UNIVERSAL REGISTRATION DOCUMENT OF GROUPE BPCE 2022

AND ANNUAL FINANCIAL REPORT

PARIS 2024

GROUPE BPCE

PARTENAIRE PREMIUM

PARIS 2024

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 NFPS

2022 UNIVERSAL REGISTRATION DOCUMENT
AND ANNUAL FINANCIAL REPORT

Operating in more than **50 COUNTRIES**

9 MILLION cooperative shareholders

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

Through its **100,000 employees**, the Group serves **35 million customers** – individual customers, professionals, companies, investors and local government bodies – around the world. It operates in the retail banking and insurance fields in France via its two major networks, Banque Populaire and Caisse d'Epargne, along with Banque Palatine.
It also rolls out the business line responsible for global Asset & Wealth Management services with Natixis Investment Managers and the wholesale banking expertise of Natixis Corporate & Investment Banking.

www.groupebpce.com

This Universal Registration Document was filed on March 24, 2023 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. The 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, 7, Promenade Germaine Sablon 75013 Paris.

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 onlyversion that is binding in law.

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

Nicolas NAMIAS
Chairman of the Management Board

Throughout 2022, we mobilized to serve our customers with all our business lines and brands - Banque Populaire, Caisse d'Epargne, Natixis Investment Managers, Natixis Corporate & Investment Banking, Banque Palatine, Oney. Groupe BPCE companies granted nearly €180 billion in new financing to their customers, thus con-firming our essential role in financing the economy and regional development.

At the same time, we continued to simplify the Groupe's organization around its two main business lines: on the one hand, retail banking and insurance, the Groupe's historical heart structured around the two major networks Banque Populaire and Caisse d'Epargne, with the support of insurance, payments and financial solutions and expertise, and on the other hand, the Groupe's global business lines, which are asset management and Corporate & Investment Banking. We now have a clearer, more agile and more efficient organization: this is a considerable asset in an uncertain environment.

Confident in the future, our Groupe today relies on three pillars: commercial strength, with a powerful capacity to win new business in order to increase our market share; financial strength, as reflected in our annual results, but also strength in our governance, as demonstrated by the quality of the process used to appoint BPCE's new Management Board.

We are a cooperative group engaged for the long-term: thanks to our solid foundation, we can prepare for the future to serve our customers, our employees and our members, by supporting the major transitions underway, whether environmental, technological or societal.

“Confident in the future, our Group today relies on three pillars: commercial strength, financial strength and governance.

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 in France and finances over 20% 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, with short decision-making circuits, 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 and decentralized, it allows us to operate over the long term.

Our 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

35 million customers

100,000 employees

PRESENT IN MORE THAN 50 countries

€25.7 bn in NBI

15.1% CET1 ratio

>20% financing of the French economy[2]

(1) Market shares: 22% in customer savings and 21.1% in customer loans (Banque de France Q3-2022 all non-financial customer categories).

(2) 22.1% market share in loan outstandings, all non-financial sector customer categories (Banque de France Q3-2022).

Diversified businesses, Strong, recognized brands

Retail banking and related businesses

SERVICES IN BANKING AND FINANCE

ADVISORY AND SPECIALIZED FINANCING

INSURANCE

DIGITAL & PAYMENTS

No. 1
bank
for SMEs[1]

No. 1
private funder
of local authorities and public hospitals[2]

No. 2
bank
for individual customers professional customers and individual entrepreneurs[3]

No. 1
banking player
in consumer loans in France[4]

Bancassurer:
Top 5[5]

Global Financial Services

ASSET & WEALTH MANAGEMENT

CORPORATE & INVESTMENT BANKING

Top 20
Global Asset Managers[6]

~€1,079bn
in assets under management
15th global asset manager[6]

Lead
bookrunner
for syndicated loans in the EMEA region by value[7]

2nd
Global MLA
in green loans in the EMEA region by value[7]

[1] 2021 Kantar SME SMI survey.
[2] Active finance observatory 2022 health establishments.
[3] SOFIA Kantar study, March 2021 (individual customers); 2020-2021 Pépites survey (CSA) (professional and self-employed customers).
[4] 17% market share.
[5] Insurance Argus 2022.
[6] Cerulli Quantitative Update: Global Markets 2022.
[7] Dealogic.

BPCE 2024 strategic plan

Three priorities and three key areas structure this three-year development plan.

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.

ALIGNING PORTFOLIOS WITH 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

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

FINANCIAL TARGETS AND AMBITIONS GROUP IN 2024		12/31/2022
NBI	~25.5bn	€25.7bn IN NBI
COST OF RISK	< 25 BPS	24 BPS COST OF RISK
SUBORDINATED TLAC / MREL	> 23.5%	23.7% TLAC / MREL RATIO[1]
Alignment with a **"Net Zero"** trajectory Deployment of the "Green Evaluation Methodology" on **100%** of portfolios		~50% COVERED PORTFOLIOS
Asset Management: **50%** of article 8 and 9 assets under management		36.7% OF ARTICLE 8 AND 9 ASSETS UNDER MANAGEMENT
≥ **3** green & social issues / year		3 ISSUES CARRIED OUT IN 2022 FOR €1.9bn
Digital NPS **> +40** over the life of the plan [2]		+48 AT THE END OF 2022
NPS IARD client relationship platform **>40**		62 AT THE END OF 2022

(1) Groupe BPCE has chosen to waive the possibility offered by Article 72 Ter (3) of the Capital Requirements Regulation to use senior preferred debt for compliance with its TLAC/subordinated MREL requirements

(2) Individual and professional customers.

Renewed governance

Composition of the Supervisory Board

19 members

6 non-voting directors

13 meetings

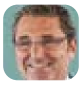
41% gender diversity rate

98,37% 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

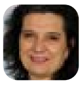
Gérard BELLEMON
Chairman of the Board of directors of Banque Populaire Val de France



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

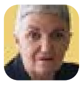


Catherine MALLET
Chairwoman of the Board of directors of Banque Populaire Occitane

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

7 Representatives of the Caisses d'Epargne

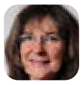
Alain DENIZOT
Chairman of the Management Board of Caisse d'Epargne Rhône Alpes



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

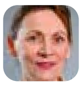


Françoise LEMALLE
Chairwoman of the Steering & Supervisory Board of Caisse d'Epargne Côte d'Azur

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

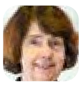
Benoît PELLERIN
Chairman of the Steering & Supervisory Board of Caisse d'Epargne Normandie

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

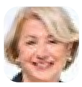
As advisors 6 Non-voting directors

Maurice BOURRIGAUD
Chief Executive Officer of Banque Populaire Grand Ouest

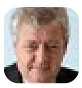
Sabine CALBA
Chief Executive Officer of Banque Populaire Méditerranée

Christine FABRESSE *
Chairwoman 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 governance member(s).

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

Supervisory Board members' expertise

12 expertises

Over 50% of the members

- 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
- IT and digital
- Specific features of a credit institution (financial information, governance and control systems)
- Combating money laundering and the financing of terrorism
- Corporate Social Responsibility

1 expertise

Between 30 and 50% of members

- International

A TRAINING PROGRAM FOR THE BOARD PARTICULARLY IN CSR

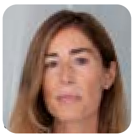
The members of the Supervisory Board receive training to consolidate their knowledge necessary for prudent and effective control of the company and to have both individually and collectively an adequate understanding of all issues including those related to CSR and climate and environmental risks.

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
7 meetings	**12** meetings	**8** meetings	**4** meetings	**3** meetings
92,86% attendance	**86,11%** attendance	**100%** attendance	**100%** attendance	**95,24%** attendance

Management Board members

Nicolas NAMIAS,
Chairman of the Management Board



Béatrice LAFAURIE,
Head of Human Resources

Hélène MADAR,
Head of Retail Banking and Insurance - from April 1, 2023

Jérôme TERPEREAU,
Head of Finance and Strategy

4 MEMBERS

50% 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

OUR PURPOSE: Resolutely cooperative, innovative and committed players, retail bankers shareholders and customers with financial solutions adapted to each one and build a

OUR DNA ▶ **OUR STRENGTHS** ▶ **OUR CHALLENGES**

OUR DNA

A banking model that is cooperative

and universal in the service of its **35 million customers**

Participatory governance

9 million cooperative shareholders elect their representatives to sit on the boards of the regional banks

A strategy and actions

implemented for the **long term**

A Group committed to society

which provides long-term support for economic and societal changes

OUR STRENGTHS

Committed and expert employees

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

Local presence

with a decentralized model that promotes **the relationship of trust and decision-making as close as possible to customers**

14 Banques Populaires and 15 Caisses d'Epargne spread across the country

Global business lines in Asset Management and Corporate & Investment Banking

Strong and recognized brands

Banque Populaire, Caisse d'Epargne, Natixis Investment Managers, Natixis Corporate & Investment Banking, Casden Banque Populaire, Crédit Coopératif, Banque Palatine, Oney

Digital integrated in the business lines

12.7 million customers active on mobile apps or websites at the end of December 2022

Digital NPS +48

A strong Group

with a high level of capital **(CET1 ratio of 15.1%)** and significant liquidity reserves **(€322 bn)**

Approximately 85% of the results of the Banques Populaires and the Caisses d'Epargne are held in reserves, reinforcing the solidity of our institutions

A guarantee and solidarity system between the Group's institutions

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

OUR CHALLENGES

Environmental challenge, need for a fair economic and social transition

Climate pressures

Corporate social and environmental responsibility

Economic challenges

New geopolitical situation

Health crisis / Energy crisis

Return of inflation

Growing social inequalities

Proximity issues

Impact of local anchoring

Global efficiency

OUR BUSINESS LINES

Retail Banking and Insurance

72% of NBI

VALUE PROPOSITION

Retail Banking	Financial Solutions & Expertise	Insurance	Payments
Supporting 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 the customers of the Group's networks*	*Solutions covering the entire payments and employee benefits value chain*
59% of NBI	**5% of NBI**	**4% of NBI**	**4% of NBI**

OUR THREE STRATEGIC PRIORITIES

Winning spirit

Because the Group is built on a model for the future, it intends to accelerate its development

(1) NBI of business lines (excluding corporate center).
(2) 22.1% market share in loan outstandings, all non-financial sector customers (Banque de France Q3 2022).
(3) Market share: 21.9% in household deposits/savings and 26.2% in home loans (Banque de France Q3 2022). Overall penetration rate of 29.7% (rank 2) among retail customers.
(4) 53% (rank 1) in terms of total penetration rate (Kantar 2021 SME-SMI survey).
(5) Observatoire finance active 2022 healthcare establishments study.

and insurers,Groupe BPCE companies and employees support their cooperative sustainable and responsible relationship with them

OUR THREE STRENGTHS | **OUR VALUE CREATION**

Digitization
Online shopping
Remote work
Information and advice

Trust
Data protection
Security
Business ethics

Regulatory issues
Growing demands
Intensification of ESG regulations and strengthening of regulatory constraints

2022 NBI: €25 bn [1]

Global Financial Services

28% of NBI

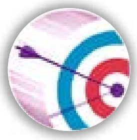
VALUE PROPOSITION

Asset & Wealth Management
A wide range of solutions meeting the savings, responsible investment and insurance management needs of private and institutional customers
13% of NBI

Corporate & Investment Banking
Recognized expertise for corporate clients and investors: strategic consulting, financing, capital markets, green & sustainable
15% of NBI

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

Climate
Because the climate is the major challenge of our time, the Group has made it a priority for all its business lines and all its companies.



Simple
A simpler and more legible organization

Innovative
Strong ambitions in data and the future of work, the foundation of HR innovation

Secure
An improvement in its economic performance and confirmation of its role as a trusted third party

A key player in regional economic development

Financing of more than **20%** of the French economy[2]

N°. 2 retail bank[3]

N°. 1 bank for SMEs[4]

N°. 1 private funder of local authorities and public hospitals[5]

A long-standing partner in social housing

Among the largest asset managers worldwide[6] (€1,079 bn in assets under management)

Responsible employer

92/100 professional equality between women and men

46% of managers are women

36% of women among governance bodies

8,700 permanent hires in 2022

Inclusive and solidarity banking

N°. 1 private financier of the social and solidarity economy[7]

N°. 1 microloan operator[8]

N°. 1 bank for protected persons[9]

Contribution to society

34% of purchases made with SMEs and **38%** with medium-sized companies

€1.7 bn in taxes paid by the Group in France

Major player in the environmental transition

€55.6 bn average outstanding real estate renewal financing and **€4.8 bn** average outstanding financing for our clients' transition projects

€12.2 bn outstanding financing for renewable energies

€396 bn assets under management in Articles 8 and 9

Natixis Corporate & Investment Banking **recognized for its commitment to sustainable finance**

Publication of the alignment targets regarding Power generation and Oil & Gas sectors

Membership of the Net Zero Asset Owner Alliance

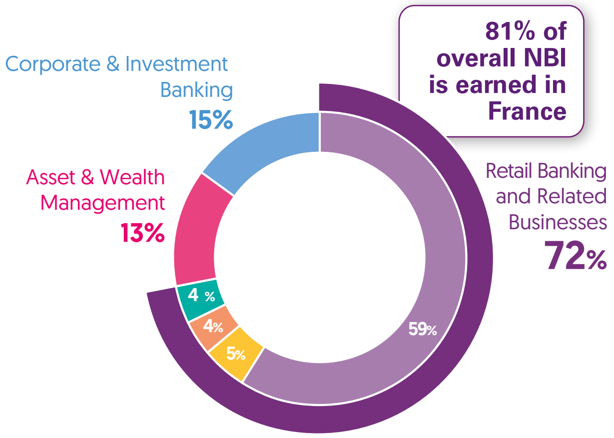
(6) Cerulli Quantitative Update: Global Markets 2022 ranked Natixis Investment Managers the 18th largest asset management company in the world, based on the assets under management at December 31, 2021.
(7) Market share: 35% - Banque de France / Groupe BPCE, SURFI/RUBA reports - Total loans granted to resident NPISHs, outstandings - Q3 2022 data.
(8) ADIE annual report.
(9) Population of adults under professional mandate estimated at more than 515,000 (2021 Finance Act) - Caisse d'Epargne network 262,000 adults under professional mandate.

A solid group generating robust performances

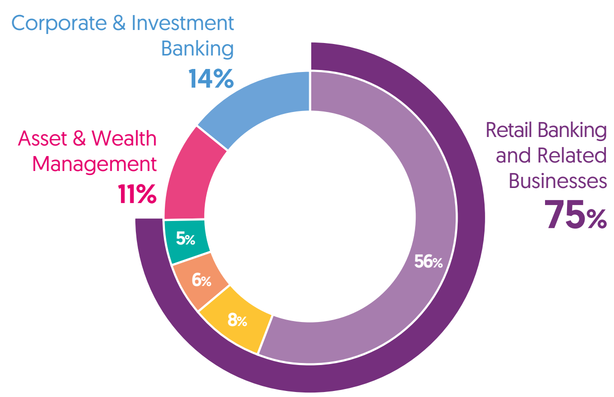
A recurring and diversified revenue base

in millions of euros	2022	2021	2020
Net banking income	**25,705**	**25,716**	**22,540**
Gross operating income	**7,628**	**7,876**	**5,896**
Cost/income ratio	70.3%	69.4%	73.8%
Cost of risk	(2,000)	(1,783)	(2,998)
Income before tax	**5,748**	**6,231**	**2,789**
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,951**	**4,003**	**1,610**

BUSINESS LINE CONTRIBUTION TO NBI IN 2022 *(in %)*

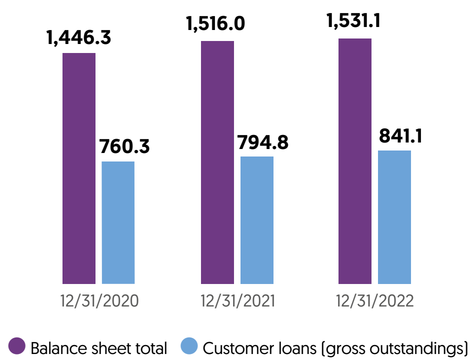


BUSINESS LINE CONTRIBUTION TO INCOME BEFORE TAX IN 2022 *(in %)*

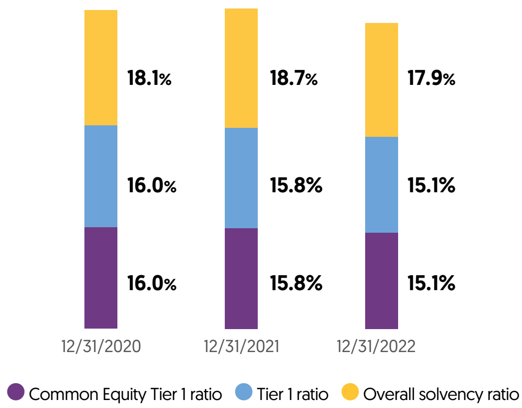


Networks · Financial Solutions & Expertise · Insurance · Digital & Payments

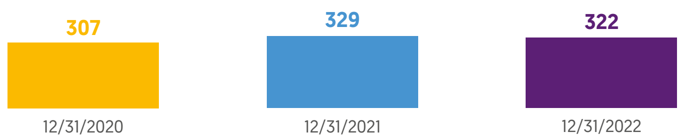
Activity *(in billions of euros)*



Prudential ratios *(in %)*



LIQUIDITY RESERVE
(in billions of euros)



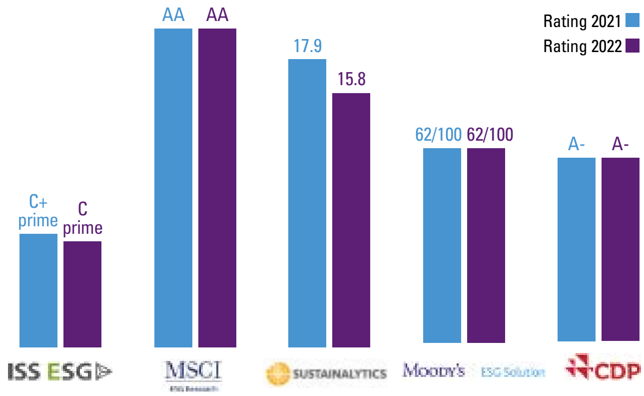
Ratings as of December 31, 2022

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	AA-	A1	A+	A
Short term rating	F1+	P-1	-	A-1
Outlook	Negative	Stable	Stable	Stable
Date of last report	10/19/2022	9/9/2022	7/28/2022	10/12/2022

NON-FINANCIAL RATINGS



KEY NON-FINANCIAL FIGURES

€55.6bn
average outstanding financing for renewal of the real estate portfolio

€396bn
outstanding Article 8 and 9 assets under management

€1.9bn
in green bonds issued in 2022

92/100
gender equality index 2022

BPCE SA group indicators[1]

SUMMARY INCOME STATEMENT

in millions of euros	2022	2021	2020
Net banking income	11,676	11,780	9,816
Gross operating income	2,586	2,702	1,854
Income before tax	2,128	2,293	500
NET INCOME GROUP SHARE	**1,360**	**1,185**	**176**

FINANCIAL STRUCTURE

in billions of euros	12/31/2022	12/31/2021	12/31/2020
Equity attributable to equity holders of the parent	27.2	25.5	20.2
Tier 1 capital	19.8	18.6	19.0
Tier 1 ratio	11.6%	10.8%	10.5%
Total capital ratio	18.7%	17.9%	15.5%

(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, Natixis shares were delisted and the group simplified its organization. It thereby strengthens its universal cooperative banking model.

True to its roots and history, Groupe BPCE supports the major changes of today, whether they be digital, environmental, or social.

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

2009

CREATION OF GROUPE BPCE N°. 2 FRENCH BANKING GROUP BY MERGER OF THE BANQUE POPULAIRE AND CAISSE D'EPARGNE GROUPS

2010

First strategic plan of the "Ensemble" group, a construction plan: concentration of resources on the Group's core business lines; refocusing of Natixis; simplification of the Group's structure; synergies developed between networks, insurance and specialized financial services; enhanced solvency and liquidity.

2014

"Growing differently", a plan for the development of the Group: growth in market share in retail banking; major positions in asset management and savings; international development of Natixis; creation of an integrated insurance platform; launch of the Group's digitization; continued strengthening of solvency and liquidity.

2017

"TEC 2020", a Group transformation plan: finalization of regional bank mergers; grouping of business lines and resources to serve the networks; refocusing and disposal of assets (CFF, international retail, etc.); creation of a major player in interest rate and insurance management; the Group's commitment and responsiveness in supporting the economy during the health crisis; construction of shared digital platforms.

2019

- 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 becomes 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

Creation of Ostrum Asset Management, a major player in rate and insurance management in Europe.

2021

- Launch of the **« BPCE 2024 » strategic plan, an ambitious development plan** in line with the transformation of society, with the ambition to become a leader in banking, insurance and asset management for all.
- **Delisting of Natixis.**
- Creation of the **Global Financial Services** division including the Asset & Wealth Management and Corporate & Investment Banking businesses.
- Sale by BPCE to La Banque Postale of its 16.1% stake in CNP Assurances.

2022

- **Nicolas Namias becomes Chairman of the Management Board of BPCE following Laurent Mignon.**
- Integration of the Insurance and Payments activities into BPCE.
- Acquisition by Natixis IM of La Banque Postale's stakes in Ostrum AM and AEW Europe.
- Sale of Bimpli, a subsidiary of Groupe BPCE and a leading player in employee benefits and services in France, to Swile — of which Groupe BPCE has become the largest shareholder — in order to create a world leader.
- Les Tours BPCE becomes the Group's joint home.

1.2 Understanding the Group's organization

Overview

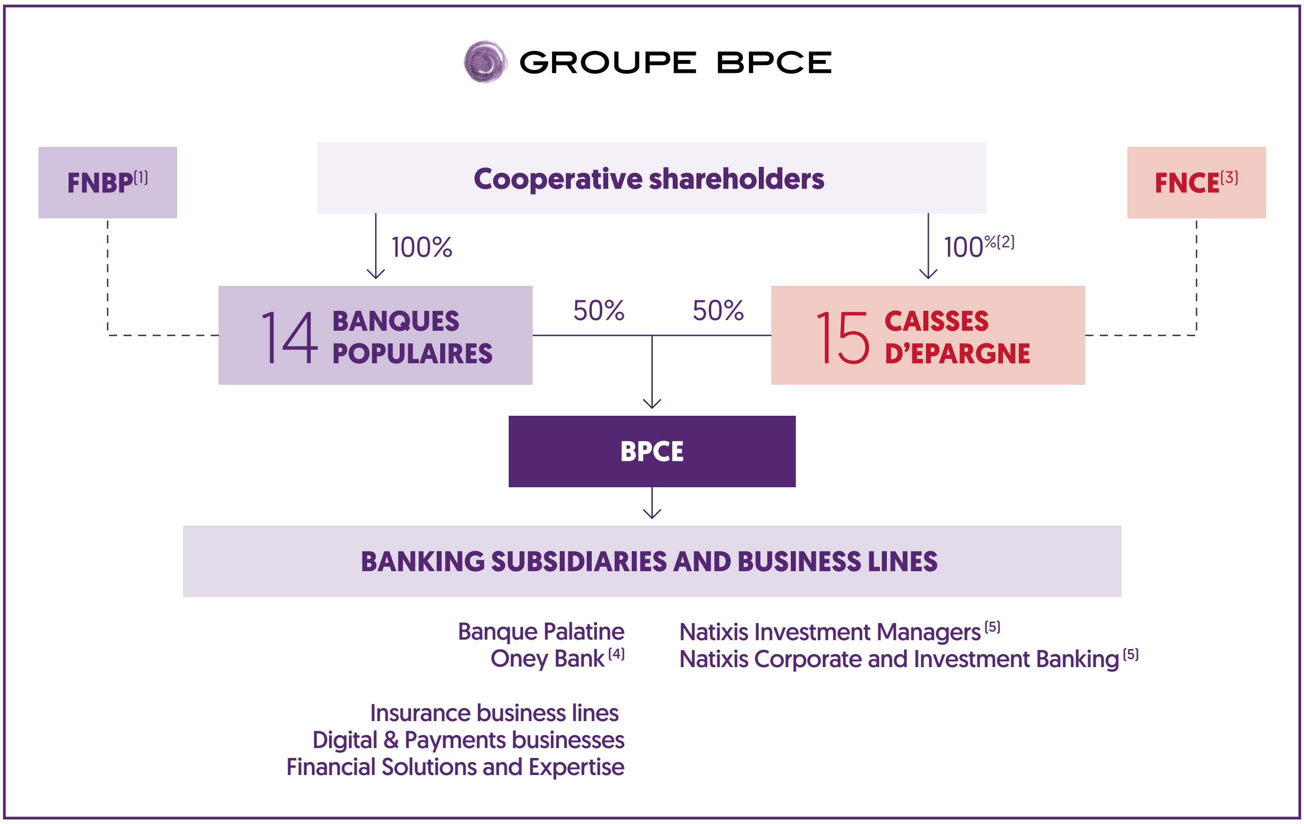
The Banques Populaires and the Caisses d'Epargne are owned by nine million cooperative shareholders. This highly stable shareholding structure is imbued with a strong cooperative spirit.

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.

Persons representative 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

January

Groupe BPCE supports the agricultural sector in its transition and issues a green bond of €750 million enabling the Banques Populaires to refinance assets dedicated to sustainable agriculture. A first in Europe for this type of asset and an innovation for the Group with the publication of the first methodological note dedicated to sustainable agriculture, in line with the UN Sustainable Development Goals.

Natixis CIB arranges and places, alongside La Banque Postale, a Euro Private Placement (Euro-PP) through an ESG-indexed bond issue, on behalf of Ramsay Santé, a European leader in private hospitalization and primary healthcare. This long-term financing aims to finance the healthcare group's general needs and support its development.

February

Banque Populaire supports the first European fund for blue growth. Launched by Seventure Partners, an affiliate of Natixis Investment Managers, Blue Forward Fund™ will invest in the areas that have the greatest impact: blue hydrogen, marine renewable energies, bio-sourced and bio-manufactured products, sustainable aquaculture… Out of a target of €130 million, the Banques Populaires committed more than €30 million as investors and strategic partners to support innovative companies in the sector.

Four of the Group's data centers, located on the Albireo campuses in Castres (81) and Antarès in Seine-et-Marne (77), adhere to the European Code of Conduct and thus continue their commitment to more responsible digital technology.

March

The Group steps forward to support humanitarian aid for the victims of the conflict in Ukraine, through a donation of €5 million to the French Red Cross or the exceptional contribution of €1.8 million from the Habitat en Région solidarity fund.

Natixis Corporate & Investment Banking and EDF sign a €300 million credit facility indexed to Climate & Biodiversity criteria. This initiative is part of the shared ambitions of EDF and Natixis CIB in favor of biodiversity, both signatories of the voluntary schemes: "Enterprises Committed to Nature" and "act4nature international".

April

Groupe BPCE arranges, with the help of the EIB, a budget of €150 million dedicated to the improvement and renovation of sports infrastructures, a first in Europe and a response to a real challenge for local authorities. With the implementation of this budget, the Group further strengthens its positioning as a benchmark bank for local authorities and its commitment in the regions.

Groupe BPCE completes 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 Banques Populaires and 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.

May

The first offshore wind turbine in France is installed in the Saint-Nazaire wind farm, marking the completion of an adventure in which Groupe BPCE is a stakeholder. The project involves the installation at the end of 2022 of a farm of 80 wind turbines to cover the equivalent of 20% of the electricity consumption of the Loire-Atlantique department. For its financing, Natixis Corporate & Investment Banking, as lead arranger, coordinated the response of four Group companies: the Caisses d'Epargne Bretagne Pays de Loire, Normandie, and Île-de-France and Banque Populaire Grand Ouest. Groupe BPCE's direct contribution amounts to €100 million.

The second edition of the "IMAGINE 2024" challenge brings together 1,200 competitors and supporters of all Groupe BPCE companies to celebrate the values of sport and the Olympic games.

June

The first teams set up shop in the BPCE Towers, the Group's new head office and joint home for its companies. This marks the culmination of one of the largest construction projects in the capital, five years after its launch. Groupe BPCE is financing the construction of the first pilot floating wind farm in France located in the Gulf of Fos (Bouches-du-Rhône). The Group participates through its corporate and investment bank, Natixis Corporate & Investment Banking, which acts as mandated arranger, documentation bank and hedging bank, as well as Caisse d'Epargne CEPAC, acting as mandated arranger.

July

The Banques Populaires and the Caisses d'Epargne become official sponsors of the Paris 2024 Olympic and Paralympic Torch Relays. This commitment will make it possible to bring these exceptional events, beginning in the spring of 2024, to life in the regions. A unique opportunity to share with their customers, cooperative shareholders, employees and the general public the thrill of the Games and the spirit of Olympism and Paralympism.

August

Faced with the terrible fires in the Gironde region, the Group steps up to help policyholders cope with urgent needs, speed up the processing of their files and facilitate their procedures.

September

Caisse d'Epargne launches the *Business Impact Loan* dedicated to SMEs, ISEs and players in the social and solidarity economy in order to encourage their efforts to take into account more ambitious non-financial criteria for their activities. For each *Impact Loan*, the corporate customer chooses a social or environmental theme as well as an indicator defined by Caisse d'Epargne on which it wishes to position itself. The system as well as the relevance of the indicators chosen by Caisse d'Epargne were audited by Moody's ESG Solutions, one of the world leaders in ESG (Environment, Social and Governance) analysis.

Taking into account the increase in high-intensity climate events linked to climate change, Natixis CIB offers its clients a new catastrophe bond model, *ESG CAT bonds,* incorporating an ESG dimension. This model offers investors better visibility and proves that their investments are properly channeled in compliance with sustainable finance criteria.

The two subsidiaries of the Group, Payplug, the omnichannel payment solution dedicated to SMEs, and Dalenys, the preferred payment partner of the big names in e-commerce, are joining forces. Under the Payplug brand, Groupe BPCE is the leading French player in payment solutions for digital retail, with more than €10 billion in transaction volumes in 2022 and 20,000 SMEs and large group customers.

The Banque Populaire and Caisse d'Epargne web customer areas are evolving to offer an optimal and standardized user experience on the Group's various digital platforms. Customer journeys are now similar, whether they use their computer, tablet or mobile phone.

Banque Populaire launches new green solutions dedicated to SMEs and ISEs through the new *BP Impact Loan*, whose interest rate is indexed to the non-financial performance of the company, the *CAT Vair*, a new term account for companies and institutional investors, whose outstandings remain in the collection region to be 100% devoted to financing loans intended for the energy transition, and a new range of green loans intended to finance the specific needs of corporate customers.

The Banques Populaires and the Caisses d'Epargne are strengthening their partnership with Cozynergy, a company specializing in energy renovation. They facilitate their customers' projects, both in terms of financing their work *via* dedicated solutions and their implementation.

October

The Group signs the Ecowatt charter and is thus committed, alongside nearly 100 large French companies and banks, to reducing its energy consumption by 10% by 2024.

BPCE Assurances strengthens its climate commitment and joins the Net Zero Asset Owner Alliance. This commitment is in line with its commitment to align the temperature of its investment portfolio to 1.5°C by 2030.

November

Banque Populaire and Caisse d'Epargne will be the first banks to offer a simplified access to the *MaPrimeRénov'* Zero-Rate Eco-Loan. They allow all individual customers eligible for *MaPrimeRénov'* to benefit more simply and quickly from the Zero-Rate Eco-Loan (Eco-PTZ). The objective of this regulated loan: to finance the energy renovation of their main residence and thus reduce energy consumption and greenhouse gas emissions.

The Group offers all its employees the opportunity to participate in the Climate school, an unprecedented educational program dedicated to the climate and the ecological transition, an ambition placed at the heart of its *BPCE 2024* strategic plan.

December

Nicolas Namias becomes Chairman of the Management Board and CEO of BPCE, replacing Laurent Mignon. His appointment for a five-year term was approved unanimously by Groupe BPCE's Supervisory Board.

Groupe BPCE and Swile, a leader in the worktech sector, create a world leader in employee benefits and worktech. Swile holds 100% of Bimpli, a subsidiary of Groupe BPCE and a leading player in employee benefits and services in France, and Groupe BPCE is the largest shareholder of Swile with a 22% stake in the capital.

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 thirteenth consecutive year[1]. A top-tier banking network with 12 regional Banques Populaires and 2 national affiliated banks (CASDEN, dedicated to the civil service sector, and Crédit Coopératif, a bank serving the social and solidarity-based economy), it is also the number two bank of craftsmen and small retailers[2].

2022 key figures

- **14 Banques Populaires**
- **5 million cooperative shareholders**
- **9.7 million customers**
- **29,763 employees**
- **€367.5bn in deposits and savings**
- **€298bn in loan outstandings**
- **€7.1bn in net banking income**

IN 2022

- In all activities, in accordance with the Climate priority of Groupe BPCE's strategic plan, the Banques Populaires have stepped up to support the environmental and social transition of their customers, through the launch of new offers, such as the *BP Impact Loan*, training programs for employees and new monitoring and management tools.
- In the retail market, the *Cristal* agreement, a bundled offer of products or services for the daily management of current accounts, exceeded one million customers (1.2 million).
- In the professional market, the *Key Person* insurance contract was launched. It ensures the continuity of the company's activity by offsetting the financial losses caused by the death or total and irreversible loss of autonomy of a "key person".
- The *Savings Strategy* approach has been rolled out in all the Banques Populaires with, in an uncertain economic environment, the challenge of positioning itself as a savings consulting banker: reviewing the fundamentals and systematizing savings meetings by capitalizing on the entire range of offerings (precautionary savings, medium- and long-term savings projects).

INDIVIDUAL CUSTOMERS

In the retail market, the Banques Populaires recorded a 2% decrease in the number of new customers, despite sustained activity.

In terms of consumer credit, the pace of development remained very active with growth of 7.2% of outstandings, making the Banques Populaires the number one banking network in terms of change in outstandings[3]. Very strong momentum was also observed in student loans, with production of €226 million, *i.e.* an increase of 21% compared to 2021.

A new bond issue was offered for subscription by Groupe BPCE: a total of €215 million was collected by the Banques Populaires on the first loan marketed in 2022, an amount well beyond the initial ambition.

With regard to day-to-day banking services, the milestone of one million customers equipped with a *Cristal* agreement was exceeded two years after its launch. This bundled offer includes a set of products or services for the day-to-day management of current accounts. The Banques Populaires were the first bank in France to offer a family pack that now equips a quarter of its customers.

In addition, new services were launched in 2022, such as postpayment (spreading of expenses), alerts on accounts and bank card transactions and two-wheeler insurance.

A new responsive web customer area offers all useful services (new account summary, card management, *instant payment* transfer, international currency transfer with the partner Wise, etc.). Security remains a constant focus for online bank card payments. Currently, 84% of customers use *Secur'Pass*, the Group's strong authentication solution, to validate their online payments. Overall, customers are increasingly active on their mobile applications: 67% of them carried out at least one visit to their Banque Populaire app, which is still one of the best rated in the banking sector: 4.7 on App Store / 4.6 on Google Pay / 4.7 on Huawei.

In non-life and personal protection insurance, the Banques Populaires recorded a decrease of 6% in their gross contract sales, after a historically high year in 2021. The quality of their offers was rewarded by the *Dossiers de l'Épargne* 2022 Label of Excellence for their *Solo Health insurance* offer and by the 2022 life insurance Academy Award by the *Gestion de fortune* magazine for their Retirement Savings Plan.

(1) 2021 Kantar SME SMI survey.
(2) Pépites studies / CSA 2020.
(3) Athling.

In 2022, the Banques Populaires remained very active in supporting their customers in their environmental transition. Thus, a green financing and savings offer has been rolled out across the entire network. In bank savings, *Codevair's* outstandings now amount to more than €2.7 billion, up by 16% year-on-year. In financial savings, €460 million was collected on green bonds at the end of 2022, an increase of 115% compared to 2021. Lastly, in 2022 more than €108 million worth of projects were financed thanks to *Energy Renovation* loans, launched in March 2021.

Banque Populaire is the first bank to offer private individual customers the *Eco-PTZ* offer coupled with the *MaPrimeRénov'* subsidy and to prepare projects.

Customers have also benefited from the generalization of the partnership with Cozynergy, which provides a turnkey solution for all those wishing to carry out energy renovation work, from carrying out a diagnostic to the search for subsidies to the selection of craftspeople and construction work.

€34.7bn in new loans, -2.2%

€154.1bn in loan outstandings, +8.8%

€188.8bn in deposits and savings, +4.3%

327,337 new non-life insurance policies

PRIVATE MANAGEMENT

The weakness of the equity markets due to the economic and geopolitical context and the increase in inflation and interest rates had a strong impact on the performance of the Banques Populaires equity funds and gave a renewed interest in savings products (passbook accounts, loans, EMTNs, etc.). The assets of high net-worth clients (greater than €150,000 in assets or €10,000 in monthly income) and high net-worth clients (greater than €1 million in assets) increased by 3% and the structure of their portfolios changed significantly. As a result, while investments in current accounts and money markets were favored with increases of 1.6% and 1.4%, respectively, financial savings decreased by 2.9%. In life insurance, the net inflows amounted to nearly €1.3 billion, which allows the Banques Populaires to maintain a strong position in this market with a market share of approximately 8%.

To support the development of the high-end Private Banking and Private Banking segment, the offering dedicated to this clientele was strengthened in 2022. New high-end and tailor-made offers were marketed: life insurance contracts offered by Teora (a subsidiary of Natixis Wealth Management dedicated to life insurance brokerage), tailor-made offer by Natixis Corporate & Investment Banking or Private Equity with the management company Adaxtra Capital.

538,187 customers, +5.8%

€104.4bn under management, +4.4%

PROFESSIONAL CUSTOMERS

After a year in 2021 marked by an increase of 16% in the number of new customers, the momentum slowed down in 2022 with an increase of 1.3% (*i.e.* +55,000). This trend, combined with continued limited attrition (-6% *vs.* 2019), supported a 3.8% increase in the number of customers to 762,000. This conquest concerns in particular the liberal professions and entrepreneurs in the health sector (with an increase of 1.9% and 2.4%, respectively, at the end of September compared to the same period in 2021).

For many years, the Banques Populaires have been supporting the agricultural transition and the transformation of production models towards more sustainable and local agriculture and enabling farmers to adapt their production tools. A total of €112 million was granted in the form of INAF (National Initiative for French Agriculture) credit, a financial instrument presented in December 2019 by the government and designed in collaboration with the European Investment Fund (EIF) to facilitate the financing of agricultural projects, notably related to installation. In addition, in January 2022, Groupe BPCE became the first European issuer to raise liquidity dedicated to the refinancing of assets related to sustainable agriculture with the issuance of a green bond of €750 million. This transaction aims to refinance the assets of the Banques Populaires, the third largest banking player in the agricultural sector in France.

For their part, equipment loans to professionals increased by 16%.

With regard to day-to-day management, professional and corporate customers can send, since the summer of 2022, a payment link by SMS and WhatsApp, in addition to the existing link by e-mail. It is also possible to generate the e-mail or SMS payment link from a smartphone or an Android Banque Populaire electronic payment terminal (EPT). This new service simplifies the daily lives of professional customers who do not have a website for the collection of deposits, bill payments or repayments of unpaid bills, for example.

The launch in 2022 of *Connect Suite*, a unique account aggregation and cash management solution, simplifies cash management for multi-banking professionals and VSEs. It allows them to have a global and instant view of all their business accounts and to make single transfers, regardless of their banking institution, from a single, dedicated and secure space, accessible on a computer, tablet and mobile.

Since 2022, the Banques Populaires have also offered the *CAT Vair BP*, a solution built from a range of fully targeted CATs and 100% allocated to the financing of loans intended for the energy transition.

Regarding Insurance, the increase in contract sales (+14%) was mainly driven by personal protection insurance (+29%) and notably the successful launch of the *Key Person+* insurance contract, which ensures the continuity of the company's activity by offsetting the financial losses caused by the death or total and irreversible loss of autonomy of a "key person".

Lastly, Banque Populaire received, for the fifth consecutive year, the Palme d'Or of the *Monde du Chiffre* ranking in the Banks category. This ranking rewards the best partners (banks, insurance companies, software suppliers, publishers, etc.) of chartered accountants. More than 40,000 such professionals are surveyed and rate their supplier partners on various criteria such as the performance of their products, cost, the relevance of their advice or the quality of their services.

1.1 million professional clients

519,140 tradesmen

180,919 liberal professionals

68,668 farmers

€76.5bn in loan outstandings, +5.8%

CORPORATE CUSTOMERS

In 2022, the conquest of the corporate market continued, bringing the growth of new customers to 18%, with a particularly marked increase in the small business segment (+45%). This momentum also concerned the support of customers in their investments with new equipment loans amounting to €11.2 billion at the end of December 2022, *i.e.* an increase of 27% compared to 2021. The commercial credit flows experienced a similar positive trend, increasing by +13.7% to €435 billion at the end of December 2022, compared to €383 billion at the end of December 2021.

This momentum was accompanied by a strengthening of customer satisfaction, which is gaining ground with a NPS of +17, *i.e.* four points more than last year.

In line with the Climate priority of Groupe BPCE's strategic plan, the Banques Populaires stepped up in 2022 to support the environmental transition of their customers. Training programs have been followed by account managers and advisors, and several green offers were rolled out: a new range of medium-term green loans (for energy renovation, mobility, business transition and renewable energies), and the *CAT Vair*, a cash savings solution that complements the green financial product offerings (ISG/ESR).

A partnership with Economies d'Énergie is also being rolled out to support customers in carrying out energy audits and/or works.

Lastly, in 2022, the *BP Impact* loan was launched to encourage customers' CSR behaviors and commitments. The development of this loan, whose interest is indexed to the non-financial performance of the borrowing client, is part of an approach to support clients in their environmental and/or social transition and aims to encourage virtuous objectives in terms of sustainable development.

139,840 corporate customers, +7.5%

264,245 non-profits and institutions, +0.6%

No. 1 bank for SMEs, 42% are customers

€37.8bn of medium- and long-term loan outstandings

COMMUNICATION

The year 2022 was marked in particular by the evolution of the communication territory in the service of a new brand vision: the most beautiful of the successes is that which shines, with, in the last quarter, a major campaign *via* television, digital, billboards, press and radio.

A strong presence was also ensured in sponsorship thanks to an increasingly visible surf partnership, in particular with the Banque Populaire Surf Tour and the French Championship by Banque Populaire; the brand was also very visible with the participation of Armel Le Cléac'h on the Maxi Banque Populaire XI during the Route du Rhum, despite a sporting disappointment; and the promotion and enhancement of the Olympic partnership continued with the announcement of the Torch Relay partnership, as part of the Paris 2024 Games.

Lastly, the new banking site launched in 2021 now makes it possible to meet the needs of customers, and in particular to improve the pathways to subscription tunnels.

CASDEN BANQUE POPULAIRE

2022 was marked by the effective launch of its strategic plan *Elan 2024*, around three key areas: a new development dynamic, a culture of performance and the strong commitment of its team.

CASDEN Banque Populaire, a cooperative bank serving specifically members of the French civil service, continued its development. In 2022, it won 109,217 new cooperative shareholders, of which 66% were from the civil service excluding National Education, *i.e.* +4% compared to 2021. 68,588 also became Banque Populaire customers. It now has more than 2.2 million cooperative shareholders[1].

As a cooperative and affinity bank, CASDEN Banque Populaire implements numerous actions to measure and ensure the satisfaction of its cooperative shareholders: the satisfaction indicator (the % of very satisfied cooperative shareholders minus the % of dissatisfied cooperative shareholders) stood at 38 in 2022. The points for improvement mainly concern the processing time of requests.

Present on the ground thanks to its activists, CASDEN delegates and its regional coordinators with the support of the advisors of the regional Banques Populaires, CASDEN Banque Populaire meets civil servants in university hospitals, nurse training schools, or in the academies of the National Higher Institute of Teaching and Education, which train teachers. It is also present in secondary schools.

On the occasion of the International Civil Service Day, CASDEN and Banque Populaire launched the "Défi des Pas", a sporting and collective challenge to collect donations for the Hospital Foundation. This challenge was open to all civil servants but also to the employees of CASDEN and the Banques Populaires. This operation was a real success with nearly 5,500 participants and the collection of a donation of €20,000.

Lastly, the dissemination of the "History, sport and citizenship" exhibition created with the ACHAC research group is continuing in schools and public sector establishments. Between 2021 and 2024, the objective is to carry out 7,000 actions around this program. In the first half of 2022, more than 900 presentations were organized. Numerous partners have joined the program, including the French Ministries of Agriculture, Cities, Sports and Culture and the French National Olympic and Sports Committee. In November 2022, a third conference was organized in Marseille on the occasion of the 2,500th presentation of the exhibition.

CRÉDIT COOPÉRATIF

As a benchmark bank for the social and solidarity economy and committed citizens, Crédit Coopératif recorded dynamic activity, both in terms of new customers (with 28,697 new relationships in 2022) and an increase in entrusted flows (€93 billion, up by 9% compared to 2021).

In 2022, Crédit Coopératif exceeded €92 million in new financing transactions in the renewable energy sector, of which 94% corresponded to so-called greenfield transactions, concerning the construction of new power plants to expand the French renewable fleet. The photovoltaic sector makes up the vast majority of this financing.

Lastly, Crédit Coopératif's 2022 shareholders' Meeting approved the simplification of its system of shares so that, from 2023, there is only one category of shares, compared to four previously for individuals and legal entities.

113,812 cooperative shareholders

423,000 customers

€3.2m in donations, raised from solidarity-based products, distributed to 42 associations

(1) Data excluding affiliated customers and members.

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.

2022 key figures

- **15 Caisses d'Epargne**
- **4.4 million cooperative shareholders**
- **17.2 million customers**
- **32,967 employees**
- **€502bn in deposits and savings**
- **€359.7bn in loan outstandings**
- **€7.2bn in net banking income**

IN 2022

- The *Impact Loan* dedicated to SMEs, ISEs and players in the social and solidarity economy was launched. Caisse d'Epargne thus encourages them to take better account of non-financial criteria in their activities.
- In the professional market, the *Climatic hazards* offers for the wine sector and a *Medical professional liability* solution for physician customers were marketed.
- Caisse d'Epargne was listed among the Top 50 "French Preferred Companies", as No. 46 overall and as No. 2 in the banking sector.
- In 2022, the Caisses d'Epargne received three prizes at the *Corbeilles Mieux Vivre Votre Argent* awards: Gold prize for long-term banking networks, Certificate for the best range of equity funds over five years and Certificate for the best range of SRI funds over five years.

INDIVIDUAL CUSTOMERS

The conquest continued with more than 433,705 new individual customers who entered into a relationship with Caisse d'Epargne in 2022. A dynamic that also concerns banking with regulated banking mobility (positive balance of 31,630) and the day-to-day *Les Formules* banking offer launched in 2019, with more than 1 million new subscription plans in 2022.

Quality of service remains a priority for all the Caisses d'Epargne. The Net Promoter Score (NPS) reached +5 up by +1 compared to 2021.

In a context marked by the sharp rise in inflation and interest rates, the activity of the Caisses d'Epargne remained buoyant in both savings and loans.

In terms of loans, strong activity in the first half led to a significant increase in the market share in consumer credit, which stood at 11.89% (Q3 2022 +32 points compared to Q3 2021). For its part, the production of real estate loans remained very strong, particularly in the first half of the year, at €37.98 billion. A slowdown, due to market conditions, was recorded at the end of the year. The real estate loan market share reached 13.54% (Q3 2022 +20 points compared to Q3 2021).

Caisse d'Epargne is the first bank to offer individual customers the *Eco-PTZ* offer coupled with the *MaPrimeRénov'* subsidy and to prepare projects. The objective of this regulated loan is to finance the energy renovation of the customers' main residence and thus reduce energy consumption and greenhouse gas emissions. The maximum amount of this interest-free loan is €30,000, with a term of between 3 and 15 years.

Two BPCE loans were issued in 2022: one dedicated to securities accounts, at a rate of 3.50% and maturing in October 2027; the other to life insurance (CNP, BPCE Vie and Natixis Life) at a rate of 3.70% and marketed by all Caisses d'Epargne between November 2022 and January 2023, as part of an advisory program for an investment period of five years.

Lastly, the support for the E-Enfance Association, which supports young people and families on cyber-harassment, was renewed.

€202.6bn in loan outstandings, +7.3%

€379bn in deposits and savings, +1.8%

€12.2bn collected in life insurance

6.15 million non-life insurance contracts marketed, +4%

PRIVATE MANAGEMENT

In 2022, the Caisses d'Epargne won 84,000 new high-net-worth customers, bringing their number to 1.8 million and their total assets under management to €287 billion.

In terms of financial savings, the pace of activity was sustained. As a result, life insurance premium income amounted to €9.9 billion in 2022, with a unit-linked ratio of nearly 36%. For their part, subscriptions to the *Plan Epargne Retraite* (PER) increased sharply, with 50,000 openings. In a year marked by uncertainty, the management delegation department met customer expectations with inflows amounting to more than €1.7 billion.

The year was also marked by the marketing of new solutions. The Caisses d'Epargne continued to develop their offering in financial savings, with the issuance of loans, in life insurance and ordinary securities accounts, but also in real estate with the enhancement of the range of real estate investment trusts (*société civile de placement* - SCPI). The offer of the Teora subsidiary, dedicated to life insurance brokerage, was also expanded with the integration of two insurers. This complementary range offers high-net-worth customers a wider choice of diversification, including a private equity offer under Luxembourg law for private banks.

The quality of the offers and advice provided to high-net-worth customers resulted in an increase in the Net Promoter Score, which stood at +14 in 2022 (compared to +11 in 2021).

The Caisses d'Epargne's expertise was recognized at the Corbeilles *Mieux Vivre Votre Argent* awards: Gold prize for long-term banking networks, Certificate for the best range of equity funds over five years, and Certificate for the best range of SRI funds over five years.

No. 2 in France

3 million customers

€287bn in assets under management, +2.5%

PROFESSIONAL CUSTOMERS

The Caisses d'Epargne won more than 45,000 new professional customers, bringing the growth of its business to 3.7% year-on-year.

With customer loan outstandings in excess of €19.4 billion, up by 6% year-on-year, the Caisses d'Epargne continued to support professional customers in carrying out their projects.

They have enriched the range of their products with the launch of several solutions: a complete green financing and savings offer to support professionals in their energy transition needs; *Climatic hazards* insurance offers for the viticulture sector; and a *Medical professional liability* solution for physician customers, thanks to a partnership with Willis Towers Watson France. In the medical sector, a partnership with the ISNI (Inter Syndicale National des Internes) has been set up to help medical interns during their studies and when they establish themselves as independent professionals.

The Digital Inside strategy continued with the generalization of the *Sign'it* electronic signature solution for electronic payment contracts, equipment leasing and medium- and long-term loans. The *IZ e-commerce* offer, an all-in-one e-commerce website creation and online referencing solution, has been redesigned and now includes the *PayPlug* collection solution which allows entrepreneurs to quickly set up a personalized online store.

Lastly, in the field of payments, three events marked the year: the launch of the new *Jepaieenligne Express* offer, a remote collection solution *via* the sending of a text message or email; the installation of a new *mini Smile* payment terminal, provided by the company Smile & Pay, which completes the range dedicated to customers receiving modest payments by bank card; and deployment of the Oney *in x3x4* split payment solution.

425,435 professional customers, +3.7%

€19.5bn of medium- and long-term loan outstandings, +6%

7,272 employee savings contracts signed

11,756 Pro non-life insurance policies taken out

15,425 personal protection insurance contracts subscribed

CORPORATE CUSTOMERS

With nearly 35,000 customers (VSEs, SMEs and ISEs), the Caisses d'Epargne continued to support the development of companies in 2022, in a context of growth in investment and strong credit dynamism.

The activity in the international segment was buoyant, with an expected increase in the number of transactions (excluding flows) of more than 15%.

The year was marked by the launch of the *Impact Loan* dedicated to SMEs, ISEs and players in the social and solidarity economy. Caisse d'Epargne encourages them to always take better account of non-financial criteria in their activities. For each *Impact Loan*, the corporate customer chooses a social or environmental theme as well as an indicator defined by Caisse d'Epargne on which it wishes to position itself. The system as well as the relevance of the indicators chosen by Caisse d'Epargne were audited by Moody's ESG Solutions, one of the world leaders in ESG (Environment, Social and Governance) analysis.

For start-ups and innovative companies, the *Neo Business* financing offer continued to attract numerous customers with 261 new relationships. It should be noted that 30 customers are part of the French Tech 120 index.

Lastly, concerning the agricultural sector, the member cooperatives of the UFG (Union Finances Grains), a union of 34 cooperatives whose objective is to facilitate the provision of funds to finance their cereal stocks, were supported through the establishment of the NeuCP (Negociable European Commercial Paper) program. This issue of short-term negotiable securities represented a credit line of around €110 million for the Caisse d'Epargne network.

34,631 customers, +8.4%

3,334 new relationships, +21%

€3.7bn in short-term loan outstandings, +11%

€31.4bn of medium- and long-term loan outstandings, +11%

€10.6bn in medium- and long-term commitments (excluding CBM & CBI), +33%

€16.3bn in outstanding balance sheet inflows (excluding demand deposits), -4%

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) and the creation of a regional "Rebound" fund.

The debt structuring arrangement activity was particularly strong in 2022 and reached €94 million in net fees and commissions generated. The increase was 42% compared to the previous year, which was, until then, the best fiscal year since the creation of the arrangement activities within the Caisses d'Epargne.

The year 2022 was marked by the strengthening and structuring of the financial engineering teams in all institutions, with active recruitment policies of experts close to the regions. The development of risk pooling tools (EIG risk syndication) and dedicated liquidity (renewable energies funds) now enables institutions to position themselves on major renewable energies. Lastly, new activities in the financial engineering teams such as the *Equity Bridge Loan* and the financing of long-term real estate investors are being rolled out, making it possible to diversify the sources of fees and commissions generated.

INSTITUTIONALS

In a context marked by the return of inflation, tensions on energy and many commodities, as well as the sharp rise in interest rates, Caisse d'Epargne has confirmed its presence with its customers in the service of the regions.

It is the leading private bank for local authorities with €27.7 billion in outstandings and €6.7 billion in new financing loans.

It is also the leading private banker in social housing with Habitat en Région, and in the mixed economy with more than €2 billion in new loans and €14.1 billion in customer loan outstandings.

In institutional markets, Caisse d'Epargne launched its green loan offer which complements the *Impact Loans*, whose development is ongoing.

The collaboration with the European Investment Bank (EIB) was confirmed in 2022: Caisse d'Epargne benefits from several subsidized budgets from the EIB for public sports and health infrastructures. An "energy efficiency of public buildings and sustainable mobility" budget will be implemented in 2023.

Lastly, with strong local roots, Caisse d'Epargne has entered into new partnerships, notably with the Association of Rural Mayors of France and the National Association of Elected Sports Officials.

SOCIAL AND SOLIDARITY ECONOMY

As the No. 1 private financier of the SSE, with customer loan outstandings of €6 billion in 2022, 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 2022. This development is based on a long-standing partnership with the entire SSE ecosystem and social innovation support networks (SSE France, France Active, Impact France movement, La Ruche, etc.) and renewed partnerships in 2022.

The year was marked by the launch of the *Impact Loan* dedicated to SMEs, ISEs and players in the social and solidarity economy (see section dedicated to corporate customers). To help them in their environmental transition, a *CAT Green* offer was launched and a partnership with Finances & Territoires was signed.

Lastly, the marketing of State-guaranteed loans (SGLs) was extended. A comprehensive scheme - EGF guarantee (pan-European guarantee fund), security trust, inventory collateral, debt reprofiling, participating loans, etc. - was set up to support customers in their resumption of activity.

No. 1 SSE financier with 22.7% of the market

€1.1bn in new medium- and long-term loans

PROTECTED PERSONS

The Caisses d'Epargne remain the leading bank for protected persons, persons under guardianship, trusteeship and dependent adults living at home in France. Across France, 150 specialized advisors are on-hand to assist family representatives and legal guardians. The pace of activity was sustained with the conquest of 5,000 new major protected customers and customer deposits and savings under management of more than €10 billion.

Lastly, in order to promote the autonomy of protected persons, bank payment cards are offered to them with the contactless payment option, in line with the actions carried out during the health crisis.

336,944 customers

€13.5bn in deposits and savings

COMMUNICATION

In 2022, Caisse d'Epargne was present in the media, with three new TV films to continue to demonstrate its societal usefulness as a bank and family insurance: family plans, home insurance and young working people.

The brand also spoke through urban billboards to reaffirm the specificity of its regional cooperative bank model and prove that being a member customer of a regional Caisse d'Epargne means being even more useful to one's region on topics such as education, health, inclusion, solidarity or the energy transition.

Caisse d'Epargne also took stock of the first year of the "Pacte Utile", its program of commitments as a Premium Partner of Paris 2024 to contribute to the legacy of these Olympic and Paralympic Games in the regions. More than 65 projects to create or renovate 3x3 basketball courts have been launched, 130 sports and solidarity projects have been rolled out and 67 athletes have been supported by the Caisses d'Epargne.

Lastly, the new banking site, launched in 2021, now makes it possible to meet the needs of customers, and in particular to improve the pathways to subscription tunnels.

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.

2022 key figures

- **More than 13,000 corporate customers**
- **Nearly 50,000 individual customers**
- **1,107 employees**
- **€18.9bn in deposits and savings**
- **€11.3bn in loan outstandings**

IN 2022

Banque Palatine recorded dynamic activity. The conquest of companies with more than €15 million in revenue made it possible to register 284 new active customers at the end of December 2022.

At the same time, the volume of new loans increased, with a particular focus on structured transactions on ISEs. This strategy benefited from the sourcing carried out by the commercial network and advisory bankers and enabled record corporate financing of more than €1.8 billion at December 31, 2022, including €654 million in structured loans.

2022 was mainly marked by the transformation of the network as part of the *UP 2024* strategic plan and the new customer segmentation, from around 40 branches to 26, now mixed (corporate and private customers) and 4 remote branches. In this context, the pace of commercial activity was maintained overall with 570 new relationships, gross inflows of €280 million and real estate financing production of €397 million. Mandate management had a good fiscal year with total assets under management of more than €132 million.

Lastly, the bank's governance has changed. Didier Moaté, Chief Executive Officer of Banque Palatine, took office on March 1, 2022, and Jérôme Terpereau was appointed Chairman of the Board of Directors of Banque Palatine.

Oney

For nearly 40 years, Oney has created payment, financing and insurance solutions adapted to the transformation of commerce, that enable almost 8 million Europeans in 12 countries to improve their daily lives.

2022 key figures

- **7.8 million customers**
- **4,400 e-retail partners**
- **16,000 physical or virtual points of sale**
- **2,600 employees**
- **Presence in 12 countries**

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 relies on a network of 16,000 sites and stores and 4,400 brands/partners using its payment, financing and insurance solutions.

In 2022, Oney recorded an increase in its loan production of 17%, to €4.1 billion. The growth of its split payment offer reached 14.1% and its market share in France for this type of financing was 34.5% at the end of September (source ASF), confirming Oney's leading position in split payment.

Several major partnerships were signed in France, with Orange, Mango and Le Bon Coin, and other partnerships were renewed, with Samsung, Air France, Decathlon and Maxicoffee. The brand also benefits from a high level of trust among retailers, with nine out of ten partners renewing their partnerships with Oney.

Customer satisfaction remained high. The NPS score stood at 65.9 for the year 2022, representing 92% of customers who are promoters or neutral vis-à-vis Oney. Regarding split payment specifically, the score was 76, with 94% of customers who are promoters or neutral.

Lastly, as part of the partnership with Paris 2024, Oney has become a sponsor, in France, of two sportsmen *via* the Performance Pact: Pierre Ambroise Bosse (athletics) and Mateo Colsenet (BMX race). Oney Portugal has become a sponsor of a promising surfer, Yolanda Hopkins Sequeira.

BPCE Assurances

BPCE Assurances designs and manages a comprehensive range of personal insurance products (life insurance, retirement savings vehicles, payment protection insurance, and individual and professional provident insurance) and non-life insurance products (automotive, multi-risk home, supplementary health insurance, personal accident insurance, legal protection, non-banking insurance, etc.). In 2022, the Groupe BPCE Insurance division, now part of BPCE, was renamed BPCE Assurances. The non-life company was renamed BPCE Assurances IARD; the life company remained BPCE Vie and the Luxembourg company changed its name to BPCE Life.

In 2022, the non-life business was strong, crossing the milestone of 7 million policies. The quality of service remained high with an annual NPS of 57 for the Customer Reception and Relations Platform and 37 for the Compensation activity.

Like the rest of the market, the company experienced unprecedented weather events in the French market (hail, floods, fires). At BPCE Assurances IARD's level, nearly 60,000 weather-related claims were added to the current loss ratio, *i.e.* double the amount for 2021, 2019 and 2018 and three times for 2020. On the French market, the cost of climate-related claims exceeded the average of the last five years by 50%. Since then, due to the significant growth of the auto and multi-risk home insurance portfolios, the internal claims teams have been strengthened and a new partnership has been forged with Imatech, a company specializing in remote customer relations, for the management of home insurance claims.

Among the new products marketed in protection insurance, the *Key Person+* protection offers and the adjusted *Pro Protection* offer were launched. BPCE Life now offers life insurance and capitalization policies to high net-worth customers of the Caisse d'Epargne network.

More than one in three individual customers now holds a non-life and personal protection insurance policy.

BPCE Assurances also confirmed its status as a pioneering insurer in terms of climate commitment. Each year, at least 10% of investments are dedicated to green assets so that they represent 10% of outstandings by 2030. In 2022, 19.4% of its investments included a green criterion, going beyond the target. The share of its green outstandings increased to 8.6%, an increase of 1.9 points in one year. Lastly, the proportion of SRI-certified funds offered to BPCE Vie customers amounted to 59%, the target being set at 60% by 2024, the horizon of the Group's strategic plan.

The Payments Business Line

The Payments business line includes the BPCE Payment Services, Payplug and Xpollens commercial entities. The solutions they offer (payment processing, issuance, acceptance and acquisition) are aimed at individual, professional, corporate and non-profit customers of Groupe BPCE's networks, as well as direct customers consisting of retailers, banks and fintechs.

BPCE Payment Services

Through its recognized expertise in the field of electronic payment processing and payment flows, BPCE Payment Services supports Groupe BPCE's banks and subsidiaries as well as external customers consisting of financial institutions and payment service providers. In 2022, BPCE Payment Services continued to record a more normative increase in its electronic payment transactions (+7% *vs.* Q4 2021, already driven by strong consumption) and an increase in its fleet of payment terminals (+6%, driven by the 10,000 Android electronic payment terminals (EPT) deployed). In addition, payments by *Instant Payment* and mobile have continued to accelerate significantly in the uses of our customers.

Payplug

In 2022, Groupe BPCE decided to merge the two fintechs Payplug and Dalenys to form the leading French player in payment solutions for digital retail. In 2022, Payplug's activities recorded strong business volume growth for ISEs and large companies (+21% year-on-year) and for VSEs - SMEs (+28% year-on-year), driven by all customer segments and distribution channels (direct customers, Banque Populaire and Caisse d'Epargne networks, Oney). Its e-commerce activities outperform the e-commerce market, which only grew by 10% in 2022[1].

Xpollens

Xpollens, a Banking-as-a-service platform, supports companies in all sectors in their digital transformation, enabling them to integrate white label payment solutions. The year 2022 was marked by the acceleration of the commercial conquest of Xpollens, in particular thanks to the restructuring of its offer into two major value proposals: integration of payment functionalities into the company's internal processes or integration of payment solutions directly into end-user offers.

(1) Source: BPCE Digital & Payments survey.

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 a booming market, BPCE Factor, driven by the dynamic activity of the customers of the Banque Populaire and Caisse d'Epargne networks, as well as by the increase in corporate working capital requirements, saw its factoring revenue increase by 22%.

BPCE Factor continues to develop digital relationships with its SME customers for an experience of the highest market standards. On the professional market, since the end of 2022, the Group's customers can subscribe to a 100% digital invoice contract *FlashFactures* directly from their customer area. This offer, intended for occasional cash requirements, is particularly popular and has a Net Promoter Score (NPS) of 48.

Lastly, for the 7th consecutive year, Bureau Veritas Certification confirmed the service certification and labeling of BPCE Factor. It was recognition for the high level of quality perceived by customers: 91% overall satisfaction and a Net Promoter Score of 25.

BPCE Financement

BPCE Financement develops offers and complete solutions for the management of revolving loans and personal loans for Groupe BPCE's networks, for a total outstanding amount of €32.4 billion. It confirms and strengthens its position as the leading player in consumer credit in France with a 17% market share.

The year was marked by the implementation of structuring projects in digital and data. The development of targeting marketing campaigns using artificial intelligence and the implementation of the post-payment functionality for immediate debit purchases have, among other things, generated an acceleration of the revolving credit business, bringing the share of digital production to nearly 60%.

In 2022, BPCE Financement took control of the Portuguese subsidiary Banco Primus, previously held by Crédit Foncier.

BPCE Lease

BPCE Lease offers a complete range of rental solutions: equipment and real estate leasing, long-term vehicle leasing, leasing with purchase option, boating or automotive leasing, IT operational leasing, and renewable energy financing. In 2022, BPCE Lease saw its new production increase by 11% to reach €5.6 billion. This dynamic was accompanied by an increase in customer satisfaction with a NPS reaching +46 for equipment leasing and +40 for long-term leasing[1].

The year was marked by the continuation of the *Lease Impact* program, whose ambition is to support customers in their energy transition approach, thanks to new green offers (energy efficiency assessment, eco-driving, electric charging stations under lease contracts, etc.).

Lastly, BPCE Lease signed an agreement for the acquisition of the Eurolocatique group, a company specializing in the financing of healthcare equipment through financial leasing and leasing for customers in private healthcare centers, self-employed healthcare professionals, public health institutions and private clinics.

CEGC

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

In a real estate market that weakened over the last four-month period, its business lines maintained an overall dynamic level of activity. In terms of home loans, CEGC guaranteed 279,031 real estate loans to individual customers produced by the Groupe BPCE networks, for an amount of €46 billion, *i.e.* -2% compared to 2021, a historic year. In the construction sectors, CEGC covered the delivery "at the agreed price and deadline" of 18,424 single-family houses and issued financial guarantees for the completion of 885 real estate development projects. Lastly, in the building and finishing works sectors, 102,738 market guarantees were issued, mainly *via* the *www.cautiondemarche.com* solution which posted a Net Developer Score of +42.

CEGC offered a guarantee backed by the *Impact Loans* offer of the Caisses d'Epargne for social housing and social economy players. A portion of the insurance premium may be donated to a social or environmental association.

As a responsible investor, CEGC has adhered to the UN Principles for Responsible Investment (PRI), and systematically incorporates Environmental, Social and Governance (ESG) criteria in the selection and management of investment assets.

Socfim

Leader in the real estate financing market (developers, property dealers, development funds, etc.), with 2.6 million m² of office space and 57,700 housing units in the process of being financed, *i.e.* outstandings of nearly €11.6 billion, Socfim covers all the needs of real estate professionals (short term, long term, corporate finance, funding rounds).

A very marked disruption in activity occurred in the second half of the year, under the cumulative effects of a sharp rise in interest rates, the spread of inflation to construction costs and a scarcity of access to the credit market for households. In this context, Socfim's activity remained strong although below its objectives. Thanks to the diversification of its business activities and its expanded product mix, developers, property dealers, institutional investors and private funds continued to present the company with high demand for financing.

(1) Study conducted by telephone by ENOV: from May 4 to 24, 2022 with 400 customers having subscribed an LLD contract and from May 19 to June 16 with 500 customers (mainland France + Overseas departments) having subscribed a CBM contract.

Lastly, two projects in line with Socfim's strategic plan were implemented during the year, with membership of the Neomi digital distribution platform for developers and the adoption of the *Green Weighting Factor* to assess the environmental quality of the projects supported by financing.

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). With more than 400 contracts signed, the pace of its activity remained strong in 2022.

BPCE Solutions Immobilières

As a major player in real estate consulting, BPCE Solutions Immobilières offers solutions for appraisal, project management assistance, market research, as well as a wide range of new and existing real estate products, both for homeowners and investors. Its range of services covers all stages of an asset's life, from investment to resale. In 2022, BPCE Solutions Immobilières continued to grow steadily with Groupe BPCE institutions, mainly in the portfolio real estate sector despite the market slowdown. Nearly 900 units were sold to individual customers in 2022 and €175 million was collected from SCPIs.

The Expertise division has a national network of experts covering the entire French territory. 2022 saw continued growth among large institutional investors, with €14.8 million in revenue.

CUSTODY BUSINESSES

EuroTitres

EuroTitres is the leading French provider of outsourced custody services on the retail market. The exceptional activity experienced on the stock market in 2020 and 2021 continued until April 2022, before decreasing regularly over the rest of the year. However, the mobilization of individual customers remained at a higher level than in 2019. At the end of December 2022, 2.4 million stock market orders had been processed compared to 3 million last year. The internet and mobile transactional site, which continues to be enriched with new functionalities and which benefits from new ergonomics, was the main channel used by customers, with a constantly improving NPS. In 2022, unlike 2021, for collective investments, the transaction volumes decreased by 21% with 2.7 million subscriptions/redemptions, in particular due to market conditions that did not allow automatic capping operations to be triggered over the first ten months. However, as regards the stock of ordinary securities accounts and PEAs held a certain stability was observed, contrasting with the results of previous years.

1.4.2 Global Financial Services

The business unit Global Financial Services (GFS) combines Groupe BPCE's global business lines: Asset & 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.

2022 key figures

- **€7.1bn of net banking income**
- **€1.72bn of net income before tax**
- **13,600 employees in 40 countries (as of December 31, 2022)**

IN 2022

- **The Global Financial Services division** generated a net banking income of €7.1 billion, or nearly 28% of Groupe BPCE's net banking income (NBI). Despite a difficult environment, its two business lines of Corporate & Investment Banking and Asset & Wealth Management held up well thanks to their commercial dynamism and diversified expertise.
- In **Asset & Wealth Management**, Natixis Investment Managers (IM) continued to strengthen its multi-affiliate model and continued to actively manage its portfolio of affiliates. In a difficult market environment that affected all players, its funds performed well, with 67% of funds ranked in the first and second quartiles over three years by Morningstar.
- **In Corporate & Investment Banking**, Natixis Corporate & Investment Banking (CIB) continued to diversify its core industries and develop its customer base, which it supported in their environmental transition strategies through the Green & Sustainable Hub, and in their technological transition through its Tech Hub.
- On December 1, the Natixis Board of Directors unanimously appointed **Stéphanie Paix as Chief Executive Officer of Natixis**. Stéphanie Paix remains a member of BPCE's Executive Management Committee and is responsible for the Group's global business lines. During the same Board Meeting, Nicolas Namias, Chairman of the Management Board and CEO of BPCE from December 3, was appointed Chairman of the Board of Directors of Natixis.

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.

Asset management

Ranked among the world's top asset managers (€1,079 billion in assets under management at the end of December 2022), Natixis Investment Managers offers a range of diversified and responsible solutions to help investors build their portfolios.

With its multi-affiliate model, drawing on the expertise of some 20 affiliated asset management companies worldwide, Natixis IM 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 2022, Natixis IM continued to strengthen its multi-affiliate model and continued to actively manage its portfolio of affiliates. It finalized the acquisition of La Banque Postale's stakes in Ostrum AM (45%) and AEW Europe (40%). Natixis IM and La Banque Postale also extended their industrial asset management partnerships until the end of 2030. In addition, Natixis IM finalized the agreement signed with H2O AM on the unwinding of their partnership and confirmed that distribution activities were now carried out by H2O AM. It also concluded an agreement to sell its 100% stake in AlphaSimplex Group to Virtus Investment Partners and sold its block of shares in Fiera Capital while renewing its distribution agreement with the company in the Canadian market. Lastly, the Seeyond and Natixis IM Solutions teams dedicated to insurance management and structured products have been integrated into Ostrum AM.

Mirova announced the acquisition of SunFunder (a private debt management company that finances renewable energy projects in Africa and Asia), thus accelerating its development to become a global leader in impact investing.

To meet the objective of becoming the most customer-centric player in its industry, Natixis IM continued to deploy its customer-listening system and launched a series of projects and initiatives focused on customer experience: deployment of its new *Client Portal*, launch of *Asset Studio* (digital platform developed with seven fintech companies) and development of Funds DLT solutions based on blockchain technology. It also continued to roll out, within its American affiliates, the *Natixis IM Operating Services* platform developed by Loomis Sayles. Natixis IM received the *L'Agefi AM Tech Day 2022* award for the most innovative technological solution for its *Client Digital* Platform rolled out last year to facilitate the customer journey throughout the investment chain.

Alongside its affiliates, Natixis IM is pursuing its commitment to financing the transition to a more sustainable economy. As active managers, Natixis IM 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.

Natixis IM also continued its development in private assets. At the end of 2022, this category represented 9% of total assets under management compared to 7% at the end of 2021.

Wealth management

Established in France and Luxembourg, Natixis Wealth Management designs and implements tailor-made wealth management and financial solutions to structure and manage the assets of business leaders, senior executives, large private investors and holders of a family capital. It supports them in their initiatives to undertake, invest and transmit, and mobilizes a wide range of expertise that covers all their needs, whatever the size or stage of their projects: corporate advisory, origination, vanilla and complex financing, investment, portfolio 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 channels: BtoC and BtoB. To expand its range of listed and unlisted asset management products and services, Natixis Wealth Management draws on the complementary expertise of two of its subsidiaries: VEGA Investment Managers, in collective investment management, delegated management and open architecture fund selection, and Massena Partners, in consulting for private family groups and family offices, mainly in private equity.

In 2022, the momentum of Natixis Wealth Management was favorable despite a negative market effect. It managed more than €30 billion in assets as of December 31, 2022. The bank rolled out its strategic roadmap and continued its transformation program, particularly in Luxembourg where it repositioned its franchise, to better serve its direct customers in the high net worth individuals segment.

It strengthened the development of its activities in conjunction with Groupe BPCE, in particular with Natixis CIB, by launching a program to accelerate synergies based on existing gateways. The objective is to multiply joint actions with intermediate-sized enterprises (ISEs) and thus better meet the objectives of the BPCE 2024 strategic plan. In conjunction with Natixis CIB, it successfully marketed a green debt security with a charitable dimension, of which 0.20% of the amount invested was paid to Institut Pasteur.

The bank continued its ESG commitments with the enhancement of the VEGA Investment Managers offering (now ten SRI-certified funds) and the strengthening of its SRI management and monitoring system. VEGA IM appeared in the ranking of "50 asset management companies that count" of *Funds Magazine*.

Its subsidiary Teora by Natixis Wealth Management - a high-end open-architecture life insurance broker that offers tailor-made solutions to the Banques Populaires, the Caisses d'Epargne and the customers of Natixis Wealth Management - posted significant growth over the one and a half years following its launch and entered into two new partnerships with Groupe BPCE.

Lastly, Natixis Wealth Management was voted Best Private Wealth Management Bank by *L'Agefi* ("Prix de la gestion privée"). It also received the Silver Trophy in the Best Affiliated Private Bank category at the 2022 Wealth and Performance Summit ("Sommet du patrimoine et de la performance").

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 IM, a specialist in active investment strategies for employee savings plans. In 2022, Natixis Interépargne consolidated its position as the leading provider of employee savings and pensions solutions with 81,000 corporate customers and over 3.1 million savers at December 31, 2022.

In 2022, Natixis Interépargne received two prizes at the 37th *Corbeilles Mieux Vivre Votre Argent* awards: Second place in the long-term employee savings category, and 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.

It has signed a partnership with France Retraite, a leader in retirement expertise, to offer its "Retirement & Career" Focus savers a personalized service to help them better prepare for their retirement.

Lastly, Natixis Interépargne launched the *Avenir Actions Long Terme* investment fund, dedicated to retirement savings plans and included in the *Avenir* range. Thanks to this investment fund, which is invested in internationally listed equities and unlisted equities, savers can boost their investments and access the universe of private equity.

CORPORATE & INVESTMENT BANKING

Corporate & Investment Banking (Natixis CIB) supports its corporate clients, financial institutions, institutional investors, financial sponsors, public sector entities, as well as Groupe BPCE networks. It advises them and designs innovative and tailor-made solutions for them, in the service of their strategy, drawing on all of its expertise in advisory, investment, financing, commercial banking and capital markets and a global presence in three platforms and almost 30 countries spread over 3 geographic zones: North & South America, Asia-Pacific and EMEA (Europe, Middle East, Africa).

Corporate & Investment Banking has a cross-functional Advisory & Coverage team dedicated to covering Natixis CIB customers, which includes bankers and sector experts. It has strong regional roots in France and relies, internationally, on all Natixis CIB teams of experts. This organization promotes responsiveness, a close personalized relationship and an in-depth long-term strategic dialogue with customers, supporting them in particular in the transformation of their models for the environmental and technological transition.

Corporate & Investment Banking has the following expert business lines:

- Capital Markets: offering a wide range of hedging, financing and investment solutions on the fixed-income, credit, foreign exchange, commodities and equity markets, combined with recognized economic research.

The development of these activities is based on the following areas:

- enriching its offering with adapted and innovative solutions for the various asset classes. This tailored approach enables it to meet the specific needs of each of its customers;
- access to a wide range of flow products through electronic platforms, helping to provide liquidity to its customers;
- continued international development in terms of customers and regions, drawing on Natixis CIB's presence in Europe and the Middle East, North & South America, and Asia and the Pacific;
- a multi-underlying focus, represented by the "Global Securities Financing" team active in the money, bond and equity markets.

- Real Asset Finance: this business line combines the origination and structuring of structured finance in three sectors: Aviation, Infrastructure & Energy and Real Estate & Hospitality. Real Assets relies on a global network of experts in ten offices around the world and is recognized as one of the major players in the market in these sectors: No. 4 global player in renewable project financing, No. 9 global player in infrastructure financing according to IJGlobal, and No. 1 in the real estate market in France and Europe according to Dealogic.
- Investment Banking: the investment banking teams support their clients in their strategic decisions: acquisitions, asset sales or purchases and, more generally, any growth project. To this end, the teams offer a wide range of innovative and value-added solutions, from financial advice to the provision of capital.

Investment banking includes strategic financing and acquisitions, financing on the primary bond and equity markets, and financial engineering on listed investments.

- Global Trade: includes the international trade financing activities, structured financing solutions for export transactions and cash management for its corporate customers, commodity traders and for customers of the Banques Populaires and Caisses d'Epargne networks. This business line, at the heart of the Group's strategy, aims to support and finance the commercial development of its customers in a sustainable manner.

It relies on teams in France (in Paris and in the regions) and throughout the bank's international network, with recognized expertise, in-depth knowledge of emerging countries, and an ability to provide integrated solutions for its customers. Global Trade is developing a growth strategy focused on customer needs, in particular in terms of:

- digitization of exchanges, prioritizing traceability, immediacy and the fight against fraud, for trade finance and cash management,
- support for the energy transition, for example through the structuring of "sustainability-linked" transactions.

- Distribution & Portfolio Management: DPM is in charge of managing and distributing all financing with the originate-to-distribute (O2D) model and relies on three teams of experts coordinated on three international platforms (North & South America, EMEA, Asia-Pacific):
  - Distribution: syndication, primary and secondary financing of Natixis CIB and implementation of structured and innovative solutions (securitization, repackaging, etc.);
  - Portfolio Management: proactive management of Natixis CIB's financing portfolio. The Portfolio Management teams also monitor the bank's scarce resources and limits (sectoral, country, etc.);
  - Restructuring and Workout: restructuring and recovery of sensitive files.
- Mergers and Acquisitions: the teams specialized in mergers and acquisitions (M&A) support large- and medium-sized commercial and industrial companies, institutional investors and investment funds in the preparation and implementation of divestments, mergers, fundraising, restructuring or capital protection. This expertise is based on a network of seven stores in eight countries: Natixis Partners, Solomon Partners, Fenchurch, Natixis Partners Iberia, Vermilion, Azure Capital and Clipperton.
- Economic Research: supports Natixis' commercial approach. It publishes analyses to inform the decisions of Natixis' clients, organizes and participates in visual or digital conferences to present its views as well as round tables on current, market or sectoral topics.

In 2022, Corporate & Investment Banking, under the name "Natixis Corporate & Investment Banking" - joined Groupe BPCE's new "Global Financial Services" (GFS) division, which also includes Asset & Wealth Management ("Asset & Wealth Management") and continued to implement its *BPCE 2024* strategic plan according to the main areas defined in 2021: diversification, commitment and transformation.

Lastly, in terms of performance, Corporate & Investment Banking proved resilient in terms of its commercial activity and results, in an uncertain economic context marked by the war in Ukraine, the rise in inflation and interest rates, and a downward revision of growth prospects.

1.5 Agenda

May 4, 2023	After market close – Publication of first-quarter 2023 results
May 25, 2023	BPCE General Meeting
August 3, 2023	Before trading – Publication of second-quarter and first-half 2023 results
November 9, 2023	Before trading – Publication of third-quarter results for 2023

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

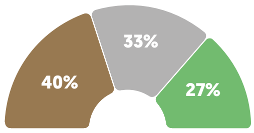
CSR - Overview (data at end 2022)

Climate as a strategic priority

Alignment of our financing and investment portfolios with a Net Zero trajectory

≈ 50%

of the portfolios covered by the *Green Evaluation Methodology*



GWF color mix of Corporate & Investment Banking's financing portfolios

8.6%

invested in green assets (Insurance portfolio)

NZBA

publication of the Group's 2030 interim targets for power generation and Oil & Gas sectors

Supporting our customers in their environmental transition challenges

€4.8bn

outstanding financing of our customers' transition projects*

€55.6bn

outstanding financing for renewal of the real estate portfolio

€14bn

Article 8 and 9 funds marketed by the BP and CE networks (outstandings)

€396bn

outstanding Article 8 and 9 assets under management (NIM portfolios)

€12.2bn

outstanding financing for renewable energies

Groupe BPCE's commitment recognized

A-

Rating maintained

placing the Group among the leaders

CDP
DISCLOSURE INSIGHT ACTION

Natixis Corporate & Investment Banking recognized for its commitment to sustainable finance

The Banker Investment Banking Awards 2022
INVESTMENT BANK OF THE YEAR FOR SUSTAINABILITY

The Banker Investment Banking Awards 2022
INVESTMENT BANK OF THE YEAR FOR SUSTAINABLE BONDS

Environmental Finance IMPACT Awards 2022 Winner
Investment bank of the year

* Transition projects (energy renovation of homes, green mobility, renewable energies and other projects).

Being a responsible employer in line with expectations of civil society

Key figures for 2022

Regional development

N°. 1 bank of SMEs
for the 12th consecutive year

○

Financing of **the social economy, social housing and the public sector: €10 billion in 2022**

○

No. 1 in **health care** sector financing

○

Deployment of the ***Entreprendre 2024*** system to support local VSEs, SMEs and SSEs in their responses to the Paris 2024 calls for tenders

○

Envelope of €150 million in subsidized loans, set up with the EIB, for **sports facilities**

Inclusive and solidarity banking

Strengthening of the various inclusive finance mechanisms: **an account for all** (> 51,000 beneficiaries) and a specific offer for **financially vulnerable customers** (147,800 beneficiaries)

○

€722 million of microloans and solidarity loans granted in 2022 (+ 7% vs. 2021)

○

N°. 1 bank for **protected persons**

○

Development of **social impact financing: €4.1 billion** of **Social Bonds** issued at end-2022

○

Nearly **€38 million of cultural and solidarity-based sponsorship** allocated in 2022 to public interest structures in all regions

A RESPONSIBLE AND INCLUSIVE COMPANY

Responsible employer

92/100 gender equality index

○

Increase in the percentage of women among governance bodies (36%) and among managers (46%)

○

Developing employability: Campus BPCE, personalized offer, a training policy leading to certification

○

Professional integration : 4,335 work-study students, + 35% since 2018

○

Top Employer for the 7th consecutive year (Global Financial Services)

Exemplary in our practices

Governance taking ESG issues to the highest level

○

Creation in 2022 of the **Sustainable Finance Center** within the Group CSR department

○

Share of employees **having completed code of conduct training: > 96%**

○

Deployment of **responsible purchasing policies,** of **responsible digital;** establishment of a **voluntary energy efficiency plan**

○

14% reduction of the Group's carbon footprint since 2019

A business model in line with the aspirations and needs of society

A SOLID COOPERATIVE MODEL THAT FAVORS THE LONG TERM

Groupe BPCE, a cooperative banking group, operates in all areas of banking, asset management and insurance, serving its 35 million customers in France and worldwide. A cooperative, it is owned by its nine million cooperative shareholders and is supported by its 14 Banques Populaires, 15 Caisses d'Epargne, Natixis Investment Managers, Natixis Corporate & Investment Banking, Banque Palatine and Oney.

The strength and durability of its model are based on balanced governance. Cooperative shareholders hold 100% of the share capital of the Banques Populaires and the Caisses d'Epargne through cooperative shares, and elect representatives who make up the members of their Boards of Directors and Steering and Supervisory Boards. The Banques Populaires and the Caisses d'Epargne hold 100% of the capital of BPCE, the Group's central institution.

Our cooperative, multi-brand and entrepreneurial model is our identity; it allows us to be closely aligned with customers' expectations and society's aspirations. Our decentralized model and our regional roots are real assets for driving transitions and sustainably transforming society: our companies act locally, as close as possible to our customers, providing innovative solutions in response to the challenges of our time.

By focusing its strategy and actions on the long term, our Group is able to reconcile economic performance, social equity and environmental protection.

IN GROUPE BPCE'S DNA: SUSTAINABLY SUPPORTING ECONOMIC AND SOCIETAL CHANGES

The nature of our activity and our outreach give us a great responsibility in the face of societal and environmental challenges, foremost among them the fight against climate change.

All of us have been reminded of climate change in recent months by the occurrence of extreme climate events around the world. Global warming poses significant risks to the economy and may ultimately jeopardize its financial stability. The climate transition is taking place in a complex and fragile context: the return of inflation, rising interest rates, the end of the health crisis, rising social inequalities, the return of war in Europe, etc.

These societal and environmental challenges are shaking up our society and creating risks for our customers: increased vulnerability of our most vulnerable customers, risk of survival for companies that are unable to adapt, physical risks affecting the value of assets, increased costs (in particular those related to energy renovation work), reputational risk, etc. These risks, which place our customers in difficulty, may lead to an increase in failures and generate financial losses for the Group.

The transition to a low-carbon economy requires considerable levels of investment, funding and support for all economic players in their own transition. Our Group has made climate change one of the priorities of its BPCE 2024 strategic plan: our companies have all strengthened their systems to support the transition of their customers and climate issues are now inseparable from the activity of our business lines. It is both a development opportunity for our activities and a tremendous lever for the transformation of our business lines.

These profound transformations must not be carried out at the expense of the most vulnerable or future generations. As a leading player in the field of banking inclusion, whether in terms of preventing over-indebtedness or supporting microentrepreneurs, Groupe BPCE is also the leading banking player alongside protected persons, vulnerable individuals and companies in difficulty.

The Group's social and societal commitment also applies to its 100,000 employees: promotion of gender balance, diversity, job retention of disabled and sick people, well-being at work and integration of young people, some of whom are from disadvantaged neighborhoods.

The Group is mobilized to put all its capacity for action at the service of its cooperative shareholders, its customers and, more broadly, society.

The business model is presented in the introduction of the 2022 universal registration document.

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

2.1.1 Our ESG strategy

Groupe BPCE's ESG strategy is structured around three areas, broken down into twelve commitments:

PRIORITY 1

RESPONDING

TO THE EXPECTATIONS OF CIVIL SOCIETY

by promoting inclusion, solidarity and active sponsorship and by encouraging open and constructive relationships with all its stakeholders.

PRIORITY 2

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's objective is to align all of its portfolios on a "Net Zero" trajectory, to support all its customers in their environmental transition and to accelerate the reduction of its carbon footprint.

PRIORITY 3

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 ESG 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 Supervisory Board in 2018 and a rigorous tax policy with a Tax Code of Conduct in 2021.

OUR COMMITMENTS ARE MEASURED BY KEY PERFORMANCE INDICATORS

Launched by the United Nations, the sustainable development Goals (SDGs), a common language based on 17 goals broken down into 169 targets, have become the benchmark for measuring the progress made by governments and private companies. Groupe BPCE strives to fully integrate these objectives into its business lines or its own operations and contributes directly to the SDGs through the concrete actions described in each section of this Chapter.

The table below illustrates the link between the SDGs and Groupe BPCE's 12 commitments. This dashboard is used to manage the Group's ESG strategy and provides our stakeholders with quantified and transparent information on our non-financial performance.

CSR commitment	Contribution to the SDGs	Performance monitoring indicators	2022	2021	2020
Meeting the expectations of civil society					
Cultivating our cooperative values	13 Climate action; 17 Partnerships for the goals	Number of cooperative shareholders *(in millions)*	BP : 5.0 CE : 4.4	BP: 4.9 CE: 4.4	BP: 4.7 CE: 4.4
		Percentage of cooperative shareholders among customers	BP : 33.7% CE : 26%	BP: 33% CE: 25%	BP: 33% CE: 24%
		Board attendance rate	BP : 86% CE : 96%	BP: 77% CE: 97%	BP: 89% CE: 96%
		Average amount of shares held per shareholder	BP : €3,818 CE : €3,494	BP: €4,273 CE: €3,421	BP: €3,269 CE: €3,374
Contributing to the regions' economic development	1 No poverty; 2 Zero hunger; 3 Good health and well-being; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure	Groupe BPCE penetration rate among SMEs and SMIs [1]	53%	53%	N/A
		Groupe BPCE market share of the social economy [2]	35%	34%	31%
		Total annual new social housing loans	€3.8bn	€3.5bn	€2.8bn
Supporting our vulnerable customers	1 No poverty; 2 Zero hunger; 3 Good health and well-being; 8 Decent work and economic growth; 10 Reduced inequalities; 11 Sustainable cities and communities; 17 Partnerships for the goals	Production of micro-loans to individual customers	€19.7 m	€18.2m	€18m
		Production of microcredits and other solidarity loans to business creators [3]	€702.2 m	€656.3m	€505.4m
Being exemplary by adopting a responsible purchasing policy	12 Responsible consumption and production	Percentage of procurement projects including a CSR lever	37%	54%	36%
		Supplier payment terms	28 days	28.9 days	30 days
		Share of the amount of purchases made from SMEs and ISEs	34% 38%	31% 31%	35% 34%
Being a major player in the environmental transition					
Aligning portfolios with a Net Zero trajectory	13 Climate action	Alignment with a "Net zero" trajectory for Corporate and Investment Banking's portfolios - Green Weighting factor color mix [4]	27% green, 33% neutral, 40% brown	24% green, 33% neutral, 43% brown	22% green, 35% neutral, 43% brown
		Alignment with a "Net zero" trajectory for the Natixis Assurances general fund - Temperature induced by investments	2-2.5 °C	2.4°C	2.7°C
		Percentage of portfolios assessed using the "Green Evaluation Methodology"	~50%	~40%	~30%
Intensifying the Green refinancing strategy	1 No poverty; 2 Zero hunger; 3 Good health and well-being; 6 Clean water and sanitation; 7 Affordable and clean energy; 8 Decent work and economic growth; 10 Reduced inequalities; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action; 14 Life below water; 15 Life on land	Number of bond issues	3	5	2

CSR commitment	Contribution to the SDGs	Performance monitoring indicators	2022	2021	2020
Supporting our customers in their environmental transition	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	Average outstanding financing for transition projects within the scope of Retail Banking[5] *(in billions of euros)*	4.8		
		Average outstanding financing for real estate renewal within the scope of Retail Banking[6] *(in billions of euros)*	55.6		
Developping a leading ESG offer	1 NO POVERTY; 6 CLEAN WATER AND SANITATION; 8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND	Percentage of assets under articles 8 and 9 management	36.7%	33.3%	-
Reducing the Group's environmental footprint	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Annual CO_2 emissions *(in TCO_2e)*	519,818	530,481	541,680
Being a committed and socially responsible company					
Enhancing employability	3 GOOD HEALTH AND WELL-BEING	Number of training hours per FTE	31	30	27
Promoting gender equality	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES	Percentage of women among managers	45.7%	45%	44.5%
		Percentage of women among senior executives	33%	29.2%	27.9%
Supporting youth employment	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES	Apprenticeship conversion rate	13%	17%	17% to 20%

(1) Kantar SME-SMI 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.
(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, Data 2020 and 2021, restated, see section 2.3.1.
(5) New indicator - BP and CE combined - Financing of transition projects (energy renovation of housing, green mobility, support for the transition of the activities of our legal entity customers (including Sustainable agriculture, renewable energies) - see section 2.6. CSR reporting methodologies.
(6) New indicator - BP and CE combined - Financing of new real estate (acquisition of new real estate or construction) - see section 2.6 CSR reporting methodologies.

PUBLIC COMMITMENTS THAT MEET DEMANDING INTERNATIONAL STANDARDS

Groupe BPCE has made several long-standing voluntary commitments to scale up its actions and accelerate the positive transformations to which it is contributing.

2003	2010	2018	2019	2020	2021	2022
Global Compact Advanced level	**Principles for Responsible Investment** [1] **Equator Principles** [2]	**Act4Nature** [2]	**UNEP FI**	**Natixis Assurances and Mirova join the PRI Leaders**	**Net Zero Banking Alliance**	**Net Zero Asset Owner Alliance**

(1) 22 affiliates of NIM members of the PRI
(2) Commitment made by Natixis

PARTICIPATION IN SECTORAL WORKING GROUPS

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

SUSTAINABLE FINANCE

In 2022, Groupe BPCE continued its work in commissions created by French authorities and in associations.

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. Within the ESBG (European Savings and Retail Banks Group), Groupe BPCE is particularly active because it chairs the Sustainable Finance Committee and remains very active within the European Association of Cooperative Banks (EACB).

Groupe BPCE is very active in monitoring new regulations on sustainable finance, in particular by responding to consultations:

- Sustainable Finance Disclosure Regulation (SFDR);
- European Green Bonds standards;
- non-financial reporting (response to the EFRAG consultation on the standards to be used to implement the Corporate Sustainability Reporting Directive (CSRD) and to the International Sustainability Standards Board (ISSB) international consultation;
- inclusion of ESG (Environmental, Social, Governance) factors into risk management (CCR3: Capital requirement regulation);
- European Corporate Sustainability Due Diligence Directive (CSDDD);
- definition of green loans (green loans & mortgages).

In 2022, Groupe BPCE also took part in the European Central Bank (ECB) climate stress test exercise, which took place from January to July. The exercise covered credit and market risks on a scope consisting of exposures to the 22 most emissive sectors.

Finally, Groupe BPCE, convinced of the fundamental importance of the energy transition of the economy, will join the Institute for Sustainable Finance (IFD), which will be in charge of federating and amplifying the actions undertaken by the financial institutions of the French marketplace and French companies to complete the energy and environmental transition, but also to lead a permanent and institutional dialog with the public authorities.

FIGHT AGAINST CLIMATE CHANGE

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

- the exit strategy for coal, as part of a global divestment timetable, with firm, transparent and monitored commitments on unconventional hydrocarbons;

- 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.

BIODIVERSITY

Natixis Investment Managers, 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), 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.

2.1.2 Governance taking ESG issues to the highest level

GOVERNANCE THAT DEFINES AND IMPLEMENTS THE MAJOR STRATEGIC CSR GUIDELINES

The Supervisory Board validates, supervises and puts the Group's ESG strategy into perspective. The Chairman of the Management Board and the Executive Management Committee draw up the ESG strategy, ensure its implementation and supervise the Group's risk management (the roles and responsibilities of these bodies are detailed in Chapter 3 - Corporate Governance).

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 2022 fiscal year, the remuneration of the Chairman of the Management Board and the members of the BPCE Management Board 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.

THE GROUP'S ESG STEERING AND GOVERNANCE SYSTEM WAS STRENGTHENED IN 2022

A Group CSR department was created in November 2020, reporting directly to the Chairman of the Management Board. Its missions are to:

- 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 in general and sustainable finance in particular.

The CSR departments of the Group's entities, comprising more than 300 correspondents, ensure the operational deployment of the CSR strategy.

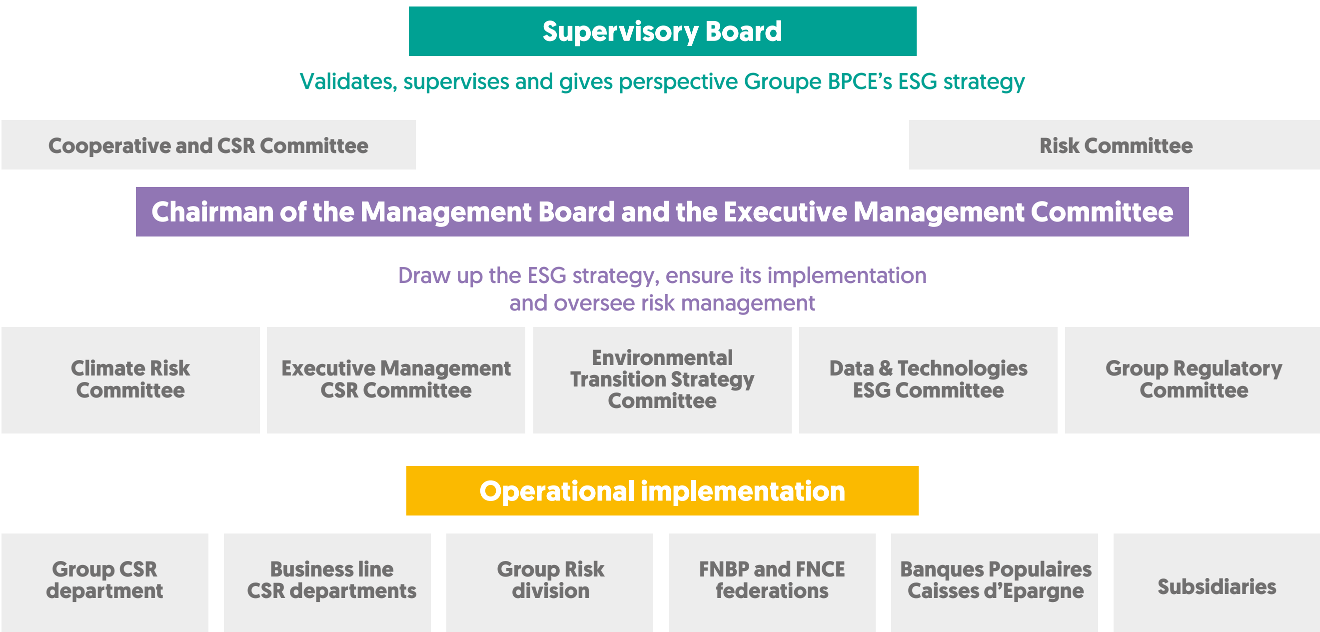
Creation in 2022 of the Sustainable Finance Center

Composed of experts in sustainable finance and reporting to the Group CSR department, its missions are to propose sustainable finance initiatives to the Group's companies, to oversee their implementation in the various business lines and to define the associated measurement tools, standards and policies.

The Group CSR Department manages all projects relating to the Group's ESG issues. The Executive Management Committee (on a quarterly basis) and the Supervisory Board regularly monitor the progress of the various projects. This system makes it possible to check the consistency of the approaches, methodologies and data used by the Group's various business lines. ESG projects cover in particular:

- work on measuring the carbon footprint of portfolios and aligning them with a Net Zero trajectory;
- the deployment of offers, tools and even partnerships to best support customers in their own transition challenges;
- reducing the Group's direct environmental footprint (digital, real estate, mobility, purchasing);
- incorporation of ESG criteria in risk management;
- the implementation of new regulatory requirements (Taxonomy, Pillar III of the EBA, SFDR, MIF II, etc.);
- employee training.

ORGANIZATION OF CSR GOVERNANCE



Role of the various committees

Cooperative and CSR Committee (it met three times in 2022): formulates proposals and recommendations aimed at promoting and translating the cooperative and CSR values, long-term commitment, and professional and relational ethics into the activities of Groupe BPCE and its networks; monitors CSR ambitions and ensures their implementation.

Risk Committee (monthly): supports risk management, examines the overall exposure of the Group's activities to current and future climate risks and draws on the work of the Group **Climate Risk Committee**.

Executive Management CSR Committee (quarterly): validates the strategic priorities in terms of social and environmental responsibility and oversees their implementation.

Environmental Transition Strategy Committee (quarterly): defines the Group's CSR strategy in terms of environmental transition and ensures its implementation.

ESG Data & Technologies Committee (in the process of being created): validates the standardization of ESG data and ensures that the ESG data required for the various uses is distributed to all the Group's information systems.

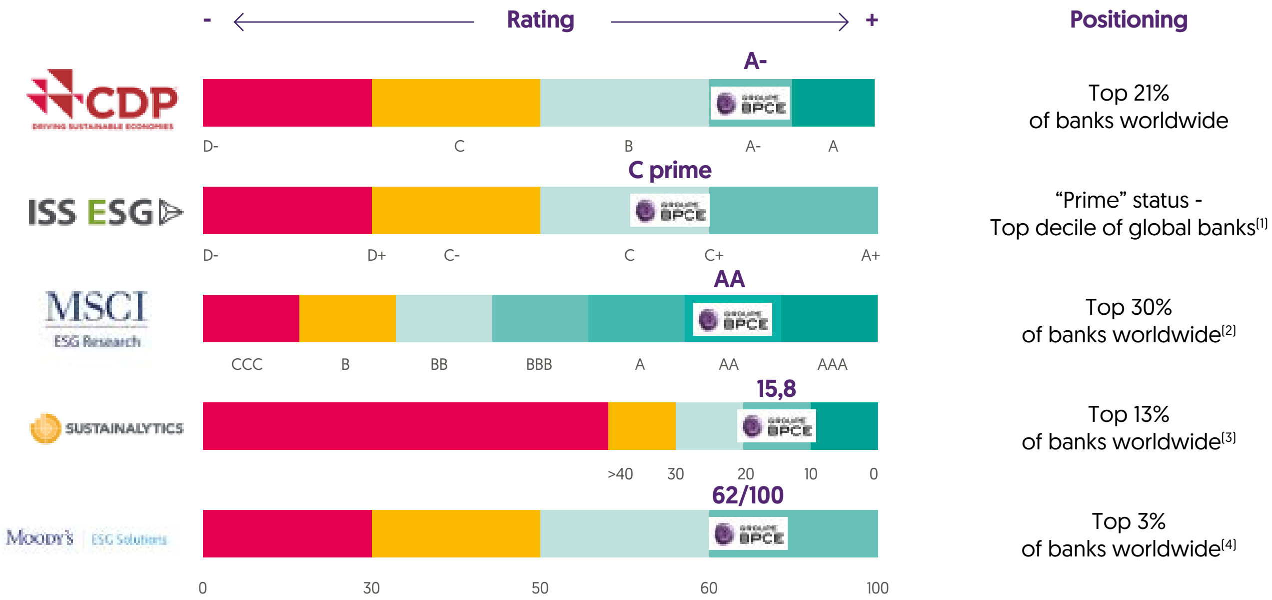
Group Regulatory Monitoring Committee (every two months): ensures regulatory monitoring and the proper implementation of regulatory changes; it deals in particular with CSR regulations.

GROUPE BPCE'S COMMITMENT RECOGNIZED BY THE NON-FINANCIAL RATING AGENCIES

The assessments of the main specialized rating agencies indicate the Group's CSR performance in its reference sector.

In 2022, the Group maintained or improved its performance, with its scores placing it in the upper range of global ratings. The Sustainalytics rating improved in 2022 from 17.9 (Low risk) to 15.8 (Low risk). The CDP rating was maintained at A-.

NON-FINANCIAL RATINGS AS OF FEBRUARY 9, 2023



[1] 2023 Rating;
[2] Panel of 190 banks;
[3] Panel of 415 banks;
[4] Panel of 4,902 financial sector companies

BANQUE POPULAIRE NETWORK AND CAISSE D'EPARGNE NETWORK LABELS

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

LABELS AND CERTIFICATIONS WITHIN THE BANQUES POPULAIRES AND CAISSE D'EPARGNE NETWORKS

Banque Populaire		Caisse d'Epargne	
CSR strategy **Global CSR approach (ISO 26000)**			
Lucie label	3	Lucie label	1
CSR Committed Label (AFNOR)	2	CSR Committed Label (AFNOR)	1
		B-Corp	2
Consumer relations			
Customer service quality: ISO 9001 and Pepp's	3		
Sustainable and solidarity-based products: Finansol and PRI	2		
Environment			
Guaranteed 100% renewable electricity (Engie)	5		
ISO 50001 certification (Energy management system)	1	Environmental certifications: NF HQE/NF tertiary buildings and BBC	7
Green buildings: HQE certification	7	Real Estate: HPE label and BREEAM label	3
Green buildings: Effinergie label	4		
Green buildings: other labels	3		
Responsible purchasing			
Supplier Relations and Responsible Purchasing label	5	Supplier Relations and Responsible Purchasing label	7
Diversity, equal opportunities, discrimination			
Professional equality	8	Professional equality	5
Cancer@Work	3	Cancer@Work	3
Diversity label/Afnor diversity - Inclusion Mixity	1	Diversity label/Diversity footprints and Mixity inclusion/Diversity Charter	5
		Happy Trainees	1

2.1.3 Managing non-financial risks

Each year, BPCE updates the mapping of non-financial risks by applying the methodology developed in 2018 with representatives of the CSR correspondents of the Banques Populaires and the Caisses d'Epargne, the federations of the Banques Populaires and the Caisses d'Epargne, BPCE Achats and the BPCE business line divisions: Human Resources, Risks and CSR. This methodology is based on the risk analysis methodology of the Group's Risk division. Its application is consistent with BPCE's overall risk mapping process.

In 2022, the mapping of non-financial risks presents:

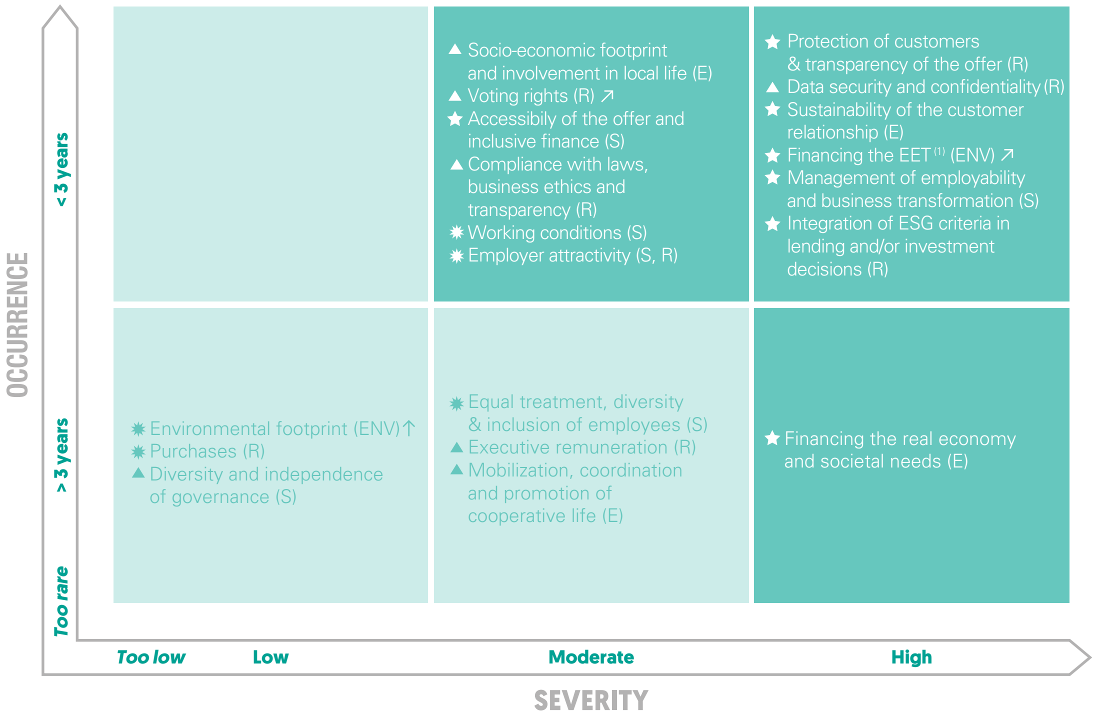
- a universe of 19 CSR risks divided into three types (governance, products and services, and internal operations). Each risk is precisely defined;
- a rating of these risks, according to their frequency and severity. The rating is carried out before taking into account the risk management systems put in place to mitigate them. It is reviewed and updated with representatives of the CSR correspondents and BPCE's various business lines with regard to:
  - changes in regulations,
  - changes in the Group's macro-risk mapping,
  - news from the business lines and institutions,
  - the recommendations of the external auditors,
  - requests from rating agencies and investors,
  - new reporting standards.

In 2022, 18 workshops and bilateral meetings were held with the participation of more than 40 people. The analysis carried out through these workshops led to the identification of 13 major risks to which Groupe BPCE was exposed in 2022:

- socio-economic footprint and involvement in local life,
- voting rights,
- accessibility of products and services & inclusive finance,
- compliance with laws, business ethics & transparency,
- working conditions,
- attractiveness as an employer,
- customer protection & transparency of products and services,
- data security and confidentiality,
- sustainability of customer relations,
- financing of the energy transition,
- management of employability and transformation of business lines,
- incorporation of ESG criteria in credit and/or investment decisions,
- financing the real economy and societal needs.

The main impacts of these non-financial risks relate to environmental, social/societal, economic and reputational aspects. Other risks are addressed in the Registration Document in Chapter 6 "Risk Management".

After two years strongly marked by COVID and lockdowns, working conditions are returning to a more normalized pattern, while employer attractivity presents a more prevalent risk. The pandemic has led to particularly difficult conditions for some of Groupe BPCE's customers. Great attention is paid to supporting the most vulnerable customers. Actions in this direction have been led as part of sponsorship or collaborative team building actions. Supporting all customers on a net zero trajectory remains the common thread of much of the work presented below, both in the regions and in the context of financing and investments made by Groupe BPCE entities.



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

[1] Energy and Ecological Transition

OUR NON-FINANCIAL RISK MONITORING INDICATORS

Identified risks	Objectives	Policies	Monitoring indicators for 2022	Monitoring indicators for 2021	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] (stock) **147,800**	Number of customers equipped with OCF[1] (stock) **141,996**	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	Customer loan outstandings in the BP and CE networks **€658bn**	Customer loan outstandings in the BP and CE networks **€612bn**	Chapter 1
Incorporation 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 institutions[2] incorporating ESG criteria in their credit files: **13 institutions**	Number of institutions[2] that have begun to incorporate ESG criteria in their credit files: **10 institutions**	Chapter 2.3.1
Sustainability of the customer relationship	Delivering satisfactory customer service quality over the long term	Customer satisfaction and quality policy	NPS[3] Individual customers **BP: +14** **CE: +9**	NPS Individual customers **BP: +11** **CE: +4**	Chapter 2.2.4
Customer protection & transparency of the offer	Facilitating all customers understanding of 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 Complaints management	Rate of complaints Information/advice[6] **2.1%** Rate of complaints Unauthorized transaction[7] **1.7%**	Rate of complaints Information/advice[4] **2.8%** Rate of complaints Unauthorized transaction[5] **0.8%**	Chapter 2.2.4
Financing the environmental transition	Define and monitor a financing strategy for projects favorable to environmental transition	Strategy to support customers in the energy and ecological transition	Average outstanding financing for transition projects (in billions of euros)[8] **€4.8bn** Average outstanding financing for real estate renewal (in billions of euros)[9] **€55.6bn**		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 **94%**	Percentage of new community projects with ISS and Privacy support **87%**	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	Voting and engagement policy of Banque Palatine, Ecofi, and certain affiliates of Natixis Investment Managers	Banque Palatine and Ecofi voting and engagement policy	Chapter 2.2.5

Identified risks	Objectives	Policies	Monitoring indicators for 2022	Monitoring indicators for 2021	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 **34%** Amount of purchases made from ISEs **38%**	Amount of purchases made from SMEs **31%** Amount of purchases made from ISEs **31%**	Chapter 2.2.6
Business ethics	Compliance with regulatory requirements, fight against corruption and fraud, 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 **96.4%**	Share of employees having completed code of conduct training **93.6%**	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 **4.5%** Number of workplace accidents with days lost **703**	Sickness absenteeism rate **4.1%** Number of workplace accidents with days lost **600** Sickness absenteeism rate due to pandemic **0.3%**	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) **31h**	Number of hours of training per FTE (in hours per FTE) **30h**	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 **45.7%** Percentage of women among senior executives **33%**	Percentage of women managers **45%** Percentage of women among senior executives **29%**	Chapters 2.4.1 and 2.4.5
Employer attractivity	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 **3.9%** Resignation rate (seniority < 3 years) **1.5%** Resignation rate (seniority > 3 years) **2.4%** Apprenticeship conversion rate **13%**	Resignation rate **2.8%** Resignation rate (seniority < 3 years) **1.8%** Resignation rate (seniority > 3 years) **1.1%**	Chapter 2.4.1
Direct environmental footprint	Measure and reduce the direct environmental footprint	Internal operations carbon reduction strategy	Annual CO_2 emissions **519,818 Teq CO_2**	Annual CO_2 emissions **530,481 Teq 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" claims processed in 2021 with a favorable response/Total number of claims processed in 2021
(5) Number of "unauthorized transaction" complaints processed in 2021 with a favorable response/Total number of complaints processed in 2021
(6) Number of "Information/advice" claims processed in 2022 with a favorable response/Total number of claims processed in 2022
(7) Number of "unauthorized transaction" complaints processed in 2022 with a favorable response/Total number of complaints processed in 2022
(8) New indicator - BP and CE combined - Financing of transition projects (energy renovation of housing, green mobility, support for the transition of the activities of our legal entity customers (including sustainable agriculture, renewable energies). See section 2.6 CSR reporting methodologies.
(9) New indicator - BP and CE combined - Financing of new real estate (acquisition of new real estate or construction). See section 2.6 CSR reporting methodologies.

2.2 Meeting the expectations of civil society

2.2.1 Cultivate our cooperative values in line with the evolutions 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

"Resolutely cooperative and innovative, Banque Populaire closely supports all those who live and work in each region over the long-term." This is Banque Populaire's overall purpose, defined in 2019.

Several regional banks have adapted this purpose to their regional specificities while keeping a common meaning, specific to the Banques Populaires. Three main areas of commitment have been defined, characteristic of Banque Populaire's specificity: regional proximity, entrepreneurial culture, and cooperative and sustainable commitment.

The 5 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 597,000 cooperative shareholders voted. The average total vote rate for the network is 16.8%.

The cooperative shareholders enjoy access to information channels to keep up to date with news about their banks, including newsletters, magazines, and informative 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 2022, more than 500,000 cooperative shareholders were invited to share their ideas on various themes such as "green & CSR" or "supporting young workers". In addition, for the past five years, the Banques Populaires have been organizing the "Faites de la coopération", a week of awareness and discussion around the cooperative model, which is part of Social and Solidarity Economy (SSE) month. On the agenda for the 2022 edition are solidarity sponsorship initiatives to encourage employees to support associations in their region during their working hours, and tools to raise awareness of the cooperative model for advisors (a quiz to learn about the model, and a "dictionary" of essential terms).

In 2022, the Banque Populaire network had 219 directors (and 20 non-voting directors). They are business leaders, researchers and teachers involved in the economic life of their region.

To meet the regulatory requirements for training directors and assessing how the Boards of Directors function, 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.

COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE AT DECEMBER 31

Banques Populaires	2022	2021	2020
Number of cooperative shareholders (in millions)	5.0	4.9	4.7
Percentage of cooperative shareholder customers (as a %)(1)	33.7%	33%	33%
Average value of shares held per cooperative shareholder (in euros)(2)	3,818	4,273	3,269
TS-I (delta between the ratio of highly satisfied customers and totally dissatisfied customers)(3)	33	32	28

(1) Excluding BRED, CASDEN, and Crédit Coopératif.
(2) Data excluding Crédit Coopératif.
(3) Data from the individual customer satisfaction barometer in BP and CE. Internal source: Group Customer Research department excluding Crédit Coopératif and CASDEN.

COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Banques Populaires	2022	2021	2020
Governance bodies			
Number of members of Boards of Directors	222	219	221
Director attendance rate at Board of Directors Meetings (as a %)	86%	77%	89%
Percentage of Board Members who are women (as a %)	46%	48%	46%
Percentage of Board Chairmen and Vice-Chairmen who are women (as a %)	31%	29%	28%
Director training			
Boards of Directors: percentage of members who took at least one training course over the year (as a %)	72%	70%	53%
Boards of Directors: average number of training hours per person[1]	8.0	7.9	4.3

(1) Data including Audit Committee training courses.

CAISSES D'EPARGNE

The CSR & cooperative guidelines constitute the roadmap for the next two years; several objectives have been set as part of the "Active cooperation" ambition, including the rebalancing of the age pyramid of cooperative shareholders and the promotion of membership among employees.

The Caisses d'Epargne had a membership of 4.4 million cooperative shareholders at the end of 2022, the vast majority of whom were private individuals, spread across 185 local savings companies (SLEs), which constitute an intermediate level to strengthen local roots, proximity and the expression of cooperative shareholders.

In 2022, the Caisses d'Epargne continued and developed their efforts to get their cooperative shareholders even more involved in the life of their bank as key stakeholders. The new CSR and cooperative guidelines for 2022-2024 have strengthened the Caisses d'Epargne's ambition in terms of cooperative shareholding. The goal is to increase the number of cooperative shareholders among customers and to offer them privileged access to information and offers from the members' club *via* the unique portal societaires.caisse-epargne.fr. In its region, each of the 15 regional Caisses d'Epargne implements promotional and communication initiatives designed to strengthen its relationship with its cooperative shareholders.

In addition to these media, some of the Caisses d'Epargne have set up feedback mechanisms for their cooperative shareholders and initiatives to raise employee awareness of the cooperative model, in particular during induction days for new members and weeks dedicated to cooperative shareholding, in order to strengthen and rejuvenate membership.

In 2022, Fédération Nationale des Caisses d'Epargne (FNCE), in consultation with the Caisses d'Epargne, conducted a study aimed at giving the Caisse d'Epargne cooperative model a simple, unique and differentiating definition: a Caisse d'Epargne is "a bank-insurance institution that is 100% regional, a pioneer in the transitions taking place in society, and one that belongs to its customer-cooperative shareholders". For more information: www.federation.caisse-epargne.fr

As part of the cooperative governance of the Caisse d'Epargne network, the Fédération Nationale des Caisses d'Epargne, in conjunction with BPCE and the Caisses d'Epargne, supports and trains elected representatives in the performance 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 (SSB), 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 2022, the FNCE developed themes related to environmental transition, climate risks and the cooperative model.

COOPERATIVE INDICATORS: COOPERATIVE SHAREHOLDER BASE AT DECEMBER 31

Caisses d'Epargne	2022	2021	2020
Number of individual cooperative shareholders *(in millions)*	4.4	4.4	4.4
Percentage of cooperative shareholder customers (as a %)[1]	26%	25%	24%
Average value of cooperative shares held per cooperative shareholder *(in euros)*[2]	3,494	3,421	3,374
TS-I (delta between the ratio of highly satisfied customers and totally dissatisfied customers)[3]	27	24	20

(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
(2) Figure calculated based on the "total number of customers" and "outstanding cooperative shares"; cooperative shareholders who are natural persons only. Internal source: cooperative shareholder base dashboard
(3) Data from the BP & CE individual customer satisfaction survey. (Internal source: Group Customer Research division).

COOPERATIVE INDICATORS: GOVERNANCE AND DIRECTOR TRAINING

Caisses d'Epargne	2022	2021	2020
Governance bodies			
Number of members of Steering and Supervisory Boards	283	283	284
Director attendance rate at Steering and Supervisory Board Meetings *(as a %)*	96%	97%	96%
Percentage of Steering and Supervisory Board members who are women *(as a %)*	46%	46%	47%
Percentage of Steering and Supervisory Board Chairmen or Vice-Chairmen who are women *(as a %)*	47%	44%	33%
Director training			
Steering and Supervisory Board: percentage of members who took at least one training course over the year *(as a %)*	96%	99%	89%
Steering and Supervisory Board: average number of training hours per person (basis = 100)	13.1	20.5	12.5

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 AND LOCAL AUTHORITIES (SSE)

BANQUES POPULAIRES

With a portfolio of 176,000 customers, the Banques Populaires support all SSE players in the regions: associations, cooperatives, foundations and mutuals.

The regional network of the Banques Populaires and the national presence of Crédit Coopératif provide SSE players with solutions that contribute to the development of projects with a direct impact in the regions. As true partners of social enterprises, the Banques Populaires offer:

- solutions to strengthen their capital, such as partnership securities;
- tools that meet their major digitization challenges, such as secure flow processing services (*e.g.* Turbo product line) or electronic donation tools (*e.g.* Heoh validated by the ACPR);
- virtuous financing, with the "BP impact" loan (see box).

As a long-standing partner of *Le Mois de l'ESS* (SSE month), the sector's annual highlight, the Banques Populaires and Crédit Coopératif help to promote energy transition and social utility initiatives. Positioned as the long-term cooperative banker for all social enterprises, the Banques Populaires are committed to their customers in all transitions (social, environmental, energy) with solutions that take into account the major challenges of the ecological transition and the development of local employment.

CAISSES D'EPARGNE

The Caisse d'Epargne network is the leading private financier of the social and solidarity economy (SSE), supporting 160,000 local associations, 20,000 associations and 20,000 customers in the historical SEE sectors. The regional banks finance players in the following fields (not exhaustive): medico-social, private education, institutional (foundations, mutual societies, 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, digital technology and mobility and accessibility. This innovative and solidarity-based economy provides answers to the challenges of our regions: ecological transition, issues related to old age, disability, poverty, etc.

In order to provide value-added support adapted to all the specific features of this clientele, the Caisses d'Epargne have long developed a dedicated network of expertise, with 140 account managers throughout France, some of whom are more specifically dedicated to the medico-social/health sector. This commitment is intrinsically consistent with the Caisse d'Epargne's identity and history, as well as with the Group's strategic project, which identifies climate and health as priorities. 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.

In addition to a comprehensive offer on the financing of "Green" investments, the Caisses d'Epargne provide their customers with expertise on the renovation of their real estate assets (three national webinars and several roundtables held in 2022), as well as solutions for finding subsidies to complete their financing plans. In 2022, the first impact loans were made with our SSE customers.

Impact loans, a virtuous financing model

Innovative solutions enable support for SSE players through BP Impact loans (Banque Populaire) to promote the CSR approach of business leaders and Impact loans specially designed for social and solidarity economy players to promote their environmental or social commitment (Caisse d'Epargne).

The interest rate of the financing is subsidized according to the achievement of social or environmental indicators (energy performance, employment of vulnerable people, installation of renewable energy production systems). The customer chooses the indicators to be achieved (defined by the bank) from among societal and environmental themes. The subsidy granted, when the objectives are achieved, can be donated to an association.

MAJOR PARTNER OF LOCAL AUTHORITIES, SOCIAL HOUSING AND THE MIXED ECONOMY

The Caisse d'Epargne network is the leading financier of the French public sector, with total exposure of €45 billion, and offers local authorities and public health institutions a comprehensive range of solutions.

The Caisse d'Epargne network is also very involved in the mixed economy and social housing sectors. As the leading private banking partner of players in these markets, and very frequently holding their share capital and sitting on their Boards of Directors, the Caisse d'Epargne network confirms its long-standing involvement in the public interest. As the second largest private operator of social housing in France, Groupe Habitat en Région, a subsidiary of Groupe BPCE, manages 240,000 housing units throughout the country, housing nearly 466,000 people, with ambitious development and utility objectives.

The Caisse d'Epargne network complements its involvement in regional infrastructure with a strong presence among the various players in the professional real estate sector.

For these sectors, the year 2022 was unique. The geostrategic and macroeconomic context weighed heavily on the entities' spending. High inflation, the rise in rates, soaring energy costs and various supply difficulties put a strain on the 2022 budgets and make the preparation of the 2023 budgets more complex. This context weighs on investment: the overall trend is to reduce the capacity of entities to invest, even though there are strong demands to support major economic (relocation, revitalization of territories, etc.), ecological (energy, biodiversity, etc.) and demographic (housing, aging, etc.) changes.

While entities must accelerate their investments, they are losing room to maneuver. Thus, social housing is far from the 120,000 annual housing units requested, as are renovation expectations, even though it is more efficient in these areas than private housing. The increase in the Livret A passbook savings accounts rate - on which most of its debt is indexed - is a real threat to this sector, with the risk of compromising new construction and the renovation of the stock.

In this complex context, the Caisses d'Epargne are asserting their long-term involvement alongside the players in these markets, working with them to ensure the success of their equipment projects for the benefit of all. They offer:

- a solution to assist in obtaining subsidies, launched in 2021 and to be extended to all institutional markets in 2022: the aim is to assist entities in identifying and mobilizing the many complex aid mechanisms. The investment support policy of European and national authorities further increases opportunities. The Caisse d'Epargne network - by working upstream on projects - offers its customers a new partnership relationship that is much broader than the granting of loans. At the end of 2022, 151 institutional customers had subscribed to this solution;
- dedicated financing proposals: the range is broad, from Green loans for ecological transition investments to impact loans focused on CSR, social and environmental performance. The collaboration with the European Investment Bank (EIB) was confirmed in 2022: the Caisse d'Epargne network benefits from several subsidized budget packages from the EIB for public sports and health infrastructures. An "energy efficiency in public buildings and sustainable mobility" package will be implemented in 2023;

- a broad partnership policy: the system already in place with associations of elected officials, federations (social housing, mixed economy, promotion and health) or associations of directors of entities was enhanced in 2022:
  - partnership with the Association of Rural Mayors in France (AMRF), which represents the 30,000 municipalities with fewer than 3,500 inhabitants, in order to promote investment in these large regions,
  - with the National Association of Elected Sports Officials (ANDES), of which Groupe BPCE is a Premium partner in the run-up to the 2024 Olympic Games, the Caisse d'Epargne network is taking action to promote sport in the regions.

Finally, in 2022, the Caisse d'Epargne will take part in the national days of the "Organismes Fonciers Solidaires" (OFS) with the common objective of promoting the OFS/ BRS (*Bail réel solidaire*) solution to encourage social housing in high-demand areas.

ANNUAL PRODUCTION

Annual production *(in millions of euros)*	2022	2021	2020	Change 2022-2021
Financing the social economy	2,468	2,392	2,241	3.2%
Financing social housing	3,754	3,525	2,837	6.5%
Financing local governments	3,906	4,747	4,546	(17.7)%
TOTAL ANNUAL PRODUCTION LINKED TO FINANCING THE SOCIAL ECONOMY, SOCIAL HOUSING AND LOCAL GOVERNMENTS	**10,128**	**10,664**	**9,624**	**(5.0)%**

GROUPE BPCE, THE LEADING FINANCIER IN THE HEALTHCARE SECTOR

The Banque Populaire and Caisse d'Epargne networks have a leading role 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 Banques Populaires in private hospitals is 30%.

As part of the BPCE 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), in their installation and in their transformation (support for groups);
- French people faced with their dependency or that of their relatives and the improvement of access to healthcare: 57% of French people were or are caregivers, *i.e.* 15 million French people in 2021 (and 20 million in 2040).

  In April 2021, Groupe BPCE published the observatory "Le temps des aidants" (https://groupebpce.com/etudes-economiques/bpcelobservatoireaidants), a new observatory for carers is planned in 2023;
- 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 BANQUES POPULAIRES, THE LEADING BANKS FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)...

As a central player in the financing of the economy, the Banques Populaires network remains the leading French bank for SMEs for the 13th consecutive year (*Source: KANTAR 2021 Barometer*).

Created by and for entrepreneurs, the Banques Populaires operate locally in all regions, where they are the benchmark banking partners of nearly one in two SMEs in France.

In 2022, this presence was reflected in 31,109 face-to-face or remote interviews that made it possible to support companies in an uncertain economic context, linked in particular to the recovery period from the health crisis and the economic difficulties linked to the war in Ukraine.

Positioned as the long-term banker for all companies, the Banques Populaires today support their customers around the major issues of ecological and societal transitions, the development of local activity and employment, and finally, advice in the management of their liabilities and financial assets.

On the strength of this entrepreneurial DNA and in order to consolidate their role as the benchmark banker for SMEs, the Banques Populaires network has implemented new measures:

- resilience SGL: this scheme, negotiated with the public authorities and the Treasury, aims to support companies affected by the war in Ukraine;
- impact loans and "green" solutions (see 2.3.4 "Supporting our customers in the environmental transition");
- new partnership: Banque Populaire has joined forces with the *Conseil National de l'Ordre des Experts-Comptables* (CNOEC) to make managers aware of the importance of the environmental and social transition for their company. This partnership is reflected in communication actions to inform managers about the various impacts (climate risks, regulatory changes, ESG performance criteria) and to promote the importance of implementing a CSR strategy.

Awards, to encourage innovation and CSR know-how in companies

Next Innov BY Banque Populaire 2022 award

For the fifth edition of the Next Innov Award, four BtoB start-ups were recognized by Banque Populaire and Maddyness for their innovation and strong growth potential.

Launch of the first edition of the RénoVert Award

First edition of this award created by the Banques Populaires and the National Union of Real Estate Syndicates to reward the know-how of operators on environmental criteria, quality of life and societal qualities.

In addition, they have reaffirmed their desire to conquer other segments as well: companies with revenues of more than €5 million and medium-sized companies are among the strong development goals set out in the BPCE 2024 strategic plan.

To support the medium-sized customer segment more specifically, the Banques Populaires continued to implement the medium-sized companies program by:

- including the EIG syndication, created at the request of the Caisses d'Epargne;
- launching the "Green Hub Networks". This is a system made up of a team of experts in partnership with Natixis' Green Hub, making it possible to initiate strategic dialog with the strategic customers of the Banques Populaires on environmental and social issues. The objective is to increase the penetration rate of the Banques Populaires in the green and sustainable financing market.

... LEADING PARTNERS OF FARMERS

In the agricultural market, Banque Populaire is the leading bank recommended by its customers, according to the BVA - BPCE 2021 survey, published in July 2021. This survey will be updated in 2023.

The Banque Populaire network supports more than 110,000 agricultural and wine-growing businesses in the region. In 2022, new loans to agricultural companies were €2.5 billion (+12.3% *vs.* 2021).

Banque Populaire's commitment to farmers is structured around:

- savings solutions such as the regulated account, DEP (precautionary savings deduction) in order to support the resilience of farms and farmers in the face of cyclical, structural, health or social uncertainties;
- the implementation of specific professional legacy offers and complete facilities to ensure the renewal of generations while enhancing their asset base;
- the French government's roadmap on the prevention of anxiety and the support of farmers in difficulty, of which Banque Populaire is a signatory: confirmation of participation in national and regional support units and implementation of personalized solutions within the framework of the local relationship with clients. This commitment is also reflected in the implementation of internal training courses for Agriculture customer advisors, dedicated to supporting farmers in vulnerable situations;
- the establishment of partnerships, the organization of, and participation in regional and national initiatives *via* an agri-acting approach, which contributes to the development of the agricultural world. These initiatives include the national agricultural momentum award, a leading award that has promoted farmers and winegrowers for the past 31 years. There is also the membership and the promotion of the association "les agriculteurs ont du cœur" (farmers have a heart) and the "ovinpiades" (shepherds' competition, national and international) in partnership with INTERBEV - the livestock trade association - and the 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 paid in real time and to simplify their daily lives with tailored banking services;
- an equipment loan offer to adapt the production tool or set up operations: INAF loan (national initiative for French agriculture), loans counter-guaranteed by the European Investment Fund, financially supported by the French government with a free guarantee for beneficiaries. In 2022, 290 loans were granted for an amount of €30 million.

THE CAISSES D'EPARGNE SUPPORT THE DEVELOPMENT OF COMPANIES...

With nearly 34,000 corporate customers (VSEs, SMEs and medium-sized enterprises) and strengthened by their local presence, the Caisses d'Epargne provide companies with dedicated, expert and responsive sales teams, with 360 specialized account managers (SMEs, ETIs and large companies) and 110 business centers located in all regions, offering concrete and comprehensive solutions:

- financing investments and the operating cycle and innovation;
- financing the ecological and energy transition;
- international support;
- transfer, disposal or external growth projects;
- insurance solutions;
- day-to-day management and online payment solutions;
- cash flow valuation;
- social policy, retirement and support for the CSR policy;
- optimization of the manager's assets.

In 2022, the Caisses d'Epargne participated as a partner in BPI's Big Inno event at the Accor Arena and are supporting agricultural cooperatives with the implementation of UFG's NeuCP program, enabling them to diversify their range of financing.

Thanks to the neo-business sector, the Caisses d'Epargne are committed to and recognized within the Innovation ecosystem; they have 30 customers belonging to the French Tech 120 (the French Tech benchmark index).

... AND WINEGROWERS

For the past six years, the Caisses d'Epargne have opened 10 wine-growing agencies in the heart of the vineyards with 49 specialist wine-growing advisers and are accelerating their development in all regions with wine-growing potential. All wine-growing regions are now covered by the wine-growing sector.

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

- created expert functions (professional and corporate markets), teams committed and trained in the specificities of these businesses with the opening of agencies and business centers dedicated to wine-growing;
- proposed an adapted banking offer:
  - financing with INAF (*Initiative nationale pour l'agriculture française*) loans to support the ecological transition, short-term loans and equipment leases (95 files for €14 million outstanding),
  - savings with the interest-bearing "Déduction Épargne de Précaution" current account, which allows for saving in anticipation of occupational health, climate or economic risks (124 accounts for €1.2 million outstanding),
  - insurance to cover against climatic risks, and personal protection 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);
- chosen to take the name of Caisse d'Epargne Vitibanque for their viticulture sector.

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. This bi-annual study will be updated in 2023.

CORPORATE & INVESTMENT BANKING SUPPORTS THE DEVELOPMENT OF REGIONS

Natixis CIB distinguishes itself through the development of innovative financial solutions that help its customers align their operations with the sustainable development Goals (SDGs). Corporate & Investment Banking participated in the financing of Reliance Rail's green and sustainable-linked loan, an Australian rail project. This transaction is one of the first on the Asia-Pacific market to be certified both "green" (certified by the Climate Bond Initiative according to its low-carbon transport criteria) and also "sustainability linked". A distinguishing feature of Reliance Rail's Green & Sustainability Linked Loan (GSLL) is that any marginal savings must be used exclusively to finance sustainability improvements rather than to reduce net financing costs.

In Mexico, Natixis CIB acted as Sole Sustainable Structuring Advisor on the first local sustainable bonds "BONDES G" (local Treasury sustainable bonds). The BONDES G notes were issued with a syndicate of several banks and maturities of 2 and 6 years for a total of 20 billion Mexican pesos (US$ 980 million). This is the third time that Mexico has entered the sustainable bond market and it is the first time that Natixis CIB has acted in a local currency issue in Latin America.

This transaction is intended to encourage sustainable investments in Mexico (in line with the Mexican Bonds with sustainable development Goals framework) and is part of the federal government's strategy to achieve the United Nations sustainable development Goals. In addition to meeting these criteria, this new instrument also aims to improve the price discovery process, liquidity, depth and development of the local sustainable market.

Finally, as part of the COP27 in Sharm El-Sheik, the International Development Finance Club (IDFC) published the report "PDBs' catalytic role in achieving the UN SDGs". Natixis CIB was mandated by the IDFC in October 2021 to develop an "SDG alignment framework" for Public Development Banks. This report, written by the Natixis Green & Sustainable Hub, proposes a set of principles and provides guidance on integrating the SDGs into the internal operations and management of IDFC members, and more broadly into their activities.

NATIXIS IM AND ITS AFFILIATES TAKE INTO ACCOUNT THE ECONOMIC OF THE REGIONS AND THE INTEREST OF LOCAL COMMUNITIES

Natixis IM and its affiliates take into account the economic development of the regions and the interest of local communities, in the integration of social aspects in their investment processes but also in their voting policies.

For example, AEW has developed a strategy of investing in real estate assets reserved for disadvantaged populations.

The Ostrum Global Sustainable Transition Bonds fund has several objectives, including the preservation of local economies, the reduction of the carbon footprint, the promotion of social impact and the preservation of ecosystems. The fund's investment process applies a proprietary methodology that analyzes and rates securities, both at the level of the projects financed and the level of the issuers. This rating is enhanced by a new indicator called the "Just Transition Indicator" which pays particular attention to best practices of issuers in social matters, as well as in terms of regional development.

Lastly, the Mirova Insertion Emploi Dynamique fund invests both in listed equities and in the solidarity economy. Its objective is to support job creation in France across its entire investment spectrum: the equity allocation (90%) invests in listed companies that are driving job creation in France. The solidarity allocation (10% maximum), in collaboration with France Active, finances social utility structures in France.

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 2022, the Banque Populaire and Caisse d'Epargne networks continued to develop various inclusive finance mechanisms[1]:

- basic banking services (account entitlement);
- specific offer for financially vulnerable customers (OCF). At December 31, 2022, 147,800 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.

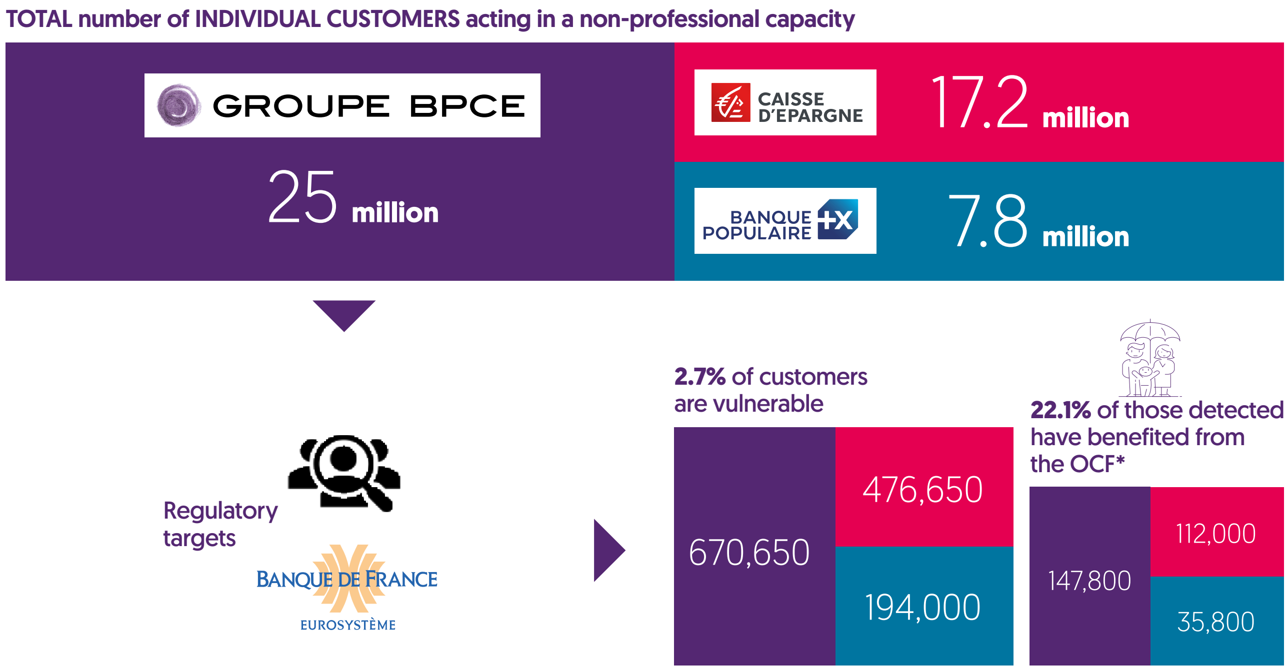
As part of their retail banking activity, the Banques Populaires and Caisses d'Epargne offer a range of protective measures for their customers and apply the right to an account which gives any eligible person without a deposit account, the right to open an account with free basic banking services (SBB). As of December 31, 2022, 51,494 people were beneficiaries of SBBs compared to 51,111 at end-2021.

IDENTIFICATION OF VULNERABLE CUSTOMERS

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

- the 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 irregularities or 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 database managed by the Banque de France: customers without checkbooks due to the issue of checks without sufficient funds or following a withdrawal of their bank card for three consecutive months;
- over-indebtedness, with a case declared admissible by a commission of the Banque de France, with effect for the entire duration of the repayment plan (art. L. 722 of the French Consumer Code), or a case that is being processed.

REGULATORY MONITORING OF FINANCIALLY VULNERABLE CUSTOMERS AS DEFINED BY THE BANQUE DE FRANCE (2022/2021)[2]



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

(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.
(2) Total customers of Groupe BPCE deteted as being financially vulnerable: 670,650, including 845 customers of Banque Palatine and 147,800 customers of Groupe BPCE holding a specific (OCF) offer, including 6 customers of Banque Palatine.

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. These institutions 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 an 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, reduced to €1/month on January 1, 2023, including (non-exhaustive list):
  - a systematically authorized payment card (CPAS),
  - the specific cap on intervention fees and commissions of €4 per transaction and €20 per month. (Article R. 312-4-2 of the French Monetary and Financial Code),
  - capping of fees for payment incidents and irregularities in the operation of the account at €16.50/month;
- a subscription to products providing alerts on the status of the account by text message regarding the level of the account balance.

The concerned institutions provide details of the specific offer for vulnerable customers on their websites.

In 2022, the Caisses d'Epargne made available a new space dedicated to resolving their customers' financial difficulties: https://www.caisse-epargne.fr/clientele-fragile/. Designed to be non-stigmatizing, it presents the entire support system and makes it possible to respond to all customers' difficult financial situations, whether temporary or not. An appointment may be made online.

Three main sections are included:

- banking (OCF, microloan) and extra-banking offers (Orange and vehicle leasing) Solutions to better manage your budget | Caisse d'Epargne (Caisse-epargne.fr);
- advice to help customers manage their accounts and finances on a daily basis (Pilote Dépenses app, practical sheets and links to Budget Advice Points). Take control of your budget | Caisse d'Epargne (Caisse-epargne.fr);
- national partners (Finance & Pédagogie, Parcours Confiance, Créasol). Our partners by your side | Caisse d'Epargne (Caisse-epargne.fr). The Caisses d'Epargne have the option of adding regional partners to their own sites.

A similar project is being developed for the Banque Populaire network.

"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. Since January 1, 2022, 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.

REINFORCING RECEPTION AND LISTENING TO CUSTOMERS IN DIFFICULTY

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 2022, 19 Banques Populaires and Caisses d'Epargne out of 29 institutions had such a system.

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 Association for the Right to Economic Initiative (ADIE). The Banque Populaire banks provide credit lines and replenish the fund with honorary loans for young people. In 2022, with 30% of the refinancing lines granted to 10,944 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. On October 12, 2022, Banque Populaire was present outside the SME show for the Créadie Banque Populaire award.

WITHIN THE CAISSE D'EPARGNE NETWORK

In 2022, the Caisse d'Epargne network maintains its desire to distribute microloans *via* the *Parcours Confiance* associations and the Créa-Sol microfinance institute. Fifty advisors are dedicated to this activity throughout the country, with more than 600 social partners mobilized to support beneficiaries. In 2022, 2,655 personal microloans and 1,290 professional microloans were granted by the Caisses d'Epargne, as well as 2,010 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. As an illustration, more than 1,500 new vehicles were financed thanks to the Caremakers offer, launched in 2017 by Renault, the Action Tank Entreprise & Poverty initiative and the *Fédération Nationale des Caisses d'Epargne*. It allows people in difficulty to access a new vehicle thanks to a lease-to-buy option financed by a microloan. Pioneers in transitions, the Caisses d'Epargne continue to innovate by financing the first new electric vehicles through direct purchase.

SOLIDARITY LOANS - THE BANQUES POPULAIRES AND THE CAISSES D'EPARGNE NETWORKS

	2022		2021		2020		Change in amounts between 2022 and 2021
Solidarity loans (annual production)	**Number**	**Amounts** *(in €m)*	**Number**	**Amounts** *(in €m)*	**Number**	**Amounts** *(in €m)*	
Microcredit	16,605	152.6	15,217	144.6	13,737	118.7	+6%
• Employee data	5,392	19.7	5,505	18.2	5,565	17.9	+8%
• Professional customers	11,213	132.9	9,712	126.4	8,172	100.8	+5%
Other solidarity loans	6,391	569.3	6,526	529.9	5,288	404.6	+7%
TOTAL ANNUAL PRODUCTION OF MICROCREDITS AND SOLIDARITY LOANS	**22,996**	**722.0**	**21,743**	**674.5**	**19,025**	**523.3**	**+7%**

To develop professional microcredit, the Banques Populaires and the Caisses d'Epargne have partnered with major business creation support networks: BGE (formerly Boutiques de gestion), France Active and Initiative France. The Banque Populaire 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 320,000 protected adults at the end of 2022, representing a penetration rate of 43%. 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 2022 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 2022, the Banques Populaires managed 48,849 protected adult customers (data excluding Bred Banque Populaire).

The Group's second largest operator in this area, Crédit Coopératif manages the situation of more than 117,900 protected persons 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. They benefit from a specific training program with a module dedicated to customers in vulnerable situations and a specific module on the right to an account. This training must be taken every five years by individual advisors in the branches and those on the telephone platforms.

In 2022, 1,474 employees were trained on the AFECEI and 13,979 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 or during the 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 2022, 3,607 interventions were carried out with 49,587 trainees: 70% of the topics addressed concern questions on the budget and money in life, 22% are related to banking and banking relations and 8% relate to questions on credit, microloans 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 guiding thread of its commercial approach and has developed the “3D” relationship model, which guarantees the best customer experience in retail banking, which 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 addition to listening to customers, very concrete actions have been taken to ensure that each institution benefits from the Group’s best practices for improving the customer experience.

In terms of customer satisfaction, the BPCE 2024 strategic plan focuses on the branch, the cornerstone of the relationship with our customers: 100% of branches have a positive NPS in 2024.

In 2022, the “net promoter score” (NPS), a benchmark indicator for measuring satisfaction, increased in all markets and overall, 74% of the Caisse d’Epargne branches and 82% of the Banque Populaire branches have a positive NPS. This performance reflects the commitment of all institutions on the fundamentals of customer satisfaction, namely the strengthening of service quality, strong responsiveness to requests, continuity of the relationship and proactivity.

MEASURING CUSTOMER SATISFACTION AT THE BANQUES POPULAIRES AND THE CAISSES D'EPARGNE

	Individual customers			Professional customers			Corporate customers		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
Banque Populaire	**+14**	+11	+3	**+15**	+13	+2	**+17**	+13	+4
Caisse d'Epargne	**+9**	+4	+5	**+6**	+5	+1	**+14**	+12	+2

Number of establishments with NPS>0:
Individual customers:
2018 : 1/27
2019 : 5/27
2020 : 15/28
2021 : 23/28
2022 : 26/28

Number of establishments with NPS>0:
Professional customers:
2018 : 1/27
2019 : 5/27
2020 : 18/28
2021 : 23/28
2022 : 23/28

Number of establishments with NPS>0:
Corporate customers:
2018 : 11/27
2019 : 21/27
2020 : 27/27
2021 : 27/28
2022 : 28/28

2024 TARGET: 100% OF BRANCHES AND BUSINESS CENTERS WITH A POSITIVE NPS

	% at the end of 2022	% at the end of 2021	% at the end of 2020
Network CAISSE D'EPARGNE	74%	64%	39%
Network BANQUE POPULAIRE	82%	78%	60%
GROUPE CREDIT COOPERATIF	91%	85%	72%

COMPLAINT MANAGEMENT

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 possible 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 as follows:

- the branch or business center in charge of the local commercial relationship, is the customer's main contact;
- the customer relations department of the bank or subsidiary may be called upon, even if the answer or solution provided by the customer's main contact is not suitable;
- the mediator, when no solution has been found with the bank, or in the absence of a response from the bank.

The mediator is an independent person who has his or her 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 institutions:
  - 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 2.1% of complaints handled in 2022 and unauthorized transactions for 1.7%, both stable compared to 2021.

In 2022, 59% of complaints were handled within ten days. The average processing time was 14.6 days. Complaints handling times increased in 2022. The growing number of fraud and scam cases, which are often complex, partly explains the increase in processing times.

	2022	2021	2020
Average processing time	14.6 days	12.6 days	10.3 days
% within 10 days	59%	65%	67%

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 the Group's 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.

The Natixis CIB and Natixis IM business lines maintain an active dialog with all stakeholders.

In 2022, Natixis CIB co-chaired the ICMA SLB working group, composed of 150 members (investors, issuers and subscribers). The purpose of this working group is to provide suggestions on how to identify, select and use Key Performance Indicators for Sustainability Linked Bond structuring purposes. The end goal is to provide additional guidance to market participants, arrangers, issuers and investors in their design and assessment of SLBs with an industry entry point, in order to improve clarity and integrity. As co-chair of this working group, Natixis CIB wishes to actively contribute to the establishment of demanding market standards and thus increase market integrity. Natixis CIB will remain involved in the working group in 2023, to pursue this objective and bring new guidelines to the SLB market.

In May 2022, a France-Singapore conference on sustainable finance was organized at the ESSEC Business School and co-organized by the French Embassy in Singapore, the Banque de France and the Monetary Authority of Singapore. Natixis CIB had the opportunity to host the first panel on the impact of biodiversity on the economy and the financial sector, as well as on the role of nature-based solutions. To debate the topic, Natixis CIB invited a panel of financial sector players.

Customer interests are at the heart of Natixis IM's culture and ambition to be a major player in sustainable investment. Dialog with clients and proposals for sustainable investment strategies and products are an essential component of Natixis IM's strategy.

In Europe, Natixis IM maintains close dialog with the main players in sustainable investment, such as NGOs, regulatory organizations (AMF, ESMA, etc.) and professional associations (such as the AFG).

At the international level, Natixis IM is a member of the technical committee of the CFA Institute, which has led to the creation of international communication standards on ESG products. In addition, Natixis IM has established itself as a major player in investor coalitions aimed at promoting sustainable investment, such as the PRI organization, where several affiliates actively contribute to working groups, or the International Leadership Network (ILN) launched by the G20. Natixis IM co-chairs the Climate, Blended Finance and Diversity and Inclusion Committees, which published two reports in 2022:

- a guide for impact finance whose objective is to identify the challenges and opportunities in the sector, particularly public/private financing;
- a guide to help investors meet their portfolio decarbonization goals and seize the opportunities of the transition to a net zero economy.

In addition, several affiliates are members of international coalitions aimed at promoting climate change in investments, biodiversity and natural capital. Ostrum, DNCA, Mirova, and Dorval, for example, are members of the Climate Action 100+ initiative. In addition, Mirova actively supports the TNFD initiative[1], a working group whose objective is to publish data on the impact of companies on natural capital and biodiversity in order to help investors take these criteria into account.

For our external stakeholders, this dialog is also 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;
- 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;

NATIXIS IM: ENGAGEMENT POLICY WITH PORTFOLIO COMPANIES

A company's performance is greatly improved by the investments it carries out for its employees, customers, communities and the environment. Thus, NIM believes that the consideration of ESG factors and the impact of a company's activities on society, climate change and ecological ecosystems in the analysis process leads to better-informed investment decisions and higher financial returns. This goes beyond simply excluding companies with unsustainable or unethical practices, and selecting impact projects and change-makers. A sustainable and responsible investment strategy also includes engagement and voting policies aligned with these objectives.

For example, the consideration of climate risks is explicitly mentioned in the voting policies of many affiliates such as Mirova, Ostrum, DNCA and Ossiam.

Dorval and AEW Europe also closely monitor the greenhouse gas emissions of portfolio companies.

Other environmental issues are also taken into account by our affiliates, such as biodiversity (Mirova, Ostrum, Thematics, DNCA), energy consumption (AEW), waste management (Thematics, DNCA), water management (DNCA), etc.

In terms of social issues, several affiliates seek to promote diversity (Mirova, Ossiam, AEW, MV Credit, Seventure, Flexstone Partners, Vauban IP). In the United States, where diversity is also a major issue, LoomisSayles' voting policy promotes the publication of diversity data for invested companies.

Other social aspects are also highlighted, such as fair pay and, in particular, the gender gap (Mirova, DNCA, Ostrum).

The social climate within companies, health and safety, the human factor and working conditions in the supply chain, the impact on local communities, but also the protection of consumer rights (cybersecurity and personal data management) are also important factors taken into account by affiliates in their voting policies.

Thus, the use of engagement and voting is part of sustainable and responsible management practices to encourage portfolio companies to contribute to solving some of the environmental and social issues, to position themselves to benefit from the resulting macro-economic transitions, and to mitigate the ESG risks to which the company is exposed.

Unlike exclusion, engagement and voting therefore enable NIM's affiliates to contribute to the progress of the companies in the portfolio on environmental and social issues.

Our role as active investors is to hold companies and management teams accountable for their actions and their impact on their ecosystem and to work actively with companies to strengthen strategies and investments in line with climate issues, environmental and societal factors in order to boost the company's performance.

Thus, our relationships with our customers, with portfolio companies and our active participation in coalitions and international initiatives enable our Group, both at the level of Natixis IM and our affiliates, to promote our convictions and our vision in sustainable investment terms and on the international stage.

(1) Taskforce on Nature related financial disclosures

PALATINE ASSET MANAGEMENT AND ECOFI

- 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 2022, 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 UCITs, the French companies whose consolidated shareholding threshold is greater than 0.50% of the market capitalization and finally, foreign companies held with a 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;
- within the subsidiary, Ecofi, one of Groupe BPCE's asset management companies, the voting policy and dialog 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 at all General Meetings of companies invested by its funds under management through shares, without any condition of holding a minimum capital threshold. https://www.ecofi.fr/sites/default/files/2023-01/Politique-Engagement_Ecofi.pdf

In 2022, Ecofi exercised its voting rights at 292 General Meetings, representing a total of 4,530 resolutions submitted to shareholder votes. Ecofi voted "against" 41% of the resolutions, compared to the average "against" rate of French management companies, which stands at 19% (*Source: AFG, 2021 report*). The main purpose of votes against company resolutions concerns the appointment of members of the Board of Directors, followed by executive pay. Ecofi supported 147 resolutions of minority shareholders in favor of good governance and responsible management of environmental and social impacts.

In 2022, Ecofi held individual dialog with 18 companies. A total of 154 questions were formulated on several ESG themes, such as energy transition, human rights, social responsibility policies, governance and involvement in controversial episodes. Ecofi also supported 16 collective dialog initiatives related to energy transition, biodiversity, human rights, employee relations and fiscal responsibility, through the international responsible finance networks of which Ecofi is a signatory. These 16 initiatives made it possible to contact 165 different invested companies. Finally, Ecofi participated in 8 dialog initiatives with institutions related to the following ESG issues: the future European regulation on Due Diligence, biodiversity, the energy transition, executive remuneration, the quality of corporate CSR reports, corporate climate disclosure in the US and access to the Covid-19 vaccine for developing countries.

REPRESENTATION OF THE DIALOGUE WITH ALL GROUPE BPCE STAKEHOLDERS

Customers

Corporates
Institutions
Individuals

- 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

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" 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, ORSE, Global Compact, ESBG, EACB, etc.

- Regular meetings
- Members of the Financial Sector Advisory Committee of the Observatory of Corporate Finance and of the Observatory of Banking Inclusion
- 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

A RESPONSIBLE PURCHASING POLICY

The Responsible Purchasing policy, updated in 2021, is in line with the Group's CSR ambitions and commitments, in which the Purchasing function has an essential role to play. A driver of transformation and development, the Responsible Purchasing approach is part of a global and sustainable performance objective, involving the Group's companies and their suppliers.

In 2022, as part of its continuous improvement approach, BPCE Achats actively pursued the implementation of the following action principles in order to integrate CSR into its purchasing actions:

- incorporate CSR criteria in each of the purchasing stages, with the identification and use of criteria (sourcing of suppliers, eco-design, life cycle analysis, measurement of the environmental impact of goods and services purchased, etc.);
- assess the CSR performance of suppliers during consultations, according to adapted CSR criteria, of the products and/or services subject to the consultations (including the due diligence);

- measure the environmental impacts of purchasing projects, including the carbon impact;
- promote, 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).

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 purchasing process: the implementation of the Responsible Purchasing Policy has been formalized in the general purchasing procedure, the associated tools have been identified and are being developed;
- in purchasing cases by including appropriate CSR criteria in the decision-making process, by indicating in the specifications the CSR performance of the products and services planned and by increasing the weight of the CSR evaluation of suppliers in the decision-making bodies. In 2022, specific CSR evaluation questionnaires were formalized to cover 100% of the 142 purchasing categories in the Group's Purchasing segment: these questionnaires, which are adapted to environmental, social and societal issues, allow for a CSR evaluation of suppliers which, in addition to being a selection criterion during consultations, will also make it possible to identify the CSR areas to be monitored and improved during the execution of contracts and progress plans;
- in the tool for identifying the CSR issues and risks intrinsic to each of the purchasing categories, upstream of purchasing projects, for each of the 142 purchasing categories;
- in the professionalization of the Purchasing function:
  - in addition to the 2021 training courses on Responsible Purchasing, in order to contribute to the transformation of the Purchasing Function, a training course on the ISO 20400 standard has been developed and deployed for the Purchasing Function with Afnor,
  - all purchasers were trained in the CSR risk tool for the 142 purchasing categories.

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.

Responsible purchasing as part of the WELL program

The WELL program has redefined our working environment and working model with a set of new equipment and services. CSR criteria were included in all calls for tenders related to the program, with a weighting of 20% in the score awarded to suppliers. Specific criteria per purchase category were applied, for example:

- IT equipment: obligation for suppliers to specify the carbon footprint of their equipment and to choose eco-labeled products;
- furniture: obligation to provide the origin of the wood, to limit pollutant emissions and to choose certified products;
- household appliances: partly purchased as refurbished from work integration companies;
- catering: development of a range of vegetarian/organic/local/seasonal products, fight against food waste.

PROMOTING A SUSTAINABLE AND BALANCED RELATIONSHIP WITH 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.

Fourteen Groupe BPCE companies are committed to the progress approach induced by 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, Banque Populaire Rives de Paris, Caisse d'Epargne Île-de-France, Caisse d'Epargne Midi-Pyrénées, Caisse d'Epargne Rhône Alpes, Caisse d'Epargne Aquitaine Poitou-Charentes, Banque Populaire Grand Ouest, Caisse d'Epargne Bretagne Pays de Loire, Caisse d'Epargne Grand Est Europe and BPCE SA.

In 2022, the Caisses d'Epargne Rhône Alpes, Aquitaine Poitou Charentes and Banque Populaire Grand Ouest renewed their Label, with the support of BPCE Achats.

PAYMENT TERMS

In 2022, BPCE Achats continued to conduct groupwide surveys to measure payment times, the results of which are included in the Group's Purchasing reporting tools.

In 2022, the average payment terms observed, all companies combined, were 28 days from the issue date of the invoices.

2.2.7 Extend our actions for society through committed sponsorship

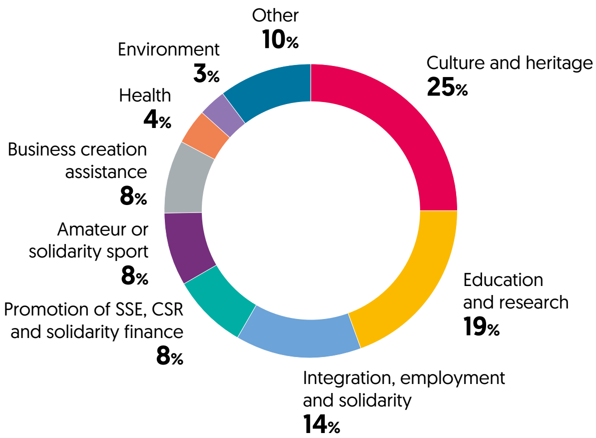
BANQUES POPULAIRES SPONSORSHIP

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, the 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 2022, the Banque Populaire network's sponsorship represented more than €15 million (sponsorship, foundation excluding partnerships)

DONATION AMOUNTS BY CATEGORY



The Fédération Nationale des Banques Populaires has a policy of partnerships and patronage *via* its endowment fund.

This policy of partnerships and patronage strengthens the social impact of the Banques Populaires on the three pillars of its *raison d'être* (entrepreneurship, cooperative and sustainable commitment, local proximity). 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. 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 démocratie (formerly the Institut Universitaire Varenne), in the "Private Law of Economic Activities and Financial Cooperatives" category.

Cooperative and societal footprint

Because their model has been cooperative for more than 100 years, the Banques Populaires carry out multiple actions in the heart of the regions that serve the general interest and society. Each year, they list these actions under the cooperative and societal footprint. In 2021, they carried out more than 3,800 local actions for a total amount of €117 million. This represents 1.7% of Banque Populaire's NBI and 6.3% of Banque Populaire's income before tax.

The Banques Populaires cooperative report "Our commitments, our proof" is available at the following address: bilan-coop-rse-21.pdf (fnbp.fr)

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. In 2022, the Foundation celebrated its 30th anniversary and supported more than 944 life projects.

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 2022, sponsorship represented €22.8 million and 1,216 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. By engaging in the evaluation of sponsored projects, the Caisses d'Epargne measure the contribution of the projects financed in terms of social innovation and impact on the beneficiaries and on their territory.

Call for projects #UtileEtSolidaire avec les jeunes

With the call for projects "*#UtileEtSolidaire avec les jeunes*", which is at the heart of their sponsorship policy, the 15 Caisses d'Epargne wish to provide a response to local needs by supporting initiatives in the service of young people, who have been particularly affected by the crisis.

More than 700 projects have been submitted online on the dedicated platform.

Through the Pacte Utile, the Caisses d'Epargne intend to promote the practice and values of sport and culture by supporting 143 projects for a total of €3.1 million.

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

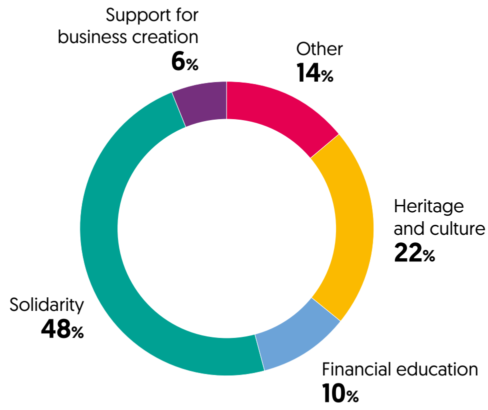
The purpose of the endowment fund of the Caisse d'Epargne network is to encourage and support actions of general interest aimed at combating exclusion and poverty, particularly in banking and financial situations, and to support humanitarian actions and assistance programs.

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: EMPLOYEE INVOLVEMENT IN SOLIDARITY PROJECTS

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.

Several schemes are offered within the company in France and internationally, in partnership with numerous non-profit organizations (NGOs, local associations) to enable everyone to get involved according to their availability and desire for engagement.

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.

In addition, in 2022, Natixis supported the "Environment and Development" program carried out by Planète Urgence in Madagascar, which aims to strengthen the capacities of community organizations in several areas of the country in order to protect their ecosystems, improve their livelihoods and increase their resilience.

Since 2019, Natixis has been offering its employees in France a simple and participative generosity scheme: salary rounding. It allows them to support one of the five proposed associations: Action contre la faim, Terre de Liens, France Alzheimer, Onu Femmes and Sports dans la ville. The monthly microdonation is deducted directly from the payslip, and Natixis doubles the amount of donations. Three years after its launch, nearly €200,000, including the company's contribution, were donated to the five beneficiary associations.

Finally, several mentoring or peer support schemes are offered to employees to support the education and integration of young people. Natixis supports the Nos Quartiers ont du Talent (NQT) ("Our Neighborhoods have Talent") association and Natixis Investment Managers has initiated a partnership with the Sport dans la Ville association. Since 2022, Natixis Foundation has expanded these programs by supporting young people supervised by the Unis-Cité, Sport dans la Ville and Télémaque associations, which work to promote equal opportunity and environmental protection among young people. Natixis Foundation organized face-to-face and remote coaching workshops to enable these young people to practice for job interviews.

The Young Talents program from Sport dans la Ville

In September, 14 young people from the association's Young Talents program took part in the second edition of the V.I.E. (French international internship) Forum in Paris. With the objective of an international career, students from priority neighborhoods met, with the support of the Natixis Foundation, with representatives of GFS and ten or so of the association's partner companies to apply for international volunteer positions after receiving coaching in English from our employees.

In the US, Young Talents were also hosted at the offices of our affiliate partner Harris Associates in Chicago, and spent time in New York at Natixis CIB Americas and in Boston at Natixis Investment Managers. Employees interacted with groups, with a focus on exploring various careers in financial services.

NATIXIS FOUNDATION

Natixis Foundation, created in 2020, supports projects and public-interest initiatives that address both environmental protection and solidarity, with the goal of lasting impact. Its purpose is to facilitate the commitment of all Natixis employees to a just transition.

In its first two years of operation, Natixis 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 co-constructing the projects, evaluating them, voting for their favorite projects, and proposing actions within the framework of the foundation's first two calls for collaborative projects.

Natixis Foundation defined three priority areas of action: the professional integration of young people and education, the circular economy and biodiversity. In 2022, Natixis Foundation supported;

- the professional integration of young people through biodiversity protection missions, in partnership with the Unis-Cité association, through environmental protection awareness missions in partnership with the Télémaque, Sport Dans la Ville, Pour Un Sourire d'Enfant associations and with the make.org foundation;
- aid to the needy by fighting against food waste, in partnership with the associations Linkee and Banco Alimentare;
- aid to people in professional reintegration through the renovation of toys, in partnership with the association Rejoué;
- the improvement of the quality of biodiversity, respectively in rural and mountain areas, in partnership with the Fondation Terre de Liens and the Mountain Wilderness France association;
- research projects on water and plastic pollution coupled with awareness-raising for young people with the association Expédition 7ème Continent.

SOLIDARITY WEEK

In November 2022, the company organized for the second time a global week dedicated to the commitment to solidarity among its employees around the world. Natixis employees were able to get involved in the fight against exclusion, support for education and youth, support for health and the disabled, and environmental protection.

Natixis Solidarity Days

Following the success of the pilot operation launched in 2021, Natixis has extended its system of solidarity days offered by the company. In France, more than 250 employees spent a day holding various workshops in some twenty associations and a toy drive was organized for the benefit of the Rejoué association. In addition, solidarity days were organized in many international locations, for example in London.

SOLIDARITY TEAM BUILDING

In 2022, Natixis launched a solidarity team building pilot scheme, enabling employees to come together as a team within an association financially supported by the Natixis Foundation and to carry out useful activities in connection with disadvantaged people. Teams were welcomed by the Rejoué association, which gives a second life to toys thanks to the work of people in social integration, Parti Poétique, which develops activities around the themes of Nature-Culture-Food in an urban farm in Saint-Denis and provides food aid to the most disadvantaged inhabitants, and finally the Télémaque association, which brings together Natixis employees and underprivileged young people in a treasure hunt on biodiversity.

INTERNATIONAL HUMANITARIAN AID

Faced with the unprecedented situation in Ukraine, the principle of a groupwide solidarity initiative was announced for the benefit of civilians affected by the conflict. Global Financial Services (GFS) thus decided to contribute €1 million, including €250 thousand contributed by Natixis Foundation. Thanks to the joint effort of all Groupe BPCE companies, nearly €5 million will be donated to the French Red Cross.

SEVERAL AFFILIATES HAVE DEVELOPED SPONSORSHIP AND PHILANTHROPY ACTIVITIES FOR LOCAL COMMUNITIES

Mirova, for example, launched its "Mirova Forward" endowment fund aimed at supporting projects serving the general interest and having a positive impact for society and the planet. In March 2022, Mirova Forward signed a three-year sponsorship with WWF France for a project to protect freshwater ecosystems formed by glacial retreat, as well as a project to support sustainable water-saving agriculture.

AEW, through its Charitable Giving Committee, encourages its employees to propose initiatives that have a positive impact on local communities: the projects supported have targeted, for example, the sectors of education, the environment, health and poverty. AEW also encourages its employees to volunteer for initiatives to support local communities during their working hours.

2.2.8 At the heart of the sports economy

AS SPONSORS, PATRONS AND COMMITTED PLAYERS, GROUPE BPCE AND ITS COMPANIES ARE AT THE HEART OF THE SPORTS ECONOMY

Committed to sailing and surfing, Banque Populaire values daring, dynamism and performance. As a major partner of handball, basketball and skiing in France, the Caisse d'Epargne supports sports that bring people together and celebrate community life. Since 2007, Natixis has been involved in rugby, sharing its values of a winning spirit, collective strength and diversity of talent.

SHARING MORE THAN THE PARIS 2024 GAMES IN ALL REGIONS

In perfect harmony with its DNA and this historic commitment to sport, Groupe BPCE and its companies have been Premium Partners of the Paris 2024 Olympic and Paralympic Games since January 1, 2019. The Banques Populaires and the Caisses d'Epargne are also official sponsors of the Paris 2024 Olympic and Paralympic Torch Relays.

More than a simple image and marketing commitment, this partnership contributes to several ambitions of Groupe BPCE: to become the benchmark banking player in the sports economy; to place these Games in a historical perspective and to participate fully in the legacy of Paris 2024 through actions in terms of inclusion, diversity and environmental excellence.

This partnership is a unique opportunity to unite the 100,000 employees of Groupe BPCE around the values of team spirit and initiative, surpassing oneself and solidarity. This is demonstrated by the creation of the IMAGINE 2024 internal mobilization program launched in 2019.

IMAGINE 2024

With the aim of making each employee the leading ambassador for the Paris 2024 Games, Groupe BPCE has implemented an ambitious internal mobilization system. Called IMAGINE 2024, it has several objectives: to encourage employees to take part in sport; strengthen cohesion between teams from a wide range of backgrounds; initiate a commitment to the Paris 2024 Games. Two variations of this program can be highlighted. First, the creation of the Team IMAGINE 2024 collaborative platform, open to all Group employees. It now has 24,600 registered members. Next, the organization of the second edition of the internal sporting challenge, the Défi IMAGINE 2024, brought together more than 1,200 Groupe BPCE employees in Tignes (French Alps) in May 2022.

CONCRETE ACHIEVEMENTS

To help everyone experience this unique adventure, all Groupe BPCE companies are mobilized throughout the country. The Entreprendre 2024 program, which was launched in early 2020 to support local VSEs, SMEs and SSEs in their responses to the Paris 2024 calls for tenders, has raised awareness among more than 3,000 companies and partners through events and communications organized by the Group's entities.

The Group's companies are also supporting 205 athletes (71% able-bodied and 29% para-athletes), representing 29 disciplines, in their preparation for the Paris 2024 Olympic and Paralympic Games, but also in the realization of their professional projects by supporting the French Sports Foundation and the Performance Pact.

New publications by BPCE L'Observatoire dedicated to the sports economy have also made it possible to promote and develop the sport sector in all our regions. The last edition published at the end of January 2023, in particular, deepened the analysis of the transformations of the practice of sport, and highlighted the fundamental role of local authorities in the financing of sport. It also evaluated, for the first time, the weight of this sector in the French gross domestic product based on the contributions of all the players in the sport sector. These are all keys to understanding the scale of the impacts but also the challenges of this economic sector in its own right.

€150 million for sports facilities

The renovation and improvement of sports facilities is a major challenge for local authorities. To meet this challenge, the Banques Populaires, the Caisses d'Epargne and Crédit Coopératif, together with the EIB, have approved a package worth €150 million, a first in Europe. Local authorities and public institutions will be offered subsidized financing for the renovation or extension of sports facilities in an amount between €40,000 and €25 million.

