Creditreform Bank Rating
BPCE S.A. (Group)

Creditreform Rating

Rating Object	Rating Information	
BPCE S.A. (Group)	Long Term Issuer Rating / Outlook: **A- / stable**	Short Term: **L2**
Creditreform ID: 493455042	Stand Alone Rating: **BBB+** Type: Update / Unsolicited	
Rating Date: **06 September 2024** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.3" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.2"" CRA "Environmental, Social and Governance Score for Banks v.1.1" CRA "Rating Criteria and Definitions v.1.3" CRA "Institutional Protection Scheme Banks v1.0" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured (PSU): **A-** Non-Preferred Senior Unsecured (NPS): **BBB+** Tier 2 (T2): **BB+** Additional Tier 1 (AT1): **-**	

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Rating Action

Creditreform Rating affirms BPCE S.A.'s (Group) Long-Term Issuer Rating at A- (Outlook: stable)

Creditreform Rating (CRA) affirms BPCE S.A.'s (Group) Long-Term Issuer Rating at A-. The rating outlook is stable.

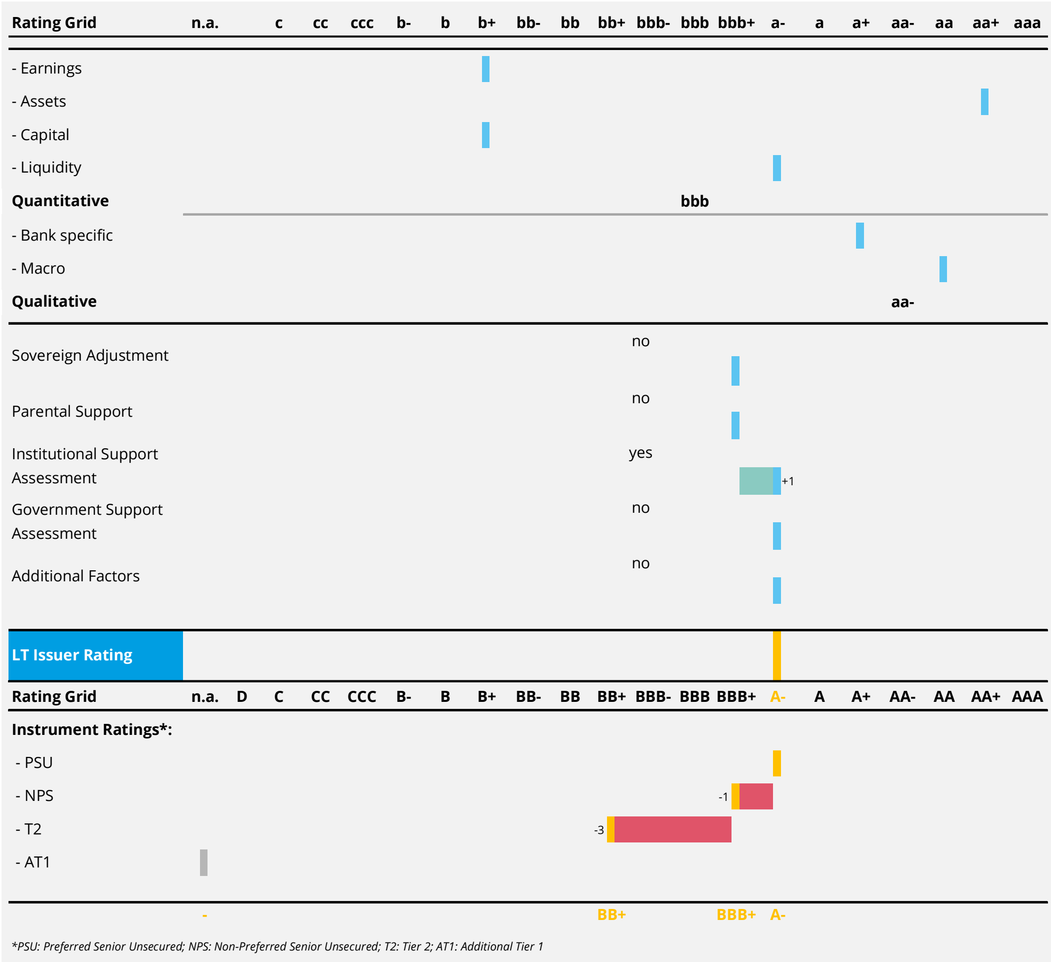
CRA affirms BPCE S.A.'s Preferred Senior Unsecured Debt at A-, Non-Preferred Senior Unsecured Debt at BBB+ and Tier 2 Capital at BB+.

Please find a complete list of rating actions regarding the bank at the end of this rating update.

Key Rating Drivers

- Strong retail, insurance and asset management franchises that provide the bank with a set of diverse income streams
- Rather weak profitability and efficiency metrics
- Sound asset quality supported by low risk nature of most lending activities
- Relatively low capitalisation compensated by strong capital position and sound buffers at the BPCE group level
- Good creditworthiness of Groupe BPCE, the Institutional Protection Scheme, BPCE S.A is affiliated with

Executive Summary



The rating of BPCE S.A. is prepared on the basis of group (BPCE S.A.) consolidated accounts, supplemented by information on the institutional protection scheme the bank is affiliated with.

The Long-Term Issuer Rating and all Debt and Bank Capital Ratings of BPCE S.A.are affirmed. The Long-Term Issuer Rating continues to reflect weak profitability and capitalisation, sound asset quality and the bank's affiliation with Groupe BPCE.

