



Today, we're 16!

Universal Registration
Document and
Annual Financial Report
2021



1	PRESENTATION OF LA BANQUE POSTALE GROUP	AFR	3
1.1	General presentation of the Group		4
1.2	Key figures		8
1.3	2030 strategic plan		11
1.4	Presentation of the business units and business lines		17
1.5	2021 highlights		27
2	CORPORATE GOVERNANCE	AFR	29
2.1	Report of the supervisory board on corporate governance		30
2.2	Remuneration		66
3	ACTIVITY AND RESULTS	AFR	77
3.1	Business environment and highlights		78
3.2	La Banque Postale Group business activity and results		83
3.3	La Banque Postale Group balance sheet and financial structure		85
3.4	Business activity and results by business line		87
3.5	Analysis of the consolidated balance sheet		91
3.6	Additional information		92
3.7	Post-balance sheet events		107
3.8	Information on the statutory auditors		107
3.9	Alternative performance measures (APM) – Article 223-1 of the AMF General Regulation		108
4	RISK FACTORS - LA BANQUE POSTALE GROUP PILLAR III INFORMATION		109
4.1	Summary of risks		110
4.2	Capital management and capital adequacy		122
4.3	Governance and risk management system		144
4.4	Credit and counterparty risks		155
4.5	Financial risks		175
4.6	Operational risks		192
4.7	Insurance risks and additional supervision of conglomerates		198
4.8	Other risks		216
4.9	Remuneration policy		225
4.10	Pillar III correlation table		228
4.11	Statement concerning Pillar III information		229
4.12	Statement concerning Pillar III information		230
5	CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021	AFR	231
5.1	Consolidated financial statements		232
5.2	Notes to the consolidated financial statements		238
5.3	Statutory auditors' report on the consolidated financial statements		363
5.4	Parent company financial statements		369
5.5	Statutory auditors' report on the financial statements		408
6	NON-FINANCIAL STATEMENT (NFS) – CORPORATE SOCIAL RESPONSIBILITY (CSR)	AFR DPEF	413
6.1	CSR issues and governance for La Banque Postale		416
6.2	Commitments to society		427
6.3	Commitment to customers		449
6.4	Commitment to employees		469
6.5	CSR indicators		481
6.6	Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement		494
6.7	Cross-reference tables		498
6.8	Appendices		500
7	GENERAL INFORMATION		511
7.1	Documents available to the public		512
7.2	Significant changes		512
7.3	Significant contracts		512
7.4	Situation of dependency		512
7.5	Regulation		513
7.6	Learn more about La Banque Postale		516
8	ARTICLES OF ASSOCIATION		517
Title I.	Characteristics of the Company		518
Title II.	Rights and obligations of the shareholders		519
Title III.	Administration and control of the Company		520
Title IV.	Shareholders' meetings		525
Title V.	Financial year – Financial statements – Audit		526
Title VI.	Dissolution – Disputes		527
9	SUPERVISORY BOARD CHARTER AND INTERNAL RULES		529
9.1	Supervisory Board Members' Charter		530
9.2	Internal rules of the Supervisory Board		532
10	STATUTORY AUDITORS' REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS		541
	General Meeting for the approval of the financial statements for the year ended 31 December 2021		542
11	PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT		545
12	CROSS-REFERENCE TABLES		547
12.1	Universal Registration Document cross-reference table		548
12.2	Annual financial report cross-reference table		549



Groupe La Banque Postale

Universal registration document

& Annual financial report **2021**



The French language version of this Universal Registration Document was filed on 22 March 2022 with the French Financial Markets Authority (Autorité des marchés financiers – AMF), as the competent authority under Regulation (EU) No. 2017/1129, without prior approval in accordance with Article 9 of the Regulation.

The Universal Registration Document can be used when securities are offered to the public or for their admission to trading on a regulated market if it is completed by a note on the securities and, if applicable, a summary and all of the amendments made to the Universal Registration Document. The package is approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

In addition, pursuant to Article 19 of Regulation (EU) No. 2017/1129, the following documents are incorporated by reference in this Universal Registration Document:

- ▶ the consolidated financial statements and parent company financial statements for the year ended 31 December 2020, together with the Statutory Auditors' reports on the consolidated financial statements and parent company financial statements, which appear on pages 208-213 and 352-354, respectively, of the 2020 Universal Registration Document filed with the AMF on 19 March 2021 under No D.21-0156;
- ▶ the consolidated financial statements and parent company financial statements for the year ended 31 December 2019, together with the Statutory Auditors' reports on the consolidated financial statements and parent company financial statements, which appear on pages 180-185 and 292-294, respectively, of the 2019 Universal Registration Document filed with the AMF on 17 March 2020 under No. D.20-0135.

These documents are available at the Company's registered office at 115, rue de Sèvres, 75275 Paris Cedex 06, France, and on its website at www.labanquepostale.com.

This is a translation into English of the universal registration document of the Company issued in French and it is available on the website of the Issuer.

All possible care has been taken to ensure that this translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

INTRODUCTION

Company and trading name

The name of the Company is “La Banque Postale”, herein referred to as La Banque Postale.

Legal form – Applicable legislation

French public limited company (*société anonyme*) with an Executive Board and a Supervisory Board

The Company is governed by current laws and regulations, specifically:

- ▶ the provisions of the French Commercial Code (*Code de commerce*) regarding commercial companies;
- ▶ the provisions of the French Monetary and Financial Code (*Code monétaire et financier*) regarding credit institutions;
- ▶ the provisions of French law No. 2005-516 of 20 May 2005 regarding the regulation of postal activities; and
- ▶ the provisions of French order No. 2017-948 of 20 August 2014 regarding governance and transactions involving the share capital of companies with public shareholdings.

Place of registration and registration number – Incorporation date – Country of origin

The Company was registered with the Paris Trade and Companies Registry under number 421 100 645 on 10 December 1998.

Country of origin: France

Legal entity identifier (LEI): 96950066U5XAAIRCPA78

Share capital

The share capital is set at six billion five hundred and eighty-five million three hundred and fifty thousand two hundred and eighteen euros (€6,585,350,218). It is divided into eighty million three hundred and nine thousand one hundred and forty-nine (80,309,149) shares in a single category and fully paid up.

Duration of the Company

The duration of the Company is 99 years as from the date of its registration with the Trade and Companies Registry (*i.e.*, 10 December 1998), except in the event of a dissolution or an extension decided by the Extraordinary General Meeting.

Registered office

The Company's registered office is located at 115, rue de Sèvres, 75275 Paris Cedex 06, France.

The telephone number of the registered office is +33(0)1 57 75 60 00.

Business

La Banque Postale Group's business is organised around four areas of expertise: Bancassurance France, International Bancassurance, Corporate and Investment Banking and Wealth and Asset Management.

PRESENTATION OF LA BANQUE POSTALE GROUP

1

1.1	GENERAL PRESENTATION OF THE GROUP	4
1.1.1	Group shareholding structure	4
1.1.2	Shareholder relations	4
1.1.3	Changes in the share capital	5
1.1.4	Dividend policy	5
1.1.5	History	6
1.1.6	Group organisation	7
1.1.7	Organisational structure	7
1.2	KEY FIGURES	8
1.2.1	Consolidated results	9
1.2.2	Business line contributions to attributable net profit	9
1.2.3	Business activity	10
1.2.4	Financial structure	10
1.2.5	Ratings	11
1.3	2030 STRATEGIC PLAN	11
1.3.1	Three priorities	12
1.3.2	Three levers to support major ambitions	13
1.3.3	Profitable and sustainable growth (2025 objectives versus 2020)	14
1.3.4	Initial achievements in 2021	14
1.4	PRESENTATION OF THE BUSINESS UNITS AND BUSINESS LINES	17
1.4.1	Bancassurance France	17
1.4.2	International Bancassurance	20
1.4.3	Corporate and Investment Banking	22
1.4.4	Wealth Management and Asset Management	24
1.5	2021 HIGHLIGHTS	27

1.1 GENERAL PRESENTATION OF THE GROUP

La Banque Postale, a French public limited company (*société anonyme*) with an Executive Board and a Supervisory Board, is the parent company of La Banque Postale Group.

La Banque Postale Group's business is organised around four areas of expertise:

- Bancassurance France, comprising La Banque Postale's Retail Banking business, Ma French Bank and the domestic Life and Non-Life insurance businesses;
- International Bancassurance, consisting of CNP Assurances' international bancassurance businesses in Brazil, Italy and Ireland, notably;
- Wealth Management and Asset Management, comprising BPE's private banking business, the two asset management companies, La Banque Postale Asset Management and

Tocqueville Finance, and minority stakes in AEW Ciloger's real estate portfolio management business and OSTRUM AM's fixed-income and insurance-related asset management business⁽¹⁾;

- Corporate and Investment Banking, comprising the corporate, local public sector, financial institutions and institutional customer segments, as well as the specialised financing and capital markets businesses.

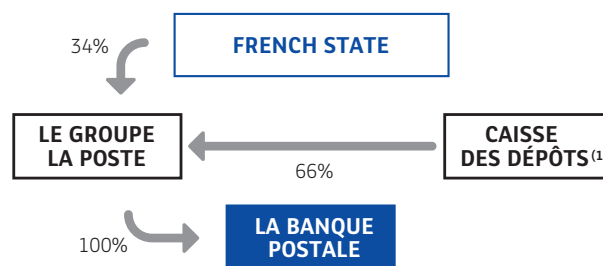
La Banque Postale has carved a unique position in the French market by basing its growth on a multi-partner business model that leverages Le Groupe La Poste's values of trust, inclusiveness and local service. Thus, La Banque Postale's commercial strategy focuses on simple and affordable products suited to the needs of its customers.

1.1.1 Group shareholding structure

Le Groupe La Poste owns all of La Banque Postale's capital and voting rights, except for one share held by the Chairman of the Supervisory Board. There are no employee shareholders.

Article 1 of French law No. 2010-123 of 9 February 2010 stipulates that La Poste's share capital shall be held by the French State and by other public sector shareholders, except for any shares that may be held under employee ownership schemes.

Following completion of the project to create a major state-owned financial group, Le Groupe La Poste is now 66%-owned by Caisse des dépôts and 34% by the French State.



(1) Caisse des dépôts and its subsidiaries constitute the state-owned group serving the public interest and France's economic development. This group fulfils general interest missions in support of national and regional government policies and may also operate in the open market. It is supervised by the French Parliament, which also acts as its guarantor. (Article L. 518-2 of the French Monetary and Financial Code).

1.1.2 Shareholder relations

La Banque Postale, a wholly-owned subsidiary of Le Groupe La Poste

Pursuant to Article 16 of law No. 2005-516 of 20 May 2005, and to the decree for its enactment dated 30 August 2005, La Poste, which at the time had the legal form of an industrial and commercial public company (EPIC), transferred all the assets, rights and obligations relating to its financial services business to La Banque Postale, with effect from 31 December 2005. Investments in subsidiaries and affiliates were included in the transfer, with the exception of those that were required by La Poste for its directly-managed businesses. Following these transactions, La Poste now holds the entire capital of La Banque Postale⁽²⁾. The aforementioned Article 16 expressly provides that La Poste must own a majority interest in the capital of its subsidiary.

The relationship between La Poste and La Banque Postale is very close, both at the level of the Groups' governance and management structures and in their business relations. The Chairman of La Banque Postale's Executive Board is also Executive Vice-President of La Poste and a member of its Executive Committee, while the Chairman of La Poste is also the Chairman of the Supervisory Board of La Banque Postale.

La Poste is La Banque Postale's main service provider: it provides La Banque Postale with staff who act "in the name of and on behalf of" La Banque Postale. Various agreements have been reached between La Poste and La Banque Postale in this respect, and pursuant to Article 16 of law No. 2005-516 of 20 May 2005.

1) On 28 October 2021, La Banque Postale and BPCE Group announced that they were entering into exclusive negotiations in connection with the proposed acquisition by Natixis Investment Managers of the 40% interest in AEW and 45% interest in Ostrum Asset Management currently held by La Banque Postale.

2) With the exception of a one-share loan to the Chairman of the Supervisory Board.

As a subsidiary of Le Groupe La Poste, La Banque Postale must obtain prior authorisation from La Poste's Board of Directors to carry out certain transactions such as acquisitions, investments in subsidiaries and affiliates, asset disposals, strategic partnership transactions, and other significant investments and divestments. La Banque Postale must request prior authorisation for any borrowing which has a significant impact on the consolidated balance sheet of Le Groupe La Poste. Lastly, La Banque Postale is La Poste's main banker.

The *Agence des Participations de l'État* (APE) representing the State, Le Groupe La Poste's majority shareholder, is also involved in the governance of La Banque Postale *via* its presence on La Banque Postale's Supervisory Board.

Custodian of Le Groupe La Poste's accessible banking mission

Providing access to basic banking services, including the Livret A passbook savings account, is one of the four public service and general interest missions entrusted to Le Groupe La Poste by the law of 2 July 1990 (amended by the law of 9 February 2010) and the law on the Modernisation of the Economy dated 4 August 2008. In addition, the French Monetary and Financial Code

stipulates that "in the banking, financial and insurance fields, La Poste shall offer products and services as widely as possible, particularly the Livret A account". La Poste carries out this role *via* La Banque Postale, its banking subsidiary.

The law on the Modernisation of the Economy dated 4 August 2008 authorised all banks in France to distribute Livret A accounts from 1 January 2009. However, the law set out specific obligations for La Banque Postale in terms of the distribution and operation of the Livret A pursuant to its accessible banking mission. These obligations, which are specified in two agreements between the government, La Poste and La Banque Postale, are described in a specific section of this Universal Registration Document (see 7.5.2 Accessible banking mission).

La Banque Postale receives "*proportionate*"⁽¹⁾ compensation – paid by the Caisse des dépôts savings fund – for this public service mission, which benefits many people who have difficulty accessing or using traditional banking services. The principle of the compensation is provided for in the applicable law and the multi-year amount (currently for the 2021-2026 period) was approved by the European Commission on 26 July 2021 under the State aid regime applicable to Services of General Economic Interest (SGEI).

1.1.3 Changes in the share capital

	2017	Full-year 2018	Full-year 2019	2020	2021
Number of shares	35,186,153	35,186,153	40,275,255	80,309,149	80,309,149
Share capital (€)	4,046,407,595	4,046,407,595	4,631,654,325	6,585,350,218	6,585,350,218
Shares held by La Poste	100% ⁽¹⁾	100% ⁽²⁾	100% ⁽²⁾	100% ⁽²⁾	100% ⁽²⁾

(1) With the exception of one-share loans granted to members of the Supervisory Board.

(2) With the exception of a one-share loan granted to the Chairman of the Supervisory Board.

No La Banque Postale shares have been pledged.

1.1.4 Dividend policy

The dividend policy is set by agreement with the shareholder, and is decided by the General Meeting, on the Executive Board's recommendation.

The 2019 dividend was originally set at €351 million. In light of the COVID-19 crisis, La Banque Postale decided to suspend payment of this dividend, as recommended by the ECB.

Concerning the 2020 dividend, La Banque Postale complied with the ECB's recommendation by limiting the payout ratio to less than 15% of the sum of 2019 and 2020 profit and no more than the equivalent of 20 bps of the CET1 ratio.

The total recommended dividend distribution for 2021 amounts to €1,542 million, including a 2021 dividend of €286 million – representing 45% of net profit attributable to owners of the parent – and a catch-up dividend of €1,256 million in respect of 2019 and 2020. The ECB and ACPR recommended that banks cancel their 2019 dividend and subsequent distributions for the duration of the COVID-19 crisis. The *de facto* ban was lifted in the fourth quarter of 2021.

Dividends paid over the past five years are as follows:

	2017	2018	2019	2020	2021
Distribution (in € millions)	344	327	-	171	1,542

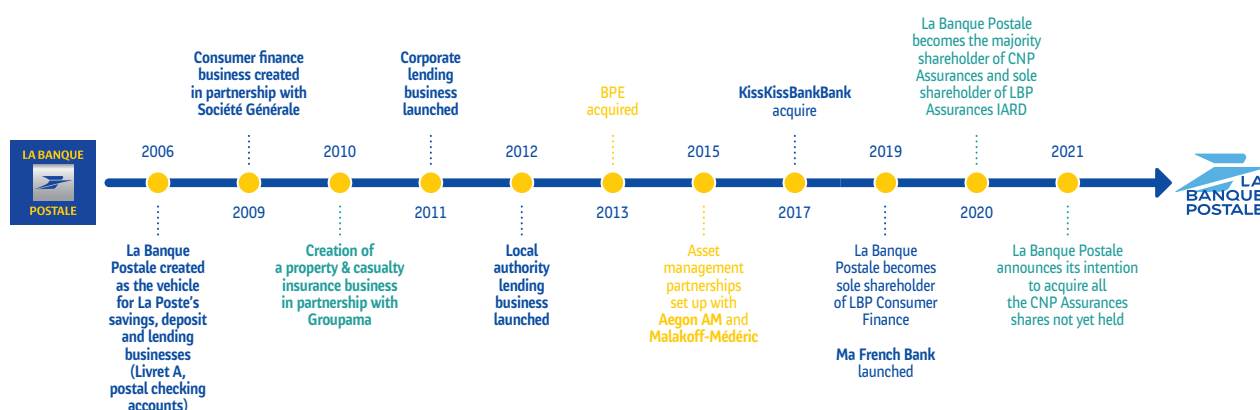
1) Article R. 221-8-1 of the French Monetary and Financial Code.

1.1.5 History

La Banque Postale was created on 31 December 2005, via the legal transformation of Efposte, an investment company established in 2000 to manage outstanding deposits held by La Poste, which also wanted to establish a banking subsidiary able to carry all customer deposits and loans on its balance sheet. Pursuant to Article 16 of aforementioned law No. 2005-516 of 20 May 2005, and to the decree for its enactment dated 30 August 2005, La Poste, which at the time had the legal form of an industrial and commercial public company (EPIC), transferred all the assets, rights and obligations relating to its financial services business to La Banque Postale, with effect from 31 December 2005. Investments in subsidiaries and affiliates were included in the transfer, with the exception of those that were required by La Poste for its directly-managed businesses. As a result of these transactions, La Poste holds all of the capital of La Banque Postale (except for one share lent to the Chairman of the Supervisory Board).

The “postal” law of 1990 revised in 2010 entrusted La Poste with four public service missions, including the accessible banking mission fulfilled by its subsidiary, La Banque Postale. In application of Article L. 518-25-1 of the French Monetary and Financial Code, this mission is framed and described by two agreements signed with the State: the State/La Poste service agreement (2018-2022) and the State/LBP agreement (2021-2026). In this respect, La Banque Postale:

- ▶ is required to open a Livret A passbook savings account free of charge for anyone who requests one, in accordance with the universal access principle;
- ▶ authorises the use of Livret A accounts to receive payment of social welfare benefits and civil service pensions and to pay taxes, water, gas, and electricity bills, and subsidised housing rents by direct debit;
- ▶ authorises withdrawals and deposits from and to the Livret A starting at €1.50.



Recent developments

In March 2020, La Banque Postale became the majority shareholder of CNP Assurances. This operation was part of the project announced by the Ministry of the Economy and Finance in August 2018, for the creation of a major state-owned financial group to strengthen regional cohesion and combat the regional divide by leveraging the expertise of La Banque Postale, Caisse des dépôts, Bpifrance and CNP Assurances.

In April 2020, La Banque Postale and the Groupama Group announced that La Banque Postale had completed its buyout of Groupama's 35% interest in La Banque Postale Assurances IARD and that the two groups had extended their cooperation in the areas of legal protection and assistance services.

At the end of 2021, La Banque Postale and Groupe BPCE took steps to streamline their capital ties and strengthen their industrial partnerships:

- ▶ in December 2021, La Banque Postale acquired Groupe BPCE's 16.1% interest in CNP Assurances, increasing its ownership of CNP Assurances to 78.95%. Following this transaction, La Banque Postale is now planning to file a simplified public tender offer with France's securities regulator, AMF, for the CNP Assurances shares not already held. The offer will be priced at €21.90 per share and will be followed by a squeeze-out procedure, provided the necessary conditions are met;
- ▶ in a separate move, La Banque Postale and Groupe BPCE announced in 2021 that they were entering into exclusive negotiations in connection with the proposed acquisition by Natixis Investment Managers of the 40% interest in AEW and 45% interest in Ostrum Asset Management currently held by La Banque Postale;
- ▶ finally, La Banque Postale and Groupe BPCE plan to strengthen and extend their industrial partnerships and commercial agreements during 2022.

1.1.6 Group organisation

Simplified organisational chart at 31 December 2021

LA BANQUE POSTALE GROUP			
BANCASSURANCE FRANCE		INTERNATIONAL BANCASSURANCE	
La Banque Postale ⁽¹⁾		CNP Assurances – International	78.95%
Ma French Bank	100%		
La Banque Postale Consumer Finance	100%		
Easy Bourse	100%		
SOFIAP	66.00%		
La Banque Postale Home Loan SFH ⁽²⁾	100%		
SCI CRSF DOM ⁽²⁾	99.94%		
SCI CRSF Métropole ⁽²⁾	100%		
SCI Tertiaire Saint Romain ⁽²⁾	100%		
CNP Assurances – France	78.95%		
La Banque Postale Assurance Santé	51.00%		
La Banque Postale Assurances IARD	100%		
La Banque Postale Prévoyance	100%		
La Banque Postale Conseil en Assurances	100%		
WEALTH MANAGEMENT AND ASSET MANAGEMENT		CORPORATE AND INVESTMENT BANKING	
BPE	100%	La Banque Postale ⁽¹⁾	
La Banque Postale Immobilier Conseil	100%	La Banque Postale Leasing & Factoring	100%
La Banque Postale Asset Management Holding	70.00%	La Banque Postale Collectivités Locales	65.00%
La Banque Postale Asset Management	70.00%	La Banque Postale Home Loan SFH	100%
Tocqueville Finance SA	69.93%	SCI CRSF DOM ⁽²⁾	99.94%
Ostrum Asset Management	31.50%	SCI CRSF Métropole ⁽²⁾	100%
AEW Europe SA	40.00%	SCI Tertiaire Saint Romain ⁽²⁾	100%
		LBP Dutch Mortgage Portfolio 1 BV	100%
		LBP Dutch Mortgage Portfolio 2 BV	100%
		FCT Elise 2012	95.00%

(1) Parent company.

(2) Entities allocated to several business lines in the management accounts.

The organisational chart shown above does not include entities held for sale or that are less than 1% owned.

1.1.7 Organisational structure

The Group's organisation is structured around the parent company, La Banque Postale, to which La Poste's Financial Services business was transferred. The parent company is at the centre of the Retail Banking business and it directly holds the most recent acquisitions.

In 2021, SF2 was merged into La Banque Postale SA. SF2 was previously the holding company for 24 subsidiaries and equity interests⁽¹⁾, excluding entities owned directly by La Banque Postale.

Operational relations with Le Groupe La Poste

Wholly owned by Le Groupe La Poste, La Banque Postale is both a customer (for mail, parcel, consumer and digital services) and a supplier (as its principal bank) of its shareholder. Le Groupe La Poste is also a service provider, supplying staff to La Banque Postale who act "in the name of and on behalf of" La Banque Postale.

1) At 31 December 2020.

Relations between La Banque Postale and La Poste are conducted within the framework of service agreements as provided for by Article 16 of law No. 2005-516 of 20 May 2005 concerning the regulation of post office business activities, cited above. This arrangement is organised around a master agreement that establishes the general principles and assigns responsibilities between La Poste and La Banque Postale, and 15 implementing agreements covering the following five areas:

- ▶ information technology and telecommunications;
- ▶ employee support and accommodation;
- ▶ counters, ATMs and commercial distribution;
- ▶ controls, risks, compliance, anti-money laundering and anti-terrorism financing procedures;
- ▶ support functions.

La Poste staff used by La Banque Postale implement the Bank's policies in its name and on its behalf. These La Poste employees act on the Bank's behalf pursuant to authorisations that comply with the rules specified in La Banque Postale's banking licence. They primarily perform back and middle-office tasks, sell La Banque Postale's banking, financial and insurance products and provide IT support.

Counter services are provided by the network of post offices in Le Groupe La Poste's Consumer and Digital Division. These services are governed by agreements concerning the type of transactions, their unit price, the way they are carried out and the quantitative and qualitative service criteria.

Organisation of La Banque Postale

La Banque Postale therefore has:

- ▶ its own resources, those of its subsidiaries and of its strategic holdings;
- ▶ resources provided by Le Groupe La Poste, notably its network of post offices, banking advisors and customer account managers.

In all, nearly 32,500 employees work for and on behalf of La Banque Postale⁽¹⁾. For more details about employees, please refer to "Employee indicators" in the CSR Section of Chapter 6 "Non-financial performance statement".

1.2 KEY FIGURES

10.1 MILLION ACTIVE RETAIL CUSTOMERS ⁽¹⁾	308,000 BUSINESS AND LOCAL PUBLIC SECTOR CUSTOMERS
48 MILLION CNP ASSURANCES POLICYHOLDERS ⁽²⁾	19 HOST COUNTRIES WORLDWIDE

(1) La Banque Postale SA, Ma French Bank and BPE. According to the new segmentation applied in 2019, active individual customers correspond to "Core Clientele" individual customers, including equipped committed and non-committed customers. A committed customer is a customer whose revenue is paid into their account with La Banque Postale.

(2) 12 million Savings/Pensions policyholders and 36 million Personal Risk/Protection insurance policyholders in France and international markets.

1) Permanent, fixed-term and secondment contracts.

1.2.1 Consolidated results

(in € millions; reported data)

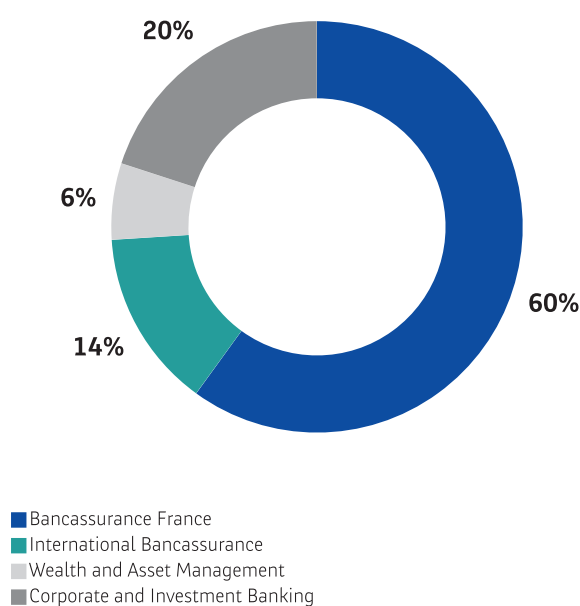
	2017	2018	2019	2020	2021
Net Banking Income	5,687	5,570	5,647	7,724	8,020
Operating expenses ⁽¹⁾	4,619	4,615	4,692	5,711	6,215
Gross operating profit	1,068	955	955	2,013	1,805
Cost of risk	192	183	178	674	268
Attributable net profit	764	726	780	4,155	636
Cost/income ratio ⁽²⁾	81.8%	83.4%	83.8%	74.4%	78.0%

(1) Operating expenses = general operating expenses + net depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

(2) Cost/income ratio = operating expenses/(net banking income - doubtful interest).

1.2.2 Business line contributions to attributable net profit

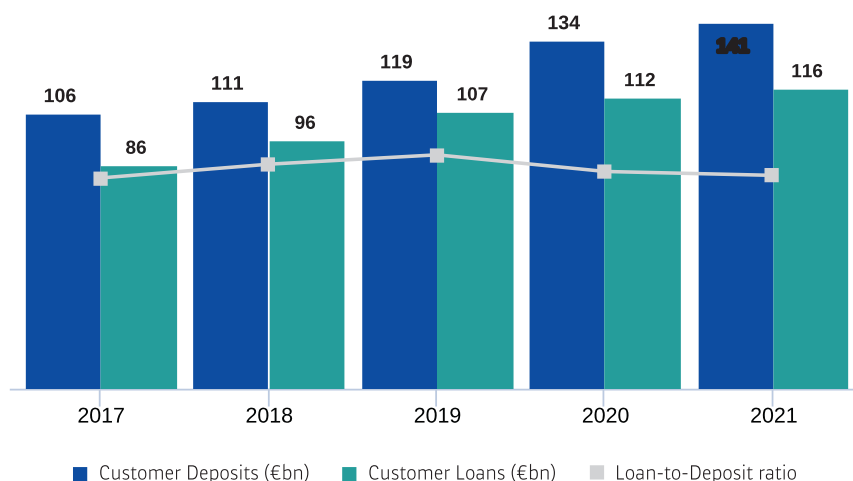
ATTRIBUTABLE NET PROFIT BY BUSINESS LINE



1.2.3 Business activity

(in € billions; reported data)

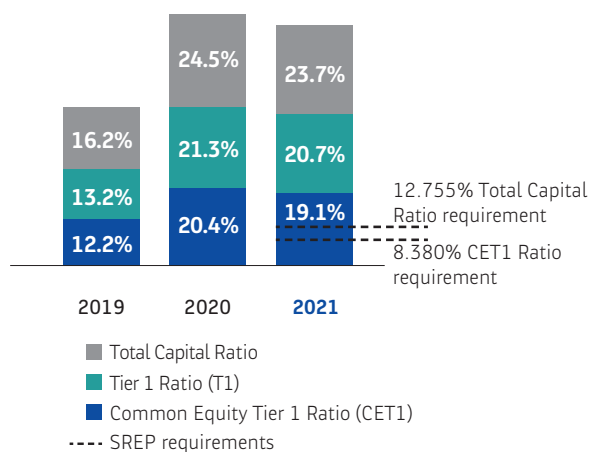
	2017	2018	2019	2020	2021
Total assets	231	245	272	737	772

OUTSTANDING CUSTOMER DEPOSITS ⁽¹⁾ & LOANS (IN € BILLION) AND LOAN-TO-DEPOSIT RATIO (%)

1.2.4 Financial structure

La Banque Postale Group's consolidated capital ratios exceed the ECB's Supervisory Review and Evaluation Process (SREP) requirements.

SOLVENCY RATIOS (%)



1) Customer deposits exclude savings centralised at Caisse des dépôts.

1.2.5 Ratings

During 2021, La Banque Postale's credit ratings were upgraded by Fitch and Standard & Poor's:

- ▶ in March 2021, Fitch upgraded La Banque Postale's credit ratings to A with a stable outlook (long-term) and F1+ with a stable outlook (short-term), recognising the quality of the Group's bancassurance model and its robust financial position. These ratings were affirmed in January 2022;
- ▶ in November 2021, Standard & Poor's upgraded La Banque Postale's long-term credit rating to A+ with a stable outlook, following news of the planned increase in the Group's interest in CNP Assurances. With the rating upgrade, La Banque Postale has become one of just three French banks with an A+ issuer credit rating from Standard & Poor's. The ratings were affirmed in February 2022.

	Standard & Poor's	Fitch
Long-term ratings	A+	A
Outlook	Stable	Stable
Last updated	2 February 2022	11 Jan. 2022
Short-term rating	A-1	F1+

In 2021, La Banque Postale continued its bond issuance policy in order to optimise its capital structure and increase the resources eligible for inclusion in its MREL:

- ▶ On 29 January 2021, the Group took advantage of favourable financial market conditions to carry out an inaugural €500 million Tier 2 subordinated notes issue. On 22 September 2021, La Banque Postale successfully placed €750 million worth of Additional Tier 1 notes. The notes' semi-annual coupon rate of 3% was the lowest ever obtained by a European bank for a euro-denominated AT1 subordinated debt issue.
- ▶ On 18 June 2021, La Banque Postale took another step towards the just transition by carrying out an inaugural social bond issue, consisting of €750 million worth of senior non-preferred notes. The issue has reaffirmed La Banque Postale's commitment to being a regular issuer on the sustainable bond market.

1.3 2030 STRATEGIC PLAN

La Banque Postale presented its 2030 strategic plan in March 2021 with the objective of becoming France's favourite bank.

The plan is organised around three priorities:

- ▶ become one of the best banks in terms of customer satisfaction and join the top 3 in 2023 for remote services;
- ▶ embrace the just transition movement and launch a community engagements platform;
- ▶ place employees at the centre of the strategic plan by obtaining an employer brand Net Promoter Score of +20 points by 2025.

Commenting on the 2030 strategic plan, Philippe Heim, Chairman of the Executive Board, said:

"Fifteen years after it was formed, La Banque Postale is beginning a new stage in its development supported by a solid base. It has a strong brand reflecting its identity as a community bancassurer; a franchise comprising over 20 million customers; unique accessibility, with over one million visitors per day to the 17,000 contact points throughout the country and three million visitors to its digital platforms; a mature diversified business model serving all types of customers including both individuals – from the most

vulnerable to those looking for wealth management solutions – and legal entities; and an exceptionally robust balance sheet with a CET1 ratio of more than 20%.

The new strategic plan presented today should enable La Banque Postale to become France's favourite bank, acclaimed not only by customers but also by the wider public and by employees. In order to rank among the top three in terms of customer satisfaction by 2023 at the latest, the Group will propose an enhanced, integrated digital bancassurance offering adapted to all customer groups and marketed under three separate brands, La Banque Postale, Ma French Bank and BPE. The historical Retail Banking base will be consolidated and will serve as a springboard to rapidly develop the diversified businesses in which La Banque Postale already has recognised expertise and leadership positions, such as consumer finance, asset management, local authority banking and commercial banking. Lastly, La Banque Postale will work with CNP Assurances to tap the full potential of the multi-partner international bancassurance model.

As a community bank with a distinctive market positioning, La Banque Postale will remain fully focused on shaping a just transition to an economy and a society capable of responding to environmental, social, regional and digital challenges."

1.3.1 Three priorities

Position La Banque Postale among the leaders for the quality of the customer experience by 2023

La Banque Postale's stated objective is to rank among the top three for customer satisfaction in remote banking services in 2023 and in all banking services by 2025⁽¹⁾. This is a particularly difficult challenge given the diverse nature of the 20-million strong customer base – ranging from the financially vulnerable to people looking for wealth management solutions – and the new customer experience standards.

La Banque Postale has certain strengths that are recognised by its customers and already place it among the top three for customer satisfaction with a human touch. These strengths include its teams' people skills, their expertise in executing both simple and complex transactions and their knowledge of each customer's personal situation.

The ambition of joining the top three for all-around customer satisfaction will be supported by a new service quality governance system led by a Customer Experience Director who will be a member of the Executive Committee; multi-channel management of customer experiences and processes based on satisfaction surveys; action to address sources of customer irritation; measures to enhance account managers' expertise; and digitisation of customer experiences and processes to give the organisation the agility needed to fulfil this objective.

Reaffirm community ambitions to support the just transition

Since it was formed, La Banque Postale has forged an identity rooted in community banking. Today, it is reaffirming its ambition to shape a just transition to an economy and a society capable of responding to environmental, social, regional and digital challenges. This vision of a just transition implies building into the business model systematic measurement of the different businesses' impacts in all these areas. This ambition is now led by a dedicated Community Engagement Department reporting to the Chairman of the Executive Board.

A community engagement platform has been developed, describing the Group's priorities:

- ▶ finance the energy transition and promote responsible consumption;
- ▶ correct emerging inequalities;
- ▶ broaden access to impact finance by signing up all of the business lines to this cause;
- ▶ give all employees a role in deploying this ambition through the advice and support given to the Group's customers.

All of the initiatives of the new community engagement platform were presented in June 2021 during the Citizens' Economy Dialogue.

A key initiative is the introduction of a unique proprietary indicator, the Impact Weighting Factor, to measure the businesses' environmental, social and regional impact. The weighting factor will be taken into account in all lending and investment decisions, and will also be available to customers to help them channel their savings.

La Banque Postale has set the objective of achieving net zero emissions by 2040 across all businesses.

Place the employee experience at the centre of the Group's strategic project

La Banque Postale is proud of its teams' engagement and their deep commitment to customer service, which allowed them to pull out all the stops during the health crisis.

Paying the same attention to the employee experience as to the customer experience is one of the strategic plan's key success factors. That's why La Banque Postale intends to refocus its management model on customer satisfaction. Improving service quality depends on increasing the teams' empowerment. Any initiative that enables the Group to become closer to its customers and respond more effectively to their needs will be encouraged.

Preference will be given to collective performance in support of the strategic plan ambitions, by digitising customer experiences and processes so that employees are free to focus on high value-added tasks, as well as by encouraging agile working methods, test and learn and short decision-making paths. Employees will be supported through training, with the organisation of over 300,000 days training each year.

Several initiatives to improve the quality of work life will help to enhance the Group's employer brand, with the aim of achieving an employee NPS of +20⁽²⁾ by 2025. These include offering greater flexibility in organising working arrangements, developing personalised mobility plans and affirming responsible employment policies in terms of diversity, gender balance and integration.

Lastly, employees were closely involved in deploying the community engagements platform, primarily through an internal consultation process. Remuneration systems will be aligned with these objectives.

1) Net Promoter Score and La Voix du Client.

2) Net Promoter Score based on the question "Would you recommend La Banque Postale as an employer?".

1.3.2 Three levers to support major ambitions

Three main levers will drive the development project:

- ▶ consolidate the Retail Banking base;
- ▶ increase the pace of business model diversification;
- ▶ prepare the future by developing an innovative, international partnership model.

Consolidate the Retail Banking base

The Group will consolidate its positions by pursuing an ambitious customer acquisition strategy and developing offerings marketed under its three brands (La Banque Postale, Ma French Bank and BPE):

- ▶ La Banque Postale, the bank for everyone, will step up its drive to win new customers and increase cross-selling, particularly for wealth management and business banking services, with the objective of acquiring over three million new customers by 2025. It will remain firmly committed to its public service mission of offering essential banking services to people who would otherwise be excluded, and assisting customers who are financially vulnerable or are not comfortable with digital formats;
- ▶ the Ma French Bank mobile bank should drive the customer acquisition process, with the objective of attracting 1.3 million customers by 2025 thanks to a comprehensive consumer finance, savings and insurance offering that is both straightforward and affordable, to be rolled out in the period to 2023;
- ▶ BPE has deep regional roots and recognised expertise. Leveraging its unique private banking model, it will aim to double its customer deposits by 2025, an increase of €10 billion. It will become La Banque Postale's specialist wealth management unit and will deepen its regional presence by doubling the number of BPE service desks in post offices to 100 by 2025.

The business model will combine a stronger regional presence with digital excellence and mass processing capabilities:

- ▶ the quality of customer support will be enhanced by deploying a differentiating CRM model that uses data more effectively to offer a higher value-added service through digitisation and the pooled management of simple transactions. The objective is for 70% of sale transactions to be carried out using selfcare or assisted selfcare systems by 2025;
- ▶ the digital multi-channel distribution strategy has already been stepped up, with the 2021 launch of a digital app enabling new customers to open an account and existing customers to apply for a home loan directly on their smart phone. And from 2022, all of La Banque Postale's standard bancassurance products will be available on a digital app. The project to digitise all front-to-back office processes is advancing rapidly and will be completed in 2025;
- ▶ mass processing of low value-added transactions in the middle and back offices and optimised counter service practices will drive improved operational and marketing efficiency;
- ▶ with the La Poste network, La Banque Postale has reaffirmed its strategic choice of maintaining a physical presence in all regions. This unique network of 17,000 contact points visited by one million customers per day, combined with a website that attracts three million users per day, enables La Banque Postale to capture the traffic needed to support its strategic development. The post office refurbishment plan that

has seen 2,600 post offices refurbished in the past five years will continue, with a capital spending budget earmarked for the refurbishment of 300 to 400 post offices per year.

Increase the pace of diversification

La Banque Postale will increase the pace of business diversification, optimising the allocation of capital to investments that will be accretive in the short term.

Build the personal banking franchise

The focus on responsible consumer finance will be maintained, with the objective of growing the business by 40% by 2025. This objective will be met through active cross-selling, expanding the scope of the business to include split payments, loans for specific purchases, home loan refinancing, etc., and setting up new distribution partnerships. The Business Solution platform launched in 2021 will facilitate the distribution of white label products.

LBP AM will consolidate its position as a leader in sustainable finance and expand its diversified conviction management offering, including investments in real assets. This will be achieved by leveraging its globally recognised expertise (34 LBP AM/Tocqueville Finance funds were awarded four or five stars by Morningstar in 2020 for their financial performance). SRI assets under management will increase to €70 billion in 2025, helped by external distribution.

Expand the corporate banking business

La Banque Postale wants to become a major banking partner for French businesses, by doubling its SME & Mid-cap enterprise customer base and raising transaction volumes with these customers by around 250% by 2025. Its ability to partner customers' development projects in Europe (investments, acquisitions) will be strengthened by leveraging its expertise in structured finance (LBOs, real estate financing, lease financing, factoring, asset & project finance) and DCM origination. The customer experience will be digitised.

The "originate to distribute" model (origination, arrangement and syndication) will be promoted, with the aim of applying this model for 25% of new syndicated structured finance deals.

Financial institutions in France and Europe will be targeted for syndication (DCM, loans) and funding transactions, thanks to dedicated coverage, with the objective of increasing net banking income from this source by 30% in the period to 2025.

La Banque Postale will consolidate its position as the benchmark provider of banking services for all public agencies, in partnership with SFIL, with the objective of achieving a 30% market share by 2025.

Tap into the bancassurance model's potential

CNP Assurances will spearhead the Group's life and non-life insurance businesses, in order to reap the full benefits of the synergies created by the bancassurance model:

- ▶ the life insurance operating model between CNP Assurances and La Banque Postale will be revamped by assertively transforming technical reserves and refreshing both product offerings and digital and multi-channel processes. The momentum created by the revamped model should lift unit-linked sales to around 30% of new life business by 2025;

- sales of non-life insurance to banking customers will be increased by enhancing the service offering and digitising the customer experience. The aim is to achieve fully-digitised customer journeys and a cross-selling rate of over 30% by 2025⁽¹⁾. In addition, distribution will be diversified (through brokers and distribution partnerships) and the offering for professionals and micro-enterprises will be enhanced.

Prepare the bank of the future: an innovative, international partnership model

La Banque Postale of the future will be more international

The partnership approach will be the preferred method of fulfilling the Group's international development ambitions, notably in CNP Assurances' geographic markets. The development of partnerships outside France will enable the Group to acquire new skills, diversify the business portfolio in order to reduce its exposure to negative eurozone interest rates and tap the full potential of fast-growing regions or sectors. The aim is to generate 20% of total net banking income in international markets by 2025.

La Banque Postale of the future will be built around an innovative, partnership-based FinTech/AssurTech platform

New open platforms will be launched, with the Group acting as both producer and service provider, and as a personalised solutions aggregator for all customers.

By 2025, La Banque Postale will have created a 'companion bank' ecosystem that will enable customers to use a digital platform to explore service bundles created with specialist partners that meet the needs arising at key points in their lives, such as home purchase and estate planning services.

The first service bundles will be offered to customers in 2022.

To fulfil this ambition, the Group will develop open banking platforms, starting with the consumer finance and non-life insurance offerings. For example, early 2021 saw the launch of La Banque Postale Consumer Finance's Business Solution platform for the development of white label products.

La Banque Postale will collaborate with Tech startups by leveraging its innovation ecosystem, which will be developed more rapidly around the platform58 incubator that is currently incubating 39 FinTech, AssurTech, SecurTech and RegTech startups. A €150 million innovation fund was set up in 2021 to invest in startups with a view to establishing partnerships with the Group's business lines, subsidiaries or corporate functions.

1.3.3 Profitable and sustainable growth (2025 objectives versus 2020)

La Banque Postale is aiming to achieve profitable growth, with:

- more than 3% growth in Group net banking income (CAGR in the period to 2025);
- a 10-point improvement in the Group's cost/income ratio;
- RONE of 8% in 2023.

The Group's robust capital base (with a CET1 ratio of 20.4% in 2020) and controlled 3.5% growth in RWA (CAGR in the period to 2025) will ensure that this growth is sustainable⁽²⁾.

1.3.4 Initial achievements in 2021

During 2021, La Banque Postale strengthened its governance to support the accelerated transformation of its business model. The first step consisted of refreshing the Executive Board, with the arrival of Marion Rouso as Managing Director of Retail Banking and Bertrand Cousin as Managing Director of Corporate and Investment Banking.

Five new Deputy General Managers were also appointed during the year:

- Olivier Levy-Barouch, Deputy General Manager, Finance & Strategy;
- Christophe Van de Walle, Deputy General Manager, Customer Experience and Banking Operations;
- Serge Bayard, Deputy General Manager, Corporate & Investment Banking;
- Zakaria Moursli, Deputy Managing Director in charge of Information Systems, Innovation, Data and Digital Transformation;

- Perrine Kaltwasser, Deputy Managing Director in charge of Risk, Compliance and Supervision of the Conglomerate.

Three new departments were created, reporting to the Chairman of the Executive Board, to reflect La Banque Postale's strategic priorities:

- the Community Engagement Department headed by Adrienne Horel-Pagès;
- the Innovation, Digital & Data Department, headed by Alexandre Giros;
- the International Development & Strategic Insurance Projects Coordination Department, headed by Nicolas Eyt.

Several new members joined the Executive Committee: Stéphane Dedeyan (Chief Executive Officer of CNP Assurances), Adrienne Horel-Pagès (Chief Sustainability Officer) and Cécile Riffard-Bredillot (Chief Brand and Communication Officer).

1) Among active customers.

2) Excluding Basel IV impact.

Nathalie Collin, Deputy Chief Executive Officer of Le Groupe La Poste has been a permanent associate member of La Banque Postale's Executive Committee since her appointment as Chief Executive Officer of Le Groupe La Poste's Consumer & Digital Division on 1 March 2021.

In 2021, La Banque Postale pursued the integration of CNP Assurances by buying out Groupe BPCE's 16.1% interest. Following this transaction, it announced its intention to launch a simplified tender offer for the remaining 21.1% of CNP Assurances, to be followed by a squeeze-out procedure provided the necessary conditions are met. By increasing La Banque Postale's stake in CNP Assurances, this project would be a further step toward constituting the major state-owned financial group announced by the French Minister of Economy and Finance on 31 August 2018. It would help consolidate the state-owned bancassurance unit by enabling the formation of a simplified, integrated group, while preserving the international and multi-partner model that has made CNP Assurances a success. Subject to the necessary regulatory approvals referred to above being issued and the project being given the green light by the AMF, the offer is expected to open during the first half of 2022.

In parallel with this project, La Banque Postale and Groupe BPCE entered into exclusive negotiations in connection with the proposed acquisition by Natixis Investment Managers of the 40% interest in AEW and the 45% interest in Ostrum Asset Management currently held by La Banque Postale. Finally, Groupe BPCE and La Banque Postale plan to strengthen and extend their existing industrial partnerships and commercial agreements.

Decisive advances were made during the year in the Group's community commitment strategy designed to make La Banque Postale a world leader in impact finance. The Group began by adopting a corporate mission statement, as a prelude to becoming a mission-led enterprise in February 2022. In addition, after committing to achieving net-zero emissions in the banking business by 2040 – 10 years ahead of the deadline set by European institutions and the Net-Zero Banking Alliance – La Banque Postale has gone even further by announcing that it will no longer support companies operating in the fossil fuel sectors beyond 2030, unless they have announced a credible plan to withdraw completely from these sectors. It also became the first European bank and one of the first financial institutions in the world to have its low-carbon trajectory validated by the Science Based Targets initiative (SBTi), an independent partnership between four international organisations.

This validation by the SBTi is the result of La Banque Postale's ambitious long-term strategy in favour of sustainable finance. This strategy is built around two pillars underpinned by the above commitments:

- ▶ offers that promote the just transition: when developing its products, La Banque Postale pays close attention to correcting the social divide in order to support all its customers in the environmental transition. One example is the impact auto loan accessible to all that was launched in September 2021. Customers who purchase an electric or hybrid vehicle are offered a discounted interest rate and, whatever the type of vehicle, La Banque Postale offsets its carbon emissions during the first two years of use. Similar financing solutions are available for customers' home energy efficiency projects, whatever their income. And for savers, the Group offers a selection of 'All SRI' funds;
- ▶ co-workers as actors of the just transition: the Group's entire workforce was involved in developing the corporate mission statement presented in June 2021. Co-workers were also involved in the community consultation process launched last May to expand the Bank's green product offering. More

than 30,000 co-workers were consulted, resulting in the collection of more than 800 concrete proposals to nurture and develop La Banque Postale's community engagement.

In 2021, La Banque Postale began developing the proprietary Impact Weighting Factor, a financial indicator that measures its businesses' environmental, social and regional impact. This indicator will play a central role in helping La Banque Postale to deliver on its strategy in favour of the just transition. The project involves developing a multi-purpose tool that measures the environmental, social and regional impact of each of the Group's lending and investment decisions (carbon footprint, support for vulnerable customers, etc.) alongside traditional financial risk and return measurements. The indicator is being developed with input from all stakeholders interested in becoming involved in the project (customers, non-profits, universities, NGOs, etc.), and is due to be launched in 2022.

The **Bancassurance France business line** chalked up a number of achievements in 2021. First and foremost was the faster pace of digitisation. The new customer relationship process is now fully digital, the home loan simulation and application process has been digitised up to the point when a loan offer is made, the first steps were taken in 2021 to digitise the KYC remediation process, by enabling customers to upload their identity documents in electronic format, and the La Banque Postale app was comprehensively revamped.

Digitisation is being placed at the heart of the Group's organisation and processes, as part of the drive to improve all aspects of customer satisfaction and service quality. Thanks to these efforts, the Group's key service quality and customer experience indicators (incoming call wait time and pick-up rate, complaint processing time, etc.) improved significantly in 2021 and perceived quality improved throughout the year for nearly all customer experiences. A number of projects were launched to drive continuous improvement in service quality over the period to 2025, in line with the Group's ambition to become a leader in customer satisfaction. This ambition was also behind the "*Parlons citoyens*" ("Let's talk community") initiative organised in July 2021, during which La Banque Postale's customers and French people in general were invited to imagine the product and service offers that could be introduced in the future to nurture the Group's community engagement.

Another highlight of 2021 for the Bancassurance France business line was the integration of CNP Assurances in the La Banque Postale Group. Progress was made in all areas, including offerings, distribution, customer experience, innovation systems, innovation, services, assistance, etc. Thanks to the integration process's strong momentum, greater-than-expected progress was made in refocusing the savings product mix on unit-linked contracts, which represented nearly 30% of total savings new money in 2021 *versus* less than 20% in 2020. The business line is also on track to deliver the revenue and cost synergies expected from the integration process. Finally, the acquisition by CNP Assurances from Allianz of two portfolios of life insurance contracts held by La Banque Postale customers has strengthened CNP Assurances' position as the sole life insurance underwriter for the La Banque Postale network.

2021 was also an eventful year for La Banque Postale Consumer Finance (LBP CF), which launched its Credit as a Service platform in February, followed by an impact consumer finance offer in September, and entered into a strategic partnership with the Alma fintech to offer a 12/24/36-month consumer finance offer in the fast-growing e-commerce market.

Finally, the Hello Carbo software incubated by platform58 enables customers to check the carbon impact of their transactions and, if they wish, organise carbon offsets. Hello Carbo is available on the online banking site and the La Banque Postale app.

The **International Bancassurance business line** ended 2021 with a stronger and more secure international footprint, thanks in no small measure to the renewal of the agreements with Caixa in Brazil, with:

- deployment of the new business structure through the creation of Caixa Vida e Previdência following signature of an exclusive distribution agreement running until 2046;
- finalisation of the exclusive *consórcio* distribution agreement with CEF running until 2041.

In Italy, CNP UniCredit Vita's positions have been strengthened through the acquisition of Aviva's life insurance business. The transaction will enable CNP UniCredit Vita to double its share of the life insurance market to 6% and become Italy's fifth largest life insurer.

In the **Wealth Management and Asset Management business line**, highlights of the year for the Asset Management segment included the launch of exclusive negotiations between Groupe BPCE and La Banque Postale in connection with the proposed acquisition by Natixis Investment Managers of the 40% interest in AEW and 45% interest in Ostrum Asset Management currently held by La Banque Postale. In parallel with the project, the industrial partnerships and commercial agreements between Groupe BPCE and La Banque Postale would be strengthened and extended.

La Banque Postale Asset Management (LBP AM) won several awards in 2021 (Sustainable Finance award, third place in the Banking Networks category of *Mieux Vivre Votre Argent* magazine's 2021 baskets, etc.) in recognition of its financial and ESG performance over the past three years. LBP AM continued to strengthen its positioning in the SRI market, retaining its leadership position in France based on the number of SRI-labelled funds and its Top 3 position by value.

BPE offers its wealth management customers an "All SRI" discretionary asset management option, as well as the opportunity to invest in carefully selected global private equity funds through its partnership with Stanhope Capital. The wealth management business model is being redefined to enable this business to continue to develop and support the growth and diversification of the Group's other businesses.

The **Corporate and Investment Banking business line** was completely reorganised in 2021 to create the 'new Corporate and Investment Bank' (CIB) announced in November 2021 and operational since 1 January 2022. The new CIB will be a key driver of growth and business model diversification in the corporate and institutional markets. By making its expertise available to the entities in the major state-owned financial group, it will be a major lever for the execution of La Banque Postale's strategic plan. The new CIB embodies La Banque Postale's ambition to conquer the corporate and institutional markets. It has strengthened the Group's ability to partner corporate customers and institutional investors at regional level and provide them with its product expertise in bank finance and debt

capital markets origination, as well as in cash management, to support their growth and energy transition.

With over 1,000 co-workers, the new business line will expand its teams in specialised businesses and in the regions to support its development plans.

La Banque Postale wants to become a major banking partner for French businesses, by doubling its SME & Mid-cap enterprise customer base and raising transaction volumes with these customers by around 250% by 2025. Its ability to partner customers' development projects in Europe (investments, acquisitions) will be strengthened by leveraging its expertise in structured finance (LBOs, real estate financing, lease financing, factoring, asset and project finance) and debt capital markets (DCM) origination. At the same time, it will maintain its focus on digitising the customer experience and growing the cash management business. It also aims to expand its institutional franchise in France and Europe by setting up a dedicated team to serve this market, and will consolidate its position as a preferred banking partner for all public sector players.

As part of its pioneering commitment to the just transition, it will also support customers in meeting their social, regional, environmental and digital challenges in accordance with its corporate mission and the mission-led enterprise status adopted in February 2022. In particular, it will share its industry-specific expertise on issues that will shape the future, such as renewable energy, digital technologies, transportation systems and infrastructure.

The CIB will also gradually expand internationally.

Finally, in the area of human resources, many initiatives were launched in 2021 to create a new co-worker experience within the Group. The training policy was strengthened and expanded to support the strategic transformations. Innovative systems were used to deliver the training, which focused mainly on improving customer relations, teaching co-workers about sustainable finance, instilling a digital culture and improving co-workers' skill in using this technology. To unlock the talent existing within the Group and prepare the future, wherever possible co-workers were given opportunities to gain experience in a variety of different units and vacant positions were filled internally. The co-worker experience was also improved significantly through the new home-working agreement and the new-generation workspaces trialled at La Banque Postale's head office.

La Banque Postale has further increased its community commitment by signing the Commitments Charter drawn up by Financi'Elles, an inter-company network set up to promote gender equality in the banking and insurance sector. For its part, La Banque Postale has given an undertaking that women will make up 50% of its Executive Committee and Development Committee by 2025. The broader aim is to ensure that women are present in all recruitment pools and are given the same opportunities as their male counterparts with the same skills to move up the career ladder and showcase their talent.

1.4 PRESENTATION OF THE BUSINESS UNITS AND BUSINESS LINES

The economic and regulatory environment in which La Banque Postale conducts its business is described in Chapters 3 and 4.

1.4.1 Bancassurance France

Retail Banking, La Banque Postale's legacy business, offers banking products and services for private individuals⁽¹⁾. It offers its customers a comprehensive range of banking and insurance products and services aligned with the principles of responsible finance. La Banque Postale's bancassurance model has been reaffirmed, with an insurance offering comprising life insurance, personal risk insurance, property & casualty insurance and liability insurance organised around CNP Assurances, which was 78.95%-owned as of 31 December 2021⁽²⁾.

Key figures

71% of business line net banking income

60% of business line attributable net profit

Managed savings: €321 billion

Loans: €69 billion

Active retail customers: 10.1 million⁽³⁾

RETAIL BANKING FRANCE

La Banque Postale offers a complete range of products and services to private individuals, including deposit accounts, payment methods, savings solutions, home loans, consumer finance and insurance.

It supports its customers' projects, recording a 4.3% increase in home loan originations in 2020, to nearly €64 billion.

The offering for customers in the 16-25 age group was expanded and refreshed in 2020 with the launch of the #TalentBooster offering. And La Banque Postale geared up for the start of the 2021-2022 academic year by actively promoting its loan offers for students and apprentices.

Two years after its launch, Ma French Bank had 425,000 customers as of end-December 2021. It is continuing to build its franchise in the youth market, with the launch of the WeStart account for 12 to 17-year olds, and among premium customers, with new high-end formulas. Ma French Bank is a mobile bank and its products are also distributed by 7,400 post offices. The

results obtained to date by Ma French Bank reflect La Banque Postale's ambition of making mobile banking available to everyone throughout the country and meeting the needs of a young clientele seeking a simple and appealing offer.

The business line's faster pace of digitisation led to the launch of new apps enabling new customers to open an account or existing customers to apply for a home loan directly on their smart phone.

10.1 million active retail customers⁽⁴⁾

€71.3 billion in demand deposits (up 4.5%)

€63.7 billion in home loans (up 4.3%)

€5.3 billion in consumer loans (up 2.4%)

In 2021

- Ma French Bank, La Banque Postale's mobile bank, confirmed its success, with 425,000 customers signed up as of 31 December 2021.

1) The Wealth Management business is presented in section 1.4.3 "Wealth Management and Asset Management"; banking services for corporates, social economy players and the local public sector are presented in section 1.4.4 "Corporate and Investment Banking".

2) On 16 December 2021, La Banque Postale bought out Groupe BPCE's 16.1% interest in CNP Assurances for €2.4 billion, representing a price per share (cum dividend) of €21.90. The planned transaction was announced in a press release on 28 October 2021. Following this acquisition, La Banque Postale now owns 78.95% of CNP Assurances.

3) La Banque Postale SA and Ma French Bank, excluding BPE. According to the new segmentation applied in 2019, active individual customers correspond to "Core Clientele" individual customers, including equipped committed and non-committed customers. A committed customer is a customer whose revenue is paid into their account with La Banque Postale.

4) According to the new segmentation applied since 2019, active individual customers correspond to the "Core Clientele" of individual customers, including committed and non-committed customers who have purchased several different La Banque Postale products. A committed customer is a customer whose revenue is paid into their account with La Banque Postale.

The policy for financially vulnerable customers, a hallmark of La Banque Postale's community commitment

La Banque Postale supports financially vulnerable customers at all times. Adopting an inclusive definition of what it means to be financially vulnerable, La Banque Postale has stepped up its initiatives in favour of customers with very low revenues and those experiencing temporary financial difficulties. It holds the largest proportion of this customer base, serving 1.6 million financially vulnerable people out of the 3.8 million such individuals in France as of end-2020, according to the count by Observatoire de l'inclusion bancaire. The fees charged to these customers for banking incidents are capped at €25 per month. Since 1 November 2020, when decree No. 2020-889 dated 20 July 2020 came into effect, La Banque Postale has updated its definition of financial vulnerability. It has also taken action to detect banking incidents more rapidly and has set a cap on the related fees, notably for customers who experience five incidents in a given month or an average of five incidents per month over a three-month period and whose estimated monthly income is less than €1,540. In line with its commitment to providing customers with clear and transparent information, La Banque Postale publishes its financial vulnerability criteria on its corporate website and updates this information if and when the criteria change.

Promotional campaigns in support of the Simplicité low cost account formula available for just €2.30 per month have helped to drive a further increase in the number of contracts held by financially vulnerable customers. As of end-December 2021, there were over 202,100 Simplicité account holders, representing an increase of 43% over one year. These customers benefit from a lower cap on banking incident fees (€20 per month and €200 per year) in the same way as customers who receive basic banking services under the Right to an Account scheme. The comprehensive support system for financially vulnerable customers comprises a variety of services, such as online banking training sessions, through La Banque Postale's digitally-led inclusive banking plan, and a remote banking and budgeting support service, l'Appui. All of the network's banking advisors receive compulsory training in order to provide the best possible support to these customers.

In September 2021 the Atout Simplicité customer relationship programme was launched to support customers following an adverse life event by offering them a bundle of products and services adapted to their situation. In terms of products, the programme ensures that financially vulnerable customers' essential needs are met at the lowest possible cost. Four basic needs have been identified:

- ▶ the ability for the customer to manage their budget on a day-to-day basis;
- ▶ the need for protection, which is met by La Banque Postale's basic auto insurance and home & contents insurance policies offering accessible and socially responsible guarantees. A different form of protection is provided by the educational tutorials developed for the general public on insurance clauses and guarantees, which are designed to warn customers about the risk of not taking out insurance and provide guidance on the appropriate level of cover based on their situation. The tutorials are organised in partnership with La Banque Postale Assurances and Cresus;
- ▶ competitive mobile and online banking offers, such as those provided by La Poste Mobile;
- ▶ appropriate financing solutions for customers' projects, especially customers who are unable to obtain a loan by the traditional route.

In addition to the budgeting support service, l'Appui, and the dedicated product and service bundles, La Banque Postale

encourages its customers to download the budget management (Pilote Budget) and expenditure management (Pilote Dépenses) apps, to help them get into the habit of managing their daily budget on their smart phone. As of November 2021, the apps had been downloaded 100,000 times.

An innovative social partnership with Créa-Sol, a micro-finance institution, has created scope to step up development in recent years of personal micro-credit solutions for people who would not be considered for a traditional loan. Créa-Sol has developed a network of partner non-profits that actively promote inclusive banking throughout France, enabling a growing number of micro-credit borrowers to get back on their feet, both socially and in terms of work, thanks to this financing solution. The non-profits help micro-credit borrowers to prepare their loan application and support them during the process, using a fully digital solution that significantly reduces the time required for the funds to be released. The system's ramp-up slowed considerably during the COVID-19 crisis in 2020, due to a combination of lower demand and the reduced availability of staff at the non-profits to help prepare the loan applications.

As an extension of its actions to promote digital apps as a gateway to banking inclusion, in 2021 La Banque Postale renewed its partnerships with four players – the social start-up WeTechCare, the PIMMS (Point Information Médiation Multiservices) and FACE (Fondation Agir contre l'exclusion) networks and Konexio, a social start-up specialised in the digital inclusion of migrant populations which has extended its field of action to include people living in poverty who are digitally illiterate. To raise awareness and train the network of digital helpers on a massive scale, La Banque Postale and WeTechCare have launched the first community dedicated to digital financial inclusion. The community's aim is to walk the talk by organising digital inclusion workshops, developing educational content, providing tutorials and other training to help the people tasked with supporting users who are excluded from digital banking services. It also aims to become a forum for discussions and the sharing of best practices between actors in the fields of digital support and budgeting support.

The accessible banking mission

The legislator entrusted La Poste with four public service missions including the accessible banking mission that La Poste implements through its subsidiary La Banque Postale. This accessible banking mission guarantees universal and non-discriminatory access to free basic and indispensable banking services for people who are excluded from traditional banking services and have specific needs.

La Banque Postale's Livret A passbook savings account is the key product underpinning the accessible banking mission, as it is available to everyone, easy to set up and use and reassuringly safe. The mission entails specific obligations for La Banque Postale in terms of distribution and operation of the Livret A, notably the obligation to open an account for anyone who requests one (in accordance with the universal access principle of the Livret A), the obligation to allow cash withdrawals or deposits starting at €1.50 and to authorise certain basic transactions (such as receiving social welfare benefits and setting up direct debits for subsidised housing rents and water, gas or electricity bills).

La Poste and La Banque Postale have bank counter staff and banking advisors in post offices throughout the country tasked with carrying out this mission and guaranteeing real access to basic banking services. They have also developed a human support ecosystem consisting of a wide range of services – translation, budget advice, agreements with non-profits – to facilitate the social and financial integration of people who do not have a bank account and/or whose situation limits their access to traditional banking services.

This mission and the related financial compensation are reported to the European Commission under the procedure concerning services of general economic interest. On 26 July 2021, the European Commission approved the public service compensation granted to La Banque Postale in order to guarantee access to basic banking services *via* the Livret A passbook savings account.

INSURANCE ACTIVITIES IN FRANCE

La Banque Postale offers insurance products that support its customers at every stage of their lives. Its insurance services are provided by CNP Assurances (78.95% owned⁽²⁾) and La Banque Postale's non-life insurance subsidiaries.

Based on their observed behaviours and practices, La Banque Postale estimates that 1.4 million⁽¹⁾ people qualify for basic banking services under the accessible banking mission.

CNP Assurances:

Premium income of €19,989 million

Savings/Pensions premium income of €15,884 million

Personal Risk/Protection premium income of €4,105 million

LBP Assurances Non-life subsidiaries:

Premium income of €1,077 million (up 11.1%)

A portfolio of 4.6 million policies

In 2021

- In life insurance, the contribution of unit-linked sales to CNP Assurances' total Savings/Pensions new money rose by a solid 2.9 points.

A major player in life insurance and supplementary pensions⁽³⁾⁽⁴⁾

In France, the life insurance and endowment market is still concentrated. It is dominated by the bancassurers, with traditional and mutual insurers lagging behind. In 2020, the top five players, which include CNP Assurances, together held over 52% of the market. CNP Assurances is the second-largest player with 11% of the market⁽¹⁾ (down 1.2pt vs. 2019).

In the premium savings market, CNP Assurances develops innovative offers for its many different distribution partners, including private banking institutions, high street banks, family offices, wealth management firms, brokers and independent financial advisors.

CNP Assurances is also present in the supplementary pensions market through Arial CNP Assurances, its joint subsidiary with AG2R La Mondiale. Arial CNP Assurances is France's only mono-line supplementary pensions provider. As of end-2020, it managed the pension obligations of around 21,000 companies, representing some 943,000 insureds and technical reserves of €18.2 billion. As a group pensions specialist, it assists companies with their employee benefits strategy and the funding of very long-term commitments. Arial CNP Assurances develops, distributes and manages all types of plans (PER pension savings

plans, defined benefit plans, "Article 82" group life insurance plans, outsourced benefit obligation management).

Leader in term creditor insurance⁽⁵⁾

CNP Assurances is the leader in the increasingly fragmented term creditor insurance market. It partners 204 financial institutions, brokers, social economy lenders and mutual banks, offering them both group insurance and individual insurance solutions. It provides wide ranging cover of death, temporary and permanent disability, unemployment and loss of income risks, backed by support and assistance services, to ensure that borrowers are fully protected following the occurrence of an insured event. Digital underwriting and claim settlement processes give policyholders multi-channel access and simplify their operations. CNP Assurances is at the forefront of efforts to address the issue of inclusion and insurability of borrowers who represent an aggravated health risk, notably through its actions as a member of the AERAS Commission.

A long history in the personal risk segment

La Banque Postale has a long history in the French personal risk insurance and group death and disability insurance markets.

In group death/disability insurance, CNP Assurances was one of

1) At end-December 2021

2) On 16 December 2021, La Banque Postale bought out Groupe BPCE's 16.1% interest in CNP Assurances for €2.4 billion, representing a price per share (cum dividend) of €21.90. The planned transaction was announced in a press release on 28 October 2021. Following this acquisition, La Banque Postale now owns 78.95% of CNP Assurances.

3) 2020 key data, Fédération Française de l'Assurance, July 2021.

4) Figures for Arial CNP Assurances, excluding AG2R La Mondiale supplementary pension plans.

5) Top 10 term creditor insurance providers by premium income (including inward reinsurance), Argus de l'Assurance, September 2021.

the first insurance companies in France to address the problem of financing long-term care. It is a leading provider of group long-term care insurance, with 9% of the market, and the fifth-largest provider of individual long-term care insurance (primary and single insured risk)⁽¹⁾ (ranking unchanged vs 2019). CNP Assurances offers a selection of compulsory and voluntary participation products allowing insureds to anticipate their future needs in terms of financial and other support in the event of a loss of autonomy. In 2021, CNP Assurances consolidated its position as an insurance provider for public sector employees by buying out the minority shareholders of MFPrévoyance. The purpose of this transaction was to simplify MFPrévoyance's governance, facilitate its independent development and seize opportunities arising from the opening up of the social protection market to include public sector employees.

La Banque Postale Prévoyance, a wholly-owned subsidiary of La Banque Postale, is the fourth-largest bancassur⁽²⁾ in the death/disability market, operating in both the individual and group insurance segments.

It has a full range of personal risk insurance products covering all needs in terms of protection from the risks of daily life (including term life insurance, funeral insurance and long-term care insurance) and offering a broad range of services to supplement the financial benefits. The entire offering is sold through La Banque Postale's distribution channels. In group death and disability insurance, La Banque Postale Prévoyance co-insures and reinsures term creditor insurance risks.

In 2021, La Banque Postale Prévoyance had premium income of €477 million (excluding CNP Assurances). La Banque Postale Prévoyance had some 2.3 million policies in its portfolio as of 31 December 2021.

A player in individual and group health insurance

La Banque Postale is present in the Group health insurance market through CNP Assurances, which offers supplementary health insurance plans to local authorities and companies. It also provides reinsurance cover for mutual insurers and employee benefits institutions.

In health insurance, La Banque Postale Assurance Santé (which is 51%-owned by La Banque Postale, 35% by Mutuelle Générale

and 14% by Malakoff Médéric) specialises in supplementary health insurance and serious health event insurance distributed by La Banque Postale's networks.

In 2021, La Banque Postale Assurance Santé had premium income of €89 million (excluding CNP Assurances). As of 31 December 2021, it had some 172,000 contracts in its portfolio.

A growing position in property & casualty insurance

La Banque Postale Assurances IARD – now wholly-owned by La Banque Postale since the 2020 buyout of Groupama's minority interest – offers a range of individual property & casualty insurance products. The auto insurance, comprehensive homeowner insurance, legal protection insurance, accident insurance and credit card insurance products are sold through La Banque Postale's multi-channel (telephone, online and post offices) distribution system.

In a very competitive and low-growth market, La Banque Postale Assurances IARD increased the number of policies in its portfolio by 4.3% in 2021 to 2.1 million at the year-end. Its premium income totalled €511 million.

Service-led differentiation

La Banque Postale and CNP Assurances pay close attention to the personal assistance services included in CNP Assurances' offers, both for partners and for insureds, that are provided through dedicated subsidiaries.

Filassistance International, a member of the Assurance sub-group, has developed an array of personal assistance services delivered through a network of 10,000 service providers who draw on the best that digital technologies and one-to-one interactions have to offer. More than eight million policyholders have access to the assistance.

Lyfe is CNP Assurances' digital platform providing advice and assistance on health, well-being and healthy ageing issues. It expands the social protection offered to the members and employees of its mutual insurance partners, brokers and companies. Its offer – prevention, wellness coaching, help for carers, 24/7 teleconsultation, access to health networks in less than 72 hours – helps insureds to obtain the care they need and to prepare for retirement.

1.4.2 International Bancassurance

Through its 78.95% ownership of CNP Assurances⁽³⁾ as of 31 December 2021, La Banque Postale has a significant international presence, generating 14% of its business line net banking income outside France. In line with the 2030 strategic plan, La Banque Postale's objective is to increase this contribution, by accelerating the development of CNP Assurances' multi-partner model.

CNP Assurances leverages its multi-partner model to design and develop life insurance, savings/pensions and term creditor insurance products. It has deployed this model in markets outside France, in Europe and South America.

Key figures

14% of business line net banking income

14% of business line attributable net profit

Premium Income: €11,678 million

18 host countries outside France

1) Personal risk insurance policies in 2020, Fédération Française de l'Assurance, October 2021.

2) 2019 death and disability rankings, Argus de l'Assurance, April 2020.

3) On 16 December 2021, La Banque Postale bought out Groupe BPCE's 16.1% interest in CNP Assurances for €2.4 billion, representing a price per share (cum dividend) of €21.90. The planned transaction was announced in a press release on 28 October 2021. Following this acquisition, La Banque Postale now owns 78.95% of CNP Assurances.

In 2021

- ▶ Aviva's life insurance business in Italy was acquired.
- ▶ The new Caixa Vida e Previdência operating structure for life and consumer credit life insurance and private pension plan businesses was deployed in Brazil.
- ▶ A new 20-year exclusive partnership agreement was signed with Caixa Econômica Federal in Brazil for the distribution of *consórcio* products⁽¹⁾.

A STRONG PRESENCE IN EUROPEAN COUNTRIES

With operations in 16 countries⁽²⁾, CNP Assurances is Europe's sixth-largest insurance company⁽³⁾.

ITALY: CNP ASSURANCES' SECOND LARGEST MARKET IN EUROPE

The long-term partnership between CNP Assurances and UniCredit through their joint subsidiary CNP UniCredit Vita, which currently runs until 2024, covers distribution of a full range of personal insurance products in central and southern Italy, Sardinia and Sicily. A dedicated marketing support team has been set up to promote sales of unit-linked savings products, individual personal risk insurance and term creditor insurance, in line with CNP Assurances' strategic refocusing of the product mix.

CNP Assurances is accelerating its development outside France based on its international multi-partner model. In 2021, following the acquisition of Aviva's life insurance business in Italy, CNP Assurances became Italy's fifth-largest life insurer, doubling its

market share to almost 6%. The companies included in the deal represent total premium income of €2.9 billion and total technical reserves of €17.8 billion (data at 31 December 2020). They offer a comprehensive and innovative array of savings and protection products, and their funds are among the best performing in the Italian market. The products are sold through diversified distribution channels that include both bancassurance partners and networks of independent wealth managers.

The transaction also strengthens the partnership between CNP Assurances and UniCredit S.p.A. through Aviva SpA, complementing their existing partnership through CNP UniCredit Vita SpA.

WITH SANTANDER CONSUMER FINANCE IN ELEVEN EUROPEAN COUNTRIES

Santander Consumer Finance distributes CNP Assurances' term creditor insurance offer in 11 European countries. Germany accounts for more than half of premium income, with the other

half coming mainly from Spain, Poland, Italy and the Scandinavian countries.

OPEN MODEL DISTRIBUTION TO DRIVE GROWTH

In Cyprus, CNP Assurances consolidated its presence in 2019 by becoming the sole owner of CNP Cyprus Insurance Holdings with 100% of the capital. CNP Cyprus Insurance Holdings operates in a growing market⁽⁴⁾. The non-life market expanded by 4% compared to the twelve months to end-September 2020. CNP Asfaltistiki is the market leader in this segment, maintaining its

13.7% market share at the end of September 2021 thanks to a 4% increase in premium income led by the auto business. The Cypriot life insurance market grew 10% in the twelve months to September 2021. CNP Cyprialife is the second-largest life insurer with a 24% market share at the end of September 2021 (unchanged from September 2020) and premium income up 5%.

1) This unique product allows groups of homebuyers to pool their savings and lend money to each other over set time-periods so they can each borrow at below-market rates.

2) Excluding France: Austria, Belgium, Cyprus, Denmark, Finland, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain and Sweden

3) Source: Bloomberg, end-November 2021, size ranking based on technical reserves reported in each company's annual consolidated financial statements.

4) Sources: documents presented to the two subsidiaries' Boards of Directors and Insurance Association of Cyprus (IAC) for market data covering the twelve months ended 30 September 2021

LATIN AMERICA, A GROWING MARKET

CNP Assurances' main distribution partner in Brazil is Caixa Econômica Federal (CEF), the country's second-biggest state-owned bank. Caixa Econômica Federal plays a major social and economic role, with a deep network of branches serving the local population throughout the country.

The renewal of CNP Assurances' agreements with its historical partner, Caixa Econômica Federal – Brazil's second-largest state-owned bank – led to the launch of two new subsidiaries in 2021: Caixa Consórcios and Caixa Vida e Previdência. The latter alone accounts for 80% of CNP Assurances' business in Brazil.

Brazil is CNP Assurances' second-largest market and it is also the home market of Youse, the Group's first digital insurance company. As of end-2021, Youse had signed up more than 185,400 customers and had a portfolio of around 268,600 active policies.

Caixa Vida e Previdência offers individual and group life and consumer credit life insurance and private pension plan products that are distributed by CEF. CNP Seguros Holding is continuing to manage its major portfolio of homebuyer term creditor

insurance policies on a run-off basis, following the exclusion of this business from the new partnership agreements with CEF. Caixa Vida e Previdência offers insurance products for both companies and individuals, focusing on Brazil's emerging middle class. Particularly active in its markets, the subsidiary was Brazil's third-largest insurer as of 30 November 2021 with 11.9% of the market, the second-largest pension provider with 23% of the market (*versus* 22.2% in 2020) and the second-largest consumer credit life insurance provider with 14.8% of the market (*versus* 5.4% in 2020). It is also the sixth largest death/disability insurance provider, with 5.7% of the market, down slightly from 6.9% in 2020.

CNP Seguros Holding continues to lead the homebuyer segment of the term creditor insurance market with a 52.7% share at the end of November 2021 (compared with 57.5% in 2020).

In a highly concentrated market, CNP Assurances' overall market share rose by 1.4 points in twelve months to around 13.5% at end-November 2021 from 12.1% in 2020, led by strong growth in the pensions business.

1.4.3 Corporate and Investment Banking

In November 2021, La Banque Postale announced the creation of the new Corporate and Investment Bank (CIB) ⁽¹⁾ underpinning its ambition to conquer the corporate and institutional markets. The new CIB has strengthened the Group's ability to partner corporate customers and institutional investors at regional level. It will be better armed to provide these customers with its product expertise in bank finance and debt capital markets origination, as well as in cash management, to support their growth and energy transition.

Key figures

12% of business line net banking income

20% of business line attributable net profit

308,000 corporate and local public sector customers

€45.7 billion in outstanding loans

Participation in 90 bond issues

In 2021

- ▶ CIB helped to support the economic recovery by distributing government-backed stimulus loans (*Prêts Garantis par l'Etat, prêts participatifs relance*) and La Banque Postale solutions for all customers whatever their size (factoring facilities, cash facilities, medium and long-term loans, syndicated loans, etc.).
- ▶ Support for customers' environmental projects was stepped up, with the extension of green loan solutions for corporate customers, the launch of impact loans and participation in green bond issues.
- ▶ In line with CIB's commitment to supporting charitable initiatives, Le Groupe La Poste's two partner charities that bank with La Banque Postale, AFM Téléthon and the Red Cross, were handed cheques for €698,233 and €1,359,146 respectively, corresponding to donations collected from La Banque Postale's customers.

1) Operational since 1 January 2022

A DIVERSIFIED CUSTOMER BASE

Corporates

The creation of the new CIB addresses La Banque Postale's ambition to become a major banking partner for corporate France, by rapidly expanding its business volumes with key accounts, doubling the SME & Mid-cap enterprise customer base and raising transaction volumes with these customers by around 250% by 2025. CIB's ability to partner customers' development projects in Europe (investments, acquisitions) will be strengthened by leveraging its expertise in structured finance (LBOs, real estate financing, lease financing, factoring, asset & project finance) and Debt Capital Markets origination. The customer experience will be improved through increased digitisation, enhanced service quality and greater responsiveness. A dedicated team has been set up to expand the institutional customer base in France and Europe. In addition, CIB plans to gradually expand into international markets. A key feature of the new CIB is its governance structure designed to strengthen the business line's product expertise and firmly focused on the customer. Starting with over 1,000 co-workers, the new CIB will expand its teams in specialised businesses and in the regions to support its growth projects. It will strengthen the local presence provided by its 43 business centres in mainland France and the overseas departments, bringing its expertise closer to its customers.

This new organisation has also led to the 'professionals' customer base (craftsmen, traders, members of the professions) being transferred to the Bancassurance France business line.

The local public sector

La Banque Postale is the leading provider of bank finance to local authorities and hospitals. It works in partnership with SFIL/CAFFIL through the Originate-to-Distribute mechanism, with CAFFIL carrying on its balance sheet the medium- and long-term loans transferred to it by La Banque Postale. CIB is also active in the healthcare sector, meeting the needs of public hospitals and private clinics. Because local authorities play a leading role in the energy transition, La Banque Postale has developed a green financing offer for environmental projects (sanitation, waste management, soft mobility, renewable energy, etc.), with a minimum loan amount of €500,000. For example, green loan originations rose by 8.3% in 2021 to €2.2 billion.

As the banker of eight out of ten social housing providers, representing 90% of France's social housing stock (5.5 million homes), La Banque Postale is the market leader. It offers these customers a wide range of products and services, from cash management (rent collection solutions, etc.) to short- and long-term financing solutions.

AN INNOVATIVE OFFER TAILORED TO EACH CUSTOMER'S NEEDS

La Banque Postale's expertise in serving customers in the corporate sector, the social economy, the local public sector and the financial institutions sector is provided by a team of originators and arrangers organised by business line.

Transaction banking

The creation of the new CIB also led to the creation of a new Transaction Banking Department, bringing together product experts and technical sales staff to drive growth in this traditional corporate banking business. CIB develops a wide range of products that meet customers' basic needs in terms of day-to-day banking services (account management, cheques, cash remittances and withdrawals, etc.) and systems for the exchange

of funds (bank transfers, etc.), as well as their more specific needs. Leveraging its own recent developments and innovative partnerships, La Banque Postale offers international and integrated multi-bank fund flow management services, IBAN security and virtualisation solutions, etc.

Alongside its banking activities, La Banque Postale supports the local social care sector *via* its subsidiary Domiserve, working in three areas: financing (issue of CESU prepaid personal service vouchers), managing assistance plans and arranging personal services. Domiserve manages the distribution of APA personal care allowances and PCH disabled person support allowances. The acquisition in 2021 of Hippocad, which offers remote management solutions for home care funding providers, will strengthen Domiserve's position.

Corporates

CIB currently counts 11,000 SMEs & Mid-cap enterprises among its customers and it also serves 50% of the companies in the CAC 40 index and 50% of SBF 120 companies. It has developed a comprehensive range of products to meet the needs not only of SMEs & Mid-cap enterprises but also of large corporates.

As an increasingly committed actor of the environmental transition, it supports and advises corporate clients on this new aspect of their business and has developed a range of green financing solutions and impact loans, backed by a bundle of specific services (carbon footprint measurements performed by the Carbo fintech, energy-saving certificates, etc.).

La Banque Postale has been supporting its corporate customers since the beginning of the COVID-19 crisis by offering appropriate financing solutions, distributing government-backed loans and granting interest holidays. In 2021, over 16% of the government stimulus loans (*Prêts Participatifs Relance*) by amount were distributed by La Banque Postale.

Financial institutions

CIB has set up a dedicated team to partner its financial institution customers, including banks, insurance companies, pension funds and mutual banks and insurance companies. La Banque Postale has a long-standing presence in this customer segment and has made it a major focus of its growth strategy for the coming years. To achieve its objectives, CIB plans to expand its securities and commodities trading capabilities and cash management services to meet these institutions' specific needs.

Traditional financing

With its range of short-term facilities (overdraft facilities, liquidity facilities, revolving credit facilities, etc.) and medium- and long-term loans, CIB addresses all the financing needs of its customers, from short-term cash requirements to the financing of long-term projects (with loans of up to 20 years).

Trading desks

The trading desks operate in two distinct and complementary areas. First, they are responsible for proprietary trading on the instructions of the ALM team, executing market risk hedging transactions (mainly interest rate and foreign exchange risks), and executing securities buy and sell orders or mandates. And second, they participate in investment transactions under delegated management arrangements. The trading desks also trade in financial instruments on behalf of La Banque Postale's customers. This activity consists of designing and structuring financial instruments distributed directly by the trading desks or through other internal or external distribution channels. It also includes responding to customer needs and requests for transactions in financial instruments (bonds and money market securities, collateralised repurchase agreements, interest rate and foreign exchange derivatives). And the trading desks also hedge market risks generated by transactions with customers.

Structuring/syndication

La Banque Postale has developed expertise in debt capital markets originations and/or private placements for its customers, as well as the syndication of bond issues and their placement with investors. Its dedicated teams offer tailor-made support for ESG bond issues as well as being responsible for the new green loan and impact loan offers developed for CIB customers.

Securitisations

The securitisation activity encompasses proprietary trading and investment management activities that involve putting La Banque Postale SA's surplus cash to work by purchasing granular portfolios of trade receivables on the secondary market. It also includes proprietary securitisations carried out at the request of the Finance Department or the business lines. These may be cash or synthetic securitisations, or may involve the creation of special purpose vehicles. Their purpose is to organise a transfer of risks or improve the liquidity of the securitised portfolios or the distribution of the underlying assets. Lastly, securitisation transactions may also be carried out for customers as part of the process of structuring financing offers.

Specialised financing

The specialised financing offer comprises a range of complex financing solutions.

The Structured Finance offering includes the origination, structuring and execution of corporate loan syndications and LBO financing, the organisation of financing to cover investment funds' capital calls, investment in private debt, and the execution of structured collateral swaps with leading bank counterparties, secured by diversified portfolios of financial assets.

The Asset and Project Finance offer comprises specific financing for assets whose value or nature justifies a tailor-made solution (aircraft, ships, helicopters, trains), industrial assets, public and infrastructure projects, renewable energy projects, certain government or local authority receivables (*via* Dailly discounting facilities), or investments covered by a total or partial government export credit guarantee. Asset and Project Finance originations increased by 12.4% in 2021, i.e., by €159 million compared to last year.

The real estate financing offer includes real estate lease financing, mortgage loans, real estate development loans and completion bonds, provided directly or through other banking partners. All of these financing solutions are offered to public or private sector borrowers that may be either investors or users.

The equipment leasing offer includes leases with a bargain purchase option, finance leases and sales of rent receivables. The financing is offered to public and private sector entities, and concerns all types of physical assets. It may also concern certain intangible assets such as software, subject to certain conditions.

The factoring offer encompasses ordinary and reverse factoring facilities and is based on three key areas of expertise: liquidity financing, receivables management and securing receivables. Each customer segment is covered with tailor-made, innovative and modular solutions. In 2021, factoring volumes (purchased receivables) totalled €17.4 billion, a very strong increase of 26.4%. Customer drawdowns on factoring facilities at 31 December 2021 amounted to €2.3 billion, up 29.7%.

1.4.4 Wealth Management and Asset Management

This business line comprises the private banking subsidiary (BPE) and the asset management companies.

Key figures

3% of business line net banking income

6% of business line attributable net profit

€60.2 billion of assets under management (LBP AM and Tocqueville Finance)

WEALTH MANAGEMENT

As of 31 December 2021, La Banque Postale had over 64,000 high-net-worth customers, representing an increase of 1.8% over one year. These customers trust La Banque Postale and BPE to build, grow and manage their assets. Each customer receives personalised advice from one of La Banque Postale's expert financial advisors or one of BPE's private banking specialists, depending on his or her needs. Among the offers proposed by La Banque Postale, the PASS Patrimoine relationship-led programme has been enriched with the addition of the "Coach Investisseur" module. Developed with one of the start-ups hosted by La Banque Postale's platform58 incubator, this new module is designed for high-net-worth customers who want to invest in real estate. In May 2020, the BPE private banking subsidiary deepened its property management expertise by acquiring La Banque Postale Immobilier Conseil (LBP IC), which was also subsidiary of La Banque Postale.

Key figures

64,000 wealth management customers
€14.1 billion in assets under management (up 24.6%)
€8.1 billion in discretionary management portfolios (up 30.4%)
57 BPE service desks at post offices

In 2021

- ▶ BPE launched its BPE Green France 2031 offer for its private banking customers, consisting of green bonds issued by La Banque Postale.

ASSET MANAGEMENT

The third-party asset management subsidiaries provide the expertise that enables La Banque Postale to offer its customers – retail customers, businesses and institutions – a full range of savings and investment products covering traditional financial markets as well as more diversified asset classes. The business includes the activities of La Banque Postale Asset Management (LBP AM), and minority interests in AEW Ciloger's real estate portfolio management business and OSTRUM AM's fixed income and insurance-related asset management business.