As the leading financier of local authorities, Groupe BPCE, through its brands, is already involved in the financing of major projects (Orange Vélodrome stadium in Marseille, Paris La Défense Arena, etc.). With the implementation of this new budget, it further strengthens its positioning as a benchmark bank for local authorities and its commitment to the regions.

2.3 Be a major player in the environmental transition

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.

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, 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 its customers in their own transition challenges, whether in terms of financing, savings or insurance, with a dimension of advice and structured strategic dialog, 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.

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.

The Climate Risk division was created on January 1, 2019 within Groupe BPCE's Risk division. In 2020, dedicated risk correspondents were appointed in the risk divisions of the Banque Populaire and Caisse d'Epargne networks, and 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 defines and implements Groupe BPCE's climate risk supervision system. The operational integration of this system in the institutions will make it possible to better integrate climate risks into the Group's risk appetite.

The Climate Risk Committee, created in 2020, is chaired by the Chairman of the Management Board. This decision-making and monitoring committee deals with climate issues from a cross-functional perspective for the Group and its various business lines. It is in charge of examining the Group's main existing or potentially emerging climate and environmental risk areas. It develops scenarios and validates the climate stress test transition matrices to assess the resilience and vulnerability of the Group's business model. More specifically, in 2022, the Climate Risk Committee validated the update of the remediation plan to the ECB's guide on climate and environmental risks, following the ECB's thematic review carried out during the first half of 2022.

EXCLUSION POLICIES IN SENSITIVE SECTORS

In order to limit the human and environmental impacts of its financing, investment and insurance activities, Groupe BPCE has withdrawn from activities with the highest emissions and has developed sectoral policies, including exclusion criteria, to regulate its activities in the most sensitive sectors.

COAL

Coal, responsible for around 45% of human emissions, is the leading source of the global temperature rise.

Since 2015, Natixis 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, Natixis CIB prohibits any general-purpose financing[(1)] for companies whose business is more than 25% derived from thermal coal.

In 2021, Groupe BPCE extended its coal policy to all of the Group's financing activities: it aims to gradually reducing its exposure to thermal coal to zero by 2030 for its activities in the European Union and OECD countries and, by 2040, for its activities in the rest of the world.

BPCE Assurances and ten Natixis Investment Managers management companies have also implemented an exclusion policy in the coal sector. These companies do not invest in companies where more than X% of revenues come from coal-fired power plants and/or thermal coal mines. This threshold varies between 0% and 25% depending on the asset management company.

(1) Non-dedicated corporate financing, when the facilities are used for the general needs of the company or its operations (working capital, pre-export financing, sale and trading of oil and gas products, etc.)

At the end of September 2022, Groupe BPCE's exposure to coal industry financing represented less than 0.12% of the Group's total exposure to corporate loans, *i.e.* a residual amount of less than €0.4 billion.

https://groupebpce.com/rse/acteur-de-la-transition-environnementale

HYDROCARBONS (GFS SCOPE)

As part of its oil & gas policy (first publication on November 23, 2018 and last updated on September 21, 2022), Natixis CIB stopped financing:

- shale oil and gas exploration and production projects;
- projects to explore, produce, transport, store or export oil extracted from oil sands or extra-heavy oil;
- companies where 25% or more of the activities fall within these exclusions;
- oil and gas exploration and production projects, onshore or offshore, in the Arctic.

In addition, Natixis CIB has set itself the target of reducing its exposure to hydrocarbon exploration and production activities by 15% (compared to 2020) by 2024.

Oil and gas policy update

In 2022, Natixis CIB continued its divestment from activities with the highest emissions by updating its oil and gas policy: Corporate & Investment Banking extended the scope of its investment commitment in the Arctic beyond production and oil exploration by adding gas to the new restrictions, in accordance with the Arctic Monitoring and Assessment Program (AMAP). Only projects located in the Norwegian Sea, West Shetlands and Barents Sea will be maintained, given their high environmental standards and low operational carbon footprint.

https://natixis.groupebpce.com/wp-content/uploads/2022/11/220929_revised_esr_sector_policy_oil_gas_august.pdf

Since February 2023, Natixis CIB has decided to strengthen its exclusion policy in the oil sector and will not participate in any project financing dedicated solely to the development of oil fields before they come on stream.

BPCE Assurances and ten Natixis Investment Managers management companies have also implemented an exclusion policy in the oil and gas sector. These Companies do not invest in companies where more than X% of revenues come from unconventional oil and gas. This threshold varies between 0% and 25% depending on the asset management company.

DEFENSE INDUSTRY (GFS SCOPE)

GFS excludes the financing, investment and provision of services to companies involved in the production, storage and trade of anti-personnel mines and cluster munitions. To limit negative impacts on human rights as well as for peace and stability, this sectoral policy also sets precise criteria in the conditions for carrying out transactions, in particular those relating to export and import countries.

BPCE Assurances and twelve Natixis Investment Managers management companies have also implemented a policy of excluding companies involved in anti-personnel mines and cluster munitions.

https://natixis.groupebpce.com/wp-content/uploads/2022/08/200909_final_amended_cl_defense_policy_eng_v7.pdf

TOBACCO INDUSTRY (GFS SCOPE)

Natixis committed in December 2017 to cease all financing for and investment in tobacco producers, wholesalers and traders, as well as manufacturers of tobacco products. Following its commitment, GFS published a detailed sectoral policy in the tobacco sector.

https://natixis.groupebpce.com/wp-content/uploads/2022/08/180518_-_cl_tobacco_policy_-final-vf.pdf

BPCE Assurances and twelve Natixis Investment Managers management companies have also implemented an exclusion policy in the tobacco sector. These companies do not invest in companies where more than X% of the revenues come from the tobacco industry. This threshold varies between 0% and 10% depending on the asset management company.

OTHER INDUSTRIES (GFS SCOPE)

Natixis CIB 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.

INCORPORATION OF ESG CRITERIA INTO FINANCING ACTIVITIES

Various tools have been developed to provide for the incorporation of ESG criteria into financing activities. These tools are adapted to the challenges identified for the different types of customers carried by retail banking and Corporate & Investment Banking.

RETAIL BANKING

ESG criteria have been systematically integrated into sectoral policies since 2018 at the rate of sectoral policy updates. 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 sector of activity is assessed on the basis of criteria related to physical climate risks, transition risks and other environmental objectives, in accordance with the European taxonomy (protection of aquatic and marine resources, circular economy, biodiversity, pollution) to which are added elements of a social and societal nature and finally on sustainable governance. 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.

The review of climate and environmental issues comes from the ESG 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, the development of tools to incorporate ESG criteria within the bank continued with work on:

- the in-house Clim'Ap tool 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. By extension, this tool will help identify the degree of exposure to climate risk of the Group's customers;
- the ESG questionnaire sent to corporate customers, co-constructed with eight pilot institutions, with the aim of gaining a better understanding of customers' practices, initiatives and issues on these questions. 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. Thirteen Group institutions indicate that they integrate ESG indicators in their credit granting processes, based on data collected in public customer reports or during a dedicated strategic dialog. The questionnaire was made available to institutions in early 2023;
- 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.

CORPORATE & INVESTMENT BANKING

In the financing business lines, ESG risk management is part of a global approach involving the 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, such as the Green-Weighting Factor, which assesses the client's environmental transition issues, and the ESR Screening Tool, which presents a detailed sectoral analysis adapted to the customer.

As a signatory of the Equator Principles, Natixis CIB 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 process is enhanced by an in-depth analysis of the ESG impacts for each corporate customer *via* the "ESR Screening" tool. This tool, introduced in 2020, makes it possible to identify, assess and monitor environmental, social and governance (ESG) risks throughout the client onboarding and credit approval processes for Natixis CIB's corporate customers. The ESR Screening has two levels of assessment:

- during the KYC (Know Your Client), each client company is assigned a level of vigilance based on an ESR questionnaire covering four themes (controversies to which the client may be exposed, sectors in which the client operates, maturity of the management system risks and type of business relationship with Natixis);
- during the loan approval process, the clients, who have been identified as being the most at risk, are subject to an in-depth analysis (16 risk dimensions covering ESG factors are taken into account and analyzed according to their materiality). The findings are communicated to the decision-making authorities.

All of these systems, including CSR policies in the most sensitive sectors, the application of the Equator Principles to project financing and the assessment of ESG risks as part of ESR screening, enable Corporate & Investment Banking to comply with the legislative obligations of the Due Diligence Act.

INCORPORATION OF ESG CRITERIA INTO ASSET MANAGEMENT ACTIVITIES

Natixis Investment Managers and its affiliates are convinced that a credible decarbonization strategy will help attract players seeking to reallocate capital to companies committed to the low-carbon transition. Natixis IM supports its customers in their transition to carbon neutrality through four strategic pillars:

- assess: in 2022, Natixis Investment Managers set up an analysis platform called ESG and Climate Portfolio Clarity, which makes it possible to assess, within customer portfolios, investments that may be impacted by climate change and be exposed to climate risks, both physical and transition;
- design an asset allocation in line with the Net Zero trajectory: the strategy to contribute to achieving carbon neutrality depends on the initial asset allocation of the portfolio as well as the investor's risk and return objectives and constraints. A tailored approach is therefore necessary to meet the specific objectives and targets defined by each customer. Each year, Natixis IM helps its clients to readjust their asset allocation according to new information and the progress made by the portfolio companies as well as emerging regulations and technologies;
- invest: with €396 billion in assets under management classified under Articles 8 and 9, €30.5 billion invested in sustainable bonds, €534 million invested in natural capital at December 31, 2022, the affiliates of Natixis IM offer a range of funds and individual mandates with a strategy of investing in the fight against climate change:
  - design and implementation of decarbonization strategies for all portfolios while maintaining financial performance objectives,
  - investment in green investment products,
  - carbon offsetting where possible and necessary;
- help increase transparency: Natixis IM has built the analytical platform to meet customers' reporting needs.

INCORPORATION OF ESG CRITERIA INTO INSURANCE ACTIVITIES

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.

CLIMATE RISK ANALYSIS APPLIED TO THE LIQUIDITY RESERVE

A 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. Since December 2021, investments in counterparties with a non-financial rating of D+/D/D- are excluded following a decision by a Group Asset/Liability management Strategy Committee which applies to all Group institutions.

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.

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 financing, asset management and insurance business lines 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 objectives SMART (specific, measurable, additional, relevant, time-bound) were 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:

- include biodiversity in its strategic plan for 2021-2024;
- support the environmental transition of its customers by systematically integrating biodiversity issues into its sustainable finance offering;
- measure the impact on biodiversity of its customers, its financing, some of the assets managed on behalf of third parties and real estate investments;
- incorporate biodiversity criteria into the ESG (Environmental, Social and Governance) analysis, shareholder dialog for the sectors for which biodiversity is the most important and in real estate investment decisions;
- avoid, reduce and offset its impact on biodiversity, whether direct or derived from its financing activities;
- train and raise employee awareness of biodiversity issues;
- actively contribute to the emergence of market standards 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 at this link:

https://www.act4nature.com/wp-content/uploads/2020/06/NATIXIS_VF-10-06-2.pdf

Natixis CIB and EDF sign a credit facility indexed to Climate & Biodiversity criteria, in line with their respective commitments

Natixis CIB and EDF signed a revolving credit facility of €300 million at the end of December 2022, the cost of which will be indexed to two key performance indicators (KPIs) of the EDF group in terms of sustainable development. By signing this agreement, EDF reaffirms the central role of sustainable finance tools in its financing strategy. Revolving credit facilities indexed to ESG (Environmental, Social and Governance) criteria now represent €9.1 billion, *i.e.* more than 75% of all EDF group credit facilities with an ambition to reach 100% in the coming years.

A first, this transaction is consistent with the shared ambitions of EDF and Natixis CIB in favor of biodiversity, both signatories of the voluntary schemes: "Entreprises Engagées pour la Nature" and "act4nature international".

INCORPORATION OF SPECIFIC BIODIVERSITY CRITERIA INTO FINANCING DECISION-MAKING PROCESSES

The Green Weighting Factor makes it possible, on a rating scale composed of seven colors ranging from dark brown to dark green, to determine the climate performance adjusted for exposure to the most material non-climate environmental externalities (water, waste, biodiversity, pollution) of all of its financing outside the financial sector.

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 at COP 15.

2.3.2 Aligning portfolios with a Net Zero trajectory

Groupe BPCE is committed to aligning its financing and insurance portfolios. The objective is to achieve carbon neutrality by 2050.

The Group's contribution to compliance with the Paris Climate Agreement requires the definition of methodologies and indicators and the setting of intermediate targets.

Already a pioneer at a global level with the development of the Green Weighting Factor within the Corporate & Investment Banking scope, Groupe BPCE is constantly deepening its methods for assessing the climate performance and aligning its portfolios through its Green Evaluation Methodology colorization approach. The objective being to achieve carbon neutrality by 2050, the Group has joined international alliances, such as:

- the Net Zero Banking Alliance initiative for its banking activities in July 2021;
- the Net Zero Asset Owner Alliance for its insurance activities in October 2022.

The Green Evaluation Methodology approach to coloring our financing portfolios leads to the evaluation of their climate performance and the transition potential of our customers. It is intended to guide commercial actions, with priority given to the most emissive sectors.

"Net zero" initiatives strengthen and complete the framework for managing the climate alignment of our portfolios based on targets comparable to those published by our peers.

The need to advance measurement and improve the quality of climate data is a common issue for all companies and institutions. Groupe BPCE is therefore committed to monitoring and integrating the latest developments in terms of data, scientific scenarios, standards or carbon assessment methodologies and alignment with a carbon neutrality trajectory.

> Detailed information on the commitments and measures is available in the TCFD report: https://groupebpce.com/en/csr/actor-in-the-environmental-transition

CLIMATE PERFORMANCE OF FINANCING PORTFOLIOS

The internal assessment process known as Green Evaluation Methodology is being rolled out to assess Groupe BPCE's overall climate profile. This approach is based on the Green Weighting Factor (GWF) tool historically developed for the Corporate & Investment Banking portfolio. It is adapted to the specific nature of the Group's other portfolios (particularly those of retail banking) and to the sector of each counterparties considered (customers, projects).

The Green Weighting Factor is a tool for assessing the climate performance of large corporate financings. It has been developed by Corporate & Investment Banking since 2018. It thus became the first bank in the world to actively measure and manage the climate impact of its balance sheet through a color-coded measurement.

The Green Evaluation Methodology rating uses the color scale defined by the Green Weighting Factor with seven levels, from "dark brown" to "dark green".

The ratings obtained are used by the Group to:

- engage in strategic dialog with customers and structure financial products adapted to the support needs of counterparties;
- dynamically manage exposures;
- implement strategic planning of commercial actions in line with portfolio alignment commitments.

Methodologies for assessing customer climate performance and the reference scenarios used are specified in Groupe BPCE's and Natixis' 2021 TCFDs.

GREEN EVALUATION METHODOLOGY

Groupe BPCE has set itself the target of rolling out the Green Evaluation Methodology assessment approach to 100% of the exposures in its banking portfolio by 2024.

At the end of 2022, these assessments cover approximately half of the Group's portfolios, *i.e.* the home loan portfolio, large corporate financing, project financing and the sovereign and public sector entities.

Coverage ratio of the Group's portfolios

Green Evaluation Methodology (GEM) scope	December 2020	December 2021	December 2022
Share of exposures[1] covered by GEM	~ 30%	~ 40%	~ 50%

(1) Exposures (on- and off-balance sheet) in the banking book (excluding money market and central bank deposits).

The increase of around 10 points in 2022 is explained in particular by the improvement in energy performance diagnosis (EPD) coverage for home loans, the extension of the Corporate & Investment Banking GWF tool other Groupe BPCE banks and the assessment of the climate performance of the sovereign and public sector entities.

Over the coming years, the Group aims to establish initial estimates of the climate performance profile of small and medium-sized companies (or intermediate-sized enterprises) according to their sector and geographical zone.

ALIGNMENT OF CORPORATE & INVESTMENT BANKING'S FINANCING PORTFOLIOS ON A CARBON NEUTRAL TRAJECTORY

Natixis CIB is continuing to roll out the Green Weighting Factor, its proprietary model for measuring and managing its climate impact. It strengthened the methods used to color its portfolio and its credit decisions and extended its scope of coverage, namely 91% of financing activities. The Green Weighting Factor will feed into the measurement of decarbonization targets and sectoral objectives defined by Groupe BPCE as part of the NZBA.

The operational management framework for Natixis CIB's climate trajectory will now be based on two complementary and interdependent systems: the Green Weighting Factor, an internal management tool to guide operational financing decisions and, externally, the monitoring of public sector decarbonization trajectories at Groupe BPCE level as part of the NZBA.

THE GREEN WEIGHTING FACTOR IN A FEW WORDS

Since 2018, Natixis CIB has chosen to make the management of its climate trajectory an operational issue. Natixis CIB was the first bank in the world to actively measure and manage the climate impact of its financing portfolios.

Thus, it developed the Green Weighting Factor tool. Based on a seven-color rating scale ranging from dark brown to dark green, it determines the climate performance while taking into account the risk of the most material non-climate environmental externalities (water, waste, biodiversity, pollution) of all its financing outside the financial sector[1].

(1) The exclusion of the financial sector from the outset is due to the lack of granular public information allowing a robust detailed analysis of the climate performance on all relevant scopes of the sector's players. Major evolutions in ESG disclosure regulations may change this position in the coming years.

The GWF Color Rating climate color component of each transaction is the result of a life cycle approach: the assessment therefore covers Scope 1 to Scope 3 (upstream and downstream) greenhouse gas emissions for all high-impact sectors, as well as the decarbonizing power of companies' products and activities (reduced and/or avoided emissions for their customers). Hence, the calculations and projections carried out as part of Groupe BPCE's NZBA commitment will be based on the wealth of data used to produce the GWF.

This assessment is carried out on a granular basis for each of the financing exposures on the balance sheet for all banking products (loans, guarantees, caution letters, documentary credits) regardless of their maturity, in all geographies and all sectors of activity except the financial sector and administration. At the end of 2022, the coverage rate of the GWF scope (€124 billion in balance sheet exposures) was 91% (vs. 77% in 2020).

The choice to use a seven-color scale is due to Natixis CIB's desire to assess the granularity and progressive nature of transition dynamics for all players. The nuances and differentiation of treatment made possible by these seven levels help Natixis CIB in its main climate change vocation: to support its customers and the economies in which it operates in the various stages of their transition, taking into account the various starting points, pace and momentum.

The assessment methodology distinguishes between:

- non-dedicated financing (when the purpose of the transaction is not specific) for which a dynamic analysis of each client is performed according to its emissions (induced, reduced and avoided), decarbonization strategy, its future trajectory and its exposure to non-climate related negative environmental externalities. These assessments are carried out by Carbone 4 Finance on the basis of public and non-public data;
- dedicated financing (projects, assets, products or commodities). The score is determined by a decision tree specific to each sector/technology, developed in collaboration with the external firms ICare by BearingPoint and Quantis.

Our portfolios are constantly changing and are not yet stable. Thus, they are based on changes and improvements made to scope coverages, the adaptation to changes in science, or market standards, and the increase in the quality of available data.

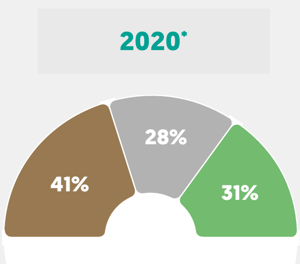
PRO FORMA 2020

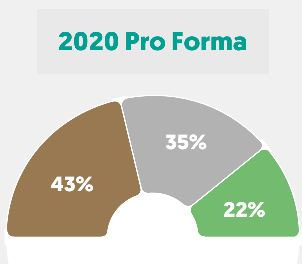
Deeply rooted in an approach of rigor and innovation, Natixis CIB has gradually supplemented the GWF tool by taking into account changes in market standards. Over the last two years, the implementation of this active management has resulted in:

- an adjustment of the management metric: transition from modeling and management in terms of weighted assets (RWA) to management in terms of exposures;
- scope adjustments: extension of the scope of financing covered by the GWF (Acquisition, Export, Strategic Equity Capital Markets, etc.), extension of the customer coverage rate, exclusion of the scope of market activities;
- methodological adjustments: continuous improvement process to identify the purpose of financing and adapt to initial feedback based on the availability and quality of the data, in particular.

All of these changes and a more detailed analysis of our portfolio resulted, in 2022, in the calculation of a pro-forma of our 2020 baseline.

Pro forma Color Mix of the 2020 GWF color scope vs. announcements in 2021:





** As published in 2021*

GWF scope coverage rate = 77%

GWF scope coverage rate = 91%

THE GREEN WEIGHTING FACTOR, A MANAGEMENT TOOL AT THE HEART OF NATIXIS CIB

The GWF has gradually become the operational management tool for decarbonization of the Corporate and Investment Banking's portfolios.

As part of the implementation of a global and decentralized management governance, it is at the heart of the implementation of the various levers and tools of its transition plan: from fueling the strategic dialogue with the customers, credit decision-making at the transactional level, to strategic and commercial planning, capital allocation, active management of the portfolio, management of the risk appetite and up to systems for assessing the individual performance of the financing origination teams.

Since its operational launch in 2019, the GWF has been at the origin of a cultural transformation within Natixis CIB, making the management of the climate trajectory of our financing a challenge for all.

THE GREEN WEIGHTING FACTOR SERVING CARBON NEUTRALITY

In accordance with its objective to align the trajectory of its portfolios with that of carbon neutrality by 2050, Groupe BPCE joined the Net Zero Banking Alliance (NZBA) initiative in 2021. This approach involves setting decarbonization targets for nine sectors governed by the methodologies recommended by the NZBA in order to ensure a minimum of comparability between players.

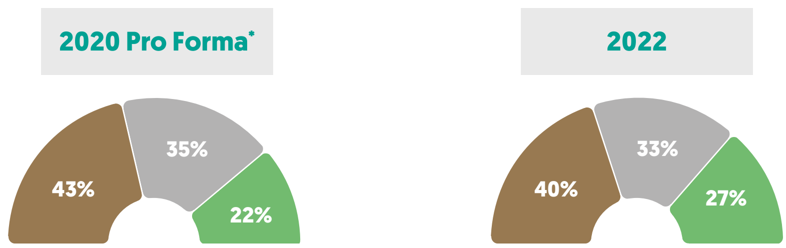
These sectoral targets are communicated in greenhouse gas (CO_2e) emission reduction targets expressed in physical carbon intensity or absolute emissions over the emission scopes considered most relevant for each of the sectors concerned. The recommended carbon footprint indicators can also be compared to Net Zero market scenarios.

The Green Weighting Factor, and in particular the climate performance component, has largely contributed to the definition of decarbonization targets for the power generation and upstream oil and gas sectors, in order to establish carbon neutrality trajectories under NZBA. The GWF contains the data needed to calculate or estimate the carbon footprint indicators recommended by the NZBA.

In order to adapt to market standards and contribute to the collective effort of harmonization and comparability, Natixis CIB has decided to substitute the communication of NZBA sector targets by 2030 for its initial objectives expressed in color mix and temperature for 2024.

Thus, the operational management framework for Natixis CIB's climate trajectory will now be based on two complementary and interdependent systems: the Green Weighting Factor, an internal management tool to guide operational financing decisions and, externally, the monitoring of public sector decarbonization trajectories as part of the NZBA. These two flagship systems are supplemented by operational monitoring of certain key transition drivers for Natixis CIB.

CHANGE IN NATIXIS CIB'S COLOR MIX



** See dedicated box.*

The change in the color mix over the 2020-2022 period above shows the significant increase in the "green" portion of the portfolio to the detriment of the "brown" portion.

This change over the 2020-2022 period was fueled, in particular, by the deployment of a proactive strategy on our financing of activities in the oil and gas sectors with the gradual rebalancing of our hydrocarbon mix towards more gas and less oil, the gradual reduction of our exposure to national or major oil companies that are least committed to a transition process. Regarding low-carbon activities, the period saw a significant increase in our outstandings on renewable energies and transition metals.

2022 was a peculiar year. The geopolitical context disrupted the challenges of energy sovereignty, at the same time as the extreme volatility of the price of raw materials resulted in financing and/or hedging needs from our customers in order to ensure the continuity of their operations and security of supply for Europe, in an environment of managed risks.

The maturity and finesse of analysis acquired during these first active management exercises also encourage us to take better account of economic and geopolitical realities, on which the pace of Natixis CIB's transformation is highly dependent.

The decarbonization trajectory of our balance sheet must, therefore, take into account exogenous factors of a geopolitical, macroeconomic and technological nature. In this context, the priority transition lever lies in the targeted allocation of our capital, when setting up new financing ("new production"), to activities or assets undergoing transformation, or which are, by nature, low-carbon (see section "NZBA").

Hence, 2030 milestones of the NZBA approach, particularly in oil and gas, as well as the close monitoring of technological developments at scale and, in particular, the development of green hydrogen, are all factors favoring the pursuit of our objectives.

The momentum initiated between 2020 and 2022 allows us to reaffirm our long-term ambition of Net Zero alignment by 2050, as evidenced, in particular, by the deployment of our intermediate NZBA commitments by 2030.

Even before its commitment to NZBA and, from the end of 2020, Groupe BPCE had initiated a rapid shift in its activities towards the financing of low-carbon energy production, as demonstrated by the achievement at the end of December 2022 of our target to reduce Natixis CIB's outstandings related to gas and oil extraction and production (-15% between 2020-2024) and the strong growth of our outstandings in the renewable energy sector (+60% in annual arranged amounts since 2020 at the level of Natixis CIB). Natixis CIB also maintained its place in the top 5 in renewable infrastructure financing worldwide (No. 4 worldwide in the IJ Global 2022 ranking).

ALIGNMENT OF BPCE INSURANCE'S INVESTMENT PORTFOLIOS ON A CARBON NEUTRAL TRAJECTORY

Since the signing of the Principles for Responsible Investment in 2016, BPCE Assurances has developed a very proactive responsible investment policy. From 2016, BPCE Assurances stopped investing in coal-fired power plants and thermal coal mines, and then regularly strengthened its ESG investment policy. In 2018, it set a goal to align its investment policy with the 2°C trajectory set by the Paris Agreement by 2030. In 2021, as part of the BPCE 2024 strategic plan, this objective was brought forward to the end of the strategic plan (end of 2024).

To achieve this, BPCE Assurances devotes over 15% of its investment flows to green assets[1] each year, with the aim of reaching 10% of the assets in BPCE Assurances' portfolios by 2024 at the latest. In 2021 and 2022, €1.5 billion and €1.4 billion respectively were invested for the climate, bringing total green assets to over €5 billion at the end of 2022.

At end 2022, the share of outstandings on fossil fuels represented only 2.0% of assets (€1.2 billion), including €0.03 billion in thermal coal.

78% of the outstandings of the insurance portfolios (excluding unit-linked portfolios) were covered by a temperature measurement at the end of 2022.

BPCE ASSURANCES IS MOVING CLOSER TO THE 2024 TEMPERATURE TARGET

T°C measurement	December 2017	December 2018	December 2019	December 2020	December 2021	December 2022	2024 Target
Temperature of BPCE Assurances' investment portfolios	4.3°C	3.0°C	2.7°C	2.7°C	2.4°C	2-2.5°C	2.0°C
% of green investments in portfolio	1.0%	1.8%	3.4%	4.5%	6.3%	8.6%	10%

Measuring the temperature alignment of an investment portfolio involves many assumptions and methodological choices.

A change in methodology was made in 2022: Mirova's methodology, developed with Carbon4Finance, initially focused on two main indicators: "induced" emissions, resulting from a company's activities, and "avoided" emissions through the deployment of "green solutions" and energy efficiency improvements. The methodology now includes a qualitative analysis of the company's decarbonization strategy.

For greater consistency with climate science, which is based on assumptions, BPCE Assurances chose in 2022 to display temperature ranges, in line with the Mirova methodology.

(1) Green bonds and assets eligible for the Greenfin label are considered as green assets.

Membership of the Net Zero Asset Owner Alliance

Launched in September 2019 under the aegis of the United Nations, the Net Zero Asset Owner Alliance is an international group of investors committed to ensuring the transition of their investment portfolio towards carbon neutrality by 2050. It currently includes 74 institutional investors worldwide.

In line with its commitment to align the temperature of its investment portfolio to 1.5°C by 2030, in October 2022 BPCE Assurances joined the Net Zero Asset Owner Alliance (NZAOA).

NZBA ALIGNMENT, AN INTERNATIONAL ISSUE CONTRIBUTING TO THE CONVERGENCE OF MEASURES

In July 2021, Groupe BPCE joined the Net Zero Banking Alliance (NZBA), a financial initiative of the United Nations Environment Program - UNEP FI covering more than 40% of assets financed by banks worldwide. This alliance between banking institutions is a decisive step in the mobilization of the financial sector.

The commitments made by the Alliance member banks are as follows:

- align carbon emissions from its exposures with a Net Zero trajectory by 2050*;
- define trajectories targeted on priority sectors, *i.e.* those with the highest carbon emissions within the portfolios;
- aim for intermediate targets no later than 2030;
- publish annual carbon emissions;
- determine a robust and structured action plan to adapt its portfolios to its alignment strategy.

The NZBA commitment supplements the Green Evaluation Methodology approach rolled out by Groupe BPCE. The definition of targets within this framework aims to make the alignment objectives of BPCE's portfolios comparable with those of its peers.

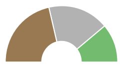
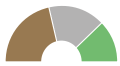
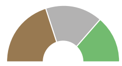
In December 2022, Groupe BPCE published intermediate alignment targets for two sectors among those with the highest emissions:

- in the power generation sector, in 2030, the Group's objective is to be below the 138 gCO_2e/kWh threshold set by the International Energy Agency (IEA) in its Net Zero Emissions by 2050 scenario;
- for the oil and gas sector, the Group has set a trajectory of a 30% reduction in carbon emissions related to the end use of financed oil or gas production by 2030, in line with the IEA's Net Zero Emissions by 2050 scenario.

The press release is available at the following address: https://newsroom-en.groupebpce.fr/news/groupe-bpce-sets-its-2030-targets-for-financed-carbon-emissions-in-the-energy-sectors-6718-53927.html

Detailed information on these objectives and measures is available in the TCFD report: https://groupebpce.com/en/csr/actor-in-the-environmental-transition

PORTFOLIO CLIMATE INDICATORS BY BUSINESS LINE

Business line	Topics	Indicator	2020 situation	2021 situation	2022 situation	2024 targets
Group (networks, Specialized Financial Services and Natixis CIB)	Alignment of the portfolios with a Net Zero trajectory	Coverage by the *Green Evaluation Methodology* of financing outstandings (rounded to the decimal)	≈ 30%	≈ 40%	≈ 50%	100%
	Total exposure linked to fossil fuels	Amount in € bn of Groupe BPCE's gross exposures to the coal sector [% of total global corporate loan exposure [3]]	<€0.5bn	<€0.5bn [1] [0.16%]	<€0.4bn [2] (Q3) [0.12%]	Thermal coal: €0m by 2030 OECD/2040 rest of the world
Networks	Supporting our customers in their environmental transition	Average financing outstandings for transition projects in Retail Banking [4]			€4.8bn	
		Average financing outstandings loans for the renewal of the real estate portfolio of the Retail Banking [5]			€55.6bn	
Corporate & Investment Banking	Alignment of the portfolios with a Net Zero trajectory	*Green Weighting Factor* color mix (% of exposures) - pro forma 2020	 43% brown 35% neutral 22% green	 43% brown 33% neutral 24% green	 40% brown 33% neutral 27% green	
	Green exposure	Renewable energy production financed	87% of new projects financed in energy production in 2020	89% of new projects financed in energy production in 2021	80% of new projects financed in energy production in 2022	Minimum 75% of new projects financed in energy production (in generation)
		Underwriting commitments in renewable energy financing	€1.9bn	€2.8bn	€5.9bn over 2021-2022	€9bn over 2021-2024
		Green revenues			In line with the 2024 target	x 1.7 vs. 2020
		Amounts of arranged green or social bonds (share arranged)	€11.95bn	€18.57bn	€12.1bn	
	Transition risks exposure	Share of assets exposed to transition risk [6]	10%	6%	4%	
		Total exposure linked to fossil fuels	€5.5bn in outstandings in the oil and gas sector in exploration-production	€4.7bn in outstandings in the oil and gas sector in exploration-production	€3.4bn in outstandings in the oil and gas sector in exploration-production	15% reduction in exposure to exploration-production activities
Asset management - Natixis Investment Managers	Green exposure	Green/social bond outstandings	€18.5bn in assets under management	€25bn in assets under management	€30.5bn in assets under management	

Business line	Topics	Indicator	2020 situation	2021 situation	2022 situation	2024 targets
Insurance activities	Alignment of the portfolios with a Net Zero trajectory	Carbon intensity of investments	166 tCO_2e/€m	166 tCO_2e/€m	154 tCO_2e/€m	
		Temperature induced by investments	Portfolio: 2.7 °C	Portfolio: 2.4 °C	Portfolio: 2.0 °C-2.5 °C	2°C in 2024
	Green exposure	Share of green assets	4.5%	6.3%	8.6%	10%
	Exposure to fossil fuels	Outstandings related to fossil fuels	2.1% of assets (€1.2bn, including €1bn in the general fund) of which €0.07bn in thermal coal	1.6% of assets (€0.9bn) of which €0.02bn in thermal coal	2% of assets (€1.2bn) of which €0.03bn in thermal coal	€0m coal sector by 2030 OECD and 2040 for the rest of the world

(1) Amount in €bn of Groupe BPCE's gross exposures (balance sheet and off-balance sheet) to the coal sector, calculated at the end of December 2021. At the end of December 2021, the amount of gross exposures related to project financing was < €60 million. It should be noted that, without taking into account the guarantees given, derivatives, equities, loans, borrowings and undrawn commitments, the amount of Groupe BPCE's exposure to the coal sector is ~€0.4bn (figure reported in the 2022 NFPS).

(2) Amount in €bn of Groupe BPCE's gross exposures (balance sheet and off-balance sheet) to the coal sector, calculated at the end of September 2022. At the end of September 2022, the amount of gross exposures related to project financing was < €40 million.

(3) Percentage of total global loan exposure to Groupe BPCE companies (source: FinRep data) related to coal sector financing.

(4) New indicator - BP and CE combined - Financing of transition projects (energy renovation of homes, green mobility, support for the transition of the activities of our legal entity customers including sustainable agriculture, renewable energy equipment loans).

(5) New indicator - BP and CE combined - Financing of new real estate (acquisition of new real estate or construction).

(6) Percentage of bank outstandings rated "Dark brown" under the Green Weighting factor methodology (excluding the financial sector, Global Markets and Sovereign).

2.3.3 Sustainable refinancing: Innovation and active presence in the green or social bond market

As part of its BPCE 2024 strategic plan, the Group is stepping up its issuance program by committing to at least three sustainable development public issues per year, to fully contribute to the development of a more sustainable finance.

In 2022, Groupe BPCE issued three green bonds for €1.9 billion for environmentally and socially responsible investors, bringing the outstanding amount of sustainable development public issues to €11.5 billion. Taking into account network issues, private placements and savings products subscribed by its retail and corporate customers, the total amount of sustainable development refinancing reached €15.3 billion.

EMISSIONS SUMMARY TABLE

Eligible asset categories	Issuer	Amount issued as of 12/31/2022 *(in millions of euros)*
Social - Human Development	BPCE SA	1,287
Social - Human Development - Health	BPCE SA	44
Social - Local Economic Development	BPCE SA	2,544
Social - Local Economic Development - Covid-19	BPCE SA	254
Total Social		**4,129**
Green - Green Buildings - SFH	BPCE SFH	3,750
Green - Green Buildings - Securitization	BPCE Home Loan FCT 2021 Green UoP(1)	1,500
Green - Green Buildings - Network Emissions	Natixis SA	2,886
Green - Renewable Energy - Senior Unsecured	BPCE SA	500
Green - Renewable Energy - PPS	Natixis SA	1,622
Green - Sustainable Agriculture	BPCE SA	855
Green - Transition	BPCE SA	100
Total Green		**11,213**
TOTAL SOCIAL AND GREEN		**15,342**

(1) €1.620 billion of Class A and B issued, corresponding to the liquidity allocated to Green Building assets.

The Group's sustainable development refinancing strategy is in line with the Agenda 2030 adopted by the member states of the United Nations and aims to contribute to the achievement of the Sustainable Development Goals proposed therein. Each methodology note is based on one or more sustainable development Goals and proposes impact indicators to measure the level of contribution, as Groupe BPCE aims to cover the widest possible range of sustainable development Goals.

GROUPE BPCE'S SUSTAINABLE DEVELOPMENT REFINANCING STRATEGY IS BASED ON FOUR PILLARS

EXTEND THE RANGE OF INSTRUMENTS DEDICATED TO SUSTAINABLE DEVELOPMENT REFINANCING

As part of its Net Zero trajectory and in line with its commitment to society, Groupe BPCE is continuing to expand its range of sustainable development refinancing instruments. It is thus a sustainable development issuer in both public bond format (Senior Unsecured Bonds, Housing Financing Bonds and securitization instruments) and private (private placements) for institutional investors. The Group is broadening its investor base by diversifying its issuance currencies: BPCE is the first French bank to have issued a local economic development bond denominated in US dollars.

BPCE also distributes sustainable development savings products to its retail and corporate customers:

- since 2022, the Banque Populaire and Caisse d'Epargne networks have been marketing a range of green savings products, passbook accounts and term accounts, which complements regulated savings products such as the sustainable development passbook (Livret Développement Durable);
- Natixis CIB is a recurring issuer of green securities distributed by the regional banks to their customers and eligible for life insurance contracts and equity savings schemes (Plan d'Epargne en Actions).

BROADEN THE SCOPE OF ELIGIBLE ASSETS

In 2022, Groupe BPCE continued to expand the categories of assets eligible for sustainable development refinancing. It was the first issuer of a "Sustainable Agriculture" public bond refinancing loans to agricultural players involved in the transition to organic farming and remains the only French banking player to have carried out a securitization based on the financing of green buildings.

At the end of 2022, BPCE obtained the certification of non-financial rating agencies for its Framework and its methodological notes for six asset categories:

Green	13 CLIMATE ACTION	Social	10 REDUCED INEQUALITIES
Renewable energy	7 AFFORDABLE AND CLEAN ENERGY	Local Economic Development	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Green Buildings	7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION	Social Housing	1 NO POVERTY; 11 SUSTAINABLE CITIES AND COMMUNITIES
Sustainable Agriculture	2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND	Healthcare	3 GOOD HEALTH AND WELL-BEING

This documentation is published in full on the Group's institutional website:

https://groupebpce.com/en/investors/sustainable-bonds/framework-isin-of-issuances

https://groupebpce.com/en/investors/sustainable-bonds/social-bonds

https://groupebpce.com/en/investors/sustainable-bonds/green-bonds

The Group is continuing to broaden the range of eligible categories, particularly in the social area, with new themes: sports activities, the challenges of aging and support for healthcare professionals.

Consideration is also being given to including impact loans marketed by the Group's institutions in the scope of assets likely to be refinanced *via* sustainable development issues.

SECURING THE MANAGEMENT OF ISSUES

Since its launch in 2015, the sustainable development refinancing program has been managed by Groupe BPCE's central body. The monitoring of eligible asset portfolios is centralized and carried out by the finance management department *via* a single IT tool that is audited annually. This tool allows to:

- identify eligible assets through the implementation of eligibility criteria and ensure compliance with these criteria at all times;
- automatically allocate the refinanced assets *via* the sustainable development liabilities issued;
- provide all the Group's institutions with allocation reports;
- have an inventory view and a dynamic view of eligible assets.

This centralized management makes it possible to secure the audit processes and ensure the alignment of commercial development strategies and public issues.

INNOVATE IN OPERATIONS AND METHODOLOGIES

Groupe BPCE is recognized for its innovation, both for its issues: the first European GSIB player to have carried out a "Green Building" securitization and the first European issuer of a "Sustainable Agriculture" green bond;

and for the methodologies implemented:

- the only player to propose and have validated a methodological note specific to each category of eligible assets, aligned with the Green and Social Principles of the International Capital Market Association (ICMA) and to commit to applying the same methodologies regardless of the issuer and the liability format;
- among the most transparent players in terms of selection criteria, liquidity management and impact measurement methods;
- the first player to have carried out an impact measurement based on a survey carried out directly with its customers by an independent player for its "Local Economic Development" programs, an innovation that will be repeated for its "Sustainable Agriculture" issuances.

A STRATEGY RECOGNIZED FOR ITS AMBITION AND INNOVATIVE STRENGTH

Groupe BPCE carried out the largest bond issue in the Green Buildings category; this issue by BPCE SFH in May 2021 received the Award in this category from the Climate Bond Initiative.

Similarly, Groupe BPCE was the first European GSIB to offer home loan securitization to finance Green Buildings. This securitization was named RMBS of the year at Global Capital's European Awards.

2.3.4 Supporting our customers in their move to a 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

Supporting customers of the Banque Populaire and Caisse d'Epargne networks in their own environmental transition is one of Groupe BPCE's strategic pillars. To this end, specific offers have been created: financing, investment, technical partnerships.

Groupe BPCE, drawing on its networks, has developed solutions and built an ecosystem of partners to support all of its customers in their transition projects. This is evidenced by strong ambitions on the following universes of need:

- the energy renovation of goods and buildings;
- the financing of renewable energy projects in the regions;
- assistance in the financing of all low-carbon mobility;
- support for companies in their transition (including our customers in the agricultural and wine sectors); and
- finally, the construction of a "green" banking and financial savings offer enabling customers to direct their savings towards the energy and environmental transition.

Groupe BPCE is a major player in real estate financing in France. As such, it contributes to the renewal of French real estate by financing real estate assets that meet energy and environmental performance standards (thermal regulations RT 2012 and RT 2020).

Overall, Groupe BPCE is committed to the environmental transition of the regions by financing both its customers' transition projects and the renewal of French real estate (see Section 2.6 CSR reporting methodology).

Financing of transition projects *(in millions of euros)*	Average outstanding at end-2022	Average outstanding at end-2020	Change in outstandings
Renovation of housing	796	425	371
Mobility and other transition projects[1]	1,617	814	803
Renewable Energies	2,380	2,239	141
TOTAL OUTSTANDINGS	**4,793**	**3,478**	**1,315**

(1) Other transition projects: business transition for corporate customers, including sustainable agriculture.

Renewal of the real estate *(in millions of euros)*	Average outstanding at end-2022	Average outstanding at end-2020	Change in outstandings
TOTAL OUTSTANDING REAL ESTATE FINANCING (NEW OR CONSTRUCTION)	**55,647**	**39,403**	**16,245**

For Groupe BPCE, supporting all of its customers means:

- providing advice and dialog around the transition:
  - by providing a high level of training for sales and support teams, with a number of measures launched in 2022: training modules on the green transition (*e.g.* PEPZ training, more than 16,000 network employees trained on energy renovation), deployment of the Climate Fresco within the support teams and teams in charge of development within the Banque Populaire and Caisse d'Epargne networks (at least one employee from each network trained to run the event in his or her institution), launch of the Green Book listing all the solutions available to better address the environmental transition of our individual customers, monthly themed podcast Le fil vert..,
  - by proposing a range of quality partnerships to support our customers' transformation initiatives, particularly in the area of energy renovation (see focus below),
  - by providing our customers with detailed and appropriate information: a "Sustainable Advice and Solutions" space will be available on the mobile application in early 2023; it will be aimed at all the individual customers of the Banques Populaires and the Caisses d'Epargne. It aims to inform and offer value-added solutions, both banking (loans, insurance, savings, etc.) and non-banking (education: carbon footprint calculation simulator, energy renovation, mobility, traceability of savings use, etc.),
  - by building risk management systems (*e.g.* the ESG questionnaire), which support the strategic dialog with the client. The ESG questionnaire is the result of work begun in 2020 following a request from Executive Management. A first version of the questionnaire was tested in "pilot" mode (4 BP, 4 CE) until April 2022. On this basis, additional work was carried out for the deployment of the ESG questionnaire in January 2023. The ESG questionnaire will eventually contribute to the analysis of ESG criteria at the level of the counterparty provided for as part of the incorporation of ESG criteria in the granting of corporate loans;
- deploy a dedicated range of financing offers, specific savings and insurance products, with a requirement for traceability of its balance sheet: traceability of the use of green savings towards identifiable energy transition projects (see the "earmarking" paragraph below).

Several Banques Populaires have rolled out the Energy Transition Bank model in their regions

Initially created in 2020 by Banque Populaire Auvergne-Rhône-Alpes to develop the collection of green and traceable savings and to support regional actors in the realization of their energy transition projects, the Energy Transition Bank model was adapted in 2022 by Banque Populaire du Sud, Banque Populaire du Nord and Banque Populaire Occitane.

The Energy Transition Bank is part of a fundamental challenge: guaranteeing the use of green savings for the benefit of identifiable energy transition projects, through a traceable circuit. The Energy Transition Bank thus connects green savings with the financing of projects located primarily on the territory of member banks.

FINANCING THE ENERGY RENOVATION OF ASSETS AND BUILDINGS

The financing of residential real estate is a particularly important market for Groupe BPCE.

With this in mind, Groupe BPCE works on a daily basis to enable its customers to undertake actions to improve the energy efficiency of their homes and to finance their renovations. In 2022, the Group is the third largest contributor of Eco-PTZ loans in France (more than one in five Eco-PTZ loans granted in France is distributed by the Banque Populaire and Caisse d'Epargne networks - source SGFGAS). The Group also plays a major role in the renovation of condominiums. It is one of the only establishments to distribute the condominium Eco-PTZ.

In 2022, Groupe BPCE entities distributed 17,462 Eco-PTZs for an amount of €237.3 million for a market share of the Banque Populaire and Caisse d'Epargne networks of 22% (source SGFGAS).

	2022		2021		Change 2022-2021	
	Number	Production *(in €m)*	Number	Production *(in €m)*	Number	Production
Banque Populaire	8,971	122.4	6,858	87.8	31%	39%
Caisse d'Epargne	8,491	114.9	6,322	80.9	34%	42%
TOTAL ECO-PTZ LOANS FINANCED	**17,462**	**237.3**	**13,180**	**168.7**	**32%**	**41%**

At the end of 2022, Groupe BPCE affirmed its desire to strengthen its positioning in energy renovation financing by becoming the first player to distribute "Mon Eco-PTZ MaPrimeRénov", the coupling of the Eco PTZ with the government's "Ma prime Rénov" scheme. Through this coupling, the financing is simplified: the certificate of the remaining payable provided by the platform will make it possible to release the additional financing provided by the bank.

In addition to the Eco-PTZ, the networks distribute loans specifically dedicated to energy renovation work: the Energy Renovation Loan, deployed in 2022, has been developed in three versions:

- a loan with partial deferment allowing for a subsidy to be received on a project;
- a loan with immediate repayment allowing repayment of the loan to start immediately; and
- a loan in the form of a pre-approved envelope to provide for work over a longer period.

FOCUS ON THREE ENERGY RENOVATION PARTNERSHIPS ROLLED OUT IN 2022 OR IN THE EXPERIMENTAL PHASE

National roll-out of Cozynergy's energy renovation offer for Individual customers

After the acquisition of Cozynergy by five Groupe BPCE regional banks in 2021 and a successful experiment with individual customers of several institutions in 2022, the Banque Populaire and Caisse d'Epargne networks are rolling out their partnership with Cozynergy at the national level.

This partnership allows individuals to benefit from a complete solution to the energy renovation of their home, to improve their living comfort while achieving energy savings.

The Banques Populaires and the Caisses d'Epargne support their customers in the financing of their work *via* dedicated solutions and in their implementation.

Almost all of the Group's institutions will have rolled out the partnership by the end of 2022 with a mix of branch and digital distribution. In 2023, the challenge will be to scale up this partnership, so that Cozynergy will be able to respond to all of our customers' requests, in all of our regions, while guaranteeing control of our commitments in terms of customer satisfaction and project completion times.

Partnership with Économie d'Energie, a company specializing in energy optimization

This partner offers a consulting service for our corporate customers (Professionals, Companies, Institutions) *via* the realization of an inventory of their energy consumption, from their building and their production equipment. It identifies the priority work to be carried out, the grants that the customer can access, and then quantifies them and collects them on behalf of the customer.

An experiment with five pilot institutions was carried out between November 2021 and April 2022 and proved successful. Deployment within the Banques Populaires and Caisses d'Epargne began in September, with the aim of continuing in the coming months and monitoring the results of the partnership in terms of customer satisfaction, contracts taken out and associated energy-efficient renovation financing.

Naldeo partnership to support the energy renovation of our industrial customers

The partnership with Naldeo completes the "energy transition" offer, which is complementary to that of the Energy Savings partnership and offers complete and qualitative solutions for corporate customers in the industrial sector: consulting, diagnosis, roadmap, project management and engineering on the implementation of works, monitoring/piloting of achievements. Note that Naldeo offers the DiagEcoFlux (energy/flux diagnosis managed by BPI France and subsidized by ADEME) and the Diag Decarbonaction.

The experiment initiated in early 2022 with pilot Banques Populaires and Caisses d'Epargne (CE BPL, CE Normandie, CE Aquitaine Poitou-Charentes, CE Bourgogne Franche-Comté, BP Auvergne Rhône-Alpes) will continue until the end of 2022. The decision to market nationally will be made in early 2023.

SUPPORTING THE TRANSITION TO LOW-CARBON MOBILITY

The transition to low-carbon mobility is one of the major challenges of the energy transition. The LOM act of 2019, and before that, the Energy Transition for Green Growth act, regulate the uses and guide individuals and companies towards low-carbon mobility: requirements in the renewal of company vehicle fleets (integration of mandatory green vehicle quotas) or end of the sale of the most emitting cars in 2035.

In addition, more and more cities are choosing to tighten traffic restrictions on the most emissive vehicles through the implementation of Low Emission Zones (LEZ).

Groupe BPCE's networks have adapted their offers to support their professional and individual customers in adapting to this new framework:

- BPCE Lease 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;
- a "Clean vehicle" loan was developed to identify and meet the financing needs of "clean" vehicles, *i.e.*, according to the regulations, electric and plug-in hybrid vehicles emitting less than 50g of CO_2 per km;
- Banque Populaire and Caisse d'Epargne car insurance offers, dedicated to "clean" vehicles (hybrid, electric, LPG) with a specific rate for electric vehicles (up to -10%) and to short-distance drivers (reduction of up to 10% if they drive less than 8,000 kilometers);
- lastly, insurance offers deployed to promote the acquisition of "soft mobility" (scooters, electric bikes, gyropods, etc.) with complete peace of mind, within the Multirisque Habitation policy.

BPCE LEASE, GROUPE BPCE'S MOBILITY SPECIALIST, REFINES ITS ADVISORY CAPACITY AND EXPANDS ITS OFFERING

In 2022, between 6 and 8 hours of training were provided to sales teams on the challenges of the energy transition and customer support solutions (more than 300 employees trained in the various markets). At the same time, 230 employees from all business lines were able to take part in the Climate Fresco workshop, led by employees who had previously been trained in facilitation. The ultimate goal is to offer the Climate Fresco to all employees.

This training program is complemented by the creation of a community of Energy Transition Advisors (ETAs). Made up of 37 members and covering each institution of the Banque Populaire and Caisse d'Epargne networks, this community benefited from an 11-hour training program, divided into 3 modules covering the challenges of the ecological and energy transition, green regulations, social issues and the application of learning.

The offer was also enhanced during the year with the deployment of partnerships designed to support customers in the installation of vehicle charging stations or training in eco-driving.

At the end of 2022, BPCE Lease had financed 9,013 electric or hybrid vehicles under finance leases or long-term leases.

SUPPORTING THE ENERGY TRANSITION OF PROFESSIONALS, COMPANIES AND LOCAL AUTHORITIES

Supporting the environmental transition in the Professional, Corporate and Local Authority markets is a fundamental pillar of Groupe BPCE's commercial strategy.

The year 2022 was marked, for both networks, by the widespread marketing of all "Green" products in all areas of demand: energy renovation, sustainable mobility, business transition and renewable energies.

Four credit solutions have been implemented, with the option 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;
- a "green mobility" loan, to finance a vehicle or a fleet of clean passenger and/or commercial vehicles and their charging station(s).

At the same time, a "Green" training program has been developed to acculturate all business managers and professional advisors, and to position them as trusted partners to help customers in their transition.

In 2022, the Banques Populaires also launched the Impact Loan for Professional and Corporate customers. This loan, whose pricing is indexed to the customer's non-financial performance, encourages virtuous behavior and the CSR commitments of our customers. The customer chooses, with the business manager, an indicator and an objective from a proposed list. Every year, if the objective is reached, the customer benefits from a bonus paid by the Bank. Otherwise, the contractual interest rate applies, without penalty. The customer may, if he or she wishes, donate part or all of the subsidy to a partner association.

The Caisses d'Epargne have also launched the Impact Loan for corporate customers and companies in the social and solidarity economy. This market has established itself as an essential pillar of the Caisses d'Epargne's commercial strategy and confirms the Caisse d'Epargne's position as the Leading Bank for the Social and Solidarity Economy.

CONTINUING OUR EFFORTS TO GIVE MEANING TO OUR CUSTOMERS' SAVINGS

By offering savings products whose resources will be 100% allocated to financing local loans for the ecological transition, the two networks are enabling all their customers, individuals and corporates, to play an effective role in this common objective.

Earmarking of "green" bank savings products was implemented in 2022. The system makes it possible to justify the allocation of funds collected on the CODEVair, the CSL Vert, the CAT Vair and the CAT Vert, as well as the 10% of funds collected on the LDDS (not centralized at Caisse des Dépôts) to financing universes contributing to the energy and environmental transition: energy renovation, low-carbon mobility, business transition, renewable energies or property construction.

This benchmark is the same as the one used for Groupe BPCE's "Green" bond issues (see paragraph 2.3.3 Sustainable refinancing: Innovation and active presence on the green or social bond market).

Banques Populaires' CODEVair and CAT Vair

The CODEVair green passbook savings account, launched in 2021 and distributed by the Banques Populaires and Crédit Coopératif, enables customers to direct their savings towards the energy transition. It is distributed by 12 Banques Populaires and Crédit Coopératif. As of December 31, 2022, outstandings were €3.1 billion.

The CAT Vair, gradually distributed since January 1, 2022 by the Banques Populaires, enables customers to direct their savings towards the energy transition. It is distributed by eight Banques Populaires. 7,929 CAT Vair were open as of December 31, 2022, representing €693.6 million in outstandings.

For more information: https://www.banquepopulaire.fr/epargner/fonctionnement-offre-epargne-bancaire-verte/

Caisses d'Epargne's CSL Vert and CAT Vert

The *Compte sur Livret Vert* (CSL Vert) green passbook savings account and the CAT Vert of the Caisses d'Epargne have been marketed since January 1, 2022. The outstanding amount of these savings products is geared towards financing projects related to the environmental transition. As of December 31, 2022, 21,700 CSL Vert were open within the 15 Caisses d'Epargne, representing outstandings of €674.7 million; CAT Vert, distributed by 10 Caisses d'Epargne at the end of 2022, represented total outstandings of €198.7 million for 967 contracts.

For more information: https://www.caisse-epargne.fr/epargner/offre-epargne-bancaire-verte/

The Caisses d'Epargne's Compte sur Livret Régional (CSLR) regional passbook savings account

The Compte sur Livret Régional (CSLR) regional 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. Customers can, at their request, be informed of the projects that have benefited from financing.

PRODUCTION AND NUMBER OF RESPONSIBLE PASSBOOK SAVINGS ACCOUNTS

	2022		2021		Change 2022-2021	
	Number	Production *(in €m)*	Number	Production *(in €m)*	Number	Production
Sustainable and Solidarity Development Passbook Savings Account (LDDS)	378,051	2,260	339,839	1,664	11.2%	35.8%
CODEVair passbook savings account	16,275	926	12,190	750	33.5%	23.5%
CSL Vert passbook savings account (new product for 2022)	21,700	675				
CAT Vair (new product 2022)	7,929	694				
CAT Vert (new product 2022)	967	199				
CSL Régional passbook savings account	16,474	709	23,975	1,107	(31.3)%	(36.0)%
Crédit Coopératif solidarity passbook savings accounts[1]	4,777	104	6,714	145	(28.9)%	(28.3)%
TOTAL RESPONSIBLE PASSBOOK SAVINGS ACCOUNTS	**446,173**	**5,567**	**382,718**	**3,666**	**16.6%**	**51.9%**

(1) Agir passbook savings account, Livret A comme Agir passbook savings account, Livret Jeune Agir passbook savings account, REV3 passbook savings account, Coopération pour ma Région passbook savings account

The ESG financial savings offer distributed by the Caisse d'Epargne and Banque Populaire networks is based on a large and diversified universe of funds offered by Natixis Investment Manager and the Group's asset managers.

Customers can access:

- funds that promote environmental and/or social characteristics, provided that the companies in which the investments are made apply good governance practices (Article 8 of the European SFDR Regulation);
- funds that directly incorporate a sustainable investment objective (Article 9 of the European SFDR regulation).

At the end of 2022, a selection of 86 funds was offered to customers, including 68 ESG funds, *i.e.* a ratio of 79%. 21 of them fall under Article 9 and 47 under Article 8.

At December 31, 2022, inflows into ESG funds (funds classified as Article 8 or 9 according to the SFDR regulations) distributed by the Banque Populaire and Caisse d'Epargne networks amounted to €8.5 billion (83% of total inflows in 2022 from networks - source NIMI).

OUTSTANDING AMOUNTS IN ARTICLE 8 AND 9 FUNDS AND SRI OR SOLIDARITY-BASED FCPE FUNDS MARKETED BY THE BP AND CE NETWORKS

(in billions of euros)		2022	2021	Change 2022-2021
Outstanding SRI or socially responsible investment funds marketed by the Banque Populaire and Caisse d'Epargne networks	Banque Populaire	2.8	2.4	13.9%
	Caisse d'Epargne	0.5	0.5	6.3%
	Total	**3.3**	**2.9**	**12.6%**
Outstanding Art 8 and 9 funds marketed by the Banque Populaire and Caisse d'Epargne networks	Banque Populaire	5.1	3	75%
	Caisse d'Epargne	9.4	5.7	63%
	Total	**14.5**	**8.7**	**67%**
TOTAL OUTSTANDINGS OF SRI AND SOLIDARITY FUNDS AND SRI OR SOLIDARITY FCPE FUNDS MARKETED BY THE BP AND CE NETWORKS		**17.8**	**11.6**	**53.3%**

From early 2023, the Group will propose a sustainable finance questionnaire that will go further in terms of taking into account the ESG preferences of customers in investment advice. To accompany the launch of this Sustainable Finance questionnaire, a savings course will be set up to train advisors (about ten hours of training) and, at the same time, to raise awareness among our customers (podcasts, newsletters, videos).

FOCUS ON CRÉDIT COOPÉRATIF PROJECTS

Crédit Coopératif has included in its 10 commitments that of financing a sustainable economy for regional projects, societal transition and energy transition.

With this in mind, in addition to a range of "Choisir" impact loans, available for all customers (Choose energy renovation, Choose green mobility, Choose the activity transition, Choose renewable energies, Choose labelled construction), this year Crédit Coopératif launched the "Choisir" green term account and the REV3 Term account, which are designed to finance transition projects in the Hauts de France region.

In 2022, Crédit Coopératif financed:

- the energy renovation of 300 low-cost housing units at ICF Habitat La Sablière for €5.1 million;
- the installation of self-consumption photovoltaic panels for four SMEs in the South of France for an amount of €425 thousand.

Regulated savings

The Banques Populaires and Caisses d'Epargne offer the Livret A and the Solidarity sustainable development passbook savings accounts, whose 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 €69.1 billion in 2022, used to finance low-carbon real estate, renewable energy and sustainable mobility projects.

OFFERING OUR CUSTOMERS TAILORED INSURANCE SOLUTIONS

The non-life insurance business also contributes to the fight against climate change. It offers a premium reduction for customers owning an electric or hybrid vehicle emitting less than 50 grams of CO_2 per km. In addition, the home offer proposes to eco-conscious customers to insure their wind turbines, their photovoltaic panels or their wood frame house. To promote sustainability in the management of claims, a lot of work is being done with appraisers to encourage the repair of assets or the use of reused parts (for vehicles). In addition, the CSR practices of the service providers with which the Group works are analyzed.

FINANCING RENEWABLE ENERGIES

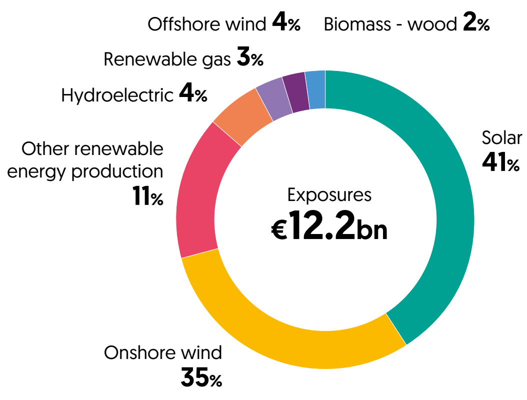
Groupe BPCE finances renewable energies *via* projects of all sizes thanks to the involvement of its various entities. Groupe BPCE's renewable energy assets amounted to €12.2 billion in 2022. The portfolio is focused on solar (41%) and wind (39%).

GROUPE BPCE'S EXPOSURE TO RENEWABLE ENERGIES

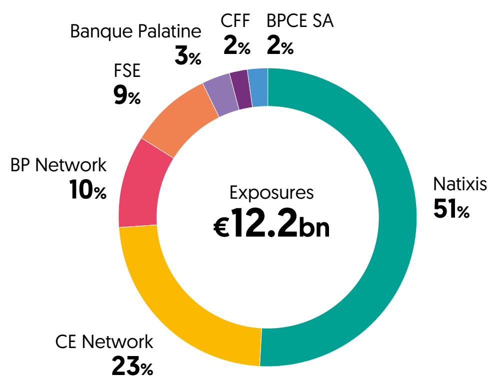
Exposure *(in billions of euros)*	**2022**	**2021**	**Change 2022-2021**
Total Group RE exposure	12.2	11.1[1]	9.9%

(1) At September 30, 2021.

Exposure of renewable energies by Groupe BPCE sub-sector



Exposure to renewable energies of Groupe BPCE entities



2022 was marked by the acceleration of the development of renewable energy project financing within the Banque Populaire network. Several institutions have developed this activity by allocating dedicated resources and creating an ad hoc organization in their region: initially created in 2020 by Banque Populaire Auvergne Rhône Alpes, the Energy Transition Bank model was adapted by Banque Populaire du Sud, Banque Populaire Occitane and Banque Populaire du Nord.

TWO ICONIC PROJECTS LED BY THE BANQUES POPULAIRES IN THE REGIONS IN 2022

Noës wind farm project, an exemplary cooperation between several Groupe BPCE institutions

Banque Populaire Auvergne Rhône Alpes, Caisse d'Epargne Rhône Alpes, Caisse d'Epargne Loire Drôme Ardèche and BPI France have co-arranged the financing of the construction of a wind farm with a total installed capacity of 17 MW in the Loire, in the Roanne agglomeration. Bank financing amounts to €26 million, of which Groupe BPCE has a 50% stake.

OUDON BIOGAZ regional methanization project

Banque Populaire Grand Ouest (*via* its investment bank Otoktone) co-arranged a bank financing of nearly €21 million alongside Hélia Conseil. This project represents a production of 600 Nm3/h of gas (83% of the domestic gas consumption of the Pays de CRAON, equivalent to the electricity consumption of 20,000 inhabitants excluding heating).

Since 2021, Groupe BPCE, in addition to its networks, has relied on BPCE Énergéco, a subsidiary of BPCE Lease (SEF division). This comprehensive ecosystem of expertise and skills around renewable energy enables the Group to pool its strengths for the benefit of increasingly large projects.

A symbol of these synergies within the Group, the Eolmed project. BPCE Energéco has signed its first floating wind project of 3 wind turbines of 10 MW each, mounted on BW Ideol steel floats and connected to the Réseau de Transport d'Électricité (RTE) by underwater cables. BPCE Energéco is co-arranger alongside Bpifrance, La Banque Postale and the European Investment Bank. Natixis supported the transaction as a hedging bank. In support of BPCE Energéco, the Banque Populaire du Sud was also involved in the financing of this transaction. This floating pilot farm, one of the first three in France, will be commissioned in mid-May 2024.

In 2022, BPCE Énergéco financed 18 new operations representing a grid connection capacity of 159 MW for a total amount arranged or co-arranged by BPCE Energéco of €350 million.

AT NATIXIS CIB & NATIXIS INVESTMENT MANAGERS

GFS's business lines (Natixis CIB, Natixis IM, Natixis Wealth Management) develop innovative financial products and services that serve the environmental and social objectives of its customers and, consequently, its own CSR ambitions. These business lines are supported by recognized teams.

Within NCIB, the Green & Sustainable Hub (the Green Hub) works with each business line, providing expertise to customers and developing sustainable cross-asset financing and investment solutions to help them achieve their objectives and support them in their transitions. The Green Hub brings together a variety of experts located in France and on the various APAC and Americas platforms of the GFS and is very active in market bodies that contribute to the development of market standards such as the ICMA and the LMA (Loan Market Association), as well as in regulatory bodies such as the ESMA and EFRAG.

NIM's multi-affiliate structure also makes it possible to serve these transition objectives. The majority of managers are signatories to the Principles for Responsible Investment (PRI) and have incorporated ESG criteria into their investment analysis and decision-making processes. Some of these affiliates offer social or sustainable impact investment funds targeting themes focused on specific ESG issues, such as water management, job creation, smart cities or climate change.

Natixis supports its customers in all key sectors of the ecological transition, from renewable energies to sustainable mobility and cities, and is developing numerous financial innovations to support a low-carbon transition.

FINANCING AND INVESTMENT IN RENEWABLE ENERGIES

Between 2022 and 2027, the global renewable power generation capacity is expected to increase by 2,400 gigawatts (GW), the equivalent of China's power generation today. Photovoltaic capacity is expected to triple over this period, making it the leading source of power generation in the world. Wind capacity is expected to double. In Europe, the renewable capacity installed by 2027 is expected to be twice that of the last five years. The United States, China and India are also accelerating. China should thus account for half of the new capacity installed in the coming years.

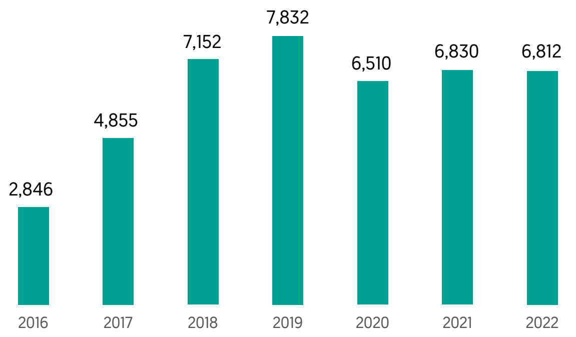
In 2022, Natixis once again positioned itself as a leading player in renewable energy financing. Natixis ranks fourth worldwide among MLA banks for renewable energy infrastructure financing (source IJGlobal).

Natixis CIB's infrastructure financing teams financed 25 new operations in 2022 representing an installed capacity of 6,812 MW for a total amount arranged by Natixis of €2.2 billion:

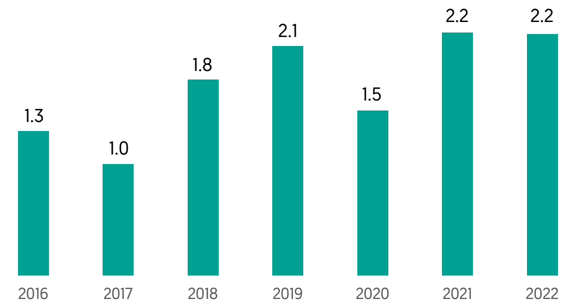
- 9 wind projects with a total capacity of 3,890 MW;
- 15 photovoltaic and concentrating solar projects with a capacity of 2,922 MW;
- 1 green hydrogen project.

In 2022, renewable energy accounted for 80% of Corporate & Investment Banking's new financing in the power generation sector (as a % of arranged amounts).

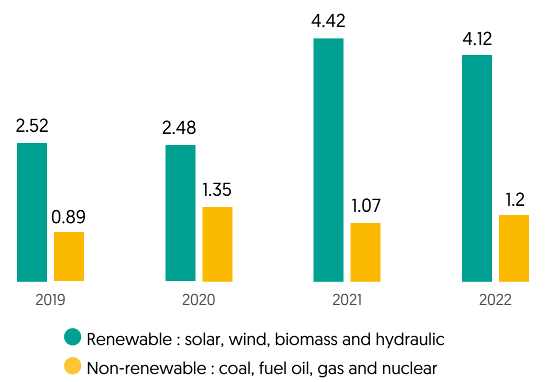
TOTAL INSTALLED CAPACITY OF RENEWABLE ENERGY PROJECTS FINANCED BY NATIXIS BY YEAR *(in MW)*



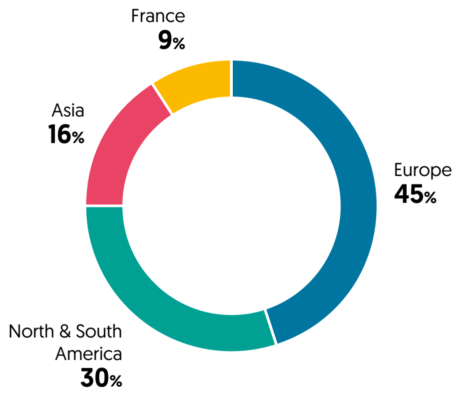
AMOUNTS OF RENEWABLE ENERGY PROJECTS ARRANGED BY NATIXIS PER YEAR *(in €bn)*



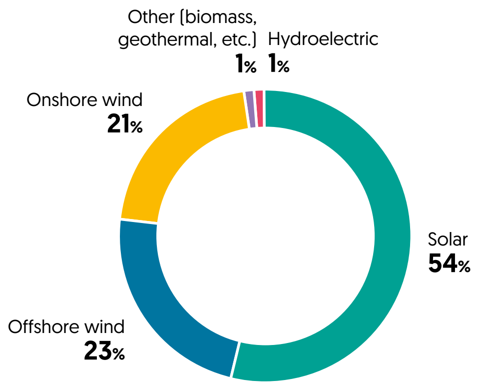
CHANGE IN THE EXPOSURE OF THE PORTFOLIO TO RENEWABLE ENERGIES[1] AND NON-RENEWABLE ENERGIES *(in €bn)*



GEOGRAPHICAL BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO IN 2022 *(% outstandings)*



SECTOR BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO IN 2022 *(% outstandings)*



Natixis IM also supports the development of renewable energies *via* investment funds offered by its affiliates.

Through its renewable energy transition infrastructure funds, representing 2 billion assets under management at the end of 2021, Mirova has financed more than 300 projects in 10 European countries and various renewable energy sectors and has contributed to the installation of 5 GW of clean energy.

With the Mirova Energy Transition 5 (MET5) fund, Mirova launched its fifth fundraising in 2021 in energy transition infrastructure). With this fund, Mirova is aiming for a final size of more than €1 billion and wishes to continue expanding its investment scope towards new energy transition technologies.

(1) Dedicated financing.

ACQUISITION OF SUNFUNDER BY MIROVA

In June 2022, Mirova announced the acquisition of SunFunder, a specialist in clean energy and climate investments in emerging markets, which finances renewable energy projects in Africa and Asia.

SunFunder has made more than $165 million in investments in 58 companies that deploy clean energy and has helped improve access to solar energy for more than 10 million people, primarily in East and West Africa, before expanding its expertise to other emerging markets, including Southeast Asia.

Another example in asset management is Vauban Infrastructure Partners, which in 2021 acquired 100% of the share capital of four district heating networks in Spain, a "green" project connecting more than 25,000 homes to these networks by 2028. This portfolio is the largest in Spain in terms of capacity but also in biomass supply. The portfolio has a total capacity of 74 MW, a target demand of 300 GWh in its operational phase, 77 km of network already built and connecting 10,000 homes.

FINANCING AND INVESTMENT IN SUSTAINABLE MOBILITY AND CITIES

Natixis is a leading bank in the financing of environmental infrastructure and supports the financing of real estate projects recognized for their environmental performance, as well as the development of sustainable modes of transport.

Sustainable real estate

In 2022, Natixis CIB's teams confirmed their positioning in the financing of sustainable real estate transactions, with a total of 14 transactions financed.

In real estate asset management, AEW CILOGER continued its efforts to certify its portfolio assets in 2022. Thus, buildings were certified at their construction or in the operational phase: BREEAM, LEED existing building, HQE exploitation or Breeam In-Use, BBCA (Low Carbon Building) or BEPOS (positive energy building). The amount of certified assets amounted to €12.3 billion, representing 32% of AEW's portfolio.

In 2022, seven funds participated in the Global Real Estate Sustainability Benchmark (GRESB), which covers environmental (measures to reduce the environmental footprint), social (relationship with stakeholders and social impact of activities) and governance (policies and procedures) issues. Seven funds achieved the Green Star level in 2022, showing a rating improvement compared to 2021, including one logistics fund that achieved the 5-star level and was ranked first in its category in Europe. In addition, AEW obtained the real estate SRI label in 2022 for four new funds.

Sustainable mobility

Mobility is a crucial aspect of human development. The movement of goods and people makes it possible to provide access to goods and services and in particular to housing, work, health, education and culture. However, these movements have impacts on climate change, air quality, fossil fuel consumption, biodiversity and human health. Transportation growth projections call for doubling the number of air passengers before 2040 and reaching nearly 2 billion vehicles on the road by 2050. Natixis is committed to sustainable and low-carbon mobility through its financing and investments.

SUPPORT FOR SUSTAINABLE MOBILITY IN AUSTRALIA

Natixis CIB participated in the financing of the "green and sustainable-linked loan" of Reliance Rail, an Australian railway project. This transaction is one of the first on the Asia-Pacific market, to be certified both "green" (certified by the Climate Bond Initiative according to its low-carbon transport criteria) and also "sustainability linked". A distinguishing feature of Reliance Rail's Green & Sustainability Linked Loan (GSLL) is that any margin savings must be used exclusively to finance sustainability improvements rather than to reduce net financing costs.

In October 2022, SNCF SA, the world's leading French public company in the mobility business, issued a €500 million Green Bond with a 5-year maturity, in which Natixis participated as Joint Bookrunner.

The proceeds of the transaction will finance eligible green investments in accordance with SNCF's Green Bond Framework. The framework was initially created to develop investments in French rail infrastructure and was extended in 2021 to rolling stock, making it the first green bond program covering both infrastructure and operations. Eligible green projects are self-financed projects supporting zero-emission transport as they support optimal use of rail transport.

GREEN BONDS AND GREEN LOANS

Green bond issuers undertake to use the funds raised to finance projects that have a positive impact on the environment. Unlike a traditional bond that finances all of the issuer's activities, a green bond finances traceable investments in "sustainable" activities such as energy efficiency, renewable energies, sustainable transport or water management. At the end of 2022, the green bonds market reached US$522 billion.

In 2022, Natixis arranged 54 green bond transactions, confirming a solid positioning on this market, and the support of new markets and technical innovations.

In Mexico, Natixis CIB acted as "Sole Sustainable Structuring Advisor" on the first sustainable bonds of the local Treasury. Issued with a syndicate of several banks and maturities of 2 and 6 years, they represent a total of 20 billion Mexican pesos (US$ 980 million). This is the fourth time that Mexico has entered the sustainable bond market and it is the first time that Natixis CIB has acted in a local currency issue in Latin America.

This transaction is intended to encourage sustainable investment in Mexico and is part of the federal government's strategy to achieve the United Nations sustainable development Goals. In addition to meeting these criteria, this new instrument also aims to improve the price discovery process, liquidity, depth and development of the local sustainable market.

FINANCING OF A NON-INTERMITTENT RENEWABLE ENERGY PRODUCTION PROJECT

In 2022, Natixis completed its first renewable financing in India, as part of the RTC (Round-the-Clock) Renew project. This project - the first of its kind - aims to bridge the gap in renewable energy production, by combining several sources of electricity, generated by solar and wind energy, distributed in three different states of India. With a total capacity of 1,300 MW, the project will produce 400 MW of electricity 24 hours a day.

DEVELOPMENT OF INNOVATIONS FOR A LOW-CARBON TRANSITION

The structured solutions based on the climate indices developed since 2015 have been offered in innovative formats - Structured Notes, Green Bonds, Equity Linked Bond - making it possible to respond to the need for investment in the energy and ecological transition sectors through offers aimed at both retail and institutional investors and in different geographies.

IMPLEMENTATION OF A NEW TOOL, ESG AND CLIMATE PORTFOLIO CLARITY

In 2022, Natixis IM International Solutions introduced ESG and Climate Portfolio Clarity, a platform for analyzing portfolios in terms of both physical and transition climate risk exposure.

The Portfolio Clarity tool allows:

- carbon footprint calculation;
- comparison and analysis of climate scenarios (transition risks and physical risks);
- analysis of exposure to the most impactful assets;
- identification of solutions for the energy transition and alignment with the Green Taxonomy.

In addition, Natixis IM International Solutions has deployed an advisory service to help clients align their strategic allocation and portfolios with a Net Zero trajectory according to the following four steps:

- an assessment of the portfolio's exposure to climate risks with the ESG + Climate Portfolio Clarity tool;
- the implementation of an asset allocation consistent with a net zero objective;
- a selection of investment solutions that meet return, risk and climate objectives in line with customers' commitments and financial requirements;
- a reporting platform enabling customers to communicate their trajectory and commitments.

Another significant innovation in 2022, Natixis CIB is supporting the sustainable development of the hydrogen sector through financial innovation and expertise to channel capital in the sector.

To meet this ambition, Natixis CIB has adopted a threefold sectoral approach:

- invest to build solid industry expertise through the establishment of a working group within Natixis CIB worldwide to monitor industry macro trends and identify debt opportunities and capital;
- ensure an active and visible institutional commitment, for example through our membership of the Hydrogen Council or the European Clean Hydrogen Alliance;
- establishing a strategic dialog with all industry leaders and key global stakeholders.

IPO OF HAFFNER ENERGY

Natixis CIB led the IPO of Haffner Energy as Global Coordinator & Bookrunner. Haffner Energy is a company specializing in the design, construction and marketing of technologies combining the production of green hydrogen and carbon capture.

The Natixis teams were able to support the company in maximizing its "green story" and claim the positive contribution of HYNOCA hydrogen technology from a carbon footprint point of view, as well as its CSR performance profile. In particular, Natixis CIB teams advised Haffner on the lifecycle analysis of their technology and ESG ratings as well as the incorporation of ESG risks at the corporate level.

RECOGNIZED EXPERTISE IN SUSTAINABLE BANKING

The expertise of GFS teams has long been recognized, with new awards for Natixis CIB and its "Green and Sustainable Hub" in 2022 https://gsh.cib.natixis.com/

- investment bank of the year for sustainability (the Banker);
- investment bank of the year for sustainable bonds (the Banker);

no1 Green, Social, Sustainable & Sustainability-Linked Bond issuances, French Issuers by deal number (Bloomberg).

Natixis' Green Weighting Factor is also cited in several reports as a key initiative in "climate transition in the Paris financial marketplace" according to the Perrier report, commissioned by the French Ministry of Finance, and as a "relevant tool for the financial sector to assess the climate trajectory of the bank's investments" in the IPCC Working Group 3 Assessment report no. 6, published on March 4, 2022.

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

In March 2021, the European SFDR (Sustainable Finance Disclosure Regulation) came into force. This regulation on "the publication of information on sustainability in the financial services sector" aims to ensure greater transparency around financial products presented as sustainable by investment companies.

This regulation provides for transparency requirements applicable to financial products (investment funds, management mandates, etc.) calibrated according to their ESG approach according to three main categories:

- products that promote environmental and/or social characteristics (so-called "Article 8" financial products);
- products aimed at sustainable investment (so-called "Article 9" financial products); and
- products that do not correspond to either of these two categories (so-called "Article 6" financial products).

However, as the regulations leave room for interpretation for the classification of these products, the players are asking the European Commission and the competent authorities for better clarification of the definitions of the products classified in Articles 8 and 9. In this context, NIM is working closely with its affiliates to ensure that the SFDR classification of their products is in line with the regulations, with a view to possible future European clarifications.

Our fund assets are allocated according to the methodologies in force to date and in accordance with the management processes. These methodologies are subject to change.

		Funds classified as Sustainable Finance Disclosure Regulation (SFDR) 12/31/2022					Labeled funds[1]	
List of NIM affiliates[2]	**Total outstandings** *(in €bn)*	**Article 6[3]**	**Article 8[4]**	**Article 9[5]**	**Assets under management in art 8 and 9** *(in €bn)*	**% of assets under management in art 8 and 9/total assets**	**Amount of outstandings under management** *(in €bn)*	**% of outstandings under management**
Harris Associates	**88.2**	3.9						
Loomis Sayles	**264.3**	9.8	6.9		**6.9**	**2.6%**	0.4	0.2%
AEW	**29.6**							
Vaughan	**12.8**	1.0						
Gateway	**8.1**							
AlphaSimplex	**7.7**							
NIM Solutions US	**33.8**							
WCM	**67.6**		1.6		**1.6**	**2.3%**		
Ostrum AM	**373.6**	85.8	285.4		**285.4**	**76.4%**	68.4	18.3%
Seeyond	**7.3**	3.2	4.1		**4.1**	**56.7%**	2.7	37.1%
Mirova	**27.2**		0.7	23.6	**24.3**	**89.3%**	16.0	59.0%
Dorval	**1.3**	0.2	1.1		**1.1**	**84.7%**	1.1	84.7%
Ossiam	**7.8**	4.8	2.9		**2.9**	**37.9%**	1.1	14.3%
DNCA FInance	**27.9**	3.0	23.7	1.1	**24.8**	**89.1%**	16.8	60.2%
Vega IM	**11.6**	3.2	7.7		**7.7**	**65.9%**	3.8	32.2%
AEW Europe	**37.9**	20.3	15.5	0.0	**15.5**	**40.7%**	1.6	4.1%
Thematics	**2.7**		1.8	0.9	**2.7**	**99.1%**	2.0	73.0%
IML	**2.9**							
Natixis IM Singapore Limited	**0.3**	0.1	0.2		**0.2**	**65.3%**		
Seventure Partners	**0.9**	0.9	0.0	0.0	**0.0**	**1.8%**		
Naxicap Partners	**6.8**	6.4	0.4		**0.4**	**5.7%**		
Flexstone Partners	**5.4**	1.6	0.3		**0.3**	**6.4%**		
Vauban	**7.4**		7.4		**7.4**	**100%**		
MV Credit	**4.4**	4.4						
Solutions International	**40.6**	30.0	7.2	3.3	**10.5**	**25.9%**	5.6	13.7%
TOTAL	**1,078.8**	**178.8**	**366.9**	**29.3**	**396.3**	**36.7%**	**119.4**	**11.1%**

(1) Examples of labels in Europe: SRI Label (France), FNG-Siegel (Switzerland, Austria and Germany), Green Fin, LuxFLAG (Luxembourg), Febelfun QS.
(2) For all affiliates, the assets reported in the SFDR classification are only the assets distributed in the European Union.
(3) 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.
(4) 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.* incorporation of ESG criteria in the investment decision-making process.
(5) Concerns financial products that pursue a sustainable investment objective assessed through indicators.

NATIXIS WEALTH MANAGEMENT

All of Natixis Wealth Management's expertise (financial management, real estate, private equity) includes ESG strategies according to the SFDR (Sustainable Finance Disclosure Regulation) classification, Article 8 or 9. These represent more than 75% of the product and service offerings recommended by Natixis Wealth Management. In comparison, only 55% of distributable products and services in France reach this level of classification.

In 2022, Natixis Wealth Management promoted the "Mirova Environment Acceleration Capital" fund to its private clients. MEAC is an impact Private Equity fund. This fund is classified under Article 9 of the SFDR regulations. MEAC invests in growth-phase companies with innovative solutions and technologies, mainly located in Europe (up to 20% outside Europe).

Traditionally reserved for institutional clients, for a minimum subscription of €100,000 and capital ownership over 10 to 12 years, NWM clients were able to access this opportunity.

BY GREENING BPCE ASSURANCES INVESTMENTS

BPCE Assurances has raised its target for investment in green assets from 10% to 15% per year, and is now aiming for a 10% share of green assets in its total assets by 2024 (*vs.* 2030 previously). Its commitment covers all its investment portfolios (excluding unit-linked policies).

At the end of December 2022, BPCE Assurances had made €1.4 billion in green investments (green bonds, Greenfin-certified funds and climate/environment strategy funds), representing 19.4% of investments over the year (flows).

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 continue to be implemented in 2023. BPCE Assurances monitors and reports the proportion of its real estate investments with an environmental label each year. Since July 2020, BPCE Assurances has implemented an ESG reporting monitoring strategy for its dedicated NAMI INVEST and FRUCTIFONCIER portfolios. An additional real estate asset received HQE certification in 2022, making it possible to achieve certification for 67% of the value of the NAMI INVEST portfolio and 62% of the FRUCTIFONCIER portfolio.

2.3.6 Set new targets for reducing the direct environmental footprint

As part of its BPCE 2024 Strategic Plan, Groupe BPCE has set itself the target of reducing carbon emissions related to its own activity by 15% over the period 2019-2024. The goal is to reduce emissions from 603,738 teqCO_2 in 2019 to 513,177 teqCO_2 in 2024. These figures include data center emissions.

The achievement of this objective is supported by all Group entities. These have defined actions to reduce emissions in relation to their operation. Reduction actions are thus piloted at both local and global levels and give rise to numerous exchanges to share knowledge, identify priority areas, monitor the results of actions taken and adjust reduction trajectories. Progress in achieving the objectives of the four major projects - real estate, employee mobility, digital uses and purchasing - is regularly reviewed and involves employees in all Group entities.

Forums are organized by departments specializing in digital, real estate or transportation, for example, to present technological and methodological developments, as well as best practices that will help all participants adapt their actions to these developments.

Particular attention is paid to CSR training for all employees, with modules adapted according to the level of expertise, from acculturation of each individual to modules specific to the different business lines and addressing current issues. Thus, training specific to the carbon footprint calculation is regularly adapted to changes in methodologies, the improvement of the tools that perform the calculation and the data that feed them.

RESOURCE MANAGEMENT

ENERGY

Reduction of energy consumption

The reduction of the Group's own environmental footprint involves, in particular, the implementation of the real estate master plan with a reduction in the number of square meters occupied, and the widespread application of various measures to reduce our energy consumption:

- in administrative buildings, the Building Management System (BMS) makes it possible to finely monitor the use of lighting, heating, cooling and air (automatic switching off of lights and air-conditioning, optimization of heating and cooling consumption by taking better account of the outside temperature);
- a re-lighting policy using light bulbs equipped with light-emitting diodes (LEDs) and the installation of automatic presence detection lighting systems in common areas;
- to help manage its sites, the Group launched in 2013 a "tertiary eco-energy platform": a very powerful tool, which makes it possible to diagnose and then manage the energy consumption of all the Group's sites "as accurately as possible". On sites that do not have a BMS, a home automation solution is gradually being installed (2,500 to date/7,000).

The improvement actions have made it possible to reduce energy consumption and the carbon footprint of the Group's sites, as well as to identify the actions to be taken to bring the sites concerned into compliance with the applicable regulations (energy audit, Elan act - tertiary sector decree).

ENERGY CONSUMPTION

Indicator	2022	2021	2020	Change 2021-2022
Total energy consumption per m2 (*in kWh/m²*)	162	170	168	(4.9)%
Total final energy consumption *(in kWh)*[1]	453,591,456	485,232,478	502,701,031	(6.5)%
o/w data centers *(in %)*	15%	14%	15%	1 pt
Share of green electricity *(in %)*	79%	71%	N/A	-8 pts

(1) Figures updated after adjustments to 2020 and 2021 data. Data center data included.
(2) Sum of: (kWh electricity + kWh HHV of gas/1.11 + liters heating oil x 9.86 + kWh steam + kWh cold)/total m2.

GROUPE BPCE ENERGY EFFICIENCY PLAN

To meet the current energy challenges, Groupe BPCE is implementing a voluntary restriction plan that is fully in line with the national effort required of public and private players, but also with the climate component of its strategic plan.The Group also signed the Ecowatt charter on October 11, 2022, committing itself, along with around a hundred large French companies and local authorities, to reducing and/or shifting its electricity consumption. This plan provides for concrete, high-impact actions that are implemented in the Group's companies. These include:

- the limitation of the temperature of the premises, the temporary closure of certain buildings;
- turning off our neon signs during daylight;
- measures to optimize energy consumption in data centers.

This collective scheme aims to reduce the Group's energy consumption by 10% by 2024 (compared to 2021), which represents the annual energy consumption of a city of 20,000 inhabitants.

It is also accompanied by a strong awareness-raising campaign among employees through communication and information actions reminding them, on an individual basis, of everyday eco-actions to consume less and better.

Data centers

The energy optimization areas focused on three main areas

- optimizing cooling systems by increasing the temperature of Groupe BPCE's IT rooms;
- synergy and relocation of IT infrastructures which have allowed a reduction in equipment;
- accelerating the decommissioning of end-of-life application infrastructures and replacing them with more energy-efficient equipment.

Thanks to the combination of measures carried out in 2022 within Groupe BPCE, the electricity consumption of the data centers was down at 2.4%.

Conversely, the PUE increased to 1.73 at the end of 2022 compared to 1.70 at the end of 2021, due to the partial and temporary emptying of certain Groupe BPCE IT rooms.

GROUPE BPCE'S FOUR DATA CENTERS HAVE SIGNED UP TO THE CODE OF CONDUCT FOR EUROPEAN DATA CENTERS

The "Code of Conduct for Energy Efficiency in Data Centers", steered by the European Commission, defines the best practices to be adopted to limit the environmental footprint of data centers. In particular, it provides for the development of a collective long-term energy efficiency improvement strategy with manufacturers that are members of the code.

A few months after obtaining ISO 50001 and 14001 certification for the energy and environmental performance of our data centers, this membership is further proof of Groupe BPCE's commitment to a more responsible digital environment.

At the same time, employees of the Albiréo campus launched an eco-grazing initiative to maintain its green spaces. This new type of partner, "La Feda & la Craba", aims to maintain the grounds of this campus by grazing livestock, thus replacing mechanical or chemical maintenance.

The benefits of this initiative make it possible to meet the following challenges:

- environmental: reduction of the carbon footprint of maintenance, protection of biodiversity, soil conservation;
- societal: improvement of the living environment, reduction of pollution, educational value;
- solidarity: source of additional income for the breeders, reintegration within the urban areas etc.

The ewes installed on the campus are of a rustic and rare RAVA breed and originating from the Puy-de-Dôme in Auvergne. Their breeding contributes to the maintenance and safeguarding of the breed, and also to the protection of the sheep species and biodiversity.

Renewable energy supply

In addition to the ambition to reduce energy consumption, BPCE Achats has negotiated 100% renewable energy supply contracts on behalf of Groupe BPCE in France. GFS has also set itself the objective of supplying its international facilities with renewable energy whenever this exists.

In France, almost all electricity comes from renewable energy sources. Internationally, the GFS buildings in London, Boston, Porto, Milan, Frankfurt and Singapore are fully supplied by this type of energy. The other international platforms are mobilizing to gradually obtain electricity from renewable sources.

Apart from electricity, the main energy sources used are district cooling and heating networks.

Groupe BPCE's data centers, ISO 14001 and 50001 certified, have signed a Power Purchase Agreement (PPA), which guarantees that 40% of the electricity used comes from wind power

Local production of renewable energy

In France, several actions allow self-consumption of energy in some buildings.

In Paris, on the roofs of the BPCE Towers, 1,500 m^2 of photovoltaic panels will supply 1% of the building's electricity consumption and produce hot water.

In Charenton, solar carpets installed on the Liberté 2 building are used to heat the building's domestic water.

In Saint-Estève, Banque Populaire du Sud's administrative site has a photovoltaic roof that covers 30% of its electricity needs.

In Bordeaux, Caisse d'Epargne Aquitaine Poitou-Charentes' head office building is 39% self-sufficient in electricity thanks to its 1,200 square meters of photovoltaic panels.

CUBE COMPETITION / FRENCH ENERGY SAVINGS CHAMPIONSHIPS: FOUR PODIUMS FOR BPCE ASSURANCES

For the third consecutive time, BPCE took part in the CUBE energy saving competition, organized by the Institut Français de Performance Énergétique du Bâtiment. Following two successful entries (5 trophies won), BPCE Assurances had registered three of its buildings near Bordeaux for the 2021-2022 edition.

Results: 4 podiums, the three buildings registered by BPCE Assurances won a trophy, plus the one for the project team for its communication and mobilization of employees.

PAPER

In 2022, paper use amounted to 1,577 metric tons or 18.2 kg/FTE, compared with 1,995 metric tons or 23 kg/FTE in 2021. The reduction in paper consumption is achieved by:

- shared printers, with printout confirmation on the spot. This avoids unused printouts;
- accelerated paperless interactions, 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	2022	2021	2020	Change 2021-2022
Total recycled and/or certified A4 paper *(in kg per FTE)*	17	22	26	-22%
Total non-recycled/non-certified A4 paper *(in kg per FTE)*	1	1	2	0%
Percentage of recycled and/or certified reams of A4 paper	93%	93%	93%	30%

SUSTAINABLE REAL ESTATE

BUILDING CERTIFICATION PROCESS

The number of buildings certified or eco-labeled increased by 52%. Thus, the 330,592 m2 certified or eco-labeled represents 12% of the total m2 used by the Group.

Indicator	2022	2021	2020	Change 2021-2022
Number of buildings with environmental or other certification	67	44	39	52%
Surface area of buildings with environmental or other certification *(m2)*	330,592	374,863	361,928	(12)%

THE BPCE TOWERS: A GLOBAL APPROACH TO CSR

Since June 2022, the BPCE Towers have been home to the employees of the BPCE Community and GFS. Located just a stone's throw from the Seine, the two towers -180 meters and 39 floors for the East Tower and 122 meters and 27 floors for the West Tower - offer more than 97,000 m2 of dedicated office space.

By uniting 9,000 employees and with the development of flex office and telecommuting, the BPCE Towers real estate project contributes to the overall objective of reducing the Group's real estate footprint in the Paris region.

The project was carried out with high standards in terms of CSR: calls for tender including ambitious CSR criteria, IT equipment and furniture reused as much as possible, infrastructures adapted for soft mobility, a zero waste approach in our working environments, etc.

In the construction of the Towers, innovations were implemented to reduce the energy impact and their design was conceived with a view to controlling energy consumption (installation of photovoltaic panels for the local production of green energy, thermal and acoustic performance of the facades).

In addition, as part of the move into the BPCE Towers, an Osmoz certification process for facilities is planned, a new certification relating to quality of life at work.

MOBILITY OF EMPLOYEES

The Group's CO_2 emissions related to personal travel represent nearly one third of total estimated emissions.

The end of lockdowns made it possible to resume travel. However, the emissions generated by this item remain lower than in 2019. The use of electric rather than internal combustion or hybrid vehicles is increasing.

Indicator	2022	2021	2020	Change 2021-2022
Total fuel consumption for business travel by car(1) *(in liters)*	10,937,638	9,068,769	8,568,347	21%
Average grams of CO_2 per km (as stated by manufacturer) for company cars and fleet cars *(grams of CO_2/km)*	101	106	127	5%
Business travel by train *(in km)*	39,676,565	18,528,049	18,335,242	53%
Business travel by plane *(in km)*	42,306,696	18,317,465	13,830,855	131%

(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.

RESPONSIBLE DIGITAL

Groupe BPCE has taken full account of the environmental and social impacts of digital technology by including a Responsible Digital component in its BPCE 2024 strategic plan. The objective is to reduce IT's carbon footprint by 15%.

The creation of a Responsible Digital Technology function in 2020 is part of this framework by promoting the control of the social and environmental impacts of digital technology in the digital transformation of Groupe BPCE.

REDUCE THE IMPACT OF DIGITAL TECHNOLOGY

Control and measure the impact of our IT equipment

The equipment used by the Group's employees and infrastructures represent a major challenge for optimizing social and environmental impacts. Numerous actions have been taken to optimize their number, to develop carbon measurement tools for our equipment and its use. In addition, attention is paid to making the working environment accessible to employees with disabilities.

BPCE IT teams carried out the carbon scoring of the equipment in the inventory databases (more than 90% finalized). The integration of the parks' carbon scores now makes it possible to:

- measure and share the carbon footprint of IT equipment within Groupe BPCE in partnership with manufacturers;
- measure the carbon scoring of calls for tenders when purchasing equipment;
- share the ecoscore of the equipment in the Group's catalogs for institutions.

Indicators to measure the equipment are made available to the Group's institutions (dormant equipment and age of equipment) to enable them to take concrete measures to reallocate or decommission equipment.

Optimize the growth of our equipment and control the impacts of its use

The reuse of available materials is encouraged during moves. This is notably the case with the reuse of 70% of the screens, keyboards and mice, for nearly 5,000 workstations (excluding the trading room) when the Paris sites are moved to the BPCE Towers.

An extended workstation standby solution was implemented by BPCE IT. This unified, groupwide solution provides energy savings while enabling remote distribution of software updates.

Fostering responsible digital purchases

A questionnaire designed to assess the level of social and environmental responsibility is sent to our suppliers when purchasing IT equipment.

As part of the BPCE Mobile Phone offer, a partnership with the company "Connexing" has been set up. This partnership makes it possible to offer the employees concerned (BPCE SA, BPCE IT, BPCE Payments, BPCE Eurotitres) the purchase of reconditioned and ethical smartphones such as the Fairphone, and the option of using these smartphones in a "BYOD" context (Bring Your Own Device: use of a personal smartphone in a professional context).

EXTEND THE LIFE OF OUR EQUIPMENT

The lifespan of PCs has been extended from three to four years, and that of smartphones from two to three years.

MAKE THE WORK ENVIRONMENT ACCESSIBLE TO EMPLOYEES

As part of the "Access-IT" project, BPCE IT has referenced and integrated hardware and software solutions to promote the accessibility of workstations for employees with disabilities. Assistance and functional support are also offered to support them. This solution is in the pilot phase with volunteer employees.

DESIGNING RESPONSIBLE DIGITAL SERVICES

Groupe BPCE considers the responsible design of its digital services as a strong lever to control the social and environmental impacts of digital technology.

Priority is given to the integration of Responsible Digital best practices in the development methodologies of the Group's software factories. The approach is completed by the creation of an application ecoscore intended to share measurement elements for a better integration of RDT issues within IT projects. Lastly, a Responsible Digital Services offer supports IT teams wishing to integrate RDT into their project.

Integrate the methodological framework

A Guide to Responsible Digital Design was published in August 2022 for IT teams. It presents 20 priority guidelines and the associated key best practices to be implemented.

Within BPCE IS, the entire design methodology for IT products and services is being revised to include the concepts of sobriety and digital inclusion. For example, Groupe BPCE's Design System now includes Responsible Digital Services as its fourth founding principle since July 2022.

Build measurement tools

A methodology for calculating GHG emissions is being tested on an IS application scope. "Green Project Scoring", an ecoscore that can be used as early as the scoping phase of a product or service, is deployed on the GFS scope. It is in the process of being qualified with a view to its deployment in all Community entities.

Make our digital services accessible

The Responsible Digital Technology function raises awareness of good digital accessibility practices among employees by offering general and advanced training. Advanced training courses are intended for digital service development project teams.

Contribute to the definition of Responsible Digital standards

The Responsible Digital Technology function participates in external working groups, for example:

- ADN Ouest (Jan. 2022) which published "Responsible digital gestures in my daily life",
- AFNOR Group in April 2022, the AFNOR SPEC 2201 "Ecodesign of digital services" which is the winner of the OR NORMES 2022 trophy "a trusted and responsible digitization".

In June 2022, Groupe BPCE co-organized the Ecocode challenge, a collaborative project bringing together several TOSIT companies[1]. 60 developers took part, including three Group teams. The Gold medal was awarded to the Natixis Interépargne team. This challenge allowed us to enhance the code review rules used by the development teams via the SonarQube tooling.

In the second half of 2022, BPCE IS launched its corporate project and placed CSR (including Responsible Digital Technology) among the six flagship ambitions. It is an accelerator for the practical implementation of responsible digital design in BPCE IS's core business lines.

PROMOTE RESPONSIBLE DIGITAL PRACTICES

The success of the Group's Responsible Digital transformation is based on the massive adoption of digital eco-gestures by employees and the implementation of Responsible Digital best practices in our IT policies.

The challenge is therefore to make as many of our employees as possible aware of Responsible Digital and to train those in the IT business lines to implement best practices in their daily work:

- provision of awareness-raising tools in a dedicated catalog to all Group institutions;

(1) TOSIT is an open source support structure that aims to support the emergence of codes, software and IT solutions under an open source license and/or free license.

- organization of awareness-raising events: coordination of the Cyber World CleanUp Day, two "Digital Fresco" workshops and one "Responsible Digital Escape game" workshop were offered to Group employees during European Sustainable Development Week;
- organization of thematic Responsible Digital workshops for institutions (equipment parks, user data, responsible IT purchasing, awareness-raising, accessibility & inclusion, communication) and awareness-raising workshops for various Group entities;
- training offer to raise awareness of the challenges of Responsible Digital Technology, with advanced modules for IT professionals to train them in best practices at each stage of the life cycle of digital services;
- internal (Responsible Digital plenary session and design conference...) and external communication efforts (presentations at various market events, podcasts, CIGREF inter-company working groups, Produrable trade fair, GreenTech Forum, etc.).

In 2022, 14 training sessions (including 8 "Responsible Architecture" training sessions) were organized allowing 142 employees of the entities of the BPCE Community to be trained in best practices in the implementation of projects.

As part of the launch of the BPCE IS Corporate Project, 4 "Digital Fresco" workshops raised awareness of 30 employees to the environmental impact of digital technology.

69 people have already taken the Mooc on Responsible Digital issues and 15 people have followed the e-learning related to digital accessibility at all stages of projects.

WASTE REDUCTION AND RECYCLING

The Group's total volume of non-hazardous industrial waste per FTE has fallen by 11%, due in particular to the widespread use of teleworking, the reduction in paper consumption and the awareness-raising efforts of employees over the last few years. 51% of this waste 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.

ZERO WASTE APPROACH

The zero waste approach initiated by GFS came to fruition in 2022 with the move into the new WELL spaces; alternatives are offered, in particular in the BPCE Towers:

- elimination of all disposable plastic cups thanks to the use of glasses/mugs;
- elimination of plastic bottles with the installation of water fountains;
- elimination of disposable capsules with the offer of coffee beans;
- removal of disposable containers for take-out meals with the introduction of deposit systems.

These systems will be gradually rolled out across all GFS and BPCE Community buildings in France and internationally.

FURNITURE REUSE POLICY

As part of the management of the GFS and the BPCE Community's real estate portfolio, a process of reuse and revaluation of furniture has been initiated.

Internal reuse is encouraged, particularly for chairs and desks, which are massively reused in the context of new developments.

When the buildings were relocated at the end of 2022, certain furniture in good condition but not usable internally was sold to GFS employees and the BPCE Community. The proceeds of the sale will be donated to the Red Cross to support the victims of the war in Ukraine.

RESPONSIBLE PURCHASING

The Responsible Purchasing policy is detailed in Section 2.2.6.

MEASURING THE GROUP'S CARBON FOOTPRINT

The reliability of the information system used to calculate the carbon footprint and the auditability of the indicators is part of a continuous improvement process. In 2022, BPCE chose to invest in a new tool for collecting the data required to calculate the Carbon Footprint. In addition to an overall analysis of the Group's own carbon footprint, this tool will make it possible to monitor the carbon footprints of the entities that make up the Group and to feed another application that already makes it possible to manage the emission reduction actions of each entity.

In this way, the Group is streamlining its monitoring of stable benchmark indicators over time for both local and global actions.

The entities that currently perform a carbon review represent 86% of the Group's permanent staff.

The methodology used by Groupe BPCE to estimate its greenhouse gas (GHG) emissions in all its entities and at the head office remains stable. It makes it possible to convert activity data into estimated emissions, expressed in CO_2 equivalent, by assigning emission factors corresponding to the various activity data. The estimated GHG emissions only concern CO_2, as Groupe BPCE's activity only marginally leads to the emission of other GHG.

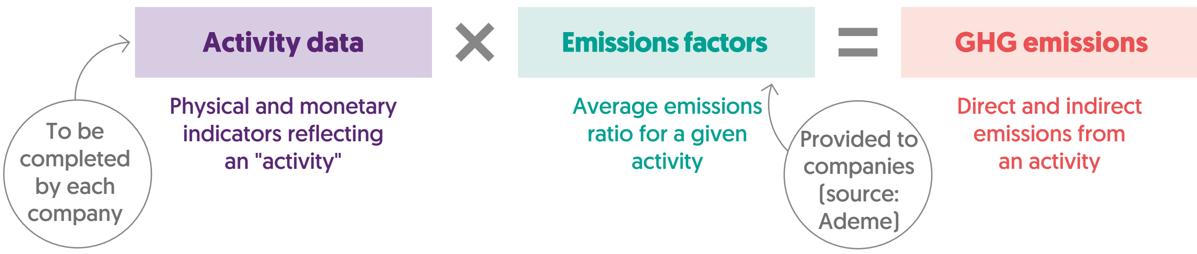
Emission factors are ratios that make it possible to estimate the quantity of greenhouse gases emitted by each activity data. These emission factors are reviewed annually. They mainly come from ADEME's Carbon Base.

For example:

- the emission factor of the occupied real estate (in m2) allows to calculate the quantity of GHG emitted by each m2 occupied by a branch;
- the emission factor for gas heating of buildings (in MWh) makes it possible to calculate the quantity of GHG emitted for each MWh consumed.

TRANSFORMATION OF BUSINESS LINE DATA (M², LITERS, €, ETC.) IN CO_2 EMISSIONS

THE CALCULATION PRINCIPLE



EXAMPLES

Items	Activity data	Emissions factors	GHG emissions
Occupied real estate (leased or owned)	**3,000** m²	**16** kgCO2e/m² 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.

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 the carbon impact of their uses at work: commuting, lunch, energy consumption, IT equipment, printed pages, business trips by train and plane, based on declared or automatically retrieved data. Using simulations and tips, they can take concrete action to reduce their impact.

This tool will be gradually rolled out within the BPCE Community and Group companies.

RESULTS OF GROUPE BPCE'S CONSOLIDATED CARBON FOOTPRINT *(Emissions in tCO_2eq)*[1]

Indicators (tCO_2eq)	2022	2021	2020	Change 2021-2022	Change 2019-2022
Direct greenhouse gas emissions – Scope 1 (example of scope 1 indicators: natural gas combustion, fuel consumption of the car fleet)	29,740	26,241	24,331	13%	(10)%
Indirect greenhouse gas emissions - Scope 2 (examples of scope 2 indicators: consumption of electricity, heating and air conditioning)	21,007	23,397	24,446	(10)%	(20)%
Indirect greenhouse gas emissions - Scope 3[2] (example of Scope 3 indicators: purchases, fixed assets, commuting, etc.)	469,070	480,832	492,633	(2)%	(14)%
Total	**519,818**	**530,471**	**541,411**	**(2)%**	**(14)%**
TOTAL (TCO_2EQ/FTE)	**6.15**				

(1) The data has been restated according to the calculation methodology of the 2022 carbon footprint (see methodological note).Scope: France.

(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 avoid 2,486 metric tons of CO_2 equivalent. Note that the GHG emissions presented are gross data. Avoided emissions are presented independently.

The data centers accounted for 1.9% of total Group emissions in 2022.

Indicator	2022	2021	2020	Change 2021-2022
Data center emissions	9,860	9,711	10,054	15%
Share of data center emissions in the Group carbon footprint	1.9%	1.8%	1.9%	0.1%

The main sources of emissions in 2022 were:

- purchases: 34%;
- travel: 28%;
- fixed assets: 21%.

GROUPE BPCE CONSOLIDATED CARBON FOOTPRINT RESULTS – BY SOURCE *(EMISSIONS IN TCO$_2$EQ)*

GROUPE BPCE CARBON EMISSIONS IN 2022

519,818 tCO$_2$ eq

SOURCE	2022 (tCO$_2$ eq)	SHARE OF TOTAL	CHANGE IN 2021-2022	CHANGE IN 2020-2022
TRAVEL	142,000	28%	2.65%	0.3%
Daily work commute	75,528	15%	(6%)	9%
Business travel	39,531	8%	31%	39%
Customer and visitor travel	26,941	5%	(3%)	(12%)
PROCUREMENT Goods and services purchased	172,385	34%	(3%)	1%
FIXED ASSETS IT equipment, buildings, vehicles, ATMs	110,648	20%	1.2%	(9%)
TRANSPORT Mail, cash transport	54,399	11%	(9%)	(13%)
ENERGY Electricity, natural gas, fuel oil, heating network	39,986	7%	(8%)	(12%)
WASTE Non-hazardous and recycled waste, WEEE	364	0.1%	(7%)	0.5%

ANALYSIS OF THE GROUP'S CARBON FOOTPRINT FOR 2021-2022

The decrease in the Group's carbon footprint by 2% between 2022 and 2021 is linked to the following reasons:

- reducing purchases;
- reducing emissions from cash in transit;
- taking into account the useful life of IT equipment for the depreciation of this equipment, instead of the accounting depreciation. This measure encourages the effective extension of the life of the equipment. It has been accompanied by more detailed monitoring with suppliers of the CO_2 emission factors of this equipment;
- reducing emissions from commuting to work, although this only partially offsets the increase in post-lockdown work travel.

ANALYSIS OF THE GROUP'S CARBON FOOTPRINT FOR 2019-2022

The decrease of 14% in the Group's total carbon footprint between 2019 and 2022 is mainly due to:

- reducing the carbon impact of property, plant and equipment and intangible assets;
- reducing the travel-related emissions, despite the resumption of post-lockdown travel. This decline is observed for both business and commuting travel and for customer travel to branches;
- lower energy consumption.

2.3.7 Indicators of the European taxonomy on sustainable activities

REGULATORY FRAMEWORK

European regulation 2020/852 of June 18, 2020 ("Taxonomy") establishes a classification of economic activities to help investors recognize sustainable activities.

This initiative requires financial market players, companies subject to the publication of a non-financial statement (NFRD soon to be replaced by the CSRD), EU Member States when developing measures, standards or labels for financial products or green bonds, to publish information on the extent to which their activities correspond to activities considered environmentally sustainable according to the European taxonomy.

It is based on six environmental objectives:

- climate change mitigation;
- adaptation to climate change;
- sustainable use and protection of aquatic and marine resources;
- the transition to a circular economy;
- pollution prevention and reduction;
- the protection and restoration of biodiversity and ecosystems.

An activity is said to be "eligible" when it contributes potentially, but not necessarily, to climate change mitigation or adaptation.

To be effectively sustainable, an activity must be "aligned" with the Taxonomy, *i.e.* it must meet the following three cumulative conditions:

- contribute significantly to one of the six environmental objectives and thus comply with the technical review criteria defined in delegated acts;
- not have a significant negative impact on the other five environmental objectives ("Do not Significantly Harm": DNSH) and therefore comply with the technical review criteria defined in delegated acts;
- respect minimum social guarantees (human rights, etc.).

To date, three main delegated acts have been published by the European Commission:

- Delegated Regulation 2021/2139 of June 4, 2021 concerns the technical examination criteria that can be used for the first two environmental objectives;
- Delegated Regulation 2021/2178 of July 6, 2021 contains details on the information to be published according to the types of structures concerned by the taxonomy regulation;
- a Supplementary Delegated Regulation 2022/1214 published on July 15, 2022 relating to the first two climate objectives covers certain activities in the gas and nuclear sectors with regard to climate change mitigation and adaptation.

- The regulations provide for the gradual application of these assessments.

Thus, for the first two fiscal years, according to Delegated act 2021/2178 of July 6, 2021 (*i.e.*, fiscal years 2021 and 2022), the objective is to identify the so-called "eligible" activities. Since January 1, 2023 following the Supplementary Delegated Regulation 2022/1214, gas and nuclear are included in the eligible activities. The obligation to produce the GAR (green asset ratio) sustainability indicators pursuant to Article 8 of the Taxonomy Regulation applies as of January 1, 2022 to companies subject to the obligation to publish non-financial information (Non-Financial Performance Statement - NFPS) in accordance with Article 19a and Article 29a of the Consolidated directive 2013/34/EU (as amended by the NFRD 2014/95/EU). Groupe BPCE's information for the 2022 fiscal year thus describes the share of eligible activities on climate change mitigation and adaptation objectives completed with all the mandatory information referred to in particular in Article 10 of the delegated regulation of July 6, 2021, known as "Article 8" of the Taxonomy regulation.

However, additional information on the alignment of eligible activities with climate change mitigation and adaptation objectives can only be provided as of the activity carried out in 2023, in accordance with the requirements of the "Article 8" delegated regulation, which grants additional time to organize at the European level the production and collection of reliable and essential information from economic entities contributing to the measurement of performance indicators. The green assets corresponding to the activities aligned to the Taxonomy are distinguished from the eligible ones by confronting the performance of these eligible activities to technical criteria and requirements in terms of environmental respect and social minima. From January 1, 2024, financial companies will have to publish a comprehensive report, with indicators for alignment with the six objectives.

MANDATORY GAR

GUIDELINES

Article 8 of Taxonomy Regulation 2020/852 introduces the publication of new key performance indicators (KPIs), the Green Asset Ratio (GAR) and its derivatives. Derived KPIs do not have to be produced for publication for 2022.

The KPIs are published on the basis of the prudential scope of consolidation, in an environment compliant with FINREP. The amounts to be taken are systematically gross amounts. This clarification is made several times in Appendix V of Regulation 2021/2178 of July 6, 2021, removing any ambiguity. Impairments are therefore not taken into account and no indication of their amount is required.

In 2022, the GAR corresponds to the amount of assets eligible for the taxonomy compared to the total hedged assets.

SCOPE OF FINANCIAL ASSETS SUBJECT TO ELIGIBILITY ANALYSIS

Appendix V of Regulation 2021/2178 defines the total hedged assets, which represent the scope of assets subject to the eligibility analysis. The categories of financial assets included in the total hedged assets are as follows:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income;
- equity investments in subsidiaries;
- joint ventures and associates;
- financial assets designated as at fair value through profit or loss and non-trading financial assets required to be measured at fair value through profit or loss;
- collateral obtained by taking possession.

In accordance with the regulation, the eligibility analysis is defined by a series of exclusions which are specified in Articles 7 and 10 of Regulation 2021/2178. The denominator and numerator are based on the institution's balance sheet total, from which certain items are subtracted. For the denominator and numerator of the ratio, the exposures excluded from the hedged assets are:

- central governments, central banks and supranational organizations;
- financial assets held for trading including derivatives in this portfolio.

Among the hedged assets, the following are excluded from the numerator of the ratio:

- hedging derivatives;
- companies that are not required to disclose non-financial information under directive 2013/34/EU (NFRD);
- interbank demand loans.

Cash and cash equivalents and other assets (goodwill, property, plant and equipment and intangible assets) are excluded from the eligibility analysis but are *de facto* included in the denominator.

METHODOLOGY USED

The analysis of the eligibility of financial assets and our ability to justify it led to only the following exposures being included in the mandatory GAR:

- Home loans and energy renovation loans;
- car loans to individual customers granted from January 1, 2022;
- exposures to financial and non-financial companies subject to the NFRD for which the eligibility portion of the activities could be obtained;
- green corporate bonds;
- financing of housing and other specialized financing for local authorities (housing and equipment allocation/*Office Public de l'Habitat* (OPH));

home loans and car loans to individual customers were considered eligible activities regardless of their geography.

The identification of counterparties subject to the NFRD was based on company size (companies excluding SMEs and PRO) and geography (Europe). However, the share of eligible activities could not be collected for inclusion in eligible assets. NFRD companies are therefore not included in the numerator of the GAR.

Assets not eligible for taxonomy in hedged assets

Only those exposures subject to an analysis of eligibility to the numerator and that prove to be ineligible as a result of this analysis are shown as "not eligible".

Exposures to financial and non-financial companies subject to the NFRD but whose economic activities are not eligible are shown as "not eligible". The same applies to exposures to companies subject to NFRD whose activities could be eligible but whose data could not be collected.

Other assets (*e.g.* property, plant and equipment and intangible assets) are excluded from the eligibility analysis. However, they are in the denominator of the eligibility ratios.

ALIGNMENT POLICY (REQUIREMENT OF ANNEX XI OF DELEGATED REGULATION 2021/2178) WITH THE TAXONOMY REGULATION

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.

Groupe BPCE's climate change strategy is described in this Chapter "Be a major player in the environmental transition", particularly in terms of commitments with customers and counterparties.

The publication from 2024 of so-called aligned activities will enhance its internal climate measures and green commitments. Groupe BPCE also takes into account the European taxonomy in the design of its "green" offers and services, and aims to comply as much as possible with the alignment criteria. This requirement requires a significant amount of relative information; work is underway and should be completed in 2023.

	2022		2021	
(in millions of euros)	**Amount**	**%**	**Amount**	**%**
Total hedged assets - included in the numerator and denominator	988,300	69%	959,489	68%
Total assets eligible for taxonomy in hedged assets - GAR	447,637	45%	439,053	46%
Total assets not eligible for taxonomy in hedged assets	236,941	24%	250,083	26%

	2022		2021	
in millions of euros	**Amount**	**%**	**Amount**	**%**
Derivatives - hedge accounting*	12,700	0,9%	7,163	0,5%
Interbank demand loans*	7,004	0,5%	7,228	0,5%
Outstanding loans to financial and non-financial companies not subject to Articles 19a and 29a of directive 2013/34/EU (NFRD)*	242,523	17%	204,106	14%
TOTAL ASSETS EXCLUDED FROM THE NUMERATOR*		**18%**		**15%**
Outstandings with central governments, central banks and supranational issuers*	261,388	18%	266,547	19%
Financial assets held in the trading book*	181,650	13%	186,528	13%
TOTAL ASSETS EXCLUDED FROM THE DENOMINATOR AND NUMERATOR*		**31%**		**32%**

* Ratios are calculated based on the FINREP balance sheet total.

VOLUNTARY GAR

GUIDELINES

General rules

Groupe BPCE will use the option offered by the text of publishing a GAR (Green Asset Ratio) on a voluntary basis to provide a more comprehensive view of the companies subject to NFRD for which eligibility data could not be collected. In this case, we considered all exposures for companies subject to NFRD as eligible.

Indeed, as soon as the bank decides on an estimate, the information cannot be included in the mandatory GAR in accordance with the FAQs published by the European Commission in December 2021, updated in January 2022 and in October 2022 but can be published voluntarily.

Groupe BPCE bases its estimates on the NACE codes (Nomenclature of Economic Activities in the European Community established by Regulation (EC) No. 1893/2006) published by the Commission and territoriality (exclusion of exposures outside the EU).

At December 31, 2022, the portion of eligible assets including estimates of European Union financial and non-financial counterparties amounted to 55%.

ACTIVITIES RELATED TO NUCLEAR ENERGY AND FOSSIL GAS

Line		
1.	The company is engaged in, finances or is exposed to research, development, demonstration and deployment of innovative facilities for the production of electricity from nuclear processes with minimal fuel cycle waste.	YES
2.	The company is engaged in, finances or is exposed to the construction and safe operation of new nuclear power or process heat facilities, including for district heating purposes or for industrial processes such as hydrogen production, including their safety upgrades, using the best available technology.	YES
3.	The company is engaged in, finances or is exposed to the safe operation of existing nuclear power or process heat production facilities, including district heating or industrial processes such as hydrogen production, based on nuclear energy, including their safety upgrades.	YES
Fossil gas activities		
4.	The company is engaged in, finances or is exposed to the construction or operation of facilities for the generation of electricity from gaseous fossil fuels.	YES
5.	The company is engaged in, finances or is exposed to the construction, refurbishment and operation of combined heat/cooling and power generation facilities based on gaseous fossil fuels.	YES
6.	The company engages in, finances, or is exposed to the construction, rehabilitation, or operation of heat generation facilities that produce heat/cool from gaseous fossil fuels.	YES

Model 4 - Economic activities eligible for taxonomy but not aligned with it and Model 5 - Economic activities not eligible for taxonomy, required by Delegated Regulation EU 2022/1214, cannot be published in the absence of data availability.

2.4 An engaged and socially responsible group

In 2022, Groupe BPCE continued to implement the four strategic HR priorities "Shaping the future of work" included in the BPCE 2024 strategic plan:

- new challenges in terms of skills to be leading bankers and insurers in their region;
- an employee experience similar to that of our customers;
- an internal career path for each talent that wishes it;
- Data and Artificial Intelligence for the efficiency of the HR function and employees.

In this context, the HR roadmap aims to:

- build, for each of the Group's major business lines, dedicated programs and systems enabling employees to feel comfortable in their role from the moment they join the Group, and encouraged to develop and progress through:
  - the roll-out of two transformation programs: "Advancing in the network" and "Enhancing banking services",
  - strengthen recruitment and onboarding programs to attract and welcome new employees, particularly young people and apprentices;
- offer an employee experience similar to that of our customers through:
  - enhanced employee feedback systems to measure their commitment and encourage the implementation of a continuous improvement process,
  - the development of new "hybrid" working methods, the deployment of shared tools and the continuation of the *WELL* program for the BPCE Community and Natixis, *i.e.* 26,000 employees,
  - social innovation actions to meet the new social needs of employees through solutions that optimize work-life balance and well-being (*e.g.* caregiver employees, cancer@work, etc.);
- anticipate and prepare the Group's intra- and inter-company functional and geographical mobility by:
  - setting up a group framework for the Management of Jobs and Career Paths (*GEPP*) in support of strategic ambitions,
  - moving toward a talent management system articulated between the local and national levels to maintain the promise of a primarily internally sourced leadership function,
  - securing the development of employees towards the professions of the future (*e.g.*, *Job in Motion - Natixis*);
- improve reliability, proactivity and accessibility, in particular by strengthening the monitoring and daily decision support of HR teams and managers.

Groupe BPCE thus reinforces its role as a responsible employer by giving employees reasons to be proud of their Company and, more broadly, the Group. This ambition aims to meet the expectations of employees in terms of professional development and fulfillment by building on the "Paris 2024" partnership.

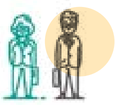
As a socially responsible employer, the Group respects:

- 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.

KEY FIGURES

99,800

employees of which 10,400 internationally

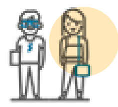


92/100

professional equality index between women and men

8,700

permanent hires in 2022



4,335

work-study students

GROUPE BPCE HEADCOUNT

Groupe BPCE has **99,814** employees:

The Banque Populaire network (**29,763** employees) and the Caisse d'Epargne network (**32,967** employees)

The BPCE Community brings together Groupe BPCE's support entities (*e.g.* purchasing, central institution, IT, etc.): **16,193** employees

Natixis brings together Groupe BPCE's global business lines (Corporate & Investment Banking, Asset & Wealth Management): **14,417** employees[1].

Other subsidiaries: **6,474**

(The scope of the Group's headcount is detailed in the methodological note)

Find all of Groupe BPCE's quantitative social indicators on: https://groupebpce.com/en/csr/a-socially-inclusive-employer

2.4.1 Attract, welcome and retain talent

2022 was marked by a dynamic and competitive job market. In this context, Groupe BPCE has adopted a global approach by simultaneously addressing the challenges and actions in terms of recruiting, integrating and retaining new employees.

For the Banques Populaires and the Caisses d'Epargne, recruitment plans inspired by the commercial prospecting codes have been implemented:

- training of HR recruitment teams in targeted prospecting on social networks to make them become expert head hunters;
- the promotion of new recruitment methods and candidate experience through various formats: virtual recruitment forums, assessment center, collective events, job dating;
- an acceleration of work-study programs, which are already highly developed, to make it one of the main pillars of recruitment and a strong lever for pre-hiring;
- boosting the employer brand through each Group brand, notably with a redesigned communication strategy on social networks.

2022 was also marked by the creation of a shared recruitment service center for the community and Natixis.

In addition, Natixis is rolling out a new Employer Brand strategy to support the development ambitions of its business lines and take into account the expectations of candidates and employees in a context of talent war. This is based on a new value proposition #transformative finance: join us to make the difference.

A DYNAMIC AND DIVERSIFIED RECRUITMENT POLICY

Despite the aforementioned employment market context and thanks to the commitment of all Group companies, 8,700 new employees were hired on permanent contracts, which represents an increase of 30% compared to 2021.

MORE DIVERSIFIED PROFILES

Most of work-study student and young graduate recruits are in the commercial field, with a wide variety of profiles: from 2 to 5 years of higher education (BTS, Bachelor's degree, Master's degree), as well as engineers, particularly for our IT subsidiaries.

The Group also offers hiring and training opportunities to non-banking sector profiles, as long as they have proven interpersonal and commercial skills.

Special attention is also paid to profiles in high demand, IT and Data

RECRUITING MORE YOUNG PEOPLE:

Groupe BPCE makes the professional integration of young working people a priority area of its recruitment policy. In four years, the number of work-study students has increased by 35%, from 3,200 in 2018 to more than 4,335 in 2022.

In addition, the Group has hired over 4,100 young people under the age of 30 on permanent contracts.

Within the framework of the new Management of Jobs and Career Paths (GEPP) agreement of July 2022, this policy is expressed by 2024 through quantified ambitions:

- 50% of permanent hires are under 30 years of age, including 5% of work-study students;
- 30% of work-study students hired each year (excluding those continuing their studies) in the business lines of the Banques Populaires and Caisses d'Epargne sales network at the end of their course.

Through the Banque Populaire and Caisse d'Epargne professional branches, a proactive policy aimed at young people has been deployed: Challenge: Innovate your Bank Agorize - career promotion videos, Ambassadors program (My Job Glasses: Our mentors - My Job Glasses).

(1) Including financial investments.

The Group has also made the development of its CFA "Le Campus BPCE" a training facility for young people and pre-employment training for the Banques Populaires and the Caisses d'Epargne. When it was created in 2020, it had 47 work-study students compared to 350 in 2022, spread across around 20 companies.

Lastly, working to promote equal opportunities and employment for young people, Groupe BPCE has implemented various initiatives:

- raising awareness of the Group's business lines among young people through the publication of dedicated communication tools (internship program, educational kit, business brochures, etc.), internships and presentations by professionals in schools;
- facilitating access to apprenticeships to enable young people in our neighborhoods to enter the workforce and diversifying talent through the renewed involvement of employees: 190 mentors for the "Nos Quartiers ont du Talent" (NQT) program, and 160 mentors for the "Capital filles" program;
- in 2022, Natixis took part in more than 40 internship/work-study forums and organized a "Global Market Junior Day", an event during which around a hundred students from target schools were invited to discover the Global Market professions.

STRENGTHENED PRESENCE ON SOCIAL NETWORKS:

At the same time, the Group has considerably strengthened its presence on social media by communicating regularly through its various brands with tangible results:

A constantly growing number of subscribers:

- LinkedIn: 150,000 (+24,000 new subscribers in 2022); Groupe BPCE LinkedIn page
- Facebook: 7,200 (+625 subscribers in 2022); Groupe BPCE Recruitment Facebook page
- Instagram: 2,350 (launched in 2021). Groupe BPCE Instagram page

Groupe BPCE is:

- in fourth place in the LinkedIn ranking of the most attractive companies in France in 2022, up four places (*vs.* 8th in 2021);
- in tenth place in the overall PotentialPark ranking, which each year surveys more than 3,500 students and recent graduates on the digital recruitment strategies of 80 companies. In the "social networks" ranking, Groupe BPCE has gained 19 places compared to last year and is now ranked 8th.

In addition, in 2022, Groupe BPCE is stepping up its presence at partner sites such as: Welcome to the Jungle https://www.welcometothejungle.com

Natixis is also certified:

- Top Employer in 2022 for the sixth consecutive year;
- Happy Trainees (recommended by 91% of young people in internships and work-study programs in 2022/2023).

INTEGRATE AND RETAIN NEW EMPLOYEES

Groupe BPCE places the onboarding and retention of new employees at the heart of its HR policy by striving to better "pre-welcome" and welcome newcomers, considering that the onboarding process and the employee experience begin as soon as the candidate signs his or her employment contract until he or she spends three years with the company.

In this context, the new GEPP agreement expressly states that each Group company is committed to implementing a genuine onboarding program from the signing of the contract until the employee completes three years of service:

1 ONBOARDING

Prior to the employee's arrival, the **company** prepares and organizes the administrative and material aspects necessary for the **provision of the necessary resources on the day of arrival (authorizations, badge, IT, office, etc.)**

2 TAKING UP THE POSITION

The **manager, in conjunction with HR,** facilitates the arrival of the new employee in the company and post, by dedicating the **time needed to support him or her in taking office, in discovering the new team and organization, and in learning about tools, etc.**

3 INTEGRATION PROCESS

Regular monitoring of employee integration and training by the **manager: listening and sharing time adapted to the employee's skills development** and in particular on the control of his or her working environment and related tools.

4 THE TRAINING PATH

The manager, in conjunction with HR, discusses the content and objectives of the training program with the employee and **facilitates his or her availability for training.**

The **employee commits to the training: follows the planned sessions and is a driving force** in the appropriation of the knowledge, tools and methods necessary for the exercise of his or her profession.

5 THE FIRST ASSESSMENT

The employee benefits from a **discussion with his or her HR manager and/or line manager** to discuss his or her **integration, successes** achieved and **areas for improvement.**

Guidance of the employee's activities is organized together with his or her manager.

6 STRENGTHENED SUPPORT AND GUIDANCE OVER THREE YEARS

In the course of the first three years, the manager and HR organize **meetings to review the employee's skills and career development.**

A STRENGTHENED EMPLOYEE EXPERIENCE

IMPROVE EMPLOYEE FEEDBACK

Feedback systems are deployed to measure employee commitment, encourage the implementation of a continuous improvement approach and share best practices. Regular surveys of the business lines enable the implementation of appropriate action plans. (*e.g.* the "Key employee moments" feedback system made it possible to interview more than 6,000 people in 2022)

The Diapason group social survey, whose commitment rate was 72% in 2021 will be carried out again in the first half of 2023.

THE WELL PROGRAM WITHIN THE COMMUNITY AND NATIXIS

The WELL program concerns the work environment (new work environments adapted to the flex office, etc.) and practices that promote well-being at work (well-being services, etc.); it relies on scalable tools to facilitate the daily lives of employees (transport in particular), in a responsible approach (*e.g.* zero waste policy in offices, etc.).

At Natixis, a "change" department was created within the HR department in January 2022 to provide local support to business lines and managers in their transformation projects. In addition, Natixis launched the "global playbook", a set of best practices to:

- develop a multicultural and inclusive working environment;
- engage employees and attract talent *via* an attractive working environment offering international careers;
- simplify processes to better serve its global customers.

STRENGTHEN THE RETENTION OF SENIORS IN THE WORKPLACE

Groupe BPCE is committed to changing the representations and stereotypes associated with experienced employees and considers age as an asset.

In this respect, Groupe BPCE supports experienced employees in their job retention and continued professional development. Mechanisms are also implemented to enable experienced employees to pass on their knowledge and skills.

For example, the targets set in the 2017-2021 GPEC agreement in terms of hiring and job retention were exceeded (19% of seniors in the workforce and 8% of permanent contracts recruited at age 45 and over), as well as in terms of support for seniors in their career paths (use of tutoring, skills sponsorship, etc.).

The new GEPP 2022-2025 agreement renews and strengthens these commitments by aiming in particular to ensure that the training rate of experienced employees is equivalent to that of other employees. The challenge is therefore to continue to mobilize experienced employees by capitalizing on their experience (internal or external), and preserving their motivation while strengthening the prevention of occupational risks.

2.4.2 Building tailored career paths

TRAINING AS A LEVER FOR EMPLOYABILITY AND ATTRACTIVENESS

The development of activities and business lines requires the implementation of enhanced support for employees to enable them to feel comfortable in their role as soon as they are hired and encourage them to develop and progress. 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.

THE CREATION OF THE BPCE CAMPUS: VOCATIONAL TRAINING, CERTIFICATE AND DIPLOMA COURSES

To support its skills development strategy, a training department has been created at Group level, “The BPCE Campus”, which co-builds a national training base with the companies, supplemented by each of them. Through the creation of this department, the Group further affirms its ambition to make training one of the pillars of the employee experience.

This training department makes it possible to:

- develop the integration of employees hired through apprenticeships according to training paths specific to Groupe BPCE, in particular thanks to the Group’s internal CFA;
- deploy strategic programs aimed in particular at career progression and development within the Group’s business lines;
- 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.) based on certifications chosen by the Group and recognized on the job market.

THE “CFA THE BPCE CAMPUS”, A REAL PRE-HIRING DEVICE

In order to support the Group’s proactive and ambitious work-study policy, the Group Training department “The BPCE Campus” is hosting the Group’s corporate CFA “CFA the BPCE Campus”, which was created in 2020 to internalize the Group’s diploma policy (Bac+3, +4/5) and to deploy a modular and personalized offer for the work-study students of our CFA.

Our CFA delivers certifications in partnership with the Ecole Supérieure de la Banque (ESB): the professional banking diploma and the Bachelor of Omnichannel Banking (BBO).

It is growing rapidly in terms of enrollment, with 50 work-study students in 2020 and 317 in 2022, and currently has 19 classes (8 classes of professional banking diploma and 11 classes of BBO)

Outlook for 2023: 500 work-study students.

As a sign of high standards, the “BPCE Campus” CFA is Qualiopi certified.

SKILLS DEVELOPMENT PROGRAMS DEDICATED TO EACH MAJOR BUSINESS LINE

Two programs for the Banque Populaire and Caisse d’Epargne networks:

- “Progressing in the network”: This program aims to define and manage a personalized development path so that Banques Populaires and Caisses d'Epargne advisors are comfortable in their job and at the level expected by customers. The BPCE Campus is revisiting and supplementing its training offer, which now comprises 1,700 modules and is developing an adaptive learning tool to enable employees and their managers to implement continuous, personalized and optimized learning.
- “Promoting banking services”: This involves supporting the skills development of banking services employees in line with the transformation of their profession. The training offer, consisting of 60 training modules, was adjusted in 2022 to develop the business expertise and relational excellence of employees in the sector.

TWO PROGRAMS TO DEVELOP EXPERTISE IN THE MOST PROMISING FIELDS

ACADÉMIE
Tech & digital

The Tech and Digital Academy: created in 2022 and led by a community of business line sponsors, the academy trained nearly 15,000 employees in 2022 thanks to 8 training programs available. Its main mission is to accelerate the development of strategic IT, digital and data skills within the Group.

Among the eight programs offered by the Tech and Digital Academy, two modules stand out:

- "Responsible Digital Technology": training for all employees to help them achieve the strategic objective of reducing the Group's IT carbon footprint by 15%;
- "Information System security": awareness and expertise development modules

STEP UP ACADEMY

The Step-Up Academy is Natixis' internal university, which trains employees in the professions of the future. The training courses are designed and adapted with the managers who have identified employees.

Since its launch in 2020, Natixis has trained more than 400 employees with more than 70 different types of career paths in the fields of the future for which there are skills shortages: Tech, Data, project management, CSR, process management, etc. Natixis's target is to have 600 employees trained by 2024.

The BPCE Community also plans to launch Step Up programs.

NEW TRAINING PROGRAMS - RESPONSIBLE EMPLOYER CSR

Because we are all affected by climate change, the Group has increased awareness, training and acculturation initiatives on environmental and CSR issues.

A *Climate School*, a catalog of customized modules for all employees, was launched in November 2022 to raise awareness of the fundamentals of climate change and its impacts.

Several Group companies offered "Climate Fresco" workshops, notably on the occasion of the European sustainable development Week, as well as "Responsible Digital Fresco" workshops.

Employee-trainers were involved in leading these workshops. Today, more than 40 CSR correspondents from the Banques Populaires and the Caisses d'Epargne are able to run these workshops in their regional institutions, and nearly 800 employees from the BPCE Community participated in them in 2022.

Natixis has also launched three *STEP UP* classes dedicated to CSR, including an international class.

ACCESSIBILITY BRIDGES BETWEEN BUSINESS LINES AND DYNAMIC MOBILITY

Groupe BPCE, through its training and mobility policy, as well as its *HR JUMP* tool and its job exchange allows employees who wish to do so to build a bridge to a different profession.

This approach consists of:

- having the employee carry out a diagnosis of his/her training needs;
- defining training and development actions, in conjunction with HR, to meet the need for increased skills and in line with strategic orientations.

It is accelerating with the deployment of the two HR programs in the Group's strategic plan dedicated to skills issues ("Progressing in the network" and "Enhancing the value of banking services").

In addition, the new Group *GEPP* 2022 agreement facilitates geographical and functional mobility within the Group.

In 2022, 870 employees benefited from inter-company mobility and more than 10,600 changed jobs.

At Natixis, to allow employees to have varied career opportunities, but also to ensure that they develop new skills on an ongoing basis, and in particular the skills of the future, the training and internal mobility mechanisms have been strengthened through the *Jobs in Motion* program. Natixis has set itself the target of doubling the internal mobility rate by 2024.

MOBILITY WITHIN THE BPCE COMMUNITY AND NATIXIS IS GAINING MOMENTUM!

- a Mobility Charter is being rolled out to all companies;
- the *WAYS* tool gives employees the means to make themselves visible and access career opportunities within the Community based on a skills assessment;
- the Mobility and Recruitment Center promotes mobility by approaching employees directly; its objective is to triple the number of mobility opportunities within the Community;
- the *Jimmy* tool is deployed to all Natixis employees: this AI-based application allows all employees to self-assess their skills and match them with job or training offers adapted to their profile.

2.4.3 Sustained dialog with employee representatives

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 twice in 2022. 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 once during the year.

Most of the collective bargaining agreements signed in 2022 are the result, first and foremost, of negotiations conducted at Group level with the Group companies. The agreements cover the following main topics:

- management of jobs and career paths (GEPP);
- the career path of employees with a mandate;
- mandatory annual negotiations;
- the quality of life at work and working conditions;
- health, personal protection and retirement;
- the safety of bank branch staff.

Secondly, Groupe BPCE is unique in leading two professional divisions that are active in social negotiations and professional training.

Discussions in 2022 were particularly intense with:

- two agreements relating to the management of jobs and career paths and the career paths of employees with a mandate were signed at Groupe BPCE level;
- two agreements were signed in Banque Populaire on the safety of bank branch staff and mandatory annual salary negotiations;
- two agreements were signed in Caisse d'Epargne on the quality and conditions of life at work and the mandatory annual salary negotiations;
- an agreement for Banque Populaire and an agreement for Caisse d'Epargne, relating to employees with disabilities; and
- two agreements relating to promotion through work-study programs called PRO A", for Banque Populaire and Caisse d'Epargne.

For its part, the BPCE Community has taken a new social step: in line with the Group's GEPP agreement, a GEPP Community agreement has been signed to support employees in the transformation of their business and the implementation of projects to transform and simplify organizations.

Natixis has signed an agreement on the management of jobs and career paths, which defines measures to promote generational balance, a skills development policy, support for professional mobility, the application of mobility leave, and the positioning of the GEPP as a dimension of dialog with employee representatives and consultation.

PROTECTING AND SUPPORTING THE GROUP'S EMPLOYEES: A YEAR MARKED BY INFLATION AND THE ENERGY CRISIS

The year 2022 was marked by record inflation as well as by an energy crisis due, in particular, to the Russia-Ukraine conflict in an economic context already weakened by the Covid-19 crisis.

The professional divisions represented in Groupe BPCE have concluded two agreements, applicable in the Banques Populaires and the Caisses d'Epargne, providing for salary increases and value-sharing bonuses to support employees in this context.

In addition, the HR departments of all Group companies maintained an intense level of dialog with employee representatives, with regular exchanges with the trade unions in the Banque Populaire and Caisse d'Epargne divisions as well as with each Social and Economic Committee. As part of this dialog with employee representatives, measures concerning transport and sustainable mobility have also been put in place.

CSR criteria newly integrated into Natixis' compensation policy, with:

- the taking into account of Natixis' CSR strategy in determining the annual variable compensation of the Chief Executive Officer and the members of the Executive Management Committee;
- a profit-sharing agreement that provides for CSR criteria to be taken into account in calculating the special profit-sharing reserve (proportion of sustainable and high-impact assets under management by all Natixis Investment Managers affiliates and the amount of NCIB's Green revenues);
- the inclusion of specific CSR objectives in the profit-sharing agreements of certain Natixis entities;
- the unrestricted funds in the PES and PER Collectif employee savings plans are all SRI-labeled or include ESG criteria.

2.4.4 Committing to quality of life at work

For Groupe BPCE, Quality of Life at Work (*QLW*) consists of creating a working environment that reconciles customer satisfaction, employee aspirations and economic performance. Its development relies on a network of correspondents present in each Company and responsible for local policies that enable actions to be defined in the field.

In 2022, the signing of a new *QLW* agreement in Caisse d'Epargne strengthened the reference framework and made it easier for each company to negotiate a single agreement dealing with all areas of *QLW* for the sake of consistency and clarity.

In line with the Group's *QLW* guidelines, these agreements give a central place to "work" by promoting the quality of work, health prevention, the anticipation of difficulties and the continuous improvement of work situations.

Under these agreements, particular emphasis was placed on:

- the role of the *QLW* correspondents in each of the Group's companies, with the implementation of a professionalization program specifically dedicated to them;
- better consideration of sensitive individual situations to promote inclusion.

TRAINING TO PROFESSIONALIZE NEW QLW CORRESPONDENTS

Because of the diversity of their experience and activities, the new *QLW* correspondents have different professionalization needs.

An individualized and adaptable training program is offered to them. This course, which is also open to existing correspondents:

- is modular and includes a core curriculum supplemented by a customized offer;
- is largely based on "remote" sequences for a more flexible organization;
- covers the three pillars of the *QLW*: quality of work, which encompasses the content, organization and transformation of work, services to facilitate the reconciliation of private and professional life, and occupational health to maintain the physical, mental and social well-being of employees.

SUPPORT FOR SENSITIVE INDIVIDUAL SITUATIONS WITH A VIEW TO INCLUSION

To better support sensitive situations such as chronic illnesses, family caregivers, single parenthood, addictions, domestic violence, etc., companies are implementing increasingly comprehensive measures covering a broad spectrum, from information to financial support, including training, assistance with procedures, psychological support, a more suitable organization of work, maintaining ties during long-term absences and preparation for a return to work.

The overall approach to the issue of caregivers, which earned the Group **the first "Company and Caregiver Employees"** award in 2021, has become more structured. The 2022 edition of the guide intended for Group companies to help them build their own support policy for employees who are caregivers, has identified action plans in 23 companies.

Partnership with *Cancer@Work* concerns 26 Group companies with different levels of certification. Beyond the aid granted, the initiatives cover the organization of work. A *Human Impact Assessment** conducted with a group of managers and caregivers' colleagues identified ways to better reconcile the needs of sick people or caregivers with the constraints of the teams' activities.

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 support plan and, if necessary, to adjust the transformation.

"Inclusion is a necessary support for people and an asset for companies". David Marchal (HR Director of Banques Populaires and Caisses d'Epargne, and Deputy HR Director of Groupe BPCE) was chosen by the Cancer@Work Business Club to speak about the commitment of the Group's companies to the association.

https://smartlink.ausha.co/canceratwork-fete-ses-10-ans-temoignages-et-partage-d-experience-pour-l-inclusion-de-la-maladie-au-travail/episode-9-un-reseau-bancaire-inspirant

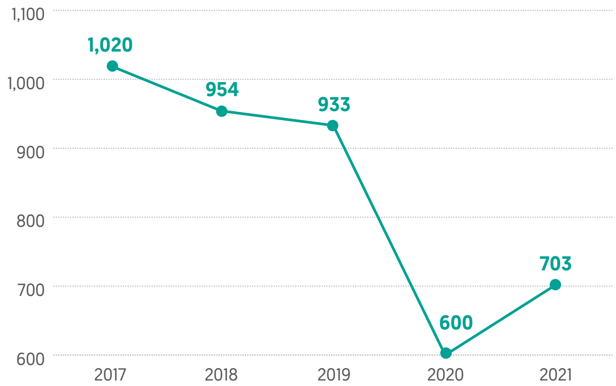
David Marchal's podcast: Cancer@Work - testimony and experience sharing for the inclusion of illness in the workplace

MANAGEMENT OF OCCUPATIONAL RISKS

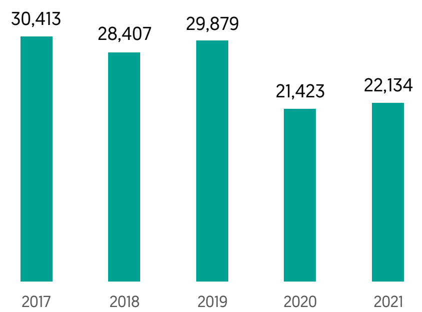
THE EFFECTIVENESS OF THE PREVENTION POLICY IS DEMONSTRATED BY THE FACT THAT THE NUMBER OF CLAIMS WAS CONTAINED AFTER THE HEALTH CRISIS

The traceability and coordination of occupational risk prevention actions have been strengthened with the gradual deployment of a common tool to all companies in 2022. This IT solution, configured for the Group's specific needs, is a risk assessment, reporting, analysis and monitoring tool that brings together all the players concerned in the various organizations. 2023 will be devoted to the mobilization and constitution of multidisciplinary teams within the Group's companies.

CHANGE IN THE NUMBER OF WORKPLACE AND COMMUTE ACCIDENTS[1]



CHANGE IN THE NUMBER OF DAYS LOST



A contained claims trend of +8.5%, identical to the sector of activity, compared to 12% on a national scale.

(1) The number of workplace and commuting accidents as well as the number of days lost in 2022 were not available at the time of publication of the Non-Financial Performance Statement.

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 every year, the Group organized the diversity week in March.

The opportunity to:

- recall our quantitative and ambitious commitments as part of the strategic plan: 50% of women managers and aim for 35% of women among senior managers by 2024;

  https://groupebpce.com/en/all-the-latest-news/news/2022/gender-equality-week
- provide employees with a new space dedicated to gender equality and diversity, where they can find all the information they need, including key figures, guides and links to awareness-raising tools.

At Natixis, a commitment was made to have at least 35% 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.

By signing on January 25, 2022 the commitment of the #StOpE initiative to fight against so-called ordinary sexism in the workplace, Groupe BPCE is reaffirming its desire to promote a respectful working environment for women and men and intends to pursue its policy of fighting sexism and harassment.

Created in 2018, this collective aims in particular to distribute educational tools to employees, to provide targeted training on obligations and best practices and to apply zero tolerance in terms of sexism.

INCREASING THE NUMBER OF FEMALE SENIOR MANAGERS

Groupe BPCE's ambition is reflected in the continuation of its actions concerning the detection and support of women with executive potential, with a view to their advancement to senior management positions.

This is reflected in particular by:

- careful management of our future executive pools;
- gender parity in the Group's career development programs;
- a training program dedicated to women, "Succeeding in your career as a woman", taken by about a hundred women each year;
- highlighting the talents of women to our executives through events such as the breakfasts organized by the network of women executives "Elles de BPCE".

Ten years after the "Copé-Zimmermann" law, which made it possible to achieve parity on boards of directors, the Rixain law of December 24, 2021 reinforces the requirements for the representation of women among senior executives and management bodies.

Also, companies with more than 1,000 employees will have to reach a minimum rate of 30% of women in senior management and executive bodies by March 2026, rising to 40% by March 2029.

GROUPE BPCE RIXAIN LAW INDICATORS

PERCENTAGE OF WOMEN AND MEN AMONG SENIOR EXECUTIVES

PERCENTAGE OF WOMEN AND MEN AMONG GOVERNANCE BODIES

INCREASE THE NUMBER OF FEMALE EXECUTIVES

At end-2022, 57% 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 45.7% at the end of 2022, representing a very sharp rise of 9.5 percentage points.

PERCENTAGE OF WOMEN EXECUTIVES AT 12/31/2022

SPREADING A CULTURE OF DIVERSITY IN ALL OUR COMPANIES

RENEWAL OF THE PROFESSIONAL EQUALITY LABEL IS ONGOING

In 2022, the professional equality label was confirmed for fifteen Group companies. This label, which meets the requirements of precise specifications and the opinion of experts, is now obtained for four years after an on-site audit and the appearance before a joint commission and is an indisputable proof of the continuous improvement approach of the companies.

A METHODOLOGY FOR DETECTING PAY GAPS BETWEEN WOMEN AND MEN

This methodology, applied in each Company, aims 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 92/100 on March 1, 2022 (identical to last year).

PROMOTION AND FACILITATION OF GENDER DIVERSITY POLICIES

The Group HR department continues to support all Group companies in promoting diversity policies, in particular through awareness-raising tools available to managers, employees and management teams: parenthood week, awareness-raising conference, testimonial videos, quizzes, etc. and the creation of a dedicated website that brings together all the resources related to this subject.

PARENTHOOD AS A LEVER FOR PROFESSIONAL EQUALITY

Taking into account all forms of parenthood in the workplace meets a number of challenges: better reconciliation of work and family life, promoting gender diversity and professional equality between women and men, promoting professional inclusion and quality of life at work, and raising awareness about stereotypes.

As part of Parenthood Week, the Group's Human Resources department offered the opportunity to participate in two conferences this year: "Valuing parental diversity" and "Transforming paternity leave into a lever for gender equality". It was also an opportunity to give the floor to employees who have benefited from extended paternity leave (voted in July 2021) and to remind them that under the latest professional equality agreements signed in July 2021, any employee, after one year's seniority, on paternity leave paid for by the social security system will receive compensation equal to 100% of the difference between the amount paid by the social security system and the amount of his gross compensation.

CONTINUE TO RAISE PUBLIC AWARENESS OF THE FIGHT AGAINST SEXISM AND HARASSMENT IN THE WORKPLACE

In addition to coordinating the community of harassment referents, the Group's HR department has made an e-learning program available to companies to help them better understand sexism and sexual violence in the workplace and how to act to prevent them. The e-learning program has been available for a year and has been taken by more than 15,000 Group managers and employees.

In addition, a conference on the theme "Acting to combat stereotypes and ordinary sexism at work" was offered to Group employees in order to provide advice on posture when faced with certain situations as well as courses of action.

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 160 female Group employees to support young girls in their final high school year in rural areas or underprivileged neighborhoods.

In 2022, the network celebrated its tenth anniversary and met for the occasion in Paris for a day of discussion, debates and meetings around professional equality.

Further, higher, more female: this was the theme chosen for this anniversary event, which brought together more than 300 women and men from the Group.

https://www.lesellesdebpce.fr/

In 2022, Natixis launched a new edition of "Women in Finance", which enables around 40 female students to exchange with female employees, in France and abroad, in order to obtain advice for their careers but also to discover finance professions in which women are under-represented.

Natixis celebrated the tenth anniversary of its gender equality network *WINN*.

TAKING ACTION FOR EMPLOYEES WITH DISABILITIES

As part of their commitment to diversity and the promotion of equal opportunities, since 2006 Groupe BPCE companies have been implementing a policy aimed at promoting the social and professional integration of people with disabilities through approved agreements (Banque Populaire, Caisse d'Epargne, BPCE Community, Natixis).

These agreements reflect the desire of the 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 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.

At December 31, 2021, Groupe BPCE had 4,438 employees with disabilities and had achieved an employment rate of 6% in compliance with the legal obligation. In 2021, 165 employees with disabilities were recruited, including 53% on permanent contracts.

At Natixis, signature of the "I'm taking action for the inclusion of people with disabilities in digital jobs" charter and participation for the first time in the nationwide *Duo Day* operation, which aims to introduce people with disabilities to Natixis jobs in the form of mentoring.

ACTING MORE GLOBALLY TO PROMOTE INCLUSION

A respectful work environment, in which each and every one of our employees can express their skills and potential, is a guarantee of individual and collective performance. Groupe BPCE continues its actions, convinced that the sum of differences is a strength and that it allows us to be more agile, more innovative and more in tune with the changes in our society:

- non-discrimination training for recruiters; and
- raising awareness among all employees on non-discrimination and the fight against sexism by providing e-learning, videos on stereotypes and conferences.

In addition, this year, a new e-learning module will be rolled out for all employees, which will enable them to understand what inclusion is and how, beyond the policies in place, each person is an actor of inclusion in their daily actions.

Natixis aims to ensure equal rights and treatment for all employees, regardless of their sexual orientation or gender identity. Natixis is thus committed to including the *LGBTQIA+* communities and several concrete and complementary actions have been carried out in this sense, such as an initial awareness-raising campaign on homophobia and lesbophobia that took place during Pride Month in June 2022.

2.4.6 Engaging employees and companies in the "Paris 2024" partnership dynamic

A STRONG COMMITMENT AND PRIDE OF BELONGING REINFORCED BY THE SPORT DYNAMIC

The "Paris 2024" partnership contributes to the commitment of employees and the image of the Group's companies as a responsible employer by strengthening their pride in belonging through:

- participation in the "Paris 2024" volunteers program: 1,000 internal employees, selected from all companies, will be at the heart of the Olympic and Paralympic Games;
- leading a group of employees who will act as internal relays of the "Paris 2024" partnership.

The "Paris 2024" partnership is a lever of commitment for the Group's companies through actions aimed at making them more active and athletic.

The "Paris 2024" partnership consolidates the Group's role as a responsible employer and its companies, in particular through their commitment to supporting athletes and defining their professional and/or training plans after their high-level career.

Complete quantitative human resources indicators for Groupe BPCE are available at https://groupebpce.com/en/csr/a-socially-inclusive-employer

2.5 Respect our business ethics commitments

INTRODUCTION

GROUP CODE OF CONDUCT AND ETHICS

The Group's Code of Conduct and Ethics was validated by the Executive Management Committee and the Supervisory Board in 2018, after review by the Cooperative and CSR Committee.

It is based on international values and standards and 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. It applies to all Groupe BPCE entities and employees.

In addition, GFS 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 Conduct and Ethics: http://guide-ethique.groupebpce.fr/
- GFS Code of Ethics: https://natixis.groupebpce.com/code-of-conduct/

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.

While the Code of Conduct and existing internal policies and procedures provide clear guidance on how to behave, it is not possible to define a rule for every situation. Employees must exercise their judgment to make the right decision, drawing on the principles set out in the code of conduct.

The following questions are used to make an ethical decision in case of doubt:

Is it legal? — No?

Yes

Does it observe our policies and procedures? — No?

Yes

Does it follow our culture, which puts the long-term interests of our customers and cooperative shareholders first? — No?

Yes

Would I feel comfortable explaining my decision to a third party (regulatory authority, the courts) or if I read about it in the media? — No?

Yes

Have I considered all the risks at stake for my entity or Groupe BPCE? — No?

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, 2022, 96.4% of registered employees 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, lists 35 indicators collected from the Group's entities. It is presented twice a year to the Cooperative and CSR Committee of the Supervisory Board (seventh edition presented in December 2022). It collects data and information on the deployment of the system, incidents, disciplinary sanctions and types of breaches.

WHISTLEBLOWING SYSTEM

Groupe BPCE has a whistleblowing system applicable to all Group entities. A procedure, currently being updated, can be downloaded from the Group website:

https://groupebpce.com/en/the-group/compliance

In the context of much more protective legislation for whistleblowers (see the law of March 21, 2022), the Group has chosen to use the same tool for all of the Group's institutions, regardless of their implementation (Europe, the United States, etc.) and regardless of their business line (retail banking, Corporate & Investment Banking, etc.).

This unique platform will be accessible to all employees and service providers *via* a URL link. The screens to which the whistleblower will have access have been translated into all the languages of the countries in which Groupe BPCE is established.

The choice was made to use this tool not only for professional whistleblowing within the meaning of the law defining whistleblower protection, but all other types of whistleblowing: HR alerts, money laundering, etc. Each whistleblower will thus benefit from all the features offered by this platform.

This platform, which offers all guarantees in terms of data security, complies with the highest standards in terms of confidentiality and respect for anonymity (encrypted data, inability to retrieve the IP addresses of whistleblowers, etc.).

The whistleblower may send his or her alert and discuss it with the person managing it, with or without anonymity. The alert is sent directly to the department responsible for handling it thanks to the definition of routing rules specific to each institution - these rules contribute to confidentiality.

To date, 31,000 employees have direct access to this tool.

In addition, a training system based on e-learning will accompany the deployment of the tool and will specify the rights and duties of a whistleblower as well as the protection attached to it. It will be rolled out in early 2023 to the Group's 100,000 employees.

OTHER ELEMENTS OF THE ETHICS SYSTEM

The Group also has a framework procedure relating to Ethics which describes the entire system applicable to all Group institutions. It brings together all the normative documents relating to this system and specifies the roles and responsibilities of each player. This document mainly includes the rules that apply to all Group institutions (examples: compliance with rules on conflicts of interest) but it also includes best practices.

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".

CORRUPTION PREVENTION MECHANISMS

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. Following BPCE SA and its subsidiaries (in particular Global Financial Services) in 2021, the institutions of the Caisse d'Epargne and Banque Populaire networks conducted the mapping exercise using this new methodology in 2022. Action plans were formalized to reduce the level of risk of certain scenarios, when it remained too high after taking into account the mitigation measures;
- 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 are provided for failure to comply with the professional rules governing the activities of the Group's companies. The Group's "gifts, benefits and invitations" policy, formalized in 2021, provides for a maximum threshold of €150 (to the first euro for public employees) for gifts received or given, above which prior authorization from management and a declaration to Compliance are required. At the end of 2022, the Group's Code of Conduct and Ethics was enhanced with specific anti-corruption rules of conduct, including concrete illustrations of the behaviors to be avoided based on the risk scenarios identified by the mapping. Global Financial Services has also updated its anti-corruption policy, adopted in 2018, along these lines. The anti-corruption rules of conduct are to be applied by each institution and appended to its internal rules;

- 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 employees. Appropriate training is also provided to certain categories of more exposed staff, in particular Global Financial Services;
- a whistleblowing system on serious incidents, including corruption and influence peddling offenses. Since 2021, alerts for corruption have been subject to anonymized Group reporting;
- BPCE Achats (an EIG) 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;
- supervision of relations with intermediaries (including business introducers) and customers: contracts include anti-corruption clauses. Approval committees are planned. Global Financial Services' customers and intermediaries are subject to a corruption risk assessment and additional due diligence if necessary. The Group's procedures were updated in 2022 in order to systematize an anti-corruption analysis for all corporate customers with a risky activity. The integrity of the Group's new partners is also assessed by the New Product Validation and Marketing Committee;
- the internal control and accounting control system: Groupe BPCE has an extensive body of standards and procedures providing a general framework for the strict separation of operational and control functions, including in particular a system of delegations for granting credit and relations with politically exposed persons, and a KYC 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.

FIGHT AGAINST MONEY LAUNDERING, FINANCING OF TERRORISM, CIRCUMVENTION OF INTERNATIONAL SANCTIONS AND PREVENTION OF INTERNAL FRAUD

FIGHT AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM, COMPLIANCE WITH INTERNATIONAL SANCTIONS

The fight against money laundering and the financing of terrorist activities (AML-CTF), as well as the circumvention of sanctions, is based within Groupe BPCE on:

- 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 Corporate Secretary's Office, a department oversees the implementation of these three systems, which are based on the legal and regulatory provisions of the French Monetary and Financial Code and on European texts. This department defines the financial security policy for the entire Group, draws up and validates the various standards and procedures, and ensures that money laundering and terrorist financing risks are taken into account during the approval procedure for new commercial products and services by the Group;
- 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 for which there is any doubt are forwarded to the local financial security department. Depending on the nature of the elements reported, enhanced examinations and, where applicable, declarations to Tracfin are carried out as quickly as possible.

The reports are sent to TRACFIN when there is any doubt as to the legality of the sums or transactions resulting from an offense punishable by more than one year's imprisonment (organized crime, trafficking of various kinds, corruption, abuse of corporate assets, money laundering of all crimes and offenses, tax, social or customs fraud, etc.) or when they are related to the financing of terrorism.

The Group's AML-CTF risk classification incorporates the five regulatory axes, such as the issue of "at-risk" countries, customer characteristics (including the status as a politically exposed person of the customer or of its effective beneficiaries for legal entities), the nature of the products or services and the distribution channels used, as well as the type of transactions.

The transactions of high AML-CTF risk customers are subject to particular vigilance. The Group's system (guidelines and automated (alert generating) scenarios) is regularly updated and adapted to changes in risks, particularly those related to the financing of terrorism.

With respect to compliance with national, European or foreign 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). Groupe BPCE also has a central alert processing team and has recently improved its customer and transaction screening tools. In order to strengthen the effectiveness of their processing, a dedicated face-to-face training module has been set up.

STRENGTHENING OF THE SYSTEM IN 2022

The tool for detecting politically exposed persons has been optimized since 2021 to improve efficiency and reliability.

With regard to the updating of KYC according to the risks of money laundering and terrorist financing, following the remediation action carried out in 2021 on customers presenting a high risk, various actions targeting certain categories of customers were carried out during 2022.

The exchange of intra-group information has been extended since 2021 to the various categories of customers presenting a high AML/CFT risk.

Operational expertise certifications in terms of AML-FT financial security were issued in 2022 to employees of the sector concerned, as part of the expertise program rolled out in 2021. The high percentage of success in this examination by employees of the sector attests to the quality of their expertise, and in general by the sector. New registrations were opened for the 2023 fiscal year.

EMPLOYEES TRAINED IN ANTI-MONEY LAUNDERING POLICIES AND PROCEDURES

	2022	2021
Percentage of employees trained in their entity's anti-money laundering policies and procedures (based on reports from the entities)[(1)]	88%	93%

(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. Groupe BPCE has implemented procedures to monitor the activities of these business lines as well as dedicated training modules.

Groupe BPCE ensures that it pays its fair share to public finances. Worldwide, the amount of income tax for fiscal year 2022 for Groupe BPCE amounted to €1,726 million, it being specified that current tax amounted to €1,855 million, plus bank taxes and contributions amounting to €810 million. Thus, the effective tax rate is 30% (income tax/net income before tax).

In 2022, 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.

GROUPE BPCE HAS VERY MARGINAL OPERATIONS IN NON-COOPERATIVE COUNTRIES AND TERRITORIES ("ETNC")

France has, by an order of March 2, 2022 published in the Official Journal on March 16, 2022, updated its list of non-cooperative states and territories (hereafter "ETNC").

The new list includes the following 14 jurisdictions:

- Anguilla, British Virgin Islands, Panama, Seychelles, Vanuatu, Fiji, Guam, U.S. Virgin Islands, American Samoa, Samoa, Trinidad and Tobago, Palau, Dominica, The Bahamas and Turks and Caicos Islands.

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 ETNCs, with the very marginal exception of the territories of Fiji and Vanuatu. These locations meet the needs of customers for commercial support.

This situation of a marginal presence in these non-cooperative countries and territories was noted by a study by Eurotax Observatory published on September 21, 2021 on the establishments in low-taxed states of 36 European banking groups over the period 2014-2020.

This study notes 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%.

FINANCING OF PUBLIC LIFE AND LOBBYING

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 institutions 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.

LOBBYING

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

PROTECTING 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, makes 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. Since the beginning of January 2022, the processing of incidents impacting personal data has been centralized for the entire Group on the Drive tool. Each institution now enters the characteristics of the incident, allowing them to be shared for the benefit of the security players in each institution, while also meeting the legal obligation to maintain a register of violations.

THE RESPECTFUL USE OF DATA

The third pillar of the "Useful Data" 3D relational model of the BPCE 2024 strategic plan 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 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 is carried out *via* a Trust Center directly accessible by the customer from these WEB and mobile applications. The purpose of this system is the management of customer consents and the management of the provision of a certain amount of educational 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

Although on the rise, the number of requests from Groupe BPCE customers remains at a reasonable level, with 6,109 requests for the entire scope excluding Natixis, including 392 requests for access rights and 1,656 opposition rights in 2022. Portability rights are virtually non-existent, with 22 requests in the same scope. At the same time, 36 incidents requiring notification of personal data breaches to the CNIL were recorded.

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 six priorities:

1) protect assets and strengthen the security of the information system, people and property:
   - by raising awareness and supporting our employees and 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,

(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.

- by defining and implementing the awareness-raising plan by all Group entities (DSI Retail, BPCE SA, institutions;

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;

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 renewed and completed its cybersecurity services for the Group's institutions. 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 the analysis of proxy logs was built by Groupe BPCE CERT in order to inform the CISOs about shadow sites. The repository will be sent periodically in order to provide the CISOs with up-to-date information;

5) fighting against external fraud:

- by strengthening the system for combating external fraud with the aim of protecting bank users.

Actions carried out:

- creation in the first quarter of 2022 of the Group External Fraud Coordination team as a dedicated autonomous unit within the Group Security department in order to give it greater visibility and given the associated financial and image issues;
- improvement of synergies, operational efficiency and cross-functionality between the various business lines dedicated to the fight against external fraud (data and new technologies, in particular) as part of the project to reorganize payments, insurance, retail IT within the BPCE Community;
- definition and implementation of a new Group External Fraud governance in order to:
  - align and coordinate players in the fight against external fraud,
  - de-silo the current organizations,
  - identify, rank and prioritize anti-fraud work,
  - build and share a global External Fraud roadmap including AI and Data topics across the entire scope;

  This new governance is materialized in particular by:

  - the creation of a Group External Fraud Committee ("Umbrella Committee") reporting to the Group Strategic Payments Committee and the Group Non-Financial Risks Committee, placed under the joint authority of the Group Secretary General and the Chief Digital & Payments Officer and chaired by the Group Head of Security,
  - the establishment of a control tower reporting to the Umbrella Committee and designed to ensure cross-functional operational management and reporting,
  - the creation of two LCLF project steering committees: Payments and Non-Payments,
  - the creation of a DATA/AI LCLF Monitoring Committee;
- development and first implementations of an "external fraud" roadmap for 2022-2023 across the Group. It consists in particular of the following two pillars organized into programs:
  - document fraud program covering the entire life cycle of the customer relationship, from the beginning to the end of the relationship, with the objective of strengthening and making KYC more reliable by reinforcing and automating document controls and information sharing,
  - end-to-end credit transfer security program by enhancing detection and alert tools and adapting customer paths according to the level of fraud risk identified.

Actions to be continued:

- implementation of the actions included in the roadmap for 2023;
- 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);

6) 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 Banques Populaires, Caisses d'Epargne, IT structures, Natixis, BPCE SA and other subsidiaries.

ADEQUACY OF THE FRAMEWORK DESCRIBING CHANGES IN THE INFORMATION SYSTEMS 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 2022, 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;
- implementation of a Group intrusion testing and security review offer;
- start of the program for the massive reconstruction of workstation and data infrastructures;
- launch the roll-out of the TRM model;
- increased security of access to the Group's IS:
  - implementation and deployment of a single sign-on portal for Group employees, with a high level of security, while allowing a significant reduction in costs,
  - widespread use of strong authentication, with more than 80% of employees using a reinforced means of authentication (smartphone, biometrics, etc.);
- continued implementation of the Group Awareness Plan:
  - production of a new awareness kit made available to all Group entities to facilitate Cyber Security Month,
  - a first experiment with a virtual escape game on cybersecurity has been completed,
  - regular phishing awareness campaigns with Group employees. Choice of a new tool for Groupe BPCE as a whole,
  - publications of new e-learning programs on phishing and security fundamentals;
- review of the Group's IT network security model:
  - improved detection by deploying sensors on the network (NDR, IPS, CASB) and workstations (EDR),
  - more efficient alert processing thanks to the implementation of a SOAR to automate the response to security incidents.

2.5.3 Duty of Vigilance

REGULATORY FRAMEWORK AND SCOPE

As a French company with more than 5,000 employees in its direct or indirect subsidiaries, Law No. 2017-399 of March 27, 2017 on the duty of vigilance applies to BPCE SA and its subsidiaries. A dedicated vigilance plan is published by Natixis, a subsidiary of Groupe BPCE.

This law requires reporting on a vigilance plan including measures to identify and prevent the realization of risks of violations of human rights and fundamental freedoms, the environment and the health and safety of individuals, resulting from internal activities and operations within the scope of BPCE SA, its subsidiaries under exclusive control, as well as subcontractors and suppliers with whom there is an established business relationship, when these activities are linked to this relationship.

This plan must include risk mapping, risk assessment and mitigation measures, a monitoring system and an alert mechanism.

The Group sees this regulatory obligation as an opportunity to recall the due diligence framework and to be part of a continuous improvement approach.

GOVERNANCE OF THE VIGILANCE PLAN AND METHODOLOGY

GOVERNANCE

Given the issues covered by the due diligence system and its risk management scope, many of the Group's business lines were involved in the development of this plan: the CSR department, the Human Resources department, the Purchasing department, the CSR departments of retail banking & Insurance (RB&I) and Global Financial Services (GFS), the Risk division, the Compliance department, the Legal department, as well as representatives of the GFS Risk division.

METHODOLOGY

As part of the development of its vigilance 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, decent working conditions, remuneration and social protection, violation of worker safety, and unequal access to healthcare.
Environment	Damage to the fight against global warming and biodiversity, the risk of pollution (water, air, soil), waste management, preservation of natural resources.

In addition, the non-financial risk matrix, which is based on the risk analysis methodology used by the Group Risk division, is the basis for mapping the vigilance plan. This matrix is updated annually (see 2.1.3 "Managing non-financial risks").

The study of the main issues and risks that may result from the Group's activities has therefore made it possible to retain three main pillars which constitute the scope of the due diligence approach:

- "Employees" pillar: responsible management of employees in their work;
- "Activities" pillar: the operations and activities of Groupe BPCE and its subsidiaries (*i.e.* its main activities as a banker and insurer and its customer relationship);
- "Purchasing - Suppliers" pillar: its suppliers and subcontractors with whom the Group has established commercial relationships.

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.

The system for monitoring the measures implemented and assessing their effectiveness is carried out using indicators selected as part of the Group's strategy. Updating the indicator framework is based in particular on regulatory changes, stakeholder expectations and feedback from the CSR correspondents in charge of reporting.

The Group is committed to:

- comply with the entire regulatory framework to which it is subject as a company and as a bank, both locally and internationally;
- 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 Labour Organization (ILO);
- encouraging best practices through the establishment of internal rules such as charters[1] and the Group's Code of Conduct and Ethics.

EMPLOYEE PILLAR

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 issues identified as part of the vigilance plan are already strictly governed by numerous regulations, mainly by Labor Law. The Group is strengthening its role as a responsible employer: thanks to an active HR policy, it is responding both to the expectations of its employees and to the challenges of a more equitable society that understands the transformation of its business line over time.

A series of voluntary charters, agreements and operational systems ensure the protection and safety of employees in performing their duties:

- the Group undertakes to promote compliance with the principles and standards, including the standards defined by the ILO and the commitments of the Global Compact;
- several charters and codes have been signed or adopted, including the Code of Conduct and Ethics (at BPCE SA and Natixis), a mobility charter, and the "I'm taking action for the inclusion of people with disabilities in the digital professions" charter signed at Natixis.

KEY AREAS OF FOCUS, MITIGATION MEASURES AND REPORTING ON THE VIGILANCE PLAN OF THE EMPLOYEE PILLAR - "HUMAN RESOURCES" SECTION

Topics covered by the non-financial risk analysis carried out as part of the non-financial performance statement under the heading "Working conditions", "Equal treatment, diversity and inclusion of employees" and "Management of employability and business line transformation".