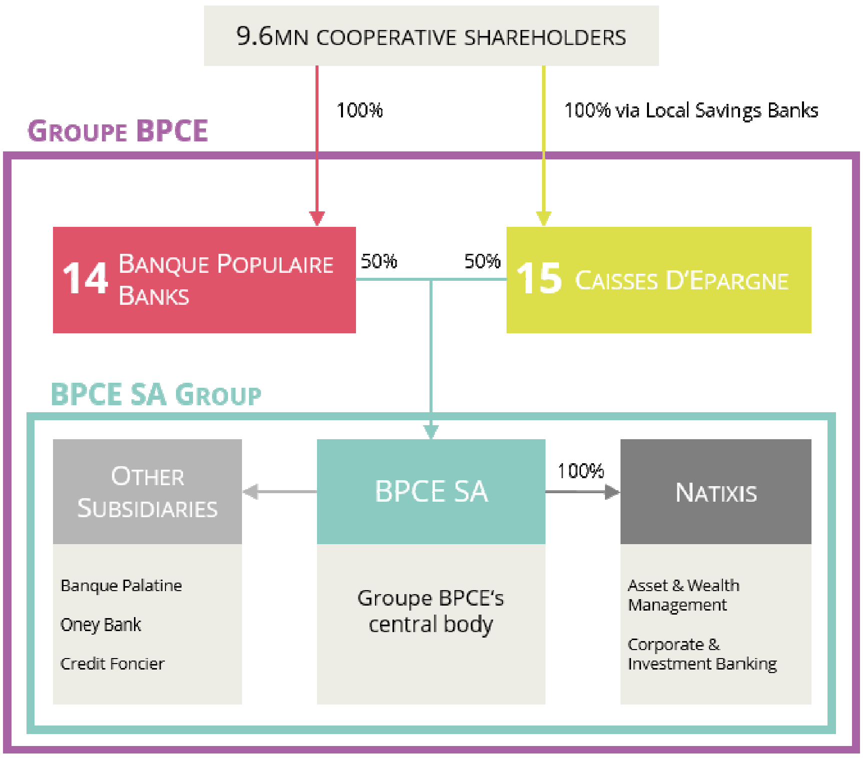
Institutional Support Assessment:

In the Institutional Support Assessment Creditreform Rating comes to the conclusion that in the case of BPCE S.A.'s Long-Term Issuer Rating, there is a strong connection between Groupe BPCE and BPCE S.A. In the opinion of Creditreform Rating, a stand-alone rating of BPCE S.A. is thus not appropriate due to its affiliation with Groupe BPCE. In addition to the creditworthiness of the individual institution, the rating therefore also reflects the impact of the creditworthiness of the institutional protection scheme.

Company Overview

BPCE S.A. (hereinafter: BPCE S.A. or central institution) is the head entity of Groupe BPCE (hereinafter: BPCE, the group) - one of the largest cooperative banking groups in France. Besides the central institution and its subsidaries Natixis, Banque Palatine and Oney Bank, Groupe BPCE comprises two independent cooperative banking networks, the 14 Banque Populaire banks (BP) and the 15 Caisses d'Epargne (CE). While BP and CE are owned by a total of 9.6mn cooperative shareholders, both banking networks hold 50% each of the central institution BPCE S.A. (Chart 1). Groupe BPCE serves 35mn customers and employs over 100,000 people in more than 50 countries. The balance sheet total in 2023 reached EUR 1.5tn and it has close to EUR 1.1tn assets unter management (AUM). The banking group operates two major business lines. Firstly, the *Retail Banking and Insurance* division that spans across the BP and CE networks and Banque Palatine, a group subsidiary that primarily focuses on intermediate-sized companies. The segment also contains insurance and specialized financing activities such as consumer loans and leasing, as well as payment services. The second business line, "Global Financial Services", comprises the two sub-divisions *Asset & Wealth Management* and *Corporate & Investment Banking*, both operated under the Natixis brand.

Chart 1: Groupe BPCE| Source: Annual Report



In June 2024, BPCE presented a its new "Vision 2030" strategy, including updated financial targets for 2026. At the group level, the cooperative network targets revenue growth above 5% p.a., a cost income ratio of 66% and a net income of EUR 5bn. by 2026. Furthermore, BPCE envisages to ramp up technological investments by 30% to EUR 1bn in 2025/26. More generally, BPCE aims to increase its market shares in various business verticals by 2030. Among others, BPCE intends to reach a 27% share in the French home financing market, to become the fourth largest insurer in France and to improve market penetration of its corporate and investment banking division.

In the Institutional Support Assessment, Creditreform Rating examines the extent to which an existing cross-guarantee system or IPS can have an influence on BPCE S.A.'s rating. As a result, Creditreform Rating comes to the conclusion that in the case of BPCE S.A.'s Long-Term Issuer Rating, there is a strong connection between Groupe BPCEand BPCE S.A.

Our ISA assessment is supported by the vital role BPCE S.A. plays within Groupe BPCE, acting as a central institution defined by the French Banking Law. BPCE S.A. among other things defines the group strategy, performs oversight functions and represents the affiliates in dealings with supervisory authorities. Moreover, BPCE S.A. is tasked with the organization of financial solidarity within the Group. In accordance with articles L.511-31, L.512-107-5 and L.512-107-6 of the French Monetary and Financial Code, a guarantee and solidarity mechanism has been set up to guarantee the liquidity and capital adequacy of the Group and its members and to organize financial support within the Group. The Group's internal guarantee and solidarity mechanism is primarily based on three funds. Two funds are provided by each of the networks (Banque Populaire and Caisse d'epargne), with EUR 450mn each, and a mutual guarantee fund of EUR 157mn. BPCE S.A. manages these funds, determines their triggering conditions and – if necessary – can redistribute their financial resources. The central instititution has also unrestrained access to cash and equity of its affiliates.

Due to its affiliation with Groupe BPCE, a stand-alone rating of BPCE S.A. is not appropriate in view of Creditreform Rating. BPCE S.A.'s strong connection with Groupe BPCE enables additional notching under our methodology and results in an uplift of BPCE S.A.'s issuer rating by +1 notch. In addition to the creditworthiness of the individual institution, the rating therefore also reflects the impact of the creditworthiness of the IPS.

