:

Deferred tax assets and liabilities of French companies are calculated by applying the tax rate that will be in force when the temporary difference is reversed. Given the gradual reduction in tax rates by 2022, the tax rate (including the social security contribution on profits) will be 25.83% in 2022 and beyond for taxable profit taxed at the standard rate.

At December 31, 2021, deductible temporary differences, tax losses and unused tax credits for which no deferred tax asset has been recorded in the balance sheet amounted to €1,154 million.

Note 12 Other information

12.1 SEGMENT REPORTING

BPCE SA group has two core business lines:

Retail Banking and Insurance, which is central to the transformation, includes:

- Financial Solutions & Expertise, a sub-division encompassing the specialized financing activities: Factoring, Leasing, Consumer Loans, Sureties & Financial Guarantees, and the "retail securities" business, in addition to Socfim, BPCE Solutions Immobilières and Pramex;
- Insurance, serving the Groupe BPCE networks and their customers;
- Payments, which offers a full range of payment and prepaid solutions to local businesses, online and *via* mobile devices;
- Other networks, which include Oney Bank and Banque Palatine.

Global Financial Services, comprising the two sub-divisions of Natixis:

- Asset & Wealth Management:
  - Asset management, which operates on several international markets, combining expertise in investment management and distribution,
  - Wealth management, with Natixis Wealth Management, which offers wealth management and financing solutions for large private-sector investors,
  - employee savings, Natixis Interépargne is a top-tier player in employee savings plan management in France;
- Corporate & Investment Banking:
  - Corporate & Investment Banking advises and supports corporates, institutional investors, insurance companies, banks, public sector entities and film and audiovisual financing.

The Corporate center, which primarily includes:

- the group's central institution and holding companies;
- run-off activities of Crédit Foncier and BPCE International;
- cross-business activities;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the group's acquisition and investment strategy;
- the contribution to the Single Resolution Fund.

As a reminder, segment reporting takes into account the change in the rules for rebilling by BPCE SA of the expenses recognized in respect of its duties as a central institution at the end of 2020. For comparison purposes, the 2020 income statements for Retail Banking and Insurance and Corporate center divisions were restated. In addition, the analytical rate of return on capital for Natixis' business lines was revised to 2021. For comparison purposes, 2020 data was restated.

12.1.1 SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Results by division[1][2]

	Retail Banking and Insurance*		Global Financial Services		Corporate center		BPCE SA group	
in millions of euros	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf
Net banking income	3,355	3,177	7,571	5,997	854	592	11,780	9,766
Operating expenses	(2,066)	(2,007)	(5,276)	(4,498)	(1,736)	(1,543)	(9,078)	(8,047)
Gross operating income	**1,290**	**1,171**	**2,295**	**1,499**	**(883)**	**(951)**	**2,702**	**1,719**
Cost/income ratio	61.6%	63.2%	69.7%	75.0%	N/S	N/S	77.1%	82.4%
Cost of risk	(214)	(250)	(170)	(846)	(46)	(108)	(430)	(1,204)
Share in income of associates EQ	7	(17)	12	11	64	212	83	206
Net income (expense) from other assets	(4)	(7)	(70)	(45)	5	(111)	(69)	(163)
Value adjustments on goodwill								
Income before tax	**1,079**	**897**	**2,067**	**619**	**(861)**	**(959)**	**2,285**	**558**
Income tax	(300)	(266)	(546)	(181)	7	305	(838)	(142)
Non-controlling interests (minority interests)	(63)	(112)	(271)	(186)	66	105	(268)	(193)
Net income attributable to equity holders of the parent – Excl. Net contribution by Coface	**716**	**519**	**1,250**	**252**	**(786)**	**(548)**	**1,180**	**223**
Net contribution by Coface[1]					5	(136)	5	(136)
Transition from pro forma to reportable net income attributable to equity holders of the parent[2]		(6)		22		72		89
REPORTABLE NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**716**	**514**	**1,250**	**275**	**(781)**	**(612)**	**1,185**	**176**

* Excluding Banques Populaires, Caisses d'Epargne and their consolidated subsidiaries

Results of the Retail Banking and Insurance sub-divisions

	Financial Solutions & Expertise		Insurance		Payments		Other networks		Retail Banking and Insurance	
in millions of euros	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf	2021	2020 pf
Net banking income	1,160	1,084	964	904	489	430	741	760	3,355	3,177
Operating expenses	(634)	(604)	(515)	(490)	(425)	(386)	(492)	(527)	(2,066)	(2,007)
Gross operating income	**526**	**480**	**450**	**415**	**65**	**43**	**249**	**233**	**1,290**	**1,171**
Cost/income ratio	54.6%	55.7%	53.4%	54.1%	86.8%	89.9%	66.4%	69.3%	61.6%	63.2%
Cost of risk	(73)	(67)			(8)	2	(133)	(185)	(214)	(250)
Share in income of associates EQ			7	(17)			0		7	(17)
Net income (expense) from other assets	(0)	(1)			0		(4)	(6)	(4)	(7)
Income before tax	**453**	**412**	**456**	**398**	**57**	**46**	**113**	**41**	**1,079**	**897**

(1) Segment information is restated for the impact of the net contribution by Coface on net income attributable to equity holders of the parent of -€5 million in 2021 and +€136 million in 2020.
(2) The 2020 segment information is pro forma for changes in the rules for rebilling expenses recognized by BPCE SA in respect of its duties as a central institution and for changes in the analytical remuneration of Natixis' business lines' capital.

Results of the sub-divisions of Global Financial Services

	Asset Management		Corporate & Investment Banking		Global Financial Services		Change	
in millions of euros	2021	2020 pf	2021	2020 pf	2021	2020 pf	€ million	%
Net banking income	3,921	3,226	3,651	2,770	7,571	5,997	1,574	26.3%
Operating expenses	(2,842)	(2,394)	(2,434)	(2,104)	(5,276)	(4,498)	(778)	17.3%
Gross operating income	**1,079**	**832**	**1,216**	**667**	**2,295**	**1,499**	**796**	**53.1%**
Cost/income ratio	72.5%	74.2%	66.7%	75.9%	69.7%	75.0%	--	-5.3 pts
Cost of risk	(4)	(27)	(167)	(819)	(170)	(846)	676	(79.9%)
Share in income of associates EQ	1	1	10	10	12	11	1	6.0%
Net income (expense) from other assets	(70)	(45)	1		(70)	(45)	(25)	56.3%
Income before tax	**1,006**	**762**	**1,061**	**(143)**	**2,067**	**619**	**1,447**	**x3.3**

12.1.2 SEGMENT ANALYSIS OF THE BALANCE SHEET

	Retail Banking and Insurance		Asset Management		Corporate & Investment Banking		Corporate center		BPCE SA group	
in millions of euros	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Segment assets	182,016	167,167	4,021	2,203	312,153	296,328	424,798	383,243	922,988	848,941
Segment liabilities	182,016	167,167	4,021	2,203	312,153	296,328	424,798	383,243	922,988	848,941

12.1.3 SEGMENT REPORTING BY GEOGRAPHIC REGION

The geographic analysis of segment assets and results is based on the location where business activities are recognized.

Net banking income

in millions of euros	Fiscal year 2021	Fiscal year 2020
France	7,264	5,975
Rest of Europe	1,102	1,037
North America	2,721	2,251
Rest of world	694	553
TOTAL	**11,780**	**9,816**

Note: the net banking income by geography for 2021 and 2020 is presented without restatement for Coface's contribution and the change in rebilling for central institution services.

Total segment assets

in millions of euros	12/31/2021	12/31/2020
France	814,156	737,361
Rest of Europe	26,948	28,881
North America	41,651	44,443
Rest of world	40,233	38,257
TOTAL	**922,988**	**848,941**

12.2 INFORMATION ON LEASES

12.2.1 LEASES AS LESSOR

Accounting principles

Leases are analyzed to determine whether in substance and economic reality they are operating leases or finance leases.

Finance leases

A finance lease is a lease that transfers to the lessee most of the risks and rewards incidental to ownership of an asset.

IFRS 16 standard for Lease contracts gives in particular five examples of situations that, individually or collectively, permit to distinguish finance lease to operating lease :

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the lease provides the lessee with the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term covers most of the economic life of the asset even if there is no transfer of ownership;
- at the inception of the lease, the present value of lease payments amounts to at least virtually all of the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

IFRS 16 also describes three indicators that may also individually or collectively lead to a lease being classified as a finance lease:

- if the lessee can cancel the lease, the lessor's losses associated with the cancelation are borne by the lessee;
- gains or losses from the change in the fair value of the residual value accrue to the lessee;
- the lessee has the ability to extend the lease at a rent that is significantly lower than the market rent.

At the start of the contract, assets under finance leases are recorded in the lessor's balance sheet in the form of a receivable equal to the net investment in the lease contract.

The net investment corresponds to the amount of lease payments receivable from the lessee, discounted at the interest rate implicit in the lease plus any unguaranteed residual value of the asset accruing to the lessor.

More specifically, the lease payments used to calculate the net investment include fixed payments less any lease incentives payable and variable payments that depend on an index or rate.

IFRS 16 requires unguaranteed residual values to be reviewed on a regular basis. A reduction in the estimated unguaranteed residual value modifies the income allocation over the lease term. In this case, a new payment schedule is drawn up and a charge is recorded to adjust the amount of financial income already recorded.

Any impairment recorded for counterparty risk on receivables in respect of finance leases is calculated in accordance with IFRS 9 using the same method as for financial assets at amortized cost (Note 5.5). This impairment is recorded on the income statement under "Cost of credit risk".

Finance lease income is considered to be interest and is recognized in the income statement under "Interest and similar income". This income is recognized using the interest rate implicit in the lease, which reflects a constant periodic rate of return on the lessor's net investment. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- the net investment;
- and the initial value of the asset (the fair value at the inception of the lease, plus any direct initial costs comprising expenses incurred specifically by the lessor to set up the lease).

Operating leases

A lease which is not considered to be a finance lease is classified as an operating lease.

Assets provided under operating leases are shown in the balance sheet under property, plant and equipment or intangible assets in the case of equipment leases, and investment property in the case of property leases. Lease income from operating leases is recognized in the income statement on a straight-line basis over the lease term, under "Income or expenses from other activities".

Schedule of finance lease receivables

in millions of euros	12/31/2021	12/31/2020
FINANCE LEASES		
Non-discounted lease payments (amount of gross investments)	**13,358**	**12,409**
< 1 year	3,197	2,855
1-5 years	7,009	6,528
> 5 years	3,152	3,025
Discounted lease payments (amount of net investments)	**12,047**	**11,071**
< 1 year	3,086	2,757
1-5 years	6,445	5,976
> 5 years	2,516	2,338
Financial income not received	**1,311**	**1,338**
OPERATING LEASES	**221**	**234**
< 1 year	45	47
1-5 years	112	123
> 5 years	63	64

12.2.2 LEASES AS LESSEE

Accounting principles

IFRS 16 applies to contracts that, irrespective of their legal form, meet the definition of a lease as laid down by the standard. The standard requires the identification of an asset and that the lessee controls the right to use this asset for a period of time. Control is established if the lessee holds the following two rights throughout the period of use:

- the right to obtain almost all of the economic benefits arising from use of the asset;
- the right to decide how the asset is used.

The existence of an identified asset requires that the lessor has no substantive rights to substitute alternative assets, with this requirement being assessed according to facts and circumstances in place at the start of the contract. If the lessor can freely substitute the leased asset, the contract becomes a non-lease contract whose purpose is to provide capacity rather than an asset.

The asset can be comprised of a portion of a larger asset, such as a floor within a building. However, a portion of an asset that is not physically distinct within a grouping without a pre-determined location is not an identified asset.

With certain exceptions, lessees are required under IFRS 16 to record leases in the balance sheet as a right-of-use asset under "Property, plant and equipment" or "Investment property", and as lease liabilities under "Other liabilities".

On the date of initial recognition, no deferred tax is reported if the value of the asset is equal to the value of the liability. Deferred tax is recorded for subsequent net temporary differences arising from changes in amounts recognized as right-of-use assets and lease liabilities.

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date.

These payments include fixed lease payments and in-substance fixed lease payments, variable lease payments based on an index or a rate calculated using the latest index or rate in force, any residual value guarantees and, where appropriate, any amount to be paid to the lessor under options that are reasonably certain to be exercised.

Lease payments used to determine the lease liability exclude variable payments that are not based on an index or a rate, taxes such as VAT, whether recoverable or not, and the housing tax.

Right-of-use is recognized as an asset on the commencement date of the lease for an amount equal to the lease liability on that date, adjusted for any payments made to the lessor at or before that date and not taken into account for the measurement of the lease liability, less any lease incentives received. If appropriate, this amount is adjusted for initial direct costs incurred by the lessee and an estimate of costs to be incurred in dismantling or restoring the asset if required by the terms and conditions of the lease, as long as the outflow of cash is probable and can be determined in a reliable manner.

The right-of-use asset is amortized on a straight-line basis and the lease liability is calculated on an actuarial basis over the term of the lease using the lessees' incremental borrowing rate mid-way through the contract.

The amount of lease liabilities is subsequently readjusted to take into account variations in the indices or rates to which the leases are indexed. As this adjustment reflects the right of use, it has no impact on the income statement.

For entities that are part of the financial solidarity mechanism that centralize their funding with the group Treasury, the rate is calculated at group level and adjusted, as applicable, to the currency applicable to the lessee.

The lease term is the non-cancelable period for which a lessee has the right to use an underlying asset, together with the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

For French "3/6/9" commercial leases, the term used is usually nine years. The reasonable certainty of whether the options relating to the lease term will be exercised is assessed by considering group entities' real estate management strategy.

At the end of the lease, the contract is no longer enforceable and the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The term of leases that are not extended or canceled at the end of the term (leases with automatic renewal) is determined by expert appraisal and, in the absence of specific information, assigned a reasonable term of three years.

For leases recognized in the balance sheet, the expense relating to the lease liability is reported as an interest expense under net banking income while the depreciation expense on the right-of-use asset is recognized as a depreciation expense under gross operating income.

Lease contracts not recognized in the balance sheet and variable payments that are excluded from lease liabilities are recorded as an expense for the period under operating expenses.

Impact of lease contracts on the income statement – lessee

in millions of euros	12/31/2021	12/31/2020
EXPENSES FROM LEASE TRANSACTIONS	**(280)**	**(276)**
Interest expenses on lease liabilities	(14)	(15)
Depreciation of right-of-use assets	(259)	(248)
Variable lease expenses not included in measurement of lease liabilities	(3)	(5)
Expenses on short-term leases[1]	(4)	(7)
Expenses on underlying assets of low value[1]	(0)	(1)
INCOME FROM SUB-LEASING/OPERATING LEASES	**31**	**29**

(1) Related to leases not recognized in the balance sheet.

When the group sub-lets all or part of an asset it leases, the sub-letting contract is analyzed in substance using the same approach as that applied by lessors who distinguish between operating and finance leases.

Income from such leases is presented using the same approach as lessors: as income from other activities for operating leases and as interest income for finance leases.

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Schedule of lease liabilities

in millions of euros	12/31/2021	12/31/2020
Amounts of non-discounted future payments	**1,395**	**1,210**
< 1 year	238	258
1-5 years	626	592
> 5 years	530	359

Commitments on leases not yet recognized in the balance sheet

In accordance with IFRS 16, future minimum payments relating to leases to which the group is committed but whose underlying assets have not yet been made available are not recognized on the balance sheet prior to their commencement date. The following table shows the minimum payments expected on these contracts.

in millions of euros	12/31/2021	12/31/2020
Amounts of non-discounted future payments	**35**	**361**
< 1 year	0	
1-5 years	17	104
> 5 years	18	257

12.3 RELATED PARTY TRANSACTIONS

For BPCE SA group, related parties are considered to be all consolidated companies, including companies carried under the equity method, and the group's key management personnel.

The Social Housing Companies in which the group is the sole major shareholder are also covered.

12.3.1 TRANSACTIONS WITH CONSOLIDATED COMPANIES

All intercompany transactions carried out during the period and balances outstanding at the end of the period with fully consolidated companies are eliminated in full on consolidation.

The statement below only provides data on intercompany transactions concerning:

- companies over which the group exercises joint control (joint operations) in respect of the non-eliminated portion: no significant transactions were identified in this category;
- entities over which the group exercises significant influence and which are equity-accounted (associates). The significant transactions that have been identified were carried out with CNP Assurances group:
  - under a sales agreement, the group received commission income amounting to €1,058 million in 2021 (€1,039 million in 2020).

A list of fully consolidated subsidiaries is presented in Note 13, "Scope of consolidation".

12.3.2 TRANSACTIONS WITH COMPANY DIRECTORS

The group's company directors are the members of the Management Board and Supervisory Board of BPCE. The short-term benefits, post-employment benefits, long-term benefits and termination benefits of BPCE's company directors are described in the "Pay, benefits in kind, loans, guarantees and attendance fees received by BPCE company directors" section of Chapter 3 of the Universal Registration Document, on Corporate Governance.

Short-term employee benefits

Short-term benefits paid out to the group's company directors amounted to €7 million in 2021 (*vs.* €7 million in 2020).

These include remuneration, directors' attendance fees and benefits paid to members of the Management Board and Supervisory Board.

Post-employment benefit commitments, long-term benefits and termination benefits

Post-employment benefit commitments, long-term benefits and termination benefits of the group's company directors are described in the Chapter 3 on Corporate Governance. The amount provisioned by BPCE SA group in respect of retirement bonuses came to €4 million at December 31, 2021 (€3 million at December 31, 2020).

12.4 PARTNERSHIPS AND ASSOCIATES

12.4.1 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

12.4.1.1 Partnerships and other associates

The group's main equity-accounted investments are the following joint ventures and associates:

in millions of euros	12/31/2021	12/31/2020
CNP Assurances (group)[1]	///	3,028
EDF Investments group (EIG)	522	521
Coface[2]	///	158
Socram Banque	41	40
Other	218	221
Financial sector companies	**780**	**3,969**
Other	136	133
Non-financial companies	**136**	**133**
TOTAL INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	**916**	**4,102**

(1) On December 16, 2021, BPCE sold its entire stake in CNP Assurances, i.e. 16.1%, to La Banque Postale (see Note 1.3).
(2) Since February 10, 2021, the interest in Coface has been treated as an investment (see Note 1.3)

12.4.1.2 Financial data for the main joint arrangements and associates

Summarized financial data for material joint ventures and/or companies under notable influence are as follows (based on the last available data published by the entities in question):

	Associates
in millions of euros	**Socram Banque**
DIVIDENDS RECEIVED	
MAIN AGGREGATES	
Total assets	**1,556**
Total liabilities	**1,323**
Income statement	
Net operating income or net banking income	1
Income tax	1
Net income	2
CARRYING VALUE OF INVESTMENTS IN ASSOCIATES	
Equity of associates	233
Percentage ownership	33.42%
VALUE OF INVESTMENTS IN ASSOCIATES	**41**
MARKET VALUE OF INVESTMENTS IN ASSOCIATES	**///**

BPCE SA group has no interest in any joint venture that has a material impact on the consolidated financial statements.

Summarized financial data for non-material joint ventures and companies under significant influence at December 31, 2021 is as follows:

in millions of euros	Main partnerships and associates	Other	Fiscal year 2021	Fiscal year 2020
Value of investments in associates	**563**	**353**	**916**	**354**
Total amount of share in:				
Net income	167	(76)	90	(12)
Gains and losses recognized directly in other comprehensive income				
COMPREHENSIVE INCOME	**167**	**(76)**	**90**	**(12)**

12.4.1.3 Nature and scope of major restrictions

BPCE SA group has not encountered any major restrictions relating to interests held in associates and joint ventures.

12.4.2 SHARE IN NET INCOME OF ASSOCIATES

in millions of euros	Fiscal year 2021	Fiscal year 2020
CNP Assurances (group)[1]	148	217
EDF Investments group (EIG)	10	10
Coface[2]	7	(47)
Socram Banque	1	(9)
Other	(82)	(16)
Financial sector companies	**84**	**155**
Other	6	4
Non-financial companies	**6**	**4**
SHARE IN NET INCOME OF ASSOCIATES	**90**	**159**

(1) On December 16, 2021, BPCE sold its entire stake in CNP Assurances, i.e. 16.1%, to La Banque Postale (see Note 1.3).
(2) Since February 10, 2021, the interest in Coface has been treated as an investment (see Note 1.3).

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12.4.3 IMPAIRMENT TESTS ON ASSOCIATES

At December 31, 2021, impairment tests on equity-accounted investments did not reveal any indication of loss in value.

12.5 INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

12.5.1 NATURE OF INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

A non-consolidated structured entity is a structured entity that is not controlled and is therefore not accounted for using the full consolidation method. As a result, the interests held in a joint venture or associate which is classed as a structured entity falls within the scope of this note.

The same is true of controlled structured entities that are not consolidated due to holding threshold reasons.

This includes all structured entities in which BPCE SA group holds an interest and intervenes in one or more of the following capacities:

- originator/structurer/arranger;
- placement agent;
- manager; and
- in any other capacity that has a major impact on the structuring or management of the transaction (*e.g.* provision of financing, guarantees or structuring derivatives, tax investor, major investor, etc.).

An interest in an entity corresponds to all types of relationships, contractual or not, that expose BPCE SA group to a risk of fluctuations in returns relating to the entity's performance. Interests in another entity may be evidenced by, among others, the holding of equity instruments or debt securities, as well as, by other types of relationships, such as financing, short-term credit facilities, credit enhancement, the provision of guarantees or structured derivatives.

As a result, the following are not included in the scope of this note:

- structured entities which are associated with BPCE SA group through a current transaction alone. This corresponds to an unstructured financial instrument which generally does not have a material impact on the variability of the structured entity's returns and which could be concluded by BPCE SA group with structured entities or classically governed entities alike. The main kinds of current transactions are:
  - plain vanilla fixed income, foreign exchange and other underlying derivatives, as well as securities lending/borrowing and repurchase transactions,
  - plain vanilla guarantees and financing granted to family non-trading real estate companies (SCI) or to certain holdings;
- external structured entities in which BPCE SA group simply acts as an investor.

These consist of:

- investments in external UCITS that the group does not manage, except for those in which the group owns almost all the shares;
- a limited scope of interests held in securitization vehicles (exposures on these funds are included in the information published in Chapter 6 "Risk Management – Securitizations"); and
- interests held in external real estate funds or private equity funds in which BPCE SA group acts as a simple minority investor.

The structured entities with which the group has a relationship can be divided into four categories: entities involved in asset management, securitization vehicles, entities created for structured financing purposes, and entities created for other types of transactions.

Asset Management

Financial asset management (also known as portfolio management) consists of managing equity or funds entrusted by investors by investing in equities, bonds, cash SICAV or hedge funds, etc.

The Asset Management line of business which uses structured entities is represented by collective investment management or fund management. More specifically, it encompasses collective investment vehicles within the meaning of the French Monetary and Financial Code (other than securitization structures) as well as equivalent bodies governed by foreign law. These notably include entities such as UCITS, real estate funds and private equity funds.

Securitization

Securitization transactions are generally established as structured entities in which assets or derivatives representing credit risk are isolated.

These entities serve to diversify the underlying credit risks and to split them into various levels of subordination (tranches) with a view, generally, to sell them to investors seeking a certain level of return, according to the degree of risk accepted.

These vehicles' assets and the liabilities that they issue are rated by the rating agencies, which monitor that the level of risk associated with each tranche of risk sold is commensurate with the attributed rating.

The kind of securitization transactions used and which require the intervention of structured entities are as follows:

- transactions where the group (or a subsidiary) sells on its own behalf to a dedicated vehicle, in cash or synthetic form, the credit risk associated with one of its asset portfolios;
- securitization transactions performed on behalf of third parties. These transactions consist of housing in a dedicated structure (generally a Special Purpose Entity (SPE)) the assets belonging to another company. The SPE issues shares that can, in certain cases, be subscribed for directly by investors, or subscribed for by a multi-seller conduit which refinances the acquisition of these shares through the issue of short-term notes (commercial paper).

Structured financing (of assets)

Structured financing covers the range of activities and products set up to provide financing to economic players while reducing risks through the use of complex structures. These include the financing of movable assets (pertaining to aeronautic, marine or terrestrial transport, telecommunications, etc.), real estate assets and the acquisition of targeted companies (LBO financing).

The group may need to create a structured entity that houses a specific financing transaction on behalf of a customer. This is a contractual and structural organization. The particularities of these types of financing are related to risk management, with the use of notions such as limited recourse or waivers of recourse, standard and/or structural subordination and the use of dedicated legal vehicles used in particular to carry a single-contract finance lease representing the financing granted.

Other activities

This comprises all remaining activities.

12.5.2 NATURE OF RISKS ASSOCIATED WITH INTERESTS HELD IN NON-CONSOLIDATED STRUCTURED ENTITIES

Assets and liabilities recognized in the group's various balance sheet accounts relating to interests in non-consolidated structured entities contribute to determining the risks associated with these entities.

The values recorded under the balance sheet assets, along with financing and guarantee commitments given less guarantee commitments received and provisions recorded in liabilities, are used to assess the maximum exposure to risk of losses.

The "notional amounts" line corresponds to the notional amount of options sold to structured entities.

The data are presented below, aggregated based on their activity classification.

At December 31, 2021

Excluding insurance business investments *in millions of euros*	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**273**	**1,936**	**1,867**	**628**
Trading derivatives	85	80	211	451
Trading financial instruments (excluding derivatives)	99	27	1,648	169
Financial assets at fair value through profit or loss – Non-SPPI	84	1,460	6	
Financial instruments designated at fair value through profit or loss		10		
Equity instruments not held for trading	5	359	3	9
Financial assets at fair value through other comprehensive income		**2**	**4**	
Financial assets at amortized cost	**6,577**	**1,193**	**10,587**	**1,090**
Other assets	**13**	**34**	**8**	**2**
TOTAL ASSETS	**6,864**	**3,165**	**12,466**	**1,720**
Financial liabilities at fair value through profit or loss	**19**	**35**	**115**	**124**
Provisions	**4**	**1**	**11**	**2**
TOTAL LIABILITIES	**23**	**35**	**126**	**126**
Loan commitments given	**8,072**	**254**	**3,462**	**429**
Guarantee commitments given(1)	**96**	**124**	**2,831**	**203**
Collateral received	**1,660**		**7,678**	**189**
Notional amount of derivatives	**1,563**		**8,551**	**333**
MAXIMUM LOSS EXPOSURE	**14,931**	**3,542**	**19,622**	**2,495**

(1) For the Asset Management activity, the group guarantees the share capital and/or returns on units in certain UCITS. These guarantees were recognized as derivatives at December 31, 2021 (see Note 6.2 "Guarantee commitments").

At December 31, 2020

Excluding insurance business investments *in millions of euros*	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**214**	**1,762**	**1,309**	**592**
Trading derivatives	112	42	455	517
Trading financial instruments (excluding derivatives)	48	29	640	63
Financial assets at fair value through profit or loss – Non-SPPI	49	1,408	209	
Financial instruments designated at fair value through profit or loss		13		
Equity instruments not held for trading	5	270	4	12
Financial assets at fair value through other comprehensive income			**3**	
Financial assets at amortized cost	**6,255**	**984**	**11,645**	**824**
Other assets	**15**	**37**	**19**	**6**
TOTAL ASSETS	**6,484**	**2,783**	**12,976**	**1,422**
Financial liabilities at fair value through profit or loss	**10**	**82**	**140**	**249**
Provisions	**5**	**1**	**15**	**2**
TOTAL LIABILITIES	**15**	**82**	**155**	**252**
Loan commitments given	**7,089**	**274**	**2,064**	**418**
Guarantee commitments given[1]	**161**	**160**	**3,098**	**84**
Collateral received	**233**		**4,127**	**27**
Notional amount of derivatives	**1,200**		**6,556**	**281**
MAXIMUM LOSS EXPOSURE	**14,696**	**3,216**	**20,553**	**2,176**

At December 31, 2021

Insurance business investments *in millions of euros*	Securitization	Asset Management	Other activities
Financial assets at fair value through profit or loss		**13,035**	
Trading financial instruments (excluding derivatives)		3,526	
Financial instruments designated at fair value through profit or loss		9,509	
Available-for-sale financial assets	**561**	**5,475**	
TOTAL ASSETS	**561**	**18,510**	
TOTAL LIABILITIES			
Loan commitments given	**603**	**461**	
MAXIMUM LOSS EXPOSURE	**1,164**	**18,971**	

At December 31, 2020

Insurance business investments *in millions of euros*	Securitization	Asset Management	Other activities
Financial assets at fair value through profit or loss		**12,641**	
Trading financial instruments (excluding derivatives)		5,334	
Financial instruments designated at fair value through profit or loss		7,307	
Available-for-sale financial assets	**498**	**4,975**	
TOTAL ASSETS	**498**	**17,616**	
TOTAL LIABILITIES			
Loan commitments given	**55**	**510**	
MAXIMUM LOSS EXPOSURE	**553**	**18,126**	

At December 31, 2021

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
Size of structured entities	**88,906**	**356,383**	**80,393**	**1,693**

At December 31, 2020

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
Size of structured entities	**79,652**	**304,778**	**82,673**	**952**

Securitization transactions in which BPCE SA group is simply an investor are listed in the section "Risk Management – Securitizations" of Chapter 6.

The size criterion used varies according to the types of structured entities:

- securitization, the total amount of issues recorded in the entities' liabilities;
- asset management: the net assets of collective investment vehicles (other than securitization);
- structured financing: the total amount of financing outstandings remaining due by the entities to all banks;
- other activities, total assets.

12.5.3 INCOME AND CARRYING AMOUNT OF ASSETS TRANSFERRED TO SPONSORED NON-CONSOLIDATED STRUCTURED ENTITIES

A structured entity is sponsored by a group entity when the following two indicators are both satisfied:

- it is involved in the creation and structuring of the structured entity;
- it contributes to the success of the entity by transferring assets to it or by managing relevant activities.

When the group entity's role is limited to one of advisor, arranger, custodian or placement agent, the structured entity is not considered to be sponsored.

BPCE SA group plays the role of sponsor for:

- UCITS initiated by an investment management company belonging to BPCE SA group and in which BPCE SA group holds no investment or any other interest. Reported income includes management and incentive fees charged by BPCE SA group entities, as well as profit or loss from ordinary business with these funds;
- a US activity involving the origination and disposal of portfolios of home loans to securitization vehicles created by the GFS division with third parties and in which the group holds no interests. Reported income includes structuring fees as well as gains or losses on the disposal of receivables.

For the non-consolidated structured entities that the group sponsors without holding any interests, the impact on the financial statements is presented below:

Fiscal year 2021

in millions of euros	Securitization	Asset Management
Income from entities	**(13)**	**245**
Net interest income	2	
Net fee and commission income		233
Net gains or losses on financial instruments at fair value through profit or loss	(15)	12
Carrying amount of assets transferred to the entity during the fiscal year	**368**	

Fiscal year 2020

in millions of euros	Securitization	Asset Management
Income from entities	**18**	**126**
Net interest income	3	
Net fee and commission income	1	139
Net gains or losses on financial instruments at fair value through profit or loss	14	(13)
Carrying amount of assets transferred to the entity during the fiscal year	**252**	

12.6 STATUTORY AUDITORS' FEES

Fees in respect of duties carried out by the Statutory Auditors, and by their networks, responsible for auditing BPCE SA group's financial statements in respect of the 2020 and 2021 fiscal years were as follows:

	PwC				Mazars				Deloitte				TOTAL			
	Amount		%		Amount		%		Amount		%		Amount		%	
in thousands of euros[1]	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Certification of financial statements	**11,536**	**11,619**	**72%**	**76%**	**3,963**	**3,610**	**84%**	**73%**	**7,628**	**7,072**	**71%**	**78%**	**23,128**	**22,300**	**74%**	**76%**
Issuer	845	638			784	633			718	625			2,347	1,896		
Fully consolidated subsidiaries	10,691	10,981			3,179	2,977			6,910	6,447			20,781	20,404		
Services other than financial statement certification[2]	**4,384**	**3,736**	**28%**	**24%**	**741**	**1,332**	**16%**	**27%**	**3,153**	**1,986**	**29%**	**22%**	**8,278**	**7,054**	**26%**	**24%**
Issuer	694	852			139	201			650	374			1,483	1,427		
Fully consolidated subsidiaries	3,690	2,884			602	1,131			2,503	1,612			6,795	5,627		
TOTAL	**15,921**	**15,355**	**100%**	**100%**	**4,704**	**4,942**	**100%**	**100%**	**10,781**	**9,057**	**100%**	**100%**	**31,406**	**29,354**	**100%**	**100%**
o/w fees paid to commissioned Statutory Auditor for certification of financial statements of consolidating entities	*7,426*	*7,237*			*2,958*	*2,607*			*3,863*	*3,229*			*14,248*	*13,072*		
o/w fees paid to commissioned Statutory Auditor for services other than certification of financial statements of consolidating entities	*1,221*	*852*			*308*	*309*			*858*	*769*			*2,387*	*1,930*		
Change (as a%)	**4%**				**(5%)**				**19%**				**7%**			

(1) Amounts relating to services provided appear on the income statement for the fiscal year, notably including unrecoverable VAT.

(2) In 2021, "Services other than financial statement certification" mainly concern assignments performed at the request of BPCE SA (€1.5 million), in particular for work relating to expert appraisals (€0.8 million), letters of comfort relating to issues (€0.4 million), as well as assignments performed at the request of Natixis SA and its subsidiaries (€5.9 million), in particular support for the compliance of systems put in place (€1 million), tax assignments outside the European Union (€0.9 million), technical assistance assignments (€0.7 million) and services rendered in connection with acquisitions of entities (€0.7 million)

Note 13 DeFtails of the scope of consolidation

13.1 SECURITIZATION TRANSACTIONS

Accounting principles

Securitization is a financial engineering technique that aims to enhance balance sheet liquidity. From a technical perspective, assets to be securitized are grouped according to the quality of the associated collateral or guarantees, and sold to special purpose entities that finance their acquisition by issuing securities underwritten by investors.

Entities created specifically for this purpose are consolidated if the group exercises control over them. Control is assessed according to the criteria provided in IFRS 10.

SECURITIZATION TRANSACTIONS WITHIN BPCE SA GROUP

In 2021, no new internal securitization transaction was carried out by BPCE SA group.

SECURITIZATION TRANSACTIONS CARRIED OUT WITH FULL OR PARTIAL DERECOGNITION

Note: Crédit Foncier has entered into two public securitizations backed by home loans (Crédit Foncier Home Loans No. 1 in May 2014 and Crédit Foncier Home Loans No. 2 in August 2015).

As a receivables manager, Crédit Foncier does not have the ability to use its power to influence the variability of returns. Therefore, it does not control the securitization funds within the meaning of IFRS 10, and the funds are not consolidated.

However, given its ongoing ties with CFHL-2, the criteria needed to establish full derecognition of assets under IFRS 9 are not entirely met. As a result, the transaction leads to deconsolidation in accordance with IFRS 10, and to partial derecognition in accordance with IFRS 9.

The CFHL-2 assets transferred are recognized in proportion to Crédit Foncier's continued involvement. As a result, the group continues to recognize the maximum loss associated with each of the residual ties to the fund (swaps, clean-up calls, management fees) in balance sheet assets.

These adjustments led to the recognition of total assets of €67 million and total liabilities of €5 million at December 31, 2021.

The fair value of these residual ties is remeasured at each reporting date.

At December 31, 2021, the net impact of the CFHL-2 transactions was an expense of -€9 million.

13.2 GUARANTEED UCITS

Guaranteed UCITS are funds designed to reach a specific amount at the end of a given period, determined by applying a predefined calculation formula based on financial market indicators and, where appropriate, to distribute revenues derived from the investments as determined using the same methods. The portfolio management targets of these funds are guaranteed by a credit institution.

Based on an analysis of the substance of these funds in accordance with IFRS 10, the group does not control relevant activities (as management flexibility is limited) and is not exposed to variable returns (as a solid risk monitoring system has been implemented) and therefore does not consolidate these structures.

13.3 OTHER INTERESTS IN CONSOLIDATED SUBSIDIARIES AND STRUCTURED ENTITIES

MAJOR RESTRICTIONS

The group has not been faced with any major restrictions relating to stakes held in its structured or non-structured subsidiaries.

SUPPORT OF CONSOLIDATED STRUCTURED ENTITIES

The group did not grant any financial support to consolidated structured entities.

13.4 SCOPE OF CONSOLIDATION AT DECEMBER 31, 2021

Only those entities providing a material contribution are consolidated. For entities meeting the definition of financial sector entities given in regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 (the CRR), the accounting consolidation thresholds have been aligned, since December 31, 2017, with those applied for the prudential scope of consolidation. Article 19 of the CRR sets a threshold of €10 million in total balance sheet and off-balance sheet assets. For non-financial sector entities, materiality is assessed at the level of the consolidated entities. Based on the principle of ascending materiality, any entity included at a sub-consolidation level is included at all higher consolidation levels, even if it is not material at those levels.

The percentage interest is specified for each entity in the scope of consolidation. The percentage of interest describes the share of equity held by the group, either directly or indirectly, in companies within the scope. The percentage of interest can be used to determine the share attributable to equity holders of the parent in the net assets of the company held.

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
I) CONSOLIDATING ENTITY				
BPCE SA	Credit institution	FR	100%	FC
II) BPCE SA SUBSIDIARIES				
ALBIANT-IT	IT systems and software consulting	FR	99%	FC
BATILEASE	Real estate leasing	FR	100%	FC
BPCE ACHATS	Services company	FR	55%	FC
BPCE BAIL	Real estate leasing	FR	100%	FC
BPCE CAR LEASE	Long-term vehicle leasing	FR	100%	FC
BPCE ENERGECO	Non-real estate leasing	FR	100%	FC
BPCE EXPERTISE IMMOBILIÈRE (ex CRÉDIT FONCIER EXPERTISE)	Real estate valuation	FR	100%	FC
BPCE FACTOR	Factoring	FR	100%	FC
BPCE FINANCEMENT	Consumer Loans	FR	100%	FC
BPCE INFOGÉRANCE & TECHNOLOGIES	IT services	FR	55%	FC
BPCE LEASE	Non-real estate leasing	FR	100%	FC
BPCE LEASE IMMO	Real estate leasing	FR	100%	FC
BPCE LEASE MADRID – Branch	Non-real estate and real estate leasing	ES	100%	FC
BPCE LEASE MILAN – Branch	Non-real estate and real estate leasing	IT	100%	FC
BPCE LEASE NOUMÉA	Non-real estate leasing	NC	99%	FC
BPCE LEASE RÉUNION	Non-real estate leasing	RE	100%	FC
BPCE LEASE TAHITI	Non-real estate leasing	PF	100%	FC
BPCE MASTER HOME LOANS FCT/BPCE CONSUMER LOANS FCT	French securitization fund (FCT)	FR	100%	FC
BPCE PERSONAL CAR LEASE	Long-term vehicle leasing	FR	100%	FC
BPCE SERVICES FINANCIERS (ex CSF-GCE)	Services company	FR	39%	EQ
BPCE SFH	Funding	FR	100%	FC
BPCE SOLUTIONS CRÉDIT (EX GIE ECUREUIL CRÉDIT)	Services company	FR	81%	FC
BPCE SOLUTIONS IMMOBILIÈRES (ex CRÉDIT FONCIER IMMOBILIER)	Real estate operations	FR	100%	FC
CICOBAIL SA	Real estate leasing	FR	100%	FC
CLICK AND TRUST	Data processing	FR	34%	EQ
CO ASSUR CONSEIL ASSURANCE SA (BROKERAGE)	Insurance brokerage advisory	FR	100%	FC
COMPAGNIE EUROPÉENNE DE GARANTIES ET DE CAUTIONS	Insurance	FR	100%	FC
FCT PUMACC	Consumer Loans securitization vehicle	FR	100%	FC
FIDOR BANK AG[3]	Digital loan institution	DE	100%	FC
GCE PARTICIPATIONS	Holding company	FR	100%	FC
GIE CE SYNDICATION RISQUES	Guarantee company	FR	41%	EQ
INFORMATIQUE BANQUES POPULAIRES	IT services	FR	30%	EQ
INTER-COOP SA	Real estate leasing	FR	100%	FC
IT-CE	IT services	FR	34%	EQ
LEASE EXPANSION SA	IT operational leasing	FR	100%	FC
MAISON FRANCE CONFORT PROU INVESTISSEMENTS	Real estate development	FR	49%	EQ
MIDT FACTORING A/S	Factoring	DK	100%	FC
MIFCOS	Investment property	FR	100%	FC
SOCFIM	Credit institution	FR	100%	FC
SOCFIM PARTICIPATIONS IMMOBILIÈRES	Holding company	FR	100%	FC
SOCRAM BANQUE	Credit institution	FR	33%	EQ
SPORTS IMAGINE	Services company	FR	100%	FC
SUD OUEST BAIL SA	Real estate leasing	FR	100%	FC
SURASSUR	Reinsurance	LU	99%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
ONEY group				
ONEY BANK	Holding company	FR	50%	FC
FLANDRE INVESTMENT SAS	Credit institution, electronic payment systems, new technologies and holding company	FR	50%	FC
ONEY SERVICIOS FINANCIEROS EFC SAU (SPAIN)	Brokerage	ES	50%	FC
BA FINANS (RUSSIA)	Brokerage, financial institution	RU	50%	FC
ONEY PENZFORGALMI SZOLGALTATO KFT.	Financial institution	HU	50%	FC
ONEY MAGYARORSZAG ZRT	Financial institution	HU	50%	FC
GEFIRUS SAS	Credit institution, electronic payment systems, new technologies and holding company	FR	50%	FC
IN CONFIDENCE INSURANCE SAS	Credit institution, electronic payment systems, new technologies and holding company	FR	50%	FC
ONEY HOLDING LIMITED (MALTA)	Holding company	MT	50%	FC
ONEY LIFE (PCC) LIMITED (MALTA)	Insurance	MT	50%	FC
ONEY INSURANCE (PCC) LIMITED (MALTA)	Insurance	MT	50%	FC
ONEY POLSKA	Brokerage, financial institution	PL	50%	FC
ONEY SERVICES SP ZOO	Brokerage, financial institution	PL	50%	FC
ONEY FINANCES (ROMANIA)	Brokerage	RO	50%	FC
SMARTNEY	Brokerage, financial institution	PL	50%	FC
ONEY Portugal Branch	Brokerage	PT	50%	FC
ONEYTRUST SAS	Credit institution, electronic payment systems, new technologies and holding company	FR	50%	FC
ONEY SPA (ITALY)	Brokerage	IT	50%	FC
ONEY UKRAINE (UKRAINE)	Brokerage	UA	50%	FC
ONEY Gmbh	Services, business development consulting	DE	50%	FC
Groupe BPCE International				
BPCE INTERNATIONAL	Specialized credit institution	FR	100%	FC
BPCE INTERNATIONAL HO CHI MINH CITY (Vietnam branch)	Specialized credit institution	VN	100%	FC
BPCE MAROC	Real estate development	MA	100%	FC
FRANSA BANK	Credit institution	FR	21%	EQ
OCÉORANE	Financial investment advisory services	MQ	100%	FC
PRAMEX INTERNATIONAL	International development and consulting services	FR	100%	FC
PRAMEX INTERNATIONAL AP LTD – HONG KONG	International development and consulting services	HK	100%	FC
PRAMEX INTERNATIONAL AU CASABLANCA	International development and consulting services	MA	100%	FC
PRAMEX INTERNATIONAL CO LTD – SHANGHAI	International development and consulting services	CN	100%	FC
PRAMEX INTERNATIONAL CONSULTING PRIVATE LTD – MUMBAI	International development and consulting services	IN	100%	FC
PRAMEX INTERNATIONAL CORP – NEW YORK	International development and consulting services	US	100%	FC
PRAMEX INTERNATIONAL DO BRAZIL CONSULTARIA LTDA – SAO PAULO	International development and consulting services	BR	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
PRAMEX INTERNATIONAL GmbH – FRANKFURT	International development and consulting services	DE	100%	FC
PRAMEX INTERNATIONAL LTD – LONDON	International development and consulting services	GB	100%	FC
PRAMEX INTERNATIONAL PTE LTD – SINGAPORE	International development and consulting services	SG	100%	FC
PRAMEX INTERNATIONAL SRL – MILAN	International development and consulting services	IT	100%	FC
PRAMEX INTERNATIONAL SA – MADRID	International development and consulting services	ES	100%	FC
PRAMEX INTERNATIONAL SARL – TUNIS	International development and consulting services	TN	100%	FC
PRAMEX INTERNATIONAL SP. ZOO – WARSAW	International development and consulting services	PL	100%	FC
Crédit Foncier group				
BANCO PRIMUS	Credit institution	PT	100%	FC
BANCO PRIMUS Spain	Credit institution	ES	100%	FC
CFG COMPTOIR FINANCIER DE GARANTIE	Guarantee company	FR	100%	FC
COFIMAB	Real estate agent	FR	100%	FC
COMPAGNIE DE FINANCEMENT FONCIER	Financial company	FR	100%	FC
CRÉDIT FONCIER DE FRANCE	Credit institution	FR	100%	FC
Crédit Foncier de France – Belgium branch	Credit institution	BE	100%	FC
FONCIER PARTICIPATIONS	Holding company	FR	100%	FC
FONCIÈRE D'ÉVREUX	Real estate operations	FR	100%	FC
GRAMAT BALARD	Real estate operations	FR	100%	FC
SOCIÉTÉ D'INVESTISSEMENT ET DE PARTICIPATION IMMOBILIÈRE (SIPARI)	Holding company	FR	100%	FC
Banque Palatine group				
ARIES ASSURANCES	Insurance brokerage	FR	100%	FC
BANQUE PALATINE	Credit institution	FR	100%	FC
CONSERVATEUR FINANCE	Fund management	FR	20%	EQ
PALATINE ASSET MANAGEMENT	Asset management	FR	100%	FC
Global Financial Services division				
NATIXIS PFANDBRIEFBANK AG	Credit institution	DE	100%	FC
Azure Capital Holdings Pty Ltd	M&A advisory services	AU	53%	FC
Azure Capital Securities Pty Ltd	Fund management and equity capital markets	AU	53%	FC
The Azure Capital Trust	Holding company	AU	53%	FC
Azure Capital Limited	Holding company	AU	53%	FC
NATIXIS AUSTRALIA PTY Ltd	Financial institution	AU	100%	FC
Saudi Arabia Investment Company	Financial institution	SA	100%	FC
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company	BE	100%	FC
EDF INVESTISSEMENT GROUPE	Investment company	BE	8%	EQ
Vermilion (Beijing) Advisory Company Limited	M&A advisory services	CN	51%	FC
Natixis Partners Iberia, SA	M&A advisory services	ES	80%	FC
NATIXIS NORTH AMERICA LLC	Holding company	US	100%	FC
Peter J. Solomon Company LP	M&A advisory services	US	53%	FC
Peter J. Solomon Securities Company LLC	Brokerage	US	53%	FC
NATIXIS FUNDING CORP	Other financial company	US	100%	FC
Versailles	Securitization vehicle	US	0%	FC
NATIXIS SECURITIES AMERICAS LLC	Brokerage	US	100%	FC
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions	US	100%	FC
NATIXIS REAL ESTATE HOLDINGS LLC	Real estate finance	US	100%	FC
NATIXIS REAL ESTATE CAPITAL LLC	Real estate finance	US	100%	FC
CM REO HOLDINGS TRUST	Secondary markets finance	US	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
CM REO TRUST	Secondary markets finance	US	100%	FC
MSR TRUST	Real estate finance	US	100%	FC
Natixis US MTN Program LLC	Issuing vehicle	US	100%	FC
NATIXIS SA	Credit institution	FR	100%	FC
NATIXIS IMMO DEVELOPPEMENT	Housing real estate development	FR	100%	FC
CONTANGO TRADING SA	Brokerage company	FR	100%	FC
Natixis Partners	M&A advisory services	FR	100%	FC
FCT Liquidité Short 1	Securitization vehicle	FR	100%	FC
EOLE Collateral	Securitization vehicle	FR	100%	FC
SPG	Mutual fund	FR	100%	FC
NATIXIS MARCO	Investment company (extension of activity)	FR	100%	FC
NATIXIS INNOV	Holding company	FR	100%	FC
Investima 77	Holding company	FR	100%	FC
Natixis Alternative Holding Limited	Holding company	GB	100%	FC
Fenchurch Partners LLP	M&A advisory services	GB	51%	FC
Vermilion Partners (UK) Limited	Holding company	GB	51%	FC
Vermilion Partners LLP	M&A advisory services	GB	51%	FC
NATIXIS ASIA LTD	Other financial company	HK	100%	FC
Natixis Holdings (Hong Kong) Limited	Holding company	HK	100%	FC
Vermilion Partners (Holdings) Limited	Holding company	HK	51%	FC
Vermilion Partners Limited	Holding company	HK	51%	FC
Natixis Global Services (India) Private Limited	Operational support	IN	100%	FC
NATINIUM FINANCIAL PRODUCTS	Securitization vehicle	IE	100%	FC
Bleachers finance	Securitization vehicle	IE	0%	FC
DF EFG3 LIMITED	Holding company	KY	100%	FC
NATIXIS JAPAN SECURITIES CO, Ltd	Financial institution	JP	100%	FC
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle	JE	100%	FC
NATIXIS TRUST	Holding company	LU	100%	FC
NATIXIS REAL ESTATE FEEDER SARL	Investment company	LU	100%	FC
NATIXIS ALTERNATIVE ASSETS	Holding company	LU	100%	FC
Natixis Structured Issuance	Issuing vehicle	LU	100%	FC
Natixis Bank JSC, Moscow	Banking	RU	100%	FC
NATIXIS Zweigniederlassung Deutschland-Branch	Financial institution	DE	100%	FC
NATIXIS CANADA-Branch	Financial institution	CA	100%	FC
NATIXIS SHANGHAI-Branch	Financial institution	CN	100%	FC
NATIXIS BEIJING-Branch	Financial institution	CN	100%	FC
NATIXIS DUBAI-Branch	Financial institution	AE	100%	FC
NATIXIS NEW YORK-Branch	Financial institution	US	100%	FC
NATIXIS MADRID-Branch	Financial institution	ES	100%	FC
NATIXIS LONDON-Branch	Financial institution	GB	100%	FC
NATIXIS HONG KONG-Branch	Financial institution	HK	100%	FC
NATIXIS MILAN-Branch	Financial institution	IT	100%	FC
NATIXIS TOKYO-Branch	Financial institution	JP	100%	FC
NATIXIS LABUAN-Branch	Financial institution	MY	100%	FC
NATIXIS PORTO-Branch	Financial institution	PT	100%	FC
NATIXIS SINGAPORE-Branch	Financial institution	SG	100%	FC
NATIXIS TAIWAN-Branch	Financial institution	TW	100%	FC
NATIXIS COFICINÉ	Finance company (audiovisual)	FR	100%	FC
AEW Invest GmbH	Distribution	DE	60%	FC
Natixis Investment Managers Australia Pty Limited	Distribution	AU	100%	FC
Investors Mutual Limited	Asset management	AU	68%	FC
Mirova Natural Capital Brazil Consultoria e Assessoria LTDA	Consulting services	BR	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
Natixis IM Canada Holdings Ltd	Holding company	CA	100%	FC
Natixis Investment Managers Korea Limited	Distribution	KR	100%	FC
AEW Korea LLC	Asset management	KR	100%	FC
AEW CAPITAL MANAGEMENT, INC.	Asset management	US	100%	FC
AEW CAPITAL MANAGEMENT, LP	Asset management	US	100%	FC
AEW PARTNERS V, INC.	Asset management	US	100%	FC
AEW PARTNERS VI, INC.	Asset management	US	100%	FC
AEW PARTNERS VII, INC.	Asset management	US	100%	FC
AEW SENIOR HOUSING INVESTORS II INC	Asset management	US	100%	FC
AEW Value Investors Asia II GP Limited	Asset management	JE	100%	FC
AEW VIA INVESTORS, LTD	Asset management	KY	100%	FC
AEW Partners Real Estate Fund VIII, LLC	Asset management	US	100%	FC
AEW Senior Housing Investors III LLC	Asset management	US	100%	FC
AEW Senior Housing Investors IV LLC	Asset management	US	100%	FC
AEW Partners Real Estate Fund IX, LLC	Asset management	US	100%	FC
AEW Cold Ops MM, LLC	Asset management	US	100%	FC
AEW EHF GP, LLC	Asset management	US	100%	FC
AEW Core Property (US) GP, LLC	Asset management	US	100%	FC
Seaport Strategic Property Program I Co-Investors, LLC	Asset management	US	100%	FC
ALPHASIMPLEX GROUP LLC	Asset management	US	100%	FC
AURORA INVESTMENT MANAGEMENT LLC	Asset management	US	100%	FC
CASPIAN CAPITAL MANAGEMENT, LLC	Asset management	US	100%	FC
EPI SLP LLC	Asset management	US	60%	FC
EPI SO SLP LLC	Asset management	US	60%	FC
GATEWAY INVESTMENT ADVISERS, LLC	Asset management	US	100%	FC
HARRIS ALTERNATIVES HOLDING INC	Holding company	US	100%	FC
HARRIS ASSOCIATES LP	Asset management	US	100%	FC
HARRIS ASSOCIATES SECURITIES, LP	Distribution	US	100%	FC
HARRIS ASSOCIATES, INC.	Asset management	US	100%	FC
LOOMIS SAYLES & COMPANY, INC.	Asset management	US	100%	FC
LOOMIS SAYLES & COMPANY, LP	Asset management	US	100%	FC
LOOMIS SAYLES ALPHA, LLC.	Asset management	US	100%	FC
LOOMIS SAYLES DISTRIBUTORS, INC.	Distribution	US	100%	FC
LOOMIS SAYLES DISTRIBUTORS, LP	Distribution	US	100%	FC
LOOMIS SAYLES TRUST COMPANY, LLC	Asset management	US	100%	FC
Loomis Sayles Operating Services, LLC	Asset management	US	100%	FC
Ostrum AM US LLC	Asset management	US	100%	FC
NATIXIS ASG HOLDINGS, INC	Distribution	US	100%	FC
Flexstone Partners LLC	Asset management	US	87%	FC
Natixis Investment Managers, LLC	Holding company	US	100%	FC
Natixis Advisors, LLC (ex-Natixis Advisors, LP)	Distribution	US	100%	FC
Natixis Distribution, LLC (ex-Natixis Distribution, LP)	Distribution	US	100%	FC
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	Distribution	US	100%	FC
NIM-os, LLC	Media and digital	US	100%	FC
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	Asset management	US	100%	FC
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset management	US	100%	FC
Mirova US LLC	Asset management	US	100%	FC
Natixis IM innovation	Asset management	FR	100%	FC
AEW Europe SA (ex-AEW SA)	Asset management	FR	60%	FC
AEW (ex-AEW Ciloger)	Real estate management	FR	60%	FC
ALLIANCE ENTREPRENDRE	Asset management	FR	100%	FC
DARIUS CAPITAL CONSEIL	Financial investment advisory services	FR	70%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
DNCA Finance	Asset management	FR	87%	FC
Dorval Asset Management	Asset management	FR	89%	FC
Flexstone Partners SAS	Asset management	FR	87%	FC
Mirova	Management of venture capital mutual funds	FR	100%	FC
Natixis Investment Managers International	Distribution	FR	100%	FC
Ostrum AM (New)	Asset management	FR	55%	FC
Natixis TradEx Solutions	Holding company	FR	100%	FC
NATIXIS INVESTMENT MANAGERS	Holding company	FR	100%	FC
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding company	FR	100%	FC
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding company	FR	100%	FC
NAXICAP PARTNERS	Management of venture capital mutual funds	FR	100%	FC
OSSIAM	Asset management	FR	71%	FC
SEVENTURE PARTNERS	Asset management	FR	59%	FC
SEEYOND	Asset management	FR	100%	FC
MV Credit France	Holding company	FR	100%	FC
H2O AM Europe	Asset management	FR	50%	FC
Thematics Asset Management	Asset management	FR	50%	FC
Vauban Infrastructure Partners	Asset management	FR	62%	FC
AEW EUROPE ADVISORY LTD	Asset management	GB	60%	FC
AEW EUROPE CC LTD	Asset management	GB	60%	FC
AEW EUROPE HOLDING Ltd	Asset management	GB	60%	FC
AEW EUROPE INVESTMENT LTD	Asset management	GB	60%	FC
AEW EUROPE LLP	Asset management	GB	60%	FC
AEW EUROPE PARTNERSHIP	Asset management	GB	60%	FC
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset management	GB	100%	FC
AEW GLOBAL LTD	Asset management	GB	60%	FC
AEW GLOBAL UK LTD	Asset management	GB	60%	FC
AEW UK INVESTMENT MANAGEMENT LLP	Asset management	GB	60%	FC
AEW Promote LP LTD	Asset management	GB	60%	FC
AEW EVP GP LLP	Asset management	GB	60%	FC
H2O ASSET MANAGEMENT LLP	Asset management	GB	50%	FC
H2O ASSET MANAGEMENT Corporate member	Asset management	GB	50%	FC
LOOMIS SAYLES INVESTMENTS Ltd (UK)	Asset management	GB	100%	FC
NATIXIS INVESTMENT MANAGERS UK LTD	Distribution	GB	100%	FC
Natixis Investment Managers UK (Funds) Limited (UK), LLC	Operational support	GB	100%	FC
Mirova Natural Capital Limited	Asset management	GB	100%	FC
MV Credit Limited	Asset management	GB	100%	FC
MV Credit LLP	Asset management	GB	100%	FC
AEW ASIA LIMITED	Asset management	HK	100%	FC
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED	Asset management	HK	100%	FC
Poincaré Holdings Ltd	Asset management	HK	25%	FC
Poincaré Capital Management Ltd	Asset management	HK	25%	FC
Natixis Investment Managers International Hong Kong Limited	Asset management	HK	100%	FC
PURPLE FINANCE CLO 1	Securitization vehicle	IE	89%	FC
PURPLE FINANCE CLO 2	Securitization vehicle	IE	100%	FC
Asahi Natixis Investment Managers Co. Ltd	Distribution	JP	49%	EQ
NATIXIS INVESTMENT MANAGERS JAPAN CO, LTD	Asset management	JP	100%	FC
AEW Japan Corporation	Asset management	JP	100%	FC
AEW Value Investors Asia III GP Limited	Asset management	JE	100%	FC
AEW EUROPE SARL	Asset management	LU	60%	FC
AEW EUROPE GLOBAL LUX	Asset management	LU	60%	FC