Key figures

€55.9 billion in assets managed by LBP AM (up 15.8%)
98 LBP AM funds labelled SRI, making LBP AM (with its subsidiary Tocqueville Finance) the leading SRI fund manager in France by number of funds
€4.3 billion in assets managed by Tocqueville Finance, excluding LBP AM delegated management (up 36.7%)
€442 billion in assets managed by OSTRUM AM (minority-owned by La Banque Postale)
€37.6 billion in assets managed by AEW Europe (minority owned by La Banque Postale)

In 2021

- ▶ La Banque Postale and Groupe BPCE took steps to streamline their capital ties by selling their minority interests in OSTRUM AM and AEW, while at the same time strengthening their industrial partnerships.
- ▶ As the only significant 'All SRI' asset management company, LBP AM maintained its leadership in France with 80 open-ended funds (including Tocqueville Finance SA and excluding OSTRUM AM delegations) labelled SRI, 67 open-ended funds classified as 'article 8' funds under the Sustainable Finance Disclosure Regulation (SFDR) and 13 open-ended funds classified as 'article 9' funds.
- ▶ LBP AM launched its first impact infrastructure debt fund, classified as an 'article 9' fund under the SFDR and targeting an investment universe compatible with the European Taxonomy.
- ▶ LBP AM enjoyed robust growth in its three customer segments, with an innovative product line-up for retail customers including a new structured fund offering permanent protection, successful bids for the business of prestigious institutional customers, and the launch of a French SICAV for external distribution partners, designed to kick off the business's European development.

La Banque Postale Asset Management and Tocqueville Finance's conviction-based management

La Banque Postale Asset Management (LBP AM) is 70%-owned by La Banque Postale, 25% by Aegon Asset Management and 5% by Malakoff Humanis. Together with its subsidiary Tocqueville Finance, it manages €60.2 billion worth of assets, comprising assets held in 'All SRI' open-ended funds, assets under discretionary management and dedicated funds. LBP AM is France's fifth-largest conviction-based asset manager, with 199 employees.

Convinced of the need to respond to major social and environmental challenges and of its ability to contribute to the response, LBP AM made the strategic choice to obtain SRI certification for all of its open-ended funds and to offer its customers a wide range of modular products and services aligned with their own convictions. LBP AM is the only significant asset manager to have made this choice, making it the leader in SRI in France.

The asset management offer is organised around four high value-added investment areas, which systematically integrate ESG screens based on the innovative GREaT methodology developed by LBP AM:

- ▶ Equity, managed by Tocqueville Finance, a long-standing player in European multi-cap equity management, with a 30-year track record. Covering the entire economic cycle, the desk brings together Growth, Small & Mid-cap, Value and Thematic-oriented expertise to deliver collective and advisor-directed asset management solutions;
- ▶ Property & Private Assets, a debt-focused desk proposing socially responsible investment (SRI) strategies for assets and the real economy in Europe across the infrastructure, property and corporate sectors. Leveraging recognised expertise and a proven track record in asset management and origination, it serves investors with strategies for diversification and returns;
- ▶ Multi-assets Management & Absolute Return, which builds on the company's historical expertise in crafting made-to-measure solutions and encompasses a wide range of skills in areas such as convertibles, absolute return fixed-income funds, multi-assets and diversified asset management;
- ▶ Quantitative investment management, including an exhaustive Smart Beta range for investing in systematic management strategies based on robust, internally developed, SRI-certified models.

OSTRUM AM: fixed income and insurance-related asset management

The exclusive negotiations between Groupe BPCE and La Banque Postale provided for the acquisition by Natixis Investment Managers of the 45% interest in Ostrum Asset Management currently held by La Banque Postale. This transaction would not affect the existing industrial partnerships and commercial agreements between the two groups, but on the contrary would strengthen and extend them.

As a leading manager of insurance-related fixed income securities, OSTRUM AM has two separate and autonomous service offers – asset management and investment services.

OSTRUM AM offers modular investment services. Several asset managers and major institutional customers have already signed up for this service offer based on a proprietary technology platform. The platform allows a high level of personalisation while at the same time operating seamlessly alongside the customer's existing tools and services. Customers, whether they be asset managers or owners (insurers, pension funds, large corporates) assemble their service offer by combining several building blocks – a common data management and processing base, front and middle office tools, order placing service – according to their needs.

With €442 billion of assets under management, of which around 75% consist of insurance-related portfolios, OSTRUM AM is one of Europe's top 10 institutional asset managers serving insurers, pension funds and large corporates that have an obligation to match fund their liabilities.

As a responsible and engaged player, OSTRUM AM has strong SRI ambitions and has strengthened the research teams tasked with applying ESG screens and supporting the asset managers. These teams use the GREaT methodological framework developed by LBP AM.

AEW Ciloger real estate asset management

Within AEW SA (a subsidiary 40%-owned by La Banque Postale alongside Natixis Investment Managers, a BPCE Group subsidiary), AEW Ciloger is the regulated asset management company for the AEW Group's institutional asset management and retail fund management activities in France. It ranks among the top five real estate fund managers in France and is developing expertise in all aspects of the third-party real estate asset management business. AEW Ciloger distributes its products through three main banking networks (Caisse d'Épargne, Banques Populaires and La Banque Postale), the main insurance platforms and a selection of partner wealth management advisors. At the end of 2021, AEW Europe's assets under management totalled €37.6 billion, i.e. growth of 10.8% compared to 2020.

1.5 2021 HIGHLIGHTS

JANUARY

BPE, La Banque Postale's private banking arm, launched its BPE Green France 2031 offer for private banking customers, consisting of green bonds issued by La Banque Postale. The proceeds from the green bond issues are used to finance environmental projects.

La Banque Postale Financement, the consumer finance subsidiary of La Banque Postale, launched an open banking interface for its current and future partners, with the ambition of developing the business in France and abroad. The new strategy was accompanied by a name change, with La Banque Postale Financement becoming La Banque Postale Consumer Finance (LBPCF).

La Banque Postale Asset Management (LBP AM) and Tocqueville Finance joined forces to launch the "Assureurs – Caisse des dépôts Relance Durable France – LBP AM" fund that is helping to finance the post-Covid recovery of French micro-enterprises, SMEs and Mid-cap enterprises.

La Banque Postale successfully raised €500 million through a Tier 2 Subordinated Notes issue. The 11.5-year notes are callable in year six and pay interest at a fixed rate (reset for the remaining five years in the event that the notes are not called).

FEBRUARY

La Banque Postale signed a partnership agreement with the semi-public company Oktave, supported by the Grand Est Region, ADEME and Banque des Territoires, to facilitate the financing of energy efficiency improvements to housing in the Grand Est region.

CNP Assurances, the insurance subsidiary of La Banque Postale, set ambitious new carbon emissions targets for 2025 in order to achieve carbon neutrality for its investment portfolio by 2050.

CNP Assurances announced that it was tightening its policy concerning investments in the fossil fuel sector.

La Banque Postale and La Métropole du Grand Paris signed a partnership agreement in support of energy efficiency projects.

MARCH

CNP Assurances has signed an agreement with the Aviva Group for the acquisition of life insurance businesses in Italy that will double its market share.

La Banque Postale helped to open up the housing market to first-time buyers with its partners Crédit Logement and Groupe Gambetta.

Fitch Ratings upgraded La Banque Postale's Issuer Default Rating by a notch to A: Stable.

CNP Assurances successfully placed a USD 700 million Restricted Tier 1 perpetual notes issue.

CNP Assurances announced the finalisation of its new long-term exclusive distribution agreement with Caixa Econômica Federal in Brazil in the *consórcio* segment.

APRIL

La Banque Postale entered into a strategic partnership with the Ebury fintech to offer an open banking solution providing international business support to SMEs.

Ma French Bank, La Banque Postale's mobile bank, expanded its insurance offering by adding two new products developed in partnership with Lovys, an insurtech company that designs and distributes non-binding digital insurance solutions, and with La Banque Postale Assurances IARD.*

CNP Assurances and Tikehau Capital, an alternative asset management group, launched a unit-linked fund enabling individual policyholders to invest in private equity in the energy transition sector.

La Banque Postale joined the United Nations-convened Net-Zero Banking Alliance.

BPE was named Best Affiliated Private Bank at the 2020 Wealth and Performance Summit, in recognition of its teams' engagement, its service quality, the diversity of its SRI and other offers and its community engagement.

MAY

La Banque Postale Consumer Finance and Alma entered into a partnership to develop the first digital and omnichannel split payment solution (with up to 36 instalments).

La Banque Postale Leasing and Factoring (LBP L&F), La Banque Postale's specialised financing subsidiary, launched a digital lease financing solution in partnership with the French fintech NovaLend.

JUNE

EasyBourse, La Banque Postale's online broker, and the fintech PrimaryBid joined forces to enable retail customers to benefit from new investment opportunities previously reserved for institutional investors.

LBP AM expanded the range of funds distributed on the pan-European collaborative platform IZNES with the addition of equity and absolute return funds.

La Banque Postale successfully carried out an inaugural €750 million social bond issue, consisting of 10-year 0.75% senior preferred notes.

In line with its commitment to supporting regional development and digital inclusion, La Banque Postale made an €83 million loan to Altitude Infra to finance the deployment of very high speed broadband in the Jura region.

CNP Assurances and LBP AM joined the first global engagement coalition launched by Finance for Tomorrow to promote a socially just transition to low-carbon economies.

JULY

Caisse des dépôts and CNP Assurances announced the signing of a binding agreement with Engie to acquire an additional 11.5% stake in GRTgaz.

AUGUST

CNP Assurances announced that it had been licensed by the Brazilian regulator to sell *consórcio* contracts.

SEPTEMBER

On the occasion of the International Union for Conservation of Nature's (IUCN) World Conservation Congress, La Banque Postale and its subsidiary CNP Assurances reaffirmed their commitment to biodiversity by signing the Finance for Biodiversity Pledge.

BPE set up a partnership with Stanhope Capital to give customers access to a collection of carefully selected global private equity funds.

CNP Assurances acquired its first agroforestry estate in the Gers region of France, drawing on the expertise of Société Forestière.

La Banque Postale successfully placed a new €750 million Additional Tier 1 issue. The issue consists of perpetual bonds callable after 7.5 years, with a semi-annual fixed coupon of 3% – the lowest interest rate ever obtained by a European bank for euro-denominated AT1 subordinated notes.

Ma French Bank launched Le Compte Idéal, a premium offer with a responsible finance feature. Marketed with the tag line “more purchasing power and more freedom”, Le Compte Idéal offers a banking solution that combines personal benefits with a sense of community for account holders committed to being part of a more responsible world.

OCTOBER

LBP AM maintained its climate commitment by launching its first impact infrastructure debt fund (LBPAM Infrastructure Debt Climate Impact Fund).

La Banque Postale announced a number of commitments enabling its customers to reduce their carbon footprint.

CNP Assurances announced that it had successfully placed €500 million worth of Tier 2 subordinated notes. The notes are due in 2053 and pay interest at 1.875% until 2033.

La Banque Postale became the first European bank and one of the first financial institutions in the world to have its low carbon trajectory validated by the Science Based Targets initiative (SBTi), an independent partnership between four international organisations.

La Banque Postale financed the replacement of the Transdev group's bus fleet in the Aix-Marseille-Provence metropolitan area, for a total of €45 million.

LBP AM entered into a partnership with Carbon4 Finance to measure the biodiversity impact of its funds, using the Biodiversity Impact Analytics database powered by the Global Biodiversity Score™ (BIA-GBS).

La Banque Postale and Groupe BPCE agreed to streamline their capital ties and strengthen their industrial partnerships. Pursuant to this agreement, La Banque Postale announced its intention to buy out Groupe BPCE's 16.1% interest in CNP Assurances and to file with the AMF a simplified tender offer for the CNP Assurances shares held by minority shareholders at a price of €21.90 per share, to be followed by a squeeze-out procedure provided the necessary conditions are met. La Banque Postale also announced the planned sale of its minority stakes in Ostrum Asset Management (45%) and AEW Europe (40%) to Natixis Investment Managers.

NOVEMBER

La Banque Postale strengthened its management team to accelerate implementation of the 2025-2030 strategic plan.

S&P Global Ratings upgraded CNP Assurances' financial strength and subordinated notes ratings by a notch.

La Banque Postale announced the creation of its new Corporate and Investment Bank (CIB), as part of the 2025-2030 strategic plan and with the ambition of making CIB a growth and diversification driver for La Banque Postale and the major state-owned financial group.

The KissKissBankBank & Co group, a subsidiary of La Banque Postale and a pioneer in crowdfunding in France and Europe, acquired Youmatter, a knowledge website set up to help citizens and professionals understand issues that can change the world.

DECEMBER

CNP Assurances completed the acquisition of Aviva's life insurance businesses in Italy.

La Banque Postale became the only French bank and one of only three European banks to be included in the Carbon Disclosure Project's A list for its climate commitment in 2021. The prestigious A list comprises 200 companies that have earned global recognition for their performance in the fight against climate change.

La Banque Postale acquired BPCE's 16.1% interest in CNP Assurances. The two groups reaffirmed their plans to streamline their capital ties and strengthen their industrial partnerships.

CORPORATE GOVERNANCE

2

2.1	REPORT OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE	30
2.1.1	Reference Corporate Governance Code	30
2.1.2	Governance structures	32
2.1.3	Diversity	64
2.1.4	Other information	64
2.2	REMUNERATION	66
2.2.1	Principles and rules for setting the remuneration of the corporate officers	66
2.2.2	Remuneration paid	68

2.1 REPORT OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE

This report was drawn up by the Supervisory Board at its meeting on 23 February 2022, in accordance with Article L. 225-68 of the French Commercial Code (*Code de commerce*).

2.1.1 Reference Corporate Governance Code

La Banque Postale's approach to corporate governance is based on the Afep/Medef Code of Corporate Governance for listed companies (available at www.afep.com).

La Banque Postale complies with most of the Code's recommendations, allowing for the fact that it is administered by a Supervisory Board and an Executive Board, that it has only one shareholder and its shares are not traded on a regulated market, and that it is governed by specific regulations, including government order no. 2014-948 of 20 August 2014 on the

governance and corporate actions of State-owned companies, which notably requires:

- ▶ a significant proportion of the seats on the Supervisory Board, i.e., one-third, to be held by employee representatives;
- ▶ where applicable, the presence on the Supervisory Board of one member designated by the French State and/or members proposed by the State and elected by the General Meeting.

Application of the Afep/Medef Code

The recommendations of the Code are applied, except for the following:

Afep/Medef Code recommendation

Recommendation 14.1

Duration of terms

"The duration of directors' terms of office, laid down by the Articles of Association, should not exceed four years, so that the shareholders can express their wishes regarding their term of office with sufficient frequency."

Company practices and comments

Company practice:

The term of office of the members of the Supervisory Board is five years.

Comments:

The main reason for this duration is historical as, up until 2016, French law required Supervisory Board members to be appointed or elected for five-year terms. The Company decided to maintain the five-year term particularly because of the substantial amount of training that Supervisory Board members are required to undertake in accordance with banking regulations, and due to the increasing complexity and diversity of La Banque Postale Group's businesses. Although Board members are selected on the basis of their skills and experience, which have to be validated by the ECB when they are appointed or elected, a substantial training programme has to be put in place so they can acquire additional expertise in certain domains where required or become familiar with the latest regulations which are increasingly specific and technical. Moreover, while some members have extensive banking expertise, this is not the case for all of them and it takes time to acquire this in-depth expertise. Five-year terms mean that Board members can invest more of themselves and make optimal use of the training provided.

In addition, the Afep/Medef Code recommends a four-year term so that shareholders can vote on the terms of office of Board members with sufficient frequency, but this does not apply to La Banque Postale due to its specific shareholding structure (sole shareholder*).

Afep/Medef Code recommendation**Recommendation 14.2****Staggering of terms**

"Terms should be staggered so as to avoid replacement of the entire body and to favour a smooth replacement of directors."

Company practices and comments**Company practice:**

The terms of office of all members expire at the end of the same five-year period.

Comments:

By renewing all of its members' terms in one block, the Supervisory Board can function as a collective group and can combine training with a thorough analysis of the matters falling within its remit as well as plan its work over a sufficiently long period of time in advance, enabling it to effectively anticipate and address the issues for which it is responsible.

Furthermore, this decision does not prevent incumbent members of the Supervisory Board from being regularly re-elected or re-appointed depending on the circumstances.

It should also be noted that less than four years after the last "block" renewal of the Supervisory Board members (in February 2018), only eight of the 15 members elected or appointed at that time were still on the Board in December 2021. This illustrates how the Board is gradually refreshing its membership, in line with the career developments of its serving members.

Recommendation 16.1**Audit Committee: number of independent members**

"The proportion of independent directors on the Audit Committee should be at least equal to two-thirds."

Company practice:

In 2021, the Financial Statements Committee – which fulfils the role of the Audit Committee provided for in the French Commercial Code – comprised two members representing employees, two independent members, one member representing the French State, and two representatives of the Company's sole shareholder. Two of the five Financial Statements Committee members were therefore independent, not counting the members representing employees.

Comments:

In accordance with the shareholders' agreement between Caisse des Dépôts et Consignations and the French State concerning La Poste SA, if it so requests, the French State is entitled to a seat on La Banque Postale's Financial Statements Committee. The Committee's other two non-independent members not only represent the sole shareholder but also have in-depth financial and accounting skills as well as a very good knowledge of La Banque Postale Group due to the posts they previously held within the Company's Finance Department.

It is planned that an additional independent member will join the Committee in 2022. The Supervisory Board currently has four independent members with the necessary expertise to serve on the Financial Statements Committee. Because of the value that the two non-independent members bring to the Committee's discussions, it was decided that it was important for them to be on the Committee, even if it meant having a lower percentage of independent members. Additionally, in line with the opinion issued by the French High Committee on Corporate Governance (HCGE) on how companies can respect the underlying aims of the recommendation when they have difficulties in reaching the required proportion of recommended members, the Chairman of the Financial Statements Committee is independent and it is he/she who reports on the Committee's work at Board meetings.

Recommendation 20**Ethical rules for Board members****Holding of shares by the members of the Board**

"[...] In the absence of legal provisions to the contrary, a director should personally be a shareholder and, by virtue of the provisions in the Articles of Association or the internal rules, hold a minimum number of shares that is significant in relation to the remuneration awarded. If he or she does not hold these shares when assuming office, he or she should use his or her directors' remuneration to acquire them. The director will notify the corporation of this information, which will publish it in its report on corporate governance."

Company practice:

The members of the Supervisory Board are not required to be shareholders in the Company.

Comments:

The fact that members of the Supervisory Board do not hold a significant number of shares is explained by the specific nature of the Company's ownership structure. All* of La Banque Postale's shares are held by its parent company, La Poste, and are not admitted to trading on a regulated market.

As La Poste does not wish to open up the share capital to other investors, share ownership by Supervisory Board members would not make sense with regard to the philosophy of the Afep/Medef Code in the absence of a market for the shares.

Recommendation 23**Requirement for corporate officers to hold shares**

"The Board of Directors defines a minimum number of registered shares that the corporate officers must retain through to the end of their term of office. This decision is reviewed at least on each extension of their term of office."

Company practice:

The members of the Executive Board do not hold any shares in the Company.

Comments:

The fact that members of the Executive Board do not hold any shares is explained by the specific nature of the Company's ownership structure. All* of La Banque Postale's shares are held by its parent company, La Poste, and are not admitted to trading on a regulated market.

As La Poste does not wish to open up the share capital to outside investors, share ownership by Executive Board members would not make sense with regard to the philosophy of the Afep/Medef Code in the absence of a market for the shares.

* Except for one share held by the Chairman of the Board.

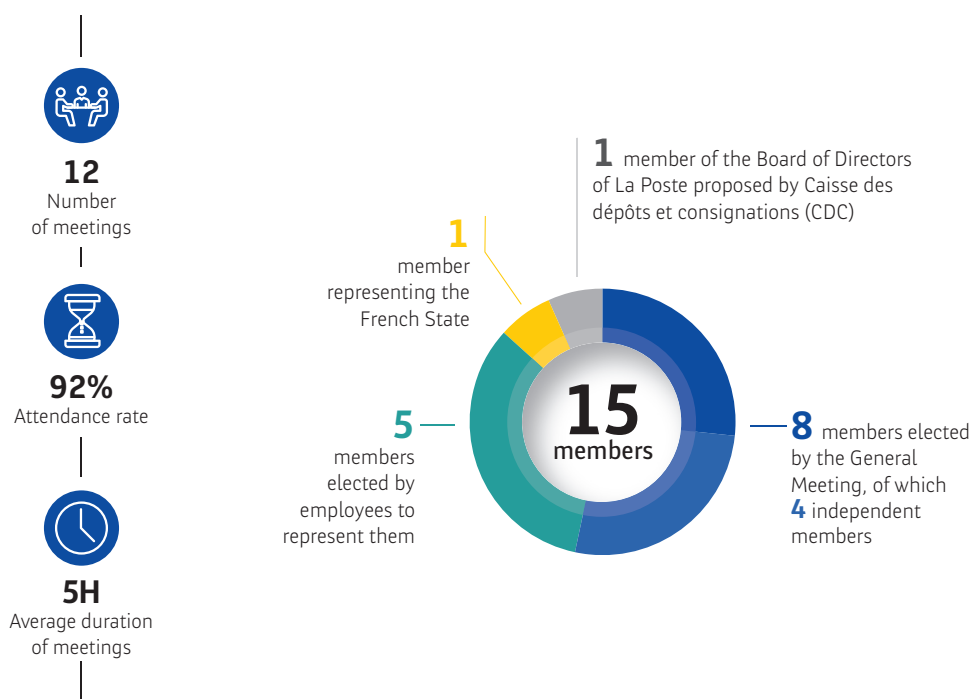
2.1.2 Governance structures

La Banque Postale is a French private limited company (*société anonyme*) with an Executive Board and a Supervisory Board wholly-owned by La Poste. The Company began operations on 1 January 2006, after receiving a banking licence from France's banking and insurance supervisor (ACPR) on 2 December 2005.

The choice of a dual corporate governance structure allows a clear division between management and control, and ensures that these powers are separated and balanced. Thus, there is a tangible separation between the supervision and management powers of the Executive Board and the control and decision-making powers exercised by the Supervisory Board.

La Banque Postale's business is governed by the French Commercial Code, (*Code de Commerce*), the French Monetary and Financial Code (*Code monétaire et financier*), the decree of 3 November 2014 on internal control of companies in the banking, payment services and investment services sectors licensed by the ACPR, the regulatory texts applicable to credit institutions and government order no.2014-948 of 20 August 2014 on the governance and corporate actions of State-owned companies.

2.1.2.1 Supervisory Board



2.1.2.1.1 Practices of the Supervisory Board and its committees

Role of the Supervisory Board

The Supervisory Board exercises the powers vested in it by the French Commercial Code, the French Monetary and Financial Code, the decree of 3 November 2014 on internal control of companies in the banking, payment services and investment services sectors licensed by the ACPR, and the Company's Articles of Association.

The topics discussed by the Supervisory Board primarily concern the Company's strategic, economic, financial and technological direction. It promotes long-term value creation, taking into account the business' social and environmental impact.

It reviews the corporate governance structure and assesses its effectiveness. It approves and regularly reviews risk acceptance, management, monitoring and mitigation strategies and policies. It determines the guidelines and monitors the implementation of supervision systems, and reviews internal control activities and results. It ensures that a system to prevent and detect corruption and influence peddling is implemented.

It oversees the Executive Board's management of the Company and grants prior approval for transactions that the Executive Board cannot carry out without its permission, in accordance with Article 14 of the Articles of Association (see Chapter 8 "Articles of Association" of this document).

The Supervisory Board reviews the financial statements. It appoints the members of the Executive Board, sets their remuneration in accordance with the applicable laws and regulations, and has the power to dismiss them, in accordance with Article 12 of the Articles of Association. It ensures that they implement a non-discrimination and diversity policy, notably with respect to the balanced representation of women and men within the executive bodies of the Company.

Committees of the Supervisory Board

The Supervisory Board is assisted by five specialised committees:

- ▶ the Financial Statements Committee;
- ▶ the Risk Committee;
- ▶ the Appointments Committee, which became the Appointments and Governance Committee on 23 February 2022;
- ▶ the Compensation Committee;
- ▶ the Strategy Committee, which became the Strategy and CSR (Corporate Social Responsibility) Committee on 23 February 2022.

The committees' remit, the criteria for selecting their members and their operating procedures are set out in the internal rules approved by the Supervisory Board. The rules are updated on a regular basis to reflect any changes in legislation or regulations and the latest corporate governance guidelines and best practices.

The Board ensures that the members of its committees have the knowledge, competence and expertise required to carry out their duties.

Any Board deliberation relating to the area of expertise of one of the five committees is adopted after advice has been sought from that committee, whose Chairman informs the Board of its recommendations, suggestions and opinions.

The purpose of setting up these committees is not to delegate powers to them that are assigned to the Supervisory Board by law or by the Articles of Association, or to reduce or limit the Executive Board's powers.

The Executive Board makes available to the members of these committees, on a timely basis, all the information and documents needed for the committees to conduct their work and formulate their recommendations, suggestions or opinions.

Members are appointed to a committee for a period corresponding to their term of office as Supervisory Board members.

Until 23 February 2022, four of the five committees of the Supervisory Board were chaired by an independent member; since that date all five committees are chaired by an independent member.

The Government Commissioner attends the meetings of the committees.

Preparation and organisation of the work of the Supervisory Board

The Supervisory Board meets as often as required, but at least four times a year. It met 12 times in 2021, with six exceptional meetings in addition to the six regular meetings initially planned. This reflects the recent steady increase in the number of Board meetings (nine meetings in 2020, seven in 2019 and six in 2017 and 2018).

Meeting agendas are approved by the Chairman according to issues that the Board is legally required to review or that enable the Executive Board to report on the Group's business performance and strategic development.

Board members are invited to attend at least ten days before the meeting. At least six days before a Board meeting, the agenda, the draft minutes of the previous scheduled meeting, and any other documents needed to support the agenda are sent to the Board members. A secure platform dedicated to the Board and its committees has been set up to facilitate the members' work and make it easier to access online documents.

Apart from seminars, ordinary Supervisory Board meetings last five hours on average.

The agenda items are presented by a member of the Executive Board or, if applicable, by the person responsible for the project. Presentations are followed by a broad exchange of views (with the Chairman of the Board regularly organising a round table discussion so that each Board member can express their views), after which the Board takes any required decisions on the matters presented to it.

The Company Secretary draws up draft minutes of the meeting, and then submits them to the Board members for approval at the beginning of the next ordinary meeting.

Seminars lasting a minimum of half a day are held twice a year to support the work of the Board and its committees. All Board members are invited to attend these events.

Internal rules and charter

The Supervisory Board has adopted internal rules, which govern and determine the preparation and organisation of its work. These internal rules are updated on a regular basis to reflect any changes in legislation or regulations and the latest corporate governance guidelines and best practices. The Board has also adopted the "Supervisory Board Members' Charter", which outlines the rights and obligations of Board members. The internal rules and the Supervisory Board Members' Charter are presented in Chapter 9 "Supervisory Board Charter and internal rules" of this document.

The Supervisory Board has also adopted internal rules governing the remits and procedures of its committees.

All of these documents were reviewed by the Supervisory Board at its meeting on 23 February 2022.

Conflicts of interest

La Banque Postale Group has drawn up a procedure for the prevention and management of conflicts of interest, in order to identify conflicts of interest and establish a system to prevent – and if necessary, manage – their occurrence.

When new members are due to be elected or appointed, the Board carefully examines whether candidates under consideration have any potential conflicts of interest. The Appointments and Governance Committee is tasked with obtaining substantive evidence of the existence or absence of any conflicts of interest, and informs the Supervisory Board of its opinion.

The rules for managing conflicts of interest set out in the Supervisory Board Members' Charter specify that:

"In the case of a conflict of interest, the member of the Supervisory Board shall:

- ▶ abstain from taking part in the discussions and from any decision on the issues in question, if the conflict of interest is temporary;
- ▶ take all measures aimed at ending said conflict of interest, including tendering his/her resignation as a Board member to the Chairman of the Supervisory Board, if it turns out that the conflict of interest is ongoing.

Generally speaking, every member of the Board shall undertake to avoid any conflict that may arise between their material or moral interests and those of La Banque Postale or any of its subsidiaries.

Every Board member shall undertake to avoid, as far as possible, conducting activities or entering into transactions that could give rise to a conflict of interest or the appearance of a conflict of interest in the eyes of third parties. If any such transactions are entered into, they shall be on arm's length terms and shall be disclosed immediately to the Secretary of the Board.

Every Board member shall undertake to read and comply with the Company's rules and policy on the prevention and management of conflicts of interest.

The Company's Ethics Officer is available to answer the members' questions on ethics issues. Every Board member shall comply with the procedure concerning transactions involving hypersensitive persons."

The Board considers that its current operating conditions enable itself and its committees to fulfil their duties with the effectiveness, objectivity and independence required, particularly with respect to the prevention of potential conflicts of interest.

During the annual assessment of its operating procedures, the Board focused on the management of potential conflicts of interest that could arise between La Banque Postale and its sole shareholder, La Poste. The Supervisory Board noted that, to the best of the Company's knowledge, there are no conflicts of interest between the duties of the members of the Supervisory Board in respect of La Banque Postale, and their private interests. The assessment work carried out at the Board's request by an independent firm (see below) shows that there are no conflicts of interest, either in terms of private interests or with the shareholder's representatives.

Following their examination of this issue, conducted at the Supervisory Board's request, the independent members presented their recommendations at the Supervisory Board meeting on 23 February 2022. The Supervisory Board decided,

among other things, to appoint a member of the Board to be responsible for the prevention of conflicts of interest. The role of this member will be to ensure that conflicts of interest are properly managed within the Board, especially in the context of relations between the Company and its sole shareholder, and to organise the work of the Supervisory Board and its Committees on conflict of interest issues. He or she will also be responsible for leading the Board's annual discussion of operational and commercial relations between the Company and its sole shareholder. On the proposal of the Appointments and Governance Committee, the Board also appointed one of its members to serve as Senior Independent Member.

Arrangement or agreement entered into with clients, suppliers or any other third parties resulting in the selection of a member of the Supervisory Board

In accordance with the shareholders' agreement between Caisse des Dépôts et Consignations and the French State concerning La Poste SA, the Supervisory Board of La Banque Postale includes one member of the Board of Directors of La Poste elected by the General Meeting on the recommendation of Caisse des Dépôts et Consignations.

Assessment of the work of the Supervisory Board and the committees

Every year, the Supervisory Board devotes an agenda item at its last ordinary meeting of the year to analysing its operating procedures, and it regularly carries out formal assessments of those procedures. Also, following a review of their activities over the past year, the members of the various committees discuss ways to improve their operating procedures.

A number of the suggestions made in 2020 on how to improve the Supervisory Board's operating procedures (particularly at the 16 December 2020 meeting) were actioned in 2021. These included increasing the amount of information concerning CNP Assurances in the materials provided to Board members, organising a Risk Committee meeting on the Own Risk and Solvency Assessment (ORSA) exercise, taking an in-depth look at CNP Assurances' business in Brazil, reviewing the latest regulatory developments and digital and IT projects during a Board seminar, allowing time during each Board meeting to review the competitive landscape, etc.

In June and July 2021, an external firm conducted an independent review of the individual and collective skills and expertise of the members of the Supervisory Board, as well as an analysis of the operating procedures of the Board and its committees. The detailed findings of the independent firm's work were presented to the Appointments Committee on 20 July 2021 and were subsequently discussed by the Board at its meeting on 29 July 2021. The methodology used was based on an in-depth analysis of documents relating to the work of the Board and its committees, and individual interviews with each of the Board's members. The independent firm also drew on comparative and contextual studies and referred to the applicable regulatory framework and the requirements of the supervisory authorities.

Following an individual analysis focused on skills blocks covering some thirty topics, the independent firm concluded that there were no areas to flag up, as the Board's members – individually and collectively – have a very satisfactory level of skills and expertise in the banking and financial matters needed for carrying out the Board's duties. The independent firm also found that the Supervisory Board members representing employees provide a complementary "front-line" vision, which enables the Board to be alerted about certain operational issues where required.

The analysis recognised the wide range of skills and expertise represented on the Board, as well as identifying areas for improvement. These various areas were prioritised during the

preparation of the 2022 training plan for Supervisory Board members, which was presented to the Board on 15 December 2021 by the Appointments Committee, supported by the Human Resources Department of La Banque Postale.

With regards to the operating procedures of the Supervisory Board and its committees, the independent firm noted a positive trajectory, which has clearly gained momentum over the past year and has increased the effectiveness of the Board's and committees' work, particularly concerning financial and non-financial risks and anti-money laundering measures. It has also resulted in a broader range of topics being included in the meeting agendas and more constructive dialogue between the Board and Executive Management. During the discussions on this independent review, a number of initiatives were decided to further improve the Board's effectiveness.

At its meeting on 15 December 2021, the Supervisory Board carried out its first review of the improvements made following the independent analysis. These included (i) an increase in the frequency of meetings of the Supervisory Board (see above) and its committees (40 meetings in total in 2021, compared with 32 in 2020 and 18 in 2009), (ii) the reaffirmed engagement of Board members (evidenced by high meeting attendance rates), (iii) the increase in the number of independent members from three to four, and (iv) the fact that the Supervisory Board's membership is regularly refreshed.

During this meeting, the Chairman of the Board asked the four independent members to make recommendations aimed at ensuring that any conflicts of interest between La Banque Postale and its sole shareholder were properly managed. These recommendations were presented to the Board at its meeting on 23 February 2022 and resulted in the decisions presented in this chapter.

2.1.2.1.2 Membership of the Supervisory Board and its committees and information about its members

The Company is administered by a Supervisory Board made up of three to 18 members, including at least one-third of members representing employees elected in accordance with the law on the democratisation of the public sector of 26 July 1983 and, where applicable, a member designated by the French State in accordance with current laws and regulations, as well as, since 4 March 2020, a member of the Board of Directors of La Poste proposed by Caisse des Dépôts et Consignations (CDC).

At its meeting on 23 February 2022, the Board adopted a policy for selecting and assessing members of the Company's management bodies. This policy governs not only the process for electing members of the Supervisory Board and appointing Executive Board members, including the involvement in these processes of the Appointments and Governance Committee, but also the periodic assessments of the management bodies, as well as the implementation of a training plan for Supervisory Board members.

As of the date of this report, the Supervisory Board has 15 members, including:

- ▶ ten members elected by the General Meeting, of which one member representing the French State and designated by decree, and the member of the Board of Directors of La Poste proposed by CDC;
- ▶ five members elected by employees to represent them on the Board.

The Supervisory Board is chaired by Philippe Wahl, Chairman and Chief Executive Officer of La Poste.

Members of the Supervisory Board are elected for a five-year term.

Of the eight Board members elected by the General Meeting, other than the representative of the French State and the member elected on the recommendation of CDC in accordance with the Articles of Association, four hold executive positions in Le Groupe La Poste and four are independent. The Company's sole shareholder is therefore represented on the Board by only four of the 15 members, a number that was reduced in 2021 as a fifth representative of La Poste was replaced by an additional independent member.

The four members proposed for election by La Poste were chosen as candidates because of their positions within the Group.

As of the date of this report, the Supervisory Board is composed of ten men and five women. The percentage of women, excluding the five employee representatives in accordance with law no. 2011-103 of 27 January 2011, stands at 40%.

All members of the Board are of French nationality, with one having double nationality.

The Supervisory Board is keen to ensure a good gender balance and a good balance of skills and expertise at Board level and also at the level of its committees.

The average age of the Board members as of 31 December 2021 was 55.

Summary presentation of the Supervisory Board

As of the date of this report

	Personal information					Position on the Board				Membership of Board committees				
	Age	Nationality	Gender	Number of shares	Directorships of listed companies	Independent	First elected/appointed	Current term expires	Years on the Board (rounded)	Financial Statements Committee	Risk Committee	Appointments and Governance Committee	Remuneration Committee	Strategy and CSR Committee
Chairman														
Philippe WAHL, Chairman	65	French	M	1	1	NO	2013	2023	8.5 years					
Member of the supervisory board														
Yves BRASSART, Vice-Chairman	61	French	M	N/A	1	NO	2014	2023	8 years					
Anik CHAUMARTIN	60	French	F	N/A	1	YES	2021	2023	8 months					
The French State: Stéphanie PÉTARD, representative	42	French	F	N/A	0	NO	2021 ⁽¹⁾	2023	8 months					
La Poste: Nicolas ROUTIER, permanent representative	57	French	M	N/A	0	NO	2020	2023	7.5 years ⁽²⁾					
Michel MADELAIN	65	French	M	N/A	1	YES	2018	2023	4 years					
Sophie RENAUDIE	53	French	F	N/A	0	NO	2018	2023	4 years					
Emmanuel RONDEAU, Senior Independent Member*	59	French	M	N/A	0	YES	2018	2023	4 years					
Antoine SAINTOYANT	44	French	M	N/A	2	NO	2021	2023	1 year					
Nefissa SATOR	45	French and Algerian	F	N/A	0	YES	2020	2023	2 years					
Supervisory board members representing employees														
Sandrine FAGOT-REVURAT	49	French	F	N/A	0	NO	2018	2023	3.5 years					
Jean-Pierre HAKIZIMANA	62	French	M	N/A	0	NO	2018	2023	4 years					
Thierry FRESLON	53	French	M	N/A	0	NO	2015	2023	7 years					
Steeve MAIGNE	52	French	M	N/A	0	NO	2008	2023	14 years					
Thierry VIAROUGE	56	French	M	N/A	0	NO	2018	2023	4 years					

Chair Member

(1) Date of the decree appointing the representative of the French State.

(2) Prior to being named permanent representative of La Poste on the Supervisory Board of La Banque Postale, Nicolas Routier was a Supervisory Board member in his own name from 1 September 2015 until 4 March 2020.














* See "Conflicts of interest" in Section 2.1.2.1.1 "Practices of the Supervisory Board and its committees" of this document

Summary presentation of the members of the Supervisory Board whose terms ended between 1 January 2021 and the date of this report

	Personal information				Position on the Board				Membership of Board committees				
	Age	Nationality	Gender	Number of shares	Independent	First elected/appointed	Current term expires	Years on the Board (rounded)	Financial Statements Committee	Risk Committee	Appointments and Governance Committee	Remuneration Committee	Strategy and CSR Committee

2

Member of the supervisory board

Nathalie COLLIN	56	French	F	N/A	NO	2018	2021	3 years					
The French State: Elodie Boulch, representative	36	French	F	N/A	NO	2021	2021	6 months					
The French State: Marie-Anne Lavergne, representative	33	French	F	N/A	NO	2019	2021	1 year and 3 months					
Olivier SICHEL	54	French	M	N/A	NO	2020	2021	1 year					

Profile, experience and expertise of the members of the Supervisory Board as of the date of this report

N.B.: directorships and positions held in companies whose shares are admitted to trading on a regulated market are identified by an asterisk*.

Philippe Wahl, born in 1956	EXPERIENCE
<p>Chairman of the Supervisory Board</p> <p>First elected: 15 October 2013</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Member of the Appointments and Governance Committee</p> <p>Business address: La Poste – 9, rue du Colonel Pierre Avia – 75015 Paris</p> <p>Education: Graduate of IEP Paris (Sciences Po) – DEA post-graduate degree in Monetary and Financial Economics – Graduate of École Nationale d'Administration (ENA)</p>	<ul style="list-style-type: none"> ▶ Auditor, then counsel (<i>Maître des Requêtes</i>) at the <i>Conseil d'État</i> between 1984 and 1988. ▶ From 1986 to 1988, special advisor to the Chairman of French securities regulator (<i>Commission des Opérations de Bourse</i>). ▶ From 1988 to 1991, Technical Advisor responsible for monetary, financial and tax affairs at the Prime Minister's Office. ▶ Appointed Advisor to the Chairman of <i>Compagnie Bancaire</i> in 1991, then as a member of the Management Committee in 1992 and Executive Vice-President in 1994. ▶ Appointed Head of Paribas' Specialist Financial Services Division and a member of the Executive Committee in 1997. ▶ Appointed Chief Executive Officer of <i>Caisse Nationale des Caisses d'Épargne</i> in 1999. ▶ Appointed Chief Executive Officer of the Havas group in 2005, and Vice-Chairman of the Bolloré group in 2006. ▶ Appointed Chief Executive Officer of Royal Bank of Scotland's (RBS) French branch in 2007, advisor to the RBS Global Banking and Markets Board in London in 2008, and Chief Executive Officer of RBS's branch for France, Belgium and Luxembourg in 2009. ▶ Executive Vice-President and member of the Executive Committee of <i>Le Groupe La Poste</i>, and Chairman of the Executive Board of <i>La Banque Postale</i> between January 2011 and October 2013. ▶ Vice-Chairman of the <i>Association Française des Banques</i> between June 2012 and December 2013 and member of the Executive Committee of <i>Fédération Bancaire Française</i> between July 2012 and December 2013. ▶ Director since 1 August 2013 and Chairman and Chief Executive Officer of <i>La Poste</i> since 26 September 2013.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ Chairman and Chief Executive Officer of <i>La Poste</i> (SA). ▶ Director of <i>L'Envol</i>, <i>La Banque Postale</i>'s campus (non-profit). ▶ Permanent representative of <i>La Poste</i> on the Board of Directors of <i>Poste Immo</i> (SA). ▶ Acting Chairman of the Board of Directors of <i>Geopost</i> (SA) since 17 December 2021. ▶ Member of the Strategy Committee of <i>La Poste Silver</i> (SAS). ▶ Director and member of the Remuneration and Nominations Committee of <i>CNP Assurances*</i> (SA). <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ Member of the Management Committee of <i>Institut Montaigne</i>. 	<ul style="list-style-type: none"> ▶ Director of <i>Sopassure</i> (SA). ▶ Permanent representative of <i>La Poste</i> on the Board of Directors of <i>Geopost</i> (SA) until 17 December 2021. ▶ Member of the Compensation Committee of <i>La Banque Postale</i> until 23 February 2022.

Yves Brassart, born in 1960	EXPERIENCE
<p>Vice-Chairman of the Supervisory Board</p> <p>First elected: 24 April 2014</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Member of the Financial Statements, Risk, Strategy, CSR and Remuneration Committees</p> <p>Business address: La Poste – 9, rue du Colonel Pierre Avia – 75015 Paris</p> <p>Education: Graduate of IEP Paris (Sciences Po), ENSPTT and EDHEC business school – DECS higher accounting diploma</p>	<ul style="list-style-type: none"> ▶ Yves has spent his entire career with Le Groupe La Poste since 1987. From 1987 to 1990, various positions in sales and marketing within Le Groupe La Poste's Mail Services Division, then Sales and Marketing Director for the Parcels & Mail Division from 1991 to 1993. ▶ From 1994 to 1999, Chief Financial Officer for Le Groupe La Poste's West France region. ▶ From 1999 to 2006, Chief Financial Officer of La Poste's Financial Services Division and also Chief Financial Officer for the Consumer Network from 2001 to 2003. ▶ From 2006 to 2011, Chief Financial Officer of La Banque Postale. ▶ From September 2011 to April 2014, Head of Finance and Strategy at La Banque Postale, with additional responsibility for overseeing the Financial Operations Department from September 2012. ▶ From January 2013 to 7 April 2014, member of the Executive Board of La Banque Postale. ▶ From 7 April 2014, Executive Vice-President, Chief Financial Officer and member of the Executive Committee of Le Groupe La Poste, then, since 7 September 2015, Executive Vice-President in charge of Finance and Development.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ Director, member of the Audit Committee and member of the Strategy Committee of Poste Immo (SA). ▶ Permanent representative of La Poste on the Board of Directors, member of the Audit and Financial Statements Committee and the Strategy Committee of Geopost (SA). ▶ Chairman of the Strategy and Finance Committee of La Poste Telecom (SAS) ▶ Permanent representative of La Poste, Director of Siparex Associés (SA). ▶ Permanent representative of La Poste, member of the Supervisory Board of Siparex Xange Venture (formerly Siparex Proximité Innovation) (SAS). ▶ Member of the Strategy & Investments Committee of La Poste Silver (formerly LP2) (SASU). ▶ Representative of La Poste, Chairman of La Poste Ventures (SASU) ▶ Chairman of La Poste Intrapreneuriat (SAS). ▶ Director and member of the Strategy Committee of CNP Assurances* (SA). <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ None. 	<ul style="list-style-type: none"> ▶ Chairman of Kidscare (formerly LP5) (SAS). ▶ Chairman of La Poste Ventures (formerly LP7) (SAS). ▶ Chairman of La Poste Intrapreneuriat (formerly LP3) (SAS). ▶ Permanent representative of La Poste, member of the Supervisory Board of XAnge Private Equity (SAS). ▶ Chairman of La Poste Silver (formerly LP 2) (SAS). ▶ Chairman of the Supervisory Board of XAnge Capital (SA with an Executive Board and a Supervisory Board). ▶ Chairman of Isoskele (formerly LP6) (SAS). ▶ Member of the Supervisory Committee of Véhiposte (SAS). ▶ Chairman of Oh My Keys (SAS). ▶ Director of Geopost (SA) until 17 December 2021. ▶ Chairman of the Strategy Committee of La Banque Postale until 23 February 2022.

Anik Chaumartin, born in 1961	
EXPERIENCE	
<p>Member of the Supervisory Board</p> <p>First elected: 29 July 2021</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Chair of the Strategy and CSR Committee and member of the Risk Committee</p> <p>Business address: -</p> <p>Education: Graduate of ESCP Europe business school and qualified Chartered Accountant – Auditor</p>	<ul style="list-style-type: none"> ▶ From 1983 to 1994, Staff, Manager, Senior Manager in the Audit practice at Peat Marwick; then PwC. ▶ From 1994 to June 2021, Partner, Auditor and Global Relationship Partner at PwC. ▶ From 2005 to 2008, Chief Operating Officer at PwC Audit France. ▶ From 2008 to 2013, Human Capital Leader and Member of the Executive Committee of PwC France and Francophone Africa. ▶ From 2011 to 2013, Head of Audit and Member of the Executive Committee of PwC France and Francophone Africa. ▶ From 2013 to 2018, Member of the Executive Committee of PwC Global Audit. ▶ From 2018 to June 2021, Member of the management team of the Financial Services practice at PwC France.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ None. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ President of the CNCC Banking Commission. ▶ Independent director of ALD Automotive*. ▶ Independent director of AIB Group* since 1 July 2021. 	<ul style="list-style-type: none"> ▶ Vice-President of the CNCC Banking Commission.
French State – Stéphanie Pétard, born in 1979	
EXPERIENCE	
<p>Representative of the French State, member of the Supervisory Board</p> <p>First appointed: by decree of 27 July 2021 published in the Official Journal of 31 July 2021</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Member of the Financial Statements, Risk, Strategy and CSR, Appointments and Governance, Compensation Committees</p> <p>Business address: Ministère de l'Économie, des Finances et de la Relance – Agence des participations de l'État – 139, rue de Bercy – Télédock 228 – 75572 Paris Cedex 12</p> <p>Education: Chartered Accountant, DESS post-graduate degree in Risk Management from IGR-IAE Rennes – Graduate School of Management</p>	<ul style="list-style-type: none"> ▶ Stéphanie began her career at Crédit Agricole CIB, from February to July 2002. ▶ From September 2002 to January 2018, Auditor then Senior Manager (from 2006 to 2018) at Ernst & Young. ▶ Since February 2018, assistant to the Director of the Audit and Accounting Department at the State Investments Agency (APE).
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ None. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ None. 	<ul style="list-style-type: none"> ▶ Representative of the French State, member of the Supervisory Board and member of the Audit Committee of the Grand Port Maritime de Rouen until September 2021. ▶ Representative of the French State, member of the Supervisory Board and member of the Audit and Remuneration Committees of Bordeaux-Mérignac Airport until 21 September 2021.

Sandrine Fagot-Revurat, born in 1972	EXPERIENCE
Employee representative member of the Supervisory Board First elected: 1 October 2018 Current term expires: 26 February 2023 Board Committees: Member of the Compensation Committee and the Appointments and Governance Committee Business address: La Banque Postale BP 1839 – 40, Place Jean-Moulin – 03000 Moulins Education: AES degree (economic and social administration, specialisation in Regional Management) – Specialisation in Human Resources from IFOCOP training centre	<ul style="list-style-type: none"> ▶ From 2001 to 2003, Human Resources Assistant (Intermarché Logistique 03) at Groupe ITM. ▶ In 2003, Personal Assistant at La Poste. ▶ From 2004 to 2006, Budget Controller at La Poste. ▶ Since 2006, Bank Controller in La Banque Postale's Auvergne région.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
Le Groupe La Poste companies ▶ None.	▶ None.
Companies outside Le Groupe La Poste ▶ Assessor for the Moulins Social Security Tribunal since 1 February 2021.	

Thierry Freslon, born in 1968	EXPERIENCE
Employee representative member of the Supervisory Board First elected: 1 December 2015 Current term expires: 26 February 2023 Board Committees: Member of the Financial Statements and Risk Committees Business address: 9, rue du Colonel Pierre-Avia – 75757 Paris Cedex 15 Education: Graduate of IEP Paris (Sciences Po), CFPB-HEC – CESB and CESA – Company director certificate (insurance company or mutual fund)	<ul style="list-style-type: none"> ▶ Thierry began his career in real estate firms and companies, notably as an accountant and treasurer, from 1990 to 1994. ▶ After joining Le Groupe La Poste in 1995, he held various positions, including Assistant Chief Accountant in the Group Treasury Department from 1996 to 1999. ▶ From 2000 to 2005, Manager of bank-related accounting, then central accounting at Etiposte. ▶ From 2006 to 2011, Special Advisor to the Accounting Department of La Banque Postale and, in parallel, Secretary of the Works Council. ▶ From 2012 to 31 December 2015, Manager of Internal Control Procedures and General Resources at Transactis. ▶ From January 2016 to July 2021, Chairman of AVEA LA POSTE, a Le Groupe La Poste non-profit. <p><i>Since then, seconded to manage a State agency (Housing).</i></p>

OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
Le Groupe La Poste companies ▶ None.	▶ Chairman of AVEA LA POSTE (non-profit) until 31 July 2021.
Companies outside Le Groupe La Poste ▶ Director of UVVA (non-profit). ▶ Alternate director and member of the Rental Management Committee of Foncière Logement (non-profit) since 13 June 2021	

Jean-Pierre Hakizimana, born in 1959	
EXPERIENCE	
<p>Employee representative member of the Supervisory Board</p> <p>First elected: 27 February 2018</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Member of the Strategy and CSR Committee</p> <p>Business address: La Banque Postale – 115, rue de Sèvres – 75275 Paris Cedex 06</p> <p>Education: Degree from ENSPT – MBA in Network Company Management – DESS post-graduate degree in Marketing and Management from ISGE-Intec in Lyon – DA post-graduate degree in Telecoms Engineering from CESPTOM in Toulouse</p>	<ul style="list-style-type: none"> ▶ From 1996 to 1998, Budget Controller, Head of Marketing in charge of development at France Telecom's Regional Department in Évry. ▶ Joined La Poste in 1999 in the Financial Services Operations Department as project manager responsible for improving IT Systems reliability, then as IT Projects and Pilots Manager until 2005. ▶ From 2006 to 2012, Senior Project Manager in the Finance and Strategy Department of La Banque Postale. ▶ From 2012 to 2015, Head of the microcredit market and social partnership activity of the Retail Banking Division of La Banque Postale. ▶ From 2016 to 2019, Head of Change Management for the Concerto programme's account-keeping projects, within the Operations Department of La Banque Postale. ▶ From 2019 to October 2021, Head of online research in-sourcing project in the Marketing Department of the Retail Banking Division of La Banque Postale. ▶ Since October 2021, Head of participative and innovative approaches for La Banque Postale and cross-functional support for IT projects in the Customer Relations and Experience Department.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ None. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ None. 	<ul style="list-style-type: none"> ▶ None.

La Poste – Nicolas Routier, born in 1963	EXPERIENCE
<p>Permanent representative of La Poste, member of the Supervisory Board since 16 June 2020</p> <p>First elected: 30 July 2015 (effective 1 September 2015)</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: None</p> <p>Business address: La Poste – 9, rue du Colonel Pierre-Avia – 75015 Paris</p> <p>Education: Graduate of IEP Paris (Sciences Po) and ENSPTT – Degree in economics</p>	<ul style="list-style-type: none"> ▶ Nicolas has spent his entire career with Le Groupe La Poste since 1988. From 1988 to 1991, Strategic Planning Manager and Economic and Financial Strategy Manager, then Head of the Budget Control unit in the Group Finance Department from 1991 to 1994. ▶ In 1994, Head of La Poste for the Oise <i>département</i>. ▶ In 1997, member of La Poste's Operational Committee. Creation of the Purchasing Department, which he headed until 2001. ▶ In parallel, from 1998 to 2001, Head of Budget Control. ▶ From 2001, Head of Strategy, member of the Executive Committee and from mid-2002, Executive Vice-President, Group Strategic Development. ▶ From 2004 to 2009, Chairman and Chief Executive Officer of Mediapost and Advisor to the Group Chairman. Elected President of the Syndicat Professionnel de la Distribution Direct trade association. ▶ From March 2009 to June 2014, Chief Executive Officer of the Mail Services Division. Elected President of the Syndicat Professionnel des Opérateurs Postaux trade association. ▶ From July 2014 to September 2015, Executive Vice-President of Le Groupe La Poste and Chief Executive Officer of the Mail and Parcel Services Division. ▶ From September 2015 to March 2021, Executive Vice-President of Le Groupe La Poste in charge of institutional strategy and regulation. ▶ Since March 2021, Executive Vice-President of Le Groupe La Poste in charge of public service and regulation.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ Director of Geopost (SA). ▶ Director of Poste Immo (SA). ▶ Member of the Supervisory Committee of Véhiposte (SAS). <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ None. 	<ul style="list-style-type: none"> ▶ Member of the Supervisory Board of La Banque Postale (SA).

Michel Madelain, born in 1956	EXPERIENCE
<p>Independent member of the Supervisory Board</p> <p>First elected: 11 April 2018</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Chairman of the Financial Statements Committee, member of the Risk, Appointments and Governance, Compensation, Strategy and CSR Committees</p> <p>Business address: -</p> <p>Education: Master of Management (Northwestern University Graduate School of Management) – Graduate of École Supérieure de Commerce de Rouen business school – Qualified chartered accountant</p>	<ul style="list-style-type: none"> ▶ From May 1980 to March 1994, Ernst & Young. Audit partner as of 1989. ▶ From April 1994 to April 2008, Moody's Investors Service – Paris, Senior Analyst, London and New York, Managing Director. ▶ From May 2008 to May 2016, Moody's Investors Service Inc., Chairman & Chief Operating Officer. ▶ From June 2016 to December 2018, Moody's Investors Service, Vice-Chairman. ▶ Since 1 January 2018, Trustee for the IFRS Foundation.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ None. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ Trustee of the IFRS Foundation. ▶ Director, member of the Audit, Risk, Appointments and Remuneration and CSR and Consumer Protection Committees of China Construction Bank Corporation*. 	<ul style="list-style-type: none"> ▶ Director and Chairman of the Board of Directors of Moody's Investors Service Ltd. ▶ Director and Chairman of the Board of Directors of Moody's Investors Service EMEA Ltd. ▶ Member of the Supervisory Board of Moody's France (SAS). ▶ Member of the Advisory Council of Moody's Deutschland GmbH. ▶ Director of Moody's Investors Service Inc. ▶ Director of The Moody's Foundation.

Steeve Maigne, born in 1969	
EXPERIENCE	
<p>Employee representative member of the Supervisory Board</p> <p>First elected: 27 February 2008</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Member of the Financial Statements and Risk Committees</p> <p>Business address: La Banque Postale – 115, rue de Sèvres – 75275 Paris Cedex 06</p> <p>Education: Sales and finance</p>	<ul style="list-style-type: none"> ▶ Steeve has spent all of his career with Le Groupe La Poste, holding various positions including Financial Advisor, and then Customer Service Manager from 1998 to 2004. ▶ Regional secretary for the Paris/Île-de-France CFE-CGC trade union, responsible for the La Poste Consumer Network, member of Le Groupe La Poste Employee-Relations Committees until 2007. ▶ Employee representative on the Supervisory Board of the La Poste Employee Savings Fund until 2007. ▶ From 2008 to 2013, Head of the Internal Synergies Project in La Banque Postale's Social and Local Economy Department. ▶ Since 2013, Quality Manager for the Group Risk Department of La Banque Postale.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ None. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ Member, then President, of the Instance Paritaire Régional de Pôle Emploi Paris Île-de-France since 19 January 2022, and Île-de-France employment representative for the CFE-CGC trade union since 20 January 2022. ▶ Alternate member of the Instance Paritaire Régional de Pôle Emploi Paris Île-de-France. ▶ SNB alternate member on the CGE-CGC Île-de-France Regional Management Committee since 1 January 2022. 	<ul style="list-style-type: none"> ▶ Director of Logipostel (a rent-controlled housing development company). ▶ Alternate director and member of the financial and markets commissions of Urssaf Île-de-France. ▶ President of the Instance Paritaire Régional de Pôle Emploi Paris Île-de-France. ▶ Vice-President of the Instance Paritaire Territoriale de Pôle Emploi Paris Île-de-France until December 2021.
Sophie Renaudie, born in 1968	
EXPERIENCE	
<p>Member of the Supervisory Board</p> <p>First elected: 11 April 2018</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Member of the Financial Statements, Risk and Strategy Committees</p> <p>Business address: La Poste – 9, rue du Colonel Pierre Avia – 75015 Paris</p> <p>Education: DEA post-graduate degree in modelling and quantitative analysis</p>	<ul style="list-style-type: none"> ▶ From 1995 to 2000, in charge of project development and savings standards in La Poste's Finance Department. ▶ From 2000 to 2005, internal auditor, then accounting manager, at Etiposte. ▶ Within La Banque Postale's Finance Department: <ul style="list-style-type: none"> – from 2006 to 2009, Deputy Accounting Director; – from 2009 to March 2016: ALM and Group Financial Communications Director. ▶ Since March 2016, Budget Control Director, Le Groupe La Poste.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ Member of the Supervisory Committee of Véhiposte (SAS). <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ None. 	<ul style="list-style-type: none"> ▶ Director of Tocqueville Finance Holding (SAS) and Tocqueville Finances (SA) and Chair of the Audit and Compliance Committee of Tocqueville Finance (SA). ▶ Member of the Management Committee of LBP Immobilier Conseil (SAS). ▶ Member of the Supervisory Board and of the Audit and Risk Committee of BPE (SA with an Executive Board and a Supervisory Board). ▶ Chair of Galliéni SF2-6 (SASU). ▶ Director and member of the Audit and Risk Committee of LBP Home Loan SFH (SA). ▶ Permanent representative of SF2, director of LBP Conseil en Assurances (SA).

Emmanuel Rondeau, born in 1962	
<p>Independent member and Senior Independent Member of the Supervisory Board</p> <p>First elected: 27 February 2018</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Chairman of the Risk Committee and member of the Appointments and Governance, Financial Statements, Compensation, Strategy and CSR Committees</p> <p>Business address: -</p> <p>Education: Company director certificate from Sciences PO-IFA – Graduate of NEOMA Business School (formerly École Supérieure de Commerce de Reims)</p>	<p>EXPERIENCE</p> <ul style="list-style-type: none"> ▶ From 1986 to 1991, Customer Relationship Manager, Large Corporates, at Banque Indosuez. ▶ From 1991 to 1995, Deputy Head of the Commercial Banking Division of Banque de Gestion Privée. ▶ From 1995 to 2002, Senior Banker then Co-Head of Deal Origination at ING Group France. ▶ From 2002 to 2010, member of the Executive Committee and Head of Deal Origination at RBS France. ▶ From 2010 to 2017, Risk & Conduct Assurance Director, then member of the Executive Risk Committee of Royal Bank of Scotland (RBS) in London. ▶ Since 2019, Visiting Professor at the London Institute of Banking & Finance (LIBF).
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ None. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ President of Arbrys Advisory (SASU). 	<p>DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS</p> <ul style="list-style-type: none"> ▶ Risk & Conduct Assurance Director, Royal Bank of Scotland (plc).

Antoine Saintoyant, born in 1977	
<p>Member of the Supervisory Board</p> <p>First elected: 24 February 2021</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Member of the Risk Committee and the Strategy and CSR Committees</p> <p>Business address: Caisse des Dépôts et Consignations – 56, rue de Lille – 75356 Paris 07 SP</p> <p>Education: Graduate of École Nationale d'Administration (ENA), IEP Paris (Sciences Po) (Public Service section) and Bonn University (Germany) – Certificate in international studies (law and economics)</p>	<p>EXPERIENCE</p> <ul style="list-style-type: none"> ▶ From 2003 to 2007, Deputy in the Multilateral Affairs and Development Department of the French Treasury (Ministry of the Economy and Finance). ▶ From 2007 to 2009, Financial Services Advisor to France's Permanent Representation to the European Union (Brussels). ▶ From 2009 to 2012, Head of the Banking Affairs Department in the French Treasury (Ministry of the Economy and Finance). ▶ From 2012 to 2015, Director of Services and Finance Sector Investments at the State Investment Agency (APE, Ministry of the Economy and Finance). ▶ From 2016 to 2017, Deputy Director, General Interest Banking and Finance in the French Treasury (Ministry of the Economy and Finance). ▶ From 2017 to 2020, Economic, Financial and Industry Adviser (Sector Head) to the Prime Minister. ▶ Since September 2020, Director of Strategic Investments and member of the Executive Committee of Caisse des Dépôts.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ Director of La Poste (SA) since 27 January 2021. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ Member of the Supervisory Board and the Appointments and Remuneration Committee of CDC Habitat (SA with an Executive Board and a Supervisory Board). ▶ Director and member of the Appointments and Remuneration Committee of Compagnie des Alpes* (SA), then Vice-Chairman of the Board of Directors since 28 January 2021. ▶ Director, member of the Appointments and Remuneration Committee of Bpifrance (SA). ▶ Director of Bpi Participations (SA). ▶ Director of Bpi Investissement (SAS). ▶ Director, member of the Strategy & Investments Committee of EGIS (SA). ▶ Director of ICADE* (SA). 	<p>DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS</p> <ul style="list-style-type: none"> ▶ None.

Nefissa Sator, born in 1976	EXPERIENCE
<p>Independent member of the Supervisory Board</p> <p>First elected: 26 February 2020</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Chair of the Compensation Committee, member of the Strategy and CSR, Risk, Appointments and Governance Committees</p> <p>Business address: SCOR [28 Liberty Street, Suite 5400] – New York, NY 10005 (USA)</p> <p>Education: Member of the American Academy of Actuaries (since 2015) – ERM expert/Chartered Enterprise Risk Analyst (since 2012) – Qualified actuary and member of the Institut des Actuaire (since 2000) – Certificate in statistics (Institut de Statistiques de l'Université de Paris) – Master's in pure and fundamental mathematics (Université Pierre et Marie Curie – Paris VI)</p>	<ul style="list-style-type: none"> ▶ From March 2000 to October 2001, actuarial consultant at Selectis Consulting. ▶ From November 2001 to January 2007, Head of the personal risk insurance and reinsurance divisions at Actuaris. ▶ From January 2007 to January 2010, Chief Actuary for the Individual Market at AG2R La Mondiale. ▶ From February 2010 to August 2013, Chief Actuary and member of the Management Committee of La Banque Postale Prévoyance. ▶ September 2013 to February 2016, Senior Vice-President, USA at Forsides. ▶ From March 2016 to November 2016, Vice-President, Corporate Actuarial Assumptions Oversight at Prudential Financial. ▶ From December 2016 to March 2021, Head of Internal Audit for the Americas, at SCOR Group. ▶ Since March 2021: Head of Life Reinsurance Pricing at SCOR Group.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ None. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ None. 	<ul style="list-style-type: none"> ▶ None.

Thierry Viarouge, born in 1965	
EXPERIENCE	
<p>Employee representative member of the Supervisory Board</p> <p>First elected: 27 February 2018</p> <p>Current term expires: 26 February 2023</p> <p>Board Committees: Member of the Strategy and CSR Committee</p> <p>Business address: La Banque Postale – 115, rue de Sèvres – 75275 Paris Cedex 06</p> <p>Education: Banking Management diploma from HEC-CESA – DESS post-graduate degree in Banking and Finance, University Paris V – DES graduate degree from <i>Institut Technique de Banque</i></p>	<ul style="list-style-type: none"> ▶ From 1985 to 1997, various positions with LCL: <ul style="list-style-type: none"> – back office manager from 1985 to 1987 and Credit Analyst from 1988 to 1991; – from 1992 to 1994, Business Manager in the Corporate business centres; – from 1995 to 1997, Business Development Manager, Commercial Banking, in the Paris Operations Division; – from 1998 to 1999, Financial Centre Auditor, Financial Customers Division of La Poste. ▶ From 2000 to 2001, Internal Controller, Oséo (Procrédit-Probail). ▶ In 2001, Senior Auditor in the asset management and savings department of the AMF (French securities regulator). ▶ From 2001 to 2006, La Poste: in charge of specialised areas in the Operations Department of the Financial Services Division from 2001 to 2004 and project manager in the Financial Customers Department from 2005 to 2006. ▶ From 2006 to 2010, Interbank Correspondent in the Interbank Relations Department of La Banque Postale. ▶ From 2010 to 2014, Head of national internal audit oversight in the Internal Audit Department of La Banque Postale. ▶ Since 2015, Interbank Correspondent in the partnership and external relationships regulation unit, Payments Department of La Banque Postale.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ None. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ Member of the Supervisory Board of Atout Pierre Diversification (SCPI). ▶ Member of the Supervisory Board of Actipierre Europe (SCPI). ▶ Member of the Supervisory Board of Ciloger Habitat (SCPI). 	<ul style="list-style-type: none"> ▶ None.

Members of the Supervisory Board who left office during 2021

Nathalie Collin, born in 1964	
EXPERIENCE	
<p>Member of the Supervisory Board</p> <p>First elected: 30 May 2018</p> <p>Term ended: 26 May 2021</p> <p>Board Committees: None</p> <p>Business address: La Poste – 9 rue du Colonel Pierre Avia – 75015 Paris</p> <p>Education: Graduate of ESSEC business school</p>	<ul style="list-style-type: none"> ▶ From 1987 to 1990, consultant at Arthur Andersen. ▶ From 1990 to 1993, Chief Financial Officer of Cité Mondiale des Vins et Spiritueux. ▶ From 1993 to 1997, Chief Financial Officer, Europe, at Interleaf in London. ▶ From 1997 to 1999, Chief Financial and Administrative Officer at Virgin Music France, then Chief Executive Officer from 1999 to 2002. ▶ From 2002 to 2007, Chief Executive Officer of EMI Music France, then Chair from 2007 to 2009. ▶ From 2009 to 2011, Chair of the Executive Board of Libération. ▶ From 2011 to 2014, Chief Executive Officer and Chair of the Executive Board of the Nouvel Observateur group. ▶ Appointed Executive Vice-President in charge of Communication for Le Groupe La Poste on 28 April 2014. Member of the Executive Committee. ▶ From 2015 to 2021, Executive Vice-President in charge of Digital and Communication for Le Groupe La Poste. ▶ Since 2021, Chief Executive Officer of the Consumer and Digital Division, Le Groupe La Poste.

Élodie Boulch, born in 1986	EXPERIENCE
<p>Representative of the French State, member of the Supervisory Board</p> <p>First appointed: by decree of 22 January 2021 published in the Official Journal of 4 February 2021</p> <p>Term ended: 26 July 2021</p> <p>Board Committees: Member of the Financial Statements, Risk, Strategy, Appointments and Remuneration Committees</p> <p>Business address:</p> <p>Education: Graduate of IEP Paris (Sciences Po)</p>	<ul style="list-style-type: none"> ▶ Banque de France: <ul style="list-style-type: none"> – from 2011 to 2014, Market Economist in the Monetary Policy Implementation Department; – from 2014 to 2017, Senior Debt Portfolio Manager, Financial Markets Department. ▶ Ministry of the Economy and Finance: <ul style="list-style-type: none"> – from 2017 to 2019, Investment Manager at the State Investments Agency (APE); – from July 2019 to June 2021, Deputy Director of Services and Finance Sector Investments at the State Investments Agency (APE). ▶ Since June 2021, Head of the Market and Credit Risk Department at the Banque de France.
Marie-Anne Lavergne, born in 1988	EXPERIENCE
<p>Permanent representative of the French State, member of the Supervisory Board from 2 October 2019 to 3 February 2021</p> <p>First appointed: by decree of 26 September 2019 published in the Official Journal of 29 September 2019</p> <p>Term ended: 3 February 2021</p> <p>Board Committees: Member of the Strategy, Financial Statements, Risk, Appointments and Remuneration Committees.</p> <p>Business address: Ministère de l'Économie et des Finances – Agence des participations de l'État – 139, rue de Bercy – Télédock 228 – 75572 Paris Cedex 12</p> <p>Education: Graduate of École Normale Supérieure de Lyon – University College of London – MBA from Collège des Ingénieurs – member of the Bridges, Water and Forests engineering corps – PhD in materials chemistry</p>	<ul style="list-style-type: none"> ▶ From 2015 to 2017, Deputy Head of the French Treasury's Industry, Innovation and the Knowledge Economy unit. ▶ From 2017 to 2019, Deputy Head of the French Treasury's Savings and Financial Markets unit. ▶ From September 2019 to December 2020, in charge of investments at the State Investments Agency (APE) with particular responsibility for the State's investments in La Poste and La Banque Postale. ▶ Since December 2020, Head of the Inward Foreign Investment Office of the French Treasury.
Olivier Sichel, born in 1967	EXPERIENCE
<p>Member of the Supervisory Board</p> <p>First elected: 4 March 2020</p> <p>Term ended: 24 February 2021</p> <p>Board Committees: Member of the Appointments, Strategy and Risk Committees</p> <p>Business address: Caisse des dépôts et consignations – 56, rue de Lille – 75356 Paris 07 SP</p> <p>Education: Graduate of IEP Paris (Sciences Po), ESSEC business school and École Nationale d'Administration (ENA)</p>	<ul style="list-style-type: none"> ▶ From 1994 to 1998, <i>Inspecteur des Finances</i> at the Ministry of Economy and Finance. ▶ From 1998 to 2000, France Télécom agency director. ▶ From 2000 to 2006, Chief Executive Officer of Alapage.com and, from 2002, Chief Executive Officer of Wanadoo. ▶ From 2006 to 2012, Partner in the venture capital company Sofinnova. ▶ From 2012 to 2016, Chief Executive Officer of LeGuide.com. ▶ In parallel, creation and management of the Digital New Deal Foundation, a digital think tank. ▶ Since 15 December 2017, Deputy Chief Executive Officer of Caisse des dépôts et consignations in charge of steering the strategic review of subsidiaries and investments, and since May 2018, Director of Banque des Territoires (regional development bank).

Government Commissioner

Yves Ulmann, born in 1959	EXPERIENCE
<p>Government Commissioner</p> <p>Appointed: by decree of 2 February 2018 published in the Official Journal of 8 February 2018</p> <p>Business address: Ministry of the Economy and Finance and the Economic Recovery, 139, rue de Bercy – 75572 Paris Cedex 12</p> <p>Education: Graduate of IEP Paris (Sciences Po) – École Nationale d'Administration (ENA) – Master's degree in public law</p>	<ul style="list-style-type: none"> ▶ From 1985 to 1995, Executive Assistant at the Banque de France. ▶ From 1998 to 2002, Advisor to the Administrative Court. ▶ From 2003 to 2005, Head of the oil taxation office. ▶ From 2006 to 2008, Adviser to France's Permanent Representation to the European Union. ▶ From 2009 to 2011, Deputy Director of TRACFIN. ▶ From 2012 to 2013, Deputy Head of the Legal Services Department of the Ministry of the Economy and Finance, Deputy State Judicial Officer. ▶ From September 2013 to June 2017, Head of the Economic Department of the French Embassy in Vienna (Austria). ▶ Since July 2017, Head of the Economic and Financial Control Mission.

Changes in the Supervisory Board and committees during 2021

	Departure	Appointment/Election (effective date)	Re-appointment/ Re-election
Supervisory Board	<p>Marie-Anne Lavergne, representative of the French State – 3 February 2021</p> <p>Olivier Sichel – 24 February 2021</p> <p>Nathalie Collin – 26 May 2021</p> <p>Élodie Boulch, representative of the French State – 26 July 2021</p>	<p>Élodie Boulch, representative of the French State – 4 February 2021</p> <p>Antoine Saintoyant – 24 Feb. 2021</p> <p>Stéphanie Pétard, representative of the French State – 27 July 2021</p> <p>Anik Chaumartin – 29 July 2021</p>	None
Committees	<p>Marie-Anne Lavergne, representative of the French State, member of the Strategy, Financial Statements, Risk, Appointments and Remuneration Committees – 3 February 2021</p> <p>Olivier Sichel, member of the Strategy, Appointments and Risk Committees – 24 February 2021</p> <p>Élodie Boulch, representative of the French State, member of the Strategy, Financial Statements, Risk, Appointments and Remuneration Committees – 26 July 2021</p>	<p>Élodie Boulch, representative of the French State, member of the Strategy, Financial Statements, Risk, Appointments and Remuneration Committees – 4 February 2021</p> <p>Antoine Saintoyant, member of the Strategy and Risk Committees</p> <p>Stéphanie Pétard, representative of the French State, member of the Strategy, Financial Statements, Risk, Appointments and Remuneration Committees – 27 July 2021</p> <p>Anik Chaumartin, member of the Strategy and Risk Committees – 29 July 2021</p>	None

Changes in the Supervisory Board and its committees between 1 January 2022 and the date of this report

23 February 2022:

- ▶ Emmanuel Rondeau, an independent member of the Board, was appointed as a Senior Independent Member;
- ▶ Anik Chaumartin, an independent Board member, was appointed as Chair of the Strategy Committee, now the Strategy and CSR Committee, replacing Yves Brassart;
- ▶ Yves Brassart, Vice Chairman of the Board, was appointed as a member of the Compensation Committee to replace Philippe Wahl.

Supervisory Board members' attendance rates in 2021

Board members	Supervisory Board attendance	Financial Statements Committee attendance	Risk Committee attendance	Appointments Committee attendance	Remuneration Committee attendance	Strategy Committee attendance
Philippe WAHL, Chairman	100%	N/A	N/A	93%	100%	N/A
Yves BRASSART, Vice-Chairman	100%	84%	100%	N/A	N/A	100%
Élodie Boulch	83%	50%	60%	92%	100%	80%
Anik Chaumartin	100%	N/A	100%	N/A	N/A	100%
Nathalie Collin	20%	N/A	N/A	N/A	N/A	N/A
Sandrine Fagot-Revurat	100%	N/A	N/A	100%	100%	N/A
Thierry Freslon	100%	83%	86%	N/A	N/A	N/A
Jean-Pierre Hakizimana	100%	N/A	N/A	N/A	N/A	100%
Maire-Anne Lavergne ⁽¹⁾	-	-	-	-	-	-
Michel Madelain	92%	100%	100%	93%	100%	89%
Steeve Maigne	100%	100%	100%	N/A	N/A	N/A
Stéphanie Pétard	83%	100%	100%	100%	-	75%
Sophie Renaudie	92%	100%	100%	N/A	N/A	89%
Emmanuel Rondeau	100%	100%	100%	100%	100%	100%
Nicolas Routier	100%	N/A	N/A	N/A	N/A	N/A
Antoine Saintoyant	90%	N/A	83%	N/A	N/A	83%
Nefissa Sator	100%	N/A	100%	100%	100%	100%
Olivier Sichel	0%	N/A	0%	33%	N/A	33%
Thierry Viarouge	92%	N/A	N/A	N/A	N/A	100%

The members shown in grey stood down from the Supervisory Board during 2021.

(1) Departure in 2021 before any meetings were held.

N/A: not a member of the committee in question.

Information given to new Supervisory Board members

When new members join the Supervisory Board, they are given access to a secure dedicated platform where they can obtain the relevant files for meetings of the Board and its committees and consult a document library that includes La Banque Postale's Articles of Association, the internal rules of the Supervisory Board and its committees, the Supervisory Board Members' Charter, the Universal Registration Documents, research documents, glossaries, reference documents and training materials.

Competence and training of the members of the Supervisory Board and its committee

The Board ensures that its members collectively have the knowledge, skills and experience required concerning banking and financial markets, legal and regulatory compliance issues applicable to the Company, its system of governance including internal control procedures, strategic plans and their implementation, risk management, accounting and financial reporting and, in addition, insurance markets and the legal and regulatory requirements that apply to companies in this sector. In accordance with regulatory requirements, it also ensures that they are familiar with money laundering and financing of terrorism (AML/CFT) issues, as well as environmental, social and governance issues.

The Board also ensures that the members appointed to its committees have the appropriate skills and experience to fulfil the committees' remits.

These skills are included in the "fit & proper" assessment carried out by La Banque Postale's supervisory authority, and individual training sessions are delivered by either internal or external trainers, particularly when this assessment points up skills that need to be strengthened. La Banque Postale covers the costs when external training is required for this purpose (for example, the "Being a director in the banking sector" training delivered by the French Institute of Directors), or when a Board member wishes to follow a more in-depth training course (such as the certificate awarded by the Risk Management Institute, qualifying the holder to be Board member of an insurance company or mutual fund).

Seminars on strategic, technical or topical subjects, as well as specific workshops, are organised on a regular basis for the members of the Supervisory Board and/or its committees.

The Supervisory Board members ensure that they maintain their expertise and update their knowledge through the materials made available to them on the Board's secure platform, at meetings or independently, and through training or information initiatives (e-learning, webinars, participation in the work of the French Institute of Directors, etc.).

In 2021, an external firm conducted a detailed independent review of, among other things, the individual and collective skills and expertise of the members of the Supervisory Board, the findings of which are set out in the section above concerning the assessment of the work of the Board and its committees. The firm concluded that the members of the Supervisory Board have, both individually and collectively, the expertise, skills, understanding, experience and personal qualities required to perform their duties and ensure effective governance and oversight of the Group.

Availability

Special attention is paid to ensuring that Supervisory Board and Executive Board members are available to attend meetings of the two Boards and verifying compliance with the rules of the French Commercial Code, the French Monetary and Financial Code and the Afep/Medef Code concerning multiple directorships. If a member of the Supervisory Board or the Executive Board is consulted concerning a new directorship or other position, he or she is invited to inform the Chairman of the Supervisory Board before accepting the appointment in order to verify that it is compatible with legal and regulatory provisions. All new members of the Supervisory Board are provided with a document outlining their obligations concerning multiple directorships.

Assessment of Supervisory Board members' independence

Since La Banque Postale was founded, its Supervisory Board has referred to the general definition in the Afep/Medef Code to assess the independence of its members. A member of the Supervisory Board is therefore considered to be independent if he or she has no relationship of any kind with the Company, its Group or its management that may interfere with his or her freedom of judgement.

In 2021, the Appointments Committee validated the independent status of Anik Chaumartin prior to her appointment by the Supervisory Board. The independence of each Supervisory Board member is also reviewed each year by the Appointments Committee, which presents its findings to the Supervisory Board. At its meeting in February 2022, having reviewed the Supervisory Board members' independence based on the recommendations of the Afep/Medef Code, the Appointments Committee confirmed its opinion that four members of the Board – Anik Chaumartin, Nefissa Sator, Michel Madelain and Emmanuel Rondeau – qualify as independent members.

Compliance with the independence criteria of the Board members other than the employee representatives on the date of this report

The table below shows the status of each Supervisory Board member, other than the employee representatives, with regard to the independence criteria set out in the Afep/Medef Code.

CRITERIA ⁽¹⁾	Philippe WAHL	Yves BRASSART	Anik CHAUMARTIN	Michel MADELAIN	Stéphanie PÉTARD (representative of the French State)	Sophie RENAUDIE	Emmanuel RONDEAU	Nicolas Routier (permanent representative of La Poste)	Antoine SAINTOYANT	Nefissa SATOR
Criterion 1: not to have been an employee or corporate officer in the past five years	✗	✗	✓	✓	✓	✗	✓	✗	✓	✓
Criterion 2: no cross directorships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 3: no significant business relationships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: no family ties	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 5: not to have been an auditor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6: no more than 12 years on the Board	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 7: not a non-executive corporate officer	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 8: not a significant shareholder	✗	✗	✓	✓	✗	✗	✓	✗	✗	✓
Position on the Board⁽²⁾	NI	NI	I	I	NI	NI	I	NI	NI	I

(1) In the above table, ✓ indicates that the independence criterion is met and ✗ indicates that the independence criterion is not met

(2) I = independent NI = not independent

Declarations of the absence of convictions, bankruptcy, sanctions, family ties or benefits as a result of service agreements concerning members of the Supervisory Board

There are no family ties between the members of the Supervisory Board and any other corporate officer of the Company. In the last five years, no member of the Supervisory Board has been convicted of fraud or associated, as a member of an administrative, management or supervisory body, with a bankruptcy, receivership or liquidation.

In the last five years, no member of the Supervisory Board has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities, and no member has been disqualified by a court of law from acting as member of an administrative, management or supervisory body.

No member of the Supervisory Board receives any benefits under a service agreement with the Company or any of its subsidiaries.

2.1.2.1.3 Work of the Supervisory Board

Activities of the Supervisory Board in 2021

The Supervisory Board met 12 times in 2021 with an average attendance rate of 93% – a high level despite six exceptional meetings being held (which were not scheduled in the original annual calendar).

In addition to the Board members, the following people also attended meetings: the Government Commissioner, the Secretary of the Economic and Social Committee (ESC), the Executive Board members, the Deputy Managing Director in charge of finance and strategy, the Deputy Managing Director in charge of risks, compliance and supervision of the conglomerate, and the Chief Financial Officer. In addition, certain other La Banque Postale executives attended meetings depending on the agenda items. The Statutory Auditors attended the meetings at which the annual and interim financial statements were presented.

During 2021, the work carried out by the Supervisory Board focused primarily on the following issues:

- ▶ strategy: approval of the strategic plan, numerous strategic projects; merger between SF2 and La Banque Postale; French banks' earnings in the first half of 2021; the ESC's opinion on La Banque Postale's strategic goals and their impact on business and jobs, etc.;
- ▶ governance: appointment of two new members of the Executive Board and the departure of one of its members; appointment by the Supervisory Board of new Supervisory Board members; collective and individual assessment of the Supervisory Board; and issues reviewed on a recurring basis (remuneration of Executive Board members, updating the succession plan, the Supervisory Board's operating procedures, etc.).

The Supervisory Board's work in 2021 also covered the following:

- ▶ La Banque Postale's organisational structure and businesses: new organisation of the Corporate and Investment Bank and the Customer Relations and Experience Department; status review at each meeting on the implementation of the bancassurance project and on the Insurance business; quarterly business reports; annual and consolidated financial statements; proposed appropriation of net profit; the Executive Board's management report; the interim financial statements and the interim business report; the budget and annual issuance programme, etc.;
- ▶ Control of the business and risk monitoring: intervention of the Joint Supervisory Teams (JST) for the presentation of the Supervisory Review and Evaluation Process (SREP) letter; letters from the supervisory authorities; approval of the risk appetite framework; risk maps; the internal audit plan and work of the Internal Audit Department; in-depth review of CNP Assurances' business in Brazil, etc.

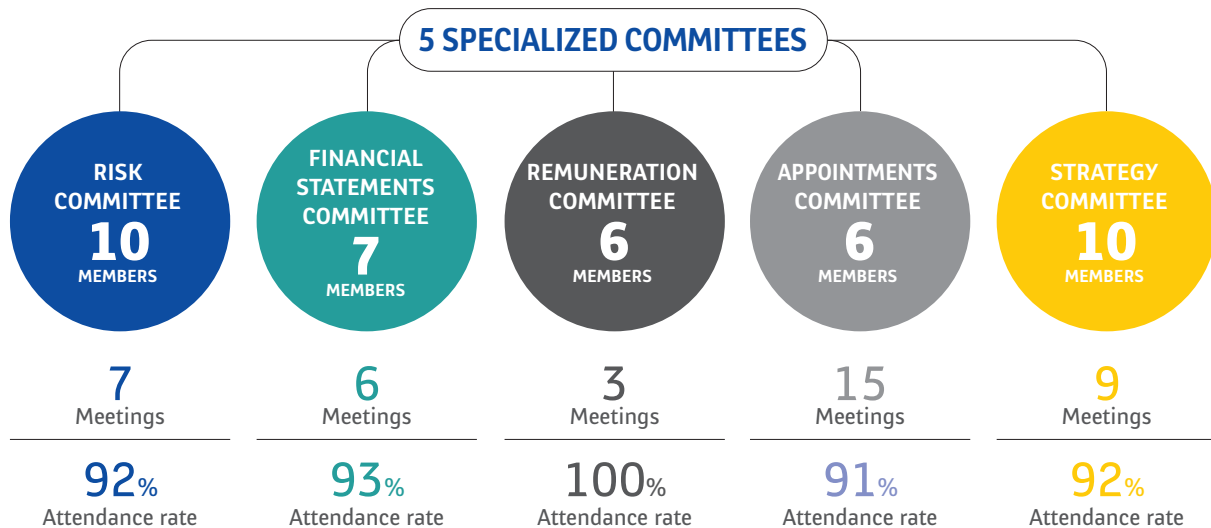
Two Board seminars were held in 2021, to discuss:

- ▶ the Group's corporate mission and the community engagements platform, the digital roadmap and regulatory and compliance developments (15 June 2021);
- ▶ strategic IT projects and cybersecurity in the banking sector (13 October 2021).

This work and the ensuing discussions enabled the Supervisory Board to exercise its powers of oversight of La Banque Postale's management team, together with its decision-making powers.

2.1.2.1.4 Work of the committees of the Supervisory Board

Activities of the Committees in 2021



Financial Statements Committee

The Financial Statements Committee met six times in 2021 with an average attendance rate of 93%. The Committee is primarily responsible for:

- ▶ checking the clarity of financial information supplied by the Executive Board (by reviewing the draft parent company and consolidated financial statements prior to their presentation to the Supervisory Board) and assessing the relevance of the accounting methods used to prepare this information;
- ▶ participating in the selection of the statutory auditors and ensuring that they are independent and objective.

More generally, the Committee reports to the Supervisory Board on matters relating to the financial statements and notifies the Board of any material issues that may require a specific decision by the Board, supported by its recommendation thereon.

As of 31 December 2021, the Committee consisted of two independent directors, one of whom chairs the meetings, two members of the Board representing Le Groupe La Poste, the representative of the French State, and two members of the Board representing employees. The Government Commissioner also attends the Committee's meetings.

The Committee members have financial and accounting expertise, acquired primarily during their career or in their current positions.

The Financial Statements Committee meets at least twice per year and, in particular, prior to any meeting of the Supervisory Board where one or more agenda items concern its area of expertise. The Chairman of the Committee reports on its work to the Supervisory Board after every meeting. The Committee may seek the assistance of any person whose skills and expertise it considers necessary to fulfil its remit.

The Committee hears the opinions of the statutory auditors, the Bank's Chief Financial Officer, the Group Chief Risk Officer and the Head of Internal Audit on issues that concern them, including

the Company's risk exposures and significant off-balance sheet commitments, the main observations made during the statutory audit of the financial statements and the choice of accounting options.