Subject	Mitigation measures and reporting on their implementation	Indicators for monitoring measures and assessing their effectiveness
Promoting gender equality and combating sexism and harassment in the workplace Encouraging inclusion	See Chapter 2.4.5, section "Promoting gender equality and diversity".	Percentage of women among managers: 42.9% in 2018, 43.7% in 2019, 44.5% in 2020, 45% in 2021 and 46% in 2022 for a target of 45% Percentage of women among senior executives: 26.1% in 2018, 26.4% in 2019, 27.9% in 2020, 29.1% in 2021 and 31% in 2022 for a target of 30%. Equal pay index of 92/100 in 2021 and 91/100 in 2020
Promoting equal opportunities	See Chapter 2.4.1, "Attract, welcome and retain talent", section "Recruiting more young people".	8.5% of apprentices come from priority urban areas
Preventing discrimination, particularly against people with disabilities	See Chapter 2.4.5, section "Promoting gender equality and diversity". See Chapter "Taking action for employees with disabilities".	Employment rate of people with disabilities of 6% in 2021. (4,438 employees with disabilities). The rate for 2022 will be known in June 2023 at the time of the declaration *via* the Nominative Social Declaration (DSN).
Promoting dialog with employee representatives and freedom of association	See Chapter 2.4.3, "Sustained dialog with employee representatives"	Number of Group committees in 2022: 2 Number of Strategy Committee meetings in 2022: 1
Taking action against threats to employee health Fight against non-compliance with legal working conditions	See Chapter 2.4.4, "Committing to quality of life at work"	Signature of QLW agreements with the two divisions
Preventing health and safety risks for workers	See Chapter 2.4.4, "Committing to quality of life at work" See section "Managing occupational risks"	Number of workplace accidents with lost time: 933 in 2019, 600 in 2020, 703 in 2021 The 2022 rate will be known in April 2023.

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.

(1) Banking inclusion and over-indebtedness prevention charter, responsible purchasing charter, etc.

KEY AREAS OF FOCUS, MITIGATION MEASURES AND REPORTING ON THE VIGILANCE PLAN OF THE EMPLOYEE PILLAR - "BUSINESS ETHICS" SECTION

Topics covered by the non-financial risk analysis carried out as part of the non-financial performance statement under the heading "Compliance with laws, business ethics and transparency"

Subject	Mitigation measures and reporting on their implementation	Indicators for monitoring measures and assessing their effectiveness
Business ethics, including the fight against corruption, the fight against money laundering, the fight against the financing of terrorism and the prevention of internal fraud	See Chapter 2.5, section "Respect our business ethics commitments"	96.4% of employees trained in the Code of Conduct and Ethics in 2022 (93.6% in 2021)

ACTIVITIES PILLAR: "FINANCIAL PRODUCTS AND SERVICES" AND "CUSTOMER RELATIONS"

As part of the distribution of financial products and services, Groupe BPCE is gradually integrating CSR initiatives and tools.

As part of its business as a banker and insurer, Groupe BPCE is subject to a series of regulations (anti-money laundering, anti-corruption, embargoes, etc.) which form an integral part of its activity.

ESG criteria were gradually incorporated into the Group's risk policies to take into account the impact of the activities it finances. Since 2018, the Group's credit risk policy has included a section dedicated to climate risks and the strengthening of the incorporation of ESG criteria.

This component relating to the assessment of ESG risks, of which biodiversity issues have been a component since the formal validation of the new sectoral analysis methodology, has also been defined with a rating (high, moderate or low risk) and supplements the sector policies. In addition, a Group questionnaire dedicated to the climate and the environment for "corporate" customers will be rolled out during 2023. The non-financial performance statement addresses this risk under the term "ESG criteria" (see Chapter 2.3.1, section "Incorporation of ESG criteria in financing activities").

In the context of its life insurance business, Groupe BPCE has also developed a specific approach to managing the risks of the Insurance division's portfolio, including sector-specific exclusion policies (see Chapter 2.3.1 "Incorporation of ESG criteria in insurance activities").

For several years, as part of its financing activities, Natixis CIB has been managing the human rights and environmental risks borne by some of its financing activities (see Chapters 2.1.1 "Our ESG strategy" and 2.3.1 section "Exclusion policies in sensitive sectors"), 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 cover the following sectors: coal, defense, tobacco, and oil and gas industries. Natixis CIB updated its oil and gas policy in 2022;
- 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 when entering into a relationship and granting loans to the Corporate & Investment Banking clients (see Chapter 2.3.1 "Incorporation of ESG criteria in financing activities").

The Group has also developed internal policies to prevent risks that customers may incur such as the issue of customer privacy, data protection and cybersecurity.

KEY AREAS OF FOCUS, MITIGATION MEASURES AND REPORTING ON THE VIGILANCE PLAN OF THE ACTIVITIES PILLAR - "CUSTOMER RELATIONS" SECTION

Topics covered by the non-financial risk analysis carried out as part of the non-financial performance statement under the heading "accessibility of the offer and inclusive finance", and more generally, *via* the risk relating to "lasting relations with customers", "Customer protection and transparency of the offer" and "data security and confidentiality"

Subject	Mitigation measures and reporting on their implementation	Indicators for monitoring measures and assessing their effectiveness
Fight against over-indebtedness and promotion of inclusive finance	See Chapter 2.2.3, section "Be an inclusive bank by supporting our vulnerable customers and supporting microcredit"	Number of customers with basic banking services: 51,494 in 2022 and 51,111 in 2021
Data security and confidentiality Development of a cybersecurity culture	See Chapter 2.5.2, "Protecting customer data and developing a cybersecurity culture".	Percentage of new community projects with ISS and Privacy support: 94% in 2022 and 87% in 2021

PURCHASING PILLAR - SUPPLIERS

IDENTIFICATION AND PRIORITIZATION OF CSR RISKS: MAPPING

In a concerted sectoral approach, BPCE Achats, acting on behalf of Groupe BPCE, and three other banking groups decided to map CSR risks by procurement category using shared classifications covering around a hundred sourcing categories.

Presented to the Purchasing and CSR functions in 2018 and associated with a due diligence plan, it makes it possible to identify and rank CSR risks and to prioritize the risks to be monitored with suppliers, by purchasing category (142 in 2022). It also incorporates the risk associated with the country in which the majority of the added value on each product and service is generated. An update of this mapping was carried out in 2022.

Among the highest-risk purchasing categories are structural work, servers, property works, IT storage, waste recycling and vehicles.

CSR RISK ASSESSMENT PROCEDURES

The Group's Responsible Purchasing policy (see Chapter 2.2.6 "Be exemplary by adopting a responsible purchasing policy") describes the commitments and guidelines in terms of Purchasing.

BPCE Achats regularly identifies and assesses CSR risks. This work is based on:

- regular review of the mapping of CSR risks related to spending on purchasing categories in order to identify the level of risk, for each theme, of the purchasing category;
- the KYS system:
  - the incorporation of CSR criteria in the "Know Your Supplier" analysis of suppliers, particularly during their sourcing,
  - the subjects of due diligence with regard to suppliers are as follows: monitoring of the dependency rate, payment deadlines, negative press, sanctions and the presence of politically exposed persons and the fight against corruption;
- the incorporation of CSR criteria adapted to the purchasing categories in all calls for tenders.

MEASURES TO MITIGATE THESE RISKS AND MONITORING OF DUE DILIGENCE MEASURES

Based on the risk assessment work, specific mitigation measures were developed:

- for high and very high-risk purchasing categories, a specific system has been set up by BPCE Achats as part of the consultations it manages. 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;
- the gradual implementation of CSR requirements in calls for tenders for other purchasing categories;
- professionalization of the Purchasing function: gradual dissemination of best practices and training.

BPCE Achats is in the process of implementing responsible purchasing indicators relating to calls for tenders and supplier monitoring.

WHISTLEBLOWING MECHANISM

Law 2017-399 requires the implementation of a whistleblowing system. The entire system specific to Groupe BPCE is available on the Group's website. https://groupebpce.com/en/the-group/compliance.

The whistleblowing system is applicable to all employees as well as to third parties of the company, who can express themselves *via* this system if they are aware of a crime, a misdemeanor, a serious and obvious violation of the law, a threat or a serious prejudice to the general interest, or the existence of conduct or situations contrary to the Code of Conduct of the institution.

Groupe BPCE entities protect whistleblowers. Under no circumstances may they be subject to any disciplinary action or legal proceeding, provided they have acted impartially and in good faith.

Whistleblowing also concerns the provisions set forth in the law of December 9, 2016, known as the "Sapin II" law, as amended by law 2022-401 of March 21, 2022 aimed at improving the protection of whistleblowers, as well as the decree of April 19, 2017, and the order of November 3, 2014, relating to the internal control of companies in the banking sector.

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 2022. 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 2022.

ENVIRONMENTAL INDICATORS

Environmental transition indicators are business line indicators collected from centralized databases by network and by entity. Indicators on outstanding renewable energy loans are collected from the Business lines.

The environmental indicators linked to the carbon footprint are collected from the CSR correspondents of the entities, in collaboration with their general resources and IS department 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.

In 2022, work has been carried out to refine the carbon footprint data in order to improve the quality of the indicators monitored since 2019, to extend the monitoring of carbon emissions to certain indicators such as smartphones, tablets, etc., to take into account the lifespan for the depreciation of IT equipment rather than accounting depreciation, to encourage the extension of the period of use, to take into account changes in the Group's organization, and to ensure the monitoring of carbon emissions according to a finer granularity of the subsidiaries of certain entities. The data for 2019 and 2021 were aligned accordingly.

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 HR DATA and Analyses service center. 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 Universal registration document (URD).

Not all of the Group's workforce is included in the HRIS. In order to obtain the total workforce for the Group, the HR DATA and Analysis service center collects workforce data from the companies concerned, performs a first-level control based on the files received and carries out a manual consolidation. The workforce excluding Group HRIS represents 5% 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.).

The indicators relating to training have been extracted from the "Click and Learn" training information system and concern all attributable training sessions provided in year N and validated by the training departments of the companies in the scope in question on the date of data extraction. Employees are counted in the professional category they occupy at the time of training.

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 ENVIRONMENTAL TRANSITION

The financing of the environmental transition for the Banque Populaire (excluding BRED) and Caisse d'Epargne networks comprises two main categories of assets financed: the transition projects of our customers and the renewal of the French real estate portfolio.

These "green" assets, which contribute to the energy and environmental transition of our individual and corporate customers, are identified by the Finance department as part of the "green arrow" system (see paragraph 2.3.3 Sustainable Refinancing: innovation and active presence on the green or social bond market). This system makes it possible to justify the issuance of green bonds or the collection of "green" balance sheet savings.

The first category of assets financed, transition projects, focuses on the following areas: energy renovation of housing, green mobility, support for the transition of our corporate customers' activities (including sustainable agriculture) and renewable energy.

The second category of financing, new real estate, includes real estate loans involved in the acquisition or construction of a new property.

BUSINESS MODEL

The Group's business model is presented in the introductory Chapter of the universal registration document. 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, Purchasing, etc.) and federations (FNBP, FNCE) in order to make better use of centralized databases.

Various actions were carried out in 2022 with the collaboration of the Group's business lines to support the institutions in the preparation of their non-financial performance statement and to promote the appropriation of this new exercise within the Group's entities:

- training of new CSR correspondents in the regulatory and methodological aspects of the Carbon Footprint;
- presentation of the 2022 CSR reporting exercise to the CSR correspondents of the various contributing entities;
- organization of two days of seminars for the CSR function:
  - a meeting to present the results of the previous reporting campaign and the areas for improvement,
  - a one-day presentation of the updates to the new CSR reporting campaign to the entities' CSR correspondents and in the presence of the OTI,
  - 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 rating matrix presents 13 major non-financial risks and allows the rating of gross risks according to criteria of frequency and severity over three years.

USER GUIDES

The user guide for all contributors to Group CSR reporting was updated for the 2022 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, including the precise scope, the rules for extrapolating incomplete data, the 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").

REPORTING PERIOD

The published data covers the period from January 1, 2022 to December 31, 2022. 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

Groupe BPCE has chosen to communicate this year on pro forma figures for the years prior to 2022, taking into account the improvement in data quality and the changeover to the life-cycle depreciation method for IT equipment.

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 2022

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 2022 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 2022, 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;
- BPCE Solutions Informatique 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 International;
- BPCE Services financiers, BPCE Services, BPCE Solutions Clients, Compagnie Européenne de Garanties et de Cautions;
- BPCE Expertises Immobilières, BPCE Solutions Immobilières;
- BPCE Payments, BPCE Payments Services, XPOLLENS;
- Ecureuil Multicanal, Ensemble Protection Social;
- Natixis Investment Managers International, Natixis Wealth Management, OSTRUM AM, AEW, Natixis Interépargne;
- Oney.

This is a limited scope compared to the statutory scope of consolidation since it only consolidates the Group's entities located in France and with their own workforce. The Data and HR Analysis service center is working to reconcile the scope of HR indicators and the statutory scope of consolidation provided that the companies consolidated in the latter have employees.

The reporting scope for social data represents nearly 90% of the Group's total headcount.

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 2022, the reporting scope covers 88% of Groupe BPCE's permanent headcount.

It includes the following entities (except 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, BPCE-SI, Natixis SA and its subsidiaries in France, Banque Palatine and its subsidiaries in France, Crédit Foncier, 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 independent third party, on the verification of the consolidated non-financial performance statement

Year ended December 31, 2022

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of BPCE SA (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), under number 3-1886 rév. 0 (Cofrac Inspection Accreditation, scope available at www.cofrac.fr), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*code de commerce*).

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comments:

- The indicators of average outstanding financing for transition projects and for real estate renewal relating to the financing of the environmental transition have been subject to a change in methodology for fiscal year 2022 and cannot be compared with data from previous years.
- As explained in the methodological note (Chapter 2.6 "CSR reporting methodologies"), the reporting scope for human resources and environmental (carbon footprint) indicators does not cover all the Group's employees.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarized in the Statement and available on the Company's website or on request from its headquarters.

Limits inherent in the preparation of the information relating to the Statement

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Company

Management is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to 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 issue an independent conclusion on the information prepared by management, we are not authorized to participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the duty of vigilance and the fight against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with our audit verification program in application of Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and with the international standard ISAE 3000 (revised - Assurance engagements other than audits or reviews of historical financial information).

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of six people between November 2022 and March 2023 and took a total of about fifteen weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around twenty interviews with people responsible for preparing the Statement.

This work involved the use of information and communication technologies allowing the work and interviews to be carried out remotely, without hindering the good execution of the verification process.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal 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 and environmental affairs, 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 the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their 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[1]; our work was carried out on the consolidating entity, while for other risks, our work was carried out on the consolidating entity and on a selection of entities.
- 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.

(1) Selected qualitative information: The following chapters and sub-chapters were qualitatively reviewed : Chapter 2.2.7 " Groupe BPCE places the climate at the heart of its strategy and incorporates ESG criteria in its processes " and the following related subchapters " Exclusion policies in sensitive sectors " , " Incorporation of ESG criteria into financing activities " and the paragraph " Remuneration of Groupe BPCE executives indexed to CSR criteria ".

- We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes[1] that we considered to be the most important, we implemented:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[2] and covered between 6% 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 conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, March 24, 2023

One of the Statutory Auditors,

Deloitte & Associés

Marjorie Blanc-Lourme	**Julien Rivals**
Partner, Audit	Partner, Sustainable Development

(1) Selected quantitative information: Illness-related absenteeism ; Number of workplace and commute injuries (change) ; Number of hours of training per FTE ; Conversion rate of apprentices ; Annual CO2 emissions ; Number of institutions incorporating ESG criteria in their credit files ; Average outstanding financing for transition projects ; Average outstanding real estate renewal financing ; Green Weighting Factor (GWF) color mix ; GWF coverage ; Amounts of renewable energy projects arranged by Natixis per year : number of new operations in 2022 and installed capacity ; Amount and share of NIM affiliates' assets under management in Art 8 and 9 ; Amount and share of NIM affiliates' labeled assets under management ; Temperature of BPCE Assurances' investment portfolios.

(2) Natixis Investor Managers (NIM), Natixis Corporate and Investment Banking (CIB), BPCE Assurances, Banque Populaire Aquitaine Centre Atlantique, Caisse d'Epargne Provence Alpes Corse.

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			2.2.4
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	2.3.1
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			2.5.2
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 2.1.3 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.

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, 2022;
- the principles and rules governing the determination of all types of remuneration and benefits granted to corporate officers.

This report was reviewed by the Appointments Committee and the Remuneration Committee, then approved by the Supervisory Board at its meeting of February 8, 2023.

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 December 2022 by the French Association of Private Enterprises (Association française des entreprises privées – AFEP) and the Movement of French Enterprises (Mouvement des entreprises de France – MEDEF), hereinafter referred to as the AFEP-MEDEF Code, 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, *via* the Chairmen of the boards of directors or Management Boards and the Chief Executive Officers of these institutions, as voting or non-voting directors. Indeed, 20 members or non-voting members of the Supervisory Board come from the 29 Banques Populaires and Caisses d'Epargne shareholders of BPCE. 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, every three years, to provide an opinion on the 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 Caisses 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 is beyond doubt, but is continually reinforced by an authentic democratic process.

With regard to Supervisory Board Meetings, BPCE has not formalized, in its institutional agenda, the organization of an annual meeting without the presence of the executive company directors. However, in 2022, BPCE organized a meeting without the presence of the executive company directors as part of the succession of the Chairmanship of the Management Board. In addition, it is specified that no internal text of BPCE provides for the mandatory presence of executive corporate officers who attend Supervisory Board Meetings only at the invitation of its Chairman. Sometimes, part of the Supervisory Board Meetings take place without the presence of the executive company directors, in particular when decisions of the Supervisory Board or the opinions of the Board committees concerning the executive company directors are discussed.

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.

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. BPCE considers that the main objective pursued by the legislator when drafting this legal provision, which is now included in this recommendation, is to enable shareholders or investors in public companies to assess the remuneration of executives in relation to the company's performance and the average remuneration of the company's employees, in accordance with the provisions of paragraph b of 1 of Article 9b of Directive 2017/828 of the European Parliament and of the Council of May 17, 2017 (known as the SRD 2 Directive). In this respect, BPCE, whose shares are not listed, considers that the publication of all information relating to the variable pay of executives and the performance of BPCE and the Group is sufficient to enable shareholders and potential investors to assess whether the remuneration rewards long-term performance and to measure the evolution of the performance and remuneration of executives in the medium and long term.

Finally, with the exception of the CEO pay ratio, BPCE formally adheres to and implements the AFEP-MEDEF Code recommendations on executive pay.

3

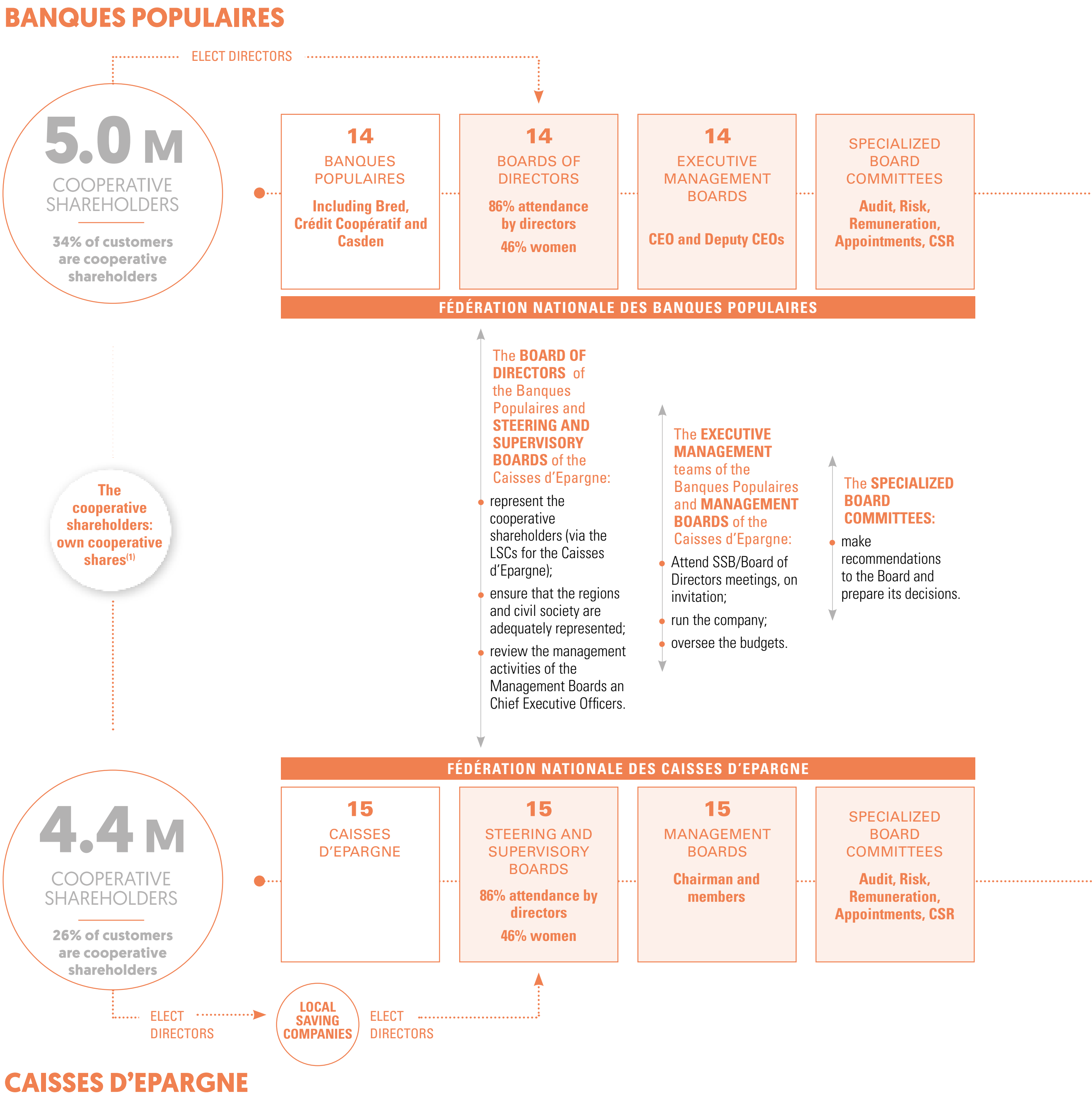
STATEMENT OF NON-COMPLIANCE WITH THE AFEP-MEDEF CODE[1]

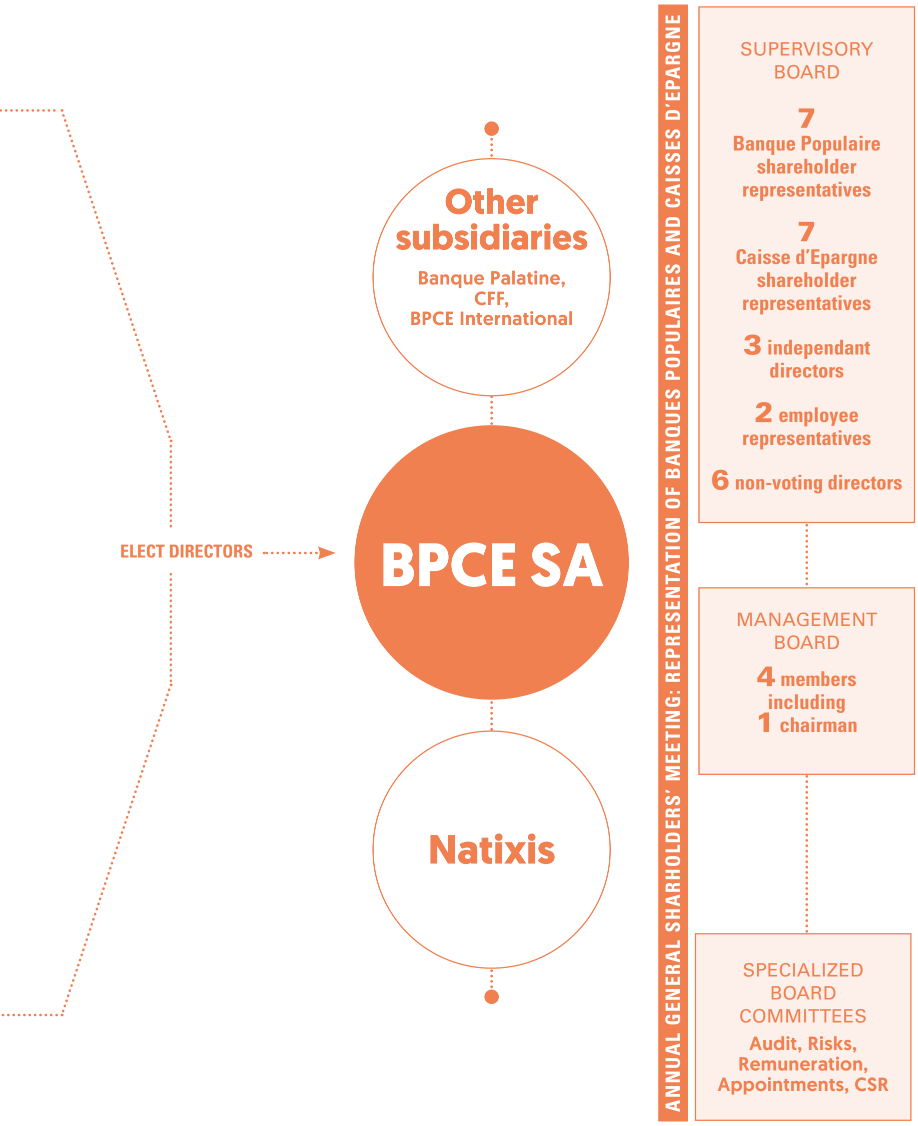
Independent directors	Recommendations partly implemented (not followed regarding proportion of independent directors on the Board)
Board Meetings and committee meetings	Recommendations partly implemented (not followed regarding the organization of an annual meeting without the presence of executive company 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 **MANAGEMENT BOARD** of BPCE SA:

- exercises all banking, financial, administrative and technical powers;
- involves the Group's internal solidarity mechanisms;
- 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 articles of association.

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, 2022, the Supervisory Board comprised 19 members: 7 representatives of category A shareholders (the Caisses d'Epargne et de Prévoyance), 7 representatives of category B shareholders (the Banques Populaires)[1], 3 independent members within the meaning of the AFEP-MEDEF Code and 2 members representing the 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.

BPCE's Articles of Association are available on the BPCE website: https://groupebpce.com/en/investors/regulated-information/other-information

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.

(1) A complete description of the shareholder categories is provided in section 7.2.2 "Class A and B shares".

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.

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, the diversity of cultures and experiences 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.

The composition of the Supervisory Board at December 31, 2022, the Supervisory Board's skills matrix and the items presented in section 3.3.5 aim in particular to reflect the diversity within the Board (age, geographical representation, experience/training, etc.).

DIVERSITY OF THE SUPERVISORY BOARD

At December 31, 2022, with 7 women on its Supervisory Board out of a total of 17 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, 2022, 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.

Furthermore, the Chairman and Vice-Chairman of the Supervisory Board do not chair any of the Supervisory Board's specialized committees.

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 3.6.1 of this report.

Pursuant to Article 3.2 of the Internal Rules, at its meeting of December 7, 2022, 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 2022, as in 2021, 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 directors were invited to respond.

The summary of the responses to the questionnaire was presented to the Supervisory Board on December 15, 2022 in the presence of the Management Board.

The assessment carried out made it possible to note elements of satisfaction, in particular the composition of the Board, the quality of the information provided to the Board and the discussions, the improvement of the deadlines for the transmission of files, the relations with the Management Board and with the Chairman of the Board, and the high quality of the training provided.

Some expectations remain on certain topics, in particular with regard to the continued communication of information related to climate risks and the environmental transition or the enrichment of information relating to the energy transition and climate risks or more information on new economic models such as the international geopolitical transformation.

Some areas for improvement have already been implemented or are being implemented, such as the organization of an annual in-depth seminar (including a CSR point), in addition to the strategic seminar or the addition of, in the current training program and in the new program to be presented to the Board for 2024, new topics relating in particular to the European banking landscape as well as new training sessions relating to the energy transition and climate risks.

The Appointments Committee also carried out periodic individual assessments of the fitness of the members of the Supervisory Board and Management Board. On this occasion, it checked their integrity by verifying the absence of any negative news concerning them in terms of the fight against money laundering and the financing of terrorism or their good repute. Following this individual assessment of the members of the Board and the members of the Management Board, the Appointments Committee noted 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 evaluation.

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 the members of BPCE's Supervisory Board are open to directors of the main subsidiaries, in particular to date: Natixis, CFF, Banque Palatine, Oney, BPCE International, and BPCE Payment Services;

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.

During fiscal year 2022, members of BPCE's Supervisory Board had the opportunity to receive training in particular on the following subjects:

- presentation of the major French banking players and their strategy;
- macroeconomic module on the economy of the energy transition;
- relationship marketing, customer satisfaction, partnerships;
- climate risks, their management framework and the challenges of aligning portfolios on a net zero trajectory;
- specialized trades module on Asset & Wealth Management, capital markets, equity derivatives, Natixis Assurance;
- CSR fundamentals and the Group's CSR strategy;
- technological challenges of payments;
- transformation of banking services;

- French economic policy after the elections (presidential and legislative);
- regulatory innovations relating to the fight against money laundering and the financing of terrorism and the fight against corruption;
- the ecosystem and the future of payments;
- operational risk management and governance;
- internal models;
- overview of regulatory changes related to sustainable finance;
- modules on specialized business lines: capital markets, equity derivatives and Natixis Assurance;
- cybersecurity for information systems, mobile and web application security;
- GDPR (rules and review of the situation within Groupe BPCE).

MEMBERS

At its meeting of May 12, 2022, BPCE's Supervisory Board:

- noted the termination of the duties of Joël Chassard, non-voting director of the Supervisory Board, effective April 30, 2022;
- appointed Christine Fabresse as a non-voting director of the Supervisory Board, for the remainder of her predecessor Joël Chassard's term of office, *i.e.* until the Ordinary General shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2026.

MEMBERS OF THE SUPERVISORY BOARD AS OF DECEMBER 31, 2022

SB: Supervisory Board

BD: Board of Directors

SSB: Steering and Supervisory Board

	Personal information				Experience	Position on the Board				
Functions	**Age**	**Gender**	**Nationality**	**Number of shares**	**Number of offices held in listed companies**	**Inde-pend-ence**	**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	66	M	Fr	0	0	-	07/31/2009 Renewed on 05/22/2015 and 05/25/2018	2024	13 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	55	M	Fr	0	0	-	12/19/2019 Reappointed 05/27/2021	2027	3 years	Cooperative and CSR Committee
Banque Populaire Representatives										
Gérard Bellemon Chairman of the BD of Banque Populaire Val de France	68	M	Fr	0	0	-	06/19/2018	2024	4 years	Appointments Committee Remuneration Committee
Bernard Dupouy Chairman of the BD of Banque Populaire Aquitaine Centre Atlantique	67	M	Fr	0	0	-	08/02/2018	2024	4 years	Audit Committee Remuneration Committee
Daniel Karyotis Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes	61	M	Fr	0	0	-	12/16/2021	2024	1 year	Audit Committee Appointments Committee Remuneration Committee Cooperative and CSR Committee
Olivier Klein Chief Executive Officer of BRED Banque Populaire	65	M	Fr	0	0	-	01/01/2019 Reappointed 05/27/2021	2027	4 years	Risk Committee
Catherine Mallet Chairwoman of the BD of Banque Populaire Occitane	53	F	Fr	0	1	-	05/17/2018 Reappointed 05/27/2021	2027	4 years	-
Marie Pic-Pâris Allavena Chairwoman of the BD of Banque Populaire Rives de Paris	62	F	Mco	0	1	-	05/27/2021	2027	1 year	Risk Committee Appointments Committee
Caisse d'Epargne Representatives										
Catherine Amin-Garde Chairwoman of the SSB of Caisse d'Epargne Loire Drôme Ardèche	67	F	Fr	0	0	-	07/31/2009 Renewed on 05/22/2015 and 05/25/2018	2024	13 years	Appointments Committee Remuneration Committee
Alain Denizot Chairman of the Management Board of Caisse d'Epargne Rhône Alpes	62	M	Fr	0	0	-	12/20/2018 Reappointed 05/27/2021	2027	4 years	Risk Committee
Alain Di Crescenzo Chairman of the SSB of Caisse d'Epargne de Midi-Pyrénées	60	M	Fr	0	0	-	05/27/2021	2027	1 year	Appointments Committee Remuneration Committee
Françoise Lemalle Chairwoman of the SSB of Caisse d'Epargne Côte d'Azur	57	F	Fr	0	0	-	05/22/2015 Reappointed 05/25/2018	2024	7 years	Risk Committee

	Personal information			Experience		Position on the Board				
Functions	**Age**	**Gender**	**Nationality**	**Number of shares**	**Number of offices held in listed companies**	**Inde-pend-ence**	**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	61	M	Fr	0	0	-	07/31/2009 Reappointed 05/22/2015 and 05/25/2018	2024	13 years	Audit Committee Appointments Committee Remuneration Committee Cooperative and CSR Committee
Benoît Pellerin Chairman of the SSB of Caisse d'Epargne Normandie	60	M	Fr	0	0	-	05/27/2021	2027	1 year	Audit Committee
Independent members										
Valérie Pancrazi Chairwoman VAP Conseils	59	F	Fr	0	0	X	05/09/2019	2024	3 years	Appointments Committee Remuneration Committee
Anne-Claude Pont Chairwoman and Co-Founder of Wilov	62	F	Fr	0	0	X	03/29/2018 Reappointed 05/27/2021	2027	4 years	Audit Committee Risk Committee
Kadidja Sinz European Director of Liberty Specialty Markets	65	F	Fr	0	0	X	08/02/2018 Reappointed 05/27/2021	2027	4 years	Audit Committee Risk Committee
Members representing employees of BPCE and its subsidiaries										
Nicolas Getti Fédération UNSA Banques Assurances et sociétés financières	50	M	Fr	0	0	-	05/27/2021	2027	1 year	Cooperative and CSR Committee
Bertrand Guyard Fédération CFDT Banques et assurances	58	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	64	M	Fr	0	0	-	05/27/2021	2027	1 year	-
Sabine Calba Chief Executive Officer of Banque Populaire Méditerranée	51	F	Fr	0	0	-	12/16/2021	2027	1 year	-
Bruno Deletré Chairman of the Management Board of Caisse d'Epargne Grand Est Europe	61	M	Fr	0	0	-	05/27/2021	2027	1 year	-
Christine Fabresse Chairwoman of the Management Board of Caisse d'Epargne CEPAC	58	F	Fr	0	0	-	05/12/2022	2027	< 1 year	-
Dominique Goursolle-Nouhaud(1) Chairwoman of Fédération Nationale des Caisses d'Epargne	69	F	Fr	0	0	-	05/06/2021	2027	1 year	Cooperative and CSR Committee
André Joffre(1) Chairman of Fédération Nationale des Banques Populaires	69	M	Fr	0	0	-	06/19/2018 Reappointed 05/27/2021	2027	4 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%
Specific features of a credit institution (financial information, governance and control systems)	X		
Retail banking & Insurance	X		
Financial markets, capital markets, capital adequacy and models	X		
Financial accounting and financial information	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		
Combating money laundering and the financing of terrorism	X		
Corporate Social Responsibility	X		
International		X	
Information systems and digital expertise	X		
Cooperative banking experience	X		

COMPOSITION OF BOARD COMMITTEES AS OF DECEMBER 31, 2022

AUDIT COMMITTEE

6
Number of directors

33.33%
Percentage of independent directors

33.33%
Representation of women

7
Number of meetings in 2022

92.86%
Average attendance in 2022

RISK COMMITTEE

6
Number of directors

33.33%
Percentage of independent directors

66.66%
Representation of women

12
Number of meetings in 2022

86.11%
Average attendance in 2022

APPOINTMENTS COMMITTEE

7
Number of directors

14.28%
Percentage of independent directors

42.85%
Representation of women

8
Number of meetings in 2022

100%
Average attendance in 2022

REMUNERATION COMMITTEE

8
Number of directors

12.5%
Percentage of independent directors

25%
Representation of women

4
Number of meetings in 2022

100%
Average attendance in 2022

COOPERATIVE AND CSR COMMITTEE

7
Number of directors

0%
Percentage of independent directors

14.28%
Representation of women

3
Number of meetings in 2022

95.24%
Average attendance in 2022

3

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, Chairwoman 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, Chairwoman 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, Chairwoman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur;
- Marie Pic-Pâris Allavena, Chairwoman 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, Chairwoman 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, Chairwoman 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, Chairwoman 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, 2022, the Cooperative and CSR Committee has been chaired by Dominique Goursolle-Nouhaud, non-voting director as of right, Chairwoman of Fédération Nationale des Caisses d'Epargne.

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;
- André Joffre, non-voting director as of right, Chairman of Fédération Nationale des Banques Populaires;
- 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.

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 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, 2022 TO APRIL 30, 2022

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

At its meeting of March 24, 2022, the Supervisory Board:

- acknowledged the resignation of Christine Fabresse from her position as member of the Management Board in charge of the Retail Banking and Insurance division, effective April 30, 2022;
- appointed Jérôme Terpereau as a member of the Management Board in charge of the Retail Banking and Insurance division, with effect from June 1, 2022 and for a term expiring at the end of the General shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2022.

COMPOSITION OF THE MANAGEMENT BOARD FROM MAY 1 TO 31, 2022

Laurent Mignon, Chairman of the Management Board
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

COMPOSITION OF THE MANAGEMENT BOARD FROM JUNE 1, 2022 TO DECEMBER 2, 2022

Laurent Mignon, Chairman of the Management Board
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
Jérôme Terpereau, Member of the Management Board – Head of Retail Banking and Insurance

At its meeting of October 28, 2022, the Supervisory Board:

- duly noted the resignation of Laurent Mignon from his term of office as member and Chairman of the Management Board with effect from December 2, 2022;
- conferred on Nicolas Namias the position of Chairman of the Management Board as from December 3, 2022 and for the duration of his term of office as a member of the Management Board expiring at the end of the General Meeting called to approve the financial statements for the fiscal year ended December 31, 2022.

COMPOSITION OF THE MANAGEMENT BOARD FROM DECEMBER 3, 2022 TO FEBRUARY 2, 2023

Nicolas Namias, Chairman of the Management Board
Béatrice Lafaurie, Member of the Management Board – Head of Human Resources
Jean-François Lequoy, Member of the Management Board – Head of Finance and Strategy
Jérôme Terpereau, Member of the Management Board – Head of Retail Banking and Insurance

At its meeting of February 2, 2023, the Supervisory Board:

- duly noted the resignation, at the end of the Board Meeting of the same day, of all the members of the Management Board, namely Nicolas Namias, Béatrice Lafaurie, Jean-François Lequoy and Jérôme Terpereau;
- appointed for a term expiring at the General shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2026:
  - Nicolas Namias, Chairman of the Management Board (at the end of the Board Meeting of the same day),
  - Béatrice Lafaurie, Member of the Management Board (at the end of the Board Meeting of the same day),
  - Jérôme Terpereau, Member of the Management Board (at the end of the Board Meeting of the same day), and
  - Hélène Madar, Member of the Management Board (effective April 1, 2023).

COMPOSITION OF THE MANAGEMENT BOARD FROM FEBRUARY 2, 2023 TO MARCH 1, 2023

Nicolas Namias, Chairman of the Management Board, notably in charge of Group Finance
Béatrice Lafaurie, Member of the Management Board – Head of Human Resources
Jérôme Terpereau, Member of the Management Board – Head of Retail Banking and Insurance

COMPOSITION OF THE MANAGEMENT BOARD FROM MARCH 1, 2023 TO APRIL 1, 2023

Nicolas Namias, Chairman of the Management Board – Head of Retail Banking and Insurance
Béatrice Lafaurie, Member of the Management Board – Head of Human Resources
Jérôme Terpereau, Member of the Management Board – Head of Finance and Strategy

COMPOSITION OF THE MANAGEMENT BOARD FROM APRIL 1, 2023

Nicolas Namias, Chairman of the Management Board
Béatrice Lafaurie, Member of the Management Board – Head of Human Resources
Hélène Madar, Member of the Management Board – Head of Retail Banking and Insurance
Jérôme Terpereau, Member of the Management Board in charge of Group Finance

3.3.4 Executive Management Committee – BPCE governing body

3

EXECUTIVE MANAGEMENT COMMITTEE MEMBERS (AS OF FEBRUARY 2, 2023)

- Nicolas Namias, Chairman of the Management Board;
- Béatrice Lafaurie, Member of the Management Board – Head of Human Resources;
- Jérôme Terpereau, Member of the Management Board – Head of Retail Banking and Insurance (until March 1, 2023), then Head of Finance and Strategy (since March 1, 2023);
- Laurent Benatar, Chief Technology & Operations Officer[1];
- Jacques Beyssade, Secretary General;
- François Codet, Chief Executive Officer of Natixis Assurances and head of the Group's Insurance division;
- Catherine Halberstadt, Head of Financial Solutions & Expertise[1];
- Jean-François Lequoy (until May 1, 2023) ;
- Franck Leroy, Chief Risk Officer[1];
- Stéphanie Paix, Member of the Management Board – Chief Executive Officer of Natixis;
- Yves Tyrode, Chief Digital & Payments Officer[1].

In addition, Christine Jacglin, who reports directly to Nicolas Namias, is Deputy Chief Executive Officer in charge of the General internal audit.

On April 1, 2023, Hélène Madar joined the Executive Management Committee in her capacity as a member of the Management Board in charge of the Retail Banking and Insurance division.

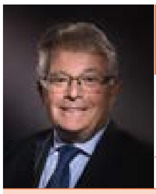
DIVERSITY

- On February 2, 2023, the Executive Management Committee comprised three women out of a total of eleven members, i.e. a proportion of 27%. This percentage will be 33% from April 1, 2023 (four women out of twelve members), then 36% from May 1, 2023 (four women out of eleven members).
- As of December 31, 2022, the gender distribution of the top 10% senior management positions was 34.1%, i.e. 122 women out of 358 people.

(1) The title of Chief Executive Officer is not governed by Article L. 225-66 of the French Commercial Code.

3.3.5 Directorships and offices held by corporate officers

SUPERVISORY BOARD



Thierry CAHN
BORN ON 09/25/1956 - NATIONALITY: FRENCH

CHAIRMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE

CHAIRMAN OF THE SUPERVISORY BOARD AND MEMBER OF THE COOPERATIVE AND CSR COMMITTEE OF BPCE (SINCE 05/27/2021 - TERM END DATE: 2024 GSM)
MEMBER OF THE SUPERVISORY BOARD (SINCE 07/31/2009 - TERM END DATE: 2024 GSM)

Business address: 3, rue François de Curel – BP 40124 – 57021 Metz Cedex 1

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE
- **Chairman of the Supervisory Board and member of the BPCE Cooperative and CSR Committee** (since 05/27/2021)
- **Member of the Supervisory Board of BPCE** (since 07/31/2009)
- **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 2022

Within Groupe BPCE

-

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: Natixis (since 01/28/2013)	**Vice-Chairman of the Supervisory Board of BPCE** (since 05/24/2019)	(until 05/25/2020)	(until 05/27/2021)

(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 ON 08/13/1967 - NATIONALITY: FRENCH

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE BOURGOGNE FRANCHE-COMTÉ

VICE-CHAIRMAN OF THE SUPERVISORY BOARD OF BPCE (SINCE 05/27/2021 - TERM END DATE: 2024 GSM)
MEMBER OF THE SUPERVISORY BOARD (SINCE 12/19/2019 (TERM END DATE: 2027 GSM)

Business address: 1, rond-point de la Nation – BP 23088 – 21088 Dijon Cedex 9

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Vice-Chairman of the Supervisory Board of BPCE and member of the Cooperative and CSR Committee** (since 05/27/2021)
- **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, CE Holding Participations (since 12/09/2021)
- **Director:** FNCE (since 04/30/2019)

Outside Groupe BPCE

- **Member of the Management Board:** SA Louis Latour (since 09/2006)
- **Director:** Louis LATOUR - Inc. (since 04/2012), Louis LATOUR - Ltd. (since 08/2006), Louis LATOUR - Vins Fins Henry FESSY (since 01/2008)

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 2022

Within Groupe BPCE

-

Outside Groupe BPCE

-

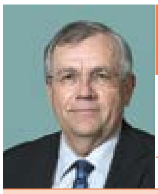
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
-	**Member of the Audit Committee of BPCE** (since 12/19/2019)	-	(until 05/27/2021)

(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).

3

FOR THE BANQUE POPULAIRE NETWORK



Gérard BELLEMON

BORN ON 10/01/1954 - NATIONALITY: FRENCH

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 SINCE 06/19/2018 (TERM END DATE: 2024 GSM)

Business address: 9, avenue Newton – 78183 Saint-Quentin-en-Yvelines cedex

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Member of the Supervisory Board, the Appointments Committee, and the Remuneration Committee of BPCE** (since 06/16/2018)
- **Chairman of the Board of Directors: Banque Populaire Val de France** (since 09/16/2010)
- **Director:** FNBP (since 09/16/2010)

Outside Groupe BPCE

- **Chairman:** SAS SOGEBEST (since 2002), SAS Suard Bellemon (since 2003)

68 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 2022

Within Groupe BPCE

-

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: BPCE Vie (since 03/28/2017)		(until 06/16/2020)	
Director: Natixis Investment Managers (since 10/20/2016)		(until 12/09/2020)	
Director: Natixis Assurances – (from 10/01/2008 to 03/23/2017)			

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Bernard DUPOUY

BORN ON 09/19/1955 - NATIONALITY: FRENCH

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 (SINCE 08/02/2018 - TERM END DATE: 2024 GSM)

Business address: **10, quai des Queyries – 33072 Bordeaux cedex**

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Member of the Supervisory Board of BPCE** (since 08/02/2018), **member of the Remuneration Committee and the Audit 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 (since 2008)
- **Manager:** SCI BADIMO (since 01/26/2000)

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 2022

Within Groupe BPCE

-

Outside Groupe BPCE

- Société Centrale des Caisses de Crédit Maritime Mutuel (until 06/08/2022)

TERMS EXPIRED IN PREVIOUS YEARS

2018	2019	2020	2021
Vice-Chairman: FNBP (since 06/06/2018)			(until 06/11/2021)
Director: Natixis (since 08/01/2017)		(until 06/23/2020)	
Member of the Appointments Committee: BPCE (since 08/02/2018)	(until 05/24/2019)		
Permanent representative of BPACA, Director: Bordeaux Grands Évènements(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 (from 11/30/2016 to 08/03/2018)			
Director of the Board of Directors: BPCE Vie (from 03/23/2017 to 08/03/2018)			

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

3

Daniel KARYOTIS

BORN ON 02/09/1961 - NATIONALITY: FRENCH

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 (SINCE 12/16/2021 - TERM END DATE: 2024 GSM)

Business address: **4, boulevard Eugène Deruelle – 69003 Lyon**

OFFICES HELD AS OF DECEMBER 31, 2022

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), Siparex (since 12/10/2021)
- **Permanent representative of BPAURA, Director:** I-BP (since 10/2016), BPCE Solutions informatiques (since 01/01/2022)
- **Permanent representative of BPAURA, Chairman:** Garibaldi Capital Développement (since 05/29/2017), SAS Sociétariat BPA (since 12/07/2016)

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 IT. 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 director of SIPAREX, a director of the Paul BOCUSE Foundation and a member of the Mission Committee of EM Lyon.

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.

TERMS EXPIRED IN 2022

Within Groupe BPCE

-

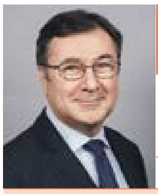
Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Non-voting director of the Supervisory Board of BPCE (since 11/08/2016)			(until 12/16/2021)
Permanent representative of BPAURA, non-voting director: Siparex (since 09/28/2017)			(until 12/10/2021)
Director: Coface SA[1] (since 02/08/2017)			(until 02/10/2021)
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 ON 06/15/1957 - NATIONALITY: FRENCH

CHIEF EXECUTIVE OFFICER OF BRED BANQUE POPULAIRE

MEMBER OF THE SUPERVISORY BOARD AND OF THE RISK COMMITTEE OF BPCE SINCE 01/01/2019 (TERM END DATE: 2027 GSM)

Business address: 18, quai de la Rapée – 75604 Paris Cedex 12

OFFICES HELD AS OF DECEMBER 31, 2022

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:** BCI Mer Rouge (since 11/28/2022), BCI Nouvelle-Calédonie (since 11/24/2022), 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)

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 Île-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 2022

Within Groupe BPCE

- **Permanent representative of BRED BP on the Board:** BCI Mer Rouge (from 10/25/2012 to 11/28/2022), BCI Nouvelle-Calédonie (from 10/03/2012 to 11/24/2022)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Vice-Chairman of the Supervisory Board: SOCFIM (since 03/29/2013)		(until 05/27/2020)	
Director: PREPAR IARD (since 12/11/2012)	(until 03/29/2019)		
Director: Natixis Investment Managers (from 12/11/2012 to 12/20/2018)			
Chairman: Perspectives Entreprises (from 11/05/2015 to 12/10/2018)			
Permanent representative of BRED BP, Director: SOFIAG (since 11/05/2012)	(until 03/01/2019)		
Permanent representative of BRED BP, Director: SOFIDER (since 11/05/2012)	(until 04/08/2019)		
Permanent Representative of COFIBRED, Director: Click and Trust (since 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 ON 05/26/1969 - NATIONALITY: FRENCH

CHAIRWOMAN OF THE BOARD OF DIRECTORS OF BANQUE POPULAIRE OCCITANE

MEMBER OF THE SUPERVISORY BOARD OF BPCE (SINCE 05/17/2018 - TERM END DATE: 2027 GSM)

Business address: 33-43, avenue Georges Pompidou – 31130 Balma

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Member of the Supervisory Board of BPCE** (since 05/17/2018)
- **Chairwoman 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)
- **Chief Executive Officer:** LP2C (since 06/05/2022)
- **Director:** LP2C (since 06/05/2022)
- **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 (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 11/24/2020), 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), METI (since 11/23/2022)
- **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 Bureau:** Association Club ETI Occitanie (since 01/07/2022)

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 Chairwoman of the Board of Directors on May 14, 2018.

TERMS EXPIRED IN 2022

Within Groupe BPCE

-

Outside Groupe BPCE

- **Chairwoman of the Management Board:** LP2C (from 10/19/2020 to 06/05/2022)
- **Member of the Management Board:** LP2C (from 07/11/2002 to 06/05/2022)
- **Director:** ACTIA Inc. (from 03/08/2016 to 12/28/2022), Association Middlenext (from 03/18/2020 to 10/14/2022)
- **Member of the Management Committee:** ACTIA Power (from 12/17/2020 to 08/01/2022)
- **Member of the Board:** Association Toulouse Place Financière (from 04/07/2015 to 01/07/2022)

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: ACTIA Systems (since 10/30/2015)			(until 03/30/2021)
Member of the Management Board: ACTIA Group SA[1][2] (since 11/12/2002)		(until 10/30/2020)	
	Permanent representative of ACTIA Group SA[1][2], Director: ACTIA Telecom[2] (since 11/16/2019)	(until 11/24/2020)	
Permanent representative of Action Logement Immobilier[2] (MEDEF): Ma Nouvelle Ville SA[2] (since 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

BORN ON 07/04/1960 - NATIONALITY: MONEGASQUE

CHAIRWOMAN 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 SINCE 05/27/2021 (TERM END DATE: 2027 GSM)

Business address: 80, boulevard Auguste Blanqui – 75204 Paris Cedex 13

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Member of the Supervisory Board, Risk Committee and Appointments Committee of BPCE** (since 05/27/2021)
- **Chairwoman of the Board of Directors of Banque Populaire Rives de Paris** (since 05/09/2019)
- **Director:** FNBP (since 05/09/2019)

Outside Groupe BPCE

- **Deputy Chief Executive Officer:** Eyrolles Group (since 10/02/2009)
- **Director:** Eyrolles Group (since 10/02/2009)
- **Independent Director:** TF1[1] (since 04/01/2019)

A graduate of ESSEC, Marie Pic Pâris 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.

She sold her company in 2002 and held management positions in consulting firms.

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 15 years, she has broadened the historical editorial line in professional and technical fields to more general audience topics. Eyrolles books are now translated into 40 languages. Lastly, Marie Pic Pâris 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 2022

Within Groupe BPCE

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Outside Groupe BPCE

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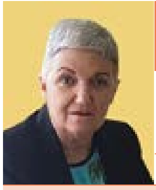
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: Banque Palatine (since 01/05/2016)			(until 10/01/2021)
	Director: Coface SA[1] (since 10/23/2019)		(until 02/10/2021)

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

FOR THE CAISSE D'EPARGNE NETWORK



Catherine AMIN-GARDE

BORN ON 03/08/1955 - NATIONALITY: FRENCH

CHAIRWOMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE LOIRE DRÔME ARDÈCHE

MEMBER OF THE SUPERVISORY BOARD, APPOINTMENTS COMMITTEE AND REMUNERATION COMMITTEE OF BPCE (SINCE 07/31/2009 - TERM END DATE: 2024 GSM)

Business address: Espace Fauriel 17, rue P. and D. Ponchardier – BP 147 – 42012 Saint-Étienne Cedex 2

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Member of the Supervisory Board, Appointments Committee and 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

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Catherine Amin-Garde holds advanced degrees in both History and European Studies. She joined Groupe Caisse d'Epargne in 1984.

She is currently Chairwoman of the Steering and Supervisory Board of Caisse d'Epargne Loire Drôme Ardèche.

TERMS EXPIRED IN 2022

Within Groupe BPCE

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Outside Groupe BPCE

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TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
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 ON 10/01/1960 - NATIONALITY: FRENCH

CHAIRMAN OF THE MANAGEMENT BOARD OF CAISSE D'EPARGNE RHÔNE ALPES

MEMBER OF THE SUPERVISORY BOARD AND OF THE RISK COMMITTEE OF BPCE SINCE 12/20/2018 (TERM END DATE: 2027 GSM)

Business address: 116, cours Lafayette BP 3276 – 69404 Lyon Cedex 03

OFFICES HELD AS OF DECEMBER 31, 2022

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 of Directors:** Association 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

- **Permanent representative of CERA, Director:** Compagnie des Alpes (01/19/2022)

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.

TERMS EXPIRED IN 2022

Within Groupe BPCE

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Outside Groupe BPCE

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TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
	Permanent representative of CE Holding Participations, Director: Habitat en Région Participations (since 04/26/2019)		(until 02/08/2021)
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 (since 11/17/2016)	(until 05/09/2019)		
Chairman of the Board of Directors: BATIXIA (since 06/17/2011)	(until 01/20/2019)		
Director: Natixis (from 05/19/2015 to 12/20/2018)			
Chairman of the Management Board: CEHDF (from 05/01/2017 to 11/11/2018)			
Chairman of the Board of Directors: SIA Habitat (from 06/01/2016 to 11/11/2018)			
Member of the Supervisory Board: SIGH (from 10/16/2017 to 11/11/2018)			
Permanent representative of CEHDF, member of the Supervisory Board: EuraTechnologies (from 06/29/2017 to 11/11/2018)			
Permanent representative of CENFE, then CEHDF, Director: IT-CE (from 12/01/2016 to 11/11/2018), BPCE-IT, FINORPA Financement (from 05/05/2014 to 11/11/2018) FINORPA SCR (from 05/05/2014 to 11/11/2018) Hi SA (from 06/17/2014 to 11/11/2018)			
Permanent representative of CENFE, then CEHDF, ex-officio member: Foundation Agir et Réussir Ensemble (from 12/14/2015 to 11/11/2018)			
Permanent representative of CENFE, then CEHDF, Treasurer: Fondation des Possibles (from 12/17/2016 to 11/11/2018)			

(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).

3

Alain DI CRESCENZO

BORN ON 01/20/1962 - NATIONALITY: FRENCH

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE MIDI-PYRENEES

MEMBER OF THE SUPERVISORY BOARD, THE APPOINTMENTS COMMITTEE AND THE REMUNERATION COMMITTEE OF BPCE (SINCE 05/27/2021 - TERM END DATE: 2027 GSM)

Business address: 10, avenue Maxwell BP 22306 – 31023 Toulouse Cedex 1

OFFICES HELD AS OF DECEMBER 31, 2022

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 USA (since 12/07/2007)
- **Chairman:** ALPI SAS (since 06/19/2019), French Chamber of Commerce and Industry (CCI France) (since 01/25/2022)
- **Director:** IGE+XAO China (since 01/04/2008), EHMS (since 08/05/2006), IGE+XAO India (since 12/19/2016), IGE+XAO Nordic AS (since 2001)
- **Sole director:** IGE+XAO Iberica SL (since 11/12/2015)
- **Manager:** IGE+XAO Madagascar (since 09/23/2008), ALPI Deutschland GmbH (since 06/05/2019), ALPI International Software España (since 06/05/2019), ALPI Afrique SARL - Burkina Faso (since 06/05/2019)

Alain Di Crescenzo, 60 years old, is a graduate of the École Nationale Supérieure des Arts et Métiers (ENSAM). From 1998 to 2022, he was Chairman and Chief Executive Officer 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.

TERMS EXPIRED IN 2022

Within Groupe BPCE

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Outside Groupe BPCE

- **Chairman and Chief Executive Officer:** IGE+XAO SA France (from 01/29/1998 to 05/24/2022)
- **Managing Director:** IGE+XAO Softwaren Vertriebs (from 12/06/2000 to 07/26/2022)
- **Director:** IGE+XAO North America (from 05/07/1997 to 12/26/2022), IGE+XAO UK (from 02/01/1999 to 01/31/2022)
- **Manager:** IGE+XAO Maroc (from 06/24/2008 to 06/02/2022), IGE+XAO Tunisia (from 06/24/2008 to 11/19/2022), IGE+XAO DO BRASIL (from 05/23/2017 to 04/15/2022), ADC Investment - France (from 01/11/2018 to 11/30/2022)
- **Permanent representative of IGE+XAO SA France, Director:** IGE+XAO Belgium (from 06/04/2021 to 04/15/2022)

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Chairman of the Board of Directors: CAE Development(2) (since 06/16/2008)			(until 11/16/2021)
Chairman: BIM-Electrical Corp.(2) (formerly ALPI Corporation - USA) (since 06/05/2019), Occitanie Chamber of Commerce and Industry(2) (since 12/16/2016)			(until 11/29/2021) (until 12/09/2021)
Vice-Chairman of the Supervisory Board: IGE+XAO Polska SP Zoo(2) (since 10/14/2005)			(until 12/15/2021)
Director: IGE(2) (since 01/29/2016), S2E(2) (since 09/04/2006)			(until 04/26/2021) (until 06/30/2021)
Manager: IGE+XAO Belgium(2) (since 06/19/2015), SCI Consulaire - France(2) (since 12/01/2015)			(until 06/04/2021) (until 12/31/2021)
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 director: Caisse d'Epargne Midi-Pyrénées (since 04/28/2017)	(until 06/21/2019)		
Member of the Supervisory Board: Banque Courtois(2) (from 12/02/2005 to 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 ON 01/15/1965 - NATIONALITY: FRENCH

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 (SINCE 05/22/2015 TERM END DATE: 2024 GSM)

Business address: 455, promenade des Anglais – BP3297 06205 – Nice Cedex 03

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Member of the Supervisory Board and the Risk Committee of BPCE** (since 05/22/2015)
- **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:** SELAS Lemalle Experts Associés (formerly Lemalle Ares-Xpert) (since 07/12/2013)
- **Manager:** SARL MOUGINS AUDIT EXPERT-COMPTABLE (MAEC) (since 04/16/2014)
- Manager: SARL LEMALLE ARES X-PERT INVEST (since 07/01/2014)
- **Manager:** SCI RIGHI (since 03/15/2021)
- **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 the local savings company SLE de Cannes, before being elected as its Chairwoman 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 Chairwoman, 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 the IMF Créa-Sol[2] association.

TERMS EXPIRED IN 2022

Within Groupe BPCE

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Outside Groupe BPCE

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TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: Fondation BELEM (since 06/30/2020)			(until 06/17/2021)
Director: Natixis (since 07/30/2015)		(until 02/06/2020)	

(1) Listed company.
(2) Non-Group company.

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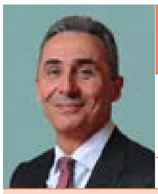
FNBP: Fédération Nationale des Banques Populaires.
SLE: *Société locale d'épargne* (local savings company).



Didier PATAULT

BORN ON 02/22/1961 - NATIONALITY: FRENCH

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 (SINCE 07/31/2009 - TERM END DATE: 2024 GSM)

Business address: 26-28, rue Neuve Tolbiac – 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2022

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 Board of Directors:** 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 de la Statistique 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 2022

Within Groupe BPCE

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Outside Groupe BPCE

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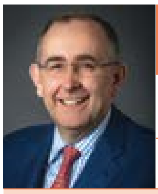
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: Natixis Investment Managers (since 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[2] (since 01/01/2016)	(until 08/25/2019)		
Director as a qualified person (for CEIDF): Paris Habitat – OPH (since 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

BORN ON 11/25/1962 - NATIONALITY: FRENCH

CHAIRMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE NORMANDIE

MEMBER OF THE SUPERVISORY BOARD AND MEMBER OF THE BPCE AUDIT COMMITTEE (SINCE 05/27/2021 - TERM END DATE: 2027 GSM)

Business address: 151, rue Uelzen – 76230 Bois Guillaume

OFFICES HELD AS OF DECEMBER 31, 2022

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 Développement (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, Père Magloire and Lecompte brands.

Since 2012, specializing in business development strategy consulting, he has also been Chairman of Normandie Administrateurs 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 2022

Within Groupe BPCE

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Outside Groupe BPCE

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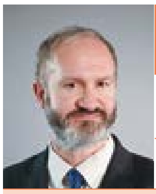
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
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

BORN ON 07/09/1972 - NATIONALITY: FRENCH

MEMBER OF THE SUPERVISORY BOARD AND THE COOPERATIVE AND CSR COMMITTEE OF BPCE

EMPLOYEE REPRESENTATIVE (SINCE 05/27/2021 - TERM END DATE: 2027 GSM)

Business address: 7, promenade Germaine Sablon -75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE
- **Member of the BPCE Supervisory Board** (since 05/27/2021) **and the Cooperative and CSR Committee – Member representing employees** (since 12/16/2021)

Outside Groupe BPCE
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After graduating from the École 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 worked in the Natixis Data Office from 2020 to 2022 as Data Tools Project Manager, then joined BPCE as Deputy Product Owner.

TERMS EXPIRED IN 2022

Within Groupe BPCE
-

Outside Groupe BPCE
-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
-	-	-	-

Bertrand GUYARD

BORN ON 12/15/1964 - NATIONALITY: FRENCH

MEMBER OF THE SUPERVISORY BOARD AND THE REMUNERATION COMMITTEE OF BPCE

EMPLOYEE REPRESENTATIVE (SINCE 05/27/2021 - TERM END DATE: 2027 GSM)

Business address: 5, avenue de la Liberté – 94220 Charenton-le-Pont

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE
- **Member of the Supervisory Board and Remuneration Committee of BPCE – Member representing employees** (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 Commercial 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 division. In 2009, he became head of the Vetting department (carrying out KYC due diligence for CIB 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 Method & Quality within the same department.

TERMS EXPIRED IN 2022

Within Groupe BPCE
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Outside Groupe BPCE
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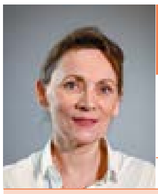
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
-	-	-	-

INDEPENDENT MEMBERS



Valérie PANCRAZI

BORN ON 02/02/1963 - NATIONALITY: FRENCH

CHAIRWOMAN OF VAP CONSEILS

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD, CHAIRWOMAN OF THE APPOINTMENTS COMMITTEE AND OF THE REMUNERATION COMMITTEE (SINCE 05/09/2019 - TERM END DATE: 2024 GSM)

Business address: 6, avenue du Docteur Brouardel – 75007 Paris

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Independent member of the Supervisory Board, Chairwoman of the Appointments Committee and Chairwoman of the Remuneration Committee of BPCE** (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)

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 Chairwoman of the Appointments Committee and the Remuneration Committee.

TERMS EXPIRED IN 2022

Within Groupe BPCE

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Outside Groupe BPCE

- **Independent director on the Board of Directors:** Poclain SAS[2] (from 2015 to April 2022)

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
-	-	-	-

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

3

Anne-Claude PONT

BORN ON 05/15/1960 - NATIONALITY: FRENCH

CHAIRWOMAN OF WILOV

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD, CHAIRWOMAN OF THE RISK COMMITTEE AND MEMBER OF THE AUDIT COMMITTEE OF BPCE (SINCE 03/29/2018 - TERM END DATE: 2027 GSM)

Business address: 15, rue Linné – 75005 Paris

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Independent 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

- **Chairwoman:** WILOV (since 08/19/2016)

Anne-Claude Pont has nearly 30 years of 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 2022

Within Groupe BPCE

-

Outside Groupe BPCE

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TERMS EXPIRED IN PREVIOUS YEARS

2018	2019	2020	2021
Director: Crédit Foncier de France (from 02/17/2015 to 11/07/2018)			
Vice-Chairwoman: Women Business Angels[2] (from 05/31/2016 to 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 ON 04/29/1957 - NATIONALITY: FRENCH

CHIEF EXECUTIVE OFFICER OF LIBERTY SPECIALTY MARKETS EUROPE

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD, CHAIRWOMAN OF THE AUDIT COMMITTEE AND MEMBER OF THE RISK COMMITTEE OF BPCE (SINCE 08/02/2018 - TERM END DATE: 2027 GSM)

Business address: 42, rue Washington – 75008 Paris

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Independent member of the Supervisory Board, Chairwoman of the Audit Committee and member of the Risk Committee of BPCE** (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 2022

Within Groupe BPCE

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Outside Groupe BPCE

-

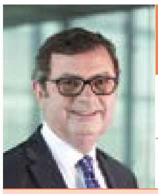
TERMS EXPIRED IN PREVIOUS YEARS

2017	2018	2019	2020
-	-	-	-

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

NON-VOTING DIRECTORS



Maurice BOURRIGAUD

BORN ON 01/21/1958 - NATIONALITY: FRENCH

CHIEF EXECUTIVE OFFICER OF BANQUE POPULAIRE GRAND OUEST

NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE (SINCE 05/27/2021 - TERM END DATE: 2027 GSM)

Business address: 15, boulevard de la Boutière – CS26858 35768 – Saint-Grégoire Cedex

OFFICES HELD AS OF DECEMBER 31, 2022

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), 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
- **Chairman:** FBF Bretagne Regional Banking Committee (since 02/23/2022)
- **Chairman of the Board of Directors:** IUT de Saint-Malo (since 05/18/2022)
- **Director:** Crédit Municipal de Nantes (since 09/03/2020), CCI Bretagne (since 07/01/2022)

TERMS EXPIRED IN 2022

Within Groupe BPCE

-

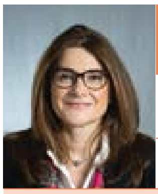
Outside Groupe BPCE
- **Vice-Chairman:** FBF Bretagne Regional Committee (from 12/01/2015 to 02/23/2022)

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Vice-Chairman: FBF Pays de Loire Regional Committee[2] (since 12/07/2017)			(until 2021)
Permanent representative of CRB-FBF Pays de Loire, Director: MEDEF[2]			(until 2021)
Director: Banque Palatine (since 02/14/2014)			(until 10/01/2021)
Director: BPCE-IT (since 05/21/2018), Albiant-IT (since 05/21/2018)			(until 06/25/2021)
Director: Natixis Investment Managers (since 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] (from 12/07/2017 to 12/19/2018)			
Director: Orchestre Symphonique de Bretagne[2] (from 12/01/2015 to 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

BORN ON 02/26/1971 - NATIONALITY: FRENCH

CHIEF EXECUTIVE OFFICER OF BANQUE POPULAIRE MEDITERRANEE (SINCE 12/16/2021 - TERM END DATE: 2027 GSM)

NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE

Business address: 457, promenade des Anglais – 06000 Nice

OFFICES HELD AS OF DECEMBER 31, 2022

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 04/01/2021)
- **Director:** Crédit Foncier (since 07/24/2020), Compagnie de Financement Foncier (since 12/13/2019), Les Elles de BPCE (since 06/01/2015), FNBP (since 04/01/2021), I-BP (since 06/03/2019)
- **Chairwoman:** Les Elles de BPCE (since 09/01/2021)

Outside Groupe BPCE

- **Director:** University of Lorraine (since 05/01/2017)

TERMS EXPIRED IN 2022

Within Groupe BPCE

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Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
	Director of Development of Banques Populaires: BPCE (since 12/13/2019)		(until 03/31/2021)
Director: BCP Luxembourg (since 03/14/2016)			(until 04/01/2021)
	Permanent representative of BPCE, Director: Ostrum Asset Management (since 06/03/2019)	(until 10/23/2020)	
Director: Société d'Équipement du Bassin Lorrain(2) (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)	
Chairwoman: Association Aprofin – Lorraine Place Financière(2) (since 09/01/2013)	(until 10/01/2019)		

(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).

Bruno DELETRÉ

BORN ON 04/30/1961 - NATIONALITY: FRENCH

CHAIRMAN OF THE MANAGEMENT BOARD OF CAISSE D'EPARGNE GRAND EST EUROPE

NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE (SINCE 05/27/2021 - TERM END DATE: 2027 GSM)

Business address: 1, avenue du Rhin – 67925 Strasbourg Cedex 9

OFFICES HELD AS OF DECEMBER 31, 2022

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)
- **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:** SNC IT-CE (formerly 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 2022

Within Groupe BPCE

- **Member of the Supervisory Board:** Banque BCP SA – Luxembourg (from 07/03/2018 to 02/04/2022)

Outside Groupe BPCE

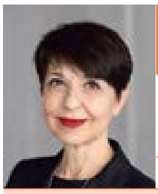
-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: Natixis Investment Managers (since 12/09/2020)			(until 09/29/2021)
Permanent representative of CEGEE, Manager: SCI CEFCL (since 06/23/2018)			(until 03/24/2021)
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 (from 10/21/2014 to 12/31/2018)			
Permanent representative of Crédit Foncier, Director: La Mondiale Partenaire[2] (from 07/15/2013 to 05/29/2018)			
Permanent representative of Crédit Foncier, member of the Supervisory Board: IT-CE (from 12/31/2011 to 01/01/2018)			

(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).



Christine FABRESSE

BORN ON 05/24/1964 - NATIONALITY: FRENCH

CHAIRWOMAN OF THE MANAGEMENT BOARD OF CAISSE D'EPARGNE CEPAC

NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD OF BPCE SINCE 05/12/2022 - TERM END DATE: 2027 GSM

Business address: Place Estrangin Pastré – 13254 Marseille Cedex 06

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Non-voting director of the Supervisory Board of BPCE** (since 05/12/2022)
- **Chairwoman of the Management Board of Caisse d'Epargne Provence Alpes Corse** (CEPAC) (since 04/30/2022)
- **Chairwoman of the Board of Directors:** Erilia (since 04/27/2022)
- **Director:** Habitat en Région Sud-Est (since 04/28/2022), CE Holding Participations (since 05/02/2022), Erilia (since 04/27/2022)
- **Permanent representative of CEPAC, Director:** FNCE (since 05/02/2022), SAS Groupe Habitat en Région (since 05/03/2022)
- **Permanent representative of CEPAC, Co-manager:** Py et Rotja (since 04/30/2022)
- **Permanent representative of BPCE, Director:** BPCE Solutions informatiques (since 01/01/2022)
- **Permanent representative of BPCE Maroc, Director:** Banque Centrale Populaire Maroc (BCP) (since 11/26/2018)

Outside Groupe BPCE

- **Co-manager:** SCI Mauricette (since August 2003), SCI Chiffalo (since August 2003)

TERMS EXPIRED IN 2022

Within Groupe BPCE

- **Member of the Management Board of BPCE in charge of Retail Banking and Insurance** (from 11/01/2018 to 04/30/2022)
- **Chairwoman of the Board of Directors:** Banque Palatine (from 11/19/2018 to 05/31/2022), SAS Groupe Habitat en Région (from 07/27/2021 to 04/28/2022)
- **Permanent representative of BPCE, Director:** Natixis Investment Managers (from 11/01/2018 to 06/30/2022)

Outside Groupe BPCE

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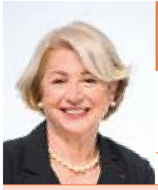
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: Crédit Foncier (since 05/03/2013)		(until 07/24/2020)	
Chairwoman of the Management Board of CEP Languedoc Roussillon (from 04/25/2013 to 10/30/2018)			
Director: BPCE Vie (from 03/28/2017 to 12/12/2018)			
Vice-Chairwoman 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 to 10/31/2018)			
Permanent representative of CEP Languedoc-Roussillon, Director: BPCE-IT (from 07/17/2015 to 10/15/2018)			
Permanent representative of CEP Languedoc-Roussillon, Director: IT-CE (from 12/31/2011 to 03/25/2018)			
Permanent representative of CEP Languedoc-Roussillon, Director: FNCE (from 06/03/2016 to 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.



Dominique GOURSOLLE-NOUHAUD

BORN ON 04/22/1952 - NATIONALITY: FRENCH

CHAIRWOMAN OF THE STEERING AND SUPERVISORY BOARD OF CAISSE D'EPARGNE AQUITAINE POITOU-CHARENTES
CHAIRWOMAN OF THE BOARD OF DIRECTORS OF FÉDÉRATION NATIONALE DES CAISSES D'EPARGNE
NON-VOTING DIRECTOR OF THE SUPERVISORY BOARD AND CHAIRWOMAN OF THE BPCE COOPERATIVE AND CSR COMMITTEE SINCE 05/06/2021 - TERM END DATE: 2027 GSM)

Business address: 1, parvis Corto Maltese – CS 31271 – 33076 Bordeaux Cedex

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Non-voting director as of right of the Supervisory Board, member of the Cooperative and CSR Committee** (since 05/06/2021) and **Chairwoman of the Cooperative and CSR Committee** (since 06/16/2022) of BPCE
- **Chairwoman of the Board of Directors of Fédération Nationale des Caisses d'Epargne** (FNCE) (since 05/05/2021)
- **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 CEAPC, Manager:** SNC Ecureuil 5 rue Masseran (since 05/05/2021)

Outside Groupe BPCE

- **Chairwoman:** SAS ESCE (since 01/30/1990), European Savings and retail banking Group (ESBG) (since 12/16/2021)

TERMS EXPIRED IN 2022

Within Groupe BPCE

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Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Member of the Supervisory Board, the Appointments Committee and the Remuneration Committee of BPCE (since 08/02/2018)			(until 05/05/2021)
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 ON 12/31/1953 - NATIONALITY: FRENCH

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 MEMBER OF THE BPCE COOPERATIVE AND CSR COMMITTEE (SINCE 06/19/2018 - TERM END DATE: 2027 GSM)

Business address: 38, boulevard Georges Clemenceau - 66966 Perpignan Cedex 09

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE
- **Non-voting director as of right of the Supervisory Board and member of the Cooperative and CSR Committee of BPCE** (since 06/19/2018)
- **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
- **Chairman and Chief Executive Officer:** Tecsol (since 10/08/2021)

TERMS EXPIRED IN 2022

Within Groupe BPCE
- **Chairman of the BPCE Cooperative and CSR Committee** (from 06/16/2020 to 06/16/2022)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: BPCE Factor (since 10/13/2010)		(until 12/03/2020)	
Chairman of the Board of Directors: Banque MARZE(2) (since 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)		
Manager: Tecsol Presse(2) (from 10/16/2002 to 06/22/2018)			
Chairman and Chief Executive Officer: Tecsol(2) (from 06/29/2013 to 06/22/2018)			
Manager: Sunergie(2) (from 11/06/1990 to 06/08/2018)			
Member of the Supervisory Board: BPCE (from 05/25/2015 to 06/06/2018)			

(1) Listed company.
(2) Non-Group company.
FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.

Joël CHASSARD (UNTIL 04/30/2022)

BORN ON 01/28/1957 - NATIONALITY: FRENCH

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, 2022

Within Groupe BPCE

-

Outside Groupe BPCE

- **Manager:** SCI Dojo (since 09/12/2018)

TERMS EXPIRED IN 2022

Within Groupe BPCE

- **Non-voting director of the Supervisory Board of BPCE** (from 05/17/2018 to 04/30/2022)
- **Chairman of the Management Board of Caisse d'Epargne CEPAC** (from 03/30/2018 to 04/30/2022)
- **Chairman of the Board of Directors:** ERILIA (from 06/14/2019 to 04/27/2022), SAC Habitat en Région Sud-Est (from 10/21/2020 to 04/28/2022)
- **Chairman of the Supervisory Board:** SOGIMA (from 04/18/2018 to 04/26/2022)
- **Director:** CE Holding Participations (from 06/25/2018 to 05/02/2022), GIE BPCE Achats, FNCE (from 10/30/2018 to 04/30/2022)
- **Permanent representative of CEPAC, Director:** GIE IT-CE (from 04/25/2018 to 01/01/2022), SAS Groupe Habitat en Région (from 05/21/2021 to 05/03/2022)
- **Permanent representative of CEPAC, Chairman of the Management Board:** CEPAC I-D (from 03/30/2018 to 07/01/2022)
- **Permanent representative of CEPAC, ex-officio member of the Supervisory Board:** France Active PACA (from 04/17/2019 to 04/17/2020)
- **Permanent representative of CEPAC, Associate Manager:** Py et Rotja (from 03/30/2018 to 04/30/2022)

Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: BPCE Assurances (since 05/23/2015)		(until 07/02/2020)	
Director: BPCE Lease (since 09/28/2010)		(until 07/08/2020)	
Permanent representative of CEPAC, Director: Erilia (since 03/30/2018)	(until 05/27/2019)		
Chairman of the Board of Directors: Logirem (since 04/25/2018)	(until 12/13/2019)		
Non-voting director: SEML Zénith Caen[2] (from 01/01/2016 to 12/12/2018)			
Chairman of the Management Board: Caisse d'Epargne Normandie – CEN (from 06/02/2008 to 04/23/2018)			
Chairman: CEN Innovation (from 11/28/2017 to 04/23/2018)			
Permanent representative of CEN, member of the Supervisory Board: GIE IT-CE (from 12/31/2011 to 04/30/2018)			
Permanent representative of CEN, Director: Surassur (from 06/04/2007 to 12/31/2018)			
Erilia (from 06/16/2016 to 04/24/2018)			
Habitat en Région Services (from 05/31/2011 to 04/24/2018)			
Caisse d'Epargne Normandie Fund for Solidarity Initiative (from 01/01/2016 to 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).

MANAGEMENT BOARD

Nicolas NAMIAS

BORN ON 03/25/1976 - NATIONALITY: FRENCH

CHAIRMAN OF THE MANAGEMENT BOARD OF BPCE (SINCE 12/03/2022 - RENEWAL ON 02/02/2023 - TERM END DATE: 2027 GSM)

Business address: 7, promenade Germaine Sablon - 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Chairman of the Management Board of BPCE** (since 12/03/2022)
- **Member of the Management Board of BPCE** (since 06/01/2018)
- **Chairman of the Board of Directors:** Natixis Investment Managers (since 08/28/2020), Natixis (since 12/03/2022)
- **Director:** Solomon Partners GP LLC (formerly Peter J. Solomon GP LLC) (since 09/14/2020)

Outside Groupe BPCE

- **Director:** CNP Assurances[(1)(2)] (since 12/07/2022)
- **Member of the Executive Committee:** Fédération Bancaire Française (FBF) (since 12/03/2022)
- **Member:** Association Française Bancaire (AFB) (since 12/03/2022)
- **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 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.

From August 3, 2020 to December 2, 2022, Nicolas Namias was Chief Executive Officer of Natixis and a member of the BPCE Management Board.

Nicolas Namias was appointed Chairman of the Management Board of BPCE as of December 3, 2022.

TERMS EXPIRED IN 2022

Within Groupe BPCE

- **Chief Executive Officer of Natixis** (from 08/03/2020 to 12/02/2022)
- **Chairman of the Board of Directors:** Natixis Assurances (from 09/21/2020 to 04/08/2022), Natixis Payment Solutions (from 09/10/2020 to 04/12/2022)
- **Director:** Natixis Assurances (from 09/21/2020 to 04/12/2022), Natixis Payment Solutions (from 09/10/2020 to 04/12/2022)

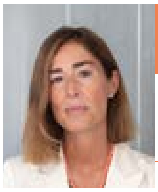
Outside Groupe BPCE

-

3

TERMS EXPIRED IN PREVIOUS FISCAL YEARS			
2018	**2019**	**2020**	**2021**
		Chairman of the Board of Directors and Director: Coface SA[1][2] (since 09/09/2020)	(until 02/10/2021)
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 (since 07/31/2019)	(until 10/02/2020)	
	Chairman of the Board of Directors: GIE BPCE Services Financiers (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 (since 06/01/2018)	(until 07/31/2019)		
Director: Natixis Partners (from 05/13/2015 to 07/10/2018)			
Director: Natixis Assurances (from 01/26/2017 to 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 to 09/06/2018)			
Representative of Natixis, Director: Coface SA[1] (from 12/11/2017 to 09/06/2018)			
Director: Natixis Partners Iberia (from 01/21/2016 to 01/17/2018)			

(1) Listed company.
(2) Non-Group company.



Béatrice LAFAURIE

BORN ON 10/12/1967 - NATIONALITY: FRENCH

MEMBER OF THE MANAGEMENT BOARD OF BPCE IN CHARGE OF GROUP HUMAN RESOURCES
(SINCE 03/25/2021 - RENEWAL ON 02/02/2023 - TERM END DATE: 2027 GSM)

Business address: 7, promenade Germaine Sablon -75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

– **Member of the Management Board of BPCE in charge of Group human resources** (since 03/25/2021)

Outside Groupe BPCE

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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 2022

Within Groupe BPCE

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Outside Groupe BPCE

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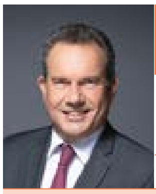
TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Member of the Executive Committee, Director of human resources: SNCF Voyageurs(2) (since 07/01/2014)			(until 03/01/2021)

(1) Listed company.
(2) Non-Group company.



Jean-François LEQUOY (UNTIL FEBRUARY 2, 2023)

BORN ON 04/09/1961 - NATIONALITY: FRENCH

MEMBER OF THE MANAGEMENT BOARD OF BPCE IN CHARGE OF GROUP FINANCE AND STRATEGY (FROM 09/14/2020 - TO 02/02/2023)

Business address: 7, promenade Germaine Sablon - 75013 Paris

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Member of the Management Board in charge of Group Finance and Strategy** (from 09/14/2020 to 02/02/2023)
- **Chairman of the Board of Directors:** Crédit Foncier (since 10/02/2020), GIE BPCE Services Financiers (since 10/15/2020), BPCE Assurances (since 03/01/2022), NA (since 04/08/2022)
- **Deputy Chief Executive Officer:** CE Holding Participations (since 12/17/2020)
- **Director:** NA (since 03/01/2022)
- **Permanent representative of BPCE, Director:** CE Holding Participations (since 12/17/2020)

Outside Groupe BPCE

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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 Fédération 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 2022

Within Groupe BPCE

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Outside Groupe BPCE

-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
			Director: CNP Assurances[2] (from 11/18/2021 to 12/16/2021)
	Chairman of the Board of Directors: BPCE Assurances (since 05/17/2019)		(until 02/23/2021)
Director of the Board of Directors: BPCE Vie (since 09/27/2015)			(until 03/31/2021)
SURASSUR (since 12/12/2016)			(until 03/04/2021)
REACOMEX (since 12/12/2016)			(until 03/04/2021)
BPCE Prévoyance (since 05/23/2017)			(until 03/31/2021)
		Permanent representative of Natixis, Director: Compagnie Européenne de Garanties et Cautions (CEGC) (since 07/09/2020)	(until 07/07/2021)
Permanent representative of Natixis Assurances, Director: BPCE IARD (since 06/27/2017)			(until 02/22/2021)
Chief Executive Officer: Natixis Assurances (since 03/23/2014)		(until 09/21/2020)	
Director: Natixis Assurances (since 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 10/06/2020)	

(1) Listed company.
(2) Non-Group company.

Jérôme TERPEREAU

BORN ON 12/16/1968 - NATIONALITY: FRENCH

MEMBER OF THE BPCE MANAGEMENT BOARD IN CHARGE OF RETAIL BANKING AND INSURANCE (THEN, FROM MARCH 1, 2023, IN CHARGE OF GROUP FINANCE) (SINCE 06/01/2022 - RENEWAL 02/02/2023 - TERM END DATE: 2027 GSM)

Business address: **7, promenade Germaine Sablon - 75013 Paris**

OFFICES HELD AS OF DECEMBER 31, 2022

Within Groupe BPCE

- **Member of the Management Board of BPCE in charge of Retail Banking and Insurance** (since 06/01/2022)
- **Chairman of the Board of Directors:** Banque Palatine (since 06/01/2022)
- **Director:** Banque Palatine (since 05/17/2022), SAS Groupe Habitat en Région (since 06/14/2022)
- **Permanent representative of BPCE, Director:** Natixis Investment Managers (since 05/30/2022)

Outside Groupe BPCE

- **Permanent representative of BPCE, member of the Prospective Commission:** Fédération Bancaire Française (FBF) (since June 2022)

Jérôme Terpereau holds a Master in Economic Science and a DESS specialist degree in Management of Financial and Banking Organizations from Paris IX Dauphine University and is a graduate of France's Economics and Banking Institute (IEB) and the Centre for Higher Studies in Banking (CESB).

Jérôme Terpereau began with Caisse d'Epargne Centre Val-de-Loire in 1991 where he occupied various Finance functions, before joining the Executive Committee in 2001 as Head of Financial Management. He subsequently moved to Caisse Nationale des Caisses d'Epargne in 2003 and became Head of Financial Engineering with responsibility for local government bodies and institutions, then Chief Budget Officer.

He was later appointed to the Management Board of Caisse d'Epargne Midi-Pyrénées in 2008, with responsibility for Finance and General Functions, as well as real estate and financing subsidiaries. In 2015, he was named Chief Executive Officer of BPCE Financement.

Since 2018, Jérôme Terpereau has been Chairman of the Management Board of Caisse d'Epargne Aquitaine Poitou-Charentes.

He became a member of the Management Board of BPCE, Chief Executive Officer in charge of Retail Banking and Insurance on June 1, 2022.

TERMS EXPIRED IN 2022

Within Groupe BPCE

- **Chairman of the Management Board:** Caisse d'Epargne Aquitaine Poitou-Charentes (CEAPC) (from 04/24/2018 to 05/31/2022)
- **Director:** BPCE Assurances IARD (formerly BPCE Assurances) (until 03/30/2022)
- **Permanent representative of CEAPC, Chairman:** BRG Sud-Ouest Investissement (from 03/29/2021 to 05/31/2022)
- **Permanent representative of CEAPC, Director:** Domofrance (from 04/01/2021 to 06/01/2022), BRG Sud-Ouest Investissement (from 03/29/2021 to 05/31/2022), IT-CE (from 06/21/2018 to 01/01/2022), BPCE IT (from 11/21/2018 to 05/31/2022), ALBIANT IT (until 05/31/2022), BPCE Solutions informatiques (from 01/01/2022 to 05/31/2022)

Outside Groupe BPCE

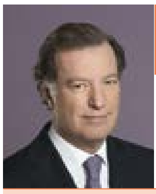
-

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Member of the Supervisory Board: Atream Hotels[2] (since 09/14/2016)		(until 06/10/2020)	
Director: Natixis Wealth Management (since 10/11/2018)		(until 05/06/2020)	
Chief Executive Officer: BPCE Financement (from 10/01/2015 to 04/25/2018)			
Director: United Partnership[2] (from 10/01/2015 to 04/25/2018)			

(1) Listed company.
(2) Non-Group company.

FNCE: Fédération Nationale des Caisses d'Epargne.
FNBP: Fédération Nationale des Banques Populaires.



Laurent MIGNON (UNTIL DECEMBER 2, 2022)

BORN ON 12/28/1963 - NATIONALITY: FRENCH

CHAIRMAN OF THE MANAGEMENT BOARD OF BPCE (FROM 06/01/2018 - TO 12/02/2022)

OFFICES HELD AS OF DECEMBER 31, 2022

Outside Groupe BPCE

- **Chairman of the Management Board:** Wendel (since 12/03/2022)
- **Chairman of SAS:** CE Holding Participations (since 06/06/2018)
- **Director:** Arkema[1] (since 10/27/2009), AROP (Association pour le Rayonnement de l'Opéra National de Paris) (since 12/10/2015)
- **Non-voting member:** ODDO BHF SCA (since 03/29/2019)

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.

From June 1, 2018 to December 2, 2022, he was Chairman of the Management Board of BPCE.

TERMS EXPIRED IN 2022

Within Groupe BPCE

- **Chairman of the Management Board of BPCE** (from 06/01/2018 to 12/02/2022)
- **Member of the Management Board of BPCE** (from 08/06/2013 to 12/02/2022)
- **Chairman of the Board of Directors:** Natixis (from 06/01/2018 to 12/02/2022)

Outside Groupe BPCE

- **Chairman:** Fédération Bancaire Française (FBF) (from 09/01/2022 to 12/03/2022)
- **Member of the Executive Committee:** Fédération Bancaire Française (FBF) (from 09/01/2019 to 12/03/2022)
- **Chairman:** Association Française Bancaire (AFB) (from 09/01/2021 to 09/01/2022)
- **Director:** CNP Assurances[1][2] (from 06/01/2018 to 12/04/2022)
- **Non-voting member:** FIMALAC (from 04/16/2019 to 12/08/2022)

TERMS EXPIRED IN PREVIOUS FISCAL YEARS

2018	2019	2020	2021
Director: Sopassure (since 06/18/2018)		(until 02/02/2020)	
Chairman of the Board of Directors: Crédit Foncier (since 05/17/2018)	(until 07/31/2019)		
Chairman: Association Française des Établissements de Crédit et des Entreprises d'Investissement[2], Fédération Bancaire Française (FBF)[2] (since 09/01/2018)	(until 08/31/2019)		
Director: Peter J. Solomon Company LP (from 06/08/2016 to 05/30/2018)			
Director: Peter J. Solomon GP, LLC (from 12/15/2017 to 05/30/2018)			
Chairman of the Board of Directors: Natixis Assurances (from 03/23/2017 to 06/07/2018)			
Chief Executive Officer: Natixis (from 05/2009 to 06/01/2018)			
Vice-Chairman: Fédération Bancaire Française[2] (from 06/01/2018 to 08/31/2018)			

(1) Listed company.
(2) Non-Group company.

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. At anytime, throught the year, it carries out all checks and controls it deems appropriate and may request any documents it regards as expedient in fulfilling its mission.

To this effect, 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 remuneration 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 the Group and each network, as defined by the Management Board; regular examinations and checks on the Group'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 shareholders' 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/en/investors/regulated-information/other-information

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 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 13 times between January 1 and December 31, 2022. In 2022, the average attendance rate for Supervisory Board members was 98.37%. In addition to the topics regularly discussed – quarterly reports of the Management Board, related-party agreements, approvals of executives, impact and management of the Russian-Ukrainian crisis, 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 2021 and establishment of fixed pay and the criteria (amount, trigger, qualitative and quantitative criteria) for determining the variable remuneration of Management Board members for 2022;
- approval of the 2022 remuneration 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 2022;
- 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;
- response to the Social and Economic Committee's opinion on the company's strategic guidelines;
- opinion of the Social and Economic Committee on BPCE's economic and financial position in 2021;
- adoption of the revised Group standard on risk takers in application of the CRD V directive;
- preparation of the Annual General Meeting, registration of the payment of a dividend;
- review of the succession procedure for the members of the Management Board;
- review of information relating to the integrity and skills of key function holders;
- 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 a non-voting director of the Supervisory Board and appointment of a non-voting director to the board;
- appointment of the Chairman of the Cooperative and CSR Committee;
- taking note of the resignation of the Chairman of the Management Board, monitoring of the succession process and appointment of the new Chairman of the Management Board;
- authorization to appoint candidates as directors to the Board of Natixis;
- monitoring of the company's policy on professional and pay equality;
- modification of the levels and conditions of pay granted to the members of the Cooperative and CSR Committee;
- 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 and adoption of diversity policies applicable to Board members and Management Board members;
- approval of the updated framework for the intervention of the Statutory Auditors;
- decision to transfer BPCE's registered office and amendment of the Articles of Association accordingly.

STRATEGIC OPERATIONS

- authorization of the sale of the stake held by Natixis Investment Managers in H_2O;
- approval and authorization of the proposed contribution of Natixis' Insurance and Payments business lines to BPCE, of the Natixis capital increase in cash by issuing ordinary shares with cancellation of preferential subscription rights in favor of BPCE, of the principle of the functional reorganization and planned transfer of employees and operating resources from the Natixis Group to BPCE entities or between Groupe BPCE entities;
- authorization of the acquisition by NIM of the non-controlling interests held by La Banque Postale in Ostrum AM and AEW Europe as part of the renewed industrial partnership project in asset management with La Banque Postale until the end of 2030;
- authorization of the acquisition of a 22% stake in Swile's share capital by BPCE and the acquisition of all of Bimpli's share capital and voting rights by Swile;
- monitoring of the implementation of the strategic operations authorized by the Board since 2021.

FINANCE

- presentation of the annual financial statements, as of December 31, 2021, of Groupe BPCE, BPCE SA group and BPCE SA;
- presentation of the 2022 quarterly and first-half financial statements of Groupe BPCE, BPCE SA group and BPCE SA;

- revision of the 2022 budget of Groupe BPCE, taking note of the bottom line for 2022 and approval of the budgets for 2023;
- revision of the solidarity mechanism.

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, 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 2021 reports;
- review of the annual report on the operation of the Group's internal control (audit, risks and compliance);
- 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 2021 fiscal year;
- monitoring of the recommendations of the Group Inspection Générale and of the supervisor;
- acknowledgment of the measures taken in 2021 to ensure the control of essential outsourced services, including the monitoring of critical or important services and review of the 2022 outsourcing policy;
- monitoring and annual review of Groupe BPCE's recovery plan as well as in the USA;
- 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 2022;
- follow-up to the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process) report;
- review of the assessment of the deployment of BCBS 239 in the entities, results of the self-assessment by type of risk and annual review of the limitations;
- adoption of the Group's 2022 recovery plan.

CSR

Monitoring of the work of the Cooperative and CSR Committee relating in particular to:

- the CSR and cooperative guidelines of Banque Populaire banks and the Caisses d'Epargne;
- review of climate risk impacts;
- monitoring of the environmental challenges of the 2021-2024 strategic plan with the monitoring of work and presentation of the structuring of the Group's ESG program, the RB&I Green project, the project to reduce the own footprint of network institutions, the project to reduce GFS' own footprint;
- review of the Group conduct and ethics reporting;
- presentation of the verification work carried out by the independent third party on the 2021 non-financial performance statement;
- action plan to coordinate the cooperative model;
- presentation of the "Responsible Digital Services" project;
- update on the risks of Greenwashing;
- best practices in terms of carbon footprint reduction.

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 Group, 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 the Group;
- 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 the Group.

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 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

In this respect, 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 six times (and an additional time in a joint meeting with the Risk Committee) between January 1 and December 31, 2022. The average attendance rate at these meetings was 92.86%.

The main issues that it addressed were as follows:

- presentation of the annual financial statements of the Group and BPCE as of December 31, 2021;
- presentation of the 2022 quarterly and half-year financial statements of the Group and of BPCE;
- revision of the Groupe BPCE 2022 budget;
- valuation of financial instruments;
- presentation of the 2022 bottom line and review of the 2023 budget of the Group and BPCE;
- review and examination of Groupe BPCE's capital adequacy and liquidity ratios;
- monitoring of cost of risk;
- regular information on the results of BPCE's main subsidiaries;
- review of the strategic plan relating to the acquisition of a stake by BPCE in the capital of Swile and the contribution to Swile of 100% of the capital of Bimpli;
- update on the Payments business lines;
- summary of the Pillar III report;
- summary of the report of the *Haut Conseil du Commissariat aux Comptes* on the monitoring of the statutory audit market;
- review of the post-Pléiade tax consolidation agreement;
- monitoring of the work and presentation of the Statutory Auditors' audit plan;
- report on the assignments and services provided by the Statutory Auditors within Groupe BPCE, review of their independence, update on their fees and their revaluation;
- 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 the financial statements;
- review of the framework for the intervention of the Group's Statutory Auditors.

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 Group 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 the Group'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 the follow-up of the findings of the 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 European Central Bank (ECB), and of the Group's Inspection Générale division, whose summaries regarding the company and Group entities are addressed to the Committee;
- 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 11 times (and an additional time in a joint meeting with the Audit Committee) between January 1 and December 31, 2022. The average attendance rate at these meetings was 86.11%.

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 2021 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);
- assessment of risks and results of market activities for 2021 and outlook for 2022;
- monitoring of climate risks and climate stress tests;
- review of the half-yearly reports of the Compliance functions;
- 2021 review of the cyber-threat and IT security incidents;
- review of ISS dashboards and annual cyber-security and cyber-crime update;
- review of the methods and results of the annual ICAAP (Internal Capital Adequacy Assessment Process) intended to analyze capital adequacy;
- annual review of the ILAAP (Internal Liquidity Adequacy Assessment Process) report;
- update on the liquidity remediation plan and the US dollar liquidity framework;
- update of the solidarity mechanism;
- review of the assessment of the deployment of BCBS 239 in the entities, results of the self-assessment by type of risk and annual review of the limitations;
- summary of the year as regards BCBS 239, follow-up of action plans, validation of compliance criteria for the Group and Board satisfaction questionnaire;
- update on the governance system for the Group's models;
- 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);
- review of the 2022 outsourcing policy and assessment of the measures taken in 2021 to ensure the control of essential outsourced services, including the monitoring of critical or important services;
- 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;
- update on the status of real estate development;
- update on the risk management integration of BPCE Payment Services;
- presentation of the operational integration of the Green Weighting Factor;
- review of the Group Risk Appetite Framework;
- annual review and update of the Recovery Plan;
- annual review of Groupe BPCE's overall credit risk policy;
- annual review of the assessment of the Group's internal rating systems;
- update on the risk management of subsidiaries or divisions within BPCE;
- review of the annual results of the mapping of non-compliance risks and the mapping of operational risks;
- review of internal stress test results;
- monitoring of internal caps and Group limits (credit risks, market risks, interest rate risks and liquidity risks);
- annual update of SREP (ECB) and MREL-TLAC (CRU) prudential requirements;
- monitoring of the main findings of permanent control;
- update on the Russian-Ukrainian crisis: risks, compliance and security;
- review of the 2021 assessment of the Contingency and Business Continuity Plan (BPC);
- update on Leveraged Finance as of December 31, 2021, including Leveraged Buy Out.

JOINT AUDIT AND RISK COMMITTEE:

A joint meeting of the Audit and Risk Committees was held on July 4, 2022. The main issues that it addressed were as follows:

- presentation of the activities of GFS Global Structured Credit and Solutions;
- presentation of CEGC's activities and combined risks;
- link between risk elements and profitability elements in the Group's activities (RB&I, Insurance and GFS);
- rating scales;
- presentation of the Dynamic Solutions division within NIM.

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 the Group. Supervisory Board members from inside the Group 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,
  - the knowledge, skills and experience of the members of the Management Board, both individually and collectively, and reports on this assessment to the Supervisory 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 eight times between January 1 and December 31, 2022. 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 directors of the Supervisory Board and of a candidate for the BPCE Management Board;

- review of the succession procedure for members of the Management Board;
- review and implementation of the succession procedure for the Chairman of the Management Board;
- review of candidates for the position of Chairman of the Management Board;
- implementation of the recommendations of the previous Supervisory Board evaluation;
- launch of the Supervisory Board's annual assessment process and review of the assessment report;
- annual assessment of the ability of the members of the Supervisory Board;
- annual individual assessment of the company's executive management;
- 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 and of the draft of the Supervisory Board's report on corporate governance for fiscal year 2022 (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 remuneration 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 the Group's remuneration 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 Remuneration Committee met four times between January 1 and December 31, 2022. 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 2021 (payment of deferred portions due in 2022 and the variable portion for 2021) and for fiscal year 2022 (variable indicators, remuneration for 2022, draft report on the BPCE remuneration policy for 2022);
- Groupe BPCE's remuneration policy for risk takers (revision of the Group standard on risk takers for fiscal year 2022 in application of the CRD V directive, identification and remuneration of risk takers in the BPCE SA scope for fiscal year 2021, focus on the credit companies of the FSE division with a balance sheet total of more than €5 billion);
- report on the annual mission of the Inspection Générale division on risk takers;
- review of pay for the BPCE SA Risk and Compliance functions;
- review of the Supervisory Board's report on corporate governance for fiscal year 2022 (remuneration section);
- review of the report on internal control of credit institutions regarding the policy and practices governing pay in respect of 2021 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;
- review of the remuneration of a member of the Management Board;
- review of changes to the allocation of the Supervisory Board's remuneration package;
- review of the resignation of the Chairman of the Management Board;
- adaptation of the remuneration policy for the Chairman of the Management Board in 2022;
- review of the remuneration of the new Chairman 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 thrice between January 1 and December 31, 2022. The average attendance rate at these meetings was 95.24%.

The main issues that it addressed were as follows:

- monitoring of the environmental challenges of the 2021-2024 strategic plan with the monitoring of the work and presentation of the structuring of the Group's ESG program, the RB&I Green project, the project to reduce the own footprint of network institutions, the project to reduce GFS' own footprint;
- Groupe BPCE's CSR strategy and presentation to investors;
- NZBA - BPCE targets in the Oil & Gas and Electricity sectors;
- review of the Group conduct and ethics reporting;
- presentation of the verification work carried out by the independent third party on the 2021 non-financial performance statement;
- presentation of the action plan to better promote the cooperative model;
- presentation of the "Responsible Digital Services" channel;
- European Sustainable Finance regulations and customer ESG preferences;
- prevention of the risk of greenwashing;
- organization of a sharepoint providing the Banques Populaires and Caisses d'Epargne with common answers to new CSR issues and ESG criteria included in calls for tenders;
- presentation of the best practices in terms of carbon footprint reduction;
- updates on the FNBP and FNCE projects.

3.4.3 Attendance of Board and Specialized Committee Meetings

	Supervisory Board	Audit Committee	Risk Committee	Appointments Committee	Remuneration Committee	Cooperative and CSR Committee	Total	Individual attendance rate
Members of the Supervisory Board				**Meetings attended/number of meetings**				
Thierry Cahn Chairman of the Supervisory Board	13/13	N/A	N/A	N/A	N/A	3/3	16/16	100%
Éric Fougère Vice-Chairman of the Supervisory Board	13/13	N/A	N/A	N/A	N/A	2/3	15/16	93.75%
Caisse d'Epargne representatives								
Catherine Amin-Garde	13/13	N/A	N/A	8/8	4/4	N/A	25/25	100%
Alain Denizot	13/13	N/A	12/12	N/A	N/A	N/A	25/25	100%
Alain Di Crescenzo	13/13	N/A	N/A	8/8	4/4	N/A	25/25	100%
Françoise Lemalle	12/13	N/A	9/12	N/A	N/A	N/A	21/25	84%
Didier Patault	13/13	7/7	N/A	8/8	4/4	3/3	35/35	100%
Benoît Pellerin	13/13	7/7	N/A	N/A	N/A	N/A	20/20	100%
Banque Populaire representatives								
Gérard Bellemon	13/13	N/A	N/A	8/8	4/4	N/A	25/25	100%
Bernard Dupouy	13/13	5/7	N/A	N/A	4/4	N/A	22/24	91.67%
Daniel Karyotis[(2)]	12/12	6/7	N/A	5/5	3/3	3/3	29/30	96.67%
Olivier Klein	11/13	N/A	5/12	N/A	N/A	N/A	16/25	64%
Catherine Mallet	13/13	N/A	N/A	N/A	N/A	N/A	13/13	100%
Marie Pic-Pâris Allavena	13/13	N/A	12/12	8/8	N/A	N/A	33/33	100%
Independent members								
Valérie Pancrazi	13/13	N/A	N/A	8/8	4/4	N/A	25/25	100%
Anne-Claude Pont	13/13	7/7	12/12	N/A	N/A	N/A	32/32	100%
Kadidja Sinz	12/13	7/7	12/12	N/A	N/A	N/A	31/32	96.88%
Employee representatives								
Nicolas Getti	13/13	N/A	N/A	N/A	N/A	3/3	16/16	100%
Bertrand Guyard	13/13	N/A	N/A	N/A	4/4	N/A	17/17	100%
Non-voting directors								
Maurice Bourrigaud	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sabine Calba	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Joël Chassard[(1)] (until 04/30/2022)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bruno Deletré	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Christine Fabresse[(1)] (since 05/12/2022)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dominique Goursolle-Nouhaud – FNCE	N/A	N/A	N/A	N/A	N/A	3/3	3/3	100%
André Joffre – FNBP	N/A	N/A	N/A	N/A	N/A	3/3	3/3	100%
TOTAL	**242/246**	**39/42**	**62/72**	**53/53**	**31/31**	**20/21**	**447/465**	
AVERAGE	**98.37%**	**92.86%**	**86.11%**	**100%**	**100%**	**95.24%**	**96.13%**	

(1) On May 12, 2022, the Supervisory Board duly noted the end of the term of office of Joël Chassard, non-voting director on the Supervisory Board, which took effect on April 30, 2022, and appointed Christine Fabresse as a non-voting director of the Supervisory Board.

(2) On October 6, 2022, the Supervisory Board noted that, as part of the succession procedure for the Chairman of the Management Board, Daniel Karyotis, candidate to succeed the Chairman of the Management Board in a situation of conflicts of interest, should not be present or be represented during the discussions and votes relating to the succession of the Chairman of the Management Board at meetings of the Board or Committees. Consequently, the fact that Daniel Karyotis abstained from participating in the meetings in question is not counted as an absence.

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 management 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.

Finally, 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 from the reporting date 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 management 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 management, 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 the 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 company directors (Chairmen of the Management Boards and Chief Executive Officers) and every three months with the non-executive company directors (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 14 members out of 19 representing equally category A shareholders (the Caisses d'Epargne) and category B shareholders (the Banques Populaires) as well as 6 non-voting directors 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 meetings of March 26, 2020 and June 16, 2022.

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.

The Chairman and Vice-Chairman of the Supervisory Board do not receive any additional remuneration for their participation in committees.

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;

(1) The figures presented in this section are gross amounts.

- variable remuneration for each meeting attended, up to a limit of three meetings during the fiscal year: €1,650.

Other members of the Cooperative and CSR Committee:

- annual fixed pay: €750;
- variable remuneration for each meeting attended, up to a limit of three meetings during the fiscal year: €600.

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.

In this respect, 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, 2019), 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 12.80%. 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 (17.20% 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, 2022 (AMF TABLE 3)

	2021 fiscal year		2022 fiscal year	
	Amounts due[3]	Amounts paid[4]	Amounts due[3]	Amounts paid[4]
Thierry Cahn Chairman of the Supervisory Board				
Annual fixed pay	€238,709.65	€238,709.65	€400,000.00	€400,000.00
Other pay	N/A	N/A	N/A	N/A
Éric Fougère Vice-Chairman of the Supervisory Board				
BPCE pay	€67,800.80	€67,800.80	€96,500.00	€96,500.00
Other pay	€3,400.00	€3,400.00	€4,000.00	€4,000.00
Caisse d'Epargne representatives				
Catherine Amin-Garde				
BPCE pay	€24,700.00	€24,700.00	€27,700.00	€27,700.00
Other pay	€9,000.00	€9,900.00	€9,000.00	€9,000.00
Alain Di Crescenzo				
BPCE pay	€18,388.71	€18,388.71	€27,700.00	€27,700.00
Other pay	€4,000.00	€4,000.00	€3,400.00	€3,400.00
Alain Denizot				
BPCE pay	€30,025.00	€30,025.00	€30,025.00	€30,025.00
Other pay	€9,000.00	€9,000.00	€9,000.00	€9,000.00
Françoise Lemalle				
BPCE pay	€30,025.00	€30,025.00	€30,025.00	€30,025.00
Other pay	€4,000.00	€4,000.00	€4,000.00	€4,000.00
Didier Patault				
BPCE pay	€34,175.00	€34,175.00	€36,250.00	€36,250.00
Other pay	€9,000.00	€17,400.00	€9,000.00	€9,000.00
Benoît Pellerin				
BPCE pay	€17,566.13	€17,566.13	€27,400.00	€27,400.00
Other pay	€4,000.00	€4,000.00	€3,400.00	€3,400.00
Pierre Valentin (Chairman of the Supervisory Board until May 27, 2021)				
Annual fixed pay	€161,290.31	€161,290.31	N/A	N/A
BPCE pay	N/A	N/A	N/A	N/A
Other pay	€10,016.44	€10,016.44	N/A	N/A
Banque Populaire representatives				
Gérard Bellemon				
BPCE pay	€27,100.00	€27,100.00	€27,700.00	€27,700.00
Other pay	N/A	€10,300.00	N/A	N/A
Bernard Dupouy				
BPCE pay	€29,075.00	€29,075.00	€29,675.00	€29,675.00
Other pay	N/A	N/A	N/A	N/A
Yves Gevin (until December 16, 2021)				
BPCE pay	€34,175.00	€34,175.00	N/A	N/A
Other pay	N/A	€1,200.00	N/A	N/A
Michel Grass (until May 27, 2021)				
BPCE pay	€17,037.36	€17,037.36	N/A	N/A
Other pay	€2,400.00	N/A	N/A	N/A
Daniel Karyotis				
BPCE pay	€10,600.00	€10,600.00	€35,650.00	€35,650.00
Other pay	€4,000.00	€2,800.00	N/A	N/A
Olivier Klein				
BPCE pay	€27,950.00	€27,950.00	€26,525.00	€26,525.00
Other pay	N/A	N/A	N/A	N/A
Catherine Mallet				
BPCE pay	€21,400.00	€21,400.00	€21,400.00	€21,400.00

	2021 fiscal year		2022 fiscal year	
	Amounts due[3]	**Amounts paid[4]**	**Amounts due[3]**	**Amounts paid[4]**
Other pay	N/A	N/A	N/A	N/A
Marie Pic-Pâris Allavena				
BPCE pay	€23,038.71	€23,038.71	€33,175.00	€33,175.00
Other pay	€14,375.00	€12,388.00	N/A	N/A
Independent members				
Valérie Pancrazi				
BPCE pay	€59,150.00	€59,150.00	€60,800.00	€60,800.00
Other pay	€46,500.00	€48,500.00	€44,500.00	€46,500.00
Anne-Claude Pont				
BPCE pay	€72,025.00	€72,025.00	€72,900.00	€72,900.00
Other pay	€2,400.00	€1,200.00	€3,000.00	€2,400.00
Kadidja Sinz				
BPCE pay	€65,925.00	€65,925.00	€68,325.00	€68,325.00
Other pay	N/A	N/A	N/A	N/A
Employee representatives				
Nicolas Getti[5]				
BPCE pay	€15,693.55	€15,693.55	€23,950.00	€23,950.00
Other pay	N/A	N/A	N/A	N/A
Vincent Gontier[5] (until May 27, 2021)				
BPCE pay	€13,232.93	€13,232.93	N/A	N/A
Other pay	N/A	N/A	N/A	N/A
Bertrand Guyard[5]				
BPCE pay	€16,741.13	€16,741.13	€24,550.00	€24,550.00
Other pay	N/A	N/A	N/A	N/A
Frédéric Hassaine[5] (until May 27, 2021)				
BPCE pay	€11,728.49	€11,728.49	N/A	N/A
Other pay	N/A	N/A	N/A	N/A
Non-voting directors				
Jean Arondel (FNCE) (until May 5, 2021)				
BPCE pay	€4,647.18	€4,647.18	N/A	N/A
Other pay	€27,239.72	€26,039.72	N/A	N/A
Maurice Bourrigaud				
BPCE pay	€7,787.10	€7,787.10	€10,600.00	€10,600.00
Other pay	€9,250.00	€15,250.00	N/A	N/A
Sabine Calba (since December 17, 2021)				
BPCE pay	N/A	N/A	€10,600.00	€10,600.00
Other pay	€6,000.00	€0.00	€9,750.00	€6,000.00
Pierre Carli (until April 30, 2021)				
BPCE pay	€3,733.33	€3,733.33	N/A	N/A
Other pay	€5,145.20	€13,200.00	N/A	N/A
Joël Chassard (until April 30, 2022)				
BPCE pay	€10,600.00	€10,600.00	€3,133.33	€3,133.33
Other pay	€11,000.00	€21,300.00	€2,600.00	€2,600.00
Bruno Deletré				
BPCE pay	€7,787.10	€7,787.10	€10,600.00	€10,600.00
Other pay	€17,800.00	€10,000.00	€3,400.00	€11,800.00
Christine Fabresse (since May 12, 2022)				
BPCE pay	N/A	N/A	€6,748.38	€6,748.38
Other pay	N/A	N/A	€2,466.67	€2,466.67
Sylvie Garcelon (until May 27, 2021)				
BPCE pay	€5,823.65	€5,823.65	N/A	N/A
Other pay	€35,000.00	€35,000.00	N/A	N/A
Dominique Goursolle-Nouhaud				
BPCE pay	€20,866.53	€20,866.53	€21,905.28	€21,905.28
Other pay	€49,952.22	€54,452.22	€66,706.99	€66,706.99

	2021 fiscal year		2022 fiscal year	
	Amounts due(3)	Amounts paid(4)	Amounts due(3)	Amounts paid(4)
André Joffre				
BPCE pay	€27,000.00	€27,000.00	€19,894.72	€19,894.72
Other pay	N/A	€2,700.00	N/A	N/A
TOTAL PAY	**€1,482,934.29**	**€1,515,502.09**	**€1,357,955.37**	**€1,364,005.37**

(1) Amounts due in respect of 2021: all amounts owed in respect of fiscal year 2021, regardless of the date of payment.
(2) 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).
(3) Amounts due in respect of 2022: all amounts owed in respect of fiscal year 2022, regardless of the date of payment.
(4) Amounts paid in 2022: all amounts paid and received in 2022 (due in 2021 and paid in 2022 and due in 2022 and paid in 2022) excluding withholding taxes (amounts actually received by members include withholding taxes).
(5) The two members of the Supervisory Board representing the employees have waived their BPCE remuneration in favor of their unions.
N/A Not Applicable.

3.5.2 Corporate officer remuneration policy for fiscal year 2023

The remuneration policy described below was defined by the Supervisory Board on February 8, 2023, 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 remuneration and benefits of any kind that may be granted to the members of the Management Board for the 2023 fiscal year.

The Chairman of the Management Board is paid solely in respect of his corporate office.

The other members of the Management Board receive an employment contract. Their pay is divided 90%/10% respectively between the employment contract and corporate office.

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. For the Chairman of the Management Board who does not benefit from the supplementary defined-benefit pension plan for Groupe BPCE executive officers, it includes, since January 1, 2018, a special supplement equal to 20% of his fixed pay under the Article 82 supplementary pension plan. The fixed pay of the Chairman of the Management Board is periodically reviewed.
Annual variable pay	For the **Chairman of the Management Board:** the 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 2023, 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 December 21, 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 2023, 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 2023 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 management, between 40% and 60% of the variable pay of the Chairman of the Management Board is deferred in equal installments over five years, depending on the amount of the variable pay[(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 remuneration will be set by the Supervisory Board allocating variable pay for fiscal year 2023. The payment of the deferred portions of the variable pay awarded for the year 2023 is conditional on the achievement of a financial criterion representative of the Group's financial position, which will be set by the Supervisory Board awarding the variable remuneration for fiscal year 2023.
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. The Supervisory Board has decided to grant the Chairman of the Management Board the benefit of 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 portion 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 commitments made in favor of Nicolas Namias, Chairman of the Management Board and CEO, relating to the forced departure and retirement benefits were authorized by the Supervisory Board on February 2, 2023 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. **Compensation for involuntary termination** The Chairman of the Management Board may, under certain conditions and by decision of the Supervisory Board, receive 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 the 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 and without a change of position within Groupe BPCE. This severance is not paid if the Chairman of the Management Board of BPCE SA leaves the Group at his own initiative. The payment of the involuntary-termination severance payment causes the Chairman of the Management Board of BPCE SA to lose any right to the retirement bonus to which he may have been entitled. 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. ● **Performance conditions** Finally, involuntary-termination severance pay is only due if Groupe BPCE generated positive net income in the last fiscal year preceding the termination of the corporate office. In addition, payment of the involuntary-termination severance payment is subject to the condition that the Chairman of the Management Board of BPCE SA has obtained at least 33.33% of the maximum variable portion on average over the last three years of his term of 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 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. Amounts paid in respect of the relevant corporate office are taken into account. The amount of the 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 the 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 an employment contract is deducted from the amount of involuntary-termination severance pay. **Retirement bonus** The Chairman of the Management Board may, under certain conditions and by decision of the Supervisory Board, receive a retirement bonus equal to no less than 6 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, Nicolas Namias 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 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. Amounts paid in respect of the relevant corporate office are taken into account. The amount of the retirement bonus 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 of the retirement bonus is capped at 12 times the monthly benchmark pay, which corresponds to a period of 10 years' of corporate office. 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 AXA (formerly 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. Furthermore, there are other supplementary pension plans offered to the Chairman of the Management Board, based his 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. In accordance with the provisions of the PACTE law and Order No. 2019-697 of July 3, 2019, the conditional rights provided by this plan were crystallized as of December 31, 2019. Thus, no new additional rights are granted under this plan for periods of employment after January 1, 2020, it being recalled that the rights are calculated on the end-of-career salary. 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. 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

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. For the member of the Management Board who does not benefit from the supplementary defined-benefit pension plan for Groupe BPCE company directors, it includes a specific supplement equal to 20% of his or her fixed pay under the Article 82 supplementary pension scheme. The fixed pay of the members of the Management Board is periodically reviewed.
Annual variable pay	For the 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 2023, 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 December 21, 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 2023, 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 2023 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 management, between 40% and 60% of the variable pay of the members of the Management Board is deferred in equal installments over five years, depending on the amount of the variable pay[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 remuneration will be set by the Supervisory Board allocating variable pay for fiscal year 2023. The payment of the deferred portions of the variable pay awarded for 2023 is conditional on the achievement of a financial criterion representative of the Group's financial position, which will be set by the Supervisory Board awarding the variable pay for fiscal year 2023.
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. 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 portion 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 commitments made in favor of Jérôme Terpereau, Béatrice Lafaurie and Hélène Madar relating to the forced departure and retirement benefits were approved by the Supervisory Board on February 2, 2023 in accordance 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.

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. **Compensation for involuntary termination** The members of the Management Board may, under certain conditions and by decision of the Supervisory Board, receive 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 the termination of the duties of member 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 and without 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. The payment of the involuntary-termination indemnity causes the Management Board member to lose any right to the retirement indemnity to which he may have been entitled. 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. ● **Performance conditions** Finally, involuntary-termination severance pay is only due if Groupe BPCE generated positive net income in the last fiscal year preceding the termination of the corporate office. In addition, the payment of the involuntary-termination severance payment is subject to the condition that the member of the Management Board has obtained at least 33.33% of the maximum variable portion on average over the last three years of his term of 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 the 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 the 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 the employment contract is deducted from the amount of involuntary-termination severance pay. **Retirement bonus** The members of the Management Board may, under certain conditions and by decision of the Supervisory Board, receive a retirement bonus equal to no less than 6 months' and no more than 12 months' salary, provided they have at least 10 years of 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 member of the Management Board 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 the retirement bonus 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 of the retirement bonus is capped at 12 times the monthly benchmark pay, which corresponds to a period of 10 years' of corporate office. 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 AXA (formerly 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. Furthermore, there are other supplementary pension plans offered to the 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 income 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 four 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 company directors for fiscal year 2022

The remuneration of BPCE SA's company directors in respect of fiscal year 2022 complies with the remuneration policy defined by the Supervisory Board on February 10, 2022, based on the motion of the Remuneration Committee and approved by the General Meeting held on May 19, 2022 called to approve the financial statements for fiscal year 2021.

The Chairman of the Management Board is paid solely in respect of his corporate office.

The Chief Executive Officer of Natixis, a member of BPCE's Management Board until December 2, 2022, 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 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. The implementation of the employment contract for Jérôme Terpereau was authorized and approved by the Supervisory Board on March 24, 2022. Lastly, for information purposes, the employment contract for Hélène Madar, appointed to the Management Board in 2023, was authorized and approved by the Supervisory Board on February 2, 2023.

Pay received by the Chairman and the members of the Management Board for fiscal year 2022:

FIXED PAY FOR 2022

	Annual fixed pay[1]	Comments
Laurent Mignon Chairman of the Management Board and CEO until December 2, 2022	**€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 2022
Nicolas Namias Chairman of the Management Board and CEO from December 3, 2022	**€1,200,000** (including a special supplement in respect of the supplemental pension scheme pursuant to Article 82 of the French General Tax Code)	
Christine Fabresse Member of the Management Board - Retail Banking and Insurance division until April 30, 2022	**€500,009**	Unchanged in 2022
Béatrice Lafaurie Member of the Management Board, Group human resources	**€600,000** (including a special supplement in respect of the pension scheme pursuant to Article 82 of the French General Tax Code)	Increase of €120,000 in 2022 to align Béatrice Lafaurie's remuneration with that of the other members of the Management Board receiving the special supplement
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 2022
Jérôme Terpereau Member of the Management Board - Retail Banking and Insurance division from June 1, 2022	**€600,000** (including a special supplement in respect of the pension scheme pursuant to Article 82 of the French General Tax Code)	
Nicolas Namias Member of the Management Board and CEO - Chief Executive Officer of Natixis until December 2, 2022	**€0**	Nicolas Namias, as a member of the Management Board - Chief Executive Officer of Natixis until December 2, 2022, is paid exclusively for his corporate office at Natixis

(1) Excluding benefits in kind.

For information, Hélène Madar, appointed to the Management Board in 2023, will receive annual fixed pay of €600,000 including a special supplement for the pension scheme governed by Article 82 of the French General Tax Code.

ANNUAL VARIABLE PAY IN RESPECT OF 2022

ACHIEVEMENT OF TARGETS SET FOR FISCAL YEAR 2022

The annual variable remunerations in respect of 2022 were determined based on quantitative and qualitative criteria that were the same for all members of the Management Board and had previously been submitted to the Remuneration Committee for review on February 9, 2022, then validated by the Supervisory Board on February 10, 2022 and submitted to the General Meeting on May 19, 2022.

The contribution of these criteria, validated by the Supervisory Board on February 8, 2023 after receiving the opinion of the Remuneration Committee on February 7, 2023, 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, 2022;
- 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 84%;
- qualitative criteria account for 40% of variable pay: CSR (10% of the Management Board's variable remuneration linked to CSR objectives), transformation, IT and digital, human resources, monitoring and control. The contribution of the qualitative criteria amounts to 38%;
- the contribution on all the criteria amounts to 122% (before application of the cap rules).

	Variable pay	Variable pay awarded in respect of fiscal year 2022
Laurent Mignon Chairman of the Management Board and CEO until December 2, 2022	Laurent Mignon waived his variable pay for fiscal year 2022	**€0**
Nicolas Namias Chairman of the Management Board from December 3, 2022	Target at 100% of fixed pay including the special supplement, with a maximum of 120% of fixed pay including the special supplement	**€90,909.10 x (122% x 100%), capped at 120% *i.e.* €109,090.92**
Christine Fabresse Member of the Management Board - Retail Banking and Insurance division until April 30, 2022	Target at 80% of fixed pay, with a maximum of 100% of fixed pay	**€166,669.76 x (122% x 80%), *i.e.* €162,669.69**
Béatrice Lafaurie Member of the Management Board, Group human resources	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 (122% x 80%), *i.e.* €585,600**
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 (122% x 80%), *i.e.* €585,600**
Jérôme Terpereau Member of the Management Board - Retail Banking and Insurance division from June 1, 2022	Target at 80% of fixed pay including the special supplement, with a maximum of 100% of fixed pay including the special supplement.	**€350,000 x (122% x 80%), *i.e.* €341,600**
Nicolas Namias Member of the Management Board and Chief Executive Officer of Natixis until December 2, 2022	Nicolas Namias, Member of the Management Board and Chief Executive Officer of Natixis until December 2, 2022, does not receive any remuneration as a member of the Management Board of BPCE SA	

TERMS AND CONDITIONS OF PAYMENTS

In accordance with the remuneration policy approved by the General Meeting held on May 19, 2022, a portion of the variable pay awarded to the members of the Management Board is deferred in equal installments over five years (*i.e.* 2024 to 2028 for the variable remuneration awarded in respect of fiscal year 2022). This deferred portion represents, for Nicolas Namias, 60% of his variable pay awarded for fiscal year 2022, for Béatrice Lafaurie et Jean-François Lequoy, 50% of their variable pay awarded for 2022, and for Christine Fabresse and Jérôme Terpereau, 40% of their variable pay awarded for fiscal year 2022. It is specified that, in accordance with the remuneration policy, 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.

In addition, in accordance with the remuneration policy approved by the General Meeting of May 19, 2022, at least half of the variable pay awarded to the members of the Management Board is indexed.

The indexed variable portion varies according to the net income attributable to equity holders of the parent. The indexation coefficients are calculated using the underlying Net Income Group Share of the three fiscal years preceding the year of payment at the numerator and the underlying Net Income Group Share of the three fiscal years preceding the year of allocation at the denominator. Indexation coefficients are rounded to the fourth decimal place.

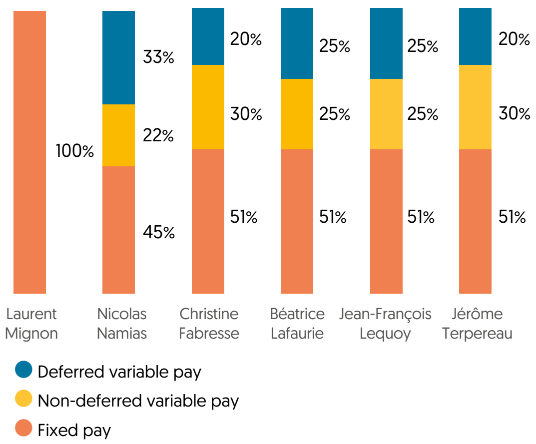
Payment of the deferred portion is contingent upon attaining a standard Return on Equity (ROE) for the core Group business lines that is at least equal to 4% during the fiscal year before payment falls due.

The payment structure of the variable pay awarded to the members of the Management Board for fiscal year 2022 is as follows:

VARIABLE PAY AWARDED IN RESPECT OF FISCAL YEAR 2022							
	NOT DEFERRED 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				
	from February 2023	from February 2024	October 2024	October 2025	October 2026	October 2027	October 2028
Christine Fabresse Jérôme Terpereau *deferred at 40%*	50%	10%	8%	8%	8%	8%	8%
Béatrice Lafaurie Jean-François Lequoy *deferred at 50%*	50%	-	10%	10%	10%	10%	10%
Nicolas Namias *deferred at 60%*	40%	-	12%	12%	12%	12%	12%

REMUNERATION MIX FOR FISCAL YEAR 2022

The breakdown of the remuneration of the members of the Management Board for the 2022 fiscal year 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 2023 on the budget for all types of remuneration paid during the previous fiscal year to the 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 2022 is:

€129,883 for Laurent Mignon, €13,152 for Christine Fabresse.

The members of the Management Board receive a company car allowance, except for Béatrice Lafaurie who has waived this benefit.

Regarding the supplementary pension plan for executive directors, the estimated annual amount of the annuity resulting from potential entitlements reported at December 31, 2022 is €135,235 for Christine Fabresse.

STANDARDIZED TABLES SUMMARIZING PAY GRANTED COMPANY DIRECTORS, IN ACCORDANCE WITH AMF RECOMMENDATIONS

AMF TABLE 1

STATEMENT OF REMUNERATION, STOCK OPTIONS AND SHARES GRANTED TO EACH COMPANY DIRECTOR FROM JANUARY 1 TO DECEMBER 31, 2022

		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	Chairman of the Management Board until December 2, 2022	2021	€2,780,529	€2,091,728	€0	€0	€0
		2022	€1,238,974	€2,459,174	€0	€0	€0
	Chairman of the Board of Directors of Natixis(2) until December 2, 2022	2021	€300,000	€650,967(3)	€0	€0	€0
		2022	€276,613	€376,681(3)	€0	€0	€0
Nicolas Namias	Chairman of the Management Board (since December 3, 2022)	2021	N/A	N/A	N/A	N/A	N/A
		2022	€200,822	€91,731	€0	€0	€0
	For positions held at BPCE before August 4, 2020	2021	€0	€241,819	€0	€0	€0
		2022	€0	€183,840	€0	€0	€0
	For positions held at Natixis(4)	2021	€2,609,526	€1,037,305	€0	€0	€0
		2022	€2,269,320	€1,689,901	€0	€0	€0
Christine Fabresse	Member of the Management Board - Retail Banking and Insurance division until April 30, 2022	2021	€1,048,435	€775,914	€0	€0	€0
		2022	€366,039	€610,094	€0	€0	€0
Béatrice Lafaurie	Member of the Management Board, Group human resources	2021	€738,064	€369,032	€0	€0	€0
		2022	€1,185,600	€806,497	€0	€0	€0
	For positions held at BPCE before March 25, 2021	2021	€54,194	€27,097	€0	€0	€0
		2022	€0	€13,548	€0	€0	€0
Jean-François Lequoy	Member of the Management Board – Group Finance and Strategy	2021	€1,206,986	€661,630	€0	€0	€0
		2022	€1,192,601	€951,452	€0	€0	€0
	For his duties at Natixis before September 14, 2020(5)	2021	€0	€434,652	€0	€0	€0
		2022	€0	€350,345	€0	€0	€0
Jérôme Terpereau	Member of the Management Board - Retail Banking and Insurance division from June 1, 2022	2021	N/A	N/A	N/A	N/A	N/A
		2022	€693,756	€352,156	€0	€0	€0

(1) There were no multi-year variable pay awards or bonus share plans during fiscal years 2021 and 2022; 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 received remuneration from Natixis for his duties as Chairman of the Board of Directors of Natixis of €276,613 until December 2, 2022.

(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.

(4) Nicolas Namias 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 Financial Officer of Natixis from January 1 to May 31, 2018, as well as remuneration for his duties as Chief Executive Officer of Natixis from August 4, 2020 to December 2, 2022. 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.

(5) Jean-François Lequoy 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.

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 remuneration 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 remuneration 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

	2021 fiscal year		2022 fiscal year	
Chairman of the Management Board (until December 2, 2022)	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€1,200,000	€1,200,000	€1,109,091	€1,109,091
Annual variable pay	€1,440,000(1)	€751,199(2)	Waiver(3)	€1,220,200(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)	€129,883(5)	€129,883(5)
TOTAL	**€2,780,529**	**€2,091,728**	**€1,238,974**	**€2,459,174**
Other pay for Laurent Mignon for his duties at Natixis(6)	**€300,000**	**€650,967(7)**	**€276,613**	**€376,681(7)**

(1) Variable portion 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 performance condition.

(2) Amount paid in fiscal year 2021 for the variable portion due in respect of 2020 (€332,256), for the deferred portion of variable remuneration in respect of 2019 (€257,974) and for the deferred portion of the variable remuneration in respect of 2018 (€160,969).

(3) Laurent Mignon waived his variable portion for fiscal year 2022.

(4) Amount paid in fiscal year 2022 for the variable portion due in respect of 2021 (€576,000), for the deferred portion of variable remuneration in respect of 2020 (€182,907), for the deferred portion of variable remuneration in respect of 2019 (€284,057) and for the deferred portion of variable remuneration in respect of 2018 (€177,237).

(5) CGP/R2E compensatory allowance.

(6) Laurent Mignon 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 of Natixis, and received remuneration from Natixis for his duties as Chairman of the Board of Directors of Natixis until December 2, 2022.

(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.

PAY STATEMENT: NICOLAS NAMIAS

	2021 fiscal year		2022 fiscal year	
Chairman of the Management Board (since December 3, 2022)	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	N/A	N/A	€90,909	€90,909
Annual variable pay	N/A	N/A	€109,091[1]	€0
Multi-year variable pay	N/A	N/A	€0	€0
Exceptional pay	N/A	N/A	€0	€0
Benefits in kind (company car, housing and other benefits)	N/A	N/A	€822[2]	€822[2]
Attendance fees	N/A	N/A	€0	€0
Other pay	N/A	N/A	€0	€0
TOTAL	**N/A**	**N/A**	**€200,822**	**€91,731**
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)	**€0**	**€241,819[3]**	**€0**	**€183,840[4]**
Other remuneration for Nicolas Namias for his duties at Natixis (5)	**€2,609,526**	**€1,037,305**	**€2,269,320**	**€1,689,901**

(1) Variable remuneration in respect of fiscal year 2022, of which €43,637 (40%) paid in 2023 and the balance (60%) deferred over five years in equal shares of €13,091 before indexation and performance condition.

(2) Company car allowance.

(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) Amount paid to Nicolas Namias in 2022 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 2022 for the deferred portion of the variable remuneration in respect of 2020 (€35,792), for the deferred portion of variable remuneration in respect of 2019 (€97,391), for the deferred portion of variable remuneration in respect of 2018 (€50,657).

(5) Nicolas Namias 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 Financial Officer of Natixis from January 1 to May 31, 2018, as well as remuneration for his duties as Chief Executive Officer of Natixis from August 4, 2020 to December 2, 2022. 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: CHRISTINE FABRESSE

	2021 fiscal year		2022 fiscal year	
Member of the Management Board - Retail Banking and Insurance division (until April 30, 2022)	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€500,009	€500,009	€166,670	€166,670
Annual variable pay	€500,009(1)	€210,817(2)	€162,670(3)	€380,505(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)	€2,987(5)	€2,987(5)
Attendance fees	€0	€0	€0	€0
Other pay	€39,456(6)	€56,127(7)	€33,712(8)	€59,932(9)
TOTAL	**€1,048,435**	**€775,914**	**€366,039**	**€610,094**

(1) Variable portion 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.
(2) Amount paid in fiscal year 2021 for the variable portion due in respect of 2020 (€138,443), for the deferred portion of variable remuneration in respect of 2019 (€61,422), and for the deferred portion of variable remuneration in respect of 2018 (€10,952).
(3) Variable portion in respect of fiscal year 2022 of which €81,336 (50%) paid in 2023, €16,267 (10%) before indexation to be paid at the earliest in February 2024 and the balance (40%) deferred over five years in equal shares of €13,013.5 before indexation and performance condition.
(4) Amount paid in fiscal year 2022 for the variable portion due in respect of 2021 (€250,005), for the deferred portion of variable remuneration in respect of 2020 (€50,808), for the deferred portion of variable remuneration in respect of 2019 (€67,633) and for the deferred portion of variable remuneration in respect of 2018 (€12,059).
(5) Company car allowance.
(6) CGP/R2E compensatory allowance, *i.e.* €39,456, plus the BPCE 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) from which she benefits under her employment contract.
(7) CGP/R2E compensatory allowance, *i.e.* €39,456. Under her employment contract, Christine Fabresse also benefits from the BPCE profit-sharing agreement paid in 2021 in respect of 2020 in the amount of €16,671.
(8) CGP/R2E compensatory allowance, *i.e.* €13,152 and payment of the remainder of paid leave to Christine Fabresse upon the termination of her employment contract with BPCE on April 30, 2022, *i.e.* €20,561 to which should be added the amount of BPCE's individual profit-sharing granted to Christine Fabresse for the fiscal year (not known as of the publication date of the universal registration document for the fiscal year in question) from which she benefits under her employment contract.
(9) CGP/R2E compensatory allowance, *i.e.* €13,152 and payment of the remainder of paid leave to Christine Fabresse upon the termination of her employment contract with BPCE on April 30, 2022, *i.e.* €20,561. Under her employment contract, Christine Fabresse also benefits from the BPCE profit-sharing agreement paid in 2022 in respect of 2021 in the amount of €26,219.

PAY STATEMENT: BÉATRICE LAFAURIE

	2021 fiscal year		2022 fiscal year	
Member of the Management Board, Group human resources (since March 25, 2021)	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€369,032	€369,032	€600,000	€600,000
Annual variable pay	€369,032(1)	€0	€585,600(2)	€184,516(3)
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing and other benefits)	€0(4)	€0(4)	€0(4)	€0(4)
Attendance fees	€0	€0	€0	€0
Other pay	NA(5)	€0	NA(5)	€21,981(6)
TOTAL	**€738,064**	**€369,032**	**€1,185,600**	**€806,497**
Other pay for Béatrice Lafaurie for positions held at BPCE (prior to her appointment as a member of the Management Board)	**€54,194(7)**	**€27,097(7)**	**€0**	**€13,548(8)**

(1) Variable portion 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 €29,522.6 before indexation and performance condition.
(2) Variable portion in respect of fiscal year 2022, of which €292,800 (50%) paid in 2023 and the balance (50%) deferred over five years in equal shares of €58,560 before indexation and performance condition.
(3) Amount paid in fiscal year 2022 for the variable portion due in respect of 2021 (€184,516).
(4) Béatrice Lafaurie waived the benefit of a "car" benefit in kind.
(5) Under her employment contract, Béatrice Lafaurie benefits from the BPCE profit-sharing agreement. The individual amount allocated to Béatrice Lafaurie for the fiscal year was not known as of the publication date of the universal registration document.
(6) Under her employment contract, Béatrice Lafaurie benefits from the BPCE profit-sharing agreement paid in 2022 in respect of 2021 in the amount of €21,981.
(7) 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, 2021), the total remuneration awarded to Béatrice Lafaurie for this period amounted to €54,194, and her remuneration paid over this period was €27,097.
(8) Amount paid in 2022 corresponding to the variable portion awarded for fiscal year 2021 in respect of his duties at BPCE prior to his term of office as a member of the Management Board.

PAY STATEMENT: JEAN-FRANÇOIS LEQUOY

	2021 fiscal year		2022 fiscal year	
Member of the Management Board – Group Finance and Strategy	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	€600,000	€600,000	€600,000	€600,000
Annual variable pay	€600,000(1)	€49,679(2)	€585,600(3)	€318,232(4)
Multi-year variable pay	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Benefits in kind (company car, housing and other benefits)	€6,986(5)	€6,986(5)	€7,001(5)	€7,001(5)
Attendance fees	€0	€0	€0	€0
Other pay	NA(6)	€4,965(7)	NA(6)	€26,219(8)
TOTAL	**€1,206,986**	**€661,630**	**€1,192,601**	**€951,452**
Other pay granted to Jean-François Lequoy for his previous duties at Natixis(9)	**€0**	**€434,652**	**€0**	**€350,345**

(1) Variable portion 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.
(2) Amount paid in fiscal year 2021 for the variable portion due in respect of 2020.
(3) Variable portion in respect of fiscal year 2022, of which €292,800 (50%) paid in 2023 and the balance (50%) deferred over five years in equal shares of €58,560 before indexation and performance condition.
(4) Amount paid in 2022 for the variable portion due in respect of 2021 (€300,000) and the deferred portion of variable remuneration in respect of 2020 (€18,232).
(5) Company car allowance.
(6) 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.
(7) 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.
(8) Under his employment contract, Jean-François Lequoy benefits from the BPCE profit-sharing agreement paid in 2022 in the amount of €26,219.
(9) Jean-François Lequoy 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 at Natixis prior his office as member of the BPCE Management Board. The amount paid also includes payment and shares deliveries in respect of the deferred variable pay installments of previous years at Natixis.

PAY STATEMENT: JÉRÔME TERPEREAU

	2021 fiscal year		2022 fiscal year	
Member of the Management Board - Retail Banking and Insurance division (since June 1, 2022)	**Amounts allocated**	**Amounts paid**	**Amounts allocated**	**Amounts paid**
Fixed pay	N/A	N/A	€350,000	€350,000
Annual variable pay	N/A	N/A	€341,600(1)	€0
Multi-year variable pay	N/A	N/A	€0	€0
Exceptional pay	N/A	N/A	€0	€0
Benefits in kind (company car, housing and other benefits)	N/A	N/A	€2,156(2)	€2,156(2)
Attendance fees	N/A	N/A	€0	€0
Other pay	N/A	N/A	NA(3)	€0
TOTAL	**N/A**	**N/A**	**€693,756**	**€352,156**

(1) Variable portion in respect of fiscal year 2022 of which €170,800 (50%) paid in 2023, €34,160 (10%) before indexation to be paid at the earliest in February 2024 and the balance (40%) deferred over five years in equal shares of €27,328 before indexation and performance condition.
(2) Company car allowance.
(3) Under his employment contract, Jérôme Terpereau benefits from the BPCE profit-sharing agreement. The individual amount granted to Jérôme Terpereau for the fiscal year in question was unknown as of the publication date of the universal registration document.

AMF TABLE 4

STOCK SUBSCRIPTION OR PURCHASE OPTIONS ALLOCATED TO COMPANY DIRECTORS DURING FISCAL YEAR 2022

No share subscription or purchase options were granted during the 2022 fiscal year.

AMF TABLE 5

STOCK SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED BY COMPANY DIRECTORS DURING FISCAL YEAR 2022

No share subscription or purchase options were exercised during the 2022 fiscal year.

AMF TABLE 6

BONUS SHARES GRANTED TO COMPANY DIRECTORS DURING FISCAL YEAR 2022

No shares were allocated during the 2022 fiscal year.

AMF TABLE 7

BONUS SHARES THAT BECAME TRANSFERABLE DURING THE PERIOD FOR EACH COMPANY DIRECTOR

Name of company director	Plan number and date	Number of shares vested during the fiscal year[1]	Vesting conditions
Laurent Mignon	04/12/2019	20,345	[2]
Nicolas Namias	04/12/2019	5,986	[2]
Jean-François Lequoy	04/12/2019	24,919	[2]
TOTAL		**51,250**	

(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 2.3.4 "Annual variable pay" in the Natixis universal registration document.

AMF TABLE 8

HISTORY OF STOCK SUBSCRIPTION OR PURCHASE OPTION GRANTS

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 DURING FISCAL YEAR 2022

No share subscription or purchase options were granted to or exercised by BPCE employees during the 2022 fiscal year.

AMF TABLE 10

PAST BONUS SHARE ALLOCATIONS TO COMPANY DIRECTORS

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 12/31/2022	Total number of shares canceled or lapsed	Bonus shares outstanding or lapsed at period end
Laurent Mignon[3]	05/24/2016	04/12/2019	20,345[5]	03/01/2022	10/01/2022	20,345	-	0
Nicolas Namias[4]	05/24/2016	04/12/2019	5,986[6]	03/01/2022	10/01/2022	5,986	-	0
Jean Francois Lequoy[7]	05/24/2016	04/12/2019	24,919[7]	03/01/2022	10/01/2022	24,919	-	0

(1) All shares granted during fiscal years 2017 to 2019 (inclusive) are subject to performance conditions.
(2) Corporate officers are subject to a lock-up period on 30% of shares until the end of their term of office 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 2022 fiscal year: by the Board of Directors on 11/06/2013, 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; by the Board of Directors on 05/25/2017, 22,030 shares, acquired on 05/25/2021; by the Board of Directors on 04/13/2018, 56,517 shares, acquired on 03/01/2021; by the Board of Directors on 04/13/2019, 10,172 shares, acquired on 03/01/2021;
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 2022 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; by the Board of Directors on 04/13/2018, 7,634 shares, acquired on 03/01/2021; by the Board of Directors on 04/13/2019, 2,993 shares, acquired on 03/01/2021;
30% of these shares are subject to a holding obligation until the end of his term of office.
(5) 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.
(6) Shares granted under the deferred annual variable remuneration plan for previous fiscal years.
(7) 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; by the Board of Directors on 04/13/2018, 10,148 shares, acquired on 03/01/2020; by the Board of Directors on 04/13/2018, 20,297 shares, acquired on 03/01/2021; by the Board of Directors on 04/13/2019, 12,460 shares, acquired on 03/01/2021.

AMF TABLE 11

SITUATION OF COMPANY DIRECTORS

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 and CEO	11/01/2018	12/02/2022	No	CGP, AXA (formerly R2E), Group System for Article 82	Yes	No
Nicolas Namias Chairman of the Management Board and CEO	12/03/2022 Reappointed 02/02/2023	2027	No	CGP, AXA (formerly R2E), Group System for Article 82	Yes	No
Christine Fabresse Member of the Management Board Retail Banking and Insurance	11/01/2018	04/30/2022	Yes	CGP, AXA (formerly R2E), Pension plan for company directors of Groupe BPCE	Yes	No
Béatrice Lafaurie Member of the Management Board Head of Human Resources	03/25/2021 Reappointed 02/02/2023	2027	Yes	CGP, AXA (formerly R2E), Group System for Article 82	Yes	No
Jean-François Lequoy Member of the Management Board Head of Finance and Strategy	09/14/2020	02/02/2023	Yes	CGP, AXA (formerly R2E), Group System for Article 82	Yes	No
Jérôme Terpereau Member of the Management Board Head of Retail Banking and Insurance	06/01/2022 Reappointed 02/02/2023	2027	Yes	CGP, AXA (formerly R2E), Group System for Article 82	Yes	No
Nicolas Namias(1) Member of the Management Board Chief Executive Officer of Natixis	08/04/2020	12/02/2022	No		No(2)	No(2)

(1) Nicolas Namias, as a member of the Management Board of BPCE - Chief Executive Officer of Natixis until December 2, 2022, receives no benefits.
(2) The Chief Executive Officer of Natixis receives severance and non-compete remuneration 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 referred to in Article L. 511-71 of the French Monetary and Financial Code identified by BPCE SA, could exceed the amount of their fixed pay 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 the Group 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 INFORMATION 2022

4.1 Foreword

The financial data for the fiscal year ended December 31, 2022 and the comparative data for 2021 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 2022

4.2.1 Economic and financial environment

2022: THE REVIVAL OF STAGFLATION

The global economy, which suffered an energy crisis after the pandemic, gradually ran out of steam in 2022. Gas and electricity prices were, at the peak of the increase in the summer of 2022, ten times higher than in early 2021. However, commodity prices eased in August, after the surge caused by the invasion of Ukraine on February 24, due to the economic slowdown. The economy has largely continued to benefit from the dynamic growth overhang resulting from the strong post-Covid rebound of the spring of 2021. However, it has suffered severely from a succession of new exogenous shocks, both geopolitical (war in Ukraine, Taiwan) and health, structural labor shortages and especially the spread of rampant inflation, particularly in the United States and Europe. This required unprecedented monetary tightening on both sides of the Atlantic, which accelerated in the second half of the year, resulting in a sharp bond market sell-off, worse than that of 1994. The Euro zone and France, without yet experiencing high unemployment, have therefore been increasingly threatened by stagflation, that is, a combined scenario of high inflation, persistently low growth and rising interest rates, as in the 1970s.

China, whose GDP growth was only 3%, suffered from a deep real estate crisis and the zero-Covid lockdown strategy. The US economy grew by 2%, after 5.9% in 2021, while the Euro zone's GDP grew by 3.3%, after 5.3%, respectively. Inflation has accelerated sharply. However, it clearly peaked in June (9.1% annual rate) in the United States (+6.5% annual rate in December), less evident in October (10.6% annual rate) in the Euro zone (+9.2% annual rate in December). The annual average was 8% for the US economy and 8.4% for the Euro zone. Global trade, penalized by the disruption of value chains, the geopolitical tensions and the sanctions imposed on Russia, thus slowed down in the second quarter, as did global demand for French exports.

The French economy, driven by resilient demand and the rebound in the services sector, grew in volume terms by 2.5%, after 6.8% in 2021, while experiencing a lower inflationary surge than in most European countries, due to the rapid implementation of a tariff shield. The price index therefore only increased at an average annual rate of 5.2% in 2022, compared to 1.6% the previous year, although the December price increase was 5.9% annually for all prices and 12.1% annually for food. Inflation was initially driven by the acceleration in energy prices, but since April it has been driven by services, food and manufactured goods. The economy has moved closer to stagflation, suffering from food and energy price shocks, heightened uncertainty due to the geographic proximity of the war in Ukraine, acute supply constraints, and structural shortages of skilled or qualified labor. Beyond the effects of the past, consumption has been relatively sluggish throughout the year, due to the inflationary shock on purchasing power, which has virtually stagnated in 2022. Households have thus maintained substantial savings of 16.7% of their income, above the pre-pandemic level, although lower than in 2020 and 2021, despite the continued decline in the unemployment rate (7.3%) and still robust net job creation. Business investment has been resilient. However, it has begun to suffer from the expected decline in manufacturing activity, the slowdown in services and, more generally, the geopolitical context, energy uncertainty and rising interest rates. On the other hand, exports made a negative contribution to growth, as imports rose sharply, mainly due to shipments of foreign capital goods and energy products, the latter at an all-time high in volume. Finally, the public deficit, at around 5% of GDP, after 6.4% in 2021, remained high, due to the purchasing power support plans.

The inflationary drift, and the risks of unanchoring price expectations, have forced central banks to normalize their monetary policies by raising key rates and reducing their balance sheets, even if it means causing a recession. This marked monetary shift was initiated more by the US Federal Reserve (Fed), the Bank of England and the central banks of emerging economies than by the Bank of Japan and the ECB. The Fed raised its key rates very quickly seven times since March, the most brutal since the Volcker era, by 425 basis points in total, to a range between 4.25% and 4.5%. It also ended its asset purchases and decided to gradually reduce its balance sheet. The ECB also ended its asset purchase program on July 1. It only began to raise its interest rates, the fastest in its history, from July, in a context where the origin of the price increases was more energy and supply chain disruptions. value than strong domestic demand. However, faced with the trend of the euro depreciating below par with the dollar, leading to imported inflation, it increased its main key rates by 250 basis points in total on four occasions, in July, September and October. December, notably to raise the refinancing rate to 2.5%. At the end of October, it also raised the interest rate applicable to TLTRO 3 transactions and set the return on bank reserves at the deposit facility rate, in order to reduce the windfall effects through these last two measures.

The monetary tightening and inflation drove long-term rates up sharply on both sides of the Atlantic, while increasing interest rate differentials between the Euro zone countries, particularly between Germany and Italy. Very violent market movements took the 10-year OAT to 3.1% on December 30, 2022, compared to 0.194% on December 31, 2021, *i.e.* an increase of more than 290 basis points in just one year. This increase was even faster than that in 1994. This phenomenon, beyond the fluctuations, caused a real bond market crash on both sides of the Atlantic. The price of bonds fell by 20% in the space of one year for European securities with maturities between 7 and 10 years. The spread in favor of the United States in the short and long term, which has widened, was the main driver of the depreciation of the yen and the euro against the dollar. The euro moved from more than $1.2 in June 2021 to $1.07 on December 30, 2022 while being temporarily below parity at $0.96 on September 26, 2022. After reaching record highs, the stock markets, which have become more volatile, suffered from the rise in uncertainty and especially the increase in long-term interest rates. In parallel with the bond market crash, the Dow Jones fell by 8.7% and the Nasdaq by 33.1%. The CAC 40 lost 9.5% to 6,473.8 points on December 30, 2022, compared to 7,153 points on December 31, 2021, but after reaching a low of 5,676.9 points on September 29.

4.2.2 Significant events of the fiscal year

In an economic and financial environment marked by high inflation, high market volatility and rapid interest rate increases, Groupe BPCE continued to play its full role with its customers. Commercial activity remained strong in its various business lines, particularly in the two networks, Banques Populaires and Caisses d'Epargne, but also in Corporate & Investment Banking and Asset Management. In addition, 2022 was marked by changes in Groupe BPCE's governance, the simplification of its organization and its mobilization in response to the consequences of the war in Ukraine

With regard to the war in Ukraine, a strengthened monitoring system was put in place. As of December 31, 2022, Ukrainian counterparties were classified in Stage 3 and were impaired for an amount of €35 million corresponding to a gross exposure of €91 million. As of December 31, 2022, Russian counterparties were partially classified as Stage 2 and were impaired in the amount of €46 million, corresponding to a gross exposure of €941 million. The remaining Russian counterparties were classified in Stage 3 and were impaired for an amount of €39 million corresponding to a gross exposure of €147 million. The Group's exposures mainly concern Corporate & Investment Banking. In terms of aid to Ukraine, the Banques Populaires, the Caisses d'Epargne, Natixis CIB, Natixis IM, Banque Palatine, as well as all Groupe BPCE subsidiaries and the Natixis Foundation, contributed nearly €5 million to the French Red Cross. These donations made it possible to participate in the solidarity actions deployed by the International Red Cross and Red Crescent movement in favor of the civilian population and refugees. In addition, the Caisses d'Epargne and the social housing companies of the Habitat en Région group decided to make an exceptional contribution of €1.8 million from the Habitat en Région solidarity fund to provide emergency reception and accommodation for displaced populations.

With regard to changes in Groupe BPCE's governance, the Supervisory Board unanimously decided, on October 28, 2022, to appoint Nicolas Namias as Chairman of the Management Board and CEO of BPCE. This appointment followed Laurent Mignon's decision not to seek the renewal of his term of office and to embark on a new professional project. Nicolas Namias took over as Chairman of the Management Board and CEO of BPCE on December 3, 2022. The Board of Directors of Natixis also unanimously decided to appoint Stéphanie Paix as Chief Executive Officer of Natixis. As such, she remains a member of the BPCE Management Board in charge of the Group's global business lines.

The simplification of the Group's organization continued and resulted in the transfer of insurance and payment activities to BPCE on March 1, 2022. The Global Financial Services division, which now includes the global business lines of Groupe BPCE – Asset & Wealth Management, Corporate & Investment Banking – has been created. Several operations and organizational simplification projects were finalized:

- Natixis Investment Managers (Natixis IM) and La Banque Postale Group finalized the acquisitions by Natixis IM of La Banque Postale's stakes in Ostrum AM (45%) and AEW Europe (40%) and extended their industrial partnerships in asset management until the end of 2030. Following these transactions, Natixis IM holds 100% of the share capital of the management companies Ostrum AM and AEW Europe. These transactions were completed following consultations with the relevant employee representative bodies and approval from the competent regulatory authorities;
- Groupe BPCE formalized the creation of BPCE Solutions informatiques. Born from the merger of the software development teams of the Banques Populaires (iBP), the Caisses d'Epargne (IT-CE) and the Financial Services and Expertise business, the company has 2,600 employees throughout France. Gwilherm Le Donné was appointed Chief Executive Officer of BPCE IT Solutions;
- lastly, the disposal by Natixis of the residual stake in Coface was completed in early January 2022.

With regard to the Retail Banking and Insurance businesses, Groupe BPCE's Supervisory Board, under the Chairmanship of Thierry Cahn, approved the appointment of Jérôme Terpereau, as of June 1, as Head of Retail Banking and Insurance, Member of the Management Board of Groupe BPCE. He replaced Christine Fabresse, who had been appointed to chair the Management Board of Caisse d'Epargne Provence-Alpes-Corse (CEPAC) as of May 2, 2022.

The activity of both networks was marked by growth in goodwill and saw a continuous increase in lending rates to reflect the increase in refinancing rates.

With regard to the activity of the Banques Populaires, the milestone of one million two hundred thousand individual customers with Cristal agreements was reached, two years after their launch. A new life insurance policy associated with the account was launched, accessible without medical formalities and with a single contribution. This policy offers a guaranteed capital in the event of death regardless of the cause, and exemption from inheritance tax on the capital paid to the beneficiary(ies). More than 160,000 professional customers have also been equipped within the framework of the dual active relationship. A unique solution for aggregating all accounts and issuing transfers, "Connect Suite", has been launched: it simplifies the cash management of multi-banked professionals and VSEs and gives them an overall and instant view of all of their accounts as well as the ability to make single transfers from a single space. In addition, the professional and corporate customers of the Banques Populaires were able to send payment links by text message and WhatsApp in addition to those by existing e-mail. In terms of savings, the new loan marketed by the Group, BPCE 3.50% October 2028, recorded very strong inflows, well beyond the initial ambitions. Lastly, the symbolic milestone of €100 billion in private wealth management assets has been crossed by the Banques Populaires.

The Caisses d'Epargne's offering of day-to-day banking account packages ("les formules") continued to grow with nearly 2.8 million packages marketed since their launch. Sales of non-life insurance policies (IARD) to customers have continued to grow; more than one million multi-risk home and auto policies have been signed since the launch of the #INNOVE2020 program. In 2022, the Caisse d'Epargne network joined the "French Preferred Companies"[1] ranking by moving to second place in the sector. For young customers, a communication campaign was launched, the sponsorship with the e-children association was renewed and a partnership in health with the ISNI (national inter-union of medical interns) was signed. In order to assist vulnerable customers, the Caisses d'Epargne have set up a new online space dedicated to financial difficulties, which allows them to present their entire support system and respond to difficult financial situations, temporary or not. Lastly, the Caisses d'Epargne received three awards in the *Corbeilles Mieux Vivre Votre Argent* in 2022: Corbeille d'Or Long-Term Banking Networks, Certificate for the best range of equity funds over five years and Certificate for the best range of SRI funds over five years.

Customer support in the two banking networks has also resulted in the deployment and marketing of products and services that promote the energy transition. The Banques Populaires and the Caisses d'Epargne rolled out Rénov'énergie loans and were the first to launch the MaPrimeRénov' Zero-Rate Eco-Loan. These financing solutions enable individual customers to carry out energy renovation work in order to save on energy or improve the energy performance of homes. After the acquisition of Cozynergy by five Groupe BPCE regional banks in July 2021, and a successful experiment with individual customers of several institutions, Banque Populaire and Caisse d'Epargne nationally rolled out their partnership from the regions. Cozynergy is an expert in energy renovation that offers an overall and "on-the-ground" response, ranging from audits to the comprehensive completion of works. In addition, the Banques Populaires have joined forces with "Économie d'énergie", a company specializing in energy efficiency, to support customers throughout their energy renovation projects.

The Banques Populaires and the Caisses d'Epargne have also rolled out clean vehicle loans (*Prêt Véhicule Propre*) for the purchase of a clean vehicle: electric (car or New Individual Electric Vehicle such as a scooter or bicycle), hybrid or hydrogen.

In terms of green savings, the Banques Populaires have launched an investment solution ("CAT VAIR") based on a range of term accounts entirely dedicated to the financing of loans for the energy transition. All of the assets collected are reinvested in the regions of origin to accelerate the environmental transition and create development opportunities for local companies. The Caisses d'Epargne have launched a Green passbook savings account (*Livret Vert*) for individual customers. This traditional passbook savings account is allocated to local or national green initiatives, in particular the refinancing of real estate loans that comply at least with the 2012 thermal regulations.

To better support their customers, the Banques Populaires and the Caisses d'Epargne have developed an interactive support tool allowing advisors to conduct their interview from start to finish, thus enabling them to better grasp and support the customer's projects in the fields of energy renovation and efficiency, green mobility and responsible savings.

In addition, with regard to the marine economy, the Banques Populaires have committed more than €30 million as investors in the first European fund dedicated to blue growth: the Blue Forward Fund™. This innovation capital fund aims to invest in areas with a strong impact on environmental and climate balance such as blue hydrogen, marine renewable energies, bio-sourced and bio-manufactured products, the circular blue economy, sustainable aquaculture, or the preservation of the oceans.

For corporate customers, the Banques Populaires and the Caisses d'Epargne launched the Impact Loan. This new offer enables its customers to better value their social or environmental commitment. For each impact loan subscribed, the interest rate is indexed to a non-financial social or environmental performance objective of the borrower and the subsidy received can be paid to an association.

With regard to investments in regional infrastructure, the Banques Populaires, the Caisses d'Epargne and Crédit Coopératif were the first banks in France to set up, in collaboration with the EIB, a subsidized loan package of €150 million for local authority sport infrastructure. At least a quarter of the financing will be devoted to projects with a climate objective: energy renovation of buildings, renewable energy production or development of low-carbon transport infrastructure.

Driven by solid fundamentals, the Financial Solutions & Expertise (FSE) division continued to show strong momentum in its activities in 2022 despite a less buoyant environment. In the field of consumer credit, BPCE thus maintained its position as the leading banking player in France.[2]

Through the Lease Impact program, new partnerships have been created by BPCE Lease, such as with DrivEco for electric charging stations or with Alterea for energy efficiency diagnostics. The green personal loan offers created by BPCE Financement (Rénov'énergie personal loan and clean vehicle loan) were rolled out across the networks in 2022. In addition, the Compagnie Européenne de Garanties et Cautions has developed subsidized pricing for social housing and social economy loans granted by the Caisses d'Epargne. Lastly, with regard to the real estate business, the cooperation between BPCE Solutions Immobilières and Socfim has led to the creation of an offer to market residential units for the customers of the Banques Populaires and Caisses d'Epargne networks.

(1) Ranking carried out by IFOP, for Eight Advisory with Le Journal Du Dimanche
(2) Ranking carried out in the third quarter of 2022 by Athling, a business consulting firm and other management consulting firm.

The Financial Solutions & Expertise division also completed acquisitions during the year. Thus, the acquisition of Banco Primus (Portuguese subsidiary of Crédit Foncier financing used vehicles) by BPCE Financement was finalized in January 2022. Likewise, Crédit Foncier's outstanding long-term loans were transferred to Socfim in February 2022 and Pramex's capital link to BPCE SA was finalized in June 2022.

In terms of acquisitions, BPCE Lease has announced that it has entered into exclusive negotiations with a view to acquiring 100% of the share capital of Eurolocatique and its subsidiary Médidan, the French leader in the financing of healthcare equipment through financial leases or operating leases in order to strengthen its Vendor activity and thus become a major banking player in the healthcare sector.

In 2022, the Groupe BPCE Insurance division, now part of BPCE, was renamed BPCE Assurances. The non-life company was renamed BPCE Assurances IARD, the remaining life company renamed BPCE Vie and the Luxembourgish company changed its name to BPCE Life.

In 2022, the non-life business was strong, crossing the milestone of 7 million policies. More than one in three individual customers now has a non-life and personal protection insurance policy.

Against a backdrop of unprecedented climatic events in the French market (hailstorms, floods, fires, with claims at the end of September 50% higher than the average for the last five years), a new partnership has been set up with Imatech to provide the claims business with additional capacity to manage multi-risk homeowners' claims. At the BPCE Assurances IARD level, nearly 60,000 weather-related claims were added to the current claims ratio, impacting the company's NBI.

Among the new products marketed in personal protection insurance, the *Homme Clé +* personal protection insurance, key man protection and the adaptation of the Prévoyance Pro offer were launched. BPCE Life now offers life insurance and capitalization contracts to high net-worth customers of the Caisse d'Epargne network.

BPCE Assurances also confirmed its status as a pioneer 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. In 2022, 15.5% of its investments included a green criterion, going beyond the target. The share of its green outstandings increased by 7%, *i.e.* an increase of 1.8 points in one year. Lastly, the proportion of SRI-certified funds offered to BPCE Vie customers was 57%, with the target set at 60% in 2024.

In March 2022, the new BPCE Digital & Payments division, which brings together the Payments, Oney Bank and Innovation, Data and Digital divisions, was created with the aim of promoting the Group's innovation, supporting the digitization of retail and strengthening end-to-end service quality in the payments chain. Yves Tyrode was appointed Chief Executive Officer of this new division, which brings together nearly 4,000 employees. This merger has made it possible to develop synergies between the division's components, with new achievements such as the Payplug offers accessible from the digital spaces of Banques Populaires and Caisses d'Epargne customers, and the enhanced fight against fraud on means of payment, by combining the systems of different Group entities.

At the same time, Groupe BPCE continued to implement its Digital Inside strategy and to enhance its online banking services in order to offer the best customer experience, both online and *via* mobile devices. This strategy has resulted in a strong increase in the number of active customers connecting to the online banking service *via* the web or a mobile device. The level of customer satisfaction reached an all-time high with a digital Net Promoter Score of +48 in the fourth quarter of 2022.

The subscription processes for credit, financial savings and insurance offers were strengthened with the addition of the "Green" (environmental protection) and "Healthcare" (maintaining autonomy for people with reduced mobility) universes to the digitized personal loan simulator. In addition, the Payment solutions offered in digital spaces saw a strong increase in the use of Instant Payment (representing 16% of external transfers in 2022), contactless payment (61% of local payments made without contact in 2022), and the management of the bank card in selfcare. The number of active digital customers who consult and set their consents through the online banking interface continued to increase and Individual Entrepreneurs are now able to manage their profile and modify their contact details through their mobile application.

With regard to access and transaction security, Groupe BPCE continued to roll out strong authentication among its customers: at the end of 2022, 9.7 million individual and professional customers were equipped with a Sécur'Pass, enabling them to securely carry out their day-to-day transactions.

BPCE Payment Services, created in March 2022, continued to record a significant increase in its electronic payment transactions due to sustained activity during the summer and a growth in its number of payment terminals driven by the TPE Android range. Customer usage of Instant Payment and mobile payments also continued to grow.

Oney's activity had momentum with a more than 15% increase in its loan production, *i.e.* + €555 million compared to 2021. Several major partnerships were signed in France, with Orange, Mango and Le Bon Coin, and others were renewed, such as with Samsung, Air France, Decathlon and Maxicoffee. At the end of 2022, 16,000 sites and stores were using its solutions, *i.e.* 4,400 partner companies and brands.

With regard to growth transactions, on July 12, 2022, Groupe BPCE entered into exclusive negotiations with Swile with a view to a planned merger between Swile and Bimpli, a subsidiary of Groupe BPCE and a leading player in employee services and benefits in France, in order to create a global leader. This transaction closed on December 14, 2022. Following the transaction, Swile holds 100% of Bimpli and Groupe BPCE becomes Swile's largest shareholder with a 22% stake[1] of its share capital and received €150 million in the form of convertible bonds.

In September 2022, the Group completed the merger of Dalenys and Payplug, under the Payplug brand, to create the French leader in payment solutions for digital commerce with more than €10 billion in transaction volumes in 2022, 400 employees, 20,000 SME customers (Faguo, La Maison de l'Astronomie) and large groups (Maisons du Monde, Veepee, kiwi.com).

In addition, Groupe BPCE acquired a stake in the fintech, Bridge (Perspecteev SAS) in a round of funding for a total amount of €20 million alongside Truffle Capital. This financing is intended to enable Bridge to strengthen its position as the French leader in Open Banking, to conquer new market segments and to continue its international expansion.

(1) 22% on a fully diluted basis.

On March 22, 2022 the Global Financial Services (GFS) division was created, bringing together Groupe BPCE's global business lines: Asset & Wealth Management, notably through the Natixis Investment Managers (Natixis IM) brand, and Corporate & Investment Banking, notably through the Natixis Corporate & Investment Banking (Natixis CIB) brand.

In Asset & Wealth Management, Natixis IM continued to strengthen its multi-affiliate model and continued to actively manage its portfolio of affiliates. It finalized the acquisition of La Banque Postale's stakes in Ostrum AM (45%) and AEW Europe (40%). Natixis IM and La Banque Postale also extended their industrial asset management partnerships until the end of 2030. In addition, Natixis IM finalized the agreement signed with H2O AM to unwind their partnership. It also concluded an agreement to sell its 100% stake in AlphaSimplex Group to Virtus Investment Partners and sold its block of shares in Fiera Capital while renewing its distribution agreement with the company for the Canadian market. Lastly, the Seeyond and Natixis IM Solutions teams dedicated to insurance management and structured products have been integrated into Ostrum AM.

Mirova announced the acquisition of management company SunFunder, accelerating its development to become a global leader in impact investing.

Natixis IM also continued its development in private wealth management. At the end of 2022, this category represented 9% of total assets under management compared to 7% at the end of 2021.

Natixis IM continued to deploy its customer listening system and launched a series of projects and initiatives focused on the customer experience: deployment of its new Client Portal, launch of Asset Studio (digital platform developed with seven Fintechs)) and development of DLT Funds solutions based on blockchain technology. These initiatives were recognized with the L'Agefi AM Tech Day 2022 award for the most innovative technological solution. Natixis IM also continued to roll out the Natixis IM Operating Services platform developed by Loomis Sayles in its US affiliates.

Among other awards received by Natixis IM and its affiliates, the DNCA, Loomis Sayles, WCM Investment Management and Harris Associates teams won several Refinitiv Lipper Fund Awards that recognize the exceptional performance of their funds in Europe and the United States. Loomis Sayles was named Multi-asset manager of the Year at the Insurance Asset Risk Awards for North America. The teams of DNCA Finance also won nine awards at the 2022 Grand Prix de la Finance. And, for the second year in a row, Mirova was named B Corp Best For The World™ in recognition of its significant positive impact in the "Customers" impact area.

Natixis Interépargne consolidated its position as a leading player in employee and pension savings with more than 81,000 corporate customers and more than 3.1 million savers. Natixis Interépargne signed with new flagship customers, in particular Altice for the management of its company savings plans, Swiss Re for the management of company savings plans, a PERCOL and the implementation of a PERCO for three of its companies, and Carrefour Group for the management of its employee shareholding plan.

In wealth management, Natixis Wealth Management continued its transformation program, particularly in Luxembourg where it repositioned its franchise, to better serve its direct clients in the "High Net Worth Individuals" segment. It strengthened the development of its activities in conjunction with Groupe BPCE, in particular with Natixis CIB, with which it launched a program to accelerate synergies. In this context, it successfully marketed a green debt security with a charitable dimension, of which 0.20% of the total amount invested was paid to the Institut Pasteur in the form of a donation, free of tax benefits. The bank also continued its ESG commitments with enhancement of VEGA Investment Managers' offering and strengthening of its SRI management and monitoring system. Lastly, it was voted best private bank by L'Agefi ("Private Wealth Management Award") and obtained the Silver Trophy ("Best affiliated private bank") at the 2022 Portfolio and Performance Summit.

Natixis Corporate & Investment Banking (CIB) proved resilient during 2022, in an uncertain environment marked by inflation and the change in central bank policy, leading to a sharp slowdown in business volumes in markets such as M&A, Leverage Finance and High Yield bond issues.

In this context, Natixis CIB continued to develop its activities in line with its strategic priorities - diversification, commitment and transformation, while paying particular attention to its risk management, particularly following the outbreak of the war in Ukraine.

CIB's activities continued to grow steadily in the various geographical areas, with nearly two-thirds of revenue generated from customers outside of France. In EMEA, the year was marked in particular by the successful post-Brexit refocusing on local customers in the United Kingdom and the diversification of activities in the Middle East. The North & South America platform continued to grow, particularly in its areas of expertise in credit and infrastructure, as evidenced by the awards received: "Arranger of the Year" Middle Market CLO by Structured Credit Investor and North America Lead Arranger in project financing. Finally, despite a still difficult health context in the region, the APAC platform experienced sustained and diversified growth with strong momentum in Australia and South-East Asia as well as in capital markets and M&A activities, and significant growth of ESG revenues.

In addition, the client base continued to be diversified and CIB's expertise deepened in 2022. In the medium-sized companies segment, the period was marked by the acquisition of new customers and momentum in Commercial Banking activities. Diversified growth around eight core industries continued, and was particularly driven by the Energy and Telecom & Tech sectors.