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Company	Activity	Location(1)	Interest rates	Statutory method of consolidation(2)
AEW VIA IV GP Partners S.à r.l	Asset management	LU	100%	FC
AEW APREF GP Sàrl.	Asset management	LU	100%	FC
AEW Core Property (US) Lux GP, SARL	Asset management	LU	100%	FC
H2O ASSET MANAGEMENT HOLDING	Asset management	LU	50%	FC
KENNEDY FINANCEMENT Luxembourg	Investment company – Asset management	LU	100%	FC
KENNEDY FINANCEMENT Luxembourg 2	Central corporate treasury – Asset management	LU	100%	FC
Loomis Sayles Alpha Luxembourg, LLC	Asset management	LU	100%	FC
NATIXIS INVESTMENT MANAGERS SA	Distribution	LU	100%	FC
MV Credit SARL	Asset management	LU	100%	FC
Thematics Subscription Economy Fund	Asset management	LU	44%	FC
Natixis IM Mexico, S. de R.L de CV	Asset management	MX	100%	FC
H2O AM Monaco SAM	Asset management	MC	50%	FC
Prometheus Wealth Management SAM	Asset management	MC	25%	FC
Loomis Sayles (Netherlands) BV	Distribution	NL	100%	FC
AEW CENTRAL EUROPE	Asset management	PL	60%	FC
Natixis Investment Managers Singapore Limited	Asset management	SG	100%	FC
AEW Asia Pte Ltd	Asset management	SG	100%	FC
LOOMIS SAYLES INVESTMENTS ASIA Pte Ltd	Asset management	SG	100%	FC
H2O AM Asia Pte Ltd	Asset management	SG	50%	FC
Flexstone Partners SARL	Asset management	CH	87%	FC
Natixis Investment Managers Switzerland Sarl	Asset management	CH	100%	FC
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING Co. LTD	Asset management	TW	100%	FC
Natixis Investment Managers Uruguay SA	Distribution	UY	100%	FC
Natixis Investment Managers SA, Zweignierderlaasung Deutschland	Distribution	DE	100%	FC
AEW Asia Limited Australian branch	Asset management	AU	100%	FC
Natixis Investment Managers SA, Belgian branch	Distribution	BE	100%	FC
Natixis Investment Managers Middle East (branch)	Distribution	AE	100%	FC
Natixis Investment Managers, Spain branch	Distribution	ES	100%	FC
AEW Europe LLP, Spain branch	Distribution	ES	60%	FC
Mirova Natural Capital Limited, France branch	Asset management	FR	100%	FC
AEW Italian branch (ex-AEW Ciloger Italian branch)	Distribution	IT	60%	FC
Natixis Investment Managers S.A, Italian branch	Distribution	IT	100%	FC
DNCA Finance Milan branch	Asset management	IT	87%	FC
DNCA Finance, Luxembourg branch	Asset management	LU	87%	FC
Natixis Investment Managers, Nederlands (branch)	Distribution	NL	100%	FC
Loomis Sayles & Company, LP, Dutch branch	Distribution	NL	100%	FC
AEW – Dutch branch	Real estate management	NL	60%	FC
AEW Central Europe Czech (branch)	Distribution	CZ	60%	FC
Natixis Investment Managers, Nordics subsidiary (branch)	Distribution	SE	100%	FC
Mirova Sweden subsidiary (branch)	Asset management	SE	100%	FC
Natixis Investment Managers US Holdings, LLC	Holding company	US	100%	FC
NATIXIS PRIVATE EQUITY	Private equity	FR	100%	FC
DAHLIA A SICAR SCA	Private equity	LU	100%	FC
NATIXIS Wealth Management Luxembourg	Banking	LU	100%	FC
Natixis Wealth Management	Credit institution	FR	100%	FC
VEGA INVESTMENT MANAGERS	Mutual fund holding company	FR	100%	FC
1818 IMMOBILIER	Real estate operations	FR	100%	FC
TEORA	Insurance brokerage company	FR	100%	FC
Massena Partners SA	Asset manager and investment advisory firm	LU	98%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
Massena Wealth Management SARL	Asset manager and investment advisory firm	LU	98%	FC
Massena Partners – branch	Asset manager and investment advisory firm	FR	98%	FC
NATIXIS INTERÉPARGNE	Employee savings plan management	FR	100%	FC
NATIXIS ALGÉRIE	Banking	DZ	100%	FC
SCI ALTAIR 1	Real estate operations	FR	100%	FC
SCI ALTAIR 2	Real estate operations	FR	100%	FC
FONCIERE KUPKA	Real estate operations	FR	100%	FC
NATIXIS FONCIERE SA	Real estate investment	FR	100%	FC
Insurance division				
NATIXIS ASSURANCES	Insurance company holding company	FR	100%	FC
NATIXIS LIFE	Life insurance	LU	100%	FC
BPCE IARD (ex ASSURANCES BANQUE POPULAIRE IARD)	Property damage insurance	FR	50%	EQ
BPCE Prévoyance	Personal protection insurance	FR	100%	FC
ADIR	Property damage insurance	LB	34%	EQ
FRUCTIFONCIER	Insurance real estate investments	FR	100%	FC
BPCE Vie	Insurance	FR	100%	FC
REAUMUR ACTIONS	Insurance investment mutual fund	FR	100%	FC
NAMI INVESTMENT	Insurance real estate investments	FR	100%	FC
ECUREUIL VIE DÉVELOPPEMENT	Insurance	FR	51%	EQ
BPCE RELATION ASSURANCES	Services company	FR	100%	FC
SCI DUO PARIS	Real estate management	FR	50%	EQ
Fonds TULIP	Insurance investments (Securitization funds)	FR	100%	FC
FCT NA Financement de l’économie – compartiment Immocorp II	Insurance investments (Securitization funds)	FR	100%	FC
DNCA INVEST NORDEN	Insurance investment mutual fund	LU	39%	FC
THEMATICS AI AND ROBOTICS	Asset management	LU	37%	FC
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund	FR	37%	FC
SCPI IMMOB ÉVOLUTIF	Insurance real estate investments	FR	48%	FC
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund	FR	57%	FC
SELECTIZ	Insurance investment mutual fund	FR	58%	FC
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund	FR	57%	FC
ALLOCATION PILOTÉE ÉQUILIBRE C	Insurance investment mutual fund	FR	47%	FC
MIROVA EUROPE ENVIRONNEMENT C	Insurance investment mutual fund	FR	37%	FC
Vega Euro Rendement FCP RC	Insurance investment mutual fund	FR	31%	FC
BPCE ASSURANCES	Insurance company	FR	100%	FC
BPCE APS	Service providers	FR	53%	FC
NATIXIS LIFE (branch)	Life insurance	FR	100%	FC
Payments division				
NATIXIS PAYMENT SOLUTIONS	Banking services	FR	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
NATIXIS PAIEMENT HOLDING	Holding company	FR	100%	FC
XPOLLENS (ex S-MONEY)	Payment services	FR	100%	FC
PAYPLUG	Payment services	FR	100%	FC
BIMPLI	Payment services, service voucher offerings and online services for Central Works Councils	FR	100%	FC
DALENYS SA	Holding company	BE	100%	FC
DALENYS INTERNATIONAL	Holding company	NL	100%	FC
DALENYS FINANCE	Holding company	NL	100%	FC
DALENYS PAYMENT	Payment services	FR	100%	FC
DALENYS SERVICES	Financial investment advisory services	FR	100%	FC
DALENYS MARKETING	Online services	FR	100%	FC
DALENYS TECHNOLOGIES	Online services	FR	100%	FC
RECOMMERCE	Online services	FR	100%	FC
Other				
NATIXIS IMMO EXPLOITATION	Real estate operations	FR	100%	FC

(1) Country of operation: AE: United Arab Emirates – AU: Australia – BE: Belgium – BR: Brazil – CN: China – CZ: Czech Republic – DE: Germany – DK: Denmark – ES: Spain – FR: France – GB: United Kingdom of Great Britain and Northern Ireland – HK: Hong Kong – HU: Hungary – IN: India – IE: Ireland – IT: Italy – JE: Jersey – JP: Japan – KY: Cayman Islands – KR: South Korea – LU: Luxembourg – MA: Morocco – MT: Malta – MQ: Martinique – MX: Mexico – MY: Malaysia – NC: New Caledonia – PF: French Polynesia – NL: Netherlands – PL: Poland – PT: Portugal – RE: Réunion – RO: Romania – RU: Russian Federation – SA: Saudi Arabia – SE: Sweden – SG: Singapore – TN: Tunisia – TW: Taiwan – UA – Ukraine – US: United States of America – VN: Vietnam.

(2) Consolidation method: FC Full consolidation, EQ equity method, JA Joint activities.

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

13.5 NON-CONSOLIDATED COMPANIES AT DECEMBER 31, 2021

ANC Regulation No. 2016-09 of December 2, 2016 requires companies that prepare their consolidated financial statements in accordance with international standards as adopted by the European Union to publish additional information relating to companies not included in their scope of consolidation as well as significant equity interests.

Non-consolidated companies include:

- significant interests that do not fall within the scope of consolidation; and
- companies excluded from the scope of consolidation owing to their non-material nature.

The main significant interests that do not fall within the scope of consolidation, and details of the share of equity held either directly or indirectly by the group, are as follows:

Company	Location	Share of equity held	Reason for non-consolidation	Amount of shareholders' equity[1] *(in millions of euros)*	Amount of income *(in millions of euros)*
CAISSE DE REFINANCEMENT DE HABITAT	France	11.00%	Holding not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	563	0
CREDIT LOGEMENT	France	15.00%	Holding not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	1,665	99
FRANCE ACTIVE GARANTIE – FAG	France	14.00%	Holding not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	26	0
OPPORTUNITE PLACEMENT CILOGER 2	France	15.00%	Holding not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	75	4
SYSTÈME TECHNOLOGIQUE ECHGE ET TRAIT	France	15.04%	Holding not consolidated because the group does not exercise control, joint control or significant influence (including tax optimization structures)	117	9

(1) Amount of shareholders' equity and income for the last fiscal year known at the reporting date and based on applicable accounting standards according to the country of location.

Information relating to companies excluded from the scope of consolidation owing to their non-material nature is available on the website of Groupe BPCE at the following address: https://groupebpce.com/en/investors/regulated-information.

5.4 Statutory Auditors' report on the consolidated financial statements

(For the year ended December 31, 2021)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BPCE SA group

To the Annual General Shareholders' Meeting

BPCE

50 avenue Pierre Mendès France

75201 Paris cedex 13

I. OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of BPCE SA group for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2021, to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Furthermore, the non-audit services that we provided to the Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

- Deloitte & Associés: the main engagements carried out in fiscal year 2021 concerned certification, agreed-upon procedures, reviews of compliance procedures, accounting and financial due diligence on potential entity acquisitions, comfort letters issued in connection with issuance programs, and independent third party engagements on the CSR information in the management report.
- Mazars: the main engagements carried out in fiscal year 2021 concerned methodological reviews, certification and comfort letters issued in connection with issuance programs and CSR engagements.
- PricewaterhouseCoopers Audit: the main engagements carried out in fiscal year 2021concerned certification, agreed-upon procedures, reviews of compliance procedures, services provided as part of restructuring measures, comfort letters issued in connection with issuance programs, tax consultations and CSR engagements.

III. EMPHASIS OF MATTER

Without qualifying the opinion expressed above, we draw your attention to the following changes in accounting method:

- the application of the IFRIC decision on IAS 19 "Employee Benefits", set out in Note 2.2 to the consolidated financial statements;
- the change to the presentation in the balance sheet of zero-interest loans detailed in Note 5.5.3 to the consolidated financial statements;
- the change of method and balance sheet presentation of the measurement of the foreign exchange component of currency swaps, set out in Note 5.2.3 to the consolidated financial statements.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment of loans and receivables (Stages 1, 2 and 3)

Risk identified and main judgments

BPCE SA group is exposed to credit risk. This risk results from the inability of its clients or counterparties to honor their financial commitments, in particular, covering their loan activities.

In accordance with the "Impairment" section of IFRS 9, BPCE SA group records impairment and provisions intended to cover expected (Stage 1 and 2 loans) or proven (Stage 3 loan) losses.

The rules for the impairment of expected credit losses require the creation of a first impairment stage for 12-month expected credit losses as of the origination of a new financial asset, and a second stage for lifetime expected credit losses in the event of a significant increase in credit risk. Impairment for expected credit losses (Stages 1 and 2) is mainly determined based on models developed by BPCE integrating different inputs (probability of default, loss given default, exposures, etc.) and forward-looking information.

In view of the ongoing Covid-19 crisis, the methods of calculating impairment for expected credit losses required a number of adjustments as specified in Note 7.1.2.

These expected credit losses are supplemented when needed with sector-based impairment, taking into account local particularities.

Loan outstandings with a proven counterparty risk (Stage 3) are subject to impairment, determined mainly on an individual basis. This impairment is assessed by Management based on estimated future recoverable cash flows for each of the loans concerned.

We considered the identification and assessment of credit risk to be a key audit matter for the 2021 fiscal year, given that the resulting provisions represent significant estimates for the preparation of the financial statements and require Management to exercise judgment with respect to classifying the exposures in the different stages, determining the Stage 1 and 2 impairment calculation inputs and methods and assessing the amount of provisions for Stage 3 exposures on an individual basis.

In particular, amid the ongoing Covid-19 crisis, we considered that the assessment of the adequacy of provisions to cover credit risk and the level of the associated cost of risk to be areas of particular focus for the 2021 fiscal year.

Exposures to credit risk subject to impairment/provisions in accordance with IFRS 9 represent approximately 43% of BPCE SA group's total assets at December 31, 2021 (40% and €367 billion of gross outstanding loans and receivables).

The impairment on outstanding loans and receivables amounts to €3.1 billion of which €0.2 billion in Stage 1, €0.5 billion in Stage 2, €2.4 billion in Stage 3. The cost of risk for the 2021 fiscal year amounts to €0.4 billion.

For more information on accounting principles and exposures, see Notes 5.5 and 7.1 to the consolidated financial statements.

The impacts of the ongoing Covid-19 crisis on credit risk are mentioned in Note 7.1.2.

Our response

Impairment of Stage 1 and Stage 2 exposures

Our work mainly consisted in:

- verifying that an internal control system is in place that updates credit ratings at a suitable frequency;
- verifying that a governance system is in place that ensures a suitably regular review of the appropriateness of the impairment models and inputs used to calculate impairment, and analyses changes in impairment in view of IFRS 9 rules;
- assessing the relevance of models and inputs used for the impairment calculations at December 31;
- performing counter-calculations on the main loan portfolios;
- carrying out controls on the BPCE SA group IT framework, including a review of IT General Controls, interfaces and embedded controls regarding specific data used in processing IFRS 9 information;
- performing controls on (i) methodological changes and adjustments made to the methods of calculating impairment for expected credit losses in the context of the ongoing Covid-19 crisis and (ii) the tool used by BPCE SA group to assess the impact of the application of sectoral impairment on expected credit losses.
- verifying the correct documentation and justification of the sectoral provisions recorded by the group. In this respect, we (i) assessed the criteria used by BPCE SA group to identify the lines of business considered to be more sensitive to the impact of the current economic and health situation, and (ii) assessed the appropriateness of the provisions thus estimated.

Impairment of Stage 3 exposures

As part of our audit procedures, we conducted a general review of the internal controls related to identifying Stage 3 exposures, monitoring credit and counterparty risk, assessing non-recovery risk and determining the related impairment and provisions on an individual basis.

Our procedures consisted in assessing the quality of the measures for monitoring sensitive, doubtful and litigious counterparties, and the loan review process. Furthermore, based on a sample of files selected on the basis of materiality and risk criteria, we performed counter analyses of the amounts provisioned.

We also assessed the relevance of the disclosures in the notes with respect to credit risk in the evolving context of the pandemic, in particular disclosures required by IFRS 7.

Level 2 and 3 financial instruments under IFRS 13

Risk identified and main judgments

BPCE SA group holds a large amount of financial instruments which are recognized in the balance sheet at fair value. They are allocated to the three levels defined by IFRS 13 depending on the fair value measurement method used.

Market value is determined according to different approaches depending on the nature and complexity of the instruments: use of quoted prices observable on the market (level 1 financial instruments in the fair value hierarchy), use of valuation models based on inputs for the most part observable on the market (level 2 financial instruments) and use of valuation models based on inputs for the most part unobservable on the market (level 3 financial instruments).

For the most complex financial instruments, these approaches may therefore involve a significant degree of judgment due to:

- - the use of internal valuation models;
- - the use of valuation inputs unobservable on the market;
- - additional valuation adjustments made to reflect certain market, counterparty or liquidity risks.

We deemed the valuation of complex financial instruments, especially financial instruments classified in levels 2 and 3, to be a key audit matter due to the significant exposures and judgment required in the determination of fair value, especially for certain types of financial instruments amid the uncertainty of the evolving economic context linked to the health crisis.

For more details on accounting principles and fair value hierarchy of financial instruments, see Note 10 to the consolidated financial statements.

Our response

We reviewed the internal control procedures relating to the determination, valuation, recording and classification of complex financial instruments classified at levels 2 and 3 in the fair value hierarchy.

We interviewed the Risk, Compliance and Permanent Control department and reviewed the reports and minutes of this department's Committee meetings (in conjunction with our audit team at Natixis, contributor to this topic).

We tested the controls that we deemed relevant to our audit, including those relating to:

- the approval and periodic review of the valuation models by Risk Management;
- the independent verification of the valuation inputs;
- the determination of main valuation adjustments;
- the approval and periodic review of observability criteria used in the classification of complex financial instruments in the fair value hierarchy;

We performed these procedures with the assistance of our valuation experts, with whom we also performed independent valuation work. This work, conducted on a sample basis, consisted in analyzing the assumptions, methodologies and market inputs used to estimate the main valuation adjustments at December 31, 2021.

We also examined, on a sample basis, any differences in margin calls with market counterparties so as to assess the appropriateness of the valuations.

Finally, we examined the disclosures relating to the valuation of financial instruments published in the notes to the consolidated financial statements, including those relating to the continuing impacts of the health crisis on the fair value of certain financial instruments.

Valuation of goodwill and intangible assets with infinite useful lives

Risk identified and main judgments

BPCE SA group recognizes goodwill in its consolidated financial statements. External growth operations carried out by BPCE SA group have led it to (i) assess the control methods implemented on entities acquired in accordance with IFRS 10 "Consolidated Financial Statements" and (ii) allocate the purchase price in accordance with IFRS 3 "Business Combinations". Following this purchase price allocation, the unallocated "surplus", corresponding to residual identifiable net assets, was recognized in goodwill.

Goodwill and acquired intangible assets with indefinite useful lives are tested for impairment at least annually, based on an assessment of the recoverable amount of the cash generating units (CGUs) to which they relate, or as soon as there is an indication of impairment. The determination of the recoverable amount is based on the discounting of the CGU's estimated future cash flows resulting from the medium-term plans established by the entities concerned and assessed by the Group.

We deemed the impairment testing of goodwill and intangible assets with indefinite useful lives to be a key audit matter by its very nature as it requires judgment in determining discount rates, economic scenarios and financial trajectories. .

At December 31, 2021, goodwill amounted to €4,170 million gross, and accumulated impairment losses stood at €311 million.

The methods used by BPCE SA group for impairment testing, as well as the key assumptions used to determine the recoverable amount and the sensitivity of the recoverable amounts, are described in Note 3.4 to the consolidated financial statements.

Our response

With the help of our experts, we evaluated the procedure implemented by BPCE SA group to identify indications of potential impairment and carried out a critical review of the method used for implementing impairment tests. In particular, our work involved:

- comparing assumptions and inputs with external sources;
- reviewing the reasonableness, particularly in the current economic and health context, of the medium-term plans adopted for each CGU concerned, involving:
  - a comparison with the Group's strategic plan approved by the governing bodies (Supervisory Board or Board of Directors);
  - an assessment of the consistency and reliability of the main assumptions used to prepare the plans, particularly regarding the financial trajectories developed during past financial years and actually carried out;
  - an analysis of sensitivity to different valuation inputs (equity, discount rate, etc.).
- verification of the consistency of the disclosures published on the results of these impairment tests.

Insurance Technical Reserves

Risk identified and main judgments

Within the scope of its insurance activities, BPCE SA group records technical reserves representing its commitments toward insured persons.

We deemed the valuation of these reserves to be a key audit matter as they represent a material amount in the consolidated financial statements, and deemed that some of these reserves require the exercise of judgment in determining the underlying assumptions (e.g., actual mortality rates and behavioral laws) or the use of calculation models.

The technical reserves for insurance contracts amounted to €105.1 billion at December 31, 2021.

See Note 9.1.2 to the consolidated financial statements for further details.

Our response

We called on our actuarial experts to assist us in performing our audit procedures on these items.

The main audit procedures implemented included, depending on the nature of the risks provisioned:

- obtaining an understanding of the general conditions relating to insurance contracts marketed by the group;
- evaluating the methods and assumptions used to calculate the reserves, specifically their compliance with applicable regulations, market practices and the economic and financial context, which is more uncertain due to the health crisis;
- testing, on the basis of accounting reconciliations, reperformance, or surveys, the reliability of information relating to insurance contracts recorded in the management systems and used for the valuation of technical reserves;
- carrying out an independent recalculation of specific reserves, when necessary, on the basis of a sample of contracts;
- assessing the calculation method and the result of the liability adequacy test, as required by IFRS 4.

We also examined the disclosures published in the notes to BPCE SA group's consolidated financial statements relating to insurance liabilities.

IV. SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the management report prepared by the Management Board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

V. OTHER VERIFICATIONS AND INFORMATION PURSUANT TO LEGAL AND REGULATORY REQUIREMENTS

PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

APPOINTMENT OF THE STATUTORY AUDITORS

Mazars was appointed as Statutory Auditors in the first by-laws dated December 19, 2006, of GCE Nao (whose corporate name became BPCE in July 2009), upon its incorporation. PricewaterhouseCoopers Audit and Deloitte & Associés were appointed as BPCE's Statutory Auditors by the Annual General Shareholders' Meetings of July 2, 2009, and May 22, 2015, respectively.

At December 31, 2021, Mazars was in the fifteenth consecutive year of its engagement, including 13 years since the company became a public-interest entity, PricewaterhouseCoopers Audit was in the thirteenth consecutive year of its engagement, and Deloitte & Associés its seventh consecutive year.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

VII. RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Paris La Défense and Neuilly-sur-Seine, March 23, 2022

The Statutory Auditors

Deloitte & Associés	**Mazars**	**PricewaterhouseCoopers Audit**
Marjorie Blanc Lourme	Charles de Boisriou	Antoine Priollaud
	Laurence Karagulian	Emmanuel Benoist

5.5 BPCE management report

5.5.1 Significant events of 2021

- In July 2021, Groupe BPCE presented its new strategic plan BPCE 2024 which aims to deploy all of the potential of its cooperative, multi-brand and entrepreneurial model to become a leader in banking, insurance and asset management for all. The BPCE 2024 plan is focused on three strategic priorities: (i) Conqueror: €1.5 billion in additional income in five priority fields, (ii) Customer: the highest quality of service with a custom relationship model, and (iii) Climate: concrete and measurable commitments for a Net Zero trajectory. It is based on three key principles: (i) Simplicity: a more simple, clearer and more effective organization, (ii) Innovation: significant goals in data and the future of work, the foundation of HR innovation, and (iii) Secure: improvements in financial performance and confirmation of the trusted third party function.
- In line with the logic of simplification, on February 9, 2021, BPCE SA announced its intention to acquire the share capital of Natixis SA that it did not hold, *i.e.* approximately 29.3% at December 31, 2020, and to file a simplified public tender offer with the *Autorité des marchés financiers* (AMF), the French financial markets authority.

  After obtaining the approval of the AMF on the compliance of the transaction and the various regulatory approvals required, the simplified public tender offer for Natixis shares was conducted from June 4 to July 9, 2021 inclusive.

  In accordance with the notice of the *Autorité des marchés financiers* (AMF), the French financial markets authority (D&I No. 221C1758 of July 13, 2021), BPCE proceeded, on July 21, 2021, to the squeeze-out of all Natixis shares that had not been tendered to the public offer, under the same financial conditions as the simplified public tender offer, *i.e.* €4 per share of Natixis company. Consequently, as a result of the successful implementation of the squeeze-out, Natixis is, since July 21, 2021, no longer listed on the Stock Exchange.

  At December 31, 2021, BPCE held all the capital and voting rights of Natixis, with the exception of treasury shares held by Natixis and bonus shares issued by Natixis to employees and corporate officers of Natixis and its subsidiaries, which were still subject to a lock-up period at that date.

  This transaction was reflected in the BPCE SA financial statements as follows:

  – an increase in the stake in Natixis of €3.763 billion, bringing the holding to 99.78% of the share capital, the remainder being held by Natixis, the employees and corporate officers mentioned above;

  – the recognition of an off-balance sheet commitment of €40 million under "liquidity contracts" signed with the beneficiaries of the mentioned share-based payment plans. The liquidity contracts are cross-purchase/sale commitments which in substance constitute a firm forward purchase by BPCE SA.
- The simplified public tender offer for Natixis shares is part of an industrial project to develop Groupe BPCE's business lines and simplify its functional divisions.

  In particular, this project could result in an operational implementation in the first quarter of 2022 that includes:

  – the direct attachment of the Insurance and Payments business lines to BPCE SA;

  – the regrouping of the Asset & Wealth Management and the Corporate & Investment Banking business lines into a new "Global Financial Services" division.

  It includes the following steps:

  – i. the contribution by Natixis to a company wholly owned by BPCE SA of all the shares held by Natixis in Natixis Assurances;

  – ii. the contribution by Natixis to a company wholly owned by BPCE SA of all of the shares held by Natixis in Natixis Payment Solutions, Partecis and Natixis Payment Holding (NPH), Natixis subsidiaries currently operating the Groupe BPCE's Payments business;

  – iii. the distribution by Natixis to its shareholders of the shares of the Insurance Holding Company and the Payments Holding Company received as consideration, respectively, for the Insurance contribution and the Payments contribution;

  – iv. the acquisition by BPCE of all the shares received by the beneficiaries of bonus shares in the Insurance Holding Company and the Payments Holding Company as a result of the exercise of the put options provided for in the liquidity contracts.

  Under the proposed transaction, BPCE would directly hold all of the share capital and voting rights of the Insurance Holding Company and the Payments Holding Company.

  On September 22, 2021, the Natixis Board of Directors and the BPCE Supervisory Board approved the terms of the negotiation protocol, signed on the same day, in order to report on their discussions and to define the guiding principles that will inform the eventual conclusion of the definitive documentation relating to the proposed transaction.

  In addition, the parties have also announced the sale by Natixis to BPCE SA of all the shares held in Natixis Immo Exploitation (NIE). This transfer is part of a project to create a shared service center ("CSP" Workplace) within BPCE SA bringing together all the expertise related to real estate operations. It would be carried out through a sale of 100% of the shares comprising the share capital of NIE. This transaction could take place in the first quarter of 2022, at the same time as the transfer of the Workplace workforce.

  The information-consultation process of the relevant employee representative bodies within Groupe BPCE was initiated on September 23, 2021. The latter issued their opinion on January 11, 2022.

  These transactions, which will take place in 2022, have no impact on BPCE SA's financial statements at December 31, 2021.
- On October 28, 2021, La Banque Postale and Groupe BPCE announced their intention to rationalize their capital ties and strengthen their industrial partnerships.

  As a first step, La Banque Postale announced its plan to acquire the CNP Assurances shares held by Groupe BPCE and to file a simplified public tender offer for CNP Assurances minority shareholders with the AMF at a price of €21.90 per share (with dividend attached), with a view to a compulsory delisting if the conditions are met.

On December 16, 2021, BPCE sold its entire stake in CNP Assurances (16.1%), generating a pre-tax capital gain of €819 million in the BPCE SA financial statements, recognized in "Gains or losses on long-term investments".

- With regard to the Supervisory Board of Groupe BPCE, Thierry Cahn, Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne, was elected as Chairman. In addition, Béatrice Lafaurie was appointed Head of Human Resources and member of the Executive Management Committee of Groupe BPCE and Catherine Halberstadt was named Head of the Financial Solutions & Expertise division.
- Yves Tyrode took up his position as Chief Innovation, Data & Digital Officer and head of the Payments activity and Chairman of Oney Bank in early November. This appointment is intended to bring together, in a single unit, entities and teams that share common technology and business challenges.
- On June 14, 2021, BPCE carried out a capital increase of €800 million following the decision of the Combined General Meeting of May 27, 2021.
- In its role (i) as an issuer on the bond market (to refinance the excess of the group's financing needs over its customers' deposits and to provide the group with additional capital and capacity to absorb additional losses), and (ii) as the organizer/manager of the group's internal capital management operations as a central institution, BPCE SA has, in 2021:
  - issued on the market:
    - €4.5 billion in Tier 2 bonds (including €1.8 billion in contingent Tier 2),
    - €3.2 billion in senior non-preferred bonds; these issuances contribute to strengthening Groupe BPCE's capital and TLAC (Total Loss-Absorbing Capacity) and MREL ratios;
  - issued internally:
    - €2.7 billion of additional Tier 1 bonds, entirely subscribed by the Banques Populaires and the Caisses d'Epargne;
  - subscribed internally:
    - €0.9 billion of additional Tier 1 instruments issued by Natixis, mainly to renew former transactions,
    - €1.8 billion of Tier 2 instruments issued by Natixis, more than half of which are renewals of former transactions,
    - €1 billion in senior non-preferred instruments issued by Natixis.
- In 2021, BPCE SA's balance sheet base increased by €115 billion. This increase is mainly due to long-term liquidity circulation operations within the group.

Company situation and activity in 2021

CHANGES IN THE BPCE BALANCE SHEET

in billions of euros	12/31/2021	12/31/2020	Change 2021/2020 €bn	Change 2021/2020 %
Amounts due from banks	441.2	326.0	+115.2	+35%
Amounts due from customers	1.8	3.7	(1.9)	(51%)
Securities transactions	6.5	8.9	(2.4)	(27%)
Associates, equity interests and long-term investments	26.7	23.8	+2.9	+12%
Other assets	4.5	3.4	+1.1	+32%
TOTAL ASSETS	**480.7**	**365.8**	**+114.9**	**+31%**
Amounts due to banks	343.1	238.3	+104.8	+44%
Customer deposits	3.4	6.3	(2.9)	(46%)
Debt securities and subordinated debt	111.8	99.0	+12.8	+13%
Other liabilities	3.8	5.9	(2.1)	(36%)
Shareholders' equity and fund for general banking risks	18.6	16.3	+2.3	+14%
TOTAL LIABILITIES	**480.7**	**365.8**	**+114.9**	**+31%**

Total assets under French GAAP amounted to €480.7 billion at December 31, 2021, an increase of €114.9 billion compared with December 31, 2020.

On the assets side, the increase of €115.2 billion in the "Amounts due from banks" item is mainly due to an increase in the balance of the Central Bank account and an increase in term intra-group receivables. This change in intra-group receivables follows the implementation of long-term liquidity operations within the group.

"Securities transactions" decreased by €2.4 billion, mainly due to the disposal of the investment in the OSTRUM Trésorerie + fund (€1,649 million), the disposal of Visa Inc. Class A shares (€240 million), the sale of Spanish securities from the liquidity reserve (€395 million), the disposal of Epifund securities following the liquidation of the fund (€6.6 million) and a reduction in the purchase price of BPCE Lease securities (€9 million) following the receipt of an indemnity under a liability guarantee.

"Associates, equity interests and long-term investments" recorded the following major changes:

- the disposal of CNP Assurances shares for a total amount of -€1,606 million;
- the purchase of Natixis shares for a gross value of €3,763 million further to the filing of the simplified public tender offer followed by the squeeze-out;
- additional impairment charges of €326 million (including BPCE Factor, BPCE International and Banque Palatine) and reversals of impairment charges of €1,660 million (including Natixis, CEGC and Crédit Foncier).

On the liabilities side, the €104.8 billion increase in "Amounts due to banks" is explained by the increase in deposits by group institutions, by the implementation of long-term liquidity operations within the group and by the increase in refinancing from the ECB (TLTRO 3).

The item "Debt securities and subordinated debt" increased by €12.8 billion, mainly due to the issuance of €3.2 billion of senior non-preferred bonds, the issuance of €4.5 billion of Tier 2 bonds, the issuance of €2.7 billion of additional Tier 1 bonds and the increase in interbank market securities and negotiable debt securities for €1.3 billion.

The increase in shareholders' equity is mainly due to the income for 2021 of €2,213 million, a capital increase of €800 million, less a dividend payment of €718 million.

BPCE INCOME STATEMENT

			Change 2021/2020	
in millions of euros	2021	2020	*€ million*	*%*
Net banking income	702	433	+269	+62%
Operating expenses	(586)	(432)	(154)	+36%
Gross operating income	**116**	**1**	**+115**	**+11,500%**
Cost of risk	0	0	+0	NA
Net gains or losses on long-term investments	2,154	(1,341)	+3,495	(261%)
Income before tax	**2,270**	**(1,340)**	**+3,610**	**(269%)**
Income tax	(33)	267	(300)	(112%)
Funding/reversal of fund for general banking risks and regulated provisions	(24)	0	(24)	NA
NET INCOME	**2,213**	**(1,073)**	**+3,286**	**(306%)**

Net income for 2021 was €2,213 million, up €3,286 million compared with 2020, mainly due to impairment tests on investments and the disposal of the stake in CNP Assurances.

Gross operating income of €116 million, gains on fixed assets of €2,154 million, charges to regulated provisions of -€24 million and a tax charge of -€33 million.

NET BANKING INCOME

			Change 2021/2020	
in millions of euros	2021	2020	*€ million*	*%*
Financial Management	(165)	(292)	+127	(43%)
Eurotitres	98	99	(1)	(1%)
Holding *	521	376	+145	+38%
Central Institution	248	250	(2)	(1%)
NET BANKING INCOME	**702**	**433**	**+269**	**+62%**

* The Holding business line will include FSE dividends as of 2021. The 2020 data have been restated for comparability purposes.

In 2021, BPCE's net banking income totaled €702 million, up €269 million compared with 2020.

BPCE is responsible for ensuring the group's liquidity and capital adequacy by guaranteeing that the regulatory ratios are met. These activities are part of the Financial Management business line, which delivered net banking income of -€165 million in 2021, an increase of €127 million compared with 2020. This change is mainly due to good refinancing conditions (market rates and ECB funding conditions), the unwinding of short-term transactions set up in 2020 on unfavorable terms, reversals of provisions on available-for-sale securities (*vs.* allocations in 2020), and lower income from the rebilling of financial management expenses to group institutions.

Eurotitres net banking income amounted to €98 million in 2021.

Net banking income for the Holding business was up by €145 million, mainly due to the change in provisions for Fidor.

The net banking income of the Central institution business line amounted to €248 million in 2021. This represents the rebilling of "central institution" activities (listed in the French Monetary and Financial Code), presented as NBI.

OPERATING EXPENSES

in millions of euros	2021	2020	Change 2021/2020 *€ million*	*%*
Payroll costs	(449)	(381)	(68)	+18%
Other expenses	(319)	(256)	(63)	+25%
Gross operating expenses	**(768)**	**(637)**	**(131)**	**+21%**
Rebilled expenses	**342**	**516**	**(174)**	**(34%)**
Net operating expenses	**(426)**	**(121)**	**(305)**	**+252%**
Charges from exceptional projects	(160)	(311)	+151	(49%)
OPERATING EXPENSES	**(586)**	**(432)**	**(154)**	**+36%**

Operating expenses amounted to -€586 million in 2021, an increase of €154 million compared to 2020, mainly due to the continuation of the group's transformation projects.

In fiscal year 2021, the scope of "charges from exceptional projects" has been changed to include other expenses. The change in charges from exceptional projects of +€151 million is thus explained for +€99 million by this change in scope.

The amount of rebilling in 2021 is €342 million, down from 2020, which included a catch-up effect from 2019 due to changes in the scope of consolidation.

COST OF RISK

Most of the receivables on BPCE's balance sheet relate to institutions benefiting from the guarantee and solidarity system, which explains the non-materiality of the cost of risk in BPCE SA parent company financial statements.

NET GAINS OR LOSSES ON LONG-TERM INVESTMENTS

Net gains or losses on long-term investments amounted to €2,154 million in 2021. They consist of:

- provisions and reversals of impairments on equity interests, affiliates and other long-term investments, including Natixis (+€1,429 million), BPCE International (-€56 million), Crédit Foncier (+€68 million), Banque Palatine (-€190 million), CEGC (+€164 million) and BPCE Factor (-€60 million);
- income on the disposal of equity interests, affiliates and other long-term investments, including CNP Assurances (+€819 million).

INCOME TAX

In 2021, income taxes totaled -€33 million, representing an additional charge of €300 million compared with 2020. This impact is mainly due to two effects: on the one hand, an improvement in the tax base combined with a reduction in the tax rate, and on the other hand, exceptional expenses related to tax treatments carried out within the group.

NON-TAX DEDUCTIBLE EXPENSES

Disclosure of luxury expenditures

In accordance with the provisions of Article 223 *quater* and *quinquies* of the French General Tax Code, the financial statements for the past fiscal year include €352,466 in non-deductible expenses pursuant to Article 39.4 of said Code. The resulting additional tax was €100,136.

No other luxury non-tax deductible expenses were incurred during the fiscal year.

FUND FOR GENERAL BANKING RISKS AND NET INCOME

No movement was made to the fund for general banking risks.

Net income came to +€2,213 million.

PROPOSED ALLOCATION OF NET INCOME

It is proposed to the General Meeting:

- to allocate the net income of +€2,213,155,147.02 to "Retained earnings." As a result of this allocation, the balance of the "Retained earnings" item is €3,253,244,924.03;
- to distribute a dividend of €787,968,126.82 to shareholders, by deduction from the "Retained earnings" item. As a result of this allocation, the balance of the "Retained earnings" item is €2,465,276,797.21. The dividend per share is €21.83.

In accordance with the provisions of Article L. 243 *bis* of the French General Tax Code, the table below shows the dividends paid out in respect of the three previous fiscal years:

Balance sheet date		Dividend per share	Portion of the dividend eligible for the 40% tax deduction	Portion of the dividend ineligible for the 40% tax deduction
12/31/2018	Class "A" and "B" shares	€12.3715	€403,040,426.36	/
12/31/2019	Class "A" and "B" shares	€15.7340	€536,166,353.68	/
12/31/2020	Class "A" and "B" shares	€37.6800	€1,297,374,005.20	/

INFORMATION ON SUBSIDIARIES, EQUITY INVESTMENTS AND BRANCHES

Activity and results of the main subsidiaries

The activity and results of the main subsidiaries are described in Chapter 1 of this document. A list of subsidiaries and equity investments is available in Chapter 5 "BPCE parent company financial statements".

Investments and controlling interests

Between June 4 and July 21, 2021, the simplified public tender offer, followed by the squeeze-out, enabled BPCE SA to acquire the shares in the capital of Natixis SA that it did not hold, with the exception of treasury shares held by Natixis and bonus shares issued by Natixis to employees and corporate officers of Natixis and its subsidiaries. The increase in the investment in Natixis at December 31, 2021 amounted to €3,763 million.

In addition, in 2021:

- subscription to a CEGC capital increase of €75 million;
- subscription to a capital increase of Fidor Bank of €28 million (through contributions to the "capital reserve");
- €11.5 million increase in BPCE's investment in Caisse de Refinancement de l'Habitat following the reallocation of share capital among the shareholders;
- subscription to units of the DNCA LCR Europe Growth and Digital Opportunities Fund II funds for €10.2 million and €10.0 million respectively;
- capital increase of the European Investment Fund for an amount of €3.7 million;
- conversion of Meniga convertible bonds into shares for an amount of €4.5 million;
- €1.2 million increase in BPCE's stake in the European company EPI Interim Company;
- capital increase of SAS Campus Cyber for a non significant amount (€0.1 million);
- finally, during fiscal year 2021, BPCE increased its asset financing capital by €3.3 million.

Branches

BPCE SA owns no branches.

EMPLOYEE PROFIT-SHARING SCHEME

Information concerning employee share ownership is provided in Chapter 7.

INFORMATION CONCERNING COMPANY DIRECTORS

Information concerning company directors is provided in Chapter 3.

List of directorships and offices

Information concerning the list of directorships and offices of company directors is provided in Chapter 3.

Remuneration and benefits

Information concerning remuneration and benefits granted by BPCE to the company directors is provided in Chapter 3.

Related-party agreements

No corporate officer or shareholder holding more than 10% of the voting rights signed any agreement in 2021 with a company in which BPCE holds, either directly or indirectly, more than half of the share capital or with a company controlled by BPCE within the meaning of Article L. 233-3 of the French Commercial Code.

Information concerning commitments and related-party agreements is provided in Chapter 7.

INFORMATION REGARDING OWNERSHIP OF SHARE CAPITAL

Information concerning the ownership of the share capital is provided in Chapter 7.

TRADING BY BPCE IN ITS OWN SHARES

In 2021, BPCE did not trade in its own shares.

INFORMATION ON INACTIVE ACCOUNTS (ARTICLES L. 312-19, L. 312-20 AND R. 312-21 OF THE FRENCH MONETARY AND FINANCIAL CODE)

As BPCE holds no individual current accounts, it is not affected by these articles.

TRANSFERS AND SALES OF SHARES

In December, BPCE sold its €1,606 million stake in CNP Assurances.

In February, BPCE sold its €240 million stake in Visa Inc., Class A shares.

In addition, during 2021, BPCE sold the shares held in the OSTRUM Trésorerie + fund (€1,649 million), derecognized the shares in the Epifund fund (€6.6 million) following the dissolution of the fund, and reduced the purchase price of BPCE Lease shares following the receipt of an indemnity in connection with a liability guarantee (€9 million).

RESEARCH AND DEVELOPMENT ACTIVITIES

BPCE's research and development activities chiefly focus on modeling credit risks.

MANAGEMENT OF FINANCIAL RISKS

Information relating to the management of financial risks is provided in Chapter 6.

MAIN RISKS

Information relating to the main risks and uncertainties facing BPCE is provided in Chapter 6.

HARDSHIPS

BPCE SA did not encounter any particular difficulties during the 2021 fiscal year. The economic and financial environment is also described in section 4.2.1 of Chapter 4.

SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

This information is provided in Chapter 2.

INFORMATION CONCERNING THE CONTROLS OF ACCOUNTING AND FINANCIAL REPORTING QUALITY

This information is provided in Chapter 5.8.

EVENT AFTER THE REPORTING PERIOD

There is no subsequent event.