Business Development

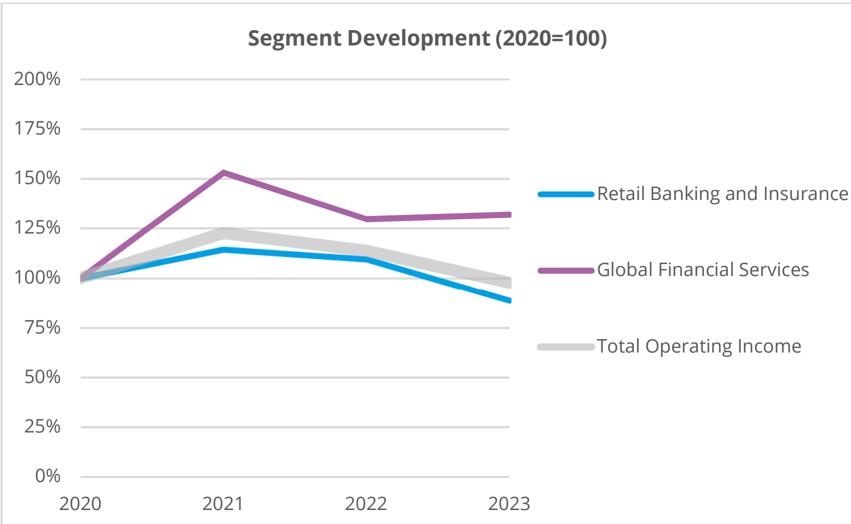
Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

BPCE S.A. and Groupe BPCE showed diverging trends in operating and net income 2023. While the central institution managed to keep its operating income flat compared with 2022 levels, Groupe BPCE reported a decline of 7.8% yoy. This development was largely explained by net interest income. Given the inclusion of the BP and CE retail networks in Groupe BPCE's consolidation perimeter, Groupe BPCE was more severely affected by sustained interest margin pressures than BPCE S.A. In the context of rising interest rates, funding costs outpaced asset repricing last year. In particular, Groupe BPCE carries a high proportion of fixed rate loans – mainly mortgages – on its books, while at the same time, rising rates for the group's large stock of regulated savings (2023: EUR 305bn) drove up deposit costs.

Furthermore, BPCE S.A.'s net trading and securities income (+6.3% yoy) contributed positively to revenue growth, while representing a burden (-5.9% yoy) to Groupe BPCE's operating income due to a weakening hedge accounting result.

Chart 2: Segment gross operating income Development of Groupe BPCE | Source: Annual Report



On a positive note, BPCE maintained tight cost discipline in 2023. Despite still high inflation, personnel expenses remained flat year on year at both BPCE S.A., as well as at the group level.

Furthermore, BPCE S.A. and Groupe BPCE also saw its cost of risk declining last year, with the French retail franchise being the main driver. We note that most of the decline was related to lower provisions on stage 1 and 2 exposures at Banques Populaires and Caisses d'Espargne. Although to a lesser extent, the CIB subdivision also contributed to the decrease in cost of risk, in 2022 the division's had been impacted by additional provisioning for direct and indirect Russian exposures.

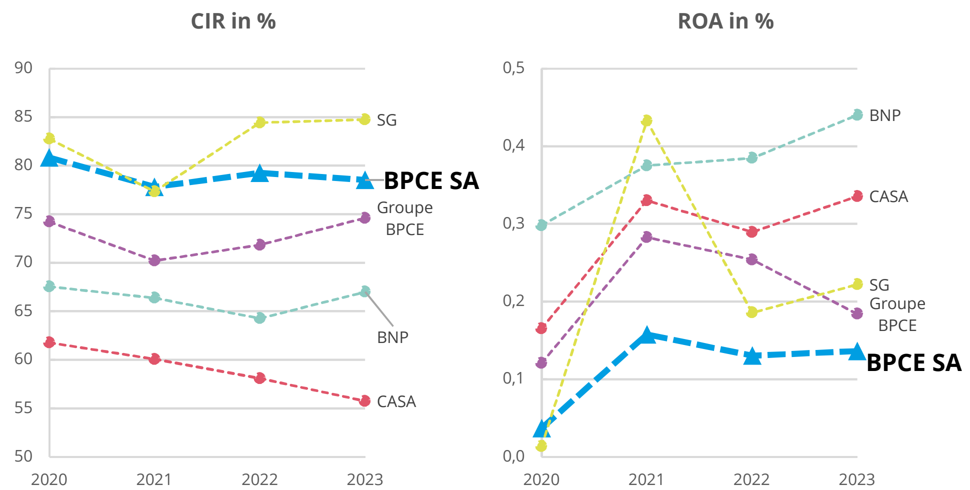
Non-recurring income was down some 300mn in 2023 for both BPCE S.A. and the group. In the previous year BPCE had recognised a EUR 281mn one-time capital gain from the exchange of its investment in employee benefits plattform Bimpli for 25.6% of shares of worktech company Swile.

As result of these developments, BPCE S.A.'s net profit climbed by 6.5% yoy, whereas profits at the BPCE group level fell sharply by 25.6% yoy.

While we note that Groupe BPCE and BPCE S.A. have not incurred any after-tax losses in recent years, posting positive net income throughout the Covid-19 pandemic, we consider profitability to be rather weak. Last year, BPCE S.A.'s return on assets (RoA) came in at 0.14%, broadly in line with the 3y-average between 2020 and 2022. Also, the return on risk weighted assets (RoRWA) has been consistently below 1% over the last few years, posting at 0.72% in 2023. Subpar profitability is partly explained by a cost to income ratio, that has constantly been running above 70% in recent years and a relatively low net interest margin (NIM) stemming from the low to moderate risk nature of BPCE's lending activities and significant regulated savings. Particularly at the group level, the latter was a source of rising funding costs in 2022/23. Interest rates on tax-free saving accounts are set by the French government. Against the backdrop of rampant inflation, the government has been hiking the rate on the popular "Livret A" savings scheme from 0.5% to 3% since the beginning of 2022.

BPCE S.A.'s profitability has been weaker than that of comparable French banks over the last couple of years. At the same time, its cost income ratio was the second highest within the peergroup and substantially above the level of its closest peer Credit Agricole S.A. (CASA).