All business lines contributed to the resilience of revenues, despite contrasting dynamics. Firstly, in Investment Banking, Natixis CIB ranked number 1 on the French primary equity market with a market share of 13%, notably participating in the two largest capital increases in France (EDF and Air France). Activity in the primary bond market was very strong in the financial issuers segment, where Natixis CIB ranked second on the League Table "Global EUR Financial Institutions (financial bonds)". In the Real Asset Financing businesses, firstly in Infrastructure, the very sustained activity was driven by the energy and digital transitions with an O2D strategy remaining one of the pillars of the model. Natixis remains a major player in the market with seven awards received at the PFI Awards and its position maintained in the IJ Global rankings. Natixis CIB also strengthened its leading position in the real estate market in France and Europe (source: Dealogic), despite a market slowdown. The Global Trade business line experienced strong commercial momentum, providing solid support to commodity trading players, whose liquidity requirements increased due to high price volatility, and benefited from an interest rate environment that became attractive again for its cash management activities. Global Markets experienced strong volume growth, in line with the strategy of developing flow products and winning new customers, supporting the growing needs for hedging, particularly in the foreign exchange, interest rate and raw materials markets, in a highly volatile environment. The repositioning of the equity derivatives activity initiated at the end of 2020 is bearing fruit, with strong commercial activity and a controlled risk profile. Finally and despite a declining market, the M&A business line continued to develop its multi-boutique model with the launch at Solomon Partners of the Health and Business Services verticals, setting up a Natixis Partners team in M&A consulting on acquisitions from investment funds, and the opening of an office in New York for Fenchurch.

Natixis CIB's role as a benchmark partner for clients in their environmental and social transition continued to be confirmed through landmark transactions (*e.g.* the financing of the first offshore wind turbine in France and the IPOs of green hydrogen producers), and with the Green & Sustainable hub's expertise and capacity for innovation recognized by clients and the market, as demonstrated by the awards it received (Investment Bank of the Year for Sustainability - The Banker; Investment Bank of the year - Environmental Finance) and quotes from the Green Weighting Factor in several publications (Perrier report, IPCC assessment report).

Lastly, in line with the transformation objective, the financial year was marked by increased investments in "chains", modes of governance intended to strengthen robustness and competitiveness, and improve operational efficiency. As part of the digital transformation of its financing activities, in March Natixis CIB joined forces with nCino, a pioneer in cloud banking solutions, to extend the digitization of its financing activities.

In addition, on June 30, 2022, Ripplewood and Groupe BPCE acknowledged that the conditions necessary to complete the acquisition by Ripplewood of Fidor Bank AG were not met. As a result, the proposed sale agreement dated December 18, 2020 was terminated.

4.3 Groupe BPCE financial data

4.3.1 Groupe BPCE results

Groupe BPCE reported revenue of €25.7 billion, stable compared to 2021 and net income of €4 billion.

	Groupe BPCE			
			Chg. 2022/2021	
in millions of euros	**2022**	**2021**	**€m**	**%**
Net banking income	25,705	25,716	(11)	(0.0%)
Operating expenses	(18,077)	(17,840)	(237)	1.3%
Gross operating income	**7,628**	**7,876**	**(248)**	**(3.1%)**
Cost/income ratio	70.3%	69.4%	-	1.0pt
Cost of risk	(2,000)	(1,783)	(217)	12.2%
Share in income of equity-accounted associates	24	212	(188)	(88.6%)
Net income (expense) from other assets	336	(82)	418	N/S
Value adjustments on goodwill	(241)	-	(241)	N/S
Income before tax	**5,748**	**6,224**	**(476)**	**(7.6%)**
Income tax	(1,726)	(1,946)	220	(11.3%)
Non-controlling interests (minority interests)	(71)	(280)	209	(74.7%)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - EXCL. COFACE NET CONTRIBUTION	**3,951**	**3,998**	**(47)**	**(1.2%)**
Net contribution by Coface	-	(5)	5	N/S
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,951**	**4,003**	**(52)**	**(1.3%)**

NET BANKING INCOME

At December 31, 2022, Groupe BPCE's net banking income amounted to €25.7 billion, stable compared to 2021, thanks to the performance of the business lines, enabling the Group to post very good resilience despite an economic and financial environment impacted by high inflation and a rapid rise in interest rates. The Group is once again demonstrating its ability to create value by maintaining dynamic commercial activity in its business lines. Retail banking, for example, performed well through the networks but also through the Insurance, Financial Solutions & Expertise and Digital & Payments Solutions businesses. Global Financial Services' revenues are resilient in a challenging environment.

Retail Banking and Insurance, with its solid model anchored in the heart of the regions and by continuing to develop its business with a sector diversification strategy, posted net banking income up by 2.4% to €18 billion despite the first effects of the increase in regulated savings rates for the networks.

Loan outstandings increased by 8% year-on-year to €701 billion at the end of December 2022, with home loans up 8%, equipment loans up 8%, and consumer loans up 7%.

At the end of December 2022, on-balance sheet customer deposits and savings excluding centralized regulated savings increased to €572 billion (+3.0%), with the stability of demand deposits.

The net banking income of the Global Financial Services division was down by 6.0% to €7.1 billion compared to 2021 (-10.4% at constant exchange rates) after a particularly dynamic year in 2021. The AWM and CIB divisions performed differently: AWM revenues were down by 14.4% at current exchange rates and by 19.1% at constant exchange rates in an environment marked by a significant decline in equity indices, while those of CIB held up with a limited decline of 0.9% at constant exchange rates (up 3.0% at current exchange rates). The decline in Asset & Wealth Management revenues was driven by decreases in performance fees, automatically impacted by decreases in asset values, net management and distribution fees (mainly in the United States) and financial products (unfavorable impact of the valuation of the seed money portfolio and lower dividend income). Corporate & Investment Banking net banking income, compared to 2021 at constant exchange rates, benefited from the increase in revenues from capital markets activities (+14.7%), while revenues from Financing activities were down (-6.8%) as well as revenues from Investment Banking including M&A activities (-26.6% mainly due to lower M&A activity in 2022 after a record year in 2021).

OPERATING EXPENSES

The Group's operating expenses, at -€18.1 billion, up by 1.3% compared to 2021, were mainly impacted by an increase in taxes subject to IFRIC 21, including the contribution to the SRF (Single Resolution Fund) which increased by €189 million compared to 2021, *i.e.* an increase of more than 45% year-on-year. Restated for this item, operating expenses were almost stable at +0.3% compared to 2021, reflecting good control of expenses in line with the implementation of a policy to optimize operational performance.

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 +2.0% (+0.9% excluding the contribution to the SRF).

Retail Banking and Insurance operating expenses, including transformation costs, were up by 3.8%, due in particular with the support for growth in the specialized businesses and networks.

In the Global Financial Services division, operating expenses were down -2.5% at current exchange rates. They decreased significantly in the Asset & Wealth Management division (-6.2%) in line with the decrease in variable compensation in a market context weighing on outstandings, and were up slightly in Corporate & Investment Banking (+1.6%).

The Group headcount dipped 0.1% in relation to 2021, to 99,797 employees on December 31, 2022.

Gross operating income amounted to nearly €7.6 billion in 2022, a decrease of 3.1% on 2021.

The cost/income ratio stood at 70.3% in 2022, a deterioration of 1.0 point compared to 2021, and 0.7 points after restatement of non-recurring items and the SRF contribution.

INCOME BEFORE TAX

Groupe BPCE's cost of risk amounted to -€2.0 billion, up 12.2% compared to 2021, mainly due to an increase in provisions for performing loans (Stage 1 and 2), despite a lower level of new defaults in 2022 (Stage 3). As a percentage of customer loan outstandings, Groupe BPCE's average annual cost of risk was 24 basis points vs 23 points in 2021.

The rate of non-performing loans to gross outstandings was 2.3% on December 31, 2022, a slight decrease in relation to 2021. The coverage rate for non-performing loans, including collateral on impaired loan outstandings, came to 68.9% on December 31, 2022 *versus* 69.8% on December 31, 2021.

In retail banking, the cost of risk relative to the outstandings of the Banque Populaire and Caisse d'Epargne networks was stable compared to 2021, at 27 basis points and 18 basis points respectively. The cost of risk increased at the Corporate & Investment Banking level with a cost of risk in relation to outstandings of 36 basis points in 2022, explained in particular by the Russian conflict, compared to 27 basis points in 2021, which was the low point.

Net income (expense) from other assets amounted to €336 million, including a €281 million capital gain that Groupe BPCE realized on the disposal of Bimpli to Swile.

Value adjustments on goodwill amounted to -€241 million in 2022 and concern the Digital & Payments division (- €170 million for Oney and -€71 million for Payments).

The Group's income before tax was €5.7 billion, a decrease of 7.6% compared to 2021 with an increase in Retail Banking and Insurance (+2.4%) while the contribution of Global Financial Services was down (-15.2%) concentrated on Asset Management due to the negative market effect on outstandings.

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The group's income tax totaled -€1,726 million, a decrease of 11.3% compared to 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 €3,951 million, down by 1.3% compared to 2021.

CAPITAL ADEQUACY

The Common Equity Tier 1 ratio was 15.1% at December 31, 2022 *versus* 15.8% at December 31, 2021.

Several non-recurring items impacted the Common Equity Tier 1 ratio in 2022:

- the decrease in OCI, mainly due to the rise in interest rates (-41 basis points);
- the regulatory obligation to re-deduct irrevocable payment commitments (-18 basis points).

The change in the Common Equity Tier 1 ratio in 2022 can also be attributed to:

- growth in Common Equity Tier 1, driven in particular by retained earnings (+69 basis points) and the collection of cooperative shares (+17 basis points), but mitigated nevertheless by the increase in the deduction for the shortfall in provisions for non-performing loans (-9 basis points);
- the increase in risk-weighted assets related to the activity (-70 basis points).

At 15.1%, Groupe BPCE's Common Equity Tier 1 ratio on December 31, 2022 was also significantly higher than the ECB's minimum requirement, as defined by the European Central Bank (ECB) during the 2022 Supervisory Review and Evaluation Process (SREP). The total capital ratio stood at 17.9% on December 31, 2022, *i.e.* above the ECB's minimum requirement.

TLAC (Total Loss Absorbing Capacity) amounted to €109.4 billion at end-December 2022. The TLAC ratio was 23.8% on December 31, 2022 *versus* 24.8% on December 31, 2021 for a target of 21.5% as defined in the 2024 strategic plan.

The leverage ratio came out at 5.0% on December 31, 2022 *versus* 5.8% on December 31, 2021.

LIQUIDITY

Groupe BPCE's total liquidity reserves amounted to €322 billion on December 31, 2022, including €165 billion in available assets eligible for central bank funding, €57 billion in LCR-eligible assets, and €101 billion in liquid assets placed with central banks.

Short-term funding increased from €112 billion on December 31, 2021 to €127 billion on December 31, 2022.

On December 31, 2022, Groupe BPCE's total liquidity reserves covered 154% of all short-term funding as well as short-term maturities of MLT debt (*versus* 247% at end-2021).

The Liquidity Coverage Ratio (LCR) was well above the regulatory requirements of 100%, standing at 139% on the basis of the average of end-of-month LCRs in the fourth quarter of 2022.

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 14 Banques Populaires and their subsidiaries, Crédit Maritime Mutuel, and the Mutual Guarantee Companies;
- the Caisse d'Epargne network, consisting of the 15 Caisses d'Epargne;
- Financial Solutions & Expertise, 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;
- the Digital & Payments division, which brings together the Payments activities and the activities of Oney, in order to support the digitization of retail and strengthen the quality of service from end to end of the payment chain;
- the Other Networks, including Banque Palatine;

Global Financial Services, comprising the two sub-divisions of Natixis:

- Asset & Wealth Management:
  - Asset Management, operating in the various international markets, brings together the expertise of management and distribution companies as well as employee savings ("Natixis Interépargne", the leading player in employee savings account management in France);
  - Wealth Management, "Natixis Wealth Management", which offers wealth management and financing solutions for large private investors.
- 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 reporting takes into account the significant transformation of the group's structure in 2022. For the sake of comparability, pro forma have been carried out on the 2021 data to take into account in particular the group's simplification operation with the transfer of the insurance and payment businesses to BPCE and the consolidation of certain support functions within BPCE SA, as well as the transfer of Banco Primus from Crédit Foncier (Corporate center) to the FSE (RB&I) division.

4.3.3 Income statement by sector

in millions of euros	Retail Banking and Insurance		Global Financial Services		Corporate center		Groupe BPCE	
	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021
Net banking income	17,938	17,526	7,105	7,558	662	632	25,705	25,716
Operating expenses	(11,439)	(11,024)	(5,168)	(5,304)	(1,470)	(1,512)	(18,077)	(17,840)
Gross operating income	**6,499**	**6,502**	**1,936**	**2,254**	**(808)**	**(880)**	**7,628**	**7,876**
Cost/income ratio	63.8%	62.9%	72.7%	70.2%	N/S	N/S	70.3%	69.4%
Cost of risk	(1,753)	(1,566)	(247)	(170)		(47)	(2,000)	(1,783)
Share in income of equity-accounted associates	39	45	13	12	(28)	155	24	212
Net income (expense) from other assets	302	(14)	17	(70)	17	2	336	(82)
Value adjustments on goodwill					(241)		(241)	
Income before tax	**5,088**	**4,967**	**1,718**	**2,026**	**(1,058)**	**(769)**	**5,748**	**6,224**
Income tax	(1,268)	(1,424)	(445)	(536)	(13)	13	(1,726)	(1,946)
Non-controlling interests (minority interests)	(13)	(76)	(58)	(267)		63	(71)	(280)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - EXCL. COFACE NET CONTRIBUTION	**3,807**	**3,467**	**1,215**	**1,224**	**(1,071)**	**(693)**	**3,951**	**3,998**
Net contribution by Coface						5		5
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,807**	**3,467**	**1,215**	**1,224**	**(1,071)**	**(688)**	**3,951**	**4,003**

The net banking income of the group's two business lines was virtually stable (-0.2%) compared to 2021 despite a changing 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 72%, and that of Global Financial Services is 28%.

4.3.4 Retail Banking and Insurance

in millions of euros	Banques Populaires		Caisses d'Epargne		Financial Solutions & Expertise		Insurance		Digital & Payments		Other Networks		Retail Banking and Insurance		Change	
	2022	2021	2022	2021	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021 pf	€m	%
Net banking income	7,110	6,867	7,232	7,240	1,317	1,222	974	972	958	899	347	327	17,938	17,526	412	2.4%
Operating expenses	(4,507)	(4,354)	(4,732)	(4,614)	(672)	(644)	(536)	(503)	(783)	(696)	(209)	(212)	(11,439)	(11,024)	(415)	3.8%
Gross operating income	**2,604**	**2,513**	**2,500**	**2,625**	**645**	**578**	**438**	**468**	**175**	**202**	**138**	**115**	**6,499**	**6,502**	**(2)**	**(0.0%)**
Cost/income ratio	63.4%	63.4%	65.4%	63.7%	51.0%	52.7%	55.0%	51.8%	81.8%	77.5%	60.3%	64.8%	63.8%	62.9%	--	0.9 pts
Cost of risk	(798)	(734)	(646)	(578)	(122)	(113)			(131)	(102)	(56)	(39)	(1,753)	(1,566)	(187)	12.0%
Share in income of equity-accounted associates	41	38					(1)	7	(2)				39	45	(6)	(12.7%)
Net income (expense) from other assets	9	(11)	5						283		5	(4)	302	(14)	316	N/S
INCOME BEFORE TAX	**1,857**	**1,806**	**1,859**	**2,048**	**523**	**464**	**437**	**475**	**326**	**100**	**86**	**73**	**5,088**	**4,967**	**121**	**2.4%**

The Retail Banking and Insurance division's income before tax was up by +2.4% compared to 2021. It benefited from the capital gain realized as part of the strategic transaction related to Bimpli and classified as net income (expense) from other assets.

Operating expenses, including transformation costs, were up by +3.8% compared to 2021, in line with the growth in activity of the business lines. The cost of risk increased compared to 2021, averaging 26 basis points in 2022 compared to 24 points in 2021.

The Banque Populaire and Caisse d'Epargne networks accounted for 73% of the Retail Banking and Insurance division's income before tax in 2022.

BANQUES POPULAIRES

The Banque Populaire network maintained resilient sales activity in 2022, drawing on the expansion and equipment of its business base. The Banques Populaires thus recorded an increase of +3.4% in their principal active customers, of which +4.7% for customer stock set up with banking services. The number of active corporate customers rose sharply by +10.0% over the year, while the number of active professional customers remained stable (+0.1%).

INCREASE IN ON-BALANCE SHEET DEPOSITS (EXCLUDING CENTRALIZED SAVINGS) OF 6.5%

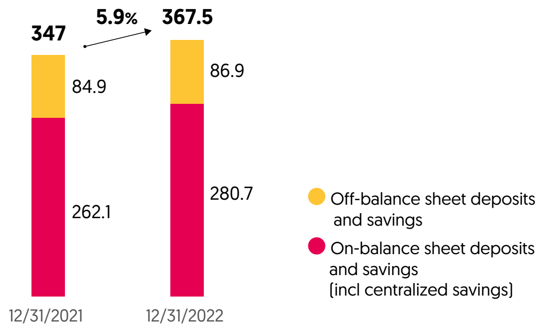
The Banques Populaires recorded sustained inflows in an economic environment marked by high inflation and rising interest rates. On-balance sheet deposits and savings (excluding centralized savings) climbed +6.5% to €261.6 billion. Off-balance sheet deposits and savings outstandings stood at €86.9 billion at the end of 2022 (+2.4%), driven mainly by UCIs, which grew by €1.8 billion (+9.4%), and to a lesser extent by life insurance, whose outstandings increased by €0.5 billion (+0.8%).

Outstandings rose by +4.3% in the individual customer market and by +7.7% in the professional, corporate, and institutional individual customer markets.

The investments of individual customers were mainly oriented towards balance sheet savings (+6.7%). Financial savings shrunk slightly (-0.1%). Demand deposits also contributed to the growth in on-balance sheet deposits and savings over the year, with a substantial increase of +4.7% (+€1.8 billion), taking total outstandings to €40.2 billion at the end of 2022. Passbook savings account outstandings increased strongly by +10.9% to €62.0 billion at the end of 2022, driven in particular by the Livret A passbook savings accounts and the LDD Sustainable Development passbook savings accounts, whose outstandings increased by +19.6% (+€3.0 billion) and +8.0% (+€0.8 billion), respectively, benefiting from the recovery in their remuneration, with the two successive increases of its rate in 2022. The Livret d'Epargne Populaire passbook savings accounts grew by + €0.8 billion to €2.6 billion at the end of 2022 (an increase of +41.9%). *Livret Jeune and Ordinary* passbook savings account outstandings also increased significantly by +6.5% to €28.0 billion. Given the increase in interest rates in 2022, term deposits posted a sharp increase in their outstandings of +62.0% to reach €1.6 billion at the end of December 2022. Lastly, regulated home savings schemes PEL outstandings fell by -€0.6 billion (-2.7%) to €21.5 billion.

Professional, corporate, and institutional customers made a significant contribution to the growth in on-balance sheet savings. They favored term deposits in particular (+23.3% or +€6.3 billion, with outstandings of €33.6 billion at the end of December 2022). Asset manager deposits were up by + €5.6 billion and also contributed to this growth.

CUSTOMER DEPOSITS & SAVINGS *(in billions of euros)*



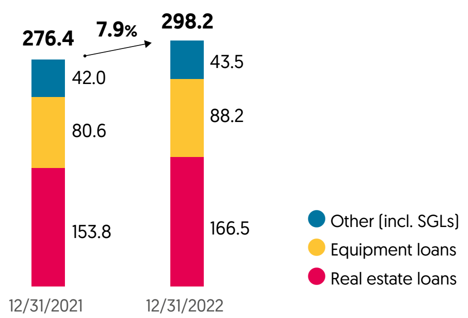
LOAN OUTSTANDINGS UP 7.9% IN AN ENVIRONMENT OF INCREASING INTEREST RATES

The Banques Populaires consolidated their active role in financing the economy, with an annual increase of +7.9% in customer loan outstandings to €298.2 billion at the end of December 2022.

The increase in customer loan outstandings in the individual customer market (+8.8% to €154.1 billion at the end of December 2022) was driven by the sustained growth in home loans (+9.0% to €140.2 billion), despite the rise in customer interest rates during the year. Consumer loans also contributed to the rise in total customer loan outstandings, with a growth of +7.4% to €13.5 billion at end-2022.

In the professional, corporate and institutional markets, the growth in outstandings was also sustained (+6.9%), to €144.1 billion at the end of December 2022, supported by the growth in equipment loans (+10.3% to €85.2 billion).

LOAN OUTSTANDINGS *(in billions of euros)*



FINANCIAL PERFORMANCE

The Banque Populaire network's net banking income totaled €7.1 billion in 2022, an increase of +3.5% compared to 2021 (+3.2% excluding the provision for home-purchase savings schemes).

Net Interest Income[1] was €4.0 billion, down -83.4 million year-on-year. In an environment of sustained rise in interest rates, it was impacted by an increase in the cost of inflows, particularly in regulated savings, a negative contribution from TLTROs refinancing and lower performance from financial portfolios. Nevertheless, this decrease in the NII was cushioned by the increase in interest income from credit activity, particularly in real estate and equipment, and by lower hedging costs in financial activities.

Fees and commissions posted a strong increase (+10.1%) to €3.1 billion, driven by all product lines, with, for the main ones, account management (+12.9%), particularly for incident management and money movements, means of payment (+13.1%), driven by electronic money, credit activity (+6.2%), and financial savings (+5, 2%).

Incomes and expenses from other activities improved by €28.0 million, due to lower provisions for operational risks.

Net income from insurance activities was driven by the contribution of BRED's Prépar Vie and Prépar IARD subsidiaries and increased by +€12.6 million, *i.e.* +9.8% compared to 2021.

Operating expenses increased significantly (-€152.1 million or +3.5%) to -€4.5 billion, with personnel expenses impacted by the development of BRED and the payment of Value Sharing Premium, partly offset by reversals of provisions for liabilities. Other operating expenses increased due to the rebound in external services and the increase in taxes related to the Territorial Economic Contribution

Transformation costs increased to -€59.3 million in 2022 compared to -€56.6 million in 2021 (*i.e.* +4.9%) and are spread across all banks with the most impacted: BRED (-€11.3 million), Banque Populaire Rives de Paris (-€7.5 million), Banque Populaire Alsace Lorraine Champagne (-€5.8 million), Banque Populaire Grand Ouest (-€5.6 million), Crédit Coopératif (-€5.2 million) and Banque Populaire Meditérrannée (-€5.0 million), which accounted for -€40.4 million of the transformation costs of the Banque Populaire network, *i.e.* 68.1% of the total.

Gross operating income came out at €2.6 billion, increasing by +3.6%, while the cost/income ratio was stable compared to 2021, at 63.4%.

The cost of risk deteriorated significantly by +8.8% to -€0.8 billion, due to IFRS 9-related methodological effects. In the end, the cost of risk reached 11.22% of NBI (vs 10.68% in 2021). In relation to outstanding customer loans, it amounted to 27 basis points at the end of December 2022, the same as its level at the end of December 2021.

The Banques Populaires contributed €1.9 billion to the Retail Banking and Insurance division's income before tax, up +2.8% relative to 2021.

CAISSES D'EPARGNE

In an uncertain economic context marked by high inflation and a rapid rise in interest rates, the Caisses d'Epargne nevertheless achieved in 2022 a particularly high production of loans granted to finance the economy, at €73.8 billion, *i.e.* +4.0% compared to 2021. Despite a decline in customer acquisition in the individual and professional markets (-4.0% each). The base of principal active customers increased +2.1% year-on-year, and that of active professional customers an increase of +3.8% compared to 2021. Lastly, the base of active corporate customers posted strong year-on-year growth of +8.5%, driven by dynamic customer acquisition (+21% over the year).

INCREASE IN ON-BALANCE SHEET DEPOSITS (EXCLUDING CENTRALIZED SAVINGS) OF 0.9%

In a context of a rapid rise in interest rates, customer investments were mainly directed towards on-balance sheet deposits and savings (+2.4%), while those of financial savings contracted slightly (-1.3%). As a result, balance sheet outstandings excluding centralized savings increased by +0.9% (*i.e.* +€2.7 billion), to reach €296.9 billion.

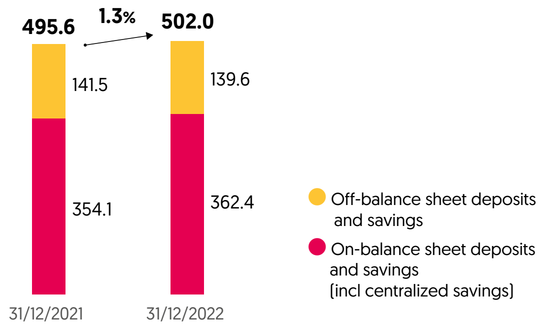
The successive rate hikes on regulated savings, which occurred in February and August 2022, benefited balance sheet savings in the individual market, particularly regulated savings books and other passbooks. Balance sheet savings increased by +3.9% to €248.5 billion (*i.e.* +€9.2 billion) by end-2022, under the combined effect of the growth in outstanding demand deposits to €54.7 billion (+4.3% or +€2.3 billion) and passbook savings accounts, up +7.1% to €131.9 billion (*i.e.* +€8.8 billion). Livret A passbook savings accounts increased significantly (+5.8%, or €4.4 billion), as did Livret Jeune and Livret B passbook savings accounts (+8.5%, or +€1.8 billion), Livret d'Epargne Populaire passbook savings accounts (+14.3%, or +€1.4 billion) and LDD Sustainable Development passbook savings accounts (+8.1%, or +€1.2 billion). On the other hand, home savings schemes PEL outstandings were down sharply (-3.1% or -€1.9 billion), at €58.1 billion.

The balance sheet savings of professional, corporate and institutional customers fell. Outstandings in these markets amounted to €113.9 billion at the end of 2022 (-0.8% or -€0.9 billion). These customers had outflows on demand deposits (-4.8%, *i.e.* -€3.2 billion for a level of outstandings of €64.5 billion) and passbook savings accounts (-4.6%, *i.e.* --€0.9 billion to €17.9 billion). On the other hand, term deposit outstandings rose sharply (+14.5% or +€3.5 billion to €27.9 billion), helped by the rise in interest rates.

Outstanding financial savings were down, at €139.6 billion in 2022 (-1.3%), both in life insurance (-1.0%, *i.e.* -€1.3 billion euros to €135.1 billion), and UCIs (-10.6%, *i.e.* -€0.5 billion to €4.5 billion).

(1) Fees on centralized savings have been restated from net interest margin and included in fee and commission income.

CUSTOMER DEPOSITS & SAVINGS *(in billions of euros)*



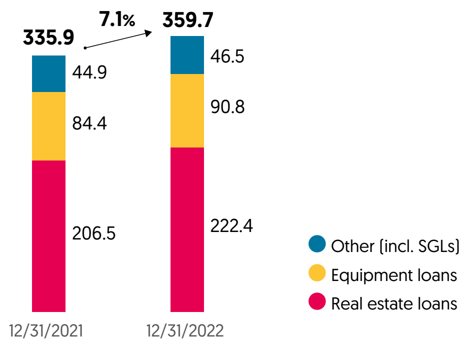
2022 MARKED BY A VERY SUSTAINED ACTIVITY IN LOANS (+7.1%)

In a context of high inflation and rapid rise in interest rates, the Caisse network's loan production continued to drive the growth in outstanding loans, to €359.7 billion at the end of 2022, up +7.1%. (*i.e.* +€23.8 billion). Thus, once again this year, the network confirmed its sustained commitment to financing the economy and the regions.

In the individual customer market, outstanding loans grew by +7.3% compared to 2021, to €202.6 billion, in particular on home loans (+7.5% or +€12.7 billion), with outstandings of €182.3 billion at the end of 2022. Consumer loans also contributed to the rise in total loan outstandings, with growth of +5.7% (*i.e.* +€1.1 billion) to €20.0 billion at the end-2022.

In the professional, corporate and institutional markets, outstandings were also up at a steady pace, +6.8% (*i.e.* +€9.9 billion), bringing them to €157.0 billion at the end of 2022. Their growth is supported by a strong increase in equipment loans (+7.5% or +€6.3 billion), to €90.8 billion, and in real estate loans (+8.4% or +€3.1 billion), to €40.0 billion.

LOAN OUTSTANDINGS *(in billions of euros)*



FINANCIAL PERFORMANCE

In an inflationary context and a rapid rise in interest rates, the net banking income of the Caisse d'Epargne network amounted to €7.2 billion, stable (-0.1%) compared to 2021 (-0.6% excluding the provision for home-purchase savings schemes).

Net interest income[1] decreased -3.3% (*i.e.* -€134.7 million), to €3.9 billion (-4.1% excluding the provision for home-purchase savings schemes). NII on customer activity is strongly penalized by the increase in the cost of inflows (+19 bps), inherent to the increase in rates on regulated savings observed in 2022, and to a lesser extent, by the decrease, nevertheless marginal, of loans rate (-3 bps). These two unfavorable impacts were partially offset by the massive volume effect issued from credit activity. In addition, net interest income benefited from the good performance of debt securities correlated to inflation, and from lower hedging costs, offsetting the lower gains from TLTRO refinancing.

Fees and commissions were up strongly (+5.9%), driven mainly by account management (+9.5%), supported by incident management and money movements, but also the credit activity (+6.2%), including credit insurance, at +9.6%, as well as means of payment (+10.3%), driven by electronic money.

Income and expenses from other activities decreased by -€68.5 million due to additional provisions for operational risk set up in 2022.

Operating expenses increased by +2.6% (*i.e.* -€117.7 million), at - €4.7 billion, in particular on personnel expenses (+0.9%), under the Value Sharing Premium recognized in 2022, despite the decrease in pension commitments. Other expenses also increased (+5.1%), mainly in external services (+7.5%) under the effect of the resumption of purchases, projects and travels.

Transformation costs rose to -€50.2 million in 2022, compared with -€40.0 million in 2021 (*i.e.* +25.6%) and were spread across all the banks, the most affected being: Caisse d'Epargne Hauts de France (-€7.5 million), Caisse d'Epargne Île-de-France (-€7.2 million), Caisse d'Epargne Grand Est Europe (-€5.0 million), Caisse d'Epargne Bretagne Pays de Loire (-€4.8 million), Caisse d'Epargne Provence Alpes Corse (-€4.7 million) and Caisse d'Epargne Rhône Alpes (-€3.3 million) which drove €32.5 million in transformation costs for the Caisse d'Epargne network, representing 64.6% of the total.

As a result, gross operating income stood at €2.5 billion for 2022, down -4.8% compared to 2021. The cost/income ratio improved by +1.7 points to 65.4%.

The Caisses d'Epargne's cost of risk, at -€0.6 billion, deteriorated (+11.8%) in its two compartments S1 / S2 and S3. In relation to outstanding customer loans, it stood at 18 basis points at the end of 2022, *i.e.* its 2021 level. In the end, the cost of risk reached 8.93% of NBI (vs 7.98% in 2021).

The Caisses d'Epargne contributed €1.9 billion to the Retail Banking and Insurance division's income before tax in 2022, down -9.2% compared to 2021.

(1) Fees on centralized savings have been restated from net interest margin and included in fee and commission income.

FINANCIAL SOLUTIONS & EXPERTISE (FSE)

In an economic environment marked by the sharp rise in interest rates and the sharp contraction in banking margins, the Financial Solutions & Expertise division demonstrated the resilience of its model in 2022. Record commercial and financial performance was posted in several of its business lines.

With regard to the consumer loan activity, the Group consolidated its position as the leading banking player, with record production in 2022, both in personal loans and revolving loans, and outstandings up by 8% year-on-year, amounting to more than €32 billion.

After several years of very strong growth, the sureties and guarantees activity remained dynamic in 2022, despite the slowdown in the real estate market impacting the surety of real estate loans to individual customers at the end of the year. Strengthened synergies with the networks *via* an increase in penetration rates as well as the development of the corporate activity resulted in a record level of written premiums, up 3% year-on-year.

Leasing grew strongly in 2022, driven by the ramp-up of equipment leasing, whose outstandings increased by 19% year-on-year, with a strong contribution from both networks. While there was good momentum in real estate leasing, a slowdown was observed in long-term leasing (LLD) due to delays in deliveries. In line with its strategic plan, BPCE Lease has launched a plan to acquire 100% of the share capital of Eurolocatique to become a leading bank in the healthcare sector.

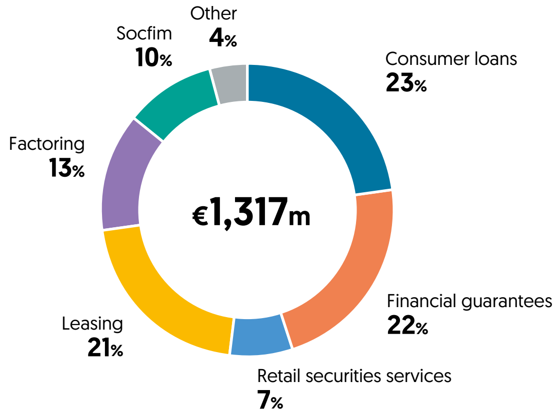
Benefiting from the harder economic context, which has led to an increased need for cash at the corporate level, factoring experienced very strong momentum in 2022, with an increase of 34% in the average financed outstandings compared to 2021. The development of activity with the Banque Populaire and Caisse d'Epargne networks resulted in an increase in factoring revenue of 16%.

In a difficult market context for the real estate development sector (shortage of supply, increase in rates, cost of raw materials), Socfim experienced a slowdown in its activity in 2022 after a particularly dynamic year in 2021. Nevertheless, outstandings increased by 67% year-on-year, due to the recovery of CFF's medium- and long-term outstandings on February 1, 2022.

After two years of exceptional activity promoted in particular by the health crisis, the volatility of the financial markets and the Natixis takeover bid, 2022 naturally appears to be down for the Securities business, but is nevertheless better than 2019.

Boosted by increased synergies within the Group, the Pramex and BPCE Real Estate Solutions business lines significantly increased their revenue in 2022 (increases of 24% and 12% respectively).

BREAKDOWN OF 2022 NBI BY FSE BUSINESS LINE



Despite a rapidly changing economic environment, the Financial Solutions & Expertise division's net banking income passed the €1.3 billion mark, up by 7.8%. Growth was particularly strong in real estate development financing (+46%) and factoring (+13%).

The increase in operating expenses in line with the growth of the activity remained contained at 4.4% with a cost / income ratio down by 1.7 points. This cost control takes place in a context of high inflation and the implementation of exceptional measures for purchasing power.

These various trends led to a significant increase in gross operating income of 11.5%.

The increase in the cost of risk, by 7.8% year-on-year, reflects prudent management in a context of a return to a more complex economic situation, after two years marked by favorable government policies (SGL).

Operating income before tax amounted to €523 million at the end of 2022, up 12.5% compared to 2021.

INSURANCE

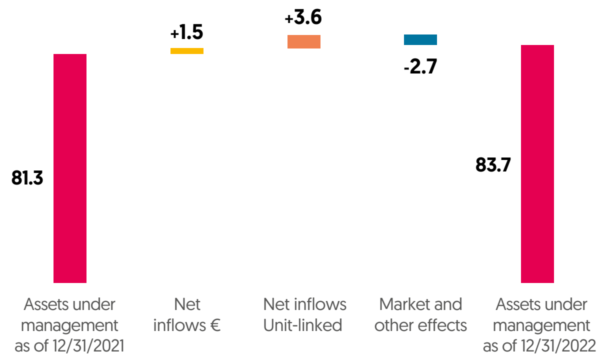
2022 was marked by dynamic commercial activity in all business lines, with the exception of life insurance, which remains in line with a less buoyant market than in 2021.

With €12.5 billion in premiums, the personal insurance business (including acceptance of CNP inventory) was supported by the dynamism of the Banques Populaires and Caisses d'Epargne networks in borrowers' insurance and personal protection insurance, with a recovery in the fourth quarter of 2022 in life insurance.

Life insurance turnover, at €10.9 billion (excluding acceptance of 10% of CNP inventory), was slightly down by 2% compared to 2021, but benefited from a significant increase in share of unit-linked inflows (+2.5 points year-on-year and higher than the market at the end of November). Net inflows (excluding acceptance of 10% of CNP inventory) of €5.1 billion represent a significant portion of the total net inflows generated in France by traditional insurers and bancassurers.

4

CHANGE IN LIFE INSURANCE ASSETS UNDER MANAGEMENT
(in billions of euros)



Turnover from individual protection and borrowers' insurance amounted to €1.3 billion in 2022, an increase of 11% compared to last year. Earned premiums for individual protection increased by 9%, driven by the two networks (Banque Populaire +6% / Caisse d'Epargne +13%). Earned premiums from borrowers' insurance increased by 12% year-on-year, benefiting from the change in share to 50% (34% previously) for new business co-insured with CNP, combined with the sales momentum of the networks and the full-year effect of the 2021 loan generation.

The non-life insurance (IARD) business continued its strong growth, with IARD earned premiums amounting to €1.9 billion, an increase of 7%, reflecting the good sales performance of the two networks (+12% for the Banque Populaire network and +5% for the Caisse d'Epargne network), in line with the growth of the portfolio of 4% (7 million policies at the end of 2022), as well as price changes. The increase in earned premiums year-on-year mainly relates to Auto products (+6%) and multi-risk home insurance (+9%).

Net banking income from insurance activities amounted to €974 million, up slightly by 0.2% year-on-year, due to:

the 5% growth in NBI in personal insurance, driven by borrowers' insurance, but mitigated by a decline in financial NBI in life insurance in a context of declining equity and bond markets in 2022;

the 9% decline in net banking income in non-life insurance, entirely linked to the increase in claims due to the exceptional weather events that occurred in 2022 (hail and drought).

Operating expenses amounted to €536 million, up 6%, mainly due to a sharp increase in the social solidarity contribution of companies (C3S) and an increase in the headcount in the customer expertise centers to support business growth.

Gross operating income was down by only 6% to €438 million, due to exceptional weather events.

DIGITAL & PAYMENT SOLUTIONS

PAYMENTS

2022 is synonymous for Payments with its integration into the new BPCE Digital and Payments division and the pursuit of its strategic and development plans. Its business lines are benefiting from dynamic activity that is returning to pre-Covid growth rates despite a slowdown in the e-commerce market.

Revenue from Payments of €526 million increased by 9% (+€42 million) compared to 2021, driven by BPCE Payment Services' legacy payment flow processing activities (+€31 million) and service vouchers and benefits proposed to employees by Bimpli (+€9 million), combined with the continued development of the e-commerce activities of its Dalenys and Payplug entities (+€2 million).

The expenses of the Payments division, at €465 million, increased by 12% (+€49 million) in line with the human and IT investments necessary for the growth of the division, as well as the increase in the operating expenses of the division for transformation and disposals carried out during the year such as: the merger of Dalenys and Payplug under the single Payplug brand to create the French leader in payment solutions for digital retail, the implementation of the partnership with the fintech Bridge, the leader in Open Banking in France, or the disposal of Bimpli to Swile in order to create a world leader in Worktech by offering corporate benefits and products to employees.

Gross operating income decreased by 10% to €62 million.

In total, current income before tax amounted to €344 million, up €283 million compared to 2021, including the capital gain on the disposal of Bimpli to Swile for €281 million.

ONEY

Oney posted dynamic growth of +4.4% to reach €432 million in 2022, based in particular on the growth in outstanding loans of €241 million (+9%). The Card & stores business contributed significantly to the increase in outstandings. Operating expenses, at €319 million, were up by 13.8% compared to 2021, reflecting the continued deployment of platform development projects in order to meet the competitive requirements of calls for tenders. At €132 million, the cost of risk increased by €39 million compared to 2021, due to a volume effect related to the growth of outstandings and an increase in the number of newly defaulted in an inflationary environment impacting household purchasing power.

OTHER NETWORKS

BANQUE PALATINE

Banque Palatine contributed +€86 million to the division's income before tax, up by 18.3% compared to 2021. Net banking income was up by 5.9% and operating expenses were down by 1.5%, leading to a very positive jaws effect (+7 points).

4.3.5 Asset & Wealth Management

	Asset & Wealth Management			
			Chg. 2022/2021 pf	
in millions of euros	2022	2021 pf	€m	%
Net banking income	3,349	3,911	(562)	(14.4%)
Operating expenses	(2,638)	(2,813)	175	(6.2%)
Gross operating income	**711**	**1,098**	**(388)**	**(35.3%)**
Cost/income ratio	78.8%	71.9%	--	6.9 pts
Cost of risk	5	(4)	8	(231.4%)
Share in income of equity-accounted associates	0	1	(1)	(72.1%)
Net income (expense) from other assets	17	(70)	87	N/S
INCOME BEFORE TAX	**733**	**1,026**	**(293)**	**(28.6%)**

Asset & Wealth Management revenues were down -19.1% year-on-year at constant exchange rates (-14.4% at current exchange rates), at €3.3 billion.

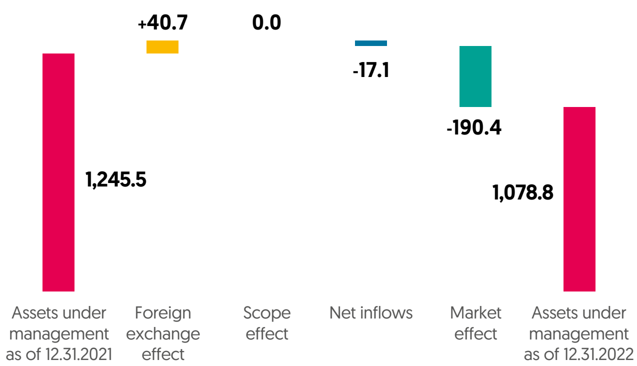
Expenses decreased by -11.1% at constant exchange rates (-6.2% at current exchange rates) and amounted to €2.6 billion.

Gross operating income decreased by -39.4% at constant exchange rates (-35.3% at current exchange rates) to €711 million.

ASSET MANAGEMENT

Assets under management at end-December 2022 amounted to €1,078.8 billion, down -€168.8 billion or -13.4% at current exchange rates (-16.1% at constant exchange rates) compared to December 31, 2021, mainly due to a very unfavorable market effect (-€190.4 billion) and net outflows (-€17.1 billion), partly offset by a positive currency effect (+€40.7 billion)

YEAR-ON-YEAR CHANGE IN ASSETS UNDER MANAGEMENT
(in billions of euros)



The business line recorded net outflows of -€17.1 billion over the year, including -€21.9 billion in long-term products:

- in the United States, net outflows amounted to -€18.8 billion mainly at Loomis Sales & Co. (in equity and fixed-income products), and Harris Associates (equity products), mitigated by positive net inflows at Integrated Portfolio Implementation (diversified products) and Direct Indexing (equity products);
- net long-term outflows in Europe amounted to -€5.5 billion. Outflows were concentrated at Ostrum Asset Management (life insurance and fixed income products) and partially offset by positive net inflows at Mirova (equity, alternative and fixed income products), DNCA Finance (fixed income products), Vega Investment Managers (diversified products) and AEW Europe (real estate products);
- Private Equity companies had net inflows of €1.8 billion, mainly in alternative products at Vauban Infrastructure Partners, MV Crédit, Flextone Partners, while Naxicap Partners had net outflows;
- in distribution, inflows reached €1.0 billion thanks to Dynamic Solutions (equities and diversified products) and Private Debt (alternative products);
- the Asia region saw outflows of -€0.4 billion mainly from Investors Mutual Limited (equity products).

Average outstandings at €1,066.0 billion at December 31, 2022 were down (-7%) compared to 2021 in constant euros. Excluding Ostrum, average outstandings decreased by 6%. The fee rate on outstandings reached 25.3 basis points, down by 0.2 basis points compared to December 31, 2021. It amounted to 38.1 basis points excluding Ostrum Asset Management (-0.4 basis points) given a lower average fee rate at Ostrum.

At December 31, 2022, net banking income, at €3,171 million, decreased by €556 million (-14.9%) compared to December 31, 2021, despite a very favorable euro / dollar exchange rate effect (-19.9% at constant exchange rates). Excluding the dollar effect, the decrease in revenues is mainly due to the decrease in performance fees, mainly in Europe at AEW Europe. Net management and distribution fees were also down at constant exchange rates in the United States and in distribution, while an increase was recorded in Europe and in Private Equity. Financial income was impacted by the unfavorable valuation of the seed money portfolio (mainly for the sponsorship activity) and by lower dividend income compared to 2021.

Expenses amounted to €2,470 million, down by €174 million (-6.6%) compared to 2021 (-11.7% at constant exchange rates). The decrease in expenses is attributable to the decrease in variable payroll costs, in line with the reduction in revenues mainly in Europe (notably related to the decrease in performance fees at AEW Europe) but also in the United States. At the same time, fixed internal payroll costs increased due to the growth in headcount in all regions and the increase in salaries, mainly in the United States and Europe.

Expenses excluding payroll costs were up overall mainly due to IT costs due in particular to the projects launched in 2022 to improve IT infrastructures; travel and hospitality expenses with the resumption of face-to-face events with customers, and documentation and market data expenses due to higher pricing and the increase in volumes due in particular to the increased need for ESG data.

These increases were partly offset by the decrease in external payroll costs (excluding IT), particularly in Distribution due to the renegotiation of administration and custody costs, external subcontracting expenses and taxes other than on income.

WEALTH MANAGEMENT

Over 2022, the business line's net banking income, at €178 million, was down by -3.2% (-€6 million) compared to 2021, which had recorded a record level of performance fees (€12.5 million in 2021 vs €1.1 million in 2022). Adjusted for these items, recurring revenues were up by 3.2% (+€5 million) supported by the strong financial margin.

Expenses amounted to €169 million, up by 0.6% compared to 2021, due in particular to the inclusion in 2021 of non-recurring costs related to the restructuring of the Luxembourg subsidiary and of the Real Estate Master Plan. Adjusted for non-recurring items, the business line expenses were up by a limited 1% (+€0.9 million) compared to 2021. The increase mainly relates to fixed internal payroll costs and communication costs.

4.3.6 Corporate & Investment Banking (CIB)

	Corporate & Investment Banking			
			Chg. 2022/2021 pf	
in millions of euros	2022	2021 pf	€m	%
Net banking income	3,756	3,646	109	3.0%
Operating expenses	(2,530)	(2,491)	(40)	1.6%
Gross operating income	**1,226**	**1,156**	**70**	**6.0%**
Cost/income ratio	67.4%	68.3%	--	-0.9 pts
Cost of risk	(252)	(167)	(86)	51.3%
Share in income of equity-accounted associates	12	10	2	19.4%
Net income (expense) from other assets	(0)	1	(1)	N/S
INCOME BEFORE TAX	**986**	**1,000**	**(15)**	**(1.5%)**

In 2022, Corporate & Investment Banking's net banking income totaled €3,756 million, down 0.9% compared to 2021 at constant exchange rates.

Capital market revenues totaled €1,833 million in 2022, an increase of 14.7% compared with 2021 at constant exchange rates.

At €1,310 million in 2022, revenues from interest rate, foreign exchange, credit, commodities and treasury activities were up by 12.3% compared to 2021 at constant exchange rates. The following changes were observed in each segment:

Income from the Fixed Income and Foreign Exchange activities increased by 42.3% to €414 million compared to 2021, which included a non-recurring expense of -€18.5 million related to the provisioning of a dispute with a local authority. Excluding this one-off item, revenue was up 33.8%. Foreign exchange activities were up sharply, with revenues doubling to €226 million, benefiting from increased client demand for hedging in a volatile foreign exchange market and offering higher margins, while fixed income activities were down by a limited 3.8% to €189 million, taking into account unfavorable impacts in the first quarter of 2022 linked to the rise in interest rates;

Revenues from Crédit GSCS activities were down by 5.6% compared to 2021 at €344 million impacted by more difficult market conditions;

Revenues from Repos, now split 50/50 between Fixed Income and Equity, amounted to €345 million, up by 6.6% compared to 2021, having benefited from good activity at the end of the year in a context of a rise in rates and the repayment of TLTRO transactions.

With revenues of €534 million, up 24.4% at constant exchange rates compared to 2021, the Equity activities continued their recovery that began in 2021 with dynamic commercial activity and also benefited from positive market impacts.

Revenues from JV activities (whose results are equally shared between Global Markets and Investment Banking to ensure team alignment) posted contrasting performance in 2022.

Strategic and acquisition financing revenues were down by 55.8% to €92 million, penalized by the recognition of discounts on ongoing syndications and in a context of a sharp slowdown in primary activity.

Bond market syndication recorded revenues of €123 million, down slightly by 0.7% compared to 2021 in a primary bond issuance market still dynamic in 2022 but nevertheless lower than in 2021.

At €1,463 million, revenues from Financing activities (including Global Trade and Coficiné – cinema financing activities) were down 6.8% compared to 2021 at constant exchange rates.

Revenues from Real Assets origination and syndication activities amounted to €203 million, down by 9.3% compared to 2021, suffering from a slowdown in activity in the second half of the year in the Infrastructure sector and negative impacts from revaluation of positions pending securitization. At €829 million in 2022, revenues from the financing portfolio were down by 13.1% at constant exchange rates with a decline in the interest margin. Revenues from Global Trade increased by 10.1% at constant exchange rates to €407 million, benefiting from a higher average oil price than last year.

Revenues from Investment Banking, including M&A activities, were down 26.6% year-on-year compared to 2021 at constant exchange rates to €469 million. After a record year in 2021, M&A activity was lower in 2022 in a sharply slowed global M&A market, with revenues of €279 million down 28.3% at constant exchange rates.

In 2022, Corporate & Investment Banking expenses amounted to €2,530 million, down 1.9% at constant exchange rates compared to 2021. Excluding the expenses of the TEO program for €0.4 million in 2022 and €9 million in 2021, expenses were down by 1.5% at constant exchange rates including a decrease in variable compensation compared to 2021. Excluding variable compensation, expenses increased by 2.9% at constant exchange rates.

Gross operating income totaled €1,226 million, up 1.3% compared with 2021 at constant exchange rates. The cost/income ratio stood at 67.4% in 2022, a 0.9 point improvement compared to 2021 (68.3%).

At €252 million, the cost of risk was up compared to 2021 impacted by the conflict in Ukraine and the provisioning of direct and indirect Russian exposures.

Income before tax was €986 million, down 1.5% compared to 2021.

4.3.7 Corporate center

	Corporate center			
			Chg. 2022/2021 pf	
in millions of euros	2022	2021 pf	€m	%
Net banking income	662	632	30	4.7%
Operating expenses	(1,470)	(1,512)	42	(2.8%)
Gross operating income	**(808)**	**(880)**	**72**	**(8.2%)**
Cost of risk	0	(47)	47	N/S
Share in income of equity-accounted associates	(28)	156	(183)	N/S
Net income (expense) from other assets	17	2	15	N/S
Value adjustments on goodwill	(241)	-	(241)	
INCOME BEFORE TAX	**(1,058)**	**(769)**	**(289)**	**37.6%**

The Corporate center generated income before tax of -€1,058 million in 2022 *versus* -€769 million in 2021. In 2022, the Corporate center included the following activities and items:

- the contribution of the Crédit Foncier group, which was up by +€130 million. The impact of the amortization of the portfolio, linked to the discontinuation of activities and lower fees and commissions, was offset by favorable effects on macro-hedging and by good expense control. The cost of risk also improved due to reversals of Covid provisions;
- BPCE International's contribution was up +€61 million year-on-year. The slowdown in activity is offset by the reversal of the provision recorded in 2021 (guarantees of a large corporate file);
- investment activities posted solid results: +€149 million of income before tax in 2022 compared to +€202 million in 2021 (which benefited from a sharp increase in asset valuations);
- the contribution to the Single Resolution Fund of -€610 million in operating expenses, an increase of -€189 million compared with 2021;
- The investment in CNP Assurance generated income of €163 million in 2021 (in accordance with the note Share of net income of investments accounted for using the equity method in Chapter 5), while there is no longer any contribution in 2022 following the disposal of this stake at the end of 2021;

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

In billions of euros	12/31/2022	12/31/2021	Change €bn	Change %
Cash and amounts due from central banks	171.3	186.3	(15.0)	(8.0%)
Financial assets at fair value through profit or loss	192.8	198.9	(6.2)	(3.1%)
Hedging derivatives – Positive FV	12.7	7.2	5.5	77.3%
Financial assets at fair value through other comprehensive income	44.3	48.6	(4.3)	(8.9%)
Financial assets at amortized cost	952.3	900.2	52.1	5.8%
Loans and advances to banks	97.7	94.1	3.6	3.8%
Loans and advances to customers	827.0	781.1	45.9	5.9%
Debt securities at amortized cost	27.7	25.0	2.7	10.7%
Revaluation differences on interest rate risk-hedged portfolios	(6.8)	5.4	(12.2)	(226.9%)
Insurance business investments	125.8	135.2	(9.4)	(7.0%)
Current and deferred tax assets and other assets	26.7	21.6	5.1	23.8%
Fixed assets (excluding goodwill)	7.9	8.1	(0.2)	(2.9%)
Goodwill	4.2	4.4	(0.2)	(5.3%)
ASSETS	**1,531.1**	**1,516.0**	**15.1**	**1.0%**
Cash and amounts due to central banks	0.0	0.0	0	N/S
Financial liabilities at fair value through profit or loss	184.7	191.8	(7.0)	(3.7%)
Hedging derivatives – Negative FV	16.3	12.5	3.8	30.1%
Financial liabilities at amortized cost (excluding subordinated debt)	1,076.5	1,058.1	18.3	1.7%
Amounts due to banks	139.1	155.4	(16.3)	(10.5%)
Amounts due to customers	694.0	665.3	28.7	4.3%
Debt securities	243.4	237.4	6.0	2.5%
Revaluation differences on interest rate risk-hedged portfolios	0.4	0.2	0.2	111.4%
Current and deferred tax liabilities and other liabilities	24.0	24.4	(0.4)	(1.6%)
Liabilities related to insurance policies	122.8	125.1	(2.3)	(1.8%)
Provisions	4.9	5.3	(0.4)	(8.0%)
Subordinated debt	18.9	19.0	(0.1)	(0.3%)
Shareholders' equity	**82.6**	**79.6**	**3.0**	**3.7%**
Equity attributable to equity holders of the parent	**82.1**	**78.9**	**3.2**	**4.0%**
Non-controlling interests	0.5	0.7	(0.2)	(32.2%)
LIABILITIES	**1,531.1**	**1,516.0**	**15.1**	**1.0%**

On December 31, 2022, the consolidated balance sheet of Groupe BPCE totaled €1,531.1 billion, up 1.0% compared with December 31, 2021. The return on assets ratio stood at 26 basis points as of December 31, 2022 compared to 28 basis points as of December 31, 2021.

CHANGES IN SIGNIFICANT CONSOLIDATED BALANCE SHEET ASSET ITEMS

The main asset items are loans and advances due from customers (54.0% of total assets on December 31, 2022) and banks (6.4%), financial assets at fair value through profit or loss (12.6%), cash and net balance of accounts with central banks (11.2%), and insurance business investments (8.2%). Taken together, these items account for nearly 92.4% of the Group's assets.

CASH AND AMOUNTS DUE FROM CENTRAL BANKS

Cash and central bank accounts amounted to €171.3 billion at December 31, 2022, down 8.0% compared to December 31, 2021 (€186.3 billion). This change is mainly due to the decrease in balances with central banks (-€15.1 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 decreased by €6.2 billion compared to December 31, 2021. This change reflects a disparity between:

- the increase in securities received under repurchase agreements from customers (+€9.9 billion) and trading derivatives (+€4.5 billion);
- to the detriment of equity and debt instruments held for trading (-€17.5 billion) and securities received under repurchase agreements from customers (-€2.1 billion).

LOANS AND ADVANCES DUE FROM BANKS

Loans and advances due from banks (net of provisions) amounted to €97.7 billion at December 31, 2022, up by €3.6 billion *versus* December 31, 2021. 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 €827.0 billion, up €45.9 billion over the fiscal year (+5.9%). 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 +€21.3 billion and the Caisse d'Epargne network for +€23.2 billion. This dynamism is mainly concentrated on home loans under the more significant volume effect (+€24.1 billion) and on equipment loans (+€12.8 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 €125.8 billion on December 31, 2022 *versus* €135.2 billion in fiscal year 2021. The €9.4 billion decrease reflected a negative revaluation of assets due to the rise in long-term rates. Gross inflows of €11.2 billion in life insurance were down by 2.1%, while Non-life and Personal Protection insurance grew by +7.5% and +8.7% 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, 2022, it represented €184.7 billion, down compared to December 31, 2021 (€191.8 billion). This change is due to a decrease in financial liabilities under repurchase agreements (-€13.5 billion), slightly offset by positive flows on trading derivatives (+€7.9 billion).

AMOUNTS DUE TO BANKS

Amounts due to banks consist mainly of term borrowings and to a lesser extent current accounts. They amounted to €139.1 billion, a decrease of €16.3 billion over the year (-10.5%). This change mainly includes the decrease in term loans and deposits with credit institutions (-€17.6 billion).

AMOUNTS DUE TO CUSTOMERS

Amounts due to customers mainly comprise regulated savings accounts, current accounts in credit, and customer accounts. They totaled €694.0 billion on December 31, 2022, an increase of +€28.7 billion compared to December 31, 2021. This increase can mainly be broken down as follows:

- a €10.7 billion increase in investments in special account products, driven by +€8.0 billion in *Livret A* passbook savings accounts and +€4.3 billion in *Livret de Développement Durable* and *Livret d'Epargne Populaire* passbook savings accounts, offsetting a -€2.5 billion decline in inflows into regulated home savings plans and accounts;
- an increase in other customer accounts (+€19.8 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 €243.4 billion on December 31, 2022, up by €6.0 billion compared to fiscal year 2021. This change reflects a disparity between:

- the increase in certificates of deposit (+€7.1 billion) and treasury notes and commercial paper (+€3.4 billion);
- to the detriment of bonds (-€2.9 billion) and other debt securities (-€1.7 billion).

LIABILITIES RELATED TO INSURANCE POLICIES

This category mainly includes technical liabilities relating to insurance contracts and financial contracts. These debts amounted to €122.8 billion on December 31, 2022, a decrease of -€2.3 billion. This change is mainly due to the decrease in net participating benefit liabilities (-€4.4 billion), and in technical debt outstanding relating to financial contracts (-€2.2 billion), despite the increase in outstandings of technical debts relating to insurance policies (+€5.1 billion).

SHAREHOLDERS' EQUITY

Shareholders' equity attributable to equity holders of the parent totaled €82.1 billion on December 31, 2022 compared to €78.9 billion on December 31, 2021. This increase of +€3.2 billion includes in particular:

- net income for the period: +€4.0 billion;
- the impact of acquisitions and disposals of non-controlling interests: -€0.1 billion;
- changes in cooperative shares of +€0.8 billion (+€0.4 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: -€0.9 billion;
- the distribution of dividends for -€0.5 billion (of which -€0.2 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 2022, 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	2022 fiscal year
Net income attributable to equity holders of Groupe BPCE	**3,951**
Non-consolidated entities or consolidated under a different method[1]	(2,651)
Other items	60
Net income attributable to equity holders of BPCE SA group	**1,360**

(1) Including the Banques Populaires, Caisses d'Epargne and their consolidated subsidiaries.

BPCE SA group posted net income of €1,360 million in 2022.

	Retail Banking and Insurance[1]		Global Financial Services		Corporate center		BPCE SA group	
in millions of euros	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021
Net banking income	3,560	3,379	7,105	7,558	1,011	843	11,676	11,780
Operating expenses	(2,200)	(2,056)	(5,168)	(5,304)	(1,721)	(1,719)	(9,090)	(9,078)
Gross operating income	**1,359**	**1,324**	**1,936**	**2,254**	**(710)**	**(876)**	**2,586**	**2,702**
Cost/income ratio	61.8%	60.8%	72.7%	70.2%	N/S	N/S	77.9%	77.1%
Cost of risk	(273)	(214)	(247)	(170)		(46)	(521)	(430)
Share in income of equity-accounted associates	(2)	7	13	12	(28)	64	(17)	83
Net income (expense) from other assets	287	(4)	17	(70)	17	5	321	(69)
Value adjustments on goodwill					(241)		(241)	
Income before tax	**1,372**	**1,113**	**1,718**	**2,026**	**(962)**	**(854)**	**2,128**	**2,285**
Income tax	(295)	(309)	(445)	(536)	23	7	(717)	(838)
Non-controlling interests (minority interests)	6	(65)	(58)	(267)	1	63	(51)	(268)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - EXCL. COFACE NET CONTRIBUTION	**1,083**	**739**	**1,215**	**1,224**	**(938)**	**(783)**	**1,360**	**1,180**

(1) Excluding the Banques Populaires, Caisses d'Epargne and their consolidated subsidiaries.

Retail Banking and Insurance income before tax, at €1,372 million at December 31, 2022, improved by +23.3% including a capital gain of €281 million on the disposal of Bimpli to Swile. The Financial Solutions & Expertise division and Palatine also posted strong growth.

The Global Financial Services division, with income before tax of €1,718 million, recorded a decline of €308 million compared to 2021 in a particularly unfavorable market environment for the asset management business line.

The Corporate center's income before tax decreased by -€108 million compared to 2021 and stood at -€962 million. This income includes an expense of -€416 million for the Single Resolution Fund.

4.4.2 Analysis of BPCE SA group's consolidated balance sheet

in billions of euros	12/31/2022	12/31/2021	Change	
			€bn	%
Cash and amounts due from central banks	134.3	182.1	(47.7)	(26.2%)
Financial assets at fair value through profit or loss	197.1	190.4	6.7	3.5%
Hedging derivatives – Positive FV	5.4	6.0	(0.6)	(10.7%)
Financial assets at fair value through other comprehensive income	13.2	16.1	(3.0)	(18.4%)
Financial assets at amortized cost	422.2	375.7	46.5	12.4%
Loans and advances to banks	242.0	195.7	46.4	23.7%
Loans and advances to customers	168.9	167.7	1.1	0.7%
Debt securities at amortized cost	11.3	12.3	(1.0)	(8.3%)
Revaluation differences on interest rate risk-hedged portfolios	(1.9)	4.5	(6.4)	(141.8%)
Insurance business investments	117.9	127.6	(9.7)	(7.6%)
Current and deferred tax assets and other assets	17.8	13.4	4.4	33.0%
Fixed assets (excluding goodwill)	3.1	3.4	(0.2)	(6.7%)
Goodwill	3.6	3.9	(0.3)	(6.5%)
ASSETS	**912.7**	**923.0**	**(10.3)**	**(1.1%)**
Cash and amounts due to central banks	0.0	0.0	0	N/S
Financial liabilities at fair value through profit or loss	193.7	197.9	(4.2)	(2.1%)
Hedging derivatives – Negative FV	11.2	8.3	2.9	34.4%
Financial liabilities at amortized cost (excluding subordinated debt)	529.8	536.4	(6.6)	(1.2%)
Amounts due to banks	253.9	264.2	(10.2)	(3.9%)
Amounts due to customers	52.2	52.0	0.2	0.3%
Debt securities	223.7	220.3	3.4	1.5%
Revaluation differences on interest rate risk-hedged portfolios	0.0	0.1	(0.1)	(91.6%)
Current and deferred tax liabilities and other liabilities	14.6	16.1	(1.5)	(9.4%)
Liabilities related to insurance policies	115.1	116.9	(1.7)	(1.5%)
Provisions	2.0	2.4	(0.3)	(13.9%)
Subordinated debt	18.8	18.9	-	(0.2%)
Shareholders' equity	**27.5**	**26.0**	**1.4**	**5.5%**
Equity attributable to equity holders of the parent	**27.2**	**25.5**	**1.7**	**6.6%**
Non-controlling interests	0.3	0.5	(0.2)	(46.4%)
LIABILITIES	**912.7**	**923.0**	**(10.3)**	**(1.1%)**

On December 31, 2022, the consolidated balance sheet of BPCE SA group totaled €913 billion, down -1.1% compared with December 31, 2021.

The change in the balance sheet reflects the decline in cash and central bank accounts (-€47.7 billion) and insurance investments (-€9.7 billion), partially offset by the increase in loans and advances to banks at amortized cost (+€46.4 billion).

Shareholders' equity attributable to equity holders of the parent totaled €27.2 billion at December 31, 2022 compared to €25.5 billion at December 31, 2021. This +€1.7 billion change was primarily due to:

- an issue of TSSDI: +€1.7 billion;
- the inclusion of net income for the period: +€1.4 billion;
- the impact of acquisitions and disposals of non-controlling interests: -€0.1 billion;
- remuneration of TSSDI: -€0.2 billion;
- changes in gains and losses recognized directly in other comprehensive income: -€0.3 billion;
- dividends paid: -€0.8 billion.

4.5 Investments

4.5.1 In 2022

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.

4.5.2 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.

4.5.3 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.

4.6 Post-balance sheet events

No events after the reporting period have been identified.

4.7 Outlook for Groupe BPCE

FORECASTS 2023: zero growth inevitable in France?

Economic forecasts have become more pessimistic as inflationary pressures and supply constraints weighed on global and European activity. The recession, which could be amplified by a possible financial crisis, would affect a third of the global economy according to the IMF. A quasi-recessive stagnation in the economy is now considered inevitable in 2023 on both sides of the Atlantic, and even imminent in the Euro zone, even if it were to be only technical and temporary, if not necessary, in order to break the price drift. The monetary shift, which the Fed initiated aggressively, is also a step in this direction. The magnitude of the imbalances to be addressed (mismatch between supply and demand, inflationary mechanics, excessive debt), combined with many overlapping global risks, can always tip the developed economies into a downward spiral. These joint threats are above all the following: geopolitical and health uncertainties (war in Ukraine, increased tension between Taiwan and China, effective questioning of the zero-Covid policy in China); the development of protectionist trends, particularly in the United States, such as the Inflation Reduction act (IRA); delays in the negative impacts of successive monetary tightening and reduced budget support; delayed renegotiations of contracts, particularly for natural gas and electricity in the Euro zone.

Nevertheless, it does not appear that a severe recession is the most likely scenario. This slowdown has already led to an easing of supply constraints and the decline in oil prices since mid-2022 and in gas and electricity prices to their pre-conflict level, in addition to the effect of a mild winter and the rebuilding of gas inventories in Europe. This tends to mitigate the price increases, linked on the other side of the Atlantic to sustained demand and a highly stressed labor market, while in Europe, they are largely imported, due to the energy shock, as alternatives to Russian supply being more expensive.

In 2023, the US economic momentum would be slowed down by the continuation of a fairly marked monetary tightening and a rather restrictive fiscal policy, at the risk of triggering a recession. In China, growth could still be below government targets, even if the easing of health restrictions would probably allow a more or less strong rebound in activity from the second quarter. The Euro zone, the most heavily affected by the consequences of the conflict, could be heading towards a quasi-recessive situation, due to the erosion of household purchasing power and corporate margins.

The fairly marked slowdown in activity in several countries could encourage central banks on both sides of the Atlantic to moderate the process of monetary normalization by the end of 2023. However, short-term interest rates are still much lower than the increase in prices, in particular the underlying inflation (prices excluding food and energy), thus maintaining an accommodative stance, in the United States and especially in Europe. The Fed would extend the vigorous increase in its key rates but in more moderate increments. At the end of 2023, according to its own projections, the Fed would set the federal funds rate a little above 5%. The process of reducing the size of its balance sheet would also be continued. Even if the rise in prices in the Euro zone is due to a supply shock, the risk of a depreciation of the euro would push the ECB to continue to follow the US monetary normalization dynamic, with *a priori* four further hikes in its key rates and the beginning of a process of reducing the inflow of liquidity to the bond markets. After the 250 basis point increase in 2022, it would increase its key rates by at least 100 basis points, perhaps by several steps of 25 basis points, to propel the refinancing rate towards 3.5% at end of the first half, while then maintaining them at this level during the year.

Monetary tightening and the gradual reduction in central bank balance sheets would drive sovereign long rates even more upwards as the substitution of Russian commodity imports by other much more costly sources, the gradual implementation of the energy transition and the end of the comparative advantages linked to globalization have begun to reverse the deflationary mechanism of the last twenty years. However, the sharp slowdown in the economy and inflation in 2023 is expected to weigh on any further and excessive increase in long-term rates. The average annual ten-year French treasury bond rate is expected to be around 3% in 2023, compared to 1.7% in 2022.

The French economic environment, like other developed countries, now appears to be stagflationary, characterized jointly by much less growth, a persistently higher inflation rate and the resulting rise in interest rates. French growth would probably suffer more than in 2022 from the impact of the energy crisis on household income and on the income statements of companies, due to changes in the price shield and the full-year renegotiation of contracts. Activity is expected to stagnate in 2023, or even contract moderately, due to a very unfavorable growth dynamics at the beginning of the year. There are several reasons for this, despite the easing of constraints on supplies: the slowdown in demand, caused by the inflationary tax on the purchasing power of households and companies; the deterioration in the terms of trade, with commodity prices still high compared to 2020-2021, deeply penalizing industrial competitiveness; the still delayed effect of the tightening of monetary conditions; reduced budget support, with the end of "whatever the cost" policies; the erosion of corporate margins; maintaining a more or less marked behavior of savings reinforced with precautionary measures, to avoid the erosion of real balances by inflation. Inflation, after peaking at the beginning of the year and although declining throughout the year, is expected to be high, around 4.8% on an annual average, after 5.2% in 2022. Its gradual decrease is explained by the economic deterioration and above all by favorable base effects, these being linked to the collapse of energy prices compared to their previous surge last year. Purchasing power should remain slightly negative, as in 2022, in a context of a moderate increase in the unemployment rate (7.5%) and wage growth remaining below the increase in prices. In addition, the 15% increase in gas and electricity prices in early 2023 as part of the energy shield would already represent a tax of around 0.5% on the purchasing power of household income, before no doubt other increases. A shift towards higher wages and lower employment is likely to occur, as if the lag in the acceleration of wages in relation to inflation were now compensated for by the earlier strength of job creation in relation to the level of activity.

OUTLOOK FOR THE GROUP AND ITS BUSINESS LINES

In 2023, the Group will continue to implement its BPCE 2024 strategic plan, with three priorities:

1) winning new customers, particularly in two areas of social concern, environmental transition and health, as well as in non-life insurance and personal protection, consumer loans and mid-sized companies, while continuing the international development of the global asset management and corporate banking businesses; the development of the specialized financing businesses in Europe should also be pursued according to opportunities;
2) customer satisfaction in retail banking, based on its relational model, omnichannel experience, personalized solutions and useful data;
3) the climate, by aligning financing portfolios on a "net zero" trajectory, by supporting customers in their environmental transition, by pursuing its sustainable refinancing strategy, and by reducing its environmental footprint;

   by relying on three key areas: simplification of its organization and information systems, innovation and its financial and technological solidity.

The Group will remain on course to achieve its objectives by 2024, by developing its universal cooperative banking model, its expertise, its local presence and proximity to its customers, its strong and recognized brands and its integrated digital strategy in the business lines.

However, the environment remains more uncertain than ever from an economic, geopolitical and health perspective and some of the Group's objectives, particularly in terms of additional revenue, remain subject to uncertainties. After the Covid-19 health crisis, then a year in 2022 marked by the war in Ukraine, disruptions in supply chains, an energy crisis in Europe and a return of inflation to levels not seen for several decades, uncertainties weigh on the global growth outlook for 2023.

Despite successive rate hikes by central banks in 2022, restrictive monetary policies could continue in order to fight persistent inflation, while there are strong uncertainties about the evolution of the war in Ukraine and possible new supply disruptions related to the pandemic could occur, for example in China.

In this context, the rapid rise in interest rates could increase the cost of refinancing for retail banking, while the majority of financing is at fixed rates. The increase in net interest income will only materialize gradually as the balance sheet is rotated. Despite the inflationary context, Groupe BPCE, like the banking profession, will apply a strong fee moderation policy in 2023.

The non-life insurance business line remains exposed to an increase in the cost of claims, particularly automotive and weather-related claims after an exceptional year for the latter, while life insurance should benefit from the rise in interest rates for euro funds, albeit with a market volatility that could weigh on asset values.

Certain business lines of the Financial Solutions & Expertise division remain exposed to the slowdown in the real estate market (financing of real estate professionals, guarantees) and consumer loans, while others could benefit from potentially positive impacts, such as factoring, after the end of State-guaranteed loans.

For Corporate & Investment Banking, the context of high market volatility (rates, currencies, commodities) should lead to an increase in customer hedging needs.

Asset management activities remain exposed to the market effect on all asset classes, with arbitrage between asset classes as interest rates rise.

The Group is making every effort to achieve the objectives of its strategic plan, particularly in terms of winning sales in all its business lines.

As Groupe BPCE has no Additional Tier 1 (AT1) instruments issued by a Group entity, it is not directly affected by the volatility affecting the financial instruments of certain banking groups following the decisions of the Swiss authorities that resulted in the absorption of Credit Suisse's losses through a full write-down of the AT1 instruments. Groupe BPCE does not hold any significant direct exposures in the form of AT1 instruments or in any other form related to the crisis experienced by the aforementioned Swiss bank.

In addition, Groupe BPCE has no significant direct exposure to the American regional banks that have recently been placed under the control of the American administration.

5

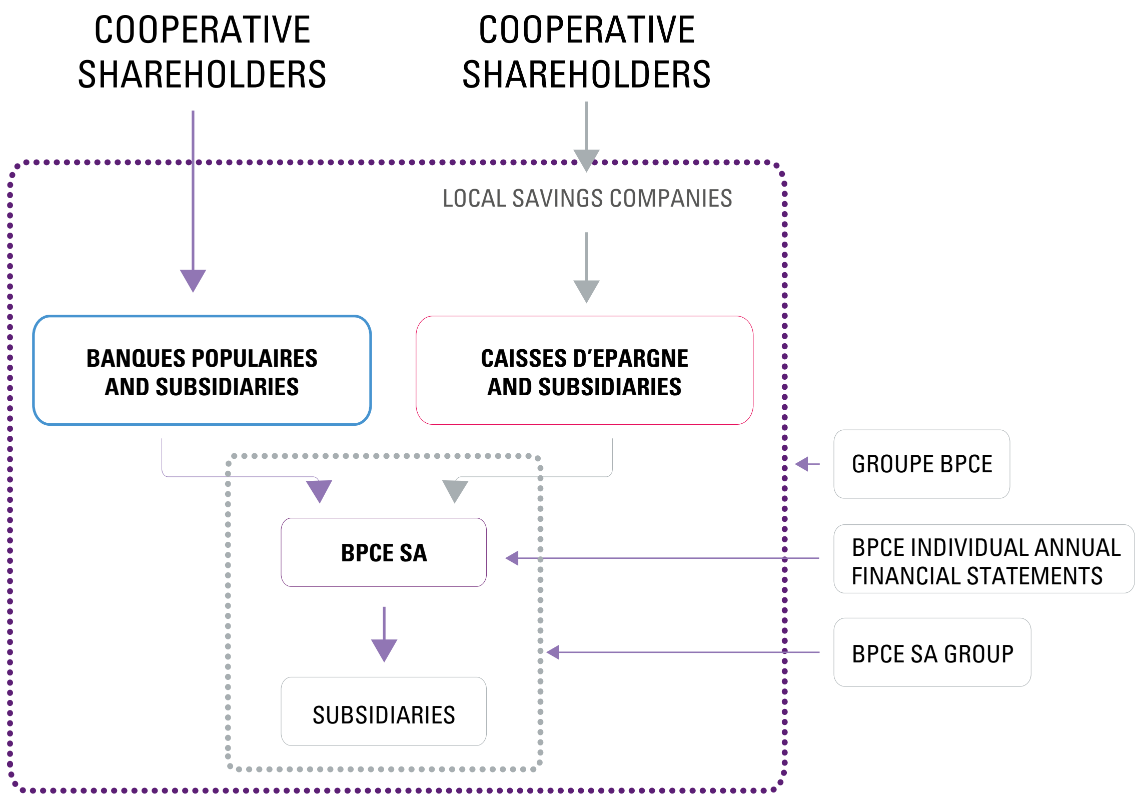
FINANCIAL REPORT

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, 2022

5.1.1 Consolidated income statement

in millions of euros	*Notes*	2022 fiscal year	2021 fiscal year
Interest and similar income	*4.1*	26,254	22,220
Interest and similar expenses	*4.1*	(16,556)	(12,341)
Commission income	*4.2*	11,929	11,990
Commission expenses	*4.2*	(1,884)	(1,666)
Gains (losses) on financial instruments at fair value through profit or loss	*4.3*	2,892	2,385
Gains (losses) on financial instruments at fair value through other comprehensive income	*4.4*	141	228
Net gains or losses arising from the derecognition of financial assets at amortized cost	*4.5*	(1)	(4)
Net income from insurance activities	*9.2.1*	2,927	2,860
Income from other activities	*4.6*	1,232	1,285
Expenses from other activities	*4.6*	(1,229)	(1,241)
Net banking income		**25,705**	**25,716**
Operating expenses	*4.7*	(16,778)	(16,567)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets		(1,299)	(1,273)
Gross operating income		**7,628**	**7,876**
Cost of credit risk	*7.1.1*	(2,000)	(1,783)
Net operating income		**5,628**	**6,093**
Share in net income of associates and joint ventures	*12.4.2*	24	220
Gains or losses on other assets	*4.8*	336	(82)
Value adjustments on goodwill	*3.5.1*	(241)	
Income before tax		**5,748**	**6,231**
Income tax	*11.1*	(1,726)	(1,946)
Net income		**4,022**	**4,285**
Non-controlling interests	*5.16.1*	(71)	(282)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**3,951**	**4,003**

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5.1.2 Comprehensive income

in millions of euros	2022 fiscal year	2021 fiscal year
Net income	**4,022**	**4,285**
Items recyclable to net income	**(1,358)**	**(130)**
Foreign exchange rate adjustments	290	372
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	(1,295)	(14)
Revaluation of available-for-sale financial assets of insurance businesses	(1,727)	(220)
Revaluation of derivative hedging items that can be recycled to profit or loss	886	248
Share of gains and losses of associates recognized directly in other comprehensive income	(81)	(709)
Related taxes, items recyclable to net income	569	193
Items not recyclable to net income	**432**	**407**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	410	243
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	423	13
Revaluation of equity financial assets recognized at fair value through other comprehensive income	(239)	303
Share of gains and losses of associates recognized directly in other comprehensive income	0	35
Related taxes, items not recyclable to net income	(162)	(188)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME	**(926)**	**277**
COMPREHENSIVE INCOME	**3,096**	**4,562**
Attributable to equity holders of the parent	3,031	4,256
Non-controlling interests	65	306

For information, items not recyclable to profit or loss transferred to consolidated reserves amounted to €2 million for 2022 and -€11 million for 2021.

5.1.3 Consolidated balance sheet

ASSETS

in millions of euros	*Notes*	12/31/2022	12/31/2021
Cash and amounts due from central banks	*5.1*	171,318	186,317
Financial assets at fair value through profit or loss	*5.2.1*	192,751	198,919
Hedging derivatives	*5.3*	12,700	7,163
Financial assets at fair value through other comprehensive income	*5.4*	44,284	48,598
Securities at amortized cost	*5.5.1*	27,650	24,986
Loans and advances to banks and similar at amortized cost	*5.5.2*	97,694	94,140
Loans and advances to customers at amortized cost	*5.5.3*	826,953	781,097
Revaluation difference on interest rate risk-hedged portfolios, assets		(6,845)	5,394
Insurance business investments	*9.1.1*	125,783	135,228
Current tax assets		706	465
Deferred tax assets	*11.2*	4,951	3,524
Accrued income and other assets	*5.6*	14,423	13,830
Non-current assets held for sale	*5.7*	219	2,241
Net participating benefit	*9.1.3*	4,752	
Investments accounted for using equity method	*12.4.1*	1,674	1,525
Investment property	*5.8*	750	758
Property, plant and equipment	*5.9*	6,077	6,396
Intangible assets	*5.9*	1,087	997
Goodwill	*3.5.1*	4,207	4,443
TOTAL ASSETS		**1,531,134**	**1,516,021**

LIABILITIES

in millions of euros	*Notes*	12/31/2022	12/31/2021
Central banks		9	6
Financial liabilities at fair value through profit or loss	*5.2.2*	184,747	191,768
Hedging derivatives	*5.3*	16,286	12,521
Debt securities	*5.10*	243,373	237,419
Amounts due to banks and similar	*5.11.1*	139,117	155,391
Amounts due to customers	*5.11.2*	693,970	665,317
Revaluation difference on interest rate risk-hedged portfolios, assets		389	184
Current tax liabilities		1,806	1,313
Deferred tax liabilities	*11.2*	1,966	1,049
Accrued expenses and other liabilities	*5.12*	20,087	20,114
Liabilities associated with non-current assets held for sale	*5.7*	162	1,946
Liabilities related to insurance policies	*9.1.2*	122,831	125,081
Provisions	*5.13*	4,901	5,330
Subordinated debt	*5.14*	18,932	18,990
Shareholders' equity		**82,558**	**79,592**
Equity attributable to equity holders of the parent		**82,079**	**78,884**
Capital and associated reserves	*5.15.1*	*28,692*	*28,240*
Consolidated reserves		*48,845*	*45,126*
Gains and losses recognized directly in equity		*591*	*1,516*
Net income for the period		*3,951*	*4,003*
Non-controlling interests	*5.16*	479	707
TOTAL LIABILITIES AND EQUITY		**1,531,134**	**1,516,021**

5.1.4 Statement of changes in equity

in millions of euros	Capital and associated reserves		Perpetual deeply subordinated notes	Consolidated reserves[4]
	Share capital (Note 5.15.1)	Premiums (Note 5.15.1)		
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]				991
Increase (decrease) through transactions with owners	**759**			**949**
Gains and losses recognized directly in shareholders' equity (Note 5.17)				
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**
Allocation of net income for 2021				4,003
SHAREHOLDERS' EQUITY AT JANUARY 1, 2022	**24,408**	**3,832**		**49,129**
Dividend payments				(396)
Capital increase (Note 5.15.1)	452			336
Issuance and redemption of deeply subordinated notes				(82)
Impact of acquisitions and disposals on non-controlling interests (Note 5.16.2)[1][3]				(126)
Increase (decrease) through transactions with owners	**452**			**(267)**
Gains and losses recognized directly in shareholders' equity (Note 5.17)				
Capital gains and losses reclassified to retained earnings				6
Net income for the period				
Comprehensive income				**6**
Other changes[2]				(21)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2022	**24,860**	**3,832**		**48,845**

(1) The impact of the simplified public tender offer for Natixis shares is presented in Note 5.16.2.
(2) Other changes notably include interest on perpetual deeply subordinated notes for the portion subscribed for by non-controlling interests.
(3) The impacts of the disposal of the H2O stake are presented in Note 1.3.
(4) The 2021 impact of the decision of the IFRS Interpretations Committee (IFRS IC) on IAS 19 "Employee Benefits" is presented in Note 8.2.2.

Gains and losses recognized directly in other comprehensive										
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
(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**
							(4,003)			
524	**329**	**633**	**(64)**	**378**	**(109)**	**(174)**		**78,884**	**707**	**79,592**
								(396)	(74)	(470)
								788	6	795
								(82)	(70)	(151)
								(126)	(159)	(285)
								185	**(296)**	**(112)**
294	(962)	(1,344)	660	(182)	308	307		(920)	(6)	(926)
				(6)						
							3,951	3,951	71	4,022
294	**(962)**	**(1,344)**	**660**	**(188)**	**308**	**307**	**3,951**	**3,031**	**65**	**3,096**
								(21)	3	(18)
818	**(634)**	**(711)**	**596**	**190**	**199**	**132**	**3,951**	**82,079**	**479**	**82,558**

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5.1.5 Consolidated cash flow statement

in millions of euros	2022 fiscal year	2021 fiscal year
Income before tax	**5,748**	**6,231**
Depreciation, amortization and impairment for property, plant and equipment and intangible assets	1,416	1,403
Net charge to impairments of goodwill and other fixed assets	241	
Net charge to provisions and provisions for impairment (including insurance companies' technical reserves)	1,262	9,966
Share in net income of associates	(24)	(220)
Net cash flows generated by investing activities	(1,394)	(856)
Other changes	(6,424)	526
Total non-monetary items included in net income before tax	***(4,923)***	***10,820***
Change in inter-credit institutions items	(15,891)	17,502
Change in customer items	(16,166)	(1,488)
Change in financial assets and liabilities	14,545	1,684
Change in non-financial assets and liabilities	3,998	(930)
Income taxes paid	(1,646)	(1,493)
Increase (decrease) in assets and liabilities resulting from operating activities	***(15,160)***	***15,275***
Net cash flows generated by operating activities (A)	**(14,335)**	**32,326**
Decrease (increase) in financial assets and equity interests	(3,446)	623
Decrease (increase) in investment property	(38)	16
Change in property, plant, equipment and intangible assets, investing activities	(1,163)	(1,286)
Net cash flows generated by investing activities (B)	**(4,647)**	**(647)**
Net increase (decrease) arising from transactions with shareholders[1]	309	610
Other increases (decreases) generated by financing activities[2]	1,656	2,602
Net cash flows generated by financing activities (C)	**1,965**	**3,212**
Impact of changes in exchange rates (D)	**745**	**835**
Cash flow on assets and liabilities held for sale (E)	**1**	**(474)**
TOTAL NET CASH FLOWS (A+B+C+D+E)	**(16,271)**	**35,252**
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)	(0)
Net balance of demand transactions with banks	**(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)
Opening cash and cash equivalents	**182,259**	**147,006**
Net cash and bank balances at central banks	**171,310**	**186,310**
Cash and accounts with central banks (assets)	171,319	186,317
Accounts with central banks (liabilities)	(9)	(6)
Net balance of demand transactions with banks	**(5,322)**	**(4,051)**
Current accounts with overdrafts[3]	7,006	7,582
Demand accounts and loans	222	5
Demand accounts in credit	(10,945)	(7,694)
Demand repurchase agreements	(1,605)	(3,944)
Closing cash and cash equivalents	**165,988**	**182,259**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(16,271)**	**35,252**

(1) The net increase (decrease) arising from transactions with shareholders include:

- net changes in capital and associated reserves of the Banques Populaires and Caisses d'Epargne amounting to + €785 million (+€1,048 million in 2021);
- dividend payouts of -€470 million (-€438 million in 2021).

(2) Other increases (decreases) generated by financing activities mainly include the impact of redemptions of subordinated notes and loans for -€773 million (-€1,854 million in 2021) and the subscription of a new loan for +€2,445 million (+€4,455 million in 2021).

(3) The current accounts with overdrafts do not include Livret A, LDD and LEP savings accounts centralized with 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 their 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

BPCE, a central institution as defined by the French Banking Law and a credit institution licensed to operate as a bank, 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 division (including Factoring, Consumer Loans, Leasing, Sureties & Financial Guarantees, and the "Retail Securities" business), the Digital & Payments (including the Payment subsidiaries bought in 2022 and the Oney group) and Insurance divisions, and Other networks;
- 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 responsible for taking all necessary measures to ensure the solvency of the Group and each of the networks and to organize financial solidarity within 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 all affiliates of the Group. By virtue of the unlimited nature of the principle of solidarity, BPCE is entitled at any time to ask any one or several or all of the affiliates to contribute to the financial efforts that may be necessary to restore the situation, and may, if necessary, mobilize all the cash and equity capital of the affiliates in the event of difficulty for one or more of them.

In the event of difficulties, BPCE will have to do everything necessary to restore the financial situation and may in particular make unlimited use of the resources of any, several or all affiliates, or implement the appropriate mechanisms of internal solidarity of the Group and by calling on the guarantee fund common to the two networks of which it determines the rules of operation, the triggering conditions, in addition to the funds of the two networks as well as the contributions of the affiliated institutions for its endowment and reconstitution.

BPCE manages the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund.

The Banque Populaire Network Fund was formed by a deposit made by the Banques Populaires of €450 million that was booked by BPCE in the form of a ten-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 ten-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 ten-year term accounts which are indefinitely renewable. The amount of the deposits by network was €157 million at December 31, 2022.

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

TRANSFER OF THE INSURANCE AND PAYMENTS BUSINESS LINES FROM THE NATIXIS IMMO EXPLOITATION ENTITY, AND OF CERTAIN EMPLOYEES IN THE FUNCTIONAL AND IT SECTORS FROM NATIXIS SA, TO BPCE SA

In the first half of 2022, Groupe BPCE continued to implement its project to develop its business lines and simplify its functional sectors:

- 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.

The following steps have been implemented:

- the contribution, on March 1, 2022, by Natixis to a company wholly owned by BPCE SA of all of the shares held by Natixis in Natixis Assurances;
- the contribution, on March 1, 2022, 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 line;
- the distribution, on March 23, 2022, 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 of the Insurance Holding Company and the Payments Holding Company received by the beneficiaries of bonus shares as a result of the exercise of the put options provided for in the liquidity contracts.

Upon completion of the transaction, BPCE directly holds all of the share capital and voting rights of the Insurance Holding Company, renamed Assurances du Groupe BPCE, and of the Payments Holding Company, renamed BPCE Payments.

In addition, Natixis sold to BPCE SA 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. All NIE shares were sold on March 1, 2022, followed by the transfer of Workplace's workforce.

Lastly, Natixis transferred certain employees from its functional and IT sectors to BPCE and its subsidiaries during the first half of the year.

These transactions were internal to Groupe BPCE and therefore had no impact on the consolidated financial statements at December 31, 2022.

FINALIZATION OF THE AGREEMENT BETWEEN NATIXIS INVESTMENT MANAGERS AND H2O ASSET MANAGEMENT ON THE UNWINDING OF THEIR PARTNERSHIP

On March 25, 2022, Natixis Investment Managers (Natixis IM) and H2O Asset Management (H2O) announced the entry into force of the agreement, signed on January 29, 2021, for the sale of Natixis IM's stake in the H2O group. The unwinding is carried out in two stages:

- the immediate disposal of 26.61% of the share capital;
- subsequently, within four years and at the latest within six years, subject to the required regulatory authorizations, the disposal of the remaining 23.4%.

Natixis IM is no longer represented on H2O's governance bodies and therefore has no decision-making power over the management of the company. Consequently, Natixis IM no longer exercises control within the meaning of IFRS 10, nor notable influence. As of December 31, 2022, H2O is therefore no longer consolidated.

Income of €15 million was recorded on the "Gains or losses on long-term investments" line, mainly related to the recycling of gains or losses recorded on the "Other comprehensive income" line.

As a reminder, at December 31, 2021, the expected impacts of the sale of H2O had been anticipated and a provision representative of the estimated capital loss on disposal had been recorded and presented on the "Gains or losses on long-term investments" line.

In view of the agreements, Natixis IM did not receive any cash settlement on the sale of the H2O shares. Consequently, a receivable, the amount of which represents the present value of all the sums that may be collected by the group at the expiry of the agreements, was recorded for €16 million.

The valuation of this receivable will have to be reviewed at each closing date until the completion of the operation in January 2031. Changes in fair value will be presented on the same line as the gain or loss from the disposal of H2O, *i.e.* in "Gains or losses on other assets" of Groupe BPCE's consolidated net income (proceeds of +€1 million recognized in this respect in 2022.

The valuation of said receivable takes into account all the sums due to Natixis IM within the framework of the disposal of H2O. In view of these calculation methods, the residual stake of 23.4% is therefore included for a zero value in the Group's consolidated financial statements.

CONFLICT IN UKRAINE

Since February 24, 2022, fiscal year 2022 has been marked by the conflict in Ukraine. In a concerted manner, the European Union, the United States and many other states have adopted a series of unprecedented sanctions, including the freezing of the Russian Central Bank's assets abroad, the exclusion of certain Russian banks from SWIFT, and the freezing of the assets of many individuals and companies, and several Western groups have announced their withdrawal from the Russian Federation. Economic measures and sanctions have been adopted in retaliation by the Russian Federation.

As a result, this conflict had repercussions on the Russian economy, Western economies and more generally on the world economy, with in particular significant impacts on the price of energy and raw materials but also a humanitarian impact due to the risks to food security for some countries.

Natixis Moscow has ceased all new financing activities but continues to provide a limited number of technical flow operations. The foreign currency loans (dollars and euros) granted to Russian customers and recorded as assets on the balance sheet of this subsidiary were transferred to other Groupe BPCE entities between February 28 and March 3, 2022. Following these transfers, Natixis Moscow no longer holds direct loans denominated in dollars or euros, with the exception of the reinvestment of cash with the Russian Central Bank, for €36 million, fully provisioned.

In addition, the equity of the other Ukrainian and Russian subsidiaries of Groupe BPCE (Oney brokerage activities) is not significant.

In addition to the above, the direct market risk on Russian or ruble assets is not material.

Groupe BPCE's control over its subsidiaries has not been called into question by the events and the relations with the teams continue normally as part of their day-to-day management activities. Groupe BPCE continues to fully consolidate Natixis Moscow, Oney Russia and Oney Ukraine into its consolidated financial statements at December 31, 2022.

The impacts of the Russian-Ukrainian crisis on the impairment of assets at amortized cost and the provisioning of loan and guarantee commitments are presented in Note 7.1.2.

SIMPLIFICATION OF THE CAPITAL TIES WITH LA BANQUE POSTALE

As announced at the end of 2021, the project to simplify the capital ties with La Banque Postale (LBP) was finalized on May 13, 2022. On this date, Natixis Investment Managers (Natixis IM) acquired LBP's non-controlling stakes in Ostrum Asset Management (45%) and AEW Europe (40%), for €120 million each.

Following this transaction, Natixis IM holds 100% of the share capital of the management companies Ostrum AM and AEW Europe.

The distribution and management agreements currently in force with CNP Assurance and LBP have been extended until 2030.

END OF THE PROCESS TO SELL FIDOR TO RIPPLEWOOD

On July 1, 2022, as the conditions for the completion of the transaction had not been met on June 30, 2022, the disposal process concerning Fidor was interrupted. As of December 31, 2022, the assets and liabilities of this entity are no longer presented in accordance with IFRS 5 relating to operations held for sale.

CONTRIBUTION OF BIMPLI'S ACTIVITIES TO SWILE

On December 14, 2022, Swile, a leader in the worktech sector, and Groupe BPCE announced that they had finalized an alliance under which Groupe BPCE exchanged its entire investment in Bimpli for 25.6% [1] the share capital of Swile and convertible bonds issued by Swile. BPCE has become Swile's largest shareholder and consolidates it using the equity method (including goodwill of €195 million).

In the consolidated financial statements of Groupe BPCE, this transaction resulted in the recognition of a capital gain of +€281 million (€266 million after taking into account the tax effect).

1.4 EVENTS AFTER THE REPORTING PERIOD

No events after the reporting period have been identified.

5

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, 2021 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from January 1, 2022. The texts newly applicable in 2022 are amendments of specific or minor scope. They had no impact on the Group's consolidated financial statements.

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 allowed 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 policies), provided they:

- do not transfer financial instruments between the insurance sector and other sectors of the conglomerate (with the exception of financial instruments 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.

(1) 22% on a fully diluted basis.

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, BPCE Assurances, NA, BPCE Vie and its consolidated funds, BPCE Life, BPCE Assurances IARD, 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.

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 will come into force on 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 improving the application of IFRS 17 was published on June 25, 2020. 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. On December 9, 2021, the IASB published an amendment to IFRS 17 allowing, as an option, 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. This amendment was adopted by Commission Regulation (EU) 2022/1491 of September 8, 2022.

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 amends the principles of recognition, measurement, presentation and disclosures relating to contracts within its scope.

SCOPE

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

IFRS 17 will apply to:

- issued insurance contracts (including issued reinsurance treaties);
- held reinsurance treaties;
- investment contracts issued with discretionary participation features, provided that the entity also issues insurance contracts.

Groupe BPCE has these three types of contracts.

However, the financial guarantees given by entities in the banking sector within Groupe BPCE, although meeting the accounting definition of an insurance contract, are still treated under IFRS 9 on financial instruments in accordance with previous practices.

MEASUREMENT MODELS

In accordance with IFRS 17, insurance liabilities must be recognized at present value. Until now, they were valued at cost under IFRS 4, which authorized the commitments valued under the French consolidation rules to be maintained, with the exception of specific provisions introduced by IFRS 4, in particular those relating to shadow accounting and the liability adequacy test.

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

- a first block equal to the present value of the estimate of future cash flows – Best Estimate (BE);
- an adjustment for non-financial risk, to take into account the uncertainty of these estimates of future cash flows;
- a Contractual Service Margin (CSM).

In Groupe BPCE, the general model will be used in direct business, in particular for payment protection insurance, multi-year personal protection contracts (excluding funeral) and for the guarantee activity. It is also used as part of the main reinsurance treaties accepted for investment and pension activities.

The Best Estimate corresponds to the present value, measured at each reporting date, of the estimates of future cash flows (receivable and payable) attributable to contracts within a time horizon defined in accordance with IFRS 17 requirements, weighted by their probability of occurrence. These flows are discounted using the discount rate described below. The carrying amount of the Best Estimate is broken down into a liability (or asset) for remaining coverage and a liability for incurred claims.

The adjustment for non-financial risk corresponds to the consideration of the uncertainty of the estimates of future cash flows included in the Best Estimate measurement. It is also measured at the end of each reporting period. The level of the adjustment for non-financial risk is not standardized. Groupe BPCE has defined its non-financial risk adjustment methodologies according to the types of insurance liabilities that pose different risks. The non-financial risk adjustment of the liabilities for remaining coverage is mainly based on a VaR (Value at Risk)-type confidence level methodology, capitalizing on the prudential requirements, with a multi-year vision of risk. Intra-entity diversification is also taken into account (however, the benefits of diversification between Group entities are not taken into account). The adjustment for non-financial risk in respect of liabilities for incurred claims is mainly based on Groupe BPCE's level of risk appetite and corresponds to a level of uncertainty determined using actuarial calculation methods.

The CSM represents, when the contracts were issued, the expected profit on contracts, not yet earned by the company, for each group of insurance contracts. This is measured when the contracts are taken out and then adjusted over time, in particular to take into account any changes in non-financial assumptions. It is recognized on the balance sheet and then recognized in income over time, over the duration of the remaining coverage of the contracts. In the event that a loss is expected, it is not the subject of a negative CSM but is immediately recognized in income. The share of CSM representative of the service rendered over the period is allocated to profit or loss through coverage units, which represent the duration of coverage of the contracts, the quantity of services provided and the service rendered by the Groupe BPCE entities to the policyholders. As part of the application of the general model to payment protection insurance and guarantee activities, the coverage units are defined on the basis of the outstanding principal.

The discount rates applied to the estimate of future cash flows must reflect the time value of money, the cash flow characteristics, and the liquidity characteristics of the insurance contracts, and be consistent with observable current market prices. Under the general model, the Best Estimate and the adjustment for non-financial risk are measured on the basis of current rates (at the reporting date) while the CSM remains measured on the basis of the discount rates determined at the date of initial recognition of the group of contracts. Groupe BPCE adopts a bottom-up approach to determine these discount rates, by using a risk-free rate curve to which is added an illiquidity premium, depending on the characteristics and liquidity of the insurance policies concerned. The risk-free rate curve used is adapted from the applicable rate curve in the context of prudential requirements (adjustments mainly concern liquidity parameters and extrapolation beyond the last liquid point). For multi-year protection contracts and payment protection insurance, the discount rates are based on the risk-free rate curve.

A Variable Fee Approach (VFA) model is mandatory for insurance contracts, with direct participation features, which meet the following three criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying assets;
- the insurer expects to pay the insured an amount equal to a substantial share of the fair value returns on the identified pool of underlying assets;
- a substantial proportion of the benefits that the entity expects to pay to the policyholder must vary with the fair value of the identified pool of underlying assets.

In Groupe BPCE, this model will be used in direct business to measure investment and pension contracts as well as funeral contracts.

In the case of contracts with direct participation features, the service provided to the policyholder can be considered to be the management on his own account of the underlying items (since he receives a substantial part of them). The cash flows of these contracts vary depending on the performance of the underlying items. An increase in the value of the underlying items entails an increase in the value of the contracts. Conversely, a decrease in the value of the underlying items entails a decrease in the value of the contracts.

The VFA approach thus replaces the "shadow accounting" introduced by IFRS 4. As a reminder, in accordance with the shadow accounting principles, 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 main differences between the two methods arise under IFRS 17 from the inclusion in the measurement of insurance contracts of capital gains or losses of all underlying items, including those that are not measured at fair value in IFRS. In addition, the insurer's share of unrealized capital gains no longer appears in other comprehensive income but is part of the CSM for the part not yet recognized in income.

In Groupe BPCE, the majority of the financial assets underlying VFA contracts will be measured at fair value through profit or loss or through other comprehensive income under IFRS 9. Most investment properties are also measured at fair value through profit or loss as permitted by IAS 40. In order to avoid accounting mismatches between the recognition in profit or loss of the effects of IFRS 17, IFRS 9 and IAS 40, the standard provides the possibility of applying the disaggregation option. This option allows for the recognition, for insurance contracts with direct participation features, in the insurance financial expenses item of an amount equal but opposite to the amount of the financial income corresponding to the underlying items. The remaining financial expense is recognized directly in other comprehensive income. Groupe BPCE has decided to apply this option.

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

Finally, the general approach is supplemented by a simpler optional model based on the allocation of premiums ("Premium Allocation Approach"- PAA). It applies to:

- all contracts except contracts with direct participation features, insofar as this method leads to a result close to the general approach;
- short-term contracts (*i.e.* over a period of less than 12 months).

In Groupe BPCE, this model will be used in direct business for annual personal protection contracts and for all non-life insurance contracts (fire, accidents and miscellaneous risks).

The initial liability recognized for the future coverage is equal to the premiums received (thus, no CSM is recognized). The premiums are then spread out and recognized in the income statement as time passes. Acquisition costs incurred may be recognized immediately as expenses when they occur or over the coverage period. Under the PAA model, the liability for incurred claims not yet disbursed and for onerous groups of contracts nevertheless remains measured according to the provisions of the general model. Liabilities in the PAA model are only discounted if the effect of the passage of time is significant, particularly with regard to liabilities for incurred claims (Best Estimate and adjustment for non-financial risk). In the PAA model, the main expected differences compared to IFRS 4 therefore concern liabilities for incurred claims, mainly because the effect of the passage of time is taken into account.

LEVEL OF AGGREGATION OF CONTRACTS

The standard defines the level of aggregation of contracts to be used to assess insurance contract liabilities and their profitability. The first step is to identify the insurance contract portfolios, *i.e.* contracts subject to similar risks and managed together.

Subsequently, each portfolio is divided into three groups:

- contracts that are onerous at initial recognition;
- contracts which, at initial recognition, have no significant possibility of becoming onerous;
- the remaining contracts in the portfolio.

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

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

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

Groupe BPCE will apply the option to exempt the application of annual cohorts to investment/pension contracts and funeral contracts.

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

SPECIFIC PROVISIONS FOR HELDED REINSURANCE TREATIES

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

Groupe BPCE's reinsurance treaties were measured using the general model or the PAA model, depending on their time horizon determined in accordance with IFRS 17.

APPROACH AT THE TRANSITION DATE

IFRS 17 will be applied retrospectively. Current insurance contracts will be remeasured on the transition date according to the three methods below:

- *Full Retrospective Approach (FRA)*

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

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

- *Modified Retrospective Approach (MRA)*

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

- *Fair Value Approach (FVA)*

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

In the Fair Value Approach, the Contractual Service Margin is measured at the transition date as the difference between the fair value of the group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Groupe BPCE has mainly applied the modified retrospective and fair value approaches to measure insurance liabilities at the transition date, given operational constraints (*e.g.* data availability).

The simplifications used to apply the modified retrospective method mainly concern the level of aggregation of contracts, past cash flows and discount rates.

IMPACTS ON THE PRESENTATION OF THE FINANCIAL STATEMENTS

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

- Presentation of the income statement

IFRS 17 introduces the presentation of new aggregates in the income statement, in particular the distinction between an insurance service result (and issued reinsurance) and insurance finance income or expenses (and issued reinsurance).

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

The investment component will be excluded from the income statement. This mainly concerns contracts measured using the VFA in Groupe BPCE.

Expenses directly attributable to insurance contracts will be presented within the NBI and no longer in operating expenses or in depreciation, amortization and impairment.

New aggregates relating to financial income or expenses from insurance contracts (including issued reinsurance contracts) will also be presented. These include financial income or financial expenses relating to the effect of the passage of time as well as changes in discount rates.

A separate presentation of these aggregates for held reinsurance treaties must also be complied with.

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

- Presentation of the balance sheet

On the balance sheet, commitments relating to IFRS 17 contracts will be presented according to the asset or liability position of the carrying amount of IFRS 17 portfolios and the type of contract (separate presentation of the carrying amount of IFRS 17 portfolios of direct insurance contracts, issued reinsurance from that of held reinsurance).

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

Lastly, ANC recommendation No. 2022-01 of April 8, 2022 allows optionally the financial investments of insurance activities to be presented as a separate asset item on the balance sheet with, as a corollary, net investment income related to the insurance activities to be presented on a separate line of the income statement. Groupe BPCE will use this presentation, which is in line with the presentation it currently applies.

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

- Presentation of the notes

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

FIRST-TIME APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES

Groupe BPCE's insurance subsidiaries will apply IFRS 9 relating to financial instruments and replacing IAS 39 from January 1, 2023 with a restatement of comparative financial statements.

The accounting principles applicable to instruments are identical to those already applied by Groupe BPCE (excluding insurance subsidiaries) since 2018 and are presented in Note 2.5.1.

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

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

The main reclassifications within financial investments will be as follows:

- under IAS 39, certain debt securities (bonds) are measured at amortized cost because they are held to maturity. When the management model associated with these securities is reviewed for the first-time application of IFRS 9, they will be reclassified at fair value through equity insofar as they are linked to a mixed management model of collection of cash inflows and sales;
- units of UCITS or private equity investment funds qualified as equity instruments and classified as "Available-for-sale financial assets" under IAS 39, will be measured under IFRS 9 at fair value through profit or loss due to their nature as a debt instrument and the characteristics of their contractual cash flows that do not only represent repayments of principal and interest on the principal;
- shares classified as available-for-sale financial assets under IAS 39 will be classified by default at fair value through profit or loss under IFRS 9. When Groupe BPCE's insurance subsidiaries have individually made an irrevocable choice, the securities will be classified at fair value through non-recyclable OCI (other comprehensive income).

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

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

QUANTITATIVE IMPACTS (IFRS 17, IFRS 9)

At January 1, 2022, the impact of the first-time application of IFRS 17 and IFRS 9 on consolidated equity attributable to owners of the parent amounts to approximately -€600 million for subsidiaries with insurance contracts. CSM at January 1, 2022 is around €7 billion.

Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from the Same Transaction

The amendments to IAS 12 "Income Taxes" adopted by the European Union on August 11, 2022 will be applicable from January 1, 2023. The amendments clarify and reduce the scope of the exemption offered by IAS 12. This includes leases and decommissioning costs for which both an asset and a liability must be recognized and which must now give rise to the recognition of deferred taxes. Since the date of first application of IFRS 16, the Group has not presented any deferred tax at the date of initial recognition of the leases, insofar as the value of the asset is equal to that 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. These amendments therefore have no impact on Groupe BPCE's consolidated financial statements.

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 reporting date.

Actual future results may differ from these estimates.

With respect to the financial statements for the period ended December 31, 2022 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 3.5);
- 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 Notes 2.5, 5.5, 5.10, 5.11.2.

CLIMATE RISKS

The environmental and climate emergency represents one of the greatest challenges facing the planet's economies and all economic players today. Finance can and must be at the forefront of the ecological transition by directing financial flows towards a sustainable economy. Convinced of the importance of the risks and opportunities arising from climate change, BPCE has placed the energy transition and the climate among the three major areas of its strategic plan.

Groupe BPCE is directly or indirectly exposed to several climate-related risk factors. To qualify them, BPCE has adopted the risk terminology proposed by the TCFD (Task Force on Climate-Related Financial Disclosures[1]): "transition risk" and "physical risk".

As part of the risk appetite and the risk identification process, the assessment of the materiality of these risks is reviewed annually and may, if necessary, be refined using new measurement methodologies.

The physical risk is taken into account in the internal assessment of the Group's capital requirements (ICAAP process) and the transition risk is implicitly taken into account. Indeed, the internal rating models of counterparties already take into account possible changes in the economic environment within a reasonable timeframe (one to three years) and therefore cover the possible impacts of the climate transition even if they cannot currently be separated. Discussions are underway to better take into account the potential long-term impact of the transition risk by deploying stress tests.

The Group has also gradually rolled out several tools to assess and manage its exposure. Corporate & Investment Banking assesses the effects of its transactions on the climate by assigning a climate rating ("Green Weighting Factor color rating") to either the asset or project financed, or to the borrower in the case of traditional financing. For the Corporate customers of regional institutions, a questionnaire was set up to better understand the maturity of its customers in terms of Environmental, Social and Governance (ESG) issues, and in particular climate, and to detect the needs of the Group to support its customers in the transition, to report the data necessary to calculate the alignment of outstandings and to integrate these criteria as an aid in the assessment of credit files.

The process of identifying, quantifying and managing climate-related risks is being strengthened as the data becomes available or is collected, in particular by supplementing the risk quantification and physical risk monitoring system.

Groupe BPCE took part in the ACPR climate pilot exercise on transition risk, which made it possible, with regard to credit risk, to reflect on the methodological framework and to identify work prior to these exercises to overcome several difficulties, in particular related to the differences between the sector classification used by the ACPR and the internal classification, and the necessary adaptation of certain aspects of the internal portfolio projection methodologies for such long horizons (projections requested out to 2050). In 2022, Groupe BPCE also took part in the ECB's first climate stress test. The stress test targets specific categories of assets exposed to climate risks and not the full balance sheet of banks. The exercise was based on three modules:

- The first is a qualitative questionnaire of 78 questions, divided into 11 themes on methodological topics, data collection, governance and commercial strategy.
- The second module aims to collect a certain number of metrics for 22 sectors deemed sensitive to climate risk, such as carbon intensity or the number of gigatons of CO_2 equivalent financed.

(1) The TCFD climate report, published by BPCE in October 2021, in accordance with TCFD recommendations, is available on the BPCE website (https://newsroom.groupebpce.fr/assets/tcfd-le-rapport-climat-du-groupe-bpce-october-2021-pdf-5bcf-7b707.html?dl=1). The update of this report is scheduled for Q1 2023.

- The third module consists of estimating the impacts to net income, using our own internal models to project the risk parameters over different time horizons (1, 3 and 30 years) and according to several scenarios by separating physical risk and transition risk.

Groupe BPCE's participation in the 2022 climate stress test exercise demonstrated its ability to quantify climate risk under different scenarios. Like most banking institutions, Groupe BPCE had to incorporate a new sectoral dimension into its internal models over unprecedented time horizons of up to 30 years.

At the end of these exercises, the impact in terms of credit risk is negligible over the time scales considered; however, work will have to be continued, particularly on the long-term methodological dimensions, and enhanced. Lastly, this exercise enabled Groupe BPCE to quantify the main risks to which the Group is exposed and to prioritize actions to identify, mitigate and monitor these risks.

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, 2021. The Group's consolidated financial statements at December 31, 2022 were approved by the Management Board on February 6, 2023. They will be presented to the General Meeting on May 25, 2023.

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.

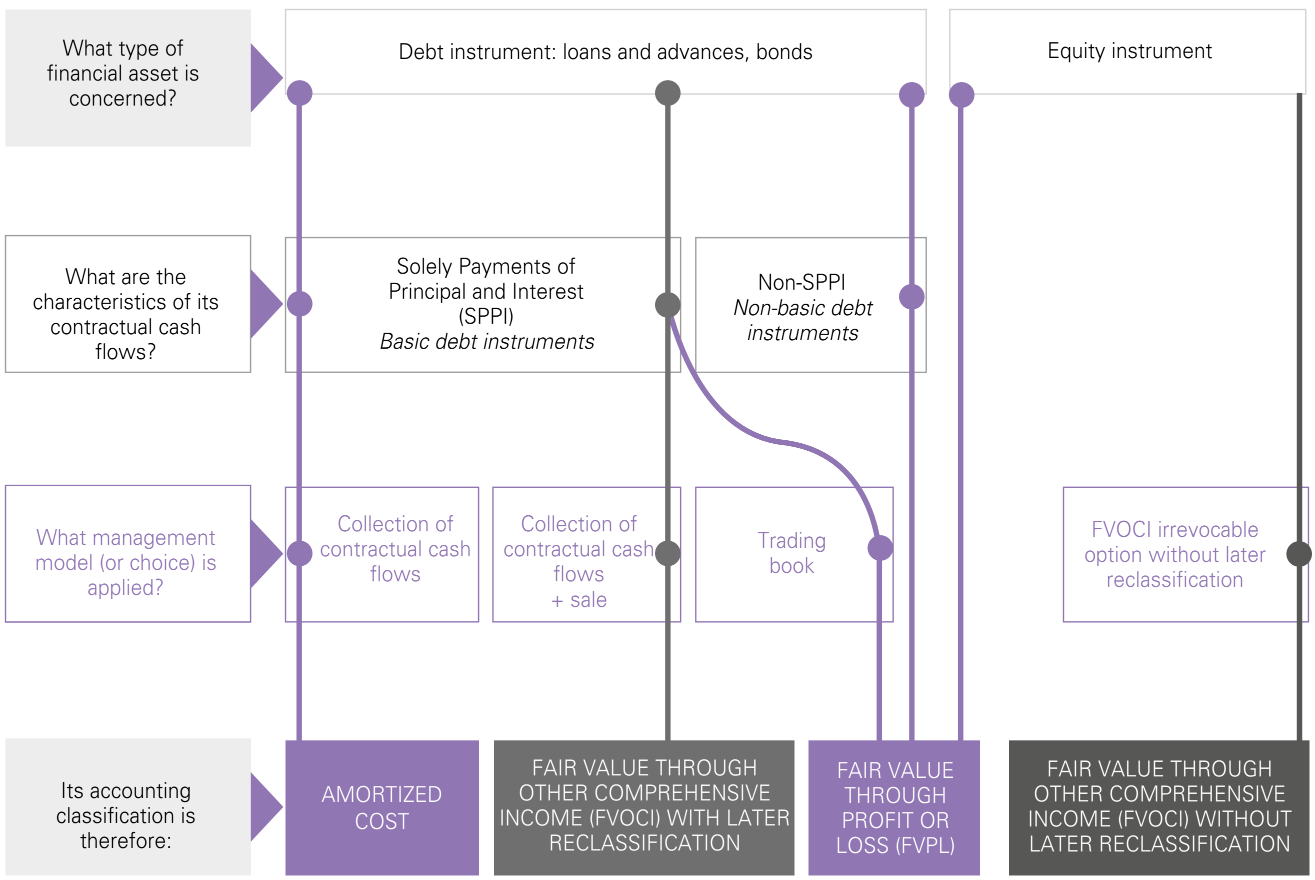
2.5 GENERAL ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

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 MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

IFRS 9 is applicable to Groupe BPCE, with the exception of the insurance subsidiaries, which apply IAS 39 until December 31, 2022 (see §2.2 on the application of IFRS 17).

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 resetting 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 FOREIGN CURRENCY TRANSACTIONS

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 closing rates prevailing at the closing 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".

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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 held by the central institution, including Natixis, Crédit Foncier, Banque Palatine, the entities of the Financial Solutions & Expertise division, the entities of the Insurance division and the entities of the Digital and Payments division (including the payment subsidiaries 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 reporting 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 closing 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 (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 date of control;
- 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 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 recognized 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 REPORTING 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 2022

The main changes in the scope of consolidation in the 2022 fiscal year are presented below:

CHANGES IN THE OWNERSHIP INTEREST IN SUBSIDIARIES (WITH NO IMPACT ON CONTROL)

Acquisition of the non-controlling stakes of 45% in Ostrum AM and 40% in AEW Europe SA held by La Banque Postale. Following this transaction, NIM holds 100% of the share capital of Ostrum AM and AEW Europe SA (see Note 1.3).

OTHER CHANGES IN SCOPE

Newly consolidated entities

DURING THE FIRST QUARTER OF 2022:

- creation of a branch in France of the Luxembourg entity MV Credit, in order to eventually host the management activities of the CLOs of the NIM group;
- consolidation of the Loomis Sayles Euro Investment Grade Credit fund, following the extension of its seed money investment period and the exceeding of the consolidation thresholds.

DURING THE SECOND QUARTER OF 2022:

- consolidation of the real estate company FONCEA within the scope of Caisse d'Epargne Grand Est Europe;
- consolidation of the ENR-CE debt fund held by the Caisses d'Epargne;
- creation by Seeyond of a branch in Italy;
- acquisition in June 2022 of the entire share capital of SunFunder, a private debt management company dedicated to the financing of projects related to solar renewable energies in Africa and Asia;
- creation and consolidation of AEW APREF Investors LP as part of the establishment of the AEW Asia Pacific Real Estate Fund (APREF) by AEW Capital Management.

DURING THE THIRD QUARTER OF 2022:

- consolidation of Cozynergy Holding and its subsidiary Cozynergy due to exceeding consolidation thresholds;
- creation and consolidation of BPCE Solutions Informatiques to bring together the software publishing activities of the Banques Populaires, the Caisses d'Epargne, the entities of the Financial Expertise Solutions division and the entities of BPCE Assurances;
- creation and consolidation of the entity Loomis Sayles Capital Re as part of the development of Loomis Sayles's business in continental Europe;
- creation and consolidation of the entity "AEW VIA V GP Partners Sarl" domiciled in Luxembourg, by AEW Capital Management, as part of the set up of the AEW Value Investors Asia V (VIA V) fund.

DURING THE FOURTH QUARTER OF 2022:

- consolidation of BPCE Services due to exceeding consolidation thresholds;
- consolidation of SWILE using the equity method;
- creation and consolidation of the entity AEW Partners X GP as part of the set up of the AEW Partners X fund;
- creation and consolidation of the entity Natixis IM Korea Limited (NIMKL) as part of the development of the Natixis IM group's activities in South Korea. The operations of Natixis Investment Managers Korea Limited (NIMKL, RU248) were gradually transferred to this new company in order to facilitate obtaining regulatory approvals;
- creation and consolidation of the entity AEW Australia Pty Ltd so that AEW Capital Management develops its activities in the Asia-Pacific region.

Deconsolidated entities

DURING THE FIRST QUARTER OF 2022:

- liquidation of the mature AEW VIA INVESTORS;
- liquidation of the French branch of Mirova Natural Capital LTD;
- deconsolidation of the H2O entity (see Note 1.3). Following this transaction, Natixis Investment Managers retains a residual stake of 23.4% in H2O's share capital without any voting rights or the possibility of being represented on H2O's management bodies;
- deconsolidation of THEMATHICS AI AND ROBOTICS (asset management) in the Insurance division, which had crossed below the consolidation thresholds.

DURING THE SECOND QUARTER OF 2022:

- liquidation of the mature Natinium Financial Products securitization vehicle;
- merger-absorption of Click & Trust by BRED Gestion within the scope of BRED,
- merger-absorption of Alliance Entreprendre by Naxicap within the GFS division.

DURING THE THIRD QUARTER OF 2022:

- disposal of Mirova Natural Capital Brazil Consultoria e Assessoria LTDA;
- liquidation of BRD CHONQING, a subsidiary of BRED.

DURING THE FOURTH QUARTER OF 2022:

- disposal and deconsolidation of DAHLIA A SICAR SCA;
- liquidation of Caisse Solidaire, a subsidiary of Crédit Coopératif;
- liquidation of Azure Capital Securities Pty Ltd;
- liquidation and deconsolidation of Loomis Sayles Operating Services;
- deconsolidation of the Thematics Subscription Economy Fund because the holding rate in the fund fell below the 20% threshold;
- exchange of the entire stake in Bimpli for 25.6% of Swile's share capital (see Note 1.3).

3.5 GOODWILL

3.5.1 VALUE OF GOODWILL

in millions of euros	2022 fiscal year	2021 fiscal year
Opening net value	**4,443**	**4,307**
Acquisitions[(1)]	42	30
Disposals[(2)]	(66)	
Impairment[(3)]	(241)	0
Foreign exchange rate adjustments	95	113
Other changes[(4)]	(66)	(7)
CLOSING NET VALUE	**4,207**	**4,443**

(1) Recognition of goodwill of €27 million following the acquisition of SunFunder and €15 million following the consolidation of Cozynergy and its subsidiary (90% owned).
(2) Derecognition of a share of the goodwill of the Digital & Payments CGU of -€66 million as part of the exchange of the entire stake in Bimpli for 25.6% of the share capital Swile (see Note 1.3).
(3) Impairment of the goodwill of the Digital & Payments CGU.
(4) Of which reclassification of the goodwill of AlphaSimplex Group (ASG) to the assets held for sale line for €48 million due to the disposal in progress.

At December 31, 2022, gross goodwill stood at €4,917 million and total impairment came to -€710 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 €373 million at December 31, 2022, compared with €349 million at December 31, 2021.

Breakdown of goodwill

	Net carrying amount	
in millions of euros	12/31/2022	12/31/2021
Regional Banks[(1)]	633	633
Banque BCP France	42	42
Others[(2)]	22	8
Retail banking	**697**	**683**
Financial Solutions & Expertise	**18**	**18**
Insurance	**39**	**39**
Digital & Payments[(3)(4)]		**307**
Retail Banking and Insurance	**754**	**1,047**
Asset & Wealth Management[(5)]	**3,307**	**3,253**
Corporate & Investment Banking	**147**	**143**
TOTAL GOODWILL	**4,207**	**4,443**

(1) Regional Banks: Banque de Savoie, goodwill carried by Banque Populaire du Sud (transfer of Banque Dupuy's, 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 +€15 million recognized on the consolidation of Cozynergy and its subsidiary.
(3) The contribution of the investment in Bimpli resulted in the deconsolidation of a share of the goodwill of the Digital & Payments CGU of -€66 million (see Note 1.3).
(4) Impairment of the goodwill of the Digital & Payments CGU following the significant changes observed in this business line in recent years.
(5) Including +€27 million corresponding to the recognition of goodwill of Sunfunder, -€48 million for the reclassification of ASG as assets held for sale.

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, 2022, 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 CIB, the valuation exercise was carried out on the M&A scope, i.e. the only scope bearing goodwill, while enriching the valuation methods used (multi-criteria approach including a DCF approach as well as valuation methods using stock market multiples and comparable transactions) in continuity with the previous exercise.

These tests did not lead to the recognition of any impairment at December 31, 2022.

For the Digital & Payment solutions scope, created in 2022 by the combination of the former Payments and Oney Bank divisions, an impairment of all goodwill, i.e. €241 million, was recognized at December 31, 2022 in a context where the rapid and sudden change in the economic environment impacts all players in this scope.

The following assumptions were used:

	Discount rate	Long-term growth rate
Retail banking and Insurance		
Regional Banks	8.5% - 9.0%	2.0%
Insurance	9.0%	2.0%
Financial Solutions & Expertise	9.0% - 9.5%	2.0%
Asset & Wealth Management	**9.4%**	**2.0%**
Digital and Payments	**8.0% - 10.0%**	**2.0%**
Corporate & Investment Banking	**9.6%**	**2.0%**

Future cash flows are based on forecast data from the latest multi-year profit trajectory forecasts for the business lines.

The discount rates were determined by taking into account:

- for the Regional Banks, Insurance, SEF, and Digital & Payment solutions CGUs, based on a risk-free rate (10-year OAT) based on a 12-month average of the daily rates of the French State bond, to which is added a risk premium calculated on the basis of a sample of companies representative of each CGU;
- for the Asset & Wealth Management and Corporate & Investment Banking CGUs, the average of the 10-year OAT and the US 10-year, averaged over 5 years. This is then increased by a risk premium based on a sample of representative companies in the CGU, averaged over 5 years.

Sensitivity of recoverable values

A 50 bp increase in discount rates (assumption based on the historical annual variability observed over one year using 2012-2021 historical data) combined with a 50 bp reduction in perpetual growth rates would reduce the value in use of CGUs by:

- -7.7% for the Regional Banks CGU;
- -4% for the Insurance CGU;
- -7% for the Financial Solutions & Expertise CGU;
- -10% for the Asset & Wealth Management CGU;
- -10% for the Corporate & Investment Banking CGU (M&A activity);

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 the Regional Banks, the sensitivity of future business plan flows to a 5% decline in normative net income combined with a 25 basis point increase in the target prudential ratio would have a negative impact on the value of the CGU of -4.3% and no impact in terms 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 -4.6% and would have no impact in terms of impairment;
- for Asset & Wealth Management, a 10% decline in the equity markets (a uniform decline across all years) would have a -9% 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 an insignificant impact on the recoverable amount and would not result in the recognition of impairment.

Note 4 Notes to the income statement

Key points

Net banking income (NBI) includes:

- interest income and expenses;
- fees and commissions;
- net gains or losses on financial instruments at fair value through profit or loss;
- net gains or losses on financial instruments at fair value through other comprehensive income;
- net gains or losses arising from the derecognition of financial assets at amortized cost;
- net income from insurance activities;
- income and expenses from other activities.

4.1 INTEREST AND SIMILAR INCOME AND EXPENSES

Accounting 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, debt securities, 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 premiums 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.

	2022 fiscal year			2021 fiscal year		
in millions of euros	Interest income	Interest expenses	Net	Interest income	Interest expenses	Net
Loans to/borrowings from banks[1]	3,775	(1,758)	2,017	1,983	(1,003)	981
Loans to/borrowings from customers	15,863	(5,625)	10,238	14,265	(3,549)	10,716
Bonds and other debt securities held/issued	986	(3,375)	(2,389)	1,059	(2,701)	(1,642)
Subordinated debt		(778)	(778)		(616)	(616)
Lease liabilities		(25)	(25)		(17)	(17)
Financial assets and liabilities at amortized cost (excluding finance leases)	**20,624**	**(11,561)**	**9,063**	**17,306**	**(7,885)**	**9,421**
Finance leases	**472**	**///**	**472**	**436**	**///**	**436**
Debt securities	1,265		1,265	820		820
Financial assets at fair value through other comprehensive income	**1,265**		**1,265**	**820**		**820**
TOTAL FINANCIAL ASSETS AND LIABILITIES AT AMORTIZED COST AND AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME[2]	**22,361**	**(11,561)**	**10,800**	**18,562**	**(7,885)**	**10,677**
Non-standard financial assets not held for trading	**103**		**103**	**100**		**100**
Hedging derivatives	**3,274**	**(4,513)**	**(1,239)**	**3,445**	**(4,187)**	**(743)**
Economic hedging derivatives	**491**	**(380)**	**111**	**90**	**(184)**	**(94)**
Other interest income and expenses	**24**	**(102)**	**(78)**	**23**	**(85)**	**(62)**
TOTAL INTEREST INCOME AND EXPENSES	**26,254**	**(16,556)**	**9,697**	**22,220**	**(12,341)**	**9,879**

(1) Interest income on loans and advances with banks includes €1,447 million (€635 million in 2021) in respect of the remuneration of Livret A, LDD and LEP savings accounts centralized at the Caisse des Dépôts and Consignations.

(2) Interest income from financial assets with a known credit risk (S3) amounted to €555 million in 2022 (€376 million in 2021), including €554 million of financial assets at amortized cost (€377 million in 2021).

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:

- 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 fees and 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 "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.

	2022 fiscal year			2021 fiscal year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	81	(77)	4	65	(46)	19
Customer transactions	3,099	(37)	3,062	2,980	(43)	2,938
Financial services	513	(514)	(1)	582	(558)	23
Sales of life insurance products	1,281	///	1,281	1,249	///	1,249
Payment services	2,054	(654)	1,400	1,827	(559)	1,268
Securities transactions	237	(149)	88	258	(160)	98
Trust management services[1]	3,788	(9)	3,779	4,182	(11)	4,171
Financial instruments and off-balance sheet transactions	534	(155)	379	515	(134)	381
Other fee and commission income/(expense)	342	(289)	53	331	(155)	176
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**11,929**	**(1,884)**	**10,046**	**11,990**	**(1,666)**	**10,323**

(1) Of which performance fees of €193 million (€97 million for Europe) in 2022, compared with €587 million (€532 million for Europe) in 2021.

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	2022 fiscal year	2021 fiscal year
Gains and losses on financial instruments mandatorily recognized at fair value through profit or loss(1)	**(1,884)**	**3,377**
Gains and losses on financial instruments designated at fair value through profit or loss	**4,190**	**(1,195)**
Gains and losses on financial assets designated at fair value through profit or loss	2	23
Gains and losses on financial liabilities designated at fair value through profit or loss	4,188	(1,218)
Gains and losses on hedging transactions	**270**	**42**
• Ineffective portion of cash flow hedges (CFH)	(9)	(27)
• Ineffective portion of fair value hedges (FVH)	279	69
Changes in fair value hedges	*1,551*	*(67)*
Changes in fair value of hedged items	*(1,272)*	*136*
Gains and losses on foreign exchange transactions	**316**	**161**
TOTAL GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,892**	**2,385**

(1) In 2022, "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: an increase in the write-down inventory was recorded in fiscal year 2022 for an insignificant amount, compared with a decrease of €13 million (income) in fiscal year 2021 (excluding the impact of exchange rates), bringing the total write-down inventory to €17 million at December 31, 2022, compared with €17 million at December 31, 2021;
- the change in the fair value of derivatives is not significantly affected by the change in counterparty risk adjustments (Credit Valuation Adjustment – CVA), +€29 million by the change in non-performance risk in the valuation of derivative liabilities (Debit Valuation Adjustment – DVA), and +€18 million by an adjustment for financing costs (Funding Valuation Adjustment – FVA).

DAY ONE PROFIT

in millions of euros	2022 fiscal year	2021 fiscal year
Day one profit at the start of the year	244	163
Deferred profit on new transactions	209	197
Profit recognized in net income during the year	(181)	(117)
DAY ONE PROFIT AT YEAR-END	**273**	**244**

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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 other comprehensive income.

in millions of euros	2022 fiscal year	2021 fiscal year
Net gains or losses on debt instruments	(9)	66
Net gains or losses on equity instruments (dividends)	150	162
TOTAL NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**141**	**228**

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.

	2022 fiscal year			2021 fiscal year		
in millions of euros	Gains	Losses	Net	Gains	Losses	Net
Loans or advances to banks	4	(9)	(5)	16	(11)	5
Loans or advances to customers	18	(3)	15	23	(10)	13
Debt securities		(10)	(10)		(0)	(0)
Gains and losses on financial assets at amortized cost	**22**	**(21)**	**1**	**39**	**(21)**	**18**
Amounts due to banks and similar	4	(2)	2	2	(15)	(13)
Debt securities	3	(8)	(5)	4	(13)	(9)
Subordinated debt	1		1			
Gains and losses on financial liabilities at amortized cost	**8**	**(10)**	**(2)**	**6**	**(28)**	**(22)**
TOTAL GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT AMORTIZED COST	**30**	**(31)**	**(1)**	**45**	**(49)**	**(4)**

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).

	2022 fiscal year			2021 fiscal year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expenses from real estate activities	2	(0)	2	4	(5)	(1)
Income and expenses from leasing transactions	1,007	(855)	152	578	(489)	89
Income and expenses from investment property	101	(63)	38	118	(60)	58
Share of joint ventures	*11*	*(11)*	*0*	*8*	*(7)*	*1*
Transfers of expenses and income	*6*	*(10)*	*(4)*	*8*	*(8)*	*0*
Other operating income and expenses[(1)]	*105*	*(151)*	*(46)*	*569*	*(496)*	*73*
Net additions to/reversals from provisions to other operating income and expenses[(1)]		*(139)*	*(139)*		*(176)*	*(176)*
Other income and expenses	122	(311)	(189)	585	(687)	(102)
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**1,232**	**(1,229)**	**3**	**1,285**	**(1,241)**	**44**

(1) In 2021, income of €87 million was recognized in "Income from other activities" in respect of the Image and Check Exchange ("EIC") fine following the favorable decision of the French Court of Appeal. In view of the uncertainty and history of the case (see Legal Risks in the Risk Management section), a provision of an equivalent amount had 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	2022 fiscal year	2021 fiscal year
Payroll costs	**(11,067)**	**(11,232)**
Taxes other than on income[1]	(1,099)	(858)
External services and other operating expenses	(4,612)	(4,477)
Other administrative costs	**(5,711)**	**(5,335)**
TOTAL OPERATING EXPENSES[2]	**(16,778)**	**(16,567)**

(1) Taxes other than on income included, in particular, the contribution to the SRF (Single Resolution Fund) for €610 million in 2022 (compared to €421 million in 2021) and the TSC (Tax for the Support of Local Authorities) for €22 million in 2022 (compared to €21 million in 2021).
(2) Operating expenses include €311 million in transformation and restructuring costs in 2022 compared to €423 million in 2021.

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 €1,545 million. Cumulative contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) represent €340 million. Contributions paid in the form of partner or association certificates and cash security deposits recognized as assets on the balance sheet total €1,206 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.

In accordance with Delegated Regulation 2015/63 and Implementing Regulation 2015/81 supplementing the BRRD directive on *ex-ante* contributions to balance sheet assets (15% of calls made in the form of cash security deposits). The cumulative contributions to the resolution financing mechanisms, the Single Resolution Board determined the contributions to the Single Resolution Fund for the year 2022. The amount of the contributions paid by the Group in the fiscal year totaled €715 million, of which €610 million recognized as an expense and €105 million in cash security deposits recognized as assets on the balance sheet of €509 million as of December 31, 2022

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4.8 GAINS OR LOSSES ON OTHER ASSETS

Accounting principles

The gains or losses on other assets 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	2022 fiscal year	2021 fiscal year
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations[1]	35	7
Gains or losses on disposals of consolidated investments[2][3]	301	(89)
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**336**	**(82)**

(1) Disposal of the buildings held by the real estate entities Altaïr I and Altaïr II for €14 million.
(2) Disposal of H2O for €16 million (-€84 million in 2021) (see Note 1.3).
(3) Including a capital gain of €281 million following the contribution of Bimpli’s activities to Swile (see Note 1.3).

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	12/31/2022	12/31/2021
Cash	2,816	2,726
Central banks	168,502	183,591
TOTAL CASH AND AMOUNTS DUE FROM CENTRAL BANKS	**171,318**	**186,317**

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 closing date. Changes in fair value over the period, interest, dividends, and gains or losses on disposals on these instruments are recognized in “Gains (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.

	12/31/2022				12/31/2021			
	Financial assets mandatorily recognized at fair value through profit or loss				Financial assets mandatorily recognized at fair value through profit or loss			
in millions of euros	Financial assets considered part of a trading activity	Other financial assets[(1)(2)]	Financial assets designated at fair value[(3)]	Total	Financial assets considered part of a trading activity	Other financial assets[(1)(2)]	Financial assets designated at fair value[(3)]	Total
Treasury bills and equivalent	9,278			9,278	11,339			11,339
Bonds and other debt securities	7,734	6,506		14,240	12,364	6,704	44	19,112
Debt securities	**17,012**	**6,506**		**23,518**	**23,703**	**6,704**	**44**	**30,451**
Customer loans (excluding repurchase agreements)	4,490	2,427		6,917	4,607	2,890		7,497
Repurchase agreements[(4)]	64,850			64,850	56,170			56,170
Loans	**69,340**	**2,427**		**71,767**	**60,777**	**2,890**		**63,667**
Equity instruments	**32,204**	**2,311**	**///**	**34,515**	**45,098**	**2,519**	**///**	**47,617**
Trading derivatives[(4)]	**48,195**	**///**	**///**	**48,195**	**43,712**	**///**	**///**	**43,712**
Security deposits paid	**14,755**	**///**	**///**	**14,755**	**13,473**	**///**	**///**	**13,473**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**181,506**	**11,245**		**192,751**	**186,762**	**12,113**	**44**	**198,919**

(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 (€5,807 million at December 31, 2022 vs. €5,885 million at December 31, 2021). 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 €2,311 million at December 31, 2022 versus €2,519 million at December 31, 2021.

(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

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 closing date.

The 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 on 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 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.

	12/31/2022			12/31/2021		
in millions of euros	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	22,892	///	22,892	25,974	///	25,974
Trading derivatives[(1)]	48,301	///	48,301	40,434	///	40,434
Interbank term accounts and loans		124	124		151	151
Customer term accounts and loans		42	42		36	36
Non-subordinated debt securities	3	24,119	24,122	7	23,376	23,383
Subordinated debt	///	0	0	///	100	100
Repurchase agreements[(1)]	74,468	///	74,468	86,417	///	86,417
Guarantee deposits received	10,174	///	10,174	9,616	///	9,616
Others	///	4,624	4,624	///	5,658	5,658
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**155,838**	**28,909**	**184,747**	**162,448**	**29,320**	**191,768**

(1) This information is presented after netting effects, in accordance with IAS 32 (see Note 5.18.2).

These liabilities are measured at fair value on the closing date with changes in value, including coupon, recorded in the "Gains (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.

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).

	12/31/2022				12/31/2021			
in millions of euros	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		121	124	3		147	150
Customer term accounts and loans			42	42			36	36
Non-subordinated debt securities	19,588		4,531	24,119	18,661		4,715	23,376
Subordinated debt							100	100
Others	4,624			4,624	5,658			5,658
TOTAL	**24,215**		**4,694**	**28,909**	**24,322**		**4,998**	**29,321**

Financial liabilities designated at fair value through profit or loss and credit risk

	12/31/2022			12/31/2021		
	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	124	173	(49)	151	156	(5)
Customer term accounts and loans	42	43	(1)	36	36	
Non-subordinated debt securities	24,119	29,365	(5,246)	23,376	23,150	226
Subordinated debt				100	100	
Others	4,624	4,624		5,658	5,658	
TOTAL	**28,909**	**34,205**	**(5,296)**	**29,320**	**29,099**	**221**

In 2022, 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 reporting 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 -€276 million at December 31, 2022, (*versus* +€146 million at December 31, 2021. The change is recorded in non-recyclable gains and losses recognized directly other comprehensive income.

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 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 ("Derivatives excluding hedges"). The change had no impact on the income statement.

	12/31/2022			12/31/2021		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate derivatives	8,416,463	10,111	9,632	6,690,716	14,015	10,403
Equity derivatives	145,854	1,718	2,185	146,593	2,097	2,703
Currency derivatives	943,939	21,776	22,440	862,724	14,033	13,234
Other instruments	75,118	1,026	1,201	64,315	662	941
Forward transactions	**9,581,374**	**34,631**	**35,458**	**7,764,348**	**30,807**	**27,282**
Interest rate derivatives	585,544	6,996	7,612	551,181	6,488	6,642
Equity derivatives	52,700	2,206	897	65,192	2,611	2,278
Currency derivatives	285,949	3,080	3,190	217,588	2,623	3,120
Other instruments	19,108	349	321	23,301	475	380
Options	**943,301**	**12,631**	**12,020**	**857,262**	**12,197**	**12,419**
Credit derivatives	**77,924**	**934**	**823**	**36,490**	**708**	**733**
TOTAL TRADING DERIVATIVES	**10,602,599**	**48,196**	**48,301**	**8,658,101**	**43,712**	**40,434**
o/w on organized markets	*355,479*	*1,712*	*652*	*406,465*	*1,920*	*1,580*
o/w over-the-counter transactions	*10,247,120*	*46,484*	*47,649*	*8,251,636*	*41,792*	*38,854*

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 net 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 chose 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 net 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 "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;
- 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.

in millions of euros	12/31/2022 Notional amount	12/31/2022 Positive fair value	12/31/2022 Negative fair value	12/31/2021 Notional amount	12/31/2021 Positive fair value	12/31/2021 Negative fair value
Interest rate derivatives	570,435	10,364	13,105	832,286	5,580	9,920
Currency derivatives	711	54	1,031	612	383	883
Forward transactions	**571,146**	**10,418**	**14,136**	**832,898**	**5,963**	**10,803**
Interest rate derivatives	4,878	152	0	5,671	9	9
Options	**4,878**	**152**	**0**	**5,671**	**9**	**9**
Fair value hedges	**576,024**	**10,570**	**14,136**	**838,570**	**5,972**	**10,812**
Interest rate derivatives	25,197	927	177	25,000	131	198
Currency derivatives	24,566	1,199	1,973	24,151	1,061	1,511
Forward transactions	**49,763**	**2,126**	**2,150**	**49,152**	**1,191**	**1,709**
Interest rate derivatives	39	4		46		
Options	**39**	**4**		**46**		
Cash flow hedges	**49,802**	**2,130**	**2,150**	**49,198**	**1,191**	**1,709**
TOTAL HEDGING INSTRUMENTS	**625,826**	**12,700**	**16,286**	**887,768**	**7,163**	**12,521**

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 OF DECEMBER 31, 2022

in millions of euros	12/31/2022 < 1 year	12/31/2022 1 to 5 years	12/31/2022 6 to 10 years	12/31/2022 > 10 years	12/31/2021 < 1 year	12/31/2021 1 to 5 years	12/31/2021 6 to 10 years	12/31/2021 > 10 years
Interest rate risk hedging	**133,384**	**237,646**	**134,980**	**94,540**	**321,915**	**321,606**	**118,076**	**101,408**
Cash flow hedges	1,026	8,178	7,537	8,496	3,728	7,013	6,160	8,146
Fair value hedges	132,358	229,468	127,443	86,044	318,187	314,593	111,916	93,262
Currency risk hedging	**2,808**	**14,664**	**6,066**	**1,739**	**2,235**	**14,245**	**5,799**	**2,484**
Cash flow hedges	2,808	14,044	6,037	1,676	1,860	14,074	5,799	2,418
Fair value hedges		620	29	62	375	171		66
TOTAL	**136,192**	**252,310**	**141,045**	**96,279**	**324,150**	**335,851**	**123,875**	**103,892**

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 12/31/2022 – 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	**37,365**	**(2,020)**	**(1)**	**679**	**(12)**
Debt securities	37,365	(2,020)	(1)	679	(12)
Financial assets at amortized cost	**154,257**	**(8,489)**	**154**	**3,169**	**212**
Loans and advances to banks	24,956	(1,270)			
Loans and advances to customers	122,981	(7,716)	(2)	64	(0)
Debt securities at amortized cost	6,320	498	156	3,105	212
LIABILITIES					
Financial liabilities at amortized cost	**141,743**	**(12,335)**	**51**	**9,835**	**(692)**
Amounts due to banks and similar	28,092	(3,127)	(103)		
Amounts due to customers	8,707	(5)			
Debt securities	87,616	(7,625)	154	9,032	(663)
Subordinated debt	17,327	(1,577)		802	(28)
TOTAL – FAIR VALUE HEDGES	**333,365**	**(22,843)**	**204**	**13,683**	**(491)**

(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 (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 12/31/2021 – 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(3)	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**	**3,725**	**653**
Loans and advances to banks(3)	24,630	235			0
Loans and advances to 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 and similar	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**	**11,525**	**1,105**

(1) Accrued interest excluded.
(2) Declassification, end of hedging relationship.
(3) Opening adjustment for comparability purposes.

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Cash flow hedges

in millions of euros	12/31/2022 Fair value of the hedging derivative	12/31/2022 o/w effective portion of hedges not due[2]	12/31/2022 o/w ineffective portion	12/31/2022 Balance of hedges due and remaining to be recognized[1]	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]
Interest rate risk hedging	754	747	7	31	(67)	(69)	1	34
Currency risk hedging	(775)	(775)			(450)	(456)	6	
TOTAL CASH FLOW HEDGES	**(20)**	**(27)**	**7**	**31**	**(517)**	**(525)**	**7**	**34**

(1) Declassification, end of hedging relationship.
(2) 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.

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	01/01/2022	Change in the effective portion	Reclassification of the effective portion in income	Hedged item partially or fully extinguished	12/31/2022
Amount of equity for cash flow hedging	(98)	712	173	1	788
TOTAL	**(98)**	**712**	**173**	**1**	**788**

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)**

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	12/31/2022	12/31/2021
Loans and advances	23	20
Debt securities	40,298	44,436
Shares and other equity securities(1)	3,963	4,142
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**44,284**	**48,598**
Of which impairment for expected credit losses(2)	(49)	(79)
Of which gains and losses recognized directly in other comprehensive income (before tax)(3)	(588)	949
• *Debt instruments*	*(861)*	*434*
• *Equity instruments*	*273*	*515*

(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) Details presented in Note 7.1.2.2.
(3) Including the portion attributable to non-controlling interests (-€2 million at December 31, 2022, compared with -€1 million at December 31, 2021).

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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 subsequent closing 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.

in millions of euros	12/31/2022				12/31/2021			
		Dividends recognized over the period	Derecognition over the period			Dividends recognized over the period	Derecognition over the period	
	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	3,026	141	253	(49)	3,420	150	37	(11)
Shares and other equity securities	937	9	8	1	722	12		
TOTAL	**3,963**	**150**	**261**	**(48)**	**4,142**	**162**	**37**	**(11)**

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 €6 million in 2022, compared 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 to 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 rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows 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 scheme was extended until June 30, 2022 by Finance Act No. 2021-1900 of December 30, 2021 for 2022. The SGL 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.

The SGLs 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 SGLs 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 closing dates, they will be measured at amortized cost using the effective interest rate method.

The State-guarantee loan 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 SGL, using the effective interest rate 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.

As of April 6, 2022, the Resilience SGL is an additional SGL for companies impacted by the consequences of the conflict in Ukraine (in particular for companies that are at – or close to – the 25% ceiling of the SGL). The authorized ceiling is 15% of the average revenue over the last three fiscal years, or the last two fiscal years if they have only two fiscal years or the last fiscal year if they only have one fiscal year, or calculated as annualized revenue using a straight-line projection based on revenue achieved to date if they have no closed financial year. Except for its amount, subject to the new ceiling of 15% of revenue, the additional Resilience SGL takes the same form as the SGLs introduced at the beginning of the health crisis: same maximum duration (up to six years), same minimum repayment-free period (12 months), same guaranteed portion and guarantee premium. The Resilience SGL could be fully combined with any SGLs already obtained until June 30, 2022. This system was extended until December 31, 2023 as part of the amended French Finance Act for 2023.

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 resetting 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	12/31/2022	12/31/2021
Treasury bills and equivalent	15,965	13,783
Bonds and other debt securities	11,818	11,328
Impairment for expected credit losses	(133)	(125)
TOTAL SECURITIES AT AMORTIZED COST	**27,650**	**24,986**

The fair value of securities at amortized cost is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by stage is detailed in Note 7.1.

5.5.2 LOANS AND ADVANCES TO BANKS AND SIMILAR AT AMORTIZED COST

in millions of euros	12/31/2022	12/31/2021
Current accounts with overdrafts	7,010	7,587
Repurchase agreements	1,169	1,694
Accounts and loans[(1)]	86,482	79,149
Other loans or advances to banks and similar	68	35
Security deposits paid	3,043	5,715
Impairment for expected credit losses	(78)	(40)
TOTAL LOANS AND ADVANCES TO BANKS	**97,694**	**94,140**

(1) Livret A, LDD and LEP savings accounts centralized with Caisse des Dépôts et Consignations and recorded under "Accounts and loans" amounted to €85,047 million at December 31, 2022 versus €76,596 million at December 31, 2021.

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	12/31/2022	12/31/2021
Current accounts with overdrafts	**11,458**	**10,827**
Other facilities granted to customers	**820,388**	**776,777**
Loans to financial sector customers	17,657	15,107
Short-term credit facilities[1]	125,692	121,290
Equipment loans	205,387	192,533
Home loans	428,911	404,985
Export loans	3,044	3,116
Repurchase agreements	2,820	5,057
Finance leases	20,859	20,107
Subordinated loans	448	575
Other loans	15,569	14,007
Other loans or advances to customers	**7,006**	**6,652**
Security deposits paid	**2,296**	**570**
Gross loans and advances to customers	**841,147**	**794,826**
Impairment for expected credit losses	(14,195)	(13,728)
TOTAL LOANS AND ADVANCES TO CUSTOMERS	**826,953**	**781,097**

(1) The State-guaranteed loans (SGL) are included in short-term credit facilities and totaled €23 billion at December 31, 2022 versus €34 billion at December 31, 2021.

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 stage is detailed in Note 7.1.

5.6 ACCRUED INCOME AND OTHER ASSETS

in millions of euros	12/31/2022	12/31/2021
Collection accounts	1,429	1,499
Prepaid expenses	666	559
Accrued income	1,101	846
Other accrued income	3,747	3,364
Accrued income and prepaid expenses	**6,943**	**6,268**
Settlement accounts in debit on securities transactions	22	166
Other accounts receivable	7,458	7,396
Other assets	**7,480**	**7,562**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**14,423**	**13,830**

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 12 months.

At December 31, 2021, the items "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" included the assets and liabilities of Fidor Bank AG, TISE and H2O.

At December 31, 2022, the items "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" included the assets and liabilities of TISE and AlphaSimplex Group (ASG).

Figures relating to the entities held for sale are shown below:

in millions of euros	12/31/2022	12/31/2021
Cash and amounts due from central banks		1,640
Financial assets at fair value through profit or loss	8	187
Financial assets at fair value through other comprehensive income	3	9
Loans and advances to banks and similar at amortized cost	17	160
Loans and advances to customers at amortized cost	122	144
Current tax assets		1
Deferred tax assets	0	22
Accrued income and other assets	8	77
Property, plant and equipment	12	
Intangible assets	1	1
Goodwill	48	
NON-CURRENT ASSETS HELD FOR SALE	**219**	**2,241**
Debt securities		4
Amounts due to banks and similar	117	119
Amounts due to customers		1,576
Current tax liabilities		17
Deferred tax liabilities	7	
Accrued expenses and other liabilities	38	120
Provisions		100
Subordinated debt		9
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**162**	**1,946**

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".

	12/31/2022			12/31/2021		
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	1,359	(608)	750	1,389	(631)	758
TOTAL INVESTMENT PROPERTY			**750**			**758**

Investment property held by the insurance subsidiaries is reported with insurance investments (see Note 9).

The fair value of investment property came to €1,075 million at December 31, 2022 (€1,127 million at December 31, 2021).

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, movable assets 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.

Internally created software is recognized as an asset in the balance sheet under "Intangible assets" for its direct development cost when the criteria for recognition of an asset as set out in IAS 38 are met.

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 acquired: 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.

	12/31/2022			12/31/2021		
in millions of euros	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Property, plant and equipment	**11,626**	**(7,661)**	**3,965**	**11,652**	**(7,661)**	**3,991**
Real estate assets	4,260	(2,199)	2,061	4,301	(2,176)	2,125
Movable assets	7,366	(5,462)	1,903	7,351	(5,485)	1,866
Property, plant and equipment leased under operating leases	**940**	**(295)**	**644**	**852**	**(261)**	**591**
Movable assets	940	(295)	644	852	(261)	591
Right-of-use assets for leases	**2,820**	**(1,352)**	**1,468**	**3,036**	**(1,223)**	**1,813**
Real estate assets	2,779	(1,326)	1,453	3,017	(1,207)	1,811
o/w contracted during the period	*43*	*(9)*	*35*	*64*	*(15)*	*49*
Movable assets	40	(26)	14	19	(16)	3
TOTAL PROPERTY, PLANT AND EQUIPMENT	**15,385**	**(9,308)**	**6,077**	**15,540**	**(9,145)**	**6,396**
Intangible assets	**3,881**	**(2,794)**	**1,087**	**3,913**	**(2,917)**	**997**
Software	2,995	(2,429)	566	3,147	(2,571)	576
Other intangible fixed assets	886	(365)	521	766	(345)	421
TOTAL INTANGIBLE ASSETS	**3,881**	**(2,794)**	**1,087**	**3,913**	**(2,917)**	**997**

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 reporting date using the effective interest rate 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	12/31/2022	12/31/2021
Bonds	126,542	129,487
Interbank market instruments and negotiable debt securities	90,479	80,591
Other debt securities that are neither preferred nor subordinated	654	1,170
Senior non-preferred debt[1]	24,438	25,163
TOTAL	**242,113**	**236,411**
Accrued interest	1,260	1,008
TOTAL DEBT SECURITIES	**243,373**	**237,419**

(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 transactions as a central institution, BPCE SA issued €27 billion of senior non-preferred bonds on the market as of December 31, 2022 (compared to €25 billion as of December 31, 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 reporting 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 (TLTRO 3) was booked at amortized cost in accordance with IFRS 9. Interest is recognized in the income statement by the effective interest rate 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. Groupe BPCE achieved the loan production targets set by the ECB. This means the -0.50% interest bonus has been booked as income for the 12-month period concerned. On October 28, 2022, the ECB announced a change in the remuneration of the TLTRO 3:

- between June 23, 2022 and November 22, 2022, the applicable rate is the ECB's average deposit facility rate from the TLTRO 3 start date until November 22, 2022;
- from November 23, the applicable rate is the ECB's average deposit facility rate applicable until the maturity date or the early repayment date of each TLTRO 3 transaction in progress.

The effect of this change was recognized as an adjustment to income for the period from June 23, 2022 to November 22, 2022 and prospectively for the new period from November 23, 2022. In the consolidated financial statements at December 31, 2022, the effective interest rate is the last known deposit facility rate (2% since December 21, 2022).

5.11.1 AMOUNTS DUE TO BANKS AND SIMILAR

in millions of euros	12/31/2022	12/31/2021
Demand deposits	10,945	7,694
Repurchase agreements	1,605	3,944
Accrued interest	7	3
Amounts due to banks and similar – repayable on demand	**12,556**	**11,641**
Term deposits and loans(1)	120,514	137,041
Repurchase agreements	5,771	6,886
Accrued interest	(1,289)	(1,317)
Amounts due to banks and similar – repayable at agreed maturity dates	**124,996**	**142,610**
Guarantee deposits received	**1,565**	**1,140**
TOTAL AMOUNTS DUE TO BANKS AND SIMILAR	**139,117**	**155,391**

(1) The debt related to the long-term refinancing TLTRO 3 with the ECB amounted to €83 billion as of December 31, 2022 (€97 billion as of December 31, 2021).

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	12/31/2022	12/31/2021
Current accounts	**284,869**	**285,152**
Livret A savings accounts	112,262	104,245
Regulated home savings products	79,776	82,279
Other regulated savings accounts	113,107	107,939
Accrued interest	4	4
Regulated savings accounts	**305,149**	**294,467**
Demand deposits and loans	11,195	9,737
Term accounts and loans	89,033	70,540
Accrued interest	946	1,135
Other customer accounts	**101,174**	**81,412**
Repurchase agreements	**2,290**	**3,205**
Other amounts due to customers	**221**	**1,036**
Guarantee deposits received	**267**	**45**
TOTAL AMOUNTS DUE TO CUSTOMERS	**693,970**	**665,317**

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	12/31/2022	12/31/2021
Collection accounts	2,905	2,596
Prepaid income	859	949
Accounts payable	3,143	2,889
Other accrued expenses	3,853	3,026
Accrued expenses – liabilities	**10,760**	**9,460**
Settlement accounts in credit on securities transactions	748	792
Other accounts payable	7,018	7,980
Lease liabilities	1,561	1,882
Other liabilities	**9,327**	**10,654**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**20,087**	**20,114**

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 contracts 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 reporting 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 customer deposits & savings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical investor behavior patterns, and corresponds to the difference between the probable customer deposits & savings and the minimum expected customer deposits & savings;
- at-risk customer loan outstandings correspond to the customer 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	12/31/2021	Increase	Used	Reversals unused	Other changes[1]	12/31/2022
Provisions for employee benefits[2]	1,578	264	(119)	(183)	(350)	1,190
Provisions for restructuring costs[3]	161	19	(33)	(19)	54	182
Legal and tax risks[4]	1,124	242	(38)	(139)	1	1,190
Loan and guarantee commitments[5]	866	583	(18)	(642)	(14)	775
Provisions for regulated home savings products	664	18		(27)		655
Other operating provisions[6]	937	215	(214)	(118)	89	909
TOTAL PROVISIONS	**5,330**	**1,341**	**(422)**	**(1,128)**	**(220)**	**4,901**

(1) Other changes include in particular the change in the revaluation surplus of post-employment defined-benefit plans (-€410 million before tax) and the foreign exchange rate adjustments (+€42 million).
(2) Including €1,008 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" has resulted in a reduction in provisions of €59 million for 2021, with a corresponding reduction in consolidated reserves.
(3) At December 31, 2022, provisions for restructuring notably included €74 million for the voluntary departure plan at Crédit Foncier. At December 31, 2021, provisions for restructuring costs notably included:
- €72 million for the voluntary departure 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) The provisions for legal and tax risks include €340 million for the net exposure on the Madoff case (versus €319 million at December 31, 2021).
(5) The provisions for loan and guarantee commitments are detailed in Note 7.1.2.
(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 Image and Check Exchange ("EIC") fine following the favorable decision of the French 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	12/31/2022	12/31/2021
Deposits collected for regulated home savings plans (PEL)		
• plans less than 4 years old	4,744	3,876
• plans more than 4 years but less than 10 years old	48,043	49,338
• plans more than 10 years old	20,799	22,036
Deposits collected for regulated home savings plans (PEL)	**73,586**	**75,250**
Deposits collected for regulated home savings accounts (CEL)	**6,181**	**6,039**
TOTAL DEPOSITS COLLECTED FOR REGULATED HOME SAVINGS PRODUCTS	**79,767**	**81,289**

5.13.2 LOANS GRANTED ON REGULATED HOME SAVINGS PRODUCTS

in millions of euros	12/31/2022	12/31/2021
Loans granted on regulated home savings plans (PEL)	10	15
Loans granted on regulated home savings accounts (CEL)	34	53
TOTAL LOANS GRANTED ON REGULATED HOME SAVINGS PRODUCTS	**44**	**68**

5.13.3 PROVISIONS FOR REGULATED HOME SAVINGS PRODUCTS

in millions of euros	12/31/2022	12/31/2021
Provisions for home savings plans (PEL)		
• plans less than 4 years old	33	52
• plans more than 4 years but less than 10 years old	151	177
• plans more than 10 years old	342	365
Provisions for home savings plans (PEL)	**526**	**594**
Provisions for regulated home savings accounts (CEL)	**130**	**71**
Provisions for home savings account (CEL) loans	(1)	(1)
Provisions for home savings loans	**(1)**	**(1)**
TOTAL PROVISIONS FOR REGULATED HOME SAVINGS PRODUCTS	**655**	**664**

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 reporting date using the effective interest rate method.

in millions of euros	12/31/2022	12/31/2021
Subordinated debt designated at fair value through profit or loss		100
SUBORDINATED DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS		**100**
Term subordinated debt	19,590	17,529
Perpetual subordinated debt	286	303
Mutual guarantee deposits	106	109
Subordinated debt and similar	**19,982**	**17,941**
Accrued interest	555	460
Revaluation of the hedged component	(1,605)	589
SUBORDINATED DEBT AT AMORTIZED COST	**18,932**	**18,990**
TOTAL SUBORDINATED DEBT[(1)]	**18,932**	**19,090**

(1) Including €251 million for the insurance entities at December 31, 2022 (no change from December 31, 2021).

The fair value of subordinated debt is presented in Note 10.

CHANGES IN SUBORDINATED DEBT AND SIMILAR DURING THE YEAR

in millions of euros	12/31/2021	Issuance[(1)]	Redemption[(2)]	Other changes[(3)]	12/31/2022
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	2,445	(773)	390	19,590
Perpetual subordinated debt	303		(16)		286
Mutual guarantee deposits	109	10	(14)		106
SUBORDINATED DEBT AND SIMILAR	**17,941**	**2,455**	**(803)**	**390**	**19,982**
TOTAL	**18,041**	**2,455**	**(903)**	**390**	**19,982**

(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 transactions as a central institution, BPCE SA issued €2.5 billion of Tier 2 bonds (compared to €4.5 billion at December 31, 2021), including €0 billion of contingent Tier 2 (compared to €1.8 billion at December 31, 2021).

(2) Redemptions of subordinated loans and notes were due to the maturing of such borrowings.

(3) Other changes mainly concern the revaluation of hedged debt and exchange rate fluctuations.

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 Cooperative 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, 2022, the share capital is broken down as follows:

- €12,456 million in cooperative shares fully subscribed by the cooperative shareholders of the Banques Populaires (compared to €12,004 million at December 31, 2021);
- €12,404 million in cooperative shares fully subscribed by the cooperative shareholders of the Caisses d'Epargne (compared to €12,404 million at December 31, 2021).

Since January 1, 2022, the Banques Populaires have carried out capital increases of €452 million (€759 million during 2021), including €10 million by incorporation of reserves 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. The shares issued by local savings companies since January 1, 2022 resulted in an increase in reserves of €336 million (increase of +€282 million during 2021).

At December 31, 2022, 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 by the cooperative shareholders of the Caisses d'Epargne.

5.15.2 PERPETUAL DEEPLY SUBORDINATED NOTES CLASSIFIED AS EQUITY

At December 31, 2022, Groupe BPCE had issued no perpetual deeply subordinated notes classified as equity.

5.16 NON-CONTROLLING INTERESTS

5.16.1 MATERIAL NON-CONTROLLING INTERESTS

At December 31, 2022, the material non-controlling interests with regard to the Group's equity consisted mainly of the share of the non-controlling interests in the Oney Bank group.

At December 31, 2021, the significant non-controlling interests with regard to the Group's equity consisted mainly of the non-controlling interests in the Global Financial Services division (including H2O) and the share of the non-controlling interests in the Oney Bank group.

in millions of euros		2022 fiscal year						
		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	Net income attributable to equity holders of the parent	Comprehensive income Attributable to equity holders of the parent
Global Financial Services division	**0.00%**	**58**	**45**	**67**	**428,821**	**409,241**	**1,800**	**2,347**
Oney Bank	**49.90%**	**(7)**	**233**		**6,201**	**5,599**	**6**	**7**
Banque BCP SAS	**19.88%**	**5**	**53**	**4**	**4,888**	**4,620**	**23**	**31**
Other entities		**15**	**147**	**3**				
TOTAL AT DECEMBER 31, 2022		**71**	**479**	**74**				

in millions of euros		2021 fiscal year						
		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	Net income attributable to equity holders of the parent	Comprehensive income Attributable to equity holders of the parent
Global Financial Services division	**0.00%**	**249**	**272**	**105**	**568,556**	**547,486**	**1,403**	**1,899**
o/w H2O[1]	*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) Non-controlling interests calculated at the Natixis level.

5.16.2 TRANSACTIONS MODIFYING THE SHARE OF NON-CONTROLLING INTERESTS IN CONSOLIDATED RESERVES

in millions of euros	2022 fiscal year		2021 fiscal year	
	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	**(53)**	**(156)**	**(168)**	**(58)**
Recognition of a liability in connection with liquidity contracts on Natixis shares	(9)		(25)	
Acquisitions/Disposals[1]		(156)	(5)	(30)
Revaluations and other	(44)		(138)	(28)
Change in ownership interests with no change of control	**(73)**	**(2)**	**1,408**	**(5,170)**
Others		**(1)**	**(21)**	**20**
TOTAL IMPACT OF ACQUISITIONS AND DISPOSALS ON NON-CONTROLLING INTERESTS	**(126)**	**(159)**	**1,219**	**(5,208)**

(1) Impacts of the H2O disposal (see Note 1.3).

Transactions modifying the share of non-controlling interests in consolidated reserves

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.

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.

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).

At December 31, 2022, the liability and the provision were valued respectively for €12 million and €14 million.

Transactions modifying the share of non-controlling interests in consolidated reserves

- Disposal of Natixis Investment Managers' stake in H2O Asset Management (see Note 1.3).
- Acquisition by Natixis Investment Managers (Natixis IM) of the non-controlling interest held by La Banque Postale in Natixis Asset Management and AEW Europe (see Note 1.3).

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.

	12/31/2022			12/31/2021		
in millions of euros	Gross	Tax	Net	Gross	Tax	Net
Foreign exchange rate adjustments	290	///	290	372	///	372
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	(1,295)	331	(964)	(14)	(3)	(17)
Revaluation of available-for-sale financial assets of insurance businesses	(1,727)	446	(1,281)	(220)	57	(164)
Revaluation of hedging derivatives that can be recycled to net income	886	(229)	656	248	(61)	187
Items of the share of gains and losses of associates recognized directly in other comprehensive income	(81)	22	(60)	(709)	200	(509)
Items recyclable to profit or loss	**(1,927)**	**569**	**(1,358)**	**(323)**	**193**	**(130)**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	410	(103)	308	243	(61)	182
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	423	(115)	308	13	(4)	9
Revaluation of equity financial assets recognized at fair value through other comprehensive income	(239)	55	(184)	303	(113)	190
Items of the share of gains and losses of associates recognized directly in other comprehensive income	0	(0)	(0)	35	(9)	26
Items not recyclable to profit or loss	**594**	**(162)**	**432**	**594**	**(188)**	**407**
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (AFTER TAX)	**(1,333)**	**407**	**(926)**	**271**	**5**	**277**
Attributable to equity holders of the parent			(920)			253
Non-controlling interests			(6)			24

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.

Since December 31, 2020, the 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 as 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	12/31/2022 Gross amount of financial assets[1]	12/31/2022 Gross amount of financial liabilities offset in the balance sheet	12/31/2022 Net amount of financial assets recognized in the balance sheet	12/31/2021 Gross amount of financial assets	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
Derivatives (trading and hedging)	65,798	4,903	60,895	55,328	4,453	50,875
Repurchase agreements	84,597	19,748	64,849	87,665	31,495	56,170
Financial assets at fair value	**150,395**	**24,651**	**125,744**	**142,993**	**35,948**	**107,045**
Repurchase agreements (portfolio of loans and advances)	**7,998**	**4,009**	**3,989**	**9,535**	**2,785**	**6,751**
Other financial instruments (portfolio of loans and advances)	**588**	**588**				
TOTAL	**158,981**	**29,248**	**129,733**	**152,529**	**38,733**	**113,796**

(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.

Impact of netting agreements on financial assets not recognized in the financial statements

in millions of euros	12/31/2022				12/31/2021			
	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)	60,895	38,617	6,602	15,676	50,875	32,570	6,130	12,175
Repurchase agreements	68,838	67,031	31	1,776	62,921	60,439	7	2,475
TOTAL	**129,733**	**105,648**	**6,633**	**17,452**	**113,796**	**93,009**	**6,137**	**14,650**

(1) Including collateral received in the form of securities.

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

in millions of euros	12/31/2022			12/31/2021		
	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)	70,077	5,491	64,586	57,233	4,278	52,955
Repurchase agreements	94,216	19,748	74,468	117,912	31,495	86,417
Financial liabilities at fair value	**164,293**	**25,239**	**139,054**	**175,146**	**35,774**	**139,372**
Repurchase agreements (debt portfolio)	**13,686**	**4,009**	**9,677**	**16,818**	**2,785**	**14,033**
Other financial instruments (debt portfolio)				**175**	**175**	
TOTAL	**177,979**	**29,248**	**148,731**	**192,138**	**38,733**	**153,405**

(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.

Impact of netting agreements on financial liabilities not recognized in the financial statements

in millions of euros	12/31/2022				12/31/2021			
	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)	64,586	39,575	8,821	16,190	52,955	34,709	12,522	5,724
Repurchase agreements	84,145	80,912	43	3,190	100,450	98,769	1	1,680
TOTAL	**148,731**	**120,487**	**8,864**	**19,380**	**153,405**	**133,478**	**12,523**	**7,404**

(1) Including collateral received in the form of securities.

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, 2022

	Net carrying amount				
in millions of euros	**Outright securities lending**	**Repurchase agreements**	**Assets transferred or pledged as collateral**	**Securitizations**	**12/31/2022**
Financial assets at fair value through profit or loss – Held for trading	2,951	2,889	155	88	6,082
Financial assets at fair value through profit or loss – Non-SPPI			7		7
Financial assets at fair value through other comprehensive income	6,205	3,073	724		10,002
Financial assets at amortized cost	0	1,448	122,484	42,697	166,629
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**9,155**	**7,410**	**123,370**	**42,785**	**182,720**
o/w transferred financial assets not fully derecognized	*9,155*	*7,410*	*116,946*	*42,785*	*176,297*

The amount of liabilities associated with financial assets pledged as collateral for repurchase agreements came to €5,525 million at December 31, 2022 (€10,385 million at December 31, 2021).

The fair value of assets pledged as collateral for non-deconsolidating securitization transactions was €42,591 million at December 31, 2022 (€41,915 million at December 31, 2021) and the amount of related liabilities came to €34,002 million at December 31, 2022 (€31,162 million at December 31, 2021).

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*

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 by way of guarantee 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 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, BPCE Consumer Loans FCT 2022 and BPCE 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 €216 billion at December 31, 2022, compared to €223 billion at December 31, 2021.

The fair value of the financial assets received as collateral that were actually sold or repledged amounted to €148 billion at December 31, 2022, compared with €160 billion at December 31, 2021.

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, 2022.

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. Groupe BPCE'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 USD LIBOR which has not yet been remediated.

As a reminder, European regulation (EU) 2016/1011 of June 8, 2016 on the indexes used as benchmarks (the Benchmark Regulation – 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 Benchmark Regulation is to regulate the provision of benchmarks, the provision of data underlying benchmarks, 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.

The uncertainties related to the reform of the reference rates have been limited since January 2022, essentially, to the remediation of contracts prior to December 31, 2021 referencing the USD LIBOR (for overnight maturities, and at one, three, six and twelve months). Since January 1, 2022, the use of the USD LIBOR index is no longer allowed for new contracts, subject to exceptions as defined by the supervisory authorities, the fallback clauses provided for by ISDA having, in this case, been incorporated into the contracts concerned. The extension of the USD LIBOR publication period until June 30, 2023, decided by the Financial Conduct Authority (FCA), the UK regulator supervising the ICE Benchmark Administration (administrator of the LIBORs) should allow a gradual transition of the stock of contracts to alternative rates.

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.

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. Since then, the sustainability of EURIBOR has not been called into question, either by its administrator, EMMI, or by ESMA, supervisor of the index since January 1, 2022.

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.

With regard to the GFS division, the remediation process for contracts indexed to the EONIA and LIBOR indices (other than USD LIBOR for overnight maturities, and at one, three, six and twelve months), whose publication has not been ensured since January 2022, has been finalized, except for a very limited number of contracts, for which the synthetic YEN or GBP LIBOR indices, based on the risk-free rates published by the ICE Benchmark Administration, or the €STR rate published by the ECB plus 8.5 bps are applied, pending a transition to RFRs.

In 2022, this more operational phase continued for USD LIBOR (overnight maturities, and at one, three, six and twelve months). The first half of 2022 was marked by the enactment, on March 15, 2022, of the Consolidated Appropriations Act 2022, which provides, for contracts under US law, provisions to minimize the legal, operational and economic risks associated with the transition from USD LIBOR to an alternative reference rate. On December 16, 2022, the US Federal Reserve supplemented this text through the adoption of a final regulation stipulating, in particular, that USD LIBOR will be replaced by a rate based on the SOFR, to which will be added the spread determined by Bloomberg, on March 5, 2021, following the announcements made by the Financial Conduct Authority (FCA) on the future termination and loss of representativeness of LIBOR rates. The Financial Conduct Authority (FCA) has also launched two consultations, in June and November 2022 respectively, in order to decide on the need to publish a synthetic USD LIBOR index for overnight, one, three and six-month maturities (publication would take place after June 30, 2023, over a period extending to the end of September 2024). This synthetic index would only be used for contracts whose remediation has not yet been completed by June 30, 2023. FCA expects to announce its final decision on the subject in the first half of 2023. The European working group on alternative benchmark rates also launched a consultation on whether or not there should be a legislative mechanism to designate the legal replacement rate for USD LIBOR.

Due to the degree of progress in the market’s discussions on the replacement of USD LIBOR, the remediation process for contracts indexed to USD LIBOR was initiated in 2022 and will continue, in particular for financing products and issues (mainly on the finalization of the analysis of existing fallback clauses, the definition of the remediation strategy and the launch of remediation campaigns), and will continue during 2023.

Most derivatives contracts will be migrated in the first half of 2023 through the conversion process planned by the clearing houses and the remediation measures resulting from the compliance of Groupe BPCE entities and its counterparties with the ISDA protocol. For the remaining contracts requiring bilateral renegotiation, Groupe BPCE plans, also in the first half of 2023, to apply an approach identical to that used for the indices that expired on December 31, 2021. As a reminder, the remediation of these indices took into account the recommendations issued by the regulatory authorities and the working groups, which called for the maintenance of economic equivalence before and after the replacement of the reference index in a contract. This principle had thus resulted in the replacement of the historical reference rate by an alternative reference rate to which had been added a fixed margin compensating for the differential between these two rates, this adjustment of the index margin stemming essentially from the use of the credit risk margins set by market authorities or market practices.