During 2021, its work focused primarily on the following issues:

- ▶ presentation of the annual financial statements, the Executive Board's management report and the CSR report;
- ▶ detailed summary of the statutory auditors' audit of the financial statements;
- ▶ presentation of CNP Assurances' financial statements and accounts closing issues;
- ▶ the cost of credit risk and provisions for expected credit losses;
- ▶ the statutory auditors' 2021 audit programme;
- ▶ feedback from the statutory auditors' interim work;
- ▶ monitoring of the IFRS 17 project;
- ▶ presentation of the interim financial statements and interim business report;
- ▶ accounts closing options and structural operations;
- ▶ implementation of the recommendations made by the Joint Supervisory Team (JST) and the internal auditors concerning accounting issues;
- ▶ intangible assets;
- ▶ progress of the accounting information systems upgrade project;
- ▶ procedure and annual report on non-audit services;
- ▶ procedure and time-line for the renewal of the statutory auditors' appointment.

In addition to the Committee's meetings, a technical workshop was held in June 2021 to prepare for the interim accounts closing process.

Risk Committee

The Risk Committee met seven times in 2021 with an average attendance rate of 92%. The Committee is primarily responsible for:

- ▶ assessing the quality of internal control, focusing primarily on risk management principles and procedures, compliance procedures, the programme of periodic controls and implementation of the main recommendations of the internal auditors and the banking and insurance supervisor;
- ▶ examining the internal audit, risk management and Permanent Control Charter;
- ▶ examining the compatibility of the Company's remuneration policy and practices with its risk policy;
- ▶ more generally, fulfilling the roles described in the French Monetary and Financial Code and the decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sectors licensed by the ACPR.

As of 31 December 2021, the Committee consisted of four independent directors, one of whom chairs the meetings, two members of the Board representing Le Groupe La Poste, the representative of the French State, the Board member elected on the recommendation of CDC, and two members of the Board representing employees. The Government Commissioner also attends the Committee's meetings.

Members of the Committee have the knowledge, skills and expertise necessary to fulfil the Committee's remit and to understand and oversee the Group's strategy and risk appetite. If required, training is organised when members join the Committee or during their term, to improve their knowledge.

The Risk Committee meets at least four times per year and, in particular, prior to any meeting of the Supervisory Board where one or more agenda items concern its area of expertise. The Chairman of the Committee reports on its work to the Supervisory Board after every meeting. The Committee may also seek the assistance of any person whose skills and expertise it considers necessary to fulfil its remit.

The Deputy Managing Director in charge of risks, compliance and supervision of the conglomerate, the Chief Financial Officer of La Banque Postale, the Chief Compliance Officer, the Chief Risk Officer and the Head of Internal Audit make presentations to the Committee on matters that fall within the scope of their responsibilities. The Chairman of the Executive Board attended all of the Committee's meetings in 2021.

Because of the potential impacts of the matters examined by the Committee, before each of its meetings, its members and the Government Commissioner meet without any Executive Board members or other La Banque Postale representatives present, in order to discuss and prepare the discussion with the management team, particularly with a view to challenging the team.

During 2021, its work focused primarily on the following issues:

- ▶ update of the recovery and resolution plan;
- ▶ risk appetite framework (guidelines, policies and exposure limits);
- ▶ overview of risks and instances where exposure limits had been exceeded;
- ▶ cost of risk;
- ▶ implementation of the anti-money laundering and financing of terrorism (AML/TF) action plan, follow-up of AML/TF remedial plans, and Know Your Customer (KYC) procedures;

- ▶ annual internal control and risk management report, and AML/TF annual internal control and risk management report;
- ▶ monitoring the financial conglomerate and reviewing the integration roadmap for CNP Assurances;
- ▶ compliance reports and review of compliance indicators;
- ▶ conflict of interests prevention and management policy;
- ▶ 2021 control plan, activity review and results of permanent controls;
- ▶ review of internal audit reports, follow-up of action plans to implement the auditors' recommendations and annual activity report;
- ▶ Group and operational risk maps;
- ▶ remuneration policies and annual review of risk takers;
- ▶ Internal Liquidity Adequacy Assessment Process (ILAAP) and Internal Capital Adequacy Assessment Process (ICAAP);
- ▶ SREP follow-up;
- ▶ review of human resources in the risk, compliance and internal audit functions;
- ▶ European Central Bank follow-up letters;
- ▶ European Central Bank audit of internal risk governance and management processes;
- ▶ risk management systems of the Group's entities (notably Retail Banking, corporate and investment banking, insurance, asset management and BPE);
- ▶ annual review of application of the Sapin II law;
- ▶ annual review of the code of conduct;
- ▶ focus on ESG risks, the regulatory monitoring system, IT and cyber risks, risk culture, the PPE system, customer protection, reputational risk, etc.;
- ▶ 2022 audit plan;
- ▶ work of the Committee and its operating procedures.

During 2021, in addition to its scheduled meetings, the Committee organised a technical workshop to examine in greater detail the cost of risk and the risk appetite framework.

The Committee was pleased with the efficient and diligent processing of its requests: 123 requests expressed in meetings held since the Committee members were first appointed had been fulfilled by 31 December 2021, including all those expressed in 2018 and 2019, with only one request from 2020 still outstanding.

Appointments Committee

The Appointments Committee met fifteen times in 2021 with an average attendance rate of 91%. In order to prepare the work of the Supervisory Board on the appointment procedures followed by the La Banque Postale, the Appointments Committee is notably responsible for the following tasks:

- ▶ prior review of the profiles of individuals under consideration for a seat on the Board due to their independence vis-à-vis the Company or Le Groupe La Poste, or for appointment to the Executive Board. The Committee also gives its opinion concerning the proposed re-election of Board members;
- ▶ periodic assessment (at least once per year) of:
 - the structure, size, membership and efficiency of the Supervisory Board in relation to its roles and responsibilities. Any recommendations resulting from the Committee's assessment are submitted to the Supervisory Board,

- the knowledge, skills and experience of the Supervisory Board members, both individually and collectively. The Committee reports on this assessment to the Supervisory Board;
- ▶ setting the target to be achieved in relation to gender balance on the Supervisory Board and proposing a policy to achieve this target;
- ▶ review of the succession plan for senior executives, notably with a view to being able to put forward succession solutions to the Supervisory Board in the event of an unforeseen vacancy on the Executive Board. Following the annual review in 2021, the Committee noted that for almost all the members of the Development Committee (see Section 2.1.2.2.3 "Internal committees of the Executive Board"), there are one or more candidates ready to step in in the event of an emergency.

As of 31 December 2021, the Committee consisted of three independent directors, one of whom chairs the meetings, the Chairman of the Supervisory Board, the representative of the French State, and a member of the Board representing employees. The Government Commissioner also attends the Committee's meetings.

Members of the Executive Board may attend Committee meetings at the request of the Chairman of the Committee. The Committee can also hold discussions with the main senior executives of the Company and its subsidiaries, and may seek the assistance of any person whose skills and expertise it considers necessary to fulfil its remit. It can be assisted by the departments responsible for internal control and by outside experts. For some of its tasks, it meets without any Executive Board members or other La Banque Postale representatives being present.

At its first meetings in 2021, it reviewed the membership of the Supervisory Board and its committees, primarily from the standpoint of gender balance, the Board members' independence and the prevention of conflicts of interest, as well as updating the succession plan.

In a subsequent meeting, it discussed the appointment of two Executive Board members as well as a fourth independent Supervisory Board member, and then devoted several meetings to the process of reviewing the individual and collective skills and expertise of the Supervisory Board members. Also during the year, the Appointments Committee discussed the draft policy for appointing and assessing members of the Executive Board and Supervisory Board and the 2022 training plan for the Boards' members.

Remuneration Committee

In order to prepare the work of the Supervisory Board with respect to remuneration policy within the Company and its subsidiaries, the Remuneration Committee is notably responsible for the following tasks:

- ▶ annual reviews of:
 - the principles underlying the remuneration policy,
 - the remuneration, allowances and benefits of all types awarded to the members of the Executive Board,
 - the remuneration policy for employees whose activities are likely to have a material impact on La Banque Postale's risk exposure,
 - the report prepared by the Executive Board pursuant to Article 266 of the decree of 3 November 2014 and forwarded to France's banking and insurance supervisor (ACPR),

- the policy concerning the remuneration paid to Supervisory Board members for their services to the Board;
- ▶ the pros and cons of setting up share-based payment schemes for corporate officers and/or employees.

As of 31 December 2021, the Committee consisted of three independent directors, one of whom chairs the meetings, the Chairman of the Supervisory Board, the representative of the French State, and a member of the Board representing employees. The Government Commissioner also attends the Committee's meetings.

The Committee can hold discussions with the main senior executives of the Company and its subsidiaries, and may seek the assistance of any person whose skills and expertise it considers necessary to fulfil its remit. It can also be assisted by the departments responsible for internal control and by outside experts. For some of its tasks, it meets without any Executive Board members or other La Banque Postale representatives being present.

The Remuneration Committee met three times in 2021 with an average attendance rate of 100%. It also held two joint meetings with the Appointments Committee.

During 2021, its work focused primarily on the following issues:

- ▶ the update of the remuneration policy and the report prepared pursuant to Article 266 of the decree of 3 November 2014, as well as the annual report on the implementation of the remuneration policy;
- ▶ the remuneration of Executive Board members and their performance targets;
- ▶ risk takers (status report on an action plan, updates to the identification policy and the list of risk takers, controls, remuneration, etc.);
- ▶ the remuneration awarded to Supervisory Board members.

Strategy Committee

The Strategy Committee reviews the transactions submitted for the prior authorisation of the Supervisory Board in accordance with the law and the Articles of Association. It also examines and monitors implementation of the multi-year business plan, as well as the strategic projects and transactions of the Company and its subsidiaries.

As of 31 December 2021, the Committee consisted of four independent directors, the Vice-Chairman of the Supervisory Board, who chairs the meetings, another member representing Le Groupe La Poste, the representative of the French State, the Board member elected on the recommendation of CDC, and two members of the Board representing employees. The Government Commissioner also attends the Committee's meetings.

At the prior request by its Chairman, the Committee can hold discussions with the main senior executives of the Company and its subsidiaries, and may seek the assistance of any person whose skills and expertise it considers necessary to fulfil its remit.

The Strategy Committee met nine times in 2021 to examine the strategic issues due to be presented to the Supervisory Board for review, with an average attendance rate of 92%.

During 2021, in addition to La Banque Postale's strategic and acquisition projects, the Committee worked on the draft 2021-2030 strategic plan and the follow-up of its implementation, as well as asset management, and the merger between SF2 and La Banque Postale.

Changes in the membership of the Committees in 2022

At its meeting of 23 February 2022, the Supervisory Board, having reviewed the work of its five committees, amended their internal rules, in particular in order to specify their respective roles and responsibilities, in line with the guidelines of the European Banking Authority and to improve its internal governance.

As a result of this work, the Council also decided to expand the remit of two committees:

- ▶ the Appointments Committee, which has become the Appointments and Governance Committee; and
- ▶ the Strategy Committee, which has become the Strategy and CSR Committee.

2.1.2.1.5 Supervisory Board comments on the report of the Executive Board and the 2021 financial statements

As required by law and the Company's Articles of Association, the Supervisory Board has performed the verifications and controls it deemed necessary as part of its responsibility for overseeing the management of the Company by the Executive Board.

Its procedures included reviewing the parent company and consolidated financial statements for 2021 presented to it by the Executive Board, in accordance with the law. It also reviewed the Executive Board's management report on La Banque Postale Group's business for the financial year.

The Supervisory Board has no particular comments to make regarding the financial statements or the management report of the Executive Board.

2.1.2.2 The Executive Board

EXECUTIVE BOARD



Philippe Heim
Chairman of the Executive Board of La Banque Postale,
Executive Vice-President of Le Groupe La Poste



Marion Rouso
Managing Director of Retail Banking



Bertrand Cousin
Managing Director of Corporate and Investment Banking

2.1.2.2.1 Membership of the Executive Board

La Banque Postale is a French limited company (*société anonyme*) with an Executive Board and a Supervisory Board.

The Company is managed by the Executive Board, which has the broadest powers to act on behalf of the Company in all circumstances, within the limits of its corporate purpose and subject to the powers expressly conferred on the Supervisory Board and Shareholders' Meetings by French law and the Company's Articles of Association.

As of the date of this report, the Executive Board is composed of the following members appointed by the Supervisory Board:

- ▶ Philippe Heim, Chairman of the Executive Board;
- ▶ Bertrand Cousin, member of the Executive Board and Managing Director⁽¹⁾ of Corporate and Investment Banking;
- ▶ Marion Rouso, member of the Executive Board and Managing Director⁽¹⁾ of Retail Banking.

The members of the Executive Board are the persons effectively responsible for running the undertaking within the meaning of Article L. 511-13 of the French Monetary and Financial Code.

As previously authorised by the Supervisory Board, the members of the Executive Board have shared management responsibilities among themselves. They have also set the amounts in excess of which certain actions committing the Company require prior approval from the Executive Board, without which the individual concerned would become personally liable to the Company and its shareholders.

Changes in the Executive Board's membership in 2021

At its meeting on 24 February 2021, the Supervisory Board placed on record the departures of the following Executive Board members:

- ▶ Anne-Laure Bourn;
- ▶ Philippe Bajou, effective 28 February 2021;
- ▶ Marc Batave, effective 31 March 2021, the date on which he retired.

Gregorio Tony Blanco, member of the Executive Board and General Secretary, left La Banque Postale on 29 October 2021 to pursue a new career.

¹⁾ The term Managing Director (*Directeur Général*) is not used within the meaning of Article L. 225-66 of the French Commercial Code.

2.1.2.2.2 Directorships and positions held by the members of the Executive Board

Summary presentation of the serving Executive Board members as of the date of this report

	Personal information			Experience		Position on the Executive Board		
	Age as of 31 December 2021	Gender	Nationality	Number of shares	Number of directorships of listed companies	First appointed	Current term expires	Years on the Executive Board as of the date of this report (rounded)
Philippe Heim Chairman of the Executive Board	53	M	French	N/A	1	1 September 2020	26 February 2023	1½ years
Bertrand Cousin Member of the Executive Board and Managing Director ⁽¹⁾ of Corporate and Investment Banking	57	M	French	N/A	1	1 April 2021	26 February 2023	11 months
Marion Rouso Member of the Executive Board and Managing Director ⁽¹⁾ of Retail Banking	45	F	French	N/A	0	1 May 2021	26 February 2023	10 months

(1) The term Managing Director (*Directeur Général*) is not used within the meaning of Article L. 225-66 of the French Commercial Code.

Detailed presentation of the Executive Board members

N.B.: Directorships and positions held in companies whose shares are admitted to trading on a regulated market are identified by an asterisk*.

Philippe Heim, born in 1968	EXPERIENCE
<p>Chairman of the Executive Board</p> <p>First appointed: 1 September 2020</p> <p>Current term expires: 26 February 2023</p> <p>Business address: La Banque Postale – 115, rue de Sèvres – 75275 Paris Cedex 06</p> <p>Education: Graduate of ESCP Europe business school – Degree in moral and political philosophy from the Sorbonne University – Graduate of IEP Paris (Sciences Po) and École Nationale d'Administration (ENA)</p>	<ul style="list-style-type: none"> ▶ Civil service: from 1997 to 2007, various posts within the Ministry of the Economy and Finance, in the Budget Department and then as a ministerial advisor. ▶ Société Générale: from July 2007 to December 2009, Senior Banker in charge of Global Relations, responsible for strategic client relationships at SG CIB, from December 2009 to March 2013, Director, Strategy and M&A, then, from March 2013, Group Chief Financial Officer, from May 2018 to August 2020, Philippe Heim served as Deputy Chief Executive Officer in charge of International Retail Banking, Financial Services and Insurance. ▶ Since 1 September 2020, Chairman of the Executive Board of La Banque Postale, Executive Vice-President and Head of Financial Services of La Poste.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ Director and member of the Strategy and Remuneration and Nominations Committees of CNP Assurances* (SA). ▶ Chairman of the Board of Directors of Ma French Bank (SA). ▶ Chairman of the Supervisory Board and member of the Appointments and Remuneration Committee of La Banque Postale Asset Management (SA with an Executive Board). ▶ Chairman of the Board of Directors of La Banque Postale Assurance Asset Management Holding (SA). ▶ Director and Vice-Chairman of the Board of Directors of l'Envol, La Banque Postale's campus (non-profit). ▶ Representative of La Banque Postale, Manager of CRSF Dom, CRSF Métropole and Tertiaire Saint Romain (non-trading property companies). ▶ Chairman of the Supervisory Board and Chairman of the Appointments and Remuneration Committees of BPE (SA with an Executive Board and a Supervisory Board) since 7 April 2021. 	<ul style="list-style-type: none"> ▶ Chairman of the Board of Directors of SOGECAP. ▶ Deputy Chief Executive Officer of Société Générale*. ▶ Chairman of the Board of Directors of ALD Automotive*. ▶ Director of Rosbank (Russian Federation). ▶ Director and Chief Executive Officer of Inter Europe Conseil. ▶ Member of the Supervisory Board of SG Marocaine de Banques. ▶ Director of BRD (Romania). ▶ Director and member of the Appointments and Remuneration Committee of Ostrum Asset Management (SA) until July 2021. ▶ Director of Poste Immo (SA) until July 2021. ▶ Director and member of the Remuneration Committee of La Banque Postale Assurances IARD (SA) until October 2021.
<p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ None. 	

Bertrand Cousin, born in 1964	
	EXPERIENCE
<p>Member of the Executive Board</p> <p>First appointed: 1 April 2021</p> <p>Current term expires: 26 February 2023</p> <p>Business address: La Banque Postale – 115, rue de Sèvres – 75275 Paris Cedex 06</p> <p>Education: Graduate of IEP Paris (Sciences Po) (economics and finance) – Law degree from Nancy II University – Professional training diploma in agriculture (BPA) from Beaune CFPPA</p>	<ul style="list-style-type: none"> ▶ Crédit Lyonnais: from 1987 to 1989, Credit Analyst (New York – USA), from 1989 to 1993, Banker in charge of international clients (Geneva – Switzerland), from 1993 to 1995, Head of Project Finance for mining industry clients, from 1995 to 2002, Head of the American Transport Group of Crédit Lyonnais in Paris. ▶ Crédit Agricole: from 1995 to 2002, Head of the Aeronautics and Defence Sector. ▶ JP Morgan: from 2008 to 2016, Head of Corporate Banking for France and Belgium and member of the Paris Management Committee; from 2017 to 2020, Head of Commercial Banking for Europe and member of the Management Committee. ▶ La Banque Postale: Member of the Executive Board and Managing Director⁽¹⁾ of Corporate and Investment Banking since 1 April 2021.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ Member of the Supervisory Board of La Banque Postale Asset Management (SA with an Executive Board and a Supervisory Board) since 16 June 2021. ▶ Director since 16 June 2021 and then Chairman of the Yellow Committee of La Banque Postale Asset Management Holding (SA) since 7 July 2021. ▶ Director and member of the Appointments and Remuneration Committee of Ostrum Asset Management (SA) since 21 July 2021. ▶ Chairman of the Supervisory Board and Chairman of the Appointments and Remuneration Committees of La Banque Postale Leasing & Factoring (SA with an Executive Board and a Supervisory Board) since 21 June 2021. ▶ Director of CNP Assurances* (SA) since 16 February 2022. ▶ Director of l'Envol, La Banque Postale's campus (non-profit) since 15 December 2021. ▶ Director of Fondation La Poste since 14 December 2021. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ None. 	<ul style="list-style-type: none"> ▶ Director of Frateli (non-profit).

(1) The term Managing Director (*Directeur Général*) is not used within the meaning of Article L. 255-66 of the French Commercial Code.

Marion Rouso, born in 1976	EXPERIENCE
<p>Member of the Executive Board</p> <p>First appointed: 1 May 2021</p> <p>Current term expires: 26 February 2023</p> <p>Business address: La Banque Postale – 115, rue de Sèvres – 75275 Paris Cedex 06</p> <p>Education: Graduate of ESCP business school and Stanford University</p>	<ul style="list-style-type: none"> ▶ BPCE group: from 1999 to 2007, a member of the Internal Audit Department. ▶ La Banque Populaire du Nord: from 2007 to 2012, Chief Financial Officer, member of the Management Committee, then Regional Director. ▶ Caisse d'Épargne Rhône Alpes: from 2012 to 2017, Regional Director, then Head of Audit. ▶ In 2017, Head of Transformation and Employee Experience in charge of defining and deploying the BPCE group's employee experience strategy for the digital workplace. ▶ La Banque Postale: member of the Executive Board, Managing Director⁽¹⁾ of Retail Banking, and Deputy Chief Executive Officer of the Retail and Digital Division of Le Groupe La Poste since 1 May 2021.
OTHER CURRENT POSITIONS AND DIRECTORSHIPS	DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS
<p>Le Groupe La Poste companies</p> <ul style="list-style-type: none"> ▶ Permanent representative of La Banque Postale on the Board of Directors of Ma French Bank (SA) since 8 June 2021. ▶ Member and Chair of the Supervisory Board and Chair of the Appointments and Remuneration Committees of La Banque Postale Consumer Finance (SA with an Executive Board and a Supervisory Board) since 8 June 2021. ▶ Permanent representative of La Banque Postale on the Supervisory Board of BPE (SA with an Executive Board and a Supervisory Board) since 30 September 2021. ▶ Member and Chair of the Board and member of the Strategy Committee of Transactis (SAS) since 16 December 2021. <p>Companies outside Le Groupe La Poste</p> <ul style="list-style-type: none"> ▶ Director of Paylib (SAS) since 2 November 2021. ▶ Director of the European Payments Initiative (non-profit) since 2 November 2021. 	<ul style="list-style-type: none"> ▶ Representative of Caisse d'Épargne Rhône Alpes as a director of Compagnie des Alpes. ▶ Representative of Banque Populaire Grand Ouest as a director of Natixis Assurance.

(1) The term Managing Director (Directeur Général) is not used within the meaning of Article L. 255-66 of the French Commercial Code.

Members of the Executive Board who left office in 2021

Anne-Laure Bourn, born in 1962	EXPERIENCE
<p>Member of the Executive Board</p> <p>First appointed: 25 May 2016</p> <p>Term ended: 24 February 2021</p> <p>Business address: Réseau La Poste – 9 rue du Colonel Pierre Avia – CP 407 – 75015 Paris</p> <p>Education: Graduate of <i>Institut Supérieur de Gestion</i> (ISG) and <i>Institut Technique de Banque</i> (ITB) – Executive MBA from HEC</p>	<ul style="list-style-type: none"> ▶ From 1985 to 1988, marketing research analyst then product manager at Thomson Grand Public. ▶ At the Crédit Agricole Regional Bank in Morbihan, financial analyst from 1988 to 1990 then Head of the business financing unit from 1990 to 1992 and Head of marketing from 1992 to 1995. ▶ Joined Le Groupe La Poste in 1995 as Head of marketing and organisation of consumer services for the Western France region; became Head of the Rennes Financial Centre in 2000 then Head of the Paris Financial Centre in 2005. ▶ From 2006 to 2009, Regional Representative of La Banque Postale West DOMs Corsica. ▶ From 2009 to 2011, General Secretary and member of the Executive Board of La Banque Postale Asset Management. ▶ From 2011 to June 2015, Head of Operations at La Banque Postale. ▶ From June 2015 to January 2021, Executive Vice-President of Le Groupe La Poste, Chief Executive Officer of the La Poste Network and Chief Operating Officer, Financial Services. ▶ From 25 May 2016 to 24 February 2021, member of the Executive Board of La Banque Postale. ▶ Since January 2021, Special Advisor to the Chairman and Chief Executive Officer of Le Groupe La Poste.

Philippe Bajou, born in 1958	EXPERIENCE
<p>Member of the Executive Board</p> <p>First appointed: 3 August 2020</p> <p>Term ended: 28 February 2021</p> <p>Business address: La Poste – 9 rue du Colonel Pierre Avia – 75015 Paris</p> <p>Education: Graduate of ENSPTT – Degree in electronics (Paris XI)</p>	<ul style="list-style-type: none"> ▶ Philippe has spent his entire career with Le Groupe La Poste since 1982. ▶ Policy officer at the French Post and Telecommunications Ministry, reporting to the Director of Joint Projects in 1989, then various positions within the Finance Department of La Poste. ▶ Head of Financial Affairs and Investments at La Poste in 1995, responsible for the CCP (postal chequeing accounts) fund management project from 1998. ▶ Chief Executive Officer of Etiposte in 2000. ▶ Member of the Executive Board of La Banque Postale from December 2005 to January 2013. ▶ Executive Vice-President of Le Groupe La Poste and Chief Executive Officer of the La Poste Network from December 2012 to June 2015. ▶ Became Executive Vice-President in charge of transforming Le Groupe La Poste on 19 February 2015, and has been General Secretary and Executive Vice-President of Le Groupe La Poste since 2 February 2016. ▶ Acting Chief Executive Officer of the La Poste Network from 16 June to 31 December 2020 and member of the Executive Board of La Banque Postale from 3 August 2020 to 28 February 2021.

Marc Batave, born in 1958	EXPERIENCE
<p>Member of the Executive Board</p> <p>First appointed: 9 January 2013</p> <p>Term ended: 31 March 2021</p> <p>Business address: La Banque Postale – 115, rue de Sèvres – 75275 Paris Cedex 06</p> <p>Education: Graduate of ESSEC business school</p>	<ul style="list-style-type: none"> ▶ Crédit du Nord group from 1983 to 2011: from 1983 to 1985, Deputy Head of the Labour Relations Section of the Human Resources Department of Crédit du Nord, from 1985 to 1986, Trading Department, from 1986 to 1993, Savings and Insurance Products Manager, Head of Retail Banking then Head of Marketing at Crédit du Nord, from 1993 to January 2000, Vice-Chairman, then Chairman of the Executive Board of Banque Courtois, from January 2000 to July 2011, Head of Customer Relations, Executive Vice-President and then Chief Operating Officer of Crédit du Nord. ▶ La Banque Postale: from 1 November 2012 to 9 January 2013, Commercial Banking Director and member of the Executive Committee of La Banque Postale, from 9 January 2013 to 31 March 2021, member of the Executive Board of La Banque Postale.
Gregorio Antonio Blanco, born in 1965	EXPERIENCE
<p>Member of the Executive Board</p> <p>First appointed: 6 September 2017</p> <p>Term ended: 29 October 2021</p> <p>Business address: La Banque Postale – 115, rue de Sèvres – 75275 Paris Cedex 06</p> <p>Education: Graduate of École Polytechnique – Engineering degree from École Nationale Supérieure des Télécommunications (Corps des Mines) – MBA from INSEAD</p>	<ul style="list-style-type: none"> ▶ From 1988 to 1997, France Télécom, operational positions in France and abroad, including as Head of a regional operations centre, before being appointed Regional Sales Manager for the Lille region. ▶ From February 1997 to February 2010, at strategy consulting firm McKinsey & Co, Consultant then Project Manager, then Associate Director in the Financial Institutions group. ▶ From March 2010 to December 2010, Deputy Chief Executive Officer and Head of Private Banking Customer Relations at Barclays Bank France. ▶ From December 2010 to August 2017, Chief Executive Officer of Barclays Bank, Barclays Country Manager for France, member of the Europe Retail & Business Banking Executive Committee. ▶ From January 2014 to May 2016, Chief Executive Officer of Barclays Italy Retail & Business Banking. ▶ From 6 September 2017 to 29 October 2021, member of the Executive Board and General Secretary of La Banque Postale and Acting Chairman of the Executive Board from 3 August to 1 September 2020.

Conflicts of interest

To the best of the Company's knowledge, as of the date of this report, there are no conflicts of interest between the duties of the members of the Executive Board in respect of La Banque Postale, and their private interests.

Apart from related party agreements and commitments authorised in advance by the Supervisory Board, there are no arrangements or agreements entered into with clients, suppliers or any other third parties resulting in the selection of a member of the Executive Board.

The procedure for managing conflicts of interest is described in Section 2.1.2.1.1 "Practices of the Supervisory Board and its committees" of this document. In addition, a specific questionnaire for members of the Executive Board is filled in and sent annually to La Banque Postale's compliance officer.

Declarations of the absence of convictions, bankruptcy, sanctions, family ties or benefits as a result of service agreements concerning members of the Executive Board

As of the date of this report, there are no family ties between any members of the Executive Board and any other corporate officer of the Company. In the last five years, no member of the Executive Board has been convicted of fraud or associated, as a member of an administrative, management or supervisory body, with a bankruptcy, receivership or liquidation.

In the last five years, no member of the Executive Board has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities, and no member has been disqualified by a court of law from acting as member of an administrative, management or supervisory body.

No member of the Executive Board receives any benefits under a service agreement with the Company or any of its subsidiaries.

2.1.2.2.3 Internal committees of the Executive Board

In 2021, the Executive Board was supported by an Executive Committee, a Development Committee and several special committees.

The Executive Committee

The Executive Committee is made up of the three members of the Executive Board and 11 heads of business lines, corporate functions and control functions:

- ▶ Serge Bayard, Deputy Managing Director of Corporate and Investment Banking;
- ▶ Perrine Kaltwasser, Deputy Managing Director in charge of risks, compliance and supervision of the conglomerate;
- ▶ Olivier Lévy-Barouch, Deputy Managing Director in charge of finance and strategy;
- ▶ Christophe Van de Walle, Deputy Managing Director in charge of customer experience and banking operations;

- ▶ Zakaria Moursli, Deputy Managing Director in charge of information systems, innovation, data and digital transformation;
- ▶ Stéphane Dedeyan, Chief Executive Officer of CNP Assurances;
- ▶ François Geronde, Chief Financial Officer;
- ▶ Thomas Guittet, Chief Risk Officer;
- ▶ Adrienne Horel-Pagès, Chief Sustainability Officer;
- ▶ Cécile Riffard-Brédillot, Chief Brand and Communication Officer;
- ▶ Maud Vimeux, Human Resources Director

Nathalie Collin, Deputy Chief Executive Officer of Le Groupe La Poste and Chief Executive Officer of its Consumer & Digital Division, is an associate member of the Executive Committee.

The Executive Committee steers La Banque Postale's business and supports the Executive Board, particularly in the area of sales and marketing.

The Development Committee

Serving as a real link between executive management and the community of managers of the bancassurance group, the Development Committee deals with strategic matters as requested by the Executive Committee, working both alongside the Executive Committee and challenging the *status quo*, with a view to issuing recommendations. The Committee also provides visibility and development opportunities for both current and future senior managers. Chaired by Philippe Heim, the Development Committee comprises some 40 senior managers from La Banque Postale Group.

Special committees:

The special Executive Board committees are chaired by a member of the Executive Board or the Executive Committee and are as follows:

- ▶ the Public Affairs, Regulatory Oversight and Supervisory Authority Relations Committee;
- ▶ the Conglomerate Committee;
- ▶ the Retail Banking Development Committee;
- ▶ the Executive Board Commitments Committee;
- ▶ the ALM Committee;
- ▶ the Innovation and Foresight Committee;
- ▶ the Group Investment Committee;
- ▶ the Insurance Investment Committee;
- ▶ the AML-TF and Compliance Committee;
- ▶ the Group Risk Management Committee;
- ▶ the Insurance Strategy Committee;
- ▶ the Group Cyber Strategy Committee;
- ▶ the Information Systems and Major Projects Strategy Committee.

2.1.3 Diversity

In 2008, La Banque Postale made commitments to promote employment of people with disabilities and offer equal opportunities to women and men. Successive agreements have been signed in support of these commitments.

In 2013, La Banque Postale signed the Diversity Charter as a commitment to fight discrimination in employment and to work in favour of diversity.

This momentum continued in 2020, with the signature of two agreements: one in June in favour of people with disabilities and the second in October promoting diversity and gender equality in the workplace.

With this "Diversity and Gender Equality" agreement – which covers the period from 2020 to 2022 – La Banque Postale has strengthened its commitments in relation to gender equality and is aiming to maintain its high score in France's Gender Equality Index, which has been 97/100 for the three years since 2019.

The agreement's objectives and action plans are clearly stated:

- increase the proportion of women in executive posts at La Banque Postale. At end-2021, women accounted for 40% of the Company's Executive Committee members and 37% of its Development Committee members, with a target of 50% by 2025;

- provide targeted support for women identified as having senior management potential, in the form of training, coaching or mentoring programmes;
- remind all unit managers and human resources managers of this goal ahead of the annual performance reviews, in order to ensure that the proportion of women given a promotion is consistent with the proportion of women at the grade concerned in their unit;
- set aside a specific budget to be used during the annual salary negotiations to reduce unjustified pay differentials. In 2021, a €130,000 budget was used to increase the salaries of 60 women employees.

In terms of recruitment, in 2021 La Banque Postale introduced a non-discrimination charter to be used by its partner recruitment firms, in order to ensure that there is a balanced representation of women candidates on the shortlists they present.

Another example of the action taken by the Group in 2021 to promote gender equality is La Banque Postale's network of Equality champions joining *Financi'elles* – a federation promoting gender diversity in the banking, financial and insurance sectors – with a view to making a broader commitment to the advancement of gender equality in the industry.

2.1.4 Other information

Agreements referred to in Article L. 225-86 of the French Commercial Code

These agreements are detailed in the statutory auditors' special report in Chapter 10 of this document

Financial authorisations granted by the General Meeting of Shareholders and their use in 2021

General Meeting	Purpose of the authorisation given to the Executive Board	Authorisation period	Limit	Use in 2021
None	None	None	None	None

Conditions for shareholder participation in the General Meeting

The conditions governing shareholder participation in the General Meeting of La Banque Postale are defined in Article 30 of the Articles of Association, which are presented in Chapter 8 "Articles of Association" of this document.

Disclosures required by Article L. 22-10-11 of the French Commercial Code

In accordance with Article L. 22-10-11 of the French Commercial Code, the following items should be disclosed and explained, where appropriate, when they are likely to have an impact in the event of a public tender offer.

La Banque Postale's current ownership structure makes it impossible for the Company to be the target of a takeover bid as its shares are not admitted to trading on a regulated market. However, the disclosures required by Article L. 22-10-11 of the French Commercial Code are referred to in this document (disclosures concerning other obligations) or are made directly below:

1. the Company's ownership structure: this information is provided in Chapter 1 "Presentation of La Banque Postale Group";
2. restrictions set out in the Articles of Association on the exercise of voting rights and the transfer of shares, or clauses in the agreements brought to the Company's attention in application of Article L. 233-11: none (see Chapter 8 "Articles of Association");
3. direct or indirect investments in the share capital of which the Company is aware pursuant to Articles L. 233-7 and L. 233-12: none (see Chapter 1 "Presentation of La Banque Postale Group");
4. list of the holders of any securities conferring special control rights and a description of these rights: none of the Company's securities confer special control rights;
5. control mechanisms stipulated under any employee share ownership scheme, where control rights are not exercised by the employees: not applicable. The Company does not have an employee share ownership scheme;
6. shareholder agreements of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights: not applicable. La Banque Postale has only one shareholder;

7. rules applicable to the appointment and replacement of members of the Executive Board as well as the amendment of the Company's Articles of Association: see Chapter 8 "Articles of Association";
8. powers of the Executive Board, in particular to issue or buy back shares: see Chapter 8 "Articles of Association";
9. agreements entered into by the Company that would be altered or terminated in the event of a change of control, except where this disclosure would seriously jeopardise its interests, aside from legal disclosure obligations: not applicable;
10. agreements providing for the payment of termination benefits to members of the Executive Board or employees, if they resign or are dismissed without just cause or if their employment is terminated due to a change of control: a very limited number of employees (fewer than 10) have employment contracts providing for the payment of termination benefits.

2.2 REMUNERATION

2.2.1 Principles and rules for setting the remuneration of the corporate officers

Based on the work of the Remuneration Committee, La Banque Postale has drawn up principles and rules for setting the remuneration of corporate officers in accordance with the main recommendations of the Afep/Medef Code and the decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sectors licensed by the ACPR.

Following the take-over of La Poste by the Caisse des Dépôts et Consignations in March 2020, La Banque Postale no longer falls within the scope of application of decree no. 53-707 of 9 August 1953, as amended by decree no. 2012-915 of 26 July 2012 relating to State control over the remuneration of the managers of State-owned companies.

Remuneration of Executive Board members

Fixed and variable remuneration of members of the Executive Board

The remuneration of the Executive Board is determined by the Supervisory Board based on the proposal of the Remuneration Committee.

The Chairman of the Executive Board receives only a fixed salary for his services, in the amount of €450,000 (excluding paid leave indemnities, family allowances and communication bonuses). Part of this salary is paid by La Poste pursuant to his employment contract as Director of Le Groupe La Poste's Financial Services Division. He is required to have this employment contract due to La Banque Postale's postal banking model. He does not receive any variable remuneration.

Marion Rouso receives a fixed salary of €430,000 (excluding paid leave indemnities, family allowances, communication bonuses and housing allowance). Part of this salary is paid by La Poste, pursuant to her employment contract as Deputy Managing Director of La Poste's Retail and Digital Division, responsible for the distribution of banking and non-banking products. She is required to have this employment contract due to La Banque Postale's postal banking model. Ms. Rouso also receives variable remuneration paid by La Banque Postale, representing a target amount of €20,000.

Bertrand Cousin receives an annual fixed salary of €430,000 and variable remuneration representing a target amount of €20,000, both of which are paid by La Banque Postale.

Members of the Executive Board do not receive any remuneration from La Banque Postale other than that paid in respect of their services as Board members, or any remuneration for their services as directors of subsidiaries of La Banque Postale Group.

The annual variable remuneration of Marion Rouso and Bertrand Cousin for 2021 was determined based on the achievement rates of their objectives for 2021, as follows:

- ▶ le Groupe La Poste's 2021 quantitative objectives, corresponding to the roadmap of La Poste's Chairman and Chief Executive Officer, weighted at 10%;

- ▶ non-financial objectives, weighted at 40%, focused in particular on (i) improving customer satisfaction (sub-weighting of 10%), (ii) accelerating the transformation of the business lines by leveraging employees' skills and abilities (sub-weighting of 10%), (iii) La Banque Postale Group's risk management and compliance (sub-weighting of 10%), and (iv) La Banque Postale's positioning as a leader in responsible finance (sub-weighting of 10%);
- ▶ financial objectives, weighted at 50%, comprising:
 - for La Banque Postale Group (including CNP Assurances): financial performance criteria based on attributable net profit, the cost/income ratio and return on equity (sub-weighting of 15%),
 - for La Banque Postale Group (excluding CNP Assurances): financial performance criteria based on net banking income (NBI) and attributable net profit (sub-weighting of 20%),
 - for CNP Assurances: financial performance criteria based on CNP Assurances' total revenues and attributable net profit (sub-weighting of 15%).

The achievement rates for the financial and non-financial objectives were clearly defined but are not disclosed for confidentiality reasons.

The Executive Board's objectives for 2022 will be set by the Supervisory Board on 23 February 2022.

Other benefits or compensation

Philippe Heim, Bertrand Cousin and Marion Rouso are covered by health and death/disability insurance taken out by La Banque Postale for all La Banque Postale employees. They are also covered by death/disability insurance taken out by the Company for all senior executives, and have the use of a company car.

The members of the Executive Board are not entitled to any non-compete indemnity. They have not been awarded any stock or debt options, or any performance shares.

Lastly, Executive Board members do not participate in any Company-sponsored supplementary pension plan.

Compensation for loss of office

On 25 March 2021, the Supervisory Board gave a commitment to all the Executive Board members – Philippe Heim, Marion Rouso and Bertrand Cousin – concerning the payment of compensation for loss of office.

Compensation for loss of office would be payable to the Executive Board members in the event of their removal from office, other than for gross or serious misconduct, and subject to the following conditions:

- ▶ the compensation will not be paid if the Executive Board member resigns, if they have served on the Board for less than six months, or if they are less than six months away from retirement;

- ▶ if the Executive Board member is removed from office after serving between six months and two years, the compensation will represent twice the amount of their annual fixed remuneration applicable at the time of their loss of office, with payment subject to a performance condition, i.e., the achievement rate for the Executive Board's annual targets would have to have been at least 80% either for the previous or current financial year, depending on which of those two years the Executive Board member had served the longest;
- ▶ if the Executive Board member is removed from office after serving more than two years, the compensation will represent twice the amount of their annual fixed remuneration applicable at the time of their loss of office, with payment subject to a performance condition, i.e., the achievement rate for the Executive Board's annual targets would have to have been at least 80% for the past two financial years.

Also on 25 March 2021, the Supervisory Board confirmed the authorisation given to La Banque Postale to take out senior executive unemployment insurance (GSC) for Bertrand Cousin covering the risk of loss of office (including due to the non-renewal of his appointment) and to pay the related premiums.

Remuneration of Supervisory Board members

Rules for determining the remuneration of Supervisory Board members

The applicable rules for determining the remuneration awarded to the members of the Supervisory Board are proposed by the Remuneration Committee to the Supervisory Board. These rules, which were determined based on a benchmarking analysis of a panel of banks and insurance companies and a sample of State-owned companies, are presented below.

All members of the Supervisory Board are remunerated for their services on the Board, with the exception of the members representing employees. The Chairman of the Supervisory Board receives a flat amount. The remuneration awarded to the other members is calculated based on their attendance rate at meetings of the Supervisory Board and its committees, with the Chairman of each committee receiving an additional flat amount.

At the General Meeting of 28 April 2021, the shareholders decided to increase the cap on the aggregate remuneration allocated to the Supervisory Board from €450,000 to €700,000, in order to take into account, among other things, the increased workload of the Supervisory Board and its committees. The previous cap of €450,000 had been unchanged since 2006.

Since 2013, the Supervisory Board members' remuneration has been paid in two instalments:

- ▶ an initial payment on account calculated by the above method based on the number of Board and Committee Meetings held during the first half of the current year;
- ▶ a final payment for the balance of the annual amount due.

Following a decision approved by the Supervisory Board on 11 April 2018, the allocation rules were modified as explained below.

Remuneration awarded for 2021

The remuneration awarded to the Chairman of the Supervisory Board for 2021 represented a flat amount of €20,000. The amount awarded to each member of the Supervisory Board was prorated to their attendance rate at Board meetings, with a cap of €18,000.

In addition, the Chairmen of the Financial Statements and Risk Committees received €16,000 each in recognition of their position, while the Chairmen of the Appointments, Remuneration and Strategy Committees each received €10,000. Lastly, the members of the Financial Statements and Risk Committees each received €2,100 for each meeting attended, and the members of the Appointments, Remuneration and Strategy Committees each received €1,700.

Pursuant to the internal rules of Le Groupe La Poste, the remuneration awarded to the Supervisory Board members representing Le Groupe La Poste is paid to La Poste. Likewise, representatives of La Poste do not receive any remuneration for their services as directors of companies in La Banque Postale Group.

The remuneration awarded to the Supervisory Board member elected on the recommendation of the Caisse des dépôts group is paid to Caisse des dépôts. The remuneration awarded to the representative of the French State is paid to the French Treasury.

2.2.2 Remuneration paid

The remuneration data provided below complies with La Banque Postale's remuneration principles and rules, as described in detail in the report of the Chairman of the Supervisory Board.

Remuneration of members of the Supervisory Board for 2020 and 2021

Remuneration awarded to the members of the Supervisory Board for their services on the Board and other remuneration received by Supervisory Board members for their directorships within La Banque Postale Group

Name of the corporate officer	Theoretical gross amounts ⁽⁶⁾ due for 2020 (€)	Recipient	Gross amounts due for 2021 (€)	Recipient
Philippe Wahl⁽⁵⁾				
Awarded remuneration	20,000	La Poste	20,000	La Poste
Other exceptional remuneration	-		-	
Yves Brassart⁽⁵⁾				
Awarded remuneration	66,300	La Poste	68,500	La Poste
Other exceptional remuneration	-		-	
Nathalie Collin⁽¹⁾⁽⁵⁾				
Awarded remuneration	18,000	La Poste	1,500	La Poste
Other exceptional remuneration	-		-	
Sophie Renaudie⁽⁵⁾				
Awarded remuneration	56,300	La Poste	57,400	La Poste
Other exceptional remuneration	-		-	
Nicolas Routier⁽³⁾⁽⁵⁾				
Awarded remuneration	2,000	La Poste	-	La Poste
Other exceptional remuneration	-		-	
La Poste				
Awarded remuneration	18,000	La Poste	18,000	La Poste
Other exceptional remuneration	-		-	
Antoine Saintoyant⁽²⁾				
Awarded remuneration	-	Caisse des Dépôts et Consignations	32,500	Caisse des Dépôts et Consignations
Other exceptional remuneration	-		-	
Olivier Sichel⁽¹⁾				
Awarded remuneration	29,600	Caisse des Dépôts et Consignations	3,400	Caisse des Dépôts et Consignations
Other exceptional remuneration	-		-	
The French State				
Awarded remuneration	78,400	The French State	71,700	The French State
Other exceptional remuneration	-		-	
Anik Chaumartin⁽²⁾				
Awarded remuneration	-	The person concerned	20,000	The person concerned
Other exceptional remuneration	-		-	
Sophie Lombard⁽³⁾				
Awarded remuneration	12,268.50	The person concerned	-	The person concerned
Other exceptional remuneration	-		-	

Name of the corporate officer	Theoretical gross amounts ⁽⁶⁾ due for 2020 (€)	Recipient	Gross amounts due for 2021 (€)	Recipient
Michel Madelain				
Awarded remuneration	92,300	The person concerned	102,300	The person concerned
Other exceptional remuneration	-	-	-	-
Emmanuel Rondeau				
Awarded remuneration	102,865.75	The person concerned	117,200	The person concerned
Other exceptional remuneration	-	-	-	-
Nefissa Sator⁽⁴⁾				
Awarded remuneration	61,265.75	The person concerned	88,600	The person concerned
Other exceptional remuneration	-	-	-	-
Sandrine Fagot-Revurat				
Awarded remuneration	-	-	-	-
Other exceptional remuneration	-	-	-	-
Thierry Freslon				
Awarded remuneration	-	-	-	-
Other exceptional remuneration	-	-	-	-
Jean-Pierre Hakizimana				
Awarded remuneration	-	-	-	-
Other exceptional remuneration	-	-	-	-
Steeve Maigne				
Awarded remuneration	-	-	-	-
Other exceptional remuneration	-	-	-	-
Thierry Viarouge				
Awarded remuneration	-	-	-	-
Other exceptional remuneration	-	-	-	-
TOTAL REMUNERATION PAID⁽⁶⁾	450,000		601,100	

(1) Member who stepped down from the Supervisory Board during 2021.

(2) Member who joined the Supervisory Board during 2021.

(3) Member who stepped down from the Supervisory Board during 2020.

(4) Member who joined the Supervisory Board during 2020.

(5) By decision of the Supervisory Board on 24 February 2021, based on the recommendation of the Remuneration Committee, the total amount paid to La Poste in respect of the remuneration awarded to members representing Le Groupe La Poste was reduced by €107,300 compared to the theoretical amount resulting from application of the determination rules, so that the total amount paid did not exceed the maximum remuneration allocated to the Supervisory Board (€450,000). Taking into account this adjustment, the total remuneration paid to the members of the Supervisory Board for 2020 amounted to €450,000, of which €73,300 was paid to La Poste.

Corporate officers have not received any stock or debt options or any performance shares; consequently, the Company has not prepared tables 4 to 10 of the AMF's guidelines relating to corporate officer remuneration disclosures.

Remuneration of employee representative members on the Supervisory Board

Employee representative members on the Supervisory Board do not receive any remuneration in respect of their Supervisory Board appointment.

The total gross remuneration (including the variable component) paid to employee representatives on the Supervisory Board under their employment contracts amounted to €395,113 in 2021.

Remuneration of the members of the Executive Board for 2020 and 2021**Standardised tables that comply with Afep/Medef and AMF recommendations****Table 1. Summary of the gross remuneration, stock options and shares awarded to Executive Board members**

(in euros)	2020	2021
Philippe Heim (term of office began on 1 September 2020)		
Gross remuneration payable for the year (details in Table 2)	151,561	458,604
Value of long-term variable remuneration awarded during the year	-	-
Value of stock options awarded during the year	N/A	N/A
Value of performance shares awarded during the year	N/A	N/A
Total	151,561	458,604
Marion Rouso (term of office began on 1 May 2021)		
Gross remuneration payable for the year (details in Table 2)	-	344,692
Value of long-term variable remuneration awarded during the year	-	-
Value of stock options awarded during the year	N/A	N/A
Value of performance shares awarded during the year	N/A	N/A
Total	-	344,692
Bertrand Cousin (term of office began on 1 April 2021)		
Gross remuneration payable for the year (details in Table 2)	-	335,477
Value of long-term variable remuneration awarded during the year	-	-
Value of stock options awarded during the year	N/A	N/A
Value of performance shares awarded during the year	N/A	N/A
Total	-	335,477
Marc Batave (term of office ended on 31 March 2021)		
Gross remuneration payable for the year (details in Table 2)	484,416	177,113
Value of long-term variable remuneration awarded during the year	-	-
Value of stock options awarded during the year	N/A	N/A
Value of performance shares awarded during the year	N/A	N/A
Total	484,416	177,113
Tony Blanco (term of office ended on 29 October 2021)		
Gross remuneration payable for the year (details in Table 2)	434,702	391,774
Value of long-term variable remuneration awarded during the year	-	-
Value of stock options awarded during the year	N/A	N/A
Value of performance shares awarded during the year	N/A	N/A
Total	434,702	391,774
Anne-Laure Bourn (term of office ended on 24 February 2021)		
Gross remuneration payable for the year (details in Table 2)	399,158	118,136
Value of long-term variable remuneration awarded during the year	-	-
Value of stock options awarded during the year	N/A	-
Value of performance shares awarded during the year	N/A	-
Total	399,158	118,136
Philippe Bajou (term of office ended on 28 February 2021)		
Gross remuneration payable for the year (details in Table 2)	227,637	131,769
Value of long-term variable remuneration awarded during the year	-	-
Value of stock options awarded during the year	N/A	-
Value of performance shares awarded during the year	N/A	-
Total	227,637	131,769
Rémy Weber (term of office ended on 3 August 2020)		
Gross remuneration payable for the year (details in Table 2)	441,738	N/A
Value of long-term variable remuneration awarded during the year	-	N/A
Value of stock options awarded during the year	N/A	N/A
Value of performance shares awarded during the year	N/A	N/A
Total	441,738	N/A
EXECUTIVE BOARD TOTAL	2,139,212	1,957,565

Table 2. Summary of the gross remuneration, stock options and shares awarded to Executive Board members

(in euros)	2020		2021	
	Amounts payable for the financial year	Amounts paid during the financial year	Amounts payable for the financial year	Amounts paid during the financial year
Philippe Heim (term of office began on 1 September 2020)				
Fixed remuneration ⁽¹⁾	150,574	150,574	451,233	451,233
Of which paid by La Banque Postale	120,000	120,000	360,000	360,000
Of which paid by La Poste	30,574	30,574	91,233	91,233
Annual variable remuneration	-	-	-	-
Long-term variable remuneration	-	-	-	-
Termination benefit	-	-	-	-
Awarded remuneration ⁽²⁾	-	-	-	-
Benefits in kind ⁽³⁾	987	987	7,370	7,370
Total	151,561	151,561	458,604	458,604
Marion Rouso (term of office began on 1 May 2021)				
Fixed remuneration ⁽¹⁾	-	-	317,724	317,724
Of which paid by La Banque Postale	-	-	200,000	200,000
Of which paid by La Poste	-	-	117,724	117,724
Annual variable remuneration ⁽⁴⁾	-	-	N/A	23,790
Of which paid by La Banque Postale	-	-	-	-
Of which paid by La Poste	-	-	-	23,790
Long-term variable remuneration	-	-	-	-
Termination benefit	-	-	-	-
Awarded remuneration ⁽²⁾	-	-	-	-
Benefits in kind ⁽³⁾	-	-	3,178	3,178
Total	-	-	N/A	344,692
Bertrand Cousin (term of office began on 1 April 2021)				
Fixed remuneration ⁽¹⁾	-	-	322,500	322,500
Annual variable remuneration	-	-	N/A	-
Long-term variable remuneration	-	-	-	-
Termination benefit	-	-	-	-
Awarded remuneration ⁽²⁾	-	-	-	-
Benefits in kind ⁽³⁾	-	-	-	12,977
Total	-	-	N/A	335,477
Marc Batave (term of office ended on 31 March 2021)⁽⁵⁾				
Fixed remuneration ⁽¹⁾	409,000	409,000	103,873	103,873
Annual variable remuneration ⁽⁴⁾	72,515	36,994	N/A	72,515
Long-term variable remuneration	-	-	-	-
Termination benefit	-	-	-	-
Awarded remuneration ⁽²⁾	-	-	-	-
Benefits in kind ⁽³⁾	2,901	2,901	725	725
Total	484,416	448,895	N/A	177,113
Tony Blanco (term of office ended on 29 October 2021)⁽⁵⁾				
Fixed remuneration ⁽¹⁾	400,000	400,000	333,333	333,333
Annual variable remuneration	31,520	36,180	N/A	31,520
Long-term variable remuneration	-	-	-	-
Termination benefit	-	-	-	-
Awarded remuneration ⁽²⁾	-	-	-	-
Benefits in kind ⁽³⁾	3,182	3,182	26,921	26,921
Total	434,702	439,362	N/A	391,774
Anne-Laure Bourn (term of office ended on 24 February 2021)⁽⁶⁾				
Fixed remuneration ⁽¹⁾	332,656	332,656	55,060	55,060
Annual variable remuneration	62,391	149,738	N/A	62,391
Long-term variable remuneration	-	-	-	-
Termination benefit	-	-	-	-
Awarded remuneration ⁽²⁾	-	-	-	-
Benefits in kind ⁽³⁾	4,111	4,111	685	685
Total	399,158	486,505	N/A	118,136

	2020		2021	
	Amounts payable for the financial year	Amounts paid during the financial year	Amounts payable for the financial year	Amounts paid during the financial year
(in euros)				
Philippe Bajou (term of office ended on 28 February 2021)⁽⁶⁾				
Fixed remuneration ⁽¹⁾	156,593	156,593	61,727	61,727
Annual variable remuneration	69,375	-	N/A	69,375
Long-term variable remuneration	-	-	-	-
Termination benefit	-	-	-	-
Awarded remuneration ⁽²⁾	-	-	-	-
Benefits in kind ⁽³⁾	1,669	1,669	667	667
Total	227,637	158,262	N/A	131,769
Rémy Weber (term of office ended on 3 August 2020)				
Fixed remuneration ⁽¹⁾	438,389	438,694	-	-
Of which paid by La Banque Postale	211,429	120,000	-	-
Of which paid by La Poste	226,960	30,574	-	-
Annual variable remuneration	-	-	-	-
Long-term variable remuneration	-	-	-	-
Termination benefit	-	450,000	-	-
Awarded remuneration ⁽²⁾	-	-	-	-
Benefits in kind ⁽³⁾	3,044	3,044	-	-
Total	441,738	891,738	-	-
EXECUTIVE BOARD TOTAL	2,139,212	2,576,323	N/A	1,957,565

- (1) Fixed remuneration includes: (i) for Philippe Heim, a paid leave indemnity (only in 2021), a family allowance, and a communication bonus; (ii) for Marion Rouso, a family allowance, a communication bonus, and a housing allowance; (iii) for Philippe Bajou, Anne-Laure Bourn and Rémy Weber, a paid leave indemnity and a communication bonus; (iv) for Bertrand Cousin and Tony Blanco, solely their basic salary; and (v) for Marc Batave, the balance of his paid leave accumulated in his CET (Time Savings Account).
- (2) Members of the Executive Board do not receive any remuneration for any other offices they hold in other La Banque Postale Group companies.
- (3) For Philippe Bajou, a company car provided by La Banque Postale. For Marc Batave, a company car provided by La Banque Postale. For Tony Blanco and Bertrand Cousin, a company car provided by La Banque Postale and senior executive unemployment insurance (GSC); For Anne-Laure Bourn, a company car provided by La Poste; For Philippe Bajou, a company car provided by La Poste and a free credit card; and For Rémy Weber, a company car provided by La Banque Postale.
- (4) Variable remuneration corresponds to: (i) for Marion Rouso, a welcome bonus paid by La Poste; and (ii) for Marc Batave, the variable portion of his annual remuneration and a special bonus.
- (5) The terms of office of Marc Batave and Tony Blanco ended on 31 March 2021 and 29 October 2021 respectively. Their remuneration has been prorated to take into account the end of their terms of office.
- (6) Anne-Laure Bourn was a member of the Executive Board from 25 May 2016 to 24 February 2021. Philippe Bajou was a member of the Executive Board from 3 August 2020 to 28 February 2021. Both of them were paid remuneration solely by La Poste. Their remuneration has been prorated to take into account the end of their terms of office.

Table 3. Employment contracts, supplementary pension plans and compensation for executive corporate officers

	Employment contract with La Banque Postale		Supplementary pension plan		Compensation payable or that may be payable for loss of office or for a change of position		Non-compete indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe Heim Chairman of the Executive Board since 1 September 2020		X		X	X			X
Bertrand Cousin Member of the Executive Board since 1 April 2021		X		X	X			X
Marion Rouso Member of the Executive Board since 1 May 2021		X		X	X			X

Benefits for loss of office or a change in duties awarded to members of the Executive Board

No benefits were awarded to any Executive Board members for loss of office or a change of position during 2021.

Supplementary pension arrangements made for the benefit of Executive Board members

As of 31 December 2021, La Banque Postale had made no supplementary pension arrangements for Executive Board members.

Remuneration of the members of the Development Committee

In 2021, the total gross remuneration (including the variable portion) paid to the members of the Development Committee, excluding members of the Executive Board, amounted to €11,054,812.

No other remuneration was paid to the Development Committee members. Moreover, they do not receive any remuneration for any other offices they hold in other La Banque Postale Group companies.

Most of the Development Committee members are eligible for a statutory retirement bonus.

Remuneration principles implemented within La Banque Postale**Remuneration Committee****Roles and responsibilities of the Remuneration Committee**

In accordance with the provisions of the French Monetary and Financial Code and its own internal rules, La Banque Postale's Remuneration Committee prepares the remuneration decisions to be adopted by the Supervisory Board of La Banque Postale Group.

More specifically, each year the Remuneration Committee:

- ▶ examines the remuneration, allowances and benefits of all types awarded to the members of the Executive Board;
- ▶ participates in the process of identifying "regulated" employees within the meaning of Directive (EU) No. 2013/36 as amended by Directive (EU) No. 2019/878;
- ▶ assesses the mechanisms and systems adopted to ensure that the remuneration system takes due account of all types of risk and levels of liquidity and equity, that the overall remuneration policy is consistent and promotes sound and effective risk management, and that it is in line with the Company's business strategy, objectives, corporate culture and values and long-term interests;
- ▶ supports the Supervisory Board of La Banque Postale Group with regards to its supervision of remuneration policies, practices and processes and compliance with the remuneration policy. It ensures that this policy is properly applied and is valid, and can propose changes if required. The remuneration policies and practices of La Banque Postale Group entities subject to specific industry provisions are also examined by the Committee;
- ▶ reviews the internal control report drawn up in accordance with Article 266 of the decree of 3 November 2014 on internal control and provided to the ACPFR;
- ▶ assesses any external remuneration consultants that the Supervisory Board may decide to use for advice or assistance.

Membership and decisions of the Remuneration Committee in 2021

As of 31 December 2021, the Remuneration Committee comprised six members appointed by the Supervisory Board from among its members: one member who holds a position within Le Groupe La Poste, one member representing the French State, one member representing employees and three independent members.

The Remuneration Committee met four times in 2021.

Its work during the year included reviewing La Banque Postale Group's remuneration policy for 2021 in view of the regulatory changes introduced by Directive (EU) No. 2019/878, and examining and validating the list of regulated employees within the meaning of Article L.511-71 of the French Monetary and Financial Code on a consolidated basis for La Banque Postale Group for 2021.

Use of external consultants

La Banque Postale Group's Human Resources Department commissioned the law firm EY Legal to help it with the review of the Group's overall remuneration policy for 2021.

Fixed and variable remuneration

The fixed component of remuneration constitutes most of the remuneration of all La Banque Postale employees. It is determined in recognition of their skills, experience, qualifications, level of responsibility and engagement.

Individual variable remuneration reflects sustainable performance in line with the risk policy. It takes into account the individual's contribution to La Banque Postale Group's business and earnings growth. When variable remuneration forms part of the overall compensation package, limits are set so that the variable portion cannot exceed the fixed portion. In addition, individual employees do not systematically receive a share of the total variable remuneration budget. Each employee's variable remuneration is determined by management based on a range of criteria covering:

- ▶ their personal performance in relation to annual objectives set in advance on a basis consistent with the entity's long-term objectives, combined with the performance of their operating unit and the entity's results;
- ▶ pre-defined qualitative and behavioural criteria taken into account in the individual's performance appraisal.

In accordance with its values, La Banque Postale Group does not have any variable remuneration system based directly and exclusively on the achievement of quantified objectives. Quantitative performance objectives are systematically linked to qualitative and behavioural objectives.

In addition, the measurement of individual performance takes into account all the risks to which the La Banque Postale Group entity concerned is likely to be exposed, i.e., mainly the risks of regulatory non-compliance, failure to protect customers, conflicts of interest and social and environmental risks. These objectives help to protect customers' interests by encouraging ethical behaviours in line with the Group's code of conduct and the regulations governing La Banque Postale's businesses.

Moreover, La Banque Postale makes sure that the aggregate amount of individual variable remuneration does not hamper its ability to strengthen its equity.

Guaranteed variable remuneration

Regulated employees cannot be granted guaranteed variable remuneration beyond the first year of engagement of the regulated employee concerned, which is subject to La Banque Postale Group still being in a healthy and solid financial position.

Remuneration of employees who carry out control functions

Employees who carry out control functions are remunerated based on the achievement of objectives related to their duties, independently of the performance of the business areas they control.

In accordance with Article 511-102 of the French Monetary and Financial Code, and the EBA Guidelines, the Remuneration Committee oversees the remuneration of the executives responsible for the three independent control functions, i.e., the remuneration of the Group Chief Compliance Officer, the Group Chief Risk Officer and the Head of Internal Audit. The Committee particularly verifies that the variable remuneration of these executives is not contingent on the performance of the business areas they control.

Scope of application of La Banque Postale Group's remuneration policy

The guiding principles of La Banque Postale Group's remuneration policy are applicable to all subsidiaries that are consolidated for prudential purposes.

The subsidiaries of La Banque Postale that are subject to specific industry provisions (CRD V, MiFID II, AIFM/UCITS V, Solvency II, IFD) are required to review their remuneration policy each year, taking into consideration any regulatory changes, and to apply the guiding principles of La Banque Postale Group's overall remuneration policy.

The principles of La Banque Postale Group's overall remuneration policy also apply to La Poste employees who offer financial services sold by a La Banque Postale Group company. The implementing agreements for the framework agreement between La Banque Postale and La Poste contain a precise description of the remuneration principles that apply to these employees who act on behalf of La Banque Postale.

Remuneration of regulated employees within the meaning of Article L. 511-71 of the French Monetary and Financial Code.

Pursuant to the government order of 3 November 2014 on the internal control of banking, payment services and investment services companies overseen by France's banking supervisor (ACPR), the Remuneration Committee prepared the work of the Supervisory Board, which then decided on the remuneration policy for regulated employees proposed by the Executive Board.

The Board issued a positive opinion on La Banque Postale's remuneration policy, which establishes a comprehensive framework for the variable remuneration of Company employees whose professional activities have a material impact on its risk profile. The approved policy is designed to avoid jeopardising the Company's ability to generate equity and adversely affecting its liquidity position.

Professionals affected at La Banque Postale

Pursuant to Article L.511-71 of the French Monetary and Financial Code, the rules relating to the remuneration policy apply to the managers of the institution concerned and to certain categories of employees, including the risk takers of the Company or of La Banque Postale Group.

Delegated Regulation (EU) No.604/2014, enacted by the European Commission on 4 March 2014, adopted technical regulatory standards regarding appropriate qualitative and quantitative criteria to identify the categories of employees whose professional activities have a significant impact on an institution's risk profile.

In application of Directive (EU) No.2013/36 (Article 92, Paragraph 3), as amended by Directive (EU) No. 2019/878, and as transposed into the French Monetary and Financial Code (sub-section 3 – Articles L. 511-71 *et seq.*) and Delegated Regulation (EU) No.604/2014 of the European Commission, La Banque Postale identifies the categories of employees whose professional activities have a material impact on an institution's risk profile. The assessment is based on the 15 qualitative criteria and three quantitative criteria defined in Delegated Regulation (EU) No. 604/2014.

Within La Banque Postale, the professionals concerned by rules on the remuneration policy and practices of credit institutions in 2021 are:

- ▶ professionals identified based on their position within La Banque Postale SA:
 - members of the Executive Board and Executive Committee,
 - salaried members of the Supervisory Board,
 - the executives responsible for the three control functions (Risk Management, Compliance and Internal Audit),
 - the executives responsible for the corporate functions (Finance, Tax, Budget, Legal, Human Resources, Remuneration Policy, Information Systems and Economic Research),
 - employees with managerial responsibilities who report directly to the Chief Risk Officer, the Chief Compliance Officer and the Head of Internal Audit,
 - employees responsible for a committee in charge of managing an operational risk for La Banque Postale Group,
 - employees authorised to approve or veto the launch of new products,
 - managers in charge of employees meeting any of the above criteria;
- ▶ professionals identified based on their position within material business units (MBU):
 - the executive corporate officers of subsidiaries identified as MBUs, or the directors of La Banque Postale business lines that are treated as MBUs,
 - employees responsible for risk management, as well as those responsible for compliance or internal audit, within subsidiaries identified as MBUs,
 - employees with managerial responsibilities who report directly to the Chairman of the Executive Board of a subsidiary identified as an MBU or to the Director of a La Banque Postale business line that is treated as an MBU,
 - managers in charge of employees meeting any of the above criteria;

- ▶ professionals identified based on their level of delegated authority;
- employees authorised to enter into credit risk commitments representing more than 0.5% of their entity's Common Equity Tier One (CET1) and at least €5 million, or to structure such products, whose activities have a material impact on their entity's risk profile,
- employees authorised to enter into market risk commitments representing more than 0.5% of their entity's Common Equity Tier One (CET1) or 5% of their entity's Value at Risk (VaR),
- managers in charge of a team of employees who are not identified individually but are collectively and cumulatively authorised to enter into credit commitments representing more than 0.5% of their entity's Common Equity Tier One (CET1) and at least €5 million, or market risk commitments representing more than 0.5% of their entity's Common Equity Tier One (CET1) or 5% of their entity's Value at Risk (VaR),
- managers in charge of employees meeting any of the above criteria;
- ▶ professionals identified based on their level of remuneration:
- employees whose total gross remuneration for the previous year exceeded €500,000,
- employees not meeting any of the above criteria whose total gross remuneration for the previous year placed them in their entity's top 0.3% of employees based on remuneration.

In late 2021, La Banque Postale undertook work aimed at incorporating, for 2022, the criteria defined in Delegated Regulation (EU) No. 2021/923, enacted by the European Commission on 25 March 2021, for identifying employees whose professional activities have an impact on the institution's risk profile.

Taking into account the risk management policy and compliance (ex ante risk adjustment)

Compliance with the Group's risk management policy and the standards set by the ACPR are essential factors that are taken into account when assessing the performance of regulated employees and in determining their variable remuneration. This compliance is assessed:

- ▶ on a collective level, including based on a specific risk management and compliance objective;
- ▶ on an individual level: if a regulated employee fails to comply with the Group's risk management policy as defined by the department in which they work, or if they breach a compliance requirement, the employee's variable remuneration could be reduced by the Executive Board on the proposal of the Group Risk Department, the Compliance Department or the Internal Audit Department.

Annual cap on variable remuneration

The variable remuneration paid to the employees concerned during a given financial year may not exceed 100% of the fixed remuneration.

Principle of deferred, conditional payment of variable remuneration

In accordance with the rules relating to the remuneration policies and practices of credit institutions, and in order to ensure that interests are properly aligned, if the variable remuneration of regulated employees exceeds the cap defined below, it is deferred over time as follows:

- ▶ 50% of the variable remuneration is deferred over a period of:
 - five years for members of the Executive Committee and executive corporate officers of subsidiaries,
 - four years for other regulated employees;
- ▶ at least 60% of the variable remuneration is deferred over a period of at least four years for particularly high variable remuneration amounts.

This mechanism is triggered for any regulated employee who receives annual variable remuneration in excess of €50,000 or representing more than one third of their total annual remuneration.

Taking into account the risk management policy and compliance (ex post risk adjustment mechanism)

The payment of deferred variable remuneration to regulated employees within the meaning of Article L. 511-71 of the French Monetary and Financial Code (*Code monétaire et financier*) is subject to conditions. Deferred variable remuneration can thus be reduced or fully reversed.

The acquisition and/or payment of the deferred portion of variable remuneration are never guaranteed and are subject to conditions that apply throughout the deferral period. These conditions are particularly based on criteria related to the results of the entities concerned and, in some cases, to the employee's individual performance ("malus clause"). Up to 100% of variable remuneration can be withheld under the malus system if the entity's financial situation and/or the employee's performance does not meet the required levels.

Similarly, employees may be required to reconstitute all or some of their variable remuneration if they fail to comply with their entity's rules on risk taking, particularly if their actions have resulted in significant losses for the entity, or if they breach any regulatory obligations or any "fit and proper" criteria ("restitution clause"). This restitution requirement may apply up to five years following the payment date of the variable remuneration concerned.

Opinion on the components of regulated employees' remuneration

In accordance with Article L. 511-73 of the French Monetary and Financial Code, the General Meeting is consulted each year concerning the overall remuneration budget for all types of remuneration paid during the past financial year to the persons mentioned in Article L. 511-71 of the Code. These are mainly the persons who are effectively responsible for running the Company. The total remuneration budget for 2021 was €28,594,618 (including the portion of the remuneration paid by La Poste to Philippe Heim and Marion Rouso).

At the General Meeting of 28 April 2021, the shareholders voted in favour of the total budget for 2020, which amounted to €25,938,253.

As La Banque Postale's shares are not admitted to trading on a regulated market, it is not subject to the say-on-pay rule.

ACTIVITY AND RESULTS

3

3.1	BUSINESS ENVIRONMENT AND HIGHLIGHTS	78
3.2	LA BANQUE POSTALE GROUP BUSINESS ACTIVITY AND RESULTS	83
3.3	LA BANQUE POSTALE GROUP BALANCE SHEET AND FINANCIAL STRUCTURE	85
3.4	BUSINESS ACTIVITY AND RESULTS BY BUSINESS LINE	87
3.5	ANALYSIS OF THE CONSOLIDATED BALANCE SHEET	91
3.6	ADDITIONAL INFORMATION	92
3.7	POST-BALANCE SHEET EVENTS	107
3.8	INFORMATION ON THE STATUTORY AUDITORS	107
3.9	ALTERNATIVE PERFORMANCE MEASURES (APM) – ARTICLE 223-1 OF THE AMF GENERAL REGULATION	108

3.1 BUSINESS ENVIRONMENT AND HIGHLIGHTS

3.1.1 Economic and financial environment

Global economy: from a rebound to tension

After an unprecedented contraction in 2020, the global economy rebounded in 2021. COVID-19 continued to act as a drag on GDP growth, but its effects lessened with the lifting of lockdown measures and the gradual relaxing of other restrictions. US GDP recovered to above the pre-COVID level in the second quarter of 2021, supported primarily by consumer spending. The strength of the rebound triggered a sharp rise in inflation, with the consumer price index for December up 7.0% from a year earlier, the largest 12-month gain in 40 years. Although the surge in inflation was led by higher energy prices, supply shortages also had an impact by rapidly driving up the prices of certain products such as second-hand cars. Wage inflation has also recently become a factor due to labour shortages; while US unemployment was at a record low, as of December 2021, 2.3 million people had not returned to the labour market since the crisis began.

Simultaneous economic rebounds around the world as COVID-19 restrictions were lifted led to severe supply-side tension. The situation was made worse by a degree of production line disruption caused by repeated surges in the number of COVID-19 cases in some countries. As a result, commodity prices rose sharply, both for metals and for many agricultural commodities. In Europe, the lack of supply elasticity led to a rapid escalation of gas prices, which had a knock-on effect on electricity prices. This supply-side tension was illustrated by semiconductor prices, which remained on a steep upward trend until last summer, and container shipping rates, which increased fivefold compared to their level at the end of 2019 before showing signs of stabilising at a very high level in late 2021.

China was the first country to enjoy an economic rebound, in the second half of 2020, but the picture was mixed in 2021. The government's commitment to a zero-COVID strategy led to the imposition of local lockdowns. Then, in the second half of the year, power shortages caused by pressure from regional authorities to meet new environmental standards, extreme weather events and the global rise in energy prices all combined to disrupt industrial output. Added to that, the difficulties experienced by China's giant real estate developers suggest that the sector will not contribute as much to growth as it did in the past.

After recovering strongly in the second half of 2020, global industrial production and international trade both plateaued throughout 2021. China also experienced a temporary and highly unusual decline in industrial activity.

In emerging countries other than China, the economic and health situation remained mixed. COVID-19 vaccination campaigns were gradually ramped up during 2021 in many countries, although their vaccination rates continued to lag behind those of developed countries. The pace of recovery in emerging economies varied from one country to another. In India, COVID-19 restrictions continued to weigh heavily on economic activity in the second quarter; however, the economy rebounded in the third quarter lifting GDP to above its pre-crisis level. In Russia, the economy stalled in the third quarter on the back of strong, consumer-led growth in the second quarter. In Brazil, although GDP stabilised in the third quarter after declining in the second, the average growth rate for the year nonetheless reached 5%. Agricultural production fell sharply due to the drought, while the service sector recovered with the easing of

COVID-19 restrictions. Rising inflation was also a problem for emerging countries. In Brazil, for example, the annual inflation rate hit 10% in December 2021. In the short term, this will erode consumer purchasing power and force central banks in many countries to further increase their benchmark rates. Turkey stood in a class of its own, enjoying an economic growth rate that was well above the pre-crisis level thanks to the recovery in consumer spending and despite very high inflation. However, the Turkish currency was weakened by the Central Bank's decision to cut its benchmark interest rate.

Eurozone: an economic rebound despite the COVID-related lockdown imposed in early 2021, higher inflation

At the beginning of the year, the severity of COVID-19 restrictions varied depending on the country, but by the third quarter, eurozone economies were close to being restored to their pre-crisis GDP levels. There were some exceptions, however. Spain's GDP lagged 6.6% due to the country's exposure to the tourist industry. In Germany, the economy was weakened by problems in the automotive industry, which experienced a fall in production to less than half the 2017 level due to a combination of structural challenges related to product range renewals and severe supply difficulties. In business surveys, European manufacturers as a whole reported bottlenecks throughout 2021 that slowed their production. Companies also reported difficulties in recruiting, both in industry and in services, as unemployment rates returned to pre-crisis levels in most European countries. Government support measures helped to ensure that the number of business failures remained very low overall.

Although more measured than in the US, eurozone inflation rose in 2021 to an annual rate of 5.0% in December. The main driver of inflation was the extreme resilience of energy prices which increased 26% over the year. The German inflation rate in December continued to reflect the low basis of comparison created by the government's decision, in the second half of 2020, to temporarily cut the VAT rate in response to the COVID crisis. Producer prices for consumer goods rose sharply, with the annual increase standing at 3.9% in October.

France: GDP restored to pre-crisis level

Although economic activity continued to be affected by COVID restrictions in the early part of 2021, the situation improved in the spring. Overall, GDP growth is expected to have averaged around 6.7% in 2021 on the back of 8% negative growth in 2020. The positive swing was led by a recovery in corporate capital spending which more than offset the decline observed in 2020.

Consumer spending was severely restricted by lockdown measures in early 2021, but it recovered strongly over the rest of the year, led by increased expenditure on transport and higher demand in the leisure and hospitality sectors. These sectors came close to recovering to their pre-crisis levels although there was still some ground to be made up as of the year-end. The biggest falls in industrial production concerned the automotive industry, due to major supply problems, and the aircraft industry, due to the large number of postponed orders. All told, production output in these industries was down 30% on 2019.

In the third quarter of 2021, the increase in net job creation drove the unemployment rate down to 8.1%, corresponding to its level in the fourth quarter of 2019. However, the increase in disposable income (at current prices) generated by higher employment was almost wiped out in the third quarter of 2021 by rising inflation. As a result, the savings rate fell significantly although it was still higher than before the crisis (at 17% *versus* around 15%). As of the year-end, French households had still not drawn on the excess savings accumulated since the beginning of the COVID-19 crisis. Although inflation rose sharply, in 2021 at least it remained relatively low compared to other European countries (the annual headline rate was 2.8% in December and the annual rate excluding energy and food prices was 1.7% in November).

Oil prices eased back at the end of the year after peaking in late October

Buoyed by the prospect of increased demand as the global economy recovered, oil prices stayed on an upward trajectory for much of 2021. At the end of October, the Brent price reached a high of around \$85 per barrel. Over the last two months of the year, the price trended downwards as the number of COVID-19 cases in Europe edged up again and the emergence of the Omicron variant raised the spectre of further travel restrictions that would depress global oil demand. The latest forecasts by international organisations also point to the prospect of oil supplies outstripping demand from the beginning of 2022. Despite these forecasts, the OPEC countries and Russia have not yet shown any signs of going back on their planned gradual increases in production. In December 2021, the average price of a barrel of Brent crude oil stood at \$75.

Stock prices levelled off, marking the end of the bull market

The stock markets benefited from a very attractive cocktail of low interest rates combined with a spectacular recovery in corporate earnings (with expected increases of 65% for companies in the European Stoxx 600 index on the back of a 30% fall in 2020, and 50% for S&P 500 companies *versus* a 20% fall). In late 2021, uncertainties about how the COVID-19 situation was likely to play out and the future direction of inflation rates temporarily weighed on stock prices, but investors ultimately took the view that the impact of the Omicron variant on the economy would remain limited. The CAC 40 index ended 2021 at 7,153 points, up 28.9% over the year. It is worth noting that by early November, the index had risen to above the previous record high of 6,922 points reached on 4 September 2000, just before the internet bubble burst.

Persistently low interest rates, despite rising inflation

In the United States, long-term interest rates started to rise in the latter part of 2020, in response to the economic recovery and fears that this could translate into higher inflation. The 10-year T-Note rate rose sharply in the first quarter of 2021 to 1.75% at the end of March. This rate nonetheless compared very favourably to the rate of over 3% reached in the autumn of 2018. The trend reversed in the second quarter when investors and central banks appeared to accept that the surge in inflation was only transitory, and the rate continued to fall before bottoming out at 1.18% in early August. In subsequent months, rising inflation sparked renewed fears that the Federal Reserve would tighten its monetary policy, driving up Treasury yields. The 10-year rate peaked at around 1.65% at the end of October. In November, the trend reversed again in response to renewed uncertainty concerning the COVID-19 crisis, and the 10-year rate ended the year at 1.50%. The Federal Reserve began to scale back its asset purchases in November (reducing them at an even faster rate as from the beginning of 2022), before increasing its Fed Funds rate which is currently near zero.

In Europe, the ECB continued to pursue a highly accommodative monetary policy during 2021. In December 2021, it confirmed that its Pandemic Emergency Support Programme would be discontinued in March 2022. However, at the same time the ECB will increase asset purchases under its regular programme so the reduction in net purchases during 2022 is expected to be very gradual. Integrated bond markets meant that European government bond yields followed the swings in US rates, albeit at much lower levels. After peaking twice at just under 0.30% at the end of June and the end of October, in December 2021 France's 10-year OAT rate was close to 0.0%, although it staged a timid recovery in the latter part of the month to end the year at 0.19%. Germany's 10-year Treasury rate stayed firmly in negative territory, ending the month of December at -0.18%.

Against this backdrop, interbank rates in the eurozone remained flat, with the prospect of an ECB rate hike still seeming remote. The Eonia, which is based on the ECB's deposit facility rate, averaged -0.49% in December, while the 3-month Euribor (the rate at which major banks lend to each other for three months) averaged -0.58% over the same period.

A weaker euro against the dollar

In tandem with the recovery in US interest rates, the dollar strengthened against the euro over the first quarter, with the exchange rate moving from \$1.22 at the end of 2020 to \$1.17 at the end of March 2021. The trend then reversed as US interest rates eased. Market expectations that the Federal Reserve would tighten its monetary policy before the ECB caused the euro to weaken again from the summer onwards, stabilising at around \$1.13 at the end of December 2021.

Changes to the dollar/yen exchange rate followed a similar pattern. However, during periods of uncertainty, the Japanese currency played its traditional role as a safe haven and temporary source of support. The rate stood at ¥115 at end-December 2021, *versus* less than ¥103 in early January.

After appreciating against the yuan in the first quarter of 2021, the dollar resumed the downward trend against the Chinese currency observed in 2020, although the slope was less steep. At the end of December 2021, the exchange rate stood at CNY 6.35 *versus* a peak of CNY 7.19 at the beginning of September 2019. For 2021 as a whole, the Chinese currency appreciated by about 8% against a basket of major currencies. The yuan's firmness was primarily due to the strength of Chinese exports, with the country's trade surplus with the United States in 2021 well above its 2019 peak. Chinese bond yields also remained attractive.

Emerging currencies did not all follow the same path in recent months. Expectations that the Federal Reserve would tighten its monetary policy tended to support the dollar. However, in the face of growing inflationary pressures, central banks in many emerging countries (Brazil, Hungary, Russia, etc.) chose to raise their benchmark rates, with the added benefit of supporting their

currencies. In light of the euro's depreciation against the dollar, some currencies that depreciated slightly against the dollar in 2021 held firm against the euro (the Brazilian real in particular).

In Europe, the pound sterling appreciated slightly against the euro during the first half of 2021, with the exchange rate rising to £0.86 at the end of June from an average £0.90 in December 2020, in response to the currency market's expectation that the clarification of relations with the European Union post-Brexit and the rapid ramp-up of the COVID-19 vaccination campaign would fuel a surge in economic growth. The Bank of England did raise expectations of a rate hike after last summer but finally held its fire, and it was not until mid-December that its base rate was increased by 15 basis points to 0.25%. As a result, the sterling/euro exchange rate remained at around £0.85 over the second half of 2021.

3.1.2 2021 Highlights

Roll-out of our 2025 strategic plan completely in line with the roadmap

Announced in March 2021, La Banque Postale's strategic plan reflects its overarching ambition "to become France's favourite bank".

The plan is organised around three targets:

- ▶ **Customers:** position La Banque Postale as a leader in customer experience quality by 2025;
- ▶ **Community:** reaffirm community ambitions to support the just transition and turn positive impacts into a performance lever;
- ▶ **Co-workers:** place the co-worker experience at the heart of the strategic project.

And three levers:

- ▶ **Digitisation:** continue to ramp up our digital offering;
- ▶ **Diversification:** accelerate deployment of our growth drivers;
- ▶ **Differentiation:** prepare the future by developing an innovative, international partnership model.

Position La Banque Postale among the leaders in customer experience quality

In line with the roll-out of the strategic plan, a new Customer Experience and Quality Department was created in 2021 with one goal: to position La Banque Postale among the top three banks in customer satisfaction surveys by 2025.

In line with objectives, the year saw an improvement in customer satisfaction and in the quality of support. Perception indicators are also improving: the Net Promoter Score (NPS) for the account application process is 34⁽¹⁾ (up 16 points) and service quality indicators are also improving, with a drop in the overall number of complaints (down 8%) and an improvement in the NPS attributed to our customer services staff (up 9 points *versus* second-half 2020) to 64 at end-2021. Ma French Bank's NPS was a high 38.5⁽²⁾ in July 2021.

La Banque Postale carried out a major national consultation process in July 2021 to create La Banque Postale of the future *via* the *parlonscitoyens.fr* platform. Innovative and on an unprecedented scale in the banking landscape, this co-construction process brought together nearly 260,000 visitors and drew up the blueprint of the perfect bank for French people.

In line with these participatory approaches, a Customer Participation Committee was set up at the beginning of 2022. As a partner of La Banque Postale's Executive Committee, its objective will be to gather the views of customers every quarter on the Bank's projects or strategic decisions aimed at improving product offerings, the quality of service and the customer experience. It will be made up of 12 members who together represent the diversity of La Banque Postale's customers and the French people: The first meetings will be held in 2022.

La Banque Postale's momentum in transforming its banking model involves building a comprehensive range of socially responsible products created to make all our customers actors of the just transition. The offers are being eco-designed with the help of specific indicators. In 2021, La Banque Postale developed innovative and differentiating offers for its partner customers (*via* the Platform58 incubator: Carbo, the Ebury fintech and Sevenstones), Retail Banking customers (*Prêt Avance Rénovation* loans to finance home energy efficiency improvements, impact consumer finance) and corporate and institutional customers (La Banque Postale is the leading bank lender to France's local public sector and it is extending its green loan offer in keeping with its fundamental historical role as a provider of accessible finance, as well as offering green equipment leases).

La Banque Postale is also empowering its customers to invest their savings in accordance with responsible finance principles. La Banque Postale Asset Management, the only significant asset management company to invest exclusively in SRI assets, maintained its leadership in France by developing the first climate-impact infrastructure debt fund. The fund corresponds to a sustainable investment as defined in Article 9 of the SFDR⁽³⁾ and targets an investment universe compatible with the European Taxonomy. It is also launching a range of solidarity funds. The main feature of these funds is that part of the management fee charged to investors in the fund is paid over to a non-profit operating in an area aligned with the fund's

1) La Banque Postale data – December 2021.

2) Numberly survey – July 2021.

3) EU Sustainable Finance Disclosure Regulation.

investment strategy. In this way, the fund contributes directly to the environmental, social or cultural benefits delivered by the non-profit. 20 funds have been awarded 4- or 5-star ratings (financial performance) and 4 or 5 globes (non-financial performance) by Morningstar.

Community engagement initiatives for a just transition

La Banque Postale made considerable strides during 2021 in its commitment to supporting communities.

In order to be ever closer to its customers and the issues facing society, on 29 June 2021, La Banque Postale organised the “Citizens’ Economy Dialogues”. Open to all, this virtual event was a resounding success, having been listened to almost 2.3 million times across social media.

After having adopted a corporate purpose statement in June 2021, La Banque Postale became a mission-led company following its Annual General Meeting on 23 February 2022. Inclusion of the mission statement in the Articles of Association brings the bank’s mission to the forefront of its governance, along with several objectives setting out its environmental and social impact goals. A corporate purpose committee chaired by Natacha Valla, composed mainly of external stakeholders, will monitor this mission and assess the actions carried out and, as from 2022, each employee will have in his or her objectives and remuneration a criterion linked to the implementation of this strategy.

To support the fight against global warming, and after announcing in September 2020 its ambition to achieve net-zero emissions by 2040, La Banque Postale became a founding member of the Net-Zero Banking Alliance in April 2021 and was elected to the Alliance’s Steering Group as the representative of the European banks. In 2021, La Banque Postale gave concrete expression to this ambition by introducing a self-imposed ban on financing the fossil fuel sectors (coal, oil and gas) beyond 2030, with the exception of companies that adopt a plan before 2030 to withdraw completely from these sectors by 2040. In this way, La Banque Postale is demonstrating its ambition to support all credible actors engaged in the transition to a low-carbon economy. It also has a self-imposed ban on financing or investing in companies that are directly or indirectly involved in activities that lead to deforestation.

La Banque Postale became the first European bank and one of the first financial institutions in the world to have its Paris Agreement-based low carbon trajectory scientifically validated by the Science Based Targets initiative (SBTi), an independent partnership between four international organisations.

La Banque Postale’s strategy to fight climate change has been hailed by leading international organisations: it is the only French bank and one of only three European banks to be awarded an A rating in 2021 by the CDP, and for the first time it has joined this organisation’s prestigious “A list”, alongside the 200 companies recognised at the international level. La Banque Postale’s community leadership has been recognised by the ESG rating agencies. It was ranked Best Bank worldwide in the Retail and Specialised Banks category and Second Best Company worldwide, all sectors combined, by Vigeo Eiris (June 2021). It was also ranked Best French Bank by Sustainability and Fourth Best Bank worldwide (February 2021).