Chart 3: CIR and ROA of BPCE S.A. and Groupe BPCE in comparison to the peer group | Source: eValueRate / CRA



We expect that the drag on Groupe BPCE's earnings from regulated deposits will gradually dissipate, starting in the second half 2024. Our expectation is underpinned by the banking group's recent revenue trajectory. Revenues displayed the first positive yoy growth rate in Q2-24 since the end of 2022. Apart from the BP and CE networks, all segments contributed positively to growth in net banking income in H1-24. Turning to operating expenses, we observed good cost control, with the cost base decreasing by 2.9% yoy. Net income was up 12% yoy at Groupe BPCE, and even more at BPCE S.A. (+35.8%).

Asset Situation and Asset Quality

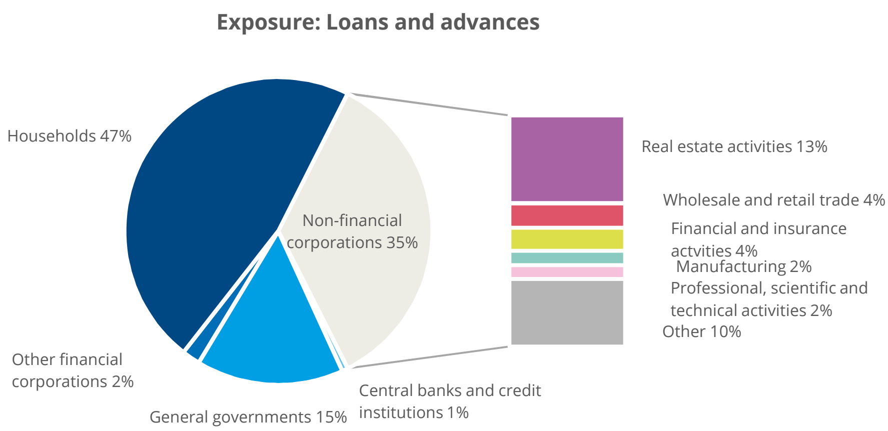
Total assets posted only meager growth of 2.2% in 2023. While BPCE S.A. recorded broadly stable loan balances with banks and customers, reflecting high inflation and the swift rise interest rates, the bank built up its securities portfolio (+10.2% yoy) rather strongly.

Mirroring BPCE S.A.'s cooperative background, whose primary business purpose is lending to French business and private customers, the bulk (2023: 87%) of the bank's total assets are domestic. Outside its home market, BPCE S.A. has limited exposures in other European jurisdictions (2%) and in North America (6%). Foreign exposures are mainly related to asset/wealth and investment banking activities conducted through Natixis, the group's wholesale hub. In general, we regard BPCE's focus on stable, highly developed and well regulated markets as a credit positive, although the concentrated asset base in its home market increases BPCE's susceptibility to a sharp economic downturn in France.

While we note that information on the composition of BPCE S.A.'s loan book is generally limited, Groupe BPCE provides more granular data regarding its credit exposures. Overall, we consider Groupe BPCE's loan book to be well diversified across customers and product lines. As of year-end 2023, households accounted for about half (47%) of total loans and advances. BPCE's household exposures consist predominantly of residential mortgages. Even though house prices in France fell slightly (-4%) last year for the first time since 2015, we believe that the recent correction does not pose an immediate threat to BPCE's asset quality. In our view, French retail mortgages have a relatively favorable risk profile due to their charateristics (moderate LTV's, full-recourse, mostly fixed rate and amortizing).

Pockets of vulnerability include Groupe BPCE's substantial commercial real estate exposures, which, according to the group's pillar 3 disclosures amounted to EUR 128bn or 180% of CET1 capital at the end of 2023. Moreover, the group has a moderately-sized consumer loan book (2023: EUR 40bn). Asset quality of both, commercial real estate and consumer loans tends to suffer disproportionately in periods of economic stress.

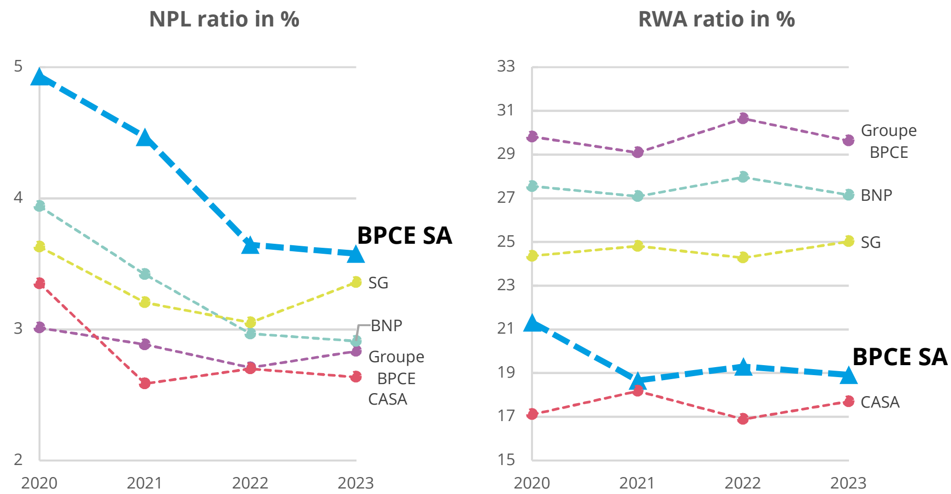
Chart 4: Credit Risk | Source: Pillar III/other



BPCE S.A.'s NPL ratio remained stable at 3.6% last year, a level we consider average. At the same time, Groupe BPCE posted a lower NPL ratio of 2.8% at year end 2023. In our view, better asset quality at the group level is mainly explained by the higher weight of low risk mortgages in its business mix compared with BPCE S.A. During the first half 2024, we observed no deterioration in asset quality. Going forward, a moderate weakening of asset quality metrics is likely in view of decelerating economic activity in France. Overall, however, we expect no significant increase of the bank's impaired loan ratio.