RECENT DEVELOPMENTS AND OUTLOOK

The outlook for the economic environment and recent and forthcoming regulatory changes are described in section 4.7 of Chapter 4.

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

While Ukraine is not a member of NATO, the Western reaction was strong. The European Union, the United States and many other countries adopted a series of unprecedented sanctions, including the freezing of the Russian Central Bank's foreign assets, the exclusion of Russian banks from SWIFT, and the announcement by many Western groups of their withdrawal from the Russian Federation.

Even if the essential subject of energy and natural gas remains for the moment outside the scope of the measures taken on both sides, the United States and Great Britain have announced their intention to ban the import of Russian oil and gas. In addition, new economic measures and sanctions could be adopted, including by the European Union and the United States, and retaliatory economic measures and sanctions could be adopted by the Russian Federation. This conflict could have major consequences for the Russian economy but also for Western economies and more generally for the world economy. The risk of default on Russian debt, rising inflation and the loss of purchasing power for the population in Russia are significant. A questioning of growth prospects and increased inflationary pressure cannot be ruled out in both the United States and Europe.

In addition, a risk linked to expropriation measures that could be taken by the Russian authorities against foreign companies, in retaliation for Western sanctions, is mentioned.

As of December 31, 2021, BPCE SA had no exposure to Russian, Ukrainian or Belarusian counterparties.

STATEMENT OF RESULTS FOR THE FIVE PREVIOUS YEARS

in euros	2017	2018	2019	2020	2021
Share capital at period-end					
Share capital	155,742,320	157,697,890	170,384,630	173,613,700	180,478,270
Number of shares[(1)]	31,148,464	31,539,578	34,076,926	34,722,740	36,095,654
Operations and income for the fiscal year					
Revenues	4,776,794,649	3,817,697,023	4,424,898,255	2,023,188,873	5,090,711,297
Income before tax, employee profit-sharing, depreciation, amortization and impairment	226,090,867	213,879,738	1,284,276,000	241,756,532	956,378,025
Income tax	223,677,484	450,787,127	145,922,016	267,056,984	(33,379,182)
Income after tax, employee profit-sharing, depreciation, amortization and impairment	728,462,840	390,468,286	441,581,094	(1,073,022,523)	2,213,155,147
Dividend paid to shareholders[(2)]	403,005,057	403,040,426	536,166,354	1,297,374,005	787,968,127
Earnings per share					
Revenues	153.36	121.04	129.85	58.27	141.03
Income after tax, employee profit-sharing, but before depreciation, amortization and impairment	14.44	21.07	41.97	14.65	25.57
Income tax	7.18	14.29	4.28	7.69	(0.92)
Income after tax, employee profit-sharing, depreciation, amortization and impairment	23.39	12.38	12.96	(30.90)	61.31
Dividend per share[(2)]	12.9382	12.3715	15.7340	37.6800	21.8300
Employee data					
Average number of employees:	1,511	1,563	2,186	2,505	2,574
o/w managerial staff	*1,404*	*1,465*	*1,918*	*2,187*	*2,281*
o/w non-managerial staff	*107*	*98*	*268*	*318*	*293*
Total wage bill for the year	132,639,879	138,048,129	181,998,599	208,148,610	214,051,474
Amounts paid for employee benefits during the period	79,998,902	74,092,881	120,239,562	118,717,325	121,794,391

(1) Earnings per share are calculated based on the number of shares outstanding at the date of the General Meeting.
(2) Subject to approval by the General Meeting.

AUTHORIZATIONS GRANTED TO THE MANAGEMENT BOARD

Type and purpose of authorization	Amount *(in euros)*	Duration	Date of General Meetings	Use of authorization
Delegation of authority to proceed, with cancelation of the shareholders' preferential subscription right, with one or more share capital increases by way of an issuance of Class A shares reserved for Class A shareholders	The capital increase may not exceed a total amount of €400,000,000 and may not exceed a nominal amount of €3,500,000 for each increase	< 18 months	05/27/2021	Used at May 27, 2021
Delegation of authority to proceed, with cancelation of the shareholders' preferential subscription right, with one or more share capital increases by way of an issuance of Class B shares reserved for Class B shareholders	The capital increase may not exceed a total amount of €400,000,000 and may not exceed a nominal amount of €3,500,000 for each increase	< 18 months	05/27/2021	Used at May 27, 2021
Delegation of authority to proceed, with cancelation of shareholders' preferential subscription rights, to a capital increase in cash, on one or more occasions, through the issuance of ordinary shares reserved for employees of the company who are members of a company savings plan	The total number of shares that may be subscribed by employees may not exceed a maximum nominal amount of €100,000	< 18 months	05/27/2021	Not used at December 31, 2021

PAYMENT TERMS GRANTED TO CUSTOMERS AND SUPPLIERS

Pursuant to Article L. 441-6-1 of the French Commercial Code, all French companies for which annual financial statements are certified by Statutory Auditors shall disclose information in their management report on the payment terms granted to their customers and suppliers, in accordance with the provisions of Article D. 441-4 of the French Commercial Code as amended by Decrees No. 2015-1553 of November 27, 2015 and No. 2017-350 of March 20, 2017. This information does not include banking transactions and related operations.

	Invoices received and due but not settled at the reporting date					
in euros	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Categories of overdue payments						
Number of invoices concerned	161	-	-	-	-	355
Total amount of the invoices concerned including taxes*	5,160,089	1,611,088	199,326	(43,296)	1,219,191	2,986,309
Percentage of total purchases including taxes for the fiscal year	The percentage of unpaid invoices received, at the balance sheet date, was less than 1% of the total amount of purchases including taxes during the fiscal year.					
Percentage of revenue before taxes for the fiscal year	-	-	-	-	-	-
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables and payables						
Number of invoices excluded	-	-	-	-	-	None
Total amount of invoices excluded	-	-	-	-	-	None
(C) Benchmark payment terms used (contractual or legal term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment terms used to calculate overdue payments						Legal term: Within 30 days of invoice date

* Accounts receivable correspond to accounts in credit or advances.

	Invoices issued and due but not settled at the reporting date					
in euros	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Categories of overdue payments						
Number of invoices concerned	66	-	-	-	-	186
Total amount of invoices concerned including taxes	2,146,075	6,658,264	190,807	256,148	1,017,425	8,122,644
Percentage of total sales including taxes for the fiscal year	The percentage of unpaid invoices issued, at the reporting date, was less than 1% of the total amount of sales including taxes during the fiscal year.					
Percentage of revenue before taxes for the fiscal year	-	-	-	-	-	-
(B) Invoices excluded from (A) relating to disputed or unrecognized receivables and payables						
Number of invoices excluded	-	-	-	-	-	None
Total amount of invoices excluded	-	-	-	-	-	None
(C) Benchmark payment terms used (contractual or legal term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
(C) Benchmark payment terms used (contractual or legal term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						Legal term: Within 30 days of invoice date

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5.6 BPCE parent company annual financial statements

in millions of euros	*Notes*	Fiscal year 2021	Fiscal year 2020
Interest and similar income	*3.1*	3,574	2,793
Interest and similar expenses	*3.1*	(3,914)	(3,285)
Income from variable-income securities	*3.2*	698	720
Commission income	*3.3*	106	104
Commission expenses	*3.3*	(32)	(32)
Net gains or losses on trading book transactions	*3.4*	0	(7)
Net gains or losses on available-for-sale securities and equivalent	*3.5*	(12)	(159)
Other banking income	*3.6*	300	368
Other banking expenses	*3.6*	(18)	(69)
Net banking income		**702**	**433**
Operating expenses	*3.7*	(570)	(416)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(16)	(16)
Gross operating income		**116**	**1**
Cost of risk	*3.8*	0	0
Net operating income		**116**	**1**
Gains or losses on long-term investments	*3.9*	2,154	(1,341)
Income before tax		**2,270**	**(1,340)**
Non-recurring income	*3.10*	0	0
Income tax	*3.11*	(33)	267
Funding/reversal of the fund for general banking risks and regulated provisions	*3.12*	(24)	0
NET INCOME		**2,213**	**(1,073)**

5.6.1 Balance sheet and off-balance sheet items

ASSETS

in millions of euros	*Notes*	12/31/2021	12/31/2020
Cash and amounts due from central banks		131,896	115,406
Treasury bills and equivalent	*4.3*	559	756
Loans and advances due from banks	*4.1*	309,322	210,587
Customer transactions	*4.2*	1,757	3,660
Bonds and other fixed-income securities	*4.3*	4,615	5,017
Equities and other variable-income securities	*4.3*	1,285	3,158
Equity interests and other long-term investments	*4.4*	2,795	5,064
Investments in affiliates	*4.4*	23,888	18,706
Intangible assets	*4.5*	107	112
Property, plant and equipment	*4.5*	13	22
Other assets	*4.7*	2,591	1,789
Accrual accounts	*4.8*	1,871	1,495
TOTAL ASSETS		**480,699**	**365,772**

Off-balance sheet items

in millions of euros	*Notes*	12/31/2021	12/31/2020
Commitments given			
Loan commitments	*5.1*	2,778	10,499
Guarantee commitments	*5.1*	15,137	7,853
Securities commitments		0	0

LIABILITIES

in millions of euros	***Notes***	**12/31/2021**	**12/31/2020**
Central banks		0	0
Amounts due to banks	*4.1*	343,130	238,346
Customer transactions	*4.2*	3,365	6,283
Debt securities	*4.6*	90,415	83,986
Other liabilities	*4.7*	2,320	4,402
Accrual accounts	*4.8*	857	919
Provisions	*4.9*	665	557
Subordinated debt	*4.10*	21,348	15,001
Fund for general banking risks (FGBR)	*4.11*	65	65
Equity excluding fund for general banking risks	***4.12***	**18,534**	**16,213**
Subscribed capital		*181*	*174*
Additional paid-in capital		*15,045*	*14,252*
Reserves		*35*	*35*
Revaluation difference		*0*	*0*
Regulated provisions and investment subsidies		*20*	*0*
Retained earnings		*1,040*	*3,404*
Interim dividend		*0*	*(579)*
Net income for the fiscal year (+/-)		2,213	(1,073)
TOTAL LIABILITIES AND EQUITY		**480,699**	**365,772**

Off-balance sheet items

in millions of euros	***Notes***	**12/31/2021**	**12/31/2020**
Commitments received			
Loan commitments	*5.1*	25,266	56,836
Guarantee commitments	*5.1*	6,106	3,914
Securities commitments		41	120

5.6.2 Notes to the parent company annual financial statements

Note 1 General framework

1.1 GROUPE BPCE

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

TWO BANKING NETWORKS: THE BANQUES POPULAIRES AND THE CAISSES D'EPARGNE

Groupe BPCE is a cooperative group whose shareholders own the two retail banking networks: the 14 Banques Populaires and the 15 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the group's central institution.

The Banque Populaire network consists of the Banques Populaires and the Mutual Guarantee Companies which grant them the exclusive benefit of their guarantees.

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

The Banques Populaires are wholly-owned by their cooperative shareholders.

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

BPCE

A central institution as defined by the French Banking Law and a credit institution licensed to operate as a bank, BPCE was created pursuant to act No. 2009-715 of June 18, 2009. BPCE was incorporated as a French limited liability company (*société anonyme)* governed by a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 14 Banques Populaires and the 15 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banques Populaires and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves key appointments of company directors and oversees the smooth operation of the group's institutions.

As a holding company, BPCE is the head entity of the group and holds the joint ventures between the two networks in Retail Banking and Insurance, corporate banking and financial services, and their production units. It defines the group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries, including Natixis, are organized around two major business lines:

- Retail Banking and Insurance, which includes the Banque Populaire network, the Caisse d'Epargne network, the Financial Solutions & Expertise business line (including Factoring, Consumer Loans, Leasing, Sureties & Financial Guarantees, and the "Retail Securities" business), the Natixis' Payments and Insurance business lines and Other networks (primarily Banque Palatine) and the Oney group;
- Global Financial Services combining Asset & Wealth Management (Natixis Investment Managers and Natixis Wealth Management) and Corporate & Investment Banking (Natixis Corporate & Investment Banking).

In respect of the group's financial functions, BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of any financial transactions required to develop and fund the group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the group. BPCE also provides banking services to the other group entities.

1.2 GUARANTEE MECHANISM

Pursuant to Articles L. 511-31 and L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism was set up to ensure the liquidity and capital adequacy of the group and its associates, and to organize financial support within the group.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the group and each of the networks, including implementing the appropriate internal financing mechanisms within the group and establishing a Mutual Guarantee Fund common to both networks, for which it determines the operating rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of associates to the fund's initial capital endowment and reconstitution.

BPCE manages the Banque Populaire network fund and the Caisse d'Epargne network fund and has established the Mutual Guarantee Fund.

The Banque Populaire network fund was formed by a deposit made by the Banques Populaires of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the Caisse d'Epargne network fund by the Caisses d'Epargne of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The Mutual Guarantee Fund was formed by deposits made by the Banques Populaires and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €172 million at December 31, 2021.

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

The booking of deposits in the institutions' parent company financial statements under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

Mutual guarantee companies granting the exclusivity of their guarantees to a Banque Populaire benefit from a liquidity and capital adequacy guarantee in their capacity as affiliates of the central institution.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne of which the local savings company in question is a shareholder.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

- In July 2021, Groupe BPCE presented its new strategic plan BPCE 2024 which aims to deploy all of the potential of its cooperative, multi-brand and entrepreneurial model to become a leader in banking, insurance and asset management for all. The BPCE 2024 plan is focused on three strategic priorities: (i) Conqueror: €1.5 billion in additional income in five priority fields, (ii) Customer: the highest quality of service with a custom relationship model, and (iii) Climate: concrete and measurable commitments for a Net Zero trajectory. It is based on three key principles: (i) Simplicity: a more simple, clearer and more effective organization, (ii) Innovation: significant goals in data and the future of work, the foundation of HR innovation, and (iii) Secure: improvements in financial performance and confirmation of the trusted third party function.
- In line with the logic of simplification, on February 9, 2021, BPCE SA announced its intention to acquire the share capital of Natixis SA that it did not hold, *i.e.* approximately 29.3% at December 31, 2020, and to file a simplified public tender offer with the *Autorité des marchés financiers* (AMF), the French financial markets authority.

  After obtaining the approval of the AMF on the compliance of the transaction and the various regulatory approvals required, the simplified public tender offer for Natixis shares was conducted from June 4 to July 9, 2021 inclusive.

  In accordance with the notice of the *Autorité des marchés financiers* (AMF), the French financial markets authority (D&I No. 221C1758 of July 13, 2021), BPCE proceeded, on July 21, 2021, to the squeeze-out of all Natixis shares that had not been tendered to the public offer, under the same financial conditions as the simplified public tender offer, *i.e.* €4 per share of Natixis company. Consequently, as a result of the successful implementation of the squeeze-out, Natixis is, since July 21, 2021, no longer listed on the Stock Exchange.

  At December 31, 2021, BPCE held all the capital and voting rights of Natixis, with the exception of treasury shares held by Natixis and bonus shares issued by Natixis to employees and corporate officers of Natixis and its subsidiaries, which were still subject to a lock-up period at that date.

  This transaction was reflected in the BPCE SA financial statements as follows:

  – an increase in the stake in Natixis of €3.763 billion, bringing the holding to 99.78% of the share capital, the remainder being held by Natixis, the employees and corporate officers mentioned above;

  – the recognition of an off-balance sheet commitment of €40 million in respect of “liquidity contracts” signed with the beneficiaries of the above-mentioned share-based payment plans. The liquidity contracts are cross-purchase/sale commitments which in substance constitute a firm forward purchase by BPCE SA.
- The simplified public tender offer for Natixis shares is part of an industrial project to develop Groupe BPCE’s business lines and simplify its functional divisions.

  In particular, this project could result in an operational implementation in the first quarter of 2022 that includes:

  – the direct attachment of the Insurance and Payments business lines to BPCE SA;

  – the regrouping of the Asset & Wealth Management and the Corporate & Investment Banking business lines into a new "Global Financial Services" division.

  It includes the following steps:

  i. the contribution by Natixis to a company wholly owned by BPCE SA of all the shares held by Natixis in Natixis Assurances;

  ii. the contribution by Natixis to a company wholly owned by BPCE SA of all of the shares held by Natixis in Natixis Payment Solutions, Partecis and Natixis Payment Holding (NPH), Natixis subsidiaries currently operating the Groupe BPCE’s Payments business;

  iii. the distribution by Natixis to its shareholders of the shares of the Insurance Holding Company and the Payments Holding Company received as consideration, respectively, for the Insurance contribution and the Payments contribution;

  iv. the acquisition by BPCE of all the shares received by the beneficiaries of bonus shares in the Insurance Holding Company and the Payments Holding Company as a result of the exercise of the put options provided for in the liquidity contracts.

  Under the proposed transaction, BPCE would directly hold all of the share capital and voting rights of the Insurance Holding Company and the Payments Holding Company.

  On September 22, 2021, the Natixis Board of Directors and the BPCE Supervisory Board approved the terms of the negotiation protocol, signed on the same day, in order to report on their discussions and to define the guiding principles that will inform the eventual conclusion of the definitive documentation relating to the proposed transaction.

  In addition, the parties have also announced the sale by Natixis to BPCE SA of all the shares held in Natixis Immo Exploitation (NIE). This transfer is part of a project to create a shared service center (“CSP” Workplace) within BPCE SA bringing together all the expertise related to real estate operations. It would be carried out through a sale of 100% of the shares comprising the share capital of NIE. This transaction could take place in the first quarter of 2022, at the same time as the transfer of the Workplace workforce.

  The information-consultation process of the relevant employee representative bodies within Groupe BPCE was initiated on September 23, 2021. The latter issued their opinion on January 11, 2022.

  These transactions, which will take place in 2022, have no impact on BPCE SA's financial statements at December 31, 2021.
- On October 28, 2021, La Banque Postale and Groupe BPCE announced their intention to rationalize their capital ties and strengthen their industrial partnerships.

  As a first step, La Banque Postale announced its plan to acquire the CNP Assurances shares held by Groupe BPCE and to file a simplified public tender offer for CNP Assurances minority shareholders with the AMF at a price of €21.90 per share (with dividend attached), with a view to a compulsory delisting if the conditions are met.

  On December 16, 2021, BPCE sold its entire stake in CNP Assurances (16.1%), generating a pre-tax capital gain of €819 million in the BPCE SA financial statements, recognized in “Gains or losses on long-term investments”.
- With regard to the Supervisory Board of Groupe BPCE, Thierry Cahn, Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne, was elected as Chairman. In addition, Béatrice Lafaurie was appointed Head of Human Resources and member of the Executive Management Committee of Groupe BPCE and Catherine Halberstadt was named Head of the Financial Solutions & Expertise division.

- Yves Tyrode took up his position as Chief Innovation, Data & Digital Officer and head of the Payments activity and Chairman of Oney Bank in early November. This appointment is intended to bring together, in a single unit, entities and teams that share common technology and business challenges.
- On June 14, 2021, BPCE carried out a capital increase of €800 million following the decision of the Combined General Meeting of May 27, 2021.
- In its dual role (i) as an issuer on the bond market (to refinance the excess of the group's financing needs over its customers' deposits and to provide the group with additional capital and capacity to absorb losses), and (ii) as the organizer/manager of the group's internal capital management operations as a central institution, in 2021, BPCE:
  - issued on the market:
    - €4.5 billion in Tier 2 bonds (including €1.8 billion in contingent Tier 2),
    - €3.2 billion in senior non-preferred bonds; these issuances contribute to strengthening Groupe BPCE's capital and TLAC (Total Loss-Absorbing Capacity) and MREL ratios;
  - issued internally:
    - €2.7 billion of additional Tier 1 bonds, entirely subscribed by the Banques Populaires and the Caisses d'Epargne;
  - subscribed internally:
    - €0.9 billion of additional Tier 1 instruments issued by Natixis, mainly to renew former transactions,
    - €1.8 billion of Tier 2 instruments issued by Natixis, more than half of which are renewals of former transactions,
    - €1 billion in senior non-preferred instruments issued by Natixis.
- In 2021, BPCE SA's balance sheet base increased by €115 billion. This increase is mainly due to long-term liquidity circulation operations within the group.

1.4 EVENTS AFTER THE REPORTING PERIOD

There is no subsequent event.

Note 2 Accounting policies

2.1 VALUATION METHODS, PRESENTATION OF PARENT COMPANY FINANCIAL STATEMENTS AND REPORTING DATE

The format of the summary statements used complies with the format proposed by regulation No. 2014-07 of the French Accounting Standards Authority.

The parent company annual financial statements for the fiscal year ended on December 31, 2021 were approved by the Management Board on February 8, 2022. They will be presented to the General Meeting on May 19, 2022.

The amounts presented in the financial statements and in the notes are shown in millions of euros, unless otherwise indicated. Rounding may lead to differences between the amounts shown in the financial statements and those referred to in the notes.

2.2 CHANGES IN ACCOUNTING METHODS

On November 7, 2021, the ANC amended its recommendation on the rules for the valuation and recognition of pension commitments and similar benefits. This text introduces a choice of method for the distribution of benefit entitlements for defined benefit plans in which the granting of a benefit is conditional on both length of service, for a capped maximum amount, and on the beneficiary being present when he reaches retirement age. These are mainly end-of-career awards (*Indemnités de Fin de Carrière* – IFC).

BPCE is applying this text in advance for the year ending December 31, 2021. The method used is to allocate benefit entitlements as of the date on which each year of service counts towards the vesting of benefit entitlements. This change constitutes a change in accounting method resulting in a decrease in provisions of €6 million over the period 2021, with a corresponding entry in equity (retained earnings).

The comparative information presented for the fiscal year 2020 has not been restated for these effects but is specifically mentioned in the footnote.

The other texts adopted by the ANC that had mandatory application in 2021 did not have a significant impact on the parent company financial statements.

Unless otherwise stated, BPCE did not elect to apply in advance the texts adopted by the ANC for which application is optional.

2.3 ACCOUNTING POLICIES AND VALUATION METHODS

The financial statements for the fiscal year are presented in identical format to those for the previous fiscal year. Generally accepted accounting principles have been applied in compliance with the principle of prudence based on the following principles:

- the going-concern principle;
- consistency of accounting methods from one period to the next;
- independence of fiscal years;

and observance of the general rules governing the preparation and presentation of annual financial statements.

The basic method for valuing accounting entries is the historical cost method and all balance sheet items are presented, as appropriate, net of amortization, provisions and allowances for impairment.

Specific accounting principles are presented in the Notes to which they refer.

2.4 PRINCIPLES APPLICABLE TO BANKING RESOLUTION MECHANISMS

The terms and conditions governing the establishment of the deposit and resolution guarantee fund were amended by the Ministerial Order of October 27, 2015.

For the Guarantee Fund in respect of cash, collateral and securities deposits, the cumulative amount of contributions made by the group represented a non-material amount. Cumulative contributions (which are non-refundable in the event of a voluntary withdrawal of authorization) had no material impact on BPCE's financial statements. Contributions paid in the form of partner or association certificates and cash security deposits recognized as assets in the balance sheet were not material.

The resolution fund was set up in 2015 in accordance with European directive No. 2014/59/EU (Bank Recovery and Resolution Directive), which established a framework for the recovery and resolution of banks and investment firms, *i.e.* European regulation No. 806/2014 (Single Resolution Mechanism (SRM) Regulation). As of 2016, it became the Single Resolution Fund (SRF), formed by the Member States participating in the Single Supervisory Mechanism (SSM). The SRF is a financing mechanism available to the resolution authority (Single Resolution Board) for the implementation of resolution procedures.

The Single Resolution Board set the level of contributions for 2021 in accordance with Delegated Regulation No. 2015/63 and Implementing Regulation No. 2015/81 supplementing the BRRD on *ex-ante* contributions to bank resolution financing mechanisms. The amount of contributions made to the fund for the year was €81.6 million, of which €69.4 million were expensed and €12.2 million in the form of cash security deposits, which are recognized as assets on the balance sheet (15% of the calls for funds made in the form of cash security deposits). The cumulative amount of contributions recognized as assets on the balance sheet totaled €53.2 million at December 31, 2021.

Note 3 Information on the income statement

3.1 INTEREST AND SIMILAR INCOME AND EXPENSES

Accounting principles

Interest and similar commission income is recognized on a *pro rata* basis.

Negative interest is presented as follows:

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

Commissions and fees related to granting or acquiring a loan are treated as additional interest amortized over the effective life of the loan, on a *pro rata* basis according to the outstanding amount due.

The portion of income received during the year from bonds or negotiable debt securities is also recognized. The same applies to perpetual deeply subordinated notes that meet the definition of a Tier 1 regulatory capital instrument. The group considers that these revenues are effectively similar in nature to interest.

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Transactions with banks[(1)(2)]	2,671	(2,327)	344	1,951	(1,541)	410
Customer transactions[(1)]	8	(2)	6	8	(2)	6
Bonds and other fixed-income securities	890	(1,407)	(517)	823	(1,467)	(644)
Subordinated debt	0	(178)	(178)	0	(275)	(275)
Macro-hedging transactions[(3)]	5	0	5	11	0	11
TOTAL	**3,574**	**(3,914)**	**(340)**	**2,793**	**(3,285)**	**(492)**

(1) At December 31, 2021, negative interest income on transactions with banks and customers amounted to €2,159 million and expenses amounted to €1,676 million, as against €940 million in income and €916 million in expenses at December 31, 2020.

(2) Interest and similar income and expenses on transactions with banks include interest on TLTRO3 refinancing mentioned in Note 4.1 and those of associated loans granted to group institutions.

(3) Macro-hedging transactions are presented net.

3.2 INCOME FROM VARIABLE-INCOME SECURITIES

Accounting principles

Income from variable-income securities includes dividends and other income from equities and other variable-income securities, equity interests, other long-term investments and investments in affiliates.

Dividends are recognized when the right to receive payment has been decided by the competent body.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Equities and other variable-income securities	0	0
Equity interests and other long-term investments	329	163
Investments in affiliates	369	557
TOTAL	**698**	**720**

3.3 COMMISSIONS

Accounting principles

Fees and commissions that are similar in nature to interest are recognized under "Interest and similar income and expenses" (see Note 3.1).

Other commission income is recognized according to the type of service provided as follows:

- commissions received for an *ad hoc* service are recognized on completion of the service;
- commissions received for an ongoing or discontinued service paid for in several installments are recognized over the period in which the service is provided.

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	4	(2)	2	5	(2)	3
Customer transactions	2	(2)	0	1	(1)	0
Securities transactions	0	(2)	(2)	0	(2)	(2)
Payment services	1	(19)	(18)	0	(19)	(19)
Foreign exchange transactions	0	0	0	0	0	0
Off-balance sheet commitments	0	0	0	1	0	1
Financial services *	99	(7)	92	97	(8)	89
Consulting services	0	0	0	0	0	0
Other fee and commission income/(expense)	0	0	0	0	0	0
TOTAL	**106**	**(32)**	**74**	**104**	**(32)**	**72**

* Mainly concerns the securities custody activity.

3.4 NET GAINS OR LOSSES ON TRADING BOOK TRANSACTIONS

Accounting principles

Net gains or losses on trading book transactions include:

- net gains or losses on balance sheet and off-balance sheet securities transactions;
- net gains or losses on outright forward foreign exchange transactions, arising from currency purchases and sales and the periodic valuation of foreign currency and precious metal transactions;
- net gains or losses arising from transactions in forward financial instruments, in particular interest rate, foreign exchange and stock market index futures, whether firm or conditional, including those used to hedge trading book transactions.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Trading securities	0	0
Foreign exchange transactions	2	(1)
Forward transactions	(2)	(6)
TOTAL	**0**	**(7)**

3.5 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE SECURITIES AND EQUIVALENT

Accounting principles

This item comprises the net gains or losses on available-for-sale securities arising from the difference between a) provision reversals and capital gains on disposals and b) provision charges and losses on disposals.

	Fiscal year 2021	Fiscal year 2020
in millions of euros	Available-for-sale securities	Available-for-sale securities
Impairment		
Charges	(39)	(163)
Reversals	32	3
Net gain/(loss) on disposal	(5)	1
Other items	0	0
TOTAL	**(12)**	**(159)**

Gains and losses on available-for-sale securities include a €38 million charge to provisions for FIDOR and a €24 million reversal of provisions for fixed-income securities.

The charges recorded in 2020 mainly relate to FIDOR for an amount of €132 million.

3.6 OTHER BANKING INCOME AND EXPENSES

Accounting principles

Other banking income and expenses cover primarily the share in joint operations, the rebilling of banking income and expenses, income and expenses from real estate business and IT services.

	Fiscal year 2021			Fiscal year 2020		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Share in joint operations	0	0	0	0	0	0
Rebilling of banking income and expenses *	293	0	293	356	0	356
Electronic payment terminal business	0	0	0	0	0	0
Amortization and rebilling of issuance costs	0	(17)	(17)	0	(21)	(21)
Real estate business	0	0	0	0	0	0
Custody	7	0	7	7	0	7
IT services	0	0	0	0	0	0
Other activities	0	(1)	(1)	5	(48)	(43)
Other related income and expenses	0	0	0	0	0	0
TOTAL	**300**	**(18)**	**282**	**368**	**(69)**	**299**

* Rebilling of "central institution" activities (listed in the French Monetary and Financial Code), presented as NBI.

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3.7 OPERATING EXPENSES

Accounting principles

Operating expenses include payroll costs (wages and salaries), employee profit-sharing and incentive schemes, social security charges and payroll taxes. Other administrative costs are also recorded, including other taxes and fees paid for external services.

in millions of euros	Fiscal year 2021	Fiscal year 2020
Wages and salaries	(268)	(217)
Pension costs and similar obligations[1][2]	(25)	(43)
Other social security charges	(85)	(76)
Employee incentive scheme	(35)	(19)
Employee profit-sharing scheme	0	0
Payroll taxes	(42)	(36)
Total payroll costs	**(455)**	**(391)**
Taxes other than on income	(1)	1
Other operating expenses	(583)	(640)
Rebilled expenses[3]	469	614
Total other operating expenses	**(115)**	**(25)**
TOTAL	**(570)**	**(416)**

(1) Including additions, utilizations, and reversals of provisions for employee benefits (see Note 3.9.3).
(2) The change in accounting method for the allocation of benefit entitlements introduced by the amendment to ANC recommendation No. 2013-02 would have given rise to the recognition of an amount of -€0.3 million in income for 2020.
(3) The amount of rebilled expenses for 2020 included a catch-up effect for 2019 following a change in the scope of consolidation.

The average number of employees in service during the year, broken down by professional category, is as follows as of December 31, 2021: 2,281 managers and 293 non-managers, *i.e.* a total of 2,574 employees, compared with 2,187 managers and 318 non-managers, *i.e.* a total of 2,505 employees as of December 31, 2020

3.8 COST OF RISK

Accounting principles

"Cost of risk" includes only the cost related to credit risk (or counterparty risk). Credit risk is the existence of a potential loss related to the possibility of the counterparty defaulting on its obligations. The term "counterparty" refers to any legal entity that receives a loan or an off-balance sheet commitment, is party to a forward financial instrument or is the issuer of a debt security.

Cost of credit risk is calculated when the loan is classified as non-performing, *i.e.* when it is probable that the group will not collect all or part of the sums owed under the terms of the commitments made by the counterparty in accordance with the initial contractual provisions, notwithstanding any guarantees or collateral.

The credit risk is also measured when a credit risk is identified on performing loans showing a significant increase in credit risk since their initial recognition (see Notes 4.1, 4.2.1, and 4.3.1).

Cost of credit risk therefore consists of all the impairment charges and reversals related to receivables due from customers and banks, fixed-income securities held to maturity (if there is known to be a risk of default by the issuer), provisions for off-balance sheet commitments (excluding off-balance sheet financial instruments) as well as losses on irrecoverable loans and recoveries of bad debts written off.

However, allocations to and reversals of provisions, losses on irrecoverable loans or recoveries of impaired loans relating to interest on non-performing loans for which provisioning is mandatory are classified under "Interest and similar income" and "Other banking income" in the income statement. For trading securities, available-for-sale securities, equity securities available for sale in the medium term and forward financial instruments, cost of counterparty risk is recognized directly in the items recording the gains and losses on these portfolios, except where there is a known risk of default by the counterparty that may effectively be isolated and where changes in counterparty risk provisions are therefore recorded in "cost of risk".

As mentioned in Note 4.1, most of the receivables on the balance sheet of BPCE SA relate to institutions benefiting from the guarantee and solidarity system presented in Note 1.2, which explains why this item is not material in the BPCE SA financial statements for the years 2021 and 2020.

3.9 GAINS OR LOSSES ON LONG-TERM INVESTMENTS

Accounting principles

Gains or losses on long-term investments include:

- gains or losses on disposals of property, plant and equipment and intangible assets used for the bank's operations, arising from the difference between a) capital gains and losses on disposals and b) allocations and reversals of provisions;
- gains or losses on investments in associates, other long-term investments, equity interests, affiliates and held-to-maturity securities, arising from the difference between a) provision reversals and capital gains on disposals and b) provision charges and losses on disposals.

in millions of euros	Fiscal year 2021				Fiscal year 2020			
	Equity interests and other long-term investments	Held-to-maturity securities	Property, plant and equipment and intangible assets	TOTAL	Equity interests and other long-term investments	Held-to-maturity securities	Property, plant and equipment and intangible assets	TOTAL
Impairment								
Charges	(326)	0	0	(326)	(1,910)	0	0	(1,910)
Reversals	1,663	0	0	1,663	564	0	0	564
Net gain/(loss) on disposal	817	0	0	817	5	0	0	5
TOTAL	**2,154**	**0**	**0**	**2,154**	**(1,341)**	**0**	**0**	**(1,341)**

Gains or losses on investments in associates, equity interests, affiliates and other long-term investments included specifically:

- provisions for impairment of investments in associates:
  - Banque Palatine (€190 million),
  - BPCE Factor (€60 million),
  - BPCE International (€56 million);
- reversals of provisions for impairment on investments in associates:
  - Natixis (€1,429 million),
  - Compagnie Européenne de Garanties et de Cautions (€164 million),
  - Crédit Foncier (€68 million);
- gains or losses on the sale of investments in associates and other long-term securities:
  - CNP Assurances (€819 million).

The valuation of investments in associates carried out in 2021 is described in Note 4.4.

3.10 NON-RECURRING INCOME

Accounting principles

This item only includes income and expenses before tax, which are generated or occur on an exceptional basis and are not related to the group's regular activities.

No non-recurring income was recorded in the 2021 and 2020 fiscal years.

3.11 INCOME TAX

Accounting principles

As of 2010, BPCE opted to apply the provisions of Article 91 of the amended French Finance act for 2008 which extended the tax consolidation regime to networks of mutual banks. This option is modeled on the tax consolidation for mutual insurers and takes into account consolidation criteria not based on ownership interest (the scheme is usually available if at least 95% of the share capital of a subsidiary is owned by a parent company).

As head of the group, BPCE signed a tax consolidation agreement with members of its group (including the 14 Banques Populaires, the 15 Caisses d'Epargne, and BPCE subsidiaries, including BPCE International, Crédit Foncier, Banque Palatine and BPCE SFH).

In accordance with the terms of this agreement, BPCE recognizes a receivable for the tax to be paid to it by the other members of the tax consolidation group along with a payable corresponding to the tax to be paid to the tax authorities on behalf of the consolidation group.

The income tax expense for the period corresponds to the tax expense of BPCE in respect of 2021, corrected to reflect the impact of tax consolidation upon the group.

3.11.1 INCOME TAX FOR 2021

Income tax is determined at the level of the BPCE tax consolidation group. BPCE SA's contribution breaks down as follows:

in millions of euros	Fiscal year 2021		
Taxable bases at the following rates:	**27.50%**	**19%**	**15%**
Tax on current income(1)	4,199		7
Tax on non-recurring income	0		
Taxable bases	**4,199**	**0**	**7**
Applicable tax	(1,156)		
+ 3.3% supplementary corporate tax	(38)		
+ Extraordinary contributions	0		
- Deductions in respect of tax credits	64		
Reported income tax(1)	**(1,130)**	**0**	**0**
Tax consolidation effect(2)	1,260		
Adjustments to previous periods	9		
Impact of tax reassessments	(68)		
Provisions for the return to profitability of subsidiaries	(40)		
Provisions for taxes	(64)		
TOTAL	**(33)**	**0**	**0**

(1) For the BPCE tax consolidation group.
(2) Contributions receivable from members of the BPCE tax consolidation group.

In 2021, income taxes totaled -€33 million, representing an additional charge of €300 million compared with 2020. This impact is mainly due to two effects: on the one hand, an improvement in the tax base in connection with the improvement in income combined with a reduction in the tax rate, and on the other hand, exceptional expenses related to tax treatments carried out within the group.

3.11.2 TAXABLE INCOME – CHANGE FROM ACCOUNTING TO TAXABLE INCOME

in millions of euros	Fiscal year 2021	Fiscal year 2020
Net accounting income (A)	**2,213**	**(1,073)**
Corporate tax (B) *	**33**	**(265)**
Add-backs (C)	**506**	**1,864**
Impairments and provisions	35	136
UCITS	12	0
Long-term capital losses under exemptions	0	1,348
Share of profit from partnerships or joint ventures	10	159
Other items	449	221
Deductions (D)	**2,894**	**872**
Long-term capital gains under exemptions	2,155	0
Reversals of impairment and provisions	46	122
Dividends	536	239
Share of profit from partnerships or joint ventures	0	0
UCITS	0	1
Other items	157	510
Tax base at normal rate (A)+(B)+(C)-(D)	**(142)**	**(346)**

* Income tax is funded by the tax consolidation expense or income of Groupe BPCE recognized in the parent company financial statements.

3.12 REGULATED PROVISIONS

In 2021, the provision of €24 million corresponds to the accelerated amortization of acquisition costs of investments in associates. Which, as mentioned in Note 4.4, are included in the acquisition price of the shares.

3.13 BREAKDOWN OF ACTIVITY

in millions of euros	Fiscal year 2021	Fiscal year 2020
Financial management	(165)	(292)
Eurotitres[(1)]	98	99
Secretary General SEF[(1)]	0	0
Holding company[(2)]	521	376
Central institution	248	250
Net banking income	**702**	**433**
Financial management	(62)	(63)
Eurotitres[(1)]	(87)	(82)
Secretary General SEF[(1)]	(5)	(7)
Holding company	(185)	(127)
Central institution	(247)	(153)
Operating expenses	**(586)**	**(432)**
Gross operating income	**116**	**1**
Cost of risk	0	0
Net operating income	**116**	**1**
Financial management	(16)	(10)
Holding company	2,170	(1,331)
Gains or losses on long-term investments	**2,154**	**(1,341)**
Income before tax	**2,270**	**(1,340)**

(1) The Financial Solutions & Expertise business line has been separated into Eurotitres and Secretary General SEF in 2021. The 2020 data has been restated for comparability purposes.
(2) Dividends from FSE subsidiaries are now included in Holding. The 2020 data has been restated for comparability purposes.

The various activities are detailed in the management report (Chapter 5.5).

5

Note 4 Balance sheet information

Unless otherwise indicated, explanatory notes for balance sheet items are presented net of depreciation, amortization, impairment and provisions.

Certain credit risk disclosures required by regulation No. 2014-07 of the French Accounting Standards Authority (ANC) are presented in the risk management report. This information forms part of the financial statements certified by the Statutory Auditors.

4.1 INTERBANK TRANSACTIONS

Accounting principles

Loans and advances to banks cover all loans and advances made in connection with banking transactions with the exception of those represented by a security. They also include securities purchased under resale agreements, regardless of the type of underlying asset, and loans and advances relating to securities under repurchase agreements. They are broken down between demand loans and advances and term loans and advances. Loans to banks are recorded in the balance sheet at their nominal value, with the exception of buybacks of customer loans which are recorded at acquisition cost, plus accrued interest and net of any impairment charges recognized for credit risk.

Amounts due to banks are recorded under demand deposits and current accounts or term deposits and borrowings. Amounts due to customers are classified into regulated savings accounts and other deposits for customers. Depending on the counterparty involved, these items include securities and other assets sold under repurchase agreements. Accrued interest is recorded under related payables.

Guarantees received are booked as off-balance sheet items. They are remeasured on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the principal amount outstanding on the loan.

Restructured loans

Within the meaning of ANC Regulation No. 2014-07, restructured loans are non-performing loans whose initial characteristics (term, interest rate) are modified to allow the counterparties to repay the amounts due.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used for fixed-rate loans is the initial effective interest rate and the discount rate used for variable-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual rate. This discount is expensed to "Cost of risk" in income and offset against the corresponding outstanding in the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method.

A restructured loan may be reclassified as performing when the new repayment dates are observed. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to non-performing.

Non-performing loans

Non-performing loans consist of all outstanding amounts (whether or not they are due, guaranteed or other), where at least one commitment made by the obligor has involved a known credit risk, classified as such on an individual basis. Loans are considered "at risk" when it is probable that the group will not collect all or part of the sums due under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral.

Non-performing loans are identified in compliance with ANC Regulation No. 2014-07, particularly in the case of loans with payments more than three months past due (more than six months past due for real estate loans and more than nine months past due for loans to local authorities).

Non-performing loans are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely and a write-off is considered. Loans and advances whose terms have lapsed, terminated lease financing arrangements and perpetual loans which have been rescinded, are considered as irrecoverable. The existence of guarantees covering nearly all risks, along with the conditions for classification as non-performing loans, shall be taken into consideration in order to qualify a non-performing loan as irrecoverable and to assess the associated impairment provision. A debt that has been classified as non-performing for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from non-performing to irrecoverable does not automatically entail the reclassification of the counterparty's other non-performing loans and commitments to irrecoverable.

For non-performing loans, accrued interest or interest due but not yet received is recognized in banking income and impaired accordingly. For irrecoverable loans and advances, accrued interest due but not yet received is not recognized.

Non-performing loans are reclassified as performing once the obligor resumes regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

Repurchase agreements

Securities repurchase agreements are recognized in accordance with ANC Regulation No. 2014-07, supplemented by FBF Instruction No. 94-06, as amended.

The assets sold continue to be recorded in the vendor's balance sheet, with a corresponding entry for the amount collected, representing its debt to the purchaser, under liabilities. The buyer records the amount paid under assets, representing the amount owed to the vendor. At each balance sheet date, the assets, as well as the liability towards the buyer or the amount owed to the vendor, are measured in accordance with the rules specific to these transactions.

Impairment

Loans for which recovery is uncertain result in the recognition of an impairment loss on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of guarantees received. They are determined at least quarterly and are calculated in reference to available guarantees and a risk analysis. At a minimum, impairment losses cover the interest not received on non-performing loans.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal amount outstanding and the projected cash flows discounted at the initial effective interest rate. Projected cash flows are determined by category of receivables, based on past losses and/or expert analysis, and are positioned over time using debt schedules based on past collection records.

Impairment charges and reversals recognized for non-recovery risk are recorded under "Cost of risk" except for the impairment of interest on non-performing loans, which is recorded as impaired interest under "Interest and similar income".

The reversal of the impairment related to the passage of time alone is recorded under "Cost of risk".

Irrecoverable loans and advances are written off as losses and the corresponding impairment allowances are reversed.

LOANS AND ADVANCES DUE FROM BANKS

in millions of euros	12/31/2021	12/31/2020
Current accounts	2,370	1,538
Overnight loans	3,302	6,008
Securities purchased under demand repurchase agreements	0	0
Unallocated items	19	26
Accrued interest on demand accounts	0	0
Demand accounts	**5,691**	**7,572**
Term accounts and loans	297,460	196,528
Subordinated and participating loans *	5,501	3,873
Securities purchased under term repurchase agreements	1,262	2,877
Accrued interest on term accounts	(592)	(263)
Term receivables	**303,631**	**203,015**
Non-performing loans	**0**	**0**
o/w irrecoverable non-performing loans	*0*	*0*
Impairment of interbank loans and advances	**0**	**0**
o/w impairment of irrecoverable non-performing loans	*0*	*0*
TOTAL	**309,322**	**210,587**

* The increase in subordinated and participating loans relates to the granting to Natixis of undated super-subordinated loans meeting the definition of additional Tier 1 capital, of €878 million, of which $430 million (see Note 4.1). These loans replace instruments of the same nature issued in the form of securities that were prepaid following the exercise of the contractual option.

At December 31, 2021, receivables arising from transactions with the networks can be broken down into €5,350 million in demand accounts, and €286,861 million in term accounts. At December 31, 2020, receivables arising from transactions with the networks can be broken down into €7,449 million in demand accounts, and €189,038 million in term accounts.

Loans and advances due from banks therefore mainly relate to institutions benefiting from the guarantee and solidarity system presented in Note 1.2, which explains the absence of impairment.

The increase in the item "Term accounts and loans" is mainly due to long-term liquidity operations within Groupe BPCE.

AMOUNTS DUE TO BANKS

in millions of euros	12/31/2021	12/31/2020
Current accounts	59,430	48,955
Overnight deposits	4,505	8,335
Securities sold under demand repurchase agreements	0	0
Other amounts due	7	64
Accrued interest on demand accounts	(19)	(16)
Demand accounts	**63,923**	**57,338**
Term accounts and loans	262,753	164,031
Securities sold under term repurchase agreements	17,787	17,343
Accrued interest payable on term loans	(1,333)	(366)
Term accounts	**279,207**	**181,008**
TOTAL	**343,130**	**238,346**

At December 31, 2021, amounts payable arising from transactions with the networks can be broken down into €62,253 million in demand accounts, and €170,812 million in term accounts. At December 31, 2020, amounts payable arising from transactions with the networks can be broken down into €55,282 million in demand accounts, and €88,561 million in term accounts.

The increase in the item "Term accounts and loans" is mainly due to long-term liquidity operations within the group. In addition, participation in the long-term refinancing operations (TLTRO 3) with the ECB will reach €97,196 million by December 31, 2021. This debt has given rise to the recognition of interest income in the item "Interest and similar income" on the basis of a subsidized rate of -1% applicable over the period insofar as the group considers it highly probable that it will achieve the stability objectives of outstanding loans defined by the ECB.

4.2 CUSTOMER TRANSACTIONS

Accounting principles

Amounts due from customers include loans to entities other than banks, with the exception of debt securities issued by customers, assets purchased under resale agreements, and receivables corresponding to securities sold under repurchase agreements. They are broken down between business loans, current accounts with overdrafts and other facilities granted to customers. Loans granted to customers are recorded in the balance sheet at their nominal value, with the exception of repurchases of customer loans which are recorded at acquisition cost, plus accrued interest and net of any impairment charges recognized for credit risk. Fees and marginal transaction costs are added to the principal amount outstanding on the loan in question.

Guarantees received are booked as off-balance sheet items. They are remeasured on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the principal amount outstanding on the loan.

Restructured loans

Within the meaning of ANC Regulation No. 2014-07, restructured loans are non-performing loans whose initial characteristics (term, interest rate) are modified to allow the counterparties to repay the amounts due.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used for fixed-rate loans is the initial effective interest rate and the discount rate used for variable-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual rate. This discount is expensed to "Cost of risk" in income and offset against the corresponding outstanding in the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method.

A restructured loan may be reclassified as performing when the new repayment dates are observed. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to non-performing.

Non-performing loans

Non-performing loans consist of all outstanding amounts (whether or not they are due, guaranteed or other), where at least one commitment made by the obligor has involved a known credit risk, classified as such on an individual basis. Loans are considered "at risk" when it is probable that the group will not collect all or part of the sums due under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral.

Non-performing loans are identified in compliance with ANC Regulation No. 2014-07, particularly in the case of loans with payments more than three months past due (more than six months past due for real estate loans and more than nine months past due for loans to local authorities).

Non-performing loans are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely and a write-off is considered. Loans and advances whose terms have lapsed, terminated lease financing arrangements and perpetual loans which have been rescinded, are considered as irrecoverable. The existence of guarantees covering nearly all risks, along with the conditions for classification as non-performing loans, shall be taken into consideration in order to qualify a non-performing loan as irrecoverable and to assess the associated impairment provision. A debt that has been classified as non-performing for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from non-performing to irrecoverable does not automatically entail the reclassification of the counterparty's other non-performing loans and commitments to irrecoverable.

For non-performing loans, accrued interest or interest due but not yet received is recognized in banking income and impaired accordingly. For irrecoverable loans and advances, accrued interest due but not yet received is not recognized.

Non-performing loans are reclassified as performing once the obligor resumes regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

Repurchase agreements

Securities repurchase agreements are recognized in accordance with ANC Regulation No. 2014-07, supplemented by FBF Instruction No. 94-06, as amended.

The assets sold continue to be recorded in the vendor's balance sheet, with a corresponding entry for the amount collected, representing its debt to the purchaser, under liabilities. The buyer records the amount paid under assets, representing the amount owed to the vendor. At each balance sheet date, the assets, as well as the liability towards the buyer or the amount owed to the vendor, are measured in accordance with the rules specific to these transactions.

Impairment

Loans for which recovery is uncertain result in the recognition of an impairment loss on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of guarantees received and the costs of taking possession and selling the collateral. They are determined at least quarterly and are calculated in reference to available guarantees and a risk analysis. At a minimum, impairment losses cover the interest not received on non-performing loans.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal amount outstanding and the projected cash flows discounted at the initial effective interest rate. Projected cash flows are determined by category of receivables, based on past losses and/or expert analysis, and are positioned over time using debt schedules based on past collection records.

Impairment charges and reversals recognized for non-recovery risk are recorded under "Cost of risk" except for the impairment of interest on non-performing loans, which is recorded as impaired interest under "Interest and similar income".

The reversal of the impairment related to the passage of time alone is recorded under "Cost of risk".

Irrecoverable loans and advances are written off as losses and the corresponding impairment allowances are reversed.