True to its accessible banking mission, La Banque Postale is constantly mindful of vulnerable populations. Through its products promoting banking inclusion, such as the *Simplicité* account, the new relational program *Atout Simplicité* launched in 2021, micro-credit solutions, and the creation of *Appui*, a platform to primarily support customers in financial difficulty, La Banque Postale helps customers become independent and participate in society, regardless of their economic situation.

In 2021, La Banque Postale joined the “Financi’elles” inter-company network in the banking and insurance sector to promote gender equality in business and in society at large. The Group ranked among the best French companies for gender equality in 2021, with women representing 40% of the Executive Committee and the Supervisory Board, 57% of senior management and 61% of employees. La Banque Postale’s gender equality score is 97/100 and 100/100 for CNP Assurances.

Strengthening co-worker engagement in the Group’s transformation

La Banque Postale is giving its employees a part to play in the success of its new 2025 strategic plan.

In 2021, La Banque Postale mobilised its employees to participate in the co-construction of its company purpose, which was presented in June 2021. They were also involved in the community consultation process launched last May. More than 30,000 employees were consulted, resulting in the collection of more than 800 concrete proposals to nurture and develop La Banque Postale’s community engagement. It is through this participation that the “Engaged Community Employees” project was founded, a common approach that will allow them to develop their community engagements around the following initiatives:

- ▶ committed to a cause with the new “All Engaged!”: this includes donations to non-profits in the form of days accrued in time-savings accounts or by rounding off salaries, and skills-based volunteering schemes;
- ▶ the commitment to reduce the bank’s carbon footprint by following its net-zero emissions trajectory: eco-actions, recycling, implementation of a “sustainable mobility” package that encourages the use of alternative and sustainable modes of transport;
- ▶ employee ambassadors: launch of an extensive training program, aimed at all employees, dedicated to community engagement.

The École de la Banque et du Réseau (EBR)⁽¹⁾, La Banque Postale’s training organisation, continues to play a key role in the transformation of the bank: 300,000 days of training were organised in 2021 and 82% of employees from business lines undergoing transformation benefited from at least one training course (compared to 62% in 2020). This initiative was recognised by U-Spring (*le Printemps des Universités d’Entreprise*), which awarded La Banque Postale the Special Jury Prize in the “Support” category. In addition, the mobile learning solution “U-know” developed by La Banque Postale was awarded three prizes at the *Victoires du Capital Humain*.

It has also launched a workspace development project with the aim of creating the best conditions for working together and improving the quality of life of its employees. The project will be generalised in 2022.

1) Qualiopi-certified and committed to the Lucie 26000 CSR approach.

Significant progress on the digitisation project

La Banque Postale is accelerating its digitisation process, with major milestones reached in 2021 including the 1.6 billion⁽¹⁾ digital interactions (up 6%). The acceleration of digitisation is fully in line with the improvement of customer satisfaction and service quality. From now on, the processes for new customer relationships, consumer loan origination and home loan application process up to when a loan offer is made, and claims reporting under homeowner insurance policies, are all fully digital and 80% of La Banque Postale's standard banking products have also been digitised. The overhaul of the La Banque Postale mobile banking app was completed this year. The proportion of digital sales in the channel mix increased by 2 points to 7.4% in fourth-quarter 2021.

Improved digital services are reflected in the constantly increasing use of online services, with the mobile application especially popular: 6.1 million mobile application users (up 16%).

During 2021, La Banque Postale continued to develop its digital bank, Ma French Bank, launching new offers for the youth market with the "WeStart" account for 12-17 year olds, and for premium customers with the *Compte Idéal* account unveiled in October 2021. At the end of December 2021, less than three years after its launch, Ma French Bank had 425,000 customers (with an average of 18,000 new customers signed up each month) and its products were distributed in 7,400 post offices.

By 2025, La Banque Postale will have created an ecosystem that will enable customers to use a digital platform to explore service bundles created with specialist partners that meet the needs arising at key points in their lives, such as home purchase and estate planning services.

The first offer – a contactless payment bundle (Apple Pay, Samsung Pay, Ali Pay and Paylib) – has already been launched.

Increase the pace of diversification

La Banque Postale pursued the integration of CNP Assurances in 2021, acquiring the 16.1% interest held by BPCE Group for €2.4 billion. The transaction raised La Banque Postale's ownership of CNP Assurances to 78.95% as of 31 December 2021. A simplified public tender offer is being launched for the remaining 21.05% of CNP Assurances' capital held by minority shareholders, at a price of €21.90 per share cum dividend, to be followed by a squeeze out procedure in the first half of 2022 (provided the necessary conditions are met).

In addition, La Banque Postale and BPCE Group continued to streamline their capital ties by entering into exclusive negotiations in connection with the proposed acquisition by Natixis Investment Managers of 40% of the share capital of AEW and 45% of the share capital of Ostrum Asset Management, currently held by La Banque Postale. It is in this context that the existing industrial partnerships and trade agreements between the two groups would be strengthened and extended.

La Banque Postale, through its Consumer Finance subsidiary (LBPCF), is accelerating its development in the consumer credit market in France and abroad by launching a new "Business Solution" open banking platform dedicated to its partners.

La Banque Postale is diversifying its range of services and offering its partners a modular approach to consumer credit, opening up to credit scoring services and embracing new practices. Through this platform offering white label products, more than 5 million people can potentially be pre-approved for credit in real time.

In 2022, La Banque Postale is launching through its subsidiary LBPCF, a consumer finance brand specialised in offering split payment solutions to all individuals, whether or not they are La Banque Postale customers.

La Banque Postale also announced the creation of its new Corporate and Investment Bank (CIB), which will act as a real driver of growth and diversification of its business model with corporates and institutional investors. Its customers include 11,000 SMEs and mid-caps, 50% of CAC 40 companies and 50% of SBF 120 companies, and it aims to more than double its deal flow by 2025. In 2022, CIB will continue to invest in specialised finance (asset and project finance, LBO finance, real estate finance, lease financing and factoring) to keep pace with the just transition of its model.

As the leading provider of bank finance⁽²⁾ to social outreach organisations and healthcare institutions, CIB actively extends its support by granting over €1 billion worth of loans each year to healthcare institutions. It also paid out €600 million in interest-free cash advances to meet the emergency needs created by the COVID-19 crisis, and responded to appeals for donations by collecting almost €1 million for the AFM Telethon and €1.4 million for the Red Cross.

Pursue the differentiation strategy

The KissKissBank & Co group, a subsidiary of La Banque Postale and a pioneer in crowdfunding in France and Europe, acquired Youmatter in 2021, an online information medium and training organisation specialising in the community engagement of private citizens and professionals. With this operation, KKBB & Co goes further and aims to inform, train and offer its community a wide range of community engagement initiatives.

With its four crowd-funding platforms KissKissBankBank, Lendopolis, Goodeed and microDON, the KissKissBankBank & Co (KKBB & Co) group has been contributing for 12 years to the financing of thousands of creative, community outreach and environmental projects by making it easy for citizens to do something meaningful with their money.

To go further in supporting customers who are experiencing financial difficulties, La Banque Postale is launching a new budget coaching tool called *Budget à grande vitesse* in partnership with the Cresus non-profit. Customers will access the tool through a web app that allows them to manage their budget in real time, be alerted in the event that their financial situation worsens, calculate their living expenses, and produce a simulation of the social welfare benefits that they can claim.

Created in 2018, platform58 is a successful initial step in innovation, a platform boasting a unique ecosystem to encourage open innovation within La Banque Postale. At end-2021, 39 start-ups had been incubated, and the first ones were integrated into the Group (Carbo). The perception index of platform58 is high, with an NPS of 93⁽³⁾ at end December 2021.

1) Website (connected and non-connected spaces) and mobile application La Banque Postale.

2) Source: Bloomberg – 31 December 2021.

3) La Banque Postale data – December 2021.

In order to adapt ever more quickly to new practices through technological innovation, La Banque Postale has chosen to support the development of start-ups specialising in fintech/assurtech in Europe by launching its investment fund dedicated to innovation with three main objectives: i) accelerate

the implementation of the strategic plan, ii) innovate in the digital transformation, and iii) share the value created by La Banque Postale via platform58 or strategic partnerships. With a budget of €150 million⁽¹⁾ to be spent over time, its scope of action extends from the pre-seed phase to series B.

3.2 LA BANQUE POSTALE GROUP BUSINESS ACTIVITY AND RESULTS⁽²⁾

La Banque Postale delivered solid 2021 results, as evidenced by the growth in its revenues and profitability, in line with the strategic roadmap.

Segment results

2021 net profit by business segment

(excluding the cost of equity for each segment)

(in € millions)	2021					
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	Total
NET BANKING INCOME (LOSS)	6,222	1,215	296	1,066	(779)	8,020
General operating expenses	(4,408)	(305)	(175)	(586)	(96)	(5,569)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(242)	(160)	(14)	(57)	(174)	(646)
GROSS OPERATING PROFIT	1,573	750	107	424	(1,049)	1,805
Cost of risk	(158)	(3)	(1)	(106)	-	(268)
OPERATING PROFIT	1,415	747	106	318	(1,049)	1,537
Share of profits of equity-accounted companies	51	37	10	-	-	99
Net gain or loss on other assets	2	(2)	1	-	-	1
Changes in the value of goodwill	-	-	-	-	-	-
PRE-TAX PROFIT (LOSS)	1,468	783	117	318	(1,049)	1,636
Income tax	(304)	(300)	(31)	(90)	212	(514)
NET PROFIT	1,164	482	85	228	(836)	1,123
Non-controlling interests	477	320	11	0	(322)	486
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	686	163	74	227	(514)	636

1) €75m released and €75m subject to approval by La Banque Postale's governance structures

2) CNP Assurances has been fully consolidated in the financial statements of La Banque Postale since 4 March 2020. It was previously accounted for using the equity method. Pro forma information, presenting La Banque Postale's consolidated results including CNP Assurances as if control had been acquired on 1 January 2020, is included in La Banque Postale's 2020 Universal Registration Document.

2020 net profit by business segment

(excluding the cost of equity for each segment)

	2020					
(in € millions)	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	Total
NET BANKING INCOME (LOSS)	5,561	1,072	290	911	(109)	7,724
General operating expenses	(4,147)	(265)	(170)	(569)	(72)	(5,224)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(254)	(17)	(13)	(46)	(158)	(487)
GROSS OPERATING PROFIT (LOSS)	1,160	790	107	295	(340)	2,013
Cost of risk	(221)	0	(3)	(433)	(17)	(674)
OPERATING PROFIT (LOSS)	939	791	104	(138)	(357)	1,339
Share of profits of equity-accounted companies	90	5	1	-	594	690
Net gain or loss on other assets	(4)	(7)	(1)	-	(1,488)	(1,500)
Changes in the value of goodwill	-	-	-	-	4,578	4,578
PRE-TAX PROFIT (LOSS)	1,026	788	105	(138)	3,326	5,107
Income tax benefit (expense)	(208)	(280)	(30)	44	56	(419)
NET PROFIT (LOSS)	817	508	74	(94)	3,382	4,688
Non-controlling interests	319	325	11	0	(123)	533
NET PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	498	183	63	(94)	3,505	4,155

Consolidated income statement and like-for-like ⁽¹⁾ business line income statement

(in € millions)	2020 reported	2021	2020 business lines ⁽¹⁾	2021 business lines ⁽¹⁾	Change (like-for-like)
Net banking income	7,724	8,020	7,776	8,261	+6.2%
Operating expenses	(5,711)	(6,215)	(5,473)	(5,762)	+2.6% ⁽²⁾
Gross operating profit	2,013	1,805	2,303	2,499	+8.5%
Cost-income ratio	74.4%	78.0%	70.9%	70.2%	
Cost of risk	(674)	(268)	(656)	(265)	/2.5
Operating profit	1,339	1,537	1,647	2,234	+35.7%
Change in goodwill (and gains and losses on other assets)	3,078	1	(11)	1	
Share of profits of equity-accounted companies	690	99	96	107	
Pre-tax profit	5,107	1,636	1,731	2,341	+35.3%
Income tax	(419)	(514)	(461)	(624)	
Net profit	4,688	1,123	1,270	1,717	+35.2%
Non-controlling interests	(533)	(486)	(639)	(687)	
Attributable net profit	4,155	636	632	1,030	+63.0%
ATTRIBUTABLE NET PROFIT EXCLUDING CNP ASSURANCES PPA ADJUSTMENTS⁽³⁾	738	1,005	-	-	+36.2%⁽⁴⁾
Business line cost-income ratio	-	-	72.7%⁽⁴⁾	70.2%	-2.5 pts
Group RONE⁽⁵⁾	6.3%	8.2%	-	-	+1.9 pts⁽⁵⁾

(1) Unaudited data.

(2) Calculated based on 2020 operating expenses as restated for amortisation of Caixa/Santander distribution agreements.

(3) First-time consolidation entries in 2020 (positive impact of €3,593 million) and PPA adjustments (negative impacts of €176 million in 2020 and €369 million in 2021).

(4) Excluding CNP Assurances PPA adjustments.

(5) RONE = Attributable net profit/Average risk-weighted assets capitalised at 14%; excluding PPA adjustments.

Note: This business line income statement does not include items not arising in the normal course of business, such as amortisation of fair value adjustments recognised on acquisition of control of CNP Assurances, and items that cannot be allocated directly to the business lines, such as the Single Resolution Fund (SRF)/Fonds de Garantie des Dépôts et de Résolution (FGDR) contributions and management fees (see page 232 for more details). It has been restated for the effects of changes in the scope of consolidation (CNP Assurances and Aviva) and changes in exchange rates between 2020 and 2021.

1) With (i) CNP Assurances included in 2021 based on ten months data only, to reflect its period of full consolidation by La Banque Postale in 2020, (ii) the businesses acquired from Aviva consolidated in November 2021 and (iii) the effect of the increase in ownership of CNP Assurances taken into account from 17 December 2021.

La Banque Postale enjoyed dynamic business growth across all business lines and all franchises (individual customers, professionals, corporates).

Sustained by a still dynamic housing market, **home loan** originations amounted to €12.7 billion, an increase of €2.3 billion or 22.4% *versus* 2020. The **consumer finance** business reported originations up 6.2% at €2.4 billion. Corporate loan originations rose 5.4% to €24.8 billion at 31 December 2021 and factoring volumes (purchased receivables) were up 26.4% at €17.4 billion.

At La Banque Postale Group level, **life insurance new money** stood at €25.7 billion, an increase of €4.3 billion *versus* 2020. **Unit-linked sales represented 51.5%** of the total (up 1.4 points) and new money generated by La Banque Postale's distribution network contributed €8.3 billion⁽¹⁾ (up 23.9%). The non-life insurance business performed well, led by the Property & Casualty business.

Like-for-like **business line net banking income** (unaudited) amounted to **€8,261 million, up 6.2%** *versus* 2020, with the insurance business contributing 40% in 2021.

Part of the increase was attributable to the **4.6% growth in fee and commission income**, mainly led by day-to-day banking and cash management fees and by commission on additional products sold to existing customers. Like-for-like **net interest margin** (unaudited) was resilient at €2,335 million (down 0.6%). The deposit margin was adversely affected by the still unfavourable interest rate environment, but this was notably offset by the **solid performances of the lending businesses**.

Like-for-like **business line operating expenses** (unaudited), amounted to **€5,762 million**, including amortisation of the

Caixa/Santander distribution agreements. Excluding this amortisation expense, **operating expenses** were up 2.6%.

Strong business momentum combined with a cost-controlled growth created a **positive jaws effect, driving a 2.5-point improvement in the business lines' cost-income ratio to 70.2%**, in line with the trajectory set by the Group.

Business line gross operating profit amounted to €2.5 billion, up 8.5%.

After rising sharply in 2020 due to the COVID-19 crisis, business line **cost of risk** returned to a normal level in 2021 at **€265 million**. This represented a decrease of nearly 60% on 2020 and a cost of risk/outstanding loans ratio of 16 bps, reflecting:

- ▶ **the high quality of assets** in Retail and CIB banking books;
- ▶ the Group's **low exposure to the sectors hardest hit by the crisis** (representing just 1.5% of the total exposure);
- ▶ its conservative policy concerning **sector-specific loss allowances**.

Non-performing loans outstanding remained **stable** compared to 2020 (at 0.55% of gross customer loans), while the **coverage rate** for these loans **increased to 41.2% at 31 December 2021** (up 3 points *versus* 38.3% at end-2020).

Attributable net profit excluding PPA adjustments totalled **€1 billion** in 2021, **up 36.2% excluding first-time consolidation entries from the 2020 basis of comparison**.

RONE⁽²⁾ stood at 8.2% at 31 December 2021, already matching the objective set for 2025.

3

3.3 LA BANQUE POSTALE GROUP BALANCE SHEET AND FINANCIAL STRUCTURE

Key indicators:

	31 December 2020	31 December 2021	Change
Balance sheet			
Total assets (€bn)	737	772	+4.7%
Capital			
Total regulatory own funds (€bn)	21.0	21.6	+2.8%
Common Equity Tier 1 (CET1) ratio (post-dividend)	20.4%	19.1%	-1.3 pts
Leverage ratio	6.1%	7.2%	+103 bps
Business line RONE	5.4%	8.4%	+3 pts
Liquidity			
Loan-to-deposit ratio	83.6%	82.1%	-1.5 pts
Liquidity coverage ratio (LCR)	183%	204%	+21 pts
Net stable funding ratio (NSFR)	140%	143%	+3 pts

1) Including BPE.

2) RONE = Attributable net profit/Average risk-weighted assets capitalised at 14%; excluding PPA adjustments.

The Group's financial structure is particularly robust, with total regulatory capital at €21.6 billion.

Its Common Equity Tier 1 (CET1) ratio stood at 19.1% at 31 December 2021, down by 135 bps from 20.4% at the previous year-end.

The decline was mainly due to:

- ▶ self-financing of the La Banque Postale's organic growth, with attributable net profit net of recurring dividends (+0.4%) financing organic growth of RWA over the year (-0.3%);
- ▶ inclusion of other comprehensive income (+0.3%);
- ▶ the limited impact of regulatory changes introduced in CRR2 (-0.3%);
- ▶ the very modest impact of acquiring BPCE's interest in CNP Assurances, with the resulting increase in RWA offset by the recognition of goodwill on the transaction;
- ▶ the impact of paying a catch-up dividend to compensate for dividends waived in prior years (-1.4%).

The Common Equity Tier 1 ratio resulting from natural business growth was therefore 19.1% at 31 December 2021.

The Tier 1 ratio was 20.7%.

The Group's total capital ratio was 23.7%, down 80 basis points from 31 December 2020.

The leverage ratio was 7.2%⁽¹⁾, up 103 basis points *versus* 31 December 2020.

Risk-weighted assets (RWA) amounted to €91.1 billion at 31 December 2021 (compared to €85.5 billion at end-2020), an increase of 6.5%. Excluding the effect of changes in scope of consolidation and regulatory changes, RWA grew by 1.7% over the year. Including the effect of applying CRR2, the year-on-year change was an increase of 3.0%.

The Group's liquidity structure is similarly robust. The loan-to-deposit ratio of 82.1% provides ample scope to fund business growth and the 204% liquidity coverage ratio (up 21 points) when the minimum requirement is 100%. The net stable funding ratio (NSFR) was 143%, up 3 points *versus* 31 December 2020.

During 2021, La Banque Postale's credit ratings were upgraded by Fitch and Standard & Poor's:

- ▶ in March 2021, Fitch upgraded La Banque Postale's credit ratings to A (long-term) and F1+ with a stable outlook (short-term), recognising the quality of the Group's bancassurance model and its robust financial position. These ratings were affirmed in January 2022;
- ▶ in November 2021, Standard & Poor's upgraded La Banque Postale's long-term credit rating to A+ with a stable outlook, following the announcement of the planned increase in the Group's interest in CNP Assurances.

Ratings and outlooks:

	Standard & Poor's	Fitch
Long-term ratings	A+	A
Outlook	Stable	Stable
Last updated	2 February 2022	11 January 2022
Short-term ratings	A-1	F1+

In 2021, La Banque Postale continued its bond issuance policy in order to optimise its capital structure and increase the resources eligible for inclusion in its MREL:

- ▶ on 29 January 2021, the Group took advantage of the favourable financial market conditions to carry out a €500 million Tier 2 subordinated notes issue. On 22 September 2021, La Banque Postale successfully placed €750 million worth of Additional Tier 1 notes. The notes' semi-annual coupon rate of 3% was the lowest ever obtained by a European bank for a euro-denominated AT1 subordinated debt issue;
- ▶ on 18 June 2021, La Banque Postale took another step towards the just transition by carrying out an inaugural social bond issue, consisting of €750 million worth of senior non-preferred notes. The issue has reaffirmed La Banque Postale's commitment to being a regular issuer on the sustainable bond market.

La Banque Postale has been notified by the European Central Bank of its consolidated regulatory capital requirement applicable from 1 March 2022.

The Common Equity Tier 1 (CET1) capital requirement stands at 8.380%, breaking down as follows: Pillar 1 Requirement: 4.500%, Pillar 2 Requirement (P2R): 1.125%, capital conservation buffer (CCB): 2.500%, Other Systemically Important Institutions Buffer (O-SIB): 0.250% and counter-cyclical buffer (CCyB): 0.005%.

This requirement does not include the recommendation for additional own funds under Pillar 2 Guidance.

With a post-dividend CET1 ratio of 19.1%, La Banque Postale has headroom of 10.7 points above the CET1 regulatory requirement.

Based on this notification, the Total Capital Requirement is at 12.755% (8.380% plus 1.875% for AT1 and 2.500% for Tier 2 excluding Pillar 2 Guidance).

With a total capital ratio of 23.7% at 31 December 2021, La Banque Postale comfortably exceeded the regulatory capital requirement, with 11.0 points of headroom.

1) Leverage ratio excluding 100% of savings centralised with "Caisse des dépôts et consignations".

3.4 BUSINESS ACTIVITY AND RESULTS BY BUSINESS LINE

3.4.1 Bancassurance France

(in € millions)	2020	2021	Reported change vs 2020	Like-for-like change vs 2020*
Net banking income	5,561	6,222	+11.9%	+5.6%
Operating expenses	(4,401)	(4,649)	+5.6%	+3.1%
Gross operating profit	1,160	1,573	+35.6%	+14.8%
Cost-income ratio	79.6%	75.0%	-4.5 pts	-2.0 pts
Cost of risk	(221)	(158)	-28.6%	-29.1%
Operating profit	939	1,415	+50.6%	+25.7%
Pre-tax profit	1,026	1,468	+43.1%	+24.6%
Net profit	817	928	+42.4%	+25.8%
Attributable net profit	498	686	+37.7%	+22.2%

* Unaudited data.

The Bancassurance France business line⁽¹⁾ enjoyed strong business activity of La Banque Postale growth in 2021 with outstanding loans up 4.1% and customer deposits up 1.9%.

Retail Banking outstanding loans totalled €69.0 billion (up 4.1%), including €63.7 billion in home loans (up 4.3%) and €5.3 billion in consumer finance (up 2.4%).

The economic recovery in 2021 helped to drive a consumer finance origination increase by 6.3% at €2.4 billion. During the year, La Banque Postale became the first ever bank to launch an impact consumer finance product. This loan is available to finance the purchase of green vehicles or green home improvements by customers interested in supporting the environmental transition.

Record transaction volumes and low interest rates drove strong growth in home loan originations, which rose 23.8% to €11.7 billion in 2021.

In all, customer deposits in regulated savings accounts (*Livret A*, *Livret d'épargne populaire* and *Livret de développement durable et solidaire*) rose by just 0.4% to €75.8 billion. *Livret A* savings deposits were stable compared to 2020 (up 0.3%) at €60.8 billion.

Demand deposits were 4.5% higher, at €71.3 billion.

Total customer deposits⁽²⁾ grew by €6.1 billion or 1.9% over the year to €321.3 billion at 31 December 2021.

Ma French Bank, which distributes its products *via* a mobile app and in post offices, continued to expand its offers, for the youth market with the launch of the "WeStart" account for 12-17 year olds, and for premium customers with the *Compte Idéal* account unveiled in October 2021. The digital bank continued to expand in 2021, signing up 145,000 new customers and distributing its products through 4,400 new post offices.

By the end of December 2021, less than three years after its launch, 425,000 customers had opened accounts with Ma French Bank and its products were distributed by 7,400 post offices

Life insurance⁽³⁾

The Life business rebounded strongly in 2021, with technical provisions rising by 2.5% to €126.1 billion.

The quality of new money generated by the La Banque Postale network (€7.7 billion, up 26.1%) improved, with the proportion of unit-linked sales rising by nearly 10 points to 29.3% of the total. This result reflects the strength of our network of advisors but also our focus on continuous improvement through customer feedback.

Other insurance subsidiaries (P&C, death/disability and health)

The non-life business recovered its momentum, notably led by a good performance in property and casualty insurance with premiums up 11.1% to €1,077 million.

The non-life insurance book was stable, at 4.6 million policies as of 31 December 2021.

La Banque Postale's insurance subsidiaries continued to deliver robust underwriting results, reporting a 0.9-point improvement in the combined ratio net of reinsurance to 88.3%.

Financial results

The gradual recovery in business volumes helped to drive a sharp rise in attributable net profit.

Net banking income grew by 5.6% excluding the effect of changes in the scope of consolidation, reflecting the net impact of:

- ▶ a resilient performance by the Retail Banking business, with a 1.5% decline in the contribution due to:
 - 15% growth in the interest margin on lending activities,
 - a decline in net margin on deposits due to the level of interest rates,

1) All loan and deposit amounts are calculated as the 2021 average.

2) On- and off-balance sheet savings deposits.

3) Products developed by CNP Assurances and other partners distributed by La Banque Postale's networks, including BPE.

- 3% growth in fee and commission income, mainly generated by day-to-day banking transactions;
- the rebound in insurance business, which had a 19.5% positive impact.

Operating expenses increased by 3.1%, reflecting the low basis of

comparison for distribution costs and the impact of the health crisis in 2020, as well as the cost of implementing transformation projects.

Total cost of risk was €158 million, down by nearly 29% compared to 2020.

3.4.2 International Bancassurance

(in € millions)	2020	2021	Reported change vs 2020	Like-for-like change vs 2020*
Net banking income	1,072	1,215	+13.3%	+1.0%
Operating expenses	(282)	(465)	+65.1%	+43.8%
Gross operating profit	790	750	-5.1%	-15.1%
Cost-income ratio	26.3%	38.3%	+12.0 pts	+11.4 pts
Cost of risk	-	(3)	n/a	n/a
Operating profit	791	747	-5.5%	-15.1%
Pre-tax profit	788	783	-0.7%	-14.9%
Net profit	508	482	-4.9%	-20.5%
Attributable net profit	183	163	-11.0%	-27.4%

* Unaudited data.

In 2021, CNP Assurances continued to consolidate its multi-partner model in international markets, focusing mainly on Italy and Brazil.

In Italy, CNP Assurances strengthened its position through its subsidiary CNP UniCredit Vita, by acquiring Aviva's life insurance business at the end of 2021. This transaction has enabled CNP UniCredit Vita to double its share of the life insurance market to 6% and become Italy's fifth largest life insurer.

In Brazil, renewal of CNP Assurances' agreements with its historical partner, Caixa Econômica Federal, led to the launch of two new subsidiaries in 2021: the first was Caixa Consórcios (exclusive distribution agreement until 2041) and the second was Caixa Vida e Previdência (exclusive distribution agreement until 2046), which alone accounts for 80% of CNP Assurances' business in Brazil.

CNP Assurances is the third largest insurer in Brazil.

Premium income in local currency recovered to above the 2019 pre-crisis level.

In Europe, premium income rose 4.1% to €5.3 billion. Savings/pensions premiums amounted to €4.3 billion, up 4.2%. The increase primarily reflected growth in the premium savings business.

Personal risk/protection premium income grew 3.9%, with premiums at CNP UniCredit Vita mainly boosted by the success of the new personal risk range and the post-Covid recovery in term creditor insurance business, combined with the launch of a revamped product range.

In Latin America, premium income rose 14.2% to €6.4 billion. In Brazil, Caixa Vida e Previdência continued to grow its business, increasing its market share by 0.8 points⁽¹⁾ in 2021 to 23%. As of end-December 2021, it was Brazil's second largest pension provider. The subsidiary's total premium income rose 19.2% over the year to €5,194 million, with growth led by the pensions business on the back of the momentum enjoyed since the second half of 2020.

Financial results

Attributable net profit – Europe: Profit in the Europe region grew 32% as reported and 41% like-for-like, driven by sharply higher savings/pensions volumes.

Attributable net profit – Latin America: Profit was boosted by strong growth in savings/pensions and personal risk premiums, but was also affected by a Covid-related deterioration in loss ratios and by the first-time amortisation of Caixa distribution agreements. Excluding this amortisation expense, profit contracted by 23% in 2021.

Operating expenses at constant exchange rates were down 5.2%, excluding amortisation of the Caixa/Santander distribution agreements.

The business line's attributable net profit was down 27% like-for-like. Excluding the impact of amortising the Caixa distribution agreements, the year-on-year change was a decrease of 11%.

1) Insurance market data by class taken from the databases of Brazil's insurance supervisor, SUSEP, November 2021: <http://www2.susep.gov.br/menuestatistica/SES/principal.aspx>

3.4.3 Corporate and Investment Banking

(in € millions)	2020	2021	Reported change vs 2020
Net banking income	911	1,066	+17.1%
Operating expenses	(615)	(642)	+4.4%
Gross operating profit	295	424	43.6%
Cost-income ratio	69.3%	61.9%	-7.4 pts
Cost of risk	(433)	(106)	-75.5%
Operating profit (loss)	(138)	318	n/a
Pre-tax profit (loss)	(138)	318	n/a
Net profit (loss)	(94)	228	n/a
Attributable net profit (loss)	(94)	227	n/a

During the year, the Corporate and Investment Banking business (CIB) helped to support the economic recovery by distributing government-backed and participatory loans (*“Prêts Garantis par l’Etat”, “Prêts Participatifs Relance”*) and La Banque Postale solutions for all customers (factoring facilities, cash facilities, medium and long-term loans, syndicated loans, etc.).

A growing business activity

Total outstanding loans continued to grow in 2021, rising 5.4% over the year to €45.7 billion at 31 December. Loans to the local public sector⁽¹⁾ increased by 7.8% to €19.3 billion, reflecting CIB's position as the leading provider of bank financing to this customer segment.

In line with its ambition to conquer new markets, new financing for large corporates and institutions rose by 16.0% to nearly €6 billion. Factoring volumes (purchased receivables) totalled €17.4 billion, a very strong increase of 26.4%. The factoring facilities outstanding amounted to €2.3 billion at 31 December 2021, up 29.7%.

Demand deposits stood at €12.3 billion at 31 December 2021.

As part of its pioneering commitment to the just transition, CIB has supported its customers in their sustainable development projects by extending its green corporate loan program, green equipment leases and green bond issues in the network. For example, green loan originations rose by 8.3% in 2021 to €2.2 billion. In addition, CIB provided support during the year to companies and professionals wishing to invest in renewable energies, for a combined amount of €2 billion.

CIB's businesses performed well in 2021. The Debt Capital Markets business was robust (participating in 90 bond issues), the Public Finance business was the third largest arranger of private placements⁽²⁾ for France's local public sector, the Asset and Project Finance business expanded (with originations up 12.4% or €159 million) and the trading desks also delivered good results.

Financial results

CIB returned to profit in 2021, turning the page on a difficult year in 2020 when business volumes and the cost of risk were adversely affected by the COVID-19 crisis. The business line delivered net profit of €227 million as opposed to a net loss of €94 million in 2020, with:

Net banking income rising 17.1%, primarily reflecting:

- ▶ the recovery in cash management and factoring services, and the boost to income from investment portfolios provided by last year's favourable market conditions;
- ▶ growth in specialised financing (with originations up 18.4%) and a very high volume of bond arranger fees.

The increase in general operating expenses was limited, at 4.4%, and concerned expenditure to support business growth and the implementation of projects to in-source certain lending activities and improve their management.

Total cost of risk was reduced by €327 million *versus* 2020, to €106 million. Sector-specific loss allowances were maintained as a matter of prudence, despite the absence of any risk occurrence.

1) Local authorities, healthcare establishments, public-private partnerships and social landlords.

2) Ranking of arrangers for French local public sector private placements (under €150 million), source: Bloomberg as of 31 December 2021.

3.4.4 Wealth and Asset Management

(in € millions)	2020	2021	Reported change vs 2020
Net banking income	290	296	+2.3%
Operating expenses	(183)	(189)	+3.6%
Gross operating profit	107	107	=
Cost-income ratio	63.3%	64.1%	+0.8 pts
Cost of risk	(3)	(1)	-53.7%
Operating profit	104	106	+1.7%
Pre-tax profit	105	117	+11.6%
Net profit	74	85	+14.8%
Attributable net profit	63	74	+17.5%

In 2021, the Wealth Management business enjoyed strong business momentum and good profitability, thanks to an increase in new money invested in products generating high levels of fee income.

La Banque Postale's private bank (BPE) is growing steadily, recording a 24.6% increase in assets under management to €14.1 billion at 31 December 2021. It continued to enjoy strong business momentum during the year, with loan originations up 11.1% to more than €1 billion, strong growth in net new money invested in discretionary management portfolios (2x higher at €1.2 billion), 30.4% growth in assets held in discretionary management portfolios to €8.8 billion and total outstanding loans up 12.4% at €4.4 billion. Savings invested in life insurance products also increased rapidly, rising by 27.4% to €9.9 billion as a result of policyholders transferring their savings from old to new pension products (PACTE transfers).

During the year, seven new BPE service desks were opened in post offices. Including these desks, as of 31 December 2021, BPE products were distributed in 57 post offices and 28 branches. In addition, BPE continued to develop its real estate subsidiary (LBPIIC) which has sold €2.3 billion worth of properties since its creation. The number of units sold through its extensive partner network spanning the whole of France (over 50 partnerships) has increased by 153% since 2014.

BPE won the Silver Award for Positive Finance at the Wealth Management and Performance Summit organised by asset management professionals on 17 November 2021. It is strengthening its commitment to socially responsible investment (SRI) and steering the discretionary asset management business's research and selection process towards an "All SRI" investment universe.

Assets under management by La Banque Postale Asset Management (restated for the transfer of managed assets from La Banque Postale Asset Management to the OSTRUM AM joint venture) grew by 17.1% to €60.2 billion at 31 December 2021. Growth was led by the €2.9 billion net inflow of new money and favourable financial market trends (€5.9 billion). In October 2021, the business line maintained its climate commitment by developing the first impact infrastructure debt fund. The fund corresponds to a sustainable investment as defined in article 9 of

the SFDR⁽¹⁾ and targets an investment universe compatible with the European Taxonomy. All eligible funds managed by La Banque Postale Asset Management are invested exclusively in assets qualifying as socially responsible investments. 20 funds have been awarded 4- or 5-star ratings (financial performance) and 4 or 5 globes (non-financial performance) by Morningstar.

Assets under management by the Ostrum Asset Management joint venture, which is 45%-owned by La Banque Postale Asset Management, totalled €442 billion at 31 December 2021. Following the agreements with BPCE, La Banque Postale's equity in the net assets of Ostrum Asset Management has been classified under "Non-current assets held for sale".

Financial results

Strong business momentum, buoyant financial markets and deeper coverage of the market all helped to drive strong growth in profits.

Net profit came to €74 million, with the 18% increase mainly attributable to:

- ▶ growth in net banking income of 2.3% as reported and 16% like-for-like with:
 - a near-doubling of new money invested in portfolios under discretionary management (up €6 billion to €12.3 billion),
 - strong momentum in the real estate business, with 12% growth in tax efficient transactions,
 - 10% growth in asset management fees, due to the 17% increase in assets under management to €60 billion, with two-thirds of the additional €9 billion attributable to last year's buoyant financial market conditions.

A 3.6% increase in expenses, up 8% like-for-like, mainly due to property costs (BPE's move to new offices on rue du Louvre, La Banque Postale Asset Management's planned move to new offices) and the final stage in the migration of fixed income management activities.

The very low overall cost of risk, reflecting the quality of the portfolio.

1) EU Sustainable Finance Disclosure Regulation.

3.4.5 Corporate Centre

The Corporate Centre is used to record income and expenses that cannot be allocated directly to the business lines, such as the Single Resolution Fund (SRF)/Fonds de Garantie des Dépôts et de Résolution (FGDR) contributions and management fees. Income and expenses resulting from the application of the accounting standard on business combinations, which do not arise in the normal course of business, are also allocated to the Corporate Centre. They include amortisation of the fair value adjustments to CNP Assurances' net assets on the date control was acquired, which is allocated to the Corporate Centre to avoid distorting the presentation of the Bancassurance France and International Bancassurance business lines' results.

(in € millions)	2020 reported	2021
Net banking loss	(109)	(779)
Operating expenses	(231)	(270)
Gross operating loss	(340)	(1,049)
Cost of risk	(17)	-
Operating loss	(357)	(1,049)
Changes in goodwill (and gains and losses on other assets)	3,090	-
Share of profits of equity-accounted companies	594	-
Pre-tax profit (loss)	3,326	(1,049)
Net profit (loss)	3,382	(836)
Attributable net profit (loss)	3,505	(514)

Corporate Centre results reflect mainly the following items recognised in 2020 and 2021:

2020

- First-time consolidation entries: €3,593 million favourable impact on changes in goodwill/gains and losses on other assets.
- PPA adjustments with a negative impact on net profit of €176 million.
- SRF and FGDR contributions of €72 million.
- €316 million gain recognised on the securities portfolio following a change in ALM methodology.
- Capital gain realised on the sale of La Banque Postale Asset Management's repo business to Ostrum: favourable impact of €90 million on goodwill and €63 million on attributable net profit.

- Exceptional write-off of bank intangible assets: €111 million included in operating expenses.
- Management fees of €29 million.

2021

- PPA adjustments with a negative impact on net profit of €369 million.
- SRF and FGDR contributions of €96 million included in operating expenses.
- Management fees of €22 million.

3.5 ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

The consolidated balance sheet total stood at €772.3 billion at 31 December 2021, up €35.1 billion compared with 31 December 2020.

The main asset items in the balance sheet comprised:

- financial assets at fair value through profit or loss (€231.5 billion at 31 December 2021 *versus* €195.8 billion as reported at 31 December 2020). These consist of government paper and equivalents, bonds and other fixed-income securities and UCITS in the amount of €177.3 billion;
- financial assets at fair value through other comprehensive income (€228.5 billion at 31 December 2021 *versus* €230.8 billion as reported at 31 December 2020). These chiefly include government paper and equivalents for €122.9 billion

and bonds and other fixed-income securities for €105.2 billion;

- loans and advances to customers at amortised cost (€123.2 billion at 31 December 2021 *versus* €125.3 billion at 31 December 2020). This item mainly includes outstanding home loans, consumer loans and business loans (to companies, professionals and the local public sector);
- loans and advances to credit institutions at amortised cost (€67.8 billion at 31 December 2021 *versus* €114.5 billion at 31 December 2020). This item consists for the most part of *Livret A* and LDD passbook savings account deposits centralised with Caisse des dépôts for €65 billion.

The main liability items in the balance sheet, apart from equity of €31.8 billion, are:

- insurance company technical provisions and deferred participation for €414.4 billion (*versus* €379.8 billion at 31 December 2020), corresponding mainly to life insurance liabilities of €261.9 billion (of which life mathematical reserves for €248.8 billion) and financial liabilities with a discretionary participation feature for €107.3 billion (of which mathematical reserves for €97.9 billion);
- customer deposits for €235.0 billion (*versus* €230.4 billion as reported at 31 December 2020). This item comprises demand deposits for €89.8 billion and regulated savings accounts for

€121.0 billion (including €65.3 billion in *Livret A* accounts, €30.6 billion in PEL/CEL home savings accounts and €25.1 billion in other regulated savings accounts);

- liabilities due to credit institutions for €30.4 billion (*versus* €33.5 billion at 31 December 2020). This item mainly includes securities and other assets sold under collateralised repurchase agreements for €20.6 billion *versus* €23.1 billion at 31 December 2020;
- debt securities for €21.7 billion (*versus* €21.6 billion at 31 December 2020).

La Banque Postale's ROA ⁽¹⁾ was 0.08% at 31 December 2021.

3.6 ADDITIONAL INFORMATION

3.6.1 French Economic Modernisation Act (LME) information – Suppliers' terms of payment

In application of Article D. 441-6 of the French Commercial Code (*Code de commerce*), information about supplier payments breaks down as follows at 31 December 2021:

(in €)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) trade payables schedule						
Number of invoices concerned	27	-	-	-	-	997
Total amount of invoices concerned including VAT	181,777	10,202,676	1,348,484	1,164,962	2,663,372	15,379,494
Percentage of total amount of purchases for the year including VAT	0.00%	0.25%	0.03%	0.03%	0.07%	0.38%
Percentage of revenue for the year (specify: excl. or incl. VAT)	-	-	-	-	-	-
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables						
Number of invoices excluded	-	-	-	-	-	-
Total amount of invoices excluded (specify: excl. or incl. VAT)	-	-	-	-	-	-
(C) Reference payment terms (contractual or statutory terms pursuant to article L. 441-6 or L. 433-1 of the French Commercial Code)						
Payment terms used to calculate past due payments	Contractual terms					

This information does not include bank data or related transactions.

For customer payment schedules, please see Note 2.17 of La Banque Postale's financial statements showing the detail of customer loan transactions by time remaining.

1) Return on assets (attributable net profit/total assets).

At 31 December 2020, information about supplier payments breaks down as follows:

(in €)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) trade payables schedule						
Number of invoices concerned	22	-	-	-	-	1,994
Total amount of invoices concerned including VAT	105,995	17,744,598	12,699,387	2,182,074	5,332,512	37,958,571
Percentage of total purchases for the year including VAT	0.00%	0.45%	0.32%	0.05%	0.13%	0.96%
Percentage of revenue for the year (specify: excl. or incl. VAT)	-	-	-	-	-	-
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables						
Number of invoices excluded	-	-	-	-	-	-
Total amount of invoices excluded (specify: excl. or incl. VAT)	-	-	-	-	-	-
(C) Reference payment terms (contractual or statutory terms pursuant to article L. 441-6 or L. 433-1 of the French Commercial Code)						
Payment terms used to calculate past due payments	Contractual terms					

This information does not include bank data or related transactions.

3.6.2 Amount of non-tax-deductible expenses

The amount of non-tax deductible expenses, as listed in Article 39-4 of the French General Tax Code (*Code général des impôts*), was not material. Non-deductible expenses include depreciation and amortisation expense of €671,527.

3.6.3 Research and development, patents and licences

Research and development expenditure is not material.

3.6.4 Table of authorisations granted by the General Meeting of Shareholders and their use in 2021

General Meeting	Purpose of the authorisation given to the Executive Board	Delegation validity period	Limit	Use in 2021
None	None	None	None	None

3.6.5 La Banque Postale SA 2021 results and appropriation of profit

In 2021, La Banque Postale SA's net banking income was €4,918 million (compared to €3,986 million in 2020). The €933 million year-on-year increase was mainly attributable to:

- ▶ the €958 million increase in investment income from subsidiaries and affiliates, reflecting the prior year impact of the ECB's recommendation concerning dividend payments during the COVID-19 pandemic;
- ▶ the €106 million contraction of the net interest margin, which was eroded by the decrease in interest income on home loans (€28 million), the decrease in interest income on investment securities (€129 million) in line with the reduction in the portfolio, and the increase in interest expense on transactions with credit institutions due to negative interest rates and the increase in Banque de France deposits (€124 million);
- ▶ these negative changes were partly offset by repurchase agreements (€47 million), the decrease in interest on regulated savings accounts (€29 million) and the change in PEL/CEL home savings account provisions (€39 million);
- ▶ net fee and commission income rose by €97 million, corresponding mainly to payment media processing fees;

- ▶ the impact of provisions on investment securities portfolios for a negative €82 million.

General operating expenses rose by €142 million over the year to €4,134 million. The main increases concerned contributions to supervisory bodies, IT project costs and distribution costs. Depreciation, amortisation and impairment contracted by €132 million, primarily reflecting the high basis of comparison created by accelerated amortisation of IT project costs in 2020.

Cost of risk amounted to €141 million, a decrease of €229 million *versus* the previous year that can be explained by the Bank's decision to adjust its risk parameters in 2020 in order to anticipate an increase in customer defaults due to the COVID-19 crisis.

La Banque Postale ended the year with an operating profit of €466 million in 2021, *versus* a €685 million loss in 2020. Gains and losses on non-current assets include a €716 million surplus on the merger between La Banque Postale SA and its subsidiary SF2. After taking into account an income tax benefit of €5 million, La Banque Postale SA ended the year with net profit of €1,156 million *versus* a net loss of €410 million in 2020.

(in €)

Net profit for the period	1,155,622,315.47
Allocation to the legal reserve	(57,781,115.77)
+ Retained earnings brought forward from prior year	617,631,994.31
TOTAL AVAILABLE FOR DISTRIBUTION	1,715,473,194.01

Proposed appropriation:

To the payment of a dividend	1,541,935,660.80
▶ To retained earnings	173,537,533.21
TOTAL	1,715,473,194.01

The proposed dividend is €19.20 for each of the 80,309,149 shares making up the share capital.

The dividend is eligible for the tax allowance provided for in Paragraph 3, Sub-paragraph 2, of Article 158 of the French General Tax Code. It will be paid on 30 June 2022 at the latest.

Dividends paid over the past three years

Financial year	Number of shares	Total payout	Dividend per share
Full-year 2018	35,186,153	€326,527,499.84	€9.28
Full-year 2019	80,309,149	-	-
Full-year 2020	80,309,149	€171,058,487.37	€2.13

3.6.6 Information about acquisitions in 2021 of interests in French companies representing at least 5% of their capital

More than 5%

Unlisted company Crédit Logement SA

More than 10%

None

More than 20%

None

More than 33.3%

Unlisted company AEW Europe SA

More than 50%

Unlisted company La Banque Postale Assurance Santé SA

More than 66.6%

Listed company

CNP Assurances SA
La Banque Postale Consumer Finance SA
La Banque Postale Assurances IARD SA
La Banque Postale Prévoyance SA
La Banque Postale Asset Management Holding SA
Easybourse SA
La Banque Postale Conseil en Assurances SA
La Banque Postale Protection

Unlisted company

3

3.6.7 Investments

On 17 December 2021, La Banque Postale acquired BPCE Group's 16.11% stake in CNP Assurances for €2.4 billion (€21.90 per share). The transaction increased La Banque Postale's ownership of CNP Assurances to 78.95%.

3.6.8 Internal control

La Banque Postale's governance framework provides assurance that the Group complies with its external obligations and internal framework.

The internal control system is aligned with the nature and volume of La Banque Postale's operations and its risk exposures. It covers all La Banque Postale Group business carried out by its parent company and its exclusively and jointly controlled subsidiaries, its Monaco branch and its business in Andorra, La Poste Network entities working in its name and on its behalf and service providers responsible for providing essential services. The system is built around a reference framework comprising internal delegations of authority and the fundamental principles set out in documents such as the internal control policy and the code of conduct.

Risk management and control are a Group responsibility. La Banque Postale Group's risk map includes the subsidiaries' risks. Likewise, the results of the controls performed by the subsidiaries are included in the "Group" control report and the subsidiaries are covered by the Group Internal Audit Department's audit plan.

All activities conducted by La Banque Postale's business lines, its fully and jointly controlled subsidiaries, its equity-accounted associates and joint ventures, the dedicated financial services entities and the entities working in the name and on behalf of La Banque Postale, are covered by the risk management system. The system also covers the control of outsourced activities.

3.6.8.1 Internal control reference framework

The reference framework for La Banque Postale's internal control system comprises:

- ▶ the French Monetary and Financial Code;
- ▶ the French government orders of 3 November 2014 concerning:
 - the additional monitoring of financial conglomerates,
 - the internal control of firms in the banking, payment services and investment services sectors subject to the supervision of the Prudential Supervision and Resolution Authority (ACPR),
 - prudential supervision on a consolidated basis.

This framework has been revised with the publication of new rules that came into effect between 29 December 2020 and 28 June 2021, amending the above-mentioned government orders dated 3 November 2014:

- ▶ European Banking Authority internal governance guidelines of 2 July 2021 (EBA/GL/2021/05), applicable since December 2021;
- ▶ EBA outsourcing guidelines of February 2019 (applicable since September 2019);
- ▶ government order no. 2015-378 of 2 April 2015 transposing into French law Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II).

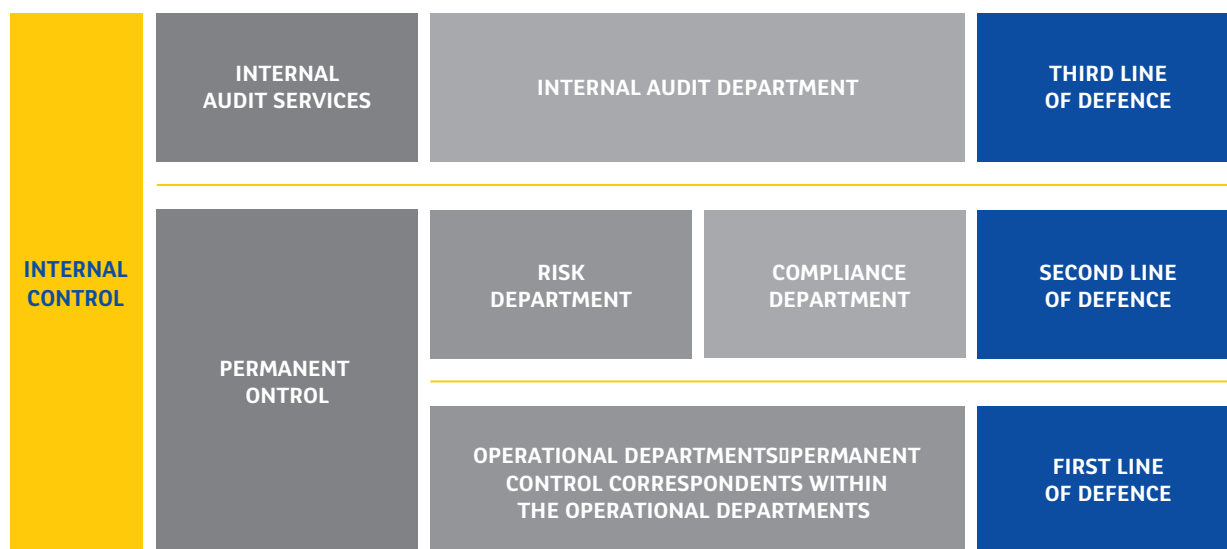
It is the responsibility of the Supervisory Board to review and assess the effectiveness of La Banque Postale's risk management

system, and to approve and regularly review the strategies and policies governing the acceptance, management, monitoring and reduction of known and potential risks. This role is clarified in the French government order of 3 November 2014 on internal control which incorporates certain rules adopted at European level and takes into account adjustments to certain industry practices related to EBA guidelines on outsourcing, internal governance, IT risk, the different lines of defence, data aggregation obligations, obligations concerning business continuity plan management, management of conflicts of interest, etc.;

To fulfil this role, members of the Supervisory Board must have the necessary knowledge, skills and expertise to understand and monitor the Group's risk-taking strategy and risk appetite. For this reason, the ECB has been given increased powers over the appointment and 'fit and proper' assessment of members of the supervisory body and the persons who effectively manage the Group.

3.6.8.2 Internal control framework

The risk management system and its structure are based on three lines of defence that constitute the internal control framework, in compliance with the government order of 3 November 2014 regarding internal controls.



La Banque Postale uses the concept of lines of defence to represent its organisation in terms of risk management and best practices.

First line of defence

Each Group entity has primary responsibility for managing its risks. The entities' senior executives are responsible for implementing a system that provides assurance concerning compliance with the applicable internal and external risk management requirements. This risk management system is part of the framework defined by the Group Risk Department. Risks are accepted, managed and monitored and warnings are issued in accordance with the rules set by the Group.

Each employee provides assurance that risks are properly managed at their level through their knowledge, experience, judgement and compliance with their entity's rules.

In this regard, the business lines' operational departments constitute the first line of defence.

Second line of defence

The second line of defence consists of the Group Risk Department and the Compliance Department. These departments are in charge of permanent controls, in accordance with the provisions of (i) the French government order of 3 November 2014 on internal control, and (ii) the Solvency II directive (risk management, compliance and actuarial key functions). They are also responsible for ensuring that there is an appropriate, uniform framework in place for defining and improving risk management procedures.

The first and second lines of defence constitute the system of permanent controls, which is organised around:

▶ The Risk Function Charter

The Risk Organisation Charter, established by the Group Risk Department, describes the role, responsibilities, organisation, governance and resources of the Risk Organisation put in place by the Group to ensure compliance with its risk appetite framework.

The Risk Organisation Charter was approved by the Supervisory Board in April 2020 and takes into account the changes resulting from the integration of CNP Assurances in the La Banque Postale Group.

The Charter notably describes the organisational structures and processes set up within the Group to provide assurance to the Executive Board and Supervisory Board that:

- the risk management framework defined in the Risk Appetite Statement (RAS) is complied with;
- they are informed of the level of risk assumed by the Group, the emergence of any new risks or the occurrence of major incidents;
- the Group's risk management framework is effective.

► Compliance Charter

The Compliance Charter, established by the Group Compliance Department, describes the Department's role, responsibilities and organisation, and the resources deployed to ensure compliance with the regulations covering financial security (measures to combat money laundering and the financing of terrorism, compliance with international asset freezes and sanctions), customer protection, ethics (including the prevention of fraud, bribery and corruption) and the provision of investment services.

The Risk Organisation is shaped around the Group Risk Department's central functions and the decentralised functions within the Group entities or working in the name and on behalf of La Banque Postale Group (the La Poste Network).

The Group Risk Department and Group Compliance Department each have dedicated organisations:

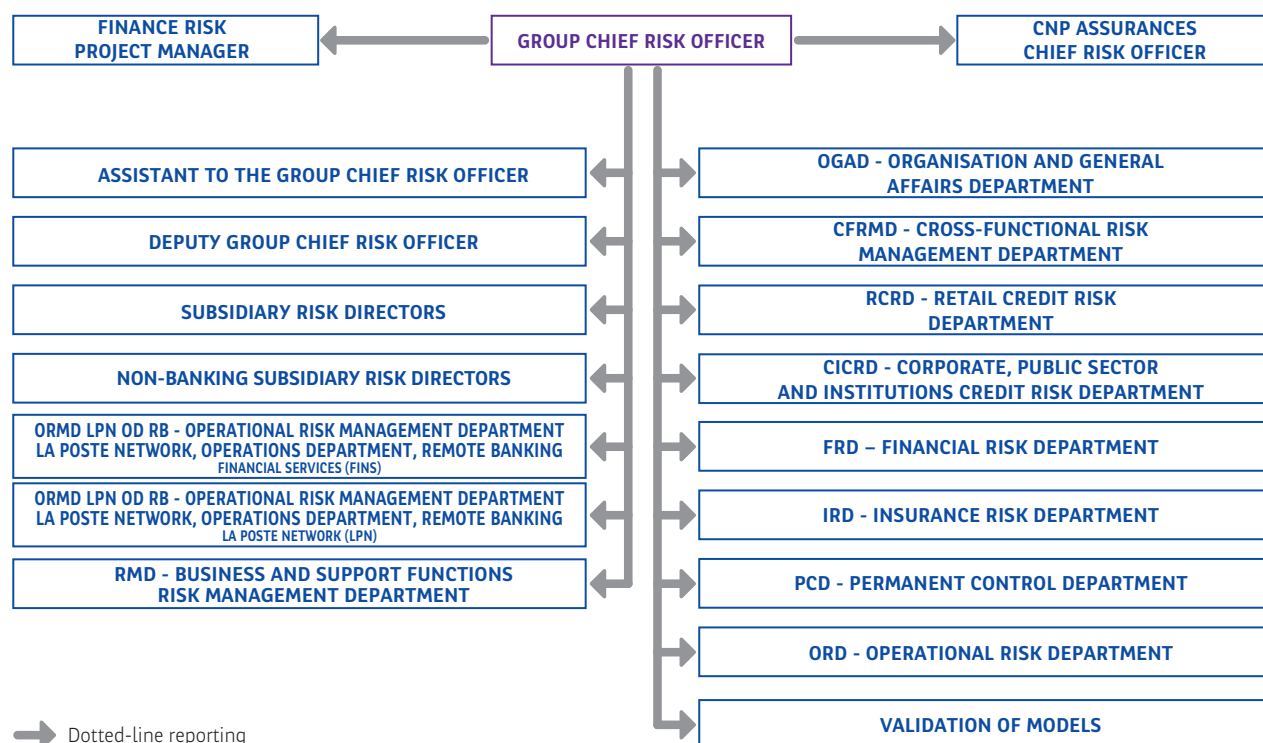
► The risk organisation

The Risk Organisation defines the systems and procedures constituting the Group's risk management framework and submits the framework to the Executive Board and Supervisory Board for their approval. It ensures that the framework is properly implemented and effective.

The organisation covers the Group's risk exposures. The Risk Organisation covers all the entities comprising the financial conglomerate within the Group's scope of consolidation, in accordance with the applicable national and industry-specific laws and regulations.

Among the risk management organisation's tasks and duties, the Group Risk Department performs the following tasks and duties on behalf of La Banque Postale:

- defining and managing the risk management framework;
- defining and managing the permanent control framework;
- producing risk reports for external stakeholders.
- These main roles and responsibilities are described in detail in the Risk Organisation Charter.



► Compliance Organisation

The Group Compliance Department is responsible for defining the compliance risk management framework. Compliance risk is defined in the Group Compliance Charter.

Implementation of the Executive Board's decision of 9 December 2019 to establish a formal Compliance Organisation led to the creation of three departments: the La Banque Postale Compliance Department, the La Poste Network Banking Services Compliance Department, and the Ethics Department. Working

under the responsibility of the Group Compliance Department, the Compliance Organisation also manages KYC procedures and Regulatory Training programmes. In addition, the Compliance Function ensures that CNP Assurances and all of the other La Banque Postale Group subsidiaries comply with applicable laws and regulations.

The Group Compliance Department fulfils its responsibility for providing compliance advice regarding ethical issues, including the prevention of bribery and corruption, financial security, fraud

prevention, customer protection and investment services, by:

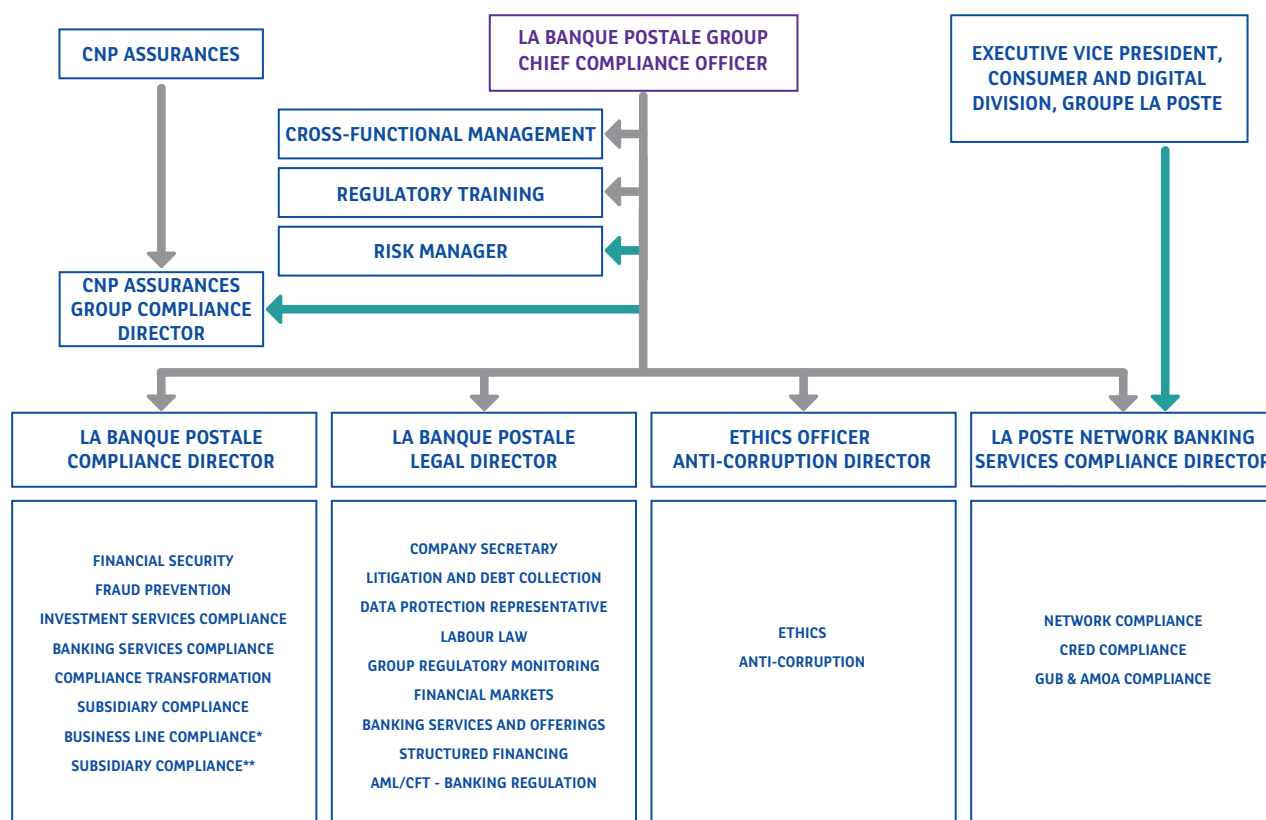
- identifying and assessing compliance and reputational risks, and implementing the appropriate risk management system (procedures, checks, training, etc.);
- drafting a formal set of compliance procedures at the La Banque Postale Group level, rolled out to each business and subsidiary where appropriate: (code of ethics, Anti-corruption Code, Compliance section of the Internal Rules, Policies and Procedures);
- coordinating the whistleblowing system;
- expressing opinions and giving advice on compliance issues;
- training employees and raising their awareness of compliance issues;
- monitoring compliance controls in coordination with the Permanent Control Department;
- monitoring regulatory changes and execution of compliance projects.

The Compliance Organisation ensures that operational compliance issues encountered by La Banque Postale SA's business lines, the La Poste Network and the subsidiaries are addressed without delay and resolved through the implementation of practical solutions. It is supported in this task by the business line Compliance Officers, the La Poste Network Compliance Officer and the Compliance Officer responsible for the Subsidiaries.

It is based on:

- central Compliance teams at the level of La Banque Postale Group;
- the roll-out of local support with the appointment of Compliance Officers for each business line and for the La Poste Network, along with the creation of a Compliance Department covering the Network's banking activities and the activities of the Group's banking subsidiaries, including a dedicated process;
- unified reporting relationships (including for the subsidiaries' Compliance Officers).

Since November 2021, the Group Chief Compliance Officer, who is tasked with leading the Compliance organisation, reports to the Deputy Managing Director in charge of risks, compliance and supervision of the conglomerate.



* Natural Persons (NP), Legal Persons (LP) and Payments

** Ma French Bank, La Banque Postale Consumer Finance, SOFIAP, KissKissBankBank, Lendopolis, La Banque Postale Leasing & Factoring, Ezyne, La Banque Postale AM, Tocqueville, BPE, La Banque Postale Immobilier Conseil, Easybourse, La Banque Postale Home Loan SFH, La Banque Postale Assurances IARD, La Banque Postale Assurance Santé, La Banque Postale Prévoyance

→ Solid-line reporting

→ Dotted-line reporting

Third line of defence

The third line of defence consists of the periodic controls performed by the Internal Audit Department.

The system is described in La Banque Postale Group's Periodic Controls Charter. The broad objectives defined by Internal Audit and validated by the Executive Board are as follows:

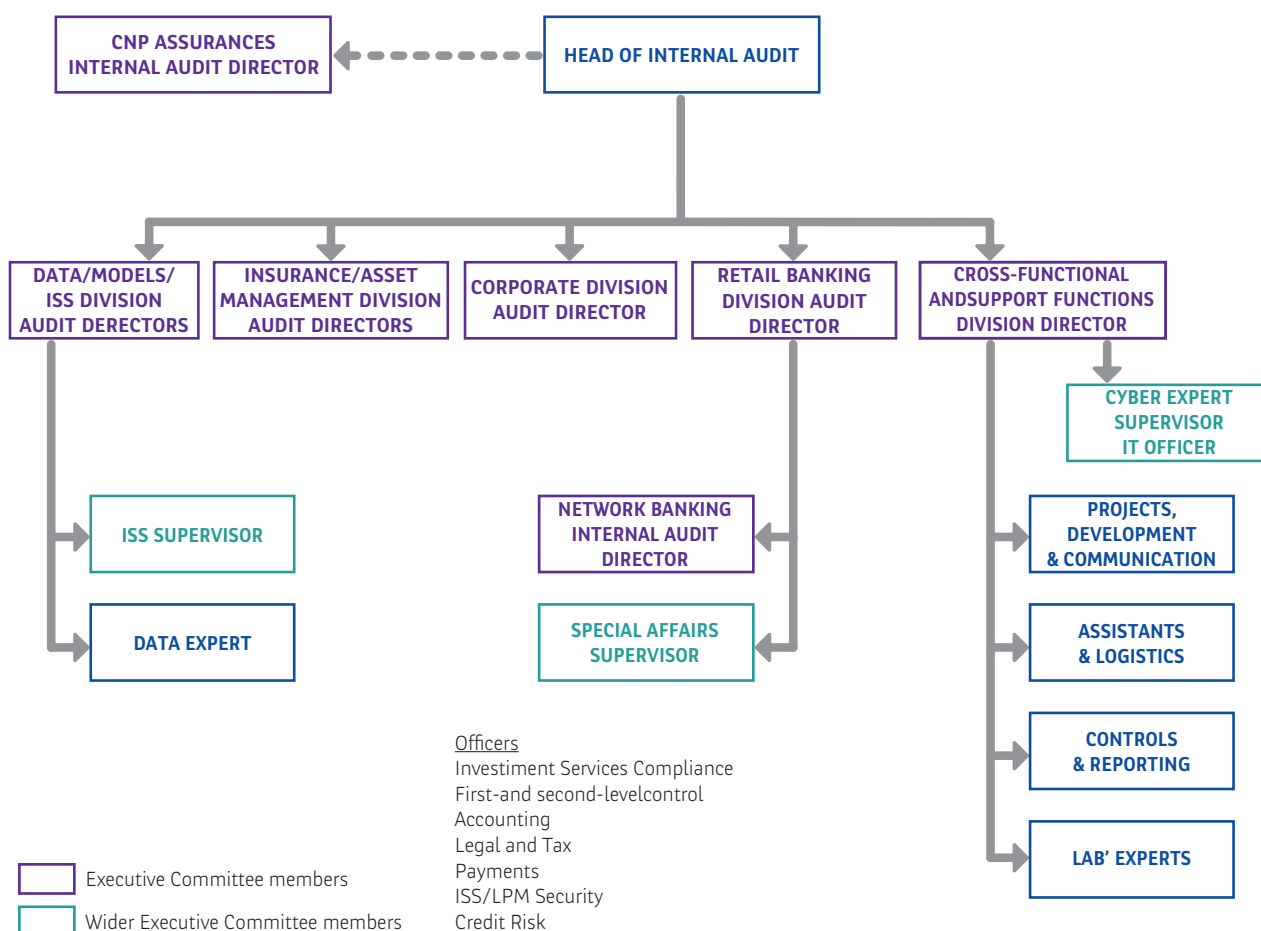
- perform periodic controls, as defined in the Government order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sectors licensed by the ACPR;

- ▶ provide reasonable assurance to the Executive Board and the Supervisory Board about the management of risks and the legitimacy and compliance of La Banque Postale's transactions;
- ▶ track the timely implementation of action plans drawn up in response to the findings of the various internal or external audit teams;
- ▶ assess operational efficiency and productivity in relation to objectives and evaluate the system set up to ensure that customer service is of a high quality and is continuously improved.

The internal auditors specialise in different areas. In 2021, the Internal Audit Department was reorganised around four specialised internal audit units and a support unit, as follows:

- ▶ Insurance & Asset Management;
- ▶ Datamining, Models and Information Systems;
- ▶ Corporate;
- ▶ Retail Banking (including Network Banking Audits and Forensic Audits & Special Matters);
- ▶ Cross-functional & Support Unit (Logistics, Projects, Development & Communication, Controls & Reporting, Lab'Expert and Expertise & IS Support).

In addition, CNP Assurances' Head of Internal Audit reports on a dotted-line basis to La Banque Postale's Head of Internal Audit.



3.6.8.2.1 Control procedures performed as close as possible to the activities concerned

La Banque Postale has established a specific system for transactions carried out within its network. The aim of this system is to control risks associated with the transactions executed in post offices, in coordination with the La Poste Network.

The General Management of the La Poste Network is responsible for designing and managing level 1 controls over the post offices' banking activities.

Level 2 banking controls are conducted by controllers dedicated to the core banking businesses. In particular, banking controllers employed by La Banque Postale perform level 2 controls on the banking transactions carried out in the post offices and Business Centres; these controllers report to La Banque Postale's Territorial Heads of Control under the supervision of the Permanent Control unit of the Group Risk Department.

3.6.8.2.2 Top-level management structures dedicated to control procedures

The Supervisory Board has set up the following committees to assist it in the tasks of establishing guidelines and overseeing the implementation of monitoring systems, and reviewing internal control activities and results:

► Financial Statements Committee

The Financial Statements Committee is primarily responsible for:

- checking the clarity of financial information supplied by the Executive Board (by reviewing the draft parent company and consolidated financial statements prior to their presentation to the Supervisory Board) and assessing the relevance of the accounting methods used to prepare this information;
- participating in the selection of the statutory auditors and ensuring that they are independent and objective.

More generally, the Committee reports to the Supervisory Board on matters relating to the financial statements and notifies the Board of any material issues that may require a specific decision by the Board, supported by its recommendation thereon.

As of 31 December 2021, the Committee consisted of two independent directors, one of whom chairs the meetings, two members of the Board representing Le Groupe La Poste, the representative of the French State and two members of the Board representing employees. The Government Commissioner also attends the Committee's meetings.

The Committee members have financial and accounting expertise, acquired primarily during their career or in their current positions.

The Financial Statements Committee meets at least twice per year and, in particular, prior to any meeting of the Supervisory Board where one or more agenda items concern its area of expertise. The Chairman of the Committee reports on its work to the Supervisory Board after every meeting. The Committee may seek the assistance of any person whose skills and expertise it considers necessary to fulfil its remit.

The Committee hears the opinions of the statutory auditors, the Bank's Chief Financial Officer, the Chief Risk Officer and the Head of Internal Audit on issues that concern them, including the Company's risk exposures and significant off-balance sheet commitments, the main observations made during the statutory audit of the accounts and the choice of accounting options.

The Committee met six times in 2021 with an average attendance rate of 93%.

Further details are given in Section 2.1.2.1.4 Work of the committees of the Supervisory Board of this Universal Registration Document.

► Risk Committee

The Risk Committee is primarily responsible for:

- assessing the quality of internal control, with particular emphasis on risk management principles and systems, compliance controls, the programme of periodic controls and implementation of the main recommendations of the internal auditors and the banking and insurance supervisor;
- reviewing La Banque Postale's Internal Audit Charter, Risk Organisation Charter and Permanent Control Charter;
- examining the compatibility of La Banque Postale's remuneration policy and practices with its risk policy;
- more generally, fulfilling the roles described in the French Monetary and Financial Code and the Government order of 3 November 2014 on the internal control of companies in the

banking, payment services and investment services sectors licensed by the ACPR.

As of 31 December 2021, the Risk Committee consisted of four independent directors, one of whom chairs the meetings, two members of the Board representing Le Groupe La Poste, the representative of the French State, the Board member elected on the recommendation of Caisse des dépôts and two Board members representing employees. The Government Commissioner also attends the Committee's meetings.

Members of the Committee have the knowledge, skills and expertise necessary to fulfil the Committee's remit and to understand and oversee the Group's strategy and risk appetite. If required, training is organised when members join the Committee or during their term, to improve their knowledge.

The Risk Committee meets at least four times per year and, in particular, prior to any meeting of the Supervisory Board where one or more agenda items concern its area of expertise. The Chairman of the Committee reports on its work to the Supervisory Board after every meeting. The Committee may also seek the assistance of any person whose skills and expertise it considers necessary to fulfil its remit.

The Deputy Managing Director in charge of risks, compliance and supervision of the Conglomerate, the Chief Financial Officer of La Banque Postale, the Chief Compliance Officer, the Chief Risk Officer and the Head of Internal Audit make presentations to the Committee on matters that fall within the scope of their responsibilities. The Chairman of the Executive Board attended all meetings of the Committee in 2021.

Because of the potential impact of the matters examined by the Committee, before each of its meetings, its members and the Government Commissioner meet behind closed doors, without any Executive Board members or other representatives of La Banque Postale being present, in order to discuss and prepare the questions to be put to management and challenge their responses.

The Committee met seven times in 2021 with an average attendance rate of 92%.

Further details are given in Section 2.1.2.1.4 Work of the committees of the Supervisory Board of this Universal Registration Document.

At the level of the Executive Board, the internal control system is based on:

► Executive Board meetings on internal control

At least once every two months, the members of the Executive Board meet to discuss internal control issues. During the meetings, the Group Chief Compliance Officer, the Group Chief Risk Officer and the Head of Internal Audit make coordinated presentations to the Board on the internal control system and its results.

Two Executive Board Committees, each chaired by a member of the Board – the Group Risk Management Committee (GRMC) and the Anti-Money Laundering and Financing of Terrorism Committee (AML-CTF) – organise and steer the Group's risk management.

► Group Risk Management Committee (GRMC)

Starting with a review of changes in risk measurement indicators and the findings of risk controls, the GRMC:

- decides on La Banque Postale Group's Risk Management Operational Policy (RMOP);
- reviews the most sensitive risk areas and monitors their coverage level (through provisions or otherwise);

- reviews threats to La Banque Postale's balance sheet structure, results, or management ratios (capital, liquidity, etc.) and informs the Executive Board;
- provides an update on measures to prevent money laundering and the financing of terrorism at each of its meetings (monitoring of anti-money laundering screening, alerts, politically exposed persons, etc.).

The Group Risk Department (GRD) is responsible for rolling down the Committee's decisions and ensuring that they are implemented. Records of the Committee's decisions are stored in the Risk Organisation's document base (DocRisk).

The Committee is chaired by a member of the Executive Board. The monthly meetings of the Committee are led by La Banque Postale's Group Chief Risk Officer.

The Committee is assisted by three subcommittees:

- the Risk Management Rules Validation Committee (RMRVC) chaired by the Group's Chief Risk Officer or his representative. This subcommittee meets twice a month to validate all of the management rules and the standardised and methodological documentation used by the Group Risk Department, the Risk Organisation entities and the business lines to manage risks and effectively implement the risk management strategy set by La Banque Postale Group in its Risk Appetite Statement (RAS) and Risk Management Operational Policy (RMOP);
- the Model Risk Management Committee (MRMC) chaired by the Group's Chief Risk Officer or his representatives, which meets at the request of its Chairman or on the proposal of its secretary. Its role is to carry out permanent controls on the methodology used for all of La Banque Postale's significant models, including for its subsidiaries, in order to effectively manage the model risk;

- the Outsourced Services Risk Approval Committee (ORAC) chaired by the Group's Chief Risk Officer or his representative, which meets as and when required.

► AML-CFT and Compliance Committee

The responsibilities of the Anti-Money Laundering & Financing of Terrorism (AML-CFT) and Compliance Committee are as follows:

- periodic reviews of AML-CFT risk and compliance maps;
- regular reviews of the AML-CFT and Compliance systems in La Banque Postale's business lines and subsidiaries, upgrades to these systems and the action taken in this area;
- reviews of the Group-level AML-CFT and Compliance system based on presentations of indicators that provide a comprehensive overview of the system's operation, upgrades to the system and the action taken in this area;
- reporting any deficiencies or malfunctions in the AML-CFT and Compliance systems, as well as any difficulties or obstacles in sharing information within the Group;
- communicating the results of permanent and periodic controls for each Group entity;
- reviews of the results of work carried out jointly by La Banque Postale and the La Poste Network regarding AML-CFT and Compliance systems;
- reviews and monitoring of the effectiveness of corrective action plans implemented to rectify any malfunctions.

The Committee meets quarterly. It is chaired by the Chairman of the Executive Board and meetings are led by the Group's Chief Compliance Officer.

Employees of the Group's risk and control functions (including CNP Assurances) at 31 December 2021

Risk Organisation (excluding Permanent Control function)	701
Permanent Control function	328
Total Risk Organisation	1,029
Compliance	240
Internal audit	143
TOTAL	1,412

3.6.8.3 Work of the Group Risk, Compliance and Internal Audit Departments in 2021

Group Risk Department

- Significant events in the area of risk management in 2021 were as follows:
 - action was taken to comply with the measures adapting regulations and procedures due to the COVID-19 health crisis and strengthening the governance and management of the related risks,
 - the Group's governance was strengthened in alignment with the priorities of the 2030 Strategic Plan, with the renewal of the Executive Board and the appointment of Perrine Kaltwasser as Deputy Managing Director in charge of Risks, Compliance and Supervision of the Conglomerate, and Thomas Guittet as Chief Risk Officer,

- work was pursued on the eight priority areas identified for the operational rollout of the 2030 Strategic Plan to the Risk Management Organisation:
 - provision of local risk analysis support for the business lines,
 - Finalization of the conglomerate reporting system with La Poste, CNP Assurances and Caisse des dépôts,
 - improved documentation and remediation of action plans, including delivery of regulatory projects and ensuring La Banque Postale's compliance with regulatory changes,
 - more robust dedicated information systems and digital applications,
 - leadership of the Group's cyber-security strategy,
 - integration of CSR criteria in risk management systems and in our day-to-day activities,
 - adaptation of the Risk Organisation and Human Resources Department structures,
 - promotion of the Group's risk culture.

Internal Audit Department

- ▶ 47 internal audits were performed in 2021, representing 89% of the programme:
 - 47 of the 53 audits originally scheduled were carried out,
 - 4 additional audits were performed,
 - 6 scheduled audits were cancelled or postponed,
 - in addition, 27 audits were performed by CNP Assurances' internal auditors.
- ▶ Main areas covered:
 - operational and compliance risks: anti-fraud, regulated savings, market abuse, GDPR, etc.,
 - business line processes: Capital Markets accounting, legal, electronic signatures, key account transactions, etc.,
 - credit, model and other financial risks: new default, ILAAP, Risk Appetite Framework, real estate financing, currency risk, etc.,
 - information system and data risks: software and hardware infrastructure management, data quality governance, decommissioning and obsolescence management, etc.,
 - subsidiaries: Ma French Bank, BPE, EasyBourse, etc.,
 - outsourced services: ABS, CACEIS, BP2S, Groupama.

Lastly, "Regional and Paris-Specific" audits were also carried out, along with three audits conducted in partnership with CNP Assurances (Conglomerate, Post-acquisition and Accounting Integration).

The results of these audits were reported at the meetings of the Supervisory Board's Risk Committee held during and in respect of 2021.

Coverage of the audit environment is also provided by the Inter-Internal Audit Committee (IIAC) for certain Outsourced Essential Services (OES). This Committee was set up by eight French banks⁽¹⁾ which decided to pool their resources for the audit of shared OESs. Two full audits of OESs⁽²⁾ and two follow-up audits⁽³⁾ were carried out under the IIAC's 2021 Audit Plan for La Banque Postale.

Throughout the year, the Internal Audit Department monitored implementation of the action plans prepared in response to the inspection reports and recommendations issued by the supervisory authorities following their on-site audits. As of 1 January 2022⁽⁴⁾, 3,451 action plans had been drawn up, of which 2,598 had been fully implemented, 400 were in progress and 366 were behind schedule.

Group Compliance Department

The Executive Board's decision of 9 December 2019 to organise the Group Compliance Department as a Group "Organisation" ensures that operational compliance issues encountered by La Banque Postale SA's business lines, the La Poste Network and the subsidiaries are addressed without delay and resolved through the implementation of practical solutions.

Business Line Compliance Officers have been appointed in the departments the most exposed to compliance issues – the Payments Department and the Customer Relations and Experience Department – and also for the supervision of matters involving individual and business customers and the Corporate and Investment Banking Department. Similarly, a team of Network Compliance Officers has been deployed to provide rapid and practical support to La Poste Network employees.

In addition, the compliance mechanism has been optimised by:

- ▶ completing the new application that uses Big Data and Artificial Intelligence to detect potential money laundering or terrorist financing operations, by adding new scenarios and incorporating the necessary changes highlighted in human feedback reports. The application was developed internally from start to finish in order to ensure that it was closely aligned with La Banque Postale's specific features;
- ▶ introducing a new application for detecting market abuse, which should be fully operational in early 2022;
- ▶ appointing a Compliance Officer responsible for the Subsidiaries, supported by a new dedicated committee structure;
- ▶ significantly increasing the number of staff in the Group Compliance Department.

3.6.8.4 Controls applied to the preparation and processing of financial information

The preparation and processing of financial and accounting information is the responsibility of the Finance Department, which includes, in particular, the Accounting, Management Control, Tax, Balance Sheet Management and Financial Reporting units.

Accounting function

La Banque Postale's Accounting unit is responsible for the preparation and processing of accounting information. The unit's key tasks are to produce and publish high quality accounting information, supported by La Banque Postale's accounting organisation and using accounting project management resources. The Accounting unit describes and deploys the organisational and IT processes and structures used to produce the financial statements.

In addition to the Accounting unit, La Banque Postale's accounting organisation includes the banking back-office teams, who report to the Heads of the Financial Centres, or, in some cases, to business line management. La Banque Postale's Accounting unit provides its teams with the instructions and control programmes necessary to ensure the consistency and quality of the information produced. The accounting organisation also includes the Corporate and Investment

1) BNP Paribas, Société Générale, Crédit Agricole SA, BPCE, Crédit Mutuel Alliance Fédérale, La Banque Postale, Caisse des dépôts and HSBC France.

2) GIE CB and XELIANS.

3) Diebold Nixdorf and Edii.

4) Numérobis extract dated 1 January 2022 (data at 31 December 2021).

Banking (CIB) Department's accounting team, which is responsible for recording market transactions in the accounts. General resources accounting is outsourced to Le Groupe La Poste's Accounting Department.

The Accounting unit coordinates the transaction evidencing and review programmes implemented by La Banque Postale's operations accounting units in the Financial Centres, the National Centres and the Corporate and Investment Banking Department. These review and control programmes are revised based on the risk analysis carried out periodically when the financial statements are prepared and reviewed by the central financial statement review teams.

The Accounting unit supplements this level 1 work by a set of level 2 controls, consisting of recurrent cross-functional controls designed to provide assurance concerning the quality and completeness of the level 1 work carried out in the operating entities. The control process, which is formally described in accounting review manuals, is also based on the transaction evidencing procedures and formal evidencing of accounts closing procedures provided for in the work programmes. The level 2 work is performed by a dedicated accounts review team.

Level 2 accounts reviews are organised around the following main activities:

- ▶ capital markets activities;
- ▶ deposit and savings account keeping activities;
- ▶ lending activities;
- ▶ consolidation.

The activities are broken down into review cycles that each result in the drafting of a monthly executive summary and detailed summaries, presenting the significant events in the cycle, the results of the audit work and an analytical review of the activity.

The reviewers' work schedules are periodically updated, in order to:

- ▶ adapt to changes in activities and the regulatory environment;
- ▶ include business- and project-related changes;
- ▶ take into account newly identified risk factors, or conversely, risks that no longer apply;
- ▶ optimise control process efficiency as part of the drive to reduce accounts closing lead-times.

For the Retail Banking accounts, the reviews are performed by the Financial Centres which report the results to the Accounting unit; these reviews are backed up by review cycles performed on a sample of complete files. In this way, all the centres and cycles are tested several times a year. The work is also incorporated into an accounting quality dashboard, which gives a monthly overview of the test results and the quality of the level 1 system.

These recurrent checks are supplemented by "pre-final" reviews, which begin one to two months before the closing date for the half-year and full-year financial statements, and allow for a dry run by the contributors (centres, head office departments). These procedures help to ensure that reporting deadlines will be met and that the procedures are reliable; they also provide interim information on the financial statements to the statutory auditors before they begin their work.

Regarding capital markets activities, the Accounting unit has tightened the coordination process for the contributors (Corporate and Investment Banking Department). The aim of this system, which consists of monitoring meetings and formal feedback channels, is to:

- ▶ provide the expected schedules for the control deliverables in advance;
- ▶ report comments by the auditors (Internal Audit, statutory auditors);
- ▶ define action plans allowing points for improvement to be implemented.

The entire accounts closing process is supplemented by meeting with the statutory auditors to review significant events and discuss accounting options before they are implemented (impact of applying new standards, accounting treatment of new products changes in the scope of consolidation).

The Accounting unit also coordinates the consolidation of the companies that make up La Banque Postale Group by issuing consolidation instructions.

The process for producing the consolidated financial statement includes:

- ▶ the consolidation instructions sent to all subsidiaries in the scope of consolidation;
- ▶ meetings to present recent developments concerning the Group, and the Group's standards and processes, allowing for discussion within the subsidiaries' accounting organisations;
- ▶ level 2 controls organised according to a control programme and control summaries, to permit a risk-based approach and coordinate the application of standards at Group level;
- ▶ reconciliations between the management accounts and the financial statements;
- ▶ analytical reviews presented by the subsidiaries to the Group's Finance Department in the presence of the statutory auditors of the subsidiary and the Group.

The subsidiaries have their own structure that enables them to perform level 1 and 2 accounting controls within their organisation.

Lastly, the Accounting unit has a dedicated function responsible for defining accounting standards applicable to the Group (IFRS) and La Banque Postale (French GAAP). This function writes the standards manual, interprets new standards and ensures their application in the Group's financial statements. It helps define accounting principles applicable to new business activities or products and responds to questions from the business lines and the accounting organisation concerning the implementation and application of standards. Regular memos are distributed to the various players within La Banque Postale to inform the business lines about possible changes or to remind them of the applicable principles and methods.

Management control function

The management control function supports La Banque Postale's development and helps to improve its profitability. The Management Control unit is responsible for producing management information and contributes to the preparation of financial information. Using economic and financial analyses, Management Control takes part in defining La Banque Postale's strategy, monitors the implementation of that strategy, identifies the areas of progress and proposes solutions. It also creates steering conditions which facilitate the management of the business and decision-making by operating unit and business line managers. The goal is to contribute to improving La Banque Postale's performance.

Operational management control is performed at the level of the business lines and placed under their responsibility. The business lines constitute a management reporting level (subsidiary or department) and are responsible for deploying the resources needed to produce this information to the required level of quality and standards.

The main tasks of the central Management Control unit, reporting to the Group Finance Department, are to:

- ▶ produce dashboards and executive summaries on the business and its profitability for management and shareholders;
- ▶ prepare and consolidate La Banque Postale's budgets and medium- and long-term business plans;
- ▶ prepare budget execution reports and budget-to-actual comparisons;
- ▶ update short-term earnings forecasts or scenario analyses;
- ▶ act as a business partner for all of La Banque Postale's business lines and corporate departments;
- ▶ monitor the subsidiaries and Group investments from an administrative and financial standpoint;
- ▶ participate in the stress tests and report to the supervisor on the profitability indicators;
- ▶ participate in the rating agencies' reviews.