We also note, that BPCE S.A.'s NPL ratio compares relatively high with French universal banks BNP and Societe Generale. Also, its closest peer in the domestic market – Credit Agricole S.A. – recorded consistently lower NPL ratios over the last few years. In terms of its RWA ratio, BPCE S.A. scores on par with Credit Agricole S.A.

Chart 5: NPL and RWA ratios of BPCE S.A. and Groupe BPCE in comparison to the peer group | Source: eValueRate / CRA



Refinancing, Capital Quality and Liquidity

The composition of BPCE S.A.'s liabilities reflects its role as refinancing entity for the wider Groupe BPCE. As of year-end 2023, debt instruments accounted for the bulk (42%) of financial liabilities. In 2023, the group via BPCE SA raised EUR 28.2bn in the bond markets. Debt refinancings carried out in the past year was mainly made up of Senior non-preferred debt (EUR 10.4bn) and came with an average maturity of 5.7 years. BPCE S.A. also draws heavily on bank deposits (24% of financial liabilities), although the bank has recently scaled back this funding source considerably. In 2023, BPCE S.A. cut down its borrowings from banks by more than 25% yoy, a decline that particularly reflects EUR 67bn of TLTRO III repayments.

However, we consider the wider Groupe BPCE's funding profile to be sound. While Groupe BPCE makes somewhat greater use of wholesale funding than its French peers (2022: 26% of total financial liabilities), deposits remain by far the banking network's most important source of funds. Customer deposits account for more than half of the bank's financial liabilities. In general, we believe that the resilience of Groupe BPCE's funding profile benefits from the its access to a broad and stable customer deposit base. In its French home market, Groupe BPCE has a strong deposit franchise as indicated by 22% market share in total customer savings.

While BPCE S.A.'s stand-alone CET1 ratio stood at a relatively low 11.7% at the end of 2023, BPCE was much better capitalised at the group level. Groupe BPCE's CET1-ratio (fully-loaded) increased from 15.1% to 15.6% in 2023. A moderate decrease in RWA's coupled with earnings retention were the main drivers behind the increase of the capital ratios. In Q2-23 Groupe BPCE's

CET1-ratio stood at 15.2%, translating into a capital buffer of 528bp over the group's SREP requirements. At this level, Groupe BPCE's exhibits one of the highest capital buffers of all G-SIB banks. Moreover, Groupe BPCE's CET1 ratio also compares favorably with French universal banking peers (see Chart 7).

Looking ahead, we expect the group to maintain sound capital buffers, as Groupe BPCE's ability to build capital should continue to benefit from the regular issuances of cooperative shares and modest shareholder distributions.

BPCE S.A.'s stand alone rating reflects its high reliance on wholesale funding and comparably weak capital metrics. In view of CRA, risks associated with the these factors are mitigated by its affiliation with Groupe BPCE. Groupe BPCE itself has a strong deposit base and is also strongly capitalized. Taking into account Groupe BPCE's internal guarantee and solidarity mechanism, BPCE S.A.'s standalone rating receives an uplift of +1 notch.

Chart 6: Regulatory Capital Ratios and Minimum Requirements of Groupe BPCE as per Q2-24| Source: eValueRate / CRA / Pillar III / Other

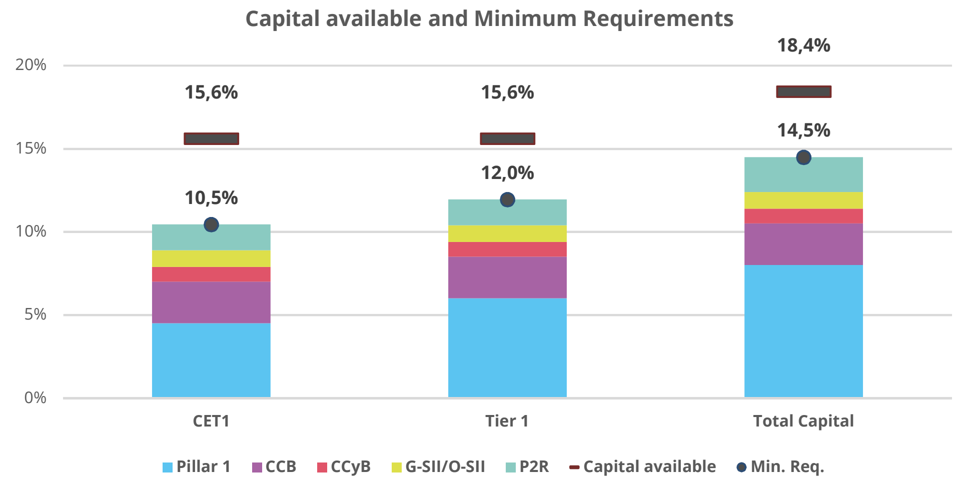
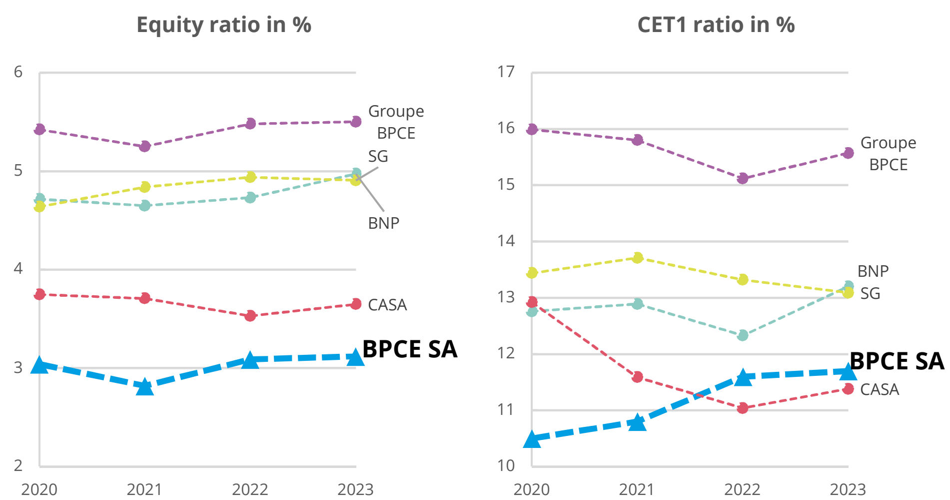


Chart 7: Equity and CET1 ratios of BPCE S.A. and Groupe BPCE in comparison to the peer group | Source: eValueRate / CRA / Pillar III



Due to BPCE's bank capital and debt structure, as well as its status as a G-SIB, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, BPCE's Non-Preferred Senior Unsecured debt is rated BBB+. BPCE's Tier 2 Capital is rated BB+ based on the BPCE's capital structure and seniority in accordance with our rating methodology.