4.2.1 CUSTOMER TRANSACTIONS

RECEIVABLES DUE FROM CUSTOMERS

in millions of euros	12/31/2021	12/31/2020
Current accounts with overdrafts	**3**	**45**
Business loans	**0**	**0**
Export loans	0	0
Short-term credit facilities and Consumer Loans	82	80
Equipment loans	663	603
Overnight loans	0	0
Home loans	0	0
Other customer loans	0	0
Securities purchased under resale agreements	350	2,397
Subordinated loans	420	420
Other	**236**	**121**
Other facilities granted to customers	**1,751**	**3,621**
Accrued interest	**2**	**(8)**
Non-performing loans	**4**	**3**
Impairment of customer loans and advances	**(3)**	**(1)**
TOTAL	**1,757**	**3,660**

AMOUNTS DUE TO CUSTOMERS

	12/31/2021			12/31/2020		
in millions of euros	Demand	Term	TOTAL	Demand	Term	TOTAL
Current accounts	1,165	0	1,165	1,534	0	1,534
Loans from financial sector customers	0	214	214	0	0	0
Securities sold under repurchase agreements	0	1,987	1,987	0	4,754	4,754
Other accounts and loans	0	0	0	0	0	0
Accrued interest	0	(1)	(1)	0	(5)	(5)
TOTAL	**1,165**	**2,200**	**3,365**	**1,534**	**4,749**	**6,283**

4.2.2 BREAKDOWN OF OUTSTANDING LOANS BY TYPE OF CUSTOMER

	Performing loans and advances	Non-performing loans		O/w irrecoverable non-performing loans	
in millions of euros	Gross	Gross	Individual impairment	Gross	Individual impairment
Non-financial companies	746	4	(3)	4	(3)
Self-employed customers					
Insurance companies	770				
Non-profit institutions					
Government and social security institutions	3				
Other	237				
TOTAL AT DECEMBER 31, 2021	**1,756**	**4**	**(3)**	**4**	**(3)**
TOTAL AT DECEMBER 31, 2020	**3,658**	**3**	**(1)**	**3**	**(1)**

4.3 TREASURY BILLS, BONDS, EQUITIES AND OTHER FIXED/VARIABLE-INCOME SECURITIES

Accounting principles

The term "securities" covers interbank market securities, treasury bills and other negotiable debt securities, bonds and other fixed-income instruments (*i.e.* whose returns do not change), equities and other variable-income instruments.

For accounting purposes, securities transactions are governed by ANC Regulation No. 2014-07, which sets out the general accounting and measurement rules applicable to securities and the rules governing specific transactions such as temporary sales of securities.

Securities are classified in the following categories: investments in associates and affiliates, other long-term investments, debt securities held to maturity, equity securities available for sale in the medium term, securities available for sale, and trading securities.

With respect to trading securities, securities available for sale, debt securities held to maturity, and equity securities available for sale in the medium term, provisions for counterparties with known default risks whose impact can be separately identified are recognized in the form of impairment charges. Changes in impairment are recorded under "Cost of risk".

In the event of a securities lending transaction, the securities loaned cease to appear on the balance sheet and a receivable representing the carrying amount of the securities loaned is recognized as an asset.

In the case of a securities borrowed transaction, the borrowed securities are recorded in the trading securities category with a corresponding liability to the securities debt to the lender for an amount equal to the market price of the securities borrowed on the date of borrowing. Securities borrowed are presented in the balance sheet as a deduction from the debt representing the value of the securities borrowed.

Trading securities

These are securities acquired or sold with the intention to resell or repurchase them after a short holding period. In order to be eligible for this category, the securities must be tradable on an active market at the date of their initial recognition and their market prices must be accessible, representing actual transactions regularly occurring in the market under normal trading conditions. They may be either fixed- or variable-income instruments.

Trading securities are recorded in the accounts at cost on their acquisition date, less transaction costs and including accrued interest, where applicable. In the event of short selling, the debt is recorded under liabilities in the amount of the selling price of the securities, less transaction costs.

They are marked to market at the end of the fiscal year based on the market price on the most recent trading day. The overall balance of differences resulting from fluctuations in prices is taken to the income statement. For UCITS and investment funds, market value corresponds to net asset values reflecting available market information at the balance sheet date.

Securities classified as trading securities may not be transferred to another accounting category (except in exceptional market situations requiring a change of strategy or in the absence of an active market for fixed-income securities), and the rules for their presentation and measurement continue to apply until they are sold, redeemed in full or written off.

Available-for-sale securities

Securities that do not qualify for recognition in any other category are considered as available-for-sale securities.

Available-for-sale securities are recorded in the accounts at cost on their acquisition date, less transaction costs.

Where applicable, for fixed-income securities, accrued interest is recognized as a balancing entry in the income statement under "Interest and similar income".

Any difference between the acquisition price and the redemption value (premium or discount) for fixed-income instruments is recorded in the income statement over the remaining term of the security using the actuarial method.

Available-for-sale securities are measured at the lower of acquisition cost or market price. For UCITS and investment funds, market value corresponds to net asset values reflecting available market information at the balance sheet date.

Unrealized capital losses are subject to an impairment charge that can be estimated for each group of similar securities, with no offsetting against capital gains recorded on other categories of securities.

Gains generated by hedging instruments, if any, as defined by Article 2514-1 of ANC Regulation No. 2014-07, are taken into account for the calculation of impairment. Unrealized capital gains are not recognized.

Gains and losses on disposal of available-for-sale securities, as well as impairment charges and reversals are recorded under "Net gains or losses on available-for-sale securities and equivalent".

Held-to-maturity securities

These include fixed-income securities with fixed maturity that were acquired or have been reclassified from "Trading securities" or "Available-for-sale securities" and which the company intends and is able to hold to maturity. The securities should not be subject to an existing restriction, legal or otherwise, liable to have an adverse effect on the company's intention to hold the securities to maturity. Classification as held-to-maturity securities is not incompatible with their designation as items hedged against interest rate risk.

Securities held to maturity are recorded in the accounts at cost as of their acquisition date, less transaction costs. When previously classified as available for sale, they are recorded at cost and the previously recognized impairment charges are reversed over the residual life of the relevant securities.

The difference between the acquisition cost and the redemption value of the securities, and the corresponding interest, are recognized in accordance with the same rules as those applicable to fixed-income securities available for sale.

An impairment loss may be recognized if there is a strong probability that the institution will not hold the securities to maturity due to new circumstances or if there is a risk of default by the issuer. Unrealized capital gains are not recognized.

Debt securities held to maturity cannot be sold or transferred to another category of securities, with certain exceptions.

However, pursuant to the provisions of ANC Regulation No. 2014-07, fixed-income trading or available-for-sale securities reclassified to the category of debt securities held to maturity as a result of market illiquidity may be sold when the market on which they are traded becomes active again.

4.3.1 SECURITIES PORTFOLIO

	12/31/2021				12/31/2020			
in millions of euros	Transaction	Available-for-sale securities	Securities held to maturity	Total	Transaction	Available-for-sale securities	Securities held to maturity	Total
Gross amount		557		557		733		733
Accrued interest		2		2		23		23
Impairment		0		0		0		0
Treasury bills and equivalent	**0**	**559**	**0**	**559**	**0**	**756**	**0**	**756**
Gross amount		1,968	2,652	4,620		2,318	2,728	5,046
Accrued interest		6	16	22		7	16	23
Impairment		(27)		(27)		(51)	(1)	(52)
Bonds and other fixed-income securities	**0**	**1,947**	**2,668**	**4,615**	**0**	**2,274**	**2,743**	**5,017**
Gross amount		1,519		1,519		3,372		3,372
Accrued interest		0		0		0		0
Impairment		(234)		(234)		(214)		(214)
Equities and other variable-income securities	**0**	**1,285**	**0**	**1,285**	**0**	**3,158**	**0**	**3,158**
TOTAL	**0**	**3,791**	**2,668**	**6,459**	**0**	**6,188**	**2,743**	**8,931**

Other changes in available-for-sale and held-to-maturity securities

The change in bonds and other fixed-income securities classified as available-for-sale securities mainly reflects the amortization of shares in a portfolio of mortgage loan or public asset securitizations for a nominal amount of €140 million.

The change in bonds and other fixed-income securities classified as held-to-maturity securities mainly reflects the amortization of shares in a portfolio of mortgage loan or public asset securitizations for a nominal amount of €177 million.

The change in variable-income securities, classified as available-for-sale securities, is mainly due to the sale of a UCITS cash fund for €1,649 million and the sale of Visa Inc. Class A preference shares for €240 million.

The market value of held-to-maturity securities stood at €2,677 million.

At December 31, 2021, unrealized capital gains totaled €189 million, and capital losses €332 million.

TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES: BREAKDOWN BY TYPE OF LISTING

	12/31/2021				12/31/2020			
in millions of euros	Transaction	Available-for-sale securities	Securities held to maturity	Total	Transaction	Available-for-sale securities	Securities held to maturity	Total
Listed securities		2,011		2,011		2,346		2,346
Unlisted securities		487	2,652	3,139		654	2,727	3,381
Securities loaned				0				0
Non-performing loans				0				0
Accrued interest		8	16	24		30	16	46
TOTAL	**0**	**2,506**	**2,668**	**5,174**	**0**	**3,030**	**2,743**	**5,773**
o/w subordinated notes				*0*				*0*

Unrealized losses on available-for-sale securities (before taking into account hedging derivatives) totaled €33 million at December 31, 2021, compared with €49 million at December 31, 2020.

Unrealized gains on available-for-sale securities totaled €46 million at December 31, 2021 compared with €74 million at December 31, 2020.

Unrealized gains on held-to-maturity securities amounted to €64 million at December 31, 2021 compared with €71 million at December 31, 2020.

Unrealized capital losses on held-to-maturity securities, whether or not they are subject to an impairment charge for counterparty risk, totaled €39 million at December 31, 2021 compared with €131 million at December 31, 2020.

At December 31, 2021, bonds and other fixed-income securities issued by public-sector organizations amounted to €557 million compared with €734 million at December 31, 2020.

EQUITIES AND OTHER VARIABLE-INCOME SECURITIES: BREAKDOWN BY TYPE OF LISTING

	12/31/2021			12/31/2020		
in millions of euros	Transaction	Available-for-sale securities	Total	Transaction	Available-for-sale securities	Total
Listed securities		1,234	1,234		3,114	3,114
Unlisted securities		51	51		44	44
Accrued interest			0			0
TOTAL	**0**	**1,285**	**1,285**	**0**	**3,158**	**3,158**

The change in variable-income securities, classified as available-for-sale securities, is mainly due to the sale of a UCITS cash fund for €1,649 million and the sale of Visa Inc. Class A preference shares for €240 million.

At December 31, 2021, equities and other variable-income securities included €1,284 million in UCITS, with accumulation funds accounting for €1,234 million of that total (compared with €2,911 million in UCITS at December 31, 2020, including €2,862 million in accumulation funds).

Unrealized losses on impaired available-for-sale securities totaled €260 million at December 31, 2021. As at December 31, 2020, unrealized losses subject to an impairment charge amounted to €222 million.

Unrealized gains on available-for-sale securities totaled €78 million at December 31, 2021. As of December 31, 2020, unrealized gains on available-for-sale securities amounted to €100 million.

4.3.2 CHANGES IN HELD-TO-MATURITY SECURITIES

in millions of euros	12/31/2020	Purchases	Disposals and redemptions	Transfer of categories	Conversion	Discount/ premium	Other changes	12/31/2021
Bonds and other fixed-income securities	2,743		(177)		86	15	1	2,668
TOTAL	**2,743**	**0**	**(177)**	**0**	**86**	**15**	**1**	**2,668**

The changes are explained by the amortization of securities in the mortgage and public asset securitization portfolio for a nominal amount of €177 million.

4.3.3 RECLASSIFICATION OF ASSETS

Accounting principles

In the interest of harmonizing accounting practices and ensuring consistency with IFRS, ANC Regulation No. 2014-07 reiterates the provisions of Opinion No. 2008-19 of December 8, 2008 on the reclassification of securities out of the "Trading securities" and "Available-for-sale securities" categories.

Reclassification from the "Trading securities" category to the "Available-for-sale" and "Held-to-maturity" categories is now allowed in the following two cases:

- under exceptional market circumstances calling for a change of strategy;
- where fixed-income securities are no longer, after their acquisition, tradable on active markets, and provided that the company has the intention and ability to hold them in the foreseeable future or until they reach maturity.

Reclassifications from the "Available-for-sale" category to the "Held-to-maturity" category are effective as from the reclassification date in either of the following conditions:

- under exceptional market circumstances calling for a change of strategy;
- where fixed-income securities are no longer tradable on an active market.

In its March 23, 2009 press release, the *Conseil national de la comptabilité* (CNC – French National Accounting Board) specified that "the possibility of portfolio transfers, in particular from available-for-sale securities portfolios to held-to-maturity securities portfolios as specified under Article 19 of CRB Regulation No. 90-01 before it was updated by CRC Regulation No. 2008-17, remains in force and is not repealed by ANC Regulation No. 2014-07. As CRC Regulation No. 2008-17, replaced by ANC Regulation No. 2014-07, provided for additional possibilities of transfers between portfolios, these new transfer possibilities are added, as of the regulation's effective date of July 1, 2008, to those previously defined".

Consequently, reclassification from the available-for-sale securities portfolio to the held-to-maturity portfolio remains possible through a simple change of intention if, at the transfer date, all the criteria for a held-to-maturity portfolio are met.

Reclassification due to a change of intention (provisions of CRB Regulation No. 90-01 prior to CRC Regulation No. 2008-17, replaced by ANC Regulation No. 2014-07)

BPCE has not reclassified any assets in the last two fiscal years.

In fiscal year 2021, the amortization of held-to-maturity securities reclassified in 2015 as available-for-sale securities represented a nominal amount of €140 million.

4.4 EQUITY INTERESTS, AFFILIATES AND OTHER LONG-TERM INVESTMENTS

Accounting principles

Investments in associates and affiliates

Securities falling into this category are securities which, if held over the long term, are deemed useful for the company's operations, mainly by allowing the company to exercise significant influence or control over the administrative bodies of the issuing companies.

Investments in associates and affiliates are recorded at cost, including transaction costs, if the amounts are significant.

They are individually measured at the balance sheet date at the lower of acquisition cost or value in use. Value in use is determined, in particular, on the basis of criteria such as the strategic nature of the investment, the intention to support the business or retain the investment, share price performance, net assets or restated net assets, and forecasts. Impairment is recognized for any unrealized capital losses, calculated for each line of securities, and is not offset with unrealized capital gains. Unrealized capital gains are not recognized.

Securities recorded under investments in associates and affiliates cannot be transferred to any other accounting category.

Other long-term investments

Other long-term investments are securities acquired with the intention of promoting the development of lasting business relationships, by creating special ties with the issuer, without taking an active part in its management due to the small percentage of voting rights that the investment represents.

Other long-term investments are recognized at acquisition cost, less transaction costs.

They are included in the balance sheet at the lower of historical cost or value in use. Value in use is determined for listed and unlisted securities based on the amount the company would agree to pay to obtain the securities, given its investment objective, if it were to acquire them. An impairment charge is recognized for any unrealized capital losses. Unrealized capital gains are not recognized.

Securities classified as other long-term investments may not be transferred to any other accounting category.

4.4.1 CHANGES IN EQUITY INTERESTS, INVESTMENTS IN AFFILIATES AND LONG-TERM INVESTMENTS

in millions of euros	12/31/2020	Increase	Decrease	Conversion	Other movements	12/31/2021
Equity interests and other long-term investments	5,499	24	(2,361)	84	0	3,246
Investments in affiliates	25,873	3,838	(9)	0	0	29,702
o/w current account advances & perpetual deeply subordinated notes	*2,727*	*0*	*(755)*	*78*	*0*	*2,050*
Gross amount	**31,372**	**3,862**	**(2,370)**	**84**	**0**	**32,948**
Equity interests and other long-term investments	(435)	(19)	3	0	0	(451)
Investments in affiliates	(7,167)	(307)	1,660	0	0	(5,814)
o/w current account advances & perpetual deeply subordinated notes	*(3)*	*0*	*3*	*0*	*0*	*0*
Impairment	**(7,602)**	**(326)**	**1,663**	**0**	**0**	**(6,265)**
TOTAL	**23,770**	**3,536**	**(707)**	**84**	**0**	**26,683**

Equity interests and other long-term investments

Shares in real estate companies are non-material.

Other long-term investments include partner and association certificates for the Deposit Guarantee Fund (for an insignificant amount).

The main acquisitions and disposals of equity interests in 2021, at gross value, were as follows:

- sale of CNP Assurances shares (€1,606 million), see Note 1.3;
- subscription to the capital increase of the Caisse de Refinancement de l'Habitat (€12 million).

The main decreases in TSSDI (perpetual deeply subordinated notes) in gross value achieved in 2021 are as follows:

- Natixis (€720 million) of which €500 million in USD; these transactions were replaced by the granting of undated super-subordinated loans meeting the definition of additional Tier 1 capital of €878 million of which €430 million in USD (see Note 4.1);
- Crédit Logement (€29 million).

Investments in affiliates

- acquisition of Natixis shares (€3,763 million), see Note 1.3;
- subscription to the capital increase of Compagnie Européenne de Garantie et de Cautions (€75 million).

Valuation of investments in affiliates as of December 31, 2021

BPCE's main banking subsidiaries are measured on the basis of discounted multi-year forecasts of expected dividend flows (Dividend Discount Model). Forecasts of expected dividend flows are based on medium-term financial projections prepared by the entities concerned as part of the annual budget process and the work of Groupe BPCE's Strategic Plan and drawn up for group management purposes.

These valuations are based on the concept of value in use. As a result, they take into account the specific situation of BPCE, the fact that these investments belong to Groupe BPCE and their integration within the financial solidarity mechanism, their strategic interest for BPCE and the fact that they are held with a long-term objective.

These valuations are therefore not transaction prices. In particular, they are based on technical parameters based on a long-term vision of ownership and group affiliation and not on valuation parameters at their limits. In particular:

- discount rate:
  - the determination of discount rates at December 31, 2021 for all entities has been updated and is now based on a twelve-month average of daily French government bond rates (compared to a long-term average) and an equity risk premium assumption of 7.75% (compared to a long-term historical premium of 5% last year),
  - these changes result in the discount rates used remaining stable compared to the end of 2020,
  - the discount rate used for Natixis is 9.5%, which reflects the fact that it is part of Groupe BPCE and is therefore lower than the rate used by the market for other listed banks;
- prudential requirements:
  - the valuation work carried out by DDM is based on the capital requirements (CET1 capital) applicable to the various entities concerned, reflecting their affiliation with the BPCE SA central institution. These are below the levels observed or targeted on the market in a context where banking players operate, at their level, with a capital buffer compared to the requirements set by the European Central Bank.

The valuation work carried out in connection with the closing of the accounts for 2021 mainly resulted in the recognition of the following impairment movements:

- a reversal of €1,429 million on the Natixis shares, increasing the net carrying amount to €16,986 million at December 31, 2021;
- a reversal of €164 million on the Compagnie Européene de Garanties et de Cautions shares, thus increasing the net amount to its gross amount of €1,168 million at December 31, 2021;
- a reversal of €68 million on Crédit Foncier shares, increasing the net carrying amount to €1,875 million at December 31, 2021;
- an impairment of €190 million on Banque Palatine shares, reducing the net carrying amount to €564 million at December 31, 2021;
- an impairment of €60 million on BPCE Factor shares, thus reducing the net carrying amount to €16 million at December 31, 2021;
- an impairment of €56 million on BPCE International shares, thus reducing the net carrying amount to €664 million at December 31, 2021.

A sensitivity analysis based on a 50 basis point increase in the discount rate was performed and would reduce the value in use of investments in affiliates by 5.3%.

A sensitivity analysis based on a 50 basis point increase in the discount rates and a 50 basis point increase in the solvency requirement has also been performed and would contribute to a decrease of 8.8% in the value in use of investments in affiliates.

4.4.2 STATEMENT OF SUBSIDIARIES AND EQUITY INVESTMENTS

Subsidiaries and ownership interests *in millions of euros*	**Share capital 12/31/2020**	**Shareholders' equity other than share capital (incl. fund for general banking risks, as appropriate) at 12/31/2020**	**% interest held at 12/31/2021**	**Carrying amount of shares held at 12/31/2021**	
				Gross	**Net**
A. Detailed information concerning holdings whose gross value exceeds 1% of the parent company's share capital					
1. Subsidiaries (more than 50%-owned)					
Natixis (SA) – 30, avenue Pierre Mendès-France – 75013 Paris	5,050	12,413	99.78%	19,032	16,986
Crédit Foncier – 19, rue des Capucines – 75001 Paris	1,331	1,647	100.00%	3,682	1,875
BPCE International – 88, avenue de France – 75013 Paris	648	(10)	100.00%	1,728	664
Banque Palatine – 42, rue d'Anjou – 75008 Paris	689	320	100.00%	1,269	564
Compagnie Européenne de Garanties et de Cautions – 16, rue Hoche – 92919 La Défense	161	251	100.00%	1,168	1,168
BPCE Lease – 50, avenue Pierre Mendès-France – 75013 Paris	354	140	100.00%	982	982
BPCE SFH – 50, avenue Pierre Mendès-France – 75013 Paris	600	44	100.00%	600	600
Oney Bank – 40, avenue de Flandre – 59170 Croix	51	380	50.10%	370	370
BPCE Financement – 50, avenue Pierre Mendès-France – 75013 Paris	74	38	100.00%	370	370
BPCE Factor – 50, avenue Pierre Mendès-France – 75013 Paris	20	199	100.00%	178	16
SOCFIM – 10, boulevard de Grenelle – 75015 Paris	47	65	100.00%	135	135
ISSORIA (SAS) – 88, avenue de France – 75013 Paris	43	12	100.00%	99	62
SPORT IMAGINE – 50, avenue Pierre Mendès-France – 75013 Paris	0	43	100.00%	55	55
Albiant-IT – 50, avenue Pierre Mendès-France – 75013 Paris	50	(16)	97.00%	49	49
GCE Participations – 50, avenue Pierre Mendès-France – 75013 Paris	12	(4)	100.00%	34	6
Société d'Exploitation MAB – 50, avenue Pierre Mendès-France – 75013 Paris	10	0	99.99%	15	4
Surassur – 534, rue de Neudorf – L2220 Luxembourg	31	6	96.33%	37	37
Turbo – 86, rue du Dôme – 92100 Boulogne-Billancourt	0	4	100.00%	12	12
BPCE Solutions Immobilières – 19, rue des Capucines – 75001 Paris	5	0	100.00%	7	7
Basak 1 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(6)	100.00%	4	1
Basak 2 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(6)	100.00%	4	1
Basak 3 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(5)	100.00%	4	1
Basak 4 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(4)	100.00%	4	1
Behanzin – 50, avenue Pierre Mendès-France – 75013 Paris	2	12	100.00%	2	1
Berra 1 – 50, avenue Pierre Mendès-France – 75013 Paris	2	0	100.00%	2	1
Berra 2 – 50, avenue Pierre Mendès-France – 75013 Paris	2	0	100.00%	2	1
Berra 3 – 50, avenue Pierre Mendès-France – 75013 Paris	2	0	100.00%	2	1
Berra 4 – 50, avenue Pierre Mendès-France – 75013 Paris	6	(2)	100.00%	6	3
Berra 5 – 50, avenue Pierre Mendès-France – 75013 Paris	6	(2)	100.00%	6	3
Kami – 50, avenue Pierre Mendès France – 75013 Paris	3	11	100.00%	4	3
Kanji1 – 50 avenue Pierre Mendès France – 75013 Paris	2	4	100.00%	3	2
Kendo – 50, avenue Pierre Mendès France – 75013 Paris	2	3	100.00%	2	2
Lotus 1 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(1)	100.00%	2	0
Lotus 2 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(1)	100.00%	2	0
Lotus 3 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(1)	100.00%	2	0
Mihos – 50, avenue Pierre Mendès-France – 75013 Paris	2	17	100.00%	2	0
Muge 1 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(4)	100.00%	4	0
Muge 2 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(4)	100.00%	4	0
Nara – 50, avenue Pierre Mendès France – 75013 Paris	3	9	100.00%	3	3
Olokun – 50, avenue Pierre Mendès France – 75013 Paris	3	9	100.00%	3	3

Loans and advances granted by the parent company and not yet repaid (incl. perpetual deeply subordinated notes) in 2021	Guarantees and endorsements given by the parent company in 2021	Net revenues before tax or NBI for the year ended 12/31/2020	Net profit/(loss) for the year ended 12/31/2020	Dividends received by the parent company during fiscal year 2021
115,157	12,682	3,145	143	134
17,318	173	306	92	32
591	-	(9)	(91)	-
2,437	-	286	(29)	-
401	-	94	74	74
6,050	-	(79)	(137)	-
200	-	9	0	-
4,151	-	320	28	3
1,499	630	285	73	73
3,923	-	135	26	26
2,048	-	74	28	28
5	-	1	0	-
-	-	10	(12)	-
76	-	245	(4)	-
-	-	0	0	-
-	-	0	0	-
-	-	20	(6)	-
-	-	4	1	-
2	-	19	(3)	-
1	-	8	2	-
1	-	8	2	-
1	-	8	2	-
1	-	7	2	-
6	-	8	(4)	-
2	-	4	0	-
2	-	4	0	-
2	-	4	0	-
6	-	9	0	-
6	-	8	0	-
14	-	13	(11)	-
10	-	3	(5)	-
10	-	2	(4)	-
-	-	3	0	-
-	-	3	0	-
-	-	3	0	-
-	-	5	(9)	-
1	-	7	2	-
1	-	7	2	-
9	-	9	(10)	-
9	-	9	(10)	-

Subsidiaries and ownership interests *in million of euros*	**Share capital 12/31/2020**	**Shareholders' equity other than share capital (incl. fund for general banking risks, as appropriate) at 12/31/2020**	**% interest held at 12/31/2021**	**Carrying amount of shares held at 12/31/2021**	
				Gross	**Net**
Orion – 50, avenue Pierre Mendès-France – 75013 Paris	4	18	100.00%	4	3
Panda 1 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(2)	100.00%	2	0
Panda 2 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(2)	100.00%	2	0
Panda 3 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(2)	100.00%	3	0
Panda 4 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(3)	100.00%	3	0
Panda 5 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(3)	100.00%	3	0
Panda 6 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(4)	100.00%	3	0
Panda 7 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(4)	100.00%	3	0
Panda 8 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(4)	100.00%	3	0
Panda 9 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(4)	100.00%	3	0
Panda 10 – 50, avenue Pierre Mendès-France – 75013 Paris	3	(4)	100.00%	3	0
Perle 1 – 50, avenue Pierre Mendès-France – 75013 Paris	4	(6)	100.00%	4	1
Perle 2 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(2)	100.00%	2	0
Perle 3 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(2)	100.00%	2	0
Perle 4 – 50, avenue Pierre Mendès-France – 75013 Paris	2	(2)	100.00%	2	0
Ramses – 50, avenue Pierre Mendès-France – 75013 Paris	3	8	100.00%	3	1
Rémus – 50, avenue Pierre Mendès France – 75013 Paris	2	8	100.00%	2	2
Satis – 50, avenue Pierre Mendès-France – 75013 Paris	2	5	100.00%	2	1
Seth – 50, avenue Pierre Mendès-France – 75013 Paris	5	13	100.00%	5	2
Thara Raj – 50, avenue Pierre Mendès-France – 75013 Paris	2	18	100.00%	3	0
2. Affiliates (between 10%- and 50%-owned)					
VBI Beteiligungs Gmbh – Peregringasse 3 – 1090 Vienna – Austria	0	0	24.50%	299	0
MFC Prou-Investissements – 4, route d'Ancinnes – 61000 Alençon	37	23	49.00%	100	100
Socram Banque – 2, rue du 24 février – 79000 Niort	70	160	33.42%	43	41
Caisse de Refinancement de l'Habitat – 3, rue La Boétie – 75008 Paris	540	23	11.14%	63	63
Informatique Banque Populaire – 23, place de Wicklow – 78180 Montigny le Bretonneux	16	0	29.52%	5	5
Click and Trust – 18, quai de la Rapée – 75012 Paris	4	0	34.00%	3	1
France Active Garantie – Tour 9, 3 rue Franklin – 93100 Montreuil	11	15	14.00%	3	3
Systèmes Technologiques d'Échanges et de Traitement – 100, esplanade du Général de Gaulle – 92400 Courbevoie	20	88	15.04%	3	3
Nefer – Hameau de Caer – 27930 Normanville	8	0	34.00%	3	3
B. General information concerning other instruments whose gross value is less than 1% of the parent company's share capital					
French subsidiaries (all)				31	21
Foreign subsidiaries (all)				0	0
Association certificates				0	0
French companies				194	192
Foreign companies				204	204
o/w investments in listed companies				*0*	*0*

Loans and advances granted by the parent company and not yet repaid (incl. perpetual deeply subordinated notes) in 2021	Guarantees and endorsements given by the parent company in 2021	Net revenues before tax or NBI for the year ended 12/31/2020	Net profit/(loss) for the year ended 12/31/2020	Dividends received by the parent company during fiscal year 2021
8	-	10	(9)	-
-	-	4	0	-
-	-	3	0	-
-	-	4	0	-
-	-	4	0	-
-	-	4	1	-
-	-	4	1	-
-	-	5	1	-
-	-	5	2	-
-	-	5	1	-
-	-	4	1	-
2	-	7	2	-
-	-	3	0	-
-	-	3	0	-
-	-	3	0	-
3	-	7	(1)	-
4	-	3	(7)	-
2	-	4	(1)	-
10	-	13	(4)	-
-	-	5	(11)	-
-	-	2	3	-
-	-	0	0	2
-	50	52	0	-
-	-	2	0	-
-	-	406	0	-
-	-	0	0	-
-	-	4	0	-
-	-	100	9	-
-	-	0	0	-
68	-			-
-	-			-
-	-			-
8	2			12
-	-			7

4.4.3 COMPANIES ESTABLISHED WITH UNLIMITED LIABILITY

Corporate name	Head office	Legal form
GIE BPCE Achats	12/20, rue Fernand-Braudel – 75013 Paris	EIG
GIE CE Syndication Risque	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	EIG
GIE Ecolocale	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	EIG
GIE BPCE Solutions Crédit	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	EIG
GIE GCE Mobiliz	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	EIG
GIE BPCE Infogérance & Technologies	110, avenue de France – 75013 Paris	EIG
GIE IT-CE	182, avenue de France – 75013 Paris	EIG
GIE BPCE Services Financiers	50, avenue Pierre Mendès-France – 75201 Paris Cedex 13	EIG
SCI de la vision	48/56, rue Jacques-Hillairet – 75012 Paris	SCI
SNC Société Alsacienne de Locations Ferroviaires 1	116, cours Lafayette – 69003 Lyon	SNC
SNC Société Alsacienne de Locations Ferroviaires 2	116, cours Lafayette – 69003 Lyon	SNC
SNC Terrae	116, cours Lafayette – 69003 Lyon	SNC

4.4.4 RELATED-PARTY TRANSACTIONS

	12/31/2021			12/31/2020
in millions of euros	From banks	Other companies	Total	Total
Receivables	**153,516**	**484**	**154,000**	**94,916**
o/w subordinated items	*5,169*	*401*	*5,570*	*3,790*
Liabilities	**100,037**	**70**	**100,107**	**53,853**
o/w subordinated items	*0*	*0*	*0*	*0*
Loan commitments	638	0	638	0
Guarantee commitments	12,846	6	12,852	5,423
Other commitments given	1,923	0	1,923	21,407
Commitments given	**15,407**	**6**	**15,413**	**26,830**
Loan commitments	1,972	0	1,972	26,413
Guarantee commitments	0	0	0	0
Other commitments received	6,196	0	6,196	6,238
Commitments received	**8,168**	**0**	**8,168**	**32,651**

No material transactions were concluded under non-market conditions with a related party.

4.5 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Accounting rules for intangible assets and property, plant and equipment are defined by ANC Regulation No. 2014-03.

4.5.1 INTANGIBLE ASSETS

Accounting principles

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are recorded at acquisition cost (purchase price including costs). These assets are amortized over their estimated useful lives.

In particular, software is amortized over a maximum period of five years. Any additional amortization that may be applied to software using the accelerated method permitted for tax purposes is recorded, where applicable, under accelerated amortization.

Goodwill is not amortized but is subject, as appropriate, to impairment testing.

Leasehold rights are amortized on a straight-line basis over the residual term of the lease and, if necessary, are tested for impairment relative to market value.

in millions of euros	12/31/2020	Increase	Decrease	Other movements	12/31/2021
Lease rights and business assets	78				78
Software	92	8	(4)		96
Other	0				0
Operating intangible assets	**170**	**8**	**(4)**	**0**	**174**
Non-operating intangible assets	**2**	**0**	**0**	**0**	**2**
Gross amount	**172**	**8**	**(4)**	**0**	**176**
Lease rights and business assets	0				0
Software	(58)	(9)			(67)
Other	0				0
Impairment	0				0
Operating intangible assets	**(58)**	**(9)**	**0**	**0**	**(67)**
Impairment excluding operating intangible assets	**(2)**	**0**	**0**	**0**	**(2)**
Depreciation and impairment	**(60)**	**(9)**	**0**	**0**	**(69)**
TOTAL NET AMOUNT	**112**	**(1)**	**(4)**	**0**	**107**

4.5.2 PROPERTY, PLANT AND EQUIPMENT

Accounting principles

Property, plant and equipment consist of tangible assets held for use in the production or supply of goods and services, for lease to third parties or for administrative purposes and which are expected to be used during more than one fiscal year.

Insofar as buildings are assets consisting of a number of components that have different uses at the outset, each component is recognized separately at cost and a depreciation schedule specific to each component is used.

The depreciable amount is the gross value less the residual value where the latter is material, lasting and can be measured reliably.

Other property, plant and equipment is recorded at acquisition cost, production cost or restated cost. The cost of fixed assets denominated in foreign currencies is translated into euros at the exchange rate prevailing on the transaction date. These assets are depreciated according to the period over which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life.

Where applicable, assets may be subject to impairment.

Investment property consists of non-operating assets.

in millions of euros	12/31/2020	Increase	Decrease	Other movements	12/31/2021
Land	0				0
Buildings	2				2
Shares in non-trading real estate companies	0				0
Other	67		(2)		65
Operating property, plant and equipment	**69**	**0**	**(2)**	**0**	**67**
Non-operating property, plant and equipment	**2**	**0**	**0**	**0**	**2**
Gross amount	**71**	**0**	**(2)**	**0**	**69**
Land	0				0
Buildings	0				0
Shares in non-trading real estate companies	0				0
Other	(47)	(7)			(54)
Operating property, plant and equipment	**(47)**	**(7)**	**0**	**0**	**(54)**
Non-operating property, plant and equipment	**(2)**	**0**	**0**	**0**	**(2)**
Depreciation and impairment	**(49)**	**(7)**	**0**	**0**	**(56)**
TOTAL NET AMOUNT	**22**	**(7)**	**(2)**	**0**	**13**

4.6 DEBT SECURITIES

Accounting principles

Debt securities are presented according to the type of underlying: retail certificates of deposit, interbank and negotiable debt securities, bonds and other debt securities, apart from subordinated debt, which is recorded separately under liabilities.

A new category of liabilities eligible for the numerator in the TLAC (Total Loss Absorbing Capacity) calculation has been introduced by French law and is commonly referred to as "Senior non-preferred debt". These liabilities rank between own funds and "Other senior preferred debt".

Accrued interest on these instruments is disclosed separately as a related payable, as a balancing entry to the income statement entry.

Issue premiums are recognized in full during the period or are recognized on a straight-line basis over the life of the debt. Issue and redemption premiums are spread over the life of the loan *via* a deferred expenses account.

For structured debt, applying the principle of conservatism, only the certain portion of remuneration or principal is recognized. Unrealized gains are not recorded. Unrealized losses are subject to a provision.

in millions of euros	12/31/2021	12/31/2020
Certificates of deposit and savings bonds	0	0
Interbank market instruments and negotiable debt securities	30,110	28,859
Bonds	34,802	33,167
Senior non-preferred debt	25,114	21,552
Other debt securities	0	0
Accrued interest	389	408
TOTAL	**90,415**	**83,986**

The amount of bond issue and redemption premiums remaining to be amortized totaled €168 million.

The unamortized balance is the difference between the amount initially received and the redemption price for debt securities.

4.7 OTHER ASSETS, OTHER LIABILITIES

	12/31/2021		12/31/2020	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Remaining payments due on investments in associates	0	35	0	28
Securities settlement accounts(1)	73	34	95	1,337
Premiums on options bought and sold	0	0	0	0
Amounts payable on borrowed securities and other securities debt	0	0	0	0
Tax and social security receivables and liabilities	245	241	448	462
Security deposits paid and received(2)	1,433	0	350	0
Other accounts receivable, other accounts payable(3)	840	2,010	896	2,575
TOTAL	**2,591**	**2,320**	**1,789**	**4,402**

(1) This line concerns the securities custody activity.

(2) The increase in security deposits paid relates to the STET and TIPS deposit accounts opened in BPCE’s name at the Banque de France to guarantee the exchange of “Instant Payment” transfers made by Groupe BPCE institutions.

(3) Other accounts receivable include notably €310 million in security deposits paid, including €156 million paid to securitization funds for the group’s securitization activities, and €214 million in margin calls paid.
Other accounts payable include €1,678 million in margin calls received, including €1,579 million from Natixis.

4.8 ACCRUAL ACCOUNTS

	12/31/2021		12/31/2020	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Foreign exchange commitments	412	0	0	224
Deferred gains and losses on hedging forward financial instruments	194	255	187	230
Issue premiums and expenses	256	8	245	19
Prepaid expenses and unearned income	16	16	18	20
Accrued income/expenses *	868	321	822	288
Items in process of collection	65	0	0	27
Other	60	257	223	111
TOTAL	**1,871**	**857**	**1,495**	**919**

* Including €822 million in accrued interest receivable on interest rate swaps and €165 million in accrued interest payable on interest rate swaps.

4.9 PROVISIONS

Accounting principles

This item includes provisions set up to cover contingencies and losses that are clearly identifiable but of uncertain timing or amount, that are either directly related or unrelated to banking transactions as defined under Article L. 311-1 of the French Monetary and Financial Code or related transactions defined under Article L. 311-2 of the same Code. Unless covered by a specific text, such provisions may only be recognized if the company has an obligation to a third party at the end of the fiscal year and no equivalent consideration is expected in return, in accordance with ANC Regulation No. 2014-03.

In particular, this item includes a provision for employee benefits and a provision for counterparty risk on guarantee and loan commitments given.

Employee benefits

Employee benefits are accounted for in accordance with ANC recommendation No. 2013-R-02. They are classified into four categories:

Short-term employee benefits

Short-term employee benefits mainly include wages, paid annual leave, incentive schemes, profit-sharing, and bonuses payable within 12 months of the end of the period in which the employee renders the service. They are recognized as an expense for the period, including amounts remaining due at the balance sheet date.

Long-term employee benefits

Long-term employee benefits are generally linked to seniority accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service. These consist mainly of long-service awards. A provision is set aside for the amount of these obligations at the balance sheet date.

The obligations are valued using an actuarial method that takes account of demographic and financial assumptions such as age, length of service, the likelihood of the employee being employed by the group at retirement and the discount rate. The valuation also allocates costs over the working life of each employee (projected unit credit method).

Termination benefits

Termination benefits are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the group to terminate a contract or a decision by an employee to accept voluntary redundancy. A provision is set aside for termination benefits. Termination benefits payable more than 12 months after the balance sheet date are discounted to present value.

Post-employment benefits

Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

These benefits can be broken down into two categories: defined-contribution plans, which do not give rise to an obligation for the group, and defined-benefit plans, which give rise to an obligation for the group and are therefore measured and recognized by means of a provision.

The group records a provision in liabilities for employee benefit obligations that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

Post-employment benefits are measured in the same way as long-term employee benefits.

The measurement of these obligations takes into consideration the value of plan assets as well as unrecognized actuarial gains and losses.

Actuarial gains and losses on post-employment benefits, arising from changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.), are amortized under the corridor method, i.e. for the portion exceeding a variation of +/-10% of the defined-benefit obligation or the fair value of plan assets.

The annual expense recognized in respect of defined-benefit plans includes the current service cost, net interest cost (the effect of discounting the obligation) less hedging assets, and the amortization of any unrecognized items that are actuarial gains or losses.

4.9.1 STATEMENT OF CHANGES IN PROVISIONS

in millions of euros	12/31/2020	Charges	Reversals	Used	Other changes[1]	12/31/2021
Provisions for counterparty risks	**0**					**0**
Provisions for employee benefits	**109**	**10**	**(9)**	**(3)**	**(6)**	**101**
Provisions for litigation	**11**	**7**	**(5)**	**(1)**		**12**
Provisions for restructuring costs	**5**	**1**		**(4)**		**2**
Securities portfolio and financial futures	1	3		(1)		3
Long-term investments	46	11		(1)		56
Real estate development	0					0
Provisions for taxes[2]	351	181	(23)	(54)		455
Other	34	25	(23)			36
Other provisions	**432**	**220**	**(46)**	**(56)**		**550**
TOTAL	**557**	**238**	**(60)**	**(64)**	**(6)**	**665**

(1) The change in accounting method for the allocation of benefit entitlements introduced by the amendment to ANC recommendation No. 2013-02 has resulted in a decrease in provisions of €6 million over 2021, with a corresponding reduction in retained earnings, as mentioned in Note 2.2 and Note 4.9.3.
(2) Concerns, in particular, the treatment of certain hedging transactions on forward financial instruments.

4.9.2 PROVISIONS AND IMPAIRMENT FOR COUNTERPARTY RISKS

in millions of euros	12/31/2020	Charges	Reversals	Used	Other changes	12/31/2021
Impairment of loans and advances to customers (individual basis)	1	2	-	-	-	3
Impairment of assets	**1**	**2**	**0**	**0**	**0**	**3**
TOTAL	**1**	**2**	**0**	**0**	**0**	**3**

4.9.3 PROVISIONS FOR EMPLOYEE BENEFITS

Post-employment benefits related to defined-contribution plans

Defined-contribution plans refer to mandatory social security pension plans, as well as those managed by the pension funds AGIRC and ARRCO, and the supplementary pension plans to which the Caisses d'Epargne and the Banques Populaires belong. BPCE's obligations under these plans are limited to the payment of contributions (€33 million in 2021).

Post-employment benefits related to defined-benefit plans and long-term employee benefits

BPCE's obligations in this regard relate to the following plans:

- the Caisse d'Epargne private supplementary pension plan, previously managed by Caisse Générale de Retraite des Caisses d'Epargne (CGRCE), but now incorporated within Caisse Générale de Prévoyance des Caisses d'Epargne (CGPCE), which is a retained-benefit plan. The plan was closed on December 31, 1999, and beneficiary entitlements were crystallized at this date. The retained-benefits plan is considered as a fund providing long-term employee benefits;
- the Banque Populaire private supplementary pension plan, managed by Caisse Autonome de Retraite des Banques Populaires (CARBP), covers the pension benefits deriving from the closure of the former banking pension plan at December 31, 1993;
- pensions and other post-employment benefits such as end-of-career awards and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

These commitments are calculated in accordance with the provisions of ANC recommendation No. 2013-R-02 as amended on November 5, 2021.

Analysis of assets and liabilities included in the balance sheet

in millions of euros	Post-employment defined-benefit plans				Other long-term employee benefits		Post-employment defined-benefit plans				Other long-term employee benefits	
	CGPCE plan	CARBP plan	Supple-mentary pensions and other plans	End-of-career awards	Long-service awards and others[2]	12/31/2021	CGPCE plan	CARBP plan	Supple-mentary pensions and other plans	End-of-career awards	Long-service awards and others[2]	12/31/2020
Actuarial liabilities[1]	111	19	269	58	46	503	119	20	285	71	42	537
Fair value of plan assets	(133)	(13)	(237)	(35)		(418)	(135)	(11)	(233)	(34)		(413)
Effect of ceiling on plan assets	7					7	7					7
Unrecognized actuarial gains/(losses)	15		(12)	6		9	9	(2)	(32)	3		(22)
Unrecognized past service cost						0						0
NET AMOUNT REPORTED ON THE BALANCE SHEET	**0**	**6**	**20**	**29**	**46**	**101**	**0**	**7**	**20**	**40**	**42**	**109**
Employee benefit commitments recorded in the balance sheet	0	6	20	29	46	101	0	7	20	40	42	109
Active employee benefits						0						0

(1) The change in accounting method for the allocation of benefit entitlements introduced by the amendment to ANC recommendation No. 2013-02 has resulted in a decrease in provisions of €6 million over 2021, with a corresponding reduction in retained earnings (see Note 2.2 and Note 4.9.1).
(2) As of December 31, 2021, the provision for the Term Savings Account has been classified as other long-term employee benefits for an amount of €37 million. At December 31, 2020, a pro forma was carried out for an amount of €33 million.

At December 31, 2021, pension plan assets were allocated as follows:

- for Banque Populaire's CARBP pension plan: 40.9% in bonds, 42.7% in equities, and 8.8% in money-market assets, 7.6% in investment funds.

In 2021, of the -€0.94 million in actuarial gains and losses generated on CARBP's actuarial liabilities, -€0.96 million can be attributed to differences related to updated financial assumptions, and +€0.02 million to experience adjustments;

- for Caisse d'Epargne's CGPCE pension plan: 84.3% in bonds, 12% in equities, 1.9% in real estate assets and 1.8% in money-market assets.

In 2021, of the total -€6 million of actuarial gains and losses generated on the CGPCE actuarial liability, -€6 million come from gains and losses related to the updating of financial assumptions, -€1 million from experience adjustments and +€1 million from demographic differences.

Analysis of expenses for the year

	Post-employment defined-benefit plans				Other long-term employee benefits		Post-employment defined-benefit plans				Other long-term employee benefits	
in millions of euros	CGPCE plan	CARBP plan	Supple-mentary pensions and other plans	End-of-career awards	Long-service awards and others[2]	12/31/2021	CGPCE plan	CARBP plan	Supplem-entary pensions and other plans	End-of-career awards	Long-service awards and others	12/31/2020
Service cost			6	6	5	17			5	6	1	15
Past service cost						0						0
Interest cost	1		1			2	1		2			3
Interest income	(1)		(1)			(2)	(1)		(2)			(3)
Actuarial gains recognized in income			3	(1)	(1)	1			8			8
Others[1]				2	1	3				2	(1)	1
TOTAL	**0**	**0**	**9**	**7**	**5**	**21**	**0**	**0**	**13**	**8**	**0**	**24**

(1) The change in accounting method for the allocation of benefit entitlements introduced by the amendment to ANC recommendation No. 2013-02 would have given rise to the recognition of a corrected amount of -€0.3 million in income for 2020.
(2) As of December 31, 2021, the charge on the Term Savings Account has been classified as other long-term employee benefits and the amount comes to €4 million.

Main actuarial assumptions

	12/31/2021					12/31/2020				
	Post-employment defined-benefit plans				Other long-term employee benefits	Post-employment defined-benefit plans				Other long-term employee benefits
as a%	CGPCE plan	CARBP plan	Supplementary pensions and other plans	End-of-career awards	Long-service awards	CGPCE plan	CARBP plan	Supplementary pensions and other plans	End-of-career awards	Long-service awards
Discount rate	1.07%	0.86%	[0.09%; 1%]	[-0.07%; 1.30%]	[0.06%; 0.53%]	0.61%	0.38%	[-0.14%; 0.51%]	[-0.34%; 0.85%]	[-0.23%; 1.05%]
Inflation rate	1.70%	1.70%	1.70%	1.70%	1.70%	1.60%	1.60%	1.60%	1.60%	1.60%
Wage growth rate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
AGIRC – ARRCO revaluation rate	NA	inflation -0.50%	inflation -0.50%	NA	NA	NA	inflation -0.50%	inflation -0.50%	NA	NA
Life tables used	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05
Duration	17.1	13.4	[4.73; 17.56]	[3.44; 30.92]	[4.48; 8.64]	17.99	14.17	[5.8; 18.9]	[2.16; 32.04]	[4.6; 9.15]

The life tables used are:

- TGH05/TGF05 for termination benefits, long service awards and other benefits, as well as for CGPCE and CARBP.

The discount rate used is based on the prime borrower curve (EUR Composite AA curve).

Stock option purchase plans

Since the formation of BPCE, company directors have neither received share subscription or purchase options, nor been awarded bonus shares.

4.10 SUBORDINATED DEBT

Accounting principles

Subordinated debt comprises proceeds from issues of both term and perpetual subordinated debt securities, and mutual guarantee deposits. In the event of the obligor's liquidation, the repayment of subordinated debt is only possible after all other creditors have been satisfied.

Accrued interest payable on subordinated debt is disclosed separately as a related payable, as a balancing entry to the income statement entry.

in millions of euros	12/31/2021	12/31/2020
Term subordinated debt	17,477	13,892
Perpetual subordinated debt	0	0
Perpetual deeply subordinated debt	3,390	700
Accrued interest	481	409
TOTAL	**21,348**	**15,001**

Bond issue and redemption premiums remaining to be amortized at December 31, 2021 totaled €80 million.

On September 28, 2021, BPCE issued €2,690 million of deeply subordinated notes, fully subscribed by the Banques Populaires and the Caisses d'Epargne.

Perpetual deeply subordinated debt has the following characteristics:

Currency	Issue date	Outstanding at 12/31/2021 *(in millions of euros)*	Amount in original currency	Rate	Interest rate after initial redemption option date	Interest rate after step-up date	Next redemption option date	Interest step-update
Euro	11/30/2018	700	700	5.35%	Euribor 3 months +5.04%	Euribor 3 months +5.04%	11/30/2023	11/30/2023
Euro	09/28/2021	2,690	2,690	3.00%	Euribor 3 months +3.25%	Euribor 3 months +3.25%	09/28/2026	09/28/2026
TOTAL		**3,390**						

4.11 FUND FOR GENERAL BANKING RISKS

Accounting principles

This fund is intended to cover risks inherent in the company's banking activities, in accordance with the provisions of Article 3 of CRBF Regulation No. 90-02.

It also includes the amounts allocated to the funds set up as part of the guarantee mechanism (see Note 1.2).

in millions of euros	12/31/2020	Increase	Decrease	12/31/2021
Fund for general banking risks	65	0	0	65
TOTAL	**65**	**0**	**0**	**65**

4.12 EQUITY

in millions of euros	Share capital	Additional paid-in capital	Reserves/other	Regulated provisions and investment subsidies	Retained earnings	Interim dividend	Income	Total equity (excl. FGBR)
TOTAL AT DECEMBER 31, 2019	**170**	**13,934**	**35**	**0**	**3,499**	**(202)**	**442**	**17,878**
Changes during the period	4	318	0	0	(95)	(377)	(1,515)	(1,665)
TOTAL AT DECEMBER 31, 2020	**174**	**14,252**	**35**	**0**	**3,404**	**(579)**	**(1,073)**	**16,213**
2020 income allocation					(1,652)	579	1,073	0
Impact of change in accounting method *					6			6
Capital increase	7	793						800
Dividend paid					(718)			(718)
Other changes				20				20
Net income for the period							2,213	2,213
TOTAL AT DECEMBER 31, 2021	**181**	**15,045**	**35**	**20**	**1,040**	**0**	**2,213**	**18,534**

* The change in accounting method for the allocation of benefit entitlements introduced by the amendment to ANC recommendation No. 2013-02 has resulted in a decrease in provisions of €6 million over 2021, with a corresponding reduction in retained earnings, as mentioned in Note 2.2 and Note 4.9.3.