2022 was also marked by the announcement, on May 16, 2022, of the end of the publication of the Canadian Dollar Offered Rate (CDOR), as of June 28, 2024. Groupe BPCE, whose exposures to this index are very limited, will apply a transition process identical to that planned for USD LIBOR. This same approach will be applied to contracts indexed to SOR and SIBOR (reference rate in Singapore) whose disappearance is scheduled for June 2023 and December 2024 respectively, and to which Groupe BPCE’s exposures are also limited.

With regard to retail banking customer loans, the remediation of commercial transactions was generally finalized with the exception of USD LIBOR transactions whose maturity is greater than June 2023. Indeed, the Banques Populaires and Caisses d’Epargne had transactions indexed to the EONIA, fully remediated in accordance with the Implementing Regulation of the European Commission and after informing our customers. With regard to commercial transactions using LIBOR, the Banques Populaires and the Caisses d’Epargne are mainly exposed to CHF LIBOR, with housing loans to individuals granted by six Swiss border institutions. These transactions were completely remedied at the end of June 2022. On the other LIBOR transactions of the Networks, the international USD/GBP LIBOR transactions with Professional customers and Corporate customers were remediated. There are still operations in USD LIBOR, in particular from the Public Sector Market of the Caisses d’Epargne, which will be remedied by the regulatory deadline of June 2023.

The transition to benchmark rates exposes Groupe BPCE to various risks, in particular:

- the risk associated with change management which could, in the event of asymmetry of information and treatment of customers in the GFS division, 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 launched communication campaigns with customers and set up a control plan;
- regulatory risk related to non-compliant use of benchmark rates, excluding 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 related to legal documentation on legacy transactions, for which customers may fail to take the corrective attention of setting up fallback clauses, as proposed by the market and/or group, could also lead to customer disputes. The GFS division's 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 legacy transactions. The project teams ensure that the implementation schedules for the impacted systems are respected, and early renegotiation actions are carried out to spread the remediation load over time;
- the potential financial risk, which would be reflected in a financial loss resulting from the remediation of the inventory of products indexed to USD LIBOR, CDOR, SOR and SIBOR. Simulations of revenue losses related to remediation without taking into account a spread adjustment applied to alternative benchmark rates are monitored directly by General Management 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 RFR 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.

Since January 1, 2022, these risks have essentially been confined to the transition from the USD LIBOR index (for overnight maturities, and at one, three, six and twelve months) to the SOFR rate and, to a small extent, to the transition from the CDOR, SOR and SIBOR indices to their respective alternative reference rates.

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 impairment 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	12/31/2022	12/31/2021
Loan commitments given to:		
• banks	801	1,428
• customers	159,758	154,408
Credit facilities granted	149,323	144,324
Other commitments	10,436	10,084
TOTAL LOAN COMMITMENTS GIVEN	**160,560**	**155,837**
Loan commitments received from:		
• banks	27,703	32,132
• customers	730	1,894
TOTAL LOAN COMMITMENTS RECEIVED	**28,433**	**34,025**

6.2 GUARANTEE COMMITMENTS

in millions of euros	12/31/2022	12/31/2021
Guarantee commitments given to:		
• banks	7,837	8,443
• customers(1)	47,644	42,731
TOTAL GUARANTEE COMMITMENTS GIVEN	**55,481**	**51,173**
Guarantee commitments received from:		
• banks	23,347	20,117
• customers(2)	197,123	199,833
TOTAL GUARANTEE COMMITMENTS RECEIVED	**220,470**	**219,950**

(1) The guarantees given by CEGC in connection with its activity are treated as insurance contracts 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) The guarantees received under State-guaranteed loans amounted to €23 billion versus €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 Exposures 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 risks" in Chapter 6 "Risk management".

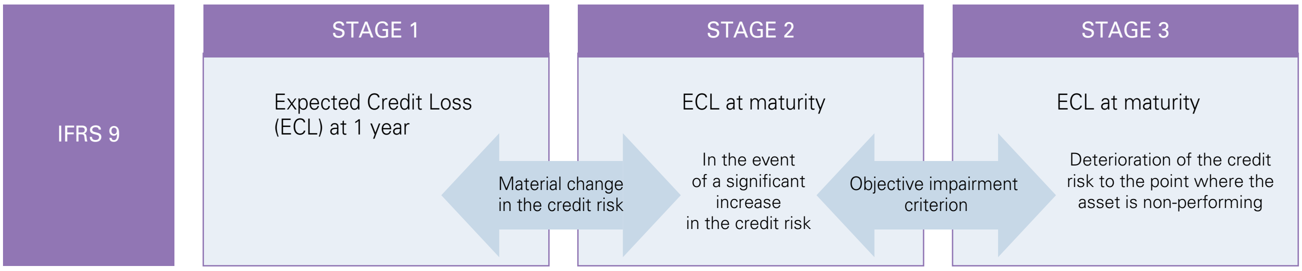
Information on the effect and consideration of climate risks on credit risk management is presented in the section on "Climate risks" in Chapter 6 "Risk management".

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 foreign exchange risks" in Chapter 6 "Risk management".

7.1 CREDIT RISK

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;
- the concentration of credit risk by borrower;
- the credit quality of the renegotiated exposures (CQ1);
- the performing and non-performing exposures and the corresponding provisions (CR1);
- the quality of the performing and non-performing exposures by number of days past due (CQ3);
- the quality of the exposures by geographic area (CQ4);
- the credit quality of loans and advances by industry (CQ5);
- the breakdown of the guarantees received by type on the financial instruments (CR3);
- the 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	2022 fiscal year	2021 fiscal year
Net charge to provisions and provisions for impairment	(1,920)	(1,716)
Recoveries of bad debts written off	97	115
Irrecoverable loans not covered by provisions for impairment	(177)	(182)
TOTAL COST OF CREDIT RISK	**(2,000)**	**(1,783)**

Cost of credit risk for the period by type of asset

in millions of euros	2022 fiscal year	2021 fiscal year
Financial assets at fair value through profit or loss	(22)	(8)
Financial assets at fair value through other comprehensive income	(26)	(6)
Financial assets at amortized cost	(2,014)	(1,760)
o/w loans and advances	*(2,011)*	*(1,761)*
o/w debt instruments	*(3)*	*1*
Other assets	3	(35)
Loan and guarantee commitments	59	27
TOTAL COST OF CREDIT RISK	**(2,000)**	**(1,783)**
o/w Stage 1	*24*	*60*
o/w Stage 2	*(876)*	*(479)*
o/w Stage 3	*(1,148)*	*(1,363)*

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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.

The methodological changes carried out over the period and presented below constitute a change in estimates which translates into an impact on net income.

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 watchlist 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 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.

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.

As regards the Individual customers, Professional Customers, SMEs, Public sector and Social Housing portfolios: for the Retail bank, following the Deep Dive mission conducted by the ECB on the cost of risk at the end of 2020 and in early 2021, an evolution of the quantitative criteria for transition to Stage 2 was developed and put into production in the first half of 2022.

This change is reflected in:

- significantly increased severity of the transition to Stage 2, in particular for contracts with a high rating when granted;
- harmonization between the Banques Populaires and Caisses d'Epargne networks of the criteria for transitioning to Stage 2 for the Individual customers and Professional customers portfolios.

More specifically, the assessment of the significant increase in credit risk is measured on the basis of the following criteria:

Score at origin	Individual customers	Professional customers	SME, Public Sector, Social housing
3 to 11 (AA to BB+)	3 notches		
12 (BB)			3 notches
13 (BB-)	2 notches	3 notches	2 notches
14 to 15 (B+ to B)		2 notches	
16 (B-)	1 notch	1 notch	1 notch
17 (CCC to C)			Sensitive notches classified as S2

Moreover, 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 Individual customers, Professional customers, SMEs, of the Corporate & Investment Banking and Finance Leasing business line, the quantitative criterion is based on the change in the probability of default at one year (on average for the cycle) since initial recognition. Significant deterioration in credit risk is calculated on the basis of the following condition: transition to S2 if

$$PD_{at\ date} > \mu \times PD_{at\ grant} + \Delta$$

For the Large Corporate customers, Banks and Sovereigns portfolios, the quantitative criterion is based on the rating changes since initial recognition. The same qualitative criteria apply as for Individual customers, Professional customers and SMEs, as well as for 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-point 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 SMEs.

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 reporting date. This provision is applied to 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, based on the local forward-looking approach, 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). These criteria are adapted for each closing to the current macroeconomic context.

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 real estate loans, the level of prepayment expected on the contract;
- Loss Given Default (LGD). A new version of the SME LGD was put into production for the financial statements closed at June 30, 2022;
- 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.

Recognition of forward-looking information

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 the forward looking into account in the projection of PD and LGD inputs over the amortization horizon of operations within the central model. The application of the forward looking on the LGD parameter has been extended as of the closing at June 30, 2022 to all Individual customer, Professional customer and SME exposures (until then, it was only applied to the real estate exposures of Individual and Professional customers);
- at the level of each entity, with regard to its own portfolios.

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 as the most probable, framed by optimistic and pessimistic scenarios in order to define alternative trajectories.

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 baseline scenario was updated based on the scenarios determined by the group's economists in October 2022 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 economic context remains very uncertain, mainly due to (i) the Russia/Ukraine war, (ii) the monetary policies of central banks, which are trying to contain the high level of inflation, and (iii) the situation in China, which is relaxing its zero-Covid strategy to boost its economic growth.

Global growth is expected to slow in 2023, giving way to a risk of recession in very pessimistic/adverse scenarios. In this context, Economic Research updated the central scenario, validated at BPCE Executive Management Committee in October 2022. The pessimistic scenario is based on a sustained inflation and a sharp slowdown in activity, or even recession, corresponding to one of the adverse scenarios of the 2022 internal stress campaign. Conversely, the optimistic scenario corresponds to a gradual return of inflation to more normal levels and a more vigorous recovery in activity.

The deviation from the baseline scenario is greater for the pessimistic than optimistic scenario.

The weightings for the France zone are based on the average November Consensus Forecast. The weightings of the euro and US zones use the same Consensus Forecast as well as its update in December. The high weightings on the central scenario are explained by the updating of the scenario (and its severity).

For the France zone, the macroeconomic scenario appears to be significantly more pessimistic than last year. The continued deterioration of the economic context and outlook and the projections of macroeconomic variables have been downgraded more. In 2022, a significant deterioration in French GDP growth projections linked to the Ukrainian crisis was observed by forecasters and resulted in a projection of +2.5% in 2022 and +0.6% in 2023 in the central scenario. On the other hand, the statistical uncertainty used to determine the pessimistic and optimistic scenarios for the year 2022 has reduced over time. The pessimistic threshold used for December 31, 2022 is therefore less pessimistic than that used for December 31, 2021.

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.

The variables defined in each of these scenarios allow for the distortion of the PD and LGD parameters 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, the projections are calculated using the main macroeconomic variables such as GDP, the unemployment rate, interest rates on 10-year French sovereign debt and real estate. For Corporate & Investment Banking, which is more geographically diversified, the macroeconomic variables used relate to the international economy and, in addition to macroeconomic variables for the France zone, use the Euro zone and US GDP variables.

For retail banking and Corporate & Investment Banking, the macroeconomic variables in France are as follows:

At December 31, 2022:

	Pessimistic 2022			
	GDP	Unempl.	RRE	10Y yld
2022	1.80%	7.60%	4.00%	3.42%
2023	(0.70%)	8.20%	(5.00%)	4.31%
2024	0.30%	9.30%	(6.00%)	5.42%

	Central 2022			
	GDP	Unempl.	RRE	10Y yld
2022	2.50%	7.20%	5.00%	2.65%
2023	0.60%	7.40%	(2.50%)	2.77%
2024	1.10%	7.30%	(3.00%)	2.86%

	Optimistic 2022			
	GDP	Unempl.	RRE	10Y yld
2022	3.00%	7.00%	6.00%	2.27%
2023	1.50%	6.80%	2.00%	2.00%
2024	1.70%	5.80%	2.50%	1.58%

At December 31, 2021:

	Pessimistic 2021			
	GDP	Unempl.	RRE	10Y yld
2021	3.00%	9.80%	N/A	(0.41%)
2022	1.00%	10.20%	N/A	(0.37%)
2023	0.50%	9.90%	N/A	(0.21%)
2024	0.10%	9.60%	N/A	(0.03%)

	Central 2021			
	GDP	Unempl.	RRE	10Y yld
2021	5.50%	8.90%	N/A	0.34%
2022	4.00%	9.30%	N/A	0.53%
2023	2.00%	9.00%	N/A	0.70%
2024	1.60%	8.70%	N/A	0.88%

	Optimistic 2021			
	GDP	Unempl.	RRE	10Y yld
2021	7.00%	8.00%	N/A	1.23%
2022	5.50%	8.40%	N/A	1.27%
2023	3.50%	8.10%	N/A	1.43%
2024	3.10%	7.80%	N/A	1.61%

For Corporate & Investment Banking, the 2022 macroeconomic scenarios for the Euro and US zones used to determine the weightings for these zones are as follows:

	Pessimistic 2022		Central 2022		Optimistic 2022	
	Eurozone GDP	US GDP	Eurozone GDP	US GDP	Eurozone GDP	US GDP
2022	1.80%	0.60%	2.90%	1.70%	3.70%	2.50%
2023	(2.00%)	(1.00%)	0.20%	0.50%	1.80%	1.60%
2024	(0.20%)	(0.60%)	0.90%	0.90%	1.60%	2.00%

For retail banking, the post-model adjustments that reflected the positive impact of the various measures to support the economy were eliminated due to the reduction in the benefits provided by the moratoria and SGLs as well as the change in the economic situation since the implementation of these adjustments.

Weighting of scenarios at December 31, 2022

In order to take into account the geographical diversity of its exposures, particularly for Corporate & Investment Banking, Groupe BPCE has had to distinguish the weightings of its economic scenarios according to the geographical area in question. The expected credit losses are calculated by assigning to each of the scenarios a weighting determined according to the proximity of the consensus of the forecasters with each of the baseline, pessimistic and optimistic scenarios on the GDP growth variable.

Thus, the weightings used for the France zone are as follows:

- central scenario: 45% at December 31, 2022 for the Group as a whole, compared with 10% for Retail Banking and 60% for Corporate & Investment Banking at December 31, 2021;
- pessimistic scenario: 35% at December 31, 2022 for the Group as a whole, compared with 85% for Retail Banking and 35% for Corporate & Investment Banking at December 31, 2021;
- optimistic scenario: 20% at December 31, 2022 for the Group as a whole, compared with 5% for Retail Banking and 35% for Corporate & Investment Banking at December 31, 2021.

For exposures in the Euro zone (excluding France) and the US, mainly in Corporate & Investment Banking, the weightings are as follows:

- in the Euro zone (excluding France): 21% pessimistic, 56% central and 22% optimistic;
- in the US zone: 23% pessimistic, 48% central and 29% optimistic.

Environmental risks are not taken into account in the central models at this stage. However, they are recorded at the institution level (see below).

Expected credit losses built up in addition to the central model

Additional provisions have been recorded by the group's 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, automotive and transport sectors (excluding air transport). These provisions were mainly allocated in 2020 and 2021 for the consequences of the Covid-19 crisis. In 2022, they were supplemented by additional documented provisions covering sectors (agri-food, transport, construction and public works, real estate professionals, etc.) likely to be the most affected by the deterioration of the macroeconomic context (increase in inflation, soaring energy prices, shortages, etc.).

In this context, the group continued to strengthen the identification and monitoring of the most affected sectors. The sectoral monitoring approach is reflected in a classification according to their level of risk of economic sectors and sub-sectors established centrally by Groupe BPCE’s Risk division, updated regularly and communicated to all Group institutions.

In 2022, the harmonized methodology developed in 2021 to calculate sectoral provisions at group level and the associated governance were supplemented and adapted to take into account changes in the macroeconomic context.

Expected credit losses due to climate risks have been recorded by certain institutions. They are constituted in accordance with the 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. They are not created individually because they cover an overall risk in certain sectors of the economy and on a local, regional or national scope, depending on the institution.

To a lesser extent, transition risks are also taken into account in these expected credit losses. They correspond to the economic and financial consequences of a societal transition to a low-carbon economy, aimed at limiting greenhouse gas emissions (regulations, market, technology, reputation), to which a business sector cannot align itself.

Climate risk is taken into account by applying a stress on the counterparty’s rating level, or an overall provisioning rate depending on the customer segment according to its vulnerability to climate risks.

ECL sensitivity analysis

A pessimistic scenario weighting of 100% would result in a 9% increase in expected credit losses. Conversely, weighting the optimistic scenario at 100% would result in a 9% decrease in ECLs.

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 and occur 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, *i.e.* 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".

Consequences of the war on the classification of Russian and Ukrainian counterparty exposures

As of December 31, 2022, Ukrainian counterparties were classified in Stage 3 and were impaired for an amount of €35 million corresponding to a gross exposure of €91 million.

As of December 31, 2022, Russian counterparties were partially classified as Stage 2 and were impaired in the amount of €46 million, corresponding to a gross exposure of €941 million. The remaining Russian counterparties were classified in Stage 3 and were impaired for an amount of €39 million corresponding to a gross exposure of €147 million.

The Group's exposures mainly concern Corporate & Investment Banking.

7.1.2.1 Change in S1/S2 credit losses

At December 31, 2022, the total expected S1/S2 credit losses amounted to €5,976 million and break down as follows:

in millions of euros	12/31/2022	12/31/2021
Central model	4,156	3,621
Complements to the central model	1,723	1,297
Others	97	215
TOTAL EXPECTED CREDIT LOSSES S1/S2	**5,976**	**5,133**

7.1.2.2 Change in the gross carrying amount and credit losses on financial assets through other comprehensive income

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (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 12/31/2021	**44,403**	**(7)**	**58**	**(2)**	**6**	**(5)**	**68**	**(65)**	**44,535**	**(79)**
Origination and acquisitions	16,593	(3)			///	///		///	16,593	(3)
Derecognition (redemptions, disposals and debt forgiveness)	(15,771)	3	(11)	1			(5)	2	(15,787)	3
Impairment (write-off)	///	///	///	///			(63)	63	(63)	63
Transfers of financial assets	(27)		6	(1)	21	1				
Transfers to S1	*18*		*(18)*				*///*	*///*		
Transfers to S2	*(22)*		*23*	*(1)*	*(1)*	*1*				
Transfers to S3	*(23)*				*23*					
Other changes[(1)]	(4,951)	(2)	10	0	33	(34)			(4,908)	(35)
BALANCE AT 12/31/2022	**40,247**	**(9)**	**62**	**(2)**	**60**	**(38)**			**40,370**	**(49)**

(1) Other changes include the amortization of receivables, the change in credit risk parameters (including partial repayments), and changes in exchange rates.

7.1.2.3 Change in the gross carrying amount and credit losses on debt securities at amortized cost

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (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 12/31/2021	**24,337**	**(9)**	**598**	**(7)**	**117**	**(96)**	**60**	**(13)**	**25,111**	**(125)**
Origination and acquisitions	6,295	(1)			///	///		///	6,295	(1)
Derecognition (redemptions, disposals and debt forgiveness)	(2,779)	4	(68)	0			(10)		(2,857)	4
Transfers of financial assets	21	(0)	(21)	0						
Transfers to S1	*17*	*(0)*	*(17)*	*0*			*/// *	*/// *		
Transfers to S2	*4*	*(0)*	*(4)*	*0*						
Other changes[1]	(675)	2	(101)	3	4	(14)	7	(2)	(766)	(11)
BALANCE AT 12/31/2022	**27,198**	**(5)**	**407**	**(4)**	**121**	**(110)**	**57**	**(14)**	**27,783**	**(133)**

(1) Other changes include the amortization of receivables, the change in credit risk parameters (including partial repayments), and changes in exchange rates.

7.1.2.4 Change in the gross carrying amount and credit losses on loans and advances to banks at amortized cost

Loans and advances to credit institutions registered in Stage 1 include funds centralized at the Caisse des Dépôts et Consignations, *i.e.* €85,047 million at December 31, 2022, compared to €76,596 million at December 31, 2021.

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (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 12/31/2021	**93,894**	**(7)**	**254**	**(3)**	**27**	**(24)**	**5**	**(5)**	**94,179**	**(40)**
Origination and acquisitions	8,047	(1)	5		///	///		///	8,052	(1)
Derecognition (redemptions, disposals and debt forgiveness)	(6,793)	2	(3)	0	0				(6,796)	2
Impairment (write-off)	///	///	///	///	(7)	0			(7)	
Transfers of financial assets	(41)	0	35	(0)	6	0				0
Transfers to S1	*6*	*(0)*	*(6)*	*0*			*/// *	*/// *		*0*
Transfers to S2	*(41)*	*0*	*41*	*(0)*						*0*
Transfers to S3	*(6)*	*0*			*6*	*(0)*				*0*
Other changes[1]	2,319	(3)	18	(37)	3	4	4	(4)	2,345	(40)
BALANCE AT 12/31/2022	**97,426**	**(9)**	**309**	**(40)**	**28**	**(20)**	**9**	**(9)**	**97,772**	**(78)**

(1) 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.

7.1.2.5 Change in the gross carrying amount and credit losses on loans and advances to customers at amortized cost

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (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 12/31/2021	**694,288**	**(1,384)**	**78,785**	**(3,198)**	**20,451**	**(8,967)**	**210**	**(2)**	**1,092**	**(178)**	**794,826**	**(13,728)**
Origination and acquisitions	132,651	(569)	4,102	(132)	///	///	///	///	348	///	137,101	(701)
Derecognition (redemptions, disposals and debt forgiveness)	(68,555)	287	(8,810)	269	(3,663)	1,253	(2)		(80)	8	(81,110)	1,817
Impairment (write-off)	///	///	///	///	(1,429)	1,377	///	///	(60)	34	(1,489)	1,411
Transfers of financial assets	(24,124)	183	20,469	(953)	3,655	(921)	230	(3)	(230)	7		(1,687)
Transfers to S1	*19,879*	*(120)*	*(19,514)*	*720*	*(365)*	*44*	*///*	*///*	*///*	*///*		*644*
Transfers to S2	*(41,176)*	*235*	*43,268*	*(2,017)*	*(2,092)*	*240*	*267*	*(4)*	*(267)*	*11*		*(1,535)*
Transfers to S3	*(2,827)*	*68*	*(3,285)*	*344*	*6,112*	*(1,206)*	*(36)*	*1*	*36*	*(3)*		*(796)*
Other changes[1][2]	(42,299)	174	32,827	(72)	1,250	(1,269)	1	(0)	39	(138)	(8,181)	(1,305)
BALANCE AT 12/31/2022	**691,962**	**(1,308)**	**127,373**	**(4,086)**	**20,263**	**(8,527)**	**439**	**(6)**	**1,110**	**(268)**	**841,147**	**(14,194)**

(1) 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.

(2) At December 31, 2022, other changes included (see Note 7.1.2):

- a transfer of €37.1 billion in outstandings from Stage 1 to Stage 2 related to the change in the quantitative criteria for transition to Stage 2. This transfer resulted in an increase in Stage 2 impairments of €277 million;
- a €280 million decrease in impairment mainly on loans classified as Stage 2 following a methodological change in the Loss Given Default (LGD) rates for SME exposures as well as the extension of the forward looking on the LGD parameter to all Individual customer, Professional customer and SME exposures.

7.1.2.6 Change in the gross carrying amount and credit losses on loan commitments given

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (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 12/31/2021	**144,846**	**(192)**	**10,438**	**(208)**	**327**	**(63)**	**20**		**206**		**155,837**	**(462)**
Origination and acquisitions	59,209	(125)	764	(8)	///	///	///	///	28	///	60,001	(133)
Derecognition (redemptions, disposals and debt forgiveness)	(48,080)	50	(1,856)	18	(85)	3	(6)	///	(14)	3	(50,041)	74
Transfers of financial assets	(3,169)	21	3,149	(60)	20	(5)	204	(15)	(204)			(60)
Transfers to S1	*2,410*	*(5)*	*(2,310)*	*26*	*(100)*	*1*	*///*	*///*	*///*	*///*		*22*
Transfers to S2	*(5,477)*	*25*	*5,505*	*(88)*	*(28)*	*1*	*204*	*(15)*	*(204)*			*(77)*
Transfers to S3	*(102)*	*1*	*(46)*	*2*	*148*	*(7)*						*(4)*
Other changes(1)	(4,567)	67	(843)	44	171	5	(3)		5	(3)	(5,237)	112
BALANCE AT 12/31/2022	**148,239**	**(179)**	**11,652**	**(214)**	**433**	**(60)**	**215**	**(15)**	**21**	**0**	**160,560**	**(469)**

(1) Other changes include the amortization of receivables, the change in credit risk parameters (including partial repayments), and changes in exchange rates.

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7.1.2.7 Change in the gross carrying amount and credit losses on guarantee commitments given

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition. (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 12/31/2021	**36,406**	**(44)**	**5,961**	**(71)**	**1,187**	**(280)**	**1**		**84**	**(9)**	**43,640**	**(404)**
Origination and acquisitions	28,290	(19)	1,047	(4)	///	///	///	///	10	///	29,347	(23)
Derecognition (redemptions, disposals and debt forgiveness)	(16,040)	13	(1,693)	15	(336)	107			(4)		(18,073)	135
Impairment (write-off)	///	///	///	///	(7)	7	///	///			(7)	7
Transfers of financial assets	(1,983)	4	1,914	(9)	69	(12)	77	(2)	(77)			(19)
Transfers to S1	*942*	*///*	*(908)*	*5*	*(34)*	*1*	*///*	*///*	*///*	*///*		*6*
Transfers to S2	*(2,784)*	*3*	*2,868*	*(15)*	*(84)*	*2*	*77*	*(2)*	*(77)*			*(12)*
Transfers to S3	*(141)*	*1*	*(46)*	*1*	*187*	*(15)*						*(14)*
Other changes[1]	(4,356)	2	(614)	16	74	(25)	2		10	5	(4,885)	(2)
BALANCE AT 12/31/2022	**42,317**	**(44)**	**6,615**	**(53)**	**987**	**(203)**	**81**	**(2)**	**23**	**(4)**	**50,022**	**(306)**

(1) Other changes include the amortization of receivables, the change in credit risk parameters (including partial repayments), and changes in exchange rates.

7.1.3 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.

7.1.4 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	178	(124)	54	0
Loans and advances due from banks at amortized cost	37	(29)	8	
Loans and advances to customers at amortized cost	21,373	(8,794)	12,579	9,963
Debt securities – Fair value through OCI recyclable to profit or loss	60	(37)	23	
Loan commitments	454	(60)	393	61
Guarantee commitments	1,007	(207)	800	667
TOTAL IMPAIRED FINANCIAL INSTRUMENTS (S3)	**23,108**	**(9,252)**	**13,856**	**10,691**

7.1.5 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, 2022.

7.2 MARKET RISK

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 OVERALL 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 foreign exchange 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 foreign exchange risks".

Note 8 Employee benefits and similar

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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.

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 change in 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 costs an payroll-based 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	2022 fiscal year	2021 fiscal year
Wages and salaries	(6,984)	(6,978)
Expenses for defined-benefit and defined-contribution pension plans and other long-term employee benefits	(627)	(748)
Other social security costs and payroll-based taxes	(2,727)	(2,784)
Profit sharing and incentive schemes	(729)	(723)
TOTAL PAYROLL COSTS	**(11,067)**	**(11,233)**

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 interest rate products (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 crystallized 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 benefits	12/31/2022	12/31/2021
Actuarial liabilities[(1)(2)]	5,431	655	213	375	6,674	9,242
Fair value of plan assets[(2)]	(6,775)	(621)	(10)		(7,406)	(9,084)
Fair value of reimbursement rights[(2)]		(29)			(29)	(69)
Effect of ceiling on plan assets	1,621				1,621	1,237
Net amount reported on the balance sheet[(1)]	**277**	**5**	**203**	**375**	**860**	**1,326**
Employee benefits liabilities[(1)]	277	135	203	375	990	1,399
Employee benefits assets[(2)]		130			130	73

(1) The increase in discount rates in 2022 led to a significant decrease in the actuarial liability.
(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 benefits	2022 fiscal year	2021 fiscal year
Actuarial liabilities at start of year	**7,705**	**897**	**269**	**371**	**9,242**	**9,816**
Service cost	12	57	19	74	162	196
Past service cost	(1)	3	(1)		1	2
Interest cost	84	7	2		93	58
Benefits paid	(232)	(41)	(13)	(46)	(332)	(329)
Other items recorded in income	1	(10)	(68)	(8)	(85)	65
Changes recorded in income	**(136)**	**16**	**(61)**	**20**	**(161)**	**(8)**
Revaluation adjustments – Demographic assumptions	8	(5)			3	70
Revaluation adjustments – Financial assumptions	(2,103)	(236)			(2,370)	(471)
Revaluation adjustments – Past-experience effect	(59)	(20)			(79)	(104)
Changes recognized directly in other comprehensive income not recyclable to profit or loss	**(2,154)**	**(261)**			**(2,415)**	**(505)**
Foreign exchange rate adjustments	21			4	25	23
Other changes[(1)]	(5)	3	4	(20)	(18)	(84)
ACTUARIAL LIABILITIES AT END OF YEAR	**5,431**	**655**	**213**	**375**	**6,674**	**9,242**

(1) The implementation of the IFRS IC decision relating to IAS 19 "Employee Benefits" resulted in a reduction in provisions of €59 million in 2021, with a corresponding reduction in consolidated reserves shown under "Other".

Change in plan assets

	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	2022 fiscal year	2021 fiscal year
Fair value of plan assets at start of year	**8,496**	**647**	**10**	**9,153**	**9,143**
Interest income	94	5		99	57
Plan participant contributions	10	5		15	13
Benefits paid	(199)	(13)		(212)	(194)
Other items recorded in income					(3)
Changes recorded in income	**(95)**	**(3)**		**(98)**	**(127)**
Revaluation adjustments – Return on plan assets	(1,645)	9		(1,636)	104
Changes recognized directly in other comprehensive income not recyclable to profit or loss	**(1,645)**	**9**		**(1,636)**	**104**
Foreign exchange rate adjustments	21			21	21
Other changes	(2)	(3)		(5)	12
FAIR VALUE OF ASSETS AT END OF YEAR[1]	**6,775**	**650**	**10**	**7,435**	**9,153**

(1) Of which €29 million in reimbursement rights included in end-of-career awards (compared to €27 million in 2021).

Amounts paid in cash to beneficiaries reduce the amount of provisions recorded to this end by an equivalent amount. A total of €212 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	2022 fiscal year	2021 fiscal year
Service cost	(71)	(92)	(163)	(198)
Net interest cost	8	(2)	6	(1)
Other (o/w asset ceiling by result)	(4)	76	72	(73)
Expense for the period	**(67)**	**(18)**	**(85)**	**(272)**
Benefits paid	61	59	120	135
Plan participant contributions	15		15	13
Change in provisions due to contributions	**76**	**59**	**135**	**148**
TOTAL	**9**	**41**	**50**	**(124)**

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	2022 fiscal year	2021 fiscal year
Accumulated revaluation differences at start of period	**298**	**(55)**	**243**	**485**
Revaluation differences generated over the period	(509)	(270)	(779)	(610)
Adjustments to asset ceiling	369		369	368
ACCUMULATED REVALUATION DIFFERENCES AT END OF PERIOD	**158**	**(325)**	**(167)**	**243**

8.2.4 OTHER INFORMATION

Main actuarial assumptions

	2022 fiscal year		2021 fiscal year	
	CAR-BP	CGP-CE	CAR-BP	CGP-CE
Discount rate	3.72%	3.75%	0.86%	1.07%
Inflation rate	2.40%	2.40%	1.70%	1.70%
Life tables used	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05	TGH05/TGF05
Duration	11 years	14 years	13 years	17 years

Sensitivity of actuarial liabilities to changes in the principal assumptions

At December 31, 2022, a +/- 0.5% change in the discount rate and the inflation rate would have the following impact on actuarial liabilities:

	12/31/2022				12/31/2021			
	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	(5.39%)	(33)	(6.55%)	(271)	(6.30%)	(49)	(7.94%)	(479)
-0.5% decrease in the discount rate	5.94%	36	7.32%	303	7.02%	54	9.01%	543
+0.5% increase in the inflation rate	5.80%	35	5.72%	237	6.41%	50	7.61%	459
-0.5% decrease in the inflation rate	(5.03%)	(30)	(5.28%)	(219)	(5.46%)	(42)	(6.89%)	(416)

Payment schedule – (non-discounted) amounts paid to beneficiaries

	12/31/2022		12/31/2021	
	CAR-BP	CGP-CE	CAR-BP	CGP-CE
N+1 to N+5	194	887	183	865
N+6 to N+10	184	946	171	937
N+11 to N+15	168	915	153	925
N+16 to N+20	144	817	128	838
Year > N+20	277	1,942	241	2,090

Breakdown of fair value of CAR-BP plan assets (including reimbursement rights) and CGP-CE plan assets

	12/31/2022				12/31/2021			
	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%	40	3.90%	223	8.80%	47	1.80%	130
Equities	42.60%	194	13.40%	767	42.70%	227	12.00%	870
Bonds	40.80%	186	80.20%	4,588	40.90%	218	84.30%	6,110
Residential mortgages			2.50%	143			1.90%	138
Investment funds	7.80%	36			7.70%	41		
TOTAL	**100.00%**	**456**	**100.00%**	**5,721**	**100.00%**	**533**	**100.00%**	**7,248**

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 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.

The deferred variable compensation plan awarded in 2022 in respect of 2021 is exclusively cash-settled and indexed to changes in the net income of Groupe BPCE.

With regard to the 2023 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, 2022.

Natixis SA subsidiaries may also establish their own share-based payment plans. The expense relating to these plans at December 31, 2022 was -€58 million compared to -€16 million in 2021.

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 had the effect of reclassifying the share-settled 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	Vesting date	Number of units vested by beneficiaries	Fair value of indexed cash unit at valuation date *(in euros)*
2019 plan	04/12/2019	3,111,057	March 2021 March 2022	894,846 2,146,224	€4.40
2020 plan	04/10/2020	5,867,435	March 2022 March 2023	1,640,619	[€4.40; €4.47]
2021 plan	02/18/2021	2,638,236	March 2022 March 2023 March 2024		[€4.40; €5.31]
2021 plan	04/15/2021	2,075,079	March 2023 March 2024 March 2025		[€4.47; €5.49]
2022 plan	03/17/2022	€67,306,358	March 2023 March 2024 March 2025 March 2026 March 2027		
2023 plan[(1)]	03/09/2023		March 2023 March 2024 March 2025 March 2026 March 2027 March 2028 March 2029 March 2030		

(1) Concerning the 2023 plan, the grants were not formally made at December 31, 2022.

SHARE-BASED PAYMENT PLANS SUBJECT TO LIQUIDITY CONTRACTS

Year the plan was granted	Grant date	Number of shares concerned at December 31, 2022	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	150,832	March 2023
2020 plan	04/10/2020	2,245,462	May 2024

The shares in the process of being acquired under the liquidity contracts give rise to a liability of €14 million at December 31, 2022.

EXPENSE FOR THE YEAR REPRESENTED BY DEFERRED VARIABLE REMUNERATION PLANS

	2022 fiscal year			
in millions of euros	Plans settled in shares subject to a liquidity contract	Plans settled in cash indexed to a valuation formula	Total	2021 fiscal year
Previous plans	(4)	(35)	(39)	(41)
Plans from the fiscal year		(31)	(31)	(34)
TOTAL	**(4)**	**(66)**	**(70)**	**(75)**

VALUATION PARAMETERS USED FOR THE COST ESTIMATE FOR THESE PLANS

	12/31/2022	12/31/2021
Share price	///	///
Fair value of the indexed cash unit[1]	[€4.40; €5.49]	[€4.40; €5.49]
Risk-free interest rates	1.79%	(0.69%)
Dividend payout ratio[2]	///	///
Loss of rights rate	5.18%	4.97%

(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 2022 was:

			2022 fiscal year	2021 fiscal year
Year the plan was granted	Grant date	Vesting date	*(in millions of euros)*	*(in millions of euros)*
2019 plan	02/26/2019	March 2020 March 2021	///	(1)
2020 plan	01/22/2020	March 2021 March 2022	(0)	(4)
2021 plan	01/20/2021	March 2022 March 2023	(7)	(9)
TOTAL			**(7)**	**(13)**

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 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. Groupe BPCE's savings/retirement contracts should fall fully within the scope of this European exemption. On December 9, 2021, the IASB published an amendment to IFRS 17 allowing, as an option, 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. This amendment was adopted by Commission Regulation (EU) 2022/1491 of September 8, 2022. 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.

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 closing date, the Group tests the adequacy of its recognized Insurance liabilities based on the estimated present value of future cash flows from its Insurance contracts 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, 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 to 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 closing dates, they are measured at amortized cost using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows 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 resetting 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.

The Group considers that a decline of more than 50% or lasting for more than 24 months in the value of a security in relation to its historical cost is an objective indicator of lasting impairment, leading to the recognition of an impairment in the income statement.

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 activities". 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).

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;
- 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	12/31/2022	12/31/2021
Investment property	1,913	1,893
Financial assets at fair value through profit or loss	32,606	34,775
Available-for-sale financial assets	56,231	62,986
Loans and advances to banks	484	708
Loans and advances to customers	11,826	12,717
Held-to-maturity financial assets	1,064	1,136
Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts	19,335	18,632
Receivables arising from insurance and assumed reinsurance activities	1,854	1,941
Receivables arising from ceded reinsurance activities	86	55
Deferred acquisition costs	384	385
TOTAL INSURANCE BUSINESS INVESTMENTS	**125,783**	**135,228**

9.1.1.1 Investment property

	12/31/2022			12/31/2021		
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	(16)	28
Investment property recognized at fair value[1]	1,485		1,485	1,476		1,476
Investment property (unit-linked vehicles)	400		400	389		389
TOTAL INVESTMENT PROPERTY	**1,929**	**(16)**	**1,913**	**1,909**	**(16)**	**1,893**

(1) Changes in fair value give rise to symmetrical recognition of a provision for deferred profit-sharing equal, on average at December 31, 2022, to 89% of the calculation base versus 89% at December 31, 2021.

The fair value of investment property came to €1,954 million at December 31, 2022 (*versus* €1,929 million at December 31, 2021).

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 closing 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 activities".

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	12/31/2022	12/31/2021
UCITS	3,216	4,348
Financial assets held for trading	**3,216**	**4,348**
Trading derivatives	**25**	**15**
Hedging derivatives	**27**	
Bonds	1,167	1,618
Equities	914	1,085
UCITS	4,599	5,153
Investments backed by unit-linked policies	22,659	22,556
Financial assets designated at fair value	**29,339**	**30,412**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**32,606**	**34,775**

CONDITIONS FOR DESIGNATING INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2022				12/31/2021			
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		25	1,141	1,167	534	27	1,057	1,618
Equities	407	507		914	503	582		1,085
UCITS	4,599			4,599	5,153			5,153
Investments backed by unit-linked policies	20,005	2,655		22,659	19,862	2,115	579	22,556
TOTAL	**25,011**	**3,187**	**1,141**	**29,339**	**26,052**	**2,724**	**1,636**	**30,412**

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 activities". Income from variable-income securities is recorded under "Net income from insurance activities".

in millions of euros	12/31/2022	12/31/2021
Bonds	43,274	49,563
Equities	4,423	5,783
UCITS	9,013	7,969
Available-for-sale financial assets, gross	**56,711**	**63,315**
Impairment of debt instruments	(103)	(51)
Impairment of equity instruments(1)	(376)	(278)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**56,231**	**62,986**

(1) In 2022, permanent impairment of variable-income securities came to €193 million compared with €85 million in 2021. This expense was 89% offset by the profit sharing mechanism (89% in 2021). The 2022 expense can be broken down into an additional impairment on previously impaired securities for €118 million (€8 million in 2021) and an allowance for newly impaired securities for €75 million (€76 million in 2021).

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 activities".

in millions of euros	12/31/2022	12/31/2021
Loans and advances to banks	484	708
Loans and advances to customers(1)	11,826	12,717
TOTAL LOANS AND ADVANCES	**12,311**	**13,425**

(1) Including €10,641 million for guarantee deposits made for the acceptance of reinsurance treaties versus €11,338 million at December 31, 2021.

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 activities".

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	12/31/2022	12/31/2021
Treasury bills and equivalent	518	512
Bonds and other fixed-income securities	547	625
Gross amount of held-to-maturity investments	**1,065**	**1,137**
Impairment	(1)	(1)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**1,064**	**1,136**

9.1.1.6 Fair value hierarchy of financial assets at fair value

The principles used to assess fair value are described in Note 9.

	12/31/2022				12/31/2021			
in millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Assets held for trading (equities and UCITS)	3,216			3,216	4,348			4,348
Financial assets held for trading	**3,216**			**3,216**	**4,348**			**4,348**
Interest rate derivatives	2	7		9				
Currency derivatives	3	2		5	2			2
Equity derivatives	11			11	13			13
Derivatives excl. hedging derivatives (positive fair value)	**16**	**9**		**25**	**15**			**15**
Securities designated at fair value through profit or loss	3,888	1,893	899	6,680	5,066	1,518	1,273	7,856
Bonds	*25*	*254*	*888*	*1,167*	*26*	*329*	*1,264*	*1,618*
Equities and UCITS	*3,863*	*1,639*	*11*	*5,513*	*5,040*	*1,189*	*9*	*6,238*
Investments backed by unit-linked policies	18,326	4,321	12	22,659	18,516	4,026	14	22,556
Financial assets designated at fair value through profit or loss on option	**22,214**	**6,214**	**911**	**29,339**	**23,582**	**5,543**	**1,287**	**30,412**
Currency derivatives		27		27				
Hedging derivatives		**27**		**27**				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**25,446**	**6,250**	**911**	**32,606**	**27,945**	**5,543**	**1,287**	**34,775**
Investments in associates			218	218			216	216
Other available-for-sale securities	44,339	7,270	4,404	56,013	52,353	6,543	3,873	62,770
Bonds	*36,332*	*3,732*	*3,107*	*43,171*	*42,999*	*3,282*	*3,231*	*49,512*
Equities and UCITS	*8,007*	*3,538*	*1,297*	*12,842*	*9,354*	*3,261*	*642*	*13,258*
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**44,339**	**7,270**	**4,622**	**56,231**	**52,353**	**6,543**	**4,089**	**62,986**

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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	01/01/2022	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	Deconsolidated entities	Other changes	12/31/2022
ASSETS											
Securities designated at fair value through profit or loss	1,273	(215)	(1)		50	(207)					899
Bonds	*1,264*	*(215)*	*(1)*		*48*	*(207)*					*888*
Equities and UCITS	*9*				*2*						*11*
Investments backed by unit-linked policies	14	(2)									12
Financial assets designated at fair value through profit or loss on option	**1,287**	**(217)**	**(1)**		**50**	**(207)**					**911**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,287**	**(217)**	**(1)**		**50**	**(207)**					**911**
Investments in associates	216			1	(33)	47				(12)	218
Other available-for-sale securities	3,873	(33)	(2)	(359)	1,346	(539)		155		(39)	4,404
Bonds	*3,231*	*(33)*	*(2)*	*(392)*	*852*	*(508)*		*(3)*		*(39)*	*3,107*
Equities and UCITS	*642*			*33*	*494*	*(31)*		*158*			*1,297*
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**4,089**	**(33)**	**(2)**	**(358)**	**1,313**	**(492)**		**155**		**(51)**	**4,622**

BREAKDOWN OF FAIR VALUE HIERARCHY TRANSFERS

		2022 fiscal year					
	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		196		39			
Bonds		*5*					
Equities and UCITS		*191*		*39*			
Financial assets designated at fair value through profit or loss on option		**196**		**39**			
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**196**		**39**			
Investments in associates		1,320			80		80
Other available-for-sale securities		190	3	232	213	51	10
Bonds		*190*	*3*	*232*	*56*	*51*	*10*
Equities and UCITS					*158*		
AVAILABLE-FOR-SALE FINANCIAL ASSETS		**1,510**	**3**	**232**	**294**	**51**	**90**

		2021 fiscal year					
	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 on option		**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**

9.1.1.7 Fair value of investments from Insurance businesses measured at amortized cost in the balance sheet

The principles used to assess fair value are described in Note 10.

	12/31/2022				12/31/2021			
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	484		484		709	5	704	
Investments of loans and advances due from customers	11,826		11,826		12,717		12,717	
Held-to-maturity investments	1,121	1,046	73	2	1,479	1,315	161	3
INSURANCE BUSINESS INVESTMENTS AT AMORTIZED COST	**13,432**	**1,046**	**12,384**	**2**	**14,905**	**1,320**	**13,582**	**3**

9.1.2 LIABILITIES RELATED TO INSURANCE POLICIES

in millions of euros	12/31/2022	12/31/2021
Technical reserves relating to insurance policies	68,059	63,860
Technical reserves relating to unit-linked policies	19,958	19,101
Technical reserves relating to insurance policies	**88,016**	**82,961**
Technical reserves relating to financial contracts with a discretionary profit sharing feature	18,227	19,667
Technical reserves relating to unit-linked financial contracts	5,293	6,049
Technical reserves relating to financial contracts	**23,520**	**25,716**
Net participating benefit liabilities	330	4,730
Liabilities arising from insurance and assumed reinsurance activities, and liabilities arising from ceded reinsurance activities	10,875	11,667
Trading derivatives	5	7
Hedging derivatives	84	
TOTAL LIABILITIES RELATED TO INSURANCE POLICIES	**122,831**	**125,081**

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.

9.1.3 NET PARTICIPATING BENEFIT

in millions of euros	12/31/2022	12/31/2021
Net participating benefit assets	(4,752)	-
Net participating benefit liabilities	330	4,730
TOTAL NET PARTICIPATING BENEFIT[1]	**(4,422)**	**4,730**
of which net participating benefit recognized in other comprehensive income	*4,165*	*(4,646)*

(1) By convention, the net participating benefit is presented in the negative when it is an asset.

The change in the net participating benefit over the period is related to market developments.

9.2 NOTES TO THE INCOME STATEMENT

9.2.1 NET INCOME FROM INSURANCE ACTIVITIES

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 contracts and investment contracts containing a discretionary profit sharing feature within the meaning of IFRS 4;
- investment income net of expenses:
  - investment income including income from investment 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 contracts 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.

in millions of euros	2022 fiscal year	2021 fiscal year
Additional paid-in capital written	16,090	16,062
Change in unearned additional paid-in capital	(286)	(388)
Earned additional paid-in capital	**15,803**	**15,674**
Revenues and other income from insurance activities	**33**	**40**
Income from investments	1,898	2,496
Expenses on investments	(493)	(194)
Gains or losses on disposals of investments less reversals of impairment and amortization	214	335
Change in fair value of investments recognized at fair value through profit or loss	(3,613)	1,669
Change in impairment for investments	(249)	(92)
Income from investments net of expenses	**(2,243)**	**4,214**
Amortization of acquisition costs	**(6)**	**11**
Claims and benefits expenses	**(10,664)**	**(16,846)**
Income from reinsurance cessions	3,988	3,615
Expenses on reinsurance cessions	(3,986)	(3,848)
Net income or expenses on reinsurance cessions	**2**	**(233)**
NET INCOME FROM INSURANCE ACTIVITIES	**2,927**	**2,860**

9.3 INFORMATION TO BE PROVIDED ON THE TEMPORARY EXEMPTION OF INSURANCE BUSINESSES FROM IFRS 9

	12/31/2022		12/31/2021	
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	41,446	(9,174)	48,908	(1,165)
Other financial assets	9,702	(319)	9,881	311
TOTAL INSURANCE BUSINESS INVESTMENTS[1]	**51,148**	**(9,493)**	**58,790**	**(855)**

(1) Excluding UCITS classified as available-for-sale assets for €7,331 million at December 31, 2022, versus €7,255 million at December 31, 2021.

This table does not include financial assets recognized at fair value through profit of loss or reinsurance activities.

The credit risk associated with the 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 valuation 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.

For derivatives, the fair values are broken down according to the dominant risk factor, namely interest rate risk, foreign exchange risk, credit risk and equity risk.

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);
- 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, 2022, 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:** equity products generally have specific characteristics which justify the choice of model.

The main models used for equity products are local volatility, local volatility combined with 1-factor Hull & White (H&W1F) and Local Stochastic Volatility ("LSV") and may be available in a single or multi-underlying framework.

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 justify the choice of model.

The main models used to value and manage fixed income products are the Hull & White one-factor (H&W1F), two-factor (H&W2F) and one-factor stochastic volatility (H&W1FVS) models.

The H&W1F model is used to model the yield curve with a single Gaussian factor, calibrated on vanilla interest rate options.

The H&W2F model is used to model the yield curve with two factors, calibrated on vanilla interest rate options and spread-option type instruments.

The H&W1VS 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 which justify the choice of model.

The main models used to value and manage credit products are the Hull & White 1 credit factor model (H&W1F Credit) and the hybrid Bi-Hull&White Rate/Credit model (Bi-H&W Rate/Credit).

The H&W1F Credit model allows the diffusion of the credit curve (CDS curve) with a Gaussian factor.

The Bi-H&W 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).

The inputs relating to all 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;

- structured securities or securities representative of private placements, held by the Insurance business line;
- hybrid equity, interest rate, 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 the 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, 2022, 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.

The table below provides the main unobservable inputs and the value ranges for these instruments at December 31, 2022:

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	[71%; 94%]
Interest rate derivatives	Volatility caps/floors	Interest rate options valuation models	Interest rate volatility	[41%; 182%]
Equity	Simple and complex equity, equity basket or fund derivatives	Different valuation models for equity, equity basket or fund options	Equity volatility	[1%; 176%]
			Fund volatility	[2%; 33%]
			Stock/stock correlation	[13.05%; 95.84%]
			Repo of general baskets	[-0.76%; 1.15%]
Forex	Exchange rate derivatives	Exchange rate option valuation models	Currency volatility	[2.9673%; 19.3765%]
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%]
				[2.9673%; 19.3765%]
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	[70%; 80%]
Credit	Securitization swaps	Discounted expected cash flows based on early redemption assumptions on the underlying portfolio	Prepayment rate	[16.49%; 50.42%]
Hybrids	Hybrid equity/fixed income/forex (FX) derivatives	Hybrid models coupled with equity, forex and interest rate diffusion	Equity-FX correlations	[-99.30%; 99.98%]
			Equity/FI correlations	[14%; 33%]
			FI-FX correlations	[-19%; 44%]
Forex	Helvetix: Strip of long-term options, Strip of quanto options, Strip of digital options	Black & Scholes model	EURCHF/EURUSD correlations	[7%; 46%]
	Helvetix: Options spread and digital options spread	Gaussian copula	Long-term USD/CHF & EUR/CHF volatility	USD/CHF volatility: [8.9918%; 12.2943%] EUR/CHF volatility: [7.1346%; 8.9918%]

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 fair value level transfers are also presented to the Umbrella Valuation Committee, which validated, during the first half of 2022, the transfers from Level 2 to Level 1 fair value of the margin calls due to a methodological refinement.

As a reminder, the main reclassifications at December 31, 2021 were as follows:

- to Level 3 fair value of the OTC derivatives and the issues due to a methodological refinement in the observability of the market parameters;
- from Level 1 to Level 2 fair value of the listed derivatives due to a methodological refinement;
- to Level 3 fair value of the "loan trading" activity due to the illiquidity of the market;
- to Level 2 fair value of the write downs in order to harmonize the fair value level of the write downs.

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 closing 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 reporting 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 carrying amount. These liabilities 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 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 reporting 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:

	12/31/2022			
in millions of euros	Level 1	Level 2	Level 3	TOTAL
FINANCIAL ASSETS				
Debt instruments	**27,769**	**68,650**	**4,687**	**101,106**
Loans due from banks and customers	14,337	65,390	4,368	84,095
Debt securities	13,432	3,260	319	17,011
Equity instruments	**30,528**	**1,668**	**8**	**32,204**
Shares and other equity securities	30,528	1,668	8	32,204
Derivatives	**699**	**43,781**	**2,071**	**46,551**
Interest rate derivatives		14,803	730	15,533
Equity derivatives	623	2,946	355	3,924
Currency derivatives	5	24,071	710	24,786
Credit derivatives		818	116	934
Other derivatives	71	1,143	161	1,375
Financial assets at fair value through profit or loss – Held for trading[1]	**58,996**	**114,098**	**6,767**	**179,861**
Derivatives		**1,210**	**434**	**1,644**
Interest rate derivatives		1,142	431	1,573
Currency derivatives		68	3	71
Financial assets at fair value through profit or loss – Economic hedges		**1,210**	**434**	**1,644**
Debt instruments	**2,244**	**331**	**6,358**	**8,933**
Loans due from banks and customers		221	2,206	2,427
Debt securities	2,244	110	4,152	6,506
Financial assets at fair value through profit or loss – Non-standard	**2,244**	**331**	**6,358**	**8,933**
Equity instruments	**156**	**30**	**2,125**	**2,311**
Shares and other equity securities	156	30	2,125	2,311
Financial assets at fair value through profit or loss – Excluding assets held for trading	**156**	**30**	**2,125**	**2,311**
Debt instruments	**37,909**	**1,560**	**852**	**40,321**
Loans due from banks and customers		8	15	23
Debt securities	37,909	1,552	837	40,298
Equity instruments	**331**	**826**	**2,806**	**3,963**
Shares and other equity securities	331	826	2,806	3,963
Financial assets at fair value through other comprehensive income	**38,240**	**2,386**	**3,658**	**44,284**
Interest rate derivatives		11,448		11,448
Currency derivatives		1,252		1,252
Hedging derivatives		**12,700**		**12,700**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**99,636**	**130,756**	**19,342**	**249,734**

(1) Excluding economic hedges.

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	12/31/2022			
in millions of euros	Level 1	Level 2	Level 3	TOTAL
FINANCIAL LIABILITIES				
Debt securities	**22,496**	**74,652**	**215**	**97,363**
Derivatives	**151**	**43,792**	**1,800**	**45,743**
Interest rate derivatives	1	14,517	964	15,482
Equity derivatives	6	2,679	394	3,079
Currency derivatives	2	24,554	280	24,836
Credit derivatives		694	129	823
Other derivatives	141	1,348	33	1,522
Other financial liabilities	**10,173**	**1**		**10,174**
Financial liabilities at fair value through profit or loss – Held for trading(1)	**32,821**	**118,444**	**2,015**	**153,280**
Derivatives	**1**	**2,023**	**534**	**2,558**
Interest rate derivatives		1,232	529	1,761
Equity derivatives	1		2	3
Currency derivatives		791	3	794
Financial liabilities at fair value through profit or loss – Economic hedges	**1**	**2,023**	**534**	**2,558**
Debt securities		15,110	9,176	24,286
Other financial liabilities	4,564	12	48	4,624
Financial liabilities at fair value through profit or loss – Under option	**4,564**	**15,122**	**9,224**	**28,909**
Interest rate derivatives		13,282		13,282
Currency derivatives		3,004		3,004
Hedging derivatives		**16,286**		**16,286**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**37,385**	**151,875**	**11,774**	**201,034**

(1) Excluding economic hedges.

	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 at fair value through profit or loss – Under option			**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 derivative		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 at fair value through profit or loss – Under option	**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.

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	01/01/2022	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]	12/31/2022
FINANCIAL ASSETS										
Debt instruments	**4,184**	**105**	**80**		**11,185**	**(10,728)**		**(215)**	**77**	**4,687**
Loans due from banks and customers	3,612	143	72		10,889	(10,278)		(153)	83	4,368
Debt securities	572	(38)	8		296	(451)		(62)	(6)	319
Equity instruments	**6**	**23**			**271**	**(491)**		**199**		**8**
Shares and other equity securities	6	23			271	(491)		199		8
Derivatives	**2,926**	**28**	**(656)**		**962**	**(1,335)**	**(27)**	**(26)**	**200**	**2,071**
Interest rate derivatives	934	(362)	(97)		144	(89)	(27)	230	(2)	730
Equity derivatives	1,094	141	(335)		714	(1,046)		(206)	(8)	355
Currency derivatives	705	126	(199)		54	(139)		(52)	216	710
Credit derivatives	191	(49)	(24)		18	(15)		1	(7)	116
Other derivatives	3	171	(1)		32	(45)		1		161
Financial assets at fair value through profit or loss – Held for trading[4]	**7,116**	**155**	**(576)**		**12,418**	**(12,554)**	**(27)**	**(41)**	**277**	**6,767**
Derivatives	**67**	**329**	**(2)**		**58**	**(8)**	**(2)**	**(7)**	**(1)**	**434**
Interest rate derivatives	65	327	(1)		58	(8)	(2)	(8)		431
Equity derivatives	1								(1)	
Currency derivatives		2	(1)					1		3
Financial assets at fair value through profit or loss – Economic hedges	**67**	**329**	**(2)**		**58**	**(8)**	**(2)**	**(7)**	**(1)**	**434**
Debt instruments	**44**					**(49)**			**5**	
Debt securities	44					(49)			5	
Financial assets at fair value through profit or loss – Under option	**44**					**(49)**			**5**	
Debt instruments	**6,513**	**(43)**	**(35)**		**1,335**	**(1,120)**		**(150)**	**(140)**	**6,358**
Loans due from banks and customers	2,431	(236)	(3)		485	(302)		(152)	(18)	2,206
Debt securities	4,082	192	(33)		849	(818)		2	(122)	4,152
Financial assets at fair value through profit or loss – Non-standard	**6,513**	**(43)**	**(35)**		**1,335**	**(1,120)**		**(150)**	**(140)**	**6,358**
Equity instruments	**2,198**	**526**	**79**		**202**	**(930)**		**57**	**(6)**	**2,125**
Shares and other equity securities	2,198	526	79		202	(930)		57	(6)	2,125
Financial assets at fair value through profit or loss – Excluding assets held for trading	**2,198**	**526**	**79**		**202**	**(930)**		**57**	**(6)**	**2,125**
Debt instruments	**812**	**(12)**	**66**	**(41)**	**601**	**(538)**		**(36)**	**1**	**852**
Loans due from banks and customers	16		(1)	1	1	(3)				15
Debt securities	795	(12)	67	(42)	600	(535)		(36)	1	837
Equity instruments	**2,823**	**382**	**39**	**(157)**	**509**	**(645)**	**(24)**	**(16)**	**(105)**	**2,806**
Shares and other equity securities	2,823	382	39	(157)	509	(645)	(24)	(16)	(105)	2,806
Financial assets at fair value through other comprehensive income	**3,635**	**370**	**104**	**(198)**	**1,110**	**(1,184)**	**(24)**	**(52)**	**(103)**	**3,658**

		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	01/01/2022	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)	12/31/2022
FINANCIAL LIABILITIES									
Debt securities	**434**	**(23)**	**(10)**	**126**	**(326)**		**18**	**(3)**	**215**
Derivatives	**2,907**		**(867)**	**1,560**	**(1,631)**	**(27)**	**25**	**(166)**	**1,800**
Interest rate derivatives	720	(97)	(39)	103	(55)	(27)	354	4	964
Equity derivatives	1,347	78	(712)	1,336	(1,431)		(44)	(180)	394
Currency derivatives	576	18	(36)	51	(118)		(227)	16	280
Credit derivatives	216	(41)	(66)	58	(12)		(19)	(6)	129
Other derivatives	48	42	(14)	11	(15)		(39)	1	33
Financial liabilities at fair value through profit or loss – Held for trading(4)	**3,341**	**(23)**	**(877)**	**1,686**	**(1,957)**	**(27)**	**42**	**(169)**	**2,015**
Derivatives	**512**	**31**		**49**	**(15)**	**(10)**	**(30)**	**(2)**	**534**
Interest rate derivatives	512	43		32	(15)	(10)	(32)	(1)	529
Equity derivatives		(14)		17				(1)	2
Currency derivatives		2					2		3
Financial liabilities at fair value through profit or loss – Economic hedges	**512**	**31**		**49**	**(15)**	**(10)**	**(30)**	**(2)**	**534**
Debt securities	9,564	(372)	185	6,410	(6,139)		(625)	153	9,176
Other financial liabilities	105	(8)		16	(2)		(63)		48
Financial liabilities at fair value through profit or loss – Under option	**9,668**	**(380)**	**185**	**6,426**	**(6,140)**		**(688)**	**153**	**9,224**

(1) The main impacts recognized in the income statement are mentioned in Note 4.3.
(2) The main transfers from and to 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.

in millions of euros	01/01/2021	Gains and losses recognized during the period – In the income statement[(1)] – On transactions in progress at the reporting date	Gains and losses recognized during the period – In the income statement[(1)] – On transactions removed from the balance sheet at the reporting date	Gains and losses recognized during the period – In other comprehensive income	Transactions carried out during the period – Purchases/ Issues	Transactions carried out during the period – Sales/ Redemptions	Transfers during the period – To another reporting category	Transfers during the period – 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 at fair value through profit or loss – Under option	**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/ 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	**1,467**	**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 at fair value through profit or loss – Under option	**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 from and to 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.

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.

	2022 fiscal year					
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	**1,016**		**12,292**	**52**		**266**
Loans due from banks and customers			11,131	42		195
Debt securities	1,016		1,161	10		71
Equity instruments	**55**		**285**	**201**		**2**
Shares and other equity securities	55		285	201		2
Derivatives	**4**			**570**		**596**
Interest rate derivatives				282		52
Equity derivatives	4			22		228
Currency derivatives				258		311
Credit derivatives				6		5
Other derivatives				1		
Financial assets at fair value through profit or loss – Held for trading(1)	**1,075**		**12,577**	**823**		**864**
Derivatives				**10**		**17**
Interest rate derivatives				9		17
Currency derivatives				1		
Financial assets at fair value through profit or loss – Economic hedges				**10**		**17**
Debt instruments				**2**		**152**
Loans due from banks and customers						152
Debt securities				2		
Financial assets at fair value through profit or loss – Non-standard				**2**		**152**
Equity instruments				**72**	**15**	
Shares and other equity securities				72	15	
Financial assets at fair value through profit or loss – Excluding assets held for trading				**72**	**15**	
Debt instruments	**408**		**1,057**		**26**	**10**
Debt securities	408		1,057		26	10
Equity instruments			**11**	**17**		**33**
Shares and other equity securities			11	17		33
Financial assets at fair value through other comprehensive income	**408**		**1,068**	**17**	**26**	**43**

(1) Excluding economic hedges.

	2022 fiscal year					
From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL LIABILITIES						
Debt securities	**12**		**54**	**18**		
Derivatives	**6**			**656**		**631**
Interest rate derivatives	1			401		46
Equity derivatives	5			20		64
Currency derivatives				224		451
Credit derivatives				2		21
Other derivatives				9		48
Other financial liabilities			**10,451**			
Financial liabilities at fair value through profit or loss – Held for trading[(1)]	**18**		**10,505**	**674**		**631**
Derivatives				**18**		**48**
Interest rate derivatives				16		48
Currency derivatives				2		
Financial liabilities at fair value through profit or loss – Economic hedges				**18**		**48**
Debt securities				282		907
Other financial liabilities						63
Financial liabilities at fair value through profit or loss – Under option				**282**		**970**

(1) Excluding economic hedges.

	2021 fiscal year						
	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)**

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	2021 fiscal year					
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 at fair value through profit or loss – Under option				**1,932**		**1,056**

(1) Excluding economic hedges.

10.1.4 SENSITIVITY OF LEVEL 3 ASSETS AND LIABILITIES TO CHANGES IN THE PRINCIPAL ASSUMPTIONS

At December 31, 2022, the Group assessed the sensitivity of the fair value of the instruments of the Global Financial Services 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%.

The potential impact ranges between -€53 million and +€82 million in the income statement.

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. These values 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.

	12/31/2022			
in millions of euros	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTIZED COST				
Loans and advances to banks	98,668	132	22,105	76,431
Loans and advances to customers	799,000		150,108	648,892
Debt securities	25,709	16,024	6,675	3,010
FINANCIAL LIABILITIES AT AMORTIZED COST				
Amounts due to banks	141,206		51,598	89,608
Amounts due to customers	693,488		381,580	311,909
Debt securities	241,173	78,608	162,190	375
Subordinated debt	18,963	14,242	4,592	129

	12/31/2021			
in millions of euros	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTIZED COST				
Loans and advances to banks	94,958	125	24,163	70,671
Loans and advances to 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

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);
- and 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.

When it is likely that the competent tax authorities will question the treatment adopted, these uncertainties are reflected in tax income and expenses by a provision for tax risks presented under tax liabilities.

Groupe BPCE is audited for prior years. Where the Group disagrees with the rectification, it will state its reasons for doing so and, in accordance with the above, a provision will be recorded in the amount of the estimated risk.

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	2022 fiscal year	2021 fiscal year
Current tax assets and liabilities	(1,855)	(2,225)
Deferred tax assets and liabilities	129	279
INCOME TAX	**(1,726)**	**(1,946)**

RECONCILIATION BETWEEN THE TAX CHARGE IN THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX CHARGE

	2022 fiscal year		2021 fiscal year	
	in millions of euros	Tax rate	*in millions of euros*	Tax rate
Net income (attributable to equity holders of the parent)	3,951		4,003	
Value adjustments on goodwill	241			
Non-controlling interests	71		282	
Share in net income of associates	(24)		(220)	
Income taxes	1,726		1,946	
INCOME BEFORE TAX AND VALUE ADJUSTMENTS ON GOODWILL	**5,964**		**6,011**	
Effects of permanent differences[(1)]	603		785	
Consolidated taxable income (A)	**6,567**		**6,796**	
Standard income tax rate in France (B)		**25.83%**		**28.41%**
Theoretical income tax expense (income) at the tax rate applicable in France (AxB)	**(1,696)**		**(1,931)**	
Impact of the change in unrecognized deferred tax assets and liabilities	9			
Reduced rate of tax and tax-exempt activities	60		136	
Difference in tax rates on income taxed outside France	10		20	
Tax on prior periods, tax credits and other taxes[(2)]	84		(37)	
Other items[(3)]	(193)		(134)	
INCOME TAX EXPENSE (INCOME) RECOGNIZED	**(1,726)**		**(1,946)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**26.28%**		**28.64%**

(1) Permanent differences mainly include the impact of the SRF (Single Resolution Fund) 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 BIMPLI for -€223 million and H2O for -€16 million for Natixis Investment Managers).
(2) Tax on prior periods, tax credits and other taxes mainly include the impacts of tax adjustments.
(3) Other items mainly include the effects of provisions for tax adjustments and the Group's tax consolidation, in particular the effects of changes in deferred tax assets recognized on Natixis' losses in France. These effects mainly result from the end of the Natixis tax consolidation group on December 31, 2021, and their entry into the BPCE tax consolidation from the January 1, 2022. This entry is 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 improves future deficit allocation capacity and the tax savings related to this allocation are fully reallocated to Natixis.

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.

The tax rate and tax rules used to calculate deferred taxes are those resulting from current tax legislation and which will be applicable when the tax becomes payable or recoverable.

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	12/31/2022	12/31/2021
Deferred taxes resulting from accounting-tax timing differences	4,184	3,728
Provisions for employee-related liabilities	185	207
Provisions for regulated home savings products	170	172
Provisions on a portfolio basis	899	691
Other non-deductible provisions	858	994
Deferred tax on tax loss carryforwards(1)	1,795	1,921
Unrecognized deferred tax assets and liabilities(1)	(810)	(1,146)
Other sources of temporary differences	1,087	889
Deferred taxes on unrealized reserves	**87**	**(386)**
Financial assets at fair value through non-recyclable other comprehensive income(2)	(45)	(131)
Financial assets at fair value through recyclable other comprehensive income(2)	275	(359)
Cash flow hedges	(137)	67
Actuarial gains and losses on employee benefits	(66)	1
Own credit risk	60	38
Unrecognized deferred tax assets and liabilities		**(2)**
Deferred income taxes(3)	**(1,286)**	**(867)**
NET DEFERRED TAX ASSETS AND LIABILITIES	**2,985**	**2,475**
Recognized		
As assets in the balance sheet	4,951	3,524
As liabilities in the balance sheet	(1,966)	(1,049)

(1) The amount of deferred tax on losses recognized is €985 million, of which €728 million was capitalized on the loss from Natixis and its previous tax consolidation. The tax loss carryforward base for this tax group in France is €2,821 million out of a total of €3,151 million of tax loss carryforwards. At December 31, 2022, the Group performed tests to measure the potential impact on its 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.

(2) Deferred taxes associated with these instruments are presented net of deferred taxes corresponding to the cancellation of provisions for impairment under French GAAP.

(3) Of which a deferred tax liability relating to the tax amortization of goodwill in the United States.

Deferred tax assets are only recognized at the reporting date if it is probable that the tax entity concerned will recover the tax savings over a specified period. Groupe BPCE applies the following principles:

- the tax business plans are based on the strategic plan (4 years) with a longer-term projection;
- as a precaution, the maximum timeframe used to capitalize a net deferred tax asset is 10 years.

These savings will be realized by deducting tax differences and losses carried forward against estimated future taxable profit within this horizon.

At December 31, 2022, deductible temporary differences, tax losses and unused tax credits for which no deferred tax asset has been recorded in the balance sheet amounted to €822 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 14 Banques Populaires and their subsidiaries, Crédit Maritime Mutuel, and the Mutual Guarantee Companies;
- the Caisse d'Epargne network, consisting of the 15 Caisses d'Epargne;
- Financial Solutions & Expertise, 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;
- the Digital & Payments division, which brings together the payments activities and the activities of Oney, in order to support the digitization of retail and strengthen the quality of service from end to end of the payment chain;
- the Other networks, including Banque Palatine.

Global Financial Services, comprising the two sub-divisions of Natixis:

- Asset & Wealth Management:
  - Asset Management, present on the various international markets, brings together the expertise of management and distribution companies as well as employee savings ("Natixis Interépargne", the leading player in employee savings account management in France),

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– Wealth Management, with Natixis Wealth Management, which offers wealth management and financing solutions for large private investors;

- 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 reporting takes into account the significant transformation of the Group's structure in the first half of 2022. For the sake of comparability, proformas have been carried out on the 2021 data to take into account in particular the Group's simplification operation with the transfer of the insurance and payment businesses to BPCE and the consolidation of certain support functions within BPCE SA, as well as the transfer of Banco Primus from Crédit Foncier (Corporate center) to the FSE (RB&I) division.

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	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021
Net banking income	17,938	17,526	7,105	7,558	662	632	25,705	25,716
Operating expenses	(11,439)	(11,024)	(5,168)	(5,304)	(1,470)	(1,512)	(18,077)	(17,840)
Gross operating income	**6,499**	**6,502**	**1,936**	**2,254**	**(808)**	**(880)**	**7,628**	**7,876**
Cost/income ratio	63.8%	62.9%	72.7%	70.2%	N/S	N/S	70.3%	69.4%
Cost of risk	(1,753)	(1,566)	(247)	(170)	0	(47)	(2,000)	(1,783)
Share in income of equity-accounted associates	39	45	13	12	(28)	155	24	212
Gains or losses on other assets	302	(14)	17	(70)	17	2	336	(82)
Value adjustments on goodwill					(241)		(241)	
Income before tax	**5,088**	**4,967**	**1,718**	**2,026**	**(1,058)**	**(769)**	**5,748**	**6,224**
Income tax	(1,268)	(1,424)	(445)	(536)	(13)	13	(1,726)	(1,946)
Non-controlling interests (minority interests)	(13)	(76)	(58)	(267)	0	63	(71)	(280)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT – EXCL. COFACE NET CONTRIBUTION	**3,807**	**3,467**	**1,215**	**1,224**	**(1,071)**	**(693)**	**3,951**	**3,998**
Net contribution by Coface(1)						5		5
Transition from pro forma to reportable net income attributable to equity holders of the parent(2)		(23)		26		(4)		
REPORTABLE NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**3,807**	**3,444**	**1,215**	**1,250**	**(1,071)**	**(691)**	**3,951**	**4,003**

Results of the Retail Banking and Insurance sub-divisions

	Banques Populaires		Caisses d'Epargne		Financial Solutions & Expertise		Insurance		Digital & Payments		Other networks		Retail Banking and Insurance	
in millions of euros	2022	2021	2022	2021	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021 pf
Net banking income	7,110	6,867	7,232	7,240	1,317	1,222	974	972	958	899	347	327	17,938	17,526
Operating expenses	(4,507)	(4,354)	(4,732)	(4,614)	(672)	(644)	(536)	(503)	(783)	(696)	(209)	(212)	(11,439)	(11,024)
Gross operating income	**2,604**	**2,513**	**2,500**	**2,625**	**645**	**578**	**438**	**468**	**175**	**202**	**138**	**115**	**6,499**	**6,502**
Cost/income ratio	63.4%	63.4%	65.4%	63.7%	51.0%	52.7%	55.0%	51.8%	81.8%	77.5%	60.3%	64.8%	63.8%	62.9%
Cost of risk	(798)	(734)	(646)	(578)	(122)	(113)			(131)	(102)	(56)	(39)	(1,753)	(1,566)
Share in income of equity-accounted associates	41	38		0			(1)	7	(2)		0	0	39	45
Gains or losses on other assets	9	(11)	5	0	(0)	(0)			283	0	5	(4)	302	(14)
Income before tax	**1,857**	**1,806**	**1,859**	**2,048**	**523**	**464**	**437**	**475**	**326**	**100**	**86**	**73**	**5,088**	**4,967**

(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.
(2) The impacts related to the proforma are canceled at the level of this line to return to the published vision of the segment information as communicated in 2021.

Results of the sub-divisions of Global Financial Services

	Asset Management		Corporate & Investment Banking		Global Financial Services	
in millions of euros	2022	2021 pf	2022	2021 pf	2022	2021 pf
Net banking income	3,349	3,911	3,756	3,646	7,105	7,558
Operating expenses	(2,638)	(2,813)	(2,530)	(2,491)	(5,168)	(5,304)
Gross operating income	**711**	**1,098**	**1,226**	**1,156**	**1,936**	**2,254**
Cost/income ratio	78.8%	71.9%	67.4%	68.3%	72.7%	70.2%
Cost of risk	5	(4)	(252)	(167)	(247)	(170)
Share in income of equity-accounted associates	0	1	12	10	13	12
Gains or losses on other assets	17	(70)	(0)	1	17	(70)
Income before tax	**733**	**1,026**	**986**	**1,000**	**1,718**	**2,026**

12.1.2 SEGMENT ANALYSIS OF THE BALANCE SHEET

	Retail banking		AWM		CIB		Corporate center		Groupe BPCE	
in millions of euros	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Segment assets	1,194,852	1,098,472	3,040	4,021	324,925	312,153	8,317	101,375	1,531,134	1,516,021
Segment liabilities	1,194,852	1,098,472	3,040	4,021	324,925	312,153	8,317	101,375	1,531,134	1,516,021

	Banques Populaires		Caisses d'Epargne		FSE		Insurance		Digital & Payments		Other networks		Retail banking	
in millions of euros	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Segment assets	468,354	417,398	540,066	499,074	39,552	36,259	122,447	122,334	6,469	6,183	17,964	17,225	1,194,852	1,098,472
Segment liabilities	468,354	417,398	540,066	499,074	39,552	36,259	122,447	122,334	6,469	6,183	17,964	17,225	1,194,852	1,098,472

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	2022 fiscal year	2021 fiscal year
France	20,982	20,890
Rest of Europe	979	1,260
North America	2,792	2,721
Rest of world	952	845
TOTAL	**25,705**	**25,716**

Total segment assets

in millions of euros	12/31/2022	12/31/2021
France	1,433,431	1,407,278
Rest of Europe	17,729	26,948
North America	40,799	41,651
Rest of world	39,175	40,144
TOTAL	**1,531,134**	**1,516,021**

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 Leases 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 amount 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 initial direct 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	12/31/2022	12/31/2021
FINANCE LEASES		
Non-discounted lease payments (amount of gross investments)	**19,669**	**18,430**
< 1 year	4,848	4,274
1-5 years	10,483	9,896
> 5 years	4,338	4,260
Discounted lease payments (amount of net investments)	**17,634**	**16,511**
< 1 year	4,611	4,055
1-5 years	9,612	8,948
> 5 years	3,411	3,508
Financial income not received	**2,034**	**1,919**
OPERATING LEASES	**716**	**348**
< 1 year	96	73
1-5 years	411	193
> 5 years	209	83

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-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.

Leases 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	12/31/2022	12/31/2021
EXPENSES FROM LEASE TRANSACTIONS	**(612)**	**(524)**
Interest expenses on lease liabilities	(25)	(17)
Depreciation of right-of-use assets	(479)	(452)
Variable lease expenses not included in measurement of lease liabilities	(69)	(33)
Expenses on short-term leases[1]	(32)	(17)
Expenses on underlying assets of low value[1]	(7)	(6)
INCOME FROM SUB-LEASING/OPERATING LEASES	**4**	**32**

(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	12/31/2022	12/31/2021
Amounts of non-discounted future payments	**1,448**	**1,872**
< 1 year	292	358
1-5 years	717	890
> 5 years	439	623

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	12/31/2022	12/31/2021
Amounts of non-discounted future payments	**718**	**37**
< 1 year	72	0
1-5 years	287	18
> 5 years	359	18

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). No significant transaction was identified in this respect.

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 company directors" section in Chapter 3 "Corporate governance report".

Short-term employee benefits

Short-term benefits paid out to the group's company directors amounted to €8 million in 2022 (*vs.* €7 million in 2021).

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 in respect of retirement benefits came to €2 million at December 31, 2022 (€4 million at December 31, 2021).

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	12/31/2022	12/31/2021
Loans outstanding	2,056	1,898
Commitments given	423	409
Deposit account balances	935	843
Outstanding financial investments (UCITS and securities)	53	45

in millions of euros	2022 fiscal year	2021 fiscal year
Interest income from loans	47	39
Financial expenses on bank deposits	13	4

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	12/31/2022	12/31/2021
EDF Investment Group (EIG)	524	522
Banque Calédonienne d'Investissement	194	178
Socram Banque	41	41
Swile	208	///
Others	499	638
Financial companies	**1,467**	**1,378**
Others	207	146
Non-financial companies	**207**	**146**
TOTAL INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	**1,674**	**1,525**

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		
MAIN AGGREGATES		
Total assets	**3,554**	**1,559**
Total liabilities	**3,172**	**228**
Income statement		
Net operating income or net banking income	106	2
Income tax	(19)	(1)
Net income	26	3
CARRYING VALUE OF INVESTMENTS IN ASSOCIATES		
Equity of associates	382	234
Percentage ownership	49.90%	33.42%
VALUE OF INVESTMENTS IN ASSOCIATES	**194**	**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, 2022 is as follows:

in millions of euros	Main partnerships and associates	Others	2022 fiscal year	2021 fiscal year
Value of investments in associates[(1)]	**760**	**915**	**1,674**	**1,525**
Total amount of share in:				
Net income	11	13	24	220
Gains and losses recognized directly in other comprehensive		(1)	(1)	2
COMPREHENSIVE INCOME	**11**	**12**	**24**	**222**

(1) Including Swile (equity method) since December 2022 (see Note 1.3).

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 INCOME OF ASSOCIATES

in millions of euros	2022 fiscal year	2021 fiscal year
CNP Assurances (group)[(1)]	///	148
EDF Investment Group	12	10
Coface[(2)]	///	7
Socram Banque	1	1
Swile[(3)]	(2)	///
Banque Calédonienne d'Investissement	13	11
Others	37	39
Financial companies	**61**	**217**
Others	(37)	3
Non-financial companies	**(37)**	**3**
SHARE IN NET INCOME OF ASSOCIATES	**24**	**220**

(1) On December 16, 2021, BPCE disposed of 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).
(3) Since December 14, 2022 (see Note 1.3).

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 fall 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 acts in one or more of the following capacities:

- originator/structurer/arranger;
- placement agent;
- manager; or
- 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 followings 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;

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- external structured entities in which Groupe BPCE simply acts as an investor.

These are:

- 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 on securitization in Chapter 6 "Risk Management – Securitization");
- 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, hedge funds, etc.

The Asset Management business line 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, 2022

Excluding Insurance business investments *in millions of euros*	Securitization	Asset Management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**369**	**2,818**	**1,701**	**477**
Trading derivatives	32	28	127	327
Trading financial instruments (excluding derivatives)	108	26	1,565	58
Financial assets at fair value through profit or loss – Non-SPPI	75	2,672	6	47
Financial instruments designated at fair value through profit or loss		11		
Equity instruments not held for trading	154	80	3	44
Financial assets at fair value through other comprehensive income	**0**	**128**	**7**	**590**
Financial assets at amortized cost	**8,351**	**1,173**	**11,752**	**1,574**
Other assets	**19**	**24**	**5**	**2**
TOTAL ASSETS	**8,739**	**4,143**	**13,465**	**2,642**
Financial liabilities at fair value through profit or loss	**116**	**38**	**1,319**	**346**
Provisions	**2**	**1**	**19**	**7**
TOTAL LIABILITIES	**117**	**39**	**1,338**	**353**
Loan commitments given	**8,758**	**217**	**3,183**	**598**
Guarantee commitments given[(1)]	**81**	**148**	**2,615**	**185**
Guarantee received	**1,880**	**15**	**7,970**	**444**
Notional amount of derivatives	**792**		**8,119**	**135**
MAXIMUM LOSS EXPOSURE	**16,489**	**4,491**	**19,392**	**3,109**

(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, 2022 (see Note 6.2, Guarantee commitments).

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**
Guarantee 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, 2022

Insurance business investments *in millions of euros*	Securitization	Asset Management	Other activities
Financial assets at fair value through profit or loss		**13,455**	
Trading financial instruments (excluding derivatives)		4,850	
Financial instruments designated at fair value through profit or loss		8,605	
Available-for-sale financial assets	**505**	**5,202**	
TOTAL ASSETS	**505**	**18,657**	
TOTAL LIABILITIES			
Loan commitments given	**499**	**364**	
MAXIMUM LOSS EXPOSURE	**1,005**	**19,022**	

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		**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, 2022

in millions of euros	Securitization	Asset Management	Structured Financing	Other activities
SIZE OF STRUCTURED ENTITIES	**98,691**	**614,507**	**48,979**	**7,172**

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**

Securitization transactions in which Groupe BPCE is simply an investor are listed in Chapter 6 “Risk Management – Securitization”.

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:

2022 fiscal year

in millions of euros	Securitization	Asset Management
Income from entities	**(21)**	**1,190**
Net interest income	1	1
Net fee and commission income		1,170
Gains (losses) on financial instruments at fair value through profit or loss	(22)	19
Carrying amount of assets transferred to the entity during the fiscal year	**679**	

2021 fiscal year

in millions of euros	Securitization	Asset management
Income from entities	**(13)**	**245**
Net interest income	2	
Net fee and commission income		233
Gains (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**	

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 "An engaged and socially responsible group").

	2022 fiscal year			
	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] 12/31/2022
European Union Member States				
Germany	97	(27)	(9)	153
Belgium	39	(41)	(8)	57
Denmark	13	5	(1)	60
Spain	115	51	(14)	510
France[4]	20,982	4,934	(1,458)	85,169
United Kingdom	312	87	(8)	551
Hungary	5	1		85
Ireland	(1)	(2)		
Italy	111	23	(12)	127
Luxembourg	34	(70)	6	313
Malta	34	29	(1)	32
Netherlands	3	(3)		17
Poland	38	3	(4)	240
Portugal	72	28	(8)	1,824
Czech Republic				3
Romania	3	1		55
Sweden	0			3

	2022 fiscal year			
	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] 12/31/2022
Other European Countries				
Monaco	27	8	(3)	25
Russia	7			37
Switzerland	69	24	(4)	142
Ukraine	0			2
Africa and Mediterranean Basin				
Algeria	61	27	(8)	819
Saudi Arabia	0			4
Djibouti	28	16	(4)	255
United Arab Emirates	40	17		59
Kenya	1	(3)		18
Morocco	(6)	(7)		5
Tunisia	0			3
North & South America				
Brazil	0			10
Canada	3		(1)	8
United States	2,789	723	(144)	2,913
Cayman Islands	6	6		
Mexico	1			2
Uruguay	1			2
Asia and Oceania				
Australia	56	22	(7)	118
Cambodia	19	3	(1)	373
China	27	7	(2)	78
South Korea	2			19
Fiji	23	11	(2)	164
Hong Kong	306	123	(18)	411
India	0	2		93
Japan	67	30	6	108
Laos	12	3		154
Malaysia	3	3		4
New Caledonia	66	17	(7)	782
French Polynesia	67	26	(11)	291
Solomon Islands	8	4	1	84
Singapore	133	34	(5)	280
Taiwan	9	(8)	2	18
Thailand	0			230
Vanuatu	18	8		176
Vietnam	4	1		52
GROUP TOTAL	**25,705**	**6,114**	**(1,726)**	**96,936**

(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 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	
NATIXIS PFANDBRIEFBANK AG	Credit institution
NATIXIS ZWEIGNIEDERLASSUNG DEUTSCHLAND	Financial institution
NATIXIS INVESTMENT MANAGERS SA, ZWEIGNIEDERLASSUNG DEUTSCHLAND	Distribution
AEW INVEST GmbH	Distribution
NATIXIS INVESTMENT MANAGERS SA, ZWEIGNIEDERLASSUNG DEUTSCHLAND	Distribution
FIDOR BANK AG	Digital loan 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	
NATIXIS AUSTRALIA PTY LTD	Financial institution
INVESTORS MUTUAL LIMITED	Asset management
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED	Distribution
AEW ASIA LIMITED AUSTRALIAN BRANCH	Asset management
AZURE CAPITAL HOLDINGS PTY LTD	M&A advisory services
THE AZURE CAPITAL TRUST	Holding
AZURE CAPITAL LIMITED	Holding
AEW AUSTRALIA PTY LTD	Asset management
BELGIUM	
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company
NATIXIS INVESTMENT MANAGERS SA, BELGIAN BRANCH	Distribution
CAISSE D'EPARGNE HAUTS DE FRANCE, BELGIAN BRANCH	Credit institution
AURORA	Holding
COOPEST	Private equity
COOPMED	Private equity
EPBF	Payment institution
IRR INVEST	Private equity
NJR INVEST	Private equity
CRÉDIT FONCIER DE FRANCE, BELGIAN BRANCH	Credit institution
DALENYS SA	Holding
BRAZIL	
PRAMEX INTERNATIONAL DO BRAZIL CONSULTARIA LTDA – SAO PAULO	International development and consulting services
CAMBODIA	
ACLEDA	Credit institution
BRED BANK CAMBODIA PLC	Financial company
CANADA	
NATIXIS CANADA	Financial institution
NATIXIS IM CANADA HOLDINGS LTD	Holding
CHINA	
NATIXIS SHANGHAI	Financial institution
NATIXIS BEIJING	Financial institution
VERMILION (BEIJING) ADVISORY COMPANY LIMITED	M&A advisory services
PRAMEX INTERNATIONAL CO LTD – SHANGHAI	International development and consulting services
SOUTH KOREA	
NATIXIS INVESTMENT MANAGERS KOREA LIMITED	Distribution
AEW KOREA LLC	Asset management
NATIXIS SEOUL	Financial institution
NATIXIS IM KOREA LIMITED (NIMKL)	Distribution
DENMARK	
MIDT FACTORING A/S	Factoring
DJIBOUTI	
BCI MER ROUGE	Credit institution
UNITED ARAB EMIRATES	
NATIXIS DUBAI	Financial institution
NATIXIS INVESTMENT MANAGERS MIDDLE EAST	Distribution
SPAIN	
NATIXIS MADRID	Financial institution
NATIXIS INVESTMENT MANAGERS, BRANCH IN SPAIN	Distribution
NATIXIS PARTNERS IBERIA, SA	M&A advisory services
NATIXIS INVESTMENT MANAGERS, BRANCH IN SPAIN	Distribution
AEW EUROPE LLP (BRANCH IN SPAIN)	Distribution
BPCE LEASE, MADRID BRANCH	Equipment and real estate leasing
PRAMEX INTERNATIONAL SA – MADRID	International development and consulting services
ONEY SERVICIOS FINANCIEROS EFC SAU (SPAIN)	Brokerage
BANCO PRIMUS Spain	Credit institution
UNITED STATES	
AEW CAPITAL MANAGEMENT, INC.	Asset management
AEW CAPITAL MANAGEMENT, LP	Asset management
AEW PARTNERS V, INC.	Asset management
AEW PARTNERS VI, INC.	Asset management
AEW PARTNERS VII, INC.	Asset management
ALPHASIMPLEX GROUP LLC	Asset management
AURORA INVESTMENT MANAGEMENT LLC	Asset management
CASPIAN CAPITAL MANAGEMENT, LLC	Asset management
EPI SLP LLC	Asset management
GATEWAY INVESTMENT ADVISERS, LLC	Asset management
HARRIS ALTERNATIVES HOLDING INC	Holding
HARRIS ASSOCIATES LP	Asset management
HARRIS ASSOCIATES SECURITIES, LP	Distribution
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
NATIXIS ASG HOLDINGS, INC	Distribution
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions
NATIXIS NEW YORK	Financial institution
NATIXIS NORTH AMERICA LLC	Holding

Country of operation	Business
NATIXIS REAL ESTATE CAPITAL LLC	Real estate finance
NATIXIS REAL ESTATE HOLDINGS LLC	Real estate finance
NATIXIS US MTN PROGRAM LLC	Issuing vehicle
NATIXIS FUNDING CORP	Other financial company
NATIXIS SECURITIES AMERICAS LLC	Brokerage
EPI SO SLP LLC	Asset management
LOOMIS SAYLES TRUST COMPANY, LLC	Asset management
VERSAILLES	Securitization vehicle
HARRIS ASSOCIATES, INC.	Asset management
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	Asset management
NATIXIS INVESTMENT MANAGERS, LLC	Holding
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	Distribution
AEW SENIOR HOUSING INVESTORS II INC	Asset management
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset management
AEW PARTNERS REAL ESTATE FUND IX, LLC	Asset management
CM REO HOLDINGS TRUST	Secondary markets finance
CM REO TRUST	Secondary markets finance
MSR TRUST	Real estate finance
AEW PARTNERS REAL ESTATE FUND VIII, LLC	Asset management
AEW SENIOR HOUSING INVESTORS III LLC	Asset management
AEW SENIOR HOUSING INVESTORS IV LLC	Asset management
MIROVA US LLC	Asset management
SEAPORT STRATEGIC PROPERTY PROGRAM I CO-INVESTORS, LLC	Asset management
OSTRUM AM US LLC	Asset management
FLEXSTONE PARTNERS LLC	Asset management
NATIXIS ADVISORS, LLC (EX-NATIXIS ADVISORS, LP)	Distribution
NATIXIS DISTRIBUTION, LLC (EX-NATIXIS DISTRIBUTION, LP)	Distribution
NIM-OS, LLC	Media and digital
AEW COLD OPS MM, LLC	Asset management
AEW EHF GP, LLC	Asset management
AEW CORE PROPERTY (US) GP, LLC	Asset management
SOLOMON PARTNERS, LP (EX-PETER J. SOLOMON COMPANY LP)	M&A advisory services
SOLOMON PARTNERS SECURITIES COMPANY LLC (EX-PETER J. SOLOMON SECURITIES COMPANY LLC)	Brokerage
MIROVA US LLC	Holding
SUNFUNDER INC.	Mutual fund holding company
AEW PARTNERS X GP, LLC	Asset management
NATIXIS INVESTMENT MANAGERS SA HOLDINGS, LLC	Holding
PRAMEX INTERNATIONAL CORP – NEW YORK	International development and consulting services
FIJI	
BRED BANK FIJI LTD	Credit institution
FRANCE	
NATIXIS IMMO DEVELOPPEMENT	Housing real estate development

Country of operation	Business
NATIXIS INNOV	Holding
NATIXIS MARCO	Investment company (extension of activity)
NATIXIS SA	Credit institution
SEVENTURE PARTNERS	Asset management
CONTANGO TRADING SA	Brokerage company
NATIXIS PARTNERS	M&A advisory services
DNCA FINANCE	Asset management
NAXICAP PARTNERS	Management of venture capital mutual funds
OSSIAM	Asset management
SPG	Mutual fund
NATIXIS INVESTMENT MANAGERS	Holding
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding
INVESTIMA 77	Holding
MIROVA	Management of venture capital mutual funds
OSTRUM AM NEW)	Asset management
SEEYOND	Asset management
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	Distribution
THEMATICS ASSET MANAGEMENT	Asset management
VAUBAN INFRASTRUCTURE PARTNERS	Asset management
DARIUS CAPITAL CONSEIL	Financial investment advisory services
DORVAL MANAGEMENT	Asset management
FLEXSTONE PARTNERS SAS	Asset management
NATIXIS IM INNOVATION	Asset management
AEW EUROPE SA (EX-AEW SA)	Asset management
AEW (EX-AEW CILOGER)	Real estate management
NATIXIS TRADEX SOLUTIONS	Holding
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 5 (EX-MV CREDIT FRANCE)	Holding
LOOMIS SAYLES CAPITAL RE	Asset management
MV CREDIT SARL, FRANCE BRANCH	Asset management
NATIXIS PRIVATE EQUITY	Private equity
NATIXIS WEALTH MANAGEMENT	Credit institution
VEGA INVESTMENT MANAGERS	Mutual fund holding company
1818 IMMOBILIER	Real estate operations
MASSENA PARTNERS – BRANCH	Asset manager and investment advisory firm
TEORA	Insurance brokerage company
NATIXIS COFICINÉ	Finance company (audiovisual)
NATIXIS INTERÉPARGNE	Employee savings plan management
SCI ALTAIR 1	Real estate operations
SCI ALTAIR 2	Real estate operations
NATIXIS FONCIERE SA	Real estate investment
FONCIERE KUPKA	Real estate operations
BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE	Credit institution
BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	Credit institution
BANQUE POPULAIRE AUVERGNE RHÔNE ALPES	Credit institution

Country of operation	Business
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
BRED BANQUE POPULAIRE	Credit institution
CASDEN BANQUE POPULAIRE	Credit institution
CRÉDIT COOPÉRATIF	Credit institution
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 HAUTS DE FRANCE	Credit institution
CAISSE D'EPARGNE ILE-DE-FRANCE	Credit institution
CAISSE D'EPARGNE LANGUEDOC-ROUSSILLON	Credit institution
CAISSE D'EPARGNE LOIRE-CENTRE	Credit institution
CAISSE D'EPARGNE LOIRE DRÔME ARDÈCHE	Credit institution
CAISSE D'EPARGNE GRAND EST EUROPE	Credit institution
CAISSE D'EPARGNE NORMANDIE	Credit institution
CAISSE D'EPARGNE PROVENCE-ALPES-CORSE	Credit institution
CAISSE D'EPARGNE RHÔNE ALPES	Credit institution
BPCE SA	Credit institution
32 MUTUAL GUARANTEE COMPANIES	Guarantee companies
EDEL	Credit institution
ADRAXTRA CAPITAL	Private equity
BANQUE DE SAVOIE	Credit institution
ENERGY TRANSITION BANK	Financial investment advisory services
BIC BRED	Credit institution
BP DÉVELOPPEMENT	Private equity
BPA ATOUTS PARTICIPATIONS	Private equity
BRED COFILEASE	Equipment leasing
BRED GESTION	Credit institution
BTP BANQUE	Credit institution
BTP CAPITAL CONSEIL	Financial investment advisory services
BTP CAPITAL INVESTISSEMENT	Private equity
CADEC	Private equity
CAISSE DE GARANTIE IMMOBILIÈRE DU BÂTIMENT	Insurance
COFEG	Consulting
COFIBRED	Holding
CREPONORD	Equipment and real estate leasing
ECOFI INVESTISSEMENT	Portfolio management

Country of operation	Business
ESFIN	Private equity
ESFIN GESTION	Portfolio management
EURO CAPITAL	Private equity
FCC ELIDE	French securitization fund (FCT)
FINANCIÈRE DE LA BP OCCITANE	Holding
FINANCIÈRE IMMOBILIÈRE DERUELLE	Real estate investment
FONCIÈRE BFCA	Real estate development/management, real estate investment
FONCIÈRE VICTOR HUGO	Holding
GARIBALDI CAPITAL DÉVELOPPEMENT	Private equity
GARIBALDI PIERRE	Real estate operations
GESSINORD	Real estate operations
GROUPEMENT DE FAIT	Services company
I-BP INVESTISSEMENT	Real estate operations
IMMOCARSO SNC	Investment property
INGEPAR	Financial investment advisory services
INFORMATIQUE BANQUES POPULAIRES	IT services
MULTICROISSANCE SAS	Portfolio management
NAXICAP RENDEMENT 2018	Private equity
NAXICAP RENDEMENT 2022	Private equity
NAXICAP RENDEMENT 2024	Private equity
OUEST CROISSANCE SCR	Private equity
PARNASSE GARANTIES	Insurance
PARTICIPATIONS BP ACA	Holding
PERSPECTIVES ENTREPRISES	Holding
PLUSEXPANSION	Holding
PRÉPAR COURTAGE	Insurance brokerage
PRÉPAR-IARD	Non-life insurance
PRÉPAR-VIE	Life insurance and endowment
PROMÉPAR GESTION	Portfolio management
RIVES CROISSANCE	Holding
SAS ALPES DÉVELOPPEMENT DURABLE INVESTISSEMENT	Private equity
SAS GARIBALDI PARTICIPATIONS	Real estate operations
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
SBE	Credit institution
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 CREDITMAR IMMOBILIER	Real estate operations
SCI DU CRÉDIT COOPÉRATIF DE SAINT-DENIS	Real estate operations
SCI FAIDHERBE	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
SEGIMLOR	Real estate operations

Country of operation	Business
SI ÉQUINOXE	Holding
SIPMÉA	Real estate development/management, real estate investment
SOCIÉTÉ CENTRALE DU CRÉDIT MARITIME MUTUEL	Services company
SOCIÉTÉ D'EXPANSION BOURGOGNE FRANCHE-COMTÉ	Holding
SOCIÉTÉ IMMOBILIÈRE PROVENÇALE ET CORSE	Holding
SOFIAG	Financial company
SPIG	Property leasing
SUD PARTICIPATIONS IMMOBILIÈRES (formerly SAS FINANCIÈRE IMMOBILIÈRE 15)	Housing real estate development
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
VIALINK	Data processing
SAS 42 DERUELLE	Real estate operations
AFOPEA	Real estate operations
BANQUE BCP SAS	Credit institution
BATIMAP	Equipment leasing
BATIMUR	Equipment leasing
BATIROC BRETAGNE PAYS DE LOIRE	Equipment and real estate leasing
BDR IMMO 1	Real estate operations
BEAULIEU IMMO	Real estate operations
BRETAGNE PARTICIPATIONS	Private equity
CAPITOLE FINANCE	Equipment leasing
CE DÉVELOPPEMENT	Private equity
CE DÉVELOPPEMENT II	Private equity
CEBIM	Holding
CEPAC FONCIÈRE	Real estate operations
CEPAC INVESTISSEMENT ET DÉVELOPPEMENT	Private equity
CEPRAL	Investments in real estate development
COZYNERGY HOLDING	Fund management
COZYNERGY SAS	Engineering and Technical Studies
ENR-CE	French securitization fund (FCT)
FCP MIDI-PYRÉNÉES PLACEMENT	Investment fund
FERIA PAULMY	Real estate operations
FONCEA	Real estate operations
GIE CE SYNDICATION RISQUES	Guarantee company
IMMOCEAL	Investment property
INCITY	Real estate operations
IT-CE	IT services
MIDI FONCIÈRE	Real estate operations
PHILAE SAS	Real estate operations
CEPAIM SA	Real estate operations
SAS FONCIÈRE DES CAISSES D'EPARGNE	Investment property
SAS FONCIÈRE ECUREUIL II	Investment property
SAS LOIRE CENTRE IMMO	Real estate investment

Country of operation	Business
SAS NSAVADE	Investment property
SC RESIDENCE ILOT J	Real estate operations
SC RESIDENCE JEAN MERMOZ	Real estate operations
SC RESIDENCE LATECOERE	Real estate operations
SC RESIDENCE LE CARRE DES PIONNIERS	Real estate operations
SC RESIDENCE AILES D'ICARE	Real estate operations
SC RESIDENCE SAINT EXUPERY	Real estate operations
SCI 339 UNITED STATES	Real estate operations
SCI ADOUR SERVICES COMMUNS	Real estate operations
SCI AVENUE WILLY BRANDT	Real estate operations
BLEU RÉSIDENCE LORMONT	Real estate operations
SCI CRISTAL IMMO	Real estate operations
SCI DANS LA VILLE	Real estate operations
SCI DU RIOU	Real estate operations
SCI EUROTERTIA IMMO	Real estate operations
SCI FONCIÈRE 1	Investment property
SCI G 102	Real estate operations
SCI G IMMO	Real estate operations
SCI GARIBALDI OFFICE	Real estate operations
SCI L APOUTICAYRE LOGEMENT	Real estate operations
SCI LA FAYETTE BUREAUX	Investment property
LABEGE LAKE H1	Real estate operations
SCI LANGLADE SERVICES COMMUNS	Real estate operations
SCI LE CIEL	Real estate operations
SCI LE RELAIS	Real estate operations
SCI LEVISEO	Real estate operations
SCI LOIRE CENTRE MONTESPAN	Real estate operations
SCI MIDI – COMMERCES	Real estate operations
SCI MIDI MIXT	Real estate operations
SCI MONTAUDRAN PLS	Real estate operations
SCI MURET ACTIVITÉS	Real estate operations
SCI ROISSY COLONNADIA	Real estate operations
SCI SHAKE HDF	Real estate operations
SCI TETRIS	Real estate operations
SCI TOURNON	Real estate operations
SNC ECUREUIL 5 RUE MASSERAN	Investment property
SODERO PARTICIPATIONS	Private equity
SPPICAV AEW FONCIÈRE ECUREUIL	Real estate operations
ALBIANT-IT	IT systems and software consulting
BATILEASE	Real estate leasing
BPCE ACHATS	Services company
BPCE BAIL	Real estate leasing
BPCE CAR LEASE	Long-term vehicle leasing
BPCE ENERGECO	Equipment leasing
BPCE EXPERTISE IMMOBILIER (ex CRÉDIT FONCIER EXPERTISE)	Real estate valuation
BPCE FACTOR	Factoring
BPCE Financement	Consumer credit
BPCE INFOGÉRANCE & TECHNOLOGIES	IT services
BPCE LEASE	Equipment leasing
BPCE LEASE IMMO	Real estate leasing
BPCE SERVICES	Holding company activities
BPCE SOLUTIONS INFORMATIQUES	IT systems and software consulting

Country of operation	Business
BPCE PERSONAL CAR LEASE	Long-term vehicle leasing
BPCE SERVICES FINANCIERS (ex CSF-GCE)	Services company
BPCE SFH	Funding
BPCE SOLUTIONS CLIENTS (EX-BPCE SOLUTIONS CRÉDIT)	Services company
BPCE SOLUTIONS IMMOBILIÈRES (ex CRÉDIT FONCIER IMMOBILIER)	Real estate operations
CICOBAIL SA	Real estate leasing
CO ASSUR CONSEIL ASSURANCE SA (BROKERAGE)	Insurance brokerage advisory
COMPAGNIE EUROPÉENNE DE GARANTIES ET DE CAUTIONS	Insurance
FONDS DE GARANTIE ET DE SOLIDARITE BPCE – FONDS DELESSERT	Mutual guarantee fund
GCE PARTICIPATIONS	Holding
INTER-COOP SA	Real estate leasing
LEASE EXPANSION SA	IT operational leasing
MAISON FRANCE CONFORT PROU INVESTISSEMENTS	Real estate development
MIFCOS	Investment property
PRAMEX INTERNATIONAL	International development and consulting services
SOCFIM	Credit institution
SOCFIM PARTICIPATIONS IMMOBILIÈRES	Holding
SOCRAM BANQUE	Credit institution
SPORTS & IMAGINE	Services company
SUD OUEST BAIL SA	Real estate leasing
ONEY BANK	Holding
FLANDRE INVESTMENT SAS	Credit institution, electronic payment systems, new technologies and holding company
GEFIRUS SAS	Credit institution, electronic payment systems, new technologies and holding company
IN CONFIDENCE INSURANCE SAS	Credit institution, electronic payment systems, new technologies and holding company
ONEYTRUST SAS	Credit institution, electronic payment systems, new technologies and holding company
BPCE INTERNATIONAL	Specialized credit institution
FRANSA BANK	Credit institution
CFG COMPTOIR FINANCIER DE GARANTIE	Guarantee company
COFIMAB	Real estate agent
COMPAGNIE DE FINANCEMENT FONCIER	Financial company
CRÉDIT FONCIER DE FRANCE	Credit institution
FONCIER PARTICIPATIONS	Holding
FONCIÈRE D'ÉVREUX	Real estate operations
GRAMAT BALARD	Real estate operations
SOCIÉTÉ D'INVESTISSEMENT ET DE PARTICIPATION IMMOBILIÈRE (SIPARI)	Holding
ARIES ASSURANCES	Insurance brokerage
BANQUE PALATINE	Credit institution
CONSERVATEUR FINANCE	Fund management

Country of operation	Business
PALATINE ASSET MANAGEMENT	Asset Management
BPCE ASSURANCES	Insurance company holding company
NA	Insurance company holding company
BPCE LIFE France branch	Life insurance
BPCE IARD (EX ASSURANCES BANQUE POPULAIRE IARD)	Property damage Insurance
BPCE PRÉVOYANCE	Personal protection Insurance
FRUCTIFONCIER	Insurance real estate investments
BPCE Vie	Insurance
REAUMUR ACTIONS	Insurance investment mutual fund
NAMI INVESTMENT	Insurance real estate investments
ECUREUIL VIE DEVELOPPEMENT	Insurance
BPCE RELATION ASSURANCES	Services company
SCI DUO PARIS	Real estate management
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund
SCPI IMMOB EVOLUTIF	Insurance real estate investments
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund
SELECTIZ	Insurance investment mutual fund
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund
ALLOCATION PILOTEE EQUILIBRE C	Insurance investment mutual fund
MIROVA EUROPE ENVIRONNEMENT C	Insurance investment mutual fund
VEGA EURO RENDEMENT FCP RC	Insurance investment mutual fund
Vega Europe Convictions fund	Insurance investment mutual fund
SCPI Atlantique Mur Régions	Insurance investment mutual fund
BPCE ASSURANCES IARD (formerly BPCE ASSURANCES)	Insurance company
BPCE ASSURANCES PRODUCTION SERVICES	Service providers
BPCE PAYMENT SERVICES (formerly NATIXIS PAIEMENTS SOLUTION)	Banking services
BPCE PAYMENTS (Ex-Shiva)	Holding
BPH (formerly NATIXIS PAYMENT HOLDING)	Holding
XPOLLENS (formerly S-MONEY)	Payment services
PAYPLUG	Payment services
DALENYS PAYMENT	Payment services
SWILE	Payment services, Service vouchers and Online services for employees
BPCE IMMO EXPLOITATION (formerly NATIXIS IMMO EXPLOITATION)	Real estate operations
CE HOLDING PARTICIPATIONS	Holding
CE CAPITAL	Holding
HABITAT EN RÉGION SERVICES	Holding
OCÉORANE	Financial investment advisory services
SOFIDER	Financial company
BPCE LEASE RÉUNION	Equipment leasing
185 LOCAL SAVINGS COMPANIES (LSCs)	Cooperative shareholders
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 GLOBAL LTD	Asset management
AEW GLOBAL UK LTD	Asset management

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Country of operation	Business
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset management
NATIXIS LONDON	Financial institution
AEW UK INVESTMENT MANAGEMENT LLP	Asset management
NATIXIS INVESTMENT MANAGERS UK LTD	Distribution
NATIXIS ALTERNATIVE HOLDING LIMITED	Holding
FENCHURCH PARTNERS LLP	M&A advisory services
VERMILION PARTNERS (UK) LIMITED	Holding
VERMILION PARTNERS LLP	M&A advisory services
MV CREDIT LIMITED	Asset management
MV CREDIT LLP	Asset management
AEW PROMOTE LP LTD	Asset management
NATIXIS INVESTMENT MANAGERS UK (FUNDS) LIMITED (UK), LLC	Operational support
AEW EVP GP LLP	Asset management
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset management
MIROVA UK LIMITED (formerly MIROVA NATURAL CAPITAL LIMITED)	Asset management
PRAMEX INTERNATIONAL LTD – LONDON	International development and consulting services
HONG KONG	
AEW ASIA LIMITED	Asset management
NATIXIS ASIA LTD	Other financial company
NATIXIS HONG KONG	Financial institution
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED	Asset management
VERMILION PARTNERS (HOLDINGS) LIMITED	Holding
VERMILION PARTNERS LIMITED	Holding
NATIXIS HOLDINGS (HONG KONG) LIMITED	Holding
NATIXIS INVESTMENT MANAGERS INTERNATIONAL HONG KONG LIMITED	Asset Management
PRAMEX INTERNATIONAL AP LTD – HONG KONG	International development and consulting services
HUNGARY	
ONEY PENZFORGALMI SZOLGALTATO KFT.	Financial institution
ONEY MAGYARORSZAG ZRT	Financial institution
CAYMAN ISLANDS	
DF EFG3 LIMITED	Holding
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
PURPLE FINANCE CLO 1	Securitization vehicle
PURPLE FINANCE CLO 2	Securitization vehicle
ITALY	
NATIXIS MILAN	Financial institution
DNCA FINANCE MILAN BRANCH	Asset management
AEW ITALIAN BRANCH (EX-AEW CILOGER ITALIAN BRANCH)	Distribution

Country of operation	Business
NATIXIS INVESTMENT MANAGERS SA, ITALY BRANCH	Distribution
SEEYOND, SUCC. ITALY	Asset management
OSTRUM ASSET MANAGEMENT ITALIA	Asset management
BPCE LEASE MILAN – Branch	Equipment and real estate leasing
PRAMEX INTERNATIONAL SRL – MILAN	International development and consulting services
ONEY SPA (ITALY)	Brokerage
JAPAN	
NATIXIS JAPAN SECURITIES CO, LTD	Financial institution
NATIXIS TOKYO	Financial institution
NATIXIS INVESTMENT MANAGERS JAPAN CO, LTD	Asset management
AEW JAPAN CORPORATION	Asset management
JERSEY	
AEW VALUE INVESTORS ASIA II GP LIMITED	Asset management
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle
AEW VALUE INVESTORS ASIA III GP LIMITED	Asset management
AEW APREF INVESTORS, LP	Asset management
KENYA	
SUNFUNDER EAST AFRICA LTD	Mutual fund holding company
LAOS	
BANQUE FRANCO LAO	Credit institution
BCEL	Credit institution
LEBANON	
ADIR	Property damage Insurance
LUXEMBOURG	
KENNEDY FINANCEMENT LUXEMBOURG	Investment company – Asset management
KENNEDY FINANCEMENT LUXEMBOURG 2	Central corporate treasury – Asset management
NATIXIS ALTERNATIVE ASSETS	Holding
NATIXIS REAL ESTATE FEEDER SARL	Investment company
NATIXIS TRUST	Holding
NATIXIS STRUCTURED ISSUANCE	Issuing vehicle
NATIXIS INVESTMENT MANAGERS SA	Distribution
MV CREDIT SARL	Asset management
DNCA FINANCE BRANCH LUXEMBOURG	Asset management
LOOMIS SAYLES ALPHA LUXEMBOURG, LLC	Asset management
AEW VIA IV GP PARTNERS SARL	Asset management
AEW APREF GP SARL	Asset management
AEW CORE PROPERTY (US) LUX GP, SARL	Asset management
AEW EUROPE SARL	Asset management
AEW EUROPE GLOBAL LUX	Asset management
AEW VIA IV GP PARTNERS SARL	Asset management
LOOMIS SAYLES EURO INVESTMENT GRADE CREDIT	Asset management
NATIXIS WEALTH MANAGEMENT LUXEMBOURG	Banking
MASSENA PARTNERS SA	Asset manager and investment advisory firm
MASSENA WEALTH MANAGEMENT SARL	Asset manager and investment advisory firm

Country of operation	Business
BCP LUXEMBOURG	Credit institution
SURASSUR	Reinsurance
BPCE LIFE	Life insurance
DNCA INVEST NORDEN	Insurance investment mutual fund
MALAYSIA	
NATIXIS LABUAN	Financial institution
MALTA	
ONEY HOLDING LIMITED (MALTA)	Holding
ONEY LIFE (PCC) LIMITED (MALTA)	Insurance
ONEY INSURANCE (PCC) LIMITED (MALTA)	Insurance
MOROCCO	
PRAMEX INTERNATIONAL AU CASABLANCA	International development and consulting services
BPCE MAROC	Real estate development
MEXICO	
NATIXIS IM MEXICO, S. DE RL DE CV	Asset management
MONACO	
BANQUE POPULAIRE MÉDITERRANÉE – (MONACO BRANCH)	Credit institution
CAISSE D'EPARGNE CÔTE D'AZUR – (MONACO BRANCH)	Credit institution
NEW CALEDONIA	
BANQUE CALÉDONIENNE D'INVESTISSEMENT	Credit institution
BANQUE DE NOUVELLE-CALÉDONIE	Credit institution
SOCIÉTÉ HAVRAISE CALÉDONIENNE	Real estate operations
BPCE LEASE NOUMÉA	Equipment leasing
NETHERLANDS	
LOOMIS SAYLES & COMPANY, LP, DUTCH BRANCH	Distribution
LOOMIS SAYLES (NETHERLANDS) BV	Distribution
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	Distribution
AEW – DUTCH BRANCH	Real estate management
DALENYS INTERNATIONAL	Holding
DALENYS FINANCE	Holding
POLAND	
AEW CENTRAL EUROPE	Asset management
TISE	Private equity
PRAMEX INTERNATIONAL SP ZOO – VARSOVIE	International development and consulting services
ONEY POLSKA	Intermediation Financial institution
ONEY SERVICES SP ZOO	Intermediation Financial institution
SMARTNEY	Brokerage, financial institution
FRENCH POLYNESIA	
SOCREDO	Credit institution
BANQUE DE TAHITI	Credit institution
BPCE LEASE TAHITI	Equipment leasing
PORTUGAL	
NATIXIS PORTO	Financial institution

Country of operation	Business
ONEY (Portugal branch)	Brokerage
BANCO PRIMUS	Credit institution
CZECH REPUBLIC	
AEW CENTRAL EUROPE CZECH	Distribution
ROMANIA	
ONEY FINANCES (ROMANIA)	Brokerage
RUSSIA	
NATIXIS BANK JSC, MOSCOW	Banking
BA FINANS (RUSSIA)	Brokerage, financial institution
SOLOMON ISLANDS	
BRED SALOMON ISLAND	Credit institution
SINGAPORE	
LOOMIS SAYLES INVESTMENTS ASIA PTE LTD	Asset management
NATIXIS SINGAPOUR	Financial institution
AEW ASIA PTE LTD	Asset management
NATIXIS INVESTMENT MANAGERS SINGAPORE LIMITED	Asset management
PRAMEX INTERNATIONAL PTE LTD – SINGAPORE	International development and consulting services
SWEDEN	
MIROVA SWEDEN SUBSIDIARY	Asset management
NATIXIS INVESTMENT MANAGERS, NORDICS SUBSIDIARY	Distribution
SWITZERLAND	
NATIXIS INVESTMENT MANAGERS SWITZERLAND SARL	Asset management
FLEXSTONE PARTNERS SARL	Asset management
BIC BRED (Suisse) SA	Credit institution
BANQUE DU LÉMAN	Credit institution
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 2021 and 2022 fiscal years were as follows:

	Statutory Auditors responsible for auditing BPCE's financial statements												Other Statutory Auditors					
	PwC				Mazars				Deloitte				KPMG Audit(2)		Others		Total	
	Amount		%		Amount		%		Amount		%							
in thousands of euros(1)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Certification of financial statements	17,310	13,813	81%	75%	8,298	5,833	77%	83%	5,235	9,235	72%	71%	4,703	5,552	764	771	36,310	35,204
Services other than financial statement certification(3)	4,156	4,601	19%	25%	2,488	1,192	23%	17%	2,038	3,783	28%	29%	875	848	58	22	9,614	10,446
TOTAL	**21,466**	**18,414**	**100%**	**100%**	**10,786**	**7,025**	**100%**	**100%**	**7,273**	**13,018**	**100%**	**100%**	**5,578**	**6,400**	**822**	**793**	**45,924**	**45,650**
o/w fees paid to commissioned Statutory Auditor for certification of financial statements of consolidating entities	10,228	9,469			7,347	4,828			4,278	5,249			4,586	5,463	764	684	27,203	25,694
o/w fees paid to commissioned Statutory Auditor for services other than certification of financial statements of consolidating entities	2,128	1,412			1,782	687			1,059	1,138			867	662	58	22	5,894	3,921
% Change	17%				54%				(44%)				(13%)		4%		1%	

(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 €1.3 million for services other than financial statement certification.

(3) In 2022, "Services other than financial statement certification" mainly concern assignments performed at the request of BPCE (€1.8 million), in particular for work relating to expert appraisals (€0.5 million), letters of comfort relating to issues (€0.6 million), as well as assignments performed at the request of Natixis SA and its subsidiaries (€3.4 million), in particular support for the compliance of systems put in place (€0.2 million), tax assignments outside the European Union (€0.9 million) and technical assistance assignments (€0.5 million).

Note 13 Detail 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	12/31/2022
Elide 2014	Residential home loans	11/18/2014	October 2039	915	153
Elide 2017-1	Residential home loans	02/02/2017	December 2037	1,842	471
Elide 2017-2	Residential home loans	04/27/2017	October 2041	1,051	348
Elide 2018	Residential home loans	05/29/2018	September 2046	1,390	663
Elide 2021	Residential home loans	03/25/2021	March 2049	2,920	2,307
Elide 2022	Residential home loans	11/24/2022	November 2050	2,500	2,471
Elide sub-total				**10,618**	**6,413**
BPCE Master Home Loans	Residential home loans	05/26/2014	April 2032	44,068	39,886
BPCE Consumer Loans 2016	Personal loans	05/27/2016	May 2032	5,000	4,015
BPCE Home Loans FCT 2017_5	Residential home loans	05/29/2017	May 2054	10,500	4,264
BPCE Home Loans 2018	Residential home loans	10/29/2018	October 2053 (call 2023)	1,125	372
BPCE Home Loans 2019	Residential home loans	10/29/2019	October 2054	1,100	519
BPCE Home Loans 2020	Residential home loans	10/28/2020	October 2054	1,090	759
BPCE Home Loans 2021	Residential home loans	10/26/2021	October 2054	1,619	1,371
BPCE Consumer Loans	Personal loans	07/21/2022	April 2043	1,219	1,145
Other sub-total				**65,721**	**52,331**
TOTAL				**76,339**	**58,744**

SECURITIZATION TRANSACTIONS WITHIN GROUPE BPCE

In 2022, two new special purpose entities (two *fonds communs de titrisation* or "FCTs") were consolidated within Groupe BPCE: BPCE Home Loans 2022 FCT and BPCE Home Loans 2022 FCT Demut, both resulting from an internal securitization transaction carried out by the Banques Populaires and the Caisses d'Epargne on July 21, 2022.

Under this transaction, €1.2 billion in home loans were sold to BPCE Home Loans 2022 FCT, and external investors subscribed for senior securities issued by the FCT (€1 billion). Despite its placement in the market, this transaction is not deconsolidated 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 (securitization of personal loans), BPCE Home Loans FCT 2017_5 (securitization of home loans), BPCE Home Loans FCT 2018, 2019, 2020 and 2021 (securitization of home loans). It was the fifth 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

Note: Crédit Foncier has entered into two public securitization transactions 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 €28 million and total liabilities of €23 million at December 31, 2022.

The fair value of these residual ties is remeasured at each closing date.

At December 31, 2022, the net impact of the CFHL-2 transactions was an expense of -€30 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, 2022

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 ILE-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 PROVENCE-ALPES-CORSE	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) "RELATED" INSTITUTIONS				
EDEL	Credit institution	FR	34%	EQ
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	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
BRED BANK CAMBODIA PLC	Financial company	KH	100%	FC
BRED BANK FIJI LTD	Credit institution	FJ	90%	FC
BRED COFILEASE	Equipment 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
COFEG	Consulting	FR	100%	FC
COFIBRED	Holding	FR	100%	FC
COOPEST	Private equity	BE	32%	EQ
COOPMED	Private equity	BE	49%	EQ
CREPONORD	Equipment 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	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	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
PARTICIPATIONS BP ACA	Holding	FR	100%	FC
PERSPECTIVES ENTREPRISES	Holding	FR	100%	FC
PLUSEXPANSION	Holding	FR	100%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
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	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	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 CREDITMAR IMMOBILIER	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	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	FR	100%	FC
SOCIÉTÉ IMMOBILIÈRE PROVENÇALE ET CORSE	Holding	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				
SAS 42 DERUELLE	Real estate operations	FR	50%	FC
AFOPEA	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
BANQUE DU LÉMAN	Credit institution	CH	100%	FC
BATIMAP	Equipment leasing	FR	100%	FC
BATIMUR	Equipment leasing	FR	100%	FC
BATIROC BRETAGNE PAYS DE LOIRE	Equipment and real estate leasing	FR	100%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
BDR IMMO 1	Real estate operations	FR	100%	FC
BEAULIEU IMMO	Real estate operations	FR	100%	FC
BRETAGNE PARTICIPATIONS	Private equity	FR	50%	FC
CAPITOLE FINANCE	Equipment leasing	FR	100%	FC
CE DÉVELOPPEMENT	Private equity	FR	100%	FC
CE DÉVELOPPEMENT II	Private equity	FR	100%	FC
CEBIM	Holding	FR	100%	FC
CEPAC FONCIÈRE	Real estate operations	FR	100%	FC
CEPAC INVESTISSEMENT ET DÉVELOPPEMENT	Private equity	FR	100%	FC
CEPRAL	Investments in real estate development	FR	100%	FC
COZYNERGY HOLDING	Fund management	FR	73%	FC
COZYNERGY SAS	Engineering and Technical Studies	FR	73%	FC
ENR-CE	French securitization fund (FCT)	FR	100%	FC
FCP MIDI-PYRÉNÉES PLACEMENT	Investment fund	FR	100%	FC
FERIA PAULMY	Real estate operations	FR	100%	FC
FONCEA	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
MIDI FONCIÈRE	Real estate operations	FR	100%	FC
PHILAE SAS	Real estate operations	FR	100%	FC
CEPAIM SA	Real estate operations	FR	100%	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 RESIDENCE ILOT J	Real estate operations	FR	50%	EQ
SC RESIDENCE JEAN MERMOZ	Real estate operations	FR	50%	EQ
SC RESIDENCE LATECOERE	Real estate operations	FR	50%	EQ
SC RESIDENCE LE CARRE DES PIONNIERS	Real estate operations	FR	50%	EQ
SC RESIDENCE AILES D'ICARE	Real estate operations	FR	50%	EQ
SC RESIDENCE SAINT EXUPERY	Real estate operations	FR	50%	EQ
SCI 339 UNITED STATES	Real estate operations	FR	100%	FC
SCI ADOUR SERVICES COMMUNS	Real estate operations	FR	100%	FC
SCI AVENUE WILLY BRANDT	Real estate operations	FR	100%	FC
SCI BLEU RÉSIDENCE LORMONT	Real estate operations	FR	66%	FC
SCI CRISTAL IMMO	Real estate operations	FR	100%	FC
SCI DANS LA VILLE	Real estate operations	FR	100%	FC
SCI DU RIOU	Real estate operations	FR	100%	FC
SCI EUROTERTIA IMMO	Real estate operations	FR	100%	FC
SCI FONCIÈRE 1	Investment property	FR	100%	FC
SCI G 102	Real estate operations	FR	100%	FC
SCI G IMMO	Real estate operations	FR	100%	FC
SCI GARIBALDI OFFICE	Real estate operations	FR	100%	FC
SCI L APOUTICAYRE LOGEMENT	Real estate operations	FR	100%	FC
SCI LA FAYETTE BUREAUX	Investment property	FR	100%	FC
SCI LABEGE LAKE H1	Real estate operations	FR	50%	FC
SCI LANGLADE SERVICES COMMUNS	Real estate operations	FR	51%	FC
SCI LE CIEL	Real estate operations	FR	100%	FC
SCI LE RELAIS	Real estate operations	FR	100%	FC
SCI LEVISEO	Real estate operations	FR	50%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
SCI LOIRE CENTRE MONTESPAN	Real estate operations	FR	100%	FC
SCI MIDI – COMMERCES	Real estate operations	FR	100%	FC
SCI MIDI MIXT	Real estate operations	FR	100%	FC
SCI MONTAUDRAN PLS	Real estate operations	FR	100%	FC
SCI MURET ACTIVITÉS	Real estate operations	FR	100%	FC
SCI ROISSY COLONNADIA	Real estate operations	FR	50%	FC
SCI SHAKE HDF	Real estate operations	FR	100%	FC
SCI TETRIS	Real estate operations	FR	99%	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
III-3 BPCE subsidiaries				
ALBIANT-IT	IT systems and software consulting	FR	100%	FC
BANCO PRIMUS	Credit institution	PT	100%	FC
BANCO PRIMUS Spain	Credit institution	ES	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	Equipment leasing	FR	100%	FC
BPCE EXPERTISE IMMOBILIER (formerly CRÉDIT FONCIER EXPERTISE)	Real estate valuation	FR	100%	FC
BPCE FACTOR	Factoring	FR	100%	FC
BPCE Financement	Consumer credit	FR	100%	FC
BPCE INFOGÉRANCE & TECHNOLOGIES	IT services	FR	100%	FC
BPCE LEASE	Equipment leasing	FR	100%	FC
BPCE LEASE IMMO	Real estate leasing	FR	100%	FC
BPCE LEASE Madrid Branch	Equipment and real estate leasing	ES	100%	FC
BPCE LEASE Milan Branch	Equipment and real estate leasing	IT	100%	FC
BPCE LEASE NOUMÉA	Equipment leasing	NC	99%	FC
BPCE LEASE RÉUNION	Equipment leasing	RE	100%	FC
BPCE LEASE TAHITI	Equipment leasing	PF	100%	FC
BPCE SERVICES	Holding company activities	FR	100%	FC
BPCE SOLUTIONS INFORMATIQUES	IT systems and software consulting	FR	100%	FC
BPCE PERSONAL CAR LEASE	Long-term vehicle leasing	FR	100%	FC
BPCE SERVICES FINANCIERS (formerly CSF-GCE)	Services company	FR	98%	FC
BPCE SFH	Funding	FR	100%	FC
BPCE SOLUTIONS CLIENTS (formerly BPCE SOLUTIONS CRÉDIT)	Services company	FR	100%	FC
BPCE SOLUTIONS IMMOBILIÈRES (formerly 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
FONDS DE GARANTIE ET DE SOLIDARITE BPCE – FONDS DELESSERT	Mutual guarantee fund	FR	100%	FC
FIDOR BANK AG[4]	Digital loan institution	DE	100%	FC
GCE PARTICIPATIONS	Holding	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

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
MIFCOS	Investment property	FR	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
SOCFIM	Credit institution	FR	100%	FC
SOCFIM PARTICIPATIONS IMMOBILIÈRES	Holding	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	100%	FC
ONEY group				
ONEY BANK	Holding	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	MT	50%	FC
ONEY LIFE (PCC) LIMITED (MALTA)	Insurance	MT	50%	FC
ONEY INSURANCE (PCC) LIMITED (MALTA)	Insurance	MT	50%	FC
ONEY POLSKA	Intermediation Financial institution	PL	50%	FC
ONEY SERVICES SP ZOO	Intermediation 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

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
FRANSA BANK	Credit institution	FR	21%	EQ
OCÉORANE	Financial investment advisory services	MQ	100%	FC
Crédit Foncier group				
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	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	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	56%	FC
THE AZURE CAPITAL TRUST	Holding	AU	56%	FC
AZURE CAPITAL LIMITED	Holding	AU	56%	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	72%	FC
Natixis Partners Iberia, SA	M&A advisory services	ES	89%	FC
NATIXIS NORTH AMERICA LLC	Holding	US	100%	FC
Solomon Partners, LP (formerly Peter J. Solomon Company LP)	M&A advisory services	US	58%	FC
Solomon Partners Securities Company LLC (formerly Peter J. Solomon Securities Company LLC)	Brokerage	US	58%	FC
NATIXIS FUNDING CORP	Other financial company	US	100%	FC
VERSAILLES	Securitization vehicle	US	100%	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
SPG	Mutual fund	FR	100%	FC
NATIXIS MARCO	Investment company (extension of activity)	FR	100%	FC
NATIXIS INNOV	Holding	FR	100%	FC
INVESTIMA 77	Holding	FR	100%	FC
NATIXIS ALTERNATIVE HOLDING LIMITED	Holding	GB	100%	FC
Fenchurch Partners LLP	M&A advisory services	GB	51%	FC

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Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
VERMILION PARTNERS (UK) LIMITED	Holding	GB	72%	FC
Vermilion Partners LLP	M&A advisory services	GB	72%	FC
NATIXIS ASIA LTD	Other financial company	HK	100%	FC
NATIXIS HOLDINGS (HONG KONG) LIMITED	Holding	HK	100%	FC
VERMILION PARTNERS (HOLDINGS) LIMITED	Holding	HK	72%	FC
VERMILION PARTNERS LIMITED	Holding	HK	72%	FC
NATIXIS GLOBAL SERVICES (INDIA) PRIVATE LIMITED	Operational support	IN	100%	FC
BLEACHERS FINANCE	Securitization vehicle	IE	100%	FC
DF EFG3 LIMITED	Holding	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	LU	100%	FC
NATIXIS REAL ESTATE FEEDER SARL	Investment company	LU	100%	FC
NATIXIS ALTERNATIVE ASSETS	Holding	LU	100%	FC
NATIXIS STRUCTURED ISSUANCE	Issuing vehicle	LU	100%	FC
NATIXIS BANK JSC, MOSCOW	Banking	RU	100%	FC
NATIXIS ZWEIGNIEDERLASSUNG DEUTSCHLAND	Financial institution	DE	100%	FC
NATIXIS CANADA	Financial institution	CA	100%	FC
NATIXIS SHANGHAI	Financial institution	CN	100%	FC
NATIXIS BEIJING	Financial institution	CN	100%	FC
NATIXIS DUBAI	Financial institution	AE	100%	FC
NATIXIS NEW YORK	Financial institution	US	100%	FC
NATIXIS MADRID	Financial institution	ES	100%	FC
NATIXIS LONDON	Financial institution	GB	100%	FC
NATIXIS HONG KONG	Financial institution	HK	100%	FC
NATIXIS MILAN	Financial institution	IT	100%	FC
NATIXIS TOKYO	Financial institution	JP	100%	FC
NATIXIS LABUAN	Financial institution	MY	100%	FC
NATIXIS PORTO	Financial institution	PT	100%	FC
Natixis Seoul	Financial institution	KR	100%	FC
NATIXIS SINGAPOUR	Financial institution	SG	100%	FC
NATIXIS TAIWAN	Financial institution	TW	100%	FC
NATIXIS COFICINÉ	Finance company (audiovisual)	FR	100%	FC
AEW INVEST GmbH	Distribution	DE	100%	FC
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED	Distribution	AU	100%	FC
INVESTORS MUTUAL LIMITED	Asset management	AU	68%	FC
AEW Australia Pty Ltd	Asset management	AU	100%	FC
Natixis IM Canada Holdings Ltd	Holding	CA	100%	FC
NATIXIS INVESTMENT MANAGERS KOREA LIMITED	Distribution	KR	100%	FC
AEW Korea LLC	Asset management	KR	100%	FC
Natixis IM Korea Limited (NIMKL)	Distribution	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 Partners X GP, LLC	Asset management	US	100%	FC
AEW Value Investors Asia II GP Limited	Asset management	JE	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

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
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[3]	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	100%	FC
EPI SO SLP LLC	Asset management	US	100%	FC
GATEWAY INVESTMENT ADVISERS, LLC	Asset management	US	100%	FC
HARRIS ALTERNATIVES HOLDING INC	Holding	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
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	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 INVESTMENT MANAGERS US Holdings, LLC	Holding	US	100%	FC
MIROVA US Holdings LLC	Holding	US	100%	FC
SunFunder Inc.	Private debt management company	US	100%	FC
Natixis IM innovation	Asset management	FR	100%	FC
AEW Europe SA (ex-AEW SA)	Asset management	FR	100%	FC
AEW (ex-AEW Ciloger)	Real estate management	FR	100%	FC
DARIUS CAPITAL CONSEIL	Financial investment advisory services	FR	70%	FC
DNCA FINANCE	Asset management	FR	100%	FC
DORVAL ASSET MANAGEMENT	Asset management	FR	99%	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	100%	FC
NATIXIS TRADEX SOLUTIONS	Holding	FR	100%	FC
NATIXIS INVESTMENT MANAGERS	Holding	FR	100%	FC
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding	FR	100%	FC
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding	FR	100%	FC
NAXICAP PARTNERS	Management of venture capital mutual funds	FR	100%	FC
OSSIAM	Asset management	FR	82%	FC
SEVENTURE PARTNERS	Asset management	FR	59%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
SEEYOND	Asset management	FR	100%	FC
Natixis Investment Managers Participations 5 (formerly MV Credit France)	Holding	FR	100%	FC
THEMATICS ASSET MANAGEMENT	Asset management	FR	50%	FC
VAUBAN INFRASTRUCTURE PARTNERS	Asset management	FR	61%	FC
Loomis Sayles Capital Re	Asset management	FR	100%	FC
AEW EUROPE ADVISORY LTD	Asset management	GB	100%	FC
AEW EUROPE CC LTD	Asset management	GB	100%	FC
AEW EUROPE HOLDING Ltd	Asset management	GB	100%	FC
AEW EUROPE INVESTMENT LTD	Asset management	GB	100%	FC
AEW EUROPE LLP	Asset management	GB	100%	FC
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset management	GB	100%	FC
AEW GLOBAL LTD	Asset management	GB	100%	FC
AEW GLOBAL UK LTD	Asset management	GB	100%	FC
AEW UK INVESTMENT MANAGEMENT LLP	Asset management	GB	100%	FC
AEW Promote LP LTD	Asset management	GB	100%	FC
AEW EVP GP LLP	Asset management	GB	100%	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 UK Limited (formerly 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
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 APREF Investors, LP	Asset management	JE	100%	FC
SunFunder East Africa Ltd	Private debt management company	KE	100%	FC
AEW EUROPE SARL	Asset management	LU	100%	FC
AEW EUROPE GLOBAL LUX	Asset management	LU	100%	FC
AEW VIA IV GP Partners SARL	Asset management	LU	100%	FC
AEW VIA V GP Partners SARL	Asset management	LU	100%	FC
AEW APREF GP SARL	Asset management	LU	100%	FC
AEW Core Property (US) Lux GP, SARL	Asset management	LU	100%	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
Loomis Sayles Euro Investment Grade Credit	Asset management	LU	34%	FC
NATIXIS INVESTMENT MANAGERS SA	Distribution	LU	100%	FC
MV CREDIT SARL	Asset management	LU	100%	FC
Natixis IM Mexico, S. de RL de CV	Asset management	MX	100%	FC
LOOMIS SAYLES (NETHERLANDS) BV	Distribution	NL	100%	FC
AEW CENTRAL EUROPE	Asset management	PL	100%	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
FLEXSTONE PARTNERS SARL	Asset management	CH	87%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
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, Zweigniederlassung Deutschland	Distribution	DE	100%	FC
NATIXIS INVESTMENT MANAGERS SA, ZWEIGNIEDERLASSUNG 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	Distribution	AE	100%	FC
NATIXIS INVESTMENT MANAGERS, BRANCH IN SPAIN	Distribution	ES	100%	FC
AEW Europe LLP, Spain branch	Distribution	ES	100%	FC
NATIXIS INVESTMENT MANAGERS, BRANCH IN SPAIN	Distribution	ES	100%	FC
MV Credit SARL, France branch	Asset management	FR	100%	FC
AEW ITALIAN BRANCH (EX-AEW CILOGER ITALIAN BRANCH)	Distribution	IT	100%	FC
DNCA FINANCE, MILAN BRANCH	Asset management	IT	100%	FC
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, ITALY BRANCH	Distribution	IT	100%	FC
Seeyond branch Italy	Asset management	IT	100%	FC
Ostrum Asset Management Italia	Asset management	IT	100%	FC
DNCA FINANCE BRANCH LUXEMBOURG	Asset management	LU	100%	FC
Loomis Sayles & Company, LP, Dutch branch	Distribution	NL	100%	FC
AEW – Dutch Branch	Real estate management	NL	100%	FC
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	Distribution	NL	100%	FC
AEW CENTRAL EUROPE CZECH	Distribution	CZ	100%	FC
MIROVA SWEDEN SUBSIDIARY	Asset management	SE	100%	FC
NATIXIS INVESTMENT MANAGERS, NORDICS SUBSIDIARY	Distribution	SE	100%	FC
NATIXIS PRIVATE EQUITY	Private equity	FR	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 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				
BPCE ASSURANCES	Insurance company holding company	FR	100%	FC
NA	Insurance company holding company	FR	100%	FC
BPCE LIFE	Life insurance	LU	100%	FC
BPCE LIFE France branch	Life insurance	FR	100%	FC
BPCE IARD (FORMERLY 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
DNCA INVEST NORDEN	Insurance investment mutual fund	LU	38%	FC
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund	FR	42%	FC
SCPI IMMOB EVOLUTIF	Insurance real estate investments	FR	37%	FC
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund	FR	68%	FC
SELECTIZ	Insurance investment mutual fund	FR	59%	FC
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund	FR	58%	FC
ALLOCATION PILOTEE EQUILIBRE C	Insurance investment mutual fund	FR	49%	FC
MIROVA EUROPE ENVIRONNEMENT C	Insurance investment mutual fund	FR	42%	FC
VEGA EURO RENDEMENT FCP RC	Insurance investment mutual fund	FR	38%	FC
Fonds Vega Europe Convictions	Insurance investment mutual fund	FR	34%	FC
SCPI Atlantique Mur Régions	Insurance investment mutual fund	FR	84%	FC
BPCE ASSURANCES IARD (formerly BPCE ASSURANCES)	Insurance company	FR	100%	FC
BPCE ASSURANCES PRODUCTION SERVICES	Service providers	FR	100%	FC
Payments division				
BPCE PAYMENT SERVICES (formerly NATIXIS PAIEMENTS SOLUTION)	Banking services	FR	100%	FC
BPCE PAYMENTS (Formerly Shiva)	Holding	FR	100%	FC
BPH (formerly NATIXIS PAYMENT HOLDING)	Holding	FR	100%	FC
XPOLLENS (formerly S-MONEY)	Payment services	FR	100%	FC
PAYPLUG	Payment services	FR	99%	FC
DALENYS SA	Holding	BE	100%	FC
DALENYS INTERNATIONAL	Holding	NL	100%	FC
DALENYS FINANCE	Holding	NL	100%	FC
DALENYS PAYMENT	Payment services	FR	100%	FC
SWILE	Payment services, Service vouchers and Online services for employees	FR	26%	EQ
Others				
BPCE IMMO EXPLOITATION (formerly NATIXIS IMMO EXPLOITATION)	Real estate operations	FR	100%	FC
III-4 – CE Holding Participations subsidiaries				
CE HOLDING PARTICIPATIONS	Holding	FR	100%	FC
CE CAPITAL	Holding	FR	100%	FC
HABITAT EN RÉGION SERVICES	Holding	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.

(3) Entity treated in accordance with IFRS 5 as of December 31, 2022.

(4) Entity classified as a “discontinued operations” as of December 31, 2022.

13.5 NON-CONSOLIDATED COMPANIES AT DECEMBER 31, 2022

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*
ALOGEA	France	13.09%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	57	4
CAISSE DE REFINANCEMENT DE HABITAT	France	13.12%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	563	-
CREDIT LOGEMENT	France	15.49%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	1,654	120
ERILIA	France	11.53%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	1,198	50
FDI HABITAT SA D HLM	France	10.00%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	105	4
FIDEPPP2	France	12.50%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	144	4
FRANCE ACTIVE GARANTIE	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)	26	-
FRANCE ACTIVE GARANTIE – FAG	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)	26	-
HABITAT DE L'ILL	France	10.44%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	1	3
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.)	215	12
HABITATION MODERNE	France	14.84%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	2	3
HLM COUTANCES GRANVILLE	France	16.16%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	79	2
HLM HABITAT DE L ILL	France	10.08%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	84	3
IRD ET ASSOCIES	France	12.84%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	71	3
IRDI	France	19.77%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	164	16
LE COTTAGE SOCIAL DES FLANDRES	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)	131	8
LE TOIT FOREZIEN	France	19.59%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	42	2
LOGIREP	France	17.62%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	968	46
MEDUANE HABITAT	France	11.45%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	47	-

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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*
OPPORTUNITE PLACEMENT CILOGER 2	France	10.21%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	90	7
PATRIMOINE ET COMMERCE	France	10.27%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	220	13
PLUZIX	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)	257	(13)
SA HLM Harmonie Habitat	France	12.22%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	150	-
SA HLM Vendée Logement esh	France	12.50%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	116	-
SAIEM GRENOBLE HABITAT	France	10.71%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	139	4
SAS MURS LA ROSIERE	France	12.07%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	11	(3)
SATA	France	13.14%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	60	(6)
SCIC LE TOIT FOREZIEN	France	19.80%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	42	2
SEDIA	France	13.17%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	16	-
SEM Agglo	French Polynesia	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	2
SOCIÉTÉ DAUPHINOISE POUR L'HABITAT	France	13.39%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	352	8
SOCIÉTÉ DES TROIS VALLÉES – STV OR S3V	France	13.15%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	134	(4)
SOCIÉTÉ IMMOBILIÈRE PICARDE D'HLM	France	16.56%	Holding qualifying as a related party (social housing companies, modest income housing public limited companies, etc.)	200	9
SWIFT COOP SOCIETY	Belgium	13.30%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	617	52
SYSTÈME TECHNOLOGIQUE ECHGE ET TRAIT	France	15.04%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	128	12
TANDEM	France	10.97%	Holding in an entity not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	66	2
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)	11	(4)

(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, 2022

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

7, promenade Germaine Sablon

75013 Paris

I. OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Groupe BPCE for the year ended December 31, 2022.

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, 2022 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 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 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, 2022 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 2022 concerned certification, agreed-upon procedures, reviews of compliance procedures, interim review procedures, tax consultations, comfort letters issued in connection with issuance programs, and independent third party engagements on the CSR information included in the management report.
- Mazars: the main engagements carried out in 2022 concerned agreed-upon procedures, certification, letters of comfort issued in connection with issuance programs, as well as independent third-party engagements on the CSR information included in the management report.
- PricewaterhouseCoopers Audit: the main engagements carried out in 2022 concerned certification, agreed-upon procedures, training, reviews of compliance procedures and services rendered in connection with acquisitions or restructuring, technical assistance engagements, letters of comfort issued in connection with issuance programs, tax-related consultations, and independent third party engagements on the CSR information included in the management report.

III. JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

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.

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Impairment of loans and receivables (Stages 1, 2 and 3)

Description of risk and main judgments

Groupe BPCE is exposed to credit risks. 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.

As specified in Note 7.1.2 to the consolidated financial statements, a change in the quantitative criteria for the shift to S2 and a change in loss given default (LGD) for the SME segment have been developed and will be implemented in the first half of 2022.

This impairment for expected losses is supplemented, where appropriate, with sector-based impairment and provisions, taking into account local specificities.

Loan outstandings with a proven counterparty risk (Stage 3) are subject to impairment, determined mainly on an individual basis. Impairment is assessed by management based on recoverable future cash flows, estimated with consideration of the available guarantees on each of the loans concerned.

We considered the identification and assessment of credit risk to be a key audit matter, given that the related provisions represent a material amount for the preparation of the financial statements, particularly in a context of persistent uncertainties marked by the conflict in Ukraine, the disruption in raw materials and energy, the resurgence of inflation and a rapid increase in interest rates, and require management to exercise judgment as to the allocation of credit-impaired loans and in determining the Stage 1 and 2 impairment calculation inputs and methods and assessing the amount of provisions for Stage 3 loans on an individual basis.

Exposure to credit risks for which calculations of impairment/provisions are performed in accordance with IFRS 9 represent around 66% of Groupe BPCE's total assets at December 31, 2022 (61% and €939 billion for gross outstanding loans and receivables alone).

Impairment of customer loans and receivables measured at amortized cost amounts to €14.2 billion, of which €1.3 billion attributable to Stage 1, €4.1 billion to Stage 2 and €8.8 billion to Stage 3. Cost of risk in 2022 was €2.0 billion.

For more information on accounting principles and exposures, see Notes 5.5 and 7.1 to the consolidated financial statements.

How our audit addressed this risk

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 appropriateness of the inputs used to calculate impairment, particularly with regard to the recalibration of LGDs for the SME segment and the changes in the criteria for significant deterioration in credit risk, which will be implemented starting June 30, 2022;
- performing counter-calculations on the main loan portfolios;
- performing controls on the entire IT system implemented by Groupe BPCE, including a review of general IT controls, interfaces and automated controls to process information related to IFRS 9;
- carrying out checks on the tool used to assess the impact of the application of sector-based 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 the group to identify the business lines considered the most sensitive to the impact of the current economic context, and (ii) assessed the appropriateness of the provisions thus estimated.

Impairment of Stage 3 exposures

As part of our audit procedures, and more generally, we examined the control system relating to the identification of exposures classified under Stage 3, the monitoring of credit and counterparty risk, the assessment of non-recovery risk and the determination of the related individual impairment and provisions.

Our work consisted in assessing the quality of the monitoring system for sensitive, doubtful and non-performing counterparties, and the credit review system. 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 detailed disclosures in the notes to the financial statements, required by IFRS 9 under "Impairment" as of December 31, 2022.

Level 2 and 3 financial instruments under IFRS 13

Description of risk and main judgments

Groupe BPCE holds a significant proportion of financial instruments measured at fair value, which are broken down into three levels defined by IFRS 13, according to the valuation 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 measurement of complex financial instruments at fair value, classified in levels 2 and 3 to be a key audit matter owing to the materiality of these exposures and the judgment required to determine their fair value, especially for certain types of financial instruments in an economic environment that remains uncertain.

For more details on accounting principles and fair value hierarchy of financial instruments, see note 10 to the consolidated financial statements.

How our audit addressed this risk

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 held interviews with the Risk, Compliance and Permanent Control department (DRCCP) and reviewed the reports and committee meeting minutes prepared by the department.

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 the following procedures with the assistance of our valuation experts, with whom we also performed independent valuations consisting, based on samples, of the review of assumptions, methodologies and market inputs used in the valuation models to estimate the main valuation adjustments as of December 31, 2022.

We also examined, on a sample basis, any differences in margin calls with market counterparties so as to assess the appropriateness of the valuations.

Lastly, 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

Description of risk and main judgments

Groupe BPCE recognizes goodwill in its consolidated financial statements. The external growth transactions completed by the Group have led it (i) to assess the terms and conditions of control exercised over entities acquired in accordance with IFRS 10 "Consolidated financial statements" and (ii) to record the purchase price allocation 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 recoverable amount is determined based on discounted future cash flows of CGUs, resulting from the Group's medium-term plans for the entities concerned.

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.

As of December 31, 2022, the gross value of goodwill amounted to €4,917 million, while the total of impairment losses was €710 million.

The methods used by Groupe BPCE to perform impairment tests, 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.

How our audit addressed this risk

With the assistance of our experts, we assessed the process implemented by Groupe BPCE to identify indications of potential impairment and performed a critical review of the methods used for carrying out 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

Description of risk and main judgments

As part of its insurance business, Groupe BPCE recognizes technical reserves representing its commitments to policyholders.

We deemed the valuation of reserves to be a key audit matter as it represents a significant amount in the Group's consolidated financial statements and some of these provisions require judgment to determine the underlying assumptions (actual mortality rates and behavior) or the calculation models used.

The technical reserves of the insurance contracts amounts to €111.9 billion as of December 31, 2022.

See Note 9.1.2 to the consolidated financial statements for further details.

How our audit addressed this risk

We called on our actuarial experts to assist us in performing our audit procedures on these items.

The main audit procedures included, depending on the nature of the risks provisioned to:

- obtaining an understanding of the general conditions relating to insurance contracts marketed by the group;
- assessing the methods and assumptions used to calculate these provisions, in particular their compliance with applicable regulations, market practices and the economic and financial context, which has become more uncertain due to the health crisis;
- testing, on the basis of accounting reconciliations, reperformance tests, 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 have also examined the disclosures in the notes to the consolidated financial statements of Groupe BPCE relating to insurance liabilities.

Provisions for legal and non-compliance risks

Description of risk and main judgments

Groupe BPCE is facing litigation, investigations and inquiries by regulatory and tax authorities in various jurisdictions.

The resulting legal and non-compliance risks (including tax risks) are assessed based on management's estimate at the closing date.

Recognizing a provision, determining the amount thereof, as well as providing disclosures in the notes to the financial statements necessarily require the use of judgment, due in particular to the difficulty of estimating the probability of the risk occurring, and the outcome and financial consequences of the ongoing procedures.

As a result, we deemed the estimation of provisions for legal and non-compliance risks to be a key audit matter given the sensitivity of these provisions to the assumptions and options used by management.

Provisions for legal and tax risks recorded under "Provisions" amounted to €1,190 million as at December 31, 2022.

See Notes 2.3 and 5.13 to the consolidated financial statements.

How our audit addressed this risk

We examined the processes for identifying, assessing and provisioning legal and non-compliance risks.

We obtained an understanding of the progress of ongoing proceedings and the main risks identified by the Group, based in particular on regular exchanges with management (and more specifically with the Group's legal, compliance and tax departments) and on the review of the documentation provided to us.

Our work also consisted in assessing the reasonableness of the assumptions made and data used by management to estimate the amount of provisions recognized at the closing date. In particular, we involved tax law specialists to perform a critical review of the tax risk analyses prepared by the Group and the related provisions.

In addition, we requested confirmation from the Group's legal counsel regarding pending legal proceedings.

Lastly, we verified the correct recording of the assessed provisions in the financial statements, and the related disclosures in the notes to the consolidated financial statements.

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 performance 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.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

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.

As of December 31, 2022, Mazars was in the sixteenth consecutive year of its engagement, of which fourteen years since becoming a public interest entity. PricewaterhouseCoopers Audit and Deloitte & Associés were in the fourteenth and eighth consecutive year of their engagement respectively.

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

OBJECTIVES 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;
- ï 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.

Signed at Paris, on March 24, 2023

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, 2022

5.3.1 Consolidated income statement

in millions of euros	*Notes*	2022 fiscal year	2021 fiscal year
Interest and similar income	*4.1*	12,335	10,387
Interest and similar expenses	*4.1*	(10,179)	(8,193)
Commission income	*4.2*	6,158	6,685
Commission expenses	*4.2*	(2,458)	(2,235)
Gains (losses) on financial instruments at fair value through profit or loss	*4.3*	2,173	1,546
Gains (losses) on financial instruments at fair value through other comprehensive income	*4.4*	96	166
Gains (losses) arising from the derecognition of financial assets at amortized cost	*4.5*	(6)	(12)
Net income from insurance activities	*9.2.1*	2,748	2,692
Income from other activities	*4.6*	1,432	1,456
Expenses from other activities	*4.6*	(622)	(713)
Net banking income		**11,676**	**11,780**
Operating expenses	*4.7*	(8,426)	(8,474)
Depreciation, amortization and impairment for property, plant and equipment and intangible assets		(664)	(604)
Gross operating income		**2,586**	**2,702**
Cost of credit risk	*7.1.1*	(521)	(430)
Net operating income		**2,065**	**2,272**
Share in net income of associates and joint ventures	*12.4.2*	(17)	90
Net income (expense) from other assets	*4.8*	321	(69)
Value adjustments on goodwill	*3.5.1*	(241)	
Income before tax		**2,128**	**2,293**
Income tax	*11.1*	(717)	(838)
Net income		**1,412**	**1,455**
Non-controlling interests	*5.16.1*	(51)	(270)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,360**	**1,185**

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5.3.2 Comprehensive income

in millions of euros	2022 fiscal year	2021 fiscal year
Net income	**1,412**	**1,455**
Items recyclable to net income	**(553)**	**(88)**
Foreign exchange rate adjustments	299	373
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	(148)	46
Revaluation of available-for-sale financial assets of insurance businesses	(1,722)	(219)
Revaluation of derivative hedging items that can be recycled to profit or loss	778	246
Share of gains and losses of associates recognized directly in other comprehensive income	(53)	(715)
Related taxes, items recyclable to net income	293	182
Items not recyclable to net income	**253**	**274**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	136	59
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	423	13
Revaluation of equity financial assets recognized at fair value through other comprehensive income	(219)	230
Share of gains and losses of associates recognized directly in other comprehensive income		34
Related taxes, items not recyclable to net income	(87)	(62)
GAINS AND LOSSES RECOGNIZED DIRECTLY IN OTHER COMPREHENSIVE INCOME	**(300)**	**186**
COMPREHENSIVE INCOME	**1,111**	**1,640**
Attributable to equity holders of the parent	1,060	1,345
Non-controlling interests	51	295

For information, items not recyclable to profit or loss transferred to consolidated reserves amounted to -€2 million for 2022 and -€2 million for 2021.

5.3.3 Consolidated balance sheet

ASSETS

in millions of euros	**Notes**	**12/31/2022**	**12/31/2021**
Cash and amounts due from central banks	*5.1*	134,304	182,053
Financial assets at fair value through profit or loss	*5.2.1*	197,087	190,414
Hedging derivatives	*5.3*	5,380	6,025
Financial assets at fair value through other comprehensive income	*5.4*	13,173	16,138
Securities at amortized cost	*5.5.1*	11,273	12,298
Loans and advances to banks at amortized cost	*5.5.2*	242,047	195,659
Loans and advances to customers at amortized cost	*5.5.3*	168,870	167,746
Revaluation difference on interest rate risk-hedged portfolios		(1,881)	4,497
Insurance business investments	*9.1.1*	117,896	127,578
Current tax assets		652	463
Deferred tax assets	*11.2*	2,512	1,608
Accrued income and other assets	*5.6*	8,786	8,276
Non-current assets held for sale	*5.7*	77	2,093
Net participating benefit	*9.1.3*	4,678	
Investments accounted for using equity method	*12.4.1*	1,060	916
Investment property	*5.8*	34	62
Property, plant and equipment	*5.9*	2,136	2,415
Intangible assets	*5.9*	969	888
Goodwill	*3.4.1*	3,608	3,859
TOTAL ASSETS		**912,661**	**922,988**

LIABILITIES

in millions of euros	**Notes**	**12/31/2022**	**12/31/2021**
Financial liabilities at fair value through profit or loss	*5.2.2*	193,651	197,883
Hedging derivatives	*5.3*	11,196	8,331
Debt securities	*5.10*	223,668	220,256
Amounts due to banks and similar	*5.11.1*	253,947	264,158
Amounts due to customers	*5.11.2*	52,185	52,018
Revaluation difference on interest rate risk-hedged portfolios		12	139
Current tax liabilities		1,823	1,204
Deferred tax liabilities	*11.2*	1,553	997
Accrued expenses and other liabilities	*5.12*	11,140	12,045
Liabilities associated with non-current assets held for sale	*5.7*	41	1,823
Liabilities related to insurance policies	*9.1.2*	115,114	116,863
Provisions	*5.13*	2,040	2,368
Subordinated debt	*5.14*	18,828	18,869
Equity		**27,463**	**26,034**
Equity attributable to equity holders of the parent		**27,179**	**25,503**
Capital and associated reserves	*5.15.1*	15,306	15,306
Consolidated reserves		9,716	7,915
Gains and losses recognized directly in equity		796	1,097
Net income (expenses) for the reporting period		1,360	1,185
Non-controlling interests	*5.16*	284	531
TOTAL LIABILITIES AND EQUITY		**912,661**	**922,988**

5.3.4 Statement of changes in equity

in millions of euros	Capital and associated reserves		Perpetual deeply subordinated notes (Note 5.15.2)	Consolidated reserves[4]
	Share capital (Note 5.15.1)	Additional paid in capital (Note 5.15.1)		
SHAREHOLDERS' EQUITY AT JANUARY 1, 2021	**173**	**14,333**	**700**	**4,331**
Dividend payments				(717)
Capital increase (Note 5.15.1)	7	793		
Issuance and redemption of deeply subordinated notes (Note 5.15.2)			2,690	
Interest paid on deeply subordinated notes				(58)
Impact of acquisitions and disposals on non-controlling interests (Note 5.16.2)[1]				997
Increase (decrease) through transactions with owners	**7**	**793**	**2,690**	**222**
Gains and losses recognized directly in shareholders' equity (Note 5.17)				
Capital gains and losses reclassified to retained earnings				2
Comprehensive income				**2**
Other changes[2]				(30)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2021	**180**	**15,126**	**3,390**	**4,525**
Allocation of net income for 2021				1,185
SHAREHOLDERS' EQUITY AT JANUARY 1, 2022	**180**	**15,126**	**3,390**	**5,710**
Dividend payments				(788)
Issuance and redemption of deeply subordinated notes (Note 5.15.2)			1,800	(82)
Interest paid on deeply subordinated notes				(186)
Impact of acquisitions and disposals on non-controlling interests (Note 5.16.2)[1][3]				(126)
Increase (decrease) through transactions with owners			**1,800**	**(1,182)**
Gains and losses recognized directly in shareholders' equity (Note 5.17)				
Capital gains and losses reclassified to retained earnings				1
Net income for the period				
Comprehensive income				**1**
Other changes[2]				(3)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2022	**180**	**15,126**	**5,190**	**4,526**

(1) The impact of the simplified public tender offer for Natixis shares is presented in Note 5.16.2.
(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 disposal of the H2O investment is presented in Note 1.3.
(4) The 2021 impact of the decision of the IFRS Interpretations Committee (IFRS IC) on IAS 19 "Employee Benefits" is presented in Note 8.2.2.

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 attribu-table to equity holders of the parent	Total equity attributable to equity holders of the parent	Non-controlling interests	Total consolidated equity
(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)						
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**
							(1,185)			
537	**78**	**617**	**(97)**	**182**	**(107)**	**(113)**		**25,503**	**531**	**26,034**
								(788)	(67)	(855)
								1,718	(70)	1,648
								(186)		(186)
								(126)	(159)	(285)
								618	**(296)**	**322**
302	(112)	(1,316)	579	(157)	306	99		(300)		(300)
				(1)						
							1,360	1,360	51	1,412
302	**(112)**	**(1,316)**	**579**	**(158)**	**306**	**99**	**1,360**	**1,060**	**51**	**1,111**
								(3)	(2)	(5)
839	**(34)**	**(699)**	**482**	**24**	**199**	**(14)**	**1,360**	**27,179**	**284**	**27,463**

5.3.5 Consolidated cash flow statement

in millions of euros	2022 fiscal year	2021 fiscal year
Income before tax	**2,128**	**2,293**
Net depreciation, amortization and impairment for property, plant, equipment and intangible assets	745	703
Net charge to impairments of goodwill and other fixed assets	241	
Net charge to provisions and provisions for impairment (including insurance companies' technical reserves)	298	8,841
Share in net income of investments accounted for using equity method	17	(90)
Net income (loss) from investment activities	(793)	(458)
Other changes	(10,202)	2,240
Total non-monetary items included in net income before tax	**(9,694)**	**11,235**
Change in inter-credit institutions items	(33,504)	6,854
Change in customer items	1,883	4,972
Change in financial assets and liabilities	10,421	1,558
Change in non-financial assets and liabilities	2,238	(1,110)
Income taxes paid	(555)	(436)
Increase (decrease) in assets and liabilities resulting from operating activities	***(19,517)***	***11,838***
Net cash flows generated by operating activities (A)	**(27,084)**	**25,366**
Decrease (increase) in financial assets and equity interests	(716)	1,082
Decrease (increase) in investment property	(49)	(12)
Change in property, plant, equipment and intangible assets, investing activities	(614)	(764)
Net cash flows generated by investing activities (B)	**(1,379)**	**306**
Net increase (decrease) arising from transactions with shareholders[(1)]	(855)	(84)
Other increases (decreases) generated by financing activities[(2)]	1,671	2,601
Net cash flows generated by financing activities (C)	**816**	**2,517**
Impact of changes in exchange rates (D)	**730**	**846**
Cash flow on assets and liabilities held for sale (E)	**2**	**(439)**
TOTAL NET CASH FLOWS (A+B+C+D+E)	**(26,915)**	**28,597**
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)
Opening cash and cash equivalents	**119,474**	**90,878**
Net cash and bank balances at central banks	**134,304**	**182,053**
Cash and accounts with central banks (assets)	134,304	182,053
Net balance of demand transactions with banks	**(41,745)**	**(62,579)**
Current accounts with overdrafts[(3)]	6,306	7,016
Demand accounts and loans	10,257	27
Demand accounts in credit	(56,703)	(65,678)
Demand repurchase agreements	(1,605)	(3,944)
Closing cash and cash equivalents	**92,559**	**119,474**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(26,915)**	**28,597**

(1) The net increase (decrease) arising from transactions with shareholders include:

- net changes in BPCE SA's share capital and additional paid-in capital for +€800 million in 2021;
- dividend payouts of -€855 million (-€825 million in 2021);
- the remuneration of deeply subordinated notes recorded in equity for -€186 million (-€58 million in 2021).

(2) Other increases (decreases) generated by financing activities mainly include the impact of redemptions -€773 million (-€1,854 million in 2021) and the subscription of a new loan for +€2,444 million (+€4,455 million in 2021).

(3) The current accounts with overdrafts do not include Livret A, LDD and LEP savings accounts centralized with 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 their 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

BPCE, a central institution as defined by the French Banking Law and a credit institution licensed to operate as a bank, 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 division (including Factoring, Consumer Loans, Leasing, Sureties & Financial Guarantees, and the "Retail Securities" business), the Digital & Payments (including the Payment subsidiaries bought in 2022 and the Oney group) and Insurance divisions, and Other networks;
- 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 responsible for taking all necessary measures to ensure the solvency of the Group and each of the networks and to organize financial solidarity within 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 all affiliates of the Group. By virtue of the unlimited nature of the principle of solidarity, BPCE is entitled at any time to ask any one or several or all of the affiliates to contribute to the financial efforts that may be necessary to restore the situation, and may, if necessary, mobilize all the cash and equity capital of the affiliates in the event of difficulty for one or more of them.

In the event of difficulties, BPCE will have to do everything necessary to restore the financial situation and may in particular make unlimited use of the resources of any, several or all affiliates, or implement the appropriate mechanisms of internal solidarity of the Group and by calling on the guarantee fund common to the two networks of which it determines the rules of operation, the triggering conditions, in addition to the funds of the two networks as well as the contributions of the affiliated institutions for its endowment and reconstitution.

BPCE manages the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** was formed by a deposit made by the Banques Populaires of €450 million that was booked by BPCE in the form of a ten-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 ten-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 ten-year term accounts which are indefinitely renewable. The amount of the deposits by network was €157 million at December 31, 2022.

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

TRANSFER OF THE INSURANCE AND PAYMENTS BUSINESS LINES FROM THE NATIXIS IMMO EXPLOITATION ENTITY, AND OF CERTAIN EMPLOYEES IN THE FUNCTIONAL AND IT SECTORS FROM NATIXIS SA, TO BPCE SA

In the first half of 2022, Groupe BPCE continued to implement its project to develop its business lines and simplify its functional sectors:

- 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.

The following steps have been implemented:

- the contribution, on March 1, 2022, by Natixis to a company wholly owned by BPCE SA of all of the shares held by Natixis in Natixis Assurances;
- the contribution, on March 1, 2022, 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 line;
- the distribution, on March 23, 2022, 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 of the Insurance Holding Company and the Payments Holding Company received by the beneficiaries of bonus shares as a result of the exercise of the put options provided for in the liquidity contracts.

Upon completion of the transaction, BPCE directly holds all of the share capital and voting rights of the Insurance Holding Company, renamed Assurances du Groupe BPCE, and of the Payments Holding Company, renamed BPCE Payments.

In addition, Natixis sold to BPCE SA 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. All NIE shares were sold on March 1, 2022, followed by the transfer of Workplace's workforce.

Lastly, Natixis transferred certain employees from its functional and IT sectors to BPCE and its subsidiaries during the first half of the year.

These transactions were internal to Groupe BPCE and therefore had no impact on the consolidated financial statements at December 31, 2022.

FINALIZATION OF THE AGREEMENT BETWEEN NATIXIS INVESTMENT MANAGERS AND H2O ASSET MANAGEMENT ON THE UNWINDING OF THEIR PARTNERSHIP

On March 25, 2022, Natixis Investment Managers (Natixis IM) and H2O Asset Management (H2O) announced the entry into force of the agreement, signed on January 29, 2021, for the sale of Natixis IM's stake in the H2O group. The unwinding is carried out in two stages:

- the immediate disposal of 26.61% of the share capital;
- subsequently, within four years and at the latest within six years, subject to the required regulatory authorizations, the disposal of the remaining 23.4%.

Natixis IM is no longer represented on H2O's governance bodies and therefore has no decision-making power over the management of the company. Consequently, Natixis IM no longer exercises control within the meaning of IFRS 10, nor notable influence. As of December 31, 2022, H2O is therefore no longer consolidated.

Income of €15 million was recorded on the "Gains or losses on long-term investments" line, mainly related to the recycling of gains or losses recorded on the "Other comprehensive income" line.

As a reminder, at December 31, 2021, the expected impacts of the sale of H2O had been anticipated and a provision representative of the estimated capital loss on disposal had been recorded and presented on the "Gains or losses on long-term investments" line.

In view of the agreements, Natixis IM did not receive any cash settlement on the sale of the H2O shares. Consequently, a receivable, the amount of which represents the present value of all the sums that may be collected by the Group at the expiry of the agreements, was recorded for €16 million.

The valuation of this receivable will have to be reviewed at each closing date until the completion of the operation in January 2031. Changes in fair value will be presented on the same line as the income from the disposal of H2O, either in "Gains or losses on other assets" of BPCE SA group's consolidated net income (income of +€1 million recognized in this respect in 2022).

The valuation of said receivable takes into account all the sums due to Natixis IM within the framework of the disposal of H2O. In view of these calculation methods, the residual stake of 23.4% is therefore included for a zero value in the Group's consolidated financial statements.

CONFLICT IN UKRAINE

Since February 24, 2022, fiscal year 2022 has been marked by the conflict in Ukraine. In a concerted manner, the European Union, the United States and many other states have adopted a series of unprecedented sanctions, including the freezing of the Russian Central Bank's assets abroad, the exclusion of certain Russian banks from SWIFT, and the freezing of the assets of many individuals and companies, and several Western groups have announced their withdrawal from the Russian Federation. Economic measures and sanctions have been adopted in retaliation by the Russian Federation.

As a result, this conflict had repercussions on the Russian economy, Western economies and more generally on the world economy, with in particular significant impacts on the price of energy and raw materials but also a humanitarian impact due to the risks to food security for some countries.

Natixis Moscow has ceased all new financing activities but continues to provide a limited number of technical flow operations. The foreign currency loans (dollars and euros) granted to Russian customers and recorded as assets on the balance sheet of Natixis Moscow were transferred to other Groupe BPCE entities between February 28 and March 3, 2022. Following these transfers, Natixis Moscow no longer holds direct loans denominated in dollars or euros, with the exception of the reinvestment of cash with the Russian Central Bank, for €36 million, fully provisioned.

In addition, the equity of the other Ukrainian and Russian subsidiaries of Groupe BPCE (Oney brokerage activities) is not significant.

In addition to the above, the direct market risk on Russian or ruble assets is not material.

Groupe BPCE's control over its subsidiaries has not been called into question by the events and the relations with the teams continue normally as part of their day-to-day management activities. Groupe BPCE continues to fully consolidate Natixis Moscow, Oney Russia and Oney Ukraine into its consolidated financial statements at December 31, 2022.

The impacts of the Russian-Ukrainian crisis on the impairment of assets at amortized cost and the provisioning of loan and guarantee commitments are presented in Note 7.1.2.

SIMPLIFICATION OF THE CAPITAL TIES WITH LA BANQUE POSTALE

As announced at the end of 2021, the project to simplify the capital ties with La Banque Postale (LBP) was finalized on May 13, 2022. On this date, Natixis Investment Managers (Natixis IM) acquired LBP's non-controlling stakes in Ostrum Asset Management (45%) and AEW Europe (40%), for €120 million each.

Following this transaction, Natixis IM holds 100% of the share capital of the management companies Ostrum AM and AEW Europe.

The distribution and management agreements currently in force with CNP Assurance and LBP have been extended until 2030.

END OF THE PROCESS TO SELL FIDOR TO RIPPLEWOOD

On July 1, 2022, as the conditions for the completion of the transaction had not been met on June 30, 2022, the disposal process concerning Fidor was interrupted. As of December 31, 2022, the assets and liabilities of this entity are no longer presented in accordance with IFRS 5 relating to operations held for sale.

CONTRIBUTION OF BIMPLI'S ACTIVITIES TO SWILE

On December 14, 2022, Swile, a leader in the worktech sector, and Groupe BPCE announced that they had finalized an alliance under which Groupe BPCE exchanged its entire investment in Bimpli for 25.6% [1] of the share capital of Swile and convertible bonds issued by Swile. BPCE has become Swile's largest shareholder and consolidates it using the equity method (including goodwill of €195 million).

In the consolidated financial statements of Groupe BPCE, this transaction resulted in the recognition of a capital gain of +€281 million (€266 million after taking into account the tax effect).

1.4 EVENTS AFTER THE REPORTING PERIOD

No events after the reporting period 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, 2021 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from January 1, 2022. The texts newly applicable in 2022 are amendments of specific or minor scope. They had no impact on the Group's consolidated financial statements.

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 allowed 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 policies), provided they:

- do not transfer financial instruments between the insurance sector and other sectors of the conglomerate (with the exception of financial instruments 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 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.

(1) 22% on a fully diluted basis.

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, BPCE Assurances, NA, BPCE Vie and its consolidated funds, BPCE Life, BPCE Assurances IARD, BPCE IARD, Surassur, Oney Insurance, 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.

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 will come into force on 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 improving the application of IFRS 17 was published on June 25, 2020. 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. On December 9, 2021, the IASB published an amendment to IFRS 17 allowing, as an option, 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. This amendment was adopted by Commission Regulation (EU) 2022/1491 of September 8, 2022.

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.

IFRS 17 amends the principles of recognition, measurement, presentation and disclosures relating to contracts within its scope.

SCOPE

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

IFRS 17 will apply to:

- issued insurance contracts (including issued reinsurance treaties);
- held reinsurance treaties;
- investment contracts issued with discretionary participation features, provided that the entity also issues insurance contracts.

BPCE SA group has these three types of contracts.

However, the financial guarantees given by entities in the banking sector within BPCE SA group, although meeting the accounting definition of an insurance contract, are still treated under IFRS 9 on financial instruments in accordance with previous practices.

MEASUREMENT MODELS

In accordance with IFRS 17, insurance liabilities must be recognized at present value. Until now, they were valued at cost under IFRS 4, which authorized the commitments valued under the French consolidation rules to be maintained, with the exception of specific provisions introduced by IFRS 4, in particular those relating to shadow accounting and the liability adequacy test.

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

- a first block equal to the present value of the estimate of future cash flows – Best Estimate (BE);
- an adjustment for non-financial risk, to take into account the uncertainty of these estimates of future cash flows;
- a Contractual Service Margin (CSM).