Environmental, Social and Governance (ESG) Score Card

Creditreform Bank Rating
Environmental, Social and Governance (ESG) Bank Grade
BPCE (50 Avenue Pierre Mendes, 75201 Paris)

Creditreform Rating

BPCE has one significant and two moderate ESG rating drivers

BSP: • Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated neutral, Corporate Behaviour is rated neutral.

ESG Bank Grade

3,5 / 5

Grade Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated negative in terms of the CRA ESG criteria.	2	(-)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Grade is based on the Methodology "Environmental, Social and Governance Grade of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of BPCE S.A. is stable.

In general, the stable outlook on BPCE S.A.'s rating is supported by our view that the existing institutional arrangements, underpining the mutual support within Groupe BPCE, will remain in place. Also, we expect the creditworthiness of Groupe BPCE to be preserved, providing it with sufficient financial capacity to support group members in case of need.

With regard to BPCE.S.A., CRA expects a moderate deterioration of asset quality going forward, in view of weak economic growth and high interest rates in the bank's core markets. Moderate revenue growth, backed by improving net interest margins and should begin to support BPCE S.A.'s profitability in the near term. Moreover, we also believe that BPCE S.A. will largely retain its current capital buffers over the next year.

Best-case scenario: A-

Worst-case scenario: BBB

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Scenario Analysis

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of A- in the "Best-Case-Scenario" and a Long-Term Issuer Rating of BBB in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade BPCE S.A.'s Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt if we see notable and sustainable improvements of Groupe BPCE's creditworthiness, while the current mutual support framework remains in place.

By contrast, a downgrade of BPCE S.A.'s Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt could occur if – contrarily to our expectation - significant changes to the mutual support framework are implemented, weakening the cohesion between the Groupe BPCE's members. A lasting decline of BPCE S.A.'s profitability, weaker asset quality metrics or material reduction of the banks' capital ratios could also lead to a downgrade.

Appendix

Bank ratings BPCE S.A.

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **A- / stable / L2**

Bank Capital and Debt Instruments Ratings BPCE S.A.

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU):	**A-**
Non-Preferred Senior Unsecured (NPS):	**BBB+**
Tier 2 (T2):	**BB+**
Additional Tier 1 (AT1):	**-**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Long-Term Issuer Rating	Rating Date	Result
Initialrating	04.12.2018	A-/ stable / L2
Rating Update	19.12.2019	A-/ stable / L2
Monitoring	24.03.2020	A-/ NEW / L2
Rating Update	19.11.2020	A-/ negative / L2
Rating Update	24.11.2021	A-/ positive / L2
Rating Update	20.05.2022	A-/ positive / L2
Rating Update	16.08.2023	A-/ stable / L2
Rating Update	06.09.2024	A-/ stable / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
PSU / NPS / T2 / AT1 (Initial)	04.12.2018	A- / BB+ / BB
PSU / NPS / T2 / AT1	19.12.2019	A- / BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	24.03.2020	A- /BBB+ / BB+ / BB (NEW)
PSU / NPS / T2 / AT1	19.11.2020	A- /BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	24.11.2021	A- /BBB+ / BB+ / BB
PSU / NPS / T2 / AT1	20.05.2022	A- /BBB+ / BB+ / n.r.
PSU / NPS / T2 / AT1	16.08.2023	A- /BBB+/ BB+ / -
PSU / NPS / T2 / AT1	06.09.2024	A- /BBB+/ BB+ / -

Tables Groupe BPCE (IPS)

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	7.289	-24,6	9.672	9.879	9.170
Net Fee & Commission Income	10.317	+1,5	10.164	10.324	9.187
Net Insurance Income	967	-11,9	1.098	2.860	2.550
Net Trading & Fair Value Income	2.712	-5,9	2.882	2.447	1.250
Equity Accounted Results	36	+80,0	20	221	174
Dividends from Equity Instruments	187	+24,7	150	162	138
Other Income	1.736	+42,3	1.220	1.277	1.093
Operating Income	**23.244**	**-7,8**	**25.206**	**27.170**	**23.562**
Expense					
Depreciation and Amortisation	1.110	-25,8	1.495	1.273	1.317
Personnel Expense	11.161	+0,8	11.067	11.232	10.029
Tech & Communications Expense	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-
Other Provisions	16	-85,2	108	176	-18
Other Expense	5.053	-7,0	5.435	6.393	6.158
Operating Expense	**17.340**	**-4,2**	**18.105**	**19.074**	**17.486**
Operating Profit & Impairment					
Operating Profit	**5.904**	**-16,9**	**7.101**	**8.096**	**6.076**
Cost of Risk / Impairment	1.731	-11,9	1.965	1.783	2.998
Net Income					
Non-Recurring Income	11	-96,7	336	7	14
Non-Recurring Expense	3	-	-	89	303
Pre-tax Profit	**4.181**	**-23,6**	**5.472**	**6.231**	**2.789**
Income Tax Expense	1.340	-19,1	1.656	1.946	1.045
Discontinued Operations	-	-	-	-	-
Net Profit	**2.841**	**-25,6**	**3.816**	**4.285**	**1.744**
Attributable to minority interest (non-controlling interest)	38	-46,5	71	-282	134
Attributable to owners of the parent	2.804	-25,1	3.746	4.003	1.610