BPCE's share capital amounted to €181 million at December 31, 2021 (€174 million at December 31, 2020), *i.e.* 36,095,654 shares with a nominal value of €5 per share, and can be broken down as follows:

- 18,047,827 ordinary shares held by the Banques Populaires for €90.24 million;
- 18,047,827 ordinary shares held by the Caisses d'Epargne for €90.24 million.

At the Ordinary Shareholders' Meeting of May 25, 2021, BPCE decided:

- to allocate the 2020 deficit of €1,073,022,522.84 to retained earnings;
- to distribute €1,297,374,005.20 in dividends to its shareholders, taken in full from retained earnings.

The dividend was paid as follows:

- an interim dividend was paid on December 31, 2020 for a total amount of €579,307,742, or €17 per share, as resolved by the Management Board on December 17, 2020;
- the final dividend was paid to shareholders on May 31, 2021, in the amount of €718,066,263.20, or €20.68 per share.

4.13 FIXED-TERM ASSETS AND LIABILITIES BY RESIDUAL MATURITY

Assets and liabilities with fixed due dates are presented by residual maturity and include accrued interest.

	12/31/2021						
in millions of euros	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	No fixed maturity	Total
Treasury bills and equivalent	2	0	5	109	443	0	559
Loans and advances due from banks	127,961	14,004	51,274	93,389	21,816	878	309,322
Customer transactions	194	10	132	784	637	0	1,757
Bonds and other fixed-income securities	73	52	89	1,625	2,776	0	4,615
Total assets	**128,230**	**14,066**	**51,500**	**95,907**	**25,672**	**878**	**316,253**
Amounts due to banks	195,561	15,026	9,763	108,724	14,056	0	343,130
Customer transactions	1,357	0	1,520	488	0	0	3,365
Debt securities	9,984	12,353	17,260	33,254	17,564	0	90,415
Subordinated debt	481	0	0	9,891	7,586	3,390	21,348
Total liabilities	**207,383**	**27,379**	**28,543**	**152,357**	**39,206**	**3,390**	**458,258**

Note 5 Information on off-balance sheet and similar transactions

5.1 COMMITMENTS GIVEN AND RECEIVED

Accounting principles

Loan commitments

Loan commitments given to banks and similar entities include in particular funding agreements, agreements to pay or commitments to pay, documentary credit confirmations and other commitments given to banks.

Loan commitments granted to customers include credit facilities granted, back-up credit lines for commercial paper, commitments on securities issuance and other commitments to customers other than banks and similar entities.

Loan commitments received mostly include funding agreements and other commitments received from banks and similar entities.

Guarantee commitments

Guarantee commitments to banks mostly include sureties and financial guarantees issued to banks and similar entities.

Guarantee commitments to customers mostly include sureties and financial guarantees issued to customers other than banks and similar entities.

Guarantee commitments received mostly include sureties and financial guarantees received from banks and similar entities.

5.1.1 LOAN COMMITMENTS

in millions of euros	12/31/2021	12/31/2020
Loan commitments given		
To banks[1]	**2,778**	**10,491**
Documentary credit	0	0
Other credit facilities granted	0	8
Other commitments	0	0
To customers	**0**	**8**
TOTAL LOAN COMMITMENTS GIVEN	**2,778**	**10,499**
Loan commitments received		
From banks[2]	25,260	56,835
From customers	6	1
TOTAL LOAN COMMITMENTS RECEIVED	**25,266**	**56,836**

(1) The decrease relates mainly to Natixis.
(2) The decrease relates mainly to repurchase agreements (time limits).

5.1.2 GUARANTEE COMMITMENTS

in millions of euros	12/31/2021	12/31/2020
Guarantee commitments given		
Documentary credit confirmations	0	0
Other bonds and endorsements	0	0
Other guarantees[1]	14,858	7,564
To banks	**14,858**	**7,564**
Real estate guarantees	0	0
Government and tax guarantees	0	0
Other bonds and endorsements	175	184
Other guarantees given	104	105
To customers	**279**	**289**
TOTAL GUARANTEE COMMITMENTS GIVEN	**15,137**	**7,853**
Guarantee commitments received from banks	2,436	3,898
Guarantee commitments received from customers[2]	3,670	16
TOTAL GUARANTEE COMMITMENTS RECEIVED	**6,106**	**3,914**

(1) The increase in "Other guarantees given" mainly concerns guarantees given to Natixis.
(2) Guarantees received from customers are from Compagnie Européenne de Garanties et de Cautions.

5.1.3 OTHER COMMITMENTS NOT RECOGNIZED OFF-BALANCE SHEET

in millions of euros	12/31/2021 Commitments given	12/31/2021 Commitments received	12/31/2020 Commitments given	12/31/2020 Commitments received
Other securities pledged as collateral provided to banks	45,244	11,649	65,175	11,815
Other securities pledged as collateral received from customers	0	0	0	0
TOTAL	**45,244**	**11,649**	**65,175**	**11,815**

At December 31, 2021, receivables pledged as collateral under funding arrangements included in particular:

- €31,328 million in negotiable debt securities pledged to Banque de France under the TRICP system, compared with €31,952 million at December 31, 2020;
- €4,986 million in loans pledged as collateral for funding received from the European Investment Bank (EIB) compared with €5,082 million at December 31, 2020.

No other major commitments were given by BPCE as collateral for its own commitments or for those of third parties.

BPCE did not receive a significant amount of assets as collateral from customers.

5.2 FORWARD FINANCIAL INSTRUMENTS

Accounting principles

Trading and hedging transactions in interest rate, currency or equity forward financial instruments are recognized in accordance with the provisions of ANC Regulation No. 2014-07.

Commitments on these instruments are recorded as off-balance sheet items at the nominal value of the contracts. The amount recognized for these commitments represents the volume of unwound forward transactions at the balance sheet date.

The accounting policies applied vary depending on the type of instrument and the original purpose of the transaction.

Forward transactions

Interest rate swaps and similar contracts (forward rate agreements, collars, etc.) are classified as follows according to their initial purpose:

- micro-hedging (assigned hedges);
- macro-hedging (overall asset/liability management);
- speculative positions/isolated open positions;
- for use with a trading book.

Amounts received or paid in respect of the first two categories are recognized in income on a *pro rata* basis.

Income and expenses related to instruments used for hedging an asset or a group of similar assets are recognized in income symmetrically with the income and expenses on the hedged item. Gains and losses on hedging instruments are recognized on the same line as the income and expenses on the hedged item, under "Interest and similar income" and "Interest and similar expenses". The "Net gains or losses on trading book transactions" line is used when the hedged items are in the trading book.

In the event of overhedging, a provision may be made for the hedging instrument, in the amount of the overhedged portion, if the instrument shows an unrealized loss. In such case, the charge to provisions will affect "Net gains or losses on trading book transactions".

Income and expenses related to forward financial instruments used for hedging purposes or for managing overall interest rate risk are recognized in the income statement on a *pro rata* basis under "Interest and similar income" and "Interest and similar expenses". Unrealized gains and losses are not recognized.

Income and expense related to certain contracts, qualifying as isolated open positions, are recorded in the income statement either when the contracts are settled or on a *pro rata* basis, depending on the type of instrument.

Recognition of unrealized gains or losses is determined based on the type of market involved (organized, other markets considered as organized, or over the counter).

On over-the-counter markets (including transactions processed by a clearing house), a provision is recorded for any unrealized losses (relative to the instrument's mark-to-market). Unrealized capital gains are not recognized.

Instruments traded on organized markets or other markets considered as organized are continuously quoted and liquid enough to justify being marked to market.

Contracts classified as specialized asset management contracts are measured after applying a discount to reflect counterparty risk and taking into account the net present value of future management costs, if these valuation adjustments are material. Derivatives traded with a counterparty that is a member of Groupe BPCE's financial solidarity mechanism (see Note 1.2.) are not subject to these valuation adjustments. Changes in value from one accounting period to another are recognized immediately in the income statement under "Net gains or losses on trading book transactions".

Balances on terminations or transfers are recognized as follows:

- balances on transactions classified under specialized asset management contracts or isolated open positions are immediately recognized in the income statement;
- for micro-hedging and macro-hedging transactions, balances are amortized over the remaining term of the initially hedged item or immediately recognized in the income statement.

Options

The notional amount of the underlying asset of an option or forward contract is recognized by distinguishing between hedging contracts and contracts traded for the purposes of capital market transactions.

For transactions involving interest rate, foreign exchange or equity options, the premiums paid or received are recognized in a temporary account. At the end of the fiscal year, any options traded in an organized or similar market are measured and recognized in the income statement. For over-the-counter (OTC) options, provisions are recognized for capital losses but unrealized capital gains are not recognized. When an option is sold, repurchased, or exercised, or when an option expires, the corresponding premium is recognized immediately in the income statement.

Income and expenses for hedging instruments are recognized symmetrically with those from the hedged item. Seller options are not eligible for classification as macro-hedging instruments.

Over-the-counter markets may be treated as organized markets when market makers ensure continuous quotations within a range that reflect market practices when the underlying financial instrument is itself quoted on an organized market.

5.2.1 FINANCIAL INSTRUMENTS AND FOREIGN EXCHANGE FUTURES

	12/31/2021				12/31/2020			
in millions of euros	Hedging transactions	Other transactions	Total	Fair value	Hedging transactions	Other transactions	Total	Fair value
Forward transactions								
Interest rate contracts			0				0	
Foreign currency contracts			0				0	
Other contracts			0				0	
Transactions on organized markets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Forward rate agreements (FRA)			0				0	
Interest rate swaps	154,113		154,113	1,265	152,698		152,698	2,578
Foreign exchange swaps	10,689		10,689	124	10,404		10,404	(255)
Currency swaps	19,849		19,849	165	15,009		15,009	15
Other foreign currency contracts	540		540		698		698	
Other forward contracts	287		287	1	487		487	(24)
Over-the-counter transactions	**185,478**	**0**	**185,478**	**1,555**	**179,296**	**0**	**179,296**	**2,314**
TOTAL FORWARD TRANSACTIONS	**185,478**	**0**	**185,478**	**1,555**	**179,296**	**0**	**179,296**	**2,314**
Options								
Interest rate options			0				0	
Foreign currency options			0				0	
Other options			0				0	
Transactions on organized markets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate options	20		20		32		32	(1)
Foreign currency options			0				0	
Other options			0				0	
Over-the-counter transactions	**20**	**0**	**20**	**0**	**32**	**0**	**32**	**(1)**
TOTAL OPTIONS	**20**	**0**	**20**	**0**	**32**	**0**	**32**	**(1)**
TOTAL FINANCIAL AND FOREIGN CURRENCY FORWARD INSTRUMENTS	**185,498**	**0**	**185,498**	**1,555**	**179,328**	**0**	**179,328**	**2,313**

The notional amounts of contracts listed in this table are solely intended to provide an indication of the volume of BPCE's activities involving financial instruments at the balance sheet date and do not reflect the market risk associated with these instruments.

Commitments on interest rate derivatives traded over the counter mainly consisted of interest rate swaps for forward instruments and interest rate guarantees for options.

Commitments on foreign exchange instruments traded over the counter mainly consisted of currency swaps.

5.2.2 BREAKDOWN BY TYPE OF PORTFOLIO OF INTEREST RATE FINANCIAL INSTRUMENTS TRADED ON AN OVER-THE-COUNTER MARKET

	12/31/2021				12/31/2020			
in millions of euros	Micro-hedging	Macro-hedging	Isolated open positions	Total	Micro-hedging	Macro-hedging	Isolated open positions	Total
Forward rate agreements (FRA)				0				0
Interest rate swaps	81,814	72,300		154,114	75,735	76,964		152,699
Currency swaps	19,849			19,849	15,009			15,009
Other interest rate forward contracts				0				0
Forward transactions	**101,663**	**72,300**	**0**	**173,963**	**90,744**	**76,964**	**0**	**167,708**
Interest rate options	20			20	32			32
Options	**20**	**0**	**0**	**20**	**32**	**0**	**0**	**32**
TOTAL	**101,683**	**72,300**	**0**	**173,983**	**90,776**	**76,964**	**0**	**167,740**

	12/31/2021				12/31/2020			
in millions of euros	Micro-hedging	Macro-hedging	Isolated open positions	Total	Micro-hedging	Macro-hedging	Isolated open positions	Total
Fair value	1,265	0	0	1,265	2,596	(3)	0	2,593

No transactions were transferred from one portfolio to another during the period.

5.2.3 COMMITMENTS ON FORWARD FINANCIAL INSTRUMENTS BY TERM OUTSTANDING

	12/31/2021			
in millions of euros	Less than 1 year	1 to 5 years	More than 5 years	Total
Transactions on organized markets				0
Over-the-counter transactions	96,843	62,291	26,344	185,478
Forward transactions	**96,843**	**62,291**	**26,344**	**185,478**
Transactions on organized markets				0
Over-the-counter transactions	3	13	4	20
Options	**3**	**13**	**4**	**20**
TOTAL	**96,846**	**62,304**	**26,348**	**185,498**

5.3 BREAKDOWN OF ASSETS AND LIABILITIES BY CURRENCY

	12/31/2021		12/31/2020	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Euro	447,404	421,337	334,852	313,779
Dollar	26,051	37,362	25,548	34,286
Pound sterling	2,451	8,537	1,025	5,045
Swiss franc	1,797	405	1,785	597
Yen	2,190	9,035	1,886	8,685
Other	806	4,023	676	3,380
TOTAL	**480,699**	**480,699**	**365,772**	**365,772**

5.4 TRANSACTIONS IN FOREIGN CURRENCIES

Accounting principles

Gains and losses on foreign currency transactions are determined in accordance with ANC Regulation No. 2014-07.

Receivables, liabilities, and off-balance sheet commitments denominated in foreign currencies are measured at the exchange rate prevailing at the balance sheet date. Realized and unrealized foreign exchange gains and losses are recognized in the income statement. Income and expenses paid or received in foreign currencies are recognized at the exchange rate prevailing at the transaction date.

Fixed assets and investments in associates denominated in foreign currencies but financed in euros are recognized at acquisition cost.

Non-settled spot foreign exchange transactions are measured at the exchange rate prevailing at the balance sheet date.

Discounts or premiums on foreign exchange forward contracts used for hedging purposes are recognized in the income statement on a *pro rata* basis. Other foreign exchange contracts and forward instruments denominated in foreign currencies are marked to market. Outright foreign exchange forward contracts, and those hedged by forward instruments, are restated over the remaining term. Foreign exchange swaps are recognized as pairs of spot purchase/forward sale transactions. Currency swaps are subject to the provisions of ANC Regulation No. 2014-07.

in millions of euros	12/31/2021	12/31/2020
Spot foreign exchange transactions		
Currencies receivable not received	14	14
Currencies deliverable not delivered	14	14
TOTAL	**28**	**28**

Note 6 Other information

6.1 CONSOLIDATION

In reference to Article 4111-1 of ANC Regulation No. 2014-07, and in accordance with Article 111-1 of ANC Regulation No. 2020-01 of the Accounting Regulations Committee, BPCE prepares its consolidated financial statements under international accounting standards.

Its parent company financial statements are incorporated in the consolidated financial statements of Groupe BPCE and BPCE SA group.

6.2 REMUNERATION, RECEIVABLES, LOANS AND COMMITMENTS

Total remuneration paid in 2021 to members of the Management Board amounted to €4.6 million and €0.3 million was paid to members of the Supervisory Board.

Provisions for retirement bonuses at the end of 2021 amounted to €3.8 million for members of the Management Board.

6.3 OPERATIONS IN NON-COOPERATIVE COUNTRIES

The provisions of Article L. 511-45 of the French Monetary and Financial Code and the Order of October 6, 2009, issued by the French Economy Minister, require credit institutions to disclose, in the notes to their annual financial statements, information on their presence and activities in countries and territories that have not entered into an administrative assistance agreement with France for the exchange of information with the aim of combating tax fraud and tax evasion.

These obligations are part of the broader worldwide goal of combating non-cooperative tax havens, which were defined at OECD meetings and summits, and are also designed to prevent money laundering and terrorist financing.

Since its foundation, Groupe BPCE has adopted a prudent approach. It ensures that entities belonging to its networks are regularly informed about updates to the OECD list of territories that are considered as non-cooperative when it comes to exchanging information for tax purposes, and about the potential consequences of maintaining operations in non-cooperative territories. In addition, lists of non-cooperative territories have been integrated, in part, into software packages used to prevent money laundering with the objective of ensuring appropriate due diligence for transactions with non-cooperative countries and territories (implementation of Ministerial Decree No. 2009-874 of July 16, 2009). A central inventory of the group's locations and activities in non-cooperative territories has been drawn up for the information of executive bodies.

This statement is based on the list of countries given in the March 4, 2021 Ministerial Decree, taken in accordance with Article 238-0-A of the French General Tax Code.

At December 31, 2021, BPCE had no offices or activities in non-cooperative tax havens.

5.7 Statutory Auditors' report on the annual financial statements

(For the year ended December 31, 2021)

This is a free translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This report includes information specifically required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Shareholders' Meetings,

I. OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of BPCE S.A. for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1st, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

- Deloitte & Associés: the main engagements conducted in fiscal year 2021 concerned certification, specified procedures, compliance review, accounting and financial due diligences on possible acquisition operations of entities, comfort letters issued in connection with issuance programs, reviews of compliance procedures and the achievement of attestations and missions of independent third party on the CSR information of the management report.
- PricewaterhouseCoopers Audit: the main engagements conducted in fiscal year 2021 concerned certification, specified procedures, reviews of compliance procedures, services provided as part of restructuring measures, comfort letters issued in connection with issuance programs, tax consultations and CSR missions.
- Mazars: the main assignments carried out in the 2021 financial year concerned methodological review, specified procedures, certification, comfort letters issued in connection with issuance programs and CSR missions.

III. EMPHASIS OF MATTER

Without qualifying the opinion expressed above, we draw your attention to the matter described in note 2.2 to the financial statements relating to the change in accounting method resulting from the update in November 2021 by the Accounting Standards Authority of its recommendation n° 2013-02 regarding valuation and accounting rules for retirement commitments and similar benefits.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

In this complex and evolving context and in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of associates, equity interests, long-term investments and accounting treatment of structural operations of the year

Risk identified and main judgments

As of December 31, 2021, associates, equity interests and long-term investments recognized in BPCE S.A.'s financial statements amounted to €26,683 million, including €6,265 million in impairment losses. Net impairment of investments in subsidiaries and affiliates and other long-term investments in 2021 amounted to €1,337 million.

As indicated in note 4.4 to the financial statements, they are recognized at their acquisition cost and impaired on the basis of their value in use.

BPCE's main banking subsidiaries are measured on the basis of discounted multi-year forecasts of expected dividend flows (Dividend Discount Model). The forecasts of expected dividend flows are based on the medium-term financial projections prepared by the entities concerned as part of Groupe BPCE's annual budgeting process and established for the Group's management purposes.

We deemed the correct measurement of equity interests, shares in related companies and other long-term equity holdings to be a key audit matter, given the areas of judgment inherent to structuring assumptions used, in particular for determining financial forecasts and valuation parameters, especially in the actual economic context.

Furthermore, as indicated in note 4.4.1 to the financial statements, the 2021 financial year was marked by various structural operations, in particular:

- Natixis shares buyback held by minority shareholders, which led to an increase in BPCE S.A.'s stake in Natixis by €3,763 million;
- the sale of BPCE S.A.'s entire stake in CNP Assurances, generating a capital gain of €819 million before tax.

Given the significant nature of the impact of these transactions on the accounts of BPCE S.A., we considered the accounting treatment of these transactions to be a key point of the audit.

Our response

To assess the reasonableness of the estimated value in use of equity interests, shares in related companies and other long-term equity holdings with the guidance of our experts we verified that the estimated values determined by management were based on reasonable assumptions and an appropriate measurement method applied to correctly documented quantified data.

Depending on the securities in question, our audit work consisted in:

- analyzing the relevance of the methods retained;
- examining the assumptions and inputs used by comparing them to external sources;
- performing an arithmetic check of the calculation of the values of the main subsidiaries examining the reasonableness -especially in the financial and economic context of the health crisis- of the medium-term plans used for each entity in question, which entailed:
  - comparing these strategic plans validated by the entities' management bodies (Supervisory Board or Board of Directors),
  - evaluating the relevance and reliability of the main assumptions used to develop the plans, particularly with regard to past years' financial projections and actual past performance,
  - analyzing sensitivity to different valuation inputs (shareholders' equity, discount rates, etc.).

Regarding structural operations, we considered the legal documentation that led to the completion of these transactions and, with the support of our Standards teams, reviewed the accounting treatment implemented by BPCE S.A. and the resulting quantified impacts.

IV. SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

INFORMATION GIVEN IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO THE COOPERATIVE SHAREHOLDERS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board and in the other documents with respect to the financial position and the financial statements provided to the *cooperative* shareholders, besides the following point:

With respect to the fair presentation and the consistency with the financial statements of the information relating to the payment terms required by Article D.441-6 of the French Commercial Code, we have the following observation: as indicated in the management report, the information does not include banking operations and related operations, as the Company considers these are not within the scope of the information to be produced.

REPORT ON CORPORATE GOVERNANCE

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 22-10-10 of the French Commercial Code.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

V. OTHER LEGAL AND REGULATORY INFORMATION

FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Management Board, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

APPOINTMENT OF THE STATUTORY AUDITORS

Mazars was appointed as statutory auditors in the first statutes dated December 19, 2006 of GCE Nao (whose corporate name became BPCE S.A. in July 2009), throughout its inception. We were appointed as statutory auditors of BPCE S.A. by the annual general meetings of BPCE S.A. held on May 22, 2015 for Deloitte & Associés and on July 2, 2009 for PricewaterhouseCoopers Audit.

As at December 31, 2021, Mazars was in the fifteenth year of total uninterrupted engagement, including 13 years since the company became a public-interest entity, Deloitte & Associés was in the seventh year of total uninterrupted engagement, PricewaterhouseCoopers Audit in the thirteenth.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

VII. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense and Neuilly-sur-Seine, March 23, 2022

The Statutory Auditors

Deloitte & Associés	Mazars	PricewaterhouseCoopers Audit
Marjorie Blanc Lourme	Charles de Boisriou	Emmanuel Benoist
	Laurence Karagulian	Antoine Priollaud

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5.8 Controls of accounting and financial reporting quality

5.8.1 Roles and responsibilities in preparing and processing accounting and financial information

GENERAL PRINCIPLES OF RESPONSIBILITY WITHIN GROUPE BPCE

The production of accounting and financial information and verifications to ensure its accuracy are performed by the Finance functions of the entities included in the scope of consolidation.

Each entity has the resources to ensure the quality of accounting and financial data, in particular by seeing that regulations and group standards are being properly implemented, and reconciling accounting and operating results, where applicable.

Each entity prepares, on a monthly or quarterly basis, financial statements and regulatory information required at the local level, along with reporting documents for the Finance and Strategy division.

At Groupe BPCE, the preparation and processing of financial and accounting information falls under the responsibility of the Finance function. This responsibility is carried out within the central institution, mainly by four departments of the Finance and Strategy division:

- the Financial Management department;
- the Performance Oversight department;
- the Accounting department;
- the Architecture and Reporting department.

The other departments that complete the division are the Research and Forecasting department, the Tax department, the Financial Resilience department and the Strategy department.

The Finance and Strategy division collects the accounting and financial data produced by the entities within the group's scope of consolidation. It is also responsible for consolidating and verifying these data for use in group oversight and communication to third parties (auditors, investors, etc.).

In addition to consolidating accounting and financial information, the Finance and Strategy division has broad control duties:

- it coordinates asset/liability management by defining the group's asset/liability management rules and standards and ensuring they are properly applied;
- it manages and checks the group's balance sheet ratios and structural risks;
- it defines accounting standards and principles applicable to the group and ensures they are properly applied;
- it coordinates the steering and reporting of the group's financial performance in accordance with strategic plan objectives;
- it manages the Pillar II approach and related matters within the group;
- it monitors the financial planning of group entities and capital transactions;
- it ensures the reliability of accounting and financial information shared outside the group;
- it steers planning and strategic operations;
- it manages emergency financial plans in the event of idiosyncratic or systemic crises and coordinates the resolution plan.

MAIN FUNCTIONS, WITHIN THE CENTRAL INSTITUTION, CONTRIBUTING TO THE PREPARATION AND COMMUNICATION OF ACCOUNTING AND FINANCIAL DATA AND THEIR RESPONSIBILITIES.

Within the group, the main functions involved in preparing and publishing accounting and financial information are accounting, finance control, reporting, investor relations and financial management.

Within the central institution, these functions are carried out mainly by four departments reporting to the Chief Executive Officer of the Finance and Strategy division: the Accounting department, the Performance Oversight department, the Financial Management department and the Architecture and Reporting department.

THE ACCOUNTING DEPARTMENT

The Accounting department is responsible for producing the parent company and consolidated financial statements (Groupe BPCE and BPCE SA group) and the corresponding regulatory filings (particularly COREP and FINREP). Its main duties are:

- preparing the consolidated financial statements of Groupe BPCE and BPCE SA group, calculating the regulatory ratios and preparing the corresponding reports;
- coordinating the accounting process within the group;
- providing a regulatory watch on French and IFRS accounting standards applied by the group in coordination with shareholder institutions, BPCE subsidiaries and the Statutory Auditors;
- acting as the interface between the regulatory authorities (the European Central Bank and the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector) and affiliated institutions, in accordance with Article L. 512-107 of the French Monetary and Financial Code and ensuring that the affiliated institutions comply with regulatory standards and management ratios;
- representing the group in its dealings with industry bodies (*Autorité des normes comptables,* European Banking Federation, etc.);

- producing accounting and regulatory statements for BPCE SA and the entities under its authority.

Within the group, the Accounting department relies on the accounting functions of each entity, which are responsible for the publication of the parent company financial statements and, where applicable, the consolidated financial statements, regulatory reports and disclosures to the central institution.

THE PERFORMANCE OVERSIGHT DEPARTMENT

The Performance Oversight department is responsible for producing management information. Its main duties are:

- coordinating oversight of the financial planning, budget and multi-year rolling forecast process;
- coordinating oversight of business performance in support of the Retail Banking and Insurance division;
- managing solvency issues (solvency ratios, leverage ratios, TLAC, MREL, etc.) and the Pillar II approach within the group;
- coordinating and monitoring the management of scarce resources within the group (cost-effectiveness, capital/solvency, liquidity);
- analyzing the performance of the group, its business lines and entities, especially for the publication of each quarter's results;
- steering and challenging the subsidiaries' financial performances to safeguard the group's financial ratios;
- coordinating and steering approaches for the analysis of the group's operating costs;
- helping prepare the group's strategic and financial plans;
- managing the expenses of the central institution;
- coordinating the finance control process within the group.

The Performance Oversight department relies on the group's Management Control functions, which are responsible for the operational management of each entity and for the production of management information for both the entity and the central institution.

THE ARCHITECTURE AND REPORTING DEPARTMENT

The Architecture and Reporting department is responsible for securing the key IS Finance & Risk applications, ensuring the reliability of complex production processes (transformed data with the preparation of regulatory and management reports) and ensuring that these processes comply with BCBS 239 principles. Its main duties are:

- making strategic choices regarding the design and construction of data bases as well as regulatory and management processes based on the main risk and financial calculators, in current, *ad hoc* and crisis situations, while ensuring the coordination of all related projects;
- operating, through its technological fiber, complex production systems (Finance and Risk production, treasury systems and banking activities) and pool project efforts for other business lines;
- guaranteeing a centralized and consistent vision across the entire IS Finance & Risk chain;
- simplifying, harmonizing, integrating and pooling in a logic of operational efficiency and process security by relying on technological levers;
- implementing innovative tools (simulations, proactive exercises, data analysis, etc.) and promoting an open innovation approach (Artificial Intelligence, Green Finance, etc.) directly linked to the ongoing search for operational efficiency;
- accelerating the implementation of responses to regulatory recommendations and requirements (*e.g.* BCBS 239 and the ECB Data Finance/Risk dialog).

THE FINANCIAL MANAGEMENT DEPARTMENT

The Financial Management department is responsible for the optimal and sustainable management of liquidity and refinancing and is also in charge of financial communication. Its main duties are:

- organizing, coordinating and supervising the refinancing of Groupe BPCE on the financial markets in order to ensure, at the best possible price, the realization of a sustainable refinancing plan over time, making it possible to finance the various activities of the group over a duration consistent with the assets created and to allocate this liquidity to the various business lines and to control its use and evolution;
- managing the optimization of scarce resources, collateralized refinancing, collateral management and green refinancing strategy;
- producing regulatory ratios and ensuring compliance with them, as well as internal constraints resulting in particular from stress tests guaranteeing the sustainability of the refinancing of the group's business model even in the event of a crisis;
- developing the group's interest rate and liquidity risk management system and its application to the entities;
- coordinating and producing presentations of quarterly results, the financial structure and the development of the group's business lines to enable third parties to form an opinion on its financial strength, profitability and outlook;
- coordinating and preparing the presentation of regulated financial information (Universal Registration Document and its quarterly amendments) filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, and the Pillar III report, integrating the contributions of other BPCE functions;
- organizing relations with institutional investors, financial analysts and rating agencies by ensuring coordination with the other rated entities of the group;
- organizing and maintaining relationships with credit investors likely to hold and/or acquire debt instruments (short, medium or long term) issued by BPCE or Natixis.

The Financial Management department relies on the eponymous functions organized in each entity and which are responsible for communicating information relating to financial management both on behalf of the entity and for the central institution.

5.8.2 Production processes for accounting and financial data

GENERAL SYSTEM AND PROCESS FOR PREPARING CONSOLIDATED ACCOUNTING AND FINANCIAL DATA

The central institution prepares the consolidated financial statements of Groupe BPCE and its parent company financial statements. It also produces and oversees Groupe BPCE's regulatory ratios on a consolidated basis and those of affiliated institutions in the regulatory financial reports.

It also ensures the proper application by the institutions affiliated to Groupe BPCE of the accounting and prudential rules and verifies the compliance of the reports with the applicable regulatory requirements.

To ensure the reliability of the production processes, the Finance and Strategy division uses:

- an appropriate body of standards distributed to all group entities;
- a single consolidated IT system that guarantees consistent treatment and analysis;
- a comprehensive body of documents respecting regulatory requirements;
- a standardized control mechanism, the structure of which is described in section 5.8.3 below.

Groupe BPCE institutions publishing financial statements on a consolidated basis under IFRS are all of the Banques Populaires and Caisses d'Epargne and the group's main subsidiaries, essentially Natixis, Crédit Foncier, Banque Palatine and Oney Bank.

BODY OF STANDARDS

Within the central institution, the Finance and Strategy division has designed and deployed a set of standards to all group entities to ensure the reliability of the production of accounting and financial information in compliance with accounting and prudential rules or requirements defined by intra- or supra-national regulations for the publication of regulatory reports. This body is mainly based on:

- the definition and dissemination of accounting policies for the group, both for French GAAP and international (IFRS) accounting standards;
- the deployment of a consolidation framework intended to ensure the reliability of the process of preparing consolidated data, whether accounting, tax or prudential.

This standard also includes the analysis and interpretation of new texts issued during a given period.

These principles are periodically communicated through:

- group instructions for affiliated institutions that set out the common rules relating to the production of accounting and tax information or regulatory reports, in particular those relating to capital adequacy and liquidity (change in the scope of consolidation, schedule of the various works to meet deadlines, any changes in information systems, reminder of regulatory changes, etc.);
- presentations at national days on accounting, taxation, capital adequacy and liquidity (Accounting and Tax Days, Asset/Liability Management Days, etc.) with a focus on regulatory changes;
- a training and facilitation system aimed in particular at the accounting and financial information production teams within the consolidated entities.

A SINGLE CONSOLIDATED INFORMATION SYSTEM

To ensure the production of its accounting and financial information, the group uses market software packages or develops internal solutions in compliance with the rules defined by its IT master plan (in particular in terms of security, sustainability, quality, etc.).

As part of this IT master plan, the group has developed an architecture to organize a data model shared between the Risk and Finance divisions, both locally and centrally: the Standardized Exchange Zone (ZEN). This is one of the main sources of information for the central risk and finance information systems, thus ensuring the consistency of the common data used in the main central reporting systems as well as between local and central reporting (scope, production date, etc.)

To ensure the consolidation of accounting and prudential information and to produce the reports intended for the effective management, the supervisory body, the supervisory and control authorities or intended for publication, the consolidation is carried out on a quarterly basis on the basis of the financial statements of each group entity. Data from the entities are entered into a central database where consolidation procedures are then carried out and which is based on a mixed solution in the group's business lines:

- for the majority of group entities and in particular the Caisses d'Epargne and Banques Populaires, information is communicated on an individual basis to ensure a more detailed view of each entity's contribution to the group's financial statements and ratios. The system, managed by the central institution, is based on a single central consolidation tool used by all entities for the consolidation of the group and the sub-consolidations that need to be produced. This ensures internal consistency as regards scopes, accounting treatment and analysis;
- for some entities, and in particular the Natixis sub-group, the consolidation is carried out by their own consolidation tool and then communicated to the central institution on the basis of a consolidation package representative of their financial statements and their ratios to ensure the production of the group's financial statements and ratios. Natixis is equipped with a consolidation tool enabling the production of its consolidated financial statements and ratios, guaranteeing the consistency of the data and providing a transparent overview of its subsidiaries.

These consolidation tools have archiving and security procedures including the daily back-up of the consolidation database. System restoration tests are regularly carried out.

BODY OF DOCUMENTS

To ensure the reliability of the production processes for accounting and financial information, the central institution has drawn up and deployed a comprehensive body of documents in line with requirements set out in Articles 3e), 11e), 255 and 256 of the Ministerial Order of November 3, 2014 on internal control.

In accordance with the requirements defined by the group, this documentary database comprises three levels of information:

- level 1: an inventory of deferrals listing all documents produced by all functions and transmitted "[...] to the executive management or the supervisory body [...] to the supervisory and control authorities [...]" or "[...] intended to be published [...]" within the meaning of Article 11 c) of the Order of November 3, 2014, as amended, on internal control. This inventory, which is updated every year, includes minimum information on each of the reports in order to understand the objective and assess the associated risk (person responsible, objective, content, methods of dissemination, regulatory reference, risks covered, recipients, etc.);
- level 2: operating methods or procedures that formalize the sequencing of operations to implement the production, publication or control processes;
- level 3: a description of the processes presenting, from end to end and essentially for the most complex processes, the main production and control stages, identifying the actors and the tools.

CHANGES IN 2021

In 2021, the group continued its efforts to standardize and streamline its working methods to ensure the production of consolidated accounting and financial data, while adapting them to internal and regulatory changes, including:

- the operational deployment of the provisions of regulation (EU) No. 2019/876 (CRR2), which led to the adaptation of the COREP and FINREP reports (also to comply with the DPM 3.0 taxonomy), and the publication of the Pillar III report. The calculators and information bases for risk-weighted assets and cost of risk have also been adapted. Finally, the system for producing the NSFR in compliance with these requirements has been rolled out to all group entities, together with the implementation of a centralized process for steering the group's trajectory;
- the organization of a cross-functional project focused on Finance and Risk data, designed to finalize the operational implementation of BCBS 239 principles and to integrate these requirements into the daily life of the business lines. As part of this project, the scope of the data bases that meet the highest quality criteria (golden source) in a normal environment or in a crisis situation was adapted by relying, in particular, on a reinforced industrialization of the supply processes (in compliance with the IT master plan). In addition, several key projects aimed at securing/optimizing production processes have been developed by integrating innovative initiatives for the benefit of the group's business lines and entities. Finally, the implementation of a BCBS 239 culture has continued in the group's business lines and main entities, including the introduction of appropriate tools and methods to ensure compliance with regulations and increase overall operational efficiency;
- the implementation, for the insurance entities of Groupe BPCE, of project structures commensurate with the changes brought about by IFRS 17 and the continuation of preparatory work for the application of this standard: instruction and documentation of normative choices, modelling, adaptation of systems and organizations, production of accounts and changeover strategy, financial communication and change management;
- the implementation of the new Fundamental Review of the Trading Book (FRTB) reporting from the Ministerial Order of September 30, 2021.

5.8.3 Accounting and financial data control process

GENERAL SYSTEM

The group's internal control system contributes to the management of all types of risk and enhances the quality of accounting and financial information.

It is organized in accordance with legal and regulatory requirements, including those arising from the amended Ministerial Order of November 3, 2014 on internal control and texts governing BPCE. It concerns all group companies, which are monitored on a consolidated basis.

The system is governed by an umbrella charter addressing the organization of group internal control, which sets out the main principles, defines the scope of application, and lists all contributors along with their role, with the aim of ensuring that the internal control system of each company and the group works effectively. This charter is supplemented by frameworks, including the framework on controls of accounting and financial information.

DEPLOYMENT OF THE CONTROL SYSTEM FOR ACCOUNTING AND FINANCIAL DATA

The group has defined and implemented an accounting and financial information control system designed to:

- ensure that production processes are reliable and implemented in an environment of secure controls, making it possible to detect or prevent omissions, errors, fraud or corruption;
- "verify the quality of the accounting and financial information, whether it is intended for the executive management or the supervisory body, transmitted to the supervisory and regulatory authorities or included in the documents intended for publication" in accordance with the requirements defined by the amended Ministerial Order of November 3, 2014 on internal control and in particular Article 11 c).

This system is implemented by various participants at three levels, ensuring a strict separation between the different lines of defense:

- level one controls are performed by all persons involved in the production and publication of accounting and financial information (controls of accounting information are coordinated by the Accounting division);
- level two controls are carried out by a specialized function (the financial control function), working with other level two control participants, as applicable;
- level three controls are primarily conducted by the Statutory Auditors as part of their regulatory audit assignments (financial audit).

Within the group, this system is governed by rules and principles defined mainly around three guidelines updated under the coordination of the group Secretary General:

- the Framework for quality control of accounting and financial information validated by the group Internal Control Coordination Committee. This Framework defines the rules and principles of controls and responsibilities for accounting and related processes, as well as for the production and publication of reports intended for publication or transmission to the executive management, the supervisory body or the regulatory and control authorities;
- the Framework for the preparation and publication of reports and management indicators approved by the Standards and Methods, Risks, Compliance and Permanent Control Committee. This Framework defines rules and principles relating to deferrals and provides operational details to ensure the implementation of regulatory requirements relating to deferrals (including those defined by the amended Ministerial Order of November 3, 2014 on internal control and requirements derived from BCBS 239 principles);
- the Framework for Statutory Auditor assignments at Groupe BPCE, approved by the BPCE Supervisory Board, which sets out the rules and principles governing statutory audits in the group.

WITHIN THE ENTITIES

Internal control procedures are decentralized by nature owing to the group's unique organizational structure and are adapted to the particular requirements of each consolidated entity, in compliance with the general rules and principles set by the group.

AT THE CENTRAL INSTITUTION

Level one controls

In addition to the level one self-checking and control procedures performed in the entities responsible for preparing parent company or consolidated financial statements, the quality of accounting and financial controls is also verified by the Accounting department, which oversees the production of accounting and financial information.

To this end, the Accounting department:

- sets accounting and prudential standards at the group level for the production of parent company and consolidated financial statements that meet French and IFRS accounting standards, and the production of regulatory reports for national or supranational oversight and control authorities;
- coordinates the accounting process, thereby increasing the quality of level one controls;
- examines the reports covering accounting and regulatory data that it receives by conducting multiple controls using data contained in the consolidation packages sent by the entities in the group's scope of consolidation for the purposes of preparing the parent company and regulatory consolidated financial statements;
- conducts, as part of the duties of the central institution that fall under Article L. 511-31 of the French Monetary and Financial Code, a routine review of the regulatory reports of affiliates before they are submitted to the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector, and in accordance with the rules agreed-upon with the ACPR (multiple consistency checks and analyses);
- control, in the context of the tax consolidation regime for mutual banking groups (Article 223 A *et seq.* of the French General Tax Code), the tax consolidation reports submitted to the central institution by the entities falling within the scope of this regime.

In addition, for the deferrals for which they are responsible, the other departments of the Finance and Strategy division organize and implement the related process control system in addition to those deployed by the Accounting department, where applicable.

Level two controls

Within the group, the system is managed by the group Financial Control department. The Head of this department is a standing guest member of the group Internal Control Coordination Committee and has been granted powers to set standards for the function. In conjunction with the shareholder institutions and group subsidiaries, the department maintains functional ties between local Financial Control departments and the central institution to ensure the quality of the entire control system.

Under its group-wide duties, the department's primary activities are to:

- draft and distribute the body of standards and documentation for the sector and ensuring its implementation;
- facilitate the sharing of best practices within an *Ad Hoc* Committee (Financial Controller Committee), working groups and training courses for local permanent or periodic controllers;
- organize the monitoring and evaluation of the accounting and financial information control system within the group by deploying the reporting of each entity to the central institution and by carrying out visits to entities, in particular to those whose financial control systems are weaker than others;
- implement accounting controls to prevent and detect fraud, corruption or influence peddling;
- verify, on behalf of the audit committee, the group's regulatory audit system and in particular services other than certification of financial statements.

In addition to these sovereign missions, the department implements controls on accounting processes and internal (for management purposes) or external (regulatory) reports for the central institution or entities for which the central institution acts under mandate or delegation. This work, identified according to a risk-based approach, is carried out, where appropriate, with other second-level controllers.

Level three controls

These controls are implemented by:

- the group's Statutory Auditors, which work on a panel basis and base their opinions partly on the conclusions of each consolidated entity's Statutory Auditors, particularly regarding compliance with the group's standards as laid down by BPCE and partly on the effectiveness of local internal control procedures. To make the certification process as efficient as possible, the Framework for Statutory Auditor Assignments at Groupe BPCE recommends that each group entity has at least one representative of the group's Statutory Auditors certifying BPCE's financial statements;
- BPCE's group Inspection Générale division, which notably ensures compliance in audits of the group's institutions and internal control procedures, including accounting and financial audits.

CHANGES IN 2021

In 2021, the group has adapted its control system for accounting and financial information to take into account regulatory changes and continue its streamlining efforts. The main actions carried out by the central institution were as follows:

- the integration of Oney Bank into the monitoring and management system of the Financial Control division;
- the continuation of automation work with the development of automated databases for the analysis and processing of information from reports sent by the entities' financial controls to facilitate their use and reporting, both locally and centrally (presentation to control bodies, preparation of regulatory reports, etc.);
- the strengthening of the second-level control system for consolidation processes, with a central risk assessment carried out to prioritize the controls to be carried out on the group's consolidated financial statements and the updating of a second-level control guide on deferred taxes for use by the Financial Control division;
- the implementation of a standard and a reference framework for accounting controls contributing to the prevention and detection of fraud, corruption and influence peddling within the entities, as well as the organization of training sessions by the central institution on this reference framework. In addition, a second-level group control guide on manual entries has been drawn up and made available to the Financial Control division;
- the deployment of a duly documented evaluation method subject to strict criteria to provide reasonable assurance that reports are produced in a satisfactory internal control environment and that they contain reliable data. It ensures homogeneity in the evaluation of deferrals whether for management or regulatory purposes and regardless of the entities concerned (bank, insurance...) or the requirements to be controlled (CRR2, BCBS 239, amended Ministerial Order of November 3, 2014…);
- the adaptation of the system for assessing compliance with the requirements defined by the BCBS 239 principles by strengthening the self-assessment system carried out by the business lines and the independent review by the risk or financial control functions within each entity;
- the implementation of an independent review by the Risk division and the group Secretary General to ensure that the information required under the Pillar III report has been prepared in accordance with the policies, procedures, systems and controls in force.

BODIES RESPONSIBLE FOR ACCOUNTING AND FINANCIAL INFORMATION

Once per quarter, the BPCE Management Board finalizes the consolidated financial statements and presents them to the Supervisory Board for verification and control.

Parent company financial statements are prepared once per year, in accordance with regulations in force.

The Supervisory Board of BPCE checks and controls the parent company and consolidated financial statements prepared by the BPCE Management Board and presents its observations about the financial statements for the fiscal year at the Ordinary Shareholders' Meeting. For this purpose, the Supervisory Board has set up a specialist committee in charge of preparing its decisions and formulating recommendations: the audit committee.

Details on this committee's duties, including oversight of the accounting and financial information production process, the statutory audit of the annual and consolidated financial statements and the Statutory Auditors' independence, are provided in the section relating to "Corporate governance report".

The Finance Committee brings together executives from each of the two networks and is tasked with examining all financial matters relating to the shareholder community. It examines these matters in accordance with the group committees in these areas and issues an advisory opinion.

In addition, BPCE's Management Board has tasked the Finance and Strategy division with organizing the coordination, information and decision-making process on financial and accounting matters through the Finance function's supervisory committees, organized around three categories:

- permanent committees;
- coordination and reporting committees: these comprise key managers from the Finance function or key managers from each business line department with finance duties (financial control, accounting, cash management, asset/liability management and tax);
- temporary committees that manage and coordinate projects with fixed deadlines.

In order to ensure the transparency and security of the system, these committees are formally governed by regulations that define the operation, organization, composition and role of each committee, along with the rules for reporting on their discussions. The Finance and Strategy division's committees always involve representatives from the shareholder institutions and, if applicable, group subsidiaries.

5.9 Persons responsible for auditing the financial statements

5.9.1 Statutory audit system

Within the group, the main rules that govern the statutory audit system and aim to guarantee Statutory Auditor independence in Groupe BPCE companies are defined in the Framework for Statutory Auditor Assignments at Groupe BPCE, updated and validated by BPCE's Supervisory Board.

Applicable to all group businesses, the Framework primarily defines:

- the rules governing the selection of Statutory Auditors for the group and its entities;
- the rules governing the services that may be provided by Statutory Auditors (or their networks);
- the role of Audit Committees with respect to monitoring the system.

On the appointment of group Statutory Auditors: in line with the regulations in force, the group recommends that each group company continues to designate at least one network of Statutory Auditors that certify BPCE's consolidated and individual financial statements to ensure there is a consistent, harmonized financial audit system available across the group. However, each company's audit committee retains the authority to select Statutory Auditors subject to the approval of the company's General Meeting.

On the prior approval of services other than financial statement certification: in line with the opinion provided by the *Haut Conseil du Commissariat aux Comptes* (H3C) on July 26, 2017, BPCE's audit committee introduced a prior approval procedure, for a one year period, of an exhaustive list of categories of services other than financial statement certification. These provisions, which are set out in the annexes to the Framework for Statutory Auditor Assignments, are reviewed annually by the BPCE audit committee and communicated to all group entities.

In terms of system oversight, each company's audit committee:

- examines the services rendered by the Statutory Auditors. Aside from the prior approval of services other than financial statement certification in compliance with provisions that have been defined in the Framework for Statutory Auditor Assignments, the committee examines the fees and types of services rendered as recorded in each company's income statement;
- ensures compliance with the principles laid out in the Framework for Statutory Auditor Assignments, rules governing the rotation of Statutory Auditors and the rotation of signatory partners and the implementation of a Statutory Auditor selection procedure at the end of each maximum term of office;
- this approach relies on the permanent control system (Financial Control function). A group standard on the control of the independence of the Statutory Auditors, validated by the standards and methods committee, specifies the role of this function in this area and the main procedures it must implement. The work carried out within this framework is presented to each company's audit committee and, on a consolidated basis, to the group audit committee.

On the basis of the group's call for tenders in 2020, the mandates of PricewaterhouseCoopers Audit and Deloitte et Associés were renewed for a period of six fiscal years at BPCE's Combined General Meeting of May 27, 2021.

5.9.2 Statutory Auditors of BPCE

BPCE's Statutory Auditors are responsible for auditing the parent company financial statements of BPCE SA and the consolidated financial statements of Groupe BPCE and BPCE SA group. At December 31, 2021, the Statutory Auditors were:

PricewaterhouseCoopers Audit	Deloitte & Associés	Mazars
63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	6, place de la Pyramide 92908 Paris-La Défense Cedex	61, rue Henri-Regnault 92075 Paris-La Défense Cedex

PricewaterhouseCoopers Audit (672006483 RCS Nanterre), Deloitte et Associés (572028041 RCS Nanterre) and Mazars (784824153 RCS Nanterre) are registered as Statutory Auditors, members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* and under the authority of the *Haut Conseil du Commissariat aux Comptes*.

PRICEWATERHOUSECOOPERS AUDIT

The Combined General Meeting of BPCE of May 27, 2021, voting under the conditions of quorum and majority applicable to Ordinary Shareholders' Meetings, resolved to renew the term of PricewaterhouseCoopers Audit for a period of six fiscal years, *i.e.* until the Ordinary Shareholders' Meeting to be held in 2027, convened to approve the financial statements for the year ending December 31, 2026.

PricewaterhouseCoopers Audit is represented by Emmanuel Benoist and Antoine Priollaud.

Substitute: Jean-Baptiste Deschryver, of 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, appointed for a period of six fiscal years, *i.e.* until the Ordinary Shareholders' Meeting to be held in 2027, convened to approve the financial statements for the year ending December 31, 2026.

DELOITTE & ASSOCIÉS

The Combined General Meeting of BPCE of May 27, 2021, voting under the conditions of quorum and majority applicable to Ordinary Shareholders' Meetings, resolved to appoint Deloitte & Associés for a period of six fiscal years, *i.e.* until the Ordinary Shareholders' Meeting to be held in 2027, convened to approve the financial statements for the year ending December 31, 2026.

Deloitte & Associés is represented by Marjorie Blanc Lourme.

Substitute: BEAS, represented by Damien Leurent, of 6, place de la Pyramide, 92908 Paris-La Défense, appointed for a period of six fiscal years, *i.e.* until the Ordinary Shareholders' Meeting to be held in 2027, convened to approve the financial statements for the year ending December 31, 2026.

MAZARS

Following a proposal made by the Supervisory Board and the opinion of the audit committee, the General Meeting of BPCE of May 24, 2019, voting under the conditions of quorum and majority applicable to Ordinary Shareholders' Meetings, resolved to renew the term of Mazars for a period of six fiscal years, *i.e.* until the Ordinary Shareholders' Meeting to be held in 2025, convened to approve the financial statements for the year ending December 31, 2024.

Mazars is represented by Charles de Boisriou and Laurence Karagulian.