In BPCE SA group, the general model will be used in direct business, in particular for payment protection insurance, multi-year personal protection contracts (excluding funeral) and for the guarantee activity. It is also used as part of the main reinsurance treaties accepted for investment and pension activities.

The Best Estimate corresponds to the present value, measured at each reporting date, of the estimates of future cash flows (receivable and payable) attributable to contracts within a time horizon defined in accordance with IFRS 17 requirements, weighted by their probability of occurrence. These flows are discounted using the discount rate described below. The carrying amount of the Best Estimate is broken down into a liability (or asset) for remaining coverage and a liability relating for incurred claims.

The adjustment for non-financial risk corresponds to the consideration of the uncertainty of the estimates of future cash flows included in the Best Estimate measurement. It is also measured at the end of each reporting period. The level of the adjustment for non-financial risk is not standardized. BPCE SA group has defined its non-financial risk adjustment methodologies according to the types of insurance liabilities that pose different risks. The non-financial risk adjustment of the liabilities for the remaining coverage is mainly based on a VaR (Value at Risk)-type confidence level methodology, capitalizing on the prudential requirements, with a multi-year vision of risk. Intra-entity diversification is also taken into account (however, the benefits of diversification between Group entities are not taken into account). The adjustment for non-financial risk in respect of liabilities for incurred claims is mainly based on BPCE SA group's level of risk appetite and corresponds to a level of uncertainty determined using actuarial calculation methods.

The CSM represents, when the contracts were issued, the expected profit on contracts, not yet earned by the company, for each group of insurance contracts. This is measured when the contracts are taken out and then adjusted over time, in particular to take into account any changes in non-financial assumptions. It is recognized on the balance sheet and then recognized in income over time, over the duration of the remaining coverage of the contracts. In the event that a loss is expected, it is not the subject of a negative CSM but is immediately recognized in income. The share of CSM representative of the service rendered over the period is allocated to profit or loss through coverage units, which represent the duration of coverage of the contracts, the quantity of services provided and the service rendered by the BPCE SA group entities to the policyholders. As part of the application of the general model to payment protection insurance and guarantee activities, the coverage units are defined on the basis of the outstanding principal.

The discount rates applied to the estimate of future cash flows must reflect the time value of money, the cash flow characteristics, and the liquidity characteristics of the insurance contracts, and be consistent with observable current market prices. Under the general model, the Best Estimate and the adjustment for non-financial risk are measured on the basis of current rates (at the reporting date) while the CSM remains measured on the basis of the discount rates determined at the date of initial recognition of the group of contracts. BPCE SA group adopts a bottom-up approach to determine these discount rates, by using a risk-free rate curve to which is added an illiquidity premium, depending on the characteristics and liquidity of the insurance contracts concerned. The risk-free rate curve used is adapted from the applicable rate curve in the context of prudential requirements (adjustments mainly concern liquid parameters and extrapolation beyond the last liquidity point). For multi-year protection contracts and payment protection insurance, the discount rates are based on the risk-free rate curve.

A Variable Fee Approach (VFA) model is mandatory for insurance contracts, with direct participation features, which meet the following three criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying assets;
- the insurer expects to pay the insured an amount equal to a substantial share of the fair value returns on the identified pool of underlying assets;
- a substantial proportion of the benefits that the entity expects to pay to the policyholder must vary with the fair value of the identified pool of underlying assets.

In BPCE SA group, this model will be used in direct business to measure investment and pension contracts as well as funeral contracts.

In the case of contracts with direct participation features, the service provided to the policyholder can be considered to be the management on his own account of the underlying items (since he receives a substantial part of them). The cash flows of these contracts vary depending on the performance of the underlying items. An increase in the value of the underlying items entails an increase in the value of the contracts. Conversely, a decrease in the value of the underlying items entails a decrease in the value of the contracts.

The VFA approach thus replaces the "shadow accounting" introduced by IFRS 4. As a reminder, in accordance with the shadow accounting principles, 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 main differences between the two methods arise under IFRS 17 from the inclusion in the measurement of insurance contracts of capital gains or losses of all underlying items, including those that are not measured at fair value in IFRS. In addition, the insurer's share of unrealized capital gains no longer appears in other comprehensive income but is part of the CSM for the part not yet recognized in income.

In BPCE SA group, the majority of the financial assets underlying VFA contracts will be measured at fair value through profit or loss or through other comprehensive income under IFRS 9. Most investment properties are also measured at fair value through profit or loss as permitted by IAS 40. In order to avoid accounting mismatches between the recognition in profit or loss of the effects of IFRS 17, IFRS 9 and IAS 40, the standard provides the possibility of applying the disaggregation option. This option allows for the recognition, for insurance contracts with direct participation features, in the insurance financial expenses item of an amount equal but opposite to the amount of the financial income corresponding to the underlying items. The remaining financial expense is recognized directly in other comprehensive income. BPCE SA group has decided to apply this option.

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

Finally, the general approach is supplemented by a simpler optional model based on the allocation of premiums ("Premium Allocation Approach" – PAA). It applies to:

- all contracts except contracts with direct participation features, insofar as this method leads to a result close to the general approach;
- short-term contracts (*i.e.* over a period of less than 12 months).

In the BPCE SA group, this model will be used in direct business for annual personal protection contracts and for all non-life insurance contracts (fire, accidents and miscellaneous risks).

The initial liability recognized for the future coverage is equal to the premiums received (thus, no CSM is recognized). The premiums are then spread out and recognized in the income statement as time passes. Acquisition costs incurred may be recognized immediately as expenses when they occur or over the coverage period. Under the PAA model, the liability for incurred claims not yet disbursed and for onerous groups of contracts nevertheless remains measured according to the provisions of the general model. Liabilities in the PAA model are only discounted if the effect of the passage of time is significant, particularly with regard to liabilities for incurred claims (Best Estimate and adjustment for non-financial risk). In the PAA model, the main expected differences compared to IFRS 4 therefore concern liabilities for incurred claims, mainly because the effect of the passage of time is taken into account.

5

LEVEL OF AGGREGATION OF CONTRACTS

The standard defines the level of aggregation of contracts to be used to assess insurance contract liabilities and their profitability. The first step is to identify the insurance contract portfolios, *i.e.* contracts subject to similar risks and managed together.

Subsequently, each portfolio is divided into three groups:

- contracts that are onerous at initial recognition;
- contracts which, at initial recognition, have no significant possibility of becoming onerous;
- the remaining contracts in the portfolio.

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

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

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

BPCE SA group will apply the option to exempt the application of annual cohorts to investment/pension contracts and funeral contracts.

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

SPECIFIC PROVISIONS FOR HELD REINSURANCE TREATIES

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

BPCE SA group's reinsurance treaties were measured using the general model or the PAA model, depending on their time horizon determined in accordance with IFRS 17.

APPROACH AT THE TRANSITION DATE

IFRS 17 will be applied retrospectively. Current insurance contracts will be remeasured on the transition date according to the three methods below:

Full Retrospective Approach (FRA)

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

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

Modified Retrospective Approach (MRA)

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

Fair Value Approach (FVA)

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

In the Fair Value Approach, the Contractual Service Margin is measured at the transition date as the difference between the fair value of the group of insurance contracts at that date and the fulfilment cash flows measured at that date.

BPCE SA group has mainly applied the modified retrospective and fair value approaches to measure insurance liabilities at the transition date, given operational constraints (*e.g.* data availability).

The simplifications used to apply the modified retrospective method mainly concern the level of aggregation of contracts, past cash flows and discount rates.

IMPACTS ON THE PRESENTATION OF THE FINANCIAL STATEMENTS

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

Presentation of the income statement

IFRS 17 introduces the presentation of new aggregates in the income statement, in particular the distinction between an insurance service result (and issued reinsurance) and insurance finance income or expenses (and issued reinsurance).

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

The investment component will be excluded from the income statement. This mainly concerns contracts measured using the VFA in BPCE SA group.

Expenses directly attributable to insurance contracts will be presented within the NBI and no longer in operating expenses or in depreciation, amortization and impairment.

New aggregates relating to financial income or expenses from insurance contracts (including issued reinsurance contracts) will also be presented. These include financial income or financial expenses relating to the effect of the passage of time as well as changes in discount rates.

A separate presentation of these aggregates for held reinsurance treaties must also be complied with.

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

Presentation of the balance sheet

On the balance sheet, commitments relating to IFRS 17 contracts will be presented according to the asset or liability position of the carrying amount of IFRS 17 portfolios and the type of contract (separate presentation of the carrying amount of IFRS 17 portfolios of direct insurance contracts and issued reinsurance from that of held reinsurance).

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

Lastly, ANC recommendation No. 2022-01 of April 8, 2022 allows optionally the financial investments of insurance activities to be presented as a separate asset item on the balance sheet with, as a corollary, net investment income related to the insurance activities to be presented on a separate line of the income statement. BPCE SA group will use this presentation, which is in line with the presentation it currently applies.

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

Presentation of the notes

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

FIRST-TIME APPLICATION OF IFRS 9 BY INSURANCE SUBSIDIARIES

The insurance subsidiaries of BPCE SA group will apply IFRS 9 relating to financial instruments and replacing IAS 39 from January 1, 2023 with a restatement of comparative financial statements.

The accounting principles applicable to instruments are identical to those already applied by BPCE SA group (excluding insurance subsidiaries) since 2018 and are presented in Note 2.5.1.

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

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

The main reclassifications within financial investments will be as follows:

- under IAS 39, certain debt securities (bonds) are measured at amortized cost because they are held to maturity. When the management model associated with these securities is reviewed for the first-time application of IFRS 9, they will be reclassified at fair value through equity insofar as they are linked to a mixed management model of collection of cash inflows and sales;
- units of UCITS or private equity investment funds qualified as equity instruments and classified as "Available-for-sale financial assets" under IAS 39, will be measured under IFRS 9 at fair value through profit or loss due to their nature as a debt instrument and the characteristics of their contractual cash flows that do not only represent repayments of principal and interest on the principal;
- shares classified as available-for-sale financial assets under IAS 39 will be classified by default at fair value through profit or loss under IFRS 9. When the BPCE SA group's insurance subsidiaries have individually made an irrevocable choice, the securities will be classified at fair value through non-recyclable OCI (other comprehensive income).

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

The application of impairment for expected losses under IFRS 9 will not be significant for BPCE SA group's insurance subsidiaries.

QUANTITATIVE IMPACTS (IFRS 17, IFRS 9)

As of January 1, 2022, the impact of the first-time application of IFRS 17 and IFRS 9 on consolidated equity attributable to equity holders of the parent amounted to approximately -€600 million for subsidiaries issuing insurance contracts. The CSM as of January, 1, 2022 is around €4 billion.

Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The amendments made to IAS 12 "Income Taxes" adopted by the European Union on August 11, 2022 will be applicable from January 1, 2023. The amendments clarify and reduce the scope of the exemption offered by IAS 12. This includes leases and decommissioning costs for which both an asset and a liability must be recognized and which must now give rise to the recognition of deferred taxes. Since the date of first application of IFRS 16, the Group has not presented any deferred tax at the date of initial recognition of the leases, insofar as the value of the asset is equal to that 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. These amendments therefore have no effect on BPCE SA group's consolidated financial statements.

2.3 USE OF ESTIMATES AND JUDGMENTS

Preparation of the financial statements requires making 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 reporting date.

Actual future results may differ from these estimates.

With respect to the financial statements for the period ended December 31, 2022 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.

CLIMATE RISKS

The environmental and climate emergency represents one of the greatest challenges facing the planet's economies and all economic players today. Finance can and must be at the forefront of the ecological transition by directing financial flows towards a sustainable economy. Convinced of the importance of the risks and opportunities arising from climate change, BPCE has placed the energy transition and the climate among the three major areas of its strategic plan.

BPCE SA group is directly or indirectly exposed to several climate-related risk factors. To qualify them, BPCE has adopted the risk terminology proposed by the TCFD (Task Force on Climate-Related Financial Disclosures[1]): "transition risk" and "physical risk".

As part of the risk appetite and the risk identification process, the assessment of the materiality of these risks is reviewed annually and may, if necessary, be refined using new measurement methodologies.

The physical risk is taken into account in the internal assessment of the Group's capital requirements (ICAAP process) and the transition risk is implicitly taken into account. Indeed, the internal rating models of counterparties already take into account possible changes in the economic environment within a reasonable timeframe (one to three years) and therefore cover the possible impacts of the climate transition even if they cannot currently be separated. Discussions are underway to better take into account the potential long-term impact of the transition risk by deploying stress tests.

The Group has also gradually rolled out several tools to assess and manage its exposure. Corporate & Investment Banking assesses the effects of its transactions on the climate by assigning a climate rating ("Green Weighting Factor color rating") to either the asset or project financed, or to the borrower in the case of traditional financing. For the Corporate customers of regional institutions, a questionnaire was set up to better understand the maturity of its customers in terms of Environmental, Social and Governance (ESG) issues, and in particular climate, and to detect the needs of the Group to support its customers in the transition, to report the data necessary to calculate the alignment of outstandings and to integrate these criteria as an aid in the assessment of credit files.

The process of identifying, quantifying and managing climate-related risks is being strengthened as the data available or to be collected are collected, in particular by supplementing the risk quantification and physical risk monitoring system.

BPCE SA group took part in the ACPR climate pilot exercise on transition risk, which made it possible, with regard to credit risk, to reflect on the methodological framework and to identify work prior to these exercises to overcome several difficulties, in particular related to the differences between the sector classification used by the ACPR and the internal classification, and the necessary adaptation of certain aspects of the internal portfolio projection methodologies for such long horizons (projections requested until 2050). In 2022, BPCE SA group also took part in the ECB's first climate stress test. The stress test targets specific categories of assets exposed to climate risks and not the full balance sheet of banks. The exercise was based on three modules:

- The first is a qualitative questionnaire of 78 questions, divided into 11 themes on methodological topics, data collection, governance and commercial strategy.

(1) The TCFD climate report, published by BPCE in October 2021, in accordance with TCFD recommendations, is available on the BPCE website (https://newsroom.groupebpce.fr/assets/tcfd-le-rapport-climat-du-groupe-bpce-october-2021-pdf-5bcf-7b707.html?dl=1). The update of this report is scheduled for Q1 2023.s

- The second module aims to collect a certain number of metrics for 22 sectors deemed sensitive to climate risk, such as carbon intensity or the number of gigatonnes of CO_2 equivalent financed.
- The third module consists of estimating the impacts to net income, using our own internal models to project the risk parameters over different time horizons (1, 3 and 30 years) and according to several scenarios by separating physical risk and transition risk.

BPCE SA group's participation in the 2022 climate stress test exercise demonstrated its ability to quantify climate risk under different scenarios. BPCE SA group, like most banking institutions, had to integrate a new sectoral dimension into its internal models over unprecedented time horizons of up to 30 years.

At the end of these exercises, the impact in terms of credit risk is negligible over the time scales considered; however, work will have to be continued, particularly on the long-term methodological dimensions, and enhanced. Lastly, this exercise enabled BPCE SA group to quantify the main risks to which the Group is exposed and to prioritize actions to identify, mitigate and monitor these risks.

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, 2021. The Group's consolidated financial statements at December 31, 2022 were approved by the Management Board on February 6, 2023. They will be presented to the General Meeting on May 25, 2023.

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.

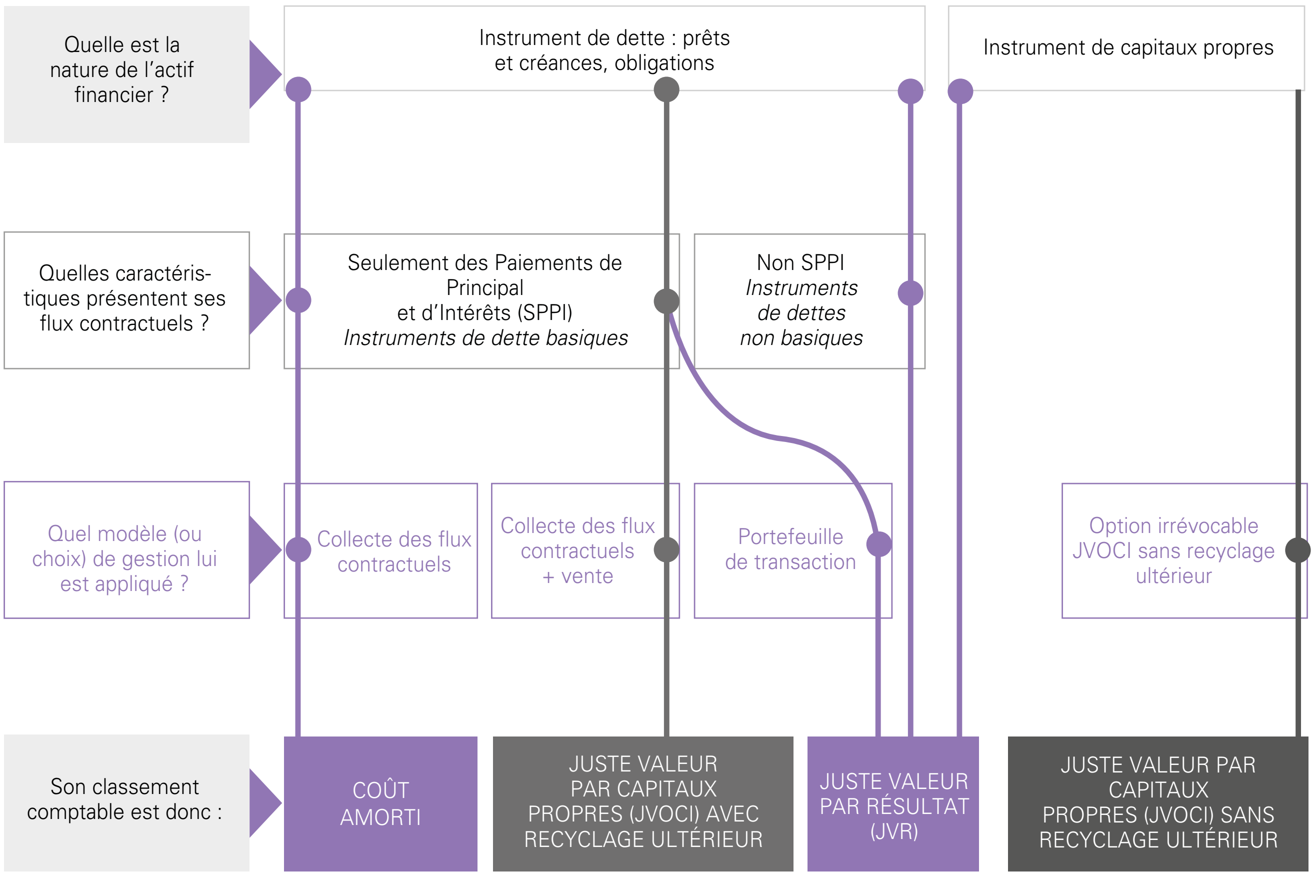
2.5 GENERAL ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

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 MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

IFRS 9 is applicable to BPCE SA group with the exception of insurance subsidiaries, which apply IAS 39 until December 31, 2022 (see §2.2 on the application of IFRS 17).

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 resetting 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 FOREIGN CURRENCY TRANSACTIONS

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 closing rates prevailing at the closing 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 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".

3.1.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Definitions

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.

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.

3.2 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 reporting 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 closing 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 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 recognized 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".

3.2.5 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 2022

The main changes in the scope of consolidation in the 2022 fiscal year are presented below:

CHANGES IN THE OWNERSHIP INTEREST IN SUBSIDIARIES (WITH NO IMPACT ON CONTROL)

Acquisition of the non-controlling stakes of 45% in Ostrum AM and 40% in AEW Europe SA held by La Banque Postale. Following this transaction, NIM holds 100% of the share capital of Ostrum AM and AEW Europe SA (see Note 1.3).

OTHER CHANGES IN SCOPE

Newly consolidated entities

DURING THE FIRST QUARTER OF 2022:

- creation of a branch in France of the Luxembourg entity MV Credit, in order to eventually host the management activities of the CLOs of the NIM group;
- consolidation of the Loomis Sayles Euro Investment Grade Credit fund, following the extension of its seed money investment period and the exceeding of the consolidation thresholds.

DURING THE SECOND QUARTER OF 2022:

- creation by Seeyond of a branch in Italy;
- acquisition in June 2022 of the entire share capital of SunFunder, a private debt management company dedicated to the financing of projects related to solar renewable energies in Africa and Asia;
- creation and consolidation of AEW APREF Investors LP as part of the establishment of the AEW Asia Pacific Real Estate Fund (APREF) by AEW Capital Management.

DURING THE THIRD QUARTER OF 2022:

- creation and consolidation of BPCE SOLUTIONS INFORMATIQUES to bring together the software publishing activities of the Banques Populaires, the Caisses d'Epargne, the entities of the Financial Expertise Solutions division and the entities of BPCE Assurances;
- creation and consolidation of the entity Loomis Sayles Capital Re as part of the development of Loomis Sayles's business in continental Europe;
- creation and consolidation of the entity "AEW VIA V GP Partners Sàrl" domiciled in Luxembourg, by AEW Capital Management, as part of the set up of the AEW Value Investors Asia V (VIA V) fund.

DURING THE FOURTH QUARTER OF 2022:

- consolidation of BPCE Service due to exceeding consolidation thresholds;
- consolidation of SWILE using the equity method;
- creation and consolidation of the entity AEW Partners X GP as part of the set up of the AEW Partners X fund;
- creation and consolidation of the entity Natixis IM Korea Limited (NIMKL) as part of the development of the Natixis IM Group's activities in South Korea. The operations of Natixis Investment Managers Korea Limited (NIMKL, RU248) were gradually transferred to this new company in order to facilitate obtaining regulatory approvals;
- creation and consolidation of the entity AEW Australia Pty Ltd so that AEW Capital Management develops its activities in the Asia-Pacific region.

Deconsolidated entities

DURING THE FIRST QUARTER OF 2022:

- liquidation of the mature AEW VIA INVESTORS securitization fund and the Natinium Financial Products securitization vehicle;
- liquidation of the French branch of Mirova Natural Capital LTD;
- deconsolidation of the H2O entity (see Note 1.3). Following this transaction, Natixis Investment Managers retains a residual stake of 23.4% in H2O's share capital without any voting rights or the possibility of being represented on H2O's management bodies;

DURING THE SECOND QUARTER OF 2022:

- liquidation of the mature Natinium Financial Products securitization vehicle;
- merger-absorption of Alliance Entreprendre by Naxicap within the GFS division.

DURING THE THIRD QUARTER OF 2022:

- disposal of Mirova Natural Capital Brazil Consultoria e Assessoria LTDA.

DURING THE FOURTH QUARTER OF 2022:

- disposal and deconsolidation of DAHLIA A SICAR SCA;
- liquidation of Azure Capital Securities Pty Ltd;
- liquidation and deconsolidation of Loomis Sayles Operating Services;
- deconsolidation of the Thematics Subscription Economy Fund because the holding rate in the fund fell below the 20% threshold;
- exchange of the entire stake in Bimpli for 25.6% of Swile's share capital (see Note 1.3).

3.4 GOODWILL

3.4.1 VALUE OF GOODWILL

in millions of euros	2022 fiscal year	2021 fiscal year
Opening net value	**3,859**	**3,730**
Acquisitions[1]	27	30
Disposals[2]	(66)	
Impairment[3]	(241)	
Foreign exchange rate adjustments	95	113
Other changes[4]	(66)	(14)
CLOSING NET VALUE	**3,608**	**3,859**

(1) Recognition of +€27 million of goodwill following the acquisition of SunFunder.
(2) Derecognition of a share of the goodwill of the Digital & Payments CGU of -€66 million as part of the exchange of the entire stake in Bimpli for 25.6% of the share capital of Swile (see Note 1.3).
(3) Impairment of the goodwill of the Digital & Payments CGU.
(4) Of which reclassification of the goodwill of AlphaSimplex Group (ASG) to the assets held for sale line for €48 million due to the disposal in progress.

At December 31, 2022, gross goodwill stood at €4,160 million and total impairment came to -€552 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 €373 million at December 31, 2022, compared with €349 million at December 31, 2021.

Breakdown of goodwill

	Net carrying amount	
in millions of euros	12/31/2022	12/31/2021
Financial Solutions & Expertise	18	18
Insurance	93	93
Digital & Payments solutions[1][2]		307
Retail Banking and Insurance	**111**	**418**
Asset & Wealth Management[3]	**3,352**	**3,297**
Corporate & Investment Banking	**146**	**143**
TOTAL GOODWILL	**3,608**	**3,859**

(1) The contribution of the investment in Bimpli resulted in the deconsolidation of a share of the goodwill of the Digital & Payments CGU of -€66 million (see Note 1.3).
(2) Impairment of the goodwill of the Digital & Payments CGU following the significant changes observed in this business line in recent years.
(3) Including +€27 million corresponding to the recognition of goodwill of Sunfunder, -€48 million for the reclassification of ASG as assets held for sale.

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 CIB, the valuation exercise was carried out on the M&A scope, i.e. the only scope carrying goodwill, while enriching the valuation methods used (multi-criteria approach including a DCF approach as well as valuation methods using stock market multiples and comparable transactions) in continuity with the previous exercise.

For the Digital & Payment solutions scope, created in 2022 by the combination of the former Payments and Oney Bank divisions, an impairment of all goodwill, i.e. €241 million, was recognized at December 31, 2022 in a context where the rapid and sudden change in the economic environment impacts all players in this scope.

The following assumptions were used:

	Discount rate	Long-term growth rate
Retail Banking and Insurance		
Insurance	9.0%	2.0%
Financial Solutions & Expertise	9.0% - 9.5%	2.0%
Asset & Wealth Management	**9.4%**	**2.0%**
Digital and Payments	**8.0% - 10.0%**	**2.0%**
Corporate & Investment Banking	**9.6%**	**2.0%**

Future cash flows are based on forecast data from the latest multi-year profit trajectory forecasts for the business lines.

The discount rates were determined by taking into account:

- for the Insurance, FSE, and Digital and Payment solutions CGUs, based on a risk-free rate (10-year OAT) based on a 12-month average of the daily rates of French government bonds, plus a premium risk calculated on the basis of a sample of companies representative of each CGU;
- 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.

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:

- -4% for the Insurance CGU;
- -7% for the Financial Solutions & Expertise CGU;
- -10% for the Asset & Wealth Management CGU;
- -10% for the Corporate & Investment Banking CGU (M&A activity);

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 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 -4.6% and would have no impact in terms of impairment;
- for Asset & Wealth Management, a 10% decline in the equity markets (a uniform decline across all years) would have a -9% 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 have an insignificant impact on the recoverable amount and would not result in the recognition of impairment.

Note 4 Notes to the income statement

Key points

Net banking income (NBI) includes:

- interest income and expenses;
- fees and commissions;
- net gains or losses on financial instruments at fair value through profit or loss;
- net gains or losses on financial instruments at fair value through other comprehensive income;
- net gains or losses arising from the derecognition of financial assets at amortized cost;
- net income from insurance activities;
- income and expenses from other activities.

4.1 INTEREST AND SIMILAR INCOME AND EXPENSES

Accounting 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, debt securities, 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 premiums 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.

	2022 fiscal year			2021 fiscal year		
in millions of euros	Interest income	Interest expenses	Net	Interest income	Interest expenses	Net
Loans to/borrowings from banks	3,389	(2,298)	1,091	2,296	(1,855)	441
Loans to/borrowings from customers	4,779	(712)	4,067	3,914	(367)	3,547
Bonds and other debt securities held/issued	487	(3,217)	(2,730)	752	(2,642)	(1,890)
Subordinated debt		(778)	(778)		(616)	(616)
Lease liabilities		(19)	(19)		(14)	(14)
Financial assets and liabilities at amortized cost (excluding finance leases)	**8,655**	**(7,024)**	**1,631**	**6,962**	**(5,494)**	**1,469**
Finance leases	**349**	**///**	**349**	**316**	**///**	**316**
Debt securities	143		143	42		42
Financial assets at fair value through other comprehensive income	**143**		**143**	**42**		**42**
TOTAL FINANCIAL ASSETS AND LIABILITIES AT AMORTIZED COST AND AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME(1)	**9,147**	**(7,024)**	**2,123**	**7,320**	**(5,494)**	**1,827**
Non-standard financial assets not held for trading	**65**		**65**	**85**		**85**
Hedging derivatives	**2,694**	**(2,782)**	**(88)**	**2,923**	**(2,585)**	**338**
Economic hedging derivatives	**429**	**(306)**	**123**	**59**	**(37)**	**22**
Other interest income and expenses		**(67)**	**(67)**		**(77)**	**(77)**
TOTAL INTEREST INCOME AND EXPENSES	**12,335**	**(10,179)**	**2,156**	**10,387**	**(8,193)**	**2,195**

(1) Interest income from financial assets with a known credit risk (S3) amounted to €191 million (€181 million in 2021), including €191 million of financial assets at amortized cost (€181 million in 2021).

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:

- 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 fees and 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 "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.

	2022 fiscal year			2021 fiscal year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	72	(114)	(42)	57	(79)	(21)
Customer transactions	967	(13)	954	1,007	(17)	989
Financial services	274	(549)	(275)	367	(572)	(205)
Sales of life insurance products	149	///	149	143	///	143
Payment services	588	(73)	514	551	(84)	466
Securities transactions	163	(140)	23	173	(152)	21
Trust management services[1]	3,680		3,680	4,086		4,086
Financial instruments and off-balance sheet transactions	143	(157)	(14)	168	(138)	31
Other fee and commission income/(expense)	122	(1,411)	(1,289)	133	(1,192)	(1,060)
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**6,158**	**(2,458)**	**3,700**	**6,685**	**(2,235)**	**4,450**

(1) of which performance fees of €193 million (€97 million for Europe) in 2022, compared with €587 million (€532 million for Europe) in 2021.

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	2022 fiscal year	2021 fiscal year
Gains and losses on financial instruments mandatorily recognized at fair value through profit or loss[1]	**(2,330)**	**2,654**
Gains and losses on financial instruments designated at fair value through profit or loss	**4,191**	**(1,197)**
• Gains and losses on financial assets designated at fair value through profit or loss	3	22
• Gains and losses on financial liabilities designated at fair value through profit or loss	4,188	(1,218)
Gains and losses on hedging transactions	**221**	**37**
• Ineffective portion of cash flow hedges (CFH)	(8)	(27)
• Ineffective portion of fair value hedges (FVH)	229	64
Changes in fair value hedges	(4,073)	(816)
Changes in fair value of hedged items	4,302	880
Gains and losses on foreign exchange transactions	**91**	**52**
TOTAL GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,173**	**1,546**

(1) In 2022, "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: an increase in the write-down inventory was recorded in fiscal year 2022 for an insignificant amount, compared with a decrease of €13 million (income) in fiscal year 2021(excluding the impact of exchange rates), bringing the total write-down inventory to €17 million at December 31, 2022, compared with €17 million at December 31, 2021;
- the change in the fair value of derivatives is not significantly affected by the change in counterparty risk adjustments (Credit Valuation Adjustment – CVA), +€23 million by the change in non-performance risk in the valuation of derivative liabilities (Debit Valuation Adjustment – DVA), and +€2 million by an adjustment for financing costs (Funding Valuation Adjustment – FVA).

DAY ONE PROFIT

in millions of euros	2022 fiscal year	2021 fiscal year
Day one profit at the start of the year	244	163
Deferred profit on new transactions	209	197
Profit recognized in income during the year	(181)	(117)
DAY ONE PROFIT AT YEAR-END	**273**	**244**

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 other comprehensive income.

in millions of euros	2022 fiscal year	2021 fiscal year
Net gains or losses on debt instruments	(15)	38
Net gains or losses on equity instruments (dividends)	111	128
TOTAL NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**96**	**166**

4.5 GAINS (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.

	2022 fiscal year			2021 fiscal year		
in millions of euros	Gains	Losses	Net	Gains	Losses	Net
Loans or advances to banks	3	(1)	2	16	(11)	5
Loans or advances to customers	16	(21)	(4)	2	(8)	(6)
Gains and losses on financial assets at amortized cost	**20**	**(22)**	**(2)**	**18**	**(19)**	**(1)**
Amounts due to banks and similar	4	(2)	2	2	(1)	1
Debt securities	2	(8)	(6)	1	(13)	(12)
Gains and losses on financial liabilities at amortized cost	**6**	**(10)**	**(4)**	**3**	**(14)**	**(11)**
TOTAL GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT AMORTIZED COST	**26**	**(32)**	**(6)**	**21**	**(33)**	**(12)**

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).

	2022 fiscal year			2021 fiscal year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expenses from real estate activities	1	(0)	1	2	(2)	0
Income and expenses from leasing transactions	367	(275)	92	313	(257)	56
Income and expenses from investment property	13	(5)	8	34	(7)	27
Share of joint ventures	*131*	*(83)*	*48*	*128*	*(90)*	*38*
Transfers of expenses and income	*2*	*(9)*	*(7)*	*2*	*(7)*	*(5)*
Other operating income and expenses[(1)]	*918*	*(245)*	*673*	*977*	*(333)*	*644*
Net additions to/reversals from provisions to other operating income and expenses[(1)]		*(5)*	*(5)*		*(17)*	*(17)*
Other income and expenses	1,051	(342)	709	1,107	(447)	660
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**1,432**	**(622)**	**810**	**1,456**	**(713)**	**743**

(1) In 2021, income of €2 million was recognized in "Income from other activities" in respect of the Image and Check Exchange ("EIC") fine following the favorable decision of the French Court of Appeal. In view of the uncertainty and history of the case (see Legal Risks in the Risk Management section), a provision of an equivalent amount had 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	2022 fiscal year	2021 fiscal year
Payroll costs	**(5,352)**	**(5,630)**
Taxes other than on income[(1)]	(596)	(403)
External services and other operating expenses	(2,478)	(2,442)
Other administrative costs	**(3,074)**	**(2,844)**
TOTAL OPERATING EXPENSES[(2)]	**(8,426)**	**(8,474)**

(1) Taxes other than on income included, in particular, the contribution to the SRF (Single Resolution Fund) for €416 million in 2022 (compared to €249 million in 2021) and the TSC (Tax for the Support of Local Authorities) for €8 million in 2022 (compared to €8 million in 2021).

(2) Operating expenses include €202 million in transformation and restructuring costs in 2022 compared to €309 million in 2021.

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 2022 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 €489 million, of which €416 million recognized as an expense and €73 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 €341 million at December 31, 2022.

4.8 NET INCOME (EXPENSE) FROM OTHER ASSETS

Accounting principles

The net income (expense) from other assets 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	2022 fiscal year	2021 fiscal year
Gains or losses on disposals of property, plant and equipment and intangible assets used in operations(1)	21	1
Gains or losses on disposals of consolidated investments(2)(3)	300	(70)
TOTAL NET INCOME (EXPENSE) FROM OTHER ASSETS	**321**	**(69)**

(1) Disposal of the buildings held by the real estate entities Altaïr I and Altaïr II for €14 million.
(2) Disposal of H2O for €16 million (-€84 million in 2021) (see Note 1.3).
(3) Including a capital gain of €281 million following the contribution of Bimpli's activities to Swile (see Note 1.3).

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	12/31/2022	12/31/2021
Cash	33	38
Central banks	134,271	182,015
TOTAL CASH AND AMOUNTS DUE FROM CENTRAL BANKS	**134,304**	**182,053**

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 closing date. Changes in fair value over the period, interest, dividends, and gains or losses on disposals on these instruments are recognized in "Gains (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	12/31/2022				12/31/2021			
	Financial assets mandatorily recognized at fair value through profit or loss				Financial assets mandatorily recognized at fair value through profit or loss			
	Financial assets considered part of a trading activity	Other financial assets[(1)(2)]	Financial assets designated at fair value[(3)]	Total	Financial assets considered part of a trading activity	Other financial assets[(1)(2)]	Financial assets designated at fair value[(3)]	Total
Treasury bills and equivalent	8,064			8,064	8,378			8,378
Bonds and other debt securities	6,275	3,171		9,446	10,567	3,416	44	14,028
Debt securities	**14,339**	**3,171**		**17,510**	**18,945**	**3,416**	**44**	**22,406**
Loans to banks (excluding repurchase agreements)						378		378
Customer loans (excluding repurchase agreements)	4,490	1,611		6,101	4,607	1,881		6,488
Repurchase agreements[(4)]	68,557			68,557	58,145			58,145
Loans	**73,047**	**1,611**		**74,659**	**62,752**	**2,259**		**65,012**
Equity instruments	**30,033**	**979**	**///**	**31,012**	**41,575**	**1,023**	**///**	**42,598**
Trading derivatives[(4)]	**56,447**	**///**	**///**	**56,447**	**46,672**	**///**	**///**	**46,672**
Security deposits paid	**17,460**	**///**	**///**	**17,460**	**13,726**	**///**	**///**	**13,726**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**191,327**	**5,760**		**197,087**	**183,671**	**6,698**	**44**	**190,414**

(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 (€2,805 million at December 31, 2022 vs. €2,968 million at December 31, 2021). 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 €979 million at December 31, 2022 versus €1,023 million at December 31, 2021.

(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).

5.2.2 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 closing date.

The 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 on 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	12/31/2022 Financial liabilities issued for trading	12/31/2022 Financial liabilities designated at fair value through profit or loss	12/31/2022 Total	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
Short sales	22,074	///	22,074	24,631	///	24,631
Trading derivatives[(1)]	56,538	///	56,538	43,661	///	43,661
Interbank term accounts and loans		124	124		151	151
Customer term accounts and loans		42	42		36	36
Non-subordinated debt securities	2	24,119	24,122	7	23,376	23,383
Subordinated debt	///			///	100	100
Repurchase agreements[(1)]	74,750	///	74,750	87,650	///	87,650
Guarantee deposits received	11,378	///	11,378	12,636	///	12,636
Others	///	4,624	4,624	///	5,637	5,637
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**164,742**	**28,909**	**193,651**	**168,584**	**29,299**	**197,883**

(1) This information is presented after netting effects, in accordance with IAS 32 (see Note 5.18.2).

These liabilities are measured at fair value on the closing date with changes in value, including coupon, recorded in the "Gains (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.

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	12/31/2022 Accounting mismatches	12/31/2022 Fair value measurement	12/31/2022 Embedded derivatives	12/31/2022 Financial liabilities designated at fair value through profit or loss	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
Interbank term accounts and loans	3		121	124	3		147	150
Customer term accounts and loans			42	42			36	36
Non-subordinated debt securities	19,588		4,531	24,119	18,661		4,715	23,376
Subordinated debt							100	100
Others	4,624			4,624	5,637			5,637
TOTAL	**24,215**		**4,694**	**28,909**	**24,301**		**4,998**	**29,299**

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Financial liabilities designated at fair value through profit or loss and credit risk

	12/31/2022			12/31/2021		
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	124	173	(49)	151	156	(5)
Customer term accounts and loans	42	43	(1)	36	36	
Non-subordinated debt securities	24,119	29,365	(5,246)	23,376	23,150	226
Subordinated debt				100	100	
Others	4,624	4,624		5,637	5,637	
TOTAL	**28,909**	**34,205**	**(5,296)**	**29,299**	**29,078**	**221**

In 2022, 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 reporting 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 -€276 million at December 31, 2022, *versus* +€146 million at December 31, 2021. The change is recorded in non-recyclable gains and losses recognized directly in other comprehensive income.

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.

in millions of euros	12/31/2022 Notional amount	12/31/2022 Positive fair value	12/31/2022 Negative fair value	12/31/2021 Notional amount	12/31/2021 Positive fair value	12/31/2021 Negative fair value
Interest rate derivatives	8,561,175	19,540	18,946	6,783,482	17,851	13,917
Equity derivatives	107,710	1,578	1,993	117,854	1,976	2,636
Currency derivatives	913,954	21,511	21,736	842,959	13,635	13,050
Other instruments	75,118	1,026	1,201	64,315	662	941
Forward transactions	**9,657,957**	**43,655**	**43,876**	**7,808,610**	**34,124**	**30,545**
Interest rate derivatives	577,166	6,819	7,442	546,095	6,472	6,633
Equity derivatives	50,181	1,613	891	63,810	2,271	2,255
Currency derivatives	285,483	3,078	3,187	217,394	2,624	3,119
Other instruments	19,108	349	321	23,301	475	380
Options	**931,938**	**11,859**	**11,841**	**850,600**	**11,842**	**12,386**
Credit derivatives	**77,735**	**932**	**821**	**36,340**	**706**	**730**
TOTAL TRADING DERIVATIVES	**10,667,630**	**56,446**	**56,538**	**8,695,550**	**46,672**	**43,661**
o/w on organized markets	*9,117,850*	*20,064*	*25,211*	*2,993,355*	*2,956*	*2,862*
o/w over-the-counter transactions	*1,549,780*	*36,382*	*31,327*	*5,702,195*	*43,716*	*40,799*

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 net 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.

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".

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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 net 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 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;
- 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 the 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.

	12/31/2022			12/31/2021		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate derivatives	436,853	3,410	8,219	715,247	4,508	5,792
Currency derivatives	62	52	986	66	378	881
Forward transactions	**436,915**	**3,462**	**9,204**	**715,313**	**4,886**	**6,673**
Interest rate derivatives	1,461	20	0	1,667	5	1
Options	**1,461**	**20**	**0**	**1,667**	**5**	**1**
Fair value hedges	**438,376**	**3,483**	**9,205**	**716,980**	**4,891**	**6,673**
Interest rate derivatives	21,612	723	50	18,689	82	152
Currency derivatives	22,987	1,174	1,941	23,409	1,052	1,505
Forward transactions	**44,600**	**1,897**	**1,991**	**42,099**	**1,134**	**1,657**
Cash flow hedges	**44,600**	**1,897**	**1,991**	**42,099**	**1,134**	**1,657**
TOTAL HEDGING INSTRUMENTS	**482,976**	**5,380**	**11,196**	**759,079**	**6,025**	**8,331**

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 OF DECEMBER 31, 2022

	12/31/2022				12/31/2021			
in millions of euros	< 1 year	From 1 year to 5 years	6 to 10 years	> 10 years	< 1 year	From 1 year to 5 years	6 to 10 years	> 10 years
Interest rate risk hedging	**115,836**	**169,287**	**92,211**	**82,592**	**17,849**	**74,683**	**39,506**	**49,633**
Cash flow hedges	724	5,524	7,031	8,333	367	2,634	1,375	418
Fair value hedges	115,111	163,763	85,180	74,259	17,482	72,049	38,131	49,215
Currency risk hedging	**1,592**	**13,682**	**6,037**	**1,739**	**1,785**	**13,374**	**5,212**	**2,465**
Cash flow hedges	1,592	13,682	6,037	1,676	1,785	13,374	5,212	2,399
Fair value hedges				62				66
TOTAL	**117,428**	**182,969**	**98,248**	**84,331**	**19,634**	**88,057**	**44,718**	**52,098**

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

	12/31/2022				
	Interest rate risk hedging			Currency risk hedging	
in millions of euros	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	**9,489**	**(856)**			
Debt securities	9,489	(856)			
Financial assets at amortized cost	**86,803**	**(3,011)**	**155**	**2,825**	**222**
Loans and advances to banks	24,848	(1,265)			
Loans and advances to customers	58,687	(2,159)	(1)	64	(0)
Debt securities at amortized cost	3,268	413	157	2,761	222
LIABILITIES					
Financial liabilities at amortized cost	**116,763**	**(9,230)**	**154**	**9,835**	**(692)**
Amounts due to banks and similar	9,770	(147)			
Amounts due to customers	3,085	(5)			
Debt securities	86,581	(7,500)	154	9,032	(663)
Subordinated debt	17,327	(1,577)		802	(28)
TOTAL – FAIR VALUE HEDGES	**213,056**	**(13,097)**	**310**	**12,660**	**(470)**

(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 (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.

	Fair value hedges				
	12/31/2021				
	Interest rate risk hedging			Currency risk hedging	
in millions of euros	Carrying amount	o/w revaluation of the hedged component(1)	Hedged component remaining to be recognized(2)	Carrying amount(3)	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**	**3,395**	**630**
Loans or advances to banks(3)	24,288	235			0
Loans or advances to customers	57,411	4,396	(1)	78	13
Debt securities	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 and similar	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**	**10,656**	**1,082**

(1) Accrued interest excluded.
(2) Declassification, end of hedging relationship.
(3) Opening adjustment for comparability purposes.

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Cash flow hedges

in millions of euros	12/31/2022				12/31/2021			
	Fair value of the hedging derivative	o/w effective portion of hedges not due[(2)]	o/w ineffective portion	Balance of hedges due and remaining to be recognized[(1)]	Fair value of the hedging derivative	o/w effective portion of hedges not due[(2)]	o/w ineffective portion	Balance of hedges due and remaining to be recognized[(1)]
Interest rate risk hedging	673	666	7	0	(70)	(72)	1	0
Currency risk hedging	(768)	(768)	0	0	(453)	(459)	6	0
TOTAL – CASH FLOW HEDGES	**(94)**	**(101)**	**7**	**0**	**(524)**	**(531)**	**7**	**0**

(1) Declassification, end of hedging relationship.

(2) 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.

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	01/01/2022	Change in the effective portion	Reclassification of the effective portion in income	Hedged item partially or fully extinguished	12/31/2022
Amount of equity for cash flow hedging	(138)	616	160	1	640
TOTAL	**(138)**	**616**	**160**	**1**	**640**

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)**

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 "Gains (losses) on financial instruments at fair value through other comprehensive income" (Note 4.4).

in millions of euros	12/31/2022	12/31/2021
Loans and advances	23	20
Debt securities	11,381	14,075
Shares and other equity securities(1)	1,769	2,043
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**13,173**	**16,138**
Of which impairment for expected credit losses(2)	(1)	(1)
Of which gains and losses recognized directly in other comprehensive income (before tax)(3)	37	401
• *Debt instruments*	*(46)*	*102*
• *Equity instruments*	*83*	*299*

(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) Details are provided in Note 7.1.1.
(3) 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 subsequent closing 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.

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	12/31/2022				12/31/2021			
		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	1,639	109	208	(46)	2,066	128	37	(2)
Shares and other equity securities	130			-	(23)			-
TOTAL	**1,769**	**109**	**208**	**(46)**	**2,043**	**128**	**37**	**(2)**

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 €1 million in 2022, compared 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 to 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 scheme was extended until June 30, 2022 by Finance Act No. 2021-1900 of December 30, 2021 for 2022. The SGL 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.

The SGLs 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 SGLs 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 closing 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 SGL, 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.

As of April 6, 2022, the Resilience SGL is an additional SGL for companies impacted by the consequences of the conflict in Ukraine (in particular for companies that are at – or close to – the 25% ceiling of the SGL). The authorized ceiling is 15% of the average revenue over the last three fiscal years, or the last two fiscal years if they have only two fiscal years or the last fiscal year if they only have one fiscal year, or calculated as annualized revenue using a straight-line projection based on revenue achieved to date if they have no closed financial year. Except for its amount, subject to the new ceiling of 15% of revenue, the additional Resilience SGL takes the same form as the SGLs introduced at the beginning of the health crisis: same maximum duration (up to six years), same minimum repayment-free period (12 months), same guaranteed portion and guarantee premium. The Resilience SGL could be fully combined with any SGLs already obtained until June 30, 2022. This system was extended until December 31, 2023 as part of the amended French Finance Act for 2023.

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 resetting 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	12/31/2022	12/31/2021
Treasury bills and equivalent	3,732	4,156
Bonds and other debt securities	7,664	8,260
Impairment for expected credit losses	(124)	(118)
TOTAL SECURITIES AT AMORTIZED COST	**11,273**	**12,298**

The fair value of securities at amortized cost is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by stage is detailed in Note 7.1.

5.5.2 LOANS AND ADVANCES TO BANKS AT AMORTIZED COST

in millions of euros	12/31/2022	12/31/2021
Current accounts with overdrafts	6,307	7,016
Repurchase agreements	251	1,000
Accounts and loans(1)	233,085	183,043
Other loans or advances to banks and similar	215	371
Security deposits paid	2,255	4,258
Impairment for expected credit losses	(66)	(29)
TOTAL LOANS AND ADVANCES TO BANKS(2)	**242,047**	**195,659**

(1) Livret A, LDD and LEP savings accounts centralized with Caisse des Dépôts et Consignations and recorded under "Accounts and loans" amounted to €478 million at December 31, 2022 versus €282 million at December 31, 2021.

(2) Receivables arising from transactions with the network amounted to €240,150 million at December 31, 2022 (€186,466 million at December 31, 2021).

The fair value of loans and advances due to 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	12/31/2022	12/31/2021
Current accounts with overdrafts	**2,986**	**3,019**
Other facilities granted to customers	**160,203**	**161,029**
Loans to financial sector customers	16,641	14,317
Short-term credit facilities(1)	48,709	46,145
Equipment loans	27,435	28,435
Home loans	38,803	43,194
Export loans	2,574	2,778
Repurchase agreements	1,576	3,384
Finance leases	15,606	14,553
Subordinated loans	39	110
Other loans	8,820	8,114
Other loans or advances to customers	**6,860**	**6,490**
Security deposits paid	**1,832**	**340**
Gross loans and advances to customers	**171,882**	**170,878**
Impairment for expected credit losses	(3,012)	(3,132)
TOTAL LOANS AND ADVANCES TO CUSTOMERS	**168,870**	**167,746**

(1) The State-guaranteed loans (SGL) are included in short-term credit facilities and totaled €3 billion at December 31, 2022 versus €4 billion at December 31, 2021.

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 to customers is presented in Note 10.

The classification of outstanding loans and impairment for credit losses by stage is detailed in Note 7.1.

5.6 ACCRUED INCOME AND OTHER ASSETS

in millions of euros	12/31/2022	12/31/2021
Collection accounts	62	88
Prepaid expenses	439	367
Accrued income	520	319
Other accrued income	2,735	2,330
Accrued income and prepaid expenses	**3,756**	**3,104**
Settlement accounts in debit on securities transactions	12	61
Other accounts receivable	5,018	5,111
Other assets	**5,030**	**5,172**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**8,786**	**8,276**

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 12 months.

At December 31, 2021, the items "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" included the assets and liabilities of Fidor Bank AG and H2O.

At December 31, 2022, the items "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" included the assets and liabilities of AlphaSimplex Group (ASG).

Figures relating to the entities held for sale are shown below:

in millions of euros	12/31/2022	12/31/2021
Cash and amounts due from central banks		1,640
Financial assets at fair value through profit or loss	8	187
Financial assets at fair value through other comprehensive income		6
Loans and advances to banks at amortized cost	2	136
Loans and advances to customers at amortized cost		25
Current tax assets		1
Deferred tax assets		22
Accrued income and other assets	7	75
Property, plant and equipment	12	
Intangible assets	1	1
Goodwill	48	
NON-CURRENT ASSETS HELD FOR SALE	**77**	**2,093**
Debt securities		4
Amounts due to customers		1,576
Current tax liabilities		17
Deferred tax liabilities	7	
Accrued expenses and other liabilities	34	116
Provisions		100
Subordinated debt		9
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	**41**	**1,823**

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".

	12/31/2022			12/31/2021		
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	127	(93)	34	195	(133)	62
TOTAL INVESTMENT PROPERTY			**34**			**62**

Investment property held by the insurance subsidiaries is reported with insurance investments (see Note 9).

The fair value of investment property came to €51 million at December 31, 2022 (€69 million at December 31, 2021).

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, movable assets 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.

Internally created software is recognized as an asset in the balance sheet under "Intangible assets" for its direct development cost when the criteria for recognition of an asset as set out in IAS 38 are met.

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 and intangible assets 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.

	12/31/2022			12/31/2021		
in millions of euros	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Property, plant and equipment	**1,943**	**(1,342)**	**601**	**1,903**	**(1,339)**	**564**
Real estate assets	481	(274)	206	502	(307)	195
Movable assets	1,463	(1,068)	395	1,401	(1,032)	369
Property, plant and equipment leased under operating leases	**882**	**(246)**	**636**	**801**	**(213)**	**588**
Movable assets	882	(246)	636	801	(213)	588
Right-of-use assets for leases	**1,590**	**(692)**	**899**	**1,868**	**(605)**	**1,263**
Real estate assets	1,564	(667)	898	1,850	(589)	1,261
o/w contracted during the period	*0*		*0*	*2*		*2*
Movable assets	26	(25)	1	18	(16)	2
TOTAL PROPERTY, PLANT AND EQUIPMENT	**4,416**	**(2,280)**	**2,136**	**4,572**	**(2,157)**	**2,415**
Intangible assets	**3,186**	**(2,217)**	**969**	**2,915**	**(2,027)**	**888**
Software	2,445	(1,943)	502	2,279	(1,774)	505
Other intangible fixed assets	741	(275)	467	636	(253)	383
TOTAL INTANGIBLE ASSETS	**3,186**	**(2,217)**	**969**	**2,915**	**(2,027)**	**888**

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 reporting 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	12/31/2022	12/31/2021
Bonds	120,493	124,023
Interbank market instruments and negotiable debt securities	76,874	68,919
Other debt securities that are neither preferred nor subordinated	653	1,171
Senior non-preferred debt[(1)]	24,438	25,163
Total	**222,458**	**219,276**
Accrued interest	1,210	980
TOTAL DEBT SECURITIES	**223,668**	**220,256**

(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 transactions as a central institution, BPCE SA issued €27 billion of senior non-preferred bonds on the market as of December 31, 2022 (compared to €25 billion as of December 31, 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 reporting 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 (TRURO) 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. Groupe BPCE achieved the loan production targets set by the ECB. This means the -0.50% interest bonus has been booked as income for the 12-month period concerned. On October 28, 2022, the ECB announced a change in the remuneration of TRURO:

- between June 23, 2022 and November 22, 2022, the applicable rate is the ECB's average deposit facility rate from the TRURO start date until November 22, 2022;
- from 23 November, the applicable rate is the ECB's average deposit facility rate applicable until the maturity date or the early repayment date of each current TRURO transaction, the interest rate on transactions TRURO ongoing.

The effect of this change was recognized as an adjustment to income for the period from June 23, 2022 to November 22, 2022 and prospectively for the new period from November 23, 2022.

In the consolidated financial statements at December 31, 2022, the effective interest rate is the last known deposit facility rate (2% since December 21, 2022).

5

5.11.1 AMOUNTS DUE TO BANKS AND SIMILAR

in millions of euros	12/31/2022	12/31/2021
Demand deposits	56,703	65,678
Repurchase agreements	1,605	3,944
Accrued interest	75	(21)
Amounts due to banks and similar – repayable on demand	**58,384**	**69,601**
Term deposits and loans[1]	193,451	189,229
Repurchase agreements	2,557	6,115
Accrued interest	(1,332)	(1,315)
Amounts due to banks and similar – repayable at agreed maturity dates	**194,676**	**194,029**
Guarantee deposits received	**888**	**528**
TOTAL AMOUNTS DUE TO BANKS AND SIMILAR[2]	**253,947**	**264,158**

(1) Debt related to the TRURO long-term refinancing with the ECB amounted to €83 billion at December 31, 2022 (€97 billion at December 31, 2021).
(2) Payables arising from transactions with the network amounted to €132,468 million at December 31, 2022 (versus €125,823 million at December 31, 2021).

The fair value of amounts due to banks and similar is presented in Note 10.

The increase in transactions with the network in 2022 is linked to the optimization of regulatory liquidity circulation within the Group by the central institution.

5.11.2 AMOUNTS DUE TO CUSTOMERS

in millions of euros	12/31/2022	12/31/2021
Current accounts	**28,063**	**28,618**
Livret A savings accounts	541	269
Regulated home savings products	181	196
Other regulated savings accounts	990	1,113
Regulated savings accounts	**1,711**	**1,578**
Demand deposits and loans	3,184	5,007
Term accounts and loans	17,670	12,975
Accrued interest	71	12
Other customer accounts	**20,926**	**17,994**
Repurchase agreements	**1,214**	**2,784**
Other amounts due to customers	**221**	**1,035**
Guarantee deposits received	**50**	**9**
TOTAL AMOUNTS DUE TO CUSTOMERS	**52,185**	**52,018**

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	12/31/2022	12/31/2021
Collection accounts	845	173
Prepaid income	374	341
Accounts payable	1,335	1,188
Other accrued expenses	2,958	2,562
Accrued expenses – liabilities	**5,512**	**4,264**
Settlement accounts in credit on securities transactions	81	54
Other accounts payable	4,530	6,365
Lease liabilities	1,017	1,362
Other liabilities	**5,628**	**7,781**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**11,140**	**12,045**

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 contracts 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 reporting 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'Epargne Logement – CEL) and regulated home savings plans (Plans d'Epargne 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 customer deposits & savings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical investor behavior patterns, and corresponds to the difference between the probable customer deposits & savings and the minimum expected customer deposits & savings;
- at-risk customer loan outstandings correspond to the customer 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	12/31/2021	Increase	Used	Reversals unused	Other changes[(1)]	12/31/2022
Provisions for employee benefits[(2)]	830	184	(112)	(65)	(173)	664
Provisions for restructuring costs[(3)]	141	11	(29)	(11)	54	166
Legal and tax risks[(4)]	624	26	(27)	(21)	35	637
Loan and guarantee commitments[(5)]	356	450	(8)	(500)	4	301
Provisions for regulated home savings products	3					3
Other operating provisions[(6)]	415	15	(194)	(16)	49	269
TOTAL PROVISIONS	**2,368**	**686**	**(370)**	**(613)**	**(31)**	**2,040**

(1) Other changes include in particular the change in the revaluation surplus of post-employment defined-benefit plans (-€136 million before tax) and the foreign exchange rate adjustments (+€42 million).

(2) Including €601 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" has resulted in a reduction in provisions of €9 million for 2021, with a corresponding reduction in consolidated reserves.

(3) At December 31, 2022, provisions for restructuring notably included €74 million for the voluntary departure plan at Crédit Foncier. 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) The provisions for legal and tax risks include €340 million for the net exposure on the Madoff case (versus €319 million at December 31, 2021).

(5) The provisions for loan and guarantee commitments are detailed in Note 7.1.2.

(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 Image and Check Exchange ("EIC") fine following the favorable decision of the French 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 reporting date using the effective interest method.

in millions of euros	12/31/2022	12/31/2021
Subordinated debt designated at fair value through profit or loss		100
SUBORDINATED DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS		**100**
Term subordinated debt	19,593	17,534
Perpetual subordinated debt	286	286
Subordinated debt and similar	**19,879**	**17,820**
Accrued interest	555	460
Revaluation of the hedged component	(1,606)	589
SUBORDINATED DEBT AT AMORTIZED COST	**18,828**	**18,869**
TOTAL SUBORDINATED DEBT[(1)]	**18,828**	**18,969**

(1) Including €251 million for the insurance entities at December 31, 2022 (no change from December 31, 2021).

The fair value of subordinated debt is presented in Note 10.

CHANGES IN SUBORDINATED DEBT AND SIMILAR DURING THE YEAR

in millions of euros	12/31/2021	Issuance[(1)]	Redemption[(2)]	Other changes[(3)]	12/31/2022
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	2,444	(773)	387	19,593
Perpetual subordinated debt	286				286
SUBORDINATED DEBT AND SIMILAR	**17,820**	**2,444**	**(773)**	**387**	**19,879**
TOTAL	**17,920**	**2,444**	**(873)**	**387**	**19,879**

(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 transactions as a central institution, BPCE SA issued €2.5 billion of Tier 2 bonds (compared to €4.5 billion at December 31, 2021), including €0 billion of contingent Tier 2 (compared to €1.8 billion at December 31, 2021).
(2) Redemptions of subordinated loans and notes were due to the maturing of such borrowings.
(3) Other changes mainly concern the revaluation of hedged debt and exchange rate fluctuations.

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

BPCE SA's share capital amounted to €180 million at December 31, 2022 (€180 million at December 31, 2021), *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, 2022, additional paid-in capital amounted to €15,126 million *versus* €15,126 million at December 31, 2021.

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) 12/31/2022	12/31/2021
BPCE	11/30/2018	EUR	700 million	11/30/2023	11/30/2023	5.35%	700	700
BPCE	09/28/2021	EUR	2,690 million	09/28/2026	09/28/2026	3.00%	2,690	2,690
BPCE	06/28/2022	EUR	1,800 million	06/28/2027	06/28/2027	7.38%	1,800	
TOTAL							**5,190**	**3,390**

(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:

- either an increased interest rate of EURIBOR 3 months +5.04% after November 30, 2023 dedicated to the November 30, 2018 issue,
- or an increased interest rate of EURIBOR 3 months +3.25% after September 28, 2026 dedicated to the September 28, 2021 issue,
- or an increased interest rate of EURIBOR 3 months +5.04% after June 28, 2027 dedicated to the June 28, 2022 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, 2022, the significant non-controlling interests with regard to the Group's equity consisted mainly of the share of the non-controlling interests in the Oney Bank group.

At December 31, 2021, the significant non-controlling interests with regard to the Group's equity consisted mainly of the non-controlling interests in the Global Financial Services division (including H2O) and the share of the non-controlling interests in the Oney Bank group.

in millions of euros	2022 fiscal year							
		Non-controlling interests			Summary financial information 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	Net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Global Financial Services division	**0.00%**	**58**	**45**	**67**	**428,821**	**409,241**	**1,800**	**2,347**
Oney Bank	**49.90%**	**(7)**	**233**		**6,201**	**5,599**	**6**	**7**
Other entities		**0**	**5**	**0**				
TOTAL AT DECEMBER 31, 2022		**51**	**284**	**67**				

in millions of euros	2021 fiscal year							
		Non-controlling interests			Summary financial information 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	Net income attributable to equity holders of the parent	Comprehensive income attributable to equity holders of the parent
Global Financial Services division	**0.00%**	**253**	**272**	**105**	**568,556**	**547,486**	**1,403**	**1,899**
o/w H2O(1)	*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) Non-controlling interests calculated at the Natixis level.

5.16.2 TRANSACTIONS MODIFYING THE SHARE OF NON-CONTROLLING INTERESTS IN CONSOLIDATED RESERVES

	2022 fiscal year		2021 fiscal year	
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	**(53)**	**(156)**	**(163)**	**(58)**
Recognition of a liability in connection with liquidity contracts on Natixis shares	(9)		(25)	
Acquisitions/Disposals[1]		(156)		(30)
Revaluations and other	(44)		(138)	(28)
Change in ownership interests with no change of control	**(73)**	**(2)**	**1,391**	**(5,154)**
Others		**(1)**	**(2)**	**1**
TOTAL IMPACT OF ACQUISITIONS AND DISPOSALS ON NON-CONTROLLING INTERESTS	**(126)**	**(159)**	**1,226**	**(5,211)**

(1) Impacts de la cession H2O (cf. note 1.3).

Internal restructuring transactions modifying the share of non-controlling interests in consolidated reserves

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.

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.

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).

At December 31, 2022, the liability and the provision were valued respectively for €12 million and €14 million.

ACQUISITION OR DISPOSAL TRANSACTIONS MODIFYING THE SHARE OF NON-CONTROLLING INTERESTS IN CONSOLIDATED RESERVES

- Disposal of Natixis Investment Managers' stake in H2O Asset Management (see Note 1.3).
- Acquisition by Natixis Investment Managers (Natixis IM) of the non-controlling interest held by La Banque Postale in Natixis Asset Management and AEW Europe (see Note 1.3).

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.

	2022 fiscal year			2021 fiscal year		
in millions of euros	Gross	Tax	Net	Gross	Tax	Net
Foreign exchange rate adjustments	299	///	299	373	///	373
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	(148)	36	(111)	46	(12)	34
Revaluation of available-for-sale financial assets of insurance businesses	(1,722)	445	(1,277)	(219)	58	(161)
Revaluation of derivative hedging items that can be recycled to net income	778	(201)	577	246	(65)	181
Items of the share of gains and losses of associates recognized directly in other comprehensive income	(53)	13	(40)	(715)	201	(514)
Items recyclable to profit or loss	**(846)**	**293**	**(553)**	**(270)**	**183**	**(88)**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	136	(33)	104	59	(12)	47
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	423	(115)	308	13	(4)	9
Revaluation of equity financial assets recognized at fair value through other comprehensive income	(219)	60	(159)	230	(37)	193
Items of the share of gains and losses of associates recognized directly in other comprehensive income				34	(10)	24
Items not recyclable to profit or loss	**340**	**(87)**	**253**	**336**	**(62)**	**274**
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY	**(506)**	**206**	**(300)**	**65**	**120**	**186**
Attributable to equity holders of the parent			(300)			161
Non-controlling interests			(0)			25

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, the 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 as 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	12/31/2022 Gross amount of financial assets[(1)]	12/31/2022 Gross amount of financial liabilities offset in the balance sheet	12/31/2022 Net amount of financial assets recognized in the balance sheet	12/31/2021 Gross amount of financial assets	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
Derivatives (trading and hedging)	66,698	4,872	61,826	57,111	4,414	52,697
Repurchase agreements	88,305	19,748	68,557	89,641	31,495	58,145
Financial assets at fair value	**155,003**	**24,620**	**130,383**	**146,752**	**35,909**	**110,842**
Repurchase agreements (portfolio of loans and advances)	**3,590**	**1,763**	**1,827**	**6,234**	**1,850**	**4,384**
Other financial instruments (portfolio of loans and advances)	**588**	**588**				
TOTAL	**159,181**	**26,971**	**132,210**	**152,986**	**37,759**	**115,227**

(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.

Impact of netting agreements on financial assets not recognized in the financial statements

in millions of euros	12/31/2022 Net amount of financial assets recognized in the balance sheet	12/31/2022 Related financial liabilities and financial instruments received as collateral[(1)]	12/31/2022 Margin calls received (cash collateral)	12/31/2022 Net exposure	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	12/31/2021 Margin calls received (cash collateral)	12/31/2021 Net exposure
Derivatives (trading and hedging)	61,826	40,622	6,823	14,381	52,697	32,796	8,598	11,303
Repurchase agreements	70,384	68,740	30	1,614	62,530	60,910	8	1,612
TOTAL	**132,210**	**109,362**	**6,853**	**15,995**	**115,227**	**93,705**	**8,605**	**12,917**

(1) Including collateral received in the form of securities.

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

in millions of euros	12/31/2022 Gross amount of financial liabilities[1]	12/31/2022 Gross amount of financial assets offset in the balance sheet	12/31/2022 Net amount of financial liabilities recognized in the balance sheet	12/31/2021 Gross amount of financial liabilities	12/31/2021 Gross amount of financial assets offset in the balance sheet	12/31/2021 Net amount of financial liabilities recognized in the balance sheet
Derivatives (trading and hedging)	73,194	5,460	67,734	56,230	4,239	51,991
Repurchase agreements	94,497	19,748	74,749	119,145	31,495	87,650
Financial liabilities at fair value	**167,691**	**25,208**	**142,483**	**175,376**	**35,735**	**139,641**
Repurchase agreements (debt portfolio)	**7,144**	**1,763**	**5,381**	**14,691**	**1,850**	**12,841**
Other financial instruments (debt portfolio)				175	175	
TOTAL	**174,835**	**26,971**	**147,864**	**190,241**	**37,759**	**152,482**

(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.

Impact of netting agreements on financial liabilities not recognized in the financial statements

in millions of euros	12/31/2022 Net amount of financial liabilities recognized in the balance sheet	12/31/2022 Related financial assets and financial instruments pledged as collateral[1]	12/31/2022 Margin calls paid (cash collateral)	12/31/2022 Net exposure	12/31/2021 Net amount of financial liabilities recognized in the balance sheet	12/31/2021 Related financial assets and financial instruments pledged as collateral	12/31/2021 Margin calls paid (cash collateral)	12/31/2021 Net exposure
Derivatives (trading and hedging)	67,734	42,384	10,618	14,732	51,991	34,923	11,585	5,483
Repurchase agreements	80,130	78,356	19	1,755	100,490	99,153	1	1,336
TOTAL	**147,864**	**120,740**	**10,637**	**16,487**	**152,482**	**134,075**	**11,585**	**6,822**

(1) Including collateral received in the form of securities.

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, 2022

	Net carrying amount				
in millions of euros	Outright securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitizations	12/31/2022
Financial assets at fair value through profit or loss – Held for trading	1,886	2,883		88	4,857
Financial assets at fair value through profit or loss – Non-SPPI			7		7
Financial assets at amortized cost	1,267		10,440	4,830	16,537
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**3,153**	**2,883**	**10,446**	**4,918**	**21,400**
o/w transferred financial assets not fully derecognized	3,153	2,883	8,654	4,918	19,607

The amount of liabilities associated with financial assets pledged as collateral for repurchase agreements came to €3,045 million at December 31, 2022 (€8,081 million at December 31, 2021).

The fair value of assets pledged as collateral for non-deconsolidating securitization transactions was €4,918 million at December 31, 2022 (€4,015 million at December 31, 2021) and the amount of related liabilities came to €4,678 million at December 31, 2022 (€3,792 million at December 31, 2021).

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

5.19.1.1 Comments on transferred financial assets

SECURITIES REPURCHASING AND LENDING

BPCE SA group repurchases and lends 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) 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 €203 billion at December 31, 2022, compared to €211 billion at December 31, 2021.

The fair value of the financial assets received as collateral that were actually sold or repledged amounted to €145 billion at December 31, 2022, compared with €160 billion at December 31, 2021.

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, 2022.

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 USD LIBOR which has not yet been remediated.

As a reminder, European regulation (EU) 2016/1011 of June 8, 2016 on the indexes used as benchmarks (the Benchmark Regulation – 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 benchmarks, the provision of data underlying benchmarks, 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.

The uncertainties related to the reform of the reference rates have been limited since January 2022, essentially, to the remediation of contracts prior to December 31, 2021 referencing the USD LIBOR (for overnight maturities, and at one, three, six and twelve months). Since January 1, 2022, the use of the USD LIBOR index is no longer allowed for new contracts, subject to exceptions as defined by the supervisory authorities, the fallback clauses provided for by ISDA having, in this case, been incorporated into the contracts concerned. The extension of the USD LIBOR publication period until June 30, 2023, decided by the Financial Conduct Authority (FCA), the UK regulator supervising the ICE Benchmark Administration (administrator of the LIBORs) should allow a gradual transition of the stock of contracts to alternative rates.

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 benchmark interest rates.

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. Since then, the sustainability of EURIBOR has not been called into question, either by its administrator, EMMI, or by ESMA, supervisor of the index since January 1, 2022.

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.

With regard to the GFS division, the remediation process for contracts indexed to the EONIA and LIBOR indices (other than USD LIBOR for overnight maturities, and at one, three, six and 12 months), whose publication has not been ensured since January 2022, has been finalized, except for a very limited number of contracts, for which the synthetic YEN or GBP LIBOR indices, based on the risk-free rates published by the ICE Benchmark Administration, or the €STR rate published by the ECB plus 8.5 bps are applied, pending a transition to RFRs.

In 2022, this more operational phase continues for USD LIBOR (overnight maturities, and at one, three, six and 12 months). The first half of 2022 was marked by the enactment, on March 15, 2022, of the Consolidated Appropriations Act 2022, which provides, for contracts under U.S. law, provisions to minimize the legal, operational and economic risks associated with the transition from USD LIBOR to an alternative reference rate. On December 16, 2022, the US Federal Reserve supplemented this text through the adoption of a final regulation stipulating, in particular, that USD LIBOR will be replaced by a rate based on the SOFR, to which will be added the spread determined by Bloomberg, on March 5, 2021, following the announcements made by the Financial Conduct Authority (FCA) on the future termination and loss of representativeness of LIBOR rates. The Financial Conduct Authority (FCA) has also launched two consultations, in June and November 2022 respectively, in order to decide on the need to publish a synthetic USD LIBOR index for overnight, one, three and six-month maturities (publication would take place after June 30, 2023, over a period extending to the end of September 2024). This synthetic index would only be used for contracts whose remediation has not yet been completed by June 30, 2023. FCA expects to announce its final decision on the subject in the first half of 2023. The European working group on alternative benchmark rates also launched a consultation on whether or not there should be a legislative mechanism to designate the legal replacement rate for USD LIBOR.

Due to the degree of progress in the market's discussions on the replacement of USD LIBOR, the remediation process for contracts indexed to USD LIBOR was initiated in 2022 and will continue, in particular for financing products and issues (mainly on the finalization of the analysis of existing fallback clauses, the definition of the remediation strategy and the launch of remediation campaigns), and will continue during 2023.

Most derivatives contracts will be migrated in the first half of 2023 through the conversion process planned by the clearing houses and the remediation measures resulting from the compliance of BPCE SA group entities and its counterparties with the ISDA protocol. For the remaining contracts requiring bilateral renegotiation, BPCE SA group plans, also in the first half of 2023, to apply an approach identical to that used for the indices that expired on December 31, 2021. As a reminder, the remediation of these indices took into account the recommendations issued by the regulatory authorities and the working groups, which called for the maintenance of economic equivalence before and after the replacement of the reference index in a contract. This principle had thus resulted in the replacement of the historical reference rate by an alternative reference rate to which had been added a fixed margin compensating for the differential between these two rates, this adjustment of the index margin stemming essentially from the use of the credit risk margins set by market authorities or market practices.

2022 was also marked by the announcement, on May 16, 2022, of the end of the publication of the Canadian Dollar offered Rate (CDOR), as of June 28, 2024. The BPCE SA group, whose exposures to this index are very limited, will apply a transition process identical to that planned for the USD LIBOR. This same approach will be applied to contracts indexed to SOR and SIBOR (reference rate in Singapore) whose disappearance is scheduled for June 2023 and December 2024 respectively, and to which BPCE SA group's exposures are also limited.

The transition to benchmark rates exposes BPCE SA group to various risks, in particular:

- the risk associated with change management which could, in the event of asymmetry of information and treatment of the GFS division's customers, 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 launched communication campaigns with customers and set up a control plan;
- regulatory risk related to non-compliant use of benchmark rates, excluding 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 related to legal documentation on legacy transactions, for which customers may fail to take the corrective attention of setting up fallback clauses, as proposed by the market and/or group, could also lead to customer disputes. The GFS division's 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 legacy transactions. The project teams ensure that the implementation schedules for the impacted information systems are respected, and early renegotiation actions are carried out to spread the remediation load over time;
- the potential financial risk, which would be reflected in a financial loss resulting from the remediation of the inventory of products indexed to USD LIBOR, CDOR, SOR and SIBOR. Simulations of revenue losses related to remediation without taking into account a spread adjustment applied to alternative benchmark rates are monitored directly by General Management 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 RFR 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.

Since January 1, 2022, these risks have essentially been confined to the transition from the USD LIBOR index (for overnight maturities, and at one, three, six and 12 months) to the SOFR rate and, to a small extent, to the transition from the CDOR, SOR and SIBOR indices to their respective alternative reference rates.

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 impairment 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).

5

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

6.1 LOAN COMMITMENTS

in millions of euros	12/31/2022	12/31/2021
Loan commitments given to:		
• banks	2,181	926
• customers	87,755	87,320
Credit facilities granted	78,232	78,128
Other commitments	9,523	9,191
TOTAL LOAN COMMITMENTS GIVEN	**89,936**	**88,246**
Loan commitments received from:		
• banks	24,901	26,807
• customers	21	11
TOTAL LOAN COMMITMENTS RECEIVED	**24,921**	**26,818**

6.2 GUARANTEE COMMITMENTS

in millions of euros	12/31/2022	12/31/2021
Guarantee commitments given to:		
• banks	7,302	8,081
• customers[1]	32,956	29,201
TOTAL GUARANTEE COMMITMENTS GIVEN	**40,258**	**37,282**
Guarantee commitments received from:		
• banks	22,429	19,253
• customers[2]	99,365	106,799
TOTAL GUARANTEE COMMITMENTS RECEIVED	**121,794**	**126,053**

(1) The guarantees given by CEGC in connection with its activity are treated as insurance contracts 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) The guarantees received under State-guaranteed loans amounted to €3 billion at December 31, 2022, stable compared to 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 Exposures to risks

Exposures to risks are discussed below by type of risk: credit, market, overall interest rate, foreign exchange and liquidity risk.

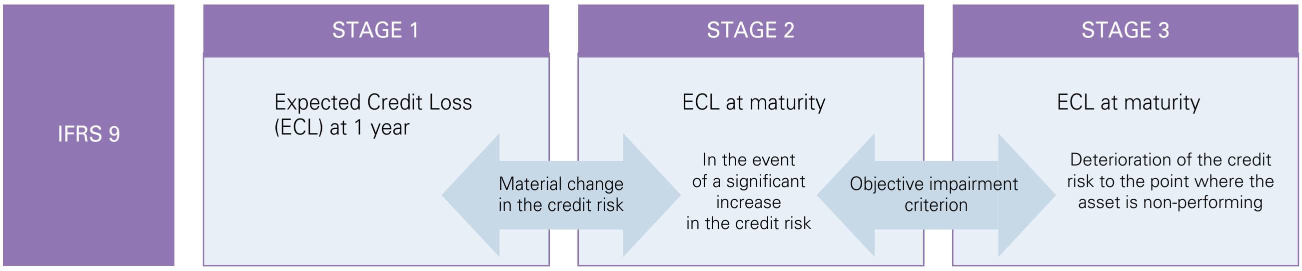
Information relating to capital management and regulatory ratios is presented in Chapter 6 "Risk management".

Information on the effect and consideration of climate risks on credit risk management is presented in the section on "Climate risks" in Chapter 6 "Risk management".

7.1 CREDIT RISK

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	2022 fiscal year	2021 fiscal year
Net charge to provisions and provisions for impairment	(521)	(444)
Recoveries of bad debts written off	54	54
Irrecoverable loans not covered by provisions for impairment	(54)	(41)
TOTAL COST OF CREDIT RISK	**(521)**	**(430)**

7.1.1.2 Cost of credit risk for the period by type of asset

in millions of euros	2022 fiscal year	2021 fiscal year
Financial assets at fair value through profit or loss	(21)	(8)
Financial assets at fair value through other comprehensive income	3	2
Financial assets at amortized cost	(556)	(335)
o/w loans and advances	*(555)*	*(339)*
o/w debt instruments	*(1)*	*5*
Other assets	5	(35)
Loan and guarantee commitments	48	(55)
TOTAL COST OF CREDIT RISK	**(521)**	**(430)**
o/w Stage 1	*(52)*	*28*
o/w Stage 2	*(132)*	*(22)*
o/w Stage 3	*(338)*	*(436)*

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.

The methodological changes carried out over the period and presented below constitute a change in estimates which translates into an impact on net income.

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 watchlist 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 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.

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.

As regards the Individual Customers, Professional Customers, SMEs, Public sector and Social Housing portfolios: for the Retail bank, following the Deep Dive mission conducted by the ECB on the cost of risk at the end of 2020 and in early 2021, an evolution of the quantitative criteria for transition to Stage 2 was developed and put into production in the first half of 2022.

This change is reflected in significantly increased severity of the transition to Stage 2, in particular for contracts with a high rating when granted.

Moreover, 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 Individual customers, Professional customers, SMEs, of the Corporate & Investment Banking and Finance Leasing business line, the quantitative criterion is based on the change in the probability of default at one year (on average for the cycle) since initial recognition. Significant deterioration in credit risk is calculated on the basis of the following condition: transition to S2 if :

$$PD_{at\ date} > \mu \times PD_{at\ grant} + \Delta$$

For the Large Corporate customers, Banks and Sovereigns portfolios, the quantitative criterion is based on the rating changes since initial recognition. The same qualitative criteria apply as for Individual customers, Professional customers and SMEs, as well as for 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 SMEs.

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 reporting date. 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). These criteria are adapted for each closing to the current macroeconomic context.

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 real estate 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.

Recognition of forward-looking information

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 the forward looking into account in the projection of PD and LGD inputs over the amortization horizon of operations within the central model. The application of the forward looking on the LGD parameter has been extended as of the closing at June 30, 2022 to all Individual customer and Professional customer exposures (until then, it was only applied to the real estate exposures of Individual and Professional customers);
- at the level of each entity, with regard to its own portfolios.

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 projections of macroeconomic variables used to define its budget process, which is considered to be the most probable, framed by optimistic and pessimistic scenarios in order to define alternative trajectories.

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 macroeconomic 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 baseline scenario was updated based on the scenarios determined by the group's economists in October 2022 and validated by the Executive Management Committee;
- a pessimistic scenario, corresponding to a deterioration in macroeconomic variables defined in relation to the core scenario;
- an optimistic scenario, corresponding to an improvement in macroeconomic variables defined in relation to the core scenario.

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

Global growth is expected to slow in 2023, giving way to a risk of recession in very pessimistic/adverse scenarios. In this context, Economic Research updated the central scenario, validated at the BPCE Executive Management Committee in October 2022. The pessimistic scenario is based on a sustained inflation and a sharp slowdown in activity, or even recession, corresponding to one of the adverse scenarios of the 2022 internal stress campaign. Conversely, the optimistic scenario corresponds to a gradual return of inflation to more normal levels and a more vigorous recovery in activity.

The deviation from the baseline scenario is greater for the pessimistic than optimistic scenario.

The weightings for the France zone are based on the average November Consensus Forecast. The weightings of the euro and US zones use the same Consensus Forecast as well as its update in December. The high weightings on the central scenario are explained by the updating of the scenario (and its severity).

For the France zone, the macroeconomic scenario appears to be significantly more pessimistic than last year. The continued deterioration of the economic context and outlook and the projections of macroeconomic variables have been downgraded more. In 2022, a significant deterioration in French GDP growth projections linked to the Ukrainian crisis was observed by forecasters and resulted in a projection of +2.5% in 2022 and +0.6% in 2023 in the central scenario. On the other hand, the statistical uncertainty used to determine the pessimistic and optimistic scenarios for the year 2022 has reduced over time. The pessimistic threshold used for December 31, 2022 is therefore less pessimistic than that used for December 31, 2021.

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 the baseline scenario and the optimistic and pessimistic scenarios 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.

The variables defined in each of these scenarios allow for the distortion of the PD and LGD parameters 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, the projections are calculated using the main macroeconomic variables such as GDP, the unemployment rate, interest rates on 10-year French sovereign debt and real estate. For Corporate & Investment Banking, which is more geographically diversified, the macroeconomic variables used relate to the international economy and, in addition to macroeconomic variables for the France zone, use the Euro zone and US GDP variables.

For Retail Banking and Corporate & Investment Banking, the macroeconomic variables in France are as follows:

At December 31, 2022:

	Pessimistic 2022			
	GDP	**Unempl.**	**RRE**	**10Y yld**
2022	1.80%	7.60%	4.00%	3.42%
2023	-0.70%	8.20%	-5.00%	4.31%
2024	0.30%	9.30%	-6.00%	5.42%

	Central 2022			
	GDP	**Unempl.**	**RRE**	**10Y yld**
2022	2.50%	7.20%	5.00%	2.65%
2023	0.60%	7.40%	-2.50%	2.77%
2024	1.10%	7.30%	-3.00%	2.86%

	Optimistic 2022			
	GDP	**Unempl.**	**RRE**	**10Y yld**
2022	3.00%	7.00%	6.00%	2.27%
2023	1.50%	6.80%	2.00%	2.00%
2024	1.70%	5.80%	2.50%	1.58%

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At December 31, 2021:

	Pessimistic 2021			
	GDP	**Unempl.**	**RRE**	**10Y yld**
2021	3.00%	9.80%	N/A	-0.41%
2022	1.00%	10.20%	N/A	-0.37%
2023	0.50%	9.90%	N/A	-0.21%
2024	0.10%	9.60%	N/A	-0.03%

	Central 2021			
	GDP	**Unempl.**	**RRE**	**10Y yld**
2021	5.50%	8.90%	N/A	0.34%
2022	4.00%	9.30%	N/A	0.53%
2023	2.00%	9.00%	N/A	0.70%
2024	1.60%	8.70%	N/A	0.88%

	Optimistic 2021			
	GDP	**Unempl.**	**RRE**	**10Y yld**
2021	7.00%	8.00%	N/A	1.23%
2022	5.50%	8.40%	N/A	1.27%
2023	3.50%	8.10%	N/A	1.43%
2024	3.10%	7.80%	N/A	1.61%

For Corporate & Investment Banking, the 2022 macroeconomic scenarios for the Euro and US zones used to determine the weightings for these zones are as follows:

	Pessimistic 2022		Central 2022		Optimistic 2022	
	Eurozone GDP	**US GDP**	**Eurozone GDP**	**US GDP**	**Eurozone GDP**	**US GDP**
2022	1.80%	0.60%	2.90%	1.70%	3.70%	2.50%
2023	-2.00%	-1.00%	0.20%	0.50%	1.80%	1.60%
2024	-0.20%	-0.60%	0.90%	0.90%	1.60%	2.00%

For retail banking, the post-model adjustments that reflected the positive impact of the various measures to support the economy were eliminated due to the reduction in the benefits provided by the moratoria and SGLs as well as the evolution of the economic situation since the implementation of these adjustments.

Weighting of scenarios at December 31, 2022

In order to take into account the geographical diversity of its exposures, particularly for Corporate & Investment Banking, BPCE SA group has had to distinguish the weightings of its economic scenarios according to the geographical area in question.

The expected credit losses are calculated by assigning to each of the scenarios a weighting determined according to the proximity of the consensus of the forecasters with each of the baseline, pessimistic and optimistic scenarios on the GDP growth variable.

Thus, the weightings used for the France zone are as follows:

- central scenario: 45% at December 31, 2022 for the group as a whole, compared with 10% for Retail Banking and 60% for Corporate & Investment Banking at December 31, 2021.
- pessimistic scenario: 35% at December 31, 2022 for the Group as a whole, compared with 85% for Retail Banking and 35% for Corporate & Investment Banking at December 31, 2021.
- optimistic scenario: 20% at December 31, 2022 for the Group as a whole, compared with 5% for Retail Banking and 35% for Corporate & Investment Banking at December 31, 2021.

For exposures in the Euro zone (excluding France) and the US, mainly in Corporate & Investment Banking, the weightings are as follows:

- in the Euro zone (excluding France): 21% pessimistic, 56% central and 22% optimistic
- in the US zone: 23% pessimistic, 48% central and 29% optimistic

Environmental risks are not taken into account in the central models at this stage. However, they are recorded at the institution level (see below).

Expected credit losses built up in addition to the central model

Additional provisions have been recorded by the group's 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 hotel, energy, transport and events sectors. These provisions were mainly allocated in 2020 and 2021 for the consequences of the Covid-19 crisis. In 2022, they were supplemented by additional documented provisions to cover sectors likely to be the most affected by the deterioration of the macroeconomic context (rising inflation, soaring energy prices, etc.).

In this context, the group continued to strengthen the identification and monitoring of the most affected sectors. The sectoral monitoring approach is reflected in a classification according to their level of risk of economic sectors and sub-sectors established centrally by BPCE SA group’s Risk division, updated regularly and communicated to all Group institutions.

ECL sensitivity analysis

Weighting the pessimistic scenario at 100% would lead to a 22% increase in expected credit losses. Conversely, a weighting of the optimistic scenario at 100% would lead to a decrease of 18% in ECL.

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 and occur 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, *i.e.* 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".

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Consequences of the war on the classification of Russian and Ukrainian counterparties

At December 31, 2022, Ukrainian counterparties were classified in Stage 3 and were impaired by €35 million corresponding to a gross exposure of €91 million.

At December 31, 2022, Russian counterparties were partly classified in Stage 2 and were impaired by €46 million corresponding to a gross exposure of €941 million. The remaining Russian counterparties were classified in Stage 3 and were impaired by €39 million corresponding to a gross exposure of €147 million.

The Group's exposures mainly concern Corporate & Investment Banking.

7.1.2.1 Change in S1/S2 credit losses

At December 31, 2022, the total expected S1/S2 credit losses amounted to €1,059 million and broke down as follows:

in millions of euros	12/31/2022	12/31/2021
Central model	896	778
Complements to the central model	74	39
Others	89	64
TOTAL EXPECTED CREDIT LOSSES S1/S2	**1,059**	**882**

7.1.2.2 Change in the gross carrying amount and 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 12/31/2021	**14,091**	**(1)**	**5**	**(0)**	**14,096**	**(1)**
Origination and acquisitions	7,183				7,183	
Derecognition (redemptions, disposals and debt forgiveness)	(8,336)		(5)		(8,341)	
Transfers of financial assets	(4)		4			
Transfers to S2	(4)		4			
Other changes(1)	(1,538)	0	6	(0)	(1,532)	0
BALANCE AT 12/31/2022	**11,396**	**(1)**	**10**	**0**	**11,406**	**(1)**

(1) Other changes include the amortization of receivables, the change in credit risk parameters (including partial repayments), and changes in exchange rates.

7.1.2.3 Change in the gross carrying amount and credit losses on debt securities at amortized cost

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (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 12/31/2021	**11,678**	**(8)**	**572**	**(7)**	**113**	**(95)**	**53**	**(8)**	**12,416**	**(118)**
Origination and acquisitions	884	(0)			///	///		///	884	(0)
Derecognition (redemptions, disposals and debt forgiveness)	(321)	4	(61)	0			(10)		(392)	4
Transfers of financial assets	26	(0)	(26)	0						0
Transfers to S1	17	(0)	(17)	0			///	///		0
Transfers to S2	9	(0)	(9)	0						0
Other changes	(1,423)	2	(103)	3	5	(13)	9	(2)	(1,512)	(10)
BALANCE AT 12/31/2022	**10,845**	**(3)**	**382**	**(3)**	**118**	**(108)**	**52**	**(10)**	**11,397**	**(124)**

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7.1.2.4 Change in the gross carrying amount and credit losses on loans and advances to banks at amortized cost

Loans and advances to credit institutions registered in Stage 1 include funds centralized at the Caisse des Dépôts et Consignations; €478 million at December 31, 2022, compared to €282 million at December 31, 2021.

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (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 12/31/2021	**195,436**	**(3)**	**226**	**(2)**	**22**	**(19)**	**5**	**(5)**	**195,688**	**(29)**
Origination and acquisitions	134,758	(0)	5	(0)	///	///		///	134,763	(0)
Derecognition (redemptions, disposals and debt forgiveness)	(93,625)	0	(2)	0					(93,627)	0
Transfers of financial assets	(40)	0	34	0	6	0				0
Transfers to S1	*4*	*(0)*	*(4)*	*0*			*///*	*///*		*0*
Transfers to S2	*(39)*	*0*	*39*	*(0)*						*0*
Transfers to S3	*(6)*	*(0)*			*6*	*(0)*				*(0)*
Other changes(1)	5,296	(0)	(7)	(37)	(4)	4	4	(4)	5,289	(37)
BALANCE AT 12/31/2022	**241,825**	**(3)**	**256**	**(39)**	**23**	**(15)**	**9**	**(9)**	**242,113**	**(66)**

(1) 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.

7.1.2.5 Change in the gross carrying amount and credit losses on loans and advances to customers at amortized cost

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (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 12/31/2021	**135,702**	**(216)**	**27,428**	**(451)**	**7,043**	**(2,331)**	**117**	**(2)**	**589**	**(132)**	**170,878**	**(3,132)**
Origination and acquisitions	30,691	(122)	2,528	(61)	///	///	///	///	212	///	33,431	(183)
Derecognition (redemptions, disposals and debt forgiveness)	(21,432)	71	(3,840)	53	(1,410)	216			(62)	3	(26,744)	344
Impairment (write-off)	///	///	///	///	(669)	655	///	///	(36)	34	(705)	689
Transfers of financial assets	(2,478)	(31)	2,079	(3)	399	(203)	137	(1)	(137)	(2)		(240)
Transfers to S1	*3,805*	*(61)*	*(3,731)*	*88*	*(74)*	*5*	*///*	*///*	*///*	*///*		*32*
Transfers to S2	*(5,600)*	*18*	*6,658*	*(168)*	*(1,058)*	*51*	*160*	*(1)*	*(160)*	*1*		*(99)*
Transfers to S3	*(683)*	*13*	*(848)*	*77*	*1,531*	*(259)*	*(23)*		*23*	*(2)*		*(171)*
Other changes(1)(2)	(4,565)	48	(810)	(91)	365	(342)	7	(1)	25	(105)	(4,978)	(490)
BALANCE AT 12/31/2022	**137,916**	**(249)**	**27,385**	**(554)**	**5,728**	**(2,004)**	**261**	**(3)**	**592**	**(202)**	**171,882**	**(3,012)**

(1) 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.

(2) At December 31, 2022, other changes include (see Note 7.1.2) a transfer of €1.7 billion in outstandings from Stage 1 to Stage 2 related to the change in the quantitative criteria for transition to Stage 2. This transfer resulted in an increase of €14 million on Stage 2 provisions.

7.1.2.6 Change in the gross carrying amount and credit losses on loan commitments given

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (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 12/31/2021	**81,655**	**(52)**	**6,264**	**(116)**	**102**	**(2)**	**20**		**204**		**88,246**	**(170)**
Origination and acquisitions	20,599	(18)	499	(3)	///	///	///	///	9	///	21,107	(21)
Derecognition (redemptions, disposals and debt forgiveness)	(29,585)	10	(918)	4	(34)				(13)	(3)	(30,556)	11
Transfers of financial assets	(157)		220		(63)		200	(15)	(200)			(15)
Transfers to S1	*1,308*	*(3)*	*(1,225)*	*10*	*(83)*		*///*	*///*	*///*	*///*		*7*
Transfers to S2	*(1,453)*	*3*	*1,460*	*(10)*	*(7)*		*200*	*(15)*	*(200)*	*///*		*(23)*
Transfers to S3	*(12)*		*(15)*		*27*							
Other changes[(1)]	11,801	4	(869)	10	207	0	(4)	0	4	3	11,139	18
BALANCE AT 12/31/2022	**84,313**	**(56)**	**5,196**	**(105)**	**212**	**(2)**	**210**	**(15)**	**4**		**89,936**	**(178)**

(1) Other changes include the amortization of receivables, the change in credit risk parameters (including partial repayments), and changes in exchange rates.

7.1.2.7 Change in the gross carrying amount and credit losses on guarantee commitments given

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (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 12/31/2021	**25,533**	**(13)**	**4,422**	**(12)**	**602**	**(154)**	**2**		**77**	**(6)**	**30,636**	**(186)**
Origination and acquisitions	22,042	(10)	1,034	(4)	///	///	///	///	1	///	23,076	(14)
Derecognition (redemptions, disposals and debt forgiveness)	(13,001)	5	(1,305)	5	(165)	53			(1)		(14,472)	64
Impairment (write-off)	///	///	///	///	(8)	8	///	///			(8)	8
Transfers of financial assets	(414)		437	(2)	(23)	(3)	77	(2)	(77)			(7)
Transfers to S1	*534*		*(513)*	*2*	*(21)*		*///*	*///*	*///*	*///*		*2*
Transfers to S2	*(893)*		*955*	*(4)*	*(62)*	*1*	*77*	*(2)*	*(77)*			*(5)*
Transfers to S3	*(55)*		*(5)*		*60*	*(4)*						*(4)*
Other changes[(1)]	(3,161)	5	(631)	0	(7)	0	(1)		1	6	(3,799)	11
BALANCE AT 12/31/2022	**30,999**	**(13)**	**3,957**	**(13)**	**399**	**(96)**	**78**	**(2)**	**1**		**35,433**	**(124)**

(1) Other changes include the amortization of receivables, the change in credit risk parameters (including partial repayments), and changes in exchange rates.

7.1.3 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.

7.1.4 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	170	(118)	52	
Loans and advances due from banks at amortized cost	32	(24)	8	
Loans and advances to customers at amortized cost	6,320	(2,206)	4,113	2,376
Loan commitments	216	(2)	214	16
Guarantee commitments	397	(96)	301	271
TOTAL IMPAIRED FINANCIAL INSTRUMENTS (S3)	**7,135**	**(2,446)**	**4,689**	**2,664**

7.1.5 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, 2022.

7.2 MARKET RISK

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 OVERALL 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 foreign exchange 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 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.

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 change in 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.

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8.1 PAYROLL COSTS

Payroll costs include all personnel expenses and the associated social security costs and payroll-based 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	2022 fiscal year	2021 fiscal year
Wages and salaries	(3,716)	(3,844)
Expenses for defined-benefit and defined-contribution pension plans and other long-term employee benefits	(141)	(225)
Other social security costs and payroll-based taxes	(1,242)	(1,300)
Profit sharing and incentive schemes	(253)	(261)
TOTAL PAYROLL COSTS	**(5,352)**	**(5,630)**

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 benefits	12/31/2022	12/31/2021
Actuarial liabilities[1]	724	226	64	347	1,361	1,702
Fair value of plan assets	(712)	(160)			(872)	(986)
Fair value of reimbursement rights		(29)			(29)	(87)
Effect of ceiling on plan assets	74				74	43
Net amount reported on the balance sheet	**86**	**37**	**64**	**347**	**534**	**672**
Employee benefits liabilities	108	66	64	347	584	759
Employee benefits assets[2]	22	29			50	87

(1) The increase in discount rates in 2022 led to a significant decrease in the actuarial liability.
(2) Mostly shown as assets on 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 benefits	2022 fiscal year	2021 fiscal year
Actuarial liabilities at start of year	**975**	**316**	**74**	**337**	**1,702**	**1,665**
Service cost	7	21	6	72	106	136
Past service cost	(1)	1	(1)		(1)	1
Interest cost	15	2	1		18	13
Benefits paid	(40)	(13)	(4)	(46)	(103)	(110)
Other items recorded in income	(4)	(18)	(16)	(2)	(40)	76
Changes recorded in income	**(23)**	**(7)**	**(14)**	**24**	**(20)**	**116**
Revaluation adjustments – Demographic assumptions	8	(4)			4	
Revaluation adjustments – Financial assumptions	(222)	(75)			(297)	(46)
Revaluation adjustments – Past-experience effect	(27)	(5)			(32)	(18)
Changes recognized directly in other comprehensive income not recyclable to profit or loss	**(241)**	**(84)**			**(325)**	**(64)**
Foreign exchange rate adjustments	20			4	24	22
Other changes[1]	(7)	1	4	(18)	(20)	(37)
ACTUARIAL LIABILITIES AT END OF YEAR	**724**	**226**	**64**	**347**	**1,361**	**1,702**

(1) The implementation of the IFRS IC decision relating to IAS 19 "Employee Benefits" has resulted in a reduction in provisions of €9 million in 2021, with a corresponding reduction in consolidated reserves shown under "Other".

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	2022 fiscal year	2021 fiscal year
Fair value of plan assets at start of year	**876**	**197**	**1,073**	**1,041**
Interest income	13	1	14	10
Plan participant contributions	7	1	8	11
Benefits paid	(37)	(9)	(46)	(37)
Other items recorded in income				(2)
Changes recorded in income	**(17)**	**(7)**	**(24)**	**(18)**
Revaluation adjustments – Return on plan assets	(161)	2	(159)	20
Changes recognized directly in other comprehensive income not recyclable to profit or loss	**(161)**	**2**	**(159)**	**20**
Foreign exchange rate adjustments	20		20	20
Other changes	(6)	(3)	(9)	10
FAIR VALUE OF ASSETS AT END OF YEAR[1]	**712**	**189**	**901**	**1,073**

(1) of which €29 million in reimbursement rights included in end-of-career awards (versus €27 million at December 31, 2021).

Amounts paid in cash to beneficiaries reduce the amount of provisions recorded to this end by an equivalent amount. A total of €46 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	2022 fiscal year	2021 fiscal year
Service cost	(28)	(77)	(105)	(137)
Net interest cost	(3)	(1)	(4)	(3)
Other (o/w asset ceiling by result)	22	18	40	(78)
Expense for the period	**(9)**	**(60)**	**(69)**	**(218)**
Benefits paid	7	50	57	73
Plan participant contributions	8		8	11
Change in provisions due to contributions	**15**	**50**	**65**	**84**
TOTAL	**6**	**(10)**	**(4)**	**(134)**

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	2022 fiscal year	2021 fiscal year
Accumulated revaluation differences at start of period	**178**	**(16)**	**162**	**219**
Revaluation differences over the period	(79)	(87)	(166)	(84)
Adjustments to asset ceiling	29		29	27
ACCUMULATED REVALUATION DIFFERENCES AT END OF PERIOD	**128**	**(103)**	**25**	**162**

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 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.

The deferred variable compensation plan awarded in 2022 in respect of 2021 is exclusively cash-settled and indexed to changes in the net income of Groupe BPCE.

With regard to the 2023 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, 2022.

Natixis SA subsidiaries may also establish their own share-based payment plans. The expense relating to these plans at December 31, 2022 was -€58 million compared to -€16 million in 2021.

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 had 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)*
2019 plan	04/12/2019	3,111,057	March 2021 March 2022	894,846 2,146,224	€4.40
2020 plan	04/10/2020	5,867,435	March 2022 March 2023	1,640,619	[€4.40; €4.47]
2021 plan	02/18/2021	2,638,236	March 2022 March 2023 March 2024		[€4.40; €5.31]
2021 plan	04/15/2021	2,075,079	March 2023 March 2024 March 2025		[€4.47; €5.49]
2022 plan	03/17/2022	€67,306,358	March 2023 March 2024 March 2025 March 2026 March 2027		
2023 plan[1]	03/09/2023		March 2023 March 2024 March 2025 March 2026 March 2027 March 2028 March 2029 March 2030		

(1) Concerning the 2023 plan, the grants were not formally made at December 31, 2022.

SHARE-BASED PAYMENT PLANS SUBJECT TO LIQUIDITY CONTRACTS

Year the plan was granted	Grant date	Number of shares concerned at 12/31/2022	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	150,832	March 2022
2020 plan	04/10/2020	2,245,462	March 2023

The shares in the process of being acquired under the liquidity contracts give rise to a liability of €14 million at December 31, 2022.

EXPENSE FOR THE YEAR REPRESENTED BY DEFERRED VARIABLE REMUNERATION PLANS

	2022 fiscal year			
in millions of euros	Plans settled in shares subject to a liquidity contract	Plans settled in cash indexed to a valuation formula	Total	2021 fiscal year
Previous plans	(4)	(35)	(39)	(41)
Plans from the fiscal year		(31)	(31)	(34)
TOTAL	**(4)**	**(66)**	**(70)**	**(75)**

VALUATION PARAMETERS USED FOR THE COST ESTIMATE FOR THESE PLANS

	12/31/2022	12/31/2021
Share price	///	///
Fair value of the indexed cash unit(1)	[€4.40; €5.49]	[€4.40; €5.49]
Risk-free interest rates	1.79%	(0.69%)
Dividend payout ratio(2)	///	///
Loss of rights rate	5.18%	4.97%

(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 2022 was:

Year the plan was granted	Grant date	Vesting date	2022 fiscal year (in millions of euros)	2021 fiscal year (in millions of euros)
2019 plan	02/26/2019	March 2020 March 2021	///	(1)
2020 plan	01/22/2020	March 2021 March 2022	(0)	(4)
2021 plan	01/20/2021	March 2022 March 2023	(7)	(9)
TOTAL			**(7)**	**(13)**

Note 9 Insurance activities

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, 2021, the IASB published an amendment to IFRS 17 allowing, as an option, 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. This amendment was adopted by Commission Regulation (EU) 2022/1491 of September 8, 2022. 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.

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 closing date, the Group tests the adequacy of its recognized Insurance liabilities based on the estimated present value of future cash flows from its Insurance contracts 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 to 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 closing 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 resetting 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.

The Group considers that a decline of more than 50% or lasting for more than 24 months in the value of a security in relation to its historical cost is an objective indicator of lasting impairment, leading to the recognition of an impairment in the income statement.

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 activities". 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	12/31/2022	12/31/2021
Investment property	1,496	1,460
Financial assets at fair value through profit or loss	29,420	32,052
Available-for-sale financial assets	51,761	57,936
Loans and advances to banks	484	708
Loans and advances to customers	11,826	13,309
Held-to-maturity financial assets	712	767
Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts	19,299	18,599
Receivables arising from insurance and assumed reinsurance activities	2,001	1,908
Receivables arising from ceded reinsurance activities	58	42
Deferred acquisition costs	838	797
TOTAL INSURANCE BUSINESS INVESTMENTS	**117,896**	**127,578**

9.1.1.1 Investment property

	12/31/2022			12/31/2021		
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	(16)	28
Investment property recognized at fair value(1)	1,068		1,068	1,043		1,043
Investment property (unit-linked vehicles)	400		400	389		389
TOTAL INVESTMENT PROPERTY	**1,512**	**(16)**	**1,496**	**1,476**	**(16)**	**1,460**

(1) Changes in fair value give rise to symmetrical recognition of a provision for deferred profit-sharing equal, on averaging at December 31, 2022, to 89% of the calculation base versus 89% at December 31, 2021.

The fair value of investment property came to €1,537 million at December 31, 2022 *versus* €1,496 million at December 31, 2021.

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 closing 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 activities".

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	12/31/2022	12/31/2021
UCITS	3,216	4,348
Financial assets held for trading	**3,216**	**4,348**
Trading derivatives	**25**	**15**
Hedging derivatives	**27**	
Bonds	1,141	1,592
Equities	407	503
UCITS	4,599	5,153
Investments backed by unit-linked policies	20,005	20,441
Financial assets designated at fair value	**26,152**	**27,689**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**29,420**	**32,052**

CONDITIONS FOR DESIGNATING INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2022			12/31/2021		
in millions of euros	Accounting mismatches	Embedded derivatives	Financial assets designated at fair value	Accounting mismatches	Embedded derivatives	Financial assets designated at fair value
Bonds		1,141	1,141	534	1,057	1,592
Equities	407		407	503		503
UCITS	4,599		4,599	5,153		5,153
Investments backed by unit-linked policies	20,005		20,005	19,862	579	20,441
TOTAL	**25,011**	**1,141**	**26,152**	**26,052**	**1,636**	**27,689**

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 activities". Income from variable-income securities is recorded under "Net income from insurance activities".

in millions of euros	12/31/2022	12/31/2021
Bonds	40,378	46,142
Equities	2,817	4,119
UCITS	9,013	7,969
Available-for-sale financial assets, gross	**52,208**	**58,230**
Impairment of debt instruments	(103)	(51)
Impairment of equity instruments[(1)]	(344)	(243)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**51,761**	**57,936**

(1) In 2022, permanent impairment of variable-income securities came to €193 million compared with €85 million in 2021. This expense was 89% offset by the profit sharing mechanism (89% in 2021). The 2022 expense can be broken down into an additional impairment loss on previously impaired securities for €118 million (€8 million in 2021) and an allowance for newly impaired securities for €75 million (€76 million in 2021).

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 activities".

in millions of euros	12/31/2022	12/31/2021
Loans and advances to banks	484	708
Loans and advances to customers[1]	11,826	13,309
TOTAL LOANS AND ADVANCES	**12,311**	**14,017**

(1) Including €10,641 million for guarantee deposits made for the acceptance of reinsurance treaties versus €11,338 million at December 31, 2021.

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 activities".

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	12/31/2022	12/31/2021
Treasury bills and equivalent	518	512
Bonds and other fixed income securities	195	256
Gross amount of held-to-maturity investments	**713**	**768**
Impairment	(1)	(1)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**712**	**767**

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.

	12/31/2022				12/31/2021			
in millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Assets held for trading (equities and UCITS)	3,216			3,216	4,348			4,348
Financial assets held for trading	**3,216**			**3,216**	**4,348**			**4,348**
Interest rate derivatives	2	7		9				
Currency derivatives	3	2		5	2			2
Equity derivatives	11			11	13			13
Derivatives excl. hedging derivatives (positive fair value)	**16**	**9**		**25**	**15**			**15**
Securities designated at fair value through profit or loss	3,564	1,686	898	6,148	4,654	1,321	1,273	7,248
Bonds		*254*	*887*	*1,141*		*328*	*1,264*	*1,592*
Equities and UCITS	*3,564*	*1,432*	*11*	*5,007*	*4,654*	*993*	*9*	*5,656*
Investments backed by unit-linked policies	16,759	3,233	12	20,004	17,013	3,413	14	20,441
Financial assets designated at fair value through profit or loss under option	**20,323**	**4,919**	**910**	**26,152**	**21,667**	**4,735**	**1,287**	**27,689**
Currency derivatives		27		27				
Hedging derivatives		**27**		**27**				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**23,555**	**4,955**	**910**	**29,420**	**26,031**	**4,735**	**1,287**	**32,052**
Investments in associates			242	242			240	240
Other available-for-sale securities	41,287	6,485	3,747	51,519	48,856	5,653	3,187	57,696
Bonds	*33,951*	*3,436*	*2,888*	*40,275*	*40,271*	*2,918*	*2,901*	*46,091*
Equities and UCITS	*7,336*	*3,049*	*859*	*11,244*	*8,584*	*2,734*	*286*	*11,605*
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**41,287**	**6,485**	**3,989**	**51,761**	**48,856**	**5,653**	**3,428**	**57,936**

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	01/01/2022	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	Deconsolidated entities	Other changes	12/31/2022
ASSETS											
Securities designated at fair value through profit or loss	1,273	(215)	(1)		49	(207)					
Bonds	*1,264*	*(215)*	*(1)*		*47*	*(207)*					*887*
Equities and UCITS	*9*				*2*						*11*
Investments backed by unit-linked policies	14	(2)									12
Financial assets designated at fair value through profit or loss under option	**1,286**	**(217)**	**(1)**		**49**	**(207)**					**910**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,286**	**(217)**	**(1)**		**49**	**(207)**					**910**
Investments in associates	240			1	(33)	47				(12)	242
Other available-for-sale securities	3,187	(33)	(2)	(360)	1,237	(512)		229			3,747
Bonds	*2,901*	*(33)*	*(2)*	*(359)*	*842*	*(506)*		*46*			*2,888*
Equities and UCITS	*286*			*(1)*	*395*	*(6)*		*184*			*859*
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**3,428**	**(33)**	**(2)**	**(359)**	**1,204**	**(465)**		**229**		**(12)**	**3,989**

BREAKDOWN OF FAIR VALUE HIERARCHY TRANSFERS

		2022 fiscal year					
	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		196		39			
Bonds		*5*					
Equities and UCITS		*191*		*39*			
Financial assets designated at fair value through profit or loss under option		**196**		**39**			
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**196**		**39**			
Investments in associates		1,320			80		80
Other available-for-sale securities		190		232	239		10
Bonds		*190*		*232*	*56*		*10*
Equities and UCITS					*183*		
AVAILABLE-FOR-SALE FINANCIAL ASSETS		**1,510**		**232**	**319**		**90**

		2021 fiscal year					
	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 under option		**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 FINANCIAL ASSETS		**80**		**320**	**325**		**289**

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.

	12/31/2022				12/31/2021			
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	484		484		709	5	704	
Investments of loans and advances due from customers	11,826		11,826		13,309		13,309	
Held-to-maturity investments	739	675	62	2	915	780	132	3
INSURANCE BUSINESS INVESTMENTS AT AMORTIZED COST	**13,049**	**675**	**12,372**	**2**	**14,933**	**785**	**14,145**	**3**

9.1.2 LIABILITIES RELATED TO INSURANCE POLICIES

in millions of euros	12/31/2022	12/31/2021
Technical reserves relating to insurance policies	61,545	57,560
Technical reserves relating to unit-linked insurance policies	18,456	17,696
Technical reserves relating to insurance policies	**80,001**	**75,256**
Technical reserves relating to financial contracts with a discretionary profit sharing feature	18,227	19,667
Technical reserves relating to unit-linked financial contracts	5,189	5,923
Technical reserves relating to financial contracts	**23,416**	**25,590**
Net participating benefit liabilities	303	4,222
Liabilities arising from insurance and assumed reinsurance activities, and liabilities arising from ceded reinsurance activities	11,305	11,788
Trading derivatives	5	7
Hedging derivatives	84	
TOTAL LIABILITIES RELATED TO INSURANCE POLICIES	**115,114**	**116,863**

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.

9.1.3 NET PARTICIPATING BENEFIT

in millions of euros	12/31/2022	12/31/2021
Net participating benefit assets	(4,678)	-
Net participating benefit liabilities	303	4,222
TOTAL NET PARTICIPATING BENEFIT[(1)]	**(4,375)**	**4,222**
of which net participating benefit recognized in other comprehensive income	*4,091*	*(4,153)*

(1) By convention, the net participating benefit is presented in the negative when it is an asset.

The change in the net participating benefit over the period is related to market developments.

9.2 NOTES TO THE INCOME STATEMENT

9.2.1 NET INCOME FROM INSURANCE ACTIVITIES

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 contracts and investment contracts containing a discretionary profit sharing feature within the meaning of IFRS 4;
- investment income net of expenses:
  - investment income including income from investment 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 contracts 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	2022 fiscal year	2021 fiscal year
Additional paid-in capital written	14,891	14,974
Change in unearned additional paid-in capital	(282)	(407)
Earned additional paid-in capital	**14,609**	**14,567**
Revenues and other income from insurance activities	**43**	**47**
Income from investments	1,802	2,348
Expenses on investments	(491)	(189)
Gains or losses on disposals of investments less reversals of impairment and amortization	201	217
Change in fair value of investments recognized at fair value through profit or loss	(3,509)	1,616
Change in impairment for investments	(249)	(92)
Income from investments net of expenses	**(2,246)**	**3,900**
Amortization of acquisition costs	**(50)**	**(27)**
Claims and benefits expenses	**(9,700)**	**(15,643)**
Income from reinsurance cessions	3,803	3,421
Expenses on reinsurance cessions	(3,711)	(3,573)
Net income or expenses on reinsurance cessions	**92**	**(152)**
NET INCOME FROM INSURANCE ACTIVITIES	**2,748**	**2,692**

9.3 INFORMATION TO BE PROVIDED ON THE TEMPORARY EXEMPTION OF INSURANCE BUSINESSES FROM IFRS 9

	12/31/2022		12/31/2021	
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	38,606	(8,391)	45,279	(1,345)
Other financial assets	4,002	(691)	4,553	(28)
TOTAL INSURANCE BUSINESS INVESTMENTS[(1)]	**42,608**	**(9,082)**	**49,832**	**(1,373)**

(1) Excluding UCITS classified as available-for-sale assets for €7,331 million at December 31, 2022, versus €7,255 million at December 31, 2021.

This table does not include financial assets recognized at fair value through profit of loss or reinsurance activities.

The credit risk associated with the 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 valuation 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.

For derivatives, the fair values are broken down according to the dominant risk factor, namely interest rate risk, foreign exchange risk, credit risk and equity risk.

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);
- 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, 2022, 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** generally have specific characteristics which justify the choice of model.

  The main models used for equity products are local volatility, local volatility combined with 1-factor Hull & White (H&W1F) and Local Stochastic Volatility ("LSV") and may be available in a single or multi-underlying framework.

  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 justify the choice of model.

  The main models used to value and manage fixed income products are the Hull & White one-factor (H&W1F), two-factor (H&W2F) and one-factor stochastic volatility (H&W1FVS) models.

  The H&W1F model is used to model the yield curve with a single Gaussian factor, calibrated on vanilla interest rate options.

  The H&W2F model is used to model the yield curve with two factors, calibrated on vanilla interest rate options and spread-option type instruments.

  The H&W1VS 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 which justify the choice of model.

  The main models used to value and manage credit products are the Hull & White 1 credit factor model (H&W1F Credit) and the hybrid Bi-Hull&White Rate/Credit model (Bi-H&W Rate/Credit).

  The H&W1F Credit model allows the diffusion of the credit curve (CDS curve) with a Gaussian factor.

  The Bi-H&W 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).

The inputs relating to all 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;
- structured securities or securities representative of private placements, held by the Insurance business line;
- hybrid equity, interest rate, 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 the 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, 2022, 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.

The table below provides the main unobservable inputs and the value ranges for these instruments at December 31, 2022:

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	[71%; 94%]
Interest rate derivatives	Volatility caps/floors	Interest rate options valuation models	Interest rate volatility	[41%; 182%]
Equity	Simple and complex equity, equity basket or fund derivatives	Different valuation models for equity, equity basket or fund options	Equity volatility	[1%; 176%]
			Fund volatility	[2%; 33%]
			Stock/stock correlation	[13.05%; 95.84%]
			Repo of general baskets	[-0.76%; 1.15%]
Forex	Exchange rate derivatives	Exchange rate option valuation models	Currency volatility	[2.9673%; 19.3765%]
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%] [2.9673%; 19.3765%]
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	[70%; 80%]
Credit	Securitization swaps	Discounted expected cash flows based on early redemption assumptions on the underlying portfolio	Prepayment rate	[16.49%; 50.42%]
Hybrids	Hybrid equity/fixed income/forex (FX) derivatives	Hybrid models coupled with equity, forex and interest rate diffusion	Equity-FX correlations	[-99.30%; 99.98%]
			Equity-FI correlations	[14%; 33%]
			FI-FX correlations	[-19%; 44%]
Forex	Helvetix: Strip of long-term options, Strip of quanto options, Strip of digital options	Black & Scholes model	EURCHF/EURUSD correlations	[7%; 46%]
	Helvetix: Options spread and digital options spread	Gaussian copula	Long-term USD/CHF & EUR/CHF volatility	USD/CHF volatility: [8.9918%; 12.2943%] EUR/CHF volatility: [7.1346%; 8.9918%]

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 fair value level transfers are also presented to the Umbrella Valuation Committee, which validated, during the first half of 2022, the transfers from Level 2 to Level 1 fair value of the margin calls due to a methodological refinement.

As a reminder, the main reclassifications at December 31, 2021 were as follows:

- to Level 3 fair value of the OTC derivatives and the issues due to a methodological refinement in the observability of the market parameters;
- from Level 1 to Level 2 fair value of the listed derivatives due to a methodological refinement;
- to Level 3 fair value of the "loan trading" activity due to the illiquidity of the market;
- to Level 2 fair value of the write downs in order to harmonize the fair value level of the write downs.

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 closing date. The interest rate and counterparty risk components are reassessed.

The fair value of repurchase agreements is calculated by discounting expected cash flows at the market rate on the reporting 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 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 reporting 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:

	12/31/2022			
in millions of euros	Level 1	Level 2	Level 3	TOTAL
FINANCIAL ASSETS				
Debt instruments	**28,861**	**71,451**	**4,535**	**104,847**
Loans due from banks and customers	17,041	69,219	4,247	90,507
Debt securities	11,820	2,232	288	14,340
Equity instruments	**28,363**	**1,665**	**5**	**30,033**
Shares and other equity securities	28,363	1,665	5	30,033
Derivatives	**75**	**53,362**	**2,338**	**55,775**
Interest rate derivatives		24,715	1,024	25,739
Equity derivatives		2,836	355	3,191
Currency derivatives	4	23,852	683	24,539
Credit derivatives		816	116	932
Other derivatives	71	1,143	161	1,375
Financial assets at fair value through profit or loss – Held for trading[(1)]	**57,299**	**126,478**	**6,878**	**190,655**
Derivatives		**661**	**11**	**672**
Interest rate derivatives		609	11	620
Currency derivatives		52		52
Financial assets at fair value through profit or loss – Economic hedges		**661**	**11**	**672**
Debt instruments	**2,194**	**313**	**2,275**	**4,782**
Loans due from banks and customers		219	1,392	1,611
Debt securities	2,194	94	883	3,171
Financial assets at fair value through profit or loss – Non-standard	**2,194**	**313**	**2,275**	**4,782**
Equity instruments	**140**	**4**	**835**	**979**
Shares and other equity securities	140	4	835	979
Financial assets at fair value through profit or loss – Excluding assets held for trading	**140**	**4**	**835**	**979**
Debt instruments	**10,998**	**391**	**15**	**11,404**
Loans due from banks and customers		8	15	23
Debt securities	10,998	383		11,381
Equity instruments	**116**	**167**	**1,486**	**1,769**
Shares and other equity securities	116	167	1,486	1,769
Financial assets at fair value through other comprehensive income	**11,114**	**558**	**1,501**	**13,173**
Interest rate derivatives		4,154		4,154
Currency derivatives		1,226		1,226
Hedging derivatives		**5,380**		**5,380**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**70,747**	**133,393**	**11,500**	**215,640**

(1) Excluding economic hedges.

	12/31/2022			
in millions of euros	Level 1	Level 2	Level 3	TOTAL
FINANCIAL LIABILITIES				
Debt securities	**21,680**	**74,932**	**214**	**96,826**
Derivatives	**143**	**52,745**	**2,059**	**54,947**
Interest rate derivatives		24,327	1,249	25,575
Equity derivatives		2,487	395	2,881
Currency derivatives	2	23,892	253	24,147
Credit derivatives		692	129	821
Other derivatives	141	1,348	33	1,522
Other financial liabilities	**11,377**	**1**		**11,378**
Financial liabilities at fair value through profit or loss – Held for trading(1)	**33,200**	**127,678**	**2,273**	**163,151**
Derivatives	**1**	**1,394**	**196**	**1,591**
Interest rate derivatives		618	194	812
Equity derivatives	1		2	3
Currency derivatives		776		776
Financial liabilities at fair value through profit or loss – Economic hedges	**1**	**1,394**	**196**	**1,591**
Debt securities		15,110	9,176	24,286
Other financial liabilities	4,564	12	48	4,624
Financial liabilities at fair value through profit or loss – Under option	**4,564**	**15,122**	**9,224**	**28,909**
Interest rate derivatives		8,269		8,269
Currency derivatives		2,927		2,927
Hedging derivatives		**11,196**		**11,196**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**37,765**	**155,389**	**11,693**	**204,847**

(1) Excluding economic hedges.

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	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 at fair value through profit or loss – Under option			**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.

	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 at fair value through profit or loss – Under option	**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.

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	01/01/2022	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]	12/31/2022
FINANCIAL ASSETS										
Debt instruments	**3,725**	**106**	**74**		**11,022**	**(10,299)**		**(164)**	**71**	**4,535**
Loans due from banks and customers	3,490	142	67		10,747	(10,129)		(153)	83	4,247
Debt securities	235	(36)	8		274	(170)		(11)	(12)	288
Equity instruments	**6**	**24**			**271**	**(491)**		**196**		**5**
Shares and other equity securities	6	24			271	(491)		196		5
Derivatives	**2,883**	**194**	**(655)**		**1,013**	**(1,343)**	**(2)**	**51**	**197**	**2,338**
Interest rate derivatives	913	(188)	(97)		194	(97)	(2)	303	(2)	1,024
Equity derivatives	1,094	141	(335)		714	(1,046)		(206)	(8)	355
Currency derivatives	683	119	(198)		54	(140)		(48)	214	683
Credit derivatives	191	(49)	(24)		18	(15)		1	(7)	116
Other derivatives	3	171	(1)		32	(45)		1		161
Financial assets at fair value through profit or loss – Held for trading[4]	**6,614**	**324**	**(581)**		**12,305**	**(12,134)**	**(2)**	**84**	**268**	**6,878**
Derivatives	**8**	**9**	**(1)**			**(3)**			**(1)**	**11**
Interest rate derivatives	7	9	(1)			(3)				11
Equity derivatives	1								(1)	
Financial assets at fair value through profit or loss – Economic hedges	**8**	**9**	**(1)**			**(3)**			**(1)**	**11**
Debt instruments	**44**					**(48)**			**4**	
Debt securities	44					(48)			4	
Financial assets at fair value through profit or loss – Under option	**44**					**(48)**			**4**	
Debt instruments	**2,451**	**(87)**	**(92)**		**749**	**(483)**		**(152)**	**(111)**	**2,275**
Loans due from banks and customers	1,425	(160)			375	(117)		(152)	21	1,392
Debt securities	1,026	73	(92)		373	(366)			(132)	883
Financial assets at fair value through profit or loss – Non-standard	**2,451**	**(87)**	**(92)**		**749**	**(483)**		**(152)**	**(111)**	**2,275**
Equity instruments	**799**	**386**	**(15)**		**14**	**(357)**			**9**	**835**
Shares and other equity securities	799	386	(15)		14	(357)			9	835
Financial assets at fair value through profit or loss – Excluding assets held for trading	**799**	**386**	**(15)**		**14**	**(357)**			**9**	**835**
Debt instruments	**16**		**(1)**	**1**	**1**	**(3)**				**15**
Loans due from banks and customers	16		(1)	1	1	(3)				15
Equity instruments	**1,535**	**83**	**13**	**(163)**	**206**	**(115)**			**(72)**	**1,486**
Shares and other equity securities	1,535	83	13	(163)	206	(115)			(72)	1,486
Financial assets at fair value through other comprehensive income	**1,551**	**83**	**12**	**(162)**	**208**	**(118)**			**(72)**	**1,501**

		Gains and losses recognized during the period – In the income statement[1]		Transactions carried out during the period		Transfers during the period			
in millions of euros	**01/01/2022**	**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]**	**12/31/2022**
FINANCIAL LIABILITIES									
Debt securities	**434**	**(23)**	**(10)**	**126**	**(326)**		**18**	**(3)**	**214**
Derivatives	**2,858**	**167**	**(864)**	**1,610**	**(1,646)**	**(2)**	**105**	**(169)**	**2,059**
Interest rate derivatives	695	77	(39)	154	(70)	(2)	430	4	1,249
Equity derivatives	1,347	78	(712)	1,336	(1,431)		(44)	(180)	395
Currency derivatives	553	11	(33)	51	(119)		(223)	13	253
Credit derivatives	216	(41)	(66)	58	(12)		(19)	(6)	129
Other derivatives	48	42	(14)	11	(15)		(39)	1	33
Financial liabilities at fair value through profit or loss – Held for trading[4]	**3,292**	**144**	**(874)**	**1,736**	**(1,973)**	**(2)**	**122**	**(172)**	**2,273**
Derivatives	**310**	**(130)**		**17**				**(1)**	**196**
Interest rate derivatives	310	(116)							194
Equity derivatives		(14)		17				(1)	2
Financial liabilities at fair value through profit or loss – Economic hedges	**310**	**(130)**		**17**				**(1)**	**196**
Debt securities	9,564	(374)	185	6,410	(6,137)		(625)	153	9,176
Other financial liabilities	105	(8)		16	(2)		(63)		48
Financial liabilities at fair value through profit or loss – Under option	**9,668**	**(382)**	**185**	**6,426**	**(6,138)**		**(688)**	**153**	**9,224**

(1) The main impacts recognized in the income statement are mentioned in Note 4.3.
(2) The main transfers from and to 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.

in millions of euros	01/01/2021	Gains and losses recognized during the period – In the income statement[(1)] – On transactions in progress at the reporting date	Gains and losses recognized during the period – In the income statement[(1)] – On transactions removed from the balance sheet at the reporting date	Gains and losses recognized during the period – In other comprehensive income	Transactions carried out during the period – Purchases/ Issues	Transactions carried out during the period – Sales/ Redemptions	Transfers during the period – To another reporting category	Transfers during the period – 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 at fair value through profit or loss – Under option	**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 from and to 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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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.

	2022 fiscal year					
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	**730**		**12,404**	**51**		**215**
Loans due from banks and customers			11,259	42		195
Debt securities	730		1,145	9		20
Equity instruments	**55**		**285**	**198**		**2**
Shares and other equity securities	55		285	198		2
Derivatives	**4**			**647**		**595**
Interest rate derivatives				355		52
Equity derivatives	4			22		228
Currency derivatives				262		310
Credit derivatives				6		5
Other derivatives				1		
Financial assets at fair value through profit or loss – Held for trading[(1)]	**789**		**12,689**	**896**		**812**
Debt instruments						**152**
Loans due from banks and customers						152
Financial assets at fair value through profit or loss – Non-standard						**152**
Debt instruments	**270**		**452**			
Debt securities	270		452			
Financial assets at fair value through other comprehensive income	**270**		**452**			

(1) Excluding economic hedges.

	2022 fiscal year					
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	**12**		**53**	**18**		
Derivatives	**6**			**735**		**631**
Interest rate derivatives	1			477		46
Equity derivatives	5			20		64
Currency derivatives				228		451
Credit derivatives				2		21
Other derivatives				9		48
Other financial liabilities			**12,251**			
Financial liabilities at fair value through profit or loss – Held for trading[(1)]	**18**		**12,304**	**753**		**631**
Debt securities				282		907
Other financial liabilities						63
Financial liabilities at fair value through profit or loss – Under option				**282**		**970**

(1) Excluding economic hedges.

	2021 fiscal year						
	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**			

	2021 fiscal year						
	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 at fair value through profit or loss – Under option					**1,932**		**1,056**

(1) Excluding economic hedges.

10.1.4 SENSITIVITY OF LEVEL 3 ASSETS AND LIABILITIES TO CHANGES IN THE PRINCIPAL ASSUMPTIONS

At December 31, 2022, the Group assessed the sensitivity of the fair value of the instruments of the Global Financial Services 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%.

The potential impact ranges between -€53 million and +€82 million in the income statement.

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.

	12/31/2022			
in millions of euros	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTIZED COST				
Loans and advances to banks	234,587	15	188,596	45,976
Loans and advances to customers	169,320		94,257	75,062
Debt securities	10,683	3,737	4,442	2,504
FINANCIAL LIABILITIES AT AMORTIZED COST				
Amounts due to banks and similar	253,279		158,399	94,880
Amounts due to customers	52,571		48,724	3,848
Debt securities	221,574	78,265	143,080	229
Subordinated debt	18,865	14,248	4,527	91

	12/31/2021			
in millions of euros	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTIZED COST				
Loans and advances to banks	196,370	35	146,438	49,896
Loans and advances to 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 and similar	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

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.

When it is likely that the competent tax authorities will question the treatment adopted, these uncertainties are reflected in tax income and expenses by a provision for tax risks presented under tax liabilities.

The Group is audited for prior years. Where the Group disagrees with the rectification, it will state its reasons for doing so and, in accordance with the above, a provision will be recorded in the amount of the estimated risk.

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	2022 fiscal year	2021 fiscal year
Current tax assets and liabilities	(870)	(973)
Deferred tax assets and liabilities	154	135
INCOME TAX	**(717)**	**(838)**

RECONCILIATION BETWEEN THE TAX CHARGE IN THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX CHARGE

	2022 fiscal year		2021 fiscal year	
	in millions of euros	Tax rate	*in millions of euros*	Tax rate
Net income (attributable to equity holders of the parent)	1,360		1,185	
Value adjustments on goodwill	241			
Non-controlling interests	51		270	
Share in net income of associates	17		(90)	
Income taxes	717		838	
INCOME BEFORE TAX AND VALUE ADJUSTMENTS ON GOODWILL	**2,386**		**2,202**	
Effects of permanent differences[(1)]	(48)		336	
Consolidated taxable income (A)	**2,338**		**2,538**	
Standard income tax rate in France (B)		**25.83%**		**28.41%**
Theoretical income tax expense (income) at the tax rate applicable in France (AxB)	**(604)**		**(721)**	
Impact of the change in unrecognized deferred tax assets and liabilities	11		7	
Reduced rate of tax and tax-exempt activities			29	
Difference in tax rates on income taxed outside France	13		22	
Tax on prior periods, tax credits and other taxes[(2)]	75		(36)	
Other items[(3)]	(212)		(139)	
INCOME TAX EXPENSE (INCOME) RECOGNIZED	**(717)**		**(838)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**30.67%**		**33.02%**

(1) Permanent differences mainly include the impact of the SRF (Single Resolution Fund) 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 BIMPLI for -€223 million and H2O for -€16 million for Natixis Investment Managers).

(2) Tax on prior periods, tax credits and other taxes mainly include the impacts of tax adjustments.

(3) Other items mainly include the effects of provisions for tax adjustments and the Group's tax consolidation, in particular the effects of changes in deferred tax assets recognized on Natixis' losses in France. These effects mainly result from the end of the Natixis tax consolidation group on December 31, 2021, and their entry into the BPCE tax consolidation from the January 1, 2022. This entry is 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 improves future deficit allocation capacity and the tax savings related to this allocation are fully reallocated to Natixis.

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.

The tax rate and tax rules used to calculate deferred taxes are those resulting from current tax legislation and which will be applicable when the tax becomes payable or recoverable.

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	12/31/2022	12/31/2021
Deferred taxes resulting from accounting-tax timing differences	**1,965**	**1,756**
Provisions for employee-related liabilities	76	99
Provisions for regulated home savings products	1	1
Provisions on a portfolio basis	133	72
Other non-deductible provisions	416	587
Deferred tax on tax loss carryforwards[1]	1,780	1,913
Unrecognized deferred tax assets and liabilities[1]	(806)	(1,142)
Other sources of temporary differences	365	227
Deferred taxes on unrealized reserves	**211**	**(283)**
Financial assets at fair value through non-recyclable other comprehensive income[2]	(18)	(97)
Financial assets at fair value through recyclable other comprehensive income[2]	284	(281)
Cash flow hedges	(98)	78
Actuarial gains and losses on employee benefit obligations	(17)	(21)
Own credit risk	60	38
Unrecognized deferred tax assets and liabilities		**(1)**
Deferred income taxes[3]	**(1,217)**	**(862)**
NET DEFERRED TAX ASSETS AND LIABILITIES	**959**	**612**
Recognized		
As assets in the balance sheet	2,512	1,608
As liabilities in the balance sheet	(1,553)	(997)

(1) The amount of deferred tax on losses recognized is €974 million, of which €728 million is capitalized on the loss from Natixis and its previous tax consolidation. The capitalized tax loss base in France is €2,821 million out of a total of €3,151 million of tax loss carryforwards. At December 31, 2022, the group performed tests to measure the potential impact on its deferred tax assets of the assumptions made to prepare 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 capitalizing deferred taxes.

(2) Deferred taxes associated with these instruments are presented net of deferred taxes corresponding to the cancellation of provisions for impairment under French GAAP.

(3) of which a deferred tax liability relating to the tax amortization of goodwill in the United States.

Deferred tax assets are only recognized at the reporting date if it is probable that the tax entity concerned will recover the tax savings over a specified period. Groupe BPCE applies the following principles:

- the tax business plans are based on the strategic plan (4 years) with a longer-term projection;
- as a precaution, the maximum timeframe used to capitalize a net deferred tax asset is 10 years.

These savings will be realized by deducting tax differences and losses carried forward against profits estimated future taxable liabilities within this horizon.

At December 31, 2022, deductible temporary differences, tax losses and unused tax credits for which no deferred tax asset has been recorded in the balance sheet amounted to €812 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, 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;
- the Digital & Payments division, which brings together the payments activities and the activities of Oney, in order to support the digitization of retail and strengthen the quality of service from end to end of the payment chain;
- the Other networks, including Banque Palatine.

Global Financial Services, comprising the two sub-divisions of Natixis:

- Asset & Wealth Management:
  - Asset Management, present on the various international markets, brings together the expertise of management and distribution companies as well as employee savings (“Natixis Interépargne”, the leading player in employee savings account management in France),

- Wealth Management, with Natixis Wealth Management, which offers wealth management and financing solutions for large private investors;

- 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 reporting takes into account the significant transformation of the Group's structure in the first half of 2022. For the sake of comparability, proformas have been carried out on the 2021 data to take into account in particular the Group's simplification operation with the transfer of the insurance and payment businesses to BPCE and the consolidation of certain support functions within BPCE SA, as well as the transfer of Banco Primus from Crédit Foncier (Corporate center) to the FSE (RB&I) division.

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	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021
Net banking income	3,560	3,379	7,105	7,558	1,011	843	11,676	11,780
Operating expenses	(2,200)	(2,056)	(5,168)	(5,304)	(1,721)	(1,719)	(9,090)	(9,078)
Gross operating income	**1,359**	**1,324**	**1,936**	**2,254**	**(710)**	**(876)**	**2,586**	**2,702**
Cost/income ratio	61.8%	60.8%	72.7%	70.2%	N/S	N/S	77.9%	77.1%
Cost of risk	(273)	(214)	(247)	(170)	(0)	(46)	(521)	(430)
Share in income of equity-accounted associates	(2)	7	13	12	(28)	64	(17)	83
Net income (expense) from other assets	287	(4)	17	(70)	17	5	321	(69)
Value adjustments on goodwill					(241)		(241)	
Income before tax	**1,372**	**1,113**	**1,718**	**2,026**	**(962)**	**(854)**	**2,128**	**2,285**
Income tax	(295)	(309)	(445)	(536)	23	7	(717)	(838)
Non-controlling interests (minority interests)	6	(65)	(58)	(267)	1	63	(51)	(268)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT – EXCL. COFACE NET CONTRIBUTION	**1,083**	**739**	**1,215**	**1,224**	**(938)**	**(783)**	**1,360**	**1,180**
Net contribution by Coface[(1)]						5		5
Transition from pro forma to reportable net income attributable to equity holders of the parent[(2)]		(23)		26		(4)		
REPORTABLE NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**1,083**	**716**	**1,215**	**1,250**	**(938)**	**(781)**	**1,360**	**1,185**

* Excluding Banques Populaires, Caisses d'Epargne and their consolidated subsidiaries.

Results of the Retail Banking and Insurance sub-divisions

	Financial Solutions & Expertise		Insurance		Digital & Payments		Other networks		Retail Banking and Insurance	
in millions of euros	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021 pf	2022	2021 pf
Net banking income	1,281	1,181	974	972	958	899	347	327	3,560	3,379
Operating expenses	(672)	(644)	(536)	(503)	(783)	(696)	(209)	(212)	(2,200)	(2,056)
Gross operating income	**609**	**538**	**438**	**468**	**175**	**202**	**138**	**115**	**1,359**	**1,324**
Cost/income ratio	52.5%	54.5%	55.0%	51.8%	81.8%	77.5%	60.3%	64.8%	61.8%	60.8%
Cost of risk	(86)	(73)			(131)	(102)	(56)	(39)	(273)	(214)
Share in income of equity-accounted associates			(1)	7	(2)			0	(2)	7
Net income (expense) from other assets		(0)			283	0	5	(4)	287	(4)
Income before tax	**523**	**464**	**437**	**475**	**326**	**100**	**86**	**73**	**1,372**	**1,113**

(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.
(2) The impacts related to the proforma are canceled at the level of this line to return to the published vision of the segment information as communicated in 2021.

Results of the sub-divisions of Global Financial Services

	Asset Management		Corporate & Investment Banking		Global Financial Services	
in millions of euros	2022	2021 pf	2022	2021 pf	2022	2021 pf
Net banking income	3,349	3,911	3,756	3,646	7,105	7,558
Operating expenses	(2,638)	(2,813)	(2,530)	(2,491)	(5,168)	(5,304)
Gross operating income	**711**	**1,098**	**1,226**	**1,156**	**1,936**	**2,254**
Cost/income ratio	78.8%	71.9%	67.4%	68.3%	72.7%	70.2%
Cost of risk	5	(4)	(252)	(167)	(247)	(170)
Share in income of equity-accounted associates	0	1	12	10	13	12
Net income (expense) from other assets	17	(70)	(0)	1	17	(70)
Income before tax	**733**	**1,026**	**986**	**1,000**	**1,718**	**2,026**

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	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Segment assets	186,504	182,016	3,040	4,021	324,925	312,153	398,192	424,798	912,661	922,988
Segment liabilities	186,504	182,016	3,040	4,021	324,925	312,153	398,192	424,798	912,661	922,988

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	2022 fiscal year	2021 fiscal year
France	7,298	7,264
Rest of Europe	873	1,102
North America	2,792	2,721
Rest of world	713	694
TOTAL	**11,676**	**11,780**

Total segment assets

in millions of euros	12/31/2022	12/31/2021
France	814,897	814,156
Rest of Europe	17,729	26,948
North America	40,799	41,651
Rest of world	39,236	40,233
TOTAL	**912,661**	**922,988**

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 Leases 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 amount 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 initial direct 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	12/31/2022	12/31/2021
FINANCE LEASES		
Non-discounted lease payments (amount of gross investments)	**14,800**	**13,358**
< 1 year	3,577	3,197
1-5 years	7,837	7,009
> 5 years	3,386	3,152
Discounted lease payments (amount of net investments)	**13,170**	**12,047**
< 1 year	3,442	3,086
1-5 years	7,162	6,445
> 5 years	2,566	2,516
Financial income not received	**1,630**	**1,311**
OPERATING LEASES	**587**	**221**
< 1 year	67	45
1-5 years	323	112
> 5 years	197	63

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-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.

Leases 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	12/31/2022	12/31/2021
EXPENSES FROM LEASE TRANSACTIONS	**(351)**	**(280)**
Interest expenses on lease liabilities	(19)	(14)
Depreciation of right-of-use assets	(294)	(259)
Variable lease expenses not included in measurement of lease liabilities	(36)	(3)
Expenses on short-term leases[1]	(1)	(4)
Expenses on underlying assets of low value[1]	(0)	(0)
INCOME FROM SUB-LEASING/OPERATING LEASES	**3**	**31**

(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	12/31/2022	12/31/2021
Amounts of non-discounted future payments	**944**	**1,395**
< 1 year	157	238
1-5 years	435	626
> 5 years	352	530

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	12/31/2022	12/31/2021
Amounts of non-discounted future payments	**4**	**35**
< 1 year	0	0
1-5 years	2	17
> 5 years	2	18

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). No significant transaction was identified in this respect.

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 €8 million in 2022 (*vs.* €7 million in 2021).

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 benefits came to €2 million at December 31, 2022 (€4 million at December 31, 2021).

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	12/31/2022	12/31/2021
EDF INVESTISSEMENT GROUPE	524	522
Swile	208	///
Socram Banque	41	41
Others	83	218
Financial sector companies	**857**	**780**
Others	203	136
Non-financial companies	**203**	**136**
TOTAL INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	**1,060**	**916**

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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	**1,559**
Total liabilities	**228**
Income statement	
Net operating income or net banking income	2
Income tax	(1)
Net income	3
CARRYING VALUE OF INVESTMENTS IN ASSOCIATES	
Equity of associates	234
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, 2022 is as follows:

in millions of euros	Main partnerships and associates	Others	2022 fiscal year	2021 fiscal year
Value of investments in associates[(1)]	**774**	**285**	**1,060**	**916**
Total amount of share in:				
Net income	11	(28)	(17)	90
Gains and losses recognized directly in other comprehensive income				
COMPREHENSIVE INCOME	**11**	**(28)**	**(17)**	**90**

(1) Including Swile (equity method) since December 2022 (see Note 1.3).

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 INCOME OF ASSOCIATES

in millions of euros	2022 fiscal year	2021 fiscal year
CNP Assurances (group)[(1)]	///	148
EDF Investments group (EIG)	12	10
Coface[(2)]	///	7
Socram Banque	1	1
Swile[(3)]	(2)	///
Others	1	(82)
Financial sector companies	**13**	**84**
Others	(29)	6
Non-financial companies	**(29)**	**6**
SHARE IN NET INCOME OF ASSOCIATES	**(17)**	**90**

(1) On December 16, 2021, BPCE disposed of 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).
(3) Since December 14, 2022 (see Note 1.3).

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 are:

- 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.

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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, 2022

Excluding Insurance business investments *in millions of euros*	Securitization	Asset management	Structured Financing	Other activities
Financial assets at fair value through profit or loss	**367**	**1,681**	**1,698**	**393**
Trading derivatives	32	28	124	327
Trading financial instruments (excluding derivatives)	108	26	1,565	58
Financial assets at fair value through profit or loss – Non-SPPI	74	1,265	6	
Financial instruments designated at fair value through profit or loss				
Equity instruments not held for trading	153	361	3	8
Financial assets at fair value through other comprehensive income		**2**	**4**	
Financial assets at amortized cost	**8,351**	**1,015**	**10,678**	**1,168**
Other assets	**19**	**24**	**5**	**2**
TOTAL ASSETS	**8,737**	**2,721**	**12,386**	**1,562**
Financial liabilities at fair value through profit or loss	**116**	**38**	**1,294**	**346**
Provisions	**2**	**1**	**10**	**2**
TOTAL LIABILITIES	**117**	**38**	**1,304**	**348**
Loan commitments given	**8,758**	**192**	**2,857**	**433**
Guarantee commitments given(1)	**81**	**110**	**2,322**	**180**
Collateral received	**1,880**		**7,751**	**165**
Notional amount of derivatives	**792**		**7,941**	**135**
MAXIMUM LOSS EXPOSURE	**16,487**	**3,023**	**17,745**	**2,143**

(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, 2022 (see Note 6.2, Guarantee commitments).

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, 2022

Insurance business investments *in millions of euros*	Securitization	Asset management	Other activities
Financial assets at fair value through profit or loss		**11,454**	
Trading financial instruments (excluding derivatives)		2,849	
Financial instruments designated at fair value through profit or loss		8,605	
Available-for-sale financial assets	**505**	**5,202**	
TOTAL ASSETS	**505**	**16,656**	
TOTAL LIABILITIES			
Loan commitments given	**499**	**364**	
MAXIMUM LOSS EXPOSURE	**1,005**	**17,021**	

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, 2022

in millions of euros	Securitization	Asset management	Structured Financing	Other activities
Size of structured entities	**98,179**	**409,734**	**45,129**	**1,987**

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**

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:

2022 fiscal year

in millions of euros	Securitization	Asset management
Income from entities	**(21)**	**1,190**
Net interest income	1	1
Net fee and commission income		1,170
Gains (losses) on financial instruments at fair value through profit or loss	(22)	19
Carrying amount of assets transferred to the entity during the fiscal year	**679**	

2021 fiscal year

in millions of euros	Securitization	Asset management
Income from entities	**(13)**	**245**
Net interest income	2	
Net fee and commission income		233
Gains (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**	

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 2021 and 2022 fiscal years were as follows:

	PwC				Mazars				Deloitte				TOTAL			
	Amount		%		Amount		%		Amount		%		Amount		%	
in thousands of euros[1]	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Certification of financial statements	**14,966**	**11,536**	**80%**	**72%**	**6,490**	**3,963**	**82%**	**84%**	**3,348**	**7,628**	**71%**	**71%**	**24,804**	**23,128**	**79%**	**74%**
Issuer	960	845			960	784			954	718			2,874	2,347		
Fully consolidated subsidiaries	14,006	10,691			5,530	3,179			2,394	6,910			21,930	20,781		
Services other than financial statement certification[2]	**3,751**	**4,384**	**20%**	**28%**	**1,442**	**741**	**18%**	**16%**	**1,363**	**3,153**	**29%**	**29%**	**6,556**	**8,278**	**21%**	**26%**
Issuer	1,109	694			343	139			319	650			1,771	1,483		
Fully consolidated subsidiaries	2,642	3,690			1,099	602			1,044	2,503			4,785	6,795		
TOTAL	**18,717**	**15,921**	**100%**	**100%**	**7,932**	**4,704**	**100%**	**100%**	**4,711**	**10,781**	**100%**	**100%**	**31,360**	**31,406**	**100%**	**100%**
o/w fees paid to commissioned Statutory Auditor for certification of financial statements of consolidating entities	*8,147*	*7,426*			*5,539*	*2,958*			*2,693*	*3,863*			*16,379*	*14,248*		
o/w fees paid to commissioned Statutory Auditor for services other than certification of financial statements of consolidating entities	*1,790*	*1,221*			*854*	*308*			*802*	*858*			*3,446*	*2,387*		
Change (as a%)				**18%**				**69%**				**(56%)**				**0%**

(1) Amounts relating to services provided appear on the income statement for the fiscal year, notably including unrecoverable VAT.

(2) In 2022, "Services other than financial statement certification" mainly concern assignments performed at the request of BPCE SA (€1.8 million), in particular for work relating to expert appraisals (€0.5 million), letters of comfort relating to issues (€0.6 million), as well as assignments performed at the request of Natixis SA and its subsidiaries (€3.4 million), in particular support for the compliance of systems put in place (€0.2 million), tax assignments outside the European Union (€0.9 million) and technical assistance assignments (€0.5 million).

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Note 13 Exclusion from 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 2022, 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 securitization transactions 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 €28 million and total liabilities of €23 million at December 31, 2022.

The fair value of these residual ties is remeasured at each closing date.

At December 31, 2022, the net impact of the CFHL-2 transactions was an expense of -€30 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, 2022

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	100%	FC
BANCO PRIMUS	Credit institution	PT	100%	FC
BANCO PRIMUS Spain	Credit institution	ES	100%	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	Equipment leasing	FR	100%	FC
BPCE EXPERTISES IMMOBILIÈRES (formerly CRÉDIT FONCIER EXPERTISE)	Real estate valuation	FR	100%	FC
BPCE FACTOR	Factoring	FR	100%	FC
BPCE Financement	Consumer credit	FR	100%	FC
BPCE INFOGÉRANCE ET TECHNOLOGIE	IT services	FR	55%	FC
BPCE LEASE	Equipment leasing	FR	100%	FC
BPCE LEASE IMMO	Real estate leasing	FR	100%	FC
BPCE LEASE Madrid Branch	Equipment and real estate leasing	ES	100%	FC
BPCE LEASE Milan Branch	Equipment and real estate leasing	IT	100%	FC
BPCE LEASE NOUMÉA	Equipment leasing	NC	99%	FC
BPCE LEASE RÉUNION	Equipment leasing	RE	100%	FC
BPCE LEASE TAHITI	Equipment leasing	PF	100%	FC
BPCE SERVICES	Holding company activities	FR	100%	FC
BPCE SOLUTIONS INFORMATIQUES	IT systems and software consulting	FR	32%	EQ
BPCE PERSONAL CAR LEASE	Long-term vehicle leasing	FR	100%	FC
BPCE SERVICES FINANCIERS (formerly CSF-GCE)	Services company	FR	39%	EQ
BPCE SFH	Funding	FR	100%	FC
BPCE SOLUTIONS CLIENTS (FORMERLY BPCE SOLUTIONS CRÉDIT)	Services company	FR	82%	FC
BPCE SOLUTIONS IMMOBILIÈRES (formerly 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
FIDOR BANK AG[4]	Digital loan institution	DE	100%	FC
GCE PARTICIPATIONS	Holding	FR	100%	FC
GIE CE SYNDICATION RISQUES	Guarantee company	FR	36%	EQ
INTER-COOP SA	Real estate leasing	FR	100%	FC
INFORMATIQUE BANQUES POPULAIRES	IT services	FR	32%	EQ
IT-CE	IT services	FR	32%	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
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

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Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
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 – WARSAW	International development and consulting services	PL	100%	FC
SOCFIM	Credit institution	FR	100%	FC
SOCFIM PARTICIPATIONS IMMOBILIÈRES	Holding	FR	100%	FC
SOCRAM BANQUE	Credit institution	FR	33%	EQ
SPORTS & IMAGINE	Services company	FR	100%	FC
SUD OUEST BAIL	Real estate leasing	FR	100%	FC
SURASSUR	Reinsurance	LU	100%	FC
ONEY group				
ONEY BANK	Holding	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	MT	50%	FC
ONEY LIFE (PCC) LIMITED (MALTA)	Insurance	MT	50%	FC
ONEY INSURANCE (PCC) LIMITED (MALTA)	Insurance	MT	50%	FC
ONEY POLSKA	Intermediation Financial institution	PL	50%	FC
ONEY SERVICES SP ZOO	Intermediation 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

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
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
Crédit Foncier group				
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	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	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	56%	FC
THE AZURE CAPITAL TRUST	Holding	AU	56%	FC
AZURE CAPITAL LIMITED	Holding	AU	56%	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	72%	FC
Natixis Partners Iberia, SA	M&A advisory services	ES	89%	FC
NATIXIS NORTH AMERICA LLC	Holding	US	100%	FC
Solomon Partners, LP (formerly Peter J. Solomon Company LP)	M&A advisory services	US	58%	FC
Solomon Partners Securities Company LLC (formerly Peter J. Solomon Securities Company LLC)	Brokerage	US	58%	FC
NATIXIS FUNDING CORP	Other financial company	US	100%	FC
VERSAILLES	Securitization vehicle	US	100%	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
SPG	Mutual fund	FR	100%	FC
NATIXIS MARCO	Investment company (extension of activity)	FR	100%	FC
NATIXIS INNOV	Holding	FR	100%	FC
INVESTIMA 77	Holding	FR	100%	FC
NATIXIS ALTERNATIVE HOLDING LIMITED	Holding	GB	100%	FC
Fenchurch Partners LLP	M&A advisory services	GB	51%	FC
VERMILION PARTNERS (UK) LIMITED	Holding	GB	72%	FC
Vermilion Partners LLP	M&A advisory services	GB	72%	FC
NATIXIS ASIA LTD	Other financial company	HK	100%	FC
NATIXIS HOLDINGS (HONG KONG) LIMITED	Holding	HK	100%	FC
VERMILION PARTNERS (HOLDINGS) LIMITED	Holding	HK	72%	FC
VERMILION PARTNERS LIMITED	Holding	HK	72%	FC
NATIXIS GLOBAL SERVICES (INDIA) PRIVATE LIMITED	Operational support	IN	100%	FC
BLEACHERS FINANCE	Securitization vehicle	IE	100%	FC
DF EFG3 LIMITED	Holding	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	LU	100%	FC
NATIXIS REAL ESTATE FEEDER SARL	Investment company	LU	100%	FC
NATIXIS ALTERNATIVE ASSETS	Holding	LU	100%	FC
NATIXIS STRUCTURED ISSUANCE	Issuing vehicle	LU	100%	FC
NATIXIS BANK JSC, MOSCOW	Banking	RU	100%	FC
NATIXIS ZWEIGNIEDERLASSUNG DEUTSCHLAND	Financial institution	DE	100%	FC
NATIXIS CANADA	Financial institution	CA	100%	FC
NATIXIS SHANGHAI	Financial institution	CN	100%	FC
NATIXIS BEIJING	Financial institution	CN	100%	FC
NATIXIS DUBAI	Financial institution	AE	100%	FC
NATIXIS NEW YORK	Financial institution	US	100%	FC
NATIXIS MADRID	Financial institution	ES	100%	FC
NATIXIS LONDON	Financial institution	GB	100%	FC
NATIXIS HONG KONG	Financial institution	HK	100%	FC
NATIXIS MILAN	Financial institution	IT	100%	FC
NATIXIS TOKYO	Financial institution	JP	100%	FC
NATIXIS LABUAN	Financial institution	MY	100%	FC
NATIXIS PORTO	Financial institution	PT	100%	FC
Natixis Seoul	Financial institution	KR	100%	FC
NATIXIS SINGAPOUR	Financial institution	SG	100%	FC
NATIXIS TAIWAN	Financial institution	TW	100%	FC
NATIXIS COFICINÉ	Finance company (audiovisual)	FR	100%	FC
AEW INVEST GmbH	Distribution	DE	100%	FC
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED	Distribution	AU	100%	FC
INVESTORS MUTUAL LIMITED	Asset Management	AU	68%	FC
AEW Australia Pty Ltd	Asset Management	AU	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
Natixis IM Canada Holdings Ltd	Holding	CA	100%	FC
NATIXIS INVESTMENT MANAGERS KOREA LIMITED	Distribution	KR	100%	FC
AEW Korea LLC	Asset Management	KR	100%	FC
Natixis IM Korea Limited (NIMKL)	Distribution	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 Partners X GP, LLC	Asset Management	US	100%	FC
AEW Value Investors Asia II GP Limited	Asset Management	JE	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 [3]	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	100%	FC
EPI SO SLP LLC	Asset Management	US	100%	FC
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management	US	100%	FC
HARRIS ALTERNATIVES HOLDING INC	Holding	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
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	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 INVESTMENT MANAGERS US Holdings, LLC	Holding	US	100%	FC
MIROVA US Holdings LLC	Holding	US	100%	FC
SunFunder Inc.	Private debt management company	US	100%	FC
Natixis IM innovation	Asset Management	FR	100%	FC
AEW Europe SA (ex-AEW SA)	Asset Management	FR	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
AEW (ex-AEW Ciloger)	Real estate management	FR	100%	FC
DARIUS CAPITAL CONSEIL	Financial investment advisory services	FR	70%	FC
DNCA FINANCE	Asset Management	FR	100%	FC
DORVAL ASSET MANAGEMENT	Asset management	FR	99%	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	100%	FC
NATIXIS TRADEX SOLUTIONS	Holding	FR	100%	FC
NATIXIS INVESTMENT MANAGERS	Holding	FR	100%	FC
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding	FR	100%	FC
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding	FR	100%	FC
NAXICAP PARTNERS	Management of venture capital mutual funds	FR	100%	FC
OSSIAM	Asset Management	FR	82%	FC
SEVENTURE PARTNERS	Asset Management	FR	59%	FC
SEEYOND	Asset Management	FR	100%	FC
Natixis Investment Managers Participations 5 (formerly MV Credit France)	Holding	FR	100%	FC
THEMATICS ASSET MANAGEMENT	Asset Management	FR	50%	FC
VAUBAN INFRASTRUCTURE PARTNERS	Asset Management	FR	61%	FC
Loomis Sayles Capital Re	Asset Management	FR	100%	FC
AEW EUROPE ADVISORY LTD	Asset Management	GB	100%	FC
AEW EUROPE CC LTD	Asset Management	GB	100%	FC
AEW EUROPE HOLDING Ltd	Asset Management	GB	100%	FC
AEW EUROPE INVESTMENT LTD	Asset Management	GB	100%	FC
AEW EUROPE LLP	Asset Management	GB	100%	FC
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management	GB	100%	FC
AEW GLOBAL LTD	Asset Management	GB	100%	FC
AEW GLOBAL UK LTD	Asset Management	GB	100%	FC
AEW UK INVESTMENT MANAGEMENT LLP	Asset Management	GB	100%	FC
AEW Promote LP LTD	Asset Management	GB	100%	FC
AEW EVP GP LLP	Asset Management	GB	100%	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 UK Limited (formerly 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
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 APREF Investors, LP	Asset Management	JE	100%	FC
SunFunder East Africa Ltd	Private debt management company	KE	100%	FC
AEW EUROPE SARL	Asset Management	LU	100%	FC
AEW EUROPE GLOBAL LUX	Asset Management	LU	100%	FC
AEW VIA IV GP Partners SARL	Asset Management	LU	100%	FC

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
AEW VIA V GP Partners SARL	Asset Management	LU	100%	FC
AEW APREF GP SARL	Asset Management	LU	100%	FC
AEW Core Property (US) Lux GP, SARL	Asset Management	LU	100%	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
Loomis Sayles Euro Investment Grade Credit	Asset Management	LU	34%	FC
NATIXIS INVESTMENT MANAGERS SA	Distribution	LU	100%	FC
MV CREDIT SARL	Asset Management	LU	100%	FC
Natixis IM Mexico, S. de RL de CV	Asset management	MX	100%	FC
LOOMIS SAYLES (NETHERLANDS) BV	Distribution	NL	100%	FC
AEW CENTRAL EUROPE	Asset Management	PL	100%	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
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, Zweigniederlassung Deutschland	Distribution	DE	100%	FC
NATIXIS INVESTMENT MANAGERS SA, ZWEIGNIEDERLASSUNG 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	Distribution	AE	100%	FC
NATIXIS INVESTMENT MANAGERS, BRANCH IN SPAIN	Distribution	ES	100%	FC
AEW Europe LLP, Spain branch	Distribution	ES	100%	FC
NATIXIS INVESTMENT MANAGERS, BRANCH IN SPAIN	Distribution	ES	100%	FC
MV Credit SARL, France branch	Asset management	FR	100%	FC
AEW ITALIAN BRANCH (EX-AEW CILOGER ITALIAN BRANCH)	Distribution	IT	100%	FC
DNCA FINANCE, MILAN BRANCH	Asset Management	IT	100%	FC
NATIXIS INVESTMENT MANAGERS SA, ITALY BRANCH	Distribution	IT	100%	FC
Seeyond Italy branch	Asset Management	IT	100%	FC
Ostrum Asset Management Italia	Asset Management	IT	100%	FC
DNCA FINANCE BRANCH LUXEMBOURG	Asset Management	LU	100%	FC
Loomis Sayles & Company, LP, Dutch branch	Distribution	NL	100%	FC
AEW – Dutch Branch	Real estate management	NL	100%	FC
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, Netherlands	Distribution	NL	100%	FC
AEW CENTRAL EUROPE CZECH	Distribution	CZ	100%	FC
MIROVA SWEDEN SUBSIDIARY	Asset Management	SE	100%	FC
NATIXIS INVESTMENT MANAGERS, NORDICS SUBSIDIARY	Distribution	SE	100%	FC
NATIXIS PRIVATE EQUITY	Private equity	FR	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

Company	Activity	Location[(1)]	Interest rates	Statutory method of consolidation[(2)]
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				
BPCE ASSURANCES	Insurance company holding company	FR	100%	FC
NA	Insurance company holding company	FR	100%	FC
BPCE LIFE	Life insurance	LU	100%	FC
BPCE LIFE France branch	Life insurance	FR	100%	FC
BPCE IARD (FORMERLY 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
DNCA INVEST NORDEN	Insurance investment mutual fund	LU	38%	FC
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund	FR	42%	FC
SCPI IMMOB ÉVOLUTIF	Insurance real estate investments	FR	37%	FC
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund	FR	68%	FC
SELECTIZ	Insurance investment mutual fund	FR	59%	FC
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund	FR	58%	FC
ALLOCATION PILOTÉE ÉQUILIBRE C	Insurance investment mutual fund	FR	49%	FC
MIROVA EUROPE ENVIRONNEMENT C	Insurance investment mutual fund	FR	42%	FC
VEGA EURO RENDEMENT FCP RC	Insurance investment mutual fund	FR	38%	FC
Vega Europe Convictions fund	Insurance investment mutual fund	FR	34%	FC
SCPI Atlantique Mur Régions	Insurance investment mutual fund	FR	84%	FC
BPCE ASSURANCES IARD (formerly BPCE ASSURANCES)	Insurance company	FR	100%	FC
BPCE ASSURANCES PRODUCTION SERVICES	Service providers	FR	53%	FC
Payments division				
BPCE PAYMENT SERVICES (formerly NATIXIS PAIEMENTS SOLUTION)	Banking services	FR	100%	FC
BPCE PAYMENTS (Ex-Shiva)	Holding	FR	100%	FC
BPH (formerly NATIXIS PAYMENT HOLDING)	Holding	FR	100%	FC
XPOLLENS (formerly S-MONEY)	Payment services	FR	100%	FC

Company	Activity	Location[1]	Interest rates	Statutory method of consolidation[2]
PAYPLUG	Payment services	FR	99%	FC
DALENYS SA	Holding	BE	100%	FC
DALENYS INTERNATIONAL	Holding	NL	100%	FC
DALENYS FINANCE	Holding	NL	100%	FC
DALENYS PAYMENT	Payment services	FR	100%	FC
SWILE	Payment services, Service vouchers and Online services for employees	FR	26%	EQ
Others				
BPCE IMMO EXPLOITATION (formerly 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.

(3) Entity treated in accordance with IFRS 5 as of December 31, 2022.

(4) Entity treated as a "discontinued operation" at December 31, 2022.

13.5 NON-CONSOLIDATED COMPANIES AT DECEMBER 31, 2022

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	13.12%	Holding not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	563	0
CREDIT LOGEMENT	FRANCE	15.49%	Holding not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	1,654	120
FIDEPPP2	FRANCE	12.50%	Holding not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	144	4
FRANCE ACTIVE GARANTIE	FRANCE	14.00%	Holding not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	26	0
OPPORTUNITÉ PLACEMENT CILOGER 2	FRANCE	10.21%	Holding not consolidated because the Group does not exercise control, joint control or significant influence (including tax optimization structures)	90	7
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)	128	12

(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, 2022

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

7, promenade Germaine Sablon

75013 Paris

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, 2022.

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, 2022 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 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 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, 2022 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 2022 concerned certification, agreed-upon procedures, reviews of compliance procedures, interim review procedures, tax consultations, comfort letters issued in connection with issuance programs, and independent third party engagements on the CSR information included in the management report.
- Mazars: the main engagements carried out in 2022 concerned agreed-upon procedures, certification, letters of comfort issued in connection with issuance programs, as well as independent third-party engagements on the CSR information included in the management report.
- PricewaterhouseCoopers Audit: the main engagements carried out in 2022 concerned certification, agreed-upon procedures, training, reviews of compliance procedures and services rendered in connection with acquisitions or restructuring, technical assistance engagements, letters of comfort issued in connection with issuance programs, tax-related consultations, and independent third party engagements on the CSR information included in the management report.

III. JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

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)

Description of risk and main judgments

BPCE SA group is exposed to credit risks. 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.

This impairment for expected losses is supplemented, where appropriate, with sector-based impairment and provisions, taking into account local specificities.

Loan outstandings with a proven counterparty risk (Stage 3) are subject to impairment, determined mainly on an individual basis. Impairment is assessed by management based on recoverable future cash flows, estimated with consideration of the available guarantees on each of the loans concerned.

We considered the identification and assessment of credit risk to be a key audit matter given that the related provisions represent a material amount for the preparation of the financial statements, particularly in a context of persistent uncertainties marked by the conflict in Ukraine, the disruption in raw materials and energy, the resurgence of inflation and a rapid increase in interest rates, and require management to exercise judgment as to the allocation of credit-impaired loans and in determining the Stage 1 and 2 impairment calculation inputs and methods and assessing the amount of provisions for Stage 3 loans on an individual basis.

Exposure to credit risks for which calculations of impairment/provisions are performed in accordance with IFRS 9 represent around 48% of Groupe BPCE's total assets at December 31, 2022 (45% and €414 billion for gross outstanding loans and receivables alone).

Impairment of customer loans and receivables measured at amortized cost amounts to €3.0 billion, of which €0.2 billion attributable to Stage 1, €0.6 billion to Stage 2 and €2.0 billion to Stage 3. Cost of risk in 2022 was €0.5 billion.

For more information on accounting principles and exposures, see Notes 5.5 and 7.1 to the consolidated financial statements.

How our audit addressed this risk

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 appropriateness of the inputs used to calculate impairment;
- performing counter-calculations on the main loan portfolios;
- performing controls on the entire IT system implemented by Groupe BPCE, including a review of general IT controls, interfaces and automated controls to process information related to IFRS 9;
- carrying out checks on the tool used to assess the impact of the application of sector-based impairment on expected credit losses.

Impairment of Stage 3 exposures

As part of our audit procedures, and more generally, we examined the control system relating to the identification of exposures classified under Stage 3, the monitoring of credit and counterparty risk, the assessment of nonrecovery risk and the determination of the related individual impairment and provisions.

Our work consisted in assessing the quality of the monitoring system for sensitive, doubtful and non-performing counterparties, and the credit review system. 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 detailed disclosures in the notes to the financial statements, required by IFRS 9 under "Impairment" as of December 31, 2022.

Level 2 and 3 financial instruments under IFRS 13

Description of risk and main judgments

BPCE SA group holds a significant proportion of financial instruments measured at fair value, which are broken down into three levels defined by IFRS 13, according to the valuation 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 measurement of complex financial instruments at fair value, classified in levels 2 and 3 to be a key audit matter owing to the materiality of these exposures and the judgment required to determine their fair value, especially for certain types of financial instruments in an economic environment that remains uncertain.

For more details on accounting principles and fair value hierarchy of financial instruments, see note 10 to the consolidated financial statements.

How our audit addressed this risk

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 held interviews with the Risk, Compliance and Permanent Control department (DRCCP) and reviewed the reports and committee meeting minutes prepared by the department.

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 the following procedures with the assistance of our valuation experts, with whom we also performed independent valuations consisting, based on samples, of the review of assumptions, methodologies and market inputs used in the valuation models to estimate the main valuation adjustments as of December 31, 2022.

We also examined, on a sample basis, any differences in margin calls with market counterparties so as to assess the appropriateness of the valuations.

Lastly, 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

Description of risk and main judgments

BPCE SA group recognizes goodwill in its consolidated financial statements. The external growth transactions completed by the Group have led it (i) to assess the terms and conditions of control exercised over entities acquired in accordance with IFRS 10 "Consolidated financial statements" and (ii) to record the purchase price allocation 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 recoverable amount is determined based on discounted future cash flows of CGUs, resulting from the Group's medium-term plans for the entities concerned.

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.

As of December 31, 2022, the gross value of goodwill amounted to €4,160 million, while the total of impairment losses was €552 million.

The methods used by BPCE SA group to perform impairment tests, 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.

How our audit addressed this risk

With the assistance of our experts, we assessed the process implemented by BPCE SA group to identify indications of potential impairment and performed a critical review of the methods used for carrying out 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

Description of risk and main judgments

As part of its insurance business, BPCE SA group recognizes technical reserves representing its commitments to policyholders.

We deemed the valuation of reserves to be a key audit matter as it represents a significant amount in the Group's consolidated financial statements and some of these provisions require judgment to determine the underlying assumptions (actual mortality rates and behavior) or the calculation models used.

The technical reserves of the insurance contracts amounts to €103.7 billion as of December 31, 2022.

See Note 9.1.2 to the consolidated financial statements for further details.

How our audit addressed this risk

We called on our actuarial experts to assist us in performing our audit procedures on these items.

The main audit procedures included, depending on the nature of the risks provisioned to:

ï obtaining an understanding of the general conditions relating to insurance contracts marketed by the group;

- assessing the methods and assumptions used to calculate these provisions, in particular their compliance with applicable regulations, market practices and the economic and financial context, which has become more uncertain due to the health crisis;
- testing, on the basis of accounting reconciliations, reperformance tests, 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 have also examined the disclosures in the notes to the consolidated financial statements of BPCE SA group relating to insurance liabilities.

Provisions for legal and non-compliance risks

Description of risk and main judgments

BPCE SA group is facing litigation, investigations and inquiries by regulatory and tax authorities in various jurisdictions.

The resulting legal and non-compliance risks (including tax risks) are assessed based on management's estimate at the closing date.

Recognizing a provision, determining the amount thereof, as well as providing disclosures in the notes to the financial statements necessarily require the use of judgment, due in particular to the difficulty of estimating the probability of the risk occurring, and the outcome and financial consequences of the ongoing procedures.

As a result, we deemed the estimation of provisions for legal and non-compliance risks to be a key audit matter given the sensitivity of these provisions to the assumptions and options used by management.

Provisions for legal and tax risks recorded under "Provisions" amounted to €637 million as at December 31, 2022.

See Notes 2.3 and 5.13 to the consolidated financial statements.

How our audit addressed this risk

We examined the processes for identifying, assessing and provisioning legal and non-compliance risks.

We obtained an understanding of the progress of ongoing proceedings and the main risks identified by the Group, based in particular on regular exchanges with management (and more specifically with the Group's legal, compliance and tax departments) and on the review of the documentation provided to us.

Our work also consisted in assessing the reasonableness of the assumptions made and data used by management to estimate the amount of provisions recognized at the closing date. In particular, we involved tax law specialists to perform a critical review of the tax risk analyses prepared by the Group and the related provisions.

In addition, we requested confirmation from the Group's legal counsel regarding pending legal proceedings.

Lastly, we verified the correct recording of the assessed provisions in the financial statements, and the related disclosures in the notes to the consolidated financial statements.

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.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

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.

As of December 31, 2022, Mazars was in the sixteenth consecutive year of its engagement, of which fourteen years since becoming a public interest entity. PricewaterhouseCoopers Audit and Deloitte & Associés were in the fourteenth and eighth consecutive year of their engagement respectively.

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

OBJECTIVES 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.

Signed at Paris, on March 24, 2023

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 2022

ECONOMIC AND FINANCIAL ENVIRONMENT

2022: THE REVIVAL OF STAGFLATION

The global economy, which suffered an energy crisis after the pandemic, gradually ran out of steam in 2022. Gas and electricity prices were, at the peak of the increase in the summer of 2022, ten times higher than in early 2021. However, commodity prices eased in August, after the surge caused by the invasion of Ukraine on February 24, 2022, due to the economic slowdown. The economy has largely continued to benefit from the dynamic growth overhang resulting from the strong post-Covid rebound of the spring of 2021. However, it has suffered severely from a succession of new exogenous shocks, both geopolitical (war in Ukraine, Taiwan) and health, structural labor shortages and especially the spread of rampant inflation, in the United States and Europe. This required unprecedented monetary tightening on both sides of the Atlantic, which accelerated in the second half of the year, resulting in a sharp bond market sell-off, worse than that of 1994. The Euro zone and France, without yet experiencing high unemployment, have therefore been increasingly threatened by stagflation, that is, a combined scenario of high inflation, persistently low growth and rising interest rates, as in the 1970s.