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	74,60	+2,77	71,83	70,20	74,21
Cost Income Ratio ex. Trading (CIRex)	84,45	+3,35	81,10	77,15	78,37
Return on Assets (ROA)	0,18	-0,07	0,25	0,28	0,12
Return on Equity (ROE)	3,34	-1,29	4,63	5,38	2,22
Return on Assets before Taxes (ROAbT)	0,27	-0,09	0,36	0,41	0,19
Return on Equity before Taxes (ROEbT)	4,92	-1,72	6,64	7,83	3,56
Return on Risk-Weighted Assets (RORWA)	0,62	-0,21	0,83	0,97	0,40
Return on Risk-Weighted Assets before Taxes (RORWAbT)	0,91	-0,27	1,19	1,41	0,65
Net Financial Margin (NFM)	0,72	-0,20	0,92	0,92	0,81
Pre-Impairment Operating Profit / Assets	0,38	-0,09	0,47	0,53	0,42

Change in %-Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	152.669	-10,9	171.318	186.317	153.403
Net Loans to Banks	107.696	+11,6	96.525	92.446	87.886
Net Loans to Customers	844.739	+1,6	831.063	783.557	746.058
Total Securities	143.952	+10,8	129.944	151.632	144.927
Total Derivative Assets	49.338	-8,7	54.050	56.270	58.782
Other Financial Assets	97.821	+17,0	83.594	76.394	90.343
Financial Assets	**1.396.215**	**+2,2**	**1.366.494**	**1.346.616**	**1.281.399**
Equity Accounted Investments	1.616	+1,4	1.594	1.525	4.586
Other Investments	717	-4,4	750	758	770
Insurance Assets	114.303	+10,8	103.116	135.228	124.566
Non-current Assets & Discontinued Ops	-	-	219	2.241	2.599
Tangible and Intangible Assets	11.357	-0,1	11.371	11.836	11.567
Tax Assets	5.404	-6,6	5.784	3.989	4.414
Total Other Assets	14.527	+1,3	14.340	13.828	16.368
Total Assets	**1.544.139**	**+2,7**	**1.503.668**	**1.516.021**	**1.446.269**

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	54,71	-0,56	55,27	51,69	51,59
Risk-weighted Assets[1] / Assets	29,64	-1,01	30,65	29,12	0,00
NPL[2]/ Loans to Customers[3]	2,83	+0,13	2,71	2,88	3,01
NPL[2]/ Risk-weighted Assets[1]	4,99	+0,36	4,63	4,87	4,97
Potential Problem Loans[4]/ Loans to Customers[3]	15,66	+0,34	15,32	9,95	8,16
Reserves[5]/ NPL[2]	82,07	-3,10	85,17	89,96	87,69
Cost of Risk / Loans to Customers[3]	0,22	-0,03	0,25	0,24	0,42
Cost of Risk / Risk-weighted Assets[1]	0,38	-0,05	0,43	0,40	0,70
Cost of Risk / Total Assets	0,11	-0,02	0,13	0,12	0,21

Change in %-Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	68.119	-48,4	131.899	144.738	128.256
Total Deposits from Customers	720.295	+2,6	701.896	671.764	636.044
Total Debt	339.887	+18,7	286.434	279.892	268.826
Derivative Liabilities	50.182	-22,9	65.066	53.139	52.781
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	143.406	+28,3	111.754	132.064	134.798
Total Financial Liabilities	**1.321.889**	**+1,9**	**1.297.049**	**1.281.597**	**1.220.705**
Insurance Liabilities	106.286	+12,2	94.759	125.081	114.608
Non-current Liabilities & Discontinued Ops	-	-	162	1.946	1.945
Tax Liabilities	3.686	-4,5	3.860	2.362	1.724
Provisions	4.824	-1,6	4.901	5.330	6.213
Total Other Liabilities	22.493	+9,6	20.522	20.113	22.662
Total Liabilities	**1.459.178**	**+2,7**	**1.421.253**	**1.436.429**	**1.367.857**
Total Equity	**84.961**	**+3,1**	**82.415**	**79.592**	**78.412**
Total Liabilities and Equity	**1.544.139**	**+2,7**	**1.503.668**	**1.516.021**	**1.446.269**

Figure 6: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2023	%	2022	2021	2020
Total Equity / Total Assets	5,50	+0,02	5,48	5,25	5,42
Leverage Ratio[1]	5,00	-0,02	5,02	5,75	5,57
Common Equity Tier 1 Ratio (CET1)[2]	15,57	+0,45	15,12	15,80	15,99
Tier 1 Ratio (CET1 + AT1)[2]	15,57	+0,45	15,12	15,80	16,00
Total Capital Ratio (CET1 + AT1 + T2)[2]	18,23	+0,34	17,88	18,74	18,14
CET1 Minimum Capital Requirements[1]	9,60	+0,44	9,16	9,00	8,99
Net Stable Funding Ratio (NSFR)[1]	107,52	+1,25	106,27	115,68	-
Liquidity Coverage Ratio (LCR)[1]	145,11	-11,48	156,59	161,08	167,84

Change in %-Points

1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

Tables BPCE S.A.