Management Control is also responsible for:

- ▶ analysing the performance of the Group, its business lines and its entities;
- ▶ monitoring the performance of the units and the half-yearly performance review by management during meetings of the relevant committees;
- ▶ instilling a value-based management culture throughout the network;

- ▶ managing the product pricing system based on contributions from the business lines;
- ▶ creating and developing a management system suited to the environment and situation of La Banque Postale Group;
- ▶ qualifying the information used in commercial performance reports on credit volumes and margins;
- ▶ preparing cost accounts and monitoring the resources used in operating the business;
- ▶ reviewing the return on supply projects and investments.

Financial communication function

All financial communication is prepared by the Financial Communication unit, whose head reports to La Banque Postale's Chief Financial Officer.

Its tasks consist of:

- ▶ coordinating and preparing the information published in financial press releases, earnings releases and presentations given to institutional investors, credit analysts and rating agencies, taking care to ensure that the messages are consistent;
- ▶ coordinating and preparing the regulated financial information submitted for approval to the AMF (Universal Registration Document and half-year amendment);
- ▶ monitoring regulatory developments and changes in local banking industry practices, with other Group functions;
- ▶ organising and coordinating relations with the rating agencies;
- ▶ together with other Group functions, liaising with credit investors and the regulators (AMF in France and European Central Bank in Europe);
- ▶ ensuring that financial information is provided on La Banque Postale's website at www.labanquepostale.com.

It bases its work on:

- ▶ regulatory texts concerning financial information publication requirements (European Banking Authority regulations, AMF regulations, etc.);
- ▶ the "Financial Communication Framework and Practices" guide prepared by Observatoire de la communication financière under the aegis of the AMF;
- ▶ best banking industry practices.

3.6.9 Information about business locations and activities at 31 December 2021

Article L. 511-45 of the French Monetary and Financial Code requires that credit institutions publish information for the financial year ended 31 December 2021 concerning the business locations and activities included in their scope of consolidation, in each State or territory.

Locations by country at 31 December 2021

Europe

France

La Banque Postale

Bancassurance France

AEP3 SCI

AEP4 SCI

Arial CNP Assurances

Assurbail Patrimoine

Assurimmeuble

Assurance

CIMO

CNP Assur Trésorerie Plus

CNP Assurances

CNP Caution

CNP Immobilier

CNP OSTRUM ISR OBLI 12 MOIS

Coentreprise de Transport d'Électricité

Easy Bourse

Ecureuil Profil 90

Ecureuil Vie Développement

Filassistance International

Holding d'Infrastructures Gazières

Infra-Invest France

Infra Invest Holding

Issy Cœur de Ville (ICV)

La Banque Postale Assurance Santé

La Banque Postale Assurances IARD

La Banque Postale Conseil en Assurances

La Banque Postale Consumer Finance

La Banque Postale Prévoyance

LBP Actifs Immo

Ma French Bank

MFPrévoyance SA

Montparvie V

OPCI AEP247

OPCI AEW Imcom 1

OPCI MTP Invest

OPCI Raspail

Outlet Invest

SAS Allera

SICAC

SOFIAP

Sogestop K

Univers CNP 1 FCP

Vivaccio ISR Actions

Corporate and Investment Banking

FCT Élise 2012

La Banque Postale Collectivités Locales

La Banque Postale Leasing & Factoring

Wealth and Asset Management

AEW Europe SA

BPE

La Banque Postale Asset Management

La Banque Postale Asset Management Holding

La Banque Postale Immobilier Conseil

Ostrum Asset Management

Tocqueville Finance SA

Multi-sector

La Banque Postale Home Loan SFH

SCI CRSF DOM

SCI CRSF Métropole

SCI Tertiaire Saint Romain

Cyprus

International Bancassurance

CNP Asfaltiki

CNP Cyprialife

CNP Cyprus Insurance Holdings

CNP Cyprus Properties

CNP Cyprus Tower Ltd

Spain

International Bancassurance

CNP Partners

Greece

International Bancassurance

CNP Praktoriaki

CNP Zois

Ireland

International Bancassurance

CNP Europe Life

CNP Santander Insurance Europe Ltd

CNP Santander Insurance Life Ltd

CNP Santander Insurance Services Ireland Ltd

Italy**International Bancassurance**

CNP UniCredit Vita

CNP Vita Assicura

CNP Vita Assicurazione

Luxembourg**International Bancassurance**

CNP Luxembourg

Infra-Invest

Monaco**Bancassurance France**

La Banque Postale: Post Office

Netherlands**Corporate and Investment Banking**

LBP Dutch Mortgage Portfolio 1 BV

LBP Dutch Mortgage Portfolio 2 BV

Central and South America**Argentina****International Bancassurance**

CNP Assurances Compañía de Seguros

CNP SA de Capitalización y Ahorro p/finés determinados

Brazil**International Bancassurance**

CNP Capitalização S.A.

Caixa Consórcios SA Administradora de Consórcios

CNP Participações Securitárias Brasil Ltda

Caixa Seguradora S.A.

Caixa Seguradora Especializada em Saúde SA

Caixa Seguros Assessoria e Consultoria Ltda

CNP Seguros Holding Brasil S.A.

Caixa Seguros Participações em Saúde Ltda

Caixa Vida e Previdência

CNP Assurances Latam Holding Ltda

CNP Assurances Participações Ltda

Companhia de Seguros Previdencia Do Sul -Previsul

Fundo De Investimento Imobiliário Renda Corporativa Angico – FII

Holding XS 1 SA

Odonto Empresas Convênios Dentários Ltda

OPCVM Caixa Capitalização SA

OPCVM Caixa Consórcios

OPCVM Caixa Seguradora SA

OPCVM Caixa Vida e Previdência

OPCVM Holding Caixa Seguros Holding SA

Wiz Soluções e Corretagem de Seguros SA

XS2 Vida e Previdência SA

XS5 Administradora de consorcios SA

Data by country – 2021

Region	2021			
	Net banking income (in € millions)	Profit before tax (in € millions)	Income tax (in € millions)	Average headcount (full-time equivalents)
France	6,962	1,172	(331)	8,999
Monaco	3	1	(0)	8
Saint-Martin	3	2	(0)	5
Other EU countries	366	196	(34)	822
Cyprus	52	21	(3)	291
Spain	30	4	(1)	171
Greece	0	(1)	(0)	17
Ireland	109	53	(8)	112
Italy	168	118	(23)	209
Luxembourg	7	2	2	23
Central and South America	686	265	(148)	1,389
Argentina	16	8	(1)	107
Brazil	670	257	(146)	1,282
TOTAL	8,020	1,636	(514)	11,223

3.6.10 Other legal information

In late November 2020, Brazil's federal police disclosed details of accusations made in connection with a criminal investigation. The investigation concerns alleged misappropriations of funds at WIZ, a company that is 25%-owned by CNP Seguros Holding Brasil, which may also have been a victim of fraud. The investigation is still in progress. In December 2020, CNP Seguros Holding Brasil's Board of Directors set up a Special Investigation Committee that is independent from the Company's management to conduct its own investigation in the CNP

Seguros Holding Brasil companies. This Committee is being assisted by a law firm that has set up a multidisciplinary forensic team. No conclusive elements were identified during these investigations. The allegations concern facts and amounts that are not material at the level of CNP Seguros Holding Brasil and even less so at that of CNP Assurances and La Banque Postale Group, and no items have been identified that could call into question the reliability of the financial statements of CNP Assurances' Brazilian subsidiaries.

3.7 POST-BALANCE SHEET EVENTS

La Banque Postale Group has not identified any events occurring after the reporting date.

3.8 INFORMATION ON THE STATUTORY AUDITORS

Statutory auditors of La Banque Postale	First appointed	Current appointment expires
PricewaterhouseCoopers Audit (member of Compagnie régionale des commissaires aux comptes de Versailles) 63, rue de Villiers 92200 Neuilly-sur-Seine Represented by Agnès Husscherr and Jérôme-Éric Gras as from the 2020 financial year Alternate auditor: Jean-Baptiste Deschryver	28 April 2004	General Meeting of Shareholders called in 2022 to approve the financial statements for the financial year ending 31 December 2021
KPMG SA (member of Compagnie régionale des commissaires aux comptes de Versailles) Tour Egho 2, avenue Gambetta CS60055 92066 Paris La Défense Represented by Xavier De Coninck and Pierre Planchon as from the 2021 financial year Alternate auditor: KPMG Audit FS I	27 May 2010	General Meeting of Shareholders called in 2022 to approve the financial statements for the financial year ending 31 December 2021

Furthermore, as regards the audit of the previous financial statements:

2020 financial year

PricewaterhouseCoopers Audit

63, rue de Villiers
92200 Neuilly-sur-Seine
Represented by Agnès Husscherr and Jérôme-Éric Gras

KPMG SA

2, avenue Gambetta
CS60055
92066 Paris – La Défense
Represented by Marie-Christine Jolys and Pierre Planchon

2019 financial year

PricewaterhouseCoopers Audit

63, rue de Villiers
92200 Neuilly-sur-Seine
Represented by Jacques Lévi

KPMG SA

2, avenue Gambetta
CS60055
92066 Paris – La Défense
Represented by Marie-Christine Jolys

Non-Audit Services provided by the statutory auditors

The Non-Audit Services provided by the statutory auditors to La Banque Postale and its controlled entities were as follows in 2021:

► **PricewaterhouseCoopers Audit**

- Comfort letter regarding the updating of the Base Prospectus for La Banque Postale SA's debt issuance programme (March 2021) and two comfort letters concerning the issues carried out in June 2021 and September 2021.
- Comfort letter regarding the updating of the Base Prospectus for La Banque Postale Home Loan SFH's debt issuance programme.
- Certification of credit data reported in connection with the TLTRO III refinancing system, for the period from 1 March 2020 to 31 March 2021, on behalf of La Banque Postale.

► **KPMG SA**

- Comfort letter regarding the updating of the Base Prospectus for La Banque Postale SA's debt issuance programme (March 2021) and two comfort letters concerning the issues carried out in June 2021 and September 2021.
- Comfort letter regarding the updating of the Base Prospectus for La Banque Postale Home Loan SFH's debt issuance programme.
- Certification of credit data reported in connection with the TLTRO III refinancing system, for the period from 1 March 2020 to 31 March 2021, on behalf of La Banque Postale.
- Report by an independent third-party on La Banque Postale SA's Extra-Financial Performance Declaration.
- Green bond certification for La Banque Postale SA.
- Limited review and agreed-upon procedures of the SFCR reports of the Insurance Division's entities.
- Review of Solvency II projection model for La Banque Postale Prévoyance.
- Review of financial communications at 31 December 2020 for CNP Assurances.

3.9 ALTERNATIVE PERFORMANCE MEASURES (APM) – ARTICLE 223-1 OF THE AMF GENERAL REGULATION

API	Definition/calculation method
Operating expenses	Sum of general operating expenses, net depreciation and amortisation, and impairment of property, plant and equipment and intangible assets
Cost of risk (in basis points)	Average cost of commercial banking credit risk for the quarter divided by outstanding loans at the beginning of each quarter
Cost-income ratio	Operating expenses divided by net banking income adjusted for doubtful interest

RISK FACTORS - LA BANQUE POSTALE GROUP PILLAR III INFORMATION

4

4.1	SUMMARY OF RISKS	110
4.2	CAPITAL MANAGEMENT AND CAPITAL ADEQUACY	122
4.3	GOVERNANCE AND RISK MANAGEMENT SYSTEM	144
4.4	CREDIT AND COUNTERPARTY RISKS	155
4.5	FINANCIAL RISKS	175
4.6	OPERATIONAL RISKS	192
4.7	INSURANCE RISKS AND ADDITIONAL SUPERVISION OF CONGLOMERATES	198
4.8	OTHER RISKS	216
4.9	REMUNERATION POLICY	225
4.10	PILLAR III CORRELATION TABLE	228
4.11	STATEMENT CONCERNING PILLAR III INFORMATION	229
4.12	STATEMENT CONCERNING PILLAR III INFORMATION	230

4.1 SUMMARY OF RISKS

The objective of this chapter is to present the main risks to which La Banque Postale is exposed in the context of its business activities and to provide information on its risk management and capital.

Its purpose is to meet:

- ▶ the reporting obligations of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation), as amended by Regulation (EU) No 2019/876 (CRR II);
- ▶ EBA guidelines on disclosure requirements under Part Eight of the CRR (EBA/GL/2016/11) to improve and enhance the comparability of credit institution disclosures under the third pillar of the Basel Committee agreement on market discipline;
- ▶ Implementing Regulation (EU) No 2021/637 which provides uniform formats, templates and tables for required disclosures and repeals earlier implementing regulations;
- ▶ Directive No 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV), as amended by Directive (EU) No 2019/878 (CRD V);
- ▶ Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or for their admission to trading on a regulated market (Prospectus 3);
- ▶ ESMA guidelines on the new format for risk factors which issuers must disclose in Prospectus 3 (ESMA31-62-800).

4.1.1 Key figures

Key metrics (EU KM1)

(in € millions)	Dec. 2021	Sept. 2021	June 2021	March 2021	Dec. 2020
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	17,367	17,745	17,777	17,426	17,461
Tier 1 capital	18,855	19,233	18,521	18,176	18,211
Total capital	21,599	21,975	21,262	20,676	20,961
Risk-weighted exposure amounts					
Total risk exposure amount	91,098	87,163	87,987	86,161	85,532
Risk-weighted exposure amounts					
Common Equity Tier 1 (CET1) ratio (%)	19.1%	20.4%	20.2%	20.2%	20.4%
Tier 1 ratio (%)	20.7%	22.1%	21.0%	21.1%	21.3%
Total capital ratio (%)	23.7%	25.2%	24.2%	24.0%	24.5%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	5.6%	5.6%	5.6%	5.6%	5.6%
of which: to be made up of CET1 capital (percentage points)					
of which: to be made up of Tier 1 capital (percentage points)					
Total SREP own funds requirements (%)	10.0%	10.0%	10.0%	10.0%	10.0%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Institution-specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Other Systemically Important Institution buffer (%)	1.1%	1.0%	1.0%	0.2%	0.2%
Combined buffer requirement (%)	2.8%	2.8%	2.8%	2.8%	2.8%
Overall capital requirements (%)	12.8%	12.8%	12.8%	12.8%	12.8%
CET1 available after meeting the total SREP own funds requirements (%)					
Leverage ratio					
Total leverage ratio exposure measure	263,617	272,386	274,814	307,131	297,421
Leverage ratio (%)	7.2%	7.1%	6.7%	5.9%	6.1%
Additional own funds requirements to address risks of excessive leverage (as a percentage of total leverage ratio exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)	3.0%	3.0%	3.0%	0.0%	0.0%
of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	0.0%	0.0%
Leverage ratio buffer requirement (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Overall leverage ratio requirements (%)	3.0%	3.0%	3.0%	0.0%	0.0%
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA) (Weighted value-average)	56,841	53,704	49,057	45,055	40,882
Cash outflows – Total weighted value	35,323	34,027	32,742	31,963	30,383
Cash inflows – Total weighted value	7,454	7,657	7,844	7,997	8,020
Total net cash outflows (adjusted value)	27,869	26,370	24,898	23,966	22,363
Liquidity Coverage Ratio (%)	204.0%	203.7%	197.0%	188.0%	182.8%
Net Stable Funding Ratio (NSFR)					
Total available stable funding	172,271	171,237	170,507	176,610	171,789
Total required stable funding	120,744	114,869	116,839	127,056	122,943
NSFR ratio (%)	142.7%	149.1%	145.9%	139.0%	139.7%

4.1.2 Principal structural risk factors

La Banque Postale is a credit institution and the parent company of a financial conglomerate operating in the bank, insurance and investment services sectors and, notably, in portfolio management for third parties.

The risks presented in the “Risk factors” section have been identified as being significant and specific to La Banque Postale and of a nature, should they materialise, to negatively impact its business activity, its financial position and its access to various sources of financing.

The risks have been classified in four categories which list the most significant risks on a net basis within each:

- risks related to the macro-economic environment;
- risks related to the legal and regulatory framework;
- risks related to La Banque Postale’s operations;
- La Banque Postale’s business risks.

This section complies with the provisions of Article 16 of Regulation “Prospectus 3” 2017/1129 of 14 June 2017 applicable to risk factors as of 21 July 2019.

4.1.2.1 Risks related to the macro-economic environment

1. The COVID-19 crisis and its impact on the global economy and markets may have an impact on La Banque Postale’s results and financial position

Since the beginning of 2020 La Banque Postale, like all credit institutions across the globe, has had to contend with the economic and operating ramifications of the COVID-19 pandemic.

Following two waves of COVID-19 infections in 2020 that led to the imposition of lockdowns and major economic disruption, 2021 saw two further waves of infections but also the gradual roll-out of mass vaccination strategies throughout the world.

As of the date of this report, the COVID-19 situation continues to be a cause for concern in France, as it is everywhere in Europe and around the world, with a few rare exceptions. Although the threat of healthcare institutions being overwhelmed has eased significantly, the reduced efficacy of vaccination campaigns and the emergence of new, highly contagious variants, such as delta and omicron, are stoking fears of a fifth wave of infections. The World Health Organisation is therefore very cautious when it comes to predicting the end of the pandemic. As a result, there is still a significant level of uncertainty concerning the economic outlook, in certain sectors in particular, and the likely pace of growth in 2022 is difficult to predict, even after last year’s strong recovery.

The latest scenarios published by the European Central Bank (ECB) in December 2021 point to sustained growth despite short-term negative headwinds, including the necessary imposition of further restrictions in the face of new variants and the “supply-side bottlenecks that are likely to persist for longer than expected”. Eurozone growth is expected to reach 4.2% in 2022, led mainly by a strong recovery in consumer spending after two years of enforced saving, supported by fiscal stimulus programmes.

In France, continuation of the measures introduced in 2020, such as the system of government-backed loans, reductions in companies’ payroll costs (through furlough schemes, exemptions from social security contributions, etc.), and various stimulus packages should be instrumental in helping to stabilise and reboot the economy while avoiding a wave of bankruptcies.

In a sign of a major improvement, the financial markets steadied in 2021, after a steep fall of more than 30% at the peak of the crisis in 2020 and then gaining 34% between April and the end of December as optimism was restored. Over the whole of 2021 the CAC 40 index gained 29%, its best annual performance since 1999, ending the year at a record high 7,153 points. The Eurostoxx index remained stable. Furthermore, in response to the crisis and in order to support national economic recovery plans, central banks are likely to maintain the low interest rate environment that has prevailed since the end of 2018, unless inflation spirals out of control.

Each of the effects of the health and economic crisis described above – financial market shock, macroeconomic shock, persistently low interest rate environment (although rates have recently begun to creep upwards) – constitutes a risk factor in its own right. The issues at stake, in terms of both the results of La Banque Postale’s various businesses and its key risk management metrics (notably the CET1 ratio), are discussed elsewhere in this chapter.

Owing to the measures taken by the French government to support the economy, and to other schemes introduced in Europe such as repayment holidays (suspension of payments on loans for periods ranging from three to six months), the number of business failures initially expected as a result of the restrictions introduced worldwide have not been significant within La Banque Postale’s portfolio.

Although fears of a surge in business failures in 2022 have been cast aside, the same cannot be said about the risk of a fifth wave of COVID-19 infections.

The medium-term impacts of the health crisis are expected to be as follows:

- **corporate customers:** increase in business failures among the most fragile customers. The size of companies and their business sector are two of the main factors used for assessing this risk. La Banque Postale responded to this risk by continuing to apply a prudent approach to determining certain sector-specific provisions (Airlines and other Private Passenger Transport, Automotive, Tourism and Hospitality, and Retail) at 31 December 2021 and stepping up its monitoring of companies in the commercial real estate sector;
- **retail customers:** job and income stability for customers with loans is a major factor for assessing credit risk related to this segment. However, the French unemployment system will allow this risk to be postponed or even completely offset;
- **commercial impact:** as well as the effects on customers’ solvency and the related credit risk, the health crisis has also impacted La Banque Postale’s ability to achieve its commercial objectives. Consequently, over and above its impact on the cost of risk, the health and economic crisis could negatively impact La Banque Postale’s revenue and therefore its profitability;

- **valuation of debt instruments at fair value through OCI:** the financial crisis had an “instant” impact on the valuation of instruments that are not measured at amortised cost. This impact was reflected in La Banque Postale Group’s financial statements and its solvency ratios. If a further significant wave of COVID-19 infections were to occur with a knock-on effect on the financial markets, the Group’s solvency ratios would be once again affected.

Following the first lockdown in France, La Banque Postale activated its business continuity plan and accelerated large-scale deployment of home working for the vast majority of its employees, including those working in the La Poste Network and the Financial Centres. This enabled the Group to significantly limit the impacts of the crisis on its operational capacity, both in terms of managing requests and customer relations. These measures were reactivated in the second half of 2020 and the first half of 2021 during the second and third waves of COVID-19 infections, demonstrating that La Banque Postale has the organisational ability to ensure business continuity.

After rising sharply in 2020 due to the COVID-19 crisis, business line cost of risk returned to a more normal level in 2021, at €265 million. This represented a decrease of nearly 60% on 2020 and a cost of risk/outstanding loans ratio of 16 basis points, reflecting:

- the high quality of assets in Retail and CIB banking books;
- the Group’s low exposure to the sectors hardest hit by the crisis (representing just 1% of the total exposure);
- its conservative policy concerning sector-specific loss allowances.

Non-performing loans outstanding remained stable compared to 2020 (at 0.55% of gross customer loans), while the coverage rate for these loans increased to 41% at 31 December 2021 (up 3 points versus 38% at end-2020).

2. An ongoing low-interest environment could adversely impact the profitability and the financial position of La Banque Postale Group

As mentioned earlier, despite the rise in inflation to 1.6% in 2021, driven by a final quarter at 2.7%, the prevailing economic consensus is for central banks to maintain loose monetary policies. In December 2020, the ECB kept its interest rates very low and is expected to keep them there until it sees a lasting return of inflation within the target of its mandate, i.e., roughly 2%.

During such periods of low interest rates, spreads could have a negative effect on La Banque Postale’s net interest margin, which constitutes a significant portion of its revenue from its banking activities.

In this environment, the interest rates on regulated savings accounts – i.e., the *Livret A*, *Livret de développement durable et solidaire* (LDDS) and *Livret d’épargne populaire* (LEP) – would offer interest rates (and therefore represent costs for La Banque Postale) that are higher than market rates (i.e., the refinancing cost that La Banque Postale could obtain if it were to seek financing on the markets). However, these products, of which La Banque Postale is a long-term distributor (with customer deposits of €75.8 billion at 31 December 2021), and notably of the *Livret A* (€60.8 billion in outstanding customer deposits at 31 December 2021), generate exposure for La Banque Postale and its ability to lower the cost of its customers’ deposits is limited. In addition, given the current economic uncertainty and

health crisis, these savings products are considered to be “safe” and have therefore become more popular despite the very low interest rates that customers receive on them. At the end of 2021, Bruno Le Maire, France’s Minister of the Economy, Finance and Recovery, announced a rate increase for French *Livret A* savings accounts calculated using the latest “high” levels of inflation, which is expected to have a direct impact on La Banque Postale’s finance costs.

An environment in which interest rates remain very low for an extended period of time could result in another wave (following the wave in 2017-2018) of early repayments and refinancing of fixed-rate loans (mortgages and other types of loans) granted to both retail and corporate customers by La Banque Postale. Given that outstanding home loans totalled €63.7 billion at 31 December 2021 on total outstanding loans to individual customers of €69.0 billion, these items have the potential to significantly impact the revenue and profitability of La Banque Postale over the long term.

Lastly, low interest rates could affect the profitability and solvency of the insurance business within the meaning of Solvency II Regulations. By impacting the investment returns of the Group’s insurance subsidiaries, a low interest rate environment could lead to higher numbers of policy surrenders and a decrease in subscriptions, which in turn could have an adverse effect on La Banque Postale’s net banking income. Further information on this issue is provided below in the section on risks related to the Group’s insurance business. This business, which includes CNP Assurances – France’s leading life insurer and a 78.95%-owned subsidiary of La Banque Postale – was a significant contributor to La Banque Postale Group’s net banking income in 2021.

If, contrary to the current economic consensus, the inflation observed in late 2021 should prove lasting, the ECB could raise its rates more quickly than anticipated. All of La Banque Postale’s resources could then be progressively reinvested for higher yields.

3. Unfavourable economic and financial conditions have had in the past, and could once again have in the future, an impact on La Banque Postale Group and the markets in which it operates

La Banque Postale Group’s banking activities are concentrated in France. Its insurance business – which is primarily conducted through CNP Assurances – exposes the Group internationally, especially in Brazil and Italy. La Banque Postale Group is therefore exposed to trends and developments in the financial markets and, more generally, changes in the economic situation in France, Europe and the rest of the world.

In France in particular, a worsening economic environment would impact:

- the Group’s business plan, leading to lower credit production;
- the deterioration of borrower solvency, including both individual and business customers.

These impacts would be all the more significant given that a substantial proportion of La Banque Postale’s banking customers is already financially vulnerable as defined by the applicable regulations (as of end-2021, 1.6 million of La Banque Postale’s clients fall within the scope of this definition) and their financial resources could be affected by the worsening macro-economic environment.

Moreover, a significant deterioration in macro-economic conditions could lead to a higher number of people excluded from traditional banking. La Banque Postale already has a public service mission in this domain in France, which it exercises exclusively, under its role of providing banking accessibility.

If the economic environment were to worsen, the Group's operations could be affected and its business, results and financial position could suffer a significant adverse impact.

Before acquiring a controlling interest in CNP Assurances, La Banque Postale only generated a limited amount of income from trading activities and assets recognised at fair value through profit or loss. Consequently, the volatility of its results related to changes in financial markets was contained. At 31 December 2020, the full consolidation of CNP Assurances had already added a €187 billion portfolio of financial assets measured at fair value through profit or loss, exposing La Banque Postale's results to an increased volatility risk.

While the integration of CNP Assurances has had a favourable impact on La Banque Postale's solvency, La Banque Postale's solvency ratio is now more sensitive to the financial markets, particularly due to CNP Assurances' assets at fair value through equity, for which changes in fair value are recognised in other comprehensive income (OCI). OCI is included in the calculation of La Banque Postale Group's regulatory own funds. This key component, combined with La Banque Postale's positions recognised at fair value through equity, increases the sensitivity of La Banque Postale Group's solvency ratio to changes in the financial markets.

Consequently, a further financial market shock could adversely affect the Group's solvency ratio.

4. Several political and geopolitical uncertainties could negatively affect La Banque Postale's business activity, profitability and financial position

Besides the economic and financial impacts of the health crisis related to the COVID-19 pandemic, other political and geopolitical factors should be noted. The probable difficulty of implementing the post-Brexit trade agreements negotiated between the British government and the European Union, the growing tension between the United States and the European Union with regard to Russia and the impact of this on energy prices, as well as the intensification of trade wars, notably between the United States and China, are sources of uncertainty which may have an impact on international trade. These factors will affect demand for credit in Europe and the ability of borrowers to meet their repayment commitments, including La Banque Postale's corporate customers.

The integration of CNP Assurances also gives La Banque Postale Group a higher level of international exposure. In 2021, CNP Assurances expanded its business outside France by:

- ▶ renewing its exclusive long-term partnership with Caixa Econômica Federal in Brazil for the distribution of *consórcio* products;
- ▶ acquiring Aviva's life insurance business in Italy.

In 2021, the International Bancassurance business line contributed 14% of business line net banking income. Within the scope of its 2021-2030 strategic plan, La Banque Postale Group intends to develop its business outside France and has set the aim of generating 20% of net banking income in international markets by 2025.

Since La Banque Postale Group has operations in many countries in Europe and Latin America, the development and profitability of its businesses depends in part on these countries' economic health and political stability.

At the publication date of this document, La Banque Postale is closely monitoring the events opposing Ukraine and Russia since the end of February 2022, and the consequences that this crisis could have on the Group as a whole.

A system coordinated at several levels (Le Groupe La Poste and La Banque Postale Group) is in place to constantly monitor the evolving situation and regularly assess the potential consequences on the loan book and assets under management in terms of market risk and operational risk (cyber threat). All the monitoring measures made necessary by the crisis for natural or legal entities involved in the conflict were also implemented by the Group Compliance Department.

La Banque Postale's loan book has no exposure to Ukraine and Russia. Its subsidiary CNP Assurances has marginal exposure, which is presented in section 2.1 "Risk Factors" of its 2021 Universal Registration Document.

The main area of concern for the Group is:

- ▶ first, the indirect consequences of the situation on French corporate customers financed by La Banque Postale who do a significant portion of their business with Russia, in particular;
- ▶ and, in addition, the impact that a lasting conflict could have (uncertainty, slower growth, exacerbated inflationary environment, etc.) on the macro-economy as a whole. This could then impact the Group's earnings (originations, expenses, cost of risk).

4.1.2.2 Risks related to the legal and regulatory framework

5. La Banque Postale is subject to a resolution standards framework which could impact its business activity, results and financial position

Directive No 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD) was transposed into French law by order 2015-1024 of 20 August 2015.

In addition, the Single Resolution Mechanism (SRM), the second pillar of the Banking Union, was defined in 2014 in Regulation No 806/2014 which establishes uniform rules and procedures for the resolution of credit institutions and of certain investment firms within the framework of a single resolution mechanism and a single resolution fund. The SRM organises the sharing of competences between the Single Resolution Board (SRB) and the national resolution authorities (the ACPR in France).

This European bank crisis resolution framework introduced a bank crisis prevention and resolution system which provided the SRB with significant powers to take all measures required for the resolution of a credit institution.

The SRB can, if it considers that an institution is failing or likely to fail, initiate a resolution procedure in order to ensure the continuity of the institution's critical functions, avoid significant negative effects on financial stability, and protect government resources and the funds and assets of customers. The resolution tools consist of the separation of assets, the creation of a bridge institution, the sale of the business and the "bail-in", an internal debt cancellation mechanism.

The internal debt cancellation process requires the following parties to bear the losses in priority order of the debt within the scope of ordinary insolvency proceedings: shareholders, Common Equity Tier 1 capital securities holders, holders of Additional Tier 1 capital securities issued before 28 December 2020 and of Additional Tier 1 capital securities issued after 28 December 2020, insofar as they are defined as such in full or in part, holders of Additional Tier 2 capital securities issued before 28 December 2020 and of Additional Tier 2 capital securities issued after 28 December 2020, insofar as they are defined as such in full or in part, holders of other subordinated debt other than capital securities, holders of senior non-preferred notes and lastly holders of senior preferred notes.

Implementation of the internal debt cancellation process can lead to the total or partial impairment of the debt securities or their conversion to capital securities. This involves a risk of capital loss for the holders of the securities.

The implementation of the other resolution measures could also impact the value of the instruments issued by La Banque Postale and subscribed by its investors. At 31 December 2021, the amount of Additional Tier 1 (AT1) capital was €1,488 million. The amount of Tier 2 capital with maturity of over one year was €2,744 million, while that of senior non-preferred debt with maturity of over one year was €3,542 million.

6. The remaining legislative measures included in the banking package adopted by the European Parliament in April 2019 and not implemented at 31 December 2021 may have a limited impact on La Banque Postale's business, results and financial position

This standards package consists of two regulations and two directives (CRR II, CRD V, BRRD II, SRMR II) which are intended to ensure the conformity of prudential banking requirements with the prudential standards of the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB).

With respect to CRR II, the main measures concern the leverage ratio (notably, exemption by nature – and no longer based on an authorisation – for all exposures related to centralised savings), a new standardised approach for measuring counterparty risk (SA-CCR), large exposures, the stable funding requirement (Net Stable Funding Ratio – NSFR), the minimum requirement in terms of total loss-absorbing capacity (TLAC) and various changes to the calculation of the capital requirement for credit risk (effect of new support factors, weighting of investments in UCITS). Most of the measures were applied as of 30 June 2021.

These laws are part of the European Commission's project to implement the Banking Union and the Capital Markets Union and they meet the goal of international bodies to reduce risks in the banking sector. The following matters are addressed:

- application of the leverage ratio as a Pillar I requirement: this ratio, which is included in Regulation No 575/2013 (CRR) and is currently applicable, is designed to prevent banks becoming over-leveraged during an economic recovery. Compliance with the ratio is compulsory, in the same way as the solvency ratio, with a minimum requirement of 3% of Tier 1 capital.

It compares Tier 1 capital to an exposure (the denominator) composed of balance sheet items and off-balance sheet items, without any weighting for risk.

However, these changes have a limited impact on La Banque Postale in view of its good leverage ratio. In addition, the method used to calculate this ratio changed in a way that was favourable to La Banque Postale in 2021, as it was allowed to exclude 100% of centralised savings at that time;

- the introduction in CRR II of new credit and counterparty risk measurement methods: this is the replacement of the current credit and counterparty risk measurement method for exposure in the event of default (CEM or Current Exposure Method: valuation method at market price) with a new standardised calculation method for the value exposed to derivative instrument risk (SA-CCR: standardised approach to counterparty credit risk). La Banque Postale will apply the SA-CCR method with its related impacts;
- the application of the stable funding ratio as a requirement of Pillar I: the NSFR (Net Stable Funding Ratio) is a long-term liquidity ratio which La Banque Postale must calculate and meet at a minimum level of 100%.

The NSFR corresponds to the amount of stable financing available (commitments and reliable capital at one year) compared to the stable funding requirement (off-balance sheet assets and exposures – liquidity and residual maturity at one year). In order to monitor long-term liquidity, La Banque Postale has implemented a management system which enables it to offset its exposures with stable sources of financing (see Section 4.5.1.3 "Liquidity risk");

- the review of the large exposures calculations: the requirements for large exposures for systemically important financial institutions (SIFI) have been strengthened. As a domestic systemically important institution (SII), La Banque Postale will use Tier 1 instead of eligible capital as the basis for its limit calculations⁽¹⁾.

The current regulatory framework and the entry into effect of the reforms described above can impact the level of capital, the cost of financing of La Banque Postale and/or certain activities and, by extension the way in which La Banque Postale Group organises its business lines.

At 30 June 2021, it was estimated that application of all of the provisions of CRR II applicable at that date had a negative impact of approximately 0.3 bps on La Banque Postale's CET1 ratio. This impact was mainly due to the use of the mandate-based approach to weighting La Banque Postale's portfolios.

¹⁾ At 31 December 2021, in line with Article 403 of the Capital Requirements Regulation (CRR), as amended by CRR II, and pending official publication of revised ECB Regulation No 2016/455 concerning the exercise of options and discretionary powers (consultation phase concluded on 23 August 2021), which provides notably for exemption from the application of Large Exposure limits for home loans backed by a Cr dit Logement guarantee, these loans have been temporarily included in Large Exposures reports and submitted to the limit of 25% of Tier 1 capital.

The potentially most significant residual impacts for La Banque Postale relate to the implementation of the new method of calculating the capital requirement for market risk. Given the nature of La Banque Postale's market positions to date, the latter will need to be changed. At 31 December 2021, market RWA accounted for 0.9% of La Banque Postale Group's total RWA, i.e., €813 million for total RWA of €91,098 million.

7. The legal risks to which La Banque Postale is exposed could have an unfavourable impact on its financial position, results and reputation

La Banque Postale has been involved in legal, arbitration and administrative procedures in the past and could be again in the future. The majority of the procedures have been related to the ongoing business of La Banque Postale and its subsidiaries. These legal risks are heightened by the complexity of the applicable laws and regulations, the constantly increasing intensity of the controls implemented by the competent authorities, and the resulting increase in the amounts of fines and sanctions that may be levied.

In addition, private disputes against financial institutions have increased substantially over the past years (the risk has increased for La Banque Postale Group as a result of the extent of its distribution network).

When their outcome goes against La Banque Postale, the procedures can result in the payment of significant damages, fines, and penalties which can negatively impact the La Banque Postale's business activities, its financial position and its operating profit.

When preparing its financial statements, La Banque Postale estimates the financial consequences of the current legal, arbitration and administrative procedures in which it is involved. It creates a provision when losses related to the procedures appear to be likely and can be reasonably estimated. The nature of litigation and procedures makes it difficult to predict their outcome and the amounts involved. If the estimates are wrong or if the provisions created by La Banque Postale are insufficient to cover the risks related to the procedures, they could have a significant negative impact on the financial position and results of La Banque Postale.

As of 31 December 2021, the main litigation concerned:

- In late November 2020, Brazil's federal police disclosed details of accusations made in connection with a criminal investigation. The investigation concerns alleged misappropriations of funds at WIZ, a company that is 25%-owned by CNP Seguros Holding Brasil, which may also have been a victim of fraud. The investigation is still in progress. In December 2020, CNP Seguros Holding Brasil's Board of Directors set up a Special Investigation Committee that is independent from the Company's management to conduct its own investigation in the CNP Seguros Holding Brasil companies. This committee is being assisted in its work by a law firm that has set up a multidisciplinary forensic team. No conclusive elements were identified during these investigations. The allegations concern facts and amounts that are not material at the level of CNP Seguros Holding Brasil and even less so at that of CNP Assurances and La Banque Postale Group, and no items have been identified that could call into question the reliability of the financial statements of CNP Assurances' Brazilian subsidiaries.

- On 24 February 2021, the Control Report Review Commission (*Commission d'Examen des Rapports de Contrôle*) sent grievances to La Banque Postale's Monaco branch regarding a report dated 12 July 2019 drawn up by the Monegasque Financial Circuit Information Service (*Service d'Information sur les Circuits Financiers – SICCFIN*), in a procedure that was concluded in February 2022.
- In the EIC case initiated in 2005, the Paris Court of Appeal ruled on 2 December 2021 that the agreement signed between the banks on cheque imaging exchange had no anti-competitive purpose or effect. As a result, the €32.8 million previously paid by La Banque Postale will be reimbursed to it. The Competition Authority lodged an appeal on 31 December 2021 but this is without suspensive effect.

At 31 December 2021, the amount of the provision for legal risk (customers) was €40.6 million for La Banque Postale SA.

For more information, see Section 4.8.1 "Legal and tax risks" below.

4.1.2.3 Risks related to La Banque Postale's operations

La Banque Postale is exposed to different types of risks: customer insolvency risks, financial risks (market volatility, refinancing risk, liquidity risk), operational risks and compliance risks.

8. As a credit institution, La Banque Postale is exposed to credit and counterparty risk

As is the case for all lending institutions, credit risk constitutes one of the main risks to which La Banque Postale is exposed. This risk has become more significant and probable due to the economic crisis currently affecting certain sectors of the economy (Airlines, Hospitality and Leisure) as a result of the health crisis.

Credit risk is the risk that a counterparty will not meet their commitments, notably their repayment commitments to La Banque Postale.

La Banque Postale is exposed to the risk of insolvency of its customers and counterparties. It could suffer losses if a counterparty were unable to meet its repayment obligations, or it could be exposed to a replacement cost for its market transactions (derivatives) or securities transactions (lending/borrowing, repo/reverse repo, placement or investment).

Although La Banque Postale actively works to reduce its exposure to credit and counterparty risk by using credit risk mitigation techniques (or CRM), they could be insufficient given the losses incurred.

Strong, uncontrolled growth of the credit portfolio could result in a deterioration of the quality of La Banque Postale's portfolios. This deterioration could affect the quality of the loan portfolios and therefore impact the Group's profitability and financial results.

Until late 2019, La Banque Postale's risk level was very low given the height of the economic cycle and the level of interest rates which considerably improved customer solvency. However, a rapid deterioration in economic conditions in certain sectors, such as that observed following the health crisis, could significantly increase the likelihood of this risk occurring. If the risk were to occur, La Banque Postale's financial position could be adversely affected. At 31 December 2021, La Banque Postale (excluding CNP Assurances) was exposed to credit risk in the amount of €90.3 billion for retail customers, €74.8 billion for governments (sovereign category), €31.5 billion for companies, €26.9 billion for the local public sector (in particular local

authorities and hospitals) and €16.8 billion for banks, mostly through short-term and collateralised transactions.

Non-performing loans outstanding remained stable compared to 2020 (at 0.55% of gross customer loans), while the coverage rate for these loans increased to 41% at 31 December 2021 (up 3 points versus 38% at end-2020).

9. The volatility of financial markets could have a negative impact on La Banque Postale's investment activities

Market risk is the risk that financial instruments held in portfolio may lose value as a result of an adverse change in financial market conditions. The volatility of financial markets could negatively affect La Banque Postale's market activities, particularly the debt markets (premium applicable to bond issues). It could impact the valuation of assets revalued at fair value and have a direct impact on the earnings, capital and solvency ratio of La Banque Postale.

La Banque Postale uses a VaR (Value at Risk) model to quantify its potential exposure. This model is rounded out by stress tests to capture severe but plausible shocks outside the VaR range. Changes in La Banque Postale's VaR in 2021 are set out in Section 4.5.2.8 "Change in the main risk indicators for the trading desks in 2021".

The size of La Banque Postale's trading book as defined by prudential regulations was €5,099 million at 31 December 2021.

10. La Banque Postale is exposed to liquidity risk. A future inability of La Banque Postale to access its sources of financing, for reasons beyond its control, could have a negative impact on its financial position

Liquidity risk is defined by the government order of 3 November 2014 as the risk that a company cannot meet its commitments or cannot unwind or cover a position either because of the market situation (systemic risk) or idiosyncratic factors (own risks), within a specific period or at a reasonable cost.

La Banque Postale's unfunded financing consists of deposits collected, long-term debt issues and short- and medium-term negotiable debt securities. In addition to these sources of funding, La Banque Postale also issues via La Banque Postale Home Loan SFH and has secured financing, notably via the signature of repo agreements. In 2021, La Banque Postale Home Loan SFH issued €1 billion worth of covered bonds, all of which were retained and recorded in La Banque Postale Group's balance sheet. If La Banque Postale were unable to access the secured and/or unsecured debt market at acceptable conditions or if it experienced an unforeseen cash or collateral outflow, including a significant drop in customer deposits, its liquidity could be negatively impacted.

La Banque Postale manages its loan-to-deposit ratio and its liquidity buffer so as to mitigate its liquidity risk. La Banque Postale's loan/deposit ratio at 31 December 2021 was 82.1%. The need to turn to the interbank market is, therefore, limited for La Banque Postale.

At 31 December 2021, La Banque Postale's LCR was 204%⁽¹⁾ and its NSFR was 143%.

11. La Banque Postale must maintain high credit ratings to ensure that it does not compromise its refinancing costs, its results or its financial position

Credit ratings have a significant impact on La Banque Postale's refinancing costs.

The ratings of Fitch and Standard & Poor's (the two agencies that rate La Banque Postale) are based on a detailed analysis of several major components of La Banque Postale (governance, strategy, quality and diversity of the business model, composition of results, balance sheet structure and risk management policy).

Any deterioration of these components would increase the cost of refinancing, limit La Banque Postale's access to capital markets and reduce its ability to be involved with certain types of transactions or categories of customers. La Banque Postale believes that its exposure to the risk of a rating downgrade is limited to its short- and medium-term ratings.

In March 2021, Fitch upgraded La Banque Postale's credit ratings to A (long-term) and F1+ (short-term), with a stable outlook, recognising the quality of the Group's bancassurance model and its robust financial position. These ratings were affirmed in January 2022.

In November 2021, Standard & Poor's upgraded La Banque Postale's long-term credit rating to A+ with a stable outlook, following announcement of the planned increase in the Group's interest in CNP Assurances. With the rating upgrade, La Banque Postale has become one of just three French banks with an A+ issuer credit rating from Standard & Poor's. The rating was affirmed in February 2022.

12. La Banque Postale's insurance business risks and additional supervision of the conglomerate

As a parent company and head of a conglomerate, La Banque Postale is exposed to risks related to its insurance business in France and internationally. In 2021, the Bancassurance France and International Bancassurance business lines contributed 71% and 14% of business line net banking income, respectively.

Life insurance: a deterioration in the market situation and, notably, a very significant change in interest rates (upward or downward) could have a significant impact on La Banque Postale's life insurance business and on its results. A sharp increase in rates could make life insurance products invested in traditional funds less attractive than other savings options and encourage customers to transfer significant amounts to other funds, while a steep fall in interest rates could limit La Banque Postale's ability to provide customers with an attractive return and to pay life insurance settlements.

1) Simple arithmetical average of month-end observations for the 12 months preceding 31 December 2021.

The Life business rebounded strongly in 2021, with technical provisions rising by 2.5% to €126.1 billion.

The quality of new money generated by the La Banque Postale network (€7.7 billion, up 26.1%) improved, with the proportion of unit-linked sales rising by nearly 10 points to 29.3% of the total.

Non-life insurance: the main risk to which the Group's non-life insurance subsidiaries are exposed is underwriting risk, defined as the risk the insurer takes by providing insurance policies to natural persons and legal entities. An increase in the number of claims and/or a mismatch between the claims anticipated by the insurance subsidiary and the amounts actually paid out to the insured could have a negative impact on the results of La Banque Postale Group whose materiality would be contained given the weight of non-life insurance at the level of the Group.

The Non-Life business recovered its momentum, notably led by a good performance in property and casualty insurance with premiums up 11.1% to €1,077 million.

The non-life insurance book was stable, at 4.6 million policies as of 31 December 2021.

La Banque Postale's insurance subsidiaries continued to deliver robust underwriting results, reporting a 0.9-point improvement in the combined ratio net of reinsurance to 88.3%.

As the head of a conglomerate subject to additional supervision, to support integrated management of its businesses, La Banque Postale Group has updated its risk map to take into account the change in its consolidation scope and risk profile.

For more information, see Section 4.7 "Insurance risks and additional supervision of conglomerates".

13. An operational failure could result in losses and damage La Banque Postale's reputation

In accordance with Regulation (EU) No 575/2013 dated 26 June 2013 (Capital Requirements Regulation), as amended by Regulation (EU) No 2019/876 of the European Parliament and of the Council dated 20 May 2019 (CRR II), and the government order of 3 November 2014 dealing, inter alia, with the internal control of banks, as amended most recently by the government order of 25 February 2021, the definition of operational risk adopted by La Banque Postale encompasses the *"risk of losses resulting from the unsuitability or failure of internal procedures, personnel or systems, or from external events. Operational risk notably includes risks linked to events with a low probability of occurrence but a high impact, risks of internal and external fraud, legal risks, compliance risks (including reputational damage), and model risks, but excludes strategic risks"*.

The incidence of cyber attacks has been increasing steadily in recent years. These attacks exploit the vulnerabilities inherent in an organisation's digital transformation and the intrinsic complexity of its legacy information systems. Cyber criminals are becoming more professional; their attacks are more sophisticated and stealthy, but also simpler to execute. Structuring their activities around increasingly lucrative business models, as well as encrypting data and paralysing networks, cyber criminals use multiple blackmail techniques to increase the pressure on their victims and force them to pay a ransom.

La Banque Postale has responded to this situation by drawing up a Strategic Cybersecurity Plan, approved by its Executive Board. In addition, the cyber insurance policy was renewed on 1 January 2021, in a period of rising market insurance rates, consistent with the modelling techniques used in 2020. The renewal is in progress for 2022, in an even more challenging market.

Since the beginning of the COVID-19 pandemic, La Banque Postale, in common with all other banks operating in France, has been faced with a significant increase in online banking fraud and a modest increase in electronic banking fraud. The main cause is the diversion of online enrolments subject to strong authentication procedures, due to disclosure of the code by the customer. In response to the resurgence of threats, La Banque Postale has strongly bolstered its risk management systems across all areas: attack detection systems, preventive measures to limit potential impacts, and regular customer awareness-raising including real-time information on observed online banking events. These improvements halted this trend around the end of the first half of 2021.

Generally, any interruption in or failure of La Banque Postale's information systems could potentially result in significant losses of customer information and therefore create a reputational risk for the Group, leading to financial losses. To protect against this risk, La Banque Postale has back-up information systems with instant data synchronisation. Regularly tested data back-up and recovery plans, as well as business recovery plans, round out the Group's risk management system, enabling it to ensure that its risk prevention measures are effective.

Poor management of outsourcing could therefore result in a concentration risk and loss of control over the business activities in question. The Group's internal control system also covers outsourced activities in accordance with the applicable regulations (government order of 3 November 2014 referred to above and EBA guidelines on outsourcing published in February 2019). The outsourcing policy applicable across the entire La Banque Postale Group is used to effectively manage and oversee outsourced services. It is supported by a permanent control system that complies with the applicable regulatory requirements. Particular attention is paid to cloud-based outsourcing solutions in order to ensure that the data and processing concerned are carefully controlled.

Lastly, the occurrence of unforeseen events or disasters, such as natural catastrophes (e.g., a potential earthquake in the Auvergne region of France) or flooding (e.g., if the Seine breaks its banks), a major health crisis, or large-scale strikes, could create economic and financial disturbances and negatively affect La Banque Postale Group's ability to conduct its business. La Banque Postale has set up robust business continuity plans that would enable it to continue to carry out its critical operations, at a minimum level where necessary, and therefore guarantee continued services for its customers. These plans were tried and tested – and strengthened – during the COVID-19 crisis by increasing remote working capacity and process digitisation.

At 31 December 2021, operational risk-weighted assets were limited, amounting to just €8,939 million or 9.8% of La Banque Postale's total RWA.

14. Risks related to a failure in governance or of the overall internal control system could have a negative impact on the bank's business activities, results and financial position

La Banque Postale has a governance framework which enables it to ensure compliance with its external obligations and its internal framework. A risk management system based on three lines of defence (operational business lines, Group Risk Department and Compliance Department, and Internal Audit Department) provide the general framework for La Banque Postale's internal control. The regulator could increase the minimum CET1 capital holding requirement based on the four pillars of the annual SREP exercise (business model, governance and risk management, capital risk [ICAAP] and liquidity and financing risk [ILAAP]), whose requirement level has increased.

La Banque Postale submits a recovery and resolution plan to the ECB every year, in accordance with regulations in force. It describes the recovery measures to restore the solvency of La Banque Postale to the minimum level required, if necessary. In addition, La Banque Postale ensures that it is systematically compliant with regulatory solvency limits (taking into account the additional requirements related to buffers for systemic risk) and short-term liquidity limits (LCR).

La Banque Postale closely tracks changes in its LCR (204% at 31 December 2021 ⁽¹⁾), its leverage ratio (7.2% at 31 December 2021), its total solvency ratio (23.7% at 31 December 2021) and its NSFR (143% at 31 December 2021).

Generally speaking, weaknesses in governance and in the overall internal control environment could have a negative impact on the businesses of La Banque Postale Group and its subsidiaries. For more information see Section 3.5.10 "Other legal information".

15. La Banque Postale's business activity exposes it to compliance risk

La Banque Postale is exposed to compliance risk, defined by the above-mentioned government order of 3 November 2014 as *"the risk of legal, regulatory or reputational sanctions due to failure to comply with provisions relating to banking and financial activities, regardless of whether these provisions are legal or regulatory, directly applicable national or European provisions, professional or ethical standards or instructions from company managers given in accordance with the guidelines of the supervisory bodies"*.

La Banque Postale must therefore ensure compliance with the rules on combating money laundering and the financing of terrorism (AML-CFT), asset freezes and international sanctions, customer protection, investment services, the prevention of fraud, bribery and corruption, and ethical and professional standards.

Compliance risk is assessed taking into account the diversity of La Banque Postale's businesses and its national distribution network, Groupe La Poste's Consumer and Digital Division (the "La Poste Network").

Failure to comply with these rules could also damage La Banque Postale's reputation, with an adverse effect on the Group's profitability and business outlook.

The Group Compliance Department oversees the compliance risk system for La Banque Postale SA and for the banking, insurance, investment services and asset management subsidiaries. To identify and control compliance risk, the Compliance Department is organised around seven pillars:

- ▶ regulatory oversight: the Compliance Department relies on the Legal Department's regulatory oversight processes (see Section 4.8.2.9 "Regulatory oversight");
- ▶ compliance risk assessments: the Compliance Department has set up a specific project organisation to improve the methodology for assessing the compliance risks to which La Banque Postale is exposed. This methodology is based on the work carried out by the Wolfsberg Group, using both qualitative and quantitative questions in order to limit reliance on expert judgement as far as possible. The assessment is then incorporated into the Group's risk map;
- ▶ compliance standards: continuous efforts are made to develop compliance procedures that ensure operational staff understand the checks they have to implement in the course of their work;
- ▶ training and awareness-raising: this subject is discussed in Section 4.8.2.8 "Training";
- ▶ compliance advice and opinions: the Compliance Department has positioned its team of compliance officers as close as possible to the departments, the network and the subsidiaries in order to respond pragmatically and quickly to operational problems;
- ▶ control: in 2021, the Compliance Department signed a service contract with the Permanent Control Department to strengthen their existing partnership;
- ▶ reporting: compliance issues are periodically presented to the Executive Board, the GRSC and the Supervisory Board Risk Committee.

To fulfil its mission, the Compliance Department of La Banque Postale Group is organised as a function based on:

- ▶ central Compliance teams at the level of La Banque Postale Group;
- ▶ the roll-out of local support in the shape of Compliance Officers for each business line and for the La Poste Network, and a Compliance Department covering the Network's banking activities and the activities of La Banque Postale Group's banking subsidiaries, including a dedicated oversight process;
- ▶ unified reporting relationships (including for the subsidiaries' Compliance Officers).

Failure to respect compliance regulations could have an adverse effect on La Banque Postale Group's business, financial situation, and reputation. For example, on 21 December 2018, the ACPR Sanctions Committee issued a reprimand against La Banque Postale backed by a €50 million fine, following a report on its anti-money laundering and financing of terrorism system (AML-CFT). The report found that the control system was deficient with respect to national mandates issued by non-customers of La Banque Postale. This activity was terminated as of 31 December 2017. This decision was confirmed by the Council of State (Conseil d'État). Since then, the deficiencies described in this decision have been resolved.

For more information on compliance risks, see Section 4.8.2 "Compliance risks".

1) Simple arithmetical average of month-end observations for the 12 months preceding 31 December 2021.

4.1.2.4 La Banque Postale's business risks**16. Risks related to the implementation of La Banque Postale's strategy**

La Banque Postale presented its 2030 strategic plan in March 2021 with the objective of becoming France's favourite bank. The plan is organised around three priorities: (i) to become one of the leaders in customer satisfaction by joining the top 3 remote service providers by 2023, (ii) to position La Banque Postale as the bank of the just transition with the launch of a series of community commitments, and (iii) to place the employee experience at the centre of the strategic plan and make its employees La Banque Postale's foremost ambassadors.

Three main levers will drive the development project: (i) to consolidate the Retail Banking base, (ii) to increase the pace of business model diversification and (iii) to prepare the future by developing an innovative, international partnership model.

It defines the key avenues for commercial development and cooperation between La Banque Postale Group's business activities. The strategic plan also defines a number of financial and non-financial objectives.

The success of this strategic plan depends on a number of assumptions and initiatives (the scope of which can vary significantly). Should these assumptions or initiatives not materialise or should any unexpected changes impacting the environment occur, this could have a negative impact on La Banque Postale Group's business activities, its results and its financial position, as well as on its ability to achieve the objectives set in the strategic plan.

The digital strategy developed by La Banque Postale is intended to strengthen its retail customer positioning and solidify that with professionals, companies and institutional players. The strategic plan includes plans to continue investing heavily in digital processes – from a human, technological and financial perspective – in order to offer customers the best possible service quality and enable La Banque Postale to represent best-in-class market practices. La Banque Postale's digital transformation assumes approaches and initiatives which may not occur or meet the objectives set. These elements could have a negative impact on La Banque Postale's commercial activity and, therefore, on its financial position.

Placing the employee experience at the centre of the strategic project is one of the three priorities identified in the 2030 strategic plan. Discussions and action plans are in progress on the transformation of professions, the development of skills, the employer brand, the development of talent, integration and career paths, the improvement of collective performance and management methods. These levers imply approaches and initiatives that may not be implemented or may not achieve their objectives, particularly as concerns the ability to attract and retain skilled employees or strategic talent, and the ability to secure employee buy-in to the transformation. These elements could have a negative impact on La Banque Postale's commercial activity and, therefore, on its financial position.

Since it was formed, La Banque Postale has forged an identity rooted in community banking. Today, through its strategic plan, it is reaffirming its ambition to shape a just transition to an economy and a society capable of responding to environmental, social, regional and digital challenges. This ambition is based on commitments to its three main stakeholders: customers, communities and society as a whole, and employees. Various objectives have been announced in relation to this ambition, including a net-zero emissions target to be met by 2040 across all of La Banque Postale's businesses. Another objective is to develop a Global Impact Index, a proprietary financial indicator measuring the overall environmental, social and regional impact of each lending and investment decision, in addition to measuring financial risk and return. These commitments give rise to a reputational risk. They also involve investment, risk-taking and the implementation of approaches that may be abandoned prematurely or fail to achieve their objectives. These elements could have a negative impact on La Banque Postale's commercial activity and, therefore, on its financial position.

For more information, see Section 1.4 "2030 strategic plan".

17. Risks related to the integration of new business activities and/or entities in La Banque Postale Group (notably the inclusion of CNP Assurances within the consolidation scope)

The project to create a major state-owned financial group has been carried out in a number of concomitant steps:

- ▶ the French State and Caisse des dépôts (CDC) contributed to La Poste their respective interests of 1.1% and 40.9% in the capital of CNP Assurances, in exchange for La Poste shares issued in consideration for the contributions;
- ▶ La Poste contributed all the CNP Assurances shares received from the French State and CDC to La Banque Postale, in exchange for newly issued La Banque Postale shares;
- ▶ CDC then acquired additional La Poste shares from the French State for close to €1 billion.

The above transactions were carried out based on a valuation of La Poste's pre-transaction capital amounting to €7 billion. Since the completion of the transaction, La Poste has been majority held by CDC (66%), with the rest held by the French State (34%). As CNP Assurances' main shareholder, La Banque Postale has reaffirmed the insurance group's multi-partner model. The overall operation was completed on 4 March 2020, following regulatory clearance from the relevant authorities.

More recently, on 16 December 2021, La Banque Postale acquired Groupe BPCE's 16.1% stake in CNP Assurances for €2.4 billion, representing €21.90 per share cum dividend. The transaction increased La Banque Postale's interest in CNP Assurances to 78.9%. Following this transaction and subject to obtaining the necessary regulatory approvals, during the first half of 2022 La Banque Postale plans to file a simplified tender offer with the French Financial Markets Authority (Autorité des marchés financiers – AMF) for the remaining 21.1% of CNP Assurances' capital that it does not already hold.

All external growth operations carry the risk of poor execution of strategic decisions related to the inclusion of new business activities and/or entities in the internal control system. Generally speaking, poor execution of operational integration processes could negatively impact estimated synergies from acquisitions.

For significant or strategic operations, such as the integration of CNP Assurances, this risk is managed by implementing a dedicated post-acquisition integration project overseen by La Banque Postale Group's Executive Board in coordination with CNP Assurances' general management team. This ensures that the overall strategies and objectives of all of the Group's operating entities are shared and aligned.

Several major projects have been carried out since the first stage of the CNP Assurances merger was completed on 4 March 2020, despite the constraints related to the health and economic crisis: setting up a new governance structure, pursuing the integration work for regulatory functions (finance, risks, compliance, controls), and continuing with the overall business project, focusing particularly on the product and service offering, distribution, customer experience and information systems sub-projects.

The integration project continues to pursue its second phase of standardisation and automation; this is the phase of exchanges between the two entities. Given the size and organisational complexity of CNP Assurances' business, the risk of integrating its activities in La Banque Postale is material, despite the above-described risk management system.

18. Environmental, social and governance (ESG) risks related to La Banque Postale's business

ESG risks correspond to the effects that climate and environmental events, social and societal developments or governance failures may have on La Banque Postale's internal operations or its businesses. Controls over ESG risks are based on a national and European regulatory framework that is gradually being developed. The framework includes the Climate Risk Management Principles published by the ECB in November 2020 to provide guidance on managing these risks and to harmonise requirements for the institutions under its supervision. Numerous reference frameworks also exist, including the European Banking Authority's ESG risk management and supervision guidelines published in June 2021, the European Taxonomy for Sustainable Activities of June 2020, French regulations on business ethics (duty of care, Sapin 2 law, etc.) and the Corporate Governance Code for Listed Companies published in 2020 by Association française des entreprises privées (Afed).

ESG risks present unprecedented challenges and issues for all financial sector players, in terms of strategic and operational implementation and also from a regulatory and prudential viewpoint.

La Banque Postale is strongly committed to the just transition and controlling ESG risks is an important part of living up to its commitments and strategic ambitions. As a financial institution, La Banque Postale is exposed to climate and environmental risk in its lending and investment activities through, for example, its property portfolios, which may be affected by physical risks such as flooding, or its corporate loan portfolios, which may be sensitive to transition risk.

Implementation of a relevant system involves a major transformation of a large number of practices and processes, as well as the development of dedicated metrics based on external

or internal quality data. And last but not least, it depends on complete employee buy-in so as to make this dimension a permanent part of La Banque Postale Group's management approach. Within La Banque Postale, this transformation is part of a multi-year roadmap that includes a climate risk framework for the activities and risk types that are likely to be the most directly concerned and offer considerable scope for transformation.

ESG issues have been included as one of the major pillars of the Group's 2030 strategic plan. The recently formed Community Engagement Department, which reports directly to the Chairman of the Executive Board, is responsible for overseeing implementation of the community dimension of the current strategic plan. This dimension is formally recognised in the governance structure and is intended to be fully taken on board by La Banque Postale's existing governance bodies, with monthly monitoring by the Executive Committee and the Group Risk Management Committee (GRMC). La Banque Postale has also finalised its approach to becoming a "Company with a Mission", further strengthening the integration of environmental and social issues in its governance.

Climate and other ESG risks are gradually being integrated and taken into account in existing risk topics, supported by dedicated risk management systems:

- ▶ strategic risk: ESG factors have been clearly identified as a major issue for La Banque Postale and have been incorporated directly in its current strategic plan (in the community dimension). In addition, ESG risk has been isolated from La Banque Postale's other risk families in the risk map to highlight its priority nature;
- ▶ operational risk: La Banque Postale has identified the strong link between ESG risks and operational risks. The Group's ESG risk mapping relies heavily on the existing operational risk system, particularly for the management of physical risk (exposure of La Banque Postale's buildings to the risk of flooding under a once-in-a-hundred-years flood scenario). ESG risk mapping is also based on the systems in place for managing compliance and reputational risk, as well as on the new product approval process;
- ▶ credit and market risk: Work is in progress to quantify the Group's exposure to physical and transitional risks and various methodologies are being developed to measure the impact on credit and market risks. In addition, La Banque Postale participates in national and international working groups set up to design reliable metrics and methodologies. Their work will make a significant contribution to promoting transparency and comparability between institutions concerning these issues and the way they are dealt with for prudential purposes. Finally, La Banque Postale participates in climate stress tests conducted in France by the ACPR and at European level by the ECB;
- ▶ liquidity risk: At this stage, La Banque Postale's liquidity profile and the Internal Liquidity Adequacy Assessment Process (ILAAP) put in place to control this risk should enable it to deal with various liquidity stress scenarios directly or indirectly linked to climate risk (such as damage to assets, the sudden occurrence of defaults linked to physical risk, immediately or gradually stranded assets, and mass depositor withdrawals linked to reputational issues). La Banque Postale considers that its economic liquidity buffer is correctly calibrated to absorb climate risk, given the severity of the scenarios used for modelling purposes.

Finally, a plan is being rolled out to raise awareness of environmental and social issues among all the Group's employees, including within the management body, and a specific training plan has been developed for the sales teams. A new section will be added to this plan in 2022, dealing with climate and environmental risk and its challenges for La Banque Postale.

In view of all these factors and the current quality of its portfolio, La Banque Postale considers that its system (which is in the process of being improved) is aligned with its strategic ambitions and with current general thinking in the banking sector on the subject of ESG risks. For these reasons, the Group's exposure to ESG risk is currently considered as moderate.

4.2 CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

4.2.1 Scope of application

The scope of application of the Capital Requirement Regulation – Regulation (EU) No 575/2013 (CRR), as amended by Regulation (EU) No 2019/876 (CRR II) – is different from the scope of consolidation defined in IFRS.

In accordance with the regulations, for the supervision of capital ratios on a consolidated basis, the following methods are applied to entities included in the prudential consolidation scope:

- ▶ the equity method for (i) insurance entities and (ii) entities accounted for under the equity method for IFRS reporting purposes;
- ▶ the full consolidation method for all other entities that are fully consolidated for IFRS reporting purposes.

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation			Description of the entity
		Full consolidation	Proportional consolidation	Equity method	
AEP3 SCI	Full consolidation			AEP3 SCI	Bancassurance France
AEP4 SCI	Full consolidation			AEP4 SCI	Bancassurance France
Assurbail Patrimoine	Full consolidation			Assurbail Patrimoine	Bancassurance France
Assurimmeuble	Full consolidation			Assurimmeuble	Bancassurance France
CIMO	Full consolidation			CIMO	Bancassurance France
CNP Assur Trésorerie Plus	Full consolidation			CNP Assur Trésorerie Plus	Bancassurance France
CNP Assurances	Full consolidation			CNP Assurances	Bancassurance France
CNP Caution	Full consolidation			CNP Caution	Bancassurance France
CNP Immobilier	Full consolidation			CNP Immobilier	Bancassurance France
CNP OSTRUM ISR OBLI 12 MOIS	Full consolidation			CNP OSTRUM ISR OBLI 12 MOIS	Bancassurance France
Coentreprise de Transport d'Électricité	FVTPL			Coentreprise de Transport d'Electricité	Bancassurance France
Écureuil Profil 90	Full consolidation			Ecureuil Profil 90	Bancassurance France
Issy Cœur de Ville (ICV)	Full consolidation			Issy Cœur de Ville (ICV)	Bancassurance France
La Banque Postale Assurance Santé	Full consolidation			La Banque Postale Assurance Santé	Bancassurance France
La Banque Postale Assurances IARD	Full consolidation			La Banque Postale Assurances IARD	Bancassurance France
La Banque Postale Prévoyance	Full consolidation			La Banque Postale Prévoyance	Bancassurance France

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation			Description of the entity
		Full consolidation	Proportional consolidation	Equity method	
LBP Actifs Immo	Full consolidation			LBP Actifs Immo	Bancassurance France
MFPrévoyance SA	Full consolidation			MFPrévoyance SA	Bancassurance France
Montparvie V	Full consolidation			Montparvie V	Bancassurance France
OPCI AEP247	Full consolidation			OPCI AEP247	Bancassurance France
OPCI AEW Imcom 1	Full consolidation			OPCI AEW Imcom 1	Bancassurance France
OPCI MTP Invest	Full consolidation			OPCI MTP Invest	Bancassurance France
OPCI Raspail	Full consolidation			OPCI Raspail	Bancassurance France
Outlet Invest	Full consolidation			Outlet Invest	Bancassurance France
SAS Allera	Full consolidation			SAS Allera	Bancassurance France
SICAC	Full consolidation			SICAC	Bancassurance France
Sogestop K	Full consolidation			Sogestop K	Bancassurance France
Univers CNP 1 FCP	Full consolidation			Univers CNP 1 FCP	Bancassurance France
Vivaccio ISR Actions	Full consolidation			Vivaccio ISR Actions	Bancassurance France
CNP Capitalização S.A.	Full consolidation			CNP Capitalização S.A.	International Bancassurance
Caixa Consórcios SA Administradora de Consórcios	Full consolidation			Caixa Consórcios SA Administradora de Consórcios	International Bancassurance
CNP Participações Securitárias Brasil Ltda	Full consolidation			CNP Participações Securitárias Brasil Ltda	International Bancassurance
Caixa Seguradora S.A.	Full consolidation			Caixa Seguradora S.A.	International Bancassurance
Caixa Seguradora Especializada em Saúde SA	Full consolidation			Caixa Seguradora Especializada em Saúde SA	International Bancassurance
Caixa Seguros Assessoria e Consultoria Ltda	Full consolidation			Caixa Seguros Assessoria e Consultoria Ltda	International Bancassurance
CNP Seguros Holding Brasil S.A.	Full consolidation			CNP Seguros Holding Brasil S.A.	International Bancassurance
Caixa Seguros Participações em Saúde Ltda	Full consolidation			Caixa Seguros Participações em Saúde Ltda	International Bancassurance
Caixa Vida e Previdência	Full consolidation			Caixa Vida e Previdência	International Bancassurance
CNP Asfaltistiki	Full consolidation			CNP Asfaltistiki	International Bancassurance
CNP Assurances Compañia de Seguros	Full consolidation			CNP Assurances Compañia de Seguros	International Bancassurance
CNP Assurances Latam Holding Ltda	Full consolidation			CNP Assurances Latam Holding Ltda	International Bancassurance
CNP Assurances Participações Ltda	Full consolidation			CNP Assurances Participações Ltda	International Bancassurance
CNP Cyprialife	Full consolidation			CNP Cyprialife	International Bancassurance
CNP Cyprus Insurance Holdings	Full consolidation			CNP Cyprus Insurance Holdings	International Bancassurance
CNP Cyprus Properties	Full consolidation			CNP Cyprus Properties	International Bancassurance

Name of the entity	Method of accounting consolidation	Method of regulatory consolidation			Description of the entity
		Full consolidation	Proportional consolidation	Equity method	
CNP Cyprus Tower Ltd	Full consolidation			CNP Cyprus Tower Ltd	International Bancassurance
CNP Europe Life	Full consolidation			CNP Europe Life	International Bancassurance
CNP Luxembourg	Full consolidation			CNP Luxembourg	International Bancassurance
CNP Partners	Full consolidation			CNP Partners	International Bancassurance
CNP Praktoriaki	Full consolidation			CNP Praktoriaki	International Bancassurance
CNP SA de Capitalización y Ahorro p/fines determinados	Full consolidation			CNP SA de Capitalización y Ahorro p/fines determinados	International Bancassurance
CNP Santander Insurance Europe Ltd	Full consolidation			CNP Santander Insurance Europe Ltd	International Bancassurance
CNP Santander Insurance Life Ltd	Full consolidation			CNP Santander Insurance Life Ltd	International Bancassurance
CNP Santander Insurance Services Ireland Ltd	Full consolidation			CNP Santander Insurance Services Ireland Ltd	International Bancassurance
CNP UniCredit Vita	Full consolidation			CNP UniCredit Vita	International Bancassurance
CNP Vita Assicura	Full consolidation			CNP Vita Assicura	International Bancassurance
CNP Vita Assicurazione	Full consolidation			CNP Vita Assicurazione	International Bancassurance
CNP Zois	Full consolidation			CNP Zois	International Bancassurance
Companhia de Seguros Previdencia Do Sul-Previsul	Full consolidation			Companhia de Seguros Previdencia Do Sul-Previsul	International Bancassurance
Fundo De Investimento Imobiliario Renda Corporativa Angico – FII	Full consolidation			Fundo De Investimento Imobiliario Renda Corporativa Angico – FII	International Bancassurance
Holding XS 1 SA	Full consolidation			Holding XS 1 SA	International Bancassurance
Infra-Invest	Full consolidation			Infra-Invest	International Bancassurance
Infra-Invest France	Full consolidation			Infra-Invest France	International Bancassurance
Infra-Invest Holding	Full consolidation			Infra-Invest Holding	International Bancassurance
Odonto Empresas Convênios Dentários Ltda	Full consolidation			Odonto Empresas Convênios Dentários Ltda	International Bancassurance
OPCVM Caixa Capitalização SA	Full consolidation			OPCVM Caixa Capitalização SA	International Bancassurance
OPCVM Caixa Consórcios	Full consolidation			OPCVM Caixa Consórcios	International Bancassurance
OPCVM Caixa Seguradora SA	Full consolidation			OPCVM Caixa Seguradora SA	International Bancassurance
OPCVM Caixa Vida e Previdência	Full consolidation			OPCVM Caixa Vida e Previdência	International Bancassurance
OPCVM Holding Caixa Seguros Holding SA	Full consolidation			OPCVM Holding Caixa Seguros Holding SA	International Bancassurance
XS2 Vida e Previdência SA	Full consolidation			XS2 Vida e Previdência SA	International Bancassurance

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (EU LI1)

(in € millions)	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				Not subject to own funds requirements or subject to capital deductions
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	
Assets							
Cash, central banks	50,812	50,812	50,812	-	-	-	-
Financial assets at fair value through profit or loss	231,502	5,099	2,710	673	-	1,442	16
Hedging derivatives	1,022	967	-	224	-	-	-
Financial assets at fair value through OCI	228,513	11,929	10,890	-	994	-	-
Securities at amortised cost	23,480	23,396	23,283	-	-	-	-
Loans and advances to credit institutions at amortised cost	67,840	66,058	65,736	-	-	-	87
Loans and advances to customers at amortised cost	123,152	124,036	115,738	400	-	-	7,717
Revaluation differences on portfolios hedged against interest rate risks	101	101	101	-	-	-	-
Current tax assets	669	196	196	-	-	-	-
Deferred tax assets	549	425	341	-	-	-	-
Accruals and other assets	33,415	3,321	2,308	461	-	-	285
Non-current assets held for sale	178	178	178	-	-	-	-
Deferred participation	-	-	-	-	-	-	-
Investments in equity-accounted companies	948	15,516	15,516	-	-	-	-
Investment properties	3,393	-	-	-	-	-	-
Property, plant and equipment	1,254	715	725	-	-	-	-
Intangible assets	5,326	707	257	-	-	-	450
Goodwill	156	156	-	-	-	-	-
Total assets	772,310	303,611	288,793	1,759	994	1,442	8,554
Liabilities and equity	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	4,335	2,211	-	-	-	-	-
Hedging derivatives	333	282	-	-	-	-	-
Debt securities	21,693	21,693	-	-	-	-	-
Liabilities due to credit institutions	30,393	30,204	-	-	-	-	-
Customer deposits	235,038	219,155	-	-	-	-	-
Revaluation differences on portfolios hedged against interest rate risks	422	422	-	-	-	-	-
Current tax liabilities	166	13	-	-	-	-	-
Deferred tax liabilities	1,205	102	-	-	-	-	-
Accruals and other liabilities	21,364	4,652	-	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	-	-
Insurance company technical provisions and shadow accounting reserves	414,398	-	-	-	-	-	-
Provisions	1,075	447	-	-	-	-	-
Subordinated debt	10,110	2,757	-	-	-	-	-
Non-controlling interests	10,208	103	-	-	-	-	-
Equity attributable to owners of the parent	21,571	21,571	-	-	-	-	-
Total liabilities and equity	772,310	303,611	-	-	-	-	-

Main sources of differences between regulatory exposure amounts and carrying values in financial statements (EU LI2)

	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	303,611	288,793	1,759	994	1,442
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	303,611	-	-	-	-
Total net amount under the regulatory scope of consolidation	-	-	-	-	-
Off-balance sheet amounts	31,964	-	-	-	-
Differences in valuations	(644)	267	-	(910)	-
Differences due to different netting rules, other than those already included in row 2	(4,019)	1,419	-	(5,438)	-
Differences due to consideration of provisions	(1,426)	(1,421)	-	(5)	-
Differences due to the use of credit risk mitigation techniques (CRMs)	(1,393)	(1,234)	-	(158)	-
Differences due to credit conversion factors	(15,694)	(15,694)	-	-	-
Differences due to securitisations with risk transfer	-	-	-	-	-
Other differences	(2,165)	-	-	-	-
EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES	310,234	304,093	994	3,705	1,442

Loans and advances to credit institutions include exposures on savings centralised with CDC.

CDC and Banque de France exposures are classified within "Loans and advances to credit institutions at amortised cost". This segmentation differs from that applied for the determination of credit risk-weighted assets (for which these exposures are classified as "sovereign").

Explanation of the differences between accounting and regulatory exposure amounts (EU LIA)

The regulatory exposure amounts include several items not reflected in the accounting amounts:

- ▶ valuation differences for a negative €0.7 billion, including the impact of the SA-CCR calculation on derivatives and additional value adjustments;
- ▶ differences related to the valuation of repos for a negative €4 billion;
- ▶ loss allowances for a negative €1.4 billion;
- ▶ the impact of applying credit risk mitigation techniques for a positive €1.4 billion;
- ▶ the impact of credit conversion factors on off-balance sheet items for a negative €15.7 billion;
- ▶ the value of accounting items not included in the regulatory exposure amount for a negative €2.2 billion.

Other qualitative information on the scope of application (EU LIB)

Impediment to the prompt transfer of own funds or to the repayment of liabilities within the Group	The Articles of Association of La Banque Postale and its subsidiaries do not contain any clauses that could prevent the transfer of own funds or the repayment of liabilities by La Banque Postale. To the best of the Group's knowledge, there are no applicable laws or regulations, provisions in the subsidiaries' Articles of Association, shareholder agreements or other legally binding agreements containing provisions that could significantly impede the transfer of own funds or the repayment of liabilities by La Banque Postale.
Subsidiaries not included in the consolidation with actual own funds less than required	No subsidiary not included in the consolidation and subject to solvency requirements has own funds that are less than required.
Use of the derogation referred to in Article 7 of the CRR or the individual consolidation method laid down in Article 9 of the CRR	Pursuant to Article 7 of Regulation No 575/2013 (CRR), as banking entities subject to the supervision of the ACPR, the subsidiaries La Banque Postale Leasing & Factoring, La Banque Postale Consumer Finance, BPE, Ma French Bank and LBP Home Loan SFH benefit from the derogation to the application of prudential requirements on an individual basis. La Banque Postale, as the consolidating entity, also benefits from the derogation to the application of prudential requirements on an individual basis.
Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation	None.

4

4.2.2 Breakdown of regulatory own funds

La Banque Postale's Common Equity Tier 1 (CET1) capital includes:

Group share book equity (capital, issue premiums, reserves and annual profits) less the proposed dividend (45% of Group share of net income) and regulatory adjustments that apply:

- ▶ deductions of goodwill and intangible assets (net of related tax liabilities);
- ▶ prudential filters (fair value reserves related to gains or losses on cash flow hedges, Additional Valuation Adjustment, etc.).

Additional Tier 1 capital includes the perpetual bonds callable after 7 years issued in November 2019, and the perpetual bonds callable after 7.5 years issued in September 2021.

Tier 2 capital includes:

The subordinated notes issued in November 2015, June and October 2016, January 2017 and October 2020 as well as the issue in January 2021 and the subsequent tap issue in April 2021.

The April 2014 subordinated notes were bought back in April 2021 with the ECB's authorisation and following the announcement made the previous month.

Reconciliation of regulatory own funds to balance sheet in the audited financial statements (EU CC2)

(in € thousands)	31 Dec. 2021	31 Dec. 2020
Attributable own funds (regulatory)	20,083,360	18,845,663
Planned dividend distribution	(1,541,936)	(179,892)
Deduction of goodwill and other intangible assets	(781,404)	(921,095)
Transition and other applicable adjustments to CET1 capital	(393,138)	(283,236)
Common Equity Tier 1 (CET1)	17,366,882	17,461,440
Eligible AT1 capital instruments	1,488,000	750,000
Additional Tier 1 capital	1,488,000	750,000
Tier 1 capital	18,854,882	18,211,440
Capital instruments and subordinated liabilities	2,744,444	2,750,000
Other add-backs	-	0
Tier 2 capital	2,744,444	2,750,000
TOTAL OWN FUNDS	21,599,326	20,961,440

The decrease in Common Equity Tier 1 (CET1) in 2021 was mainly due to the payment of a special dividend following the lifting of restrictions on dividend payments by credit institutions during

the COVID-19 crisis. It was offset by the inclusion of net profit for the year and the accretive impact of the acquisition of Groupe BPCE's stake in CNP Assurances.

Composition of regulatory own funds (EU CC1)

	(a)	(b)
	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES		
Capital instruments and related share premium accounts	6,831	-
of which: instrument type 1	6,831	-
of which: instrument type 2	-	-
of which: instrument type 3	-	-
Retained earnings	616	-
Accumulated other comprehensive income (and other reserves)	11,999	-
Funds for general banking risks	-	-
Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-
Minority interests (amount allowed in consolidated CET1)	-	-
Independently reviewed interim profits net of any foreseeable charge or dividend	-	-
Common Equity Tier 1 (CET1) capital before regulatory adjustments	19,447	-
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS	-	-
Additional value adjustments (negative amount)	(267)	-
Intangible assets (net of related tax liability) (negative amount)	(674)	-
Not applicable	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(108)	-
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(32)	-
Negative amounts resulting from the calculation of expected loss amounts	-	-
Any increase in equity that results from securitised assets (negative amount)	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-
Defined benefit pension fund assets (negative amount)	-	-
Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
Not applicable	-	-
Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	-	-
of which: qualifying holdings outside the financial sector (negative amount)	-	-
of which: securitisation positions (negative amount)	-	-
of which: free deliveries (negative amount)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-
Amount exceeding the 17.65% threshold (negative amount)	-	-
of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-
Not applicable	-	-
of which: deferred tax assets arising from temporary differences	-	-
Losses for the current financial year (negative amount)	(906)	-
Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-

	(a)	(b)
	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Not applicable	-	-
Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-
Other regulatory adjustments	(95)	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(2,080)	-
Common Equity Tier 1 (CET1) capital	17,367	-
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS	-	-
Additional Tier 1 (AT1) capital: instruments	1,488	-
of which classified as equity under applicable accounting standards	1,488	-
of which classified as liabilities under applicable accounting standards	-	-
Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-
Amount of qualifying items referred to in Article 494a (1) CRR subject to phase out from AT1	-	-
Amount of qualifying items referred to in Article 494b (1) CRR subject to phase out from AT1	-	-
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-
of which: instruments issued by subsidiaries subject to phase out	-	-
Additional Tier 1 (AT1) capital before regulatory adjustments	1,488	-
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS	-	-
Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	-
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-
Not applicable	-	-
Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-
Other regulatory adjustments to AT1 capital	-	-
Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-
Additional Tier 1 (AT1) capital	1,488	-
Tier 1 capital (T1 = CET1 + AT1)	18,855	-
TIER 2 (T2) CAPITAL: INSTRUMENTS	-	-
Capital instruments and related share premium accounts	2,744	-
Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	-
Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	-
Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	-
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-
of which: instruments issued by subsidiaries subject to phase out	-	-
Credit risk adjustments	-	-
Tier 2 (T2) capital before regulatory adjustments	2,744	-
TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS	-	-
Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-

	(a)	(b)
	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
Not applicable	-	-
Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-
Not applicable	-	-
Total regulatory adjustments to Tier 2 (T2) capital	-	-
Tier 2 (T2) capital	2,744	-
Total capital (TC = T1 + T2)	21,599	-
Total risk exposure amount	91,098	-
Capital ratios and requirements including buffers	-	-
Common Equity Tier 1 (CET1) capital	0	-
Tier 1 capital	0	-
Total capital	0	-
Institution CET1 overall capital requirements	0	-
of which: capital conservation buffer requirement	0	-
of which: countercyclical buffer requirement	0	-
of which: systemic risk buffer requirement	-	-
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	-	-
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	0	-
National minima (if different from Basel III)	-	-
Not applicable	-	-
Not applicable	-	-
Not applicable	-	-
Amounts below the thresholds for deduction (before risk weighting)	-	-
Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	393	-
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)	72	-
Not applicable	-	-
Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	317	-
Applicable caps on the inclusion of provisions in Tier 2	-	-
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to application of the cap)	0.00	-
Cap on inclusion of credit risk adjustments in T2 under standardised approach	1,013.04	-
Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings-based approach (prior to application of the cap)	0.00	-
Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings-based approach (prior to application of the cap)	0.00	-
Cap for inclusion of credit risk adjustments in T2 under the internal-ratings based approach	-	-
Capital instruments subject to phase out arrangements (only applicable between 1 January 2014 and 1 January 2022)	-	-
Current cap on CET1 instruments subject to phase out arrangements	-	-
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-
Current cap on AT1 instruments subject to phase out arrangements	-	-

	(a)	(b)
	Amounts	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
Current cap on T2 instruments subject to phase out arrangements	-	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

La Banque Postale does not apply the transitional provisions relating to IFRS 9 or to equivalent expected credit losses, as its capital and capital and leverage ratios also reflect the full impact of IFRS 9 or equivalent expected credit losses.

La Banque Postale does not apply the temporary treatment described in Article 468 of the CRR, as its capital and capital and leverage ratios already reflect the full impact of the unrealised capital gains and losses measured at fair value through other comprehensive income.

Main features of regulatory own funds instruments and eligible liabilities instruments (EU CCA)

Issuer	La Banque Postale		
ISIN	FR0011855865	FR0013054913	FR0013181898
Governing law(s) of the instrument	French law	French law	French law
REGULATORY TREATMENT			
Current treatment taking into account, where applicable, transitional CRR rules	T2 capital	T2 capital	T2 capital
Post-transitional CRR rules	T2 capital	T2 capital	T2 capital
Level	Consolidated	Consolidated	Consolidated
Instrument type	Tier 2 subordinated securities (Art. 63)	Tier 2 subordinated securities (Art. 63)	Tier 2 subordinated securities (Art. 63)
Amount recognised in regulatory own funds (in € thousands)	750,000	750,000	500,000
Nominal amount of instrument (in %)	100	100	100
Issue price (in %)	99.705	99.623	99.97
Redemption price (in %)	100	100	100
Accounting classification	Liabilities at amortised cost	Liabilities at amortised cost	Liabilities at amortised cost
Original date of issuance	23.04.2014	19.11.2015	09.06.2016
Perpetual or dated	Dated	Dated	Dated
Original maturity date	23.04.2026	19.11.2027	09.06.2028
Issuer call subject to prior supervisory approval	Yes	Yes	No
Optional call date, contingent call dates and redemption amount	23.04.2021	19.11.2022	-
Subsequent call dates	-	-	-
COUPONS/DIVIDENDS			
Fixed or floating coupon/dividend	Fixed	Fixed	Fixed
Coupon rate	2.75%	2.75%	3.00%
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
Existence of a step-up or other incentive to redeem	No	No	No
Non-cumulative or cumulative	No	No	No
Convertible or non-convertible	No	No	No
If convertible, conversion trigger(s)	-	-	-
If convertible, fully or partially	-	-	-
If convertible, conversion rate	-	-	-
If convertible, mandatory or optional conversion	-	-	-
If convertible, instrument type convertible into	-	-	-
If convertible, issuer of instrument it converts to	-	-	-
Capital reduction features	-	-	-
Non-compliant transitioned features	No	No	-

Issuer	La Banque Postale			
ISIN	FR0013207354	FR0013181898	FR0013461795	FR00140009W6
Governing law(s) of the instrument	French law	French law	French law	French law
REGULATORY TREATMENT				
Current treatment taking into account, where applicable, transitional CRR rules	T2 capital	T2 capital	Additional Tier 1 capital	T2 capital
Post-transitional CRR rules	T2 capital	T2 capital	Additional Tier 1 capital	T2 capital
Level	Consolidated	Consolidated	Consolidated	Consolidated
Instrument type	Tier 2 subordinated securities (Art. 63)	Tier 2 subordinated securities (Art. 63)	Tier 1 deeply subordinated securities (Art. 52)	Tier 2 subordinated securities (Art. 63)
Amount recognised in regulatory own funds (in € thousands)	100,000	150,000	750,000	500,000
Nominal amount of instrument (in %)	100	100	100	100
Issue price (in %)	99.593	101.510	100.000	99.868
Redemption price (in %)	100	100	100	-
Accounting classification	Liabilities at amortised cost	Liabilities at amortised cost	Equity instruments issued	Liabilities at amortised cost
Original date of issuance	05.10.2016	16.01.2017	20.11.2019	26.10.2020
Perpetual or dated	Dated	Dated	Perpetual	Dated
Original maturity date	05.10.2028	09.06.2028	No fixed maturity	26.01.2031
Issuer call subject to prior supervisory approval	No	No	No	Yes
Optional call date, contingent call dates and redemption amount	-	-	-	26.10.2025
Subsequent call dates	-	-	-	Until 26.01.2026 (inclusive)
COUPONS/DIVIDENDS				
Fixed or floating coupon/dividend	Fixed	Fixed	Fixed	Adjustable
Coupon rate	2.25%	3.00%	3.875%	0.875%
Existence of a dividend stopper	No	No	Yes	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Fully discretionary	Mandatory
Existence of a step-up or other incentive to redeem	No	No	No	No
Non-cumulative or cumulative	No	No	No	No
Convertible or non-convertible	No	No	No	No
If convertible, conversion trigger(s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, instrument type convertible into	-	-	-	-
If convertible, issuer of instrument it converts to	-	-	-	-
Capital reduction features	-	-	-	-
Non-compliant transitioned features	No	No	No	No

4.2.3 Risk-weighted assets

Current methodology used to calculate capital requirements

The standardised approach is used to quantify the capital requirements under Pillar I for:

- ▶ credit risk;
- ▶ market risk;
- ▶ operational risks.