Substitute: Anne Veaute, of 61, rue Henri-Regnault, 92075 Paris-La Défense Cedex, appointed for a period of six fiscal years, *i.e.* until the Ordinary Shareholders' Meeting held in 2025, convened to approve the financial statements for the year ended December 31, 2024.

6

RISK FACTORS & RISK MANAGEMENT

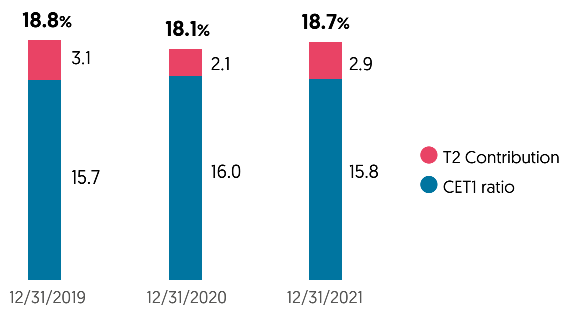
Some disclosures required under IFRS 7 on the nature and the extent of various risks are presented in this report and covered by the Statutory Auditor's opinion on the consolidated financial statements. Such disclosures are flagged by the statement "Information provided in the respect of IFRS 7" and should be interpreted as an integral part of the notes to the consolidated financial statements.

The Pillar III report is available in the "Results and publications" section of Groupe BPCE website (www.groupebpce.com), under "Pillar III".

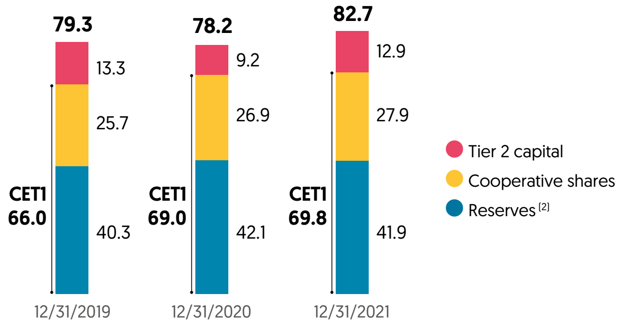
6.1 Key figures

KEY INDICATORS

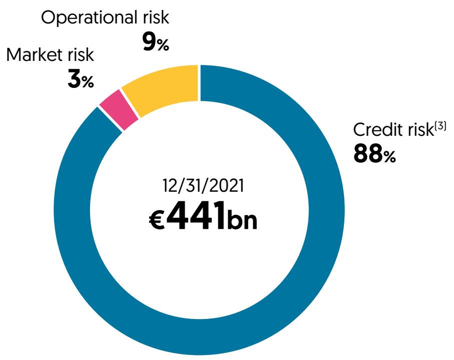
FULLY-LOADED CAPITAL RATIOS [1] *(as a %)*



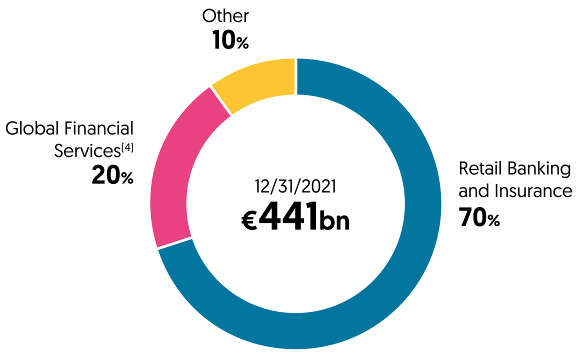
TOTAL FULLY LOADED CAPITAL [1] *(in billions of euros)*



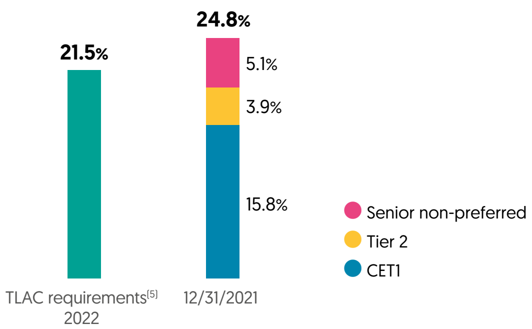
RISK-WEIGHTED ASSETS BY TYPE OF RISK



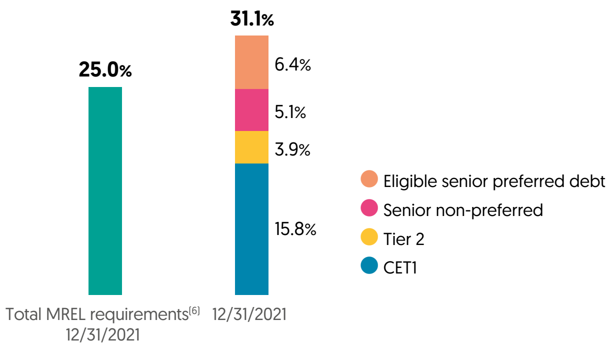
RISK-WEIGHTED ASSETS BY BUSINESS LINE



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

in millions of euros	12/31/2021	09/30/2021	06/30/2021	03/31/2021	12/31/2020
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

6.1.1 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.

6.1.2 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.

6.2 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

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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).

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.

(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.

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.

6.3 Risk management system

6.3.1 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.

6.3.2 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.

6

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

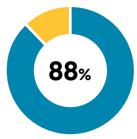
Credit risk, generated by the Group's predominant business (i.e. lending to individual and corporate customers), is governed by risk policies applied to all Group entities, concentration limits defined by counterparty, country and sector, and finally extensive oversight of loan books.

- 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



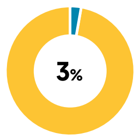
MARKET RISKS

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.

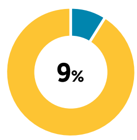
In 2021, liquidity was maintained at a **high level**, providing the Group with significant coverage of **stress scenarios**.

- 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.

6.3.3 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.

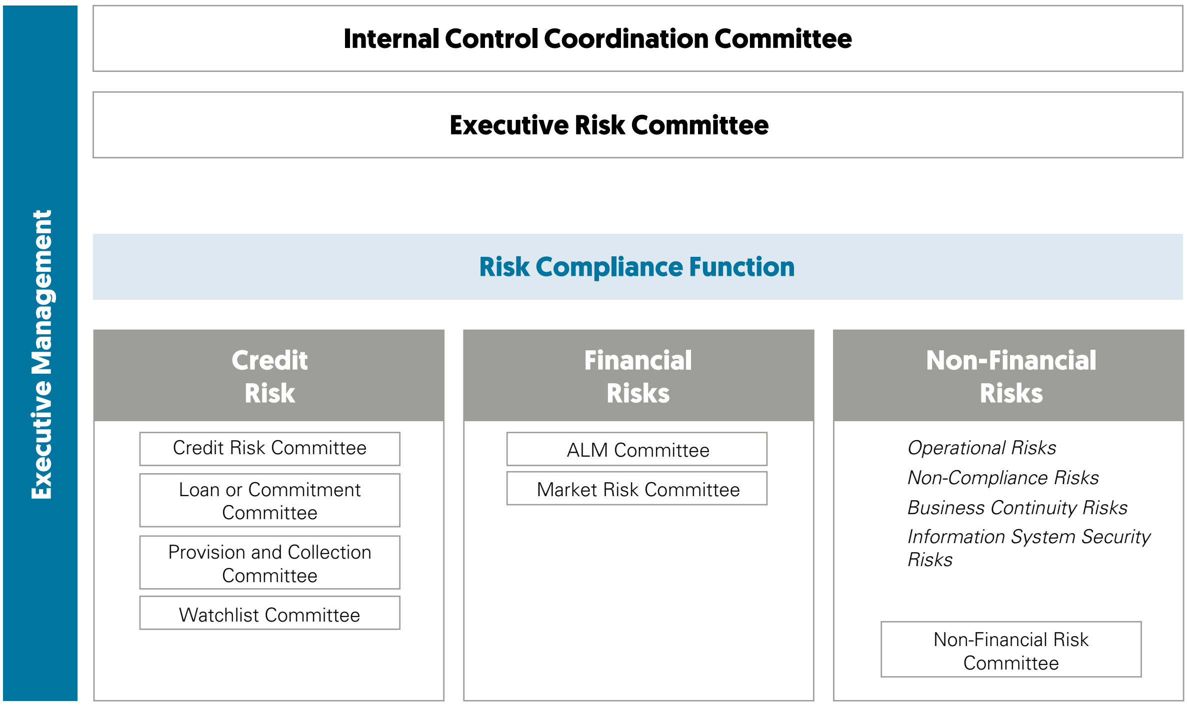
The strong functional authority is exercised by the Head of Risk Management and by the Corporate Secretary, both members of Groupe BPCE's Executive Management Committee. It enables risk controls to be performed objectively, as each Group entity's operational functions are independent from its Risk and 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.

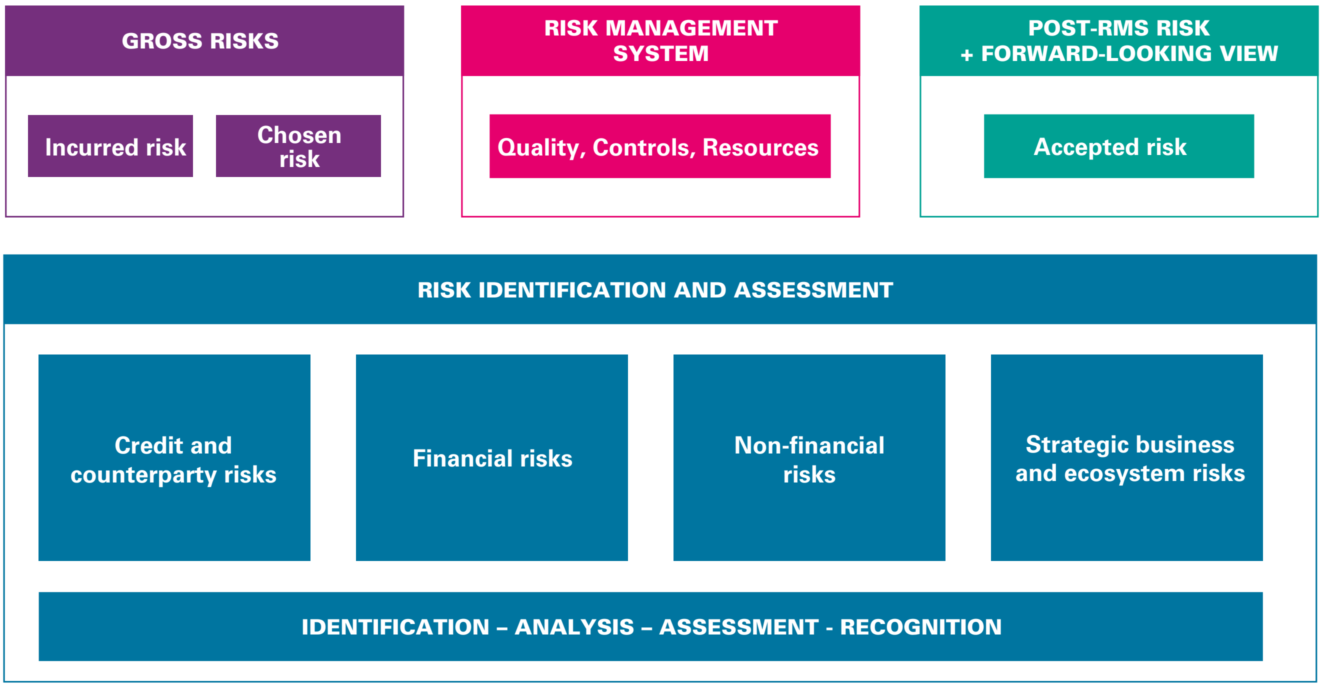
Action plans targeting high-priority risks are defined with the goal of reducing and/or managing risks.

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.

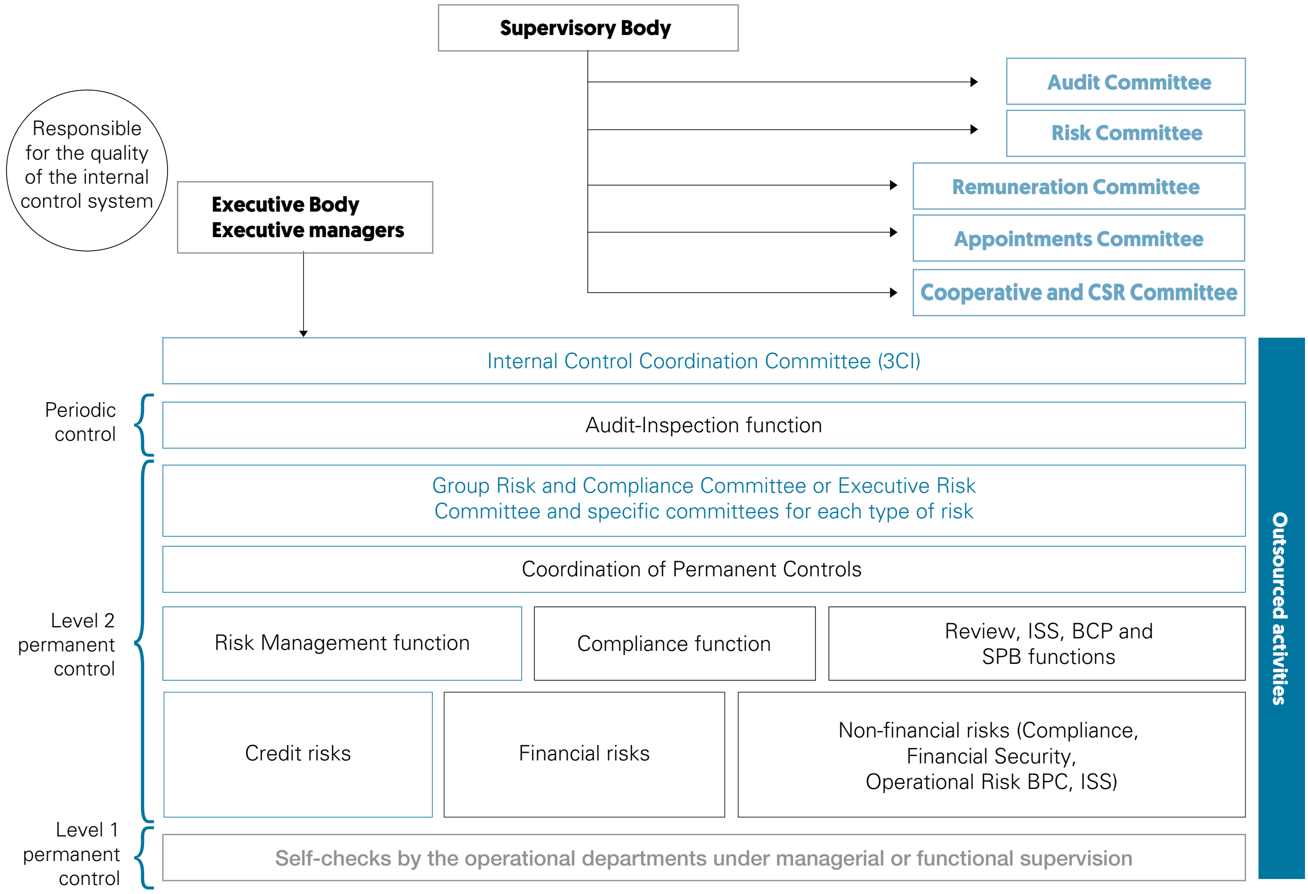
Several scenarios are tested in order to assess all impacts:

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.

6.3.4 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.

6.3.5 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.

6.4 Capital management and capital adequacy

6.4.1 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.

6.4.2 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	
in millions of euros	At end of period	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	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	
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**	

in millions of euros	12/31/2021 Balance sheet in the published financial statements At end of period	12/31/2021 According to the regulatory scope of consolidation At end of period	References
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**	

6.4.3 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.

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.

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.

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.

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.

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**

6.4.4 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.

in millions of euros	Risk-weighted assets 12/31/2021	Risk-weighted assets 12/31/2020	Total capital requirements 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**

RISK-WEIGHTED ASSETS BY TYPE OF RISK AND BUSINESS LINE

in millions of euros		Basel III phased-in 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

6.4.5 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

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.

6.5 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.

6.5.1 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.

6.5.2 Risk measurement and internal ratings

CURRENT SITUATION

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 IRB approach on part of its portfolio.

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.

6.5.3 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.

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.

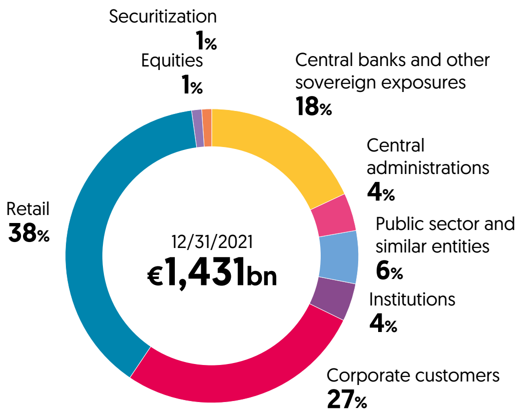
Guarantees other than those referred to above are assessed and validated on the basis of a systematic valuation, either according to market value where the guarantees are quoted on liquid markets (e.g. listed securities), or based on expert opinion demonstrating the value of the guarantee used to hedge 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.).

6.5.4 Quantitative disclosures

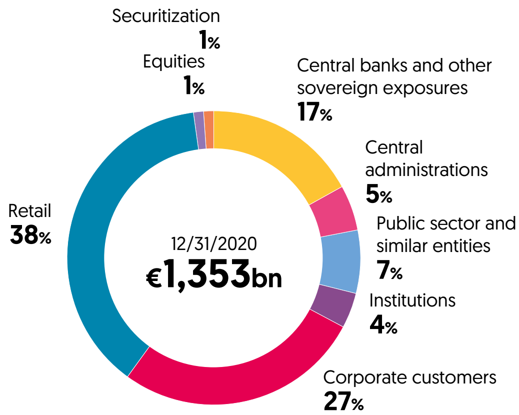
CREDIT RISK EXPOSURE

PORTFOLIO BREAKDOWN BY EXPOSURE CLASS (EXCLUDING OTHER ASSETS)

12/31/2021



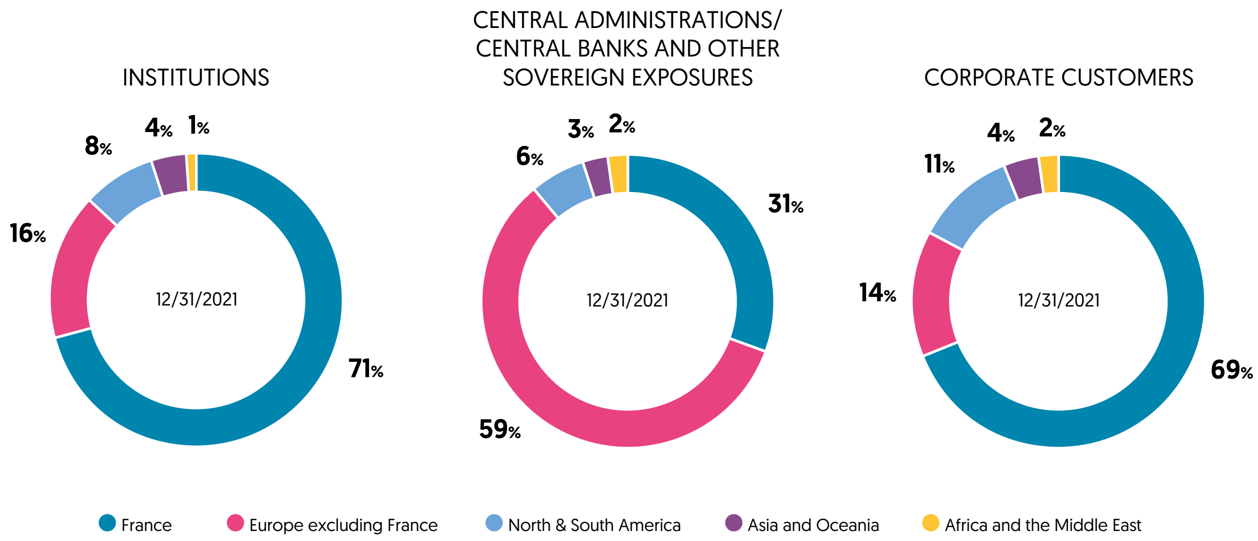
12/31/2020



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

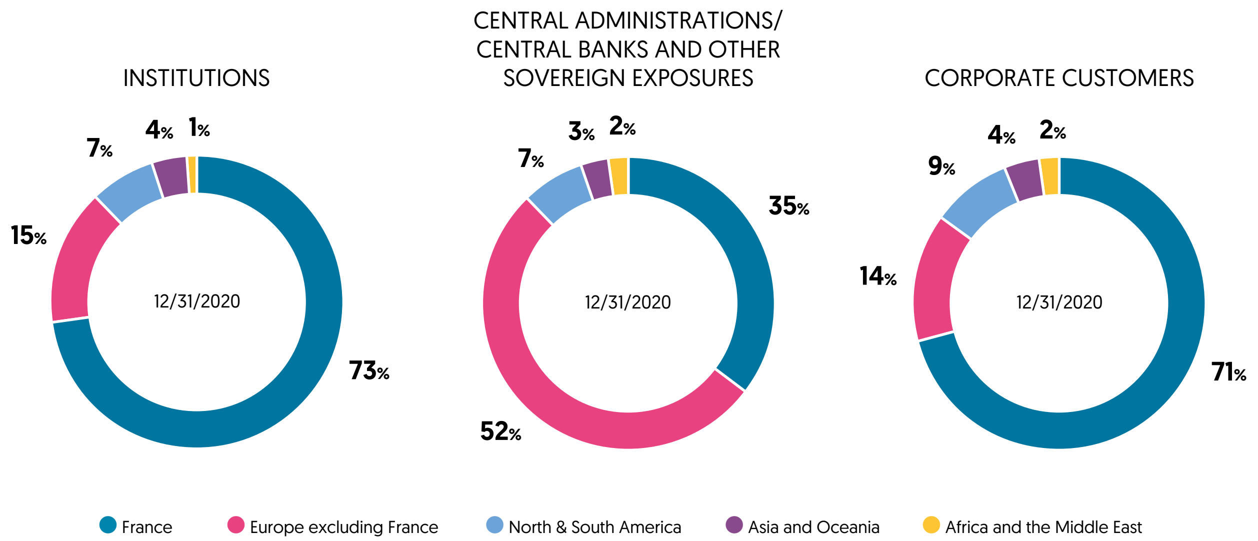
GEOGRAPHIC BREAKDOWN OF GROSS EXPOSURES

12/31/2021



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

12/31/2020



CONCENTRATION

CONCENTRATION BY BORROWER

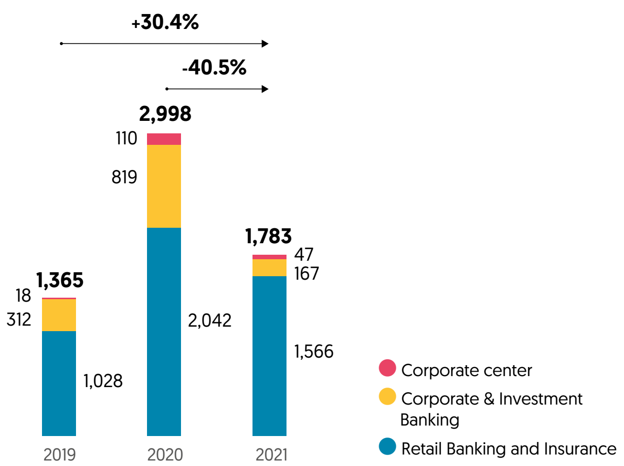
Concentration by borrower	12/31/2021 Breakdown Gross amount/Total large exposures[(1)]	12/31/2021 Weight in relation to capital Gross amount/ Capital[(2)]	12/31/2020 Breakdown Gross amount/Total large exposures[(1)]	12/31/2020 Weight in relation to capital Gross amount/ Capital[(2)]
No. 1 borrower	3.9%	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.

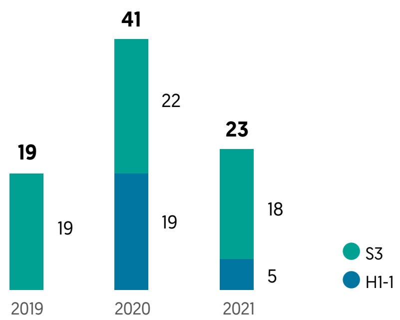
The percentage of the Top 100 borrowers was slightly up in 2020 and did not show any particular concentration.

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.

(1) Excluding non-recurring items.

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%**

NON-PERFORMING AND FORBORNE EXPOSURES

EU CQ1 – CREDIT QUALITY OF FORBORNE EXPOSURES

	12/31/2021							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne						
in millions of euros	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing 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**

	12/31/2020							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne						
in millions of euros	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing 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.

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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

	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					
in millions of euros			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)**

	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					
in millions of euros			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)**

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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				
in millions of euros			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	4,667	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*			

6.6 Counterparty risk

6.6.1 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

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**

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**

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**

6.7 Securitization transactions

6.7.1 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.

6.7.2 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.

6.7.3 Quantitative disclosures

BREAKDOWN OF EXPOSURES AND RISK-WEIGHTED ASSETS

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**

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)**

BREAKDOWN BY RATING

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%**

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%**

6.8 Market risks

6.8.1 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.

6.8.2 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.

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.

6.8.3 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.

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.

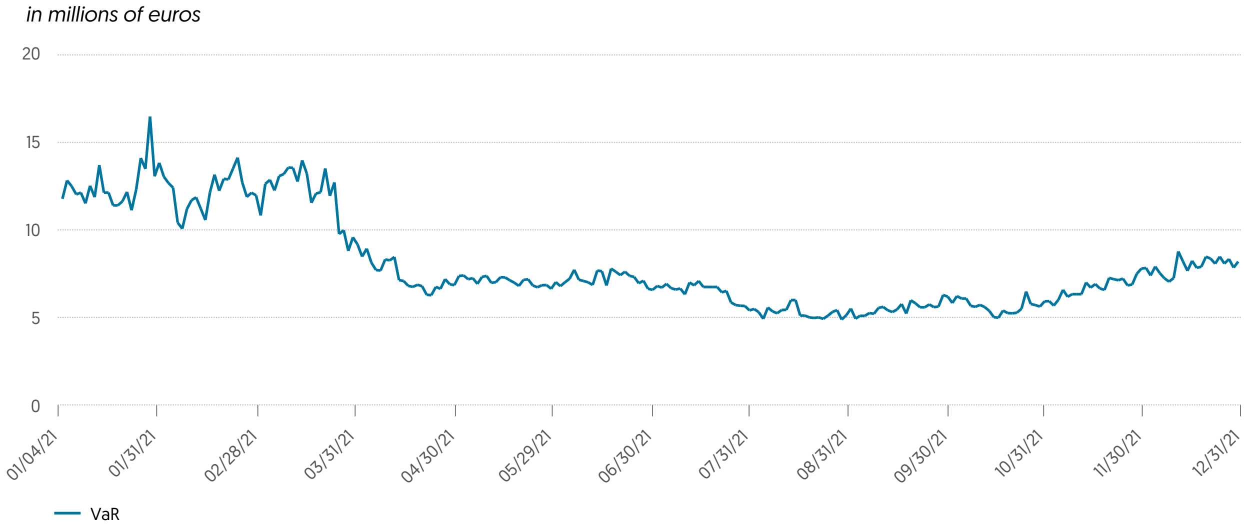
6.8.4 Quantitative disclosures

GROUPE BPCE VAR

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**

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

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).

MAIN HISTORICAL STRESS TESTS

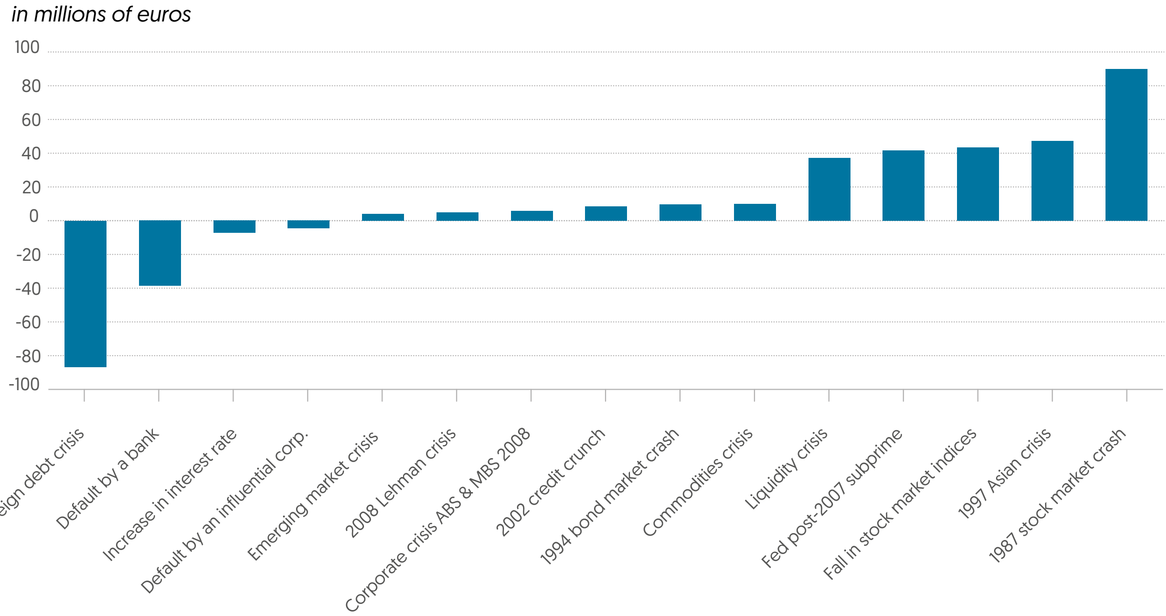
	12/31/2021			
in millions of euros	2011 sovereign debt crisis	Subprime 07	ABS & MBS 08	08 Lehman
Natixis	(40)	27	5	37
BRED	(11.7)	(13)	(16.4)	(11)
BPCE	**(51.7)**	**14**	**(11.4)**	**26**

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).

6

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

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**

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**

6.9 Liquidity, interest rate and foreign exchange risks

6.9.1 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.

6.9.2 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.

6.9.3 Quantitative disclosures

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.

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.

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.

FUNDING STRATEGY AND CONDITIONS IN 2021

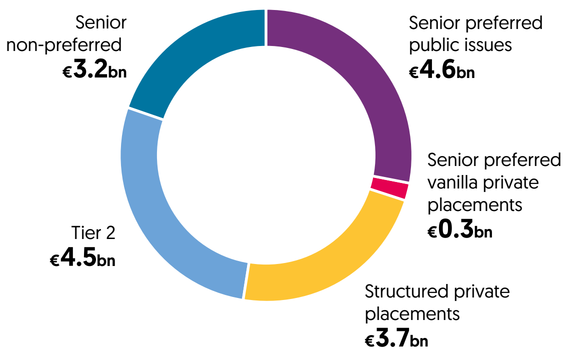
One of the Group's priorities in terms of medium- and long-term funding in the financial markets is to ensure that sources of funding are properly diversified, in terms of types of investors, types of debt instruments, countries and currencies.

Another priority is extending the average maturity of its liabilities to help strengthen Groupe BPCE's financial structure.

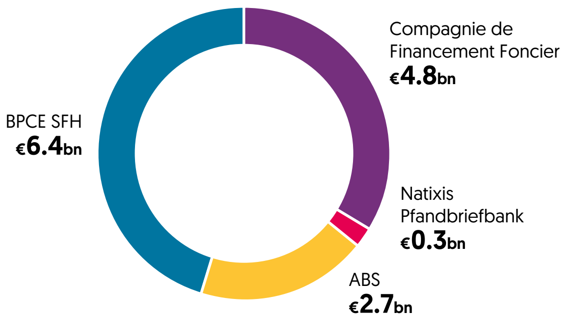
Under the 2021 wholesale MLT funding plan, Groupe BPCE raised a total of €27.6 billion in the bond market, of which €24.0 billion excluding structured private placements; public issues made up 82% of this amount and private placements 18%. In addition, the Group raised €2.7 billion in ABS in the financial market.

(1) Excluding SCF (Compagnie de Financement Foncier, the Group's société de crédit foncier, a French covered bond issuer).

UNSECURED BOND SEGMENT: €16.2 BILLION



SECURED FUNDING SEGMENT: €14.1 BILLION



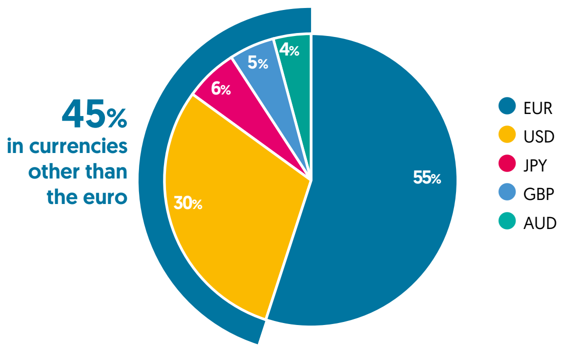
In 2021, the amount raised in the unsecured bond segment excluding structured private placements is €12.6 billion, of which €4.5 billion in Tier 2 (including €1.75 billion in RAC Tier 2 which is a "contingent" Tier 2), €3.2 billion in senior non-preferred and €4.9 billion in senior preferred. In addition, €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.

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6.9.4 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).

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.

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**

6.9.5 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.

6.10 Legal risks

6.10.1 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.

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6.10.2 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 SA

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.

6.10.3 Dependency

BPCE is not dependent upon any specific patents, licenses, industrial procurement contracts, or commercial or financial agreements.

6.11 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.

6.11.1 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.

6.11.2 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.

6.11.3 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.

6.11.4 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.

6.12 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:

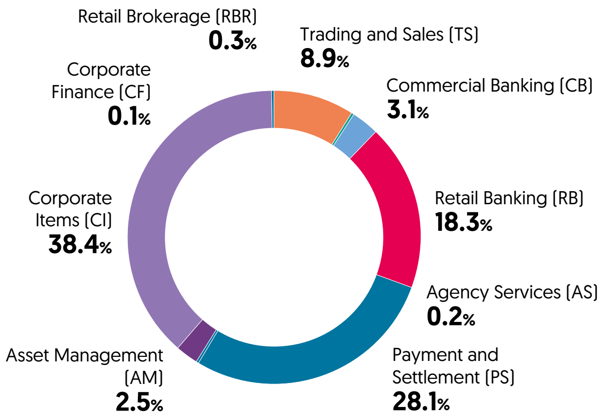
- measurement of impact completeness: joint oversight between CBCP (Contingency and Business Continuity Plan) functions and operational risks, with exchange of information and recognition of operating losses due to Covid-19 (during monthly videoconferencing sessions of institutions' Operational Risk 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

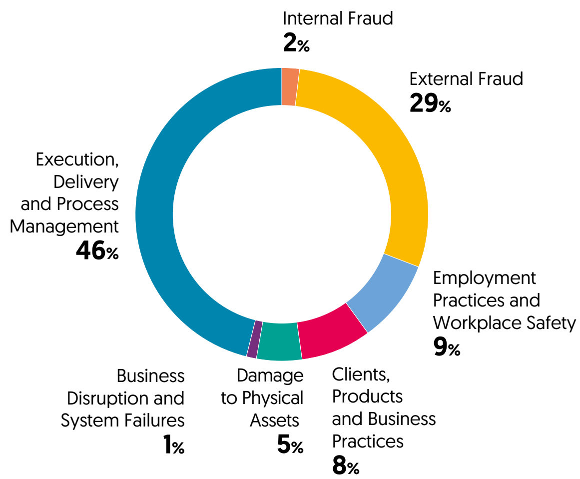
Banking activities	Relevant indicator			Capital requirements	Risk-weighted exposure
	Year n-3	Year n-2	Previous year		
Banking activities under basic indicator approach (BIA)	-	-	-	-	-
Banking activities under the Standardized Approach (TSA)/alternative standardized approach (ASA)	23,287	21,810	25,368	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.

6.13 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.

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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).

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.

CEGC INVESTMENT PORTFOLIO

in millions of euros	12/31/2021 Balance sheet value, net of provision	12/31/2021 In%	12/31/2021 Mark to market	12/31/2020 Balance sheet value, net of provision	12/31/2020 In%	12/31/2020 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.

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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);
- 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[2], 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.

(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.
(2) 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.

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.).

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

6.14 Climate risks

6.14.1 Governance and structure

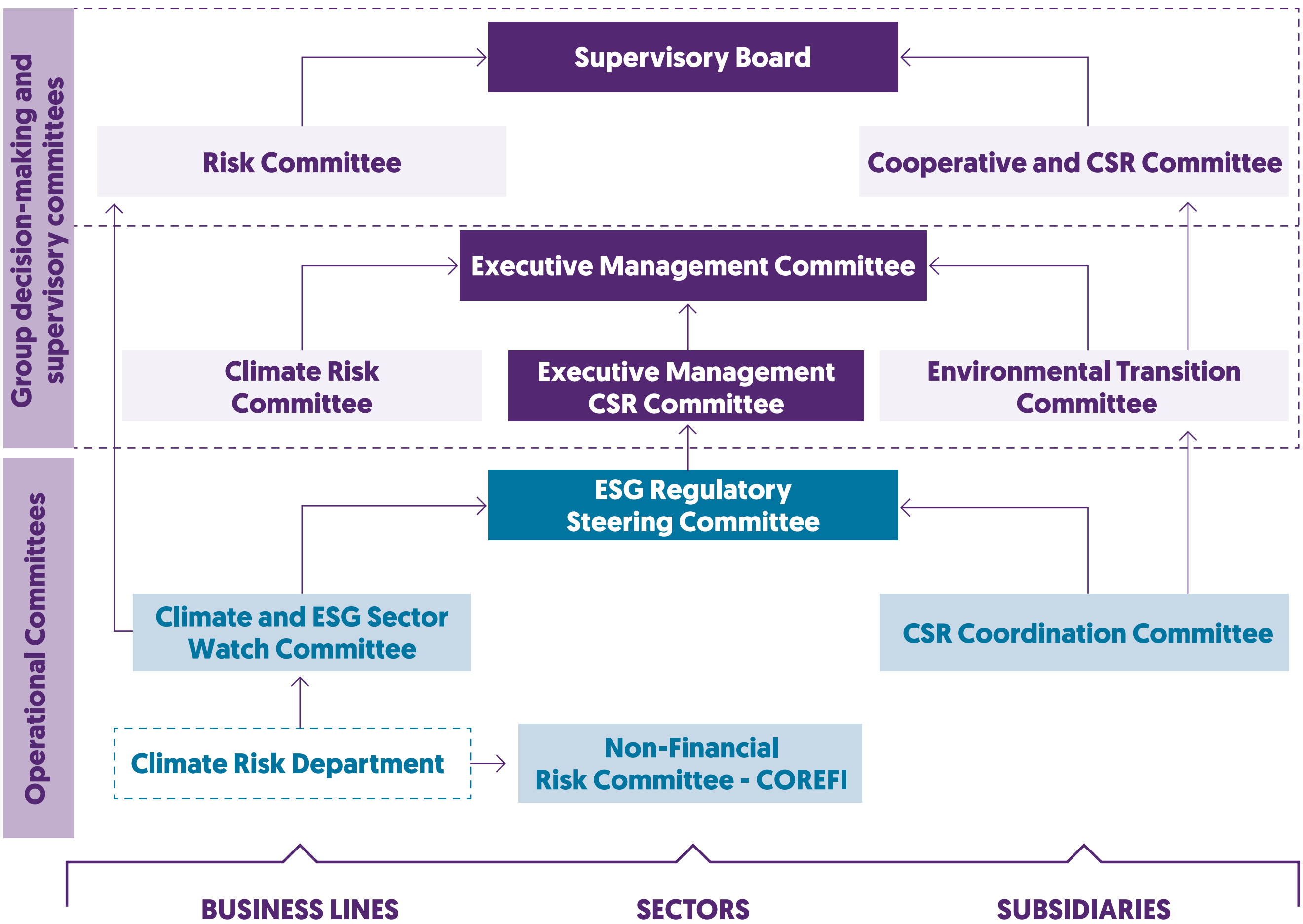
Groupe BPCE manages the climate risk strategy at three levels:

- 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



6.14.2 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:

RISK CATEGORY	PHYSICAL RISKS				TRANSITION RISKS	
	Strategic Plan 2024 Horizon		Time horizon: long term (> 4 years)		Strategic Plan 2024 Horizon	Time horizon: long term (> 4 years)
Types of risk	Algus	Chronic	Algus	Chronic		
Credit and counterparty risk: • customer defaults • impairment of collateral	Low		Moderate		Moderate	High
Market and asset valuation risk: • changes in the valuation of shares, interest rates, commodities, etc.	Low		Moderate		Low	Moderate
Liquidity and balance sheet structure: • risk of a short-term liquidity crisis • rirefinancing risk	Low		Moderate	Low	Low	Moderate
Insurance claim	Low		Moderate	Low	Low	Low
Own investment risk	Low		Moderate		Low	Low
Risk in customer portfolios *(insurance and asset management)*	Low		Moderate		Low	Moderate
Operational risk	Low		Moderate		Low	Moderate
Reputational risk	Low		Low		Moderate	High
Strategic risk	Low		Moderate		Moderate	High
Legal, compliance and regulatory risk	Low		Low		Moderate	High

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.

6.14.3 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[2]

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.

(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.
(2) Loan Origination Guide: EBA guide to granting loans.

6.14.4 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.

6.14.5 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.

6.14.6 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.

6.15 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

(1) Green Asset Ratio.

7

LEGAL INFORMATION

7.1 Charter of incorporation and articles of association

7.1.1 General information

BPCE

50, avenue Pierre-Mendès-France – 75013 Paris

Tel: 01 58 40 41 42 – www.BPCE.fr

A French limited liability company *(société anonyme)* with a Management Board and a Supervisory Board, governed by its articles of association, the regulations applicable to commercial companies, and the French Monetary and Financial Code *(Code monétaire et financier).*

The company was incorporated on January 22, 2007, the date on which BPCE, a non-trading company, was formed to hold the assets contributed by the Banque Populaire and Caisse d'Epargne groups. The company's duration is 99 years.

Paris Trade and Companies Register Number 493455042 (this number is listed on Page 1 of BPCE's articles of association).

NAF (business activity) code: 6419Z – LEI number: 9695005MSX10YEMGDF46

The company's fiscal year runs from January 1 to December 31.

BPCE, founded by the French act of June 18, 2009, is the central institution of Groupe BPCE, a cooperative banking group.

As such, it represents the credit institutions affiliated with it. The affiliated institutions, within the meaning of Article L. 511-31 of the French Monetary and Financial Code, are:

- the 14 Banques Populaires and their 32 mutual guarantee companies, whose sole corporate purpose is to guarantee loans issued by the Banques Populaires;
- the 15 Caisses d'Epargne, whose share capital is held by 185 local savings companies;
- Natixis, Banque BCP SAS (France), Banque de Tahiti, Banque de Nouvelle-Calédonie, Banque Palatine, Crédit Foncier de France, Compagnie de Financement Foncier, Cicobail, Société Centrale pour le Financement de l'Immobilier (SOCFIM), BPCE International, Batimap, Batiroc Bretagne Pays de Loire, Capitole Finance-Tofinso, Comptoir Financier de Garantie, BPCE Lease Nouméa, BPCE Lease Réunion, BPCE Lease Tahiti, Sud-Ouest Bail, Oney Bank.

The company's role is to guide and promote the business and expansion of the cooperative banking group comprising the Banque Populaire network, Caisse d'Epargne network, the affiliated entities and, in general, the other entities under its control.

The purpose of the company is:

- to be the central institution for the Banque Populaire network, the Caisse d'Epargne network and the affiliated entities, as provided for by the French Monetary and Financial Code. Pursuant to Articles L. 511-31 *et seq.* and Article L. 512-107 of the French Monetary and Financial Code, it is responsible for:
  - defining the Group's policy and strategic guidelines as well as those of each of its constituent networks,
  - coordinating the sales policies of each of its networks and taking all measures necessary for the Group's development, including acquiring or holding strategic equity interests,
  - representing the Group and each of its networks to assert its shared rights and interests, including before the banking sector institutions, as well as negotiating and entering into national and international agreements,
  - representing the Group and each of its networks as an employer to assert its shared rights and interests, as well as negotiating and entering into collective industry-wide agreements,
  - taking all measures necessary to guarantee the liquidity of the Group and each of its networks and, to that end, determining rules for managing the Group's liquidity, including by defining the principles and terms and conditions of investment and management of the cash flows of its constituent entities and the conditions under which these entities may carry out transactions with other credit institutions or investment companies and carry out securitization transactions or issue financial instruments, and performing any financial transaction necessary for liquidity management purposes,
  - taking all measures necessary to guarantee the solvency of the Group and each of its networks, including implementing the appropriate Group internal financing mechanisms and setting up a Mutual Guarantee Fund shared by both networks, for which it determines the rules of operation, the terms and conditions of use in addition to the funds provided for in Articles L. 512-12 and L. 512-86-1, as well as the contributions of affiliated entities for its initial allocation and reconstitution,
  - defining the principles and conditions for organizing the internal control system of Groupe BPCE and each of its networks, as well as controlling the organization, management and quality of the financial position of affiliated entities, including through on-site checks within the scope defined in paragraph 4 of Article L. 511-31,
  - defining risk management policies and principles and the limits thereof for the Group and each of its networks, and ensuring permanent risk supervision on a consolidated basis,
  - approving the articles of association of affiliated entities and local savings companies and any changes thereto,
  - approving the persons called upon, in accordance with Article L. 511-13, to determine the business orientation of its affiliated entities,
  - calling for the financial contributions required to perform its duties as a central institution,
  - ensuring that the Caisses d'Epargne duly fulfill the duties provided for in Article L. 512-85;
- to be a credit institution, officially approved to operate as a bank. On this basis, it exercises, both in France and other countries, the prerogatives granted to banks by the French Monetary and Financial Code, and provides the investment services described in Articles L. 321-1 and L. 321-2 of said Code; it also oversees the central banking, financial and technical organization of the network and the Group as a whole;
- to act as an insurance intermediary, and particularly as an insurance broker, in accordance with the regulations in force;
- to act as an intermediary for real estate transactions, in accordance with the regulations in force;

- to acquire stakes, both in France and abroad, in any French or foreign companies, groups or associations with similar purposes to those listed above or with a view to the Group's expansion, and more generally, to undertake any transactions relating directly or indirectly to these purposes that are liable to facilitate the achievement of the company's purposes or its expansion.

The information presented on Groupe BPCE's institutional website is not included in the Groupe BPCE Universal Registration Document, unless explicitly incorporated for reference purposes.

7.1.2 Appropriation of earnings

Distributable income is comprised of the income for the fiscal year, less any losses brought forward and any sums allocated to the legal reserve, plus any retained earnings.

The sums distributed are comprised of the distributable income plus any reserves available to the company.

If the full amount of a preferred dividend for a given year has not been distributed, no dividend may be paid to shareholders of category "A" or "B" shares during the incorporation period, or to any shareholders after the end of the incorporation period.

The Ordinary General Shareholders' Meeting, upon a proposal by the Management Board, is entitled to deduct any sums it deems suitable to be carried forward to the following year or to be allocated to one or more extraordinary, general, or special reserve funds. Any sums decided on by the General Shareholders' Meeting upon a proposal by the Management Board may be allocated to these funds. In addition, the General Shareholders' Meeting may decide, upon a proposal by the Management Board, to pay a dividend from all or part of the sums available for distribution, under the terms and conditions set forth in the company's articles of association.

The Ordinary Shareholders' Meeting, upon a proposal by the Management Board, may opt to grant shareholders the option of receiving some or all of their dividend in cash or in shares. This option may also be offered for interim dividends.

DIVIDEND POLICY

IN 2021

The Combined General Meeting of BPCE, which met on May 27, 2021, resolved that a dividend of €1,297,374,005.20 would be paid out in respect of fiscal year 2020 to category A and B shareholders, equal to €37.36 per share.

The classification as class A and B shares is defined in section 7.2.2 of this document.

IN 2020

The Ordinary Shareholders' Meeting of BPCE, which met on May 29, 2020, resolved that a dividend of €536,166,353.68 would be paid out in respect of fiscal year 2019 to category A and B shareholders, equal to €15.73 per share.

At its meeting of December 17, 2020, the Management Board of BPCE resolved to pay an interim dividend totaling €579,307,742.00 in respect of fiscal year 2020, to the 34,076,926 category A and B shares comprising BPCE's share capital, amounting to €17 per share. The Supervisory Board had approved this payment in principle at its meeting of December 17, 2020.

In accordance with the resolution of the Ordinary Shareholders' Meeting of May 29, 2020 authorizing the Management Board to propose an option for the payment of interim dividends in shares for fiscal year 2020, the Management Board decided that the payment of this interim dividend payment would consist of a cash portion in the amount of €257,808,616.52, and a portion with the option of payment in cash or securities, in the amount of €321,499,125.48.

The Management Board of December 31, 2020 noted that 15 category A shareholders and 14 category B shareholders had opted for payment in shares of the portion of the proposed 2020 interim dividend with the option of payment in cash or securities, *i.e.* the subscription of 645,814 shares with a par value of €5.

The amount of the capital increase resulting from the exercise of the option to receive part of the dividend in shares amounted to €3,229,070, increasing the share capital from €170,384,630 to €173,613,700 as of December 31, 2020.

The classification as class A and B shares is defined in section 7.2.2 of this document.

IN 2019

The Ordinary Shareholders' Meeting of BPCE, which met on May 24, 2019, resolved that a dividend of €403,040,426.36 would be paid out in respect of fiscal year 2018 to category A and B shareholders, equal to €12.3715 per share.

At its meeting of December 19, 2019, the Management Board of BPCE resolved to pay an interim dividend totaling €201,530,940.36 in respect of fiscal year 2019 to the 34,076,926 category A and B shares comprising BPCE's share capital, amounting to €5.91 per share. The Supervisory Board had approved this payment in principle at its meeting of December 19, 2019.

The classification as class A and B shares is defined in section 7.2.2 of this document.

IN 2018

The Ordinary Shareholders' Meeting of BPCE, which met on May 25, 2018, resolved that a dividend of €403,005,056.92 would be paid out in respect of fiscal year 2017 to category A and B shareholders, equal to €12.9382 per share.

At its meeting of December 20, 2018, the Management Board of BPCE resolved to pay an interim dividend totaling €201,537,903.42 in respect of fiscal year 2018 to the 31,539,578 category A and B shares comprising BPCE's share capital, amounting to €6.39 per share. The Supervisory Board had approved this payment in principle at its meeting of December 20, 2018.