China, whose GDP growth was only 3%, suffered from a deep real estate crisis and the zero-Covid lockdown strategy. The US economy grew by 2%, after 5.9% in 2021, while the Euro zone's GDP grew by 3.3%, after 5.3%, respectively. Inflation has accelerated sharply. However, it clearly peaked in June in the United States (+9.1% annual rate in June vs. +6.5% annual rate in December), less evident in October in the Euro zone (+10.6% annual rate in October vs. +9.2% annual rate in December). The annual average was 8% for the US economy and 8.4% for the Euro zone. Global trade, penalized by the disruption of value chains, the geopolitical tensions and the sanctions imposed on Russia, thus slowed down in the second quarter, as did global demand for French exports.

The French economy, driven by resilient demand and the rebound in the services sector, grew in volume terms by 2.5%, after 6.8% in 2021, while experiencing a lower inflationary surge than in most European countries, due to the rapid implementation of a tariff shield. The price index therefore only increased at an average annual rate of 5.2% in 2022, compared to 1.6% the previous year, although the December price increase was 5.9% annually for all prices and 12.1% annually for food. Inflation was initially driven by the acceleration in energy prices, but since April it has been driven by services, food and manufactured goods. The economy has moved closer to stagflation, suffering from food and energy price shocks, heightened uncertainty due to the geographic proximity of the war in Ukraine, acute supply constraints, and structural shortages of skilled or qualified labor. Beyond the effects of the past, consumption has been relatively sluggish throughout the year, due to the inflationary shock on purchasing power, which has virtually stagnated in 2022. Households have thus maintained substantial savings of 16.7% of their income, above the pre-pandemic level, although lower than in 2020 and 2021, despite the continued decline in the unemployment rate (7.3%) and still robust net job creation. Business investment has been resilient. However, it has begun to suffer from the expected decline in manufacturing activity, the slowdown in services and, more generally, the geopolitical context, energy uncertainty and rising interest rates. On the other hand, exports made a negative contribution to growth, as imports rose sharply, mainly due to shipments of foreign capital goods and energy products, the latter at an all-time high in volume. Finally, the public deficit, at around 5% of GDP, after 6.4% in 2021, remained high, due to the purchasing power support plans.

The inflationary drift, and the risks of unanchoring price expectations, have forced central banks to normalize their monetary policies by raising key rates and reducing their balance sheets, even if it means causing a recession. This marked monetary shift was initiated more by the US Federal Reserve (Fed), the Bank of England and the central banks of emerging economies than by the Bank of Japan and the European Central Bank (ECB). The Fed raised its key rates very quickly seven times since March, the most abruptly since the Volcker era, by a total of 425 basis points, to a range between 4.25% and 4.5%. It also ended its asset purchases and decided to gradually reduce its balance sheet. The ECB also ended its asset purchase program on July 1. It only began to raise its interest rates, the fastest in its history, from July, in a context where price increases originated more from energy and value chain disruptions than from dynamic domestic demand. However, in response to the euro's trend below parity with the dollar, leading to imported inflation, it raised its main policy rates by a total of 250 basis points on four occasions, in July, September, October and December, in particular to raise the refinancing rate to 2.5%. At the end of October, it also raised the interest rate applicable to TLTRO 3 transactions and set the return on bank reserves at the deposit facility rate, in order to reduce windfall effects with these last two measures.

The monetary tightening and inflation drove long-term rates up sharply on both sides of the Atlantic, while increasing interest rate differentials between the Euro zone countries, particularly between Germany and Italy. Very violent market movements took the 10-year OAT to 3.1% on December 30, 2022, compared to 0.194% on December 31, 2021, *i.e.* an increase of more than 290 basis points in just one year. This increase was even faster than that in 1994. This phenomenon, beyond the fluctuations, caused a real bond market crash on both sides of the Atlantic. The price of bonds fell by 20% in the space of one year for European securities with maturities between 7 and 10 years. The spread in favor of the United States in the short and long term, which has widened, was the main driver of the depreciation of the yen and the euro against the dollar. The euro moved from more than $1.2 in June 2021 to $1.07 on December 30, 2022, while being temporarily below parity at $0.96 on September 26, 2022. After reaching record highs, the stock markets, which have become more volatile, suffered from the rise in uncertainty and especially the increase in long-term interest rates. In parallel with the bond market crash, the Dow Jones fell by 8.7% and the Nasdaq by 33.1%. The CAC 40 lost 9.5% to 6,473.8 points on December 30, 2022, compared to 7,153 points on December 31, 2021, but after reaching a low of 5,676.9 points on September 29, 2022.

SIGNIFICANT EVENTS OF THE FISCAL YEAR

In an economic and financial environment marked by high inflation, high market volatility and rapid interest rate increases, Groupe BPCE continued to play its full role with its customers. Commercial activity remained strong in its various business lines, particularly in the two Banques Populaires and Caisses d'Epargne networks, but also in Corporate & Investment Banking and Asset Management. In addition, 2022 was marked by changes in Groupe BPCE's governance, the simplification of its organization and its mobilization in response to the consequences of the war in Ukraine

With regard to the war in Ukraine, a strengthened monitoring system was put in place. The group's net banking exposures were €808 million at the beginning of the conflict, of which €770 million in Russia and €38 million in Ukraine.[1] BPCE SA's net exposures are not material. In terms of aid to Ukraine, all Groupe BPCE subsidiaries and the Natixis Foundation contributed nearly €5 million to the French Red Cross. These donations made it possible to participate in the solidarity actions deployed by the International Red Cross and Red Crescent movement in favor of the civilian population and refugees.

With regard to changes in Groupe BPCE's governance, the Supervisory Board unanimously decided, on October 28, 2022, to appoint Nicolas Namias as Chairman of the Management Board of BPCE. This appointment followed Laurent Mignon's decision not to seek the renewal of his term of office and to embark on a new professional project. Nicolas Namias took over as Chairman of the Management Board of BPCE on December 3, 2022.

The simplification of the group's organization continued and resulted in the transfer of insurance and payment activities to BPCE.

In March 2022, Natixis SA contributed its equity interests in the Insurance and Payments divisions to two newly created holding companies:

- Assurances du Groupe BPCE, which received 100% of the shares in Natixis Assurances, since renamed BPCE Assurances;
- BPCE Payments, which received 100% of the shares in BPH (formerly Natixis Payment Holding), BPCE Payment Services (formerly NPS) and 50% in Partecis.

On March 22, 2022, following these transactions, Natixis SA transferred its equity interests in these two holding companies to BPCE SA.

The free allocation of shares modified the carrying amount of the former Natixis shares, which was allocated pro rata to the actual values of the three divisions (Global Financial Services, Insurance and Payments) on the transaction date. This breakdown takes into account the calculation of capital requirements (CET1 capital) applicable to BPCE's various subsidiaries.

The result of this breakdown is as follows:

- Natixis post contribution-distribution (Global Financial Services division, newly created and bringing together the global business lines of Groupe BPCE, i.e. Asset & Wealth Management and Corporate & Investment Banking): 62.19%;
- BPCE Assurances (Insurance division): 30.98%;
- BPCE Payments (Payments division): 6.83%.

In addition, the functional departments of Natixis SA and BPCE SA have been newly organized. This new organization, whose objective is to better serve the business lines, resulted in the transfer of employment contracts from Natixis SA to BPCE SA on March 1, 2022.

In terms of acquisitions as part of the Group's simplification, BPCE SA acquired Pramex International from BPCE International for €2.4 million and Natixis Immo Exploitation (renamed BPCE Immo Exploitation) from Natixis for €54.7 million.

As a holding company, BPCE SA also subscribed to capital increases: €1.7 million with Natixis, €56 million with BPCE Payments and €150 million with Compagnie Européenne de Garanties et de Cautions (CEGC). BPCE SA also granted current account advances to BPCE Payments for €84 million and to Pramex International for €2 million.

Other changes concerning investments in associates or shares in affiliates are described in the management report on the parent company financial statements.

In 2022, 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 BPCE:

- issued on the market:
  - €2.5 billion in Tier 2 bonds,
  - €4.2 billion in senior non-preferred bonds; these issuances help strengthen Groupe BPCE's capital and TLAC (Total Loss-Absorbing Capacity) and MREL ratios;
- issued internally:
  - €1.8 billion of additional Tier 1 bonds, entirely subscribed by the Banques Populaires and the Caisses d'Epargne;
- subscribed internally:
  - €0.4 billion of additional Tier 1 instruments issued by Natixis, mainly to refinance former transactions,
  - €1.1 billion in Tier 2 instruments issued by BPCE Assurances (following a purchase of these instruments from Natixis, which had previously held them), with Natixis having also repaid €1 billion in Tier 2 instruments to BPCE SA,
  - €0.2 billion of Tier 2 instruments issued by Compagnie Européenne de Garanties et de Cautions (CEGC),
  - €0.9 billion in senior non-preferred instruments issued by Natixis;
- granted internally:
  - €17 billion in guarantees to Natixis as part of solvency or major risk management.

In 2022, BPCE SA's balance sheet base decreased by €104 billion. This decrease is mainly due to long-term liquidity circulation operations within the group.

(1) At March 31, 2022.

Company position and activity in 2022

CHANGES IN THE BPCE BALANCE SHEET

in billions of euros	12/31/2022	12/31/2021	Change 2022/2021 (€ billion)	Change 2022/2021 (%)
Amounts due from banks	328.2	441.2	(113.0)	(26)%
Amounts due from customers	2.8	1.8	+1.0	+56%
Securities transactions	6.3	6.5	(0.2)	(3)%
Associates, equity interests and long-term investments	27.9	26.7	+1.2	+4%
Other assets	11.1	4.5	+6.6	+147%
TOTAL ASSETS	**376.3**	**480.7**	**(104.4)**	**(22)%**
Amounts due to banks	229.1	343.1	(114.0)	(33)%
Customer deposits	2.3	3.4	(1.1)	(32)%
Debt securities and subordinated debt	122.3	111.8	+10.5	+9%
Other liabilities	4.5	3.8	+0.7	+18%
Shareholders' equity and fund for general banking risks	18.1	18.6	(0.5)	(3)%
TOTAL LIABILITIES	**376.3**	**480.7**	**(104.4)**	**(22)%**

Total assets under French GAAP amounted to €376.3 billion at December 31, 2022, a decrease of €104.4 billion compared with December 31, 2021.

Under assets, the decrease of €113.0 billion in the "Amounts due from banks" item is mainly due to a decrease in the balance of the Central Bank account and a decrease in term intra-group receivables. This change in intra-group receivables is the result of the new methods for circulating long-term liquidity within the group.

The "Customer receivables" item was up by €1.0 billion following the buyback from Natixis of subordinated loans granted to BPCE Assurances (and its subsidiaries), now held directly by BPCE SA.

The "Securities transactions" item was down by €0.2 billion, mainly on the RMBS portfolio for respectively -€120 million on Dutch securities, -€96 million on US securities and -€65 million on Italian securities. Also of note is the conversion of 46.59% of the residual class C Visa preference shares, implying recognition of the class A preference shares thus obtained as investment securities held for sale (+€139 million).

The item "Shares in affiliates and other long-term securities" increased €1.2 billion mainly due to the following changes:

- subscription by BPCE to capital increases: Natixis for €1,701 million, Compagnie Européenne de Garanties et de Cautions (CEGC) for €150 million;
- acquisition of shares: Natixis Immo Exploitation for €54.7 million;
- granting of a current account advance to BPCE Payments for €84.1 million;
- conversion of 46.59% of Visa Inc. class C securities (classified as other long-term securities) into class A preferred shares (classified as available-for-sale securities), which generated a decrease in the item of €35.7 million. Converted securities are classified under "Securities transactions";
- redemption of additional €400 million of Tier 1 bonds with Natixis after the exercise of a call (classified as other long-term securities), followed by an additional $460 million Tier 1 undated subordinated loan;
- additional provisions for impairment of €1,874 million (including Natixis, Oneybank and BPCE International) and reversals of impairment of €1,371 million (including Compagnie Européenne de Garanties et de Cautions (CEGC), Crédit Foncier, BPCE Factor).

The "Other assets" item was up by €6.6 billion, mainly related to collateral deposits including margin calls paid on derivatives.

Under liabilities, the €114.0 billion decrease in "Amounts due to banks" is explained by the decrease in deposits by group institutions, the implementation of the new methods for circulating long-term liquidity within the group and by the drop in refinancing from the ECB (TLTRO 3).

The item "Debt securities and subordinated debt" increased by €10.5 billion, mainly due to the issuance of €4.2 billion of senior non-preferred bonds, the issuance of €2.5 billion of Tier 2 bonds, the issuance of €1.8 billion of additional Tier 1 bonds and the increase in interbank market securities and negotiable debt securities for €2.2 billion.

The decrease in shareholders' equity is mainly due to the payment of dividends of €788 million, the 2022 net income for €314 million and regulated provisions and investment subsidies for €17 million.

BPCE INCOME STATEMENT

in millions of euros	2022	2021	Change 2022/2021 *(€ billion)*	Change 2022/2021 *(%)*
Net banking income	1,381	702	+679	+97%
Operating expenses	(646)	(586)	(60)	+10%
Gross operating income	**735**	**116**	**+619**	**+534%**
Cost of risk	0	0	+0	NA
Net gains or losses on long-term investments	(507)	2,154	(2,661)	(124)%
Income before tax	**228**	**2,270**	**(2,042)**	**(90)%**
Income tax	102	(33)	+135	(409)%
Funding/reversal of fund for general banking risks and regulated provisions	(16)	(24)	+8	(0)
NET INCOME	**314**	**2,213**	**(1,899)**	**(86)%**

Net income for 2022 amounted to €314 million, down €1,899 million compared to 2021, in particular in connection with the impairment tests on equity interests. Gross operating income amounted to €735 million, losses on fixed assets to -€507 million, charges to regulated provisions to -€16 million and income tax to €102 million.

NET BANKING INCOME

in millions of euros	2022	2021	Change 2022/2021 *(€ billion)*	Change 2022/2021 *(%)*
Financial Management	(210)	(165)	(45)	+27%
Eurotitres	91	98	(7)	(7)%
Holding	1,244	521	+723	+139%
Central institution	256	248	+8	+3%
NET BANKING INCOME	**1,381**	**702**	**+679**	**+97%**

In 2022, BPCE's net banking income totaled €1,381 million, up €679 million compared with 2021.

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 -€210 million in 2022, a drop of €45 million compared with 2021. This change is mainly due to higher expenses on subordinated debt, impairment of investment securities (*vs.* reversals in 2021), partly offset by a good performance of the central treasury and guarantees business.

Eurotitres' net banking income amounted to €91 million in 2022 down by 7 million compared to 2021..

Net banking income from the Holding activity was up by €723 million, mainly due to the increase in dividends between 2021 and 2022, mainly from Natixis.

The net banking income of the central institution business line amounted to €256 million in 2022. 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	2022	2021	Change 2022/2021 *(€ billion)*	Change 2022/2021 *(%)*
Payroll costs	(506)	(449)	(57)	+13%
Other expenses	(392)	(319)	(73)	+23%
Gross operating expenses	**(898)**	**(768)**	**(130)**	**+17%**
Rebilled expenses	406	342	+64	+19%
Net operating expenses	**(492)**	**(426)**	**(66)**	**+15%**
Charges from exceptional projects	(154)	(160)	+6	(4)%
OPERATING EXPENSES	**(646)**	**(586)**	**(60)**	**+10%**

Operating expenses amounted to -€646 million in 2022, an increase of -€60 million compared to 2021, mainly due to the Single Resolution Fund (expense of -€131 million compared to -€61 million in 2021).

Rebilled expenses stood at €406 million in 2022, up €64 million compared to 2021.

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 -€507 million in 2022. They consist of:

- charges to and reversals of impairment on equity interests, shares in affiliates and other long-term investments, including in particular Natixis (-€1,684 million), BPCE Assurances (+€634 million), BPCE Payments (+€140 million), these three entities involved in the share contribution mentioned in Note 1.3, BPCE International (-€138 million), Crédit Foncier (+€328 million), Banque Palatine (+€90 million), Oney Bank (-€32 million) and BPCE Factor (+€162 million);
- income on the disposal of equity interests, affiliates and other long-term investments (+€6 million).

INCOME TAX

In 2022, income taxes totaled €102 million, representing +€135 million compared with 2021. This impact is mainly due to exceptional expenses related to tax treatments in 2021.

It should be noted that the companies of the Natixis tax consolidation group joined the BPCE tax consolidation group as of January 1, 2022. The Natixis tax consolidation group ended on December 31, 2021. This entry is 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.

The main changes in the tax consolidation scope had no impact on BPCE SA's tax amount.

FUND FOR GENERAL BANKING RISKS, REGULATED PROVISIONS AND NET INCOME

No movement was made to the fund for general banking risks.

Concerning regulated provisions, an allowance of €16 million was recognized for accelerated amortization of the acquisition costs of equity interests.

Net income came to €314 million.

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 €380,714 in non-deductible expenses pursuant to Article 39.4 of said Code. The resulting additional tax was €98,338.

No other luxury non-tax deductible expenses were incurred.

PROPOSED ALLOCATION OF NET INCOME

It is proposed to the General Meeting:

- to allocate the net income of +€313,857,245.09 to "Retained earnings." As a result of this allocation, the balance of the "Retained earnings" item is €2,779,134,042.30;
- to distribute a dividend of €808,903,606.14 to shareholders, by deduction from the "Retained earnings" item. As a result of this allocation, the balance of the "Retained earnings" item is €1,970,230,436.16. The dividend per share is €22.41.

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:

Reporting date		Dividend per share	Portion of the dividend eligible for the 40% deduction	Portion of the dividend ineligible for the 40% tax deduction
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	/
12/31/2021	Class "A" and "B" shares	€21.8300	€787,968,126.82	/

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 annual financial statements".

Investments and controlling interests

2022 was mainly marked by the continuation of the Pléiade project described above in the section entitled "Significant events of the year", as well as the following changes:

- contribution-distribution of BPCE Assurances and BPCE Paiements shares (see Note 1.3 to the parent company financial statements)
- acquisition of Natixis Immo Exploitation for €54.7 million;
- acquisition of Pramex International for €2.4 million;
- subscription to a Natixis capital increase of €1,701 million;
- subscription to the capital increase of Compagnie Européenne de Garantie et de Cautions (€150 million);
- subscription to a capital increase of Fidor Bank of €54 million (through contributions to the "capital reserve");
- €16.4 million capital increase of Caisse de Refinancement de l'Habitat following the reallocation of share capital among the shareholders;

- subscription to a capital increase in EPI Interim Company SE for €18.7 million;
- capitalization of Sento as part of an asset financing for €2.7 million;
- subscription to the IT-CE capital increase for €5 million;
- subscription to the Scope SE & Co. KGaA capital increase for €5 million;
- conversion of 46.59% of the residual class C Visa preference shares, implying recognition of the class A preference shares thus obtained as investment securities held for sale (+€139 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

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 2022, 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 March 2022, BPCE sold its equity interest of €1.3 million (net carrying amount) in Click and Trust.

In November 2022, PANDA 1, PANDA 2, PANDA 3, PANDA 4, PERLE 2, PERLE 3 and PERLE 4 were transferred to BPCE.

In December 2022, Société d'Exploitation MAB was liquidated (net carrying amount of €4.7 million). The balance of the liquidation was also recorded as a €4.7 million receivable from Société d'Exploitation MAB.

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 2022 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.

EVENTS 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.

STATEMENT OF RESULTS FOR THE FIVE PREVIOUS YEARS

in euros	2018	2019	2020	2021	2022
Share capital at period-end					
Share capital	157,697,890	170,384,630	173,613,700	180,478,270	180,478,270
Number of shares(1)	31,539,578	34,076,926	34,722,740	36,095,654	36,095,654
Operations and income for the fiscal year					
Revenues	3,817,697,023	4,424,898,255	2,023,188,873	5,090,711,297	6,560,532,404
Income before tax, employee profit-sharing, depreciation, amortization and impairment	213,879,738	1,284,276,000	241,756,532	956,378,025	763,158,369
Income tax	450,787,127	145,922,016	267,056,984	(33,379,182)	102,374,679
Income after tax, employee profit-sharing, depreciation, amortization, impairment and provisions	390,468,286	441,581,094	(1,073,022,523)	2,213,155,147	313,857,245
Dividend paid(2)	403,040,426	536,166,354	1,297,374,005	787,968,127	808,903,606
Earnings per share					
Revenues	121.04	129.85	58.27	141.03	181.75
Income after tax, employee profit-sharing, but before depreciation, amortization and impairment	21.07	41.97	14.65	25.57	23.98
Income tax	14.29	4.28	7.69	(0.92)	2.84
Income after tax, employee profit-sharing, depreciation, amortization, impairment and provisions	12.38	12.96	(30.90)	61.31	8.70
Dividend per share(2)	12.3715	15.7340	37.6800	21.8300	22.4100
Employee data					
Average number of employees:	1,563	2,186	2,505	2,574	3,140
o/w managerial staff	1,465	1,918	2,187	2,281	2,841
o/w non-managerial staff	98	268	318	293	299
Total wage bill for the year	138,048,129	181,998,599	208,148,610	214,051,474	265,085,013
Amounts paid for employee benefits during the period	74,092,881	120,239,562	118,717,325	121,794,391	149,701,844

(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

No new derogations were granted by BPCE's General Meeting in 2022.

Type and purpose of authorization	Amount in euros	Duration	Date of General Meetings	Use of authorization
	None			

PAYMENT TERMS GRANTED TO CUSTOMERS AND SUPPLIERS

Article L. 441-14 of the French Commercial Code stipulates that 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. 441-6 of the French Commercial Code as amended by Order no. 2019-359 of April 24, 2019 - Article 1 and by decree no. 2021-211 of February 24 2021 - Article 3. 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)**
(A) Categories of overdue payments						
Number of invoices concerned	212	-	-	-	-	654
Total amount of invoices concerned including taxes[(1)]	8,986,127	9,057,724	3,379,046	771,828	162,170	13,370,767
Percentage of the total amount of purchases (including taxes) for the fiscal year	The percentage of unpaid invoices received, at the reporting date, was less than 1% of the total amount of purchases including taxes during the fiscal year.					
Percentage of revenue excluding 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. 441-14 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

(1) 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)**
(A) Categories of overdue payments						
Number of invoices concerned	149	-	-	-	-	718
Total amount of invoices concerned including taxes	21,283,724	33,913,972	14,420,517	22,561,924	56,266,574	127,162,987
Percentage of total sales (including taxes) for the fiscal year	1.17%	1.87%	0.80%	1.24%	3.10%	7.00%
Percentage of revenue excluding 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. 441-14 or Article L. 443-1 of the French Commercial Code)						
(C) Benchmark payment terms used (contractual or legal term – Article L. 441-14 or Article L. 443-1 of the French Commercial Code)						Legal term: Within 30 days of invoice date

(1) The majority of unpaid invoices issued mainly concern intra-group rebilling.

5.6 BPCE parent company annual financial statements

in millions of euros	*Notes*	2022 fiscal year	2021 fiscal year
Interest and similar income	*3.1*	3,975	3,574
Interest and similar expenses	*3.1*	(4,328)	(3,914)
Income from variable-income securities	*3.2*	1,407	698
Commission income	*3.3*	96	106
Commission expenses	*3.3*	(36)	(32)
Net gains or losses on trading book transactions	*3.4*	14	0
Net gains or losses on available-for-sale securities and equivalent	*3.5*	(32)	(12)
Other banking income	*3.6*	310	300
Other banking expenses	*3.6*	(25)	(18)
Net banking income		**1,381**	**702**
Operating expenses	*3.7*	(611)	(570)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(35)	(16)
Gross operating income		**735**	**116**
Cost of risk	*3.8*	0	0
Net operating income		**735**	**116**
Gains or losses on long-term investments	*3.9*	(507)	2,154
Income before tax		**228**	**2,270**
Non-recurring income	*3.10*	0	0
Income tax	*3.11*	102	(33)
Charges to/reversals from the fund for general banking risks and regulated provisions	*3.12*	(16)	(24)
NET INCOME		**314**	**2,213**

5.6.1 Balance sheet and off-balance sheet items

ASSETS

in millions of euros	***Notes***	12/31/2022	12/31/2021
Cash and amounts due from central banks		88,098	131,896
Treasury bills and equivalent	*4.3*	562	559
Loans and advances due from banks	*4.1*	240,124	309,322
Customer transactions	*4.2*	2,755	1,757
Bonds and other fixed-income securities	*4.3*	4,355	4,615
Equities and other variable-income securities	*4.3*	1,419	1,285
Equity interests and other long-term investments	*4.4*	2,447	2,795
Investments in affiliates	*4.4*	25,466	23,888
Intangible assets	*4.5*	98	107
Property, plant and equipment	*4.5*	5	13
Other assets	*4.7*	8,900	2,591
Accrual accounts	*4.8*	2,066	1,871
TOTAL ASSETS		**376,295**	**480,699**

Off-balance sheet items

in millions of euros	***Notes***	12/31/2022	12/31/2021
Commitments given			
Loan commitments	*5.1*	3,680	2,778
Guarantee commitments	*5.1*	34,103	15,137
Securities commitments		1,464	0

LIABILITIES

in millions of euros	***Notes***	**12/31/2022**	**12/31/2021**
Central banks		0	0
Amounts due to banks and similar	*4.1*	229,123	343,130
Customer transactions	*4.2*	2,304	3,365
Debt securities	*4.6*	96,893	90,415
Other liabilities	*4.7*	1,096	2,320
Accrual accounts	*4.8*	2,712	857
Provisions	*4.9*	645	665
Subordinated debt	*4.10*	25,380	21,348
Fund for general banking risks (FGBR)	*4.11*	65	65
Equity excluding fund for general banking risks	***4.12***	**18,077**	**18,534**
Subscribed capital		*181*	*181*
Additional paid-in capital		*15,045*	*15,045*
Reserves		*35*	*35*
Revaluation difference		*0*	*0*
Regulated provisions and investment subsidies		*37*	*20*
Retained earnings		*2,465*	*1,040*
Interim dividend		*0*	*0*
Net income for the fiscal year (+/-)		314	2,213
TOTAL LIABILITIES AND EQUITY		**376,295**	**480,699**

Off-balance sheet items

in millions of euros	***Notes***	**12/31/2022**	**12/31/2021**
Commitments received			
Loan commitments	*5.1*	23,313	25,266
Guarantee commitments	*5.1*	1,999	6,106
Securities commitments		25	41

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

BPCE, a central institution as defined by the French Banking Law and a credit institution licensed to operate as a bank, 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 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 division (including Factoring, Consumer Loans, Leasing, Sureties & Financial Guarantees, and the "Retail Securities" business), the Digital & Payments (integrating the Payments subsidiaries bought in 2022 and the Oney group) and Insurance divisions, and Other networks;
- 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 responsible for taking all necessary measures to ensure the solvency of the group and each of the networks and to organize financial solidarity within 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 all affiliates of the Group. By virtue of the unlimited nature of the principle of solidarity, BPCE is entitled at any time to ask any one or several or all of the affiliates to contribute to the financial efforts that may be necessary to restore the situation, and may, if necessary, mobilize all the cash and equity capital of the affiliates in the event of difficulty for one or more of them.

In the event of difficulties, BPCE will have to do everything necessary to restore the financial situation and may in particular make unlimited use of the resources of any, several or all affiliates, or implement the appropriate mechanisms of internal solidarity of the group and by calling on the guarantee fund common to the two networks of which it determines the rules of operation, the triggering conditions, in addition to the funds of the two networks as well as the contributions of the affiliated institutions for its endowment and reconstitution.

BPCE manages the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund.

The Banque Populaire Network Fund was formed by a deposit made by the Banques Populaires of €450 million that was booked by BPCE in the form of a ten-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 ten-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 ten-year term accounts which are indefinitely renewable. The amount of the deposits by network was €157 million at December 31, 2022.

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 an economic and financial environment marked by high inflation, high market volatility and rapid interest rate increases, Groupe BPCE continued to play its full role with its customers. Commercial activity remained strong in its various business lines, particularly in the two Banques Populaires and Caisses d'Epargne networks, but also in Corporate & Investment Banking and Asset Management. In addition, 2022 was marked by changes in Groupe BPCE's governance, the simplification of its organization and its mobilization in response to the consequences of the war in Ukraine.

With regard to the war in Ukraine, a strengthened monitoring system was put in place. The group's net banking exposures were €808 million at the beginning of the conflict, of which €770 million in Russia and €38 million in Ukraine.[1] BPCE SA's net exposures are not material. In terms of aid to Ukraine, all Groupe BPCE subsidiaries and the Natixis Foundation contributed nearly €5 million to the French Red Cross. These donations made it possible to participate in the solidarity actions deployed by the International Red Cross and Red Crescent movement in favor of the civilian population and refugees.

With regard to changes in Groupe BPCE's governance, the Supervisory Board unanimously decided, on October 28, 2022, to appoint Nicolas Namias as Chairman of the Management Board of BPCE. This appointment followed Laurent Mignon's decision not to seek the renewal of his term of office and to embark on a new professional project. Nicolas Namias took over as Chairman of the Management Board of BPCE on December 3, 2022.

The simplification of the group's organization continued and resulted in the transfer of insurance and payment activities to BPCE.

In March 2022, Natixis SA contributed its equity interests in the Insurance and Payments divisions to two newly created holding companies:

- Assurances du Groupe BPCE, which received 100% of the shares in Natixis Assurances, since renamed BPCE Assurances;
- BPCE Payments, which received 100% of the shares in BPH (formerly Natixis Payment Holding), BPCE Payment Services (formerly NPS) and 50% in Partecis.

On March 22, 2022, following these transactions, Natixis SA transferred its equity interests in these two holding companies to BPCE SA.

The free allocation of shares modified the carrying amount of the former Natixis shares, which was allocated *pro rata* to the actual values of the three divisions (Global Financial Services, Insurance and Payments) on the transaction date. This breakdown takes into account the calculation of capital requirements (CET1 capital) applicable to BPCE's various subsidiaries.

The result of this breakdown is as follows:

- Natixis post contribution-distribution (Global Financial Services division, newly created and bringing together the global business lines of Groupe BPCE, i.e. Asset & Wealth Management and Corporate & Investment Banking): 62.19%;
- BPCE Assurances (Insurance division): 30.98%;
- BPCE Payments (Payments division): 6.83%.

In addition, the functional departments of Natixis SA and BPCE SA have been newly organized. This new organization, whose objective is to better serve the business lines, resulted in the transfer of employment contracts from Natixis SA to BPCE SA on March 1, 2022.

In terms of acquisitions as part of the group's simplification, BPCE SA acquired Pramex International from BPCE International for €2.4 million and Natixis Immo Exploitation (renamed BPCE Immo Exploitation) from Natixis for €54.7 million.

As a holding company, BPCE SA also subscribed to capital increases: €1.7 billion with Natixis, €56 million with BPCE Payments and €150 million with Compagnie Européenne de Garanties et de Cautions (CEGC). BPCE SA also granted current account advances to BPCE Payments for €84 million and to Pramex International for €2 million.

Other changes concerning investments in associates or shares in affiliates are described in the management report on the parent company financial statements.

In 2022, 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 BPCE:

- issued on the market:
  - €2.5 billion in Tier 2 bonds,
  - €4.2 billion in senior non-preferred bonds; these issuances help strengthen Groupe BPCE's capital and TLAC (Total Loss-Absorbing Capacity) and MREL ratios;
- issued internally:
  - €1.8 billion of additional Tier 1 bonds, entirely subscribed by the Banques Populaires and the Caisses d'Epargne;
- subscribed internally:
  - €0.4 billion of additional Tier 1 instruments issued by Natixis, mainly to refinance former transactions,
  - €1.1 billion in Tier 2 instruments issued by BPCE Assurances (following a purchase of these instruments from Natixis, which had previously held them), with Natixis having also repaid €1 billion in Tier 2 instruments to BPCE SA,
  - €0.2 billion of Tier 2 instruments issued by Compagnie Européenne de Garanties et de Cautions (CEGC),
  - €0.9 billion in senior non-preferred instruments issued by Natixis;
- granted internally:
  - €17 billion in guarantees to Natixis as part of solvency or major risk management.

(1) At March 31, 2022.

In 2022, BPCE SA's balance sheet base decreased by €104 billion. This decrease 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, 2022 were approved by the Management Board on February 6, 2023. They will be presented to the General Meeting on May 25, 2023.

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

No change in accounting methods affected the 2022 financial statements.

The other texts adopted by the ANC that had mandatory application in 2022 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 are governed by the 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). Since 2016, it has become 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 2022 in accordance with Delegated Regulation 2015/63 and Implementing Regulation 2015/81 supplementing the BRRD on *ex-ante* contributions to bank resolution financing mechanisms. Contributions made to the fund for the year were €153.5 million, of which €130.5 million were recognized as expenses and €23 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 €76.2 million at December 31, 2022.

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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.

	2022 fiscal year			2021 fiscal year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Transactions with banks[(1)(2)]	3,189	(1,703)	1,486	2,671	(2,327)	344
Customer transactions[(1)]	15	(28)	(13)	8	(2)	6
Bonds and other fixed-income securities	720	(1,897)	(1,177)	890	(1,407)	(517)
Subordinated debt	0	(700)	(700)	0	(178)	(178)
Macro-hedging transactions[(3)]	51	0	51	5	0	5
TOTAL	**3,975**	**(4,328)**	**(353)**	**3,574**	**(3,914)**	**(340)**

(1) In 2022, negative interest income on transactions with banks and customers amounted to €865 million and expenses amounted to €816 million, versus €2,159 million in income and €1,676 million in expenses in 2021.

(2) Interest (similar income and expenses) on transactions with banks include interest on TLTRO 3 refinancings 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	2022 fiscal year	2021 fiscal year
Equities and other variable-income securities	0	0
Equity interests and other long-term investments	141	329
Investments in affiliates*	1,266	369
TOTAL	**1,407**	**698**

* The significant change mainly concerns the dividend received from Natixis, following the end of the ECB recommendation on dividend limits in the context of the health crisis.

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.

in millions of euros	2022 fiscal year			2021 fiscal year		
	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	4	(2)	2	4	(2)	2
Customer transactions	1	(1)	0	2	(2)	0
Securities transactions	0	(2)	(2)	0	(2)	(2)
Payment services	2	(25)	(23)	1	(19)	(18)
Foreign exchange transactions	0	0	0	0	0	0
Off-balance sheet commitments	0	0	0	0	0	0
Financial services*	89	(6)	83	99	(7)	92
Consulting services	0	0	0	0	0	0
Other fee and commission income/(expense)	0	0	0	0	0	0
TOTAL	**96**	**(36)**	**60**	**106**	**(32)**	**74**

* 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	2022 fiscal year	2021 fiscal year
Trading securities	0	0
Foreign exchange transactions	12	2
Forward transactions	2	(2)
TOTAL	**14**	**0**

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 provision reversals and capital gains on disposals and provision charges and losses on disposals.

	2022 fiscal year	2021 fiscal year
in millions of euros	Available-for-sale securities	Available-for-sale securities
Impairment		
Charges*	(45)	(39)
Reversals	7	32
Net gain/(loss) on disposal	6	(5)
Other items	0	0
TOTAL	**(32)**	**(12)**

* The charges relate mainly to fixed-income securities.

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.

	2022 fiscal year			2021 fiscal year		
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*	301	0	301	293	0	293
Electronic payment terminal business	0	0	0	0	0	0
Amortization and rebilling of issuance costs	0	(23)	(23)	0	(17)	(17)
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	2	(2)	0	0	(1)	(1)
Other related income and expenses	0	0	0	0	0	0
TOTAL	**310**	**(25)**	**285**	**300**	**(18)**	**282**

* Rebilling of "central institution" activities (listed in the French Monetary and Financial Code), are presented in NBI.

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	2022 fiscal year	2021 fiscal year
Wages and salaries	(296)	(268)
Pension costs and similar obligations*	(23)	(25)
Other social security charges	(111)	(85)
Employee incentive scheme	(38)	(35)
Employee profit-sharing scheme	0	0
Payroll taxes	(52)	(42)
Total payroll costs	**(520)**	**(455)**
Taxes other than on income	(13)	(1)
Other operating expenses	(757)	(583)
Rebilled expenses	679	469
Total other operating expenses	**(91)**	**(115)**
TOTAL	**(611)**	**(570)**

* Including charges, utilizations, and reversals of provisions for employee benefits (see Note 4.9.3).

The average number of employees in service during the year, broken down by professional category, is as follows in 2022: 2,841 managers and 299 non-managers, *i.e.* a total of 3,140 employees, compared with 2,281 managers and 293 non-managers, *i.e.* a total of 2,574 employees in 2021.

The change in headcount is mainly impacted by the new organization of the functional departments mentioned in Note 1.3. The costs related to this change are largely rebilled to the group entities benefiting from the resources.

It should be noted in 2022 a sharp increase in the expense related to the Single Resolution Fund (-€131 million in 2022 compared to -€69 million in 2021).

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, charges 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".

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 2022 and 2021.

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 capital gains and losses on disposals, and charges to 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 provision reversals and capital gains on disposals, and provision charges and losses on disposals.

	2022 fiscal year				2021 fiscal year			
in millions of euros	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	(1,875)	0	0	(1,875)	(326)	0	0	(326)
Reversals	1,362	0	0	1,362	1,663	0	0	1,663
Net gain/(loss) on disposal	6	0	0	6	817	0	0	817
TOTAL	**(507)**	**0**	**0**	**(507)**	**2,154**	**0**	**0**	**2,154**

Gains or losses on investments in associates, equity interests, affiliates and other long-term investments included specifically:

- provisions for impairment of investments in associates:
  - Natixis (€1,684 million, after the contribution of BPCE Assurances and BPCE Payments shares, see Note 1.3),
  - BPCE International (€138 million),
  - Oney Bank (€32 million);
- reversals of provisions for impairment on investments in associates:
  - BPCE Assurances (€634 million, after the contribution of shares, see Note 1.3),
  - Crédit Foncier (€328 million),
  - BPCE Factor (€162 million),
  - BPCE Payments (€140 million, after the contribution of shares, see Note 1.3),
  - Banque Palatine (€90 million);
- gains or losses on the sale of investments in associates and other long-term securities:
  - conversion of Visa Inc. Class C preferred shares into Class A preferred shares for income of €8 million (net impact of total return swap recorded in micro-hedging).

The valuation of equity interests carried out in 2022 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 a non-recurring basis and are not related to the group's regular activities.

No non-recurring income was recorded in the 2022 and 2021 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, Natixis, BPCE Assurances, BPCE Payments 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 2022, corrected to reflect the impact of tax consolidation upon the group.

3.11.1 INCOME TAX FOR 2022

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	2022 fiscal year		
Taxable bases at the following rates:	**25%**	**19%**	**15%**
Tax on current income(1)	3,500		
Tax on non-recurring income	0		
Taxable bases	**3,500**	**0**	**0**
Applicable tax	(875)		
+ 3.3% supplementary corporate tax	(29)		
+ Extraordinary contributions	0		
- Deductions in respect of tax credits	80		
Reported income tax(1)	**(824)**	**0**	**0**
Tax consolidation effect(2)	954		
Adjustments to previous periods	6		
Impact of tax reassessments	0		
Provisions for the return to profitability of subsidiaries	(51)		
Provisions for taxes	17		
TOTAL	**102**	**0**	**0**

(1) For the BPCE tax consolidation group.
(2) Contributions to be received from members of the BPCE tax consolidation group.

In 2022, income taxes totaled €102 million, representing an additional income of €135 million compared with 2021. This impact is mainly due to non-recurring expenses in 2021 related to tax treatments carried out within the group.

It should be noted that the companies of the Natixis tax consolidation group joined the BPCE tax consolidation group as of January 1, 2022. The Natixis tax consolidation group ended on December 31, 2021. This entry is 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.

These changes in the tax consolidation scope had no impact on BPCE SA's tax amount.

3.11.2 TAXABLE INCOME – CHANGE FROM ACCOUNTING TO TAXABLE INCOME

in millions of euros	2022 fiscal year	2021 fiscal year
Net accounting income (A)	**314**	**2,213**
Corporate tax (B)*	**(102)**	**33**
Add-backs (C)	**982**	**506**
Impairments and provisions	95	35
UCITS	0	12
Long-term capital losses under exemptions	500	0
Share of profit from partnerships or joint ventures	133	10
Other items	254	449
Deductions (D)	**1,472**	**2,894**
Long-term capital gains under exemptions	0	2,155
Reversals of impairment and provisions	41	46
Dividends	1,271	536
Share of profit from partnerships or joint ventures	0	0
UCITS	43	0
Other items	117	157
Tax base at normal rate (A)+(B)+(C)-(D)	**(278)**	**(142)**

* Income tax is funded by the tax consolidation expense or income of Groupe BPCE recognized in the financial statements of the tax consolidation parent company.

3.12 REGULATED PROVISIONS

In 2022, the amount of the charge amounted to €16 million, compared to €24 million in 2021. It corresponds to the accelerated amortization of the acquisition costs of equity interests. 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	2022 fiscal year	2021 fiscal year
Financial management	(210)	(165)
Eurotitres	91	98
Secretary General SEF	0	0
Holding	1,244	521
Central institution	256	248
Net banking income	**1,381**	**702**
Financial management	(59)	(62)
Eurotitres	(83)	(87)
Secretary General SEF	(5)	(5)
Holding	(236)	(185)
Central institution	(263)	(247)
Operating expenses	**(646)**	**(586)**
Gross operating income	**735**	**116**
Cost of risk	0	0
Net operating income	**735**	**116**
Financial management	(3)	(16)
Holding	(504)	2,170
Gains or losses on long-term investments	**(507)**	**2,154**
Income before tax	**228**	**2,270**

The various activities are detailed in the management report (Chapter 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.

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	12/31/2022	12/31/2021
Current accounts	9,516	2,370
Overnight loans	10,229	3,302
Securities purchased under demand repurchase agreements	0	0
Unallocated items	29	19
Accrued interest on demand accounts	1	0
Demand accounts	**19,775**	**5,691**
Term accounts and loans	215,342	297,460
Subordinated and participating loans*	4,792	5,501
Securities purchased under term repurchase agreements	250	1,262
Accrued interest on term accounts	(35)	(592)
Term receivables	**220,349**	**303,631**
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	**240,124**	**309,322**

* Subordinated loans and participating loans concern undated super subordinated loans granted to institutions that meet the definition of additional Tier 1 capital or Tier 2 subordinated loans.

At December 31, 2022, receivables to the networks can be broken down into €19,232 million in demand accounts, and €201,686 million in term accounts. At December 31, 2021, receivables to networks can be broken down into €5,350 million in demand accounts, and €286,861 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 decrease in the item "Term accounts and loans" is mainly due to long-term liquidity operations within Groupe BPCE.

AMOUNTS DUE TO BANKS AND SIMILAR

in millions of euros	12/31/2022	12/31/2021
Current accounts	52,490	59,430
Overnight deposits	6,991	4,505
Securities sold under demand repurchase agreements	0	0
Other amounts due	13	7
Accrued interest on demand accounts	75	(19)
Demand accounts	**59,569**	**63,923**
Term accounts and loans	164,089	262,753
Securities sold under term repurchase agreements	6,779	17,787
Accrued interest payable on term loans	(1,314)	(1,333)
Term accounts	**169,554**	**279,207**
TOTAL	**229,123**	**343,130**

At December 31, 2022, amounts payable to the networks can be broken down into €58,036 million in demand accounts, and €76,552 million in term accounts. At December 31, 2021, amounts payable to networks can be broken down into €62,253 million in demand accounts, and €170,812 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 €83,196 million at December 31, 2022 compared with €97,196 million at December 31, 2021.

Interest on long-term refinancing operations (TLTRO 3) with the ECB was recognized in the income statement *pro rata temporis*, on the basis of a rate 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. Groupe BPCE achieved the loan production targets set by the ECB. This means the -0.50% interest bonus has been booked as income for the 12-month period concerned (*i.e.* around six months in 2022). On October 28, 2022, the ECB announced a change in the remuneration of the TLTRO 3:

- between June 23, 2022 and November 22, 2022, the applicable rate is the ECB's average deposit facility rate from the TLTRO 3 start date until November 22, 2022;

- from November 23, the applicable rate is the ECB's average deposit facility rate applicable until the maturity date or the early repayment date of each TLTRO 3 transaction in progress;
- in the individual accounts at December 31, 2022, the interest rate is the last known deposit facility rate (2% since December 21, 2022).

The remuneration for the loan of this resource to the group's institutions follows the same principles.

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	12/31/2022	12/31/2021
Current accounts with overdrafts	**11**	**3**
Business loans	**0**	**0**
Export loans	0	0
Short-term credit facilities and Consumer Loans	164	82
Equipment loans	686	663
Overnight loans	0	0
Home loans	0	0
Other customer loans	0	0
Securities purchased under resale agreements	0	350
Subordinated loans*	1,702	420
Others	185	236
Other facilities granted to customers	**2,737**	**1,751**
Accrued interest	**7**	**2**
Non-performing loans	**0**	**4**
Impairment of customer loans and advances	**0**	**(3)**
TOTAL	**2,755**	**1,757**

* The increase in subordinated loans is due to the repurchase from Natixis of subordinated loans granted to BPCE Assurances or its subsidiaries.

AMOUNTS DUE TO CUSTOMERS

	12/31/2022			12/31/2021		
in millions of euros	Demand	Term	Total	Demand	Term	Total
Current accounts	355	0	355	1,165	0	1,165
Loans from financial sector customers	0	863	863	0	214	214
Securities sold under repurchase agreements	0	1,082	1,082	0	1,987	1,987
Other accounts and loans	0	0	0	0	0	0
Accrued interest	0	4	4	0	(1)	(1)
TOTAL	**355**	**1,949**	**2,304**	**1,165**	**2,200**	**3,365**

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	1,666				
Self-employed customers					
Insurance companies	896				
Non-profit institutions					
Government and social security institutions	8				
Others	185				
TOTAL AT DECEMBER 31, 2022	**2,755**	**0**	**0**	**0**	**0**
TOTAL AT DECEMBER 31, 2021	**1,756**	**4**	**(3)**	**4**	**(3)**

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 impairments. 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

	12/31/2022				12/31/2021			
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		561		561		557		557
Accrued interest		2		2		2		2
Impairment		(1)		(1)				0
Treasury bills and equivalent	**0**	**562**	**0**	**562**	**0**	**559**	**0**	**559**
Gross amount		1,878	2,508	4,386		1,968	2,652	4,620
Accrued interest		6	26	32		6	16	22
Impairment		(62)	(1)	(63)		(27)		(27)
Bonds and other fixed-income securities	**0**	**1,822**	**2,533**	**4,355**	**0**	**1,947**	**2,668**	**4,615**
Gross amount		1,710		1,710		1,519		1,519
Accrued interest				0				0
Impairment		(291)		(291)		(234)		(234)
Equities and other variable-income securities	**0**	**1,419**	**0**	**1,419**	**0**	**1,285**	**0**	**1,285**
TOTAL	**0**	**3,803**	**2,533**	**6,336**	**0**	**3,791**	**2,668**	**6,459**

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 €118 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 €242 million.

The change in variable-income securities, classified as available-for-sale securities, is mainly due to the acquisition of Visa Inc. Class A preferred shares for €139 million following the conversion of Visa Inc. Class C preferred shares (classified as other long-term securities).

The market value of held-to-maturity securities stood at €2,442 million.

At December 31, 2022, unrealized capital gains totaled €57 million, and capital losses €607 million.

TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES: BREAKDOWN BY TYPE OF LISTING

	12/31/2022				12/31/2021			
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		2,034	400	2,434		2,011		2,011
Unlisted securities		342	2,107	2,449		487	2,652	3,139
Securities loaned				0				0
Non-performing loans				0				0
Accrued interest		8	26	34		8	16	24
TOTAL	**0**	**2,384**	**2,533**	**4,917**	**0**	**2,506**	**2,668**	**5,174**
o/w subordinated notes				*0*				*0*

Unrealized losses on available-for-sale securities (before taking into account hedging derivatives) totaled €219 million at December 31, 2022, compared with €33 million at December 31, 2021.

Unrealized gains on available-for-sale securities totaled €4 million at December 31, 2022 compared with €46 million at December 31, 2021.

Unrealized gains on held-to-maturity securities amounted to €11 million at December 31, 2022 compared with €64 million at December 31, 2021.

Unrealized capital losses on held-to-maturity securities, whether or not they are subject to an impairment charge for counterparty risk, totaled €77 million at December 31, 2022 compared with €39 million at December 31, 2021.

At December 31, 2022, bonds and other fixed-income securities issued by public-sector organizations amounted to €561 million compared with €557 million at December 31, 2021.

EQUITIES AND OTHER VARIABLE-INCOME SECURITIES: BREAKDOWN BY TYPE OF LISTING

	12/31/2022			12/31/2021		
in millions of euros	Transaction	Available-for-sale securities	Total	Transaction	Available-for-sale securities	Total
Listed securities		1,371	1,371		1,234	1,234
Unlisted securities		48	48		51	51
Accrued interest			0			0
TOTAL	**0**	**1,419**	**1,419**	**0**	**1,285**	**1,285**

The change in variable-income securities classified as available-for-sale securities is mainly due to the acquisition of Visa Inc. Class A preferred shares for €139 million following the conversion of Visa Inc. Class C preferred shares (classified in other long-term investments in Note 4.4.1).

At December 31, 2022, equities and other variable-income securities included €1,280 million in UCITS, with accumulation funds accounting for €1,213 million of that total (compared with €1,284 million in UCITS at December 31, 2021, including €1,213 million in accumulation funds).

Unrealized losses on impaired available-for-sale securities totaled €311 million at December 31, 2022. At December 31, 2021, unrealized losses subject to impairment amounted to €260 million.

Unrealized gains on available-for-sale securities totaled €41 million at December 31, 2022. As of December 31, 2021, unrealized gains on available-for-sale securities amounted to €78 million.

4.3.2 CHANGES IN HELD-TO-MATURITY SECURITIES

in millions of euros	12/31/2021	Purchases	Disposals and Redemptions	Transfer of Category	Conversion	Discount/ premium	Other changes	12/31/2022
Bonds and other fixed-income securities	2,668	0	(242)	0	81	17	9	2,533
TOTAL	**2,668**	**0**	**(242)**	**0**	**81**	**17**	**9**	**2,533**

The changes are explained by the amortization of securities in the mortgage and public asset securitization portfolio for a nominal amount of €242 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 provided for in Article 19 of CRB Regulation No. 90-01 prior to its update by CRC Regulation No. 2008-17 remain in force and are not repealed by Accounting Standards Authority (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 2022, the amortization of held-to-maturity securities reclassified in 2015 as available-for-sale securities represented a nominal amount of €118 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	12/31/2021	Increase	Decrease	Conversion	Other changes	12/31/2022
Equity interests and other long-term investments	3,246	50	(458)	65	(16)	2,887
Investments in affiliates	29,702	2,079	(3)	0	0	31,778
o/w current account advances & perpetual deeply subordinated notes	*2,050*	*87*	*(400)*	*58*	*0*	*1,795*
Gross amount	**32,948**	**2,129**	**(461)**	**65**	**(16)**	**34,665**
Equity interests and other long-term investments	(451)	(21)	16	0	16	(440)
Investments in affiliates	(5,814)	(1,853)	1,355	0	0	(6,312)
o/w current account advances & perpetual deeply subordinated notes	*0*	*0*	*0*	*0*	*0*	*0*
Impairment	**(6,265)**	**(1,874)**	**1,371**	**0**	**16**	**(6,752)**
TOTAL	**26,683**	**255**	**910**	**65**	**0**	**27,913**

Equity interests and other long-term investments

Other long-term securities include shareholder and partnership certificates for the *Fonds de Garantie des Dépôts* (non-material amount) and perpetual deeply subordinated notes (meeting the definition of additional Tier 1 capital purchased) from group institutions.

The main acquisitions and disposals of equity interests in 2022, at gross value, were as follows:

- subscription to the capital increase of the Caisse de Refinancement de l'Habitat (€16 million);
- acquisition of Epi Interim Company SE shares (€19 million).

The main decreases in securities in 2022 are linked to the conversion of 46.59% of Visa Inc. Class C shares into Visa Inc. Class A preferred shares (€43 million).

The main decreases in TSSDI (perpetual deeply subordinated notes) achieved in 2022 are as follows:

- Natixis (€400 million); these transactions were replaced by the granting of undated super-subordinated loans meeting the definition of additional Tier 1 capital of €403 million of which €460 million in USD (see Note 4.1).

Shares in real estate companies are non-material.

Investments in affiliates

- subscription to the Natixis capital increase (€1,701 million), *cf.* Note 1.3;
- subscription to the capital increase of Compagnie Européenne de Garantie et de Cautions (CEGC) (€150 million);
- subscription to the capital increase of BPCE Payments (€56 million);
- acquisition of BPCE Immo Exploitation from Natixis (€55 million);
- acquisition of Pramex International from BPCE International (€2 million).

In addition, BPCE received the shares of BPCE Assurances and BPCE Payments following a contribution of these shares from Natixis. The accounting treatment of this transaction is described in Note 1.3.

The main current account advances granted in 2022 are as follows:

- BPCE Payments (€84 million);
- Pramex International (€2 million).

Valuation of investments in affiliates as of December 31, 2022

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 the annual budgeting process and established for the group's 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 discount rates at December 31, 2022 for all entities are based on a twelve-month average of daily French government bond rates of 1.3% (compared with a long-term average of -0.1% last year) and an equity risk premium assumption of 7.2% corresponding to the average of twelve-month values from Bloomberg and Factset (compared with a historical long-term premium of 7.75% last year),
  - these changes reflect the rise in interest rates and a market correction of the risk premium,
  - the discount rate used for Natixis is 9.75%, 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 financial statements for 2022 mainly resulted in the recognition of the following changes to impairments:

- an impairment of €1,684 million on Natixis shares, thus reducing the net carrying amount to €10,593 million at December 31, 2022 (after contribution of BPCE Assurances and BPCE Payments shares, see Note 1.3);
- a reversal of €634 million on BPCE Assurances shares, thus increasing the net amount to its gross amount by €5,902 million at December 31, 2022 (after contribution of shares, see Note 1.3);
- a reversal of €140 million on BPCE Payments shares, thus increasing the net amount to its gross amount by €1,359 million at December 31, 2022 (after contribution of shares, see Note 1.3);
- a reversal of €162 million on BPCE Factor shares, thus increasing the net amount to its gross amount of €178 million at December 31, 2022;
- a reversal of €328 million on Crédit Foncier shares, increasing the net carrying amount to €2,203 million at December 31, 2022;
- an impairment of €32 million on Oney Bank shares, thus reducing the net carrying amount to €338 million at December 31, 2022.
- a reversal of €90 million on Banque Palatine shares, increasing the net carrying amount to €654 million at December 31, 2022;
- an impairment of €138 million on BPCE International shares, thus reducing the net carrying amount to €526 million at December 31, 2022.

A sensitivity analysis based on a 25 basis point decrease in the discount rate was performed and would increase the value in use of investments in affiliates by 2.9%.

A sensitivity analysis based on a 25 basis point increase in the discount rate was performed as well and would reduce the value in use of investments in affiliates by 2.7%.

4.4.2 STATEMENT OF SUBSIDIARIES AND EQUITY INVESTMENTS

Subsidiaries and ownership interests *in millions of euros*	Share capital 12/31/2021	Shareholders' equity other than share capital (incl. fund for general banking risks, as appropriate) at 12/31/2021	% interest held at 12/31/2022	Carrying amount of shares held at 12/31/2022	
				Gross	Net
Detailed information concerning holdings whose gross value exceeds 1% of the parent company's share capital					
Subsidiaries (more than 50%-owned)					
Natixis (SA) – 7, promenade Germaine Sablon – 75013 Paris	5,053	12,407	99.98%	13,550	10,593
BPCE Assurances – 7, promenade Germaine Sablon – 75013 Paris	0	0	100.00%	5,902	5,902
Crédit Foncier – 182, avenue de France – 75013 Paris	1,332	1,704	100.00%	3,682	2,203
BPCE International – 88, avenue de France – 75013 Paris	648	(101)	100.00%	1,728	526
BPCE Payments – 7, promenade Germaine Sablon – 75013 Paris*	0	0	100.00%	1,359	1,359
Compagnie Européenne de Garanties et de Cautions – 16, rue Hoche – 92919 La Défense	236	251	100.00%	1,318	1,318
Banque Palatine – 86, rue de Courcelles – 75008 Paris	689	291	100.00%	1,269	654
BPCE Lease – 7, promenade Germaine Sablon – 75013 Paris*	354	3	100.00%	982	982
BPCE SFH – 7, promenade Germaine Sablon – 75013 Paris	600	47	100.00%	600	600
BPCE Financement – 7, promenade Germaine Sablon – 75013 Paris	74	39	100.00%	370	370
Oney Bank – 40, avenue de Flandre – 59170 Croix	51	402	50.10%	370	338
BPCE Factor – 7, promenade Germaine Sablon – 75013 Paris*	20	199	100.00%	178	178
SOCFIM – 10, boulevard de Grenelle – 75015 Paris	47	65	100.00%	135	135
ISSORIA (SAS) – 7, promenade Germaine Sablon – 75013 Paris*	43	12	100.00%	99	68
BPCE Immo Exploitation – 7, promenade Germaine Sablon – 75013 Paris	27	13	100.00%	55	55
SPORT IMAGINE – 7, promenade Germaine Sablon – 75013 Paris	0	31	100.00%	55	55
Albiant-IT – 110, avenue de France – 75013 Paris	50	(21)	97.00%	49	49
Surassur – 534, rue de Neudorf – L2220 Luxembourg	31	1	97.38%	38	38
GCE Participations – 7, promenade Germaine Sablon – 75013 Paris	12	(4)	100.00%	34	6
Turbo – 86, rue du Dôme – 92100 Boulogne-Billancourt	0	6	100.00%	12	12
BPCE Solutions Immobilières – 7, promenade Germaine Sablon – 75013 Paris*	6	(3)	100.00%	7	7
Berra 4 – 7, promenade Germaine Sablon – 75013 Paris	6	(3)	100.00%	6	2
Berra 5 – 7, promenade Germaine Sablon – 75013 Paris	6	(3)	100.00%	6	2
Seth – 7, promenade Germaine Sablon – 75013 Paris	5	11	100.00%	5	2
Basak 1 – 7, promenade Germaine Sablon – 75013 Paris	4	(6)	100.00%	4	0
Basak 2 – 7, promenade Germaine Sablon – 75013 Paris	4	(6)	100.00%	4	0
Basak 3 – 7, promenade Germaine Sablon – 75013 Paris	4	(6)	100.00%	4	1
Basak 4 – 7, promenade Germaine Sablon – 75013 Paris	4	(5)	100.00%	4	1
Kami – 7, promenade Germaine Sablon – 75013 Paris	4	6	100.00%	4	3
Muge 1 – 7, promenade Germaine Sablon – 75013 Paris	4	(5)	100.00%	4	0
Muge 2 – 7, promenade Germaine Sablon – 75013 Paris	4	(5)	100.00%	4	0
Nara – 7, promenade Germaine Sablon – 75013 Paris	3	7	100.00%	4	3
Olokun – 7, promenade Germaine Sablon – 75013 Paris	3	7	100.00%	4	3
Orion – 7, promenade Germaine Sablon – 75013 Paris	4	19	100.00%	4	2
Perle 1 – 7, promenade Germaine Sablon – 75013 Paris	4	(7)	100.00%	4	0
Kanji1 – 7, promenade Germaine Sablon – 75013 Paris	3	8	100.00%	3	3
Kendo – 7, promenade Germaine Sablon – 75013 Paris	3	8	100.00%	3	3
Panda 10 – 7, promenade Germaine Sablon – 75013 Paris	3	(4)	100.00%	3	0
Panda 5 – 7, promenade Germaine Sablon – 75013 Paris	3	(3)	100.00%	3	0
Panda 6 – 7, promenade Germaine Sablon – 75013 Paris	3	(3)	100.00%	3	0

Loans and advances granted by the parent company and not yet repaid (incl. perpetual deeply subordinated notes) in 2022	Guarantees and endorsements given by the parent company in 2022	Net revenues before tax or NBI for the year ended 12/31/2021	Net profit/(loss) for the year ended 12/31/2021	Dividends received by the parent company during fiscal year 2022
43,431	28,180	3,426	555	919
890	-	0	0	-
9,311	149	142	(29)	119
607	-	(11)	(64)	-
84	-	0	0	-
552	-	85	72	72
1,924	36	320	38	-
7,025	110	34	(24)	-
-	-	10	0	-
1,768	650	280	82	83
4,340	-	344	64	-
5,237	110	140	30	30
2,602	250	90	42	43
7	-	1	0	-
-	5	192	(4)	-
-	-	12	(15)	-
76	-	323	1	-
-	-	24	0	-
-	-	0	0	-
-	-	4	1	-
2	-	25	(1)	-
5	-	9	1	-
5	-	8	1	-
9	-	13	(1)	-
-	-	8	2	-
-	-	8	3	-
-	-	8	2	-
1	-	7	2	-
12	-	14	(5)	-
-	-	7	2	-
-	-	6	2	-
8	-	11	(7)	-
8	-	11	(7)	-
7	-	10	(7)	-
1	-	7	2	-
9	-	11	(7)	-
9	-	11	(7)	-
-	-	4	1	-
-	-	4	0	-
-	-	4	0	-

Subsidiaries and ownership interests *in millions of euros*	Share capital 12/31/2021	Shareholders' equity other than share capital (incl. fund for general banking risks, as appropriate) at 12/31/2021	% interest held at 12/31/2022	Carrying amount of shares held at 12/31/2022	
				Gross	Net
Panda 7 – 7, promenade Germaine Sablon – 75013 Paris	3	(3)	100.00%	3	0
Panda 8 – 7, promenade Germaine Sablon – 75013 Paris	3	(3)	100.00%	3	0
Panda 9 – 7, promenade Germaine Sablon – 75013 Paris	3	(4)	100.00%	3	0
Ramses – 7, promenade Germaine Sablon – 75013 Paris	3	7	100.00%	3	1
Sento – 7, promenade Germaine Sablon – 75013 Paris	0	0	100.00%	3	3
Behanzin – 7, promenade Germaine Sablon – 75013 Paris	2	11	100.00%	2	1
Berra 1 – 7, promenade Germaine Sablon – 75013 Paris	2	(1)	100.00%	2	1
Berra 2 – 7, promenade Germaine Sablon – 75013 Paris	2	(1)	100.00%	2	1
Berra 3 – 7, promenade Germaine Sablon – 75013 Paris	2	(1)	100.00%	2	1
Lotus 1 – 7, promenade Germaine Sablon – 75013 Paris	2	(2)	100.00%	2	0
Lotus 2 – 7, promenade Germaine Sablon – 75013 Paris	2	(2)	100.00%	2	0
Lotus 3 – 7, promenade Germaine Sablon – 75013 Paris	2	(2)	100.00%	2	0
Mihos – 7, promenade Germaine Sablon – 75013 Paris	2	8	100.00%	2	0
Pramex International – 58, avenue d'Iéna – 75116 Paris	1	(2)	100.00%	2	2
Rémus – 7, promenade Germaine Sablon – 75013 Paris	2	9	100.00%	2	1
Satis – 7, promenade Germaine Sablon – 75013 Paris	2	5	100.00%	2	0
Thara Raj – 7, promenade Germaine Sablon – 75013 Paris	3	8	100.00%	2	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	19	49.00%	100	100
Caisse de Refinancement de l'Habitat – 3, rue La Boétie – 75008 Paris	540	23	13.12%	79	79
Socram Banque – 2, rue du 24 février – 79000 Niort	70	163	33.42%	44	41
EPI Interim Company SE – 2 avenue du Port – 1080 Molenbeek	34	0	10.59%	20	20
Informatique Banque Populaire – 23, place de Wicklow – 78180 Montigny le Bretonneux	16	0	31.54%	5	5
France Active Garantie – Tour 9, 3 rue Franklin – 93100 Montreuil	11	15	14.00%	3	3
Nefer – 22, rue des Ombres – 27930 Normanville	8	0	34.00%	3	3
Systèmes Technologiques d'Échanges et de Traitement – 100, esplanade du Général de Gaulle – 92932 Courbevoie	20	97	15.04%	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)				34	20
Foreign subsidiaries (all)				0	0
Association certificates				0	0
French companies				199	192
Foreign companies				172	168
o/w investments in listed companies				0	0

* Address post-move at the beginning of 2023.

Loans and advances granted by the parent company and not yet repaid (incl. perpetual deeply subordinated notes) in 2022	Guarantees and endorsements given by the parent company in 2022	Net revenues before tax or NBI for the year ended 12/31/2021	Net profit/(loss) for the year ended 12/31/2021	Dividends received by the parent company during fiscal year 2022
-	-	5	(1)	-
-	-	5	0	-
-	-	5	1	-
2	-	6	0	-
12	-	0	0	-
5	-	8	(2)	-
2	-	3	1	-
2	-	4	1	-
2	-	4	1	-
-	-	3	0	-
-	-	3	0	-
-	-	3	0	-
-	-	2	(5)	-
2	-	4	(1)	-
4	-	3	(5)	-
1	-	4	(1)	-
-	-	2	(6)	-
-	-	3	4	1
-	-	0	4	2
-	-	2	0	-
-	50	48	1	1
-	-	(18)	(20)	-
-	-	368	0	-
-	-	5	0	-
-	-	0	0	-
-	-	113	12	-
78	-	0	0	-
-	-	0	0	-
-	-	0	0	-
8	2	0	0	17
-	-			5

4.4.3 COMPANIES ESTABLISHED WITH UNLIMITED LIABILITY

Corporate name	Head office	Legal form
GIE BPCE Achats	110, avenue de France – 75013 Paris	EIG
BPCE Infogérance et Technologies	110, avenue de France – 75013 Paris	EIG
GIE BPCE Services Financiers	110, avenue de France – 75013 Paris	EIG
GIE BPCE Solutions Crédit	7, promenade Germaine Sablon – 75013 Paris	EIG
GIE CE Syndication Risque*	7, promenade Germaine Sablon – 75013 Paris	EIG
GIE Ecolocale*	7, promenade Germaine Sablon – 75013 Paris	EIG
GIE GCE Mobiliz*	7, promenade Germaine Sablon – 75013 Paris	EIG
GIE IT-CE	182, avenue de France – 75013 Paris	EIG
SCI de la vision	3, rue de Vienne – 75008 Paris	SCI
SNC BPCE IT Solutions	182, avenue de France – 75013 Paris	SNC
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

* Address post-move at the beginning of 2023.

4.4.4 RELATED-PARTY TRANSACTIONS

	12/31/2022			12/31/2021
in millions of euros	Banks	Other companies	Total	Total
Receivables	**80,643**	**1,525**	**82,168**	**154,000**
o/w subordinated items	*4,657*	*1,435*	*6,092*	*5,570*
Liabilities	**37,012**	**176**	**37,188**	**100,107**
o/w subordinated items	*0*	*0*	*0*	*0*
Loan commitments	900	0	900	638
Guarantee commitments	28,585	10	28,595	12,852
Other commitments given	0	0	0	1,923
Commitments given	**29,485**	**10**	**29,495**	**15,413**
Loan commitments	5	0	5	1,972
Guarantee commitments	0	0	0	0
Other commitments received	5,852	0	5,852	6,196
Commitments received	**5,857**	**0**	**5,857**	**8,168**

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.

Internally created software is recognized as an asset in the balance sheet at its direct development cost, which includes external expenses and personnel costs directly attributable to its production and preparation when it meets the capitalization criteria.

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.

Internally generated software is depreciated over its useful life, which may not exceed fifteen years.

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	12/31/2021	Increase	Decrease	Other changes	12/31/2022
Lease rights and business assets	78				78
Software	96	55	(36)		115
Others	0				0
Operating intangible assets	**174**	**55**	**(36)**	**0**	**193**
Non-operating property, plant and equipment	**2**	**0**	**(2)**	**0**	**0**
Gross amount	**176**	**55**	**(38)**	**0**	**193**
Lease rights and business assets	0				0
Software	(67)	(9)			(76)
Others	0				0
Impairment*	0	(19)			(19)
Operating intangible assets	**(67)**	**(28)**	**0**	**0**	**(95)**
Impairment excluding operating intangible assets	**(2)**	**0**	**2**	**0**	**0**
Depreciation, amortization and impairment	**(69)**	**(28)**	**2**	**0**	**(95)**
TOTAL NET AMOUNT	**107**	**27**	**(36)**	**0**	**98**

* Concerns the impairment of the Eurotitres goodwill.

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	12/31/2021	Increase	Decrease	Other changes	12/31/2022
Land	0				0
Buildings	2				2
Shares in non-trading real estate companies	0				0
Others	65				65
Operating property, plant and equipment	**67**	**0**	**0**	**0**	**67**
Non-operating property, plant and equipment	**2**	**0**	**0**	**0**	**2**
Gross amount	**69**	**0**	**0**	**0**	**69**
Land	0				0
Buildings	0				0
Shares in non-trading real estate companies	0				0
Others	(54)	(8)			(62)
Operating property, plant and equipment	**(54)**	**(8)**	**0**	**0**	**(62)**
Non-operating property, plant and equipment	**(2)**	**0**	**0**	**0**	**(2)**
Depreciation, amortization and impairment	**(56)**	**(8)**	**0**	**0**	**(64)**
TOTAL NET AMOUNT	**13**	**(8)**	**0**	**0**	**5**

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	12/31/2022	12/31/2021
Certificates of deposit and savings bonds	0	0
Interbank market instruments and negotiable debt securities	32,273	30,110
Bonds	37,497	34,802
Senior non-preferred debt	26,579	25,114
Other debt securities	0	0
Accrued interest	544	389
TOTAL	**96,893**	**90,415**

The amount of bond issue and redemption premiums remaining to be amortized totaled €190 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

	12/31/2022		12/31/2021	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Remaining payments due on investments in associates	0	39	0	35
Securities settlement accounts[(1)]	56	59	73	34
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	778	657	245	241
Security deposits paid and received[(2)]	7,686	85	1,433	0
Other accounts receivable, other accounts payable[(3)]	380	256	840	2,010
TOTAL	**8,900**	**1,096**	**2,591**	**2,320**

(1) This line concerns the securities custody activity.
(2) The increase in guarantee deposits paid is mainly due to margin calls for €5,422 million, of which 5,327 million paid to Natixis.
(3) Other accounts payable decreased by €1,754 million and include €1,592 million in margin calls received, including €1,579 million from Natixis.

4.8 ACCRUAL ACCOUNTS

	12/31/2022		12/31/2021	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Foreign exchange commitments	0	708	412	0
Deferred gains and losses on hedging forward financial instruments	113	268	194	255
Issue premiums and expenses	274	7	256	8
Prepaid expenses and unearned income	17	14	16	16
Accrued income/expenses*	1,481	1,125	868	321
Items in process of collection	0	94	65	0
Others	181	496	60	257
TOTAL	**2,066**	**2,712**	**1,871**	**857**

* Including €1,415 million in accrued interest receivable on interest rate swaps and €923 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).

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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 reporting 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	12/31/2021	Charges	Reversals	Used	Other changes*	12/31/2022
Provisions for counterparty risks	**0**					**0**
Provisions for employee benefits	**101**	**24**	**(34)**	**(4)**	**32**	**119**
Provisions for litigation	**12**	**7**	**(5)**	**(5)**		**9**
Provisions for restructuring costs	**2**		**(1)**	**(1)**		**0**
Forward transactions	3		(3)			0
Securities portfolio	56		(54)		(1)	1
Real estate development	0					0
Provisions for taxes	455	103	(43)	(36)		479
Others	36				1	37
Other provisions	**550**	**103**	**(100)**	**(36)**	**0**	**517**
TOTAL	**665**	**134**	**(140)**	**(46)**	**32**	**645**

* Other changes mainly concern the transfer of provisions for employee benefit obligations affected by the new organization of the functional departments mentioned in Note 1.3.

4.9.2 PROVISIONS AND IMPAIRMENT FOR COUNTERPARTY RISKS

in millions of euros	12/31/2021	Charges	Reversals	Used	Other changes	12/31/2022
Impairment of loans and advances to customers (individual basis)	3	-	(3)	-	-	0
Impairment of assets	**3**	**0**	**(3)**	**0**	**0**	**0**
TOTAL	**3**	**0**	**(3)**	**0**	**0**	**0**

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 Banques Populaires and the Caisses d'Epargne belong. BPCE's obligations under these plans are limited to the payment of contributions (€40 million in 2022).

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 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;

- 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;
- 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

	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	12/31/2022	CGPCE plan	CARBP plan	Supple-mentary pensions and other plans	End-of-career awards	Long-service awards and others	12/31/2021
Actuarial liabilities	76	14	202	48	61	401	111	19	269	58	46	503
Fair value of plan assets	(105)	(11)	(239)	(35)		(390)	(133)	(13)	(237)	(35)		(418)
Effect of ceiling on plan assets	8					8	7					7
Unrecognized actuarial gains/(losses)	21	2	55	22		100	15	0	(12)	6		9
Unrecognized past service cost						0						0
NET AMOUNT REPORTED ON THE BALANCE SHEET	**0**	**5**	**18**	**35**	**61**	**119**	**0**	**6**	**20**	**29**	**46**	**101**
Passive employee benefits	0	5	18	35	61	119	0	6	20	29	46	101
Active employee benefits						0						0

At December 31, 2022, pension plan assets were allocated as follows:

- for Banque Populaire's CARBP pension plan: 40.8% in bonds, 42.6% in equities, and 8.8% in money-market assets, 7.8% in investment funds.

In 2022, of the -€3.5 million in actuarial gains and losses generated on CARBP's actuarial liabilities, -€4.2 million can be attributed to differences related to updated financial assumptions, and +€0.7 million to experience adjustments;

- for Caisse d'Epargne's CGPCE pension plan: 80.2% in bonds, 13.4% in equities, 2.5% in real estate assets and 3.9% in money-market assets.

In 2022, of the total -€33 million of actuarial gains and losses generated on the CGPCE actuarial liability, -€32 million come from gains and losses related to the updating of financial assumptions and -€1 million from experience adjustments.

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Analysis of expenses for the year

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	12/31/2022	CGPCE plan	CARBP plan	Supple-mentary pensions and other plans	End-of-career awards	Long-service awards and others	12/31/2021
Service cost			4	4	10	18			6	6	5	17
Past service cost						0						0
Interest cost	1		2	1		4	1		1			2
Interest income	(1)		(2)			(3)	(1)		(1)			(2)
Actuarial gains recognized in income						0			3	(1)	(1)	1
Others				3		3				2	1	3
TOTAL	**0**	**0**	**4**	**8**	**10**	**22**	**0**	**0**	**9**	**7**	**5**	**21**

Main actuarial assumptions

as a %	12/31/2022					12/31/2021				
	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	CGPCE plan	CARBP plan	Supple-mentary pensions and other plans	End-of-career awards	Long-service awards
Discount rate	3.75%	3.72%	[3.45%; 3.80%]	[0.00%; 1.30%]	[3.45%; 3.67%]	1.07%	0.86%	[0.09%; 1%]	[(0.07)%; 1.30%]	[0.06%; 0.53%]
Inflation rate	2.40%	2.40%	2.40%	2.40%	2.40%	1.70%	1.70%	1.70%	1.70%	1.70%
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	14.4	11.2	[8.06; 14.16]	[0.00; 29.48]	[4.2; 9.28]	17.10	13.40	[4.73; 17.56]	[3.44; 30.92]	[4.48; 8.64]

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	12/31/2022	12/31/2021
Term subordinated debt	19,547	17,477
Perpetual subordinated debt	0	0
Perpetual deeply subordinated debt	5,190	3,390
Accrued interest	643	481
TOTAL	**25,380**	**21,348**

Bond issue and redemption premiums remaining to be amortized at December 31, 2022 totaled €77 million.

On June 28, 2022, BPCE issued €1,800 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	Outstandings at 12/31/2022 *(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
EUR	11/30/2018	700	700	5.35%	Euribor 3 months +5.04%	Euribor 3 months +5.04%	11/30/2023	11/30/2023
EUR	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
EUR	06/28/2022	1,800	1,800	7.38%	Euribor 3 months +5.04%	Euribor 3 months +5.04%	06/28/2027	06/28/2027
TOTAL		**5,190**						

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	12/31/2021	Increase	Decrease	12/31/2022
Fund for general banking risks	65	0	0	65
TOTAL	**65**	**0**	**0**	**65**

4.12 SHAREHOLDERS' 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, 2020	**174**	**14,252**	**35**	**0**	**3,404**	**(579)**	**(1,073)**	**16,213**
Changes during the period	7	793	0	20	(2,364)	579	3,286	2,321
TOTAL AT DECEMBER 31, 2021	**181**	**15,045**	**35**	**20**	**1,040**	**0**	**2,213**	**18,534**
2021 income allocation					2,213		(2,213)	0
Capital increase								0
Dividend paid					(788)			(788)
Other changes				17				17
Net income for the period							314	314
TOTAL AT DECEMBER 31, 2022	**181**	**15,045**	**35**	**37**	**2,465**	**0**	**314**	**18,077**

BPCE's share capital amounted to €181 million at December 31, 2022, *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 General Meeting of May 19, 2022, BPCE decided:

- to allocate the 2021 earnings of €2,213,155,147.02 to retained earnings;
- to distribute €787,968,126.82 in dividends to its shareholders, €21.83 per share, taken in full from retained earnings.

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.

	12/31/2022						
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	0	223	337	0	562
Loans and advances due from banks	55,549	14,512	76,595	64,597	27,537	1,334	240,124
Customer transactions	203	18	347	1,164	1,001	22	2,755
Bonds and other fixed-income securities	63	52	108	1,781	2,351	0	4,355
Total assets	**55,817**	**14,582**	**77,050**	**67,765**	**31,226**	**1,356**	**247,796**
Amounts due to banks	93,364	10,293	85,064	25,615	14,787	0	229,123
Customer transactions	359	0	1,182	716	47	0	2,304
Debt securities	5,473	13,270	24,078	35,848	18,224	0	96,893
Subordinated debt	643	0	2,405	8,389	8,753	5,190	25,380
Total liabilities	**99,839**	**23,563**	**112,729**	**70,568**	**41,811**	**5,190**	**353,700**

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	12/31/2022	12/31/2021
Loan commitments given		
To banks[1]	**3,680**	**2,778**
Documentary credit	0	0
Other credit facilities granted	0	0
Other commitments	0	0
To customers	**0**	**0**
TOTAL LOAN COMMITMENTS GIVEN	**3,680**	**2,778**
Loan commitments received		
From banks[2]	23,313	25,260
From customers	0	6
TOTAL LOAN COMMITMENTS RECEIVED	**23,313**	**25,266**

(1) The increase mainly relates to affiliates.
(2) The decrease relates mainly to repurchase agreements (time limits).

5.1.2 GUARANTEE COMMITMENTS

in millions of euros	12/31/2022	12/31/2021
Guarantee commitments given		
Documentary credit confirmations	0	0
Other bonds and endorsements	0	0
Other guarantees[1]	30,816	14,858
To banks	**30,816**	**14,858**
Real estate guarantees	0	0
Government and tax guarantees	0	0
Other bonds and endorsements	3,194	175
Other guarantees given	93	104
To customers	**3,287**	**279**
TOTAL GUARANTEE COMMITMENTS GIVEN	**34,103**	**15,137**
Guarantee commitments received from banks	1,987	2,436
Guarantee commitments received from customers[2]	12	3,670
TOTAL GUARANTEE COMMITMENTS RECEIVED	**1,999**	**6,106**

(1) The increase in "Other guarantees given" mainly concerns guarantees given to Natixis.
(2) The decrease in "Guarantees received from customers" is mainly due to Compagnie Européenne de Garanties et de Cautions.

5.1.3 OTHER COMMITMENTS NOT RECOGNIZED OFF-BALANCE SHEET

	12/31/2022		12/31/2021	
in millions of euros	Commitments given	Commitments received	Commitments given	Commitments received
Other securities pledged as collateral provided to banks	43,173	11,629	45,244	11,649
Other securities pledged as collateral received from customers	0	0	0	0
TOTAL	**43,173**	**11,629**	**45,244**	**11,649**

At December 31, 2022, receivables pledged as collateral under funding arrangements included in particular:

- €31,546 million in negotiable debt securities pledged to the Banque de France under the TRICP system, compared with €31,328 million at December 31, 2021;
- €5,330 million in loans pledged as collateral for funding received from the European Investment Bank (EIB) compared with €4,986 million at December 31, 2021.

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 reporting 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

in millions of euros	12/31/2022 Hedging transactions	12/31/2022 Other transactions	12/31/2022 Total	12/31/2022 Fair value	12/31/2021 Hedging transactions	12/31/2021 Other transactions	12/31/2021 Total	12/31/2021 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	170,193		170,193	(3,995)	154,113		154,113	1,265
Foreign exchange swaps	20,988		20,988	(227)	10,689		10,689	124
Currency swaps	24,902		24,902	(1,062)	19,849		19,849	165
Other foreign currency contracts	658		658		540		540	
Other forward contracts	289		289	(2)	287		287	1
Over-the-counter transactions	**217,030**	**0**	**217,030**	**(5,286)**	**185,478**	**0**	**185,478**	**1,555**
TOTAL FORWARD TRANSACTIONS	**217,030**	**0**	**217,030**	**(5,286)**	**185,478**	**0**	**185,478**	**1,555**
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	11		11		20		20	
Foreign currency options			0				0	
Other options			0				0	
Over-the-counter transactions	**11**	**0**	**11**	**0**	**20**	**0**	**20**	**0**
TOTAL OPTIONS	**11**	**0**	**11**	**0**	**20**	**0**	**20**	**0**
TOTAL FINANCIAL AND FOREIGN CURRENCY FORWARD INSTRUMENTS	**217,041**	**0**	**217,041**	**(5,286)**	**185,498**	**0**	**185,498**	**1,555**

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

	12/31/2022				12/31/2021			
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	94,624	75,569		170,193	81,814	72,300		154,114
Currency swaps	24,902			24,902	19,849			19,849
Other interest rate forward contracts				0				0
Forward transactions	**119,526**	**75,569**	**0**	**195,095**	**101,663**	**72,300**	**0**	**173,963**
Interest rate options	11			11	20			20
Options	**11**	**0**	**0**	**11**	**20**	**0**	**0**	**20**
TOTAL	**119,537**	**75,569**	**0**	**195,106**	**101,683**	**72,300**	**0**	**173,983**

	12/31/2022				12/31/2021			
in millions of euros	Micro-hedging	Macro-hedging	Isolated open positions	Total	Micro-hedging	Macro-hedging	Isolated open positions	Total
Fair value	(5,038)	(19)	0	(5,057)	1,265	0	0	1,265

No transactions were transferred from one portfolio to another during the period.

5.2.3 COMMITMENTS ON FORWARD FINANCIAL INSTRUMENTS BY TERM OUTSTANDING

	12/31/2022			
in millions of euros	Less than 1 year	From 1 year to 5 years	More than 5 years	Total
Transactions on organized markets				0
Over-the-counter transactions	123,516	61,089	32,425	217,030
Forward transactions	**123,516**	**61,089**	**32,425**	**217,030**
Transactions on organized markets				0
Over-the-counter transactions	6	4	1	11
Options	**6**	**4**	**1**	**11**
TOTAL	**123,522**	**61,093**	**32,426**	**217,041**

5.3 BREAKDOWN OF ASSETS AND LIABILITIES BY CURRENCY

	12/31/2022		12/31/2021	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Euro	349,800	308,370	447,404	421,337
Dollar	20,760	49,517	26,051	37,362
Pound sterling	201	4,926	2,451	8,537
Swiss franc	1,521	535	1,797	405
Yen	3,043	8,824	2,190	9,035
Others	970	4,123	806	4,023
TOTAL	**376,295**	**376,295**	**480,699**	**480,699**

5.4 FOREIGN CURRENCY TRANSACTIONS

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 closing rates 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	12/31/2022	12/31/2021
Spot foreign exchange transactions		
Currencies receivable not received	13	14
Currencies deliverable not delivered	13	14
TOTAL	**26**	**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 2022 to members of the Management Board amounted to €5.4 million and €0.5 million was paid to members of the Supervisory Board.

Provisions for retirement bonuses at the end of 2022 amounted to €1.7 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 2, 2022 Ministerial Decree, taken in accordance with Article 238-0-A of the French General Tax Code.

At December 31, 2022, 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, 2022

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' Meeting

BPCE SA

7, promenade Germaine Sablon

75013 Paris

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, 2022.

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, 2022 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, 2022 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 2022 concerned certification, specified procedures, comfort letters issuance regarding issuance programs, review of compliance procedures and the achievement of missions as independent third party on the CSR information of the management report.
- Mazars: the main assignments carried out in the 2022 fiscal year concerned methodological review, specified procedures, certification, comfort letters issuance regarding issuance programs and CSR related missions.
- PricewaterhouseCoopers Audit: the main engagements conducted in fiscal year 2022 concerned certification, specified procedures, training activities, comfort letters issuance regarding issuance programs and tax consultations.

III. JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

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

Identified risk and main judgments

As of December 31, 2022, associates, equity interests and long-term investments recognized in BPCE S.A.'s financial statements amounted to €27,913 million, including €6,752 million in impairment losses. Net impairment of investments in subsidiaries and affiliates and other long-term investments in 2022 amounted to €503 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.

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 calculation of the values of the main subsidiaries and examining the reasonableness 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.).

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 president 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, 2022, Mazars was in the sixteenth year of total uninterrupted engagement, including 14 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.

Signed at Paris, on March 24, 2023

The Statutory Auditors

Deloitte & Associés	**Mazars**	**PricewaterhouseCoopers Audit**
Marjorie Blanc Lourme	Charles de Boisriou	Antoine Priollaud
	Laurence Karagulian	Emmanuel Benoist

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 Group 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 Group 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.* coordination of BCBS 239 into LOD1 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 executive 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. It groups 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.). It distinguishes between external reports (regulatory reports) and internal reports (management reports);
- level 2: operating methods or procedures. They formalize the sequencing of operations to implement the production, publication and control processes;
- level 3: a description of the key processes (mainly the most complex processes). The process diagram positions the sequencing of the production and control steps, by identifying the players and tools used.

CHANGES IN 2022

In 2022, 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 implementation of the provisions of regulation (EU) No. 2019/876 (CRR2) which enabled the publication of the COREP reports (complying with the DPM 3.0 taxonomy), LEVIER and FINREP (complying with the DPM 3.2 taxonomy) as well as the Pillar III report;
- the finalization of the project enabling the application of IFRS 17 for Groupe BPCE's insurance entities: documentation of standard choices, modeling, adaptation of systems and organizations, production of financial statements and changeover strategy, financial communication and change management;
- the adaptation of the Information System to ensure the publication, on a quarterly basis, of the MREL/TLAC ratio as of the Order of March 31, 2022 for the Single Resolution Board (SRB);
- the implementation of RUBA reporting, which replaces SURFI from January 1, 2022;
- preparing the implementation of the Group VAT project;
- strengthening the BCBS 239 culture and integrating its compliance criteria into the day-to-day operations of the Group's business lines and main entities. The implementation of appropriate tools and methods to ensure regulatory compliance aims to increase overall operational efficiency, with a better quality and ability to align the information produced while gradually reducing manual interventions. At the same time, the continuous expansion of the scope of data bases (assets, liabilities and off-balance sheet) and the industrialization of the data supply processes in both normal and crisis environments (high frequency) enables the Group to respond to new internal or external requests more efficiently, quickly and at reduced cost.

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 exercised by all persons involved in the production and publication of accounting and financial information (for accounting information, these controls are coordinated by the accounting function and for reports by the overseer (or report owner);
- 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 Group Accounting department, which oversees the production of accounting and financial information.

To this end, the Group 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, under the tax consolidation regime for cooperative banking groups (Article 223 A *et seq.* of the French General Tax Code), the tax consolidation packages sent to the central institution by the entities falling within its scope.

In addition, for the reports 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 groupwide 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 reporting to the central body for the entities that appear to be the most material, and by visiting entities, in particular 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 General internal audit, which notably ensures compliance in audits of the Group's institutions and internal control procedures, including accounting and financial audits.

CHANGES IN 2022

In 2022, the Group 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, following the organic changes decided by the Group, of the Insurance division (in particular the entities BPCE Assurances, BPCE Assurances IARD, BPCE Vie and BPCE Life) and of the Payments division (in particular BPCE Payment Services and BPCE Payments) in the central institution's direct monitoring and management system;
- the update, in order to align the principles and definitions included in the permanent control framework, of the Framework for quality control of accounting and financial information and its validation by the Group Internal Control Coordination Committee on September 30, 2022;
- in terms of monitoring the accounting and financial information control system, the continuation of the automation work resulting from the reports sent by the financial controllers, the implementation of a half-yearly questionnaire and the adaptation of the scale assessment of local Financial Control systems;
- in terms of support, the maintenance of a robust system for local financial controllers and the provision of a new set of control guides for regulatory reports to facilitate the implementation of controls taking into account the specifications (organizational and regulatory) for each report;
- in all Group entities, the implementation of level 1 controls and independent reviews (level 2 controls) as well as the collection of Group control results at the level of the central institution The independent review was carried out in compliance with the new method for assessing reports defined by the Group, which makes it possible to obtain, regardless of the entities concerned (banking, insurance, etc.) and the requirements to be controlled (CRR2, BCBS 239, order of November 3, 2014, as amended, etc.) reasonable assurance that the reports are produced in a satisfactory internal control environment and that they include reliable data.

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.

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, 2022, 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

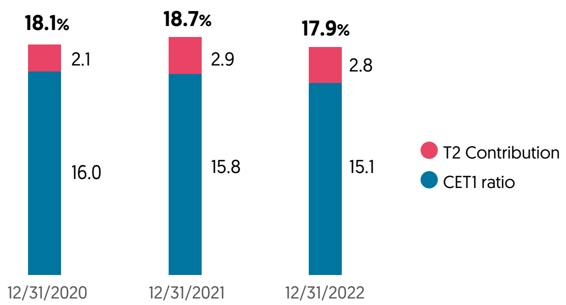
Some disclosures required under IFRS 7 on the nature and the extent of various risks are presented in this report and covered by the Statutory Auditor's opinion on the consolidated financial statements. Such disclosures are flagged by the statement "Information provided in the respect of IFRS 7" and 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".

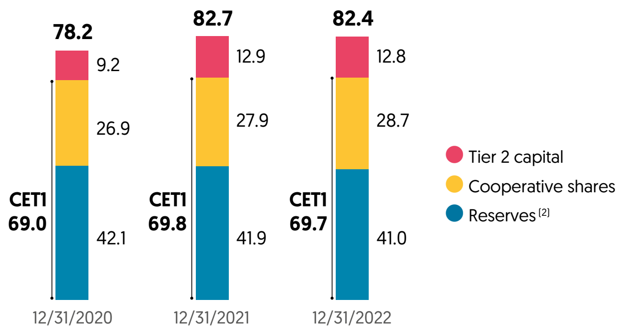
6.1 Key figures

KEY INDICATORS

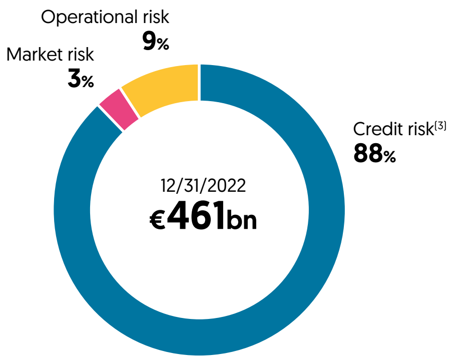
FULLY-LOADED CAPITAL RATIOS [1]
(as a %)



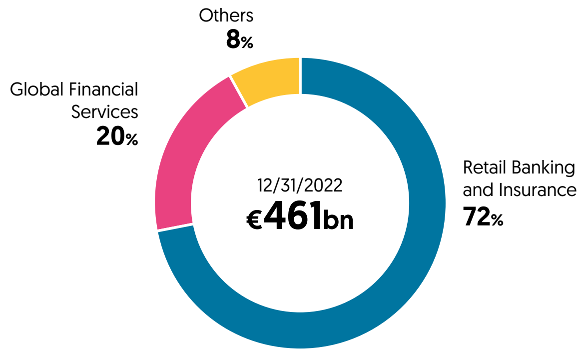
TOTAL FULLY LOADED CAPITAL [1]
(in billions of euros)



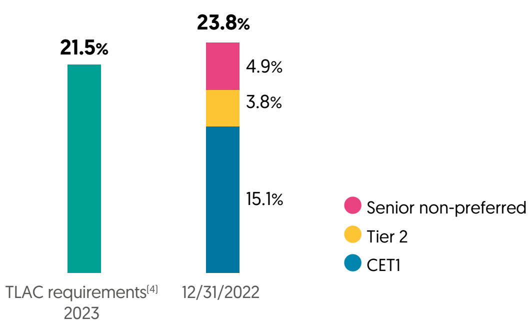
RISK-WEIGHTED ASSETS BY TYPE OF RISK



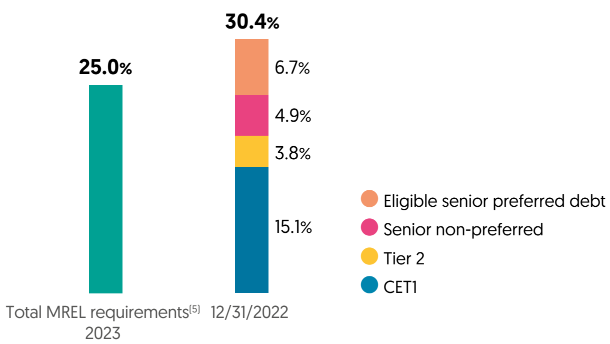
RISK-WEIGHTED ASSETS BY BUSINESS LINE



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-delivery risk.
(4) Based on the FSB TLAC term sheet dated November 9, 2015.
(5) Based on the ACPR notification of 03/22/2021.

ADDITIONAL INDICATORS

	12/31/2022	12/31/2021
Cost of risk (in basis points)[1]	24	23
Ratio of non-performing/gross outstanding loans	2.3%	2.4%
Impairment recognized/Gross outstandings	41.3%	42.7%
Groupe BPCE's consolidated VaR *(in millions of euros)*	10.3	8.3
Liquidity reserves *(in billions of euros)*	322	329

(1) Excluding exceptional items.

EU KM1 – KEY INDICATORS

		a	b	c	d	e
	in millions of euros	12/31/2022	09/30/2022	06/30/2022	03/31/2022	12/31/2021
	AVAILABLE CAPITAL					
1	Common Equity Tier 1 (CET1)	69,665	69,453	68,557	68,181	69,764
2	Tier 1 capital	69,665	69,453	68,557	68,181	69,764
3	Total capital	82,424	83,212	82,322	83,061	82,715
	RISK-WEIGHTED ASSETS					
4	Total risk-weighted assets	460,858	460,514	459,214	448,000	441,428
	CAPITAL RATIOS (AS A PERCENTAGE OF RISK-WEIGHTED ASSETS)					
5	Common Equity Tier 1 ratio	15.12%	15.08%	14.93%	15.22%	15.80%
6	Equity Tier 1 ratio	15.12%	15.08%	14.93%	15.22%	15.80%
7	Total capital ratio	17.88%	18.07%	17.93%	18.54%	18.74%
	ADDITIONAL CAPITAL REQUIREMENTS TO ADDRESS RISKS OTHER THAN THE EXCESSIVE LEVERAGE RISK (AS A PERCENTAGE OF THE RISK-WEIGHTED ASSETS)					
EU 7a	Additional capital requirements to address risks other than excessive leverage risk	2.00%	2.00%	2.00%	2.00%	1.75%
EU 7b	of which: to be met with CET1 capital	1.13%	1.13%	1.50%	1.50%	1.31%
EU 7c	of which: to be met with Tier 1 capital	1.50%	1.50%	1.50%	1.50%	1.31%
EU 7d	Total SREP capital requirement	10.00%	10.00%	10.00%	10.00%	9.75%
	OVERALL BUFFER REQUIREMENT AND OVERALL CAPITAL REQUIREMENT (AS A PERCENTAGE OF THE RISK-WEIGHTED ASSETS)					
8	Capital conservation buffer	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	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%
9	Institution-specific countercyclical capital buffer	0.03%	0.01%	0.02%	0.02%	0.02%
EU 9a	Systemic risk buffer	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global systemically important institution buffer	1.00%	1.00%	1.00%	1.00%	1.00%
EU 10a	Other systemically important institution buffer	0.00%	0.00%	0.00%	0.00%	0.00%
11	Overall buffer requirement	3.53%	3.51%	3.52%	3.52%	3.52%
EU 11a	Overall capital requirements	13.53%	13.51%	13.52%	13.52%	13.27%
12	CET1 capital available after compliance with total SREP capital requirements	9.12%	9.08%	8.93%	9.22%	9.99%
	LEVERAGE RATIO					
13	Total exposure measure	1,388,681	1,408,372	1,355,218	1,242,971	1,212,857
14	Leverage ratio	5.02%	4.93%	5.06%	5.49%	5.75%
	ADDITIONAL CAPITAL REQUIREMENTS TO ADDRESS THE EXCESSIVE LEVERAGE RISK (AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE)					
EU 14a	Additional capital requirements to address the excessive leverage risk	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be met with CET1 capital	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirement	3.00%	3.00%	3.00%	3.23%	3.23%
	LEVERAGE RATIO BUFFER REQUIREMENT AND OVERALL LEVERAGE RATIO REQUIREMENT (AS A PERCENTAGE OF TOTAL EXPOSURE MEASURE)					
EU 14d	Leverage ratio buffer requirement	-	-	-	-	-
EU 14e	Overall leverage ratio requirement	3.00%	3.00%	3.00%	3.23%	3.23%
	LIQUIDITY COVERAGE RATIO					
15	Total High Quality Liquid Assets (HQLA) (weighted average)	220,984	210,361	185,958	218,414	222,399
EU 16a	Cash outflows – Total weighted value	208,095	228,626	225,657	223,048	205,973
EU 16b	Cash inflows – Total weighted value	66,970	79,433	84,314	76,936	67,903
16	Total net cash outflows (adjusted value)	141,125	149,192	141,342	146,113	138,069
17	Liquidity coverage ratio	156.59%	141.00%	131.57%	149.48%	161.08%
	NET STABLE FUNDING REQUIREMENT					
18	Total available stable funding (ASF)	828,977	854,269	843,577	875,246	875,323
19	Total RSF	780,086	783,702	773,139	767,840	756,669
20	NSFR ratio	106.27%	109.00%	109.11%	113.99%	115.68%

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	The risk that the Group cannot meet its cash requirements or collateral requirements when they fall due and at a reasonable cost.
• Structural interest rate risk	The risk of loss in interest income or in the value of a fixed-rate structural position in the event of changes in interest rates. Structural interest rate risks are associated with commercial activities and proprietary transactions.
• Credit spread risk	The risk associated with a decline in the creditworthiness of a specific issuer or a specific category of issuers.
• Exchange rate risk	The risk of loss in interest income or in the value of a fixed-rate structural position in the event of changes in exchange rates. Structural interest rate and 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 executive management, 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 risk	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

RENEWED EUROPEAN SOLIDARITY IN THE FACE OF THE UKRAINIAN CRISIS

The outbreak of war on the EU's doorstep, with its impact on energy access and accelerating inflation, has further refocused European and French regulatory work on consumer protection and economic sovereignty Europeans seem to be united on various subjects, which encourages the Commission and parliamentarians sustain their regulatory work.

PROGRESS OF THE BANKING UNION

In a context of difficulties in the “real” economy, the co-legislators were particularly effective in taking charge of the CRR3/CRD6 banking package in 2022.

The Commission’s draft (October 2021) had already included a significant number of agreed measures between Member States. The Council, under the French Presidency, was able to find a compromise in six months of work. National interests were expressed on a number of political issues, such as the level at which prudential capital requirements are applied (individual or consolidated) to satisfy host countries (output floor mechanism), the introduction of a grandfather clause for "strategic" holdings for the benefit of German IPS, the flat-rate calculation of operational risk without taking into account historical losses for Spanish banks... In the European Parliament, the high degree of fragmentation of the parties has encouraged accelerated work due to the absence of a majority on most of the proposed amendments, including the environmentalists' demands to use the banks as a tool for greening the European economy. The compromise therefore remains close to the Commission's initial draft and the technical amendments to the Council's draft, except on governance issues specific to the European text: the treatment of third-country branches and the methods to assess the suitability of managers. Thus, the work of the Trilogue should also be concluded quickly in 2023.

With regard to the resolution framework, the Eurogroup in June 2022 validated a pragmatic approach and asked the Commission to refocus the reform project on a limited number of subjects (debt hierarchy, notion of public interest, etc.) in order to clarify the treatment applicable to medium-sized banks. Parliament regrets that the European guarantee fund project is not part of the scope of the review and asks for strong commitments. A legislative draft is expected in 2023.

A SUSTAINED REGULATORY AGENDA

The regulatory agenda remains strong for banks and BPCE: the digital euro initiative, revision of the consumer loans directive, revision of the directive on the distance marketing of financial services, as well as acceleration of the sustainable finance agenda, and finalizing the work on open finance.

On the digital euro, the committee is working on a text that will specify the legal basis, and which will be published at the end of May 2023.

The consumer loans directive is still under negotiation at the Trilogue, where discussions continue on the inclusion of GAFAMs (acronym for American technology companies), which make deferred/split payments for their goods and services, in the scope of the directive.

On the directive on the distance marketing of financial services, the provisions of the text must be repealed and incorporated into the Consumer Law Directive.

On sustainable finance, many texts have already been adopted and are in the implementation and technical development phase: EU taxonomy, CSRD (corporate sustainability disclosure regulation) which replaces NFRD and will integrate the standards of extra-financial reporting (EFRAG, SFDR - sustainable finance disclosure regulation - Deforestation), while other texts are being negotiated: CSDDD (Corporate sustainability due diligence directive) - corporate duty of vigilance in terms of sustainability, and EU green bond standards.

On open finance, the Commission's work is progressing and the publication of the text is expected at the end of June.

6.2 Risk factors

The banking and financial environment in which Groupe BPCE operates exposes it to a multitude of risks and requires it to implement an increasingly demanding and rigorous policy to control and manage these risks (see Article 16 of Regulation (EU) No. 2017/1129 known as "Prospectus 3" of June 14, 2017, the provisions of which relating to risk factors entered into force on July 21, 2019).

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.

STRATEGIC, BUSINESS AND ECOSYSTEM RISKS

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, 2022) and North America (11% of net banking income for the fiscal year ended December 31, 2022), with other European countries and the rest of the world accounting for 4% and 4%, respectively, of net banking income for the fiscal year ended December 31, 2022. Note 12.6 "Locations by country" to the consolidated financial statements of Groupe BPCE, contained in the 2022 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.

The extent of the imbalances to be eliminated (mismatch between supply and demand in the goods and labor markets, public and private debt, inflationary mechanics of expectations, heterogeneity of geographical and sectoral situations), combined with numerous overlapping global risks, can always tip developed economies into a downward spiral. To date, these joint threats mainly relate to: geopolitical and health uncertainties (risks on supplies and value chains, evolution of the Russian-Ukrainian military situation and sanctions against Russia, increased tension between Taiwan and China, availability of nuclear weapons in Iran, effective challenge to the zero-Covid policy in China); the development of protectionist trends, particularly in the United States (such as the Chips Act - $270 billion - and the Inflation Reduction Act (IRA) - $370 billion - enacted in August 2022, both of which massively subsidize the microprocessor industry and renewable energies); delays in the negative impacts of successive monetary tightening and reduced budget support; contract renegotiations, particularly for natural gas and electricity in the Euro zone. In addition, the development of the war in Ukraine, by its geographical proximity, maintains both uncertainty and fear and weariness in the face of the continuation of rapid repetitive crises, especially after the pandemic.

In addition to any serious economic disruption, such as current inflation and its impact on the economy, or such as the financial crisis of 2008 or the sovereign debt crisis in Europe in 2011 or a major geopolitical crisis, could have a significant negative impact on all Groupe BPCE activities, in particular if the disruption is characterized by a lack of market liquidity 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 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).

Similarly, the armed conflict triggered by the Russian Federation following its invasion of Ukraine constitutes a significant change that directly or indirectly penalizes the economic activity of the counterparties financed by Groupe BPCE, and entails additional expenses for or reduces the profits of Groupe BPCE, in particular by discontinuing its activities in this geographical area. For information, as of December 31, 2022, Ukrainian counterparties were impaired in the amount of €35 million, corresponding to a gross exposure of €91 million. The Russian counterparties were impaired in the amount of €85 million corresponding to a gross exposure of €1,088 million. These exposures are very limited in view of Groupe BPCE's €939 billion in gross outstanding loans and advances at amortized cost at December 31, 2022 (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 2022 universal registration document.

The risk of a pandemic (such as the coronavirus - Covid-19) 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.). Government (guaranteed loans, tax and social assistance, etc.) and banking (moratoriums) schemes were put in place. Some counterparties may emerge weakened from this unprecedented period.

Massive fiscal and monetary policy measures to support activity were put in place between 2020 and 2022, notably by the French government (State-guaranteed loans for businesses and professional customers, 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. In particular, the repayment of State-guaranteed loans may lead to defaults on the part of borrowers and financial losses for Groupe BPCE up to the portion not guaranteed by the State.

Groupe BPCE may not achieve the objectives of its 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 key principles: (i) be simple: because Groupe BPCE seeks efficiency and customer satisfaction, it aims for greater simplicity; (ii) be innovative: because Groupe BPCE is driven by an entrepreneurial spirit and is aware of the reality of the changes underway, it strengthens its capacity for innovation; and (iii) be safe, because Groupe BPCE is committed to a long-term approach, it prioritizes the security of its development model with regard to its ambitions. 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. Moreover, 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 "Énergie-Climat" law of November 8, 2019 is expected to limit from 2023, and completely 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.

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 employees. In the event that Groupe BPCE is obliged to offer financial incentives to its employees in order to retain them, this situation may also lead to an increase in costs and a decline in profitability. Joint ventures 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, 2022, the total investments accounted for using the equity method amounted to €1.7 billion. For further information, please refer to Note 12.4 "Partnerships and associates" to the consolidated financial statements of Groupe BPCE, included in the 2022 universal registration document.

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

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

For example, at December 31, 2022, in France, Groupe BPCE was the number one bank for SMEs[1], and number two for individual[2]. It has a 26.2% market share in home loans[2]. For Retail Banking and Insurance, customer loan outstandings amounted to €701 billion and customer deposits & savings[3] to €888 billion (for more information on the contribution of each business line, and each network, see Section 1.4 "The Group's business lines" of the 2022 universal registration document).

In addition, any slowdown in the global economy or in the economies in which Groupe BPCE's main markets are located is likely to increase competitive pressure, in particular through increased pressure on prices and a contraction in the volume of activity of Groupe BPCE and its competitors. New, more competitive rivals subject to separate or more flexible regulation or other prudential ratio requirements could also enter the market. These new market participants would thus be able to offer more competitive products and services. Advances in technology and the growth of e-commerce have made it possible for institutions other than custodians to offer products and services that were traditionally considered as banking products, and for financial institutions and other companies to provide electronic and internet-based financial solutions, including electronic securities trading. These new entrants may put downward pressure on the price of Groupe BPCE's products and services or affect Groupe BPCE's market share. Advances in technology could lead to rapid and unexpected changes on Groupe BPCE's markets of operation. Groupe BPCE's competitive position, net 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, 2022, Groupe BPCE had 99,800 employees. 8,700 permanent employees were recruited during the year (for more information, see Section 2.4 "A committed and socially responsible group" of the 2022 universal registration document).

FINANCIAL RISKS

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

The net interest margin collected by Groupe BPCE during a given period represents a significant portion of its net banking income. Consequently, changes in the latter have a significant impact on Groupe BPCE's profitability. The cost of the resource as well as the conditions of return on the asset and in particular those attached to new production are therefore very sensitive elements, particularly to factors that may be beyond Groupe BPCE's control. These significant changes can have significant temporary or lasting repercussions, even if the rise in interest rates should be generally favorable in the medium to long term.

(1) 53% (rank 1) in terms of total penetration rate (Kantar 2021 SME-SMI survey).
(2) Retail market share: 21.9% in household savings and 26.2% in mortgage loans to households (Banque de France Q3-2022). Overall penetration rate of 29.7% (rank 2) among retail customers (SOFIA Kantar study, March 2021). For professionals: 38.4% (rank 2) penetration rate among professional customers and individual entrepreneurs (Pépites CSA 2020-2021 survey).
(3) Balance sheet and financial savings.

After a decade of low or even negative interest rates, a sharp and rapid rise in interest rates and strong inflationary pressures have emerged, reinforced by the consequences of the health crisis and the conflict in Ukraine. The exposure to interest rate risk was increased by the combination of unfavorable elements, namely the increase in inflation (major impact on regulated rates), the rapid exit from the negative interest rate policy (deposit arbitrage), the rise in interbank spreads, while, conversely, new loan production is constrained by the attrition rate and the competitive environment.

The sensitivity of the net present value of Groupe BPCE's balance sheet to a +/-200 bp variation in interest rates remains below the 15% Tier 1 limit. At December 31, 2022, Groupe BPCE's sensitivity to interest rate increases stood at -13.94% compared to Tier 1 *versus* -11.37% at December 31, 2021. As of September 30, 2022, the small upward shock (+25 bps) would have a negative impact of 1.4% on the projected net interest margin (expected loss of €91 million) over a rolling year, whereas the small downward scenario (-25 bps) would have a positive impact of 1.5% (expected gain of €95 million).

Market fluctuations and volatility expose Groupe BPCE to losses in its trading and investment activities, which may adversely impact Groupe 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.

The market risk-weighted assets totaled €15.4 billion, *i.e.* around 3% of Groupe BPCE's total risk-weighted assets, on December 31, 2022. For information, the weight of Corporate & Investment Banking activities in the Group's net banking income was 15% for the year 2022. 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 2022 universal registration document.

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 guaranteed financing, in particular through the conclusion of repurchase agreements and the issuance of covered bonds. 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, which may in particular be related to geopolitical or health crises, operational hardships affecting third parties, negative opinions on financial services in general or on the short/long-term outlook for Groupe BPCE, changes in Groupe BPCE's credit rating, or even the perception of the position of 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. Similarly, a change in the monetary policy stance, in particular that of the European Central Bank, may impact Groupe BPCE's financial position.

However, to deal with these risk factors, Groupe BPCE has liquidity reserves made up of cash deposits with central banks and available securities and receivables eligible for central bank refinancing. Groupe BPCE's liquidity reserve amounted to €322 billion on December 31, 2022, covering 150% short-term funding and short-term maturities of MLT debt. The one-month LCR (Liquidity Coverage Ratio) averaged 142% over 12 months on December 31, 2022 *versus* 161% on December 31, 2021. Given the importance of these risks for Groupe BPCE in terms of impact and probability, these risks are monitored proactively and closely, with Groupe BPCE also pursuing a very active policy of diversification of its investors.

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, 2022, financial assets at fair value totaled €193 billion (with approximately €182 billion in financial assets at fair value held for trading purposes) and financial liabilities at fair value totaled €185 billion (with €156 billion in financial liabilities at fair value held for trading purposes). For more detailed information, see also Note 4.3 "Gains (losses) on financial instruments at fair value through profit or loss", Note 4.4 "Gains (losses) on financial assets measured at fair value through other comprehensive income before tax", Note 5.2 "Financial assets and liabilities at fair value through profit or loss" and Note 5.4 "Financial assets at fair value through other comprehensive income" to the consolidated financial statements of Groupe BPCE in the 2022 universal registration document.

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

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

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

In 2022, the total net amount of fees and commissions received was €11,929 million, representing 46% of Groupe BPCE's net banking income. The revenues earned from fees and commissions for financial services came to €513 million and the revenues earned from fees and commissions for securities transactions amounted to €237 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 2022 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, 2022 were AA- 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. A ratings downgrade may affect Groupe BPCE's liquidity and competitive position, increase funding costs, limit access to financial markets and trigger obligations under some bilateral contracts governing trading, derivative and collateralized funding transactions, thus adversely impacting its profitability and business continuity.

Furthermore, BPCE's unsecured long-term funding cost is directly linked to its credit spreads (the yield spread over and above the yield on government issues with the same maturity that is paid to bond investors), which in turn are heavily dependent on its ratings. An increase in credit spreads may materially raise BPCE's 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 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.

CREDIT AND COUNTERPARTY RISKS

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

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

For information, on December 31, 2022, Groupe BPCE's gross exposure to credit risk amounted to €1,484 billion, with the following breakdown for the main types of counterparty: 38% for retail customers, 28% for corporates, 17% for central banks and other sovereign exposures, and 6% for the public sector and similar entities. The credit risk-weighted assets amounted to €400 billion (including counterparty risk).

The main economic sectors to which the Group was exposed in its non-financial corporations portfolio were Real Estate (37% of gross exposures at December 31, 2022), Wholesale and Retail Trade (11%), Finance/Insurance (10%) and Manufacturing industry (7%).

Groupe BPCE develops its activities mainly in France. The Group's gross exposure (gross carrying amount) to France was €1,046 billion, representing 84% of the total gross exposure. The remaining exposures were mainly concentrated in the United States, for 5%, with other countries accounting for 11% of the total gross exposures.

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

A substantial increase in impairments or provisions for expected credit losses recognized in 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.

For information, Groupe BPCE's cost of risk amounted to €2,000 million in 2022 compared to €1,783 million in 2021, with credit risks accounting for 87% of Groupe BPCE's risk-weighted assets. On the basis of gross exposures, 38% relate to retail customers and 28% to corporate customers (of which 70% 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. In addition, prudential requirements supplement these provisioning mechanisms *via* the prudential backstop process, which results in a total deduction in equity of non-performing loans beyond a certain maturity in line with the quality of the guarantees and according to a regulatory timetable.

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 significant sector player (systematic risk), or even mere rumors or concerns regarding one or more financial institutions or the financial industry in general, may lead to a general contraction in market liquidity and subsequently to losses or further defaults in the future. Groupe BPCE is directly or indirectly exposed to various financial counterparties, such as investment service providers, commercial or investment banks, clearing houses and CCPs, mutual funds, hedge funds, and other institutional 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.

The exposures to "financial institutions" represented 4% of Groupe BPCE's total gross exposures (€1,484 billion) on December 31, 2022. In geographic terms, 69% of gross exposures to "institutions" are located in France.

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. The 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 security policies, sales and trading practices, and inadequate customer protection systems 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.

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

At December 31, 2022, the operational risks accounted for 9% of Groupe BPCE's risk-weighted assets, as on December 31, 2021. At December 31, 2022, Groupe BPCE's losses in respect of operational risk could be primarily attributed to the "Payment and Settlements" business line (35%). They were concentrated in the Basel category external fraud for 40%.

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 and advances, 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 and judgments" to the consolidated financial statements of Groupe BPCE in the 2022 universal registration document.

INSURANCE RISKS

Groupe BPCE generates 11% of its net banking income from its insurance businesses. The net banking income from life and non-life insurance activities amounted to €2,927 million for the year 2022, compared to €2,860 million for 2021.

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's insurance business 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 BPCE 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 business 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.

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 BPCE 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 BPCE Assurances, by adversely affecting future margins.

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.

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

The 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 BPCE is classified as a G-SIB by the FSB. Groupe BPCE also appears on the list of global systematically important institutions ("G-SIIs").

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

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

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

The 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 have credit institution status subject to French regulations. The group of affiliates includes BPCE subsidiaries, such as Natixis, Crédit Foncier de France, Oney 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, L. 512-107-5 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 with obligation of results requiring the central institution to restore the liquidity or solvency of affiliates in difficulty, and/or all of the Group's affiliates, by virtue of the unlimited nature of the principle of solidarity, BPCE is entitled at any time to ask any one or more or all of the affiliates to contribute to the financial efforts necessary to restore the situation, and may, if necessary, mobilize up to all the cash and cash equivalents of the affiliates in the event of difficulty for one or more of them.

The three guarantee funds created to cover Groupe BPCE's liquidity and insolvency risks are described in Note 1.2 "Guarantee mechanism" to the consolidated financial statements of Groupe BPCE included in the 2022 universal registration document. At December 31, 2022, the Banque Populaire and Caisse d'Epargne funds each contained €450 million. The Mutual Guarantee Fund holds €157 million in deposits per network. The regional banks are obligated to make additional contributions to the guarantee fund on their future profits. While the guarantee fund represents a substantial source of resources to fund the solidarity mechanism, there is no guarantee these revenues will be sufficient. If the guarantee funds prove insufficient, BPCE, due to its missions as a central institution, will have to do everything necessary to restore the situation and will have the obligation to make up the deficit by implementing the internal solidarity mechanism that it has put in place, by mobilizing its own resources, and may also make unlimited use of the resources of several or all of its affiliates.

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

At December 31, 2022, total Tier 1 capital amounted to €69.7 billion and Tier 2 prudential capital to €12.7 billion. The senior non-preferred debt instruments amounted to €26.8 billion at that date, of which €22.5 billion had a maturity of more than one year and were therefore eligible for TLAC and MREL at December 31, 2022.

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

Article L. 613-29 also provides that, in the event of court-ordered liquidation proceedings being brought against all affiliates, the external creditors (of the same rank or enjoying identical rights) of all affiliates would be treated equally according to the ranking of the creditors and regardless of whether they are attached to a particular affiliated entity. As a result, investors in AT1 instruments and other 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. Similarly, in the event of resolution, and in accordance with Article L. 613-55-5 of the French Monetary and Financial Code, identical depreciation and/or conversion rates would be applied to debts and receivables of the same rank, regardless of their attachment to a particular affiliated entity in the order of the hierarchy recalled above. Due to the systemic nature of Groupe BPCE and the assessment currently made by the resolution authorities, resolution measures would be more likely to be taken than the opening of judicial liquidation proceedings. A resolution procedure may be initiated against BPCE and all affiliated entities if (i) the default of BPCE and all affiliated entities is proven or foreseeable, (ii) there is no reasonable expectation that another measure could prevent this failure within a reasonable timeframe and (iii) a resolution measure is required to achieve the objectives of the resolution: (a) guarantee the continuity of critical functions, (b) avoid material adverse impacts to financial stability, (c) protect State resources by minimizing the use of exceptional public financial support and (d) protect 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 2022 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.

The coverage of risks was found to be adequate, consistent with the risk appetite framework 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 December 2022 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 the Group's exposure to some types of risks, particularly risks related to asset management and international businesses.

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

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

RISK APPETITE FRAMEWORK AND GROUPWIDE IMPLEMENTATION

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

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

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

- an observation or tolerance threshold, which if breached, calls for BPCE Management Board members to decide either to require the breach to be corrected or to allow the transaction to go ahead on an exceptional basis;
- a 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 groupwide implementation.

The Risk division issues an annual compliance notice to the institutions in their annual draft proposal, ensuring a high level of consistency between the risk appetites implemented locally and that of the Group.

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 to 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 or dedicated stress tests such as those for climate risk management, which are carried out regularly. They are intended to verify the Group's resilience, particularly in the event of a serious crisis.

SUMMARY OF THE GROUP'S RISK PROFILE IN 2022

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

% OF RWAs

CREDIT AND COUNTERPARTY RISKS

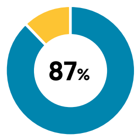
Credit risk, generated by the Group's predominant business (i.e. lending to individual and corporate customers), is governed by risk policies applied to all Group entities, concentration limits defined by counterparty, country and sector, and finally extensive oversight of loan books.

- RWAs: **€400bn** (+4.5% vs. 2021)
- These exposures are predominantly based on the internal model approach (60% of risk-weighted assets).

- Cost of risk: **€2bn** (+ 12% vs. 2021)
- Average annual cost of risk: **24 bp** (vs. 23 bp in 2021)
- NPL/gross loan outstandings: **2.3%**
- Coverage of NPL by provisions: **41.3%**

The loan book has a balanced risk profile

Gross exposures: **€1,484bn**, + 3.7% vs. 2021



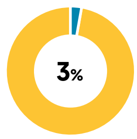
MARKET RISKS

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: **€15bn** (+1.5% vs. 2021)
- **50%** of risk-weighted assets determined using the standardized approach

VaR and stress indicators held steady at low levels throughout 2022.

- VaR : **€10.3m**



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 2022, liquidity was maintained at a **high level**, providing the Group with significant coverage of **stress scenarios**.

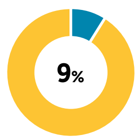
- Coverage of short-term funding by liquidity reserve: **150%**
- 12-month average LCR: **142%**

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: **€41bn (+3.8%** vs. 2021)

- The main causes of operating losses are in the **"External Fraud" category in Basel (40%).**



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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.

The macroeconomic context has deteriorated sharply since the beginning of 2022 and has led to a more pessimistic view than what was projected in terms of the result generated by the Group's activities and the level of risk. In addition, the Covid crisis and the consequences of the crisis in Ukraine have profoundly changed the environment in which the Group's activities are carried out. They have greatly increased the intensity of the shocks caused by the various types of risk affecting our business lines.

The forthcoming slowdown in economic growth, combined with high and potentially long-term inflation, poses an increased risk of a deterioration in credit portfolios, in particular for certain customer segments with vulnerabilities (business sectors sensitive to the secondary effects of the war in Ukraine and/or inflation, customers with an already high level of debt, etc.).

The vigilance regarding interest rate and investment risks is also increased given the highly unfavorable impact that the rise in interest rates and inflation could have on the Group's profitability in the short and medium term.

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 supervisor's requests, in particular on new provisioning standards, the management and monitoring of leveraged loans, guidelines on non-performing loans, etc.

Climate change is an integral part of the risk management policy, with operational variations being rolled out.

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 framework, and approves a prospective risk analysis twice a year.

ORGANIZATION OF RISK MANAGEMENT

Groupe BPCE's Risk division and General Secretariat – 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 the 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:

Management	Monitoring	Control
• 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; • 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.	• 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; • 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.	• assess and control the level of risk across the Group; • 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; • implement a permanent second-level Group control system for the risks of the institutions and the sensitive activities of the Group Risk division.

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 Group's 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.
Model Risk Management Committee	• This committee proposes to the governance a resilient model risk management framework, making it possible to propose risk indicators and any associated thresholds to the bodies, to monitor the evolution of the portfolio of models, to ensure the proper dissemination of the model risk management framework within the Group.

RISK GOVERNANCE AT GROUP INSTITUTIONS

The Group's Risk division and General Secretariat 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 General Secretariat.

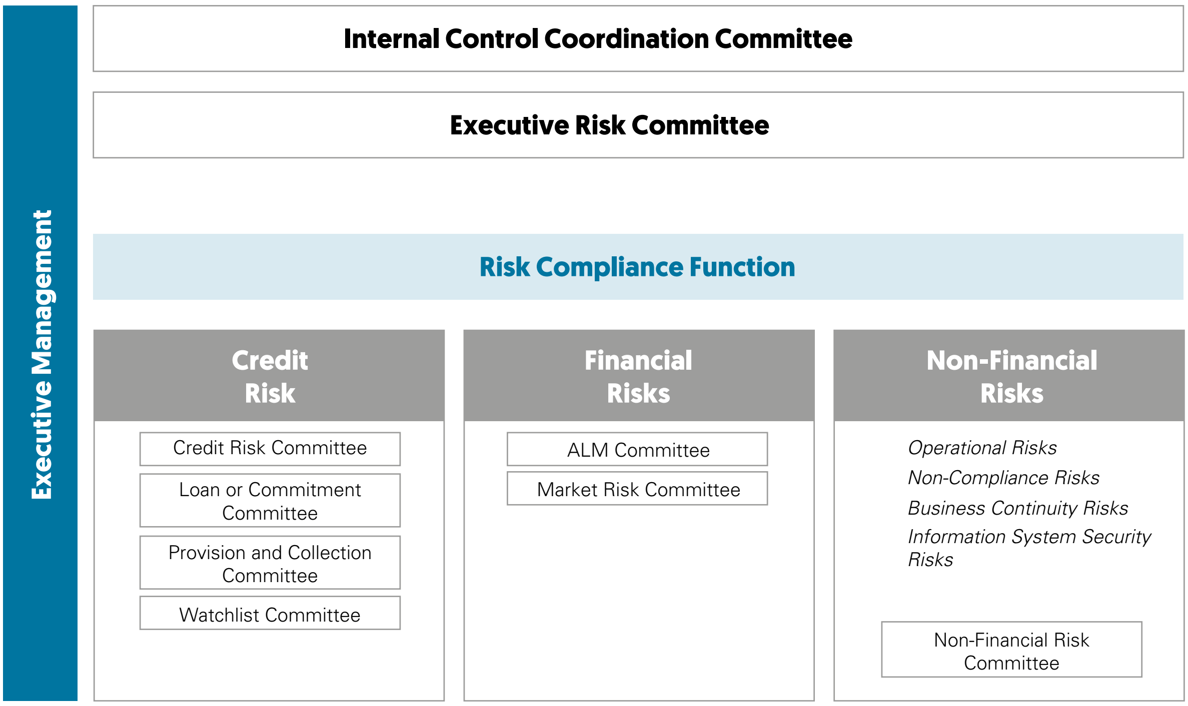
The strong functional authority is exercised by the Head of Risk Management and by the Secretary General, both members of Groupe BPCE's Executive Management Committee. It enables risk controls to be performed objectively, as each Group entity's operational functions are independent from its risk and 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 General Secretariat. 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 management 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 and sent to the management of the Group's main establishments.

STANDARD RISK GOVERNANCE STRUCTURE AT A GROUP INSTITUTION



RISK GOVERNANCE

ORGANIZATION

The Risk Governance and Control department is responsible for coordinating and leading the risk and compliance functions, in conjunction with the Corporate Secretary's office, and for the second level permanent control of the Risk function within Groupe BPCE. The Risk, Compliance and Permanent Control Charter calls for the Group Risk division and General Secretariat 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 and Control 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 the 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 groupwide 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;
- second-level permanent control of Groupe BPCE's Risk function, as well as the sensitive activities of the Group's Risk division, *via* a dedicated department;
- 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 framework, macro-mapping of risks, etc.);
- the follow-up of all recommendations issued by supervisors and by the General internal audit in the area of risk management and permanent control;
- a twofold assessment of a) the risk management functions and b) the 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 the risk and compliance functions;
- 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: Global Financial Services (Natixis), Crédit Foncier, Banque Palatine, BPCE International (extinctive management), the subsidiaries of the Financial Solutions & Expertise division, 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 and Control 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 the Group.

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.

Lastly, a global transformation program for the Risk function and the Risk division was initiated in 2022 (called Triple A) in order to optimize and strengthen work in these areas. This program covers all risk areas, including IT and HR.

HIGHLIGHTS

- contribution to the Risk division's transformation projects;
- review of the risk appetite framework by integrating Leverage Finance and HCSF indicators;
- creation, in the fourth quarter of 2022, of a permanent risk control unit in the Group Risk division, in charge of the second-level permanent control of Groupe BPCE's Risk function, as well as the sensitive activities of the Group's Risk division;
- grouping of the risk and risk culture functions;
- implementation of a dashboard to monitor governance and risk control work;
- establishment of a project manager in charge of coordinating the regulatory watch of the risk perimeter.

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:
	• *Risk pursuit*	• a compliance program (for the 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
		• 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: risks, compliance and security
	• Member of the Board of BPCE SA	• Risk, compliance and IT security training
Communication	• The R&C Hour	• Topics intended for the Risk and Compliance departments of the Group's institutions and BPCE SA's employees (live + replay): Basel IV, crypto-assets (impacts in terms of risk management and compliance), ESG risks (overview, Pillar III publications and market challenges), real estate markets, economic news, feedback on climate stress tests.
	• 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 the 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 the risk and compliance culture, based on the recommendations of the Financial Stability Board 2014, Agence Française Anticorruption 2017 and the European Banking Authority 2021 guidelines allowing a self-assessment and the implementation of action plans

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.

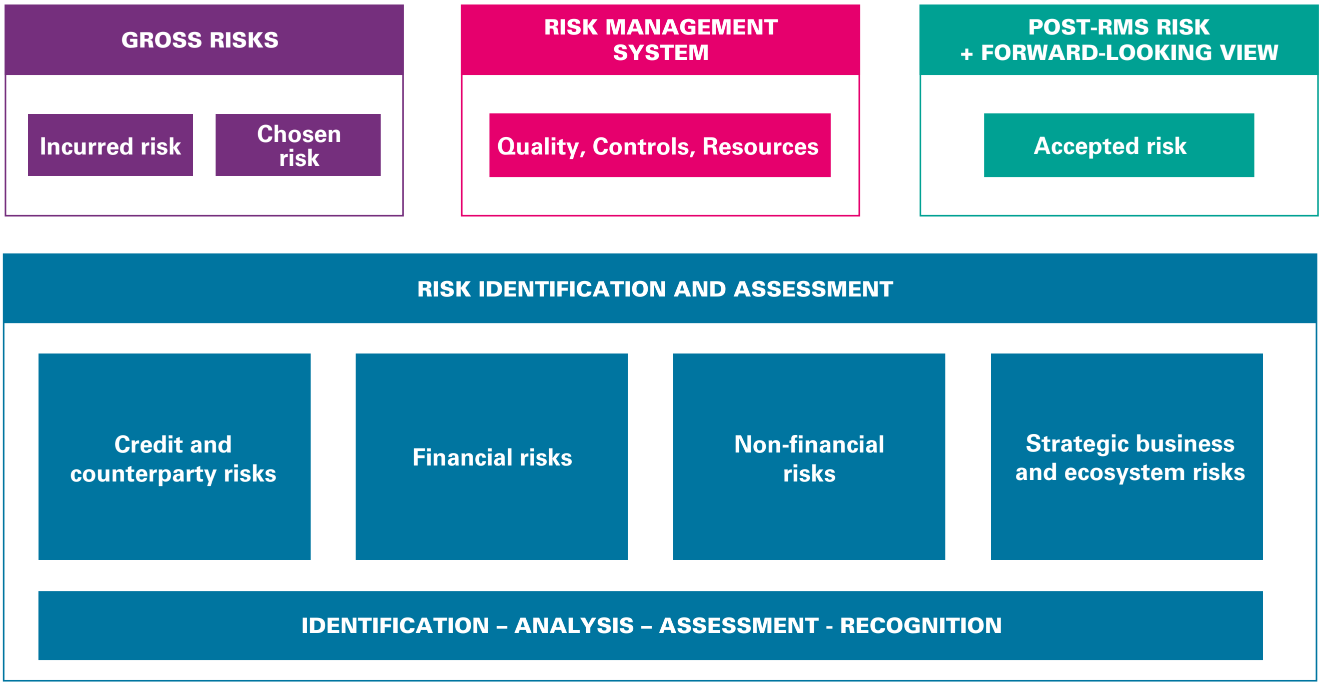
Action plans targeting high-priority risks are defined with the goal of reducing and/or managing risks.

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 2022, 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 2022 by consolidating the macro-level risk maps of the parent company institutions and subsidiaries.



Lastly, the Risk Governance and Control department is responsible for validating the Group's models outside Natixis and the General Secretariat (human resources and Budget) of the Group Risk division.

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 contains 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 Group Risk division also conducts or coordinates cross-business risk analyses and specific stress tests on the Group's main portfolios or activities and, if needed, for the entities. 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's Risk Committee.

In addition, it carries out risk measurements on a portfolio basis. It reviews and validates risk models developed internally. Lastly, 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.

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

The 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.

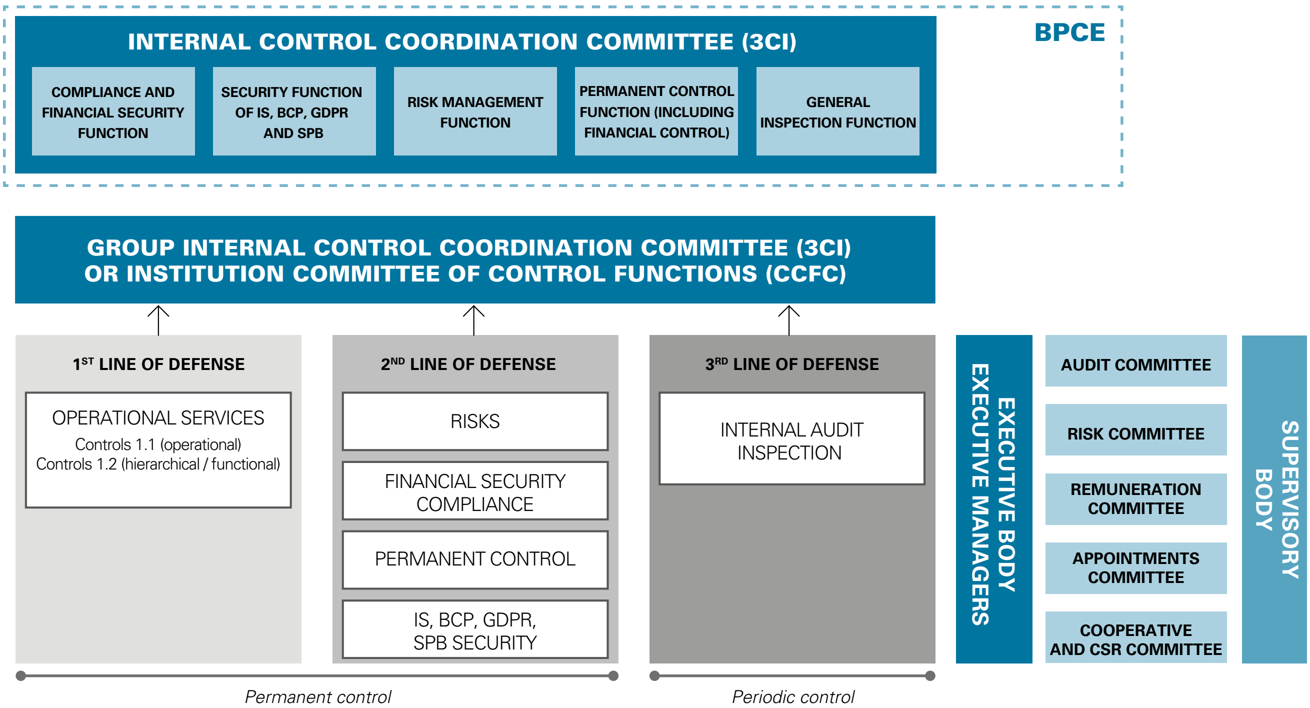
Several scenarios are tested in order to assess all impacts:

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.
Adverse Preventive Recovery Plan 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 Ministerial Order of November 3, 2014 (revised on February 25, 2021), in particular in Article 12.

In terms of governance, the assessment of the permanent control system is the responsibility of the Group Internal Control Coordination Committee (or 3CI or CCFC in its local implementation).

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. In the last quarter of 2022, the Risk division set up a department dedicated to carrying out permanent controls of the Risk function and sensitive activities within its scope.

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 Ministerial Order of November 3, 2014 as amended by the Order of February 25, 2021.

COORDINATION OF PERMANENT CENTRAL CONTROLS

In the General Secretariat, the main role of the Group Coordination of Permanent Controls department 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.

PERMANENT CONTROL CULTURE

The control culture has been strengthened by the implementation of a certification in permanent control of the banking and insurance business lines validated by the external body France Competence. This certification is intended for the level 1 and level 2 permanent control functions but also for the LOD2 functions.

HIGHLIGHTS

- The scope of the Group's control system has been extended to the BPCE Assurance and Payments entities. This group of entities joined the Priscop platform.
- Two new standards have been added to the system:

- the documentation standard of the Group's permanent controls, which covers the formalization of their expected results, the control methods and the information necessary for the controller in charge of carrying out the controls;

- the standard on the principles for reporting the results of controls in 3CI/CCFC.

- New reports have been developed to enable institutions to monitor the progress of the annual control plan
- a sharepoint has been implemented to assess, *via* a rating, the quality of an institution's permanent control system in relation to its priority risks;
- a review mission has been launched on the quality and completeness of the control documentation for the scope of controls common to all institutions, with the aim of uploading this documentation to the Priscop platform;
- the control framework proposed to institutions has been enriched, in particular with second-level controls.

STRUCTURE OF INTEGRATED CONTROL FUNCTIONS

The Group Risk division and the Group General Secretariat are responsible for permanent controls at Group level, and the General internal audit 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, Compliance and Permanent Control Charter was reviewed in December 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 General internal audit , 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 (Group Risk division) and of Compliance and Permanent Controls (General Secretariat), and the Head of the General internal audit , 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.

PERIODIC CONTROL (LEVEL 3)

ORGANIZATION AND ROLE OF THE GENERAL INTERNAL AUDIT

Duties

In accordance with the duties incumbent on the central institution, and pursuant to the rules of collective solidarity, the General internal audit 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 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 adequacy of the entities' governance framework;
- the compliance with laws, regulations and rules by entities;
- the adequacy and compliance of policies and procedures with regard to the risk appetite of the entities;
- the effectiveness of the organization, particularly that of the first and second lines of defense;
- the quality of its financial position;
- the reliability and integrity of accounting and management information;
- the consistency, adequacy and operation of risk assessment and management systems;
- the integrity of the processes guaranteeing the reliability of the entities' methods and techniques, as well as the assumptions and information sources used for its internal models;
- the quality and use of risk detection and assessment tools and the measures taken to mitigate them;
- the security of information systems and their adequacy with regard to regulatory requirements;
- the control of essential critical or important services;
- the level of risks actually incurred;
- the quality of the business continuity system;
- the effective implementation of the recommendations made.

Reporting to the Chairman of the Management Board, the General internal audit 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 General internal audit takes part, without voting rights, in the central institution's key Risk Management Committees.

As indicated above, the Head of the General internal audit 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 General internal audit 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, the General internal audit takes into account not only its own audits, but also those conducted by the supervisory authorities and the Local internal audit.

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

General internal audit 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's 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 General internal audit 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 General internal audit in a timely manner of any disruption or major incident that comes to their attention. The Head of the General internal audit 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.

INSPECTION Activities in 2022

The completion of the 2022 audit plan was marked by the resumption of on-site missions and the continuation of the catch-up of international missions.

The General internal audit carried out 93% of its audit plan (compared to 82% in 2021), *i.e.* 71 of the 75 missions planned, including 6 additional ones added during the year.

The new organization of the function linked to the Pléiade project was put in place for the second wave of missions with the creation of the Natixis CIB Internal Audit department and the functional reporting of CIB, NIM, BPCE Assurances and Natixis Algérie audits to BPCE's Inspection Générale.

The whistleblowing system, revised in 2021 to support institutions/business lines in the convergence towards "0 late recommendations for all issuers combined", has been rolled out to institutions and has been stepped up by the General internal audit. It monitors the recommendations of the Supervisors on a quarterly basis and monitors the recommendations issued by itself every six months. It followed up on all the recommendations issued by the third line of defense on the Group (Internal Audits, Group Inspection Générale, former Natixis Inspection Générale and Supervisors) as of December 31, 2022.

AUDIT FUNCTION

Structure of the audit function

The General internal audit carries out its duties within the framework of business line operations. Its operating procedures - for the purposes of consolidated supervision and optimal use of resources - are set out in a charter approved by BPCE's Management Board on December 7, 2009; the latter was redesigned and approved on December 12, 2022.

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 Local internal audit of the direct affiliates and subsidiaries are functionally subordinate to the General internal audit 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 groupwide 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 the Heads are transmitted to the Head of the Group BPCE Inspection Générale division;
- the General internal audit ensures that each entity's Local internal audit 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 Local internal audit of the Group institutions are approved in conjunction with the General internal audit, which is kept regularly informed of their completion or of any change in scope;
- the General internal audit 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 General internal audit, and the resources allocated both in terms of number of employees and expertise;
- the Local internal audit applies the standards and methods defined and distributed by BPCE's General internal audit, 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 BPCE's General internal audit periodically verifies that Group companies comply with the Group's Internal Audit standards;
- the 2022 changes to the charter mainly concern the reaffirmation of the strong link between local Internal Audits and the General internal audit, the independence of audit directors, the strengthening of audit work assessment systems and integration of the concept of CSR.

The following items are transmitted to the General internal audit:

- 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 function between Natixis and the central institution fall within the framework of the Group audit function.

WORK OF THE SUPPORT FUNCTIONS in 2022

As a corollary of the Pléiade project to restructure Groupe BPCE's business lines, the widening of the scope of intervention of the Standards & Methods division continued in 2022 with a gradual ramp-up in areas other than Retail, in particular the activities of the new GFS division (Global Financial Services, formerly Natixis), continued monitoring of the recommendations in conjunction with supervisors, and participation in the work to revise the Internal Audit Charter mentioned above as well as the Missions standard (validated by BPCE's Executive Management Committee on October 25, 2022). The Missions standard now includes the assessment of the quality of data processing in the risk approach (through a data quality assessment and on the basis of the BCBS 239 principles). It also reaffirms the principle of maintaining the audit trail and the traceability of data processing.

In April 2022, the organization of the Data division was reviewed with a new manager and the arrival of new profiles such as a Data Engineer. The division's ambition is to strengthen its positioning within the Inspection department, to set up a robust data infrastructure using new tools, to facilitate the use of data for the benefit of the audit by accentuating its automation, and increase productivity. New data techniques have emerged in 2022 to increase the share of audit based on data analysis such as the exploration of the NLP (Natural Language Processing) for mass analysis of committee minutes.

The project owner's activity remained focused on the implementation of the new OMEGA audit mission management tool, replacing SAIG-RECO. The data migration was carried out correctly in October and the various modules (including the multi-year audit plans and the risk assessment of the Internal Audit departments of the institutions as well as the follow-up of recommendations) were put into production in accordance with the set workload plan.

6.3.5 Recovery Plan

BPCE's Supervisory Board approved the Group's Recovery Plan for 2022.

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 on these various components (description of the Group, analysis of scenarios, analysis of the options available).

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.

The Basel III recommendations were incorporated in EU directive 2013/36/EU (Capital Requirements Directive – CRD IV) and Regulation No. 575/2013 (Capital Requirements Regulation – CRR) of the European Parliament and of the Council amended by Regulation (EU) No. 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 institutions (G-SIIs). 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 2022, 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 I 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-SII 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%.

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

PILLAR I

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

REVIEW OF MINIMUM CAPITAL REQUIREMENTS UNDER PILLAR I

	2021	2022
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 buffer	2.5%	2.5%
G-SII 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-SII 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 2022, the total capital ratio in force for Groupe BPCE under Pillar II (P2R) is 10.00%, plus a 2.50% capital conservation buffer and a 1% global systemic 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 exposure to risks, 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 prudential scope of consolidation:

- Surassur;
- BPCE 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 – TRANSITION FROM ACCOUNTING BALANCE SHEET TO PRUDENTIAL BALANCE SHEET

The table below shows the transition from an accounting balance sheet to a prudential balance sheet for Groupe BPCE at December 31, 2022.

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.

		12/31/2022		
		a	b	c
		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			
1	Cash and amounts due from central banks	171,318	171,381	
2	Financial assets at fair value through profit or loss	192,751	192,909	
3	• *o/w debt instruments*	23,517	23,444	
4	• *o/w equity instruments*	34,515	34,515	
5	• *o/w loans (excluding repurchase agreements)*	6,917	6,917	
6	• *o/w repurchase agreements*	64,850	64,941	
7	• *o/w trading derivatives*	48,195	48,335	
8	• *o/w security deposits paid*	14,755	14,756	
9	Hedging derivatives	12,700	12,700	
10	Financial assets at fair value through other comprehensive income	44,284	44,505	
11	Securities at amortized cost	27,650	27,741	
12	Loans and advances to banks at amortized cost	97,694	97,361	
13	Loans and advances to customers at amortized cost	826,953	826,535	
14	Revaluation differences on interest rate risk-hedged portfolios	(6,845)	(6,845)	
15	Insurance business investments	125,783	632	
16	Current tax assets	706	712	
17	Deferred tax assets	4,951	4,674	1
18	Accrued income and other assets	14,423	14,295	
19	Non-current assets held for sale	219	219	
20	Net participating benefit	4,752		
21	Investments accounted for using equity method	1,674	4,803	
22	Investment property	750	750	
23	Property, plant and equipment	6,077	6,071	
24	Intangible assets	1,087	930	2
25	Goodwill	4,207	4,156	2
	TOTAL ASSETS	**1,531,134**	**1,403,528**	

		12/31/2022		
		a	b	c
		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			
1	Central banks	9	9	
2	Financial liabilities at fair value through profit or loss	184,747	180,410	3
3	• *o/w securities sold short*	22,892	22,892	
4	• *o/w other liabilities issued for trading purposes*	74,471	74,471	
5	• *o/w trading derivatives*	48,301	48,441	
6	• *o/w security deposits received*	10,174	10,254	
7	• *o/w financial liabilities designated at fair value through profit or loss*	28,909	24,352	
8	Hedging derivatives	16,286	16,286	
9	Debt securities	243,373	242,624	
10	Amounts due to banks and similar	139,117	136,458	
11	Amounts due to customers	693,970	697,302	
12	Revaluation differences on interest rate risk-hedged portfolios	389	389	
13	Current tax liabilities	1,806	1,802	
14	Deferred tax liabilities	1,966	1,889	1
15	Accrued expenses and other liabilities	20,087	19,774	
16	Liabilities associated with non-current assets held for sale	162	162	
17	Liabilities related to insurance policies	122,831		
18	Provisions	4,901	4,856	
19	Subordinated debt	18,932	18,733	3
	TOTAL LIABILITIES	**1,448,576**	**1,320,695**	
1	Shareholders' equity			
2	Equity attributable to equity holders of the parent	82,079	82,075	4
3	*Share capital and additional paid-in capital*	*28,692*	*28,692*	
4	*Consolidated reserves*	*48,845*	*48,840*	
5	*Gains and losses recognized directly in other comprehensive income*	*591*	*592*	
6	*Net income for the period*	*3,951*	*3,951*	
7	Non-controlling interests	479	758	5
	TOTAL SHAREHOLDERS' EQUITY	**82,558**	**82,833**	

		12/31/2021		
		a	b	c
		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			
1	Cash and amounts due from central banks	186,317	186,460	
2	Financial assets at fair value through profit or loss	198,919	198,707	
3	• *o/w debt instruments*	30,451	30,181	
4	• *o/w equity instruments*	47,617	47,617	
5	• *o/w loans (excluding repurchase agreements)*	7,497	7,497	
6	• *o/w repurchase agreements*	56,170	56,183	
7	• *o/w trading derivatives*	43,712	43,756	
8	• *o/w security deposits paid*	13,473	13,473	
9	Hedging derivatives	7,163	7,163	
10	Financial assets at fair value through other comprehensive income	48,598	48,753	
11	Securities at amortized cost	24,986	24,982	
12	Loans and advances to banks at amortized cost	94,140	93,827	
13	Loans and advances to customers at amortized cost	781,097	781,825	
14	Revaluation differences on interest rate risk-hedged portfolios	5,394	5,394	
15	Insurance business investments	135,228	669	
16	Current tax assets	465	464	
17	Deferred tax assets	3,524	3,541	1
18	Accrued income and other assets	13,830	13,764	
19	Non-current assets held for sale	2,241	2,241	
20	Investments accounted for using equity method	1,525	5,378	
21	Investment property	758	758	
22	Property, plant and equipment	6,396	6,361	
23	Intangible assets	997	816	2
24	Goodwill	4,443	4,393	2
	TOTAL ASSETS	**1,516,021**	**1,385,495**	

		12/31/2021		
		a	b	c
		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			
1	Central banks	6	6	
2	Financial liabilities at fair value through profit or loss	191,768	189,303	3
3	• *o/w securities sold short*	25,974	25,974	
4	• *o/w other liabilities issued for trading purposes*	86,424	86,424	
5	• *o/w trading derivatives*	40,434	40,457	
6	• *o/w security deposits received*	9,616	9,646	
7	• *o/w financial liabilities designated at fair value through profit or loss*	29,320	26,802	
8	Hedging derivatives	12,521	12,521	
9	Debt securities	237,419	235,088	
10	Amounts due to banks and similar	155,391	152,020	
11	Amounts due to customers	665,317	668,421	
12	Revaluation differences on interest rate risk-hedged portfolios	184	184	
13	Current tax liabilities	1,313	1,299	
14	Deferred tax liabilities	1,049	838	1
15	Accrued expenses and other liabilities	20,115	19,956	
16	Liabilities associated with non-current assets held for sale	1,946	1,946	
17	Liabilities related to insurance policies	125,081		
18	Provisions	5,330	5,276	
19	Subordinated debt	18,990	18,786	3
	TOTAL LIABILITIES	**1,436,429**	**1,305,645**	
1	Shareholders' equity			
2	Equity attributable to equity holders of the parent	78,884	78,881	4
3	*Share capital and additional paid-in capital*	*28,240*	*28,240*	
4	*Consolidated reserves*	*45,126*	*45,119*	
5	*Gains and losses recognized directly in other comprehensive income*	*1,516*	*1,518*	
6	*Net income for the period*	*4,003*	*4,004*	
7	Non-controlling interests	707	969	5
	TOTAL SHAREHOLDERS' EQUITY	**79,591**	**79,850**	

6

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 Regulation (EU) No. 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.

REGULATORY CAPITAL

	12/31/2022 Basel III	12/31/2021 Basel III Phased-in[1]
Share capital and additional paid-in capital	28,692	28,240
Consolidated reserves	48,840	45,119
Net income for the period	3,951	4,004
Gains and losses recognized directly in other comprehensive income	592	1,518
Consolidated equity attributable to equity holders of the parent	**82,075**	**78,881**
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	**82,075**	**78,881**
Non-controlling interests	164	193
• *o/w prudential filters*	-	-
Deductions	(5,994)	(4,825)
• *o/w goodwill[2]*	*(4,139)*	*(4,176)*
• *o/w intangible assets[2]*	*(792)*	*(649)*
• *o/w irrevocable payment commitments*	*(964)*	-
Prudential restatements	(6,580)	(4,485)
• *o/w shortfall of credit risk adjustments to expected losses*	*(189)*	*(203)*
• *o/w prudent valuation*	*(869)*	*(702)*
• *o/w insufficient coverage for non-performing exposures – Pillar II*	*(957)*	*(613)*
Common Equity Tier 1[3]	**69,665**	**69,764**
Additional Tier-1 capital	-	-
Tier 1 capital	**69,665**	**69,764**
Tier-2 capital	12,759	12,951
TOTAL REGULATORY CAPITAL	**82,424**	**82,715**

(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) The Common Equity Tier 1 included €28,723 million in cooperative shares (after taking allowances into account) on December 31, 2022 and €27,924 million in 2021.

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;
- irrevocable payment commitments;
- defined benefit pension fund assets net of related deferred tax liabilities;
- 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
12/31/2021	**69,764**
Cooperative share issues	793
Income net of proposed dividend payout	3,193
Other items[1]	(4,086)
12/31/2022	**69,665**

(1) Of which change in gains and losses recognized directly in other items of income not filtered -€970 million, and deduction of irrevocable payment commitments -€964 million

BREAKDOWN OF NON-CONTROLLING INTERESTS (MINORITY INTERESTS)

in millions of euros	Non-controlling interests
CARRYING AMOUNT (REGULATORY SCOPE) – 12/31/2022	**758**
Perpetual deeply subordinated notes classified as non-controlling interests	-
Ineligible non-controlling interests	(543)
Proposed dividend payout	-
Caps on eligible non-controlling interests	(51)
Non-controlling interests (excluding other items)	**164**
Other items	-
PRUDENTIAL AMOUNT – 12/31/2022	**164**

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
12/31/2021	**-**
Redemptions	-
Issues	-
Foreign exchange effect	-
Other adjustments	-
12/31/2022	**-**

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
12/31/2021	**12,951**
Redemption of subordinated notes	(750)
Prudential haircut	(2,285)
New subordinated note issues	2,467
Phase-in deductions and adjustments	24
Foreign exchange effect	353
12/31/2022	**12,759**

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) No. 2019/876 (the "CRR2"), credit risk exposures can be measured using two approaches:

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

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

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

EU OV1 – OVERVIEW OF RISK-WEIGHTED ASSETS

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

		Risk-Weighted Assets		Total capital requirements
		a	b	c
in millions of euros		12/31/2022	12/31/2021	12/31/2022
1	**Credit risk (excluding CCR)**	**385,572**	**368,035**	**30,846**
2	o/w standardized approach	158,104	149,609	12,648
3	o/w simple IRB approach (F-IRB)	69,231	62,865	5,539
4	o/w referencing approach	82	40	7
EU 4a	o/w equities under the simple risk-weighted approach	33,602	36,372	2,688
5	o/w advanced IRB approach (A-IRB)	117,346	111,765	9,388
6	**Counterparty credit risk – CCR**	**14,182**	**14,399**	**1,135**
7	o/w standardized approach	2,808	3,468	225
8	o/w internal model method (IMM)	3,459	4,357	277
0	o/w mark-to-market	-	-	-
EU 8a	o/w exposures on a CCP	404	328	32
EU 8b	o/w credit valuation adjustment – CVA	2,911	2,536	233
9	o/w other CCRs	4,600	3,711	368
15	**Settlement risk**	**65**	**11**	**5**
16	**Securitization exposures in the banking book (after cap)**	**4,408**	**4,100**	**353**
17	o/w SEC-IRBA approach	506	387	40
18	o/w SEC-ERBA (including IAA)	1,559	1,781	125
19	o/w SEC-SA approach	2,108	1,596	169
EU 19a	o/w 1,250%/deduction	235	336	19
20	**Market risk**	**15,365**	**15,142**	**1,229**
21	o/w standardized approach	8,195	9,571	656
22	o/w internal models approach	7,170	5,571	574
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**41,266**	**39,741**	**3,301**
EU 23a	o/w basic indicator approach	-	-	-
EU 23b	o/w standardized approach	41,266	39,741	3,301
EU 23c	o/w advanced measurement approach	-	-	-
24	**Amounts below the deduction thresholds (before weighting of risk of 250%)**	**5,354**	**5,258**	**428**
29	**TOTAL**	**460,858**	**441,428**	**36,869**

RISK-WEIGHTED ASSETS BY TYPE OF RISK AND BUSINESS LINE

		Basel III				
in millions of euros		Credit risk[1]	CVA	Market risk	Operational risk	Total
Retail banking	12/31/2021	282,824	56	1,563	25,377	309,821
	12/31/2022	**302,549**	**87**	**1,256**	**26,499**	**330,391**
Global Financial Services	12/31/2021	62,187	2,248	10,465	10,788	85,688
	12/31/2022	**66,403**	**2,488**	**10,612**	**11,624**	**91,127**
Others	12/31/2021	38,998	231	3,114	3,576	45,919
	12/31/2022	**32,364**	**337**	**3,497**	**3,143**	**39,340**
TOTAL RISK-WEIGHTED ASSETS	**12/31/2021**	**384,009**	**2,536**	**15,142**	**39,741**	**441,428**
	12/31/2022	**401,316**	**2,911**	**15,365**	**41,266**	**460,858**

(1) Including settlement-delivery risk and other risk exposure amounts.

EU INS1 – NON-DEDUCTED PARTICIPATIONS IN INSURANCE UNDERTAKINGS

		12/31/2022	
		a	b
in millions of euros		Exposure value	Risk-weighted exposure
1	Equity instruments held in insurance or reinsurance companies or insurance holding companies not deducted from capital	2,567	9,498

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

6.4.5 Management of Group 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	12/31/2022 Basel III	12/31/2021 Basel III phased-in
Common Equity Tier 1 (CET1)	69,665	69,764
Additional Tier 1 (AT1) capital	-	-
TOTAL TIER 1 (T1) CAPITAL	**69,665**	**69,764**
Tier 2 (T2) capital	12,759	12,951
TOTAL REGULATORY CAPITAL	**82,424**	**82,715**
Credit risk exposure	401,251	383,998
Settlement/delivery risk exposure	65	11
CVA risk exposure	2,911	2,536
Market risk exposure	15,365	15,142
Operational risk exposure	41,266	39,741
TOTAL RISK EXPOSURE	**460,858**	**441,428**
Capital adequacy ratios		
Common Equity Tier-1 ratio	15.1%	15.8%
Tier-1 ratio	15.1%	15.8%
Total capital adequacy ratio	17.9%	18.7%

CHANGES IN GROUPE BPCE'S CAPITAL ADEQUACY IN 2022

The Common Equity Tier 1 ratio was 15.1% at December 31, 2022 *versus* 15.8% at December 31, 2021.

Several exceptional items impacted the Common Equity Tier 1 ratio in 2022:

- the decrease in OCI, mainly due to the increase in rates (-41 basis points);
- the regulatory obligation to re-deduct irrevocable payment commitments (-18 basis points).

The change in the Common Equity Tier 1 ratio in 2022 can also be attributed to:

- the growth in Common Equity Tier 1, driven in particular by retained earnings (+69 basis points) and the collection of cooperative shares (+17 basis points), but mitigated by the increase in the deduction for insufficient provisioning of non-performing loans (-9 basis points);
- the increase in risk-weighted assets related to the activity (-70 basis points).

At 15.1%, Groupe BPCE's Common Equity Tier 1 ratio on December 31, 2022 was also significantly higher than the minimum requirement defined by the European Central Bank (ECB) during the 2022 Supervisory Review and Evaluation Process (SREP). The total capital ratio stood at 17.9% on December 31, 2022, *i.e.* above the ECB's minimum requirement, compared to 18.7% on December 31, 2021.

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 February 2022 (equivalent to 25.05% of the 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.

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 2022 aimed specifically at ensuring the capital adequacy of its networks and its subsidiaries. BPCE thus subscribed to a Tier 2 issue by Banque Palatine for €25 million and CEGC for €150 million.

LEVERAGE RATIO

The entry into force of the Capital Requirements Regulation, known as 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 Consignations* 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, in force until March 31, 2022, made it possible to avoid the impact of the increase in central bank assets that began at the time of the Covid-19 crisis. The reference date for the calculation of this adjusted requirement was set at December 31, 2019. At December 31, 2021, the Group's adjusted requirement amounted to: 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, calculated according to the capital requirements regulation, known as CRR2, was 5.02% at December 31, 2022, based on phased-in Tier 1 capital.

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

		a	
		Applicable amount	
		12/31/2022	12/31/2021
1	**TOTAL ASSETS AS PER PUBLISHED FINANCIAL STATEMENTS**	**1,531,134**	**1,516,021**
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(127,606)	(130,526)
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-	(172,768)
5	(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)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	(26,294)	(17,374)
9	Adjustment for securities financing transactions (SFTs)	8,997	7,766
10	Adjustment for off-balance sheet items (*i.e.* conversion to credit equivalent amounts of off-balance sheet exposures)	99,231	92,026
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with paragraph 1 of point (c) of Article 429a of the CRR)	(4,028)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with paragraph 1 of point (j) of Article 429a of the CRR)	(85,047)	(76,596)
12	Other adjustments	(7,707)	(5,693)
13	**TOTAL EXPOSURE MEASURE**	**1,388,681**	**1,212,857**

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. The capital requirements within the banking scope are determined by multiplying the risk-weighted assets by the applicable rate under Pillar II, *i.e.* 14.77% at December 31, 2022, compared to 14.26% at December 31, 2021.

On December 31, 2022, Groupe BPCE's surplus capital amounted to €16 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 2022, Groupe BPCE shall maintain a consolidated Common Equity Tier 1 ratio of 9.53% on January 1, 2023, 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);
- 0.03% in respect of the countercyclical buffer.

The corresponding total capital requirement will be 13.53% (excluding Pillar II guidance).

- with a Common Equity Tier 1 ratio of 15.1% at the end of 2022, Groupe BPCE has exceeded the specific capital requirements set by the ECB;

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- 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 2022.

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.

The senior unsecured debt at 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 25.05% of the Group's risk-weighted assets. The total MREL ratio reached 30.4% at December 31, 2022, compared with 31.1% at December 31, 2021.

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 21.53% of RWAs in 2023, *i.e.* 18% plus the 3.53% solvency buffers.

TLAC (Total Loss Absorbing Capacity) amounted to €109.5 billion at the end of December 2022. The subordinated MREL ratio was 23.8% on December 31, 2022 compared to 24.8% on December 31, 2021.

6.5 Credit risks

Foreword

The Group Risk division adapted its crisis management framework in 2022 to the new geopolitical and economic context induced by the Russia-Ukraine conflict and the ensuing increase in the cost of energy, generating high inflation and a rise in interest rates. Initiatives have been put in place to identify the sectors and counterparties that would be most impacted by this new crisis, both at the level of individual, professional and corporate customers.

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;
- assessing and controlling the level of credit risk across the Group;
- coordinating the Credit Risk functions, in particular through very frequent audio-conferences, national days, regional platforms or thematic working groups;
- monitoring the various portfolios by type of client, asset class and sector;
- building and managing credit risk applications.

6.5.1.1 CREDIT RISK MANAGEMENT

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 Group 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 1 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;
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

The year was marked by the outbreak of the war in Ukraine, which led to an increase in energy costs and high inflation, requiring a rise in central bank key rates. The monitoring system inherited from the Covid crisis has been adapted to take into account the new geopolitical and economic context.

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.

6.5.1.2 CREDIT RISK SUPERVISION SYSTEM

6.5.1.2.1 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.

6.5.1.2.2 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 2022, Groupe BPCE continued to implement a prudent IFRS 9 provisioning policy, in an uncertain economic context due to the ongoing health crisis.

Following a reduction in the uncertainties associated with the economic scenarios, the methodological adjustments implemented in the fourth quarter of 2020 concerning the 60% mitigation factor and the twelve-month delay in the NBI projection were lifted at the closing of the first quarter 2022.

The review of ratings for professional customers and small companies that benefited from a SGL or a moratorium was lifted at the closing of the fourth quarter of 2022 when it was estimated that the impact of SGLs and moratoria on their rating had become limited.

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 portfolios of individual customers, professionals and small and medium-sized companies, the quantitative criterion is based on the measurement of the difference between the counterparty's rating at the time of granting and its rating at the closing date. This difference - or denotch - is measured on a master scale common to all these counterparties. The number of denotches before downgrading to status 2 depends on the rating at grant;
- 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.

The 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 models for calculating the various parameters used to calculate provisions (PD, LGD, segmentation, etc.) are regularly updated to ensure that they maintain their accuracy, meet the regulator's expectations and more generally to improve their relevance.

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 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.

6.5.1.2.3 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

	12/31/2022				
Customer segment	**Banque Populaire retail banking network**	**Caisse d'Epargne retail banking 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.[(1)] > €3m)	IRBF/Standard	IRBF/Standard	Standard	IRBA/Standard	Standard
Retail	IRBA	IRBA	Standard	Standard	

(1) 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

	12/31/2022			12/31/2021		
	EAD			EAD		
in %	**Standard**	**IRBF**	**IRBA**	**Standard**	**IRBF**	**IRBA**
Central banks and other sovereign exposures	28%	55%	18%	26%	56%	18%
Central administrations	41%	30%	29%	39%	34%	27%
Public sector and similar entities	98%	0%	2%	99%	0%	1%
Institutions	45%	9%	46%	49%	9%	42%
Corporate customers	39%	24%	37%	39%	23%	39%
Retail	8%	0%	92%	9%	0%	91%
TOTAL	**29%**	**19%**	**52%**	**29%**	**19%**	**52%**

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 Group 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. 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.

As part of the project to merge the support functions between BPCE SA and Natixis, the Model Risk Management teams of the Natixis Risk department joined the Group Risk division on March 1, 2022. These teams are the "Risk Model Validation" team in charge of validating credit, market, counterparty and compliance risk models, the "Valuation Model Validation" team in charge of validating front office valuation models, and the "Model Governance Wholesale Banking" team in charge of the governance of models from the Natixis scope.

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 Group 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:

1/ review of the model and its adequacy, conducted independently of the entities having worked on the development of the model. The Group Risk division's validation teams report to departments that are independent of the modeling teams;

2/ review for a model of the Group's retail entities by the Group Model Committee, composed of quantitative (modelers and validators) and business experts, who provide 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;

or a review for a model specific to the scope of GFS by a Model Oversight Committee (MOC) composed of quantitative (modelers and validators) and business experts, who provide a technical opinion on the model. This committee is chaired by the Head of the Model Risk Management and Wholesale Banking Validation department;

3/ validation by the Umbrella Committee (Risk, Compliance and Permanent Control Committee or Model Risk Management Committee), based on the technical opinion of the functional committee (Group Model Committee or Model Oversight Committee), which decides on the implementation of the necessary changes, particularly in processes and operational implementation. These changes are submitted, where applicable, to the European supervisory authority for prior approval, in accordance with regulations 529/2014 and 2015/942 on the monitoring of internal models 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.

MODEL DEVELOPMENT PROCESS

The Group 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 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 addresses the following seven points:

- data and parameters used by the model: analysis of the quality and representativeness of the data, the integrity of the controls, the error reports, the completeness of the data, etc.;
- methodology and design: analysis of the theory underlying the model, analysis of approximations, calibration methods, risk indicators, aggregation rules, model benchmarking, accuracy and convergence analysis;
- permanent monitoring: the validation team ensures the existence of a monitoring methodology for the model and assesses the risk associated with the implementation of this methodology;
- model performance: assessment of the risk related to the performance of the model both during the design phase and periodically;
- IT development: counter-implementation, code analysis, tests;
- documentation: analysis of the quality and completeness of the methodological documentation received relating to modeling, IT code, model monitoring, data, model governance and IT development;
- governance of the model: assessment of the model's compliance with the Bank's internal standards throughout the model's life cycle.

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).

In conclusion, the review provides an opinion on the validity of the models and the associated parameters. 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 Group 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 that are being implemented. 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 2022, the ECB carried out a certification mission of these new models for the BPCE Financement revolving loan. The overhaul of the models for medium-sized business customers (revenue between €10 million and €500 million) resulted in approval by the ECB in 2022. *Ex-ante* information was provided to the ECB following the overhaul of the rating scale for large corporates (revenue in excess of €1 billion) and the rating methodologies of banks. A two-month *ex-ante* notification relating to the new "Banking Institutions" model was sent to the ECB following the overhaul of the OECD/non-OECD bank rating methodologies. Other methodological changes (*i.e.* grouped rating procedure for specialized lending and new matrix of links relating to the method for assessing the link between subsidiaries and their parent company) will also be submitted very soon in the form of a two-month *ex-ante* notification in 2022. Work to overhaul the TRR rating methodologies for large corporates and holding companies is underway with the aim of delivery to the validation division at the end of December 2023 and submission to the ECB in 2024.

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 CCF/EAD (exposure at 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[1])	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. > €1 billion)	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					
	Professional customers (socioeconomic category differentiated according to certain sectors)	10	Statistical models (logistic regression) including balance sheet and behavioral variables	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
				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
	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	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

(1) 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. The backtesting results and the associated action plans are discussed by the Group Models Committee, then reviewed by the RCCP Standards and 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 investigations through IMI (Internal Model Investigation). Three reviews were carried out in 2021 and 2022: two on the Retail models, in particular on the review of the PD Professional system, and one on the corporate PD models for small companies and for companies with revenue between €10 million and €500 million (high segment). The latter resulted in a report from the supervisor and an authorization received at the end of July 2022; decisions on the two Retail missions are expected for the first half of 2023.

In 2021, significant work was carried out on the Corporate portfolio, both on the review of the PDs of certain specific populations (real estate companies, non-financial holding companies and associations) by capitalizing in particular on the Small Business and High Segment models to file an application for IRBA approval on the BP and CE networks with new LGD/EAD models. Following this work, material change files were submitted to the ECB in June 2022.

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 1-notch downgrade in the ST rating and a 3-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.

6

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 sectorially 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 SGLs 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.

Within the Group, the 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.).

KEY LESSONS FROM PERMANENT CONTROL

The Group Credit Risk department works with other departments of the Group Risk division to coordinate, standardize, manage and monitor the credit risk management system. Monitoring, based on a risk-based approach, covers:

- adequate coverage of credit risks by controls based in particular on the assessment of credit risks in the macro-risk mapping;
- the definition of level 2 controls common to the basic credit risk base (control of transactions and/or control of internal procedures);
- the use of the results of level 1 and level 2 controls covering credit risks in main risk and reporting to the *Ad Hoc* Committees;
- the definition, implementation and monitoring of Group action plans in conjunction with all stakeholders.

According to the principle of subsidiarity, the local Risk divisions are responsible for compliance with the permanent control system (deployment, implementation, analysis of results and action plans).

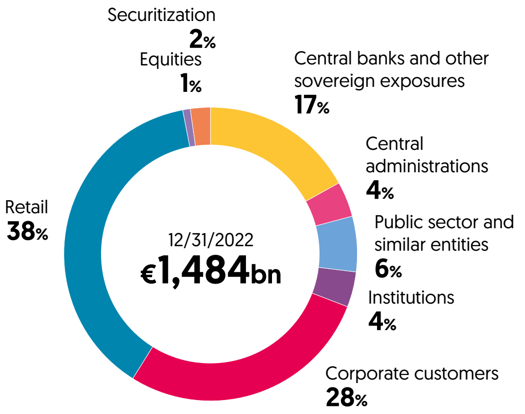
The scope of permanent level 2 controls relating to credit risks covers the process of granting the various asset classes and specific risk pockets. This corpus of controls was supplemented in 2022 with new controls linked to changes in standards or new processes (Forbearance, etc.).

6.5.4 Quantitative disclosures

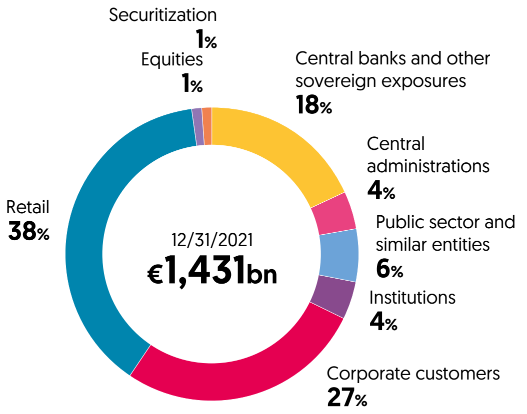
CREDIT RISK EXPOSURE

PORTFOLIO BREAKDOWN BY EXPOSURE CLASS (EXCLUDING OTHER ASSETS)

12/31/2022



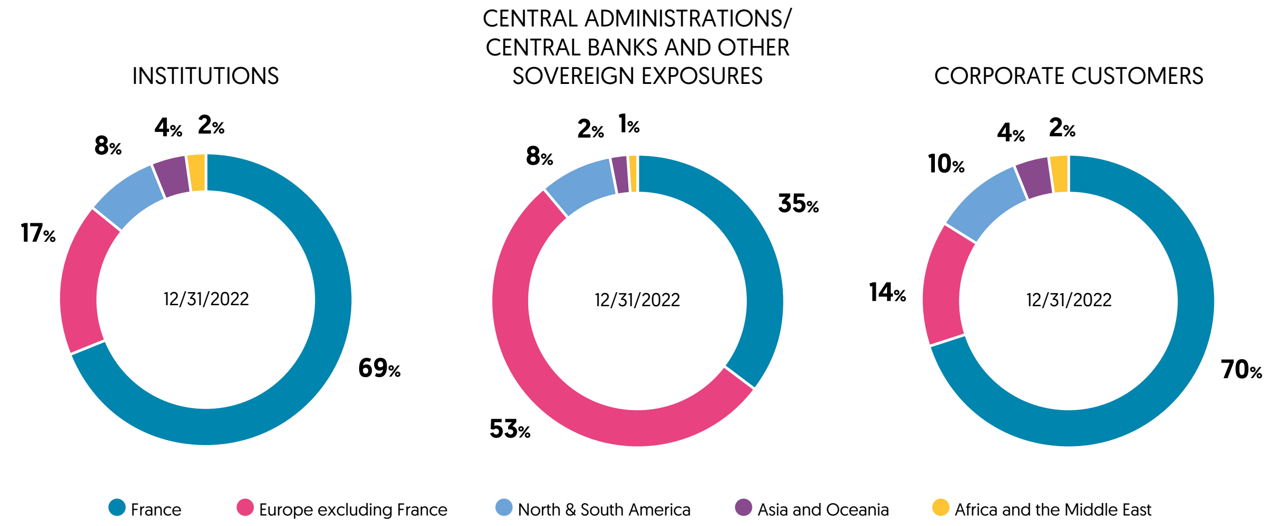
12/31/2021



Groupe BPCE's total gross exposures amounted to more than €1,484 billion on December 31, 2022, up by €53 billion.