The general approach is employed along with regulatory settings to apply risk reduction techniques.

Risk-weighted assets (RWA) amounted to €91.1 billion at 31 December 2021 (compared to €85.5 billion at end-2020), an increase of 6.5%. Excluding the effect of changes in scope of consolidation and regulatory changes, RWA grew by 1.7% over the year. Including the effect of applying the CRR II Regulation, the year-on-year change was an increase of 3.0%.

Credit risk-weighted assets (including exposures in respect of counterparty risk) represented €81.2 billion at 31 December 2021, up €5.6 billion, or 7.5%, on 31 December 2020.

Market risk-weighted assets were up by €0.1 billion, or 19.2%. Operational risk-weighted assets were down by €0.3 billion, or 3.5%.

Overview of risk-weighted exposure amounts (RWEA) (EU OV1)

(in € millions)	Total risk-weighted exposure amounts (TRWEA)		Total own fund requirements
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021
Credit risk (excluding CCR)	79,362,675	73,842,921	6,349,014
of which standardised approach	79,362,675	73,842,921	6,349,014
of which foundation IRB (F-IRB) approach	-	-	-
of which slotting approach	-	-	-
of which equities under the simple risk weighted approach	-	-	-
Counterparty credit risk – CCR	1,806,931	1,687,785	144,555
of which standardised approach	550,697	892,326	44,056
of which internal model method (IMM)	-	-	-
of which exposures to a CCP	15,152	12,501	1,212
of which credit valuation adjustment (CVA)	302,801	292,620	24,224
of which other CCR	938,281	490,338	75,062
Not applicable	-	-	-
Settlement risk	-	-	-
Securitisation exposures in the non-trading book (after the cap)	176,322	53,770	14,106
of which SEC-IRBA approach	-	-	-
of which SEC-ERBA (including IAA)	176,322	53,770	14,106
of which SEC-SA approach	-	-	-
of which 1,250%/deduction	-	-	-
Position, foreign exchange and commodities risks (Market Risk)	813,467	682,720	65,077
of which standardised approach	813,467	682,720	65,077
of which IMA	-	-	-
Large exposures	-	-	-
Operational risk	8,938,864	9,264,753	715,109
of which basic indicator approach	-	-	-
of which standardised approach	8,938,864	9,264,753	715,109
of which advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	792,929	792,929	63,434
TOTAL	91,098,258	85,531,949	7,288

The data presented in the table above include the effects of the Basel substitution in the classification of exposures. As a result, the assets guaranteed by banking and corporate sector bodies are included in the latter categories.

Insurance participations (EU INS1)

(in € millions)

Exposure value

Own funds instruments held in insurance or reinsure undertakings or insurance holding company not deducted from own funds

15,516

TOTAL RWA

15,516

La Banque Postale does not deduct its significant investments in insurance sector entities in accordance with Article 49 of Regulation (EU) No 575/2013 and weights them in compliance with Article 133.

4.2.4 Regulatory framework for capital requirements

The regulatory framework defining prudential requirements for banks has been developed and strengthened since the last financial crisis in 2008 by gradually introducing new solvency, leverage and liquidity requirements, and by defining a European framework for managing bank crises including a plan for the recovery and restitution of banking establishments.

As a result, from 1 January 2014, La Banque Postale is subject to the prudential regulations inspired by the Basel III agreements defined in Directive No 2013/36/EU (CRD IV) and Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR), subsequently amended by Directive (EU) No 2019/878 (CRD V) and Regulation (EU) No 2019/876 (CRR II). The effective date of certain provisions set out in CRR II were brought forward following the adoption of Delegated Regulation (EU) No 2020/2176 (known as the "CRR Quick Fix").

In terms of solvency, three levels of own funds are defined:

- ▶ Common Equity Tier 1 (CET1) capital;
- ▶ Tier 1 capital comprising Common Equity Tier 1 (CET1) capital and Additional Tier 1 (AT1) capital;
- ▶ total capital comprising Tier 1 capital and Tier 2 capital (T2).

In total, three levels of solvency ratio are calculated:

- ▶ the Common Equity Tier 1 (CET1) ratio;
- ▶ the Tier 1 capital ratio or T1 ratio;
- ▶ the total capital ratio.

4.2.4.1 Regulatory own funds

Following the Supervisory Review and Evaluation Process (SREP) carried out by the ECB, the ECB notified La Banque Postale of its total SREP capital requirement (TSCR) applicable on a consolidated basis since 1 March 2022. This SREP capital requirement amounts to 10%, of which:

- ▶ pillar I requirements (minimum CET1 of 4.5%, minimum Tier 1 of 6%, minimum total capital of 8%);
- ▶ pillar II requirement (additional own funds of 2%). In the context of the COVID-19 pandemic, in a subsequent decision amending the composition of the additional own funds requirement, the ECB authorised La Banque Postale to meet this requirement via a minimum of 1.125% CET1 and 1.5% Tier 1 capital, anticipating the application of Article 104 bis of CRD V.

In addition to these requirements, the SREP letter reminds La Banque Postale of its obligation to meet the overall capital requirement (OCR), which includes, in addition to the total SREP capital requirements, the combined buffer requirements. As a reminder, for La Banque Postale these total capital buffer requirements consist of:

- ▶ 2.50% for a capital conservation buffer (CCB);
- ▶ 0.25% for the buffer for other systemically important institutions;
- ▶ 0.005% for the countercyclical buffer.

The above requirements take into account the full release of the countercyclical buffer requirements applicable to exposures in France, with the 0.25% to 0.50% increase in this buffer as from 2 April 2020 cancelled by way of a decision by the French high council for financial stability (Haut conseil de stabilité financière – HCSF). In the context of the COVID-19 pandemic, the HCSF decided the full release of this buffer requirement, applicable to relevant exposures in France since 2 April 2020 at a rate of 0%. While the buffer requirement was cancelled by most relevant authorities, it remains applicable in several jurisdictions, namely Bulgaria, Luxembourg, Norway, the Czech Republic, Slovakia and Hong Kong. La Banque Postale's specific countercyclical buffer rate was 0.005% at 31 December 2021.

This requirement does not include the recommendation for additional own funds under Pillar II (P2G).

Based on this notification, the overall capital requirement (OCR) is 12.755% (10% plus 2.755% for the combined buffer requirements).

Breakdown of CET1 capital requirement

	31 Dec. 2021	31 Dec. 2020
Pillar I requirement	4.50%	4.50%
Pillar II requirement (P2R)	1.125%	1.125%
Capital conservation buffer (CCB) requirement	2.500%	2.500%
Other systemically important institutions buffer requirement	0.250%	0.250%
Countercyclical buffer (CCyB) requirement	0.005%	0.004%
Minimum CET1 ratio requirement	8.380%	8.379%

The overall capital requirement amounts to 12.755%, including 1.875% that La Banque Postale can cover by AT1 instruments (1.5% for Pillar I and 0.375% for Pillar II) and 2.5% by Tier 2 instruments (2% for Pillar I and 0.5% for Pillar II).

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (EU CCyB1)

	General credit exposures		Relevant credit exposures – Market risk			Own funds requirements							
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for the standardised approach		Securitisation exposures value for the non-trading portfolio	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit risk exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
			Value of trading book exposures for internal models	Value of trading book exposures for the non-trading portfolio									
(in € millions)													
BREAKDOWN BY COUNTRY:													
ANDORRA	0	-	-	-	-	0	0	-	-	0	0	0	-
UNITED ARAB EMIRATES	2	-	-	-	-	2	0	-	-	0	1	0	-
ALBANIA	0	-	-	-	-	0	0	-	-	0	0	0	-
AUSTRIA	2	-	-	-	45	47	0	-	0	0	6	0	-
AUSTRALIA	52	-	-	-	-	52	1	-	-	1	7	0	-
BANGLADESH	0	-	-	-	-	0	0	-	-	0	0	0	-
BELGIUM	181	-	-	-	-	181	11	-	-	11	136	0	-
BURKINA FASO	0	-	-	-	-	0	0	-	-	0	0	0	-
BULGARIA	2	-	-	-	-	2	0	-	-	0	1	0	-
BAHRAIN	0	-	-	-	-	0	0	-	-	0	0	0	-
BURUNDI	0	-	-	-	-	0	0	-	-	0	0	0	-
BENIN	0	-	-	-	-	0	0	-	-	0	0	0	-
BRAZIL	7	-	-	-	-	7	0	-	-	0	3	0	-
CANADA	596	-	-	-	-	596	5	-	-	5	61	0	-
SWITZERLAND	49	-	-	-	-	49	3	-	-	3	39	0	-
COTE D'IVOIRE	0	-	-	-	-	0	0	-	-	0	0	0	-
CHILE	0	-	-	-	-	0	0	-	-	0	0	0	-
CAMEROON	1	-	-	-	-	1	0	-	-	0	0	0	-
CHINA	4	-	-	-	-	4	0	-	-	0	2	0	-
COLOMBIA	0	-	-	-	-	0	0	-	-	0	0	0	-
COSTA RICA	0	-	-	-	-	0	0	-	-	0	0	0	-
CYPRUS	0	-	-	-	-	0	0	-	-	0	0	0	-
CZECH REPUBLIC	2	-	-	-	-	2	0	-	-	0	1	0	-
GERMANY	347	-	-	-	124	471	25	-	2	27	337	0	-
DJIBOUTI	0	-	-	-	-	0	0	-	-	0	0	0	-
DENMARK	1	-	-	-	-	1	0	-	-	0	1	0	-
DOMINICAN REPUBLIC	0	-	-	-	-	0	0	-	-	0	0	0	-
ALGERIA	0	-	-	-	-	0	0	-	-	0	0	0	-
ESTONIA	0	-	-	-	-	0	0	-	-	0	0	0	-
SPAIN	130	-	-	-	209	339	8	-	3	11	137	0	-
FINLAND	21	-	-	-	-	21	1	-	-	1	16	0	-
FRANCE	89,847	-	-	-	371	90,218	4,786	-	5	4,791	59,887	1	-
GABON	0	-	-	-	-	0	0	-	-	0	0	0	-
UNITED KINGDOM	1,713	-	-	-	-	1,713	90	-	-	90	1,120	0	-
FRENCH GUIANA	1	-	-	-	-	1	0	-	-	0	0	0	-
GAMBIA	0	-	-	-	-	0	0	-	-	0	0	0	-
GADELOUPE	1	-	-	-	-	1	0	-	-	0	1	0	-
GREECE	2	-	-	-	-	2	0	-	-	0	2	0	-
GUYANA	0	-	-	-	-	0	0	-	-	0	0	0	-
HONG KONG	4	-	-	-	-	4	0	-	-	0	2	0	-
CROATIA	1	-	-	-	-	1	0	-	-	0	1	0	-
HAITI	0	-	-	-	-	0	0	-	-	0	0	0	-

	General credit exposures		Relevant credit exposures – Market risk			Own funds requirements							
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for the standardised approach	Value of trading book exposures for internal models	Securitisations exposures value for the non-trading portfolio	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit risk exposures – Market risk	Relevant credit exposures – Securitisations positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
(in € millions)													
HUNGARY	1	-	-	-	-	1	0	-	-	0	1	0	-
INDONESIA	1	-	-	-	-	1	0	-	-	0	1	0	-
IRELAND	113	-	-	-	-	113	11	-	-	11	135	0	-
ISRAEL	4	-	-	-	-	4	0	-	-	0	2	0	-
INDIA	2	-	-	-	-	2	0	-	-	0	1	0	-
ITALY	291	-	-	-	-	291	20	-	-	20	255	0	-
JERSEY	0	-	-	-	-	0	0	-	-	0	0	0	-
JAPAN	344	-	-	-	-	344	20	-	-	20	253	0	-
KENYA	0	-	-	-	-	0	0	-	-	0	0	0	-
COMOROS	0	-	-	-	-	0	0	-	-	0	0	0	-
REPUBLIC OF KOREA	125	-	-	-	-	125	1	-	-	1	13	0	-
KUWEIT	0	-	-	-	-	0	0	-	-	0	0	0	-
LEBANON	0	-	-	-	-	0	0	-	-	0	0	0	-
SRI LANKA	0	-	-	-	-	0	0	-	-	0	0	0	-
LITHUANIA	1	-	-	-	-	1	0	-	-	0	1	0	-
LUXEMBOURG	421	-	-	-	44	465	45	-	2	47	587	0	-
LATVIA	0	-	-	-	-	0	0	-	-	0	0	0	-
MOROCCO	7	-	-	-	-	7	0	-	-	0	5	0	-
MONACO	9	-	-	-	-	9	1	-	-	1	7	0	-
MOLDOVA	0	-	-	-	-	0	0	-	-	0	0	0	-
MONTENEGRO	0	-	-	-	-	0	0	-	-	0	0	0	-
MADAGASCAR	0	-	-	-	-	0	0	-	-	0	0	0	-
MACEDOINA	0	-	-	-	-	0	0	-	-	0	0	0	-
MALI	0	-	-	-	-	0	0	-	-	0	0	0	-
MARTINIQUE	1	-	-	-	-	1	0	-	-	0	1	0	-
MONTSERRAT	0	-	-	-	-	0	0	-	-	0	0	0	-
MALTA	0	-	-	-	-	0	0	-	-	0	0	0	-
MAURITIUS	0	-	-	-	-	0	0	-	-	0	0	0	-
MEXICO	2	-	-	-	-	2	0	-	-	0	1	0	-
MALAYSIA	0	-	-	-	-	0	0	-	-	0	0	0	-
NAMIBIA	1	-	-	-	-	1	0	-	-	0	1	0	-
NIGERIA	0	-	-	-	-	0	0	-	-	0	0	0	-
NETHERLANDS	2,668	-	-	-	174	2,841	86	-	2	88	1,099	0	-
NORWAY	148	-	-	-	-	148	1	-	-	1	17	0	-
NEW ZEALAND	0	-	-	-	-	0	0	-	-	0	0	0	-
OTHER	91	-	486	-	-	577	7	13	-	20	254	0	-
PERU	0	-	-	-	-	0	0	-	-	0	0	0	-
POLAND	3	-	-	-	-	3	0	-	-	0	2	0	-
SAINT-PIERRE-ET-MIQUELON	0	-	-	-	-	0	0	-	-	0	0	0	-
PORTUGAL	48	-	-	-	27	75	4	-	0	5	58	0	-
OTHER	0	-	-	-	-	0	0	-	-	0	0	0	-
QATAR	0	-	-	-	-	0	0	-	-	0	0	0	-
REUNION	1	-	-	-	-	1	0	-	-	0	1	0	-
ROMANIA	2	-	-	-	-	2	0	-	-	0	2	0	-
SERBIA	1	-	-	-	-	1	0	-	-	0	1	0	-

	General credit exposures		Relevant credit exposures – Market risk			Own funds requirements							
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for the standardised approach	Value of trading book exposures for internal models	Securitisation exposures value for the non-trading portfolio	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit risk exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements (%)	Counter-cyclical buffer rate (%)
(in € millions)													
RUSSIA	0	-	-	-	-	0	0	-	-	0	0	0	-
SAUDI ARABIA	0	-	-	-	-	0	0	-	-	0	0	0	-
SWEDEN	106	-	-	-	-	106	5	-	-	5	61	0	-
SINGAPORE	3	-	-	-	-	3	0	-	-	0	1	0	-
SLOVENIA	1	-	-	-	-	1	0	-	-	0	1	0	-
SLOVAKIA	1	-	-	-	-	1	0	-	-	0	1	0	-
SIERRA LEONE	0	-	-	-	-	0	0	-	-	0	0	0	-
SAINT MARIN	0	-	-	-	-	0	0	-	-	0	0	0	-
SENEGAL	0	-	-	-	-	0	0	-	-	0	0	0	-
EL SALVADOR	9	-	-	-	-	9	1	-	-	1	7	0	-
SYRIA	0	-	-	-	-	0	0	-	-	0	0	0	-
FRENCH SOUTHERN TERRITORIES	0	-	-	-	-	0	0	-	-	0	0	0	-
TOGO	0	-	-	-	-	0	0	-	-	0	0	0	-
THAILAND	0	-	-	-	-	0	0	-	-	0	0	0	-
TUNISIA	5	-	-	-	-	5	0	-	-	0	3	0	-
TURKEY	1	-	-	-	-	1	0	-	-	0	0	0	-
TRINIDAD AND TOBAGO	0	-	-	-	-	0	0	-	-	0	0	0	-
TAIWAN	0	-	-	-	-	0	0	-	-	0	0	0	-
UKRAINE	0	-	-	-	-	0	0	-	-	0	0	0	-
UGANDA	0	-	-	-	-	0	0	-	-	0	0	0	-
UNITED STATES OF AMERICA	440	-	-	-	-	440	34	-	-	34	421	0	-
URUGUAY	0	-	-	-	-	0	0	-	-	0	0	0	-
U.S. VIRGIN ISLANDS	0	-	-	-	-	0	0	-	-	0	0	0	-
VIETNAM	0	-	-	-	-	0	0	-	-	0	0	0	-
MAYOTTE	0	-	-	-	-	0	0	-	-	0	0	0	-
SOUTH AFRICA	2	-	-	-	-	2	0	-	-	0	2	0	-
TOTAL	97,823	-	486	-	995	99,303	5,170	13	14	5,197	64,961	-	-

Institution-specific countercyclical capital buffer (EU CCyB2)

Total risk exposure amount	91,098
Institution-specific countercyclical capital buffer rate	0.0%
Institution-specific countercyclical capital buffer requirement	4

4.2.4.2 Solvency ratios

La Banque Postale's Common Equity Tier 1 (CET1) ratio stood at 19.1% at 31 December 2021, down by 135 bps from 20.4% at the previous year-end.

The decline was mainly due to:

- ▶ self-financing of the Group's organic growth, with attributable net profit net of recurring dividends (+0.4%) financing organic growth of RWA over the year (-0.3%);
- ▶ the limited impact of regulatory changes introduced in CRR II (-0.3%);
- ▶ the very modest impact of acquiring BPCE's interest in CNP Assurances, with the resulting increase in RWA offset by the recognition of goodwill on the transaction;
- ▶ the impact of paying a catch-up dividend to compensate for dividends waived in prior years (-1.4%).

The Common Equity Tier 1 ratio resulting from natural business growth was therefore 19.1% at 31 December 2021. The inclusion of other comprehensive income added 30 bps and application of CRR II had a 24 bps positive impact:

- ▶ the Tier 1 ratio was 20.7%;
- ▶ the Group's total capital ratio was 23.7%, down 80 bps from 31 December 2020.

Risk-weighted assets (RWA) amounted to €91.1 billion at 31 December 2021 (compared to €85.5 billion at end-2020), an increase of 6.5%. Excluding the effect of changes in scope of consolidation and regulatory changes, RWA grew by 1.7% over the year. Including the effect of applying the CRR II Regulation, the year-on-year change was an increase of 3.0%.

(%)	31 Dec. 2021	31 Dec. 2020
Common Equity Tier 1 (CET1) ratio	19.1%	20.4%
Tier 1 capital ratio	20.7%	21.3%
Solvency ratio	23.7%	24.5%

4.2.4.3 Leverage ratio

The leverage ratio compares Tier 1 capital (the numerator) to a risk exposure measure or sum of risk exposure measures (the denominator) composed of balance sheet and off-balance sheet items, with no risk weighting applied. The leverage ratio is designed to prevent banks taking on excessive levels of debt.

This ratio, which was previously calculated for information purposes only, has become a regulatory requirement as from 30 June 2021 in application of Regulation (EU) No 2019/876 (CRR II). The minimum requirement is 3% of Tier 1 capital.

Under Article 429a of CRR II, which is currently applicable, the total amount of centralised savings is excluded from the total exposure measure, due to the nature of these assets (previously, only 50% of these assets was excluded, pursuant to an authorisation issued by the ECB).

Within the scope of the various "quick fix" measures adopted on 19 June 2020 in response to the economic slowdown caused by the COVID-19 pandemic, the European Parliament allowed central bank exposures to be excluded from the calculation of the leverage ratio exposure. This follows a decision of the supervisory authority.

At this stage, La Banque Postale has not applied to the ECB to benefit from this exemption.

At 31 December 2021, the leverage ratio was 7.2%.

Summary reconciliation of accounting assets and leverage ratio exposures (EU LR1)

(in € millions)	Applicable amount
TOTAL ASSETS AS PER PUBLISHED FINANCIAL STATEMENTS	772,310
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(469,061)
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total leverage ratio exposure measurement in accordance with Article 429a (1)(i) CRR)	-
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
Adjustment for eligible cash pooling transactions	-
Adjustment for derivative financial instruments	(2,376)
Adjustment for securities financing transactions (SFTs)	4,188
Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	16,294
(Adjustment for prudent valuation adjustments and general credit risk adjustments which have reduced Tier 1 capital)	(290)
(Adjustment for exposures excluded from the total leverage ratio exposure measure in accordance with Article 429a (1)(c) CRR)	-
(Adjustment for exposures excluded from the total leverage ratio exposure measure in accordance with Article 429a (1)(j) CRR)	(64,602)
Other adjustments	6,864
TOTAL LEVERAGE RATIO EXPOSURE MEASURE	263,617

Leverage ratio common disclosure (EU LR2)

(in € millions)	CRR leverage ratio exposures	
	31 Dec. 2021	31 Dec. 2020
On-balance sheet exposures		
▶ On-balance sheet items (excluding derivatives, SFTs, but including collateral)	300,509	292,298
▶ Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	215	-
▶ (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(161)	(441)
▶ (Asset amounts deducted in determining Tier 1 capital)	(1,080)	(1,137)
TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)	299,483	290,720
▶ Replacement cost associated with SA-CCR derivatives transactions (<i>i.e.</i> , net of eligible cash variation margin)	323	2,245
▶ Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
▶ Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	619	1,195
▶ Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
▶ Exposure determined under original exposure method	-	-
▶ (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
▶ (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
▶ (Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
▶ Adjusted effective notional amount of written credit derivatives	132	-
▶ (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(132)	-
Total derivatives exposures	942	3,440
▶ Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	9,228	13,673
▶ (Netted amounts of cash payables and cash receivables of gross SFT assets)	906	5,253
▶ Counterparty credit risk exposure for SFT assets	1,316	3,304
▶ Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e (5) and 222 CRR	-	-
▶ Agent transaction exposures	-	-
▶ (Exempted CCP leg of client-cleared SFT exposure)	-	-
▶ Total securities financing transaction exposures	11,451	22,230
▶ Off-balance sheet exposures at gross notional amount	101,807	105,889
▶ (Adjustments for conversion to credit equivalent amounts)	85,463	91,171
▶ (General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
Total off-balance sheet exposures	16,344	14,718
▶ (Exposures excluded from the total leverage ratio exposure measure in accordance with point (c) of Article 429a (1) CRR)	-	-
▶ (Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	(64,602)	(33,687)
▶ (Excluded exposures of public development banks – Public sector investments)	-	-

(in € millions)	CRR leverage ratio exposures	
	31 Dec. 2021	31 Dec. 2020
▶ (Excluded promotional loans of public development banks (or units): – Promotional loans	-	-
▶ (Excluded passing-through promotional loan exposures by non-public development banks (or units):	-	-
▶ (Excluded guaranteed parts of exposures arising from export credits)	-	-
▶ (Excluded excess collateral deposited at triparty agents)	-	-
▶ (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a (1) CRR)	-	-
▶ (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a (1) CRR)	-	-
▶ (Reduction of the exposure value of pre-financing or intermediate loans)	-	-
(TOTAL EXEMPTED EXPOSURES)	(64,602)	(33,687)
▶ Tier 1 capital	18,855	18,211
Total leverage ratio exposure measure	263,617	297,421
▶ Leverage ratio (%)	7.2%	6.1%
▶ Leverage ratio (without the adjustment due to excluded exposures of public development banks – Public sector investments and promotional loans) (%)	7.2%	6.1%
▶ Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.2%	6.1%
▶ Regulatory minimum leverage ratio requirement (%)	-	-
▶ Additional own funds requirements to address the risk of excessive leverage (%)	-	-
of which: to be provided from CET1 capital	-	-
▶ Leverage ratio buffer requirement (%)	-	-
▶ Overall leverage ratio requirement (%)	N/A	N/A
▶ Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	18,725	-
▶ Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	10,135	-
▶ Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	272,208	297,421
▶ Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	272,208	297,421
▶ Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	0	0
▶ Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	0	0

Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (EU LR3)

(in € millions)	CRR leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	235,958
▶ Trading book exposures	1,688
Banking book exposures, including:	234,270
▶ Covered bonds	1,342
▶ Exposures treated as sovereign	77,322
▶ Exposure to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereign borrowers	7,524
▶ Institutions	7,024
▶ Exposures secured by mortgages on immovable property	29,276
▶ Retail exposures	54,565
▶ Corporate	34,141
▶ Exposures in default	970
▶ Other exposures (particularly shares, securitisations and other non-credit obligation assets)	22,106

4.2.5 Capital steering and internal capital adequacy

Objectives

La Banque Postale has implemented a planning system for its capital at the level of the Group, in order to ensure that the following objectives are met:

- ▶ assess the Group's current solvency position in relation to its risk profile and risk appetite;
- ▶ anticipate future needs through medium-term forecasts incorporating internal and external constraints, investment opportunities and any regulatory changes that may impact the Group's capital structure;
- ▶ assess capital adequacy and ensure adequate allocation of capital between business lines and subsidiaries as regards risk/return management;
- ▶ define the measures required to attain the capital objectives set by Management in connection with major shareholders.

La Banque Postale also has a process for assessing the adequacy of its internal capital (Internal Capital Adequacy Assessment Process (ICAAP)), which is based on the following:

- ▶ medium-term planning of regulatory capital requirements, with a focus on the Group's growth objective and future regulatory changes. This planning exercise, performed once a year, tends to evaluate the Group's financial strength in both a central economic (capital planning) and stressed scenario (annual financial strength stress test);

- ▶ assessing internal capital requirements induced by the principal risks of the Group, based on La Banque Postale's internal methods.

The Finance Department is in charge of the ICAAP process, but it is also a cross-process between the Risk and Financial functions. The ICAAP is updated half-yearly and transferred to the Capital Management Committee for approval by the Executive Board before being reported to the Supervisory Board and its Risk Committee.

Governance

The planning process is implemented by the Finance Department with the support of the Balance Sheet Management Committee, which meets five to six times per year under the Chairmanship of the Chairman of the Executive Board. The Committee is responsible for:

- ▶ defining capital management objectives;
- ▶ examining the trajectory of capital and defining the measures required to achieve the capital objectives set by the management bodies (security issuance, capital increase requests, arbitrages/business line orientation, etc.);
- ▶ validating the preventive actions linked to La Banque Postale's financial strength, based on the results of internal stress tests and those carried out at the request of regulators;
- ▶ examining the recommendations of regulatory and supervisory authorities and their impact on La Banque Postale's capital position and the methods used.

Information on the internal capital adequacy assessment process (EU OVC)

Approach to assessing the adequacy of the internal capital	La Banque Postale Group assesses the adequacy of its internal capital to meet regulatory requirements by examining its solvency position and trajectory using the standardised approach and the economic approach, as well as in relation to its risk appetite. It also examines medium-term changes in its solvency position using the standardised approach, under a central scenario and adverse scenarios. These scenarios incorporate various assumptions about changes in the business scope and prudential regulations. The internal capital requirement generated by the Group's main risks is assessed using proprietary methods.
Result of the internal capital adequacy assessment process	La Banque Postale Group has not received any demand from the relevant competent authority to disclose the result of the internal capital adequacy assessment process.

Description of the processes used to manage the risk of excessive leverage

The risk of excessive leverage may lead to corrective measures being taken that were not planned in the financial and capital business plan, in particular the sale of assets.

The leverage ratio forms part of the risk management system with the introduction of an internal threshold in the Risk Appetite Statement (RAS). It is monitored by the GRMC and the Capital Management Committee.

For outstanding loans financed by retail deposits, the risk of excessive leverage is controlled by La Banque Postale and monitored as part of the Internal Capital Adequacy Assessment Process (ICAAP) in accordance with the objectives and governance process described above. This includes preparing leverage ratio projections during the strategic planning process covering the Group's businesses and balance sheet.

4

4.2.6 Indicators of global systemic importance

In accordance with the recommendations of the national supervisor, La Banque Postale sets out below its 10 indicators relating to financial institutions of systemic importance to the global economy. These data were established according to the

Basel Committee's specific instructions on banking control and cannot be directly compared to other information published by La Banque Postale.

(in € millions)		31 Dec. 2021
Size	Total assets	303,611
Importance (including substitutability/ financial system infrastructure)	Value of domestic payment transactions	180,902
	Private sector deposits from depositors in the EU	202,595
	Private sector loans to recipients in the EU	102,222
Complexity/cross-border activity	Value of OTC derivatives (notional)	147,650
	Cross-jurisdictional liabilities	7,483
	Cross-jurisdictional claims	24,062
Interconnectedness	Intra financial system liabilities	36,304
	Intra financial system assets	23,310
	Debt securities outstanding	26,027

4.3 GOVERNANCE AND RISK MANAGEMENT SYSTEM

4.3.1 Governance

La Banque Postale has a governance framework which enables it to ensure compliance with its external obligations and its internal framework.

The Executive Board sets the fundamental principles related to risk management (strategic guidelines, values, risk appetite, governance). These principles are then approved by the Supervisory Board and are used as a basis by each business line for setting its priority actions and the associated risk management system under the supervision of the Group Risk Department and the Compliance Department.

4.3.1.1 Internal control framework

The internal control system is aligned with the nature and volume of La Banque Postale's operations and its risk exposures. It covers all of the business carried out by the parent company and its exclusively and jointly controlled subsidiaries, its Monaco branch and its business in Andorra, La Poste Network entities working in its name and on its behalf and service providers responsible for providing essential services. The system is built around a reference framework comprising internal delegations of authority and the fundamental principles set out in documents such as the internal control policy and the code of conduct.

All activities conducted by La Banque Postale's business lines, its fully and jointly controlled subsidiaries, its equity-accounted associates and joint ventures, the dedicated financial services entities and the entities working in the name and on behalf of La Banque Postale, are covered by the risk management system. Risk management and control processes are based on a Groupwide approach.

The risk management system and its structure are based on three lines of defence that constitute the internal control framework. It complies with the government order of 3 November 2014 regarding internal control.

La Banque Postale Group uses the concept of lines of defence to represent its organisation in terms of risk management and best practices.

First line of defence

Each Group entity has primary responsibility for managing its risks. The entities' senior executives are responsible for implementing a system that provides assurance concerning compliance with the applicable internal and external risk management requirements. This risk management system is part of the framework defined by the La Banque Postale Group's Risk Department and Compliance Department. Risks are accepted, managed and monitored, and warnings are issued in accordance with the rules set by the Group.

Each employee provides assurance that risks are properly managed at their level through their knowledge, experience, judgement and compliance with their entity's rules. As a result, the business lines' operational departments constitute the first line of defence.

Second line of defence

The second line of defence consists of the Group Risk Department and Compliance Department. These departments are responsible for the permanent controls provided for in the government order of 3 November 2014 on internal control, and they also provide assurance that there is an appropriate, uniform framework in place for defining and improving risk management procedures.

The first and second lines of defence constitute the system of permanent controls. The cornerstones of the internal control system are:

- ▶ **the Risk Organisation Charter:** The Risk Organisation Charter, established by the Group Risk Department, describes the role, responsibilities, organisation, governance and resources of the Risk Organisation put in place by the Group to ensure compliance with its risk appetite framework.

The Charter was approved by the Supervisory Board in April 2020 and takes into account the changes resulting from the integration of CNP Assurances in the La Banque Postale Group.

The Charter notably describes the organisational structures and processes set up within the Group to provide assurance to the Executive Board and Supervisory Board that:

- the risk management framework they defined in the Risk Appetite Statement (RAS) is complied with;
- they are informed of the level of risk assumed by the Group, the emergence of any new risks or the occurrence of major incidents;
- the Group's risk management framework is effective.

- ▶ **The Group Compliance Department Charter:** This Charter describes the Department's role, responsibilities and organisation, and the resources deployed to ensure La Banque Postale Group's compliance with the regulations covering financial security (measures to combat money laundering and the financing of terrorism, compliance with international asset freezes and sanctions), customer protection, ethics (including the prevention of fraud, bribery and corruption) and the provision of investment services.

In particular, it describes the role and responsibilities of the banking, investment services and insurance compliance function performed by the Group Compliance Department, supported by other La Banque Postale Group departments: the Compliance Department of La Banque Postale, the La Poste Network's Banking Compliance Department and the Compliance Departments of La Banque Postale's subsidiaries.

The purpose of the Charter is to formally define the guiding principles in terms of compliance and describe the players that contribute to their implementation.

The Group Risk Department and Group Compliance Department each have dedicated organisations:

- ▶ **the Risk Organisation:** this organisation defines the systems and procedures constituting the Group's risk management framework and submits the framework to the Executive Board and Supervisory Board for their approval. It ensures that the framework is properly implemented and effective.

The organisation covers La Banque Postale Group's risk exposures. The Risk Organisation covers all the entities comprising the financial conglomerate within the Group's scope of consolidation, in accordance with the applicable national and industry-specific laws and regulations.

The risk organisation's roles and responsibilities include the following, which are carried out by the Group Risk Department on behalf of La Banque Postale:

- define and manage the risk management framework,
- define and manage the permanent control framework,
- produce risk reports for external stakeholders.

These main roles and responsibilities are described in detail in the Risk Organisation Charter.

The Risk Organisation is built around the Group Risk Department's central functions and the decentralised functions within the Group entities or working in the name and on behalf of the Group (the La Poste Network).

- ▶ **Compliance Organisation:** this organisation was created by setting up the La Banque Postale Compliance Department, the La Poste Network's Banking Compliance Department and the Ethics Department. Reporting to the Group Compliance Department, the Compliance Organisation also manages KYC procedures and Regulatory Training programmes. In addition, the Compliance Organisation ensures that CNP Assurances and all of the other La Banque Postale Group subsidiaries comply with applicable laws and regulations.

Created by decision of the Executive Board on 9 December 2019, the Compliance Organisation responds to the need for a Groupwide system that is scalable to all the activities of La Banque Postale and its subsidiaries. In particular, the organisation is capable of responding efficiently and without delay to the operational compliance issues encountered within La Banque Postale SA's business lines, the La Poste network, and the subsidiaries.

It is described in La Banque Postale Group's Compliance Charter.

The Compliance Organisation's responsibilities are fulfilled by:

- identifying and assessing compliance and reputational risks, and implementing the appropriate risk management system (procedures, checks, training, etc.),
- drafting a formal set of compliance procedures at La Banque Postale Group level, rolled out to each business: (code of ethics, Anti-corruption Code, Compliance section of the Internal Rules, Policies and Procedures),
- coordinating the whistleblowing system,
- expressing opinions and giving advice on compliance issues,
- training employees and raising their awareness of compliance issues,
- monitoring compliance controls in coordination with the Permanent Control Department,
- ensuring that Compliance procedures and projects take account of the latest regulatory developments.

The organisation is led by the Group Compliance Department in accordance with ACPR guidelines published in April 2020. The Department covers AML-CFT procedures and application of international sanctions, as well as Ethics issues such as the prevention of bribery, corruption and fraud, customer protection and compliance with regulations governing the provision of investment services.

Third line of defence

The Internal Audit Department provides the third line of defence by performing periodic internal audits of all of the Group's entities and functions, including the two departments responsible for risk management.

The Periodic Control Charter prepared by the Internal Audit Department describes the basic principles governing the Internal Audit function within La Banque Postale Group and the La Poste units that carry out transactions in the name and on behalf of La Banque Postale. It describes the role and responsibilities of the Internal Audit function, its position in the internal control structure and its auditing methods. The Charter was approved by the Group Risk Committee of the Supervisory Board on 16 April 2020. The Head of Internal Audit reports to the Chairman of the Executive Board and has a direct line of communication with the Supervisory Board's Risk Committee to report any matters of concern.

4.3.1.2 The Group's governance bodies and steering of the Group's risks

The governance and oversight of the Group's risks are underpinned by a group of committees, which enable it to comply – from the highest levels of responsibility down – with the applicable laws and regulations, and to ensure that all of its risks are managed in a healthy and independent manner.

The role of these committees – which are set out below in the order of their responsibility level – is to:

- ▶ report to La Banque Postale Group's management bodies (the Executive Board and the Supervisory Board) on whether risks are being appropriately managed;
- ▶ provide the Risk Organisation with the bodies it requires to manage risks at a more operational level.

These committees are:

- ▶ **for the Supervisory Board:** the Supervisory Board's Risk Committee, which meets at least once every two months (for more information about the Committee, see Section 2.1.2.1.4 "Work of the committees of the Supervisory Board" in this Universal Registration Document);
- ▶ **for the Executive Board:** for the purpose of performing its duties, the Executive Board is supported by:
 - GRMC: the executive body dedicated to overseeing the Group's risks. This Committee meets on a monthly basis,
 - Conglomerate Committee: the committee of the Executive Board set up in compliance with La Banque Postale's regulatory obligations as the head of a financial conglomerate,
 - Insurance Strategy Committee: this committee has been set up in response to the regulatory requirement for additional supervision of the financial conglomerate, in order to strengthen La Banque Postale Group's overall governance and risk management system. It is a committee of La Banque Postale's Executive Board, whose strategic oversight of matters subject to additional supervision is carried out by the Conglomerate Committee,
 - Group Cyber Strategy Committee: this committee enables the Executive Board to validate La Banque Postale Group's cyber-security strategy, monitor its implementation and note its results. It meets twice a year.

To ensure that the Group's risks are overseen as effectively as possible, representatives of the Risk function are members of the following Executive Board committees:

- Balance Sheet Management Committee;
- Information Systems and Major Projects Strategy Committee.

One Executive Board meeting every two months is devoted to discussing internal control issues.

Lastly, the Risk Organisation has set up a number of operational committees tasked with overseeing the Group's risks. The main committees of the centralised risk function (some of which are sub-committees of the GRMC) are presented below.

For **credit risks**:

- Group Retail Credit Risk Committee: this Committee meets twice a week and oversees risks relating to loans granted by La Banque Postale and any other Group entities that grant loans to private individuals;
- Executive Board Commitments Committee: this Executive Board Committee meets on a weekly basis and takes decisions on (i) lending commitments in excess of €100 million, (ii) non-standard loan terms, and (iii) loans that have been the subject of a disagreement at the highest level of delegated authority;
- Large Exposures Committee: this GRMC sub-Committee meets once a quarter. The Corporate, Public Sector and Institutions Risk Department presents to this committee changes in the credit portfolio and in certain related risk metrics, as well as a summary of the lending decisions taken during the period under review, a status report on the use of lending limits set for the Commercial Banking portfolio, and a status report on key loans subject to additional vigilance (loans recorded on the watchlist or involving customers in difficulties, etc.).

The Risk Organisation also has a number of other operational committees responsible for overseeing credit risk, including the Watchlist Committee (corporate customers), the Loan Provisions Validation Committee, the Disputes Committee (individual customers), the Syndication Monitoring Committee (corporate customers), the Special Cases Committee (corporate customers), the Credit and Investment Risk Committee (corporate customers), etc.

For **financial risks**:

- Market Risks Committee: this Risk Organisation Committee meets once a month and is tasked with reviewing lending limits, information systems security, market movements, and certain valuation components;
- Insurance Division Financial Risk Monitoring Committee: this Risk Organisation Committee meets once a month when the RAD is made available. It is responsible for overseeing the operational system to control the Insurance Division's exposure to financial risks;
- Operational ALM Risks Committee: this Risk Organisation Committee is responsible for overseeing the operational system for controlling ALM risks.

For **insurance risks**:

- Insurance Risk Committee: this Risk Organisation Committee – whose remit includes the Insurance Division entities – is responsible for ensuring that the Group has a uniform risk management framework and a consolidated vision of insurance risks.

For **operational risks**:

- Cyber-security Strategic Plan Oversight Committee: the role of this Committee is to monitor initiatives and projects for the roll-out of the cyber-security strategy and make any necessary decisions. It meets once every quarter;
- Outsourced Services Risk Approval Committee: this GRMC sub-Committee meets at least once a month, and more often when necessary. Its main responsibilities are to approve risks related to plans to outsource services that expose La Banque Postale Group to critical or major risks, when the outsourced services begin and/or when Cloud-type solutions are used and such approval is required as part of the decision tree used for selecting the Cloud-type solution;
- Operational Risks Provisions Committee: this Risk Organisation Committee meets with the same frequency as the accounts closing processes. Its primary role is to review operational risks which have been estimated by an independent valuer to represent a loss of more than €100,000 per risk.

For **cross-functional issues**:

- Risk Management Rules Validation Committee: this GRMC sub-committee meets twice a month. Its role is to validate all of the management rules and the standardised and methodological documentation used by La Banque Postale's Group Risk Department, the Risk Organisation entities and the business lines' Risk Departments in order to manage risks and effectively implement the risk management strategy set by La Banque Postale in its Risk Appetite Statement and Group Risk Management Operational Policy;
- Solvency Ratio Validation Committee: this Risk Organisation Committee meets once a quarter and is tasked with validating La Banque Postale Group's solvency ratio and Minimum Requirement for Own Funds and Eligible Liabilities (MREL);
- Conglomerate Capital Ratio and Reports Validation Committee: this Risk Organisation Committee meets twice a year and is tasked with validating the Group's conglomerate capital ratio and reports;
- Conglomerate Reports Validation Committee: this Committee meets twice a week and oversees risks relating to loans granted by La Banque Postale and any other Group entities that grant loans to private individuals;
- Model Risk Management Committee: this GRMC sub-committee meets at the request of its Chairman or on the proposal of its secretary. Its role is to carry out permanent controls on the methodology used for all of La Banque Postale's significant models, including for its subsidiaries, in order to effectively manage the risks related to those models.

The Risk Organisation is also supported by **other cross-functional committees**, including:

- Subsidiary Risk Management Committee: like the meetings of the La Banque Postale GRMC, the subsidiaries' Risk Management Departments hold meetings of their own risk Management Committees prior to the meetings organised by the subsidiaries' governance bodies (Audit and Risk Committee);
- Risk and Control Committee: this entity-level committee meets at least once every six months and is in charge of overseeing operational risks and validating the entity's operational risk map on an annual basis;

- Product Review Committee: this committee is led by the Compliance Department. It is responsible for validating product launches further to a review of their functioning, of their appropriateness for the target customers, and of any requisite developments such as new sales channels or licence extensions;

- Product Monitoring Committee.

At CNP Assurances, the Board of Directors, the Audit and Risk Committee and executive management are responsible for risk management, as well as for internal control governance and oversight. They are supported in this task by a certain number of committees, including:

- ▶ Group Risk Committee: this committee reviews the half-yearly reports prepared by the permanent control teams and prepares executive summaries of the reports' most salient information, where appropriate, for review during meetings of the Audit and Risk Committee and the Board of Directors;
- ▶ Operational Risks and Internal Control Committees: these committees have been set up in all CNP Assurances entities; their role is to obtain assurance concerning the effectiveness

and completeness of controls over the insurance entities' operational risks. They meet twice a year.

4.3.1.3 Strengthening of the Group's governance and risk management during the COVID-19 crisis

In 2020, at the peak of the health and economic crisis, La Banque Postale Group strengthened its governance by holding daily meetings of the Executive Board and Executive Committee during the first lockdown, as well as special meetings of the Supervisory Board Risk Committee, in order to identify any deterioration in the credit quality of its portfolio and take immediate action where necessary. As the crisis dragged on, working methods were adapted and the economic and health situation began to slowly return to normal, allowing the Group to revert to more conventional risk management methods in 2021. Nonetheless, the effects of the crisis on La Banque Postale's business continue to be closely monitored and further exceptional risk management measures may be taken if required by the pandemic.

4

4.3.2 Regulatory framework

La Banque Postale is the parent company of a group primarily made up of companies operating in the regulated financial sector. In this respect, each of La Banque Postale Group's subsidiaries or affiliates is subject to the specific regulations applicable to the sector in which it operates, *i.e.*, banking, insurance or investment services. La Banque Postale is recognised by the supervisory authorities as a financial conglomerate together with its insurance subsidiaries, and complies with the specific regulations in terms of additional supervision.

Applicable regulations are aimed at guaranteeing the stability of the financial sector (*i.e.*, "prudential" regulations) and at protecting consumers/investors. They are also designed to prevent money laundering and the financing of terrorism.

La Banque Postale's internal control is governed by the French Monetary and Financial Code, by the government order on internal control of 3 November 2014, and by the guidelines of the European Banking Authority dated 2 July 2021 (EBA/GL/2017/11).

La Banque Postale is subject to European and French "prudential" regulations applicable to credit institutions and financial conglomerates.

The activities of La Banque Postale belong to sectors that are subject to strict regulation: the banking, financial services and insurance sectors. The regulatory framework for these activities has undergone major change and has become increasingly complex over the past few years.

The main regulatory provisions applicable to La Banque Postale (parent company and subsidiaries) which have an impact on the risk management system are presented below.

European and French regulations

Capital regulations incorporate the notion of institutions that are "systemically important" for the economy, the aim being to

adjust the governance, risk management and control, and minimum capital requirements applicable to those institutions. La Banque Postale Group is included in the group of "other" Systemically Important Institutions.

La Banque Postale is supervised directly by the ECB as a "significant entity" within the meaning of Regulation (EU) No 1024/2013 on the Single Supervisory Mechanism ("SSM Regulation") and the SSM Framework Regulation.

La Banque Postale is also subject to Directive No 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms ("BRRD"), which has been transposed into French law. The Single Resolution Mechanism (SRM), the second pillar of the Banking Union, rounds out the BRRD and was defined in Regulation (EU) No 806/2014. It establishes uniform rules and procedures for the resolution of credit institutions and of certain investment firms. The SRM organises the sharing of competences between the SRB and the national resolution authorities (the ACPR in France).

Financing companies, electronic money institutions, financial and payment intermediaries and insurance brokers fall within the supervisory remit of the ACPR in France.

Portfolio management companies are supervised by the AMF, which also supervises investment firms together with the ACPR.

Insurance subsidiaries and affiliates included in the scope of the financial conglomerate are also subject to ACPR supervision on an individual basis. The ECB is responsible for organising supervision of the conglomerate and for ensuring that it complies with its obligations.

On 27 October 2021, the Commission published its proposed changes to the Banking Package (prudential and resolution rules); La Banque Postale participated in the banking sector's examination of these proposals. One proposed change is the inclusion of a new area of regulation and supervision. The Banking Package is based on the work of the Basel Committee. Regulation of crypto assets depends on the status of this work.

Application of the CRD and the CRR

La Banque Postale currently applies, among others, the prudential requirements defined in the CRR, which set out:

- ▶ capital instrument eligibility rules;
- ▶ capital requirement levels (including systemic and other risk buffers);
- ▶ capital requirement calculation rules for credit risk, counterparty risk, operational risk and market risk.

These rules were largely revised by CRR II in relation to counterparty and credit risk/SA-CCR and market risk. The new rules for market risk will be monitored pending their application in 2023.

Besides the risks mentioned above, La Banque Postale is also subject to:

- ▶ credit risk rules, as amended for areas such as investments in funds and application of a support factor for investments to finance infrastructure projects and the development of SMEs through modification of the existing factor;
- ▶ the thresholds and calculation rules for large exposures, which will be based on Tier 1 instead of eligible capital (as provided for by CRR II);
- ▶ the thresholds and calculation rules for the Net Stable Funding Ratio (NSFR).

Binding minimum requirements now apply to the NSFR and leverage ratio following application of the main CRR II measures from 28 June 2021. La Banque Postale is also calibrating its indicators and setting associated risk limits.

Since the Banking Package was published on 7 June 2019, several level 2 texts have been published dealing with counterparty credit risk (EU Delegated Regulation No 2021/931 specifying the method for identifying derivative transactions with one or more than one risk driver) and large exposures (EBA/GL/2021/09 guidance to assess breaches of the large exposure limits).

Other work is ongoing to complete the regulatory framework through the drafting of level 2 texts in the areas under the responsibility of the EBA for market risk, Pillar III requirements, reporting requirements and large exposures.

Many taxonomies and validation rules have been published to take into account the new texts or align them with amended texts (CRR, EMIR, MIF, SFT, etc.).

CRR II has also introduced new requirements concerning ESG risks (see Section "Application of regulations concerning ESG risks").

The overall framework is gradually being put in place taking the regulations into consideration. Other EU framework texts have also been published, which La Banque Postale will comply with, namely:

- ▶ Directive No 2019/2034 and Regulation No 2019/2033 on the prudential requirements for investment firms, which amend the CRD and CRR. A certain number of level 2 texts have been prepared since January;
- ▶ Directive No 2019/2062 and Regulation No 2019/2060 (amending the CRR) concerning covered bonds;
- ▶ Regulations No 2021/557 and No 2021/558 amending the general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation.

Since it has a crowdfunding subsidiary, La Banque Postale will also comply with the Directive and Regulation on crowdfunding service providers published on 30 October 2020.

La Banque Postale will also follow the discussions underway with the European Commission to change the new regulatory framework applicable to securitisation transactions.

Lastly, on 27 October 2021, the European Commission published its proposed Banking Package, CRR3/CRD6. Most of the Package's provisions will come into effect as of 1 January 2025. The new regulations will not be enforceable until the European legislative process has been completed.

Application of the EMIR regulation (amended by EMIR Refit 2019/834)

La Banque Postale applies the EMIR regulation (for the phase that concerns the Group) in order to be able to exchange initial margins for non-centrally cleared OTC derivative transactions. Exchanges of variation margins on these transactions are already effective.

Consideration of market recommendations on benchmarks and Brexit

La Banque Postale has set up a specific organisational structure to manage its transition from Eonia to the €STR, and to prepare for the phasing-out of the IBOR.

It also took the necessary measures to prepare for Brexit and is currently waiting for an agreement to be reached between the United Kingdom and the European Union on regulatory equivalence.

Application of the French government orders of 3 November 2014

The governance and internal control system implemented by La Banque Postale is governed by the government orders dated 3 November 2014 on:

- ▶ the internal control of firms in the banking, payment services and investment services sectors subject to the supervision of the Prudential Supervision and Resolution Authority (ACPR);
- ▶ prudential supervision on a consolidated basis;
- ▶ the additional monitoring of financial conglomerates.

This framework has been revised with the publication of new rules that came into effect between 29 December 2020 and 28 June 2021, amending the above-mentioned government orders dated 3 November 2014:

- ▶ transposition into French law of Directive No 2019/878 (CRD V) on remuneration practices (government order dated 22 December 2020 amending the internal control provisions of government order dated 3 November 2014);
- ▶ clarification of the requirements concerning AML-FT systems and internal procedures, asset freezes, internal controls over these systems and procedures, the role of senior management, etc. (government order dated 6 January 2021 on AML-FT systems, asset freezes, bans on the release or use of funds or economic resources, and the related internal controls);
- ▶ integration of certain rules adopted at European level and adjustment of certain industry practices in relation to EBA guidelines on outsourcing, internal governance and IT risk, the different lines of defence, data aggregation obligations, obligations concerning business continuity plan management, management of conflicts of interest, etc. (government order dated 25 February 2021 amending government order dated 3 November 2014 on internal control of regulated institutions);

- clarifications concerning instances where the ACPR supervises a group on a consolidated basis (government order dated 25 February 2021 amending government order dated 3 November 2014 on prudential supervision on a consolidated basis and government order dated 3 November 2014 on the prudential supervision process and the process for assessing risks related to banking service providers and investment firms other than portfolio managers, amending government order dated 3 November 2014 on prudential supervision on a consolidated basis);
- transposition into French law of Directives (EU) No 2019/878 (CRD V) and (EU) 2019/879 (BRRD II) on the rules restricting dividend payments if certain capital, minimum capital and MREL requirements are not met (government order dated 25 February 2021 concerning restrictions on dividend payments applicable to credit institutions, finance companies and certain investment firms, amending government order dated 3 November 2014 on the capital buffers of banking service providers and investment firms other than portfolio managers).

The management body (i.e., the Supervisory Board in the case of La Banque Postale) provided for in the European Banking Authority's guidelines on internal governance is responsible for:

- overseeing implementation of the governance arrangements and assessing their effectiveness;
- approving and regularly reviewing strategies and policies on the acceptance, management, monitoring and mitigation of known or potential risks.

The amended government order on internal control describes the role of senior management and their involvement in the risk management system. Portfolio management companies are supervised by the AMF, which also supervises investment firms together with the ACPR.

This role implies that members of the Supervisory Board have the necessary knowledge, skills and expertise to understand and monitor La Banque Postale Group's strategy and risk appetite. The powers of the supervisor have been strengthened with respect to the appointment and assessment of the competences of the directors and executives.

In accordance with the regulatory requirements for additional supervision of its financial conglomerate, La Banque Postale Group reinforced its overall governance and risk management system by holding an Insurance Strategy Committee. This is a Committee of La Banque Postale's Executive Board, whose strategic oversight of matters related to additional supervision is carried out by the Conglomerate Committee.

Application of the Solvency II directive for insurance subsidiaries (including CNP Assurances) and the FICOD directive

The Group's insurance subsidiaries are subject to the legal and regulatory framework implemented by the "Solvency II" and "FICOD" directives, which have been transposed into French law.

All of the subsidiaries and investments of La Banque Postale Group belonging to the insurance sector must meet, at all times,

the regulatory requirements of this sector. As the head of a financial conglomerate, La Banque Postale is responsible for ensuring that each of its subsidiaries meets all such requirements and, more generally, that risk controls are consistent and in line with the Group's Risk Organisation Charter.

Measures adapting regulations and procedures due to the COVID-19 health crisis

In addition to the above-described regulatory framework, a number of measures have been published and/or taken by the supervisory authorities in order to mitigate the impacts of the COVID-19 pandemic. These include, *inter alia*:

- recommending the cancellation of dividend payments until 30 September 2021 (the ECB has announced that this recommendation will not be renewed beyond 30 September);
- providing the possibility of temporarily exempting companies from complying with the requirements of P2G, the capital conservation buffer and the LCR;
- lowering the countercyclical buffer to zero for French exposures;
- providing for specific provisions regarding exposures subject to repayment holidays.

Application of the regulations concerning ESG risks

Since the COP21 conference in Paris in particular, the banking sector has been considered as having a critical role to play in financing a more responsible and sustainable economy. The banking supervisor has published a certain number of regulatory texts supporting this view, some of which are still at the consultation stage.

La Banque Postale complies with the regulation on sustainability-related disclosures in the financial services sector (Regulation (EU) No 2019/2088 – SFDR – which is in the process of being implemented through the European Supervisory Authorities' Regulatory Technical Standards (RTS), the final version of which was published at the end of October 2021).

Other proposed regulatory texts that are currently being finalised are also being examined in detail. They include:

- the Taxonomy Regulation, Regulation (EU) No 2020/852 and its delegated acts currently subject to consultation (Climate Delegated Act and Article 8 on transparency requirements);
- the European Banking Authority's consultation paper on Pillar III ESG disclosure requirements (EBA/CP/2021/06).

The ECB has stepped up its supervision of ESG risks by publishing its final guide on climate-related and environmental risks for banks, explaining how the ECB expects banks to prudently manage and transparently disclose such risks under current prudential rules (November 2020). To address the ECB's expectations, La Banque Postale conducted a self-assessment in early 2021, and it will also participate in the ECB's climate stress-test to be conducted in the first half of 2022.

4.3.3 Risk mapping

La Banque Postale has a Risk Taxonomy representing the framework of risk factors to which the Group is exposed. Its purpose is to create a shared risk language across all of La Banque Postale Group's entities (banking, insurance and asset management sectors).

The Group has a risk map that scores all of these risks and enables it to comply with the applicable regulatory requirements (government order of 3 November 2014 on internal control, FICOD, SSM publications, etc.) and is also used as a support for the various cross-functional risk management exercises (such as ICAAP, Risk Appetite Statement and Dashboard, New Product Analysis, Stress Tests, etc.).

This risk map sets out and classifies all of the risks to which the conglomerate is exposed. It was updated following the link-up

with CNP Assurances to ensure that La Banque Postale Group is appropriately covered in terms of insurance risks.

The updated risk map validated by La Banque Postale Group's Executive Board on 28 September 2021 identifies 98 risk factors, classified in eight families. The main changes include:

- ▶ improved definition and granularity of strategic and business risks;
- ▶ rationalisation of financial risks (market risks, ALM risks, liquidity risks) following the convergence exercise with CNP Assurances;
- ▶ incorporation of a new ESG risk family.

4.3.4 Group Risk Appetite Statement

Risk Appetite Statement (RAS) and Risk Appetite Dashboard (RAD)

The Risk Appetite Statement (RAS) defines the Group's overall risk appetite. Supported by a strong risk culture, it describes La Banque Postale Group's strategy concerning:

- ▶ risk appetite;
- ▶ risk types;
- ▶ risk profiles; and
- ▶ the maximum risk La Banque Postale Group is willing to assume, taking into account its own funds, liquidity, refinancing issues and regulatory obligations.

The goal of this Risk Appetite Statement is to formalise at La Banque Postale Group level its appetite for the risks it is, and may be, confronted with in its daily activities over the coming year. It also expresses La Banque Postale Group's risk tolerance, i.e., the maximum risk level it is willing to take on.

The Risk Appetite Statement is part of La Banque Postale Group's Risk Appetite Framework (RAF).

The principles in terms of decision-taking, management and supervision described, discussed or mentioned in the Risk Appetite Statement are considered to be restrictive and applicable to all La Banque Postale Group entities and employees.

Risk Appetite Framework

La Banque Postale Group's RAF defines:

- ▶ the governance structure that ensures that the RAF is adhered to in the event of a breach;

- ▶ the roles and responsibilities of the parties responsible for implementing the RAF and ensuring that it is adhered to;
- ▶ the interactions between the RAF and other internal and regulatory exercises conducted by La Banque Postale Group (ICAAP, ILAAP, Recovery and Resolution Plan, budget and business plan);
- ▶ the frequency with which the RAF is updated.

Drawn up by the Group Risk Department, the RAF is submitted to the Executive Board and the Supervisory Board, which is in charge of defining La Banque Postale Group's risk appetite and associated limits.

Changes in the Group's risk profile and compliance with the RAF are monitored:

- ▶ monthly by the GRMC, chaired by the Executive Board; and
- ▶ at each meeting of the Supervisory Board Risk Committee.

La Banque Postale's intended risk profile is defined by a system of limits (qualitative and quantitative), organised in three levels of setting and monitoring. The overall limits expressed by the RAS and the associated RAD make up the first level of limits for La Banque Postale Group.

These limits are broken down and rounded out at operational level by way of limits set and monitored by the Executive Board, as described in the Risk Management Operational Policy (second-tier control) and the risk management rules (third-tier control) under the responsibility of the Group Risk Department.

The Risk Committee of the Supervisory Board must be informed of the first and second level limits and their monitoring.

The principles in terms of decision-taking, management and supervision described, cited or mentioned in the RAS are considered to be restrictive and applicable to all La Banque Postale Group entities and employees.

Major changes in the Group's Risk Appetite System

In 2021, the Group Risk Department continued its work to ensure the "vertical" consistency of the entire risk management system, based on:

- ▶ **a Risk Appetite Statement (RAS), validated by the Supervisory Board in December 2020, along with the RAD,** which has evolved in line with the budget exercise as follows:
 - Changes have been made to take into account the governance changes and the ongoing work to align risk management systems, following the creation of the major state-owned financial group around Caisse des Dépôts, La Poste, La Banque Postale and CNP Assurances.
 - New indicators have been added that are calculated at the level of the CNP Assurances sub-group and the Conglomerate.
 - Three new risk categories have been added, concerning CSR and climate risk, compliance risk and risks identified in audit recommendations.
 - The revised 2022 RAS prepared at the end of 2021 provides for a clear improvement in ESG risk coverage and monitoring, through the creation of new indicators, further advances in managing compliance risks and enhanced coverage of insurance risks (in alignment with CNP Assurances' risk appetite framework).

- ▶ **a Group Risk Management Operational Policy (RMOP)** that was approved by the Executive Board in February 2021, to ensure the deployment of the 2021 RAS for which the changes concerned:
 - Three new risk types have been added following the changes made to the RAS in 2021, concerning CSR and climate risk, compliance risk and risks arising from recommendations made by internal and external auditors.
 - A new section has been added, covering certain indicators related to the banking subsidiaries' risk appetites, which are now monitored at the level of the Group RMOP to provide greater clarity and consistency between the Group risk management system and the systems of the banking subsidiaries.

The RMOP was amended several times, in March, April and May 2021, to reflect changes in the risk management system.

In addition to the RMOP, an RMOP Dashboard enables monthly monitoring of compliance with the RMOP levels in a consolidated manner by the GRMC.

An updated RMOP for 2022 was prepared in February, based on the updated RAS. The changes mainly concern credit risk, operational risk (new indicators on cybersecurity risk), insurance risk and ESG risk.

- ▶ **Risk management rules validated by the Group Risk Department's Risk Management Rules Validation Committee,** for the implementation of the RMOP.
- ▶ Operational and organisational roll-out of the Risk Organisation Charter, especially for corporate lending activities, financial risk management and permanent controls.

4

4.3.5 Risk monitoring, assessment and control systems

Risk management is defined as the identification, assessment, management and monitoring of risks.

- ▶ **the identification of risks** involves determining risk factors, i.e., explanations of sources of potential or known loss that La Banque Postale Group might incur (insolvency of borrowers, fraudulent behaviour, volatility of market prices, macro-economic deterioration, changes to the legal and regulatory framework, etc.). Identification is based on a risk taxonomy that sets out the risks to which the Group is exposed and a risk map which scores all of those risks. The risk map also provides a consolidated view of internal and external risk factors that La Banque Postale Group is facing or could face;
- ▶ **risk assessment** involves the preparation of methodologies to assess the different types of risk that La Banque Postale Group faces;
- ▶ **risk management** allows risks to be hedged, in particular by using appropriate collateral and insurance policies or by using credit derivatives or securitisations. It also involves putting in place risk management procedures, processes and tools, such as the rules for accepting risks;
- ▶ **monitoring** consists of ensuring the implementation of the risk control framework and assessing its effectiveness, as well as measuring the change in the risk profile compared to the expressed level of risk, notably through a system of exposure limits. It also entails informing or warning the proper bodies to enable them to make the necessary decisions (acceptance, correction, etc.).

In addition to management by type of risk, activity and entity, analysis, measurement and monitoring are also performed in a cross-entity and forward-looking manner:

- ▶ **cross-entity:** this provides an overview of the Group's risk exposure, including a consolidated vision;
- ▶ **forward-looking:** this incorporates events which, if they occurred, could have consequences for business activities and the risks faced.

4.3.5.1 Cross-entity risk management systems

Standards and methods

In order to ensure consistency in decision-making, measurement, management and monitoring, the concepts and standards that apply to all La Banque Postale Group entities and business activities, particularly those relating to prudential regulation, are defined by the Group Risk Department and validated by the Risk Management Rules Validation Committee (CVRGR). The Group Risk Department is responsible for communicating these standards and methods – which are included in the Risk Organisation's document repository (DocRisk) – and ensuring that they are rolled out seamlessly to the operating units.

Models

For its management needs and particularly for risk control, La Banque Postale Group employs a number of models based, in particular, on internal data. As these tools are used in management and business decision-making, a dedicated system is in place to manage model-related risk (i.e., errors during design, implementation or utilisation). These model risk management rules stipulate that all material models must be independently reviewed and approved annually by the Model Risk Management Committee (MRMC) or by a Risk Organisation committee on behalf of the MRMC.

Prudential production steering and control system of the Group Risk Department

In order to provide information to the various bodies responsible for managing and overseeing La Banque Postale Group and to enable them to track its risk profile, compliance with risk appetite and with prudential “risks” reporting requirements to the competent authorities (COREP, Large Exposures, International Liabilities, LCR, NSFR, ALMM, STE, CONGLOMER, etc.), the Group Risk Department centralises communication of risk monitoring reports (particularly concerning global and operational limits) to the Supervisory Board Risk Committee, the GRMC, the Solvency Ratio Validation Committee and all of the committees in charge of monitoring risks by nature or by business.

To respond effectively to internal and external challenges concerning intra- and inter-reporting quality and consistency (Basel Committee on Banking Supervision’s standard 239 – BCBS239), improving productivity and reducing reporting deadlines, in November 2021 the regulatory reporting teams in the Group Finance Department and Group Risk Department were brought together in a new unit that reports directly to the Group Finance Department and on a dotted-line basis to the Group Risk Department.

With specific respect to BCBS239, detailed analyses were performed in 2021 on risk aggregation and reporting governance arrangements (BCBS239 Principle 1) to ensure consistency with the 11 principles of the standard. A list of identified weaknesses was drawn up and an action plan was prepared jointly with the reporting organisation. The actions were prioritised and positioned on a general roadmap covering several years as from 2021.

Internal reports to the Risk Organisation are also mainly produced in a centralised manner and use the same source systems as those used for regulatory declarations. Data quality controls and database administration are done in coordination with the Data Quality Management teams of the La Banque Postale Group.

4.3.5.2 Forward-looking systems

Regulatory monitoring

Generally speaking, La Banque Postale Group has a monitoring system responsible for following the drafting of laws and regulations that could affect its business activity and/or its strategy when they enter into force. The objective is that, whatever the field of application (consumer protection, AML-FT, financial sector stability, accounting, etc.), La Banque Postale anticipates impacts, takes appropriate measures and is able to fulfil its obligations in a timely manner.

La Banque Postale also participates in meetings with the other leading French banks to discuss regulatory developments and their expected impact.

In terms of the stability of the financial sector, La Banque Postale

Group monitors consultations conducted by international authorities, which are primarily the Financial Stability Board (FSB) or the Basel Committee, ahead of their future transposition into EU law.

Impact analyses, in the area of capital requirements, risk concentration or liquidity are built into the Internal Capital Adequacy Assessment Process (ICAAP) including, in particular, La Banque Postale’s capital planning and Internal Liquidity Adequacy Assessment Process (ILAAP) procedures, and those for risk management and information systems are taken into account in planning projects.

Stress tests

Stress testing activities play a role in creating a joint Risk-Finance management system and are designed to be consistent with La Banque Postale’s risk appetite and strategy.

The objectives of the stress test approach help define and evaluate the following over time:

- ▶ the risk-taking strategy and policy, capital adequacy in the event of a deterioration in the macroeconomic environment (severe but plausible);
- ▶ the setting of limits and alert levels to provide a framework for risk-taking according to different areas of focus (type of risks, sectoral, individual, etc.);
- ▶ the ability to meet regulators’ demands but also internal demands or those of the La Poste and Caisse de Dépôts groups.

The stress test system covers two major categories of work:

- ▶ macro/global stress tests: these tests mainly address the issue of La Banque Postale’s solvency. The types of tests, methods and performance terms and conditions used in these internal and regulatory tests are similar to those drawn up recently for the banking industry, notably the EBA stress tests;
- ▶ specific and additional stress tests appropriate to each business activity/subsidiary (notably the insurance, asset management and consumer loans businesses) or by type of risk (credit, market and operational). The stress test system benefits from a specific governance arrangement which enables its results to play an active role in La Banque Postale’s monitoring and risk management system;
- ▶ the purpose of the stress test exercises is to provide information to the Executive Board, which approves the framework for activities and, where appropriate, monitors that they are carried out correctly. It is informed of and verifies results, assumptions, methods and scenarios. It also makes decisions about implementing preventative and corrective actions that are required;
- ▶ the Executive Board’s GRMC bears the responsibility for implementing the system. It approves the assumptions, scenarios, methods and results, approves preventative and corrective actions to be implemented according to the results and, in particular, the limits and alert levels by type of risk and business activity;
- ▶ the Stress Test Operational Committee, developed to respond to this type of activity, manages the operational implementation of the stress test programme; it verifies that it is performed correctly at each stage. It also ensures, insofar as possible, the consistency of assumptions and the coordination of work.

The incorporation of stress tests in the Bank’s Capital Planning is also performed primarily by the Capital Management Committee where the results of financial strength stress tests may be presented before being sent to the La Poste and CDC groups.

4.3.5.3 Credit risk systems

The Retail Credit Risk (RCRD) and Corporate Credit Risk (CCRD) Departments are responsible for defining the credit risk management systems for financing and investment transactions based on the risk appetite. The main components of the system are:

- ▶ the rules for granting loans;
- ▶ scores, ratings, investigation and decision-making tools;
- ▶ delegation schemes;
- ▶ risk management rules;
- ▶ risk control, notably for delegations;
- ▶ risk monitoring;
- ▶ rules for managing inherent risk;
- ▶ declassification and provisioning rules;
- ▶ collection rules.

These two departments have regional teams. The description of the credit risk management system is provided in Section 4.4 “Credit and counterparty risk” below.

4.3.5.4 Financial risk systems

The Financial Risk Department (DRF) within the Group Risk Department is responsible for managing financial risks which, for La Banque Postale, consist of:

- ▶ **market risks**, which reflect the potential impact of changes in the financial markets on the La Banque Postale’s results or balance sheet. They include pricing risk, interest rate risk, credit spread risk, equities risk, foreign exchange risk, volatility risk, inflation risk and basis risk;
- ▶ **balance sheet risks**, which reflects the impact of financial risks on the scope of the bank portfolio. It includes liquidity risk and overall interest rate risk.

Financial risks cover the risks resulting from changes in the financial markets. La Banque Postale is notably sensitive to changes in the rate and debt markets. Changes in these two can impact the net banking income (NBI) of current and previous years, or La Banque Postale Group’s balance sheet and, therefore, its solvency, immediately or at a future time.

Financial risk taking must be authorised by an Executive Board delegation or by an authority with this delegation. The delegation must be controlled and reported on. The amount of risk must be commensurate with La Banque Postale Group’s capital.

La Banque Postale pays a great deal of attention to the operational security of financial transactions. The process for authorising new instruments and products is standardised.

The description of the management of financial risks is given in Section 4.5 “Financial risks” below.

4.3.5.5 Operational risk systems

The Group Risk Department reports to the Executive Board concerning the procedures for managing and monitoring La Banque Postale Group’s operational risks. The procedures for managing the operational risks are part of La Banque Postale Group’s risk management framework. The Operational Risk unit of the Group Risk Department reports to the GRMC concerning the creation and implementation of procedures for managing and monitoring operational risks.

The Operational Risk unit’s main roles in monitoring all types of risks associated with operations (section V of the government order of 3 November 2014) are to:

- ▶ create the framework: establish operational risk (OR) policy and governance for La Banque Postale Group, define operational risk management standards, methods and tools and ensure their operational application (supervision of the OR Organisation);
- ▶ monitor: identify La Banque Postale Group’s main risks, monitor and report on the effectiveness of the systems in place to manage those risks;
- ▶ support: help the members of the organisation with the implementation and supervision of the system within the entities of La Banque Postale Group; contribute to building their professional skills;
- ▶ anticipate future threats: identify and model low-frequency high-impact scenarios, identify weaknesses;
- ▶ to ensure proper compliance, within La Banque Postale Group, with the rules, standards and methods for managing operational risks.

The Operational Risk unit has a dedicated organisation for carrying out its duties.

The organisational framework set up within La Banque Postale Group for managing operational risk is based on the principles defined in the Risk Management Operational Policy and the La Banque Postale Group Risk Organisation Charter.

Operational risk management for CNP Assurances is covered by a dedicated policy that is validated annually by the Board of Directors and rolled out to each of its subsidiaries. This policy describes the governance, methods and processes applicable to managing operational risks.

The Group’s operational risk management system is based on the principle of empowering businesses to identify, assess, manage and monitor their risks.

The management framework for operational risk is set by the Operational Risk unit which guarantees its implementation and compliance throughout La Banque Postale Group’s business lines and the entities working in the name of and on behalf of La Banque Postale, *via* the Operational Risk Organisation.

With respect to compliance risks, the definition and implementation of risk management systems is the responsibility of the Compliance Department.

The Operational Risk unit is responsible for ensuring that the risks are included in a map which is updated at least annually and that they are classified based on a dual probability/impact matrix in order to determine their criticality (low, moderate, major or critical). The Supervisory Board Risk Committee approves the impact measurement thresholds and the frequency of critical and major risks for La Banque Postale Group.

As part of the CNP Assurances integration and consolidation project, work is being conducted during the present “transition” period to define the operational procedures for deploying La Banque Postale’s operational risk management system within CNP Assurances. The operational risk management system is provided in Section 4.6 “Operational risks” below.

4.3.5.6 Compliance risk systems

A description of the risk management system is provided in Section 4.8.2 “Compliance risks” below. Compliance risks are considered to come under the operational risk family and are therefore subject to the corresponding risk management framework as a minimum.

4.3.5.7 Insurance risk systems

The Insurance Risk Management Policy is rolled down based on the legal and regulatory framework implemented by the “Solvency II” and “FICOD” directives, as transposed into French law. This Policy sets out the strategies, principles and processes making it possible to identify, measure, manage and monitor the risks to which the insurance activities of La Banque Postale Group are exposed, including activities entrusted to its partners in the insurance sector.

Further information is provided on the insurance risk system and additional supervision of the conglomerate in Section 4.7 “Insurance risks and additional supervision of the conglomerate” below.

4.3.5.8 System of permanent controls

The Permanent Control Department reports to the Group Risk Department. This department is in charge of carrying out second-tier controls of operational risks including compliance risks across the entire scope of La Banque Postale Group.

The Permanent Control Department is also in charge of the second-tier controls of the centralised functions of the Group Risk Department, and to this end it:

- ▶ ensures that the controls are performed periodically by the entities in accordance with their defined control plan and provides a summary to the Head of Group Risks;
- ▶ identifies and validates with the Chief Risk Officer the sensitive processes subject to a second-tier control, independently of the operational teams;
- ▶ monitors the action plans implemented to hedge risks identified by the second-tier internal control bodies.

It also contributes to first-tier controls, notably by providing tools for formally documenting controls and by communicating risk and control indicators defined in close collaboration with the other units of the Group Risk Department.

In order to fulfil its role of leading second-tier controls and contributing to first-tier controls, the Permanent Control Department:

- ▶ provides the banking controllers and their managers with the tools they need to carry out their control duties relating to La Banque Postale’s distribution networks (post offices, La Banque Postale Chez Soi agencies and business centres), including control plans, control questionnaires and tools for consolidating results using aggregates based on each level of managerial responsibility;
- ▶ draws up general control and methodological guidelines for application by all of the Group’s subsidiaries concerned;

- ▶ is in charge of the administration and maintenance of La Banque Postale’s control tool (COPIN) for first- and second-tier controls;
- ▶ can, on request, (i) perform targeting and remote controls *via* indicators and (ii) provide the business lines with first-tier control indicators in collaboration with the Group Risk Department;
- ▶ communicates to La Banque Postale Group subsidiaries and head office departments the requirements relating to the organisation and methods to be implemented in order to harmonise the permanent control tools;
- ▶ draws up the control result reports required for meetings held by the Group’s Risk and Control bodies – notably the Risk and Control Committees and the GRMC (GRMC) – as well as for regulators and supervisory authorities.

The Head of the Permanent Control Department reports directly to the Chief Risk Officer. He or she does not combine this role with responsibility for risks or periodic controls, and is not responsible for compliance. In accordance with the government order of 6 January 2021 on systems and internal controls related to anti-money laundering and counter terrorism financing (AML-FT), asset freezes and bans on the release or use of funds or economic resources, which came into effect on 1 March 2021, the Head of the Permanent Control Department has been named by the Executive Board as “Head of Permanent Control over AML-FT and Asset Freeze Systems”. He or she has full powers to exercise the functional and hierarchical supervision of the Permanent Control Organisation. His or her responsibilities particularly involve managing careers in a manner consistent with the requirements of each organisation.

Two Deputy Heads of Permanent Control are responsible for managing the two main organisations:

- ▶ a Deputy Head of Permanent Control is in charge of overseeing controls in the Retail Banking networks and is responsible for the hierarchical management of the Banking Controllers Organisation, through the Territorial Heads of Control. As such, he or she is responsible for the banking controls carried out within the distribution networks (retail and legal entities) and for supervising the Banking Controllers Organisation;
- ▶ the other Deputy Head of Permanent Control is in charge of managing the Permanent Control Department’s independent specialised controllers (Credit, Financial Security, Financial Markets, Financial Risks, Regulatory Production, Operational Risk Management). This Deputy Head of Permanent Control is also in charge of managing the support units of the various control bodies within the entities and subsidiaries.

The Design, Steering and reporting unit of the Permanent Control Organisation, the head of which reports directly to the Head of Permanent Control, is in charge of the operational management of permanent controls, which involves implementing a uniform and efficient control system for La Banque Postale Group as a whole.

The Permanent Control Department carries out an operational oversight role with respect to all of the players within the Group that perform second-tier permanent controls, namely:

- ▶ the Financial Centre and Remote Banking internal controllers (in coordination with the Operational Risk Management Department of the La Poste Network and the Operations Department, the head of which reports hierarchically to the Group Chief Risk Officer);

- ▶ the controllers in the Banking and Insurance IT Department, who work in coordination with the Risk Management Department;
- ▶ the controllers at La Banque Postale's head office, who work in coordination with the risk management units of the various Group units – Corporate and Investment Banking (CIB), the Finance Department, the Group Risk Department, the Network and Retail Banking entities (including the Payments Department and Customer Experience and Relationship Department); and the Human Resources Department;
- ▶ the subsidiaries' controllers.

The controllers and risk managers within the Group entities report to the heads of the entities' risk management departments, who in turn report to the Chief Risk Officer (in the case of the CIB division, the Network and the Retail Banking Division) or the Head of Operational Risk. The banking subsidiaries' risk managers report to the Head of Banking, Asset Management and Strategic Project Risks.

Following the integration of CNP Assurances, and the subsequent "transition" period of several months during which the process was defined for rolling down the Risk and Permanent Control Charters to CNP Assurances, a roadmap was approved for the convergence of the La Banque Postale and CNP Assurances permanent control systems. The roadmap will guide the ongoing analysis of the respective organisations' control systems and, if necessary, the gradual roll-out of generic controls proposed by La Banque Postale (mainly concerning critical and major risks). At the same time, CNP Assurances' permanent control teams are included in the various coordination and information sharing processes organised by the Permanent Control Department. A quarterly reporting system

has been set up to produce consolidated business reports at the level of the conglomerate.

In line with the roadmap for the integration of CNP Assurances' internal control system in that of La Banque Postale, a new Control organisation approved in July 2021 is currently being deployed. One of the two priorities of the convergence process was implemented in 2021 to make it easier to consolidate control results through the application of independent reliability tests performed by CNP Assurances' Risk Organisation teams for risk scoring purposes. Integration of the subsidiaries in the Group's control system is ongoing. The risk management system for large exposures is being enhanced and first-tier controls are being deployed and enhanced.

Lastly, in accordance with the applicable banking regulations and EBA guidance, La Banque Postale's Permanent Control Department organises second-tier controls for La Banque Postale Group's Critical and Important services. An annual second-tier control campaign for outsourced essential business is carried out by the subsidiaries' various control bodies and the risk management departments of the entities that form part of La Banque Postale's head office (for those concerned). The Permanent Control Department consolidates the results of these second-tier controls in coordination with the Operational Risk unit, which is in charge of annually updating the list of Outsourced Essential Services and Critical and Important Services.

Through this permanent control system, La Banque Postale ensures that its controls are consistent across all of the Group's activities, which allows it to have a formal control plan that includes all control programmes in a single document: Distribution Networks, Financial Centres, IT, Investment Services, Head Office, and Subsidiaries.

4.4 CREDIT AND COUNTERPARTY RISKS

4.4.1 Organisation of credit and counterparty risk management

The Group Risk Department reports to the GRMC on the drafting and implementation of measures for monitoring and managing credit risks relating to the Retail Banking and business segment in accordance with the government order of 3 November 2014.

It defines the monthly credit risk monitoring indicators approved by the GRMC.

The Group Risk Department covers credit risk, *i.e.*, the risk incurred in the event of the default of a counterparty or of counterparties considered as a single beneficiary within the meaning of Regulation (EU) No 575/2013 of the European Parliament and of the Council relating to the capital requirements applicable to credit institutions and investment firms (CRR), as amended by Regulation (EU) No 2019/876 (CRR II).

Organisation and management of credit risk

The Risk Appetite Statement (RAS), the Risk Management Operational Policy (RMOP) and the Risk Organisation Charter are implemented *via* operational rules for managing product risks by business activity/customer category or by business line

counterparty. The risk management rules by type of product and customer take into consideration developments in La Banque Postale's business. These rules are approved by the CVRGR.

The development of the customer base and products goes hand in hand with the transformation of the sales network. La Banque Postale is continuing to expand the lending authority given to the sales teams in accordance with Article 112 of the government order of 3 November 2014. The principle is for lending decisions to be made by the business unit and reviewed by the risk function, if required by the risk level or financing amount involved. The Risk Organisation has been fully deployed at the regional level, and has region-specific dashboards to monitor and manage risks by staying close to the field. These dashboards are also used at the centralised level and contribute to seamless interaction between the centralised and regional functions of the Risk Organisation.

Internal rating models are taken into account in the approval and delegation processes as well as in everyday loan management, which has further strengthened the management of retail customer risks.

4.4.2 Quantitative credit risk information

4.4.2.1 Retail customer credit risk

In terms of financing to individuals, the activities conducted by La Banque Postale Group that give rise to a credit risk include:

- ▶ real estate loans to individuals and to high-net-worth Limited Property Investment Partnerships (SCIs) (La Banque Postale and its subsidiaries BPE and SOFIAP);
- ▶ overdrafts and means of payment granted to individuals (La Banque Postale and its subsidiary BPE);
- ▶ consumer credit (La Banque Postale Financement, BPE);
- ▶ the acquisition of loan portfolios in France and other eurozone countries ("whole loan transactions").

The retail lending business is highly concentrated in France.

For retail credit, the Group Risk Department is responsible on behalf of La Banque Postale Group for:

- ▶ defining the rules and tools governing risk-taking and the management of inherent risks;
- ▶ monitoring the effective application of these rules and the proper functioning of the tools at the Group level, i.e., La Banque Postale SA, La Banque Postale Consumer Finance, BPE and SOFIAP.

It develops the rules for granting and committing to loans.

The Retail Credit Risk Department directs La Banque Postale's Group Retail Credit Risk Committee, which is the highest delegating body within La Banque Postale Group with respect to granting loans to individuals.

Regarding the management of inherent risk, the Group Risk Department is responsible for the recovery rules, working with the Legal Department, the Operations Department and the departments governing provisions for accounts receivable in liaison with the Accounts Department.

As they fall outside the scope of the Group Risk Department's authority, the applicable rules are submitted for approval to the GRMC (chaired by a member of the Executive Board) or to the Executive Board if requested by the Chairman of the GRMC. After validation, the Retail Credit Risk Department ensures implementation and monitors the proper application of these rules throughout the loan process.

Concerning the subsidiaries, the Heads of Risk Management at La Banque Postale Consumer Finance, BPE and SOFIAP report to the Head of Subsidiaries' Risk.

4.4.2.2 Credit risk on business loans

In 2021, La Banque Postale's corporate financing and investment activities fall into two categories:

- ▶ as part of its commercial activity to finance the economy, La Banque Postale, through its Corporate and Regional Development Department (DEDT), and its specialised credit subsidiary (La Banque Postale Leasing et Factoring – LBP L&F) serves the following customer segments: Businesses, Professionals, Non-Profits, Large Corporates, and Local Public Sector (local authorities, public hospitals, social landlords);
- ▶ as part of its Corporate and Investment Banking activities, La Banque Postale manages and participates in asset and project financing transactions as well as private placements.

In the financial markets, La Banque Postale manages the following financial instruments: debt securities, undertakings for collective investment, securitisation funds, derivatives (swaps, cap/floors, options, forex, futures, credit derivatives and foreign exchange derivatives), securities repurchase/reverse repurchase transactions, total return swaps and securitisation (since September 2019).

These activities come in the form of on-balance sheet and off-balance sheet commitments (guarantees, collateral, undrawn portion of confirmed lines of credit, etc.).

As of 1 January 2022, the DEDT was merged into the Corporate and Investment Banking Division to create an expanded Corporate and Investment Banking (CIB) Division serving the Group's corporate customers, and the Retail Banking Division took over responsibility for serving professional customers.

Approval process

The investigation and decision-making process is based on eligibility conditions, analysis, and determining a specific financial score for each client segment.

The aim of the risk management system used for Commercial Banking loans is to detect risks at every level in each operational process (granting of loans, loan management, recovery and provisioning). It is based on the following elements:

- ▶ lending authority matrices adapted to each customer segment and each business line;
- ▶ individual and overall risk monitoring.

The financing offered to the different customer segments is controlled by the:

- ▶ Risk Management Operational Policies, approved by the Executive Board *via* the GRMC;
- ▶ Risk Management Rules approved by the Group Risk Department, *via* the Risk Management Rules Validation Committee.

Investment and financing limits

In investment matters, third parties are systematically rated and allocated an individual limit which is intended to restrict the total commitment. Where applicable, these individual limits are supplemented by group limits, which govern exposure to a group of third parties that are considered to belong to a single business group.

La Banque Postale's investment policy for Sovereigns, Banks, Insurance Companies, Large Companies, and more recently securitisation positions, is limited to issuers and counterparties in the investment grade category, unless authorised by the Group Risk Department and approved by the Executive Board.

Before it can carry out repurchases or forward financial instruments with financial institutions other than the Housing Financing Companies (SFH) or Mortgage Credit Companies (SCF) exposing it to a counterparty risk, La Banque Postale must first ensure that there is an ISDA or FBF framework agreement with clauses concerning collateral. The quantitative aspects entered into in such agreements (instruments concerned, threshold and frequency of margin calls, exemptions, etc.) are subject to approval by the Group Risk Department.

The individual limits are supplemented with a set of limits aimed at containing the risk of concentration on groups of counterparties classified according to their geographic area, business segment, type of activity and internal rating.

The GRMC also validates a list of authorised countries and a list of authorised currencies.

In the event of significant deterioration of the risk, the issuers and counterparties concerned are subject to strict monitoring on the Monitoring List which is reported to the GRMC.

Financing limits are defined primarily as described below:

- ▶ concentration risk by counterparty:
 - individual limits, defining La Banque Postale's maximum acceptable exposure to a counterparty;
 - group limits, defining La Banque Postale's maximum acceptable exposure to a business group;
 - specific limits applied to financial institutions:
 - limits by credit rating for unsecured exposures, defining La Banque Postale's maximum acceptable exposure based on credit quality,
 - limits by "circle", defining La Banque Postale's maximum acceptable exposure by type of financial institution,
 - limits by geography, to keep track of portfolio concentration.

The individual and group limits are determined by taking into account analyses, internal credit scores, and the regulations applicable to large exposures. They are consistent with the specific features of the Group's equity and of its balance sheet as a whole;

- ▶ concentration risk by sector:

The following limits have been set in order to monitor the concentration of credit risks in the Commercial Banking portfolio:

- two concentration limits (the main sector must not exceed 25% of the total Commercial Banking segment, and the three main sectors must not exceed 50% of the total),
- a gross exposure limit by business sector,
- a limit on the size of the Commercial Banking portfolio, set at €30 billion with an internal warning triggered at €27 billion.
- ▶ Syndication risk: the Syndication Risk Management Policy sets an overall syndication limit at the level of La Banque Postale and a syndication limit for each of the three business lines authorised to take part in syndication deals (Asset & Project Financing, Structured Finance and Real Estate Financing). Compliance with these limits is overseen by the Syndication Monitoring Committee which meets monthly under the aegis and Chairmanship of the Group Risk Department.
- ▶ Conglomerate risk: exposure limits are defined in order to contain credit/counterparty risks at Conglomerate level. These limits correspond to the Conglomerate's maximum authorised exposure to a given customer/counterparty or a given group, at any given point in time, from all of its businesses – the banking business, La Banque Postale's insurance business and CNP Assurances. The term "group" in this context currently corresponds to the regulatory definition of a group used by La Banque Postale and the definition used by CNP Assurances, pending completion of the work to define common standards. Limits are calculated by multiplying the Group's Tier1 capital by a coefficient determined by reference to the originating entity, the type of customer and the type of transaction.