Figure 7: Income statement[2] | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	1.750	-17,8	2.130	2.194	1.771
Net Fee & Commission Income	4.978	+0,4	4.960	4.450	3.692
Net Insurance Income	879	+24,0	709	2.692	2.350
Net Trading & Fair Value Income	2.287	+6,3	2.152	1.572	1.135
Equity Accounted Results	-3	-86,4	-22	90	159
Dividends from Equity Instruments	94	-15,3	111	128	59
Other Income	1.641	+12,9	1.453	1.457	1.333
Operating Income	**11.626**	**+1,2**	**11.493**	**12.583**	**10.499**
Expense					
Depreciation and Amortisation	513	-17,4	621	604	618
Personnel Expense	5.362	+0,2	5.351	5.630	4.690
Tech & Communications Expense	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-
Other Provisions	-	-	-	-	-
Other Expense	3.254	+3,7	3.137	3.557	3.179
Operating Expense	**9.129**	**+0,2**	**9.109**	**9.791**	**8.487**
Operating Profit & Impairment					
Operating Profit	**2.497**	**+4,7**	**2.384**	**2.792**	**2.012**
Cost of Risk / Impairment	542	-34,9	832	430	1.204
Net Income					
Non-Recurring Income	0	-100,0	300	1	0
Non-Recurring Expense	10	-	-	70	308
Pre-tax Profit	**1.945**	**+5,0**	**1.852**	**2.293**	**500**
Income Tax Expense	709	+9,6	647	838	189
Discontinued Operations	-7	-86,3	-51	-	-
Net Profit	**1.229**	**+6,5**	**1.154**	**1.455**	**311**
Attributable to minority interest (non-controlling interest)	-	-	-	270	136
Attributable to owners of the parent	-	-	-	1.185	176

Figure 8: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	78,52	-0,73	79,26	77,81	80,84
Cost Income Ratio ex. Trading (CIRex)	97,75	+0,24	97,52	88,92	90,63
Return on Assets (ROA)	0,14	+0,01	0,13	0,16	0,04
Return on Equity (ROE)	4,36	+0,14	4,22	5,59	1,20
Return on Assets before Taxes (ROAbT)	0,22	+0,01	0,21	0,25	0,06
Return on Equity before Taxes (ROEbT)	6,90	+0,12	6,78	8,81	1,94
Return on Risk-Weighted Assets (RORWA)	0,72	+0,04	0,68	0,84	0,17
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,14	+0,05	1,09	1,33	0,28
Net Financial Margin (NFM)	0,52	-0,04	0,56	0,49	0,41
Pre-Impairment Operating Profit / Assets	0,28	+0,01	0,27	0,30	0,24

Change in %-Points

[2] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 9: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	133.806	-0,4	134.304	182.053	148.709
Net Loans to Banks	241.961	+0,1	241.795	195.037	149.322
Net Loans to Customers	171.749	-1,0	173.418	170.870	169.684
Total Securities	80.350	+10,2	72.945	93.419	89.272
Total Derivative Assets	52.662	-12,2	59.946	57.194	59.605
Other Financial Assets	99.121	+12,8	87.844	76.255	90.448
Financial Assets	**779.649**	**+1,2**	**770.252**	**774.828**	**707.040**
Equity Accounted Investments	969	+0,9	960	916	4.102
Other Investments	28	-17,6	34	62	65
Insurance Assets	105.190	+11,4	94.403	127.578	117.104
Non-current Assets & Discontinued Ops	-	-	77	2.093	2.599
Tangible and Intangible Assets	6.795	+1,2	6.713	7.162	6.788
Tax Assets	2.851	-13,6	3.298	2.071	2.490
Total Other Assets	8.091	-7,1	8.709	8.278	8.753
Total Assets	**903.573**	**+2,2**	**884.446**	**922.988**	**848.941**

Figure 10: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	19,01	-0,60	19,61	18,51	19,99
Risk-weighted Assets / Assets	18,92	-0,38	19,30	18,66	0,00
NPL/ Loans to Customers	3,58	-0,07	3,64	4,47	4,93
NPL/ Risk-weighted Assets	3,59	-0,11	3,70	4,43	4,59
Potential Problem Loans / Loans to Customers	14,28	-1,66	15,94	16,12	17,69
Reserves / NPL	45,74	-1,91	47,66	41,04	39,83
Cost of Risk / Loans to Customers	0,32	-0,16	0,48	0,25	0,71
Cost of Risk / Risk-weighted Assets	0,00	+0,00	0,00	0,00	0,00
Cost of Risk / Total Assets	0,06	-0,03	0,09	0,05	0,14

Change in %-Points

Figure 11: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	184.388	-26,2	249.933	254.250	199.224
Total Deposits from Customers	53.713	+5,3	51.013	49.270	46.059
Total Debt	318.955	+19,6	266.626	262.608	252.689
Derivative Liabilities	51.957	-23,4	67.835	52.131	51.643
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	150.377	+27,2	118.202	143.397	147.608
Total Financial Liabilities	**759.390**	**+0,8**	**753.609**	**761.656**	**697.223**
Insurance Liabilities	97.958	+12,8	86.867	116.863	106.918
Non-current Liabilities & Discontinued Ops	-	-	41	1.823	1.945
Tax Liabilities	3.457	-0,2	3.464	2.201	1.832
Provisions	2.076	+1,8	2.040	2.369	2.637
Total Other Liabilities	12.504	+12,6	11.107	12.042	12.566
Total Liabilities	**875.385**	**+2,1**	**857.128**	**896.954**	**823.121**
Total Equity	**28.188**	**+3,2**	**27.318**	**26.034**	**25.820**
Total Liabilities and Equity	**903.573**	**+2,2**	**884.446**	**922.988**	**848.941**

Figure 12: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2023	%	2022	2021	2020
Total Equity / Total Assets	3,12	+0,03	3,09	2,82	3,04
Leverage Ratio	-	-	-	-	-
Common Equity Tier 1 Ratio (CET1)	11,70	+0,10	11,60	10,80	10,50
Tier 1 Ratio (CET1 + AT1)	11,70	+0,10	11,60	10,80	10,50
Total Capital Ratio (CET1 + AT1 + T2)	18,60	-0,10	18,70	17,90	15,50
CET1 Minimum Capital Requirements	-	-	-	-	-
Net Stable Funding Ratio (NSFR)[1]	-	-	-	-	-
Liquidity Coverage Ratio (LCR)[1]	-	-	-	-	-

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

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With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.3)
- Rating of bank capital and unsecured debt instruments (v2.2)
- Institutional Protection Scheme Banks (v1.0)
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On 06 September 2024, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to BPCE S.A., and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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1. Aggregated data base by eValueRate

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6. Internet research

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Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

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