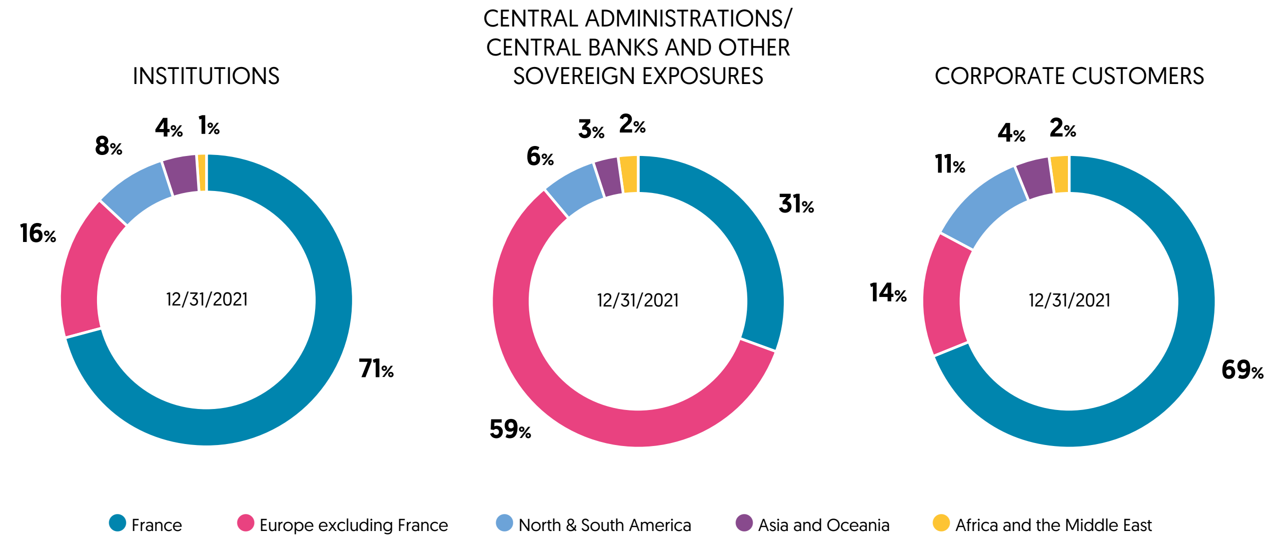
GEOGRAPHIC BREAKDOWN OF GROSS EXPOSURES

12/31/2022



The gross exposures are very predominantly located in Europe, especially in France, for all asset classes (70% of corporates).

12/31/2021



CONCENTRATION

CONCENTRATION BY BORROWER

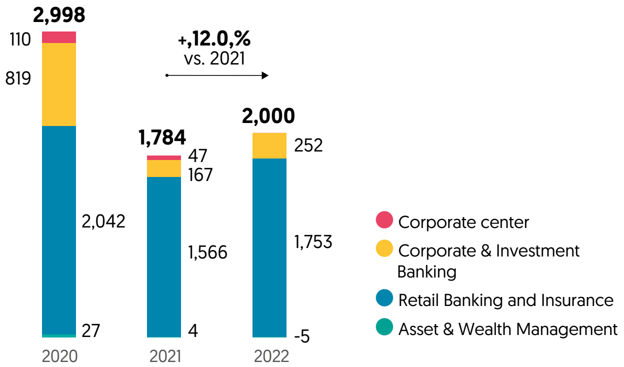
Concentration by borrower	12/31/2022 Distribution Gross amounts/Total major risks[(1)]	12/31/2022 Weighting in relation to equity Gross amounts/Capital[(2)]	12/31/2021 Distribution Gross amounts/Total major risks[(1)]	12/31/2021 Weighting in relation to equity Gross amounts/Capital[(2)]
No. 1 borrower	6.9%	22.0%	3.9%	10.7%
Top 10 borrowers	22.7%	72.1%	17.6%	48.1%
Top 50 borrowers	51.5%	163.7%	47.6%	130.1%
Top 100 borrowers	70.6%	224.4%	68.5%	187.0%

(1) Total large exposures excluding sovereigns for Groupe BPCE (€221.4 billion at 12/31/2022).
(2) Groupe BPCE regulatory capital (Corep CA4 at 12/31/2022): €69.7 billion.

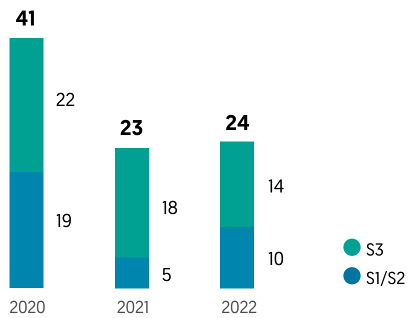
The top borrower is CEGC. The percentage of the Top 100 borrowers was slightly up over the fiscal year and did not show any particular concentration.

PROVISIONS AND IMPAIRMENTS

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



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



The cost of risk for Groupe BPCE increased by 12% in 2022 to €2,000 million. The provisioning policy remains cautious, with the cost of risk of performing loans classified as Stage 1 or Stage 2 up by €433 million while the cost of risk for outstandings for which the risk is proven, classified as Stage 3, down by €216 million.

In 2022, Groupe BPCE's cost of risk amounted to 24 bps in relation to gross customer outstandings (23 bps in 2021), of which 10 bps for provisioning on performing loans (5 bps in 2021) classified as Stage 1 or Stage 2 and 14 bps for the provisioning of loans with proven risk (18 bps in 2021) classified as Stage 3.

The cost of risk amounted to 26 bps for the Retail Banking and Insurance business unit in 2022 (24 bps in 2021), of which 11 bps for the provisioning of performing loans (7 bps in 2021) classified as Stage 1 or Stage 2 and 15 bps for the provisioning of loans with proven risk (18 bps in 2021) classified as Stage 3.

The cost of risk amounted to 36 bps for Corporate & Investment Banking in 2022 (27 bps in 2021), of which 15 bps for the provisioning of performing loans (2 bps in 2021) classified as Stage 1 or Stage 2 and 21 bps for the provisioning of loans with proven risk (24 bps in 2021) classified as Stage 3.

The ratio of non-performing loans to gross loan outstandings stood at 2.3% on December 31, 2022, down by 0.1% compared to the end of 2021.

(1) Excluding exceptional items.

HEDGING OF NON-PERFORMING LOANS

In millions of euros	12/31/2022	12/31/2021
Gross outstanding loans to customers and credit institutions	938.3	889.6
O/w S1/S2 outstandings	916.8	867.9
O/w S3 outstandings	21.5	21.6
Non-performing loans/gross outstanding loans	**2.3%**	**2.4%**
S1/S2 impairments recognized	5.5	4.6
S3 impairments recognized	8.9	9.2
Impairments recognized/non-performing loans	**41.3%**	**42.7%**
Coverage ratio (including guarantees related to impaired outstandings)	**68.9%**	**69.8%**

NON-PERFORMING AND FORBORNE EXPOSURES

EU CQ1 – CREDIT QUALITY OF FORBORNE EXPOSURES

		12/31/2022							
		a	b	c	d	e	f	g	h
		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
010	**Loans and advances**	**4,111**	**7,166**	**7,166**	**7,160**	**(182)**	**(2,019)**	**6,509**	**3,898**
020	Central banks		4	4	4		(4)		
030	General governments	9	15	15	15		(11)	1	1
050	Other financial corporations	18	69	69	69	(1)	(46)	10	8
060	Non-financial corporations	2,469	3,708	3,708	3,702	(127)	(1,221)	3,038	1,674
070	Households	1,616	3,370	3,370	3,370	(54)	(736)	3,460	2,216
080	**Debt securities**		**18**	**18**	**18**		**(4)**		
090	**Loan commitments given**	**319**	**48**	**48**	**48**	**(16)**	**(1)**	**122**	**22**
100	**TOTAL**	**4,431**	**7,232**	**7,232**	**7,226**	**(198)**	**(2,024)**	**6,631**	**3,920**

6

		12/31/2021							
		a	b	c	d	e	f	g	h
		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
010	**Loans and advances**	**7,720**	**8,475**	**8,475**	**8,469**	**(248)**	**(2,164)**	**10,730**	**4,865**
020	Central banks		4	4	4		(4)		
030	General governments	7	18	18	17		(7)	3	2
050	Other financial corporations	6	96	96	96		(56)	32	31
060	Non-financial corporations	5,568	4,519	4,519	4,514	(159)	(1,215)	6,379	2,200
070	Households	2,139	3,838	3,838	3,838	(88)	(882)	4,316	2,632
080	**Debt securities**		**18**	**18**	**18**				
090	**Loan commitments given**	**156**	**245**	**245**	**245**	**(2)**	**(42)**	**124**	**17**
100	**TOTAL**	**7,877**	**8,738**	**8,738**	**8,732**	**(250)**	**(2,206)**	**10,854**	**4,883**

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

		12/31/2022													
		a	b	c	d	e	f	g	h	i	j	k	l	n	o
		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		
005	**Cash balances at central banks and other demand deposits**	**175,569**	**175,284**	**266**				**(4)**	**(1)**	**(2)**				**244**	
010	**Loans and advances**	**912,198**	**782,523**	**126,816**	**21,505**		**20,379**	**(5,476)**	**(1,331)**	**(4,139)**	**(8,881)**		**(8,605)**	**540,596**	**9,414**
020	Central banks	1,956	1,947	9	19		15				(19)		(15)		
030	General governments	140,182	132,787	6,277	141		139	(34)	(5)	(30)	(58)		(58)	2,367	41
040	Banks	3,883	3,600	284	17		12	(54)	(10)	(44)	(11)		(6)	741	
050	Other financial corporations	18,984	17,295	1,604	130		112	(27)	(17)	(10)	(76)		(59)	4,893	27
060	Non-financial corporations	312,886	252,775	58,461	13,562		12,501	(3,571)	(929)	(2,636)	(5,994)		(5,758)	164,237	5,165
070	*Of which SMEs*	*149,645*	*118,906*	*30,616*	*6,922*		*6,608*	*(2,121)*	*(451)*	*(1,669)*	*(2,981)*		*(2,948)*	*99,311*	*3,492*
080	Households	434,307	374,119	60,181	7,636		7,600	(1,789)	(370)	(1,419)	(2,723)		(2,710)	368,359	4,180
090	**Debt securities**	**74,689**	**67,699**	**469**	**241**		**183**	**(21)**	**(14)**	**(7)**	**(164)**		**(148)**	**1,151**	
100	Central banks	133	133												
110	General governments	47,448	46,174	165				(4)	(2)	(2)				768	
120	Banks	7,560	7,386	4				(1)	(1)					57	
130	Other financial corporations	11,450	6,718	243	95		95	(7)	(4)	(3)	(87)		(87)	34	
140	Non-financial corporations	8,096	7,287	57	147		88	(9)	(8)	(1)	(77)		(61)	293	
150	**Off-balance sheet exposures**	**230,004**	**203,148**	**17,997**	**1,484**		**1,441**	**(508)**	**(223)**	**(268)**	**(267)**		**(263)**	**66,047**	**325**
160	Central banks	581	114											68	
170	General governments	10,564	8,027	584				(1)						531	
180	Banks	7,480	4,899	686	8		8	(13)	(9)	(4)				184	
190	Other financial corporations	29,102	27,805	1,046	3		3	(8)	(6)	(2)	(1)		(1)	14,560	
200	Non-financial corporations	137,820	119,614	13,931	1,425		1,382	(429)	(179)	(233)	(260)		(256)	35,916	309
210	Households	44,457	42,689	1,749	49		49	(58)	(29)	(29)	(6)		(6)	14,788	16
220	**TOTAL**	**1,392,460**	**1,228,654**	**145,547**	**23,231**		**22,002**	**(6,005)**	**(1,568)**	**(4,414)**	**(9,312)**		**(9,016)**	**608,038**	**9,739**

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

6

		12/31/2021													
		a	b	c	d	e	f	g	h	i	j	k	l	n	o
		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		
005	**Cash balances at central banks and other demand deposits**	**190,962**	**190,826**	**117**										**39**	
010	**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**
020	Central banks	11		11	19		19				(19)		(19)		
030	General governments	132,409	126,289	4,629	133		116	(32)	(5)	(27)	(53)		(53)	2,512	27
040	Banks	6,846	6,670	176	10		6	(21)	(14)	(7)	(10)		(6)	62	
050	Other financial corporations	19,532	17,765	1,606	169		151	(29)	(16)	(13)	(94)		(76)	5,396	34
060	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
070	*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*
080	Households	410,255	390,975	19,276	8,234		8,225	(1,310)	(399)	(911)	(3,005)		(3,004)	349,667	4,949
090	**Debt securities**	**76,286**	**68,860**	**657**	**252**		**123**	**(25)**	**(15)**	**(9)**	**(180)**		**(101)**	**1,417**	
100	Central banks	687	687												
110	General governments	48,267	46,861	215				(7)	(5)	(3)				485	
120	Banks	7,030	6,878											67	
130	Other financial corporations	10,594	6,199	344	95		89	(8)	(4)	(5)	(86)		(79)	234	
140	Non-financial corporations	9,707	8,234	98	157		34	(9)	(6)	(2)	(95)		(22)	630	
150	**Off-balance sheet exposures**	**214,044**	**188,808**	**16,073**	**1,829**		**1,539**	**(515)**	**(236)**	**(279)**	**(346)**		**(336)**	**58,031**	**347**
160	Central banks	79	79												
170	General governments	9,726	8,665	466	1		1	(1)						785	
180	Banks	7,856	4,884	129	19		19	(11)	(10)	(1)				136	
190	Other financial corporations	24,602	21,563	1,709	2		2	(73)	(5)	(68)	(1)		(1)	11,827	
200	Non-financial corporations	125,848	108,362	13,111	1,738		1,449	(381)	(190)	(191)	(333)		(324)	29,414	327
210	Households	45,932	45,255	657	68		68	(50)	(31)	(19)	(11)		(11)	15,869	20
220	**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 assets impaired on origination or acquisition.

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

		12/31/2022											
		a	b	c	d	e	f	g	h	i	j	k	l
		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 year≤ 2 years	Past due> 2 year≤ 5 years	Past due> 5 years≤ 7 years	Past due> 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**175,569**	**174,191**	**1,377**									
010	**Loans and advances**	**912,198**	**909,139**	**3,060**	**21,505**	**17,830**	**860**	**1,005**	**614**	**726**	**144**	**327**	**21,499**
020	Central banks	1,956	1,956		19	1			0	4		13	19
030	General governments	140,182	140,080	102	141	94	6	3	0	9		28	141
040	Banks	3,883	3,882	1	17	12				5			17
050	Other financial corporations	18,984	18,935	49	130	100			0	1		29	130
060	Non-financial corporations	312,886	311,346	1,540	13,562	11,442	437	689	340	385	80	190	13,556
070	Of which SMEs	149,645	148,897	748	6,922	5,894	328	232	204	106	40	117	6,922
080	Households	434,307	432,939	1,368	7,636	6,181	417	313	274	322	63	66	7,636
090	**Debt securities**	**74,689**	**74,689**		**241**	**183**				**59**			**241**
100	Central banks	133	133										
110	General governments	47,448	47,448										
120	Banks	7,560	7,560										
130	Other financial corporations	11,450	11,450		95	36				59			95
140	Non-financial corporations	8,096	8,096		147	147							146
150	**Off-balance sheet exposures**	**230,004**			**1,484**								**1,483**
160	Central banks	581											
170	General governments	10,564			0								0
180	Banks	7,480			8								8
190	Other financial corporations	29,102			3								3
200	Non-financial corporations	137,820			1,425								1,424
210	Households	44,457			49								49
220	**TOTAL**	**1,392,460**	**1,158,019**	**4,437**	**23,231**	**18,013**	**860**	**1,005**	**614**	**785**	**144**	**327**	**23,224**

		12/31/2021											
		a	b	c	d	e	f	g	h	i	j	k	l
		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 year≤ 2 years	Past due> 2 years≤ 5 years	Past due> 5 years≤ 7 years	Past due> 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**190,962**	**190,962**										
010	**Loans and advances**	**863,552**	**861,811**	**1,740**	**21,669**	**17,256**	**1,053**	**1,079**	**859**	**885**	**191**	**346**	**21,625**
020	Central banks	11	11		19	1			0	4		13	19
030	General governments	132,409	132,323	85	133	74	6	3	2	20		27	133
040	Banks	6,846	6,845	1	10	5				5			10
050	Other financial corporations	19,532	19,530	2	169	105	2		27	5		30	151
060	Non-financial corporations	294,498	293,504	994	13,104	10,767	564	657	423	406	95	191	13,082
070	Of which SMEs	141,247	140,836	411	6,249	5,397	222	195	163	126	38	109	6,235
080	Households	410,255	409,598	657	8,234	6,304	481	418	406	445	96	84	8,231
090	**Debt securities**	**76,286**	**76,286**		**252**	**193**				**59**			**247**
100	Central banks	687	687										
110	General governments	48,267	48,267										
120	Banks	7,030	7,030										
130	Other financial corporations	10,594	10,594		95	38				59			95
140	Non-financial corporations	9,707	9,707		157	157							152
150	**Off-balance sheet exposures**	**214,044**			**1,829**								**1,823**
160	Central banks	79											
170	General governments	9,726			1								1
180	Banks	7,856			19								19
190	Other financial corporations	24,602			2								2
200	Non-financial corporations	125,848			1,738								1,732
210	Households	45,932			68								68
220	**TOTAL**	**1,344,845**	**1,129,059**	**1,740**	**23,750**	**17,450**	**1,053**	**1,079**	**859**	**944**	**191**	**346**	**23,695**

CREDIT QUALITY

EU CQ4 – QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

		12/31/2022						
		a	b	c	d	e	f	g
		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		
010	**On-balance sheet exposures**	**1,008,633**	**21,746**	**21,740**	**999,684**	**(14,540)**		**(2)**
020	France	887,830	19,306	19,306	882,088	(12,933)		
030	United States	27,659	188	188	26,837	(100)		
040	Luxembourg	10,639	160	160	9,989	(188)		
050	Italy	8,831	85	85	8,732	(92)		
060	Spain	6,294	73	71	6,287	(82)		(2)
070	Other countries	67,380	1,935	1,931	65,749	(1,146)		
080	**Off-balance sheet exposures**	**231,488**	**1,484**	**1,483**			**(775)**	
090	France	158,016	1,055	1,055			(684)	
100	United States	28,859	212	212			(24)	
110	Spain	4,218	0	0			(2)	
120	Switzerland	4,389					(1)	
130	United Kingdom	3,585	11	11			(3)	
140	Other countries	32,421	205	205			(61)	
150	**TOTAL**	**1,240,122**	**23,231**	**23,223**	**999,684**	**(14,540)**	**(775)**	**(2)**

		12/31/2021						
		a	b	c	d	e	f	g
		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 12 impairment		
010	**On-balance sheet exposures**	**961,759**	**21,922**	**21,872**	**952,098**	**(14,090)**		**(1)**
020	France	840,586	18,708	18,682	834,377	(12,498)		
030	United States	27,178	310	310	26,069	(101)		
040	Italy	9,931	118	108	9,870	(92)		
050	Luxembourg	9,117	551	551	8,546	(148)		
060	Spain	6,183	93	90	6,145	(94)		(1)
070	Other countries	68,764	2,142	2,130	67,092	(1,157)		-
080	**Off-balance sheet exposures**	**215,873**	**1,829**	**1,823**			**(861)**	
090	France	149,525	1,433	1,427			(767)	
100	United States	25,032	258	258			(25)	
110	Luxembourg	3,130	1	1			(10)	
120	Spain	3,731	-	-			(3)	
130	Switzerland	3,642	1	1			(1)	
140	Other countries	30,812	136	136			(54)	
150	**TOTAL**	**1,177,632**	**23,750**	**23,695**	**952,098**	**(14,090)**	**(861)**	**(1)**

6

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

		12/31/2022					
		a	b	c	d	e	f
		Gross carrying amount					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 loans and advances subject to impairment	Accumulated impairment	
010	Agriculture, forestry and fishing	5,089	324	324	5,089	(316)	
020	Mining and quarrying	4,020	309	309	4,020	(124)	
030	Manufacturing	23,697	1,606	1,606	23,697	(896)	
040	Electricity, gas, steam and air conditioning supply	10,974	226	226	10,681	(132)	
050	Water supply	1,609	45	45	1,609	(35)	
060	Construction	18,350	1,329	1,329	18,345	(841)	
070	Wholesale and retail trade	35,252	2,116	2,114	34,985	(1,380)	
080	Transport and storage	8,645	456	456	8,643	(279)	
090	Accommodation and food service activities	11,299	934	934	11,299	(786)	
100	Information and communication	5,849	176	176	5,849	(110)	
110	Financial and insurance activities	32,205	941	941	31,986	(868)	
120	Real estate activities	121,112	2,357	2,357	120,876	(2,204)	
130	Professional, scientific and technical activities	18,005	728	728	18,005	(473)	
140	Administrative and support service activities	11,720	438	438	11,712	(256)	
150	Public administration and defense, compulsory social security	215	1	1	215	(1)	
160	Education	1,816	68	68	1,814	(41)	
170	Human health services and social work activities	9,176	1,103	1,103	9,106	(227)	
180	Arts, entertainment and recreation	2,845	130	130	2,844	(98)	
190	Other services	4,571	273	273	4,448	(498)	
200	**TOTAL**	**326,448**	**13,562**	**13,556**	**325,225**	**(9,565)**	

		12/31/2021					
		a	b	c	d	e	f
		Gross carrying amount					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 loans and advances subject to impairment	Accumulated impairment	
010	Agriculture, forestry and fishing	4,667	316	316	4,667	(288)	
020	Mining and quarrying	5,223	402	402	5,223	(189)	
030	Manufacturing	20,981	1,556	1,554	20,981	(888)	
040	Electricity, gas, steam and air conditioning supply	8,757	124	122	8,444	(115)	
050	Water supply	1,379	48	48	1,379	(35)	
060	Construction	17,085	1,132	1,129	17,079	(710)	
070	Wholesale and retail trade	32,831	1,895	1,892	32,403	(1,325)	
080	Transport and storage	7,679	601	600	7,676	(222)	
090	Accommodation and food service activities	10,601	856	856	10,601	(771)	
100	Information and communication	4,930	141	141	4,930	(103)	
110	Financial and insurance activities	34,282	1,042	1,042	34,252	(870)	
120	Real estate activities	111,061	2,569	2,560	110,793	(2,132)	
130	Professional, scientific and technical activities	18,953	1,407	1,405	18,953	(592)	
140	Administrative and support service activities	10,610	475	475	10,601	(198)	
150	Public administration and defense, compulsory social security	288			288	(2)	
160	Education	1,811	57	57	1,809	(43)	
170	Human health services and social work activities	8,312	107	106	8,237	(77)	
180	Arts, entertainment and recreation	2,694	132	131	2,694	(106)	
190	Other services	5,458	244	244	5,369	(648)	
200	**TOTAL**	**307,603**	**13,104**	**13,082**	**306,380**	**(9,314)**	

RISK MITIGATION TECHNIQUES

EU CR3 – USE OF CREDIT RISK MITIGATION TECHNIQUES

		12/31/2022				
		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which guaranteed by credit derivatives
in millions of euros		a	b	c	d	e
1	Loans and advances	544,901	550,010	169,270	380,740	-
2	Debt securities	73,595	1,151		1,151	
3	**TOTAL**	**618,495**	**551,161**	**169,270**	**381,891**	**-**
4	*Of which non-performing exposures*	*3,287*	*9,414*	*3,482*	*5,932*	-
EU-5	*Of which defaulted*	*3,574*	*9,414*			

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

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 internal model method for the Global Financial Services (GFS) scope, or the mark-to-market method for the 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.

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

Since 2021, the counterparty risk assessment model developed by GFS (PFE) has been deployed on the Group's exposures beyond GFS. In particular, 2022 made the assessment more reliable. The Group's entities, excluding GFS, continue to use the standard model for assessing the 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 GFS/Natixis). Accordingly, the Group has implemented the 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.

GFS complies with Article 291.6 of the European regulation of June 26, 2013, including the obligation to report wrong-way risk (WWR), which specifies that the bank must have policies, processes and procedures in place to identify and monitor WWR. 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 GFS) 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 the probability of default.

6.6.2 Quantitative disclosures

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

	12/31/2022							12/31/2021		
	Standard			IRB			Total	Total		
in millions of euros	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	Exposure	EAD	RWA
Central banks and other sovereign exposures	-	-	-	2,336	2,336	128	2,336	2,713	2,713	96
Central administrations	11	11	-	10,317	10,317	125	10,328	6,641	6,641	154
Public sector and similar entities	539	539	30	366	366	-	904	1,403	1,403	229
Institutions	13,534	13,509	906	19,094	19,104	6,128	32,628	32,592	35,235	6,746
Corporate customers	564	564	436	18,382	18,380	5,945	18,946	19,116	19,085	6,697
Retail	1	1	0	3	3	1	4	15	17	12
Equities	-	-	-	-	-	-	-	-	-	-
Securitization	45	45	7	1,130	1,130	222	1,175	1,291	1,291	298
TOTAL	**14,692**	**14,668**	**1,379**	**51,628**	**51,636**	**12,550**	**66,321**	**63,771**	**66,384**	**14,232**

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

in millions of euros	12/31/2022	12/31/2021
Central banks and other sovereign exposures	-	0
Central administrations	2	2
Public sector and similar entities	-	-
Institutions	2,326	1,993
Corporate customers	583	541
Retail	-	-
Equities	-	-
Securitization	-	-
Other assets	-	-
TOTAL	**2,911**	**2,536**

SECURITIES EXPOSED TO COUNTERPARTY RISK ON DERIVATIVE TRANSACTIONS AND REPURCHASE AGREEMENTS

	12/31/2022			12/31/2021		
in millions of euros	**Standard**	**IRB**	**Total**	**Standard**	**IRB**	**Total**
Derivatives						
Central banks and other sovereign exposures	-	492	492	-	260	260
Central administrations	11	6,668	6,678	10	2,340	2,350
Public sector and similar entities	535	366	901	1,191	209	1,400
Institutions	10,779	10,584	21,363	10,552	8,498	19,049
Corporate customers	416	9,450	9,866	762	9,275	10,037
Retail	1	3	4	13	3	15
Securitization	45	1,130	1,175	34	1,257	1,291
TOTAL	**11,787**	**28,692**	**40,480**	**12,561**	**21,841**	**34,403**
Repurchase agreements						
Central banks and other sovereign exposures	-	1,844	1,844	-	2,454	2,454
Central administrations	-	3,649	3,649	-	4,290	4,290
Public sector and similar entities	3	-	3	2	-	2
Institutions	2,755	8,510	11,265	4,124	9,419	13,543
Corporate customers	147	8,933	9,080	144	8,935	9,079
Retail	-	0	0	-	0	0
Securitization	-	-	-	-	-	-
TOTAL	**2,905**	**22,936**	**25,841**	**4,270**	**25,098**	**29,369**

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 re-securitization.

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%.

Details:

- 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 "Gains (losses) on financial assets measured at fair value through other comprehensive income before tax" 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 "Gains (losses) on financial instruments at fair value through profit or loss."

Synthetic securitization transactions 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.

Re-securitization: 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.

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.

The banking book EAD (final securitization) amounted to €22.48 billion on December 31, 2022 (up by €4.02 billion year-on-year).

The positions were mainly carried by GFS (€17.86 billion), BRED (€2.57 billion) and BPCE SA (€2.04 billion, positions arising from the transfer of a portfolio of home loan and public asset securitizations from Crédit Foncier in September 2014).

The EADs in the trading portfolio amounted to €314 billion at December 31, 2022, and were mainly carried by GFS (€267 billion) and BRED (€46 billion).

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

- the business lines comprising GFS' roll-out plan (+€3.86 billion), and particularly sponsoring (+€2.03 billion), origination (+€0.93 billion) and investment (+€0.90 billion);
- the increase in outstandings on the BRED scope amounting to +€0.49 billion;
- the decrease in exposures on the BPCE SA portfolio managed in run off for -€0.27 billion;
- the workout portfolio exposures of the Corporate & Investment Banking division (formerly GAPC) 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

GFS: €18.1 BILLION EAD SECURITIZATION (BANKING + TRADING BOOK)

The GFS exposure is mainly positioned in the Banking book at €18.1 billion.

The exposure of the banking book carried by GFS as Sponsor is €11.8 billion:

- it consists of 32 lines, mainly transactions carried out through the ABCP Magenta sub-funds (€4.9 billion), and a Versailles liquidity line (€6.8 billion) issued by GFS as a guarantee
- the average WAL (Weighted Average Life) is 1.3 years.;
- RWA are calculated mainly using the SEC-SA approach;
- the portfolio is 100% senior with 11% STS.

The exposure of the banking book carried by GFS as Originator is €3.4 billion, of which 95% in senior and 100% non-STS:

- the exposure comes from 262 lines, mainly synthetic securitizations issued by GFS in the amount of €3.1 billion through the Kibo, Kutang and Lhotse SPVs. These SPVs are subject to Significant Risk Transfer. The average WAL (Weighted Average Life) is 4.9 years;
- traditional Originator securitizations represented €0.3 billion, spread over 249 lines. The main approaches used to calculate RWA are Sec-Irba (€187 million) and Sec-Sa (€89 million).

The exposure of the banking book carried by GFS as investor is €3.0 billion, of which €0.3 billion in the trading book:

- the exposure as an investor is spread over 392 lines on the banking book and 121 lines on the trading book;
- the main approaches used to calculate RWA are SEC-SA (€2.7 billion) and SEC-ERBA (€0.3 billion);
- on the Banking Book, the portfolio is 88% senior, 10% mezzanine, 2% first loss and is totally non-STS;
- for the Trading Book, the portfolio is 85% mezzanine, 15% senior and 92% non-STS. The positions are mainly as an investor, with an average WAL (Weighted Average Life) of 2.6 years.

In general, the RWAs are mainly calculated according to the SEC-SA (€14.2 billion), then SEC-IRBA (€3.3 billion), SEC-ERBA (€0.6 billion) and the default approach (€18 million). In the SEC-ERBA approach, 77% of the exposure comes from lines rated at least A, of which 68% are rated AAA.

BRED: €2.62 BILLION EAD INVESTOR SECURITIZATION (BANKING + TRADING BOOK)

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

Concerning this Banking Book exposure:

- it consists of 219 lines, for an EAD of €2.6 billion, mainly housed in the NJR replacement subsidiary (74% of the volume);
- these lines are of excellent quality; 99.9% of the positions are rated at least A, 88.3% are rated AAA. The portfolio is 99.5% senior with 66.7% STS;
- the average WAL (Weighted Average Life) is 1.46 years.

The Trading Book stands at €46 billion in EAD for 44 lines:

- the quality is also high; the securities are at least A-rated, including 88.2% AAA;
- the portfolio is 100% senior, with 12.9% of STS securities;
- the average WAL is 0.48 years.

There are no synthetic positions or re-securitizations in either portfolio.

The RWAs are calculated using the SEC-ERBA approach.

The portfolios are regularly subjected to baseline and stress scenarios that demonstrate their full resilience.

BPCE SA: €2.0 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;
- with a legal maturity of more than 5 years and an average WAL (Weighted Average Life) of 4.26 years;
- recognized at amortized cost;
- composed only of Senior tranches, non-STS;
- high quality, with 88.8% 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 Risks related to securitization transactions

GROUPE BPCE NETWORKS

Presentation of the securitization and credit risk transfer strategy.

Presentation of the internal policies and procedures put in place to ensure, before investing, that institutions have in-depth knowledge of the securitization positions concerned and that institutions comply with the 5% net economic interest retention obligation acting as originator, sponsor or initial lender.

Methods for assessing, monitoring and controlling risks related to securitization arrangements or transactions (and in particular analysis of their economic substance) for originator, sponsor or investor institutions, including *via* crisis scenarios (assumptions, frequency, consequences).

For originator banks, description of the internal process for assessing deconsolidating transactions from a prudential point of view, supported by an audit trail and the procedures for monitoring the transfer of risk over time through a periodic review.

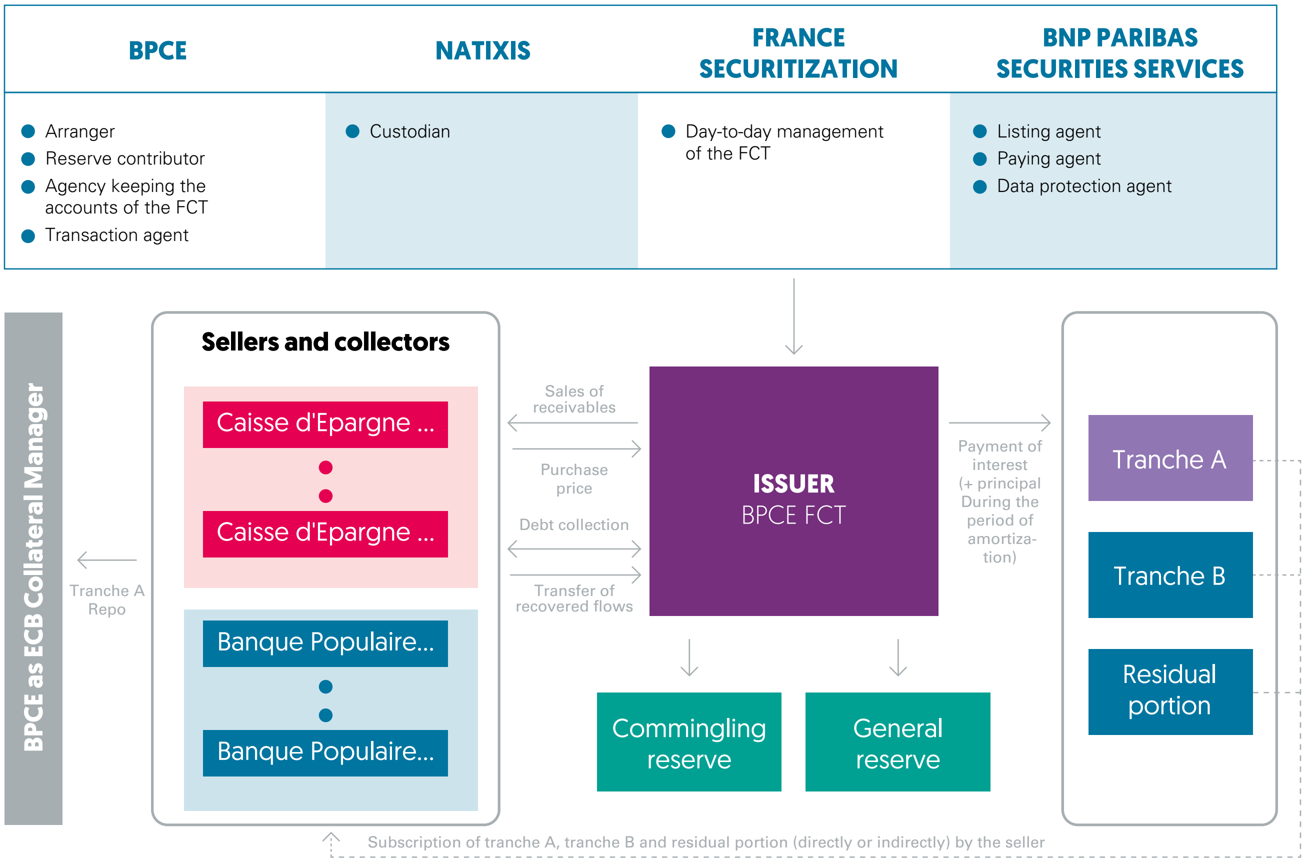
Since May 2014, Groupe BPCE has implemented a securitization program for loans originated by the Caisses d'Epargne and Banques Populaires networks in order to manage and optimize two elements of Groupe BPCE:

- the Group's liquidity reserves, through "self-owned" securitization transactions;
- the Group's refinancing, through securitization transactions placed on the market or with a limited number of investors.

SELF-OWNED SECURITIZATION TRANSACTIONS

These transactions aim to ensure the sustainability of the collateral stock eligible for the Eurosystem in the form of securities and thus contribute to the creation of the Group's liquidity reserves.

Loans granted by the BP and CEP networks are securitized by selling them to a French securitization fund (*Fonds Commun de Titrisation* – FCT).



The loan transfer operation is carried out in three stages:

1. the participants, the "Sellers", assign their receivables to the FCT;
2. the FCT issues bonds: Senior (used for liquidity purposes) and Subordinated (carrying risks) as well as Residual Units (carrying the results of the activity);
3. the Sellers subscribe for the Senior and Subordinated bonds as well as the Residual Units and then upload the Senior bonds to BPCE, which can use them and value them as liquidity reserves for the Group, in accordance with the Group's collateral centralization policy.

In this arrangement, no securities are placed outside the Group. The Sellers are the subscribers of all the securities and therefore retain all the risks and rewards of the receivables sold. In this way, the receivables removed from the balance sheet of the Sellers under French standards are reintegrated under IFRS due to the consolidation of the FCT.

It should be noted that a "demutualization FCT" has been introduced in the Subordinated Bonds and Residual Units circuit for accounting reasons: the purpose of the Demutualization FCT is to break down the quantity of Subordinated Bonds and Residual Units by institution as well as the income from these securities.

Thus, each Seller is faced with a "FCT silo" which includes its assigned receivables on the assets side and the Senior, Subordinated and Residual Units that it has subscribed on the liabilities side, in a scheme equivalent to the securitization that it would have implemented if it had acted alone.

The receivables sold continue to live according to their usual life cycle (evolution of the CRD) and their management/collection continues to be ensured by the Sellers.

In the event of a "reloadable" transaction, the FCT can regularly buy back new receivables in order to maintain its outstanding amount.

Its proper functioning is ensured by a FCT management company (France Titrisation or EuroTitrisation), together with a custodian, GFS, in compliance with the regulations of the FCT.

In addition, the Senior bonds are rated AAA by two rating agencies, which continue to monitor the transaction on an annual basis.

The loans sold in these transactions are either home loans or personal loans (without mixing within the same FCT) originated by the networks.

The table at the end of the presentation shows the characteristics of the transactions as well as the amounts of the securities subscribed and loans sold for the institution.

THE TRANSACTIONS CLASSIFIED AS "SELF-OWNED" REFER TO THE DESCRIPTION ABOVE.

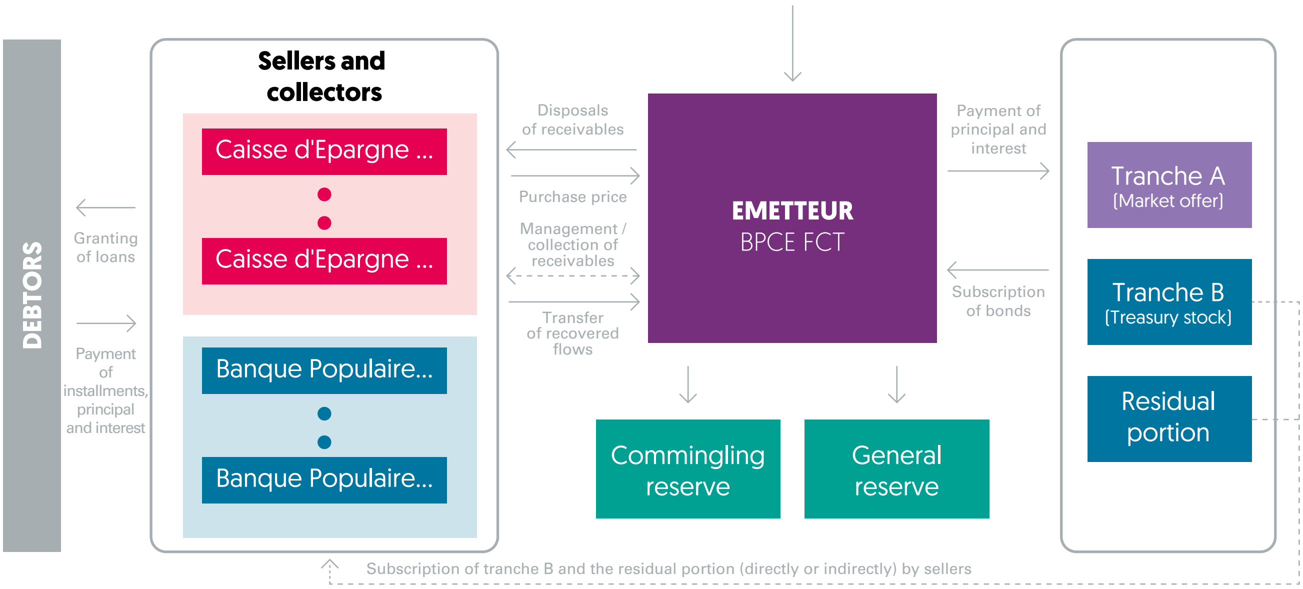
After gaining expertise in securitization transactions, the Group launched operations to provide refinancing.

This refinancing is based on the proper repayment of the loan portfolio provided to the FCT and does not use BPCE's signature.

Generally, the price of this refinancing is below that of BPCE's unsecured refinancing.

Receivables can be contributed to the FCT in two ways:

BPCE	[NATIXIS]	[FRANCE SECURITIZATION]	[BNP PARIBAS SECURITIES SERVICES]
• Arranger • Reserve contributor • Agency keeping the accounts of the FCT • Transaction agent	• Custodian • Swap counterparty	• Day-to-day management of the FCT	• Listing agent • Paying agent • Data protection agent



The disposal operation is carried out in three stages:

1. the participants, the "Sellers", assign their receivables to the FCT;
2. to acquire the receivables, the FCT issues Senior bonds (rated AAA) and Subordinated bonds (carrying risks) as well as Residual Units (carrying the results of the activity);
3. the markets underwrite the Senior bonds, the proceeds of which are paid to the Sellers, who subscribe to the Subordinated bonds as well as the Residual Units: the risks and rewards of the loans.

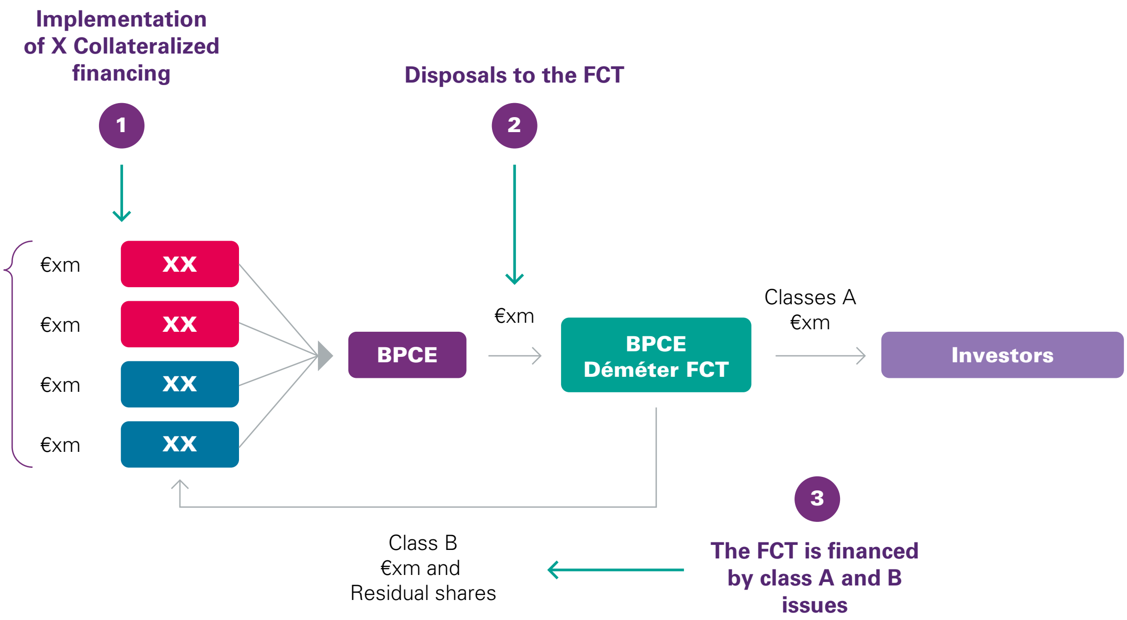
When the receivables sold are remunerated at a fixed rate, as well as the Subordinated bonds, and the Senior bonds are issued at a variable rate, then the FCT enters into a swap with GFS whereby the FCT pays a fixed rate and receives a variable rate in order to hedge the interest rate risk related to the Senior bonds. In addition, GFS processes a back-swap with each of the sellers in proportion to its shareholding.

The accounting behavior of this type of transaction is similar to that described above.

The same applies to the management/recovery of receivables.

Transactions classified as "Refinancing" and "Disposals" in the table at the end of the presentation refer to the description above.

As collateral for loans assigned to the FCT:



The disposal operation is carried out in three stages:

1. each of the participating institutions enters into a loan (CL or collateralized loan) with BPCE.
2. each CL is immediately transferred to the FCT.
3. the FCT issues senior and subordinated notes to finance the acquisition of the CLs.

Each CL is covered by a portfolio of loans as collateral, in accordance with Article L. 211-38 of the French Monetary and Financial Code. Where appropriate, the loan may be covered by cash.

In the event of BPCE's default, the CL becomes repayable immediately and the CLs are transferred to the FCT.

During the reloading period, collateralized loans in default lead to a replenishment of performing loans.

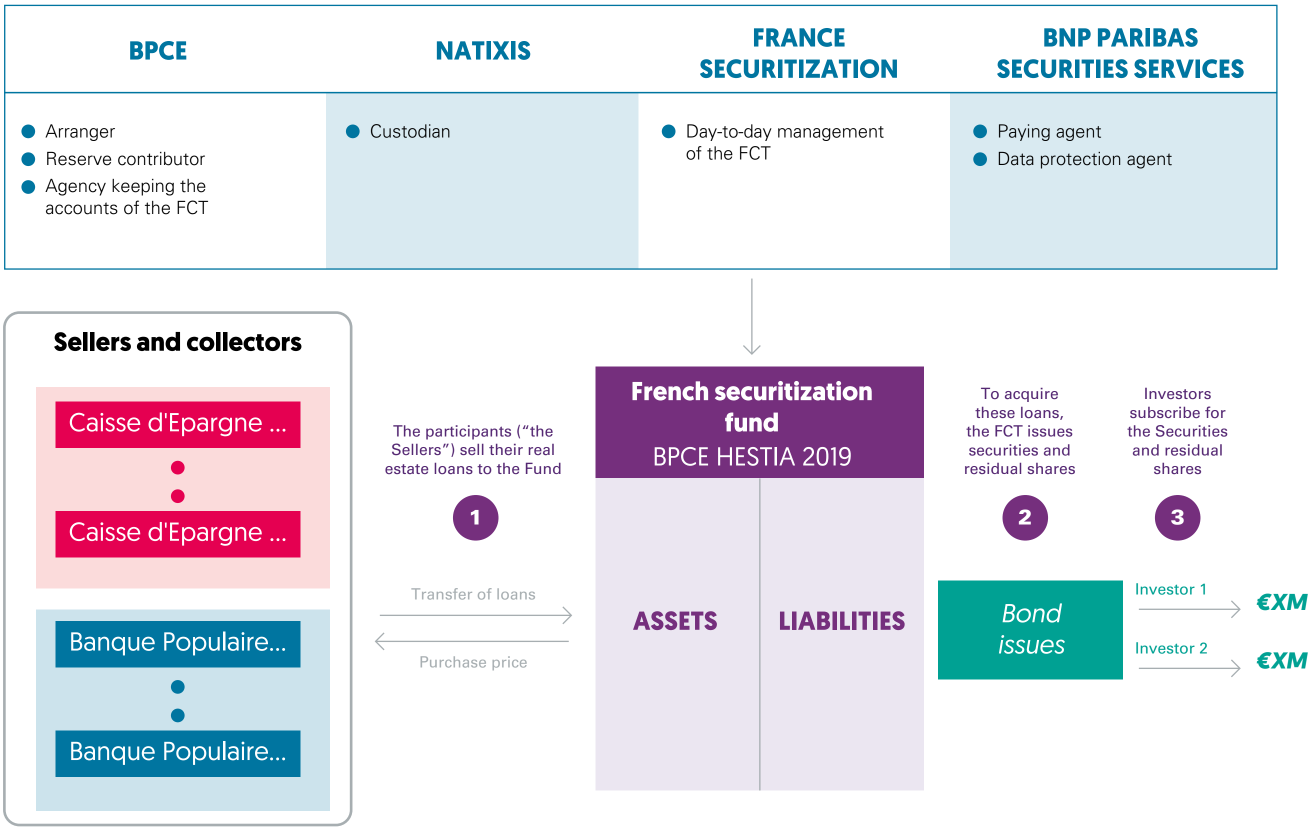
The accounting behavior of this type of transaction is similar to that described above.

The same applies to the management/recovery of receivables.

Transactions classified as "Refinancing" and "Collateralization" in the table at the end of the presentation refer to the description above.

Supplement concerning the HESTIA transaction, which uses securitization tools but is not a securitization transaction from a regulatory point of view.

In September 2020, BPCE had completed a private transaction for the sale of receivables: FCT HESTIA 2019.



This is a deconsolidating transaction for the selling institutions:

1. the sale to the FCT of €500 million of residential real estate loans originated by four Caisses d'Epargne (CEPAC, CEAPC, CECAZ, CEBPL) which continue to manage these loans on behalf of the FCT,
2. to finance its acquisition, the FCT issues Senior bonds (Class A), Subordinated bonds (Class B) and Residual Units,
3. all the securities are subscribed by the investors to whom all the risks associated with the loans sold are definitively transferred.

In the absence of any tranching in the FCT's liabilities, this transaction is not considered as a securitization transaction from a regulatory point of view (not subject to the provisions of regulation 2017/2402 of the European Parliament of 12/12/2017).

The HESTIA transaction appears in the table at the end of the presentation with the qualification of "Refinancing" and "PTF disposal".

12/31/2022

Transaction name (FCT)	Treasury shares / Refinancing	Type of receivables	Launch date	Reload-able Y / N	Disposal/ Collatera-lization	Participating institutions		Amounts issued per transaction		Residual shares in €	Assigned / collateralized receivables in €
						CEP	BP	Senior in €	Subordinated in €		
BPCE Master Home Loans FCT	Treasury shares	Residential real estate	May-14	Y	Disposals	15	11	35,200,000,000	4,573,809,000	9,900	39,773,757,850
BPCE CONSUMER LOANS FCT 2016	Treasury shares	Personal loans	May-16	Y	Disposals	15	11	3,325,000,000	831,294,559	16,000	4,140,157,693
BPCE HOME LOANS FCT 2017	Treasury shares	Residential real estate	May-17	N	Disposals	15	11	3,345,567,160	880,240,800	14,000	4,225,821,896
BPCE HOME LOANS FCT 2018	Funding	Residential real estate	Oct-18	N	Disposals	15	11	243,439,100	125,000,000	13,000	368,452,028
BPCE HOME LOANS FCT 2019	Funding	Residential real estate	Oct-19	N	Disposals	15	11	416,091,705	100,000,000	13,000	516,104,778
BPCE HOME LOANS FCT 2020	Funding	Residential real estate	Oct-20	N	Disposals	15	11	666,314,500	90,000,000	13,000	756,327,413
BPCE HOME LOANS FCT 2021 Green UoP	Funding	Residential real estate	Oct-21	N	Disposals	15	11	1,246,595,400	120,000,000	13,000	1,366,608,302
FCT HESTIA 2019	Funding	Residential real estate	Sep-19	N	Disposal PTF	4	0	353,916,107	-	300	353,377,868
BPCE DEMETER 2019 FCT	Funding	Personal loans	Jul-19	Y	Collatera-lization	10	0	1,000,000,000	167,300,000	3,000	1,167,716,802
BPCE DEMETER DUO FCT	Funding	Personal loans	Feb-21	Y	Collatera-lization	4	0	400,000,000	70,600,000	600	470,648,352
BPCE DEMETER TRIA FCT	Funding	Personal loans	Jul-21	Y	Collatera-lization	7	3	750,000,000	243,430,000	1,500	993,592,472
BPCE CONSUMER LOANS FCT 2022	Funding	Personal loans	Jul-22	Y	Disposals	15	11	1,000,000,000	219,500,000	13,000	1,219,325,821
BPCE ELIOS I FCT	Funding	Equipment loans	Dec-22	Y	Collatera-lization	1	0	400,000,000	133,334,000	300	534,037,413

Note: the FCT HESTIA 2019 transaction uses securitization tools but is not a securitization transaction from a regulatory point of view.

BRED

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.

For information, BRED Banque Populaire carried out a STS securitization transaction in 2022 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 the purchasing power at the ECB and to generate LCR *via* securities exchanges.

Creation name	Treasury shares/ Refinancing	Type of receivables	Launch date	Reload-able Y/N	Disposal/ Collatera-lization	Participating institutions CEP	BP	Amounts subscribed by the ETB Seniors *in M€*	Subordinated *in ME*	Residual shares *in €*	Assigned / collateralized receivables (in DAR)
ELIDE 2014	Treasury shares	Residential real estate	11/18/14	N	Disposals		1	826,000,000	71,600,000	300	915,000,829
ELIDE 2017-01	Treasury shares	Residential real estate	2/2/17	N	Disposals		1	1,722,500,000	87,500,000	300	1,842,301,251
ELIDE 2017-02	Treasury shares	Residential real estate	4/27/17	N	Disposals		1	956,000,000	76,100,000	300	1,050,595,774
ELIDE 2018-01	Treasury shares	Residential real estate	5/29/18	N	Disposals		1	1,167,300,000	198,000,000	300	1,389,011,569
ELIDE 2021-01	Treasury shares	Residential real estate	3/25/21	N	Disposals		1	2,584,300,000	312,400,000	300	2,920,133,058
ELIDE 2022-01	Treasury shares	Residential real estate	11/24/22	N	Disposals		1	2,260,000,000	230,000,000	300	2,500,026,552

6.7.4 Quantitative disclosures

BREAKDOWN OF EXPOSURES AND RISK-WEIGHTED ASSETS

BREAKDOWN OF EXPOSURES BY TYPE OF SECURITIZATION

	12/31/2022		12/31/2021	
in millions of euros	Exposures	EAD	Exposures	EAD
Banking book	**23,702**	**22,480**	**20,041**	**18,462**
Traditional securitization	20,288	19,400	17,306	16,237
Synthetic securitization	3,414	3,079	2,735	2,225
Trading book	**314**	**314**	**793**	**793**
TOTAL	**24,016**	**22,793**	**20,834**	**19,255**

BREAKDOWN OF EAD AND RWA BY TYPE OF PORTFOLIO

	12/31/2022		12/31/2021		Change	
in millions of euros	EAD	Risk-Weighted Assets	EAD	Risk-Weighted Assets	EAD	Risk-Weighted Assets
Banking book	**22,480**	**4,408**	**18,462**	**4,100**	**4,018**	**308**
Investor	7,316	1,869	6,198	1,976	1,117	(107)
Originator	3,412	826	2,539	795	874	31
Sponsor	11,751	1,713	9,725	1,329	2,026	384
Trading book	**314**	**220**	**793**	**514**	**(480)**	**(295)**
Investor	313	219	793	514	(480)	(295)
Originator	0	0	-	-	0	0
Sponsor	-	-	-	-	-	-

BREAKDOWN BY RATING

BREAKDOWN OF INVESTOR SECURITIZATION EXPOSURES IN THE BANKING BOOK BY RATING

	12/31/2022		12/31/2021	
as a %	Standard & Poor's equivalent rating	Banking book	Standard & Poor's equivalent rating	Banking book
	AAA	45%	AAA	45%
	AA+	6%	AA+	8%
	AA	4%	AA	5%
	AA-	3%	AA-	5%
	A+	5%	A+	6%
	A	0%	A	0%
	A-	0%	A-	0%
	BBB+	2%	BBB+	2%
	BBB	0%	BBB	1%
Investment grade	BBB-	0%	BBB-	0%
	BB+	3%	BB+	5%
	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	30%	Not rated	23%
Default	D	0%	D	0%
TOTAL		**100%**		**100%**

BREAKDOWN OF INVESTOR AND SPONSOR SECURITIZATION EXPOSURES IN THE TRADING BOOK

	12/31/2022		12/31/2021	
as a %	**Standard & Poor's equivalent rating**	**Banking book**	**Standard & Poor's equivalent rating**	**Banking book**
	AAA	50%	AAA	48%
	AA+	7%	AA+	5%
	AA	7%	AA	10%
	AA-	1%	AA-	2%
	A+	2%	A+	2%
	A	1%	A	3%
	A-	5%	A-	1%
	BBB+	0%	BBB+	0%
	BBB	3%	BBB	1%
Investment grade	BBB-	0%	BBB-	1%
	BB+	0%	BB+	0%
	BB	1%	BB	2%
	BB-	2%	BB-	2%
	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	7%
Non-investment grade	C	0%	C	0%
Not rated	Not rated	19%	Not rated	17%
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 the banking book activities, investment policies are defined at Group level. 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:

6.8.2.1 MANAGEMENT

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).

6.8.2.2 MONITORING

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.

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 GFS, BRED Banque Populaire and Banque Palatine.

In addition, for GFS, 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 (MRB Table: Qualitative disclosures for banks using the Internal Models Approach), the main characteristics of the various models used for market risk are presented in the GFS Registration Document.

The internal market risk and valuation models used by GFS are validated by the Model Risk Management and Wholesale Banking Validation team of Groupe BPCE's Risk division. This independent validation of the models is part of the broader model risk management framework described in Section 6.5.2.

More specifically for the valuation models, the following aspects are assessed:

- theoretical and mathematical validation of the model, analysis of the assumptions and their justification in the model documentation;
- algorithmic validation and comparison with alternative models (benchmarking);
- analysis of the stability, the convergence of the numerical method, the stability of the model in the event of stressed scenarios;
- study of implicit risk factors and calibration, analysis of input data, and identification of upstream models;
- measurement of the model risk and validation of the associated reserve methodology.

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 GFS 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. GFS thus uses VaR to calculate the capital requirements for market risks in the 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 institution and for the Group. These are monitored as part of the recurring control system and through regular reporting.

6.8.2.3 CONTROL

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.

RISK MONITORING

The Group 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 GFS 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 GFS: given the size of its capital markets business, GFS' 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.

HIGHLIGHTS

- The Group strengthened its financial risk management during this period, which combined a correction in the equity markets, a strong increase in volatility affecting all asset classes and the change of regime on rates and inflation.
- A very close monitoring of market activities was carried out during this period to ensure that changes in exposures following market movements remained in line with the risk appetite and the regulatory framework.
- In addition, the impacts of the sharp rise in interest rates and high inflation on the banking book activities were assessed *via* specific studies and stress test measures. Closer monitoring of interest rate exposures in retail banking was put in place, thus making it possible to adapt the management of interest rate risk to the new market context.
- Liquidity continued to be closely monitored with, in particular, closer management of commercial liquidity and monitoring of customer behavior in the context of interest rates and inflation.

6.8.3 Quantitative disclosures

The VaR of Groupe BPCE's trading scope amounted to €10.3 million at December 30, 2022.

The 2022 market context was marked by increased volatility across all asset classes, explained firstly by the escalation of the conflict in Ukraine and then by the rapid evolution of the interest rate and inflation environment. In this context of volatility, the VaR indicator remained at relatively moderate levels (average of €10.8 million), reflecting the prudent management of the Group's trading portfolios.

In addition, the average stress test levels remained stable overall. Over the year, the most penalizing scenarios were the hypothetical scenarios of a financial institution default (1 day out of 2) and a liquidity crisis (1 in 4). At December 30, 2022, the worst stress test amounted to -€12 million.

Groupe BPCE VaR

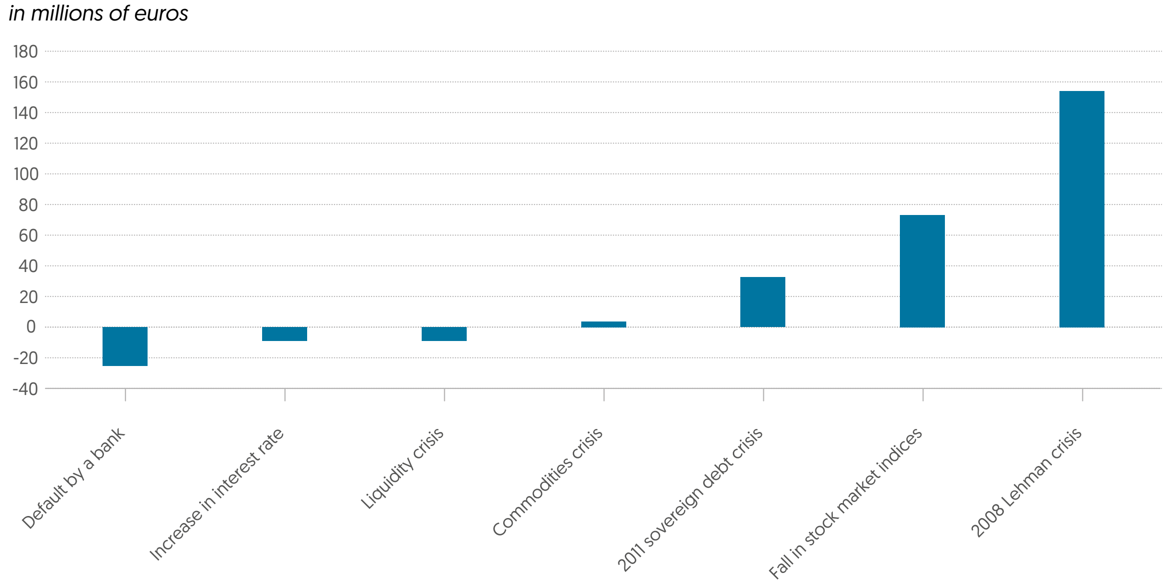
BREAKDOWN BY RISK CLASS

	Monte-Carlo VaR 99%				
in millions of euros	12/31/2022	average	min	max	12/31/2021
Equity risk	6.7	7.1	5.3	9.2	6.3
Foreign exchange risk	3.3	2.3	0.9	4.1	2.9
Commodity risk	1	1.3	0.7	3.4	0.8
Credit risk	2.4	1.6	0.8	3.4	0.9
Interest rate risk	6.3	7.1	3.5	10.7	4.7
TOTAL	**19.7**	**0**	**0**	**0**	**15.6**
Compensation effect	(9.4)	0	0	0	(7.3)
Consolidated VaR	**10.3**	**10.8**	**7.3**	**14.5**	**8.3**

CHANGE IN 2022

Trading book stress test results

GROUP STRESS TEST AVERAGE



Risk-weighted assets and capital requirements

RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS BY TYPE OF RISK

	12/31/2022		12/31/2021	
in billions of euros	Risk-Weighted Assets	Capital requirements	Risk-Weighted Assets	Capital requirements
Interest rate risk	1,813	145	2,729	218
Equity risk	421	34	822	66
UCI position risk	62	5	73	6
Exchange rate risk	4,739	379	3,708	297
Commodity risk	941	75	1,725	138
Settlement/delivery risk	65	5	11	1
Major trading book risks	-	-	-	-
Specific risk on securitization positions	220	18	514	41
IMA Risk	7,170	574	5,571	446
TOTAL	**15,430**	**1,234**	**15,153**	**1,212**

CHANGE IN RISK-WEIGHTED ASSETS BY IMPACT

in billions of euros	
Market risks – 12/31/2021	**15.1**
Standard	8.2
Internal model	7.2
VaR	*2.6*
SVaR	*4.1*
IRC	*0.4*
MARKET RISKS – 12/31/2022	**15.3**

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/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 the approval of the Group Risk division);
- 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 department 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 MANAGEMENT OF LIQUIDITY RISK

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 loan 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

The Group's consolidated indicators are produced by the Group ALM department based on indicators produced at the level of each entity. The latter are derived from data collected in the entities' information systems in accordance with a Group organization scheme (data collection, correction and validation process).

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.

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 department 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 improving risk monitoring through a detailed mapping of liquidity risks and on optimizing the tools and procedures to manage the Group's liquidity position and its balance sheet, on a constant basis, in order to be able to cope with new crises, should they occur.

The work carried out with the review of currency management systems, the diversification of short-term financing, the monitoring of intraday risks and stress tests to increase their operationality play an integral part in ensuring that the systems are more appropriate for monitoring and managing Groupe BPCE's liquidity risks.

To support the strengthening of the various systems, numerous IT projects aimed at improving the quality of the Group's production have been carried out with the launch of a new ALM management tool and a strengthened capacity to project indicators over time. Significant investments were also launched as part of the management of the Group's collateral with a view to industrializing and securing structured and specialized transactions and ultimately meeting the ambitions of ensuring greater diversification of the Group's refinancing.

6.9.3 Quantitative disclosures

LIQUIDITY RESERVES

in billions of euros	12/31/2022	12/31/2021
Cash placed with central banks	165	181
LCR securities	57	41
Assets eligible for central bank funding	101	107
TOTAL	**322**	**329**

At December 31, 2022, the liquidity reserves covered 150% of the short-term funding and short-term maturities of MLT debt (€215 billion at December 31, 2022) compared to 247% at December 31, 2021 (ST and MLT maturities of €133 billion).

The decrease in the coverage ratio is partly due to the repayments of TLTRO 3 occurring during the year 2023.

The change in the liquidity reserve during 2022 reflects the Group's liquidity management policy with the desire to maintain a high level of hedging of its liquidity risk.

LIQUIDITY GAP

in billions of euros	01/01/2023 to 12/31/2023	01/01/2024 to 12/31/2026	01/01/2027 to 12/31/2030
Liquidity gap	44.6	10.0	16.9

The projected liquidity position shows a structural liquidity surplus over the analysis horizon. Compared to the end of 2021, this surplus was down by €58.8 billion over a one-year horizon, by €44.2 billion over the two-to-four-year horizon and €24.3 billion over the five-to-eight-year horizon.

Over the short-term horizon, this change is partly due to the effect of reducing the residual maturity of TLTRO 3 drawdowns. Over the medium-term horizon, the decrease in the liquidity surplus reflects the increase in the customer gap in the Commercial Banking networks, as also illustrated by the change in the customer loan-to-deposit ratio.

CUSTOMER LOAN-TO-DEPOSIT RATIO

At December 31, 2022, the Group's customer loan-to-deposit ratio amounted to 122%, compared to 120% at December 31, 2021.

SOURCES AND USES OF FUNDS BY MATURITY

in millions of euros	Less than 1 month	From 1 month to 3 months	From 3 months at 1 year	From 1 year to 5 years	More than 5 years	Not determined	Total at 12/31/2022
Cash and amounts due from central banks	170,929	86				304	171,318
Financial assets at fair value through profit or loss						192,751	192,751
Financial assets at fair value through other comprehensive income	20,033	804	2,889	10,034	7,464	3,059	44,284
Hedging derivatives						12,700	12,700
Securities at amortized cost	745	345	3,697	8,134	13,907	822	27,650
Loans and advances to banks at amortized cost	89,429	4,548	512	2,423	47	735	97,694
Loans and advances to customers at amortized cost	77,360	23,217	64,738	252,406	387,787	21,444	826,953
Revaluation difference on interest rate risk-hedged portfolios, assets						(6,845)	(6,845)
Financial assets by maturity	**358,496**	**29,001**	**71,836**	**272,997**	**409,206**	**224,968**	**1,366,504**
Central banks	9						9
Financial liabilities at fair value through profit or loss	8,916	97	433	1,411	13,499	160,391	184,747
Hedging derivatives						16,286	16,286
Debt securities	35,340	24,836	43,078	78,224	69,982	(8,088)	243,373
Amounts due to banks and similar	29,750	6,376	73,841	19,694	9,433	24	139,117
Amounts due to customers	552,292	17,123	31,212	56,906	6,874	29,564	693,970
Subordinated debt	678	12	2,547	8,419	8,437	(1,161)	18,932
Revaluation differences on interest rate risk-hedged portfolios						389	389
Financial liabilities by maturity	**626,985**	**48,443**	**151,111**	**164,654**	**108,224**	**197,406**	**1,296,823**
Loan commitments given to banks	204	35	5	449	107	2	801
Loan commitments given to customers	27,015	7,100	22,136	63,182	21,700	18,626	159,758
TOTAL LOAN COMMITMENTS GIVEN	**27,220**	**7,134**	**22,140**	**63,631**	**21,807**	**18,628**	**160,560**
Guarantee commitments given to banks	1,194	648	1,062	534	2,371	2,025	7,834
Guarantee commitments given to customers	4,330	5,546	9,497	15,354	10,502	2,415	47,644
TOTAL GUARANTEE COMMITMENTS GIVEN	**5,524**	**6,194**	**10,560**	**15,888**	**12,873**	**4,440**	**55,478**

in millions of euros	Less than 1 month	From 1 month to 3 months	From 3 months at 1 year	From 1 year to 5 years	More than 5 years	Not determined	Total at 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	12,140	2,439	24,986
Loans and advances to banks at amortized cost	83,699	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	374,422	8,798	781,097
Revaluation difference on interest rate risk-hedged portfolios, assets						5,394	5,394
Financial assets by maturity	**182,080**	**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	553,167	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 differences on interest rate risk-hedged portfolios						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	**33,530**	**7,828**	**24,904**	**62,141**	**21,874**	**5,559**	**155,837**
Guarantee commitments given to banks	1,570	704	1,375	196	1,891	2,706	8,443
Guarantee commitments given to customers	2,818	5,004	5,997	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.

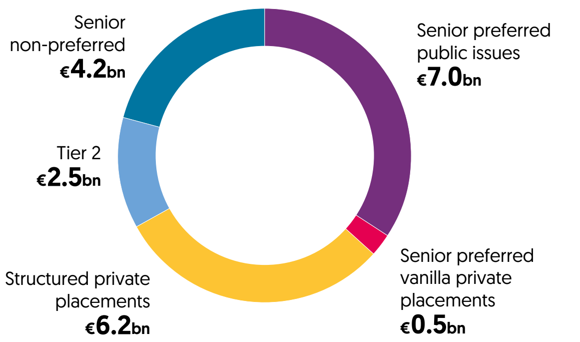
FUNDING STRATEGY AND CONDITIONS IN 2022

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.

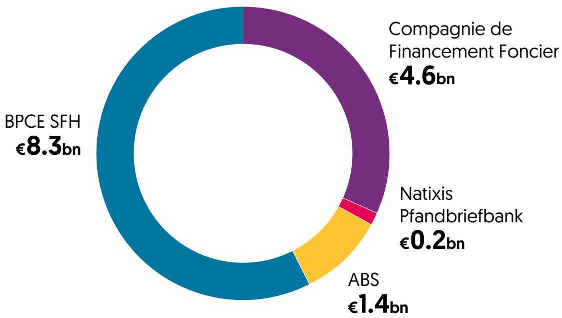
Under the 2022 wholesale MLT funding plan, in 2022 Groupe BPCE raised a total of €33.5 billion in the bond market, of which €27.3 billion excluding structured private placements; public issues made up 78% of this amount and private placements 22%.

In addition, the Group raised €1.4 billion in ABS in the financial market.

UNSECURED BOND SEGMENT: €20.4 BILLION



SECURED BOND SEGMENT: €14.5 BILLION



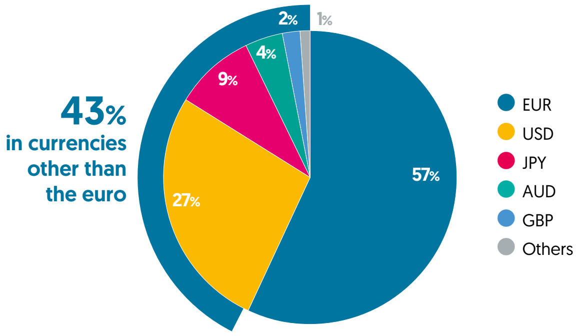
In 2022, the amount raised in the unsecured bond segment, excluding structured private placements, was €14.2 billion, of which €2.5 billion in Tier 2, €4.2 billion in the form of senior non-preferred debt and €7.5 billion in the form of senior preferred debt. In addition, €6.2 billion were raised in structured private placements.

In the secured funding segment excluding ABS, the amount raised was €13.1 billion in covered bonds. In addition, €1.4 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 58% of funding raised, and the secured funding segment 42% (38% covered bonds and 4% ABS).

The breakdown by currency of unsecured issues excluding completed structured private placements is a good indicator of the diversification of the Group's medium- and long-term funding sources. In all, 43% were issued in currencies other than the euro in 2022; the four largest currencies were USD (27%), JPY (9%), AUD (4%), and GBP (2%).

DIVERSIFICATION OF INVESTOR BASE



The average maturity at issuance (including abs) for Groupe BPCE as a whole was 6.7 years in 2022, compared with an average maturity of 8.2 years in 2021.

The vast majority of medium- and long-term funding raised in 2022 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 2022 for a total of €1.9 billion:

- in January 2022, BPCE became the first European issuer of a green bond dedicated to sustainable agriculture: this was a 6NC5 senior non-preferred public issue for €750 million;
- in May 2022, public issue by BPCE SFH of 10-year green covered bonds (Green Building type) in euros for an amount of €1 billion;
- in July 2022, BPCE became the leading bank issuer of a green bond on the Japanese market: this was a public issue dedicated to sustainable agriculture 7NC6 senior non-preferred in the amount of 14.9 billion yen, i.e. €105 million.

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 in terms of sensitivity of future revenues has been strengthened by a multi-scenario vision allowing a broader approach by taking into account the uncertainties related to business forecasts (new activity and changes in customer behavior), to possible changes. commercial margin, etc. Internal stress tests are carried out periodically to measure changes in the bank's earnings trajectory in 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 2022, 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 an increase in the structural transformation position due to the production of fixed-rate loans but also to the inclusion of an optional portion materializing the higher risk of arbitrage of customer deposits in a context of sharp rise in rates.

INTEREST RATE GAP

in billions of euros	01/01/2023 to 12/31/2023	01/01/2024 to 12/31/2026	01/01/2027 to 12/31/2030
Interest rate gap (fixed-rate*)	(83.0)	(84.3)	(72.0)

* The indicator takes into account all asset and liability positions and floating-rate positions until the next interest rate reset date.

6

SENSITIVITY INDICATORS

The sensitivity of the net present value of the Group's balance sheet to a +/-200 bp variation in interest rates remained lower than the 15% Tier 1 limit. At December 31, 2022, Groupe BPCE's sensitivity to interest rate increases stood at -13.94% compared to Tier 1 *versus* -11.37% at December 31, 2021. This indicator, calculated according to a static approach (contractual or conventional flow of all balance sheet items) and in a stress scenario (immediate and significant interest rate shock), makes it possible to highlight the distortion of the balance sheet. a long horizon. This measurement is closely correlated with the measurement of interest rate gaps detailed above.

To better control the Group's exposure to interest rate risk, it must be supplemented by a dynamic approach (including new production forecasts). This is achieved by measuring the change in the Group's forecast net interest margin at one year according to four scenarios (rise in rates, fall in rates, steepening of the yield curve, flattening of the yield curve) compared to the core scenario. As of September 30, 2022, a small upward shock (+25 bps) would have a negative impact of 1.4% on the projected net interest margin (expected loss of €91 million) over a rolling year, whereas the small downward scenario (-25 bps) would have a positive impact of 1.5% (expected gain of €95 million).

EU IRRBB1 – SENSITIVITY OF THE ECONOMIC VALUE OF TIER 1 CAPITAL

		a	b
		EVE sensitivity (in %)	
Regulatory scenarios		**12/31/2022**	**12/31/2021**
1	Shock: Parallel up	(13.94%)	(11.37%)
2	Shock: Parallel down	4.36%	0.41%
3	Steepener	(2.00%)	(1.33%)
4	Flattener	3.03%	5.34%
5	Short rates up	(1.36%)	4.85%
6	Short rates down	1.80%	1.08%

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. Since January 1, 2022, risks are mainly confined to the transition from the LIBOR USD index (for overnight, one, three, six and twelve-month maturities) to the SOFR rate (see Section 5.16).

The data presented are taken from the management databases at December 31, 2022 after elimination of internal transactions with Groupe BPCE and concern financial instruments with a maturity exceeding June 30, 2023, taking into account the following conventions:

Financial assets and liabilities excluding derivatives are presented based on their nominal amount (past due principal), excluding provisions;

Repurchase agreements are broken down before accounting offsetting;

Derivatives are presented based on their notional amount at December 31, 2022;

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.

OUTSTANDING AMOUNTS OF FINANCIAL INSTRUMENTS SUBJECT TO BENCHMARK INDEX REFORM

	12/31/2022		
in millions of euros	**Financial assets**	**Financial liabilities**	**Derivatives (notional)**
LIBOR – USD	9,451	2,788	2,578,866

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

At December 31, 2022, Groupe BPCE, subject to regulatory capital requirements for foreign exchange risk, recorded a stable foreign exchange position of €4,739 million *versus* €3,708 million at the end of 2021, with €379 million for foreign exchange risk. The foreign exchange position is mainly carried by GFS.

6.10 Legal risks

6.10.1 Legal and arbitration proceedings – BPCE

CHECK IMAGING EXCHANGE 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. The case is ongoing.

FRENCH COMPETITION AUTHORITY / BIMPLI

On October 9, 2015, a company operating in the meal voucher industry lodged a complaint with the French Competition Authority (Autorité 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, which became Bimpli in 2022.

In its decision of December 17, 2019, the French Competition Authority ruled that Natixis Intertitres had exchanged information and been a part of 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.

Natixis Intertitres has appealed against this decision and believes it has 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.

Since December 14, 2022, following the alliance between Groupe BPCE and Swile, Bimpli has been owned by a third party outside the Group.

6.10.2 Legal and arbitration proceedings – Natixis

Like many banking groups, Natixis and its consolidated subsidiaries are subject to legal and tax proceedings and investigations by the supervisory authorities.

The financial consequences, assessed as of December 31, 2022, of those likely to have, or which have had in the recent past, a significant impact on the financial position of Natixis and/or Natixis and its consolidated subsidiaries taken as a whole, their profitability or activity, have been included in Natixis' consolidated financial statements.

The most significant legal and arbitration proceedings are described below, it being specified that their inclusion in the list below does not mean that these proceedings will necessarily have any impact on Natixis and/or its consolidated subsidiaries. Other proceedings, including tax proceedings, have no significant impact on the financial position or profitability of Natixis and/or Natixis and its consolidated subsidiaries taken as a whole, or are not at a sufficiently advanced stage to determine whether they are likely to have such an impact.

MADOFF FRAUD

The Madoff outstandings are estimated at €339.7 million in equivalent value at December 31, 2022, fully provisioned at this date, compared to €346.8 million at June 30, 2022, following the confirmation of the liquidation of certain assets deposited in the name of Natixis and fully provisioned. The effective impact of this exposure will depend on both the extent of recovery of assets invested for Natixis and the outcome of the measures taken by the bank, notably in terms of legal proceedings. Furthermore, in 2011 a dispute emerged over the application of the insurance policy for professional liability in this case, which had been taken out with successive insurers for a total amount of €123 million. In November 2016, the Paris Court of Appeal vindicated the Commercial Court's prior ruling that primary insurers were liable to cover the losses incurred by Natixis due to the Madoff fraud, up to the amount for which the bank was insured. On September 19, 2018, the Court of Cassation subsequently annulled the judgment under appeal and referred the case back to the Paris Court of Appeal with a differently constituted bench. On September 24, 2019, the Court ruled against Natixis, overturning the ruling by the Commercial Court of Paris. Natixis filed an appeal with the Court of Cassation in December 2019.

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, Natixis joined the group of defendants that filed a request for permission to appeal the Second Circuit Court's ruling before the Supreme Court. In June 2020, the Supreme Court refused to hear the case. The case will be referred by the Second Circuit court to the bankruptcy court. The liquidator of BMIS seeks the suspension of the pending restitution actions until certain specific actions dealing with the concept of "good faith" in the restitution requests are settled.

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 Défense 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.

LUCCHINI SPA

In March 2018, Natixis SA 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. The case is ongoing.

In its decision of July 21, 2020, the Court of Milan dismissed all Lucchini Spa's claims and sentenced it to pay the costs of the proceedings for a total amount of €1.2 million, of which €174,000 for each bank or group of banks. Lucchini Spa has appealed the judgment. The case is ongoing.

COMPETITION AUTHORITY/NATIXIS

On October 9, 2015, a company operating in the meal voucher industry lodged a complaint with the Competition Authority *(Autorité 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, then attached to Natixis.

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 subject to a fine in its own right, along with two other fines totaling €78,962,000, jointly and severally with Natixis.

Natixis has appealed against this decision and believes that it has strong arguments to challenge it.

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 alleged 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.

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.

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 the culture of non-compliance risk and consideration of the legitimate interests of customers is also reflected in the training of employees in the sector and the awareness-raising of other BPCE departments.

Accordingly, the Group Compliance division:

- draws up the Group's non-compliance risk management systems (risk mapping and DMR) and supervises the permanent control system relating to non-compliance risks;
- prepares internal risk prevention reports for executives and decision-making bodies and for the central body;
- determines and validates, in conjunction with HR, the content of training materials intended for the Compliance function;
- helps train Compliance staff, mainly through specialized annual seminars (financial security, compliance, ethics, coordination of permanent compliance controls, etc.);
- coordinates the training of Directors/Heads of Compliance through a dedicated system;
- leads the Compliance function of the institutions through national days;
- 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 SA Compliance reports to Group Compliance, which also manages and supervises the Compliance of entities in the Financial Services and Expertise division, the Payments division and the Insurance division and the other subsidiaries reporting to BPCE, including BPCE International.

6.11.1 Compliance

ORGANIZATION

The Group Compliance division includes the following areas of expertise:

- Banking compliance and non-life insurance;
- 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;
- Steering and Coordination.

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 the Compliance functions, and the centralization of relations with regulators, supervisors and the Group Inspection Générale 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	2. Product governance and supervision
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.	• 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.

SEVERAL REGULATORY PROJECTS WERE CARRIED OUT IN 2022

- Regulatory Know Your Customer (KYC) with the continuation of the program implemented in 2019 to strengthen the completeness and compliance of regulatory KYC files. In 2022, the program focused on developing the updating of KYC through online banking. Work was also carried out to deploy the automation of events requiring updating as well as the preparation of actions to update KYC files (criteria, customer targeting, communication kits, reports).
- Strengthening of the banking inclusion system with the tightening of the deadlines for implementing the right to account procedure, in accordance with the new provisions of the Decree of March 11, 2022. The tracing and archiving of waiver letters pertaining to the specific offer for vulnerable customers or to the offer of free basic banking services has also been strengthened through the development of an IT solution that automatically archives letters if the customer wishes to subscribe to another offer.
- Implementation of new provisions for fairer, simpler and more transparent access to the loan insurance market (the Lemoine Act) of February 28, 2022 with, in particular, the termination at any time, the strengthening of customer information, the elimination of the health questionnaire under certain conditions, and the extension of the right to be forgotten in terms of aggravated health risks.

- Implementation of the control of eligibility for the LEP savings account *via* the electronic questioning of the tax authorities provided for by Decree No. 2021-277 of March 12, 2021 on the control of the holding of regulated savings products. The eligibility verification processes were reviewed as part of the LEP account subscription and the annual control.
- Implementation of the multi-holding control measures for regulated savings products provided for by Decree No. 2021-277 of March 12, 2021 on the control of the holding of regulated savings products, which will come into force no later than January 1, 2024.
- Launch of the Sustainable Finance project (Taxonomy, SFDR, incorporation of ESG criteria in MIF2 and DDA) with value chain players (issuer, producer, insurer, distributor, customers). Groupe BPCE has set up a Task Force to build the customer questionnaire, the process formalizing the suitability, the offer, and the long-term monitoring.
- Implementation of the remediation plan for transaction reporting and regulatory reporting.
- Compliance of Group entities with EMIR regulatory obligations. The Group action plan relating to the EMIR Refit regulation was determined in the first half of 2022. In addition, an EMIR 360 check was launched in the third quarter of 2022.

Following several requests from the supervisory authorities (ESMA and AMF) in 2021, and the AMF spot mission carried out within BPCE SA, a NORMA was drawn up to oversee securitization transactions and the granting of the STS label (simple, transparent and standardized).

With regard to the market abuse system, BPCE continued its objective of supporting institutions following the assessment carried out in 2021, by providing them with quarterly files of statistics of atypical transactions by scenario, and by offering them a new "market abuse" training to help them analyze alerts and prevent market abuse.

Continuation of the remediation of Direct Transaction Reporting (DTR) with the development of an action plan presenting the actions implemented to prevent or block transactions without LEI at Groupe BPCE level. The action plan was sent to the AMF on April 22, 2022 and was followed by a mass adjustment of the stock of LEI-free transactions carried out by EuroTitres. A standard dedicated to the Post-Negotiation Transparency theme was approved by the CNM.

Concerning the regulation related to the reporting of SFTR financing transactions (Securities Financing Transaction Regulation). This reporting has been implemented since July 13, 2020. A 360 SFTR check on the declaration of transactions is planned for 2023.

The Group continued work to bring its customer processes into compliance (LEA, O2S, legal entities, derivatives, tax exemption). A remediation plan for life insurance marketing, following an ACPR audit (started in 2019), has been put in place and work is underway, in particular for the management of risk aversion, the improvement of the justification of advice, archiving of client understanding when a complex financial instrument is proposed.

EMPLOYEE TRAINING AND AWARENESS

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.

Groupe BPCE has implemented a mandatory regulatory training system that is reviewed annually.

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 act 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

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.

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 Group Compliance division 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 the Group'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.

Improvement projects continued with the common point of streamlining processes and strengthening systems by drawing on the lessons of past systemic crises (Covid), ongoing (Russia-Ukraine crisis) or the preparation of anticipated crises (energy transition) to which business continuity is fully associated.

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, the year was marked by the continuation of phishing awareness campaigns and by the renewal of participation in "European Cybersecurity Month."

Within the scope of BPCE SA, in addition to recurring reviews of 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

6.12.1 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:

- a 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 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 production of the OR function performs two types of level 2 controls on operational risks (these permanent level 2 controls will be carried out from the end of 2022 by the Governance and Risk Control department of the Risk division):

- 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 Group Non-Financial Risk Committee 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.

6.12.2 Monitoring

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. 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.

6.12.3 Control

Permanent controls have been defined to control the quality of the operational risk management system.

Two types of Level 2 controls are carried out on Operational Risks:

- Compliance checks with standards (comprehensive and automatic):

Groupe BPCE checks the system when it presents any deviations from the Operational Risk Standards on the various themes of Operational Risk Management: organizational system for the management of OR, incidents, mapping, predictive risk indicators, corrective actions etc.

- Data quality controls (sample and manual):

Groupe BPCE performs Level 2 controls of the Operational Risk function.

These controls are carried out on the basis of the control reports of the Institutions system, and therefore on the same scope as these reports: system, incidents, mapping (risk situations), predictive risk indicators, corrective actions.

The majority of these controls are carried out on the basis of data samples extracted from the operational risk management tool. The results of these Level 2 sample controls are recorded in the permanent controls management tool.

Other controls concern certain points relating to risk coverage. They are exhaustive and their results are subject to specific formalization (minutes of meetings relating to serious incidents, record of decisions, etc.).

HIGHLIGHTS

The following specific measures have been taken to monitor operational risk since the start of the Ukraine 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 the conflict (during monthly videoconferencing sessions of the institutions Operational Risk functions);
- establishment of monthly reporting on losses due to the conflict for submission to the ECB and to Groupe BPCE's directors (under the responsibility of the consolidated operational risks team).

In addition, with the aim of improving risk management, work has been initiated to identify levers (changes in procedures, integration of IT workflows, strengthening of training, etc.) for improving the results of the first and second level controls of IT and communication risks.

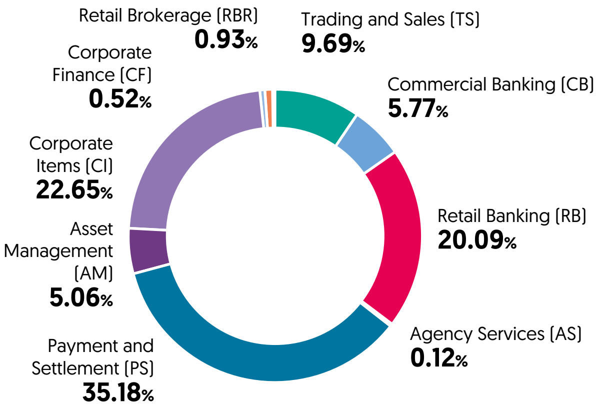
In terms of Insurance, the networks and subsidiaries benefit from coverage of their insurable operational risks under Group insurance policies contracted from leading insurance companies. In addition to this system, an internal Group reinsurance company has been set up.

EU OR1 – CAPITAL REQUIREMENTS FOR OPERATIONAL RISK AND RISK-WEIGHTED EXPOSURE AMOUNTS

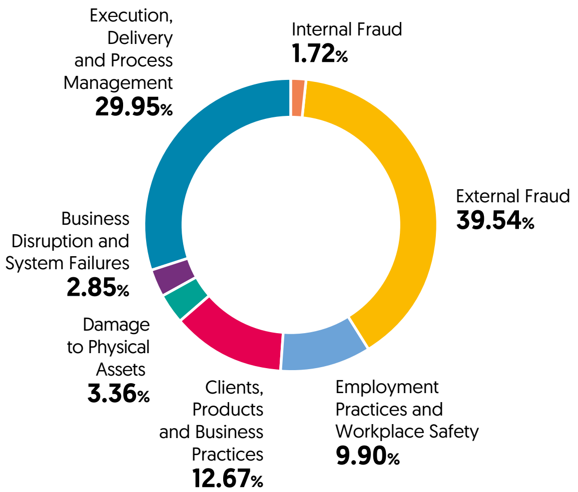
		a	b	c	d	e
	Banking activities	**12/31/2020**	**12/31/2021**	**12/31/2022**	**Capital requirements**	**Risk-weighted exposure**
1	Banking activities under basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities under the Standardized Approach (TSA)/alternative standardized approach (ASA)	21,810	25,368	25,634	3,301	41,266
3	*Standardized Approach (TSA):*	*21,810*	*25,368*	*25,634*		
4	*Alternative Standardized Approach (ASA):*	-	-	-		
5	Banking activities under advanced measurement approach (AMA)	-	-	-	-	-

BREAKDOWN OF LOSSES AT 12/31/2022

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, 2022, BPCE SA had taken out (for itself):

- that of its subsidiaries, including GFS;
- as well as the Banque Populaire and Caisse d'Epargne networks, with the exception of CASDEN Banque Populaire 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 €217 million per year of insurance, of which:

a) €92.5 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) €51.5 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 €100 million under "Professional Civil Liability" coverage and €100.5 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 €150 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 €100 million per claim and €156.5 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 GFS' 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

The Non-Banking Equity Risk department of the Group Risk division consisted of four units in 2021:

- Group Risk Insurance;
- Asset Management Risk;
- Financial Conglomerate;
- Stress Tests and Methodologies.

The Group Insurance Risk division has been integrated into the "Conglomerate, Insurance & Stress Tests" service, which now includes the department's historical activities, focused on the risks of the Group as a bancassurer.

In addition, two additional divisions were created in 2022:

- Research;
- Combined risks.

Overall, the Non-Banking Equity Risk department is based on a matrix organization.

INSURANCE RISKS

In coordination with the parent banks (BRED, Oney), Groupe BPCE's Risk division 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.* BPCE Assurances, Compagnie Européenne de Garanties et de Cautions (CEGC), Prépar-Vie and Oney Insurance. In addition, coordination is ensured with Parnasse Garanties and its parent company CASDEN.

BPCE SA has been the 100% direct parent company of CEGC since 2019, and of BPCE Assurances since March 2022.

In 2022, after the Pléiade transaction, the holding company Natixis Assurances was renamed Assurances du Groupe BPCE (AGBPCE), then BPCE Assurances from October. BPCE Assurances comprises the personal insurance (BPCE Vie, BPCE Life) and non-life insurance (BPCE Assurances IARD, BPCE IARD) subsidiaries.

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.

In this context, Insurance Risk Monitoring Committees have been set up for each of the companies in the Sector. These take place every quarter and are supplemented by frequent discussions with the Risk departments of the companies.

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 (BRED, Oney, BPCE SA), and finally by the Risk division which informs the Group Risk and Compliance Committee every six months.

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).

As of January 1, 2023, the Group's companies will be subject to IFRS 17 "Insurance contracts", which will harmonize and update the recognition, measurement and presentation of commitments in the liabilities of companies.

RISKS INHERENT TO THE GROUP'S MAIN COMPANIES

BPCE ASSURANCES

BPCE Assurances is the Insurance division of Groupe BPCE 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 BPCE 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: €70.2 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) as well as the risk significant changes in interest rates.

A rapid rise in interest rates is likely to reduce the attractiveness of euro-denominated life insurance policies compared to other types of investments. However, this risk is limited due to the prospect of inflows and the reserves set aside to reduce the portfolio's exposure to rising interest rates. This risk also gradually decreases as interest rates stabilize as bonds mature and assets are replaced with higher rates.

Conversely, a drop in interest rates would be liable to generate insufficient returns to cover the capital and guaranteed rates. To deal with this risk, BPCE Vie has for several years marketed only zero guaranteed minimum rate policies ("GMR") contracts (more than 95% of commitments), with an average GMR of 0.14%. In addition, since mid-2021, the new contracts include a capital guarantee gross of management fees on outstandings.

To manage market risk, the sources of return have been diversified, namely *via* investments in new asset classes (funding the economy, infrastructure, etc.). This diversification is managed by a strategic allocation, defined on a yearly basis, that takes into account regulatory constraints, commitments to policyholders and commercial requirements.

Credit risk

Credit risk is monitored and managed in compliance with BPCE Assurances' internal standards and limits. On December 31, 2022, 65% 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 euro. In a situation of sharp rise in interest rates, the major risk corresponds to a risk of massive redemptions: the Company could be forced to sell assets at an inopportune time, thus exposing itself to a risk of financial loss, as well as to the loss of future margins on redeemed policies. If the level of interest rates stabilizes, the risk of massive redemptions would gradually be reduced (the assets of euro-denominated funds benefiting from the level of interest rates). Conversely, in a situation of very low interest rates, BPCE Assurances is subject to the risk of a drop in redemptions.

Non-life insurance underwriting risk

The non-life insurance underwriting risk to which BPCE Assurances is exposed is borne by its subsidiary BPCE Assurances IARD:

- premium risk: to ensure that the premiums paid by the policyholders match the transferred risk, BPCE Assurances IARD 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.

Counterparty risk

The counterparty risk to which BPCE Assurances is exposed mainly concerns reinsurance counterparties. The selection of reinsurers is a key component of managing this risk:

- BPCE 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 de 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 2022, the production of real estate loans guaranteed by CEGC remained sustained in a context of rising interest rates, which were particularly marked in the second half of the year. The year 2022 saw a low claims ratio of less than 20% of earned premiums (gross reinsurance ratio).

Under the Solvency II prudential regime, CEGC uses a partial internal model approved by the ACPR. It meets the robustness requirement applicable to the mortgage guarantors.

In 2022, CEGC benefited from a €150 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 commitments are regulated and provisioned under liabilities in the balance sheet. They amounted to €3.1 billion on December 31, 2022 (up 10% compared to end-2021).

AMOUNT OF CEGC REGULATED COMMITMENTS *(in millions of euros)*

CEGC activities	December 2022	Change December 2022 *versus* December 2021
Individual customers	2,785	9.1%
Single-family home builders	72	50.9%
Property administrators – Realtors	18	22.9%
Corporate customers	58	15.6%
Real estate developers	23	9.6%
Professional customers	106	8.7%
Social economy – Social housing	59	7.6%
Structured collateral	8	(23.8%)
TOTAL	**3,130**	**9.8%**

Market risk

CEGC's short-term investment portfolio totaled over €4 billion on its balance sheet on December 31, 2022 hedging underwriting provisions.

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.

BPCE43 – CEGC INVESTMENT PORTFOLIO

	12/31/2022			12/31/2021		
in millions of euros	Balance sheet value, net of provision	in %	Mark to market	Balance sheet value, net of provision	in %	Mark to market
Equities	84	2.10%	73	260	7.84%	322
Bonds	2,201	54.70%	1,841	2,286	68.92%	2,389
Diversified	105	2.60%	97	249	7.51%	256
Cash	1,367	34.00%	1,369	267	8.05%	267
Residential mortgages	203	5.10%	222	199	6.00%	215
FCPR	29	0.70%	47	25	0.75%	38
Private debt	34	0.80%	33	28	0.84%	28
Others	2	0.10%	2	2	0.06%	2
TOTAL	**4,025**	**100%**	**3,684**	**3,317**	**100%**	**3,518**

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 due to the financial failure of 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;

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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 Group Risk and Compliance Committee.

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 Group Risk and Compliance Committee.

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. The key risk monitoring indicators are determined with Natixis IM in coordination with GFS.

The Risk division focuses on risks that may affect the Group such as redemption risk and the associated potential step-in risk, seed money and operational risks (based on the Group's OR), including through stress tests of NIM tests economic capital review. GFS' Risk division regularly monitors NIM's risks through its role as direct parent company.

The Group Risk division, together with GFS 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 direct parent banking companies for the following entities: EcoFi Investissements, Palatine AM and Promepar AM.

ADDITIONAL MONITORING OF THE FINANCIAL CONGLOMERATE

Groupe BPCE, identified by the ACPR/ECB as a financial conglomerate due to the absolute and relative size of its banking and insurance activities, is subject to the related additional monitoring requirements. Since the entry into force of the Single Supervisory Mechanism (SSM), the ECB has coordinated the supervision of predominantly banking financial conglomerates.

The Complementary Conglomerate Monitoring function was officially created in 2017 following the validation by the Management Board of the function's mission statement. The latter identifies the macro-objectives and stakeholders within the Group. The roles, responsibilities and interactions between each of the players in the sector have been defined.

Depending on the themes, committees are organized three to four times a year and the subjects are reported to the Group Risk and Compliance Committee.

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;
- the complementary supervision is based mainly on the banking system as a whole, and on the insurance and asset management risks.

The conglomerate's excess equity is monitored in the Group's RAF (Risk Appetite Framework) first-rate indicators. 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 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 analyses and points of attention brought to the attention of the Group'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 Risk division is mainly responsible for:

- the coordination of insurance sector stress tests, in particular ORSAs (Pillar II of Solvency II); from the determination of stress assumptions to the analysis of results at Group level;
- the design of methodologies for linking the insurance sector to the prudential banking group;
- the analysis of contagion mechanisms and regulatory and economic interactions between the various sectors of the Group as a 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:

- the simulation of Solvency II ratios, SCR and MCR, in order to objectify any capital requirements;
- the simulation of "IFRS variables" that impact the bank solvency ratio in accordance with the prudential specifications (Net income retained or distributed, OCI, value and difference in equity method, etc.), both under IAS 39/IFRS 4 and IFRS 9/17 from the end of 2022;
- the fees and commissions paid by companies to the Group's distribution payment networks or asset managers.

As part of the ICAAP Economic Approach, the Non-Banking Equity Risk department has developed an Economic Capital model for Participations Assurance risk (carry and step-in risk). Designed in coordination with the Finance and Strategy division 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. The economic capital requirement has been assessed on a quarterly basis since the third quarter of 2021.

In addition, the Non-Banking Equity Risk department undertook a review of the economic capital models relating to Natixis IM (NIM) activity, in coordination with NIM and GFS, in order to adapt them, if necessary, to the specificities of Asset Management in terms of both risk and business model.

More generally, the Non-Banking Equity Risk department coordinates or supervises the work of the Insurance and Asset Management businesses and contributes to the Group’s work. This work concerns methodological or quantitative aspects specific to each non-banking business line and their alignment with the banking group (actuarial methods, EBA stress tests, work to quantify the impact of physical climate risk, etc.).

ACTIVITIES IN 2022

INSURANCE	ASSET MANAGEMENT	FINANCIAL CONGLOMERATE	STRESS TESTS & METHODOLOGIES
Operational implementation, post-Pléaide, of BPCE Assurances / BPCE risk governance	Operational implementation, post-Pléiade, of NIM / GFS / BPCE risk governance	Real estate risks, Group Solvency & Liquidity (insurance-surety / bank interactions) - Implementation of recommendations (including rating of surety insurers) and presentation of project monitoring to the Group Risk and Compliance Committee	Group Insurance & Bankassurance Normative Stress Tests - ORSA coordination, STI ICAAP & Conglomerate projections
Mapping of the risk impacts of the increase in inflation and interest rates, in Life and Non-Life	Mapping of the risk impacts of the rise in inflation and interest rates on seed money and third-party management	Intra-group transactions (contagion risks) & Risk concentration - Monitoring of the project to redesign reporting in support of the Group Accounting department	Economic capital for the insurance participations risk - Industrialization of the calculation process and strengthening of the control system
Review of Risk Appetite Framework indicators	Analysis of Natixis IM’s risks using a dashboard enriched with new indicators	Implementation of a framework for level 2 controls relating to the production of the surplus capital of the financial conglomerate	Economic Capital for the Asset Management business line - Initiation of a NIM Economic Capital review to improve the understanding of the specifics of this Business Line

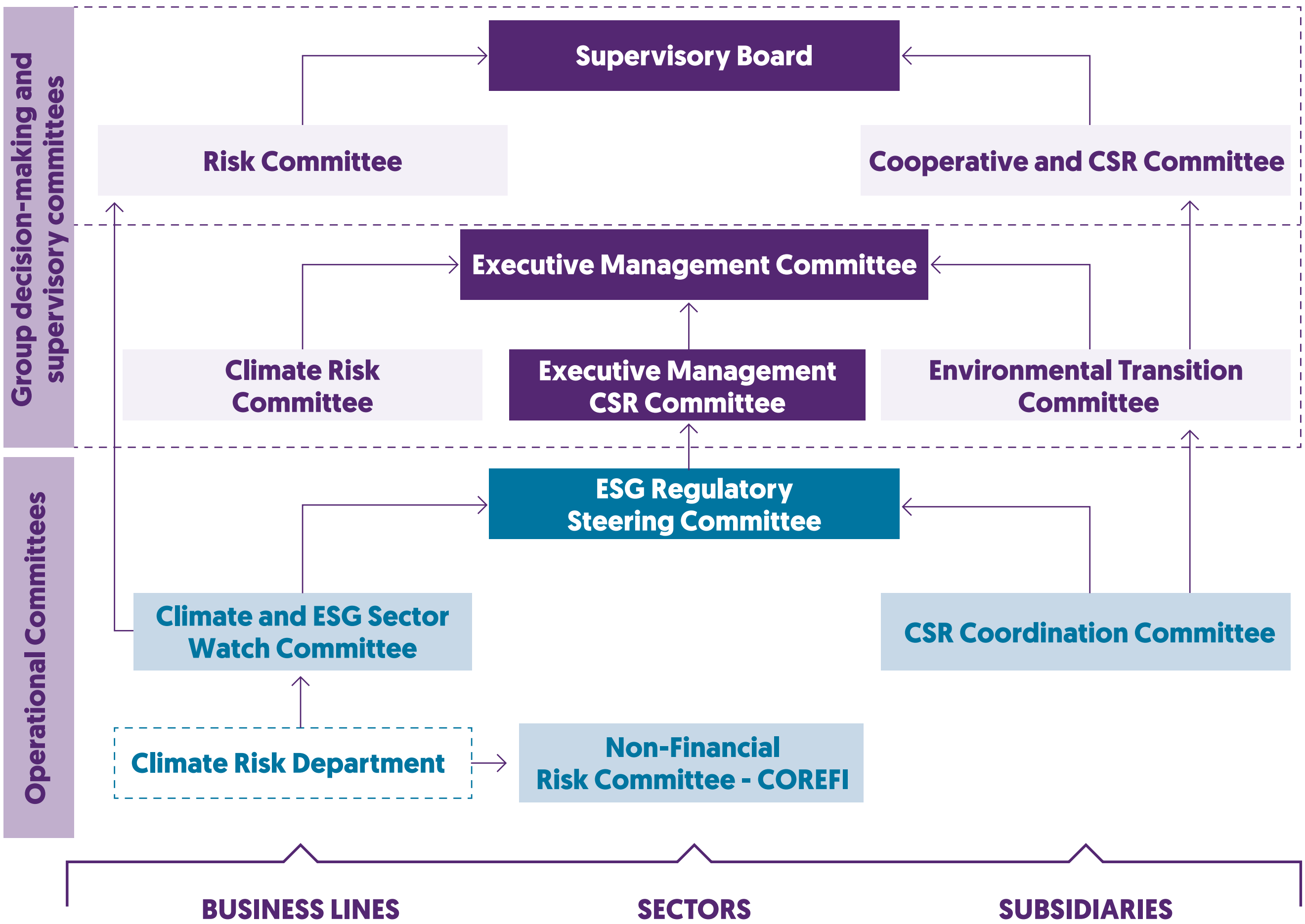
6.14 Climate risks

6.14.1 Governance and structure

The Group Risk division structured the management of climate risks by setting up the Climate Risks department at the end of 2021. The department's objectives are organized around the 13 expectations of the ECB's guide to climate and environmental risks published in November 2020. This Climate Risk department relies on a large network of around 60 climate risk correspondents in all Groupe BPCE companies and in the other departments of the Group Risk division. The Climate Risk department strives to:

- develop processes and analysis tools to strengthen the management of climate risks (physical and transition) to better integrate them into the Group's risk appetite framework;
- assess the materiality of climate risks by reference to the main traditional risk classes: credit risk, financial risk (market risk, liquidity risk) and operational risk;
- include climate risks in Groupe BPCE's usual risk management framework (credit policy for companies and individuals, and according to the types of assets financed) and take them into account during periodic updates of the Group's sectoral policies;
- include climate risks in the investment and commitment processes of asset management and insurance activities.

ORGANIZATION OF THE BODIES INVOLVED TO ADDRESS CLIMATE CHANGE



6.14.2 Acceleration of the integration of climate and environmental risks with the climate risk management program

GROUPE BPCE RISK MATERIALITY MATRIX

As part of the publication of Groupe BPCE's first TCFD report in October 2021, the Group Risk division has defined a materiality matrix for climate risks:

The materiality of the risks associated with climate change is assessed by reference to the main risk classes of Pillar I of Basel III, namely credit risk, market risk and operational risk, including non-compliance and reputation 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. A process to update the matrix in each of the Group's entities was launched in the first quarter of 2023.

RISK CATEGORY	PHYSICAL RISKS				TRANSITION RISKS	
Types of risk	Strategic Plan 2024 Horizon		Time horizon: long term (> 4 years)		Strategic Plan 2024 Horizon	Time horizon: long term (> 4 years)
	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

"Acute physical risks" are defined as direct losses triggered by extreme weather events, the resulting damage of which may lead to the destruction of physical assets (real estate and/or production) and cause a drop in local economic activity and possibly a disruption of value chains. "Chronic physical risks" are the direct losses triggered by longer-term climate changes (sea level rise, chronic heat waves, modification of rainfall patterns and increase in their variability, disappearance of certain resources) that may progressively deteriorate the productivity of a given sector.

"Transition risk" results from the economic and financial consequences related to the effects of the implementation of a low-carbon economic model, whether through changes in regulations, technological progress, or changes in consumer expectations and reputational repercussions.

CLIMATE RISK MANAGEMENT PROGRAM

The Climate Risk department coordinates the implementation of the climate risk management framework through a dedicated program. This program, in line with the Group's climate and environmental commitments, addresses specific objectives for all business lines and all sectors. The proposed system aims to ensure the most comprehensive coverage of the 13 pillars proposed by the ECB in its guide on climate and environmental risks of November 2020. It also strives to integrate the national or international regulatory perspectives that are currently the reference.

This program is regularly updated with the points of attention specified by the ECB, initially based on the feedback of the self-assessment questionnaire, formalized through discussions at the end of 2021, then through the thematic review carried out in early 2022.

Concretely, this system is organized around nine major areas (governance, risk appetite framework, stress test, financial and market risks, operational risks, credit risks, risk control system, the dashboard, and data).

The work and expectations are thus precisely qualified, by theme, making it possible to know and monitor the status, the implementation schedule, the people in charge in the Climate Risk department and other departments, such as those involved in its implementation, and the expected deliverables.

Representatives of Banques Populaires, Caisses d'Epargne and Global Financial Services are also involved in the program to ensure the operationality of the actions planned in each Group entity.

GOVERNANCE

In 2022, Groupe BPCE's committee procedure was strengthened with the generalization of climate-related elements in the committee procedure of each of its entities.

The coordination of the climate risk correspondents has increased employee awareness and training actions are offered in the other departments. A monthly newsletter, a quarterly conference (morning) and virtual classes on specific topics are likely to promote the dissemination of the climate risk culture in all entities. The best practices identified are presented at these regular or *ad hoc* events. The Climate Risk Pursuit training program continues to be rolled out in the institutions. At the end of July 2022, 18,037 employees had taken part in the program. In addition, training courses that meet expectations as closely as possible are being developed. The governing bodies are also trained on these subjects on a regular basis.

RISK APPETITE FRAMEWORK

The "Climate risk/Transition risk" and "Climate risk/Physical risk" categories were added to BPCE's risk framework in 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.

Two risk appetite indicators on transition climate risk are being integrated at Group level, subject to observation before a limit is defined. 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 Global Financial Services Risk Appetite Framework. A threshold and a limit have been set from 2022.

THE STRESS TEST

In 2020, Groupe BPCE volunteered to participate in a first climate risk assessment exercise led by the European Banking Authority (EBA). Groupe BPCE also contributed to the pilot exercise conducted by the French Prudential Supervisory and Resolution Authority (ACPR) in 2021 to estimate the physical and transition risks. Lastly, in 2022 Groupe BPCE took part in the very first climate stress test launched by the European Central Bank (ECB).

The stated objective of this last exercise was to identify the preparedness of the hundred or so banking groups under supervision in the face of the financial and economic shocks that climate risk is likely to cause. This initiative was part of a desire already supported by the national supervisors.

This exercise should be seen as a joint learning exercise with pioneering features, aimed at strengthening the capacity of banks and supervisors to assess climate risk.

For this first learning exercise, the ECB wanted to simplify the request. The stress test targets specific categories of assets exposed to climate risks and not the full balance sheet of banks. The exercise is based on three modules:

- the first module covers the framework and governance of the approach;
- the second aims to collect a certain number of metrics in order to assess sector sensitivity;
- the third consists of estimating the short- and long-term impacts of physical and transition risks.

The physical risks only concern drought and floods on credit risk over a one-year horizon. For the transition risk, two types of scenarios are covered. One, short term; 3 years, concerns credit risk and market risk in the event of an unexpected and sudden carbon price shock. The second simulation consists of assessing the climate impact on our 30-year balance sheets, according to three scenarios: an orderly transition, in anticipation of the Paris Agreement in 2050; a disorderly transition, where no new policy is put in place until 2030, then a sudden and abrupt transition; and a scenario of no transition leading to significant global warming.

Groupe BPCE's participation in the 2022 climate stress test exercise demonstrated its ability to quantify climate risk under different scenarios. Groupe BPCE responded to this exercise with the quality of information and method praised by the ECB. It had to integrate a new sectoral dimension into its internal models over unprecedented time horizons of up to 30 years. Groupe BPCE also had to collect new data, such as energy performance assessments of homes given as guarantees, in order to carry out stress tests. This exercise led to the identification of areas for improvement to obtain data in a reliable and recurring manner. Lastly, this stress test enabled Groupe BPCE to quantify the main risks to which the Group is exposed and to prioritize actions to identify, mitigate and monitor these risks.

In terms of results, the metrics vary according to the types of risks and scenarios defined by the ECB.

The scenario more representative of physical risks is short-term flooding, due to the Group's home loan portfolio. This impact is also the corollary of the methodological framework used in terms of insurance coverage. Lastly, the insufficient granularity of certain data does not mitigate these results.

The short-term transition risk is increased due to the lack of energy performance data for the collateral backing Corporate exposures but remains limited overall because BPCE's exposure to the most carbon-intensive sectors is lower than the average of its peers.

As regards the long-term transition risk, due to this low exposure to the sectors identified as sensitive by the supervisor, the scenarios set do not impact BPCE in a very differentiated manner.

FINANCIAL AND MARKET RISKS

In terms of financial risks, an assessment of climate risks is carried out, among other things, through the management and monitoring of the liquidity reserve. Climate criteria and more broadly ESG criteria are taken into account in three areas: the environmental quality of the security, the ESG rating of issuers and a temperature analysis with the definition of an alignment objective in line with the Group's strategic plan.

With regard to private equity investments, work on the integration of ESG analysis criteria is underway in order to define ESG institution-investor profiles.

OPERATIONAL RISKS

Risks related to own activity

To anticipate physical weather events that could weigh on its own activities, Groupe BPCE has implemented a business continuity plan that defines the procedures and resources enabling the bank to deal with natural disasters in order to protect employees, key assets and activities, and to ensure the continuity of essential services. An internal tool makes it possible to identify sites and agencies exposed to climate risks and to monitor climate incidents.

Reputational risk

The evolution of consumer awareness and sensitivity to climate issues is a sensitivity factor for the banking sector that could lead to damage to the bank's reputation in the event of non-compliance with regulatory expectations or because the public, counterparties and/or investors associate Groupe BPCE with negative effects on the climate. A reputation measurement indicator incorporating climate-related events and more broadly ESG is being built by the Group's operational Risk department.

Legal, compliance and regulatory risk

In order to limit the effects of climate change, the administrative and legislative authorities are adopting new regulations. These texts can be international (Paris Agreement), European (Taxonomy) or national (Climate and Resilience Act). For example, the French legislator has just strengthened its requirements with Article 29 of the Climate Energy Act. Indeed, financial companies must demonstrate how their investments are in line with a 1.5°C/2°C trajectory (see Paris Agreement).

The Legal department, in conjunction with the CSR department and the Group Risk division, organizes the information of the respective channels about this risk and ensures increased vigilance regarding the use of climate-related terminologies in order to be aligned with the European taxonomy.

CREDIT RISKS

For several years, ESG criteria have been included using tools and a framework whose development has accelerated with this climate risk management program. More specifically, the elements relating to the inclusion of ESG criteria are described below.

RISK CONTROL SYSTEM

Groupe BPCE is organizing itself to develop permanent and periodic risk controls. The permanent control systems will be detailed and specified during workshops to be conducted with the institutions. The objective will be to integrate climate elements into existing processes.

The periodic control is an internal guide for carrying out the assignments carried out in the various entities of the Group in the best possible way and in a consistent manner.

DASHBOARDS

Dashboards for monitoring and managing climate and environmental risks are being developed. The dashboard for the Group's scope was validated in early July 2022 and is built to ensure the reliability and quality of the data used. It must be made available to each entity on a quarterly basis.

DATA

A unified and standardized ESG data repository at Group level is being built. This project includes the implementation of ESG data governance at Group level. In this context, the needs of the Group Risk division are collected and satisfied by the acquisition of data from external suppliers or by the reprocessing of internal data.

2022 was marked by the publication of the first Green Asset Ratio in its eligible dimension. This exercise will be repeated in 2023 before an alignment publication in 2024.

The data expected under Pillar III ESG are the subject of a first publication with the submission of five "model" tables. These tables are as follows:

- Model 1: Banking portfolio – Indicators of transition risk potentially linked to climate change (credit quality of exposures by sector, issues and residual maturity)

At this stage, Groupe BPCE excludes information on Scope 3 emissions. The data relating to Scope 1 and 2 emissions were collected from data suppliers.

- Model 2: Banking portfolio – Indicators of transition risk potentially linked to climate change: Loans (information on the energy performance of loans secured by real estate assets)

Groupe BPCE uses a methodological approach in which the collection of energy performance assessment (EPA) data is mainly based on the EPAs collected from customers, the EPAs provided by the CSTB (Scientific and Technical Center for Building) and retrieved from ADEME database.

- Model 4: Banking portfolio – Indicators of transition risk potentially linked to climate change for counterparties among the 20 companies that emit the most carbon in the world

Groupe BPCE decided to feed model 4 from the list of the Climate Accountability Institute (1965-2018) due to its extensive scope. It is worth recalling that Groupe BPCE has adopted a net zero alignment strategy requiring the support of these counterparties in their transition efforts.

- Model 5: Banking portfolio – Indicators of physical risk potentially linked to climate change: Exposures subject to physical risk

Groupe BPCE feeds into this model by focusing on the exposure of residential real estate exposed to the risk of flooding. In the "Nomenclature of statistical territorial units" the risk of flooding related to housing has been qualified as high in accordance with the European Central Bank's classification of acute flood risks.

- Model 10: Other climate change mitigation measures not covered in regulation (EU) 2020/852 covering mitigation activities materialized by bonds and loans

Groupe BPCE used the classification of the product codes of commercial entities to identify green, sustainable and sustainability-related loans with a climate risk mitigation nature.

INTEGRATION OF ESG ISSUES INTO RISK MONITORING

The consideration of ESG risks is part of a global approach involving the business lines, CSR and Control functions. This approach includes the development and implementation of CSR policies in the most sensitive sectors, the definition of the excluded business sectors, the evaluation and monitoring of the ESG risks of transactions and counterparties *via* various tools and processes. Given the data available to date, the approach to climate risks is more detailed and is being built on the other dimensions.

ENVIRONMENTAL RISKS

Economic strategy and processes

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. Within this framework, Groupe BPCE has committed to a long-term change in its balance sheet as part of a strategy to mitigate the climate impact of its activities and its financed, invested or insured assets. It has made a strong commitment to society and its customers: to align its financing portfolios on a "Net Zero" trajectory and thus contribute to carbon neutrality by 2050. It is in this context that it joined the Net Zero Banking Alliance for its banking activities in July 2021, and in June 2022 the Net Zero Asset Owners Alliance for its insurance activities.

In its BPCE 2024 strategic plan, Groupe BPCE has set itself the following objectives:

- measure the climate impact and manage the climate trajectory of its financing, proprietary investment and insurance activities, within the reference framework of the Paris Agreement, by targeting the 1.5°C target and focusing as a priority on the most greenhouse gas-intensive sectors;
- support 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 dialog, providing expertise, solutions and a long-term vision.

The alignment measurement methodologies applied are based on current market standards, which are subject to change. Changes in the scope of our analyses of other Group activities thus depend on available and recognized methodologies. In addition, the objectives set by Groupe BPCE are conditioned by the commitments of our customers and their ability to meet them over time. These objectives are also contingent on current government policies and the development of low-carbon technologies, which are critical for long-term horizons.

The data used concerning our customers come mainly from data suppliers or company publications. The measurement estimates will change as the quality of the available data increases.

The Group is aware of the major challenge represented by the deterioration of natural capital and, through its subsidiary Natixis, was the first bank involved in the act4nature international initiative to communicate individual SMART commitments (specific, measurable, additional, relevant, temporally regulated) in June 2020. 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. As a result, Groupe BPCE's CSR strategy is fully committed to the integration of its SDGs in order to participate in the common journey to achieve a better and more sustainable future for all. Groupe BPCE is publicly committed to international standards such as the United Nations Global Compact, the UNEP FI and the NZBA. Its subsidiary Natixis is committed to the Equator Principles and Act4Nature.

Groupe BPCE has developed a proprietary methodology to analyze the climate and environmental impact of Corporate & Investment Banking transactions. This mechanism, called Green Weighting Factor (GWF), assigns each transaction a rating, represented by a color, on a scale of 7 levels ranging from (activities having an extremely harmful effect on the climate and the environment) to dark green (activities having a very positive impact). This rating is based on an assessment of the impact of the financing on the climate and also takes into account – when they are significant – its main non-climate environmental externalities (water, pollution, waste, biodiversity).

In order to limit the climate impact of its financing and investment activities, Groupe BPCE is withdrawing from the highest-emitting activities (such as the coal, oil and gas sectors) by implementing appropriate exclusion policies. With regard to retail banking activities, an offer dedicated to mitigating environmental impacts has been launched with green loans for renovation projects, electric vehicles or green partnerships.

Governance

The Group's Supervisory Board approves the climate-related strategic orientations, oversees their implementation and manages the risks and opportunities associated with these challenges with the help of two independent specialized committees.

The Chairman of the Management Board and the members of the Executive Management Committee oversee the implementation and monitoring of the strategy and ensure compliance with regulatory requirements. Groupe BPCE's Executive Management is committed to developing and implementing its climate strategy and to identifying, assessing and managing the risks related to climate change.

Groupe BPCE has set up an organization around its CSR and Risk departments in all its business lines and companies in order to respond to the challenges posed by climate change. The Risk division and General Secretariat, in charge of compliance and permanent control, measure, monitor and manage the risks faced by Groupe BPCE.

The Supervisory Board is also attentive to the integration of ESG issues in the method and amount of remuneration granted to each member of the Executive Board. The Remuneration Committee ensures that CSR issues are an integral part of the remuneration policy. For the 2021 fiscal year, the remuneration awarded to the Chairman and members of the BPCE Management Board includes an annual variable portion, of which 40% is indexed to qualitative criteria, of which 10% is linked to the achievement of CSR-related 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.

Risk management framework

The materiality of risks related to climate change is assessed at Group level according to a short- and long-term horizon according to the main risk categories of Pillar I of Basel III, which are: credit risk, market risk and operational risk, including non-compliance risks.

Groupe BPCE has developed a methodology for classifying risks by sector based on climate and environmental criteria. Analyses based on scientific research conducted by French institutions (*Haut Conseil pour le Climat*, ADEME, etc.) as well as by European and international organizations (IPCC, IEA, etc.) made it possible to define the exposure of Groupe BPCE's portfolio to sectors identified as "sensitive" (reference scenario of the ACPR climate pilot exercise).

As a signatory of the Equator Principles, Corporate & Investment Banking applies a market methodology recognized by member banks and institutions to ensure in particular the identification, assessment and management of the environmental risks of the financed projects. Since October 2020, the bank has applied the fourth version of the Equator Principles (EP IV Amendment), which reinforces the integration of climate change in the environmental impact analysis of major projects. The borrower is therefore required to: 1) assess the physical risks associated with climate change for most projects, 2) carry out an assessment of the climate transition risks and an analysis of less greenhouse gas intensive alternatives for projects with CO_2 equivalent emissions of at least 100,000 metric tons per year in total. Depending on the risks identified and the nature of the associated impacts, mitigation measures are requested of the customer. They are covered by specific clauses in the financial documentation ("covenants").

For its Corporate & Investment Banking business, Groupe BPCE has also deployed an additional tool (ESR Screening) to identify, assess and monitor the environmental, social and governance (ESG) risks of its corporate customers. This tool makes it possible to identify the customers most at risk and analyze them in depth. Climate and environmental risks are fully integrated into the system.

For retail banking, in order to increase the integration of climate and environmental criteria, a questionnaire dedicated to the consideration of ESG issues has been created for corporate customers. This questionnaire is intended to be used by customer service managers to collect information on customer knowledge, actions and commitment in terms of climate and the environment. The ESG questionnaire will be rolled out in the course of 2023.

Since 2020, an analysis of climate risks has also been applied to the Group's liquidity reserve.

With regard to environmental risk measures:

- the macro-risk mapping includes climate risks in the "strategic, commercial and ecosystem risks" category;
- the Green Weighting Factor (GWF) rating methodology was finalized in 2019 for all sectors financed by Natixis, with the exception of the financial sector;
- stress tests on climate risks using specific parameters and periods have been developed since the first exercise carried out in 2021 using ACPR methodologies.

Given the evolving framework of knowledge related to climate risks and the availability of internal and external data, the tools and methodologies deployed are subject to regular reviews of their adequacy and continuous improvement work.

Since 2021, Groupe BPCE has published its public report on the climate in line with the TCFD recommendations for financial institutions.

SOCIAL RISKS

Economic strategy and processes

For several years, the Group and its subsidiaries have been committed to strengthening their contributions to the UN Sustainable Development Goals (SDGs). The Group's sustainable development policy focuses on the following SDGs:

- transparency and cooperative model (SDG 16);
- banking inclusion (SDGs 1 and 10);
- local presence (SDG 11);
- objectives in favor of gender equality and disability.

Groupe BPCE has launched a range of dedicated financing offers, called Impact Loans, aimed at rewarding customers who achieve social performance objectives. Launched last year with operators, the Impact Loan was extended in 2021 to long-term investors, thus covering all professional real estate customers.

In particular, Groupe BPCE has developed CSR sectoral policies in its corporate & investment banking activities covering sectors with major social challenges such as the defense and tobacco industries.

Governance

Since 2019, Groupe BPCE's overall risk policy, implemented in sectoral policies, incorporates social 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. These criteria include, among others, labor standards, customer protection, product liability and human rights.

This sectoral implementation of risk monitoring is then shared with all Group institutions.

The Group Risk Management department measures and controls compliance with risk management systems concerning social factors at the level of the Group's institutions for the Risk Committee

As for environmental risks, Groupe BPCE's remuneration policy provides for an annual variable portion for the Chairman and members of the BPCE Management Board, of which 40% is indexed to qualitative criteria, of which 10% is linked to the achievement of criteria related to CSR. The allocation of this variable portion depends on the implementation of the Group's strategic ambitions related to environmental issues (including climate change) and on Groupe BPCE's position in the rankings established by non-financial rating agencies, including social objectives.

Risk management framework

As part of the development of integrated ESG risk management, Groupe BPCE is developing tools and methodologies to take social risks into account. The analysis of social risks is mainly carried out qualitatively: – for example, by analyzing controversies associated with transactions,

- through the implementation of exclusion policies;
- through the use of sector analysis tools (such as the ESR screening tool).

Groupe BPCE's methodology, developed by the Group's Climate Risk department, for assessing social risks focuses on four social criteria: customers, workers, suppliers and civil society. The social risk management framework is based on international standards, such as the International Labour Organization (ILO), national data from the Ministry of Labor, the Ministry for the Ecological Transition and the French Agency for Ecological Transition. Based on these principles, the sector analyses highlight the specific issues to be monitored during the creation and monitoring process.

The sensitivity of the exposures to social risks is then identified by sector and sub-sector.

As a signatory of the Equator Principles, Corporate & Investment Banking applies a market methodology to ensure that projects are developed in a socially responsible manner. In this respect, the Bank ensures that it fulfills its responsibility to respect human rights in accordance with the United Nations Guiding Principles on Business and Human Rights.

For its Corporate & Investment Banking business, Groupe BPCE has also deployed an additional tool (ESR Screening) to identify, assess and monitor the environmental, social and governance (ESG) risks of its corporate customers. This tool makes it possible to identify the customers most at risk and analyze them in depth. Social/societal risks are fully integrated into the system.

Lastly, when entering into a relationship and throughout the relationship Corporate & Investment Banking takes into account any potential controversies that its customers may encounter. This approach is an integral part of Groupe BPCE's due diligence on its customers. In the event of significant shortcomings, Groupe BPCE looks for the cause and works with the customer to find an acceptable solution as soon as possible. In the absence of an acceptable solution, Groupe BPCE may decide of its own accord not to enter into a relationship or not to renew its commitments with the customer.

The social risk and cases that trigger escalation and exclusion are covered by the commitments formulated in its Code of Conduct, its adherence to the Global Compact, its duty of vigilance plan and its responsible purchasing policy, or its adherence to the Business for Inclusive Growth (B4IG).

Whereas the links with social risks are not clearly defined in the current risk management framework, the ESG risks are correctly identified in the risk framework under investment and credit risk sub-categories.

GOVERNANCE RISK

Governance

Groupe BPCE's CSR strategy is conducted in compliance with business ethics with a total commitment to managing legal, regulatory and ethical risks. This is reflected in a Group Code of Conduct and Ethics approved by the Board in 2018 and a rigorous tax policy with a Tax Code of Conduct approved in 2021.

Since 2019, Groupe BPCE's overall risk policy, implemented in sectoral policies, incorporates 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.

Risk management framework

The methodology used in risk management taking into account the performance of governance is organized according to four aspects: business ethics, CSR strategy, shareholder democracy and the practices and processes implemented to direct and control the management of customer risks. The sectoral policies, including the consideration of governance, are thus drawn up on the basis of analyses based on these criteria.

The systems described above, such as sectoral policies, exclusion policies, ESR screening tools, the Equator Principles, and the analysis of controversies, also take into account the analysis of governance risks.

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

7

LEGAL INFORMATION

7.1 Charter of incorporation and articles of association

7.1.1 General information

BPCE

7, promenade Germaine Sablon -75013 Paris

Tel: 01 58 40 41 42 – www.groupebpce.com

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 the Group 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 2022

The Ordinary shareholders' Meeting of BPCE, which met on May 19, 2022, resolved that a dividend of €787,968,126.82 would be paid out in respect of fiscal year 2021 to category A and B shareholders, equal to €21.83 per share.

The classification as class A and B shares is defined in section 7.2.2 of this document.

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.

7.1.3 Company documents

Documents relating to the company, such as its articles of association, financial statements and the Management Board's 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, 2022

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 2022.

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 at 03/23/2023			Situation at 12/31/2021			Situation at 12/31/2020		
Shareholders	Number of shares	% share capital[1]	% voting rights[2]	Number of shares	% share capital[1]	% voting rights[2]	Number of shares	% share capital	% voting rights
CEP Aquitaine Poitou-Charentes	1,363,370	3.78%	3.78%	1,363,370	3.78%	3.78%	1,311,514	3.78%	3.78%
CEP d'Auvergne et du Limousin	709,380	1.97%	1.97%	709,380	1.97%	1.97%	682,398	1.97%	1.97%
CEP Bourgogne Franche-Comté	944,047	2.62%	2.62%	944,047	2.62%	2.62%	908,140	2.62%	2.62%
CEP Bretagne Pays de Loire	1,256,946	3.48%	3.48%	1,256,946	3.48%	3.48%	1,209,138	3.48%	3.48%
CEP Côte d'Azur	724,670	2.01%	2.01%	724,670	2.01%	2.01%	697,107	2.01%	2.01%
CEP Grand Est Europe	1,664,415	4.61%	4.61%	1,664,415	4.61%	4.61%	1,601,108	4.61%	4.61%
CEP Hauts-de-France	2,033,513	5.63%	5.63%	2,033,513	5.63%	5.63%	1,956,167	5.63%	5.63%
CEP Île-de-France	2,511,215	6.96%	6.96%	2,511,215	6.96%	6.96%	2,415,700	6.96%	6.96%
CEP Languedoc-Roussillon	769,452	2.13%	2.13%	769,452	2.13%	2.13%	740,186	2.13%	2.13%
CEP Loire-Centre	837,361	2.32%	2.32%	837,361	2.32%	2.32%	805,512	2.32%	2.32%
CEP Loire – Drome – Ardèche	574,886	1.59%	1.59%	574,886	1.59%	1.59%	553,020	1.59%	1.59%
CEP Midi-Pyrénées	876,725	2.43%	2.43%	876,725	2.43%	2.43%	843,378	2.43%	2.43%
CEP Normandie	912,904	2.53%	2.53%	912,904	2.53%	2.53%	878,181	2.53%	2.53%
CEPAC Caisse d'Epargne	1,389,099	3.85%	3.85%	1,389,099	3.85%	3.85%	1,336,264	3.85%	3.85%
CEP Rhône Alpes	1,479,844	4.10%	4.10%	1,479,844	4.10%	4.10%	1,423,557	4.10%	4.10%
Total category A shares	**18,047,827**	**50.00%**	**50.00%**	**18,047,827**	**50.00%**	**50.00%**	**17,361,370**	**50.00%**	**50.00%**
BPR Alsace Lorraine Champagne	2,026,524	5.61%	5.61%	2,026,524	5.61%	5.61%	1,949,444	5.61%	5.61%
BPR Aquitaine Centre Atlantique	1,136,512	3.15%	3.15%	1,136,512	3.15%	3.15%	1,093,284	3.15%	3.15%
BPR Auvergne Rhône Alpes	2,001,861	5.55%	5.55%	2,001,861	5.55%	5.55%	1,925,719	5.55%	5.55%
BPR Bourgogne Franche-Comté	1,250,484	3.46%	3.46%	1,250,484	3.46%	3.46%	1,202,921	3.46%	3.46%
BRED BP	1,785,326	4.95%	4.95%	1,785,326	4.95%	4.95%	1,717,420	4.95%	4.95%
BPR Grand Ouest	1,660,653	4.60%	4.60%	1,660,653	4.60%	4.60%	1,597,489	4.60%	4.60%
BPR Méditerranée	730,789	2.02%	2.02%	730,789	2.02%	2.02%	702,993	2.02%	2.02%
BPR Nord	504,219	1.40%	1.40%	504,219	1.40%	1.40%	485,041	1.40%	1.40%
BPR Occitane	1,437,403	3.98%	3.98%	1,437,403	3.98%	3.98%	1,382,731	3.98%	3.98%
BPR Rives de Paris	1,612,275	4.47%	4.47%	1,612,275	4.47%	4.47%	1,550,951	4.47%	4.47%
BPR Sud	949,020	2.63%	2.63%	949,020	2.63%	2.63%	912,924	2.63%	2.63%
BPR Val de France	1,555,672	4.31%	4.31%	1,555,672	4.31%	4.31%	1,496,501	4.31%	4.31%
CASDEN	1,033,234	2.86%	2.86%	1,033,234	2.86%	2.86%	993,935	2.86%	2.86%
Crédit Coopératif	363,829	1.01%	1.01%	363,829	1.01%	1.01%	349,991	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%**	**18,047,827**	**50.00%**	**50.00%**	**17,361,370**	**50.00%**	**50.00%**
TOTAL	**36,095,654**	**100.00%**	**100.00%**	**36,095,654**	**100.00%**	**100.00%**	**34,722,740**	**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
CE Île-de-France	2,511,215	6.96%	6.96%
CE 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 Section 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 2022 fiscal year were approved by the Management Board on February 6, 2023. 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 2022 universal registration document, in Section 6.2 "Risk factors" in Chapter 6, there has been no significant change since December 31, 2022 in the financial performance of Groupe BPCE, nor in its financial and commercial position, nor 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 of March 24, 2023.

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, 2022

BPCE

7, promenade Germaine Sablon 75013 Paris

To the General Shareholders' Meeting

In our capacity as Statutory Auditors of your company, we hereby present our report on related-party agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the characteristics and essential terms and conditions of the agreements of which we have been informed or which we may have discovered in the course of our work, without having to express an opinion on their usefulness or appropriateness, or on the existence of other agreements. It is your responsibility, under the terms of Article R. 225-58 of the French Commercial Code, to assess the interest involved in concluding these agreements with a view 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 past fiscal year, of the agreements already approved by the General Shareholders' 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 agreed during the past fiscal year and which were previously approved by your Supervisory Board.

AGREEMENTS WITH DIRECTORS

Director concerned on the date of the transactions (October 28, 2022): Nicolas Namias, Chairman of the Management Board of BPCE from December 3, 2022

Commitments due or likely to be due as a result of or subsequent to the termination or change of duties and relating to the Chairman of the Management Board

Nicolas Namias will receive severance 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.

Social protection plans applicable to all employees and in favor of certain categories of employees

Nicolas Namias will benefit, under the same conditions as BPCE S.A. employees, from the application of the social protection measures put in place within BPCE S.A. for all employees and for certain categories of employees (concerning supplementary pensions, supplementary personal protection and supplementary health insurance).

Nicolas Namias will 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 and corporate officers.

The Supervisory Board notes that the application of these measures to Nicolas Namias is of real interest to BPCE as it enables it to attract and retain this executive.

AGREEMENTS WITH NATIXIS AND ITS SUBSIDIARIES

Framework protocol on the maintenance and continuation of commercial relationships and agreements between the BPCE and LBP groups

Joint directors concerned on the date of the transaction: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis and Nicolas Namias, member of the Management Board of BPCE, Chief Executive Officer of Natixis and Chairman of the Board of Directors of Natixis Investment Managers

This transaction is part of the completion of Natixis Investment Managers' acquisition of La Banque Postale's interests in Ostrum AM and AEW Europe and extension of the industrial partnerships in asset management

The Supervisory Board of BPCE on May 12, 2022 authorized the conclusion of the Framework Agreement, considering that it was in the interest of BPCE in view of the maintenance and continuation of the commercial relations and agreements between the BPCE and LBP groups that it organizes as part of the rationalization and simplification of the capital and industrial partnerships between the two groups.

The Framework Agreement falls within the scope of the regulated agreements procedure only in that it terminates the partnership agreement between Natixis Investment Managers, Ostrum Asset Management, Topco, LBP Asset Management, in the presence of Natixis, BPCE and La Banque Postale, authorized by the Supervisory Board on June 16, 2020.

Agreements authorized and concluded since the reporting date

We have been informed of the following agreements, authorized and entered into since the end of the past fiscal year, which were previously authorized by your Supervisory Board.

AGREEMENTS WITH THE CHAIRMAN OF THE MANAGEMENT BOARD

Director concerned on the date of the transactions (February 2, 2023): Nicolas Namias, Chairman of Management Board of BPCE.

Commitments due or likely to be due as a result of or subsequent to the termination or change of duties and relating to the Chairman of the Management Board

Nicolas Namias will receive severance 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.

Social protection plans applicable to all employees and in favor of certain categories of employees

Nicolas Namias will benefit, under the same conditions as BPCE S.A. employees, from the application of the social protection measures put in place within BPCE S.A. for all employees and for certain categories of employees (concerning supplementary pensions, supplementary personal protection and supplementary health insurance).

Nicolas Namias will 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 and corporate officers.

The Supervisory Board notes that the application of these measures to Nicolas Namias is of real interest to BPCE as it enables it to attract and retain this executive.

AGREEMENTS WITH OTHER MEMBERS OF THE MANAGEMENT BOARD

Employment contracts and amendments entered into between BPCE and members of the Management Board

Director concerned on the date of the transaction (February 2, 2023): Hélène Madar, member of the Management Board of BPCE (from April 1, 2023), Jérôme Terpereau, member of the Management Board of BPCE.

It appeared to be in BPCE's interest to enter into an employment contract with Hélène Madar enabling her to perform her duties as a member of the Management Board in a relationship of subordination to BPCE, in accordance with the collective bylaws currently in force within BPCE, as part of its strategic plans, and taking into account the financial conditions attached to it.

At its meeting of February 2, 2023, the Supervisory Board approved and authorized an employment contract between BPCE

- and Hélène Madar;
- an amendment to Jérôme Terpereau's employment contract, made necessary by the change in the scope of his activities.

Commitments maturing or likely to mature because of a termination or change of position

Director concerned on the date of the transactions (February 2, 2023): Béatrice Lafaurie, member of the Management Board of BPCE, Jérôme Terpereau, member of the Management Board of BPCE, Hélène Madar, member of the Management Board of BPCE (from April 1, 2023)

- Commitments related to members of the 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.

- Social protection plans applicable to all employees and in favor of certain categories of employees

The members of the BPCE Management Board will be able to benefit, under the same conditions as BPCE employees, from the application of the social protection measures put in place within BPCE for all employees and for certain categories of employees (concerning supplementary pensions, supplementary personal protection and supplementary health insurance).

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 notes that the application of these measures is of real interest to BPCE as it enables it to attract and retain these members of the Management Board.

AGREEMENTS NOT PREVIOUSLY AUTHORIZED

Pursuant to Articles L.225-90 and L.823-12 of the French Commercial Code, we inform you that the following agreements have not been subject to prior authorization by your Supervisory Board.

It is our responsibility to inform you of the circumstances due to which the authorization procedure was not followed.

TAX CONSOLIDATION AGREEMENT BETWEEN BPCE AND NATIXIS

Joint directors concerned on the date of the transaction: Nicolas Namias, 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

The takeover of more than 95% of the share capital of Natixis SA by BPCE in fiscal year 2021 resulted, as of December 31, 2021, in the termination of the tax consolidation group of which Natixis SA was until then the consolidating parent company.

Correspondingly, Natixis SA and the subsidiaries of its former tax group have agreed to join, as of January 1, 2022, the tax consolidation group of which BPCE is the parent company.

As the parent company of the tax consolidation group, BPCE is solely liable for corporate income tax calculated on the Group's overall taxable income with respect to the French Treasury. In this respect, it is entitled to use, under certain conditions, in accordance with the legal mechanism known as the "broad base", the tax losses carried forward as of December 31, 2021 of the former Natixis tax consolidation group.

In this context, Natixis and BPCE signed a tax consolidation agreement on December 13, 2022, which determines Natixis' contribution to BPCE's income tax. It provides that Natixis will pay the tax that it would have paid to the French Treasury as the parent company of the tax group that it could have formed with its subsidiaries in the absence of the acquisition of more than 95% control by BPCE, taking into account, where applicable, the profits of new tax consolidated companies.

This expanded base is thus contractually strengthened between BPCE and Natixis SA since this agreement provides for the possibility for the latter to allocate this tax loss carryforward on a basis also including the tax profits of subsidiaries that would become members of the BPCE tax group and the tax sub-group. of Natixis SA from January 1, 2022. This contractual provision favorable to Natixis SA is in addition to the law.

This agreement could lead Natixis to claim more tax losses from BPCE than BPCE itself will be able to claim from the total income used to calculate the tax due to the French Treasury, thus giving Natixis the benefit of a tax saving that BPCE will not yet have realized.

This agreement had no impact on BPCE's 2022 financial statements. In fact, when the tax due to the Treasury in 2023 in respect of 2022 is settled, it is not anticipated that Natixis will be able to offset more tax losses than BPCE itself will be able to offset against its overall income.

THREE TAX CONSOLIDATION AGREEMENTS BETWEEN BPCE AND BPCE ASSURANCES, BETWEEN BPCE, BPCE ASSURANCES AND BPCE VIE, AND BETWEEN BPCE, BPCE ASSURANCES AND BPCE ASSURANCES IARD

Joint directors concerned on the date of the transaction: Jean-François Lequoy, member of the Management Board of BPCE and member of the Board of Directors of BPCE Assurances

The acquisition of more than 95% of the share capital of Natixis SA by BPCE in fiscal year 2021 had the effect of terminating, as of December 31, 2021, the tax consolidation group of which Natixis SA was until then the consolidating parent company, in accordance with the provisions of Article 223 L 6 d of the French General Tax Code.

Correspondingly, Natixis SA and the subsidiaries of its former tax group have agreed to join, as of January 1, 2022, the tax consolidation group of which BPCE is the parent company.

As the parent company of the tax consolidation group, BPCE is solely liable for corporate income tax calculated on the Group's overall taxable income with respect to the French Treasury.

The methods for applying the specific legislation relating to prudential capital, and more particularly the Commission Delegated Regulation (EU) 2015/35 of October 10, 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on access to insurance and reinsurance (Solvency II), have led BPCE and its subsidiary to adapt the tax consolidation agreement in order to allow for a better adjustment of the capital required to carry out its activities.

In this context, three tax consolidation agreements, signed on October 27, 2022 by BPCE, BPCE Assurances, BPCE ASSURANCES IARD and BPCE VIE, determine the contribution of the BPCE Assurances sub-group to BPCE's tax liability and provide that in the event that the overall results of this sub-group, formed by BPCE Assurances and its sub-subsidiaries, show a deficit or a net long-term capital loss, it will receive from BPCE on a final basis, a sum equal to the immediate saving provided to the latter, i.e. the amount of the loss charged, and/or the net long-term capital loss charged, multiplied respectively by the normal tax rate applicable at the time of the year in which this loss is charged or by the effective tax rate applicable to the net long-term capital gain in force at the time of the year in which this net long-term capital loss is charged.

This grant will be made by BPCE to BPCE Assurances in priority to any other payment of corporate tax savings made to the latter by taking into account the deficit or net capital loss realized by another subsidiary member of the tax group of which BPCE is the parent company, as well as the payment of the corporate tax savings relating to the as yet uncompensated portion of the said deficit or capital loss as and when it is set off against the subsequent overall profits of the BPCE tax group.

This agreement had no impact on BPCE's 2022 financial statements.

These agreements were not subject to prior approval by BPCE's Supervisory Board due to the lateness of the schedule for signing them. These agreements had to be signed before the end of the fiscal year in order to benefit from the provisions of the French Tax Code relating to the inclusion of the companies concerned in the BPCE tax consolidation group as of December 31, 2022.

7.6.2 Agreements already approved by the General Meeting

AGREEMENTS APPROVED DURING THE PAST FISCAL YEAR

We were also informed of the execution, during the past fiscal year, of the following agreements, already approved by the General Meeting of May 19, 2022, in a special report of the Statutory Auditors on the financial statements of March 24, 2022.

AGREEMENTS WITH DIRECTORS

Amendment to the employment contract entered into between BPCE and a member of the Management Board

Director concerned on the date of the transaction: 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.

Employment contract entered into between BPCE and a member of the Management Board

Director concerned on the date of the transactions (March 24, 2022): Jérôme Terpereau, member of the BPCE Management Board

It appeared to be in the interest of BPCE to enter into this employment contract enabling Jérôme Terpereau to perform the duties of member of the Management Board in charge of the Retail Banking and Insurance Division of the Groupe BPCE as of June 1, 2022, in a subordinate relationship to BPCE, as part of BPCE's strategic plan, and taking into account the financial conditions attached thereto.

The Supervisory Board approved and authorized BPCE to enter into an employment contract between BPCE and Jérôme Terpereau.

Social protection plans applicable to all employees and in favor of certain categories of employees

Director concerned on the date of the transactions (March 24, 2022): Jérôme Terpereau, member of the BPCE Management Board

Jérôme Terpereau may be able to benefit, under the same conditions as BPCE employees, from the application of the social protection measures put in place within BPCE for all employees and for certain categories of employees (concerning supplementary pensions, supplementary personal protection and supplementary health insurance).

Jérôme Terpereau 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 notes that the application of these measures to Jérôme Terpereau is of real interest to BPCE as it enables it to attract and retain this executive.

Commitments maturing or likely to mature because of a termination or change of position

SEVERANCE PAY AND RETIREMENT BENEFIT

Director concerned on the date of the transactions (March 24, 2022): Jérôme Terpereau, member of the BPCE Management Board

Jérôme Terpereau will receive severance 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.

The Supervisory Board notes that the application of severance pay and retirement benefit to Jérôme Terpereau is of real interest to BPCE as it enables Jérôme Terpereau to have an interest in the Company's performance via the achievement of performance conditions.

AGREEMENTS WITH NATIXIS AND ITS SUBSIDIARIES

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

Joint directors concerned on the date of the transaction: Laurent Mignon, Chairman of the Management Board of BPCE 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 Supervisory Board of BPCE and indirectly interested in the agreement in view of the composition of the Board of Directors of Albian-it and 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.

The impact of this agreement on the 2022 results is approximately €20 million (management data: increase in expenses net of rebilling and similar, after tax effect).

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 following agreements, already approved by the General Shareholders' Meeting in previous fiscal years, continued the past fiscal year.

AGREEMENTS WITH DIRECTORS

Liquidity agreements between BPCE and members of the Management Board

Joint directors concerned on the date of the transaction: 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 60 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 marchés 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 BPCE S.A.'s parent company financial statements, the impact of this agreement is an off-balance sheet commitment of €23,557,291.61 (overall amount for all beneficiaries of bonus shares concerned, including members of the Management Board).

Employment contracts and amendments entered into between BPCE and members of the Management Board

Director concerned on the date of the transaction: Jean-François Lequoy, member of the BPCE Management Board, Béatrice Lafaurie, member of the BPCE Management Board, Jérôme Terpereau, member of the BPCE Management Board.

It appeared to be in BPCE's interest to conclude employment contracts with the members of the Management Board (excluding the Chairman), thus enabling them to perform their duties in a subordinate capacity with respect to BPCE, as part of BPCE's strategic plans, and taking into account the financial conditions attached to them.

At its meeting of September 7, 2020, the Supervisory Board approved and authorized BPCE's entry into an employment contract with Jean-François Lequoy.

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.

At the meeting of February 10, 2022, the Supervisory Board approved and authorized the conclusion by BPCE of a second amendment to the employment contract concluded between BPCE and Béatrice Lafaurie.

At the meeting of March 24, 2022, the Supervisory Board approved and authorized the conclusion by BPCE of an employment contract with Jérôme Terpereau.

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 Jean-François Lequoy from his term of office as a member of the Management Board of BPCE with effect from February 2, 2023, the Supervisory Board of BPCE noted, at its meeting of the same day, that it was no longer necessary to maintain the classification of his employment contract as a related-party agreement, which had been justified by his office as a member of the Management Board, and decided to declassify it.

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 date of the transaction (May 17, 2018): Laurent Mignon, Chairman of the Management Board of BPCE

Director concerned on the date of the transaction (October 4, 2018): Laurent Mignon, Chairman of the Management Board of BPCE.

Director concerned on the date of the transaction (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.

Following the resignation of Laurent Mignon as Chairman and Member of the Management Board of BPCE with effect from December 3, 2022, the Supervisory Board of BPCE duly noted, at its meeting of December 15, 2022, that the commitments made by BPCE for the benefit of Laurent Mignon and relating to the severance and the retirement benefit had lapsed and there was no longer any need to monitor them.

- Commitments related to members of the Management Board

Director concerned on the date of the transaction (May 17, 2018): Nicolas Namias, member of the BPCE Management Board.

Directors concerned on the date of the transaction (October 4, 2018): Christine Fabresse and Nicolas Namias, members of the BPCE Management Board.

Director concerned on the date of the transaction (September 7, 2020): Jean-François Lequoy, member of the BPCE Management Board.

Directors concerned on the date of the transaction (February 11, 2021): Christine Fabresse and Jean-François Lequoy, members of the BPCE Management Board.

Director concerned on the date of the transactions (March 25, 2021): Béatrice Lafaurie, member of the BPCE Management Board.

Director concerned on the date of the transactions (March 24, 2022): Jérôme Terpereau, 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.

The amount provisioned at the end of the 2022 fiscal year in respect of retirement benefits came to €1,703,358.

- Social protection plans applicable to all employees and in favor of certain categories of employees

Directors concerned on the date of the transaction (October 4, 2018): Laurent Mignon, Christine Fabresse and Nicolas Namias, members of the BPCE Management Board.

Director concerned on the date of the transaction (December 17, 2020): Jean-François Lequoy, member of the BPCE Management Board.

Director concerned on the date of the transactions (March 25, 2021): Béatrice Lafaurie, member of the BPCE Management Board.

Director concerned on the date of the transactions (March 24, 2022): Jérôme Terpereau, 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 notes that the application of these measures is of real interest to BPCE S.A. as it enables it to attract and retain these members of the Management Board.

Following the resignation of Laurent Mignon as Chairman and Member of the Management Board of BPCE with effect from December 3, 2022, the Supervisory Board of BPCE duly noted, at its meeting of December 15, 2022, that the commitments made by BPCE for the benefit of Laurent Mignon and relating to the social protection applicable to all employees and for certain categories of employees had lapsed and there was no longer any need to monitor them.

- Pension plan for Executive Directors of Groupe BPCE

Director concerned on the date of the transaction (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 vesting 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 enables it to attract and retain this member of the Management Board.

AGREEMENTS WITH SHAREHOLDERS

Tripartite memorandum of understanding between BRED, BPCE I, and BPCE

Joint directors concerned on the date of the transaction: 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 2022 financial statements.

Subsidy granted by BPCE to the Banques Populaires

Joint directors concerned on the date of the transaction: 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 €336,613.82 in BPCE's 2022 financial statements.

Subsidy granted by BPCE to the Caisses d'Epargne

Joint directors concerned on the date of the transaction: Catherine Amin-Garde, a member of the Supervisory Board of BPCE and Chairwoman 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 €281,892.37 in BPCE's 2022 financial statements.

Collateral remuneration agreement between BPCE and the Caisses d'Epargne

Joint directors concerned on the date of the transaction: 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 €2,863,120.04 in BPCE's 2022 financial statements.

Collateral remuneration agreement between BPCE and the Banques Populaires

Joint directors concerned on the date of the transaction: 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. The companies 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 €1,523,093.57 in BPCE's 2022 financial statements.

AGREEMENTS WITH NATIXIS AND ITS SUBSIDIARIES

NSFR loans/borrowings between BPCE and Natixis

Joint directors concerned on the date of the transaction: 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.

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 during the facility fee);
- 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 during the facility fee).

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.

As the repayment of said transactions took place on June 29, 2022, these transactions were repaid in full and are now not applicable. As a result, at its meeting of December 15, 2022, BPCE's Supervisory Board noted that there was no longer any need to monitor the transactions put in place between BPCE and Natixis.

This agreement generated income (net of expenses paid to the BP and CE networks) in BPCE SA's 2022 financial statements of €10,812,734.04 (including €17,655,089.56 of income with Natixis).

MoU protocol relating to the transfer of the Insurance and Payments activities from Natixis to BPCE

Joint directors concerned on the date of the transaction: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Nicolas Namias, member of the Management Board of BPCE and Chief Executive Officer of Natixis, and Catherine Halberstadt, permanent representative of BPCE on the Board of Directors 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 Assurances 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 Assurances and Holding Paiements are wholly owned by BPCE;
- distribution by Natixis to its shareholders of shares in Holding Assurances and Holding Paiements received as consideration for contributions;
- the acquisition by BPCE of all the shares received by the beneficiary shareholders of the shares of Holding Assurances and Holding Paiements 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.

The Supervisory Board of September 22, 2021 considered 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, 2022:

The distribution by Natixis of the shares of Holding Assurances and Holding Paiements received as consideration for the contributions changed the net carrying amount of the former Natixis shares, which was prorated to the actual values at the transaction date. This breakdown takes into account the calculation of capital requirements (CET1 capital) applicable to BPCE's various subsidiaries.

The result of this breakdown is as follows:

- Natixis post distribution of the securities of the two holding companies: 62.19%;
- BPCE Assurances: 30.98%;
- BPCE Payments: 6.83%.

The acquisition by BPCE of all of the shares received by the beneficiaries of the shares of Holding Assurances and Holding Paiements in respect of the distribution resulted in the acquisition of shares of Holding Assurances for €6,288,336 and securities of Holding Paiements for €2,218,103.

Re-invoicing agreement relating to the Real Estate Master Plan

Directors concerned on the date of the transaction: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis, Nicolas Namias, member of the Management Board of BPCE and Chief Executive Officer of Natixis, and Catherine Halberstadt, permanent representative of BPCE on the Board of Directors 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 December 31, 2022 is an expense of €16,965,795.07.

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 concerned on the date of the transaction: 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.

At its meeting on May 12, 2022, BPCE's Supervisory Board authorized the signing of the Framework Agreement relating to the maintenance and continuation of commercial relationships and agreements between the BPCE and LBP groups and terminating the partnership agreement between Natixis Investment Managers, Ostrum Asset Management, Topco, LBP Asset Management, in the presence of Natixis, BPCE and La Banque Postale.

This agreement had no impact on BPCE's 2022 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 date of the transaction: 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 transactions 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 2022 financial statements.

Agreements between CNP Assurances and Groupe BPCE

Joint directors concerned on the date of the transaction: 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 expiring 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 2022 financial statements.

Purchase agreements in connection with the Smith transaction

Joint directors concerned on the date of the transaction: 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 goodwill.

- 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 approximately €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 goodwill 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 goodwill.

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 goodwill, 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.

These agreements had no impact on BPCE's 2022 financial statements.

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 date of the transaction: 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 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 outstandings. 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 disposal;

- to define and organize the functioning of the Partnership Committee (and any sub-committees subsequently formed by the Partnership Committee)
- more generally, to organize and monitor the relationships between the Parties for the purposes of the Renewed Partnership.

An addendum to the General 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.

The terms of the General Framework Agreement were modified by the new agreements between CNP Assurances and Groupe BPCE authorized by the Supervisory Board at its meeting of December 19, 2019: these agreements, which entered into force on January 1, 2020, provide in particular for the postponement to December 31, 2030 of the initial expiry date of the existing agreements (previously set at December 31, 2022) with a possible renewal of these agreements at each expiry for successive three-year periods until 2052.

This agreement had no impact on BPCE's 2022 financial statements.

Agreements between CNP Assurances, BPCE, Natixis and ABP Vie (a subsidiary of Natixis Assurances)

Directors concerned on the transaction 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 2022 financial statements.

EuroCroissance contract between CNP Assurances and ABP Vie in the presence of BPCE

Joint directors concerned on the date of the transaction: 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 2022 financial statements.

Pension Savings agreements between CNP Assurances and BPCE

Joint directors concerned on the date of the transaction: 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 Caisses 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 addendum 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 2022 financial statements.

AGREEMENTS RELATING TO PAYMENT PROTECTION, PROVIDENCE AND HEALTH INSURANCE POLICIES

Joint directors concerned on the date of the transaction: 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 personal protection policies commission 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 2022 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 date of the transaction: 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 Caisses 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 completed 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 2022 financial statements.

Amendment to the agreement governing BPCE's 3(a) (2) US MTN Program

Joint directors concerned on the date of the transaction: 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 note (the "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 €1,465,698.95 in BPCE's 2022 financial statements.

Invoicing agreement related to the affiliation of Natixis

Directors concerned on the date of the transaction: 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 prepared, 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.

At its meeting of December 15, 2022, BPCE's Supervisory Board considered that the implementation of this agreement was not required by the law, which requires the Central institution to call for the contributions necessary to complete its missions. As a result, the Supervisory Board decided to declassify the invoicing agreement relating to Natixis' affiliation.

The agreement resulted in the recognition of income of €50,965,090 in BPCE's 2022 financial statements.

Joint and several guarantee agreement between CNCE and Natixis

Directors concerned on the date of the transaction: 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.

This agreement had no impact on BPCE's 2022 financial statements.

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: 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 2022 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.

At its meeting of December 15, 2022, BPCE's Supervisory Board considered that the implementation of this agreement was not required by the law which requires the central institution to call for the contributions necessary for to complete its missions. As a result, the Supervisory Board decided to declassify the invoicing agreement relating to the affiliation of Crédit Foncier de France.

The agreement resulted in the recognition of income of €6,192,000.00 on BPCE's 2022 financial statements.

Amendment to MiFID agreement

Joint directors concerned on the date of the transaction: 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 2022 financial statements.

Amendment to the "PLS Package – PLI Package" agreement with Crédit Foncier de France

Joint directors concerned on the date of the transaction: 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 2022 financial statements.

Financial intermediary agreement for Local Authorities and Institutions

Joint directors concerned on the date of the transaction: 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 2022 financial statements.

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Paris La Défense and Neuilly-sur-Seine, March 24, 2023

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Marjorie Blanc Lourme	Emmanuel Benoist	Charles de Boisriou
	Antoine Priollaud	Laurence Karagulian

8

ADDITIONAL INFORMATION

8.1 Statement by the person responsible for the Universal Registration Document and for the annual financial report

Having taken all reasonable care to ensure that such is the case, to the best of my knowledge, all of the information contained in this 2022 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 788) 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 24, 2023

Nicolas Namias

Chairman of the BPCE Management Board and CEO

8.2 Documents on display

This document is available on the "Investors" Section of the Group's website (www.groupebpce.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

7 Promenade Germaine Sablon

75013 Paris

8.3 Cross-reference table for the universal registration document

This universal registration document must be read and interpreted in conjunction with the document listed below. This document is incorporated into this document and is deemed to form an integral part thereof:

- the 2021 universal registration document including the annual financial report, filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 23, 2022 under number D.22-0135, available on the BPCE website:

  https://groupebpce.com/en/investors/results-and-publications/registration-document.
- the first amendment to the 2021 universal registration document filed with the AMF on May 19, 2021 under number D. 22-0135-A01, available on the BPCE website:

  https://groupebpce.com/en/investors/results-and-publications/registration-document.

All the documents incorporated by reference in this 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/en).

The information incorporated by reference should be read in accordance with the cross-reference table below, using the headings provided for in Appendix 1 of Delegated Regulation (EU) 2019/980, supplementing European Regulation 2017/1129 known as the "Prospectus" Regulation. Any information not referred to in this table but which is part of the documents incorporated by reference is provided for information purposes only.

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16	**Major shareholders**	
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17	**Related party transactions**	**383; 541**
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; 240-241; 254; 261-262; 423-424; 575
18.2	Interim financial information and other information	N/A
18.3	Auditing of historical annual financial information	415-422; 559-566; 618-621
18.4	*Pro forma* financial information	254
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18.6	Legal and arbitration proceedings	733-735
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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, 2021 and the Statutory Auditors' report, presented on pages 241 to 400 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 23, 2022 under number D.22-0135;
- BPCE SA group's consolidated financial statements for the fiscal year ended December 31, 2021 and the Statutory Auditors' report, presented on pages 401 to 539 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 23, 2022 under number D.22-0135;
- BPCE's annual financial statements for the fiscal year ended December 31, 2021 and the Statutory Auditors' report, presented on pages 548 to 593 of the registration document filed with the *Autorité des marchés financiers* (AMF), the French financial markets authority, on March 23, 2022 under number D.22-0135;
- 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.

The 2021 Registration Document filed with the Autorité des marchés financiers (AMF), the French financial markets authority, on March 23, 2022 under number D.22-0135 and the 2020 Registration Document filed with the AMF on March 24, 2021 under number D.21-0182 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.amffrance.org/en).

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		2020 universal registration document filed on March 24, 2021 Page No.	2021 universal registration document filed on March 23, 2022 Page No.
7.1	Financial position	217-218	220-221
7.2	Net operating income	217; 239; 389; 525; 530	220; 241; 401; 542; 548
8	**Cash flow and capital resources**		
8.1	Information on the issuer's capital resources	228-230; 232; 242-243; 292-294; 392-393; 443-445; 532; 567-568; 623-626	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	244; 394	246; 406
12	**Administrative, management and supervisory bodies and executive management**		
12.1	Administrative bodies	8-9; 136-186	10-11; 132-191
12.2	Conflicts of interest involving the administrative, management and supervisory bodies and executive management	139; 208-209	135; 213-214
13	**Remuneration and benefits**		
13.1	Amount of remuneration and benefits in kind	198-207; 354; 504; 573; 719-724	203-212; 360; 514; 589; 731-735
13.2	Total amount set aside or accrued by the issuer to provide pension, retirement or similar benefits	198-207; 354; 504; 573; 719-724	203-212; 360; 514; 589; 733-734
14	**Board practices**		
14.1	Date of expiration of the current term of office	144	142
14.2	Service contracts with members of the administrative bodies	208-209; 719-724	213-214; 731-735
14.3	Information about the issuer's Audit Committee and Remuneration Committee	8-9; 143-144; 180-181; 183; 187; 583-584	10-11; 140-141; 184; 187; 599-600
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; 217-218; 228-230; 239-380; 389-515; 523-573	14-15; 220-221; 233-234; 241-242; 401-407; 540-589
18.2	Interim financial information and other information	N/A	N/A
18.3	Auditing of historical annual financial information	381-388; 516-522; 574-577	392-400; 532-539; 590-593
18.4	*Pro forma* financial information	217-218; 228-230	220-221; 233-234
19.2	Charter of incorporation and articles of association	712-713	724-725

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.

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.

Required items		Chapter/Pages
1.	Annual financial statements	Chapter 5 / p. 575-617
2.	Consolidated financial statements	Chapter 5 / p. 261-414; 423-558
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. 788
4.	Declaration by the persons responsible for the annual financial report	Chapter 8 / p. 782
5.	Statutory Auditors' reports on the parent company and consolidated financial statements	Chapter 5 / p. 415-422; 559-566; 618-621

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.

Required items		Reference texts	Chapter/Pages
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. 233-258; Chapter 5 / p. 261-414; 423-558; 575-617
1.2	Key financial performance indicators	Article L. 225-100-1, I., 2°	Chapter 4 / p. 233-258; Chapter 5 / p. 261-414; 423-558; 575-617
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. 45-148
1.4	Significant events occurring between the reporting 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. 256; Chapter 5 / p. 271; 433; 581
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. 764
1.6	Existing branches	Article L. 232-1, II of the French Commercial Code	Chapter 5 / p. 389-397
1.7	Significant equity investments in companies with their registered office in France	Article L. 233-6 1 of the French Commercial Code	Chapter 4 / p. 256; Chapter 5 / p. 283; 445
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. 257-258
1.10	Research & Development activities	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	Chapter 5 / p. 572
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. 573
1.12	Information on supplier and customer payment terms	Article D. 441-4 of the French Commercial Code	Chapter 5 / p. 574

Required items		Reference texts	Chapter/Pages
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. 56-59; Chapter 6 / p. 638-648
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. 56-59; Chapter 6 / p. 639; Chapter 6 / p. 750-756
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. 622-627
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. 631-758
2.5	Anti-corruption system	Act No. 2016-1691 of December 9, 2016 known as "Sapin 2"	Chapter 2 / p. 131-134
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. 137-140
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. 209-220
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.220-230
3.3	Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I., 2° of the French Commercial Code	Chapter 3 / p. 221
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. 220-230; Chapter 7 / p. 767-771
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. 226-228
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. 217-220
3.10	Method by which the vote of the last Ordinary shareholders' 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. 228-229
3.14	Allocation to, and retention of, bonus shares for company directors	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	Chapter 3 / p. 229
Governance information			
3.15	List of all directorships and offices 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. 165-196
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. 572
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. 573

	Required items	Reference texts	Chapter/Pages
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. 154-157; 197-208
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. 154-155
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. 152-153
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. 207-208
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. 759-765
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. 762-764
4.2	Acquisition and disposal by the company of its own shares	Article L. 225-211 of the French Commercial Code	Chapter 5 / p. 572
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. 764
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. 571 Chapter 7 / p. 761
5. Non-Financial Performance Statement (NFPS)			
5.1	Business model (or commercial model)	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	Chapter 0 / 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. 56-59
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. 50-51; 56-59; 131-134; 137-140

Required items		Reference texts	Chapter/Pages
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. 50-51; 56-59
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. 119-129
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. 81-118
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.60-80; 130-140
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. 131-132
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. 137-140
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. 47; 125-126
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. 124-125
5.12	Statement by the independent third party on the information contained in the NFPS	Articles L. 225-102-1, III and R. 225-105-2 of the French Commercial Code	Chapter 2 / p. 145-147
6. Other information			
6.1	Additional tax information	Articles 223 *quater* and 223 quinquies of the French General Tax Code	Chapter 5 / p. 375-376; 533-534; 586-587
6.2	Injunctions or financial penalties for anti-competitive practices	Article L. 464-2 of the French Commercial Code	Chapter 6 / p. 733-735

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
CEGC	Compagnie Européenne de Garanties et de Cautions
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
CLO	See securitization
CMBS	See securitization
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
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 Euro zone's money market
FBF	Fédération bancaire française (French Banking Federation), a professional body representing all banking institutions in France
FCPR	*Fonds commun de placement à risque*/Venture capital investment fund
FGAS	*Fonds de garantie à l'accession sociale*/French State guarantee fund for subsidized loans

Acronyms

FINREP	FINancial REPorting
FSB	The Financial Stability Board: whose mandate is to identify vulnerabilities in the global financial system and to implement principles for regulation and supervision in the interest of financial stability. Its members are central bank governors, finance ministers and supervisors from the G20 countries.
GAP	Asset/Liability management
G-SIBs	Global Systemically Important Banks are financial institutions whose distress or failure, because of their size, complexity and systemic inter-dependence, would cause significant disruption to the financial system and economic activity. These institutions meet the criteria established by the Basel Committee and are identified in a list published in November 2011 and updated every year. The constraints applicable to G-SIBs increase with their level of capital
HQLA	High-Quality Liquid Assets
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
IFRS	International Financial Reporting Standards
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
IS	Information System
L&R	Loans and receivables
LBO	Leveraged Buyout
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
LGD	Loss Given Default, a Basel II credit risk indicator corresponding to loss in the event of default
LOD1	Line of Defense 1
LOD2	Line of Defense 2
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: 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
RUBA	Unified Reporting of Banks and Similar Entities
RWA	Risk-Weighted Assets. The calculation of credit risks is further refined using a more detailed risk weighting that incorporates counterparty default risk and debt default risk
S&P	Standard & Poor's
SCF	Compagnie de Financement Foncier, the Group's covered bond issuer
SEC	US Securities and Exchange Commission
SFH	Housing Finance Company

Acronyms

SREP	Supervisory Review and Evaluation Process: Methodology for assessing and measuring the risks faced by each bank. SREP gives the prudential authorities a set of harmonized tools to analyze a bank's risk profile from four different angles: business model, governance and risk management, risk to capital, and risk to liquidity and funding. The supervisor sends the bank the SREP decisions at the end of the process and sets key objectives. The bank must then "correct" these within a specific time
SRF	Single Resolution Fund
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)
SSM	Single Supervisory Mechanism
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 ten 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 investor"	See securitization.
"Bank acting as originator"	See securitization.
"Bank acting as sponsor"	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.
Collateral	A transferable asset or guarantee pledged to secure reimbursement on a loan in the event the borrower fails to meet its payment obligations.
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.
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.
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.
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.
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).
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 valuation 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 risks	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.

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Key technical terms

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 exposure to risks, risk assessment procedures and capital adequacy.
Preferred senior debt	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).
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).
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.

Other terms

Back office	Support or back office department, in charge of administrative functions at a financial intermediary
Backtesting	Method consisting of verifying that the actual result rarely exceeds the VaR (Value at Risk) loss.
Bail-in	Tool to limit any assistance from public funds to a troubled institution that is still in operation or in the process of liquidation. The bail-in grants to the prudential supervisory authorities the power to impose on certain creditors of a credit institution that may have solvency problems, the conversion of their receivables into shares of this institution and/or the reduction of the amount of these receivables. The European agreement of June 26, 2015 provides for priority requests, in the event of insufficient equity (following losses), from creditors holding subordinated debt, then senior creditors, then unsecured deposits of large companies, then those of SMEs and finally those of individuals above €100,000. However, guaranteed deposits, covered bonds, employee compensation, liabilities related to the institution's vital activities and interbank liabilities with a maturity of less than seven days must not be affected.
Coverage	Hedging (in the sense of customer follow-up)
Covered bonds	Covered or collateralized bond: bond for which the repayment and payment of interest are ensured by income flows from a portfolio of high-quality assets that serves as collateral, often a portfolio of mortgages, and the issuing institution is often the manager of the payment of flows to investors (obligations foncières in France, Pfandbriefe in Germany).
Equity (tranche)	In a securitization arrangement, refers to the tranche that bears the first losses due to defaults in the underlying portfolio.
Front office	Customer service (team of market operators)
Fully-loaded	Expresses full compliance with Basel III solvency requirements (which became mandatory in 2019)
Hedge funds	Alternative management funds: speculative investment funds that aim for an absolute return and have a great deal of freedom in their management.
Holding	Parent company
Investment grade	Long-term rating provided by an external agency ranging from AAA/Aaa to BBB-/Baa3 of a counterparty or underlying issue. A rating equal to or lower than BB+/Ba1 qualifies the instrument as non-investment grade.
Loss ratio	Ratio between claims/premiums collected
Mark-to-market	A method that consists of regularly or even continuously valuing a position on the basis of its market value at the time of the valuation.
Mark-to-model	Method which consists of valuing a position on the basis of a financial model and therefore assumptions made by the valuer.
Monoline	Companies that provide credit enhancement to financial market participants.
New Deal	Strategic plan implemented by Natixis
Phase-in	Refers to compliance with current solvency requirements, taking into account the transitional period for the implementation of Basel III.
Spread	Actuarial margin: difference between the actuarial rate of return of a bond and that of a risk-free loan of identical duration

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