The Group Risk Department is responsible for:

- ▶ operational application of the limits;
- ▶ deploying adequate attribution tools; and
- ▶ monitoring internal scores and limits.

4.4.3 Exposure to credit risk

4.4.3.1 Overview of credit risk exposure

Total and average net exposures

(in € millions)	Net book value of exposures at the end of the financial period	Average net exposures during the financial period
Central governments or central banks	-	-
Institutions	-	-
Corporate	-	-
▶ of which: specialised financing	-	-
▶ of which: SMEs	-	-
Retail customers	-	-
▶ Exposures secured by real estate	-	-
SMEs	-	-
Non-SMEs	-	-
▶ Eligible renewable exposures	-	-
▶ Other – retail customers	-	-
SMEs	-	-
Non-SMEs	-	-
Equities	-	-
Total IRB approach	-	-
Central governments or central banks	152,006	155,671
Regional governments or local authorities	12,952	12,182
Public sector entities	1,439	1,369
Multilateral development banks	-	-
International organisations	8	8
Institutions	46,123	46,649
Corporate	33,021	31,001
▶ of which: SMEs	5,717	5,463
Retail customers	22,274	22,137
▶ of which: SMEs	1,602	1,654
Exposures secured by mortgages on immovable property	29,690	28,538
▶ of which: SMEs	4,965	4,748
Exposures in default	41	296
Items associated with particularly high risk	635	670
Covered bonds	1,341	1,683
Receivables from institutions and companies subject to one of the companies subject to a short-term credit evaluation	156	161
Undertakings for Collective Investment in Transferable Securities (UCITS)	517	463
Equities exposure	16,615	14,467
Other exposures	3,916	4,246
Total standardised approach	320,734	319,542
TOTAL	320,734	319,542

The data presented in the table above include the effects of Basel substitution in the classification of exposure: therefore, the outstandings guaranteed by banking or company sector bodies are included in the latter categories.

At 31 December 2021, La Banque Postale's portfolio consisted of 47% exposure to central governments and central banks, including the credit exposure of the Bank to the CDC as a result of the centralisation of "regulated" savings (Livret A, LEP, LDDS, etc.).

The other main exposures in the portfolio primarily concern La Banque Postale's traditional core business, with €22.3 billion in direct retail customer exposures (related for example to consumer finance and current accounts), plus Retail Banking exposures corresponding for the most part to La Banque Postale home loans guaranteed by Crédit Logement (€34.3 billion). The exposures secured by real estate include the Dutch home mortgage portfolios in the amount of €2.4 billion.

Geographical breakdown of exposure

(in € millions)	Net value												Total
	Eurozone	Country France	Country Germany	Country Other	Country Americas	Country United States	Country Canada	Country Other	Asia	Japan	Country Other	Other geo-graphical regions	
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail customers	-	-	-	-	-	-	-	-	-	-	-	-	-
Equities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total IRB approach	-	-	-	-	-	-	-	-	-	-	-	-	-
Central governments or central banks	151,523	141,535	1,849	8,140	264	-	263	1	218	100	118	0	152,006
Regional governments or local authorities	12,911	12,911	-	-	41	-	41	0	-	-	-	0	12,952
Public sector entities	1,439	1,439	-	-	0	-	-	0	-	-	-	0	1,439
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	8	8	-	1	-	-	-	-	-	-	-	-	8
Institutions	44,802	41,424	529	2,849	1,216	1,182	34	0	79	(0)	79	26	46,123
Corporate	31,902	29,456	427	2,019	1,001	985	2	14	73	70	3	44	33,021
Retail customers	22,263	22,195	0	67	4	2	0	2	3	0	3	3	22,274
Retail exposures secured by mortgages on immovable property	29,659	27,170	0	2,488	13	5	0	7	10	0	10	9	29,690
Exposures in default	43	41	0	2	0	0	-	0	0	0	-	(3)	41
Items associated with particularly high risk	635	457	-	178	-	-	-	-	-	-	-	-	635
Covered bonds	480	232	-	248	593	-	593	-	220	96	124	49	1,341
Receivables from institutions and companies subject to a short-term credit assessment	156	109	(0)	48	-	-	-	-	-	-	-	-	156
Undertakings for Collective Investment in Transferable Securities (UCITS)	515	397	-	117	-	-	-	-	2	2	-	-	517
Equities exposure	16,594	16,490	-	105	21	21	-	-	-	-	-	-	16,615
Other exposures	3,916	3,916	-	-	-	-	-	-	-	-	-	-	3,916
Total standardised approach	316,847	297,779	2,806	16,262	3,153	2,195	934	24	606	267	338	128	320,734
TOTAL	316,847	297,779	2,806	16,262	3,153	2,195	934	24	606	267	338	128	320,734

Sector exposures are given for the classifications “Central governments” and “Institutions” as the data presented in the table above includes the effects of Basel substitution. The outstandings guaranteed by organisations in the banking or Central government (FGAS) segments are therefore included in the “Private individuals” sectors.

At 31 December 2021, La Banque Postale’s credit portfolio remained highly concentrated in the French domestic market

(37.5% of its total exposure) due to the nature of its historical core business (lending to retail customers in France).

La Banque Postale’s international exposure is concentrated on the eurozone countries (99% of total exposure for €317 billion) and primarily concerns euro zone sovereign debt, the debt securities of European banks and large corporates, and Dutch home loan portfolios.

Maturity of exposures (EU CR1-A)

(in € millions)	Net Exposure Value					Total
	On demand	<= 1 year	>1 year <= 5 years	>5 years	No stated maturity	
Loans and advances	120,505	10,490	19,801	115,025	-	265,821
Debt securities	398	2,053	27,791	20,295	-	50,537
TOTAL	120,903	12,543	47,592	135,320	-	316,357

The data presented in the table above include the effects of Basel substitution in the classification of exposure: therefore, the outstandings guaranteed by banking or company sector bodies are included in the latter categories.

At 31 December 2021, the breakdown of La Banque Postale's exposures based on residual maturities reflected its historical business of lending to retail customers and collecting regulated savings that are centralised with CDC. Consequently, 76% of La Banque Postale's exposure to central governments and banks is considered to be "on request".

4.4.3.2 Breakdown of exposures in default
Credit quality of loans and advances to non-financial sector companies by industry (EU CQ5)

(in € millions)	Gross carrying amount				Accumulated negative changes in fair value due to credit risk on non-performing exposures	
		Of which non-performing	Of which loans and advances subject to impairment	Accumulated impairment		
		Of which defaulted				
Agriculture, forestry and fishing	72.00	3.00	3.00	72.00	(1.00)	-
Mining and quarrying	13.00	0.00	0.00	13.00	0.00	-
Manufacturing	1,022.00	40.00	40.00	1,022.00	(19.00)	-
Electricity, gas, steam and air conditioning supply	1,258.00	5.00	5.00	1,258.00	(29.00)	-
Water supply	165.00	0.00	0.00	165.00	0.00	-
Construction	1,278.00	11.00	11.00	1,278.00	(11.00)	-
Wholesale and retail trade	1,642.00	48.00	48.00	1,642.00	(42.00)	-
Transport and storage	1,250.00	6.00	6.00	1,250.00	(33.00)	-
Accommodation and food service activities	331.00	46.00	46.00	331.00	(26.00)	-
Information and communication	739.00	11.00	11.00	739.00	(14.00)	-
Financial and insurance activities	2,260.00	58.00	58.00	2,260.00	(114.00)	-
Real estate activities	16,250.00	174.00	174.00	16,250.00	(131.00)	-
Professional, scientific and technical activities	2,531.00	83.00	83.00	2,531.00	(70.00)	-
Administrative and support service activities	1,085.00	57.00	57.00	1,085.00	(35.00)	-
Public administration and defence, compulsory social security	6.00	0.00	0.00	6.00	0.00	-
Education	115.00	1.00	1.00	115.00	(1.00)	-
Human health services and social work activities	252.00	2.00	2.00	252.00	(1.00)	-
Arts, entertainment and recreation	154.00	6.00	6.00	154.00	(8.00)	-
Other services	60.00	14.00	14.00	60.00	(3.00)	-
TOTAL	30,482.00	567.00	567.00	30,482.00	(537.00)	-

Quality of non-performing exposures by geography (EU CQ4)

	Gross carrying amount/ nominal amount				Provisions on 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			Accumulated impairment			
(in € millions)		Of which defaulted	Of which subject to impairment				
ON-BALANCE SHEET EXPOSURES	226,478.37	1,626.50	1,626.50	225,975.58	(1,424.35)	0.00	0.00
France	203,924.26	1,563.89	1,563.89	203,531.57	(1,317.15)	0.00	0.00
Italy	1,223.83	0.54	0.54	1,223.83	(6.21)	0.00	0.00
Japan	542.93	0.00	0.00	540.78	(22.17)	0.00	0.00
Germany	2,430.41	0.20	0.20	2,430.41	(7.42)	0.00	0.00
Spain	4,421.62	0.27	0.27	4,421.62	(7.22)	0.00	0.00
United Kingdom	1,280.15	0.67	0.67	1,280.15	(13.69)	0.00	0.00
United States	1,627.91	0.42	0.42	1,627.91	(8.17)	0.00	0.00
Netherlands	4,250.68	1.92	1.92	4,250.68	(5.92)	0.00	0.00
Belgium	1,868.21	0.29	0.29	1,868.21	(9.59)	0.00	0.00
China	580.42	0.87	0.87	580.42	(1.30)	0.00	0.00
Luxembourg	748.76	1.55	1.55	640.79	(10.96)	0.00	0.00
Canada	927.88	0.61	0.61	927.88	(0.30)	0.00	0.00
Ireland	230.30	49.96	49.96	230.30	(8.26)	0.00	0.00
Qatar	0.45	0.00	0.00	0.45	0.00	0.00	0.00
Sweden	109.48	0.00	0.00	109.48	(2.86)	0.00	0.00
Portugal	1,573.81	0.29	0.29	1,573.81	(1.59)	0.00	0.00
Austria	1.72	0.00	0.00	1.72	0.00	0.00	0.00
Australia	73.01	0.00	0.00	73.01	(0.07)	0.00	0.00
New Zealand	0.42	0.00	0.00	0.42	0.00	0.00	0.00
Norway	147.91	0.00	0.00	147.91	(0.05)	0.00	0.00
OFF-BALANCE SHEET EXPOSURES	65,139.47	33.36	33.36	0.00	0.00	96.71	0.00
France	64,247.19	33.31	33.31	0.00	0.00	93.10	0.00
Italy	3.40	0.00	0.00	0.00	0.00	0.01	0.00
Japan	0.23	0.00	0.00	0.00	0.00	0.00	0.00
Germany	74.25	0.01	0.01	0.00	0.00	0.19	0.00
Spain	2.15	0.00	0.00	0.00	0.00	0.01	0.00
United Kingdom	58.45	0.00	0.00	0.00	0.00	0.06	0.00
United States	2.39	0.01	0.01	0.00	0.00	0.01	0.00
Netherlands	601.87	0.00	0.00	0.00	0.00	1.40	0.00
Belgium	60.83	0.02	0.02	0.00	0.00	1.76	0.00
China	7.20	0.00	0.00	0.00	0.00	0.02	0.00
Luxembourg	33.87	0.00	0.00	0.00	0.00	0.02	0.00
Canada	1.86	0.00	0.00	0.00	0.00	0.01	0.00
Ireland	0.17	0.00	0.00	0.00	0.00	0.00	0.00
Qatar	0.06	0.00	0.00	0.00	0.00	0.00	0.00
Sweden	0.20	0.00	0.00	0.00	0.00	0.00	0.00
Portugal	22.60	0.00	0.00	0.00	0.00	0.05	0.00
Austria	0.20	0.00	0.00	0.00	0.00	0.00	0.00
Australia	0.27	0.00	0.00	0.00	0.00	0.00	0.00
New Zealand	0.09	0.00	0.00	0.00	0.00	0.00	0.00
Norway	0.24	0.00	0.00	0.00	0.00	0.00	0.00
	291,617.85	1,659.86	1,659.86	225,975.58	(1,424.35)	96.71	0.00

4.4.4 Credit risk-weighted assets

Credit risk-weighted assets (EU CR5)

Exposure classes (in € millions)	Risk weight						
	0.0%	2.0%	4.0%	10.0%	20.0%	35.0%	50.0%
Central governments or central banks	82,899	-	-	-	-	-	-
Regional governments or local authorities	412	-	-	-	11,338	-	-
Public sector entities	68,096	-	-	-	1,229	-	10
Multilateral development banks	-	-	-	-	-	-	-
International organisations	8	-	-	-	-	-	-
Institutions	28	1,739	-	-	38,933	-	5,510
Corporate	-	-	-	-	4,059	-	8,900
Retail exposures	-	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-	23,731	4,714
Exposures in default	-	-	-	-	-	-	-
Exposures associated with particularly high risk	-	-	-	-	-	-	-
Covered bonds	-	-	-	1,342	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	32	-	0
Collective investment undertakings	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-
Other items	1,116	-	-	-	-	-	-
TOTAL	152,559	1,739	-	1,342	55,590	23,731	19,134

Exposure classes (in € millions)	Risk weight								Total	Of which unrated
	70.0%	75.0%	100.0%	150.0%	250.0%	370.0%	1,250.0%	Other		
Central governments or central banks	-	-	3	-	-	-	-	-	82,902	-
Regional governments or local authorities	-	-	30	-	-	-	-	-	11,779	-
Public sector entities	-	-	9	-	-	-	-	-	69,344	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	8	-
Institutions	-	-	19	-	-	-	-	-	46,229	-
Corporate	-	-	14,509	1,437	-	-	-	-	28,906	-
Retail exposures	-	14,777	-	-	-	-	-	-	14,777	-
Secured by mortgages on immovable property	-	39	1,371	-	-	-	-	-	29,854	-
Exposures in default	-	-	464	149	-	-	-	-	613	-
Exposures associated with particularly high risk	-	-	-	662	-	-	-	-	662	-
Covered bonds	-	-	-	-	-	-	-	-	1,342	-
Institutions and corporates with a short-term credit assessment	-	-	128	-	-	-	-	-	161	-
Collective investment undertakings	-	-	10	29	-	-	58	420	517	-
Equity	-	-	16,204	-	590	-	-	-	16,794	-
Other items	-	-	3,080	-	-	-	-	-	4,195	-
TOTAL	-	14,815	35,827	2,278	590	-	58	420	308,083	-

4.4.5 Exposures in default, forborne exposures and adjustments for credit risk

Credit quality of forborne exposures (EU CQ1)

(in € millions)	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				On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	Performing forborne	Of which defaulted	Of which impaired					
Cash balances at central banks and other demand deposits								
Loans and advances	305.95	392.48	392.48	392.48	(16.51)	(194.19)	372.17	111.84
Central banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General governments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Credit institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-financial corporations	32.35	78.96	78.96	78.96	(0.41)	(32.56)	54.12	26.08
Households	273.60	313.52	313.52	313.52	(16.09)	(161.63)	318.05	85.77
Debt securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan commitments given	0.15	3.31	3.31	3.31	0.01	0.02	0.00	0.00
TOTAL	306.10	395.79	395.79	395.79	(16.50)	(194.17)	372.17	111.84

Credit quality of performing and non-performing exposures by past due days (EU CQ3)

	Gross carrying amount/nominal amount											
	Performing exposures					Non-performing exposures						
	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		
(in € millions)												
Cash balances at central banks and other demand deposits	50,171.56	50,171.56	0	0	0	0	0	0	0	0	0	0
Loans and advances	189,345.05	189,231.84	113.21	1,626.50	1,168.47	107.57	127.37	68.09	76.38	28.35	50.27	1,626.50
Central banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General governments	74,816.78	74,816.78	0.00	12.41	9.35	0.11	1.00	1.54	0.41	0.00	0.00	12.41
Credit institutions	450.46	450.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial corporations	8,753.09	8,753.09	0.00	0.24	0.17	0.00	0.02	0.01	0.05	0.00	0.00	0.24
Non-financial corporations	29,915.53	29,900.38	15.15	566.52	458.27	26.61	51.13	11.38	13.83	1.91	3.38	566.52
Of which SMEs	7,761.15	7,757.05	4.10	194.06	146.03	16.13	14.97	6.23	10.36	0.01	0.32	194.06
Households	75,409.20	75,311.14	98.06	1,047.33	700.68	80.85	75.22	55.16	62.09	26.44	46.89	1,047.33
Debt securities	35,506.82	35,506.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Central banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General governments	23,278.90	23,278.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Credit institutions	8,364.04	8,364.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial corporations	2,657.46	2,657.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-financial corporations	1,206.42	1,206.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Off-balance sheet exposures	65,106.11	0.00	0.00	33.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.36
Central banks	9,098.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General governments	5,729.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Credit institutions	25,972.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other financial corporations	3,143.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-financial corporations	9,145.20	0.00	0.00	10.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.99
Households	12,017.04	0.00	0.00	22.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.37
TOTAL	289,957.98	224,738.66	113.21	1,659.86	1,168.47	107.57	127.37	68.09	76.38	28.35	50.27	1,659.86

Performing and non-performing exposures and related provisions (EU CR1)

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collaterals and financial guarantees received		
	Performing exposures		Non-performing exposures				Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment and provisions				Accumulated partial write-off	On performing exposures	On non-performing exposures
	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3			Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3					
(in € millions)															
Cash balances at central banks and other demand deposits	50,171.56	50,171.56	0.00	0.00	0.00	0.00	(0.16)	(0.16)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and advances	189,345.05	181,023.81	113.21	1,626.50	0.00	1,626.50	(683.69)	(178.24)	(505.45)	(668.96)	0.00	(668.96)	(668.96)	71,483.81	508.96
Central banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General governments	74,816.78	74,802.49	0.00	12.41	0.00	12.41	(6.86)	(6.48)	(0.39)	(3.32)	0.00	(3.32)	(3.32)	354.03	0.00
Credit institutions	450.46	450.19	0.00	0.00	0.00	0.00	(4.09)	(4.09)	0.00	0.00	0.00	0.00	0.00	1.79	0.00
Other financial corporations	8,753.09	8,519.34	0.00	0.24	0.00	0.24	(26.43)	(2.96)	(23.46)	(0.10)	0.00	(0.10)	(0.10)	73.07	0.00
Non-financial corporations	29,915.53	26,646.06	15.15	566.52	0.00	566.52	(366.79)	(84.21)	(282.58)	(170.43)	0.00	(170.43)	(170.43)	11,379.87	0.00
Of which SMEs	7,761.15	6,952.64	4.10	194.06	0.00	194.06	(76.39)	(19.63)	(56.76)	(76.21)	0.00	(76.21)	(76.21)	3,949.12	79.05
Households	75,409.20	70,605.74	98.06	1,047.33	0.00	1,047.33	(279.52)	(80.50)	(199.02)	(495.10)	0.00	(495.10)	(495.10)	59,675.06	320.03
Debt securities	35,506.82	34,553.47	0.00	0.00	0.00	0.00	(71.70)	(38.49)	(33.22)	0.00	0.00	0.00	0.00	0.00	0.00
Central banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General governments	23,278.90	23,236.11	0.00	0.00	0.00	0.00	(3.11)	(3.11)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Credit institutions	8,364.04	8,307.26	0.00	0.00	0.00	0.00	(28.28)	(23.05)	(5.23)	0.00	0.00	0.00	0.00	0.00	0.00
Other financial corporations	2,657.46	2,091.29	0.00	0.00	0.00	0.00	(11.79)	(7.00)	(4.79)	0.00	0.00	0.00	0.00	0.00	0.00
Non-financial corporations	1,206.42	918.81	0.00	0.00	0.00	0.00	(28.53)	(5.33)	(23.20)	0.00	0.00	0.00	0.00	0.00	0.00
Off-balance sheet exposures	65,106.11	64,198.85	0.00	33.36	0.00	33.36	91.39	51.62	39.77	5.32	0.00	5.32	0.00	700.68	0.00
Central banks	9,098.58	9,098.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General governments	5,729.19	5,729.18	0.00	0.00	0.00	0.00	2.36	2.36	0.00	0.00	0.00	0.00	0.00	35.76	0.00
Credit institutions	25,972.71	25,972.71	0.00	0.00	0.00	0.00	3.27	3.27	0.00	0.00	0.00	0.00	0.00	2.00	0.00
Other financial corporations	3,143.39	3,077.98	0.00	0.00	0.00	0.00	3.55	1.26	2.29	0.00	0.00	0.00	0.00	0.00	0.00
Non-financial corporations	9,145.20	8,656.69	0.00	10.99	0.00	10.99	40.50	16.49	24.02	3.24	0.00	3.24	0.00	623.89	0.00
Households	12,017.04	11,663.70	0.00	22.37	0.00	22.37	41.71	28.24	13.47	2.08	0.00	2.08	0.00	39.03	0.00
TOTAL	289,957.98	279,776.12	113.21	1,659.86	0.00	1,659.86	(664.01)	(165.11)	(498.90)	(663.64)	0.00	(663.64)	(668.96)	72,184.49	508.96

The data shown in the tables above differ from the other tables, as the methodology applied is based on book values as reported in the published financial statements (FINREP). The other tables

are based on the book values as declared in the prudential consolidation scope.

4.4.6 Information about exposures subject to legislative and non-legislative repayment holidays, and new exposures covered by governmental guarantee schemes

In March 2020, the WHO declared that the COVID-19 epidemic had become a pandemic. The French government responded immediately through the introduction of stricter public health measures, including a lockdown, closing non-essential public places and cancelling all cultural and sporting events. These measures had serious consequences for the economy, placing many businesses in a precarious cash position.

In light of these circumstances, La Banque Postale mobilised its resources together with the government to support its customers experiencing financial hardship. Several practical initiatives were organised around exceptional government measures to support businesses, including:

- ▶ loan repayment holidays of up to six months and waiver of late payment penalties and incidental charges;
- ▶ distribution of government-backed loans ("PGE");
- ▶ distribution of government-backed stimulus loans ("PPR").

4.4.6.1 Legislative repayment holidays

La Banque Postale offered support to its individual, business and professional customers who were experiencing financial hardship due to the lockdown, the total or partial suspension of their business, short-time working or furlough schemes.

This support took various forms including repayment holidays of up to six months:

- ▶ at the customer's request; or
- ▶ at La Banque Postale's initiative, in the case of specifically targeted vulnerable customers.

Specific measures for retail customers

Repayment holidays granted to retail customers concerned home loans and consumer credit.

For consumer credit, the repayment holidays were mainly set up at the customer's request under a contractual agreement.

For home loans, repayment holidays were granted at the customer's request or at La Banque Postale's initiative, depending on whether or not the customer's revenues had been affected as a result of the crisis (based on their socio-economic category).

The system was particularly intended for vulnerable customers whose situation was likely to worsen or whose revenues were likely to be directly affected by the deteriorating economic conditions (for example, traders, craftspeople and self-employed workers).

The repayment holidays were granted for periods of two to six months (depending on the target customer and the La Banque Postale entity concerned), with principal and interest payments suspended during that time but insurance premiums maintained. The suspended payments have been deferred to the end of the loan.

All told, non-contractual repayment holidays were granted on loans representing total outstanding principal of €1,732 million. Of this amount, only €2.3 million in outstanding loans were still subject to repayment holidays as of 31 December 2021. Loans classified as in default at the end of the repayment holiday represented just €51 million in outstanding principal.

Specific arrangements for business customers

For its corporate and professional customers, La Banque Postale set up a system in line with the practices of the French banking industry.

For markets and products representing high volumes but small amounts (such as professionals, SMEs, equipment leases, etc.), all monthly payments were deferred unilaterally by La Banque Postale (unless this went against the customer's wishes) through to 30 September 2020. This amounted to a six-month extension of the term of the loan, without adjusting the nominal interest rate. In some cases, the interest accruing during the repayment holiday was also waived by La Banque Postale.

For major and/or structured loans (key accounts, real estate, BFI customers, etc.), repayment holiday requests were handled on a case-by-case basis. The compulsory criteria applied for each repayment holiday were that the term had to be six months or less and the accrued interest was not waived.

Counterparties classified in Bucket 2 and Bucket 3 for the application of IFRS 9 prior to the crisis were examined on a case-by-case basis by the department responsible for dealing with customers in difficulties.

As soon as the EBA guidelines (EBA/GL/2020/08) were published, repayment holidays were extended by six months for tourist sector customers who requested an extension (tourist businesses listed in the decree of 13 July 2020 – Appendix 7, amending the decree of 23 March 2020, as published in the Official Journal). No repayment holidays were granted for periods over 12 months.

No repayment holidays were granted in late 2020 or in first-quarter 2021 further to the decision published on 2 December 2020 authorising repayment holidays through 31 March 2021 on loans granted prior to 2 December 2020, and on loans already eligible for a repayment holiday of up to nine months through 30 September 2020.

Business loan recovery efforts were stepped up in 2020 and 2021 to enhance risk identification and oversight of the portfolio affected by the COVID-19 crisis.

Since the measures were introduced, repayment holidays have been granted to around 4,300 customers, representing a cumulative exposure of some €2.7 billion (corporates for 90%, micro-enterprises/professionals for 8% and local public sector customers for 2%). As of 31 December 2021, 99.6% of repayment holidays (by amount) had expired. The default rate and specific loss allowance rate on these loans were limited. Loans still subject to repayment holidays at 31 December 2021 amounted to €10 million. These repayment holidays will expire in more than one year.

Information on loans and advances subject to legislative and non-legislative repayment holidays

	Gross carrying amount							
	Performing				Non-performing			
			Of which: Exposures with a forbearance measure	Of which: Instruments whose credit risk has increased significantly since initial recognition but which have not been altered by the credit (phase 2)			Of which: Exposures with a forbearance measure	Of which: Low probability of payment not being overdue or being less than 90 days overdue
Loans and advances subject to repayment holidays	12,169,172	12,169,172	2,317,910	9,851,262	-	-	-	-
of which: Households	2,317,910	2,317,910	2,317,910	-	-	-	-	-
of which: Secured by residential property	2,317,910	2,317,910	2,317,910	-	-	-	-	-
of which: non-financial sector companies	9,851,262	9,851,262	-	9,851,262	-	-	-	-
of which: SMEs and ISEs	-	-	-	-	-	-	-	-
of which: Secured by commercial property	-	-	-	-	-	-	-	-

	Accumulated impairment and accumulated negative changes in fair value due to credit risk								Gross carrying amount
	Performing				Non-performing				
			Of which: Exposures with a forbearance measure	Of which: Instruments whose credit risk has increased significantly since initial recognition but which have not been altered by the credit (phase 2)			Of which: Exposures with a forbearance measure	Of which: Low probability of payment not being overdue or being less than 90 days overdue	Reclassification as non-performing exposures
Loans and advances subject to repayment holidays	(252,789)	(252,789)	(1,521)	(251,269)	-	-	-	-	-
of which: Households	(1,521)	(1,521)	(1,521)	-	-	-	-	-	-
of which: Secured by residential property	(1,521)	(1,521)	(1,521)	-	-	-	-	-	-
of which: non-financial sector companies	(251,269)	(251,269)	-	(251,269)	-	-	-	-	-
of which: SMEs and ISEs	-	-	-	-	-	-	-	-	-
of which: Secured by commercial property	-	-	-	-	-	-	-	-	-

Breakdown of loans and advances subject to legislative and non-legislative repayment holidays, by residual maturity of the repayment holiday

	Number of debtors	Gross carrying amount						
		Of which: Legislative repayment holiday	Of which: Expired	Remaining term of repayment holiday				
				<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which a repayment holiday was proposed	22,365	-						
Loans and advances subject to a repayment holiday (granted)	21,639	3,918,377,218	9,851,262	3,906,208,046	984,409	1,333,501	-	- 9,851,262
of which: households		1,732,073,679	-	1,729,755,769	984,409	1,333,501	-	-
of which: secured by residential property		1,726,556,224	-	1,724,238,314	984,409	1,333,501	-	-
of which: non-financial sector companies		2,002,101,508	9,851,262	1,992,250,246	-	-	-	- 9,851,262
of which: SMEs		636,931,249	-	636,931,249	-	-	-	-
of which: secured by commercial property		776,683,162	-	776,683,162	-	-	-	-

4.4.6.2 Government-backed loans

On 16 March 2020, the French government announced that it was setting up a government-backed loan scheme to help businesses ride out the COVID-19 economic and health crisis. These government-backed loans are being made available between 16 March 2020 and 30 June 2022 through France's main banking institutions, including La Banque Postale.

The loans are designed to assist businesses experiencing cash flow problems. No repayments are due in the first year, after which the borrower has the option of repaying the loan immediately or in instalments over a period of up to five years. The loans are backed by a government guarantee covering between 70% and 90% of the principal, interest and incidental fees, depending on the size of the borrower's business. This guarantee covers the capital, interest and fees, and applies

throughout the term of the loan unless the acceleration clause is triggered due to a credit event. The cost of the loan comprises each lender's financing cost (interest rate), without any margin, plus the fee for the government guarantee which is fixed by law.

Following the French government's announcement of 14 January 2021, repayment may be deferred for a further year at the customer's request.

The guarantee is valid from two months after the loan grant date.

Outstanding government-backed loans at 31 December 2021 amounted to €927 million, of which 17% for professional customers and micro-enterprises and 83% for other business customers. The loans are currently being consolidated, based on customer decisions at the end of the first year to repay the loan either immediately or in instalments over a maximum of five years. Most customers opt to repay their loan in instalments over a fairly long period (not exceeding five years).

Information about loans recently granted under the new government-backed loan scheme introduced during the COVID-19 crisis

	Gross carrying amount	Maximum amount of guarantee that can be taken into account	Gross carrying amount	
			of which: waived	Reclassification to non-performing exposures
New government-backed loans and advances	926,717,206	-	847,732,105	15,985,354
of which: households	-			-
of which: secured by residential property	-			-
of which: non-financial sector companies	772,098,010	-	708,468,907	14,486,401
of which: SMEs	373,254,164			9,120,283
of which: secured by commercial property	11,232,967			1,700,616

4.4.6.3 Government-backed stimulus loans (PPR)

The government-backed stimulus loan system (*prêts participatifs de relance* – PPR, originally called *prêts participatifs soutenus par l'État* – PPSE) was included in the Government Economic Stimulus Plan and the 2021 Finance Act. The loans are available to SMEs (companies with revenue of at least €2 million) and ISEs (revenue of up to €1.5 billion) in a healthy financial position. The deadline for applying for the loans is 30 June 2022.

They consist of eight-year subordinated loans with a deferred repayment period of at least four years. The loan amount is

capped at 12.5% of revenue in the case of SMEs and 8.4% of revenue for ISEs. The loans are intended to strengthen the borrowers' balance sheets, support their growth and finance necessary capital expenditure, especially on projects in favour of the environmental or digital transition.

They are originated by La Banque Postale and 90% of the amount is subsequently transferred to a government-backed fund. The 10% retained by La Banque Postale is unsecured.

As of 31 December 2021, €5.6 million worth of PPR loans had been granted to 22 counterparties. Due to deferred repayment facility, the total amount of the loans (€5.6 million) was still outstanding at 31 December 2021.

4.4.7 Credit risk mitigation techniques

4.4.7.1 Credit risk mitigation techniques

La Banque Postale minimises its credit risk. To do so, in addition to the quality of the file and of the counterparty which are essential to decision-making, La Banque Postale seeks guarantees to limit its losses in the event the counterparty defaults.

For this purpose, La Banque Postale has a database of guarantee types, standards and rules governing the selection of the guarantors it will accept.

To mitigate real estate loan risk

The general principle is that any financing must be 100% covered by a guarantee, which provides an adequate level of cover that complies with the Group Risk Management Policy, namely:

- ▶ a first (or equivalent) mortgage security: moneylender's privilege, conventional mortgage, mortgage pledge granted by a third party as guarantee of a borrower's debt;
- ▶ a pledge of financial products (life insurance policies, securities accounts, REIT units) in compliance with the loan amount covered by the pledged savings, as specified in the general terms and conditions for granting loans, depending on the type of investments pledged (equity, bonds, monetary, etc.);
- ▶ a guarantee provided by a body authorised and pre-approved by La Banque Postale's Guarantor Referencing Committee.

La Banque Postale uses three main organisations/collaterals:

- ▶ Crédit Logement;
- ▶ Fonds de cohésion sociale (FGAS);
- ▶ Nationale Hypotheek Garantie (NHG).

By way of exception to the preceding principles, some small home improvement loans are granted with no guarantee.

Bridging loans can be granted without or with lesser guarantees, if the sale agreement or the promise of sale for the asset that is the subject of the loan has been signed, and the conditions precedent favouring the buyer of the asset have been lifted. In such a case, La Banque Postale can take a simple pledge of mortgaged assets (PAH) on the asset to be sold.

If the quality of the file so justifies, La Banque Postale may grant a non-guaranteed loan, provided that all the non-guaranteed

loans granted to the same customer together do not exceed the limit fixed by the terms and conditions for granting loans.

If the quality of the file so justifies, La Banque Postale may accept a guarantee from an individual as the principal guarantee, within the limits fixed by the terms and conditions for granting loans.

The realisation value of home loan security rights is subject to a quarterly review based on updated notarised indices.

However, the quality of the guarantee does not, in and of itself, justify the granting of a loan.

To reduce credit risk on part of the commitments guaranteed by the FGAS facility:

Pursuant to the decision of the ACPR college of 19 June 2014 taking into account the specific characteristics of the FGAS guarantee facility, the prudential treatment under the CRR of the outstanding loans guaranteed by the FGAS for institutions using the standardised approach for measuring credit risk is the following: For the generations after 2007, 50% of the guarantees received from the State can be taken into account by the institutions on the condition of a loss experience below the applicable reference thresholds.

To reduce credit risk on part of the Dutch home loan portfolios:

The WEW (*Waarborgfond Eigen Woningen*/housing guarantee fund), an organisation backed by the Dutch government which manages the NHG public guarantee system (rated AAA), covers 90% of the final loss.

To mitigate consumer credit risk

Consumer loans are generally granted without guarantees or collateral.

Risk mitigation techniques for commercial banking activities in the business market

In the area of guarantees and credit risk mitigation techniques for businesses, La Banque Postale relies on the following principles:

- ▶ guarantees are "credit risk mitigators"; their role is to limit La Banque Postale's loss in the event of a borrower default (LGD);

- ▶ any commitment must be covered by a guarantee except where risk management rules provide otherwise;
- ▶ the guarantees taken must comply with the risk management rules: be legally approved and managed by operational entities;
- ▶ insofar as possible, security rights must qualify in prudential terms. However, this is not compulsory. Some guarantees do not lead to a reduction in equity requirements but secure the transaction for the lender.

Risk mitigation technique for its market activities

With respect to the Credit Risk mitigation technique for market activities, La Banque Postale Group's standard calls for the inclusion of collateral from repo transactions as securities when the following eligibility criteria are met:

- ▶ sufficiently liquid asset included in the list of CRR assets (Article 194.3);
- ▶ right to liquidate (Article 194.4);
- ▶ match between the credit quality grade (CQS) and the assessments of the external organisation (Article 197.1).

La Banque Postale has implemented internal eligibility criteria as a guarantee for repo agreement transactions.

4.4.7.2 Quantitative information on credit risk mitigation techniques
CRM techniques overview (EU CR3)

(in € millions)	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Loans and advances	169,150	71,993	31,966	40,026	
Debt securities	35,507	-	-	-	
Total	204,657	71,993	31,966	40,026	
of which non-performing exposures	203,754	(708)	(39)	(669)	
of which defaulted					

Unsecured exposures include exposures to savings centralised with CDC for €66.2 billion.

Standardised approach – Credit risk exposure and CRM effects (EU CR4)

(in € millions)	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs and RWA density	RWA density (%)
Exposure classes						
Central governments or central banks	74,105	10	82,890	12	3	0.0%
Regional governments or local authorities	6,837	3,600	9,660	2,096	2,267	19.3%
Public sector entities	68,500	1,415	68,588	753	260	0.4%
Multilateral development banks	-	-	-	-	-	-
International organisations	6	2	6	2	-	-
Institutions	6,756	3,274	40,831	2,546	10,552	24.3%
Corporate	24,569	10,816	21,471	6,098	20,738	75.2%
Retail customers	54,530	11,754	11,666	3,111	10,911	73.8%
Secured by mortgages on immovable property	29,256	662	29,193	662	11,675	39.1%
Exposures in default	968	29	604	9	688	112.2%
Exposures associated with particularly high risk	500	137	500	123	993	159.4%
Covered bonds	1,342	-	1,342	-	134	10.0%
Institutions and corporates with a short-term credit assessment	159	-	159	-	135	84.7%
Collective investment undertakings	362	155	362	155	1,746	337.9%
Equities	16,703	91	16,703	91	17,680	105.3%
Other items	4,195	-	4,195	-	3,080	73.4%
TOTAL	288,789	31,945	288,170	15,658	80,860	26.6%

At 31 December 2021, the average weighting (RWA density) of La Banque Postale's credit portfolio was 27% using the standard method. This reflects the very moderate level of risk of its portfolio which consists primarily of sovereign exposures with a preferential weighting of 0% (CRR Article 114-4), bank exposures with good ratings and home loans guaranteed by organisations

such as Crédit Logement, which are also of high credit quality.

However, the increasing level of Corporate exposures should be noted given La Banque Postale's significant growth in this market. These exposures are weighted less favourably under the standardised approach, for equivalent ratings.

4.4.8 Use of external credit rating agencies

La Banque Postale calls on external credit scoring agencies for its corporate lending activities. In 2021, four external organisations were used by La Banque Postale to determine the external credit scores used for counterparties: Standard & Poor's, Moody's, Fitch and FIBEN.

These four rating agencies are consulted in order to determine the credit quality level that applies to each counterparty. In

accordance with current regulations, the level used to assess credit risk is the second most unfavourable rating in the event that there is no consensus between the four agencies.

The EBA's prudential correspondence tables are applied in order to determine the credit risk weightings using the standardised approach of valuing risk-weighted assets.

4.4.9 Counterparty risk

4.4.9.1 Definition and management framework

Counterparty credit risk is primarily the result of transactions on forward financial instruments. Exposure is assessed *via* the present value method.

Counterparty risk is generated by all derivative products held in La Banque Postale banking or trading portfolios. This risk is always calculated when the BFI (Corporate and Investment Banking) enters into an International Swaps and Derivatives Association (ISDA) or French Banking Federation (FBF) derivatives contract with a third party.

This risk is limited by the fact that the transactions mainly take place with top-tier financial institutions and that they are systematically performed as part of agreements that make

provision for clearing agreements with regular margin calls. Furthermore, most of the instruments involved are "plain vanilla" swaps.

La Banque Postale may also enter into derivatives transactions with its corporate customers. Credit risk equivalents are determined for each derivative in the portfolio.

Counterparty risk is also generated *via* all securities lending/borrowing positions. The assets underlying these transactions are generally bonds and they may be covered by Global Master Repurchase Agreement (GMRA) or FBF (Fédération bancaire française) contracts.

The counterparty risks are subject to limits and are periodically monitored by the Corporate, Public Sector and Institutional Credit Risk Department.

4.4.9.2 Exposure to counterparty risk

Analysis of CCR exposure by approach (EU CCR1)

(in € millions)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre- CRM	Exposure value post-CRM	Exposure value	RWEA
EU – Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU – Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
SA-CCR (for derivatives)	218	371		1.4	1,784	825	825	551
IMM (for derivatives and SFTs)			-	-	-	-	-	-
Of which securities financing transactions netting sets			-		-	-	-	-
Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
Of which from contractual cross-product netting sets			-		-	-	-	-
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					1,820	1,692	1,692	912
VaR for SFTs					-	-	-	-
TOTAL					3,605	2,517	2,517	1,463

Standardised approach – CCR exposures by regulatory exposure class and risk weights (EU CCR3)

	Risk weight											Total exposure value
(in € millions)	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	
Exposure classes												
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
Regional government or local authorities	-	-	-	-	24	-	-	-	-	-	-	24
Public sector entities	3	-	-	-	-	-	-	-	-	-	-	3
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	1,739	-	-	538	818	-	-	-	-	-	3,095
Corporate	-	-	-	-	19	825	-	-	428	95	-	1,367
Retail customers	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	1	-	-	1
Other items	-	-	-	-	-	-	-	-	-	39	-	39
TOTAL EXPOSURE VALUE	3	1,739	-	-	581	1,643	-	-	430	134	-	4,529

For the purposes of this report, exposures to central counterparties are reported under “Institutions”.

CCR exposures by regulatory portfolio and risk weight (EU CCR8)

(in € millions)	Exposure value	RWEA
Exposure to qualifying central counterparties (total)		15
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	440	9
(i) OTC derivatives	88	2
(ii) Exchange traded derivatives	-	-
(iii) SFTs	352	7
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	1,299	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	89	6
Unfunded default fund contributions	-	-
Exposure to non-QCCPs (total)		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which:	-	-
(i) OTC derivatives	-	-
(ii) Exchange traded derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-

Composition of collateral for CCR exposures (EU CCR5)

(in € millions)	Collateral used in derivatives transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency	484	433	-	50	-	121	-	-
Cash – other currencies	1	0	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-	1,299	28,726
Government agency debt	-	-	-	-	-	-	-	174
Corporate bonds	-	-	-	-	-	-	-	160
Equity securities	-	-	-	-	-	676	-	-
Other collateral	-	-	-	-	-	8,536	-	1,698
TOTAL	485	433	-	50	-	9,333	1,299	30,759

Credit derivatives exposures (EU CCR6)

(in € millions)	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	-	2
Index credit default swaps	582	132
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total notionals	582	134
Fair values		
Positive fair value (asset)	-	4
Negative fair value (liability)	(13)	-

4.4.10 Securitisation

La Banque Postale has €995 million in exposure to securitisations as defined in the regulations.

The Group invests in securitisations in certain European Union countries and in the United Kingdom.

The securities are backed by retail receivables as defined in Article 123 of the CRR.

Preference is given to securitisation programmes that have been awarded the European STS (Simple, Transparent, Standardised) label.

The high quality portfolio consists, for the most part, of Senior tranches assigned step 1 credit quality.

The Group does not carry out any transactions included in the templates listed below and is therefore not concerned by those templates:

- ▶ template EU SEC1 – Securitisation exposures in the non-trading book;
- ▶ template EU SEC3 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor;
- ▶ template EU SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor;
- ▶ template EU SEC5 – Exposures securitised by the institution – Exposures in default and specific credit risk adjustments.

Securitisation exposures in the trading book (EU SEC2)

(in € millions)	Institution acting as originator				Institution acting as sponsor				Institution acting as investor			
	Classic			Sub-total	Classic			Sub-total	Classic			Sub-total
	STS	Non-STS	Synthetic		STS	Non-STS	Synthetic		STS	Non-STS	Synthetic	
Total exposure												
Retail (total)												
Residential mortgage												
Credit card												
Other retail exposures												
Re-securitisations												
Wholesale (total)												
Loans to corporates												
Commercial mortgage												
Lease and receivables												
Other wholesale									948	46		995
Re-securitisation												

4.4.11 Large exposures

At 31 December 2021, in line with Article 403 of the Capital Requirements Regulation (CRR), as amended by CRR II, and pending official publication of revised ECB Regulation No 2016/455 concerning the exercise of options and discretionary powers (currently in the consultation phase), which provides

notably for exemption from the application of Large Exposure limits for home loans backed by a Crédit Logement guarantee, these loans have been temporarily included in Large Exposures reports and submitted to the limit of 25% of Tier 1 capital.

4.4.12 Quantitative counterparty credit risk information

Transactions subject to own funds requirements for CVA risk (EU CCR2)

(in € millions)	Exposure value	RWEA
Total transactions subject to the advanced method	-	-
(i) VaR component (including the x3 multiplier)	-	-
(ii) Stressed VaR component (including the 3x multiplier)	-	-
Transactions subject to the standardised method	1,259	303
Transactions subject to the alternative approach (based on the original exposure method)	-	-
TOTAL TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK	1,259	303

4.5 FINANCIAL RISKS

Financial risks are presented in two parts in this section:

- ▶ overall financial risks, covering interest rate risk related to banking mismatches and currency risk for all of the business activities within La Banque Postale's consolidated scope;
- ▶ market risks related to trading positions, consisting of negotiable securities and derivatives contracts entered into with an intent to trade, as well as risks related to the value of exposures measured at fair value through profit or loss or equity.

Market risk, within the meaning of prudential regulations, corresponds exclusively to transactions carried out with an intent to trade *i.e.*, to only part of the market risk defined in the second Paragraph above. It contains a capital charge for foreign exchange risk, although the methods for managing this risk are covered more generally as part of the consolidated scope in Section 4.5.1 "Structural banking portfolio interest rate, liquidity and foreign exchange risk".

4.5.1 Structural banking portfolio interest rate, liquidity and currency risk

4.5.1.1 Governance

Balance Sheet Management Committee

The Balance Sheet Management Committee, a committee of the Executive Board, is the main decision-making body for matters concerning La Banque Postale's financial management. It is chaired by the Chairman of the Executive Board. Its main roles and responsibilities are as follows:

- ▶ review the Group's liquidity position and capital adequacy using both a standardised and an economic approach, taking into account the Group's risk appetite;
- ▶ review the main resilience test results and the main sensitivities concerning liquidity and capital adequacy;
- ▶ validate the various divisions' business trajectories;
- ▶ authorise the Chief Financial Officer to carry out various debt issues (Additional Tier 1, Tier 2, Senior Non Preferred, Senior Preferred and Covered Bonds), setting a target and a maximum amount (giving due consideration to social and green bond issuance capacity);
- ▶ review the interest rate position and authorise the Chief Financial Officer to implement hedging programmes;
- ▶ approve the use of material new models (including impact analyses) validated by one of the Group Risk Department's *ad hoc* committees;
- ▶ validate the internal transfer pricing procedure;
- ▶ monitor ECB feedback on liquidity and capital adequacy issues.

Asset and Liability Management (ALM) and Treasury Committee

The ALM and Treasury Committee rolls down the Balance Sheet Management Committee's decisions to the operating units. It is chaired by the Chief Financial Officer. It provides an interface for interest rate and cash flow hedging programmes between the ALM and Treasury teams on the one hand and the units responsible for implementing the hedging programmes on the other.

The roles and responsibilities of the ALM and Treasury Committee are as follows:

- ▶ periodically examine customer behaviour models and formally validate the associated runoff assumptions;
- ▶ monitor interest rate, liquidity and currency risk indicators; anticipate future changes based on marketing strategies and observed customer behaviour;
- ▶ monitor the sensitivity of future margins;
- ▶ decide on the investments, financial market issues and hedging programmes to be authorised pursuant to the ALM policy;
- ▶ review the annual cash budgets allocated to the delegated management of investment portfolios;
- ▶ review updated alert thresholds and exposure limits to be submitted to the GRMC;
- ▶ periodically review treasury positions (particularly the size of the treasury balance sheet) and decisions concerning the mandate to be given to short-term liquidity managers;
- ▶ oversee regulatory exercises (especially ILAAP) and the results submitted to the banking and insurance supervisors;
- ▶ review annual internal transfer prices and the calibration of the Group's liquidity matrix;
- ▶ monitor the subsidiaries' ALM indicators;
- ▶ monitor the foreign exchange positions of the Group's banking entities.

Group Risk Management Committee (GRMC)

This Committee validates risk management principles and limits. It validates the ALM risk management system, in particular the limits applicable to asset and liability management. It authorises and validates the instruments used for financial management (ALM, trading desks).

Model Risk Management Committee (MRMC)

This sub-committee of the GRMC is in charge of validating the models used by La Banque Postale Group, and includes the main ALM models in its mapping process and roadmap.

Risk Management Rules Validation Committee (CVRGR)

This Committee is responsible for approving La Banque Postale Group's risk management rules. It is a sub-committee of the GRMC.

Capital Management Committee

This committee of the Executive Board monitors capital management and asset risk-weighting matters and related indicators. In this respect, it defines capital management objectives (ratio, targets, etc.):

- ▶ it reviews the trajectory of capital and weighted asset risks;
- ▶ it defines corporate financing action plans (securities issues, capital increase requests, business line arbitrage and strategies, etc.) which can impact La Banque Postale Group's liquidity.

4.5.1.2 Banking portfolio interest rate risk

The unit responsible for supervising and managing overall interest rate risk is the Balance Sheet Risk Department (DRF-RB) within the DRF, which reports to La Banque Postale's Group Risk Department.

The department has several goals:

- ▶ to provide periodic monitoring of the indicators used to manage La Banque Postale's overall consolidated interest rate risk and that of its banking subsidiaries;
- ▶ to carry out audits of the calculation processes for the various indicators (static and dynamic) and control the integrity of calculated exposures;
- ▶ to audit the methodologies used.

This risk is monitored using indicators showing the sensitivity of future margins and economic value to interest rates, and by modelling scenarios which assess the entity's capacity to withstand exogenous shocks.

The interest rate movements tested affect both uncertain cash flows from financial products and earnings from Retail Banking operations *via* behavioural models – particularly implicit options available to customers.

The supervision of interest rate risk is the responsibility of the ALM Committee, which monitors indicators and forecasts trends based on commercial policy guidelines and observed customer behaviour. The interest rate risk indicators are also reviewed by the GRMC. Interest rate risks are generally reviewed on a monthly basis.

Objectives

Interest rate risk is managed so as to hedge the sensitivity of La Banque Postale's future net interest margin while ensuring compliance with value sensitivity indicators. A dynamic approach based on the business plan is used, applying interest rate derivatives (hedges) or adjusting commercial policies.

The balance sheet includes implicit and explicit options, leading to non-linear economic values based on interest rates. In this context, ALM proposes the regular rebalancing of structural positions using market instruments.

Scope

As required by the Basel Committee, significant interest rate risks in the banking book are identified and measured. Some of these risks may give rise to a specific follow-up procedure.

Interest rate risk is measured by maturity and by type of index for products dependent on variable or adjustable rates (Euribor, inflation, Eonia, etc.), taking into account likely runoff agreements, which are themselves dependent on market conditions. Interest rate risk includes several components:

- ▶ fixing risk related to differences between new interest rates applied to assets and to liabilities (depending on baseline rates and maturities);
- ▶ yield curve risk related to fixing risk: this is generated by changes in the yield curve (translation, rotation, etc.);
- ▶ baseline risks: these are related to the use of multiple baseline interest rates and arise from the imperfect correlation of different reference rates;
- ▶ option-related risks (contractual or behavioural);
- ▶ risks caused by positions exposed to actual interest and inflation rates.

The change in the net interest margin is therefore measured by reference to several interest rate scenarios. The interest rate risk on the balance sheet is simulated with dynamic modelling, taking into account future changes in outstanding amounts (early repayments, loan originations, etc.), in accordance with behavioural models and the business plan.

Fixed income trading desk transactions measured at fair value through profit or loss (trading portfolios) are not included in the overall interest rate risk management process as the risk associated with these transactions is monitored and managed according to the individual limits for each portfolio. These specific trading desk portfolios are subject to market risk-type limits.

Interest rate gap by maturity at 31 Dec. 2021

(Negative amount = Surplus uses at fixed rates)

(in € millions)	Average spot gaps			
	0 to 1 year	1 to 5 years	5 to 10 years	> 10 years
Uses	(183,072)	(115,782)	(57,865)	(7,609)
Resources	185,929	126,427	61,203	5,375
Off-balance sheet	(294)	(1,952)	(142)	343
Rate gap 31 Dec. 2021	2,564	8,694	3,197	(1,891)
Rate gap 31 Dec. 2020	923	10,276	3,954	(2,402)
Adjustments	1,640	(1,582)	757	511

La Banque Postale's interest rate position was stable in 2021. It is a net borrower at 10-year rates and a net lender for longer dated assets and liabilities, corresponding to a mature mismatch model.

In March, the runoff model for home savings plans (Plans épargne logement – PEL) was updated, extending the duration of the old plans. Following this change, long-dated (up to 20 years) sovereign debt securities were purchased to hedge the related interest rate risk.

EVE (Economic Value of Equity) sensitivity

This corresponds to a negative change in value resulting from various shock scenarios applied to La Banque Postale's regulatory own funds. EVE is calculated using static modelling, based on the contractual maturities of balance sheet items. The

Assessing overall interest rate risk

Agreements and models

The interest rate gap and interest rate sensitivity valuation methodologies used are determined according to the type of assets (or liabilities) comprising the balance sheet:

- ▶ outstanding loans with fixed maturities (contractual runoff that may or may not be adjusted by a model);
- ▶ outstanding loans with no fixed maturities (conventional runoff);
- ▶ off-balance sheet items (liquidity commitments and guarantees).

Transactions with no contractual maturity (including customer deposits and passbook savings accounts) are included based on runoff conventions approved by the Balance Sheet Management Committee and the Group Risk Department.

Off-balance sheet transactions are included, taking into account drawdown assumptions.

Interest rate gap

For a given currency, the nominal interest rate gap is calculated for fixed-rate transactions and for variable-rate and adjustable-rate transactions up to the next rate review or reset date. The nominal interest rate gap does not take into account interest rate payments.

The interest rate gap is the difference between the amount of fixed-rate assets and the average amount of fixed-rate liabilities including the effects of off-balance sheet items (swaps and amortisation of balancing payments), by maturity.

following shock scenarios were modelled:

1. parallel 200 bps increases in short- and long-term rates;
2. parallel 200 bps decreases in short- and long-term rates;
3. steeper yield curve (decrease in short-term rates, increase in long-term rates);
4. flattening of yield curves (increase in short-term rates, decrease in long-term rates);
5. increase in short-term rates;
6. decrease in short-term rates.

EBA guidelines also require banks to model a regulatory floor for the risk-free rate. The floor starts at -1% and is increased in steps of 0.05% to 0% at 20 years.

EVE sensitivity by level of parallel interest rate shock at 31 Dec. 2021

(in € millions)	(200)	200	Flattening	Steepening	Increase in short-term rates	Decrease in short-term rates
EVE sensitivity at 31 Dec. 2021 (in € millions)	(100)	(769)	(117)	43	(111)	(29)
EVE sensitivity vs T1 capital at 31 Dec. 2021	-0.52%	-4.00%	-0.92%	0.22%	-0.57%	-0.15%
EVE sensitivity at 31 Dec. 2020 (in € millions)	(137)	(207)	(514)	95	(134)	(109)
EVE sensitivity vs T1 capital at 31 Dec. 2020	-0.86%	-1.31%	-3.25%	0.60%	-0.65%	-0.69%

The least favourable interest rate scenario for La Banque Postale is a 200 bps parallel increase in the yield curve (€769 million reduction in EVE, representing -4.00% EVE sensitivity vs Tier 1 capital). This compares to a regulatory limit of -15% (with an internal warning triggered at -13%).

2021 saw an increase in EVE sensitivity to a 200 bps rise in interest rates, mainly due to the Group's investments in sovereign debt with an average maturity of around 14 years.

At -200 bps, the main reason for the sensitivity's inertia was the fact that market interest rates are currently close to the floor rate set by the EBA, thereby reducing sensitivity to a fall in interest rates.

Net interest margin sensitivity

Net interest margin (NIM) sensitivity is defined as the difference between NIM in a modified interest rate scenario and NIM in a baseline interest rate scenario.

NIM sensitivity is calculated for each interest rate scenario taking into account interest rate-dependent behavioural models, and by maintaining levels of loan origination and deposits from the commercial business, along with assumptions related to

equivalent financial transactions in the baseline scenario.

Only the behavioural models show a reaction to the shock scenario. Their impacts on amounts outstanding modify the level of short-term financing.

Different interest rate scenarios featuring an instantaneous shock relative to the baseline curve:

1. parallel 100 bps increases in short- and long-term rates;
2. parallel 100 bps decreases in short- and long-term rates;
3. steeper yield curve (decrease in short-term rates, increase in long-term rates);
4. flattening of yield curves (increase in short-term rates, decrease in long-term rates);
5. increase in short-term rates;
6. decrease in short-term rates.

EBA guidelines also require banks to model a regulatory floor for the risk-free rate. The floor starts at -1% and is increased in steps of 0.05% to 0% at 20 years.

Net interest margin (NIM) sensitivity at 1 year/Scenario at 31 December 2021

(in € millions)	31 Dec. 2020	31 Dec. 2021
Translation +1	253	109
Translation -1	(124)	(86)
Steepening	(94)	53
Flattening	30	182
Rise in short-term rates	299	307
Drop in long-term rates	9	(58)

The least favourable scenario at one year for La Banque Postale is a -100 bps shock leading to a fall in NIM of €86 million, representing around 5% of total forecast NIM for 2022.

4.5.1.3 Liquidity risk**Liquidity risk reporting and assessment systems**

The liquidity risk reporting systems cover the entire La Banque Postale Group for regulatory purposes. Some of the limits and indicators used in management refer to corporate units of the Group, notably La Banque Postale, the largest Group entity.

Adequacy of liquidity risk management procedures

Liquidity risk management is based on:

- ▶ a risk map;
- ▶ a system of guidelines and limits;
- ▶ a financing plan which ensures the equilibrium of La Banque Postale Group's refinancing position on an *ex-ante* basis;
- ▶ a buffer of high-quality unencumbered liquid securities (and its equivalent in Central Bank deposits).

La Banque Postale's Supervisory Board approved the entire Internal Liquidity Adequacy Assessment Process (ILAAP) in April 2021.

La Banque Postale's overall liquidity risk profile

La Banque Postale has a strong liquidity position based on:

- ▶ customer deposits exceeding customer loans. La Banque Postale has a significant and diversified deposit base (in excess of €200 billion) consisting primarily of deposits from French retail customers;
- ▶ a significant HQLA portfolio (High-Quality Liquid Assets). La Banque Postale has traditionally invested a significant portion of its balance sheet in sovereign securities due to its historical activity as a deposit-taker. The customer credit business only began to develop in 2006. This portfolio contains only high-quality liquid assets in accordance with Delegated Regulation (EU) No 2015/61, enabling La Banque Postale to raise its short-term liquidity ratio to above 150%;
- ▶ a forecast financing plan updated on a regular basis;
- ▶ proven access to capital market financing.

Since funds from customers mostly have no fixed maturity and may be payable at any time (deposits, passbook accounts), their runoff is modelled to determine their profile over time. La Banque Postale has taken a conservative approach to its liquidity assessments and has adopted very conservative runoff assumptions. Consequently, in calculating its resources, it applies upper limits for the volatility of outstanding amounts and lower limits for their liquidity duration.

Liquidity risk management

The Balance Sheet Management Committee is responsible for managing liquidity risk in compliance with the principles and limits approved by the GRMC. Part of this responsibility is delegated to the ALM and Treasury Committee.

In operational terms, La Banque Postale has implemented an internal liquidity adequacy assessment process (ILAAP) which combines all of its liquidity limits, assessment, monitoring, reporting and management procedures. The process includes:

- ▶ a system of guidelines and limits;
- ▶ a financing plan which ensures the equilibrium of La Banque Postale's refinancing position on an *ex-ante* basis in its budget planning universe;
- ▶ maintaining and monitoring a buffer of high-quality, unencumbered liquid securities and amounts entrusted to the Central Bank's deposit facility;
- ▶ the Emergency Funding Plan (EFP), which is primarily intended to:
- define alert thresholds to enable early detection of liquidity stress, whether specific to La Banque Postale or systemic,

- identify all available liquidity-generating capacities (liquidity reserves and financing capacity),
- mobilise governance to manage potential crises in a timely manner;
- ▶ measure La Banque Postale's room for manoeuvre *via* a stress test system in the context of historically high stress on its liquidity.

The liquidity risk prudential reporting systems cover the entire prudential consolidation scope. Some Group entities are also subject to reporting requirements at the individual level.

Liquidity risk measurement

Short-term liquidity monitoring

Short-term liquidity monitoring is based primarily on the survival period and the Liquidity Coverage Ratio (LCR).

The LCR is a monthly short-term liquidity ratio which measures La Banque Postale's capacity to withstand a severe deterioration in its financial situation for up to 30 days in a systemic shock environment.

Under banking regulations, LCR must be greater than 100%. La Banque Postale's internal LCR target is higher than this, as previously mentioned, and its actual LCR at 31 December 2021 was significantly above the minimum level, at 204.0%⁽¹⁾.

This ratio is calculated by dividing the sum of unencumbered, high-quality liquid assets by the liquidity requirement in a stress environment over a 30-day period. An LCR proxy is calculated daily.

The survival period is the period during which the Group can fulfil its expected net cash outflows under stress conditions combining systemic and idiosyncratic shocks.

1) Simple arithmetical average of month-end observations for the 12 months preceding 31 December 2021.

Quantitative information on the Liquidity Coverage Ratio (LCR) (EU LIQ1)

Scope of consolidation (solo/consolidated)	Total weighted value (average)				Total weighted value (average)			
	Dec. 2021	Sept. 2021	June 2021	March 2021	Dec. 2021	Sept. 2021	June 2021	March 2021
Number of data points used in the calculation of averages	-	-	-	-	-	-	-	-
HIGH-QUALITY LIQUID ASSETS								
1 Total high-quality liquid assets (HQLA)		56,841	53,704	49,057	45,055			
CASH OUTFLOWS								
2 <i>Retail deposits and deposits from small business customers, of which:</i>	192,508	190,976	189,212	187,058	12,396	12,271	12,139	11,976
3 <i>Stable deposits</i>	140,397	139,723	138,705	137,573	7,020	6,986	6,935	6,879
4 <i>Less stable deposits</i>	52,077	51,210	50,447	49,436	5,374	5,283	5,202	5,095
5 <i>Unsecured wholesale funding</i>	16,859	16,933	16,744	17,080	10,138	10,124	9,688	9,724
6 <i>Operational deposits (all counterparties) and deposits in cooperative bank networks</i>	-	-	-	-	-	-	-	-
7 <i>Non-operational deposits (all counterparties)</i>	13,177	13,435	13,940	14,515	6,455	6,625	6,884	7,159
8 <i>Unsecured debt</i>	3,683	3,499	2,803	2,565	3,683	3,499	2,803	2,565
9 <i>Secured wholesale funding</i>		993	662	408	314			
10 <i>Additional requirements</i>	24,182	22,258	20,211	18,523	3,897	3,705	3,622	3,571
11 <i>Outflows related to derivative exposures and other collateral requirements</i>	1,449	1,423	1,505	1,576	1,449	1,423	1,505	1,576
12 <i>Outflows related to loss of funding on debt products</i>	-	-	-	-	-	-	-	-
13 <i>Credit and liquidity facilities</i>	22,733	20,835	18,706	16,947	2,448	2,282	2,117	1,995
14 <i>Other contractual funding obligations</i>	6,549	5,849	5,348	4,693	6,549	5,846	5,345	4,691
15 <i>Other contingent funding obligations</i>	1,554	2,673	4,361	6,073	1,350	1,418	1,541	1,688
16 TOTAL CASH OUTFLOWS					35,323	34,027	32,742	31,963
CASH INFLOWS								
17 <i>Secured lending (e.g., reverse repos)</i>	9,274	9,577	8,439	6,676	173	237	268	278
18 <i>Inflows from fully performing exposures</i>	1,592	1,567	1,600	1,718	1,059	1,049	1,074	1,152
19 <i>Other cash inflows</i>	67,133	67,818	68,336	68,533	6,222	6,371	6,502	6,567
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which EU-19a are denominated in non-convertible currencies)								
EU-19b								
20 TOTAL CASH INFLOWS	78,000	78,961	78,375	76,927	7,454	7,657	7,844	7,997
EU-20a <i>Fully exempt inflows</i>	-	-	-	-	-	-	-	-
EU-20b <i>Inflows subject to 90% cap</i>	-	-	-	-	-	-	-	-
EU-20c <i>Inflows subject to 75% cap</i>	78,000	78,961	78,375	76,927	7,454	7,657	7,844	7,997
TOTAL ADJUSTED VALUE								
21 LIQUIDITY BUFFER					56,841	53,704	49,057	45,055
22 TOTAL NET CASH OUTFLOWS					27,869	26,370	24,898	23,966
23 LIQUIDITY COVERAGE RATIO (%)					204.0%	203.7%	197.0%	188.0%

Qualitative information on LCR, which complements template EU LIQB1 (EU LIQB)

The Group's weighted average LCR increased by 21 points in 2021, to 204% at 31 December from 183% at the previous year-end.

Reported LCR increased by 7 points over the year, to 186% at 31 December 2021 versus 179% at the end of 2020. This change is

explained by the increase in the numerator, with €5.3 billion growth in High Quality Liquid Assets (HQLA) related to Banque de France positions, which was partly offset by the increase in the denominator, with net cash outflows up €1.5 billion, related to borrowings from financial sector customers and repurchase agreements.

Long-term liquidity monitoring

Long-term liquidity monitoring is based on:

- ▶ the Net Stable Funding Ratio (NSFR);
- ▶ a financing plan, to ensure that a liquidity forecast is provided alongside the provisional budget trajectory;
- ▶ an assessment of forecast LCR as part of the financing plan implementation process, to ensure that adequate financing will be available over the long term;
- ▶ several stress scenarios developed as part of the ILAAP exercise;
- ▶ regular assessments of the concentration, cost and structure of refinancing, and the concentration of the asset buffer, and preparation of regulatory reports (ALMM) alongside publication of the LCR;
- ▶ twice-yearly market access tests to verify market access in different currencies;
- ▶ an assessment of the liquidity gap, described below.

La Banque Postale assesses its long-term liquidity level by reference to a liquidity gap. The liquidity gap includes static gap forecasts by maturity and limits defined at 1-, 3- and 5-year horizons. The assumptions used correspond to a stressed approach, resulting in a conservative view of La Banque Postale Group's liquidity position.

The liquidity gap assessment approaches are determined according to the type of asset (or liability) on the balance sheet:

- ▶ outstanding loans with fixed maturities (contractual runoff that may or may not be adjusted by a model);
- ▶ outstanding loans with no fixed maturities (conventional runoff);
- ▶ liquidity profile of the transferable assets;
- ▶ off-balance sheet items (liquidity commitments and guarantees).

Transactions with no contractual maturity (including customer deposits and passbook savings accounts) are included based on runoff conventions approved by the Balance Sheet Management Committee and the Group Risk Department.

Off-balance sheet transactions are included, taking into account drawdown assumptions.

The transferability of certain transactions may be taken into account where appropriate.

The NSFR corresponds to the amount of available stable funding in relation to required stable funding. This ratio should be at least 100% at any time. "Available stable funding" (ASF) refers to the portion of resources that are not payable within the time frame considered, i.e., 1 year within the context of the NSFR. The amount of "required stable funding" (RSF) of a business depends on the characteristics of its liquidity and the residual maturity of its assets (and off-balance sheet positions).

At the date of this report, as part of the regulatory liquidity exercises carried out for the ECB, the NSFR liquidity ratio was 143%.

Net Stable Funding Ratio (EU LIQ2)

(in currency amounts)	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to <1 year	≥1 year	
AVAILABLE STABLE FUNDING (ASF) ITEMS					
Capital items and instruments	19,916	-	-	2,744	22,660
<i>Own funds</i>	19,916	-	-	2,744	22,660
<i>Other capital instruments</i>	-	-	-	-	-
Retail deposits	-	129,543	0	2	120,427
<i>Stable deposits</i>	-	76,728	-	-	72,891
<i>Less stable deposits</i>	-	52,815	0	2	47,536
Wholesale funding	-	55,660	2,030	21,522	29,184
<i>Operational deposits</i>	-	-	-	-	-
<i>Other wholesale funding</i>	-	55,660	2,030	21,522	29,184
Interdependent liabilities	-	64,933	-	-	-
Other liabilities	120	7,141	-	-	-
<i>NSFR derivative liabilities</i>	120	-	-	-	-
<i>All other liabilities and capital instruments not included in the above categories</i>	-	7,141	-	-	-
TOTAL AVAILABLE STABLE FUNDING (ASF)	-	-	-	-	172,271

	Unweighted value by residual maturity				Weighted value
(in currency amounts)	No maturity	< 6 months	6 months to <1 year	≥1 year	
REQUIRED STABLE FUNDING (RSF) ITEMS					
Total high-quality liquid assets (HQLA)		-	-	-	1,565
Assets encumbered for one year or more in cover pool		-	-	-	-
Deposits held at other financial institutions for operational purposes		-	-	-	-
Performing loans and securities:		12,894	6,115	133,010	109,345
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		6,629	1,319	187	846
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		187	0	220	239
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		5,322	3,738	36,239	29,350
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		4,896	3,585	29,916	23,686
Performing residential mortgages, of which:		85	234	70,954	55,259
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		79	219	67,364	52,151
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		670	824	25,410	23,650
Interdependent assets		64,933	-	-	-
Other assets		3,937	45	5,437	7,171
Physical traded commodities		-	-	-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		215	-	-	182
NSFR derivative assets		-	-	-	-
NSFR derivative liabilities before deduction of variation margin posted		866	-	-	43
All other assets not included in the above categories		2,856	45	5,437	6,945
Off-balance sheet items		2,385	1,924	48,613	2,663
TOTAL RSF		-	-	-	120,744
NET STABLE FUNDING RATIO (%)					
					142.7%

Long-term liquidity gap at 31 December 2021

Average spot gaps

(in € millions)	1 year	3 years	5 years
Uses	(205,851)	(151,477)	(110,684)
Resources	232,641	179,894	137,166
Off-balance sheet	0	0	0
Liquidity gap at 31 December 2021	26,790	28,417	26,482
Liquidity gap at 31 December 2020	27,590	26,233	22,531
Adjustments	(801)	2,184	3,951

The liquidity gap (excess of liabilities over assets) increased slightly in 2021, due more to a model effect than any change in balance sheet structure. Some runoff conventions, particularly for savings products (home savings plans, home savings accounts, key account demand deposits) and for bonds were revised during the year, leading to an increase in medium-term liquidity.

“Dynamic” liquidity assessments take into account assumptions about La Banque Postale’s loan origination and the refinancing of its budget and its medium/long-term business plan. These assumptions enable the Group to draw up a “balance sheet forecast”, a financing plan, and future LCR and NSFR estimates.

Emergency Funding Plan (EFP)

The EFP is monitored by the Group's funding governance bodies (the ALM and Treasury Committee and the Refinancing Sub-Committee of the Group Risk Committee) and implemented by the CIB Division.

The EFP is part of the internal liquidity assessment process on which La Banque Postale reports each year. The EFP sets out the leading indicators selected to gauge the robustness of the (financial or banking) markets impacting the liquidity of La Banque Postale. These indicators can be broken down into two major groups:

- ▶ systemic indicators;
- ▶ entity-specific ("idiosyncratic") indicators.

A specific threshold (comfort, vigilance or warning) is defined for each indicator.

The EFP also makes provision for a mechanism to be implemented in the event of a proven systemic or entity-specific crisis. This mechanism mainly takes the form of an inventory of the various sources of funds (or liquidity) available to La Banque Postale, based on the amounts involved and the speed with which they can be accessed. The EFP also makes provisions for specific governance through committees, which will monitor the leading indicators. The purpose of this governance organisation is to increase oversight of liquidity risk. In normal times, the indicators are presented at meetings of the ALM and Treasury Committee and periodically to the GRMC. They are also tracked during weekly meetings of the Refinancing Committee. The indicators selected, and the actions proposed,

are tested on the markets in order to gauge their suitability along with market liquidity.

The funding test involves testing the market by issuing short-term debt. The aim of this type of test is to regularly verify La Banque Postale's ability to quickly raise funds on the markets to ensure that its estimated borrowing capacity remains valid. This type of test is carried out at least twice a year.

Liquidity reserve

Definition

The purpose of the liquidity reserve is to quantify the amount of cash and liquidity readily available through the sale or repurchase of securities in order to withstand a liquidity crisis.

The liquidity reserve is composed of:

- ▶ cash deposited with the Central Bank (excluding the average mandatory reserves calculated over the incorporation period);
- ▶ the securities in the HQLA (High-Quality Liquid Assets) buffer, consisting primarily of government securities, covered bonds and corporate securities meeting the liquidity criteria defined by regulations applicable to the LCR calculation, for which the valuation includes a regulatory haircut;
- ▶ other securities available from the ECB (primarily bank securities), including the ECB discount.

Very high quality secured home loans qualifying for refinancing by La Banque Postale Home Loan SFH through covered bond issues also represent an important source of liquidity.

Composition of the liquidity reserve in securities at 31 December 2021

Liquidity reserve (in € millions)

	31 Dec. 2021
Cash and central banks	49,101
Unencumbered HQLA securities	4,282
Other eligible ECB securities	3,037
TOTAL LIQUIDITY RESERVE	56,421

Ability to access external financing

In line with the ALM Committee and the GRMC's prudent liquidity management, La Banque Postale has secured diversified sources of financing, including:

- ▶ a €20 billion NEU CP (Negotiable European Commercial Paper) programme and a €10 billion ECP (European Commercial Paper) programme to refinance a portion of La Banque Postale's short-term financing requirements and satisfy demand from institutional customers;
- ▶ a €2 billion NEU EMTN programme to refinance a portion of La Banque Postale's short-term financing requirements and satisfy demand from institutional customers;
- ▶ a €20 billion retail EMTN programme enabling the issue of senior (vanilla and structured), non-preferred senior and Tier 2 debt;
- ▶ a €10 billion retail structured senior debt programme;
- ▶ a €30 billion EMTN programme for the issue of home loan bonds (*obligations de financement de l'habitat* – OFH) via its

secure financing vehicle, La Banque Postale Home Loan SFH, a La Banque Postale SA subsidiary created in 2013;

- ▶ access to European Investment Bank (EIB) refinancing under La Banque Postale's eligible funds commitment;
- ▶ a portfolio of HQLA (High-Quality Liquid Asset) securities, consisting mainly of rapidly accessible, high-quality government bonds which represent a stable source of eligible assets enabling access to ECB refinancing operations or to the securities repo market;
- ▶ access to the Brokertec, Eurex Repo and Eurex GC Pooling and NGT Bondlend repo platforms;
- ▶ access to the interbank market.

La Banque Postale also has access to a secured financing vehicle *via* the Caisse de financement local (CAFFIL), to which it regularly sells originated local public sector loans.

In addition, following the ECB's decision to relax the criteria for participating in longer-term targeted refinancing operations (TLTRO III), in early 2021 La Banque Postale decided to draw down its total available allocation.

4.5.1.4 Encumbered/Unencumbered assets

Encumbered and unencumbered assets (EU AE1)

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
(in € thousands)								
Assets of the disclosing institution	116,398,646	24,117,400			770,149,130	2,357,035		
Equity instruments	169,112	-	-	-	285,831	-	285,831	-
Debt securities	26,064,215	24,117,400	24,868,508	25,009,834	47,490,594	2,357,035	15,493,615	2,357,035
<i>of which covered bonds</i>	682,474	663,724	682,474	663,724	4,609,808	703,876	2,059,621	703,876
<i>of which securitisations</i>	-	-	-	-	2,757,941	195,385	396,104	195,385
<i>of which issued by general governments</i>	23,967,382	23,114,772	23,867,206	24,017,835	9,145,839	601,140	2,113,611	601,140
<i>of which issued by financial corporations</i>	2,222,423	997,777	998,876	987,148	32,371,129	841,087	11,819,431	841,087
<i>of which issued by non-financial corporations</i>	20,766	609	2,730	609	5,973,627	629,613	1,560,572	629,613
Other assets	1,256,974	-			81,943,212	-		

Collateral received and own debt securities issued (EU AE2)

	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
	of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA	
(in € thousands)				
Collateral received by the reporting entity	9,188,004	8,513,865	1,538,069	1,223,629
Loans on demand				
Equity instruments				
Debt securities	9,188,004	8,513,865	1,538,069	1,223,629
<i>of which covered bonds</i>	-	400,346	95,125	92,800
<i>of which securitisations</i>	-	-	291,002	290,888
<i>of which issued by general governments</i>	8,762,965	8,490,038	1,155,913	839,985
<i>of which issued by financial corporations</i>	455,497	418,314	382,156	380,667
<i>of which issued by non-financial corporations</i>				
Loans and advances other than loans on demand				
Total assets and/or collateral received and own debt securities issued	-	-	-	-

Sources of encumbrance (EU AE3)

	Matching liabilities, contingent liabilities or securities lent	Assets and/or collateral received and own debt securities issued other than covered bonds and securitisations encumbered
(in € thousands)		
Carrying amount of selected financial liabilities	125,169,987	124,019,322

La Banque Postale Group's encumbered assets consist of the following:

- ▶ securities delivered under repurchase agreements with other financial counterparties;
- ▶ securities pledged for the Central Bank and Crédit Logement;
- ▶ home loans pledged as collateral for La Banque Postale Home Loan SFH's covered bond issues;
- ▶ margin calls on securities and derivatives;
- ▶ collateral deposits.

4.5.1.5 Overall foreign exchange risk

Foreign exchange risk, particularly the risk related to international transfers and financial activities, remains very moderate despite the launch of a USD financing business by the CIB Division.

The balance sheet of La Banque Postale is managed almost exclusively in euros. Foreign currency market activities carried out by the cash management unit and portfolio-related activities are systematically hedged and converted into euros beyond a specified exchange rate position threshold.

The residual currency risk related to income earned from these activities is managed by converting said income into euros at least every six months or whenever it reaches the established threshold.

The retail bank's foreign currency operations, which mainly involve international fund transfers, are fairly small.

At 31 December 2021, La Banque Postale's currency position represented €78 million, of which around 89% denominated in USD.

4.5.2 Market risk

4.5.2.1 Organisation and governance

Financial Risk Department (DRF, Market risk)

Market risk encompasses the risk of losses generated by adverse changes to variables (interest rates, exchange rates, spreads, volatility, etc.) on the value of financial instruments carried on La Banque Postale's balance sheet or of its commitments.

Within the Group Risk Department, managing market risks is the responsibility of the DRF, and, in particular, the Market Risk unit.

In order to ensure comprehensive monitoring of market risks, the monitoring scope of the Market Risk unit encompasses all fair value transactions.

The DRF, under the responsibility of the Group Risk Department, reports to the GRMC on the definition and implementation of procedures for managing and monitoring financial risks. It also reports to the GRMC on a monthly basis on market risks and informs it of its main activities.

The overall market limits, as defined in the Risk Appetite Statement and the associated Risk Appetite Dashboard, are approved by the Supervisory Board. Market limits under the Group Risk Management Policy are approved by the Executive Board. Operational limits under Risk Management Rules are approved by the Market Risk Committee.

4.5.2.2 Market risk within the Group

Market risk concerns all balance sheet and off-balance sheet items measured at fair value. These items are found within La Banque Postale and within several Group subsidiaries, namely:

- ▶ in the insurance subsidiaries:
 - La Banque Postale Prévoyance,
 - La Banque Postale Assurances IARD,
 - La Banque Postale Assurance Santé,
 - CNP Assurances;
- ▶ in the asset management subsidiaries:
 - La Banque Postale Asset Management.

The DRF's Market Risk unit is responsible for monitoring La Banque Postale's market risk and for consolidated supervision at Group level.

4.5.2.3 Role of the Financial Risk Department (DRF)

Within the DRF, the Market Risk unit is responsible for four main areas.

Limits and authorisations

Loss risks are managed by commitment or exposure limits and by a list of authorised financial products. The DRF is therefore responsible for:

- ▶ reviewing requests for overall and operational limits;
- ▶ reviewing requests for new financial and investment products;
- ▶ monitoring compliance with limits;
- ▶ reporting and managing any overruns.

Valuation

The official fair value measurement of market transactions is the responsibility of the DRF. One potential source of losses arises from the incorrect valuation of the price of financial assets in the portfolio. The DRF therefore focuses on ensuring that the carrying amount of these assets represents fair market value with the lowest possible degree of uncertainty. To that end, the DRF:

- ▶ draws up a valuation policy;
- ▶ checks and approves the valuation methods in conjunction with the Model Approval unit;
- ▶ approves the valuation inputs;
- ▶ verifies the quality of market data and compliance with valuation procedures;
- ▶ defines valuation adjustments as part of prudent valuation, in accordance with the Capital Requirements Regulation (CRR).

Risk measurement and control

In order to manage risk-taking, the DRF must be able to provide an accurate account of the risks to which La Banque Postale is exposed. The DRF is therefore responsible for:

- ▶ identifying risk factors according to the products and strategies implemented;
- ▶ establishing risk measurement approaches and back-testing those approaches;
- ▶ monitoring the positions taken by the Group in order to ensure that they fall within the established limits.

Process controls

The DRF's Market Risk unit draws up a plan of controls to ensure the successful execution of its work and the quality of data produced.

4.5.2.4 Market risk indicators

Sensitivity

Sensitivity measures the exposure of La Banque Postale's portfolio to a change in risk factors.

The DRF approves the sensitivity calculation methodology and ensures that all relevant and material risk factors are taken into account.

Value at Risk (VaR)

VaR is an indicator of La Banque Postale's loss exposure. It gives an estimate of maximum potential losses over a specified period with a given probability. However, VaR does not indicate the various levels of potential losses that may arise from infrequent events.

The VaR indicator is calculated on trading portfolios and also on certain banking portfolios. An overall VaR encompassing all positions is also calculated.

VaR is broken down for each of the activities included in the market portfolio.

In line with a prudent approach, La Banque Postale decided to apply a VaR indicator (one-day, 99%) to all of its mark-to-market positions. The VaR indicator used by La Banque Postale is a parametric VaR, calculated using a variance-covariance matrix that covers La Banque Postale's exposure to interest rate, spread, exchange rate, volatility and equity risks.

The resulting VaR partly covers option-related risks, with second-degree risks not being taken into account. Although they are not currently material in relation to total positions, an increase in option positions could lead the Group Risk Department to adopt a more appropriate methodology. Moreover, option risk monitoring indicators are deployed.

The Group Risk Department back-tests the results of the model used to calculate the VaR indicator, in order to assess its quality.

Stress scenarios

VaR, which is calculated on the assumption that it follows a normal distribution, is estimated under normal market conditions and does not provide any information on the amount of the potential loss when the VaR is exceeded. As the Group needs to be able to estimate potential losses in exceptional market conditions (terrorist attacks, the collapse of a major group, etc.), it defines stress scenarios.

A stress scenario involves simulating an extreme situation in order to assess the financial impact on La Banque Postale's earnings or capital. The use of these scenarios is an analytical and management tool providing a better understanding of market risk.

La Banque Postale trades on all markets (UCITS, currencies, fixed-income, credit and derivatives). However, at present, it mostly deploys directional strategies on the fixed-income, credit and UCITS markets. For this reason, the crisis scenarios used in the models mainly affect yield curves, credit spreads and UCITS, according to their asset class.

A distinction is made between two major stress families – historical stresses and hypothetical stresses:

- ▶ historical stresses are based on historical facts (events which have actually occurred). To build the scenarios, changes which took place in the past during major financial crises are applied to current market conditions. These are historical scenarios;
- ▶ hypothetical stresses are scenarios that adopt plausible variations which, although they have never occurred, could threaten the organisation if they did. These shocks are calibrated with assumptions based on historical statistics drawn from market data.

A historical stress scenario is triggered by a sudden event affecting a combination of factors. To plan for a worst-case scenario, the time frames selected correspond to the initial stage during which the crisis spreads up to the first indication that prices are stabilising, given that several trading days are needed to close out high-risk positions.

A stress test is applied to a given category of market risk. La Banque Postale performs stress tests on its main risk exposures.

At Group level, quarterly stress tests are performed on all portfolios measured at fair value (including the insurance subsidiaries). This indicator is calculated on the basis of the historical scenario with a 3-month horizon, determined to be the most unfavourable for La Banque Postale Group over a 10-year period with a confidence level of 99.5%.

4.5.2.5 Market risk exposure limits

Organisation

A distinction is made between three levels of market risk limits corresponding to three escalation levels:

- ▶ limits set by the Supervisory Board in the Risk Appetite Statement (RAS) and the associated limits table;
- ▶ limits rolled down to the business units in the Risk Management Policy approved by the Executive Board in GRMC meetings;
- ▶ more detailed operational limits approved by the Market Risks Committee and checked for consistency with the RAS and the Risk Management Policy by the Group Risk Department.

The GRMC and the Risk Committee of the Supervisory Board are regularly informed as to the implementation of these limits and traders' compliance with them.

The system of limits is adapted to the organisation of La Banque Postale's financial activities. The trading desks define limits per activity, taking into account the aim of transaction management and the impact of transactions on La Banque Postale's earnings or capital.

Risk metrics

The limits are applied to the relevant risk measures to manage the potential impact of adverse changes in the markets on La Banque Postale's earnings and capital.

The objective is also to ensure that each activity remains within the specified management framework and only deals in market instruments that La Banque Postale's internal systems are operationally capable of managing.

Review of limits

Limits are reviewed each year in conjunction with the front office. It is important to ensure that the limits assigned remain consistent with changes in financial markets and in La Banque Postale's activities.

Limits may also be reviewed from time to time, at the request of the front office or at the discretion of the DRF.

Limit overruns

Limit overruns that are required to be reported to the Supervisory Board or Executive Board are managed *via* an alert procedure defined in the limit overrun management standard approved by the Risk Management Rules Committee of the Group Risk Department. Limit overruns that are required to be reported to the Group Risk Department are managed according to a special procedure in the Market Risk Management System.

Taking account of the given context, the DRF evaluates the pertinence of the planned corrective actions and may, if necessary and agreed by the Head of Group Risk, authorise a limit to be exceeded over a specified period if it cannot be quickly corrected due to operational reasons or the market environment.

Limit overruns (lasting for periods of three days or more in the case of overruns required to be reported to the Group Risk Department) and temporary overrun authorisations are reported each month to the GRMC and must be logged in an overrun notification report signed off by the Chief Risk Officer. Limit overruns lasting for less than three days are also reported each month to the Market Risk Committee.

4.5.2.6 Financial instruments and currencies authorised for trading

The DRF draws up a list of authorised products and currencies approved by the Market Risk Committee.

The DRF ensures that this list is complied with, and that there is sufficient operational capacity to manage these products and currencies, particularly in terms of risk calculation.

The transactions carried out in the market risk scope use traditional instruments commonly found in the financial markets:

- ▶ bonds;
- ▶ interest rate derivatives;
- ▶ UCITS;
- ▶ CDS hedges;
- ▶ structured EMTNs;
- ▶ transactions on listed markets (essentially interest rate/sovereign bond futures).

The main changes in the second half of 2021 mainly concerned approval of the Credit Linked Note and Credit Linked Swap products.