The classification as class A and B shares is defined in section 7.2.2 of this document.

7.1.3 Company documents

Documents relating to the company, such as its articles of association, financial statements and the Management Board and Statutory Auditors' reports presented at General Meetings may be viewed at the company's registered office and are also available on BPCE's website: www.groupebpce.com.

7.2 Share capital

7.2.1 Share capital at December 31, 2021

The share capital is set at one hundred and eighty million four hundred and seventy-eight thousand two hundred seventy euros (€180,478,270). It is divided into 36,095,654 fully paid-up shares with a nominal value of five euros (€5) each, divided into two categories:

- 18,047,827 category A shares;
- 18,047,827 category B shares.

Regulation (EC) No. 809/2004 requires the following disclosures for each share category:

The 18,047,827 category A shares are authorized and fully paid up. They were issued at a nominal value of €5 each and there was no reconciliation of the number of category A shares outstanding at the beginning and end of the fiscal year.

The 18,047,827 category B shares are authorized and fully paid up. They were issued at a nominal value of €5 each and there was no reconciliation of the number of category B shares outstanding at the beginning and end of the fiscal year.

There are no shares not representing capital, no shares held as treasury shares by BPCE and no convertible securities, exchangeable securities or securities with warrants.

Shares in BPCE are neither listed nor traded on any market.

The company did not pledge its own shares over the course of 2021.

In the absence of a BPCE stock option plan within the meaning of Article R. 225-138 of the French Commercial Code *(Code de commerce)* and in the absence of any share buyback transactions referenced in Articles R. 228-90 and R. 228-91 of the French Commercial Code, the disclosures arising thereunder are not applicable to BPCE.

Likewise, since no share subscription or purchase options have been granted or any free shares allocated, the provisions of Articles L. 225-185 and L. 225-197-1 of the French Commercial Code are not applicable to BPCE.

As a reminder, the Management Board decided, at its meeting of May 27, 2021, to make use of the delegations of the Combined General Meeting of May 27, 2021 with a view to carrying out a capital increase, with cancellation of the preferential subscription right, by way of issue of 686,457 Class A Shares to be subscribed by Class A Shareholders and of 686,457 Class B Shares to be subscribed by Class B Shareholders, for a total amount (including issue premiums) of €799,999,321.76, to be subscribed between May 28, 2021 and June 11, 2021 (inclusive).

The Management Board meeting of June 14, 2021 noted that 15 category A shareholders and 14 category B shareholders subscribed for all of the 686,457 category A shares and the 686,457 category B shares with a par value of five euros and that as of June 14, 2021, the share capital resulting from the capital increase amounts to €6,864,570, with the share capital of BPCE rising from €173,613,700 to €180,478,270.

In accordance with regulation (EC) No. 809/2004, it should be noted that BPCE's articles of association do not have any specific provisions governing changes in share capital that are more stringent than is required by law.

7.2.2 Category A and B shares

DEFINITION

Category A shares are shares held by category A shareholders, which are the Caisses d'Epargne, and issued by the company in accordance with Articles L. 228-11 et seq. of the French Commercial Code.

Category B shares are shares held by category B shareholders, which are the Banques Populaires and minority shareholders, and issued in accordance with the above-mentioned articles of the French Commercial Code.

LEGAL FORM AND REGISTRATION OF SHARES

The shares issued by the company may only be held in registered form. They are recorded in a register and shareholder accounts and are held by either the company or an approved intermediary.

RIGHTS OF CATEGORY A AND B SHARES

Category A and B shares have the same rights, with the exception of the special rights attributed during the incorporation period, as set forth in the company's articles of association.

These special rights are attached to each share category and can be exercised at Ordinary Shareholders' Meetings.

The special rights expire at the end of the incorporation period. Consequently, at the end of that period, category A and B shares will be automatically converted into ordinary shares bearing equivalent rights.

Each category A and B share entitles its holder to one vote at General Shareholders' Meetings.

The rights of category A and B shareholders may not be changed without the approval of a General Shareholders' Meeting convened specifically for this purpose, in accordance with applicable laws.

INCORPORATION PERIOD

When BPCE was first established on July 31, 2009, two distinct share categories were created – one for former CNCE shareholders and one for former BFBP shareholders – in order to guarantee parity for the shareholders of the two companies owning BPCE during the five-year incorporation period. After the incorporation period, category A and B shares would be automatically converted into ordinary shares.

The BPCE General Meeting of December 20, 2012 decided to abolish the incorporation period, which was scheduled to end on the date of the Annual General Meeting in May 2015.

The General Meeting decided to preserve the equal ownership structure of BPCE's share capital and to maintain the Supervisory Board's current composition of seven members proposed by category A shareholders, seven members proposed by category B shareholders and four external members.

An equal split will also be maintained in the appointment of non-voting directors, with three appointed from candidates proposed by category A shareholders and three appointed from candidates proposed by category B shareholders, plus Natixis, which is a non-voting director by operation of the law.

The Combined General Meeting of July 11, 2013 reduced the number of non-voting directors proposed by category A and category B shareholders to two, and decided that the Chairman of the Fédération Nationale des Caisses d'Epargne and the Chairman of the Fédération Nationale des Banques Populaires, who cannot be members of the Supervisory Board, be non-voting directors as of right.

The General Meeting of December 20, 2012 also decided to introduce a 10-year period of non-transferability from July 31, 2009 to July 31, 2019. During this period, only free conveyance within the same network is possible.

The new articles of association have already defined the system for the period commencing August 1, 2019: free conveyance of shares within the same network will remain possible and transfers other than free conveyance (*i.e.* to shareholders of another category or to third parties) will also become possible.

Transfers of shares will be subject to a pre-emptive right that may be exercised by shareholders of the same category. The transfer of any shares that are not covered by the pre-emptive right will require the prior approval of the Supervisory Board deliberating with a qualified majority (12 out of 18 members). In the event approval is not obtained, the Management Board will have to find a solution.

The General Meeting also decided to shift Groupe BPCE's solidarity mechanism towards a greater pooling of resources by changing the order of priority in terms of coverage (network funds and the Mutual Guarantee Fund ahead of capacity-based contributions).

Finally, the General Meeting decided to improve the Group's solvency support mechanism by establishing a bonus and netting system that encourages shareholder institutions to contribute to the achievement of the Group target.

7.3 Ownership structure and distribution of voting rights

7.3.1 Ownership structure over the past three years

	Situation as of 03/24/2022			Situation as of 12/31/2020			Situation as of 12/31/2019		
Shareholders	Number of shares	% of share capital (1)	% voting rights (2)	Number of shares	% share capital	% voting rights	Number of shares	% share capital	% voting rights
CEP Aquitaine Poitou-Charentes	1,363,370	3.78%	3.78%	1,311,514	3.78%	3.78%	1,287,121	3.78%	3.78%
CEP d'Auvergne et du Limousin	709,380	1.97%	1.97%	682,398	1.97%	1.97%	669,706	1.97%	1.97%
CEP Bourgogne Franche-Comté	944,047	2.62%	2.62%	908,140	2.62%	2.62%	891,249	2.62%	2.62%
CEP Bretagne Pays de Loire	1,256,946	3.48%	3.48%	1,209,138	3.48%	3.48%	1,186,649	3.48%	3.48%
CEP Côte d'Azur	724,670	2.01%	2.01%	697,107	2.01%	2.01%	684,141	2.01%	2.01%
CEP Grand Est Europe	1,664,415	4.61%	4.61%	1,601,108	4.61%	4.61%	1,571,329	4.61%	4.61%
CEP Hauts de France	2,033,513	5.63%	5.63%	1,956,167	5.63%	5.63%	1,919,784	5.63%	5.63%
CEP Ile-de-France	2,511,215	6.96%	6.96%	2,415,700	6.96%	6.96%	2,370,769	6.96%	6.96%
CEP Languedoc-Roussillon	769,452	2.13%	2.13%	740,186	2.13%	2.13%	726,419	2.13%	2.13%
CEP Loire-Centre	837,361	2.32%	2.32%	805,512	2.32%	2.32%	790,530	2.32%	2.32%
CEP Loire Drôme Ardèche	574,886	1.59%	1.59%	553,020	1.59%	1.59%	542,735	1.59%	1.59%
CEP Midi-Pyrénées	876,725	2.43%	2.43%	843,378	2.43%	2.43%	827,692	2.43%	2.43%
CEP Normandie	912,904	2.53%	2.53%	878,181	2.53%	2.53%	861,848	2.53%	2.53%
CEPAC Caisse d'Epargne	1,389,099	3.85%	3.85%	1,336,264	3.85%	3.85%	1,311,411	3.85%	3.85%
CEP Rhône Alpes	1,479,844	4.10%	4.10%	1,423,557	4.10%	4.10%	1,397,080	4.10%	4.10%
Total category A shares	**18,047,827**	**50.00%**	**50.00%**	**17,361,370**	**50.00%**	**50.00%**	**17,038,463**	**50.00%**	**50.00%**
BPR Alsace Lorraine Champagne	2,026,524	5.61%	5.61%	1,949,444	5.61%	5.61%	1,913,186	5.61%	5.61%
BPR Aquitaine Centre Atlantique	1,136,512	3.15%	3.15%	1,093,284	3.15%	3.15%	1,072,950	3.15%	3.15%
BPR Auvergne Rhône Alpes	2,001,861	5.55%	5.55%	1925719	5.55%	5.55%	1,889,902	5.55%	5.55%
BPR Bourgogne Franche-Comté	1,250,484	3.46%	3.46%	1,202,921	3.46%	3.46%	1,180,548	3.46%	3.46%
BRED BP	1,785,326	4.95%	4.95%	1,717,420	4.95%	4.95%	1,685,477	4.95%	4.95%
BPR Grand Ouest	1,660,653	4.60%	4.60%	1,597,489	4.60%	4.60%	1,567,777	4.60%	4.60%
BPR Méditerranée	730,789	2.02%	2.02%	702,993	2.02%	2.02%	689,918	2.02%	2.02%
BPR Nord	504,219	1.40%	1.40%	485,041	1.40%	1.40%	476,020	1.40%	1.40%
BPR Occitane	1,437,403	3.98%	3.98%	1,382,731	3.98%	3.98%	1,357,013	3.98%	3.98%
BPR Rives de Paris	1,612,275	4.47%	4.47%	1,550,951	4.47%	4.47%	1,522,105	4.47%	4.47%
BPR Sud	949,020	2.63%	2.63%	912,924	2.63%	2.63%	895,944	2.63%	2.63%
BPR Val de France	1,555,672	4.31%	4.31%	1,496,501	4.31%	4.31%	1,468,667	4.31%	4.31%
CASDEN	1,033,234	2.86%	2.86%	993,935	2.86%	2.86%	975,449	2.86%	2.86%
Crédit Coopératif	363,829	1.01%	1.01%	349,991	1.01%	1.01%	343,481	1.01%	1.01%
Mr. Jacques Galiegue	17	0.00%	0.00%	17	0.00%	0.00%	17	0.00%	0.00%
Mr. Jean-Michel Laty	8	0.00%	0.00%	8	0.00%	0.00%	8	0.00%	0.00%
Unallocated shares	1	0.00%	0.00%	1	0.00%	0.00%	1	0.00%	0.00%
Total category B shares	**18,047,827**	**50.00%**	**50.00%**	**17,361,370**	**50.00%**	**50.00%**	**17,038,463**	**50.00%**	**50.00%**
TOTAL	**36,095,654**	**100.00%**	**100.00%**	**34,722,740**	**100.00%**	**100.00%**	**34,076,926**	**100.00%**	**100.00%**

(1) Percentage of the share capital corresponds to the theoretical voting rights.
(2) Percentage of voting rights takes into account the treasury shares held by BPCE and corresponds to the voting rights exercisable.

Changes in BPCE's share capital are set out under section 7.2.1 (above).

SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARE CAPITAL OR VOTING RIGHTS

Shareholders	No. of shares	% share capital	% voting rights
CEP Ile-de-France	2,511,215	6.96%	6.96%
CEP Hauts de France	2,033,513	5.63%	5.63%
BP Alsace Lorraine Champagne	2,026,524	5.61%	5.61%
BP Auvergne Rhône Alpes	2,001,861	5.55%	5.55%

BPCE currently has no employee share ownership agreements in place.

7.3.2 Improper control

The company is controlled as described in section 7.3.1; however, the company believes there is no risk of said control being exercised improperly.

7.3.3 Changes of control

To BPCE's knowledge, and in accordance with European regulations, there are no agreements that could lead to a change in control of the company at a subsequent date.

In accordance with Article L. 512-106 of the French Monetary and Financial Code, "the central institution of the Caisses d'Epargne and the Banques Populaires (...) is incorporated as a public limited company in which the Banques Populaires and the Caisses d'Epargne together hold the absolute majority of the share capital and voting rights."

7.4 Material contracts

As of the date of publication of this financial information, with the exception of the agreements referred to in Chapter 7.6 (related-party agreements), BPCE has not entered into any material contracts other than those entered into in the normal course of business.

7.5 Material changes

The financial statements of BPCE SA, BPCE SA group and Groupe BPCE for the 2021 fiscal year were approved by the Management Board on February 8, 2022. Since that date, there has been no significant change in the financial or commercial situation of BPCE SA, BPCE SA group or Groupe BPCE.

With the exception of the items mentioned in this 2021 Universal Registration Document, in paragraph 6.2 Risk factors in Chapter 6, including the impact that the health crisis resulting from the coronavirus (Covid-19) could have, as well as the potential impact of the armed conflict triggered by the Russian Federation following its invasion of Ukraine, there has been no significant change in the financial performance of Groupe BPCE, or in its financial and commercial position, since December 31, 2021, or since the end of the last period for which audited financial statements have been published, and in particular since the signature of the Statutory Auditors' report on the consolidated financial statements on March 22, 2022.

7.6 Statutory Auditors' special report on related-party agreements and commitments

General Meeting called to approve the financial statements for the fiscal year ended December 31, 2021

BPCE

Registered office: 50, avenue Pierre-Mendès-France – 75013 Paris

To the BPCE General Meeting

In our capacity as Statutory Auditors of your company, we hereby present our report on related-party agreements.

We are required to inform you, on the basis of the information provided to us, of the key features, terms and conditions and purpose of the contractual agreements indicated to us or that we may have identified in the performance of our assignment. It is not our role to comment as to whether they are beneficial or to ascertain whether any other agreements exist. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code, to assess the benefits resulting from these agreements prior to their approval.

In addition, we are required to inform you in accordance with Article R. 225-58 of the French Commercial Code concerning the execution during the year of the agreements already approved by the General Meeting.

We performed the procedures we considered necessary to comply with the Professional Code of the *Compagnie nationale des commissaires aux comptes* (France's National Association of Statutory Auditors) relating to this assignment. Our work consisted in verifying that the information provided to us is consistent with the underlying documents from which it was extracted.

For the purposes of this report:

- "BPCE" designates the central institution resulting from the combination of the networks of Caisse d'Epargne and Banque Populaire, a French limited liability company *(société anonyme)* with a Management Board and a Supervisory Board since July 31, 2009;
- "CE Participations" designates the former Caisse Nationale des Caisses d'Epargne (CNCE), a French limited liability company *(société anonyme)* with a Management Board and a Supervisory Board, renamed CE Participations on July 31, 2009 in the modified form of a French limited liability company *(société anonyme)* with a Board of Directors, as the holding company for all of the Caisse d'Epargne network's equity interests not transferred to BPCE in 2009, and which was merged with BPCE through absorption on August 5, 2010;
- "BP Participations" designates the former Banque Fédérale des Banques Populaires (BFBP), a French limited liability company *(société anonyme)* with a Board of Directors, renamed BP Participations on July 31, 2009 as the holding company for all of the Banque Populaire network's equity interests not transferred to BPCE in 2009 and which was merged with BPCE through absorption on August 5, 2010.

7.6.1 Agreements submitted for the approval of the General Meeting

AGREEMENTS AUTHORIZED AND ENTERED INTO DURING THE FISCAL YEAR

In accordance with Article L. 225-88 of the French Commercial Code, we were informed of the following agreements approved by the Supervisory Board.

AGREEMENTS WITH NATIXIS AND ITS SUBSIDIARIES

NSFR loans/borrowings between BPCE and Natixis

Representatives concerned: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Catherine Halberstadt, Permanent Representative of BPCE on the Board of Directors of Natixis, Nicolas Namias, member of the Management Board of BPCE and Chief Executive Officer of Natixis.

This transaction is part of the obligation to comply with the NSFR ratio by business line/pool pending the exemption requested from the ECB in May 2021 from compliance with this ratio for the BPCE SA group. It consists of the implementation of temporary intra-group transactions allowing the circulation of NSFR surpluses from BPCE SA or the BP and CE networks to loss-making entities such as Natixis, CFF, Oney and BRED.

These transactions result in cross-loan transactions (excluding BRED networks) and loans (Natixis, CFF, Oney, BRED) called "open money market" (without maturity date) with an early repayment option with notice, as follows:

- with more than one year's notice, transfer of 100% of the amount of the transaction in NSFR (market conditions basis, *i.e.* #str+12bps);
- with less than six months' notice, transfer of 100% of the transaction amount to NSFR leading to a loss of efficiency of 10% (market conditions basis, *i.e.* #str+7bps).

These transactions have no impact on liquidity (LCR and liquidity gap) because they are intra-group and are considered to be at maturity.

BPCE's Supervisory Board meeting of June 15, 2021 considered that "it is in the Group's interest to comply with the prudential requirements relating to the NSFR ratio on the scopes required to date and pending formal authorization of the exemption from the ECB" and authorized the temporary implementation of these transactions for an amount of approximately €47 billion (the NSFR and Natixis requirement corresponding to €42.75 billion).

This agreement generated income (net of expenses paid to the BP and CE networks) in BPCE SA's 2021 financial statements of €4,949,108.13.

MoU protocol relating to the transfer of the Insurance and Payments activities from Natixis to BPCE

Representatives concerned: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Catherine Halberstadt, Permanent Representative of BPCE on the Board of Directors of Natixis, and Nicolas Namias, member of the Management Board of BPCE and Chief Executive Officer of Natixis.

The negotiation protocol between Natixis and BPCE is part of the Pléiade project and consists of determining the form of transfer of the Insurance and Payments activities from Natixis to BPCE. This would enable Groupe BPCE to accelerate the development of its business lines by providing them with the means to increase their strategic maneuverability, their development in the service of customers and their performance, through a simplification of its organization.

The following transactions were recorded:

- the contribution by Natixis of all the shares of Natixis Assurances to the benefit of Holding Insurances as well as the contribution of all the shares of the Payments Subsidiaries (Natixis Payment Solutions, Partecis and Natixis Payment Holding) to the benefit of Holding Payments, these contributions being made under the legal regime of contributions in kind. Holding Insurances and Holding Payments are wholly owned by BPCE;
- distribution by Natixis to its shareholders of shares in Holding Insurances and Holding Payments received as consideration for contributions;
- the acquisition by BPCE of all the shares received by the beneficiary shareholders of the shares of Holding Insurances and Holding Payments in respect of the distribution as a result of the exercise of the sales agreements provided for in the agreement;
- employees who work exclusively in these areas are expected to join the Holdings as part of an automatic transfer of their employment contracts.

During the Supervisory Board meeting of September 22, 2021, Laurent Mignon reminded the meeting that phase 1 (Natixis takeover bid) had been finalized and that phase 2, relating to the transfer of the Insurance and Payments activities from Natixis to BPCE, should be opened. The latter was subject to a consultation with employee representative bodies on September 23, 2021 with a view to implementing it in early 2022. The Chairman of the BPCE Management Board brought up legal, HR, financial and transaction calendar issues.

"Considering that the conclusion of the Negotiation Protocol is in the interest of BPCE, in particular given the strategic rationale of the Pléiade project", the Supervisory Board approved and authorized the conclusion of the Negotiation Protocol.

This agreement did not generate any impact on BPCE SA's financial statements as of December 31, 2021.

Re-invoicing agreement relating to the Real Estate Master Plan

Representatives concerned: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Catherine Halberstadt, Permanent Representative of BPCE on the Board of Directors of Natixis, and Nicolas Namias, member of the Management Board of BPCE and Chief Executive Officer of Natixis.

The purpose of this agreement is the rebilling, as part of the real estate master plan, of the cost of the project and future real estate services, to BPCE and Natixis by Natixis Immobilier Exploitation, the real estate operator in charge of real estate management in the Paris region.

The BPCE Supervisory Board considered that the conclusion of this agreement was justified in view of BPCE's interest in joining the joint program for the transformation and management of Groupe BPCE's real estate sites.

At the meeting of December 17, 2021, the Supervisory Board authorized the conclusion of the rebilling agreement relating to the Real Estate Master Plan to be entered into by Natixis, BPCE, and Natixis Immo Exploitation.

The impact of this agreement at 12/31/2021 is a charge of €36,186,500.00.

Memorandum of understanding relating to the transfer of operating resources and employees between BPCE, BPCE Achats, BPCE Services, Albian-it, Natixis, Natixis Immo Exploitation and Natixis Payment Solutions

Representatives concerned: Laurent Mignon, Chairman of the BPCE Management Board and Chairman of the Board of Directors of Natixis, Nicolas Namias, member of the Management Board of BPCE and Chief Executive Officer of Natixis, Catherine Halberstadt, Permanent Representative of BPCE on the Board of Directors of Natixis, Thierry Cahn, Catherine Amin-Garde, Bernard Dupouy, Eric Fougère, Daniel Karyotis and Didier Patault, members of the BPCE Supervisory Board and indirectly interested in the agreement in view of the composition of the Board of Directors of Albian-it and that of Natixis Payment Solutions.

The purpose of this agreement is the functional reorganization and the transfer of employees of the Natixis Group to entities of Groupe BPCE.

The BPCE Supervisory Board considered that the proposed transfers of employees and operating resources were in the interest of BPCE with regard to the strategic plan presented on July 8, 2021 by Groupe BPCE, it being specified that this reorganization will notably make it possible to transfer resources dedicated to the "Insurance" and "Payments" businesses to Group entities, which will now report directly to BPCE.

At the meeting of February 10, 2022, the Supervisory Board authorized the conclusion of the memorandum of understanding relating to the transfer of operating resources and employees between BPCE, BPCE Achats, BPCE Services, Albian-it, Natixis, Natixis Immo Exploitation and Natixis Payment Solutions.

AGREEMENTS WITH COMPANY DIRECTORS

Liquidity agreements between BPCE and members of the Executive Board

Representatives concerned: Laurent Mignon, Chairman of the Management Board of BPCE, Nicolas Namias, member of the Management Board of BPCE and Chief Executive Officer of Natixis and Jean-François Lequoy, member of the Management Board of BPCE.

As part of the Pléiade project, the shares distributed free of charge by Natixis at the closing date of the public tender offer cannot be tendered to the public offer. In order to enable the beneficiaries concerned to keep their Natixis shares even in the event of a mandatory withdrawal of Natixis, BPCE proposes to enter into a liquidity agreement with each beneficiary of bonus shares allocated by Natixis consisting of a promise to purchase exercisable by the beneficiary as of the date of availability of the shares (and for a period of sixty days), followed by a sale agreement granted by each beneficiary to BPCE, exercisable by BPCE as of the end of the exercise period of the purchase commitment (and for a period of 60 days).

This liquidity mechanism was proposed by BPCE to all holders of Natixis shares which cannot be tendered to the offer, *i.e.* three corporate officers, members of the Management Board. The agreements can only be exercised in the event of the implementation by BPCE of a squeeze-out/delisting of Natixis with an exercise price equal to the offer price, *i.e.* €4 per share, multiplied by an indexation coefficient corresponding to the following ratio: (sum of the underlying net income attributable to equity holders of the parent for the three years preceding the date of availability of the Natixis shares held by the beneficiary)/(sum of the underlying net income attributable to equity holders of the parent for the years 2020, 2019 and 2018 (*i.e.* the three years preceding the year of the announcement of the offer). The liquidity contract provides for a reduction euro for euro of the exercise price for any dividend and for any distribution in kind received by the beneficiary for the fiscal year ended on December 31, 2020.

The Supervisory Board Meeting of May 6, 2021 noted that "the exercise price proposed by BPCE under these liquidity agreements is consistent with the price proposed under the public tender offer and has been reviewed by the *Autorité des marches financiers* (AMF), the French financial markets authority, and was also made public as part of the publication of the documentation relating to the public tender offer. It approved and authorized the liquidity agreements between BPCE and the three corporate officers Laurent Mignon, Nicolas Namias and Jean-François Lequoy.

In the BPCE SA parent company financial statements, the impact of this contract is an off-balance sheet commitment given of €39,785,324.00.

Amendment to the employment contract entered into between BPCE and a member of the Management Board

Representative concerned on the day of the transactions (February 10, 2022): Béatrice Lafaurie, member of the BPCE Management Board.

It appeared to be in BPCE's interest to enter into this amendment to the employment contract allowing Béatrice Lafaurie to perform her duties under the same conditions as the other members of the Management Board and thus helping to retain this officer.

At the meeting of February 10, 2022, the Supervisory Board approved and authorized the conclusion by BPCE of an amendment to the employment contract concluded between BPCE and Béatrice Lafaurie.

7.6.2 Agreements already approved by the General Meeting

AGREEMENTS APPROVED IN PREVIOUS YEARS THAT WERE STILL BEING EXECUTED IN THE PAST FISCAL YEAR

In accordance with Article R. 225-57 of the French Commercial Code, we were informed that the execution of the following agreements, already approved by the General Meeting in previous fiscal years, was continued the past fiscal year.

AGREEMENTS WITH DIRECTORS

Employment contracts entered into between BPCE and four members of the Management Board

Director concerned on the applicable date (February 13, 2018): Catherine Halberstadt, member of the Management Board of BPCE.

Director concerned on the applicable date (May 17, 2018): Nicolas Namias, member of the Management Board of BPCE.

Director concerned on the applicable date (October 4, 2018): Christine Fabresse, member of the Management Board of BPCE.

Director concerned on the applicable date (December 17, 2020): Jean-François Lequoy, member of the BPCE Management Board.

It appeared in BPCE's interest to enter into employment contracts with three members of the Management Board as part of the deployment of the BPCE TEC 2020 strategic plan.

At the meeting of February 13, 2018, the Supervisory Board approved and authorized the conclusion by BPCE of an employment contract with Catherine Halberstadt.

At the meeting of May 17, 2018, the Supervisory Board approved and authorized the conclusion by BPCE of the employment contract with Nicolas Namias.

At the meeting of October 4, 2018, the Supervisory Board approved and authorized the conclusion by BPCE of the employment contract with Christine Fabresse.

At its meeting of September 7, 2020, the Supervisory Board approved and authorized BPCE's entry into an employment contract with Jean-François Lequoy.

The Supervisory Board also noted that, in accordance with the rules of the Group health, benefits and pension plans (Articles 83 and 39 of the French General Tax Code *(Code général des impôts)*), the pay used to calculate these Group benefits is that which is subject to social security charges (*i.e.* received under the employment contract and for holding a corporate office).

Following the resignation of Catherine Halberstadt from her mandate as member of the Management Board in charge of Group human resources following the Supervisory Board Meeting of March 25, 2021, the BPCE Supervisory Board decided at its meeting of December 16, 2021, to downgrade the employment contract between BPCE and Catherine Halberstadt.

Amendments to the employment contracts entered into between BPCE and two members of the Management Board

Directors concerned on the applicable date (October 4, 2018): Catherine Halberstadt and Nicolas Namias, members of the Management Board of BPCE.

It appeared in BPCE's interest to enter into these amendments to the employment contracts with these members of the Management Board as part of the deployment of the BPCE TEC 2020 strategic plan.

At its meeting of October 4, 2018, the Supervisory Board approved and authorized BPCE's entry into an amendment to the employment contract entered into between BPCE and Catherine Halberstadt on May 14, 2018 and Nicolas Namias on May 25, 2018.

Following the resignation of Catherine Halberstadt from her mandate as member of the Management Board in charge of Group human resources following the Supervisory Board Meeting of March 25, 2021, the BPCE Supervisory Board decided at its meeting of December 16, 2021, to downgrade the first amendment to the employment contract concluded between BPCE and Catherine Halberstadt.

Amendments to the employment contracts entered into between BPCE and three members of the Management Board

Directors concerned on the applicable date (December 19, 2019): Christine Fabresse, Catherine Halberstadt and Nicolas Namias, members of the Management Board of BPCE.

It was determined that it would be in BPCE's best interest to enter into these amendments to employment contracts governing payment of CGP/R2E compensation, insofar as they would harmonize the payment practices for members of the Management Board.

At its meeting of December 19, 2019, the Supervisory Board approved and authorized the signing of amendments to the employment contracts entered into between BPCE and Christine Fabresse, BPCE and Catherine Halberstadt, and BPCE and Nicolas Namias.

Following the resignation of Catherine Halberstadt from her mandate as member of the Management Board in charge of Group human resources following the Supervisory Board Meeting of March 25, 2021, the BPCE Supervisory Board decided at its meeting of December 16, 2021, to downgrade the second amendment to the employment contract concluded between BPCE and Catherine Halberstadt.

Amendment to the employment contract entered into between BPCE and a member of the Management Board

Representative concerned on the day of the transactions (March 25, 2021): Béatrice Lafaurie, member of the BPCE Management Board.

It appeared in BPCE's interest to enter into this amendment to the employment contract allowing Béatrice Lafaurie to act as a member of the Management Board in charge of Group human resources in a relationship of subordination to BPCE, in the framework of BPCE's strategic plans, and given the related financial conditions.

At the meeting of March 25, 2021, the Supervisory Board approved and authorized the conclusion by BPCE of an amendment to the employment contract concluded between BPCE and Béatrice Lafaurie.

Commitments maturing or likely to mature because of a termination or change of position

COMMITMENTS RELATED TO THE CHAIRMAN OF THE MANAGEMENT BOARD

Director concerned on the applicable date (May 17, 2018): Laurent Mignon, Chairman of the Management Board of BPCE.

Director concerned on the applicable date (October 4, 2018): Laurent Mignon, Chairman of the Management Board of BPCE.

Director concerned on the applicable date (February 11, 2021): Laurent Mignon, Chairman of the Management Board of BPCE.

The Chairman of the BPCE Management Board will receive a forced retirement benefit and a retirement benefit under defined conditions.

Regardless, any compensation paid for an employment contract is deducted from the amount of involuntary-termination severance pay.

COMMITMENTS RELATED TO MEMBERS OF THE MANAGEMENT BOARD

Directors concerned on the applicable date (March 29, 2018): Catherine Halberstadt, François Riahi, and Laurent Roubin, members of the Management Board of BPCE.

Director concerned on the applicable date (May 17, 2018): Nicolas Namias, member of the Management Board of BPCE.

Directors concerned on the applicable date (October 4, 2018): Christine Fabresse, Catherine Halberstadt and Nicolas Namias, members of the Management Board of BPCE.

Director concerned on the applicable date (December 17, 2020): Jean-François Lequoy, member of the BPCE Management Board.

Directors concerned on the applicable date (February 11, 2021): Christine Fabresse, Catherine Halberstadt, and Jean-François Lequoy, members of the BPCE Management Board.

Director concerned on the day of the transactions (March 25, 2021): Béatrice Lafaurie, member of the BPCE Management Board.

The members of the BPCE Management Board will receive a forced departure benefit and a retirement benefit under defined conditions.

Regardless, any compensation paid for termination of the employment contract is deducted from the amount of involuntary-termination severance pay.

Following the resignation of Catherine Halberstadt from her mandate as member of the Management Board in charge of Group human resources following the Supervisory Board Meeting of March 25, 2021, the BPCE Supervisory Board decided at its meeting of December 16, 2021, to downgrade the commitments made by BPCE for the benefit of Catherine Halberstadt and relating to the forced departure payment and the retirement benefit.

The amount provisioned at the end of the 2021 fiscal year in respect of retirement bonuses came to €3,848,915.

SOCIAL PROTECTION PLANS APPLICABLE TO ALL EMPLOYEES AND IN FAVOR OF CERTAIN CATEGORIES OF EMPLOYEES

Directors concerned on the transaction date (October 4, 2018): Laurent Mignon, Christine Fabresse, Catherine Halberstadt and Nicolas Namias, members of the Management Board of BPCE.

Director concerned on the applicable date (December 17, 2020): Jean-François Lequoy, member of the BPCE Management Board.

Director concerned on the day of the transactions (March 25, 2021): Béatrice Lafaurie, member of the BPCE Management Board.

The members of the BPCE Management Board will be able to benefit, under the same conditions as BPCE SA employees, from the application of the social protection systems put in place within BPCE SA for all employees and for certain categories of employees (*e.g.* concerning supplementary pension, supplementary protection and supplementary health plans).

Members of the Management Board may benefit from the rules governing the maintenance of rights to receive pay for a period of 12 months in the case of temporary work disability applicable to executive directors of Groupe BPCE companies.

The Supervisory Board has found that implementing these plans is of genuine interest for BPCE SA since it is a means of incentivizing and retaining these members of the Management Board.

Following the resignation of Catherine Halberstadt from her mandate as member of the Management Board in charge of Group human resources following the Supervisory Board Meeting of March 25, 2021, the BPCE Supervisory Board decided at its meeting of December 16, 2021, to downgrade the commitments made by BPCE for the benefit of Catherine Halberstadt and relating to the social protection measures applicable to all employees and for certain categories of employees.

PENSION PLAN FOR EXECUTIVE DIRECTORS OF GROUPE BPCE

Director concerned on the applicable date (October 4, 2018): Christine Fabresse, member of the Management Board of BPCE.

Beneficiaries will be entitled to a capped and reversible annual pension, as from their effective departure from the company.

The Supervisory Board has given the authorization to maintain the Pension Plan for Executive Directors of Groupe BPCE dated July 1, 2014, governed by Article L. 137-11 of the French Social Security Code and has decided to subordinate the benefit of the conditional rights provided for by that plan to the attainment by Groupe BPCE of positive net income for the applicable period.

The Supervisory Board duly noted the compliance with the provisions of paragraph 8 of Article L. 225-90-1 of the French Commercial Code which provides that conditional rights may not increase, year on year, by an amount in excess of 3% of the annual benchmark pay for the calculation of plan benefits, since the Pension Plan for Executive Directors of Groupe BPCE of which Christine Fabresse has the benefit enables the acquisition of a pension equal to 15% of the benchmark pay, assuming membership of the plan for a minimum of seven years.

The Supervisory Board believes that maintaining this commitment helps incentivize and retain this member of the Management Board.

AGREEMENTS WITH SHAREHOLDERS

Tripartite memorandum of understanding between BRED, BPCE I, and BPCE

Joint directors on the applicable date: Olivier Klein, member of the BPCE Supervisory Board and Chairman of the Board of Directors of BRED.

At its meeting of December 17, 2020, the Supervisory Board authorized the signing of a memorandum of understanding between BRED, BPCE I, and BPCE concerning the transfer of the activities of BPCE I in Vietnam with regard to the financial conditions attached thereto and BPCE's corporate interest.

This agreement had no impact on BPCE's 2021 financial statements.

Subsidy granted by BPCE to the Banques Populaires

Joint directors on the applicable date: Michel Grass, Chairman of the Supervisory Board of BPCE and Chairman of the Board of Directors of BP Bourgogne Franche-Comté, Gérard Bellemon, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of BP Val de France, Thierry Cahn, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of BP Alsace Lorraine Champagne, Bernard Dupouy, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of BP Aquitaine Centre Atlantique, Yves Gevin, a member of the Supervisory Board of BPCE and CEO of BP Rives de Paris, Catherine Mallet, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of BP Occitane and Olivier Klein, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of BRED.

The Supervisory Board decided to implement an equity mechanism as part of the plan to integrate Crédit Foncier's operations into Groupe BPCE, consisting of the payment of a commercial subsidy by BPCE in order to support the rollout of specific new loans at the Banques Populaires.

At its meeting of March 28, 2019, the Supervisory Board of BPCE authorized the payment of a commercial subsidy by BPCE to all Banques Populaires (except CASDEN).

This subsidy resulted in the recognition of an expense of €3,241,472.77 on BPCE's 2021 financial statements.

Subsidy granted by BPCE to the Caisses d'Epargne

Joint directors concerned on the applicable date: Catherine Amin-Garde, a member of the Supervisory Board of BPCE and Chairman of the SSB of CE Loire Drôme Ardèche; Alain Denizot, a member of the Supervisory Board of BPCE and Chairman of the Management Board of CE Rhône Alpes; Dominique Goursolle-Nouhaud, a member of the Supervisory Board of BPCE and Chairwoman of the SSB of CE Aquitaine Poitou-Charentes; Françoise Lemalle, a member of the Supervisory Board of BPCE and Chairwoman of the SSB of CE Côte d'Azur; Didier Patault, a member of the Supervisory Board of BPCE and Chairman of the Management Board of CE Ile-de-France; Nicolas Plantrou, a member of the Supervisory

Board of BPCE and Chairman of the SSB of CE Normandie; and, Pierre Valentin, a member of the Supervisory Board of BPCE and Chairman of the SSB of CE Languedoc-Roussillon.

The Supervisory Board decided to implement an equity mechanism as part of the plan to integrate Crédit Foncier's operations into Groupe BPCE, consisting of the payment of a commercial subsidy by BPCE in order to support the rollout of specific new loans at the Caisses d'Epargne.

At its meeting of March 28, 2019, the Supervisory Board of BPCE authorized the payment of a commercial subsidy by BPCE to all Caisses d'Epargne (except Caisse d'Epargne d'Auvergne et du Limousin).

This subsidy resulted in the recognition of an expense of €2,839,382.66 on BPCE's 2021 financial statements.

Collateral remuneration agreement between BPCE and the Caisses d'Epargne

Joint directors concerned on the applicable date: Yves Toublanc, Chairman of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Rhône Alpes, Jean Arondel, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Loire-Centre, Jean-Charles Boulanger, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Aquitaine Poitou-Charentes, Jean-Claude Cette, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Provence-Alpes-Corse, Francis Henry, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Lorraine Champagne-Ardenne, Philippe Lamblin, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Nord France Europe, Pierre Mackiewicz, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Côte d'Azur, Bernard Roux, a member of the Supervisory Board of CNCE and Chairman of the Steering and Supervisory Board of CE Midi-Pyrénées, Pierre Valentin, a member of the Supervisory Board and Chairman of the Steering and Supervisory Board of CE Languedoc-Roussillon, Maurice Bourrigaud, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE d'Auvergne et du Limousin, Joël Chassard, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Normandie, Bernard Comolet, Vice-Chairman of the Supervisory Board of CNCE and Chairman of the Management Board of CE Ile-de-France, Alain Denizot, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Picardie, Jean-Pierre Deramecourt, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE d'Alsace, Alain Maire, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Bourgogne Franche-Comté, Philippe Monéta, a member of the Supervisory Board of CNCE and Chairman of CE Loire Drôme Ardèche and Didier Patault, a member of the Supervisory Board of CNCE and Chairman of the Management Board of CE Bretagne Pays de Loire.

CNCE and the Caisses d'Epargne have implemented with the Banque de France, GCE group refinancing arrangements involving the direct or indirect use of assets belonging to the Caisses d'Epargne. The companies wished to define the terms and conditions under which the Caisses d'Epargne will receive a minimum financial commission in exchange for transferring assets eligible for ECB Monetary Policy Operations and not otherwise eligible for specific remuneration as securities lending or repo transactions.

The agreement is entered into for three years and is renewable automatically for another three-year period, unless terminated in advance.

At its meeting of June 24, 2009, the CNCE Supervisory Board authorized CNCE to sign this collateral remuneration agreement with each of the Caisses d'Epargne.

This agreement resulted in the recognition of an expense of €3,112,783.60 on BPCE's 2021 financial statements.

Collateral remuneration agreement between BPCE and the Banques Populaires

Joint directors concerned on the applicable date: Gérard Bellemon, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of Banque Populaire Val de France, Thierry Cahn, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of Banque Populaire d'Alsace, Pierre Desvergnes, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of CASDEN Banque Populaire, Stève Gentili, a member of the Supervisory Board of BPCE and Chairman of the Board of Directors of BRED, Jean Criton, a member of the Supervisory Board of BPCE and Managing Director of Banque Populaire Rives de Paris and Bernard Jeannin, a member of the Supervisory Board of BPCE and Managing Director of Banque Populaire Bourgogne Franche-Comté.

BPCE and the Banques Populaires have implemented, with the Banque de France, Groupe BPCE refinancing arrangements involving the direct or indirect use of assets belonging to the Banques Populaires. BPCE and the Banques Populaires wished to define the terms and conditions under which the Banques Populaires will receive a minimum financial commission in exchange for transferring assets eligible for ECB Monetary Policy Operations and not otherwise eligible for specific remuneration as securities lending or repo transactions.

The purpose of the collateral remuneration agreement is to determine the bases for calculation and payment under which the Banques Populaires will receive a payment from Banque de France in return for directly or indirectly transferring assets that are eligible for ECB Monetary Policy Operations.

At its meeting of February 24, 2010, the Supervisory Board authorized BPCE to sign this collateral remuneration agreement with each of the Banques Populaires.

It was entered into on July 15, 2010 for an indefinite period.

This agreement resulted in the recognition of an expense of €1,568,387.33 on BPCE's 2021 financial statements.

AGREEMENTS WITH NATIXIS AND ITS SUBSIDIARIES

Partnership agreement between Natixis Investment Managers, Ostrum Asset Management, Topco, and LBP Asset Management, in the presence of Natixis, BPCE, and La Banque Postale

Joint directors on the applicable date: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis; Christine Fabresse, member of the Management Board of BPCE and Permanent Representative of BPCE on the Board of Directors of Natixis Investment Managers; Catherine Halberstadt, member of the Management Board of BPCE and Permanent Representative of BPCE on the Board of Directors of Natixis; François Riahi, member of the Management Board of BPCE, CEO of Natixis and Chairman of the Board of Directors of Natixis Investment Managers; Gérard Bellemon, member of the Supervisory Board of BPCE and member of the Board of Directors of Natixis Investment Managers; and Didier Patault, member of the Supervisory Board of BPCE and member of the Board of Directors of Natixis Investment Managers.

The purpose of this agreement is to formalize a partnership aimed at creating a leading European player in Asset Management by combining, within Ostrum Asset Management, euro fixed-income and credit strategies, as well as insurance strategies for Ostrum Asset Management and LBP Asset Management.

The Supervisory Board of BPCE considered that this memorandum was justified in terms of corporate interest, given that it aims to implement the overall project between Natixis and La Banque Postale to create a major player in insurance management through the grouping of some of their asset management activities in a joint venture.

At the meeting of June 16, 2020, the Supervisory Board authorized the implementation of the partnership project and approved the terms and conditions of the agreement between Natixis Investment Managers, Ostrum Asset Management, Topco, and LBP Asset Management, in the presence of Natixis, BPCE and La Banque Postale.

This agreement had no impact on BPCE's 2021 financial statements.

Framework partnership agreement between BPCE, Natixis Assurances, BPCE Assurances, Covéa Coopérations, MAAF Assurances, Covéa Protection Juridique and BPCE IARD

Joint directors concerned on the applicable date: François Riahi, member of the Management Board of BPCE, Chief Executive Officer of Natixis and Chairman of the Board of Directors of Natixis Assurances.

This framework agreement focuses on insurance of professional risks for customers of the Caisses d'Epargne and Banques Populaires. This agreement was entered into for five years from January 1, 2020 and can be renewed for successive five-year periods.

The Supervisory Board of BPCE believed that entering into this framework partnership agreement was in BPCE's interest, specifically in light of the strategic rationale behind planned operations and the financial terms proposed. At its meeting of March 28, 2019, the Supervisory Board authorized the signing of the framework partnership agreement (and its appendices) between BPCE, Natixis Assurances, BPCE Assurances, Covéa Coopérations, MAAF Assurances, Covéa Protection Juridique and BPCE IARD.

This agreement had no impact on BPCE's 2021 financial statements.

Agreements between CNP Assurances and Groupe BPCE

Joint directors concerned on the applicable date: Françoise Lemalle, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Bernard Dupouy, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis and Gérard Bellemon, a member of the Supervisory Board of BPCE and a member of the Board of Directors of BPCE Vie.

The purpose of these agreements was to extend the agreements signed in 2015 between BPCE, Natixis and CNP Assurances from December 31, 2022 to December 31, 2030, and thereby reinforce CNP Assurances' multi-partnership model. These agreements provide for the transition to a 50-50 coinsurance split between Natixis Assurances (BPCE Vie and BPCE Prévoyance) and CNP Assurances for collective payment protection insurance and for CNP Assurances to underwrite 34% of individual payment protection insurance policies subscribed for by BPCE Vie.

The Supervisory Board of BPCE deemed that these agreements were justified in terms of the corporate interest given that they are integrated within the Group's overall bancassurance business model while at the same time preserving the interests of customers, the level of fees and commissions, and service quality during the period covered by said agreements.

At its meeting of December 19, 2019, the Supervisory Board authorized the signing of agreements between CNP Assurances and Groupe BPCE.

These agreements had no impact on BPCE's 2021 financial statements.

Negotiation Agreement for the Smith transaction

Joint directors concerned on the applicable date: Laurent Mignon, Chairman of the Board of Directors of Natixis and Chairman of the Management Board of BPCE, Catherine Halberstadt, permanent representative of BPCE on the Board of Directors of Natixis and a member of the Management Board of BPCE, François Riahi, Chief Executive Officer of Natixis and a member of the Management Board of BPCE, Thierry Cahn, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Françoise Lemalle, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Stéphanie Paix, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Alain Condaminas, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, and Bernard Dupouy, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE.

This project involves BPCE's acquisition from Natixis of the specialized financing activities of Natixis' SFS business line, namely Factoring (Natixis Factor), Sureties and Guarantees (CEGC), Leasing (Natixis Lease), Consumer Loans (Natixis Financement) and the Custodial Services activities (Natixis' Eurotitres department).

First, Natixis would see approximately €2 billion in capital freed up in connection with the asset sale and would pay out to its shareholders a special dividend calibrated to position Natixis at a CET1 ratio of about 11%.

In addition, BPCE would carry out a capital increase of €2 billion, of which €1.2 billion would be released upon completion of the transaction, in order to finance the acquisition of the assets in question and to provide capital support to the external growth transactions that Natixis may wish to implement in its asset light business lines (up to €1.5 billion), in addition to the envelope of €1 billion currently provided for and financed in the New Dimension plan.

At its meeting of September 12, 2018, the Supervisory Board authorized the entry into the Negotiation Agreement between BPCE and Natixis.

To the extent that the definitive disposal agreements, namely:

- the sale agreement by Natixis to BPCE of all the shares held by the latter in CECG, Natixis Lease, Natixis Factor and Natixis Financement; and
- the sale agreement by Natixis to BPCE of the EuroTitres business.

were authorized by the Supervisory Board on February 12, 2019 as related-party agreements (which continued to have effect during fiscal year 2021), these contracts replaced the said Trading Protocol, which is now no longer in effect.

At its meeting of December 16, 2021, the BPCE Supervisory Board decided to downgrade the Negotiating Memorandum accordingly on the sale by Natixis to BPCE of its Sureties & Guarantees (CECG), Leasing (Natixis Lease), Factoring (Natixis Factor), Consumer Loans (Natixis Financement) and Securities

(EuroTitres department) activities of its Specialized Financial Services division.

These agreements had no impact on BPCE's 2021 financial statements.

Purchase agreements in connection with the Smith transaction

Joint directors concerned on the applicable date: Laurent Mignon, Chairman of the Board of Directors of Natixis and Chairman of the Management Board of BPCE, Catherine Halberstadt, permanent representative of BPCE on the Board of Directors of Natixis and a member of the Management Board of BPCE, François Riahi, Chief Executive Officer of Natixis and a member of the Management Board of BPCE, Thierry Cahn, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Françoise Lemalle, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, and Bernard Dupouy, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE.

The Supervisory Board was called upon, in connection with the Smith transaction, to authorize BPCE's acquisition of the shares of Natixis Lease, Natixis Factor, Natixis Financement and CEGC, known as the "SFS Subsidiaries", and the acquisition of the Eurotitres customer base.

- the acquisition price of the SFS subsidiaries amounted to €2.6 billion, divided into €351 million for Natixis Financement, €178 million for Natixis Factor, €953 million for Natixis Lease and around €1.1 billion for CEGC;
- the acquisition price of the Eurotitres goodwill amounted to €87 million. An adjustment to the estimated price is provided for in proportion to the increase or decrease in the amount corresponding to Eurotitres' net tangible assets (*i.e.* the value of the customer base less the value of liabilities and the value of intangible assets);
- in addition, TSAs (transitional service agreements) and SLAs (service-level agreements) will be set up at closing, under which transitional services as well as long-term services will be provided by Natixis to BPCE. These TSAs and SLAs cover about 500 identified services, mainly concerning the Risk, Finance, Compliance and HR functions;

  these agreements, which are characterized as "related," take the form of:

  - three cost-sharing and service agreements appended to the sale agreement for the SFS Subsidiaries ("Reverse TSA/SLA," "IT," and "TSA"),
  - one custody agreement, the "extended mandate," appended to the sale agreement for the Eurotitres customer base.

At its meeting of February 12, 2019, the Supervisory Board of BPCE authorized BPCE to sign the agreement for the sale of the shares of the SFS Subsidiaries and the sale of the Eurotitres customer base, as well as the "related" agreements.

At its meeting of December 17, 2020, the Supervisory Board of BPCE decided to declassify the three service contracts, "Reverse TSA/SLA," "IT", and "TSA", as well as the custody agreement known as the "extended mandate" contract linked to the Smith transaction.

Pursuant to Article 9.4 of the Share Purchase and Acquisition Agreement *("Specific guarantee relating to the Fructibail Invest dispute"),* In 2021, BPCE SA received the sum of €9,075,038.91, which was recognized as a reduction of the acquisition price of BPCE Lease.

General framework and specific agreements covering the new partnership arrangements between the CNP group and Groupe BPCE

At its meeting of August 6, 2013, the Supervisory Board authorized François Pérol to constitute an Insurance division at the level of Natixis and engage in negotiations with CNP Assurances with a view to allocating the responsibility for the Group's future life insurance business to Natixis Assurances.

The negotiations with CNP undertaken between October 2013 and July 2014 resulted in the definition of the fundamental principles applicable to the future partnership between BPCE, Natixis and CNP which were duly approved by the Supervisory Board at its meeting of July 31, 2014.