4.5.2.7 Exposure to market risks

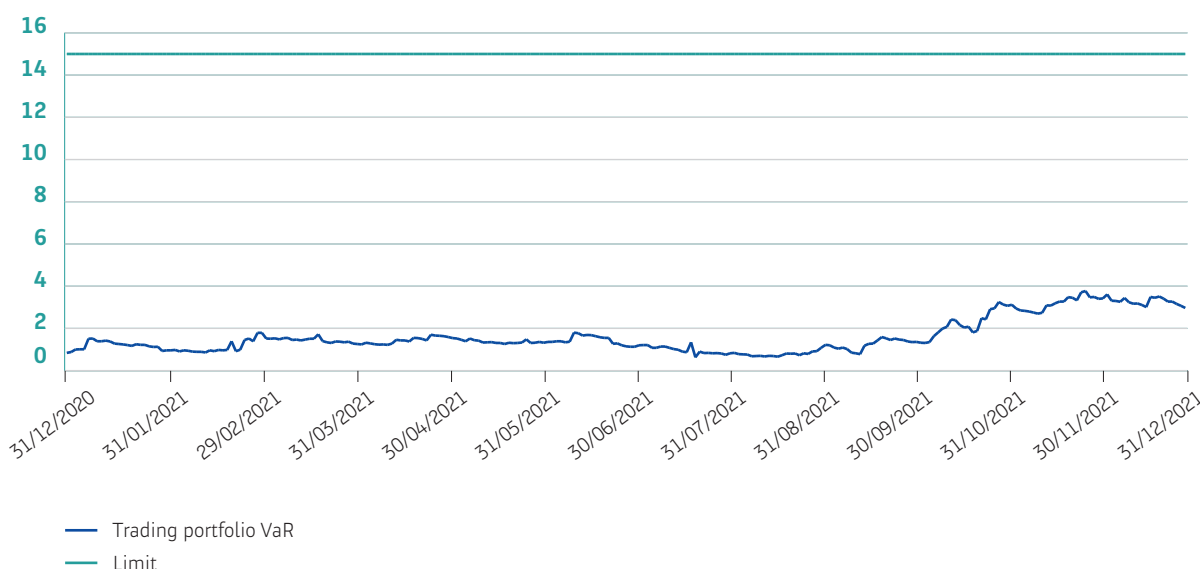
La Banque Postale is exposed to market risks due to its cash management and surplus liquidity management activities (portfolio of assets available for sale and hedging transactions), and through transactions undertaken on behalf of customers.

The market risk portfolio comprises the trading portfolio, as well as banking portfolio transactions measured at fair value, including transactions in available-for-sale securities and certain securities lending and borrowing transactions.

In terms of market risk management, La Banque Postale is primarily exposed to interest rate, credit spread and equities risks. Currency risks, particularly related to international mandates and financial activities, along with volatility risks, are moderate.

4.5.2.8 Changes in the main risk indicators for the trading desk in 2021

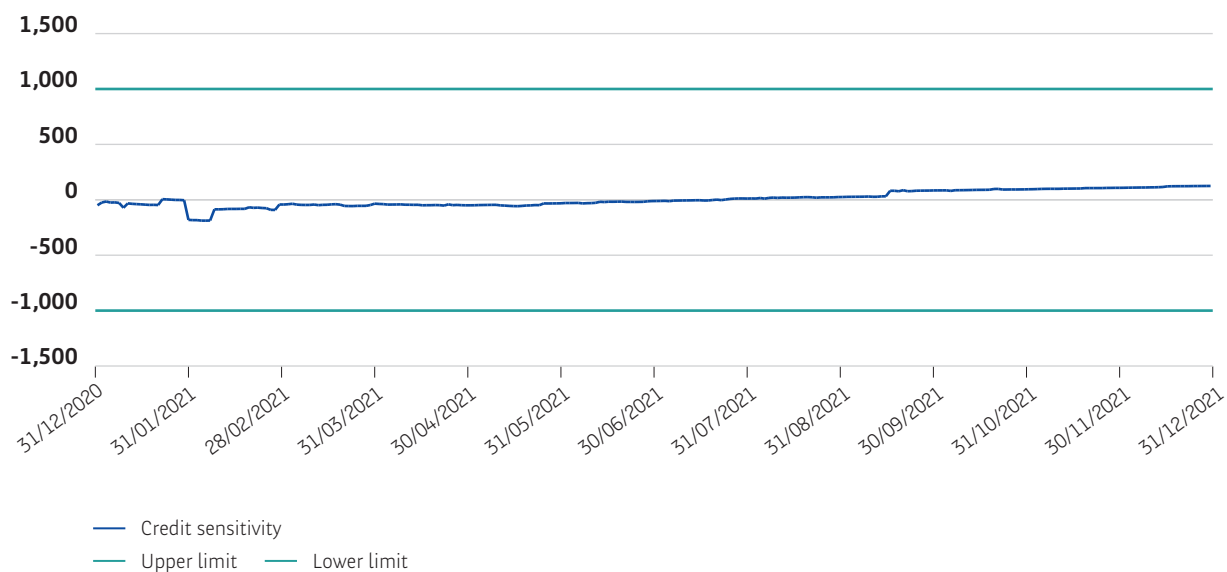
TRADING PORTFOLIO VAR (IN € MILLIONS)



The VaR of the trading portfolio measured at fair value through profit or loss ranged from €0.6 million to €3.8 million in the second half of 2021, with the sharp rise occurring mainly in the fourth quarter. The increase was mainly due to the greater volatility of the risk factors (interest rates, share prices).

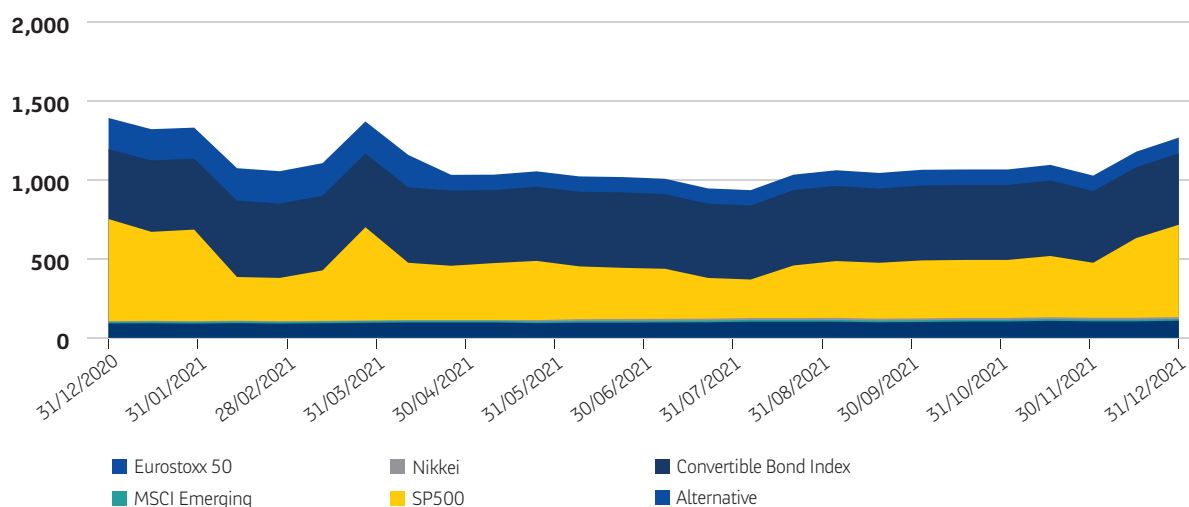
SENSITIVITY OF THE TRADING PORTFOLIO TO CHANGES IN INTEREST RATES (IN € THOUSANDS/BP)


The trading portfolio's sensitivity to changes in interest rates was positive at end-2021. During the second half of 2021, sensitivity was +/- €0.3 million/bp, which was well within the authorised limits (+/- €0.8 million/bp).

SENSITIVITY OF THE TRADING PORTFOLIO TO CHANGES IN CREDIT SPREAD (IN € THOUSANDS/BP)


The sensitivity of the trading portfolio to changes in credit spread was close to €0/bp in 2021, well within the authorised limit.

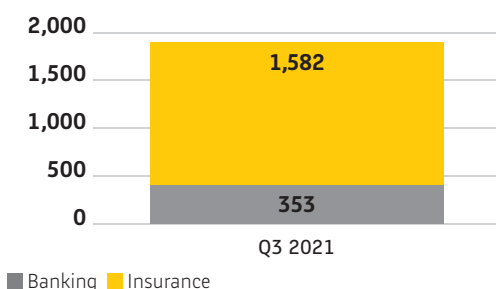
SENSITIVITY OF THE TRADING PORTFOLIO TO CHANGES IN STOCK MARKET INDICES (IN € THOUSANDS/%)



The trading portfolio's sensitivity to changes in stock market indices ranged from €0.9 million/% to €1.3 million/% over the second half of 2021. The increased sensitivity in the latter part of

the year was mainly due to the Group's exposure to the Visa share price (included in the S&P 500 index), which rose sharply in December 2021.

GROUP ADVERSE STRESS TEST CALIBRATED ON THE 99.5% QUANTILE (IN € MILLIONS)



The Group has performed an adverse stress test calibrated on the 99.5% quantile. The scenario resulting from this calibration corresponds to the shocks observed over the period from 31 December 2019 to 31 March 2020. The impacts were significantly greater for the Insurance Division, especially for CNP Assurances.

The impact on CNP Assurances was mainly due to:

- ▶ equity risk;
- ▶ corporate credit spread risk due to significant shocks;
- ▶ foreign exchange risk, due to the depreciation of the Brazilian real.

Group sensitivities

(in € millions/% or /bp)

	Banking	Insurance	Group
Interest rate risk (€/bp)	(0.38)	(11.78)	(12.16)
Spread risk (€/bp)	(3.17)	(13.84)	(17.01)
Equity risk (€/%)	4.87	34.91	39.78
Foreign exchange risk (€/%)	(0.16)	(15.75)	(15.91)
Real estate risk (€/%)	(0.52)	(11.01)	(11.53)

The Group's sensitivity to market risks is focused to a significant extent on the insurance business.

4.5.2.9 Capital requirements for market risk and for Credit Value Adjustments**Market risk under the standardised approach (EU MR1)**

(in € millions)

RWEAs**Outright products**

Interest rate risk (general and specific)	478
Equity risk (general and specific)	263
Foreign exchange risk	72
Commodity risk	-
Options	-
Simplified approach	-
Delta-plus approach	0
Scenario approach	-
Securitisation (specific risk)	-
TOTAL	813

4.5.2.10 Other quantitative information**Prudent valuation adjustments (PVAs) (EU PV1)**

Category level AVA	Risk category				
	Equity	Interest rates	Foreign exchange	Credit	Commodities
Market price uncertainty	85,556	414,987	109	2,336,542	-
Not applicable					
Close-out cost	77,208	9,230,351	430	758,084	-
Concentrated positions	36,395	-	-	13,812,666	-
Early termination	-	-	-	-	-
Model risk	1,361,616	-	-	-	-
Operational risk	16,276	964,534	54	309,463	-
Not applicable					
Not applicable					
Future administrative costs	-	-	-	-	-
Not applicable					
TOTAL ADDITIONAL VALUATION ADJUSTMENTS (AVA)					

Category level AVA	Category level AVA – Valuation uncertainty			Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post diversification		
Market price uncertainty	1,454,401	-	2,145,798	1,390,348	755,450
Not applicable					
Close-out cost	741,829	-	5,403,951	4,856,088	547,864
Concentrated positions	[Not applicable]	[Not applicable]	13,849,061	116,545	13,732,516
Early termination	[Not applicable]	[Not applicable]	-	-	-
Model risk	-	-	1,052,870	1,052,870	-
Operational risk	[Not applicable]	[Not applicable]	1,290,327	1,029,664	260,663
Not applicable					
Not applicable					
Future administrative costs	[Not applicable]	[Not applicable]	-	-	-
Not applicable					
TOTAL ADDITIONAL VALUATION ADJUSTMENTS (AVA)			266,587,834	8,445,514	258,142,320

4.5.3 Equity exposures not included in the trading book

(in € millions)	RWA
Equity investments	16,635
Subordinated securities	267
Other	-
TOTAL EQUITY RISK	16,828

Consolidated equity investments mainly comprise La Banque Postale's interest in CNP Assurances.

Unrealised gains and losses and gains and losses on disposals are presented in Notes 4.2 "Financial assets at fair value through other comprehensive income" and 5.3 "Net gain or loss on financial instruments at fair value through profit or loss" in the notes to the consolidated financial statements.

4.6 OPERATIONAL RISKS

4.6.1 Key figures

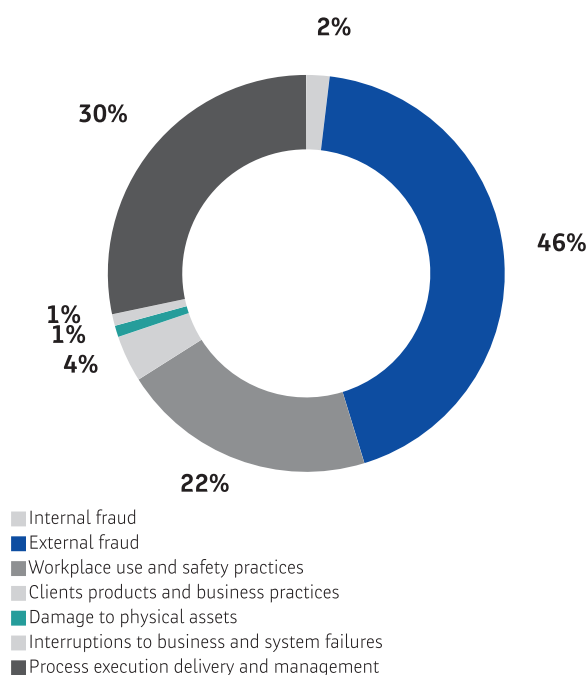
In 2021, revised net losses relating to operational risks totalled €65.6 million, including operational losses incurred by CNP Assurances.

Operational risk indicators, warning thresholds and limits are defined in La Banque Postale Group's Risk Appetite Statement, approved by the Supervisory Board.

The significant incident threshold as defined by Article 98 of the government order of 3 November 2014 had not been exceeded at 31 December 2021.

The following data represent five-year average gross losses from a prudential perspective (losses relating to operational risks in excess of €5,000, excluding the Insurance business).

**INCIDENTS ASSOCIATED WITH OPERATIONAL RISK,
BY VALUE (AVERAGE FROM 2017 TO 2021, %)**



The “external fraud” family continues to represent La Banque Postale Group's main risk exposure, representing 46% of gross losses. Most of the increase was due to online banking fraud, following the massive phishing campaigns that targeted La Banque Postale along with the other French banks. However, thanks to the corrective measures implemented by La Banque Postale since the end of May 2021, the weekly incidence of online banking fraud declined in the second half of 2021.

The “Process execution, delivery and management” family is La Banque Postale Group's second largest exposure in value terms (30%). This category of risk is mainly associated with single high-impact incidents in 2020 (with no recurrence in 2021).

The third largest exposure relates to the “Employment practices and occupational health and safety” family. After rising sharply in 2020 due to the inclusion of losses resulting from the COVID-19 health crisis, in 2021 losses in this category returned to a level more in keeping with the Group's historical experience.

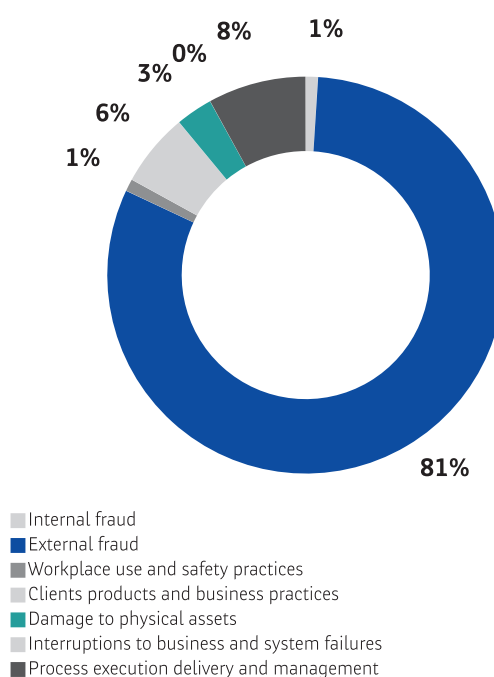
Concerning the Basel III “Customers, products and business practices” family, the amount was negative (at €2.1 million) due in particular to significant reversals of loss allowances in 2018.

Gross losses – Breakdown by business line, by value (average from 2017 to 2021)

Business financing	0%
Trading and sales	0%
Retail brokering	1%
Commercial banking	14%
Retail Banking	43%
Payment and settlement	25%
Agency services	0%
Asset management	2%
Corporate items	15%

The breakdown of gross losses by business is consistent with La Banque Postale's profile: the "Retail Banking" business accounts for 43% of losses, and the "Payment and Settlement" business accounts for 25%, mainly due to external fraud generated by this activity.

From a prudential perspective (losses relating to operational risks in excess of €5,000, excluding the Insurance business), discounted net losses in respect of operational risks totalled €35.6 million in 2021.

INCIDENTS ASSOCIATED WITH OPERATIONAL RISK, BY NUMBER (AVERAGE FROM 2017 TO 2021, %)

In number, 81% of incidents concern external fraud, in particular payment fraud.

4.6.2 Regulatory framework and definition

In accordance with Regulation (EU) No 575/2013 dated 26 June 2013 (Capital Requirements Regulation), as amended by Regulation (EU) No 2019/876 of the European Parliament and of the Council dated 20 May 2019 (CRR II), and the government order of 3 November 2014, as amended most recently by the government order of 25 February 2021, the definition of operational risk adopted by La Banque Postale and approved by

the GRMC on 26 February 2015, encompasses the “*risk of losses resulting from the unsuitability or failure of internal procedures, personnel or systems, or from external events. Operational risk notably includes risks linked to events with a low probability of occurrence but a high impact, internal and external fraud risks, legal risks, compliance risks (including reputational damage), and model risks, but excludes strategic risks*”.

4.6.3 Application scope

The process for identifying and assessing operational risks is applicable across all businesses activities:

- ▶ La Banque Postale and its subsidiaries, including its insurance entities;
- ▶ La Poste in all units performing transactions in the name and on behalf of La Banque Postale;
- ▶ companies in which La Banque Postale plays a direct and effective management role as a shareholder.

The operational risk management procedure is based on the principle of accountability of the businesses in identifying, measuring, hedging and monitoring their risks.

During the present transition period, work is being conducted to define the operational procedures for deploying La Banque Postale's operational risk management system within CNP Assurances. The work performed in first-half 2021 included:

- ▶ updating La Banque Postale Group's consolidated operational risk map (“conglomerate map”) taking into account CNP Assurances, including risks not managed directly by CNP Assurances' Group Risk Department (compliance, cyber and outsourcing risks). This map was approved by the GRMC in March 2021;

- ▶ documentation and assessment by CNP Assurances' Group Risk Department, of the insurance group's operational risk management system and its consistency with the operational risk management methodology applied by La Banque Postale Group;
- ▶ integrating CNP Assurances' operational risk monitoring indicators in the La Banque Postale Group's GRMC dashboard;
- ▶ finalising the process for reporting operational risk incidents by the CNP Assurances group to La Banque Postale's Group Risk Department (GRD);
- ▶ aligning CNP Assurances' outsourcing policy with that of La Banque Postale Group;
- ▶ communication by CNP Assurances of the information needed to complete the register of information on outsourcing arrangements defined in the EBA's guidelines;
- ▶ including CNP Assurances in the outsourcing permanent control exercise organised once a year by La Banque Postale Group;
- ▶ work also continued in 2021 on converging operational risk assessment and reporting tools and methodologies.

4.6.4 Governance

4.6.4.1 Positioning of the Operational Risk Department

The GRD is responsible, with respect to the Executive Board concerning the procedure for managing and monitoring La Banque Postale Group's operational risks.

The Operational Risk Department, under the responsibility of the GRD reports to the GRMC on the definition and implementation of procedures for managing and monitoring operational risks.

Role of the Operational Risk Department

As part of monitoring all types of risks associated with operations (volume V of the government order of 3 November 2014), the main roles of the Operational Risk Department are to:

- ▶ **establish the framework:** establish operational risk (OR) policy and governance for La Banque Postale Group, define

operational risk management standards, methods and tools and ensure their operational application (supervision of the OR Organisation);

- ▶ **monitor:** identify La Banque Postale Group's main risks, monitor and report on the effectiveness of the systems in place to manage those risks;
- ▶ **provide support:** help the members of the Organisation with the implementation and supervision of the system within the entities of La Banque Postale Group; contribute to building their professional skills;
- ▶ **anticipate future threats:** identify and model low-frequency high-impact scenarios, identify weaknesses;
- ▶ **ensure proper compliance,** within La Banque Postale Group, with the rules, standards and methods defined in terms of the management of operational risks.

4.6.4.2 Operational risk management stakeholders

The respective roles and responsibilities of operational risk management stakeholders within La Banque Postale Group are formally documented in the Group Risk Management Operational Policy. This policy is approved by the GRMC and distributed to the various Group entities and to entities acting in the name of and on behalf of La Banque Postale (the La Poste Network).

The Group risk management system is rolled down through rules on risk management and operating methods as set forth in the documentation database for operational risk management.

The key principle is the accountability of the business units for the risks to which their activity is exposed. To carry out their roles within the risk management system, heads of entities are assisted by employees within the risk organisation reporting to the Group Risk Department and known as Risk Managers (RMs).

Within their respective scopes of responsibility, the RMs:

- ▶ oversee the implementation and coordination of the operational risk management system;
- ▶ monitor its effectiveness;
- ▶ report to the Operational Risk Department.

The Operational Risk Department manages all operational risk stakeholders with the help of a roadmap which establishes the action priorities, deliverables and the respective deliverables schedule for each year.

4.6.4.3 Governing bodies

The Operational Risk Department participates, as needed, in meetings of the GRMC. The main responsibilities of this Committee in terms of operational risk are to validate the Group's operational risk profiles, and to review and arbitrate on the risk management systems in post-mortem analyses of significant incidents.

Each entity must hold a Risk and Compliance Committee meeting or Risk Management Committee meeting at least twice a year with the aim of building a consolidated view of the effectiveness of the operational risk management system and of the related controls.

Lastly, the Operational Risk Department meets twice per year with the Risk Managers at the Operating Risk Management Days. These meetings notably enable the actions initiated by the organisation to be coordinated, best practices to be exchanged and potential changes to the operational risk management system to be considered.

4.6.5 Current systems

Operational risks are classified according to the risk category and sub-category framework proposed by the Basel Committee and set forth in Article 324 of Regulation (EU) No 575/2013 of 26 June 2013 on capital requirements for credit institutions and investment firms.

The Operational Risk Department manages the implementation of an operational risk analysis and measurement system compliant with the government order of 20 February 2007 on capital requirements for credit institutions and investment firms and with Regulation No 575/2013.

The system is mainly based on:

- ▶ operational risk mapping;
- ▶ implementing a system for reporting incidents and losses sustained by the various entities of La Banque Postale and the subsidiaries concerned to the Group Risk Department;
- ▶ implementing operational risk stress test modelling and quantification;
- ▶ reports comprising an assessment of operational risk levels by Basel group, based on incidents identified and monitoring indicators.

The implemented system aims to ensure that La Banque Postale Group, as well as all entities acting in its name and on its behalf, is organised in such a way that it is able to continually identify, evaluate and monitor its operational risks so that it can take appropriate preventive or corrective measures.

4.6.5.1 IS security

A risk-based approach to Information systems security

La Banque Postale has responded to the exponential growth in cybercrime by preparing a new Cybersecurity Strategy that will equip the Group to meet the many challenges to come in this area and accelerate the process of digital transformation. The strategy focuses mainly on:

- ▶ stepping up deployment of health and safety measures (basic protections);
- ▶ instilling a cybersecurity culture through risk awareness programmes adapted to employees' different profiles;
- ▶ deploying a risk-based cybersecurity management approach in order to accurately assess La Banque Postale's cyber risk profile;
- ▶ improving the maturity of specific security processes, by strengthening cyber-attack detection and response capabilities, logical access controls and data protection procedures.

4.6.5.2 Emergency and Business Continuity Plan (EBCP) and Safety of Persons and Property (SPP)

La Banque Postale Group's EBCP and SPP framework is intended to minimise the impact of potential incidents on customers, staff, activities and infrastructure in order to protect La Banque Postale Group's reputation and ensure its staying power.

The approach put in place looks to optimise business continuity and physical resilience at all of La Banque Postale Group's entities. It is based on a methodology which involves:

- ▶ identifying threats;

- ▶ protecting infrastructure *via* prevention and physical protection systems and measures;
- ▶ identifying business continuity priorities, needs and strategies;
- ▶ implementing an effective response capability for a range of crisis scenarios, including extreme shocks, based on a Group crisis management system;
- ▶ testing and maintaining the systems to ensure their effectiveness.

La Banque Postale has identified four scenarios in which business continuity is compromised, which may combine:

- ▶ long-term unavailability of a site hosting personnel;
- ▶ failure of information systems and/or technical systems;
- ▶ significant employee absenteeism (pandemic, strikes);
- ▶ unavailable critical or important services.

Events during the past two years have greatly increased La Banque Postale Group's operational resilience. Resilience is a major focus of the work performed in 2021 by the new Resilience and Protection unit created in January 2021 within the Operational Risk Department. The new unit is tasked with identifying risks, minimising potential threats and failures, and reacting and adapting to disruptive events in order to reduce their impact on critical operations.

The Resilience and Protection unit is also in charge of the La Banque Postale Group's crisis management system, through the Major Incident Reporting unit. The system operates on a 24/7 basis and is organised around the crisis management units set up in the Group's various entities and subsidiaries. It is used to ensure that incidents are properly reported and classified, and to coordinate the response to major crises with the specialised functions (notably the Information Systems and Communication Departments), in line with the existing systems at Le Groupe La Poste and Caisse des Dépôts.

The Head of the Resilience and Protection unit manages the risk of business continuity failure in a cross-entity capacity with the support of a specialised organisation.

4.6.5.3 Outsourcing risks

La Banque Postale Group is exposed to risks that may arise when outsourcing its activities. Outsourcing risks are managed by a specific system and governance structure:

- ▶ outsourcing risk governance is provided by an Outsourcing Function. The tasks of the Outsourcing Function are performed by the Group Risk Department, the Legal Department and the Group Purchasing Department, as applicable. The Operational Risk Department (reporting to the Group Risk Department) manages the outsourcing process and any reporting to governance bodies;

- ▶ an outsourcing policy is approved by the Executive Board. This policy defines the outsourcing principles adopted by La Banque Postale and describes the framework for managing outsourced services within the Group, in compliance with applicable regulations, the EBA/GL/2019/02 guidelines on outsourcing arrangements of 25 February 2019, and La Banque Postale's internal policies.

The outsourcing policy aims to cover all phases relating to the outsourcing process and to set out the rules, roles and responsibilities for identifying, classifying, contracting, monitoring and supervising La Banque Postale Group's service providers, taking into account the specific challenges inherent to each of those services.

It applies to activities outsourced to service providers external to La Banque Postale Group as well as those outsourced within La Banque Postale Group (intragroup agreements between La Banque Postale and one of its subsidiaries, outsourcing agreements between La Banque Postale subsidiaries, etc.).

The policy is applicable to all types of outsourcing, including:

- ▶ Outsourced Essential Services as defined by the government order of 3 November 2014 on the internal control environment of entities in the banking, payment services and investment services sector supervised by France's banking supervisor, ACPR ("banking essential services") or subject to the General Rules of France's securities supervisor, AMF ("asset management essential services"), along with Critical and Important Services as defined by Article L. 354-3 of the French Insurance Code ("insurance essential services"); and
- ▶ critical or important outsourcing services as set out in the EBA/GL/2019/02 guidelines on outsourcing arrangements dated 25 February 2019.

The policy covers all of La Banque Postale Group's activities and takes into account the specific regulations applicable to each activity on a standalone basis.

A specific risk management and oversight system applies to outsourcing risks, based on:

- ▶ a systematic upstream process classifying the level of risk related to each outsourcing project;
- ▶ a specific regulated and contractual framework, adapted to the level of risk associated with the service and compliant with all regulatory requirements;
- ▶ a dedicated, comprehensive permanent control system (management of services, first- and second-tier permanent controls, audits of service providers), applicable to all major outsourced services identified by each Group entity.

The outsourcing risk management system is deployed in all La Banque Postale Group entities under the supervision of the Group Risk Department, which is responsible for oversight and reporting.

In 2021, La Banque Postale pursued its work to improve the management of intragroup services. All critical and important intragroup services were identified (including with CNP Assurances), the Legal Department led a project to ensure that all contractual documents comply with the applicable regulations and work continued on the deployment of a system of controls over critical and important intragroup services.

4.6.6 Calculation of capital requirements in respect of operational risk

Calculation method

The entire La Banque Postale Group implements a calculation of capital requirements according to the standardised approach pursuant to Articles 317 to 320 of Regulation (EU) No 575/2013 of 26 June 2013.

The calculation of risk-weighted assets is obtained by multiplying the capital requirements by 12.5.

Summary table

(in € millions)	31 Dec. 2021		31 Dec. 2020
	Risk-weighted assets	Capital requirements	Risk-weighted assets
Standardised approach	8,939	715	9,265

Operational risk own funds requirement and risk-weighted exposure amounts (EU OR1)

Banking activities (in € millions)	Relevant indicator			Own funds requirements	Risk-weighted exposure amount
	Year-3	Year-2	Last year		
Banking activities subject to basic indicator approach (BIA)					
Banking activities subject to standardised (TSA)/alternative standardised (ASA) approaches	5,647	5,142	4,932	715	8,939
<i>Subject to standardised approach (TSA)</i>	5,647	5,142	4,932		
<i>Subject to alternative standardised approach (ASA)</i>					
Banking activities subject to advanced measurement approaches (AMA)					

4.7 INSURANCE RISKS AND ADDITIONAL SUPERVISION OF CONGLOMERATES

4.7.1 Insurance risks

The Insurance Division is dominant in La Banque Postale Group's new structure, and exposure to insurance risks mainly concerns CNP Assurances, along with La Banque Postale's three legacy insurance subsidiaries.

The insurance business complements La Banque Postale Group's banking products and services, offering customers a broad and innovative range of insurance products that respect the values of affordability and trust associated with La Banque Postale Group.

For La Banque Postale Group, the development of its insurance business for its customers, and of the products and services offered by CNP Assurances in its multi-partner business model, represents strategic priorities that will allow the Group to provide its target markets with bespoke products while ensuring its own financial stability.

CNP Assurances sells insurance policies to non-La Banque Postale customers either through its partners' distribution networks, or directly in the case of group insurance.

The Insurance business is discussed in dedicated sections of this document. For more information, see Chapter 1 "Presentation of La Banque Postale Group".

4.7.1.1 Management of insurance risks

All of La Banque Postale Group's subsidiaries that operate in the insurance sector must meet the applicable regulatory requirements at all times. As head of a financial conglomerate, La Banque Postale Group is responsible for ensuring that each of its subsidiaries meets the applicable regulatory requirements. More generally, for all of its insurance businesses, La Banque Postale Group makes sure that the risk management procedures in place are consistent with the principles of the Risk Management Operational Policy (RMOP) set out in its Risk Appetite Statement (RAS) and Risk Organisation Charter.

These documents have been updated in order to reflect changes related to the integration of CNP Assurances into La Banque Postale Group. The RMOP is rolled down based on the legal and regulatory framework resulting from the "Solvency II" and "FICOD" directives, as transposed into French law. The Policy sets out the strategies, principles and processes making it possible to identify, measure, manage and monitor the risks to which the insurance businesses of La Banque Postale Group are exposed.

La Banque Postale Group's policy for managing risks related to its insurance business is described below.

4.7.1.1.1 CNP Assurances

The objectives of CNP Assurances' risk management policy are to create secure decision-making and other processes and promote a culture of risk management and oversight among employees in order to maintain the Group's value. The policy is the umbrella document governing all aspects of CNP Assurances' risk management system.

The policies for the management of the different categories of risk are approved by CNP Assurances' Board of Directors.

The main risks are overseen by La Banque Postale Group's Risk Management Committee (GRMC) and by CNP Assurances' Group Risk Committee (GRC).

CNP Assurances' risk management policy is described in more detail in its Universal Registration Document and the related risk management system is described in the "Risk management system" section of its SFCR.

4.7.1.1.2 Insurance Division

Within the framework of La Banque Postale Group's Risk Management Operational Policy (ROMP) and by delegation from the Group's Risk Management Department, the Risk, Control and Actuarial Department of the Non-Life Insurance Division is responsible for defining and implementing the risk management, control and oversight system for La Banque Postale's non-life insurance businesses. To this end, the Department:

- ▶ implements La Banque Postale Group's risk management procedures, which are rolled down and adapted for the Non-Life Insurance Division, taking into account the applicable non-life industry regulations;
- ▶ ensures that the Non-Life Insurance Division entities comply with Group procedures and with the requirements specific to the business and applicable regulations;
- ▶ deploys a risk organisation for the Non-Life Insurance Division, coordinates this organisation and liaises with La Banque Postale's risk organisation. The division's organisation is led by La Banque Postale's Chief Risk Officer, supported notably by the Risk, Control and Actuarial Department. The Insurance Division's Chief Risk Officer reports to La Banque Postale's Chief Risk Officer on a dotted-line basis.

This insurance risk management organisation enables La Banque Postale Group to have a consolidated view of risk exposures at Non-Life Insurance Division level and to obtain assurance that they are compatible with the Group's risk appetite at all times. These procedures also enable supervision to be carried out on a consolidated basis at the level of La Banque Postale Group.

To ensure that the insurance activities are aligned with the risk management policies of La Banque Postale Group, the Insurance Risk Committee coordinates and supervises the risk management procedures for the entire Non-Life Insurance Division, including outsourced activities. In particular, the Committee is responsible for providing a consolidated view of Non-Life Insurance Division risks and the extent to which those risks are controlled.

The Committee is chaired by the Head of the Non-Life Insurance Division and its activities are coordinated by the Head of the division's Risk, Control and Actuarial Department. Committee meetings are attended by managers from various functions involved in risk control and management at La Banque Postale Group.

With regard to the Insurance Division, risk governance is based on:

- ▶ the executive bodies of each subsidiary:
 - the Board of Directors and its Audit and Risk Committee,
 - any other related committees (e.g., Development Committee);
- ▶ operational governing bodies:
 - General Management of the subsidiary which relies on two effective managers, each of whom has the authority to make commitments on behalf of the Company and whose respective remits and procedures ensure a dual view of transactions and continuity in the decision-making processes defined by the Board of Directors.

General Management has various responsibilities in terms of implementing the internal control risk management and monitoring system. It:

- implements the Insurance Risk Management Policy,
- oversees the allocation of equity to the different businesses,
- defines operational risk limits and performs regular reviews according to changes in the risk profile,
- defines the organisation of the subsidiary in detail, particularly the associated decision-making procedures,
- defines and develops an internal control environment,
- ensures that an appropriate structured reporting system is in place,
- reviews the risk indicator dashboard and updates the risk map,
- makes recommendations to the Board of Directors concerning any measures designed to adapt and improve the internal control and risk management system,
- applies the Board of Directors' guidelines as to the measures to be taken to mitigate the risks identified and/or make improvements based on the reports received,
- informs the Board of Directors of any material issues or risks.
- The role of the Insurance General Management Committee is to:
 - draw up the Non-Life Insurance Division's strategy and monitor its execution,
 - monitor the progress plan and implement any required corrective action,
 - define and coordinate the Non-Life Insurance Division's activities,
 - manage the results and resources of the Non-Life Insurance Division,
 - propose structural operational solutions for the Non-Life Insurance Division,
 - guarantee seamless coordination with La Banque Postale Group and lend it its expertise,
 - propose new growth projects, prepare the Non-Life Insurance Division's business plan and monitor its execution;
- the Risk Management Committee, which reports to the Risk Management Function, assists General Management with:
 - defining and monitoring the risk strategy and the associated levels of economic capital, and defining any corrective actions,
 - providing oversight of the risk management system and plans of controls,

- ensuring regular production of the risk indicator dashboard and analysing the results;
- each subsidiary's Model and Assumptions Committee, which reports to the Actuarial function, is responsible for:
 - reporting to Executive Management, the Actuarial function and the Risk Management function on the status of the models, the security environment in place and the related inputs, so that they understand and can approve model changes, impacts and limits, and report model-related issues to the Risk Management Committee where appropriate,
 - ensuring that there is an adequate level of documentation,
 - obtaining approval for the management strategies proposed to the Company's business heads,
 - helping to train senior executives on the tools and their limits,
 - deciding on the assumptions, rules and models to be used at each reporting date;
- the Product Review Committee, which reports directly to General Management, and:
 - analyses new products and guarantees and their risks in order to ensure that they are aligned with the business plan and the risk profile of the subsidiary,
 - approves or rejects planned launches of new products or guarantees before they are presented to La Banque Postale's Product Review Committee;
- Partnership Management Committees, which report to General Management and ensure that service providers implement their contractual commitments in terms of risk management;
- the four key functions of each subsidiary: Risk Management, Compliance Checking, Actuarial Verification and Internal Audit. The key functions report on their work to the Audit and Risk Committee, which in turn reports to the Board of Directors.

The risk limits are set in line with the risk appetite of each subsidiary, and are approved by each subsidiary's Board of Directors. They provide a strict framework for risk management and risk selection.

4.7.1.2 Types of insurance risk

La Banque Postale Group classifies insurance risks in its insurance business as described below.

4.7.1.2.1 CNP Assurances

The purpose of this section is to present the CNP Assurances' main risk exposures and comply with:

- ▶ Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or for their admission to trading on a regulated market (Prospectus 3);
- ▶ Delegated Regulation (EU) No 2019/980 of the European Commission dated 14 March 2019, supplementing Regulation No 2017/1129 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market;
- ▶ ESMA guidelines on the new format for risk factors which issuers must disclose in Prospectus 3 (ESMA31-62-800).

The risks described below are inherent in the economic, competitive and regulatory environment in which CNP Assurances operates.

CNP Assurances' main specific risk exposures are presented below.

This section discusses:

- ▶ **financial market risk factors:** interest rate risk and equity price and yield risk;
- ▶ **credit and counterparty risk factors:** corporate or sovereign credit and counterparty risk and credit and counterparty concentration risk;
- ▶ **insurance underwriting risk factors:** policy surrender or cancellation risk;
- ▶ **operational risk factors:** outsourcing risk, product compliance risk, customer interaction compliance risk (financial security and AML-CFT procedures), information systems risk, data protection risk and cyber risk;
- ▶ **strategic risk factors:** strategic partnership risk, country risk, regulatory risk and business model risk.
- ▶ **climate risk factors.**

Risks are discussed in declining order of importance within each category. Information about risk management processes, procedures and controls is provided in this section.

The risk assessments were carried out in 2021 as part of the annual update of the CNP Assurances risk map using three approaches:

- ▶ Solvency Capital Requirement (SCR) as defined under the Solvency II standard formula (preferred method): estimated impact of risk occurrence on the CNP Assurances coverage ratio;
- ▶ sensitivity of the solvency ratio to the assessed risk: method used for risks not captured in the standard formula when an impact study was available;
- ▶ other approach: expert judgement (based on exchanges of views and the opinion of professionals), impact studies, indicators and internal reports.

Severity assessment

For the risks assessed using a quantitative approach, the following measurement scale was used:

Metric	Minor	Moderate	Major	Critical
Solvency II coverage ratio	< 5 pts	5 -10 pts	10 -20 pts	> 20 pts
Profit before tax	< €10m	€10 - €50m	€50 - €250m	> €250m

This approach was complemented by an expert analysis taking into account the risk's frequency as well as image, human, regulatory and legal aspects or any other relevant factor.

The residual rating (corresponding to the residual risk) is the gross rating mitigated by the corrective measures implemented by CNP Assurances to contain the risk. The residual ratings were

used as the basis for selecting the risks presented in this chapter because the regulations specify that only those risks that are considered to be material for the reporting entity need to be disclosed.

The risks identified as material (residual rating of Critical or Major residual rating) are thus classified as follows:

Risk family	Risk	Residual rating	Change
Financial market risks	Interest rate risk	Critical	Stable
	Equity price and yield risk	Major	Stable
Credit and counterparty risks	Corporate and sovereign credit and counterparty risk	Major	Stable
	Credit and counterparty concentration risk	Major	Stable
Insurance underwriting risks	Surrender or cancellation risk	Major	Stable
Operational risks	Outsourcing risk	Major	Stable
	Product and client interaction (financial security and AML-CFT) compliance risk	Major	Stable
	Information system, data security and cyber risks	Major	Stable
Strategic and business risks	Risks related to strategic partnerships	Critical	Stable
	Country risk	Major	Stable
	Risks related to new regulations	Major	Stable
	Business model risk ⁽¹⁾	Major	Not rated in 2020
Climate risk	Climate change risk ⁽¹⁾	Major	Not rated in 2020

⁽¹⁾ Credit and counterparty concentration risks, business model risks and climate change risks were integrated during the year with the update of CNP Assurances' risk map.

The 2021 risk ratings are fairly stable compared with 2020. Risk rating upgrades and downgrades are mainly due to more finely tuned assessments or an improved approach rather than to a change in CNP Assurances' risk profile.

The emergence of the Ukraine crisis in February 2022 is discussed in a dedicated paragraph in the country risk factor below.

Modelling objectives

Technical provisions are modelled based on current accounting standards. In particular, mortality tables, discount rates and investment yield assumptions may be selected based on a Solvency II approach.

Procedure for determining the main assumptions

The assessment of technical provisions is supported by:

- ▶ detailed knowledge of effective dates and the timing of accounting recognition and processing of the various technical and management events, as well as of the exact specifications of period-end processing operations and their scheduling, in order to accurately determine the underwriting and loss years;
- ▶ the creation of files at each period-end to check the consistency of reserves with technical flows;
- ▶ recurring audits of management system calculations, based on random tests and detailed repeat calculations;
- ▶ detailed risk assessments, based on prospective guaranteed yield calculations taking into account commitments in excess of regulatory limits, and on detailed statistical and other analyses of personal risk contracts, including loss monitoring (by contract/underwriting year/loss year) and tracking of the utilisation of reserves.

Assumptions used to calculate reserves

In accordance with French regulations, non-life outstanding claims reserves are not discounted, except for reserves covering policyholder annuities.

Mathematical reserves for individual savings products are stated net of deferred participation and withdrawals, in accordance with the applicable regulations.

Mathematical reserves for individual and group pension plans (with the exception of "Article L.441" plans) are calculated using the discount rate applicable at the contractual date (i.e., the contractual rate) or the premium payment date or benefit settlement date, depending on the type of policy.

Reserves for group personal risk products and term creditor insurance are generally calculated based on discount rates.

All other assumptions are determined by reference to CNP Assurances' internal experience-based data.

Use of different assumptions

Certain assumptions use data extrapolated from past experience or prospective data that draw upon:

- ▶ economic, demographic, social, legislative, regulatory or financial trends;
- ▶ policyholder behaviour (surrender rate, renewal/non-renewal rate, etc.);
- ▶ factors specific to life insurance such as mortality, morbidity or longevity.

While the assumptions used appear reasonable at the measurement date, actual future experience may be significantly different.

The keys used to allocate unrealised gains between technical provisions and own funds were recalibrated in 2020. A method has been developed based on historical dividend payments to policyholders and commission payments to referral agents. This method represents a robust and simple approach that is consistent with the Group's practices.

In addition, the related documentation provides a better audit trail.

Assumption correlations

Apart from the use dynamic surrender rates reflecting the correlation between surrender rates and the level of guaranteed yields for liability adequacy testing purposes, correlations among the various assumptions are not taken into account.

Risk associated with guaranteed yields on insurance and financial liabilities

Traditional savings contracts with a guaranteed yield have been classified by level of commitment, as follows (in declining order):

- ▶ contracts offering a guaranteed minimum yield and a guaranteed profit participation when the contract matures;
- ▶ contracts offering an enhanced yield (generally 75% of the TME rate) over a maximum of eight years;
- ▶ contracts offering a guaranteed minimum yield representing less than 60% of the TME rate at the time of payment.

Technical provisions on traditional savings contracts are analysed by guaranteed yield in the following tables:

Guaranteed yield		31 Dec. 2021	
(in € millions)		Technical provisions	%
0% ⁽¹⁾		219,743.0	57.8%
[0% - 2%]		4,855.4	1.3%
[2% - 3%]		894.0	0.2%
[3% - 4%]		2,186.5	0.6%
[4% - 4.5%]		4,927.3	1.3%
> 4.5% ⁽²⁾		736.2	0.2%
Unit-linked		84,535.2	22.3%
Other ⁽³⁾		62,063.4	16.3%
TOTAL		379,941.2	100.0%

(1) Corresponds to technical provisions for life insurance contracts without a guaranteed yield.

(2) Technical provisions for contracts with a guaranteed yield of more than 4.5% mainly concern subsidiaries in Brazil, where bond rates are above 7%.

(3) Comprises all other technical provisions, except for mathematical reserves and linked liabilities, i.e., non-life technical provisions, policyholder surplus reserves and claims reserves.

Guaranteed yield		31 Dec. 2020
(in € millions)	Technical provisions	%
0% ⁽¹⁾	202,941.9	58.7%
[0% - 2%]	5,249.2	1.5%
[2% - 3%]	540.5	0.2%
[3% - 4%]	2,045.0	0.6%
[4% - 4.5%]	4,978.4	1.4%
> 4.5% ⁽²⁾	975.0	0.3%
Unit-linked	66,852.7	19.4%
Other ⁽³⁾	61,928.0	17.9%
TOTAL	345,510.7	100.0%

(1) Corresponds to technical provisions for life insurance contracts without a guaranteed yield.

(2) Technical provisions for contracts with a guaranteed yield of more than 4.5% mainly concern subsidiaries in Brazil, where bond rates are above 7%.

(3) Comprises all other technical provisions, except for mathematical reserves and linked liabilities, i.e., non-life technical provisions, policyholder surplus reserves and claims reserves.

Risk factors linked to the financial markets

Interest rate risk

Changes in interest rates affect the market values of financial instruments, which in turn affect CNP Assurances' income statement and/or its solvency ratios. They also have an impact on CNP Assurances' current and future profitability by affecting the terms on which funds are reinvested or financing is raised, as well as influencing the behaviour of customers who may transfer their savings to products offering a more attractive yield or exercise their contractual options.

In this low interest rate environment, interest and redemption proceeds are reinvested at a lower rate, leading to a gradual erosion of CNP Assurances' bond portfolio yields. A prolonged fall in interest rates makes contractual loading more difficult to apply to savings and pension products and exposes the insurer to a risk of lower margins, especially on traditional life insurance products. In more extreme scenarios, despite the relatively low proportion of contracts with a guaranteed yield, there is a risk that asset yields will be insufficient to cover contractually guaranteed yields, forcing CNP Assurances to use its own funds portfolio to pay the guaranteed amount.

The low interest rate environment continued to prevail in 2021, with no real change compared to 2020. Another feature of 2021 was the steady increase in eurozone inflation (to 5% at the end of 2021⁽¹⁾), due in particular to the relentless rise in oil prices. Central banks are likely to respond to this return of inflationary pressures by cautiously tightening their monetary policies in 2022. The 10-year OAT rate rose to 0.20% at end-2021 from -0.34% in 2020.

The solvency coverage ratio and the MCEV[®] (Market Consistent Embedded Value) are calculated by reference to an economic balance sheet based on the estimated fair value of liabilities and assets. In 2021, the fair value of liabilities increased at a faster rate than the fair value of assets due to (i) the significant financial guarantees included in technical provisions (excluding linked liabilities), which represent the bulk of CNP Assurances' liabilities, and (ii) the difference in duration between liabilities and the corresponding assets, with the former being longer than the latter.

A decline in the benchmark interest rates used to prepare the economic balance sheet has the effect of reducing economic own funds. A further decline in interest rates going forward

would continue to reduce the Solvency II coverage ratio and the MCEV[®].

CNP Assurances has non-unit-linked insurance commitments in France and elsewhere in Europe, representing €255 billion, or 95% of average technical provisions excluding unit-linked portfolios in 2021. The fixed-income portfolio (excluding unit-linked assets) represented over 80% of CNP Assurances' assets and a carrying amount (under IFRS) of nearly €280 billion.

For several years, CNP Assurances has followed a policy of setting aside a portion of the investment income generated by its investments in the policyholder surplus reserve, which could be used in such a situation. If interest rates stay low in the future, it may have to use the reserve to top up policyholder dividends. Pursuant to the government order relating to surplus funds in life insurance dated 24 December 2019, a substantial portion of the policyholder surplus reserve can be included in the calculation of the SCR coverage ratio. CNP Assurances also continued to transform its technical provisions into savings and to extend the duration of its fixed-income asset portfolios.

In 2021, in contrast to the previous year, financial market trends were favourable, contributing 17 points to the coverage ratio with most of the change coming from higher stock prices.

In total, a 50-point decline in European interest rates would result in a 18-point reduction in the consolidated SCR coverage ratio, which stood at 217% at 31 December 2021. In addition, a 50-point decline in European interest rates would reduce the value of CNP Assurances' In-Force business, as measured for MCEV[®] calculation purposes, by €2.7 billion.

Since financial risks represent CNP Assurances' largest risk exposure, monitoring procedures for this risk were stepped up following the emergence of the COVID-19 crisis. In particular, CNP Assurances prepares the Risk Appetite Statement (RAS) required since the beginning of 2021, which formally describes CNP Assurances' appetite for the risks that it is and may be exposed to in the course of its business, currently and in the coming year. It also expresses the risk tolerance, i.e., the maximum level of risk CNP Assurances is willing to assume. The RAS is intended to cover all risks classified as major or critical at CNP Assurances.

The risk of a fall in interest rates and of persistently low interest rates is considered as **critical**.

1) Estimate published on 7 January 2022 by Eurostat, the statistical office of the European Union.

Impact at 31 December 2021

(in € millions)	MCEV
50 bps increase in interest rates	1,755
50 bps decrease in interest rates	(2,313)

Inflation risk at the end of 2021

In the context of the COVID-19 crisis, the rapid reopening of the economy, the disruptions affecting supply chains and the steep rise in energy prices led to a surge in inflation at the end of 2021 (to 2.8% in France and around 5% in the eurozone). In Brazil, where CNP Assurances is also present, the inflation index (IPCA) was around 10% at the end of 2021, compared with 5% in 2020.

Price projections take into account uncertainties about the duration and intensity of the current inflationary trend. With the emergence of the Ukraine crisis in February 2022, the most likely scenario for Europe would be a sustained spike in energy prices and a surge in wheat prices, both of which could significantly increase inflation. As mentioned above, rising oil prices contributed strongly to inflation in late 2021.

For this reason, inflation risk is being specifically monitored by CNP Assurances. In general, CNP Assurances is moderately sensitive to inflation due to its income being based mainly on insurance technical provisions and, to a lesser extent, on premium income. In France, CNP Assurances' significant policyholder surplus reserves and unrealised capital gains can be used to mitigate inflation risk by modulating in particular policyholder dividends according to the market context and policyholders' expectations.

For this reason, CNP Assurances does not expect significant deviations from its central trajectory under any reasonable inflation scenario.

Equity price and yield risk

CNP Assurances invests fairly significant amounts in equities and equity funds as part of its portfolio diversification policy. Equities represented 16% of CNP Assurances' asset portfolio at 31 December 2021 (IFRS carrying amount of €59 billion excluding unit-linked portfolios). More than 78% of the total consists of listed equities, with the balance made up of private equity and infrastructure investments. The IFRS carrying amount of equities in unit-linked portfolios was €1.8 billion at 31 December 2021.

Unfavourable changes in stock market parameters (price, volatility, etc.) represent a risk of loss for the Company.

The consequences of the COVID-19 crisis on the markets can be seen at different levels:

- impact on the income statement due, in particular, to the decline in dividend income;

- impact on shareholders' equity, due to the negative effect of measuring equities in the available-for-sale portfolio at fair value through other comprehensive income;
- impact on the SCR coverage ratio, due to the adverse effect of negative fair value adjustments recorded in the economic balance sheet.

CNP Assurances is sensitive to two types of risk:

- a risk related to the reduction in dividends, which essentially impacts the income statement for accounting purposes and results in a decrease in revenues;
- a risk related to the decline in the market value of equities, which could have an impact at several levels:
 - a decrease in the Solvency II coverage ratio,
 - a decrease in equity under IFRS (a 10% decline in stock prices would reduce equity by €484.8 million),
 - in the event of a significant and prolonged decline in equities markets, there may be an additional income statement impact resulting from the recognition of a liquidity risk reserve and impairment provision.

The COVID-19-related financial crisis continued in 2021, but the financial markets recovered strongly, with the CAC 40 index gaining 29% over the year. This rebound was mainly attributable to the economic stimulus provided by the reopening of some economies following vaccination campaigns, various support measures from central banks, and fiscal stimulus policies.

In 2021, with the situation in the financial markets brighter than in 2020, revenue from CNP Assurances' own-funds portfolio amounted to €840 million.

A 25% fall in equity prices would not have any effect on the consolidated SCR coverage ratio (217% at 31 December 2021), due to the high level of stock market indices, the stock of capital gains in the portfolio and the expanded equity risk hedging programme. However, a 25% fall in equity prices would reduce the value of CNP Assurances' In-Force business, as measured for MCEV[®] calculation purposes, by €2.2 billion.

CNP Assurances has a long-standing hedging programme designed notably to limit the impact of a fall in equity prices. The cumulative notional amount of options outstanding at 31 December 2021 was €17.1 billion. The equities portfolio hedging strategy was reinforced in 2020, affording greater protection to IFRS investment income and capital gains on the portfolios. The notional amount of options protecting against a fall in equity prices was €7.9 billion at 31 December 2021.

For the reasons explained above, CNP Assurances' exposure to the risk of a fall in equity prices is considered as **major**.

Impact at 31 December 2021

(in € millions)	MCEV
Equities – 25%	(3,301)

Other information concerning financial risks at 31 December 2021

Payment projections by maturity at 31 December 2021

(in € millions)	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years
Insurance and financial liabilities (incl. linked liabilities)	28,287.6	82,478.8	67,774.4	44,821.8	128,344.4

Projected future cash flows – Insurance at 31 December 2021

Intended holding period (in € millions)	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Beyond 10 years
Assets at fair value through profit or loss	6,818	5,944	3,172	6,498
Liquidity risk – Assets designated as at fair value through profit or loss (excl. unit-linked portfolios)	32	131	80	93
Assets at fair value through OCI to be reclassified subsequently to profit or loss	26,144	71,705	65,996	55,433
Assets at amortised cost	0	3	3	80
TOTAL – LIQUIDITY RISK – FUTURE CASH FLOWS	32,994.72	77,783.92	69,251.67	62,103.39

Contracts with an immediate surrender option at 31 December 2021

(in € millions)

31 Dec. 2021

Contracts with immediate surrender option	294,232.0
Contracts with no immediate surrender option	85,709.2

Credit risk on reinsured business at 31 December 2021
CEDED RESERVES
31 Dec. 2021

Rating	Amount (in € millions)	%
AAA	-	0.00%
AA+	4.2	0.02%
AA	-	0.00%
AA-	75.7	0.36%
A+	12,871.7	61.42%
A	7,899.4	37.66%
A-	0.7	0.00%
BBB+	-	0.00%
BBB	-	0.00%
Unrated	193.2	0.54%
TOTAL	21,044.9	100.0%

Credit and counterparty risk factors
Corporate or sovereign credit and counterparty risk

Credit and counterparty risk includes the risk of default by the counterparty, whether a private company or a sovereign issuer, i.e. the risk of loss related to the characteristics of the counterparty.

Sovereign debt

During periods of increased government borrowing, there may be growing concern about the ability of certain sovereign issuers to continue to service their debt, leading to investor distrust of the corresponding bonds and significantly wider spreads. In extreme situations, CNP Assurances may be faced with an actual default or a debt restructuring and have to make a significant loss on the securities in question.

CNP Assurances holds significant portfolios of French and other European government bonds and is naturally sensitive to any widening of sovereign debt spreads in the main Eurozone countries that are considered to be relatively exposed. A wave of surrenders could oblige CNP Assurances to sell part of the government bond portfolio and if spreads widen, the sales could generate losses which could in turn impact CNP Assurances' own-funds.

Following the improved economic situation resulting from the rebound in demand and consumer spending, and the central banks' decision to pursue their asset purchases, spreads remained particularly tight throughout 2021.

A +50-point decline in sovereign spreads would result in a 11-point reduction in our consolidated SCR coverage ratio, which stood at 217% at 31 December 2021.

Default risk can also be measured by the spread and counterparty risk SCRs, representing an impact of 28 points and 7 points respectively at 31 December 2021.

Corporate bonds

The credit risk on a bond is the risk of partial or total issuer default and also by extension an increase in the bond portfolio's credit spread. The credit spread is the risk premium, namely the difference between the yield on a bond and that on a risk-free government bond with the same characteristics. Credit spreads vary according to investor perceptions of the credit risk represented by the issuer.

As a long-term investor, CNP Assurances holds over €85 billion worth of corporate bonds in its asset portfolio (based on market value), representing over 47% of the fixed-income portfolio (excluding unit-linked portfolios) at 31 December 2021. CNP Assurances is exposed to the risk of a change in credit spread on these bonds.

This risk depends on the health of the issuer's balance sheet and its credit quality. Out of the total corporate bond portfolio, 70% are rated A or higher and BBB issuers account for 27% (based on market values). Bonds issued by banks account for 42% of the total (based on market value) and the balance of the portfolio is invested in bonds issued by companies operating in a wide range of industries and sectors.

In 2021, there were no significant rating downgrades in the credit portfolio. Thanks to the post-lockdown economic rebound, CNP Assurances' exposure to issuers in the sectors considered most at risk from the COVID-19 crisis remained very moderate.

Nonetheless, to measure the impact of credit risk more accurately, a new sensitivity test was introduced in 2020. The new test analysed sensitivity to a full rating downgrade for 20% of the bond portfolio. At 31 December 2021, sensitivity to this input was limited, with the coverage ratio declining 3 points in the event of a full rating downgrade for 20% of the bond portfolio.

The spread risk component of CNP Assurances' hedging programme was maintained in 2021. At 31 December 2021, the notional amount of hedges to protect the fixed-income portfolio against an increase in corporate spreads was €1.3 billion.

All told, in light of these parameters, CNP Assurances' exposure to spread risk is considered as **major**.

Breakdown of the bond portfolio by issuer rating

Rating (in € millions)	Bond portfolio at market value	%
AAA	12,474.7	4.7%
AA	112,772.8	42.8%
A	58,232.7	22.1%
BBB	56,452.7	21.4%
< BBB	19,840.2	7.5%
Unrated	3,893.0	1.5%
TOTAL	263,666.1	100.0%

Credit and counterparty concentration risk

This risk arises from large individual exposures or from significant exposures to a group of counterparties considered as a single beneficiary or from significant exposures to counterparties operating in the same industry or geographical area.

CNP Assurances has a significant investment in sovereign debt, which represented 34% of insurance assets excluding unit-linked portfolios at the end of 2021. The majority of the investments are made in relatively stable regions: 53% in France and 17% in Europe (countries with a rating between AAA and A).

Concentration risk is considered Major for CNP Assurances but is mitigated by the existence of a framework defined in the Risk Appetite Statement, which imposes precise limits on geographical and industry concentrations. This framework is supplemented by concentration limits by group of issuers, defined for investment risk management purposes.

Risk factors linked to the insurance business

Underwriting risk – Surrender or cancellation risk

Surrender risk is defined as the loss or adverse change in the value of insurance liabilities resulting from a change in policyholder surrender behaviour.

Traditional savings contracts include an early surrender option for a contractually fixed amount. Surrender rates depend on how the financial markets perform, the yield offered by other competing financial products, policyholders' behaviour and their confidence in CNP Assurances, and the tax rules applicable to investments in life insurance products.

For group pensions contracts, surrender risk corresponds primarily to the risk of the policy being transferred by the customer to another insurer. The PACTE law that came into effect in 2019 requires insurers to include a clause in their policies allowing for this.

Average technical provisions for the French savings/pensions business alone (including linked liabilities) represent €281 billion, and CNP Assurances' exposure to surrender risk is therefore significant. Traditional savings products are exposed to surrender risk in the event of a sharp and rapid increase in interest rates.

In term creditor insurance, surrender risk includes the risk of a contract being surrendered due to the early repayment or renegotiation of the underlying loan (which is more likely in a period of falling interest rates) or the loan's cancellation. An unexpectedly high surrender rate would modify the average contract duration and could adversely affect the business'

profitability. As France's leading provider of term creditor insurance, CNP Assurances has significant exposure to cancellation risk, which could have a material impact on consolidated earnings.

At the level of CNP Assurances' subsidiaries, this risk is considered as "Major" in Italy given the dominance of the savings business, as well as in Brazil for pension products, due to the risk of contracts being transferred to competitors. In Brazil, death/disability insurance products and products associated with home loans and consumer finance also give rise to a significant cancellation risk.

No material change in surrender rates was observed in 2021 and although there was a slight increase in term creditor insurance surrenders in France and Italy, it was fairly limited compared to the average increase over the last five years. In Brazil, surrender rates also increased, mirroring the trend observed in the market as a whole in the second and third quarters, due to declining yields on fixed income securities leading to a loss of attractiveness.

More generally, surrender risk is linked to policyholder behaviour, which by definition is highly uncertain and partly dependent on external factors. CNP Assurances' exposure to this risk is therefore considered to be Major.

Risk factors linked to the business

Outsourcing risk

CNP Assurances' business model makes extensive use of outsourcing as defined in Solvency II. Activities delegated to partners or outsourced to service providers include:

- ▶ certain insurance transactions (delegated to individual insurance partners in France);
- ▶ part of the policy and/or claims administration activities of CNP Santander Insurance in particular, and part of the policy administration activities of the Brazilian subsidiary;
- ▶ asset management activities, for a significant proportion of the asset portfolios in France or in Italy (outsourced by CNP UniCredit Vita);
- ▶ information systems management, outsourced by CNP Santander Insurance in particular, but also part of CNP Assurances' information systems management activities in France;
- ▶ certain key functions of the less material subsidiaries (CNP Luxembourg for internal audit only, with other key functions performed internally).

The main outsourcing risks are quality and compliance of the outsourced activities and regulatory compliance (including the ban on price bargaining, dependence issues, loss of know-how, money laundering, financing of terrorism, bribery and corruption, conflicts of interest, compliance with economic and financial sanctions, fraud and compliance with data protection regulations). An internal outsourcing policy is in place to increase employee understanding, monitoring and control of the related risks.

Currently, outsourced critical and important activities are generally in the areas of policy administration (policy administration, client relationship management and archiving), asset management, and information systems management.

Since 2019, CNP Assurances' Outsourcing Management Department has bolstered the cross-functional system by updating the subcontractor map and systematically looking for back-up solutions at CNP Assurances group level.

The Outsourcing Control unit in the Internal Audit Department helps to strengthen the operational controls carried out by the subcontractors, as well as compliance and other controls.

In 2021, the system of controls over outsourcing activities was strengthened by deploying targeted controls on critical or important activities. In line with the guidance issued by EIOPA, a register of cloud service providers has been created, a dedicated security assurance plan has been drawn up and the standard clauses included in cloud service contracts have been updated.

CNP Assurances' exposure to outsourcing risk is considered as **major**.

Product and client interaction (financial security and AML-CFT) compliance risk

Product compliance risk relates to risks that could prevent the CNP Assurances from fulfilling its regulatory obligations or complying with internal standards in its relations with policyholders.

Several aspects of the regulatory framework governing insurance activities have been changed. Many new regulations have been introduced to improve client protection, with the Packaged Retail and Insurance-based Investment Products (PRIIPs) regulation that came into effect in January 2018, the Insurance Distribution Directive (IDD) that came into effect in October 2018 and the General Data Protection Regulation (GDPR).

The new regulations expose CNP Assurances to compliance risks due to its broad range of businesses, in an environment shaped by the digitalisation of policyholder relationships and the increased focus on unit-linked sales, which are also a source of changing risks.

The life insurance section of the CNP Assurances business model (covering insurer liability) is frequently prepared by the partner networks. The products offered by CNP Assurances and the contractual and marketing documents presented to customers must be legally watertight and provide policyholders (or insureds) with clear information about the content and scope of the purchased cover or the insurance proposal.

In response to the health crisis and in line with its efforts to modernise exchanges, CNP Assurances has developed electronic signatures with its partners.

No events were reported in relation to the health and economic crisis in 2021 that could prevent CNP Assurances from fulfilling its obligations.

Combating money laundering and the financing of terrorism (AML-CFT) and ensuring compliance with economic and financial sanctions (AML-CFT) are a constant concern for CNP Assurances. The tasks entrusted to intermediaries are set out in the distribution agreements between CNP Assurances and its partners. When the commercial relationship is managed by the distribution partner, the partner plays an essential role in performing know-your-customer procedures initially and at regular intervals throughout the customer relationship. The tasks performed by partners on CNP Assurances' behalf are described in the distribution agreements between CNP Assurances and its partners.

CNP Assurances was fined €8 million in 2018 due to failings in its AML-CFT procedures, and fined €40 million in 2014 after being found not to have made sufficient effort to trace the beneficiaries of unclaimed life insurance settlements. Since then, action has been taken to strengthen its controls in these areas. The code of conduct "C@pEthic" and a group-level anti-bribery and corruption (ABC) risk map have been set up in application of the Sapin II anti-corruption law, affirming CNP Assurances' zero-tolerance policy concerning acts of bribery and corruption and influence peddling.

CNP Assurances was ordered to pay a fine of €8 million in 2018 due to failings in its anti-money laundering and terrorism financing systems, and was fined €40 million in 2014 after being found not to have made sufficient effort to trace the beneficiaries of unclaimed life insurance settlements. In light of these penalties, CNP Assurances' exposure to compliance risk is considered as **Major**.

Information system, data protection and cyber-security risks

Cyber risk is any risk of financial loss, business interruption or damage to the Company's reputation due to a failure of information systems (IS). CNP Assurances monitors cyber risk continuously, and its coverage is regularly challenged by dedicated experts in order to adapt with agility to a shifting environment.

CNP Assurances' sales and marketing and underwriting operations are all organised around mission-critical information systems. Information system incidents are generally the main cause of operating incidents for CNP Assurances. CNP Assurances must be capable of adapting to a constantly changing environment and increasingly frequent cyber-attacks.

Information system risks include systems security risks, software malfunction risks and data protection risks (covering the disclosure, alteration or destruction of sensitive data). Instances of system downtime, system failure or processing delays could lead to losses and may also damage CNP Assurances' reputation among customers. Granting access to the systems to certain partners and outside contractors exposes CNP Assurances to risks of intrusion and malicious acts that could result in the disclosure of sensitive data. CNP Assurances has deployed an information systems security management process and appointed a Chief Systems Security Officer.

More than 60 security audits have been conducted among partners and subsidiaries, followed by audits to check that corrective action has been duly taken where necessary. The audit campaign focused primarily on critical subcontractors; it will be rolled out to other subcontractors over the next few years. It is backed up by external scoring tools.

Several initiatives have been launched, such as mandatory training and phishing campaigns measuring individual developments. The cyber-risk management system was recently enhanced, with the adoption of new preventive measures (infrastructure specifically designed to prevent “denial of service” attacks, roll-out of the self-care mechanism, data anonymity, encryption of audio communications, improved workstation security, stricter access controls for sensitive networks, definition of cyber-policies, management, etc.).

Security weaknesses have been detected in subsidiaries’ information systems, particularly in Brazil, but are being rapidly resolved following local audit recommendations issued by the head office and the improved efficiency of local teams.

Given the increase in cyber-crime and the widespread roll-out of working from home arrangements since March 2020, intruder risk in CNP Assurances’ systems remains a major source of concern. In response to this risk, the necessary preventive measures have been deployed at CNP Assurances level. These include:

- ▶ strengthening the security of mail servers, using the latest versions of standards and protocols available on the market;
- ▶ improving Active Directory protections by implementing the solution recommended by France’s IS security agency, ANSSI. The Active Directory is the central component of any organisation, making it the preferred target of any hacker attempting to access the entire information system. Its protection therefore plays a major role in information systems security;
- ▶ rolling out to the whole organisation the EBIOS Risk Manager method recommended by ANSSI for risk analyses.

Bimonthly reports have been introduced to keep the business units and corporate departments up to date about the maturity of their application security. In addition, an independent audit was carried out in 2021 to assess the maturity of CNP Assurances’ systems security. The audit identified the main strengths in this area but also the areas for improvement, particularly affecting CNP Assurances’ smaller entities.

As a life insurer that holds insureds’ medical data, CNP Assurances is heavily exposed to the risk of personal data breaches due to the large volume of information on policies and policyholders that is processed automatically or manually. A cross-functional compliance project was carried out within CNP Assurances in preparation for the application of the new General Data Protection Regulation (GDPR).

In terms of organisation and governance, information systems risk is monitored at the highest level of the organisation and is integrated into the general risk management policy. The system includes:

- ▶ the Information Systems Security Committee, which comprises the Chief Systems Security Officer, the Group Administrative Officer and the Group Chief Risk Officer. Meetings of the Committee are held at monthly intervals and are led by the CSSO. Its main tasks are to review the latest key risk indicators, discuss the main events during the month in terms of systems security and agree on the decisions to be taken;
- ▶ the Group Risk Committee, chaired by the Chief Executive Officer and made up of members of the Executive Committee. The agendas of its meetings are set by the Group Risk Management Department and cover all the key events relating to IS risk;

- ▶ annual (or more frequent) presentations of systems security reports to the Boards of directors of all CNP Assurances entities;
- ▶ inclusion of systems security risks in the operational risk section of the quarterly risk reports produced by the Group Risk Department and presented to CNP Assurances’ Executive Committee and Audit and Risk Committee. The report is also sent to La Banque Postale Group’s Risk Management Department;
- ▶ organisation of a CSSO community at Group level, composed of the subsidiaries’ chief systems security officers;
- ▶ inclusion of systems security risk in CNP Assurances’ operational risk and internal control policies.

In all, information system risks are considered **major** at the level of CNP Assurances.

Strategic risk factors

Partnership risk

This risk is defined as the risk of loss of revenue from a partnership (for example, due to termination or refocusing), including the risk of renewal on unfavourable terms, and the risk of a partnership adversely affecting CNP Assurances’ results or resulting in the recognition of an impairment loss on goodwill or other intangible assets.

CNP Assurances enters into various strategic partnerships, directly or through subsidiaries, to strengthen its presence in certain markets. These partnerships represent a means of sharing the business and financial risk with the partners concerned. They may simply be commercial arrangements, such as a distribution agreement, or involve the investment of capital in a joint subsidiary.

Integrating these partnerships or joint subsidiaries into CNP Assurances can sometimes take longer, be more difficult and require bigger teams of employees and managers than originally expected, and this may negatively affect consolidated earnings. The constantly evolving nature of the business means that there is always some uncertainty about the future financial performance of acquirees or partners compared with the business plans on which the original investment decision was based. Underperformance may result in impairment losses being recognised on goodwill or other intangible assets that will negatively affect CNP Assurances’ financial position.

It may be necessary to rethink a partnership in the event of changes to the project itself, the local political and economic situation, the partner’s own financial situation, or because of a disagreement between partners.

The bancassurance business model relies on the continued implementation of its partnership agreements and their renewal. For this reason, CNP Assurances pays close attention to the imminent expiry of its strategic partnerships and the risk that they will not be renewed.

In order to limit these risks, strategic partnerships are integrated into CNP Assurances’ risk management and monitoring systems. This ensures that their performance is monitored and that the partnership is refocused if – and to the extent – necessary, with the participation of the distribution partner as appropriate. Other risk-mitigating actions include establishing a high quality governance system when the partnership is set up, notably by appointing members of the entity’s existing management to the new governance bodies, and including an earn-out clause in the partnership agreement to ensure that the partners have a shared interest in meeting the business plan objectives.

In 2021, over three-quarters of IFRS premium income was generated through CNP Assurances' five main distribution partners (La Banque Postale for 25%, BPCE for 19%, Caixa Seguridade for 20%, Banco UniCredit for 10% and Banco Santander for 3%).

Highlights of CNP Assurances' international and domestic development in 2021 included:

- ▶ securing the partnership in Brazil, with the finalisation on 30 March 2021 of the new partnership arrangements between CNP Assurances and Caixa Seguridade. These arrangements concern distribution of consórcios products in the CEF network, as authorised by the Brazilian Central Bank (BACEN) on 29 July 2021;
- ▶ expanding CNP Assurances' presence in Italy, with the acquisition on 1 December 2021 of Aviva's Italian life insurance business – 51% of CNP Vita Assicura (ex Aviva S.p.A), a joint venture that is 49%-owned by Banco UniCredit, and 100% of CNP Vita Assicurazione (ex Aviva Life S.p.A). The acquisition has enabled CNP Assurances to double its market share in this country. It will also strengthen the partnership between CNP Assurances and UniCredit S.p.A through CNP Vita Assicura S.p.A (49%-owned by Banco UniCredit), alongside their existing partnership through CNP UniCredit Vita S.p.A;
- ▶ strengthening CNP Assurances' position in France, notably through:
 - deeper industrial partnerships between La Banque Postale and the BPCE group, notably leading to the planned extension until 2035 of the savings and personal risk distribution agreements between CNP Assurances and BPCE, currently in force until 2030,
 - this project is part of La Banque Postale's plan to buy out BPCE's 16.1% stake in CNP Assurances, completed in December 2021, and to file a simplified tender offer for the 21.1% of CNP Assurances' capital not already held,
 - the project will reinforce CNP Assurances' ties with La Banque Postale, which will become its sole shareholder. It will enable CNP Assurances to reaffirm its growth strategy based on a full-service, multi-partner and international insurance model serving all its partners and customers,
 - the buyout of the minority interests in MF Prévoyance in July 2021, making CNP Assurances the sole shareholder of this subsidiary.

CNP Assurances' business model depends to a considerable extent on the continuation of its existing partnerships and its ability to establish new ones. Its exposure to partnership risk is therefore considered as **critical**.

Country risk

Country risk is the risk of loss due to political, economic or social factors in a host country, or to local regulations and controls.

CNP Assurances has operations in many countries, in Europe and Latin America. The sustainability and development of its businesses depends in part on these countries' economic health and political stability.

More specifically, the financial viability of certain businesses may depend on local regulations and government commitments in

our host countries, especially in cases where it is called on to advance funds on behalf of the State. Regulatory changes (for example, the statutory increases in life annuities introduced in 2017) or a government decision to renege on its commitments may lead to litigation, with a significant adverse effect on CNP Assurances' earnings if the courts rule against it. This could be the case in Brazil, where Caixa Seguradora has advanced funds on behalf of the State under the local administered insurance system.

CNP Assurances is thereby bound by local regulations and subject to audits carried out by the competent local authorities. In Brazil, for example, any dividends received by CNP Assurances must be approved by the Brazilian Central Bank and any brokerage activities carried out by Wiz Soluções e Corretagem de Seguros (a CNP Assurances Group subsidiary in which CNP Seguros Holding Brasil SA holds a 25% minority stake), listed on BOVESPA (Brazil's São Paulo stock market), are supervised by the Brazilian Securities Commission (CVM), the equivalent of the AMF in France.

CNP Assurances has large subsidiaries in Brazil and Italy (accounting for 20% and 10% of its consolidated premium income, respectively, in 2021). France remains CNP Assurances' largest market, accounting for over 60% of its premium income in 2021.

Close-up on France

France is the country where CNP Assurances' headquarters are located and it accounts for nearly 82% of CNP Assurances' consolidated solvency capital requirement. It is considered a low-risk country⁽¹⁾ by the various country risk rating agencies, a view that is confirmed by the country's relatively positive metrics at the end of 2021. The economy rebounded strongly in the second half of the year, thanks in particular to accelerated implementation of the vaccination campaign during the summer and the easing of certain COVID-19 restrictions.

France's economy is among the most stable in the euro zone and the growth outlook is better than that of Germany. The recovery is expected to be driven by rising domestic demand and supported by the rapid and effective implementation of stimulus and investment plans. Like other developed countries, France has a fairly significant untapped growth reserve in the shape of the "excess" savings accumulated by French households since the beginning of the crisis.

Although inflation is rising due mainly to higher energy prices, it is below the European average. However, the political and social climate in France is a factor of uncertainty in the run-up to the presidential elections scheduled for May 2022.

For CNP Assurances, the government's decision to create a major state-owned financial group, leading to the integration of CNP Assurances into the La Banque Postale Group, has opened up promising opportunities.

Close-up on Italy

As of end-2021, Italy had recorded some 139,000 COVID-19-related deaths, slightly more than France (around 129,000)⁽²⁾ with a smaller but older population. The pandemic situation is improving, due to the success of the vaccination campaign; more than 90% of the population aged 50 or older had been fully vaccinated by the end of the year.

¹⁾ Euler Hermes country ratings.

²⁾ Statistics compiled by the European Centre for Disease Prevention and Control (<https://www.ecdc.europa.eu/en/geographical-distribution-2019-ncov-cases>).

The Italian economy expanded rapidly in 2021. Under the impetus of the government led by Mario Draghi and supported by the European recovery plan, the growth and investment outlook for 2022 is good. The government is expected to stick to its expansionary fiscal policy and economic activity should gradually return to normal, helping to drive a forecast growth rate of almost 4.6%. Inflation is rising, largely driven by the surge in energy prices.

Lastly, the country is benefiting from a revival of consumer confidence and private investment should remain dynamic.

As of end-2021, the Euler Hermès country risk rating for Italy was moderate.

Close-up on Brazil

By the end of 2021, Brazil had recorded close to 620,000⁽¹⁾ COVID-19-related deaths since the start of the pandemic, making it the second worst affected country in the world after the United States. Nevertheless, by the end of November the pandemic situation had improved, with a sharp rise in the vaccination rate (as of mid-November, some 60% of the population had been fully vaccinated) helping to drive a steady reduction in COVID-19 deaths.

However, the political climate remains tense in the run-up to the presidential elections scheduled for October 2022.

On the economic and financial front, accelerating inflation is hampering the recovery of trade. Consumer and business confidence has been dented by Brazilians' declining purchasing power and rising interest rates, slowing the rebound in domestic demand. Uncertainty about government policies and the increased fiscal risk are also weighing on the exchange rate, driving up imported inflation.

In addition, with regard to operational currency risk, i.e., a loss resulting from an unfavourable change in exchange rates for the Brazilian real against the euro impacting the CNP Assurances Group's operating profit, the risk is hedged against the risk of a fall in the real through a recurring currency hedging programme that is renewed and adjusted each year.

The growth outlook is fairly poor and any improvement is dependent on a recovery of the labour market and the government's ability to bring inflation back under control⁽²⁾.

As of end-2021, Brazil was still rated high risk by Euler Hermès.

In light of this, CNP Assurances' exposure to country risk is considered as **major**.

Update on the Ukraine crisis of February 2022

Russian aggression against Ukraine, which began on 24 February 2022 with the invasion by Russian troops of Ukrainian territory, has created a climate of significant global instability. To date, there is no visibility as to the outcome of the crisis.

For all economic players and the countries involved in this crisis, the conflict presents a systemic risk exacerbating specific risks already identified. Depending on the duration of the conflict and its outcome, the inflationary risk could be aggravated by a sharp rise in energy prices (oil and gas in particular), as well as by a grain shortage. Central banks will try to control the inflationary risk by modulating interest rates while avoiding the stagflation trap.

The cyber threat is expected to intensify. It was already considered the "number one" risk for the insurance sector (see *Cartographie prospective 2022 des risques de l'assurance, France Assureurs* (in French only)). This is still the case. For several years, CNP Assurances has been investing and working to strengthen its risk management system and boost its resilience in France and globally. Because of its current business model, CNP Assurances is less exposed than its peers that are not only insurers but also widely known distributors to the retail market.

The country risk in CNP Assurances' host regions is rising due to political and economic tensions. There has been a significant increase for France and Italy in particular, as member states of the European Union, which is providing strong support to Ukraine, while there has been a moderate increase for Brazil due to its distance and relative neutrality with regard to the conflict. CNP Assurances has not identified any specific risks arising from sanctions against Russian individuals or entities. On the one hand, CNP Assurances has simply adopted the sanctions decided by the European Union and taken the same steps as other economic players in the Union. On the other hand, CNP Assurances has no particular exposure to Russia and its nationals. Only the Cypriot subsidiary has a few insurance policies taken out with Russian citizens, who, after verification, are not subject to the sanctions.

To date, the impact on credit and counterparty risk is minimal, due to very little direct and indirect exposure to Russia and Ukraine. The issuers most exposed to the crisis (energy companies and banks) are being constantly monitored, without any alerts at this stage.

Together with its shareholder La Banque Postale, CNP Assurances is fully mobilised to face the current crisis with confidence, in the best interests of its stakeholders.

Regulatory risk

Regulatory risk is the risk of a future change in regulations, including industry practices, and the introduction of new regulations that may have an adverse effect on a company's business model or involve costly adaptation of the Company's information systems.

The introduction of new regulations in Europe or its other host countries could prove both complex and costly for CNP Assurances. Many different departments may be concerned by the change, information systems may have to be adapted and significant costs may have to be incurred for staff training to ensure compliance with the new regulatory framework. In recent years, for example, CNP Assurances has had to implement major projects to comply with the new General Data Protection regulation (GDPR), the Insurance Distribution directive (IDD), the PACTE and Sapin II laws and successive European directives dealing with money laundering and the financing of terrorism (AML-CFT).

In addition, new regulations may be adopted that affect CNP Assurances' business model. New IFRS 17 and IFRS 9 accounting standards, which are due to come into effect on 1 January 2023, could change the presentation of the business indicators published each quarter and impact CNP Assurances' investment strategy. Similarly, the revised version of Solvency II could lead to a decrease in CNP Assurances' consolidated solvency ratio. Lastly, if adopted, the proposed capping of life insurance commission rates in Germany and Poland, effective from 2022, risks having a material impact on CNP Santander Insurance's business in this country.

1) Statistics compiled by the European Centre for Disease Prevention and Control (<https://www.ecdc.europa.eu/en/geographical-distribution-2019-ncov-cases>).

2) OECD Economic Outlook (by country) 2021 Volumes Number 2: preliminary version.

Regulatory changes covering prudential, accounting, compliance, legal and tax issues, as well as ESG risks, are specifically monitored through the quarterly risk reports, which are presented to CNP Assurances' Executive Committee and communicated to La Banque Postale Group's Risk Management Department. CNP Assurances and its subsidiaries also actively monitor the issues discussed above, to ensure that regulatory changes are foreseen and applied on a timely basis.

All told, CNP Assurances' exposure to this risk is considered as **major**.

Business model risk

Business model risk is the risk to the Company's financial or business model.

A sustainable business model is one that satisfies all stakeholders, generates sufficient profit over the long term to fund the Company's solvency capital requirements and business development plans, and ensures that risks are controlled to an appropriate extent.

At end-2021, CNP Assurances' gross exposure to business model risk can be considered as Critical due to the challenges of transforming technical provisions and tilting the business model more in favour of the personal risk/protection business.

Business model risk is monitored in detail *via* the ORSA (Own Risk and Solvency Assessment) solvency capital projections. Action is taken when the projected solvency ratio reaches the alert threshold.

CNP Assurances' residual exposure to business model risk is considered as **major**.

Climate risk factors

CNP Assurances is exposed to climate change risks through its investing activity, insurance activity and internal operations.

These risks may take several different forms:

- ▶ physical risks, *i.e.*, risks resulting from damage caused directly by climate phenomena;
- ▶ transition risks, *i.e.*, risks resulting from the effects of deploying a low-carbon business model. Climate risk includes regulatory risk (risk of a change in government policies such as a ban or restrictions on certain activities, for example through the imposition of quotas; introduction of carbon taxes, fines, environmental levies or other new tax measures), technological risk (risks resulting from the introduction of innovations or disruptive technologies that help combat climate change), market risk (changes in the balance of corporate and consumer supply and demand), liability risk (increase in claims and litigation) and reputational risk (changed perception of a company by customers and stakeholders).

Responding to the compelling need to reduce the current and future effects of climate change, CNP Assurances set up a Climate Risk Committee in 2019. The committee meets each quarter to review the roadmap to be implemented to manage climate risks across all aspects of the business. Its members include representatives of the General Secretariat, the Risk department, the Investment department, the Technical and Innovation department and the CSR department. Since 2021, the remit of Climate Risk Committee has been extended to include monitoring the progress of subsidiaries' work on climate risk management.

Physical risk

Several studies on the physical risks associated with the investment portfolio have highlighted the exposure of certain countries, companies, buildings or forests to various climate hazards. CNP Assurances' objective, based on the studies and data currently available, is to limit this exposure through appropriate investment decisions. It will nonetheless be important to regularly measure the investment portfolio's exposure and vulnerability to various climate risks in the coming decades as accurately as possible, based on different global warming scenarios.

CNP Assurances' business consists mainly of writing personal insurance and the risks associated with the effects of climate change primarily concern mortality and morbidity rates. CNP Assurances takes this aspect into account in the measurement and management of underwriting risks, especially mortality and morbidity risks covered by personal risk contracts and term creditor insurance.

In 2019, CNP Assurances performed an initial measurement of the potential consequences of physical risks on its insurance liabilities by simulating the effects of higher-than-expected mortality rates due to climate change on all of its businesses. The exposure of liabilities to climate risk has been mapped since 2020.

As part of the process, CNP Assurances volunteered to take part in the 2020 climate stress test exercise conducted by the ACPR and Banque de France. This stress test covered different transition scenarios. For personal insurers like CNP Assurances, the unfavourable scenario of a sharp rise in temperatures would lead to a heightened incidence of claims due to an increase in pollution and vector-borne diseases affecting:

- ▶ death benefits under death/disability and term creditor insurance policies;
- ▶ loss of income payments under death/disability and term creditor insurance policies;
- ▶ coverage of medical costs under health insurance policies.

The exercise served to quantify CNP Assurances' exposure to the climate scenarios proposed by the ACPR, particularly the potential increase in death/disability and term creditor insurance claims. It also highlighted the resilience of its liabilities in the face of climate risk. The potential increase in loss ratios caused by the occurrence of physical risk could be offset to some extent by an increase in premium rates for death/disability and term creditor insurance policies. Moreover, CNP Assurances' exposure to mortality risk through its death/disability and term creditor insurance policies is partly offset by its exposure to longevity risk through its pension contracts.

When renewing its reinsurance coverage each year, CNP Assurances is also exposed to various climate risks, including the risk of an increase in the price of reinsurance and/or a decrease in the availability of natural disaster cover, or a mismatch between the duration of the reinsurance cover – generally one year – and that of the insurance cover which may extend over several years.

CNP Assurances' offices and employees are located in countries (75% in Europe and 25% in Latin America) which, due to their level of development, are not considered as being the most vulnerable to climate events likely to severely disrupt their operations. It will nonetheless be important to reliably measure the exposure and vulnerability of production resources to various climate risks in the coming decades, based on different global warming scenarios.

Transition risk

In 2015, CNP Assurances demonstrated its support for the energy transition by adopting a low carbon strategy for its investment portfolio, and in 2019, it joined the Net-Zero Asset Owner Alliance and committed to ensuring that its investment portfolio is carbon neutral by 2050. To get on track to meet this objective, in 2021 CNP Assurances set ambitious new targets for 2025 in line with current scientific knowledge. They included reducing the carbon footprint (scopes 1 and 2) of its directly held equity and corporate bond portfolio by a further 25% between 2019 and 2024 and the carbon footprint (scopes 1 and 2) of its directly held real estate portfolio by an additional 10% over the same period.

To limit the risk of assets being overlooked in the investment portfolio, in 2020, a plan was drawn up to banish from the portfolio all thermal coal sector investments in the European Union and OECD countries by 2030, and in the rest of the world by 2040. Alongside these commitments, in 2021 a policy was adopted that restricts investments in unconventional oil and gas.

CNP Assurances' insurance business may be adversely affected by various transition risks, including:

- ▶ changes in customers' savings behaviour (changes in the savings rate or surrender rate) affecting the net inflow of new money into pension savings contracts;

- ▶ the introduction of stricter environmental regulations that could disrupt the housing market or household incomes, with an adverse effect on the term creditor insurance business and loan guarantee business.

For more detailed information, see Section 5.3.4.1 "Combating global warming" of CNP Assurances' 2021 Universal Registration Document.

All told, CNP Assurances' exposure to climate risk is considered as **major**.

4.7.1.2.2 Insurance Division

The La Banque Postale's Non-Life Insurance Division risks are classified in seven risk families aligned with the risk classification in Solvency II and the conglomerate risk map:

- ▶ strategy and