The discussions with CNP continued and resulted, first, in an agreement of principle between CNP Assurances, BPCE and Natixis authorized by the Supervisory Board on November 4, 2014 and then in a Final Framework Agreement complemented by specific application contracts (the "New Partnership Agreements") authorized by the Supervisory Board on February 18, 2015 and approved by the General Meeting held on May 22, 2015.

The new partnership agreements with CNP Assurances represent a major strategic development for BPCE that is perfectly integrated within the Group's overall bancassurance business model while at the same time preserving the interests of customers, the level of fees and commissions, and service quality during the transitional period.

General Framework Agreement implemented by BPCE and its addendum

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, a member of the Board of Directors of CNP Assurances and Chairman of the Board of Directors of Natixis, Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances, Laurent Mignon, a member of the Management Board of BPCE and Chief Executive Officer of Natixis, Pierre Valentin, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Didier Patault, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Thierry Cahn, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Catherine Halberstadt, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE, Alain Condaminas, a member of the Board of Directors of Natixis and a member of the Supervisory Board of BPCE and Gérard Bellemon, a member of the Board of Directors of Natixis Assurances and a member of the Supervisory Board of BPCE.

The General Framework Agreement was signed between CNP Assurances, BPCE, Natixis, Natixis Assurances, ABP Vie and ABP Prévoyance.

The purpose of the final framework agreement is:

- to note the non-renewal of the Existing Agreements;
- to define, organize and delimit the contractual whole formed by the New Partnership Agreements of which it is the umbrella agreement;
- to determine the term of the New Partnership Agreements, namely seven years as from January 1, 2016. At the end of this seven-year period, BPCE will be able to either extend the New Partnership Agreements for a period of three years as from January 1, 2023 or purchase CNP's insurance deposit inventory. BPCE will have the option of acquiring the existing portfolio on December 31, 2020, and CNP the option, in 2020 and 2022, of notifying BPCE of its desire to initiate discussions with a view to such sale;

- to define and organize the functioning of the Partnership Committee and any sub-committees subsequently formed by the Partnership Committee; and
- more generally, to organize and monitor the relationships between the Parties for the purposes of the Renewed Partnership.

An addendum to the Final Framework Agreement was signed on December 30, 2015 between BPCE, CNP Assurances and Natixis in order to determine a new time limit for the signature of certain of the intended New Partnership Agreements not already signed before December 31, 2015. The addendum was equally designed to amend certain agreements to reflect regulatory or operating developments requiring the modification of certain appendices, and also provides for the deferral to January 1, 2016 of the constitution of the Partnership Committee.

This agreement had no impact on BPCE's 2021 financial statements.

Agreements between CNP Assurances, BPCE, Natixis and ABP Vie (a subsidiary of Natixis Assurances)

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances, Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances, Daniel Karyotis, a member of the Management Board of BPCE and permanent representative of BPCE at Natixis, Alain Condaminas, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Catherine Halberstadt, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Pierre Valentin, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis and Gérard Bellemon, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis Assurances.

- Tranche 2 new business reinsurance treaty between ABP Vie and CNP Assurances in the presence of BPCE and Natixis: 90% reinsurance by CNP Assurances for new business involving ex-CNP customers.
- Tranche 2 reinsurance administration contract between ABP Vie, CNP Assurances and BPCE in the presence of Natixis, designed to define administrative arrangements:
  - supply by BPCE to CNP Assurances of the list of customers insured, in accordance with the periodicity and other provisions of the contract, in the event of the observance of any interest rate or behavioral market shock, and
  - deployment of the necessary tests to ensure the proper functioning of the procedures (including the exchange of information) provided for by the contract.
- EuroCroissance administration contract between CNP Assurances, BPCE and ABP Vie in the presence of Natixis, designed to define administrative arrangements on similar bases to those applying to the Tranche 2 reinsurance administration contract.

These agreements had no impact on BPCE's 2021 financial statements.

EuroCroissance contract between CNP Assurances and ABP Vie in the presence of BPCE

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances, and Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances.

The EuroCroissance Lettering Agreement was concluded between CNP Assurances, BPCE and ABP Vie, in the presence of Natixis.

The EuroCroissance contract provides for compensation for the technical commitments arising as a result of payments by insured customers into EuroCroissance funds with effect from January 1 of the calendar year of observance of any interest rate or behavioral market shock, independently of the date of subscription of the corresponding policy with ABP Vie.

This agreement had no impact on BPCE's 2021 financial statements.

Pension Savings agreements between CNP Assurances and BPCE

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances and Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances.

- **Retirement savings plan partnership agreement** between CNP Assurances and BPCE mentioning in particular the termination of the distribution of the life insurance and capitalization products of CNP Assurances by the Caisse d'Epargne network with effect from January 1, 2016 (subject to certain contractual exceptions).

  The agreement was signed between CNP Assurances (acting in its name and on behalf of itself and of its subsidiaries) and BPCE (acting in its name and on behalf of itself and, as central institution, in the name and on behalf of the members of the Caisse d'Epargne network and of Banque Palatine, Banque BCP, Banque des Antilles Françaises, Banque de la Réunion, Banque de Nouvelle Calédonie, Banque de Saint-Pierre et Miquelon and Banque de Tahiti).
- Implementation of a Savings **Mechanism between CNP Assurances** and BPCE involving two contracts: a contract providing the assurance of a stable portfolio level for CNP Assurances, acting in the event of additional redemptions, or reduced subsequent payments, compared to the anticipated amounts and conversely, a contract providing for remuneration of BPCE's outperformance if the reverse applies. Both contracts will apply to all retirement savings plan life insurance and capitalization policies issued by CNP Assurances; they will be deactivated in the event of any interest rate or behavioral market shock and would then be renegotiated. BPCE has guaranteed CNP Assurances against any additional tax burden induced by the Savings Mechanism which is intended to be fiscally neutral for CNP Assurances.
- **Addendum to the retirement savings plan life insurance commissioning agreement** designed to extend the agreement until maturity of the last such policy issued by CNP Assurances. Distributors are remunerated on the basis of a contractual percentage applied to movements and outstandings subject eventually to increase based on the type of policy involved.

  The agreement was signed between CNP Assurances and BPCE acting, as central institution, in the name and on behalf of the members of the Caisse d'Epargne network, Banque Palatine, Banque BCP, Banque des Antilles Françaises, Banque de la Réunion, Banque de Nouvelle Calédonie, Banque de Saint-Pierre et Miquelon and Banque de Tahiti.

This agreement had no impact on BPCE's 2021 financial statements.

Agreements relating to payment protection, providence and health insurance policies

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances and Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances.

In respect of individual providence policies:

- **Individual providence policies commissioning agreement** between CNP Assurances and BPCE acting in its name and on behalf of itself, in the name and on behalf of the members of the Caisse d'Epargne network as central institution of the Caisse d'Epargne network, and on behalf of the Caisses d'Epargne network, of Banque Palatine, Banque BCP, Banque des Antilles Françaises, Banque de la Réunion, Banque de Nouvelle Calédonie, Banque de Saint-Pierre et Miquelon and Banque de Tahiti. Distributors are remunerated on the basis of the premiums paid by policyholders or on the technical results for each distributing institution and type of policy.

In respect of collective payment protection insurance:

- **An exclusive partnership** for seven years between CNP Assurances, BPCE, ABP Vie and ABP Prévoyance subject to coinsurance by CNP Assurances and two subsidiaries of Natixis Assurances (ABP Vie and ABP Prévoyance) amounting respectively to 66% and 34% for all policies distributed by the networks of Banque Populaire (with the exception of BRED, Crédit Coopératif and CASDEN), Caisse d'Epargne, Banque Palatine and Crédit Foncier. In the event of renewal of the agreement, the coinsurance ratio would be adjusted to an equal balance for CNP Assurances (50%) and the two subsidiaries of Natixis Assurances (50%);
- **Management and service-level agreement** between CNP Assurances and BPCE defining the relationships between the beneficiaries (namely the networks of Banque Populaire (with the exception of BRED, Crédit Coopératif and CASDEN), Caisse d'Epargne, Banque Palatine and Crédit Foncier) and the insurer (CNP Assurances) and setting out the duties of each party with regard to the management of insurance requests, claims and the associated financial flows. The applicable financial terms and conditions will be defined by type of policy and for each institution;
- **Remuneration agreement** between BPCE, CNP Assurances (acting in its name and in the name and on behalf of CNP IAM), ABP Vie and ABP Prévoyance defining the financial terms and conditions prevailing between the insurer and the lending institutions (namely the networks of Banque Populaire (with the exception of BRED, Crédit Coopératif and CASDEN), Caisse d'Epargne, Banque Palatine and Crédit Foncier) with regard to the distribution of payment protection insurance policies with effect from January 1, 2016 and for the duration of the Agreement. The applicable financial terms and conditions will be defined by type of policy and for each institution.

These agreements had no impact on BPCE's 2021 financial statements.

Shareholders' agreement for Ecureuil Vie Développement ("EVD") entered into by and between CNP Assurances, Natixis Assurances and BPCE in the presence of Ecureuil Vie Développement

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances, Jean-Yves Forel, a member of the Management Board of BPCE and a member of the Board of Directors of CNP Assurances and Gérard Bellemon, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis Assurances.

The shareholders' agreement for Ecureuil Vie Développement (EVD) has been executed between CNP Assurances, Natixis Assurances and BPCE in the presence of Ecureuil Vie Développement. It stipulates that:

EVD's mission is to provide proper interfacing between the Caisse d'Epargne network, Natixis Assurances and CNP.

On March 23, 2015 but taking effect on January 1, 2016, CNP sold to Natixis Assurances 2% of the share capital and voting rights of EVD thereby providing Natixis Assurances with 51% of the share capital of EVD. The sale was performed on the basis of a price of €48 per share or a total of €3,552 for the 74 shares representing 2% of the share capital.

These agreements had no impact on BPCE's 2021 financial statements.

Amendment to the agreement governing BPCE's 3(a) (2) US MTN Program

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Daniel Karyotis, a member of the Management Board of BPCE, permanent representative of BPCE and a member of the Board of Directors of Natixis, Alain Condaminas, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Catherine Halberstadt, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a Board Member of Natixis and Pierre Valentin, a member of the Supervisory Board of BPCE and a Board Member of Natixis.

On April 9, 2013, BPCE established a medium-term notes ("Notes") program in the United States within the framework of a scheme defined in Section 3(a) (2) of the Securities Act of 1933 (the "3(a) (2) Program"). Its maximum total nominal amount is $10 billion.

It was proposed to change the limits of the Agreement concerning the guarantee:

- notes issued under the 3(a) (2) Program cannot exceed a total nominal amount of $6 billion per year;
- of which a maximum of $3 billion may not be loaned by BPCE to Natixis (so where applicable, based on Natixis' funding needs, the proceeds from the Notes issued can be loaned by BPCE to Natixis at shorter maturities than those of the Notes).

On February 19, 2014, the Supervisory Board approved the signing of an amendment to the Agreement aimed at changing the sub-limits called for in Article 4 of the Agreement. Furthermore, the proceeds loaned to Natixis can be made available by BPCE for shorter maturities than those of the notes issued, depending on Natixis' funding needs.

This agreement resulted in the recognition of an expense of €1,402,940.55 on BPCE's 2021 financial statements.

Invoicing agreement related to the affiliation of Natixis

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Jean Criton, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Stève Gentili, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Bernard Jeannin, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Olivier Klein, a member of the Management Board of BPCE and a member of the Board of Directors of Natixis, Philippe Queuille, a member of the Management Board of BPCE and a member of the Board of Directors of Natixis, Nicolas Duhamel, a member of the Management Board of BPCE and permanent representative of BPCE, a member of the Board of Directors of Natixis.

The CNCE and the BFBP authorized the affiliation of Natixis to the CNCE and the BFBP, which, as such, were responsible for ensuring the proper functioning of Natixis and in return received compensation in accordance with the billing agreement concluded on May 31, 2007.

As BPCE replaced the CNCE and the BFBP on July 31, 2009 and wished to revise the amount of the contribution remunerating its duties as part of the Natixis affiliation, a new agreement was signed on December 21, 2010 resulting in termination of the invoicing agreement entered into in 2007 with effect from April 1, 2010, for an annual lump sum of €22,000,000 with an indexation clause from 2011.

When the 2012 budget was set, in order to take the overall context into account, a decision was made to revise the amount of the contribution based on the actual cost of the policy assignments carried out by BPCE on behalf of Natixis. The parties decided to enter into a new invoicing agreement for that purpose, which outright replaced the agreement of December 21, 2010. The new agreement became effective from January 1, 2012.

At its meeting of February 22, 2012, the Supervisory Board approved the terms and conditions of the new invoicing agreement with Natixis and authorized the execution thereof.

The agreement resulted in the recognition of income of €33,756,000.00 on BPCE's 2021 financial statements.

Joint and several guarantee agreement between CNCE and Natixis

Directors concerned on the applicable date: Charles Milhaud, Chairman of the Management Board of CNCE, Nicolas Mérindol, a member of the Management Board of CNCE, Anthony Orsatelli, a member of the Management Board of CNCE, Pierre Servant, a member of the Management Board of CNCE and Francis Meyer, a member of the Supervisory Board of CNCE (representing CDC).

On October 1, 2004, CNCE and CDC IXIS Capital Markets entered into an agreement by which CNCE provides a joint and several guarantee on the debts of CDC IXIS Capital Markets to third parties.

The guarantee was granted for an indefinite period. CNCE may unilaterally terminate this agreement provided that it announces its intention six months before the termination becomes effective.

The agreement was granted prior approval by the Supervisory Board during its September 30, 2004 meeting.

Following the merger of IXIS Corporate & Investment Bank with Natixis, this guarantee was renewed in favor of Natixis.

The agreement resulted in the recognition of income of €7,760.66 on BPCE's 2021 financial statements. The debts guaranteed amounted to €85,934,011.00 as of December 31, 2021.

Two agreements entered into within the scope of the new guarantee granted by CNCE (representing the rights of CDC IXIS following the Refoundation project of December 31, 2004) to Natixis Structured Products to create a special purpose vehicle (SPV)

Directors concerned on the applicable date: Charles Milhaud, Chairman of the Management Board of CNCE, Nicolas Mérindol, a member of the Management Board of CNCE, Anthony Orsatelli, a member of the Management Board of CNCE, Pierre Servant, a member of the Management Board of CNCE and Francis Meyer, a member of the Supervisory Board of CNCE (representing CDC).

These agreements were signed following the sale of Labouchère Bank to allow Natixis Capital Markets (formerly IXIS Corporate & Investment Bank) to carry out transactions on the secondary market, and particularly for Japan, as part of a €10 billion EMTN program. The creation of this SPV, which is located in Jersey, required the following guarantee:

- an amendment to the commitment letter signed on May 28, 2003 by CNCE and Natixis Capital Markets to include the SPV within the scope of the letter;
- a joint and several guarantee between CNCE and Natixis Structured Products enabling the guarantee provided by CNCE to be transferred to Natixis Structured Products.

These agreements had no impact on BPCE's 2021 financial statements.

AGREEMENTS WITH OTHER SUBSIDIARIES

Invoicing agreement related to the affiliation of Crédit Foncier de France

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Crédit Foncier de France, Nicolas Duhamel, a member of the Management Board of BPCE and permanent representative of BPCE, a member of the Board of Crédit Foncier de France, Olivier Klein, a member of the Management Board of BPCE and a member of the Board of Crédit Foncier de France, Pierre Desvergnes, a member of the Supervisory Board of BPCE and a member of the Board of Crédit Foncier de France and Francis Henry, a member of the Supervisory Board of BPCE and a member of the Board of Crédit Foncier de France.

The CNCE authorized the affiliation of Crédit Foncier de France to the CNCE, which, as such, was responsible for ensuring the proper functioning of its subsidiary and received compensation in accordance with the billing agreement entered into on December 11, 2007.

As BPCE replaced CNCE as central institution, effective from July 31, 2009, and decided to revise the amount of the contribution remunerating the services supplied by CNCE in connection with the affiliation of Crédit Foncier de France, a further invoicing agreement was executed on August 5, 2011 (effective retroactively from January 1, 2011) for an annual flat-rate amount of €6,700,000 with an indexation clause effective from 2012.

When the 2012 budget was set, in order to take the overall context into account, a decision was made to revise the amount of the contribution based on the actual cost of the policy assignments carried out by BPCE on behalf of Crédit Foncier de France. The parties decided to enter into a new invoicing agreement for that purpose, which replaced the agreement of August 5, 2011 outright. The new agreement became effective from January 1, 2012.

At its meeting of February 22, 2012, the Supervisory Board approved the terms and conditions of the new invoicing agreement with Crédit Foncier de France and authorized the execution thereof.

The agreement resulted in the recognition of income of €7,736,000.00 on BPCE's 2021 financial statements.

Amendment to MiFID agreement

Joint directors concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Alain Lemaire, a member of the Management Board of BPCE and a member of the Board of Directors of Natixis, Yvan de la Porte du Theil, a member of the Management Board of BPCE and a member of the Board of Directors of Natixis, Stève Gentili, a member of the

Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Francis Henry, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Bernard Jeannin, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis, Didier Patault, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis and Jean-Marc Carcéles, a member of the Supervisory Board of CNCE and a member of the Board of Crédit Foncier de France.

The CNCE lending activity managed in 2005 was sold to various Groupe Caisse d'Epargne subsidiaries. To this end, CNCE sold to IXIS Corporate & Investment Bank on November 18, 2005 its mid- and long-term French regional public-sector financing activities, under a partial transfer of business assets.

On December 14, 2006, the Supervisory Board approved the execution of a memorandum of understanding between CNCE, IXIS CIB and Crédit Foncier de France regarding the transfer of outstanding "regional public-sector" loans from IXIS CIB. This agreement was entered into on February 19, 2007.

On November 20, 2009, BPCE (taking over the rights of CNCE), Natixis (taking over the rights of IXIS CIB) and Crédit Foncier de France signed an amendment to the agreement specifying the obligations resulting from MiFID for derivatives activities and concerning the categorization of Natixis' counterparties and the notification of their category.

This agreement had no impact on BPCE's 2021 financial statements.

Amendment to the "PLS Package – PLI Package" agreement with Crédit Foncier de France

Joint directors concerned on the applicable date: Alain Lemaire, a member of the Management Board of CNCE and a member of the Board of Crédit Foncier de France, Guy Cotret, a member of the Management Board of CNCE and a member of the Board of Crédit Foncier de France and Jean-Marc Carcéles, a member of the Supervisory Board of CNCE and a member of the Board of Crédit Foncier de France.

On December 14, 2005, CNCE and Crédit Foncier de France entered into a PLS Package (state-sponsored rental accommodation loans) and PLI Package (intermediate rental loans) partnership agreement to implement a new regulated loan distribution strategy. After four years of trials, it became desirable to simplify the agreement in response to the evolution in the financial markets, given that it appeared possible to simplify the basis of remuneration of the loan distribution networks and recognize the additional funding in the balance sheet of Crédit Foncier de France.

The agreement was thus amended as follows with effect from July 31, 2009: the scope of the loans in question was extended to PLSs, PLIs, PSLAs (social lease ownership loans), and open-ended loans for new flows and similar transactions, as were the fee calculation rules.

This agreement had no impact on BPCE's 2021 financial statements.

Financial intermediary agreement for Local Authorities and Institutions

Joint directors concerned on the applicable date: Alain Lemaire, a member of the Management Board of CNCE and a member of the Board of Crédit Foncier de France, Guy Cotret, a member of the Management Board of CNCE and a member of the Board of Crédit Foncier de France and Jean-Marc Carcéles, a member of the Supervisory Board of CNCE and a member of the Board of Crédit Foncier de France.

On June 19, 2008, CNCE, Crédit Foncier de France and Compagnie de Financement Foncier signed a financial intermediary agreement for local authorities and institutions which took effect on January 1, 2007. The main aim of this agreement was to define the terms of fees and commissions paid to the Caisses d'Epargne in their role as financial intermediaries for Groupe Crédit Foncier which holds the loans granted to local authorities and institutions on its balance sheet.

Given the financial and banking context resulting in the general absence of a market benchmark for medium- and long-term bond issues and in order to restore an economic balance between the parties, the latter agreed, in their respective interests, on the amounts and distribution of fees and commissions. This exemption of an exceptional nature in view of the financial context would be valid only for the primary commissioning of business introducers on new flows due for 2008.

An amendment was signed in fiscal year 2011. This agreement was renewed in fiscal year 2016.

This agreement had no impact on BPCE's 2021 financial statements.

Paris La Défense and Neuilly-sur-Seine, March 23, 2022

The Statutory Auditors

Deloitte & Associés	Mazars	PricewaterhouseCoopers Audit
Marjorie Blanc Lourme	Charles de Boisriou	Emmanuel Benoist
	Laurence Karagulian	Antoine Priollaud

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ADDITIONAL INFORMATION

8.1 Statement by the person responsible for the Universal Registration Document and for the annual financial report

To the best of my knowledge, all of the information contained in this Universal Registration Document is in accordance with the facts and contains no omission likely to affect its import.

To the best of my knowledge, I certify that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position, and profit or loss of the company and all affiliated companies, and that the management report (whose contents are listed in the cross-reference table on page 750) gives a true and fair picture of the development of the business, results, and financial position of the company and all affiliated companies, along with a description of the main risks and uncertainties to which they are exposed.

Paris, March 23, 2022

Laurent Mignon

Chairman of the BPCE Management Board

8.2 Documents on display

This document is available on the "Investors" Section of the Group's website (www.bpce.com), or from the *Autorité des marchés financiers* (AMF), the French financial markets authority website (www.amf-france.org).

All regulated information published in the last 12 months is available online at https://groupebpce.com/en/investors/regulated-information

Any person wanting further information about Groupe BPCE may, with no commitment and free of charge, request documents by mail at the following address:

BPCE

Département Émissions et Communication Financière

50, avenue Pierre-Mendès-France

75013 Paris

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8.3 Cross-reference table for the Universal Registration Document

Category referenced in Annexes 1 and 2 of Delegated Regulation No. 2019/2020		Universal Registration Document filed on March 23, 2022 Page No.
1	**Persons responsible**	
1.1; 1.2	Statement by the person responsible	744
1.3; 1.4	Information from third parties, expert statements and declaration of any interest	N/A
1.5	Approval of the competent authority	N/A
2	**Statutory Auditors**	**600-601**
3	**Risk factors**	**609-620**
4	**Information about the issuer**	
4.1	Company name and Commercial name	724
4.2	Place of registration, registration number and ID of legal entity	724
4.3	Date of incorporation and term of company	724
4.4	Registered office and legal form	724
5	**Business overview**	
5.1	Principal activities	24-41; 220-232
5.2	Principal markets	24-41; 220-232
5.3	Highlights	22-24; 216-219; 250-251; 410-411; 540-541
5.4	Strategy and objectives	6-9
5.5	Dependence of the issuer on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	703
5.6	Basis of statements made by the issuer regarding its competitive position	24-41
5.7	Investments	235
6	**Organizational structure of the Group**	
6.1	Description of the Group	2-15; 18-21, 240
6.2	List of significant subsidiaries	5; 20; 368-374; 522-530; 572-575
7	**Operating and financial review**	
7.1	Financial condition	220-221
7.2	Net operating income	220; 241; 401; 542; 548
8	**Cash flow and capital resources**	
8.1	Information on the issuer's capital resources	231-232; 234; 244-245; 292-295; 404-405; 451-453; 550; 583-584; 638-644
8.2	Sources and amounts of issuer's cash flows	246; 406
8.3	Information on the issuer's borrowing requirements and funding structure	221; 291-292; 450; 583; 691-695
8.4	Information regarding any restrictions on the use of capital resources that have affected or could affect the issuer's operations	N/A
8.5	Information regarding the expected sources of funds needed to fulfill commitments referred to in point 5.7	N/A
9	**Regulatory environment**	**48-49; 251-253; 411-413; 554-555; 608; 636-637**
10	**Trend information**	**236-238; 545**
11	**Profit forecasts and estimates**	**N/A**
12	**Administrative, management and supervisory bodies and executive management**	
12.1	Administrative bodies	10-11; 132-191
12.2	Conflicts of interest involving the administrative, management and supervisory bodies and executive management	135; 213-214
13	**Pay and benefits**	
13.1	Amount of pay and benefits in kind	203-212; 360; 514; 589; 731-735

Category referenced in Annexes 1 and 2 of Delegated Regulation No. 2019/2020		Universal Registration Document filed on March 23, 2022 Page No.
13.2	Total amount set aside or accrued by the issuer to provide pension, retirement or similar benefits	203-212; 360; 514; 589; 733-734
14	**Board practices**	
14.1	Date of expiration of the current term of office	142
14.2	Service contracts with members of the administrative bodies	213-214; 731-735
14.3	Information about the issuer's Audit Committee and Remuneration Committee	10-11; 140-141; 184; 187; 599-600
14.4	Compliance with the country of incorporation's corporate governance regime	130-131
14.5	Potential material impacts on corporate governance, including future changes in the composition of administrative and management bodies and committees	N/A
15	**Employees**	
15.1	Number of employees	1; 4; 12; 101
15.2	Shareholdings and stock options	206; 210-211; 589
15.3	Arrangements allowing employees to purchase shares in the issuer	729
16	**Major shareholders**	
16.1	Shareholders with over 5% of the issuer's capital or voting rights	729
16.2	Different types of shareholder voting rights	726-729
16.3	Control of the issuer	726-729
16.4	Any arrangement, known to the issuer, which may at a subsequent date result in a change in control of the issuer	726-729
17	**Related party transactions**	**360; 514**
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information, accounting standards and changes in accounting standards, financial statements and date of most recent financial information	14-15; 220-221; 233-234; 241-242; 401-407; 540-589
18.2	Interim financial information and other information	N/A
18.3	Auditing of historical annual financial information	392-400; 532-539; 590-593
18.4	Pro forma financial information	220-221; 233-234
18.5	Dividend policy	543; 584; 725
18.6	Legal and arbitration proceedings	699-703
18.7	Significant change in the issuer's financial position	729
19	**Additional information**	
19.1	Share capital	726-728
19.2	Charter of incorporation and articles of association	724-725
20	**Material contracts**	**729**
21	**Documents on display**	**745**

In accordance with Article 19 of regulation (EU) No. 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference in this Universal Registration Document:

- Groupe BPCE's consolidated financial statements for the fiscal year ended December 31, 2020 and the Statutory Auditors' report, presented on pages 239 to 388 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 24, 2021 under number D.21-0182;
- BPCE SA group's consolidated financial statements for the fiscal year ended December 31, 2020 and the Statutory Auditors' report, presented on pages 389 to 522 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 24, 2021 under number D.21-0182;
- BPCE's annual financial statements for the fiscal year ended December 31, 2020 and the Statutory Auditors' report, presented on pages 530 to 577 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 24, 2021 under number D.21-0182;
- Groupe BPCE SA's consolidated financial statements for the fiscal year ended December 31, 2019 and the Statutory Auditors' report, presented on pages 219 to 366 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 25, 2020 under number D.20-0174;
- BPCE SA group's consolidated financial statements for the fiscal year ended December 31, 2019 and the Statutory Auditors' report, presented on pages 367 to 494 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 25, 2020 under number D.20-0174;
- BPCE's annual financial statements for the fiscal year ended December 31, 2019 and the Statutory Auditors' report, presented on pages 502 to 546 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 25, 2020 under number D.20-0174.

The 2020 registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 24, 2021 under number D.21-0182 and the 2019 registration document filed with the AMF on March 25, 2020 under number D.20-0174 are available at the following link:

https://groupebpce.com/en/investors/results-and-publications/registration-document.

All the documents incorporated in this Amendment to the Universal Registration Document were filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, and are available on the issuer's website (https://groupebpce.com/en/investors/results-and-publications/registration-document) and on the AMF website (https://www.amf-france.org/fr).

The information incorporated by reference should be read in accordance with the table below. Any information not referred to in this table but which is part of the documents incorporated by reference is provided for information purposes only.

The information incorporated by reference for previous fiscal years should be read in accordance with the table below.

Category referenced in Annexes 1 and 2 of Delegated Regulation No. 2019/2020		2019 Universal Registration Document filed on March 25, 2020 Page No.	2020 Universal Registration Document filed on March 24, 2021 Page No.
7.1	Financial position	198-199	217-218
7.2	Net operating income	198; 219; 367; 497; 502	217; 239; 389; 525; 530
8	**Cash flow and capital resources**		
8.1	Information on the issuer's capital resources	211-212; 221-223; 271-274; 369-371; 418-420; 504; 536-537; 589-592	228-230; 232; 242-243; 292-294; 392-393; 443-445; 532; 567-568; 623-626
8.2	Sources and amounts of issuer's cash flows	224; 372	244; 394
12	**Administrative, management and supervisory bodies and executive management**		
12.1	Administrative bodies	8-9; 116-168	8-9; 136-186
12.2	Conflicts of interest involving the administrative, management and supervisory bodies and executive management	119; 191-192	139; 208-209
13	**Remuneration and benefits**		
13.1	Amount of remuneration and benefits in kind	169-190; 331; 476; 499; 542; 668-671	198-207; 354; 504; 573; 719-724
13.2	Total amount set aside or accrued by the issuer to provide pension, retirement or similar benefits	171-173; 175-183; 331; 476; 499; 542; 668-671	198-207; 354; 504; 573; 719-724
14	**Board practices**		
14.1	Date of expiration of the current term of office	122-123; 125	144
14.2	Service contracts with members of the administrative bodies	191-192; 668	208-209; 719-724
14.3	Information about the issuer's Audit Committee and Remuneration Committee	9; 121-125; 161-165; 552	8-9; 143-144; 180-181; 183; 187; 583-584
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
18.1	Historical financial information, accounting standards and changes in accounting standards, financial statements and date of most recent financial information	6-7; 198-199; 219-358; 367-485; 500-542	6-7; 217-218; 228-230; 239-380; 389-515; 523-573
18.2	Interim financial information and other information	N/A	N/A
18.3	Auditing of historical annual financial information	359-366; 486-494; 543-546	381-388; 516-522; 574-577
18.4	Pro forma financial information	198-199; 326-327; 471-472;	217-218; 228-230
19.2	Charter of incorporation and articles of association	660-661	712-713

The information presented on Groupe BPCE's institutional website is not included in the Groupe BPCE Universal Registration Document, unless explicitly incorporated for reference purposes.

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8.4 Cross-reference table for the annual financial report and the management report

Cross-reference table for the annual financial report

In order to facilitate the reading of this document, the cross-reference table below makes it possible to identify, in this Universal Registration Document, the information that constitutes the annual financial report to be published by listed companies in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulation.

No.	Required items	Chapter/Pages (with hypertext link)
1.	Annual financial statements	Chapter 5/p. 548-589
2.	Consolidated financial statements	Chapter 5/p. 241-391; 401-531
3.	Management report (minimum information within the meaning of Article 222-3 of the AMF General Regulation)	See cross-reference table in the management report on p. 750
4.	Declaration by the persons responsible for the annual financial report	Chapter 8/p. 744
5.	Statutory Auditors’ reports on the parent company and consolidated financial statements	Chapter 5/p. 392-400; 532-539; 590-593

Cross-reference table for the management report

To facilitate the reading of this document, the cross-reference table below shows the information to be included in the management report, in accordance with the provisions of the French Commercial Code applicable to public limited companies with a Board of Directors.

No.	Required items	Reference texts	Chapter/Pages (with hypertext link)
1. Group position and activity			
1.1	Situation of the company during the past fiscal year, and objective and thorough analysis of the evolution of the business, results, and financial position of the company and the Group, in particular its debt position, with regard to volume and business complexity	Articles L. 225-100-1, I., 1°, L. 232-1, II, L. 233-6 and L. 233-26 of the French Commercial Code	Chapter 4/p. 216-238; Chapter 5/p. 241-391; 401-531; 548-589
1.2	Key financial performance indicators	Article L. 225-100-1, I., 2°	Chapter 4/p. 216-238; Chapter 5/p. 241-391; 401-531; 548-589
1.3	Key non-financial performance indicators relating to the specific activity of the company and the Group, specifically information relating to environmental and personnel issues	Article L. 225-100-1, I., 2°	Chapter 2/p. 44-128
1.4	Significant events occurring between the closing date of the fiscal year and the date on which the management report was prepared	Articles L. 232-1, II. and L. 233-26 of the French Commercial Code	Chapter 4/p. 235; Chapter 5/p. 251; 411 ; 545
1.5	Identity of the main shareholders and holders of voting rights at General Meetings, and changes made during the fiscal year	Article L. 233-13 of the French Commercial Code	Chapter 7/p. 728
1.6	Existing branches	Article L. 232-1, II of the French Commercial Code	Chapter 5/p. 368-374
1.7	Significant equity investments in companies with their registered office in France	Article L. 233-6 1 of the French Commercial Code	Chapter4/p. 235; Chapter 5/p. 259-260; 419
1.8	Transfers of cross-shareholdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	N/A
1.9	Foreseeable changes in the situation of the company and the Group and outlook	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	Chapter 4/p. 236-237
1.10	Research & Development activities	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	Chapter 5/p. 545
1.11	Table showing the company’s results for each of the last five fiscal years	Article R. 225-102 of the French Commercial Code	Chapter 5/p. 546
1.12	Information on supplier and customer payment terms	Article D. 441-4 of the French Commercial Code	Chapter 5/p. 547

No.	Required items	Reference texts	Chapter/Pages (with hypertext link)
1.13	Amount of inter-company loans granted and statement by the Statutory Auditor	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	N/A
2. Internal control and risk management			
2.1	Description of the main risks and uncertainties facing the company	Article L. 225-100-1, I., 3°	Chapter 2/p. 55-56; Chapter 6/p. 609-620
2.2	Information on the financial risks related to the effects of climate change, and presentation of the measures taken by the company to reduce them by implementing a low-carbon strategy in all aspects of its activity	Article L. 22-10-35, 1°	Chapter 2/p. 53-55; Chapter 6/p. 610-611; Chapter 6/p. 718-722
2.3	Main characteristics of the internal control and risk management procedures implemented by the company and the Group as regards preparing and processing accounting and financial information	Article L. 22-10-35, 2°	Chapter 5/p. 594-599
2.4	Information on the objectives and policy concerning the hedging of each main category of transactions and on exposure to price, credit, liquidity and cash risks, including the use of financial instruments	Article L. 225-100-1, 4° of the French Commercial Code	Chapter 6/p. 605-722
2.5	Anti-corruption system	Act No. 2016-1691 of December 9, 2016 known as "Sapin 2"	Chapter 2/p. 113-114
2.6	Due diligence action plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	Chapter 2/p. 119-121
3. Report on corporate governance			
	Remuneration information		
3.1	Remuneration policy for corporate officers	Article L. 22-10-8, I., paragraph 2 of the French Commercial Code	Chapter 3/p. 192-203
3.2	Remuneration and benefits of any kind paid during the fiscal year or awarded to each corporate officer during the fiscal year	Article L. 22-10-9, I., 1° of the French Commercial Code	Chapter 3/p. 203-212
3.3	Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I., 2° of the French Commercial Code	Chapter 3/p. 205
3.4	Use of the option to request the return of variable remuneration	Article L. 22-10-9, I., 3° of the French Commercial Code	N/A
3.5	Commitments of any kind made by the company for the benefit of its corporate officers, namely, contingent remuneration and benefits due or likely to be due as a result of the assumption, termination, or change of their duties, or subsequent to the performance of the latter	Article L. 22-10-9, I., 4° of the French Commercial Code	Chapter 3/p. 203-212; Chapter 7/p. 731-734
3.6	Remuneration paid or allocated by a company included in the scope of consolidation, within the meaning of Article L. 233-16 of the French Commercial Code	Article L. 22-10-9, I., 5° of the French Commercial Code	Chapter 3/p. 206-209
3.7	Ratios between the level of remuneration of each executive corporate officer and the average and median remuneration of the company's employees	Article L. 22-10-9, I., 6° of the French Commercial Code	N/A
3.8	Annual change in remuneration, the company's performance, the average remuneration of the company's employees and the aforementioned ratios over the five most recent fiscal years.	Article L. 22-10-9, I., 7° of the French Commercial Code	N/A
3.9	Explanation of how total remuneration complies with the adopted remuneration policy, including how it contributes to the company's long-term performance and how performance criteria have been applied	Article L. 22-10-9, I., 8° of the French Commercial Code	Chapter 3/p. 200-203
3.10	Method by which the vote of the last Ordinary General Meeting provided for in II of Article L. 225-100 (until December 31, 2020) was taken into account, then in I of Article L. 22-10-34 (from January 1, 2021) of the French Commercial Code	Article L. 22-10-9, I., 9° of the French Commercial Code	N/A
3.11	Deviation from the procedure for implementing the remuneration policy and any exceptions	Article L. 22-10-9, I., 10° of the French Commercial Code	N/A
3.12	Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (suspension of payment of directors' remuneration in the event of non-compliance with gender balance on the Board of Directors).	Article L. 22-10-9, I., 11° of the French Commercial Code	N/A
3.13	Allocation and retention of options by corporate officers	Article L. 225-185 of the French Commercial Code	Chapter 3/p. 210
3.14	Allocation to, and retention of, free shares for executive corporate officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	Chapter 3/p. 211
	Governance information		
3.15	List of all mandates and functions exercised in any company by each of the corporate officers during the fiscal year	Article L. 225-37-4, 1° of the French Commercial Code	Chapter 3/p. 143-179
3.16	Agreements entered into between an executive officer or a significant shareholder and a subsidiary	Article L. 225-37-4, 2° of the French Commercial Code	Chapter 5/p. 544
3.17	Summary table of current delegations of authority granted by the General Meeting for capital increases	Article L. 225-37-4, 3° of the French Commercial Code	Chapter 5/p. 546

No.	Required items	Reference texts	Chapter/Pages (with hypertext link)
3.18	Procedures for exercising executive management	Article L. 225-37-4, 4° of the French Commercial Code	N/A
3.19	Composition of the Board, and conditions for the preparation and organization of its work	Article L. 22-10-10, 1° of the French Commercial Code	Chapter 3/p. 134-136; 180-187
3.20	Application of the principle of balanced representation of women and men on the Board	Article L. 22-10-10, 2° of the French Commercial Code	Chapter 3/p. 134-135
3.21	Any limitations that the Board places on the powers of the Chief Executive Officer	Article L. 22-10-10, 3° of the French Commercial Code	N/A
3.22	Reference to a Corporate Governance Code and application of the “comply or explain” principle	Article L. 22-10-10, 4° of the French Commercial Code	Chapter 3/p. 130-131
3.23	Specific procedures for the participation of shareholders in the General Meeting	Article L. 22-10-10, 5° of the French Commercial Code	Chapter 3/p. 190
3.24	Procedure for assessing current agreements - Implementation	Article L. 22-10-10, 6° of the French Commercial Code	N/A
3.25	Information likely to have an impact in the event of a public tender offer or exchange offer: • structure of the company’s capital; • statutory restrictions on the exercise of voting rights and share transfers, or clauses of agreements brought to the attention of the company pursuant to Article L. 233-11; • direct or indirect shareholdings in the capital of the company of which it is aware pursuant to Articles L. 233-7 and L. 233-12; • list of holders of any securities with special control rights and a description of the latter - control mechanisms provided for in a possible employee shareholding system, when the control rights are not exercised by the latter; • agreements between shareholders of which the company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights; • rules applicable to the appointment and replacement of members of the Board of Directors and the amendment of the company’s articles of association; • powers of the Board of Directors, in particular with regard to the issue or buyback of shares; • agreements entered into by the company which are amended or terminated in the event of a change of control of the company, unless such disclosure, except in the case of a legal obligation to disclose, would seriously harm its interests; • agreements providing for compensation for the members of the Board of Directors or employees, if they resign or are dismissed without real and serious cause or if their employment is terminated due to a takeover bid or exchange offer.	Article L. 22-10-11 of the French Commercial Code	Chapter 7/p. 726-729
3.26	For public limited companies with a Supervisory Board: Observations of the Supervisory Board on the Management Board’s report and the financial statements for the fiscal year.	Article L. 225-68, last paragraph, of the French Commercial Code	
4. Shareholding and capital			
4.1	Structure of, and changes in, the company’s share capital, and crossing of thresholds	Article L. 233-13 of the French Commercial Code	Chapter 7/p. 726-729
4.2	Acquisition and disposal by the company of its own shares	Article L. 225-211 of the French Commercial Code	Chapter 5/p. 544
4.3	Statement of employee participation in the share capital on the last day of the fiscal year (proportion of capital represented)	Article L. 225-102, paragraph 1 of the French Commercial Code	Chapter 7/p. 728
4.4	Statement of any adjustments for securities giving access to the share capital in the event of share buybacks or financial transactions	Articles L. 228-90 and R. 228-91 of the French Commercial Code	N/A
4.5	Information on transactions by executives and related persons in the company’s shares	Article L.621-18-2 of the French Monetary and Financial Code	N/A
4.6	Amounts of dividends distributed in respect of the three previous fiscal years	Article 243 *bis* of the French General Tax Code	Chapter 5/p. 544 Chapter 7/p. 725
5. Non-Financial Performance Statement (DPEF)			
5.1	Business model (or commercial model)	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	Chapter 1/p. 12-13
5.2	Description of the main risks related to the business of the company or Group, including, where relevant and proportionate, risks created by business relationships, products or services	Articles L. 225-102-1 and R. 225-105, I., 1° of the French Commercial Code	Chapter 2/p. 55-56
5.3	Information on the way in which the company or Group takes into account the social and environmental consequences of its activity, and the effects of this activity on respect for human rights and the prevention of corruption (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the business of the company or Group)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I., 2° of the French Commercial Code	Chapter 2/p. 46; 52-56; 113-114; 119-120

No.	Required items	Reference texts	Chapter/Pages (with hypertext link)
5.4	Results of policies applied by the company or Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I., 3° of the French Commercial Code	Chapter 2/p. 52
5.5	Social information (employment, work organization, health and safety, labor relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II. A. 1° of the French Commercial Code	Chapter 2/p. 100-111
5.6	Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code	Chapter 2/p. 76-99
5.7	Societal information (societal commitments in favor of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II. A. 3° of the French Commercial Code	Chapter 2/p.46; 72-75
5.8	Information on the prevention of corruption	Articles L. 225-102-1 and R. 225-105, II. B. 1° of the French Commercial Code	Chapter 2/p. 113-114
5.9	Information on human rights actions	Articles L. 225-102-1 and R. 225-105, II. B. 2° of the French Commercial Code	Chapter 2/p. 119-120
5.10	Specific information: ● the company's policy to prevent the risk of technological accidents; ● the company's ability to cover its civil liability in respect of property and persons as a result of the operation of such facilities; ● the means provided by the company to ensure the management of compensation for victims in the event of a technological accident for which it is liable.	Article L. 225-102-2 of the French Commercial Code	Chapter 2/p. 106
5.11	Collective agreements concluded within the company and their impact on the company's economic performance and on the working conditions of employees	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	Chapter 2/p. 104
5.12	Statement by the independent third party on the information contained in the DPEF	Articles L. 225-102-1, III and R. 225-105-2 of the French Commercial Code	Chapter 2/p. 125-127
6. Other information			
6.1	Additional tax information	Articles 223 *quater* and 223 *quinquies* of the French General Tax Code	Chapter 2/p. 115 Chapter 5/p. 353-353; 506-507; 559-560
6.2	Injunctions or financial penalties for anti-competitive practices	Article L. 464-2 of the French Commercial Code	Chapter 6/p. 702-703

8

8.5 Glossary

Acronyms	
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
AML-CTF	Anti-Money Laundering and Counter Terrorism Financing
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.
BCP	Business Continuity Plan
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.
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, *i.e.* the worst loss expected to be suffered after eliminating the 1% worst-case scenarios, used to determine individual counterparty limits.
DVA	Debit Valuation Adjustment, 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, *i.e.* 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.
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.
ECB	European Central Bank
EIB	European Investment Bank
EL	Expected Loss, *i.e.* the value of the loss likely to be incurred given the quality of the structure of the transaction and any measures taken to mitigate risk, such as collateral. It is calculated by multiplying exposure at risk (EAD) by Probability of Default (PD) and by Loss Given Default (LGD).
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
FINREP	FINancial REPorting
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.

Acronyms

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
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
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.
IFRS	International Financial Reporting Standards
IS	Information System
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
LGD	Loss Given Default, a Basel II credit risk indicator corresponding to loss in the event of default
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
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.
MREL	Minimum Requirement for own funds and Eligible Liabilities
MRU	Single Resolution Mechanism
Non-life insurance policies (IARD)	*Incendie, accidents et risques divers*/property and casualty Insurance
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.
OFR	Own Funds Requirements: *i.e.* 8% of risk-weighted assets (RWA)
OH	Obligations de financement de l’habitat/Housing financing bond
PD	Probability of Default, *i.e.* 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
SCF	*Société de crédit foncier*/a French covered bond issuer
SEC	US Securities and Exchange Commission
SFH	Housing Finance Company
S&P	Standard & Poor’s
SSM	Single Supervisory Mechanism
SRF	Single Resolution Fund
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 (SRM): 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).

Acronyms

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 super subordonnés*/deeply subordinated notes, *i.e.* 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 ten days, as the trading positions involved are meant to be unwound within a few days).

Key technical terms

"Bank acting as originator"	See securitization.
"Bank acting as sponsor"	See securitization.
"Bank acting as investor"	See securitization.
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 III (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.
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.
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.
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).
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.
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.
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 derivative contracts are called futures.
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.
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.
Gross exposure	Exposure before the impact of provisions, adjustments and risk mitigation techniques.
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).
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.
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.
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.
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.
Net value	Total gross value less allowances/impairments.
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.
Operational risk	Risks of losses or penalties due in particular to failures of internal procedures and systems, human error or external events.
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.
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.

Key technical terms

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.
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).
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.
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.
Securitization	A transaction whereby credit risk on loans and advances is transferred to investors by an entity through the issuance of negotiable securities. This may involve the transfer of advances (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.
Senior non-preferred debt	Senior non-preferred debt is a category of securities, advances, 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, advances, instruments or rights considered as subordinated, but lower than that of the other securities, advances, instruments or rights considered as senior (including preferred senior debt).
Senior Preferred	Preferred senior debt is a category of securities, advances, instruments or rights that, in the event of the insolvency of the credit institution, rank higher than other securities, advances, instruments or rights considered as senior and subordinated (including senior non-preferred debt).
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.
Structural interest rate and foreign exchange 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.
Swap	An agreement between two counterparties to exchange different assets, or revenues from different assets, until a given date.
Tier 1 capital	Core capital including the financial institution's consolidated shareholders' equity minus regulatory deductions.
Tier 2 capital	Supplementary capital mainly consisting of subordinated securities minus regulatory deduction.
Total capital ratio	Ratio of total capital (Tier 1 and 2) to risk-weighted assets (RWAs).
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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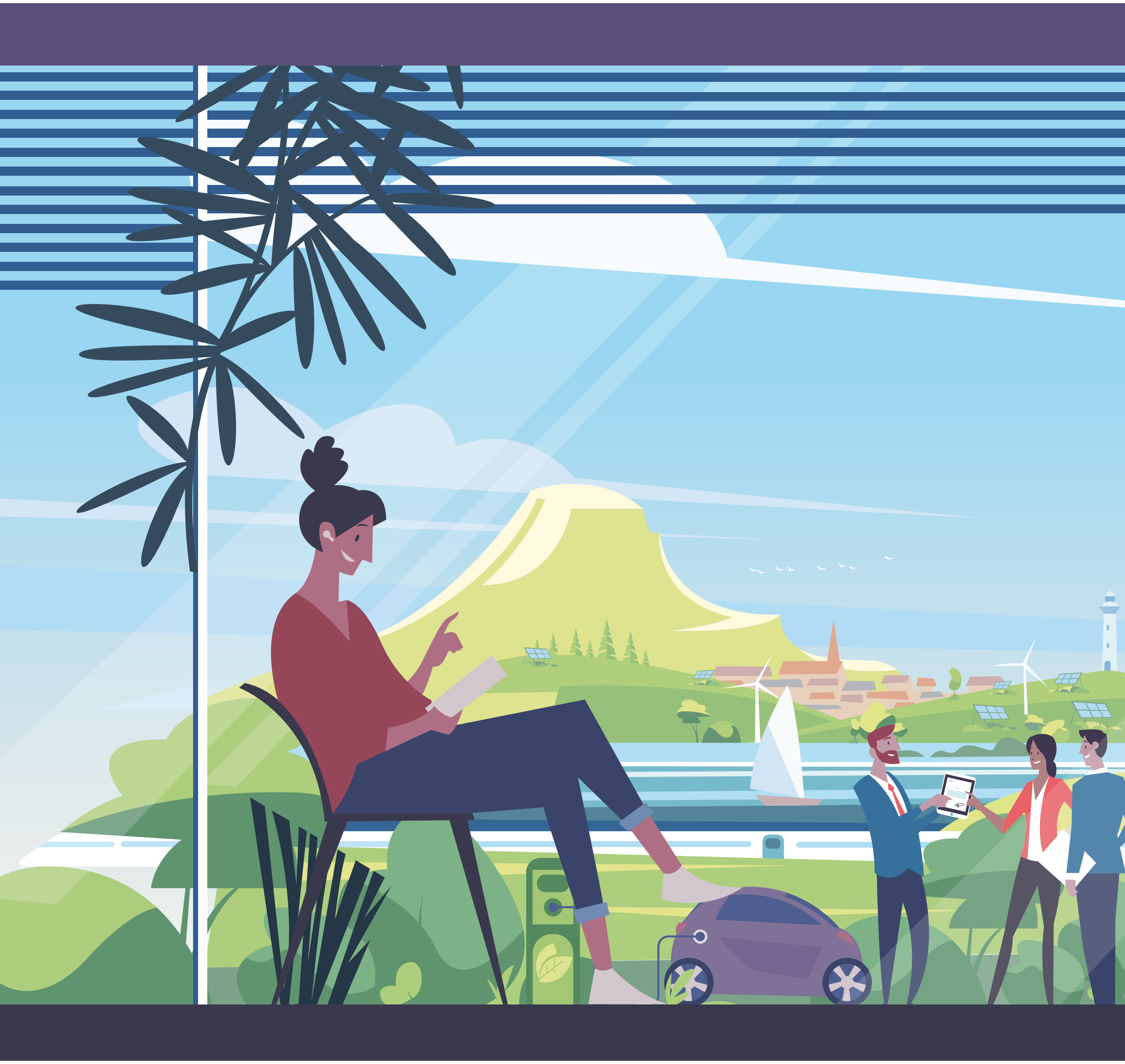

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BPCE
A French limited company
(Société Anonyme)
governed by a Management
and Supervisory Board
with a capital of €180,478,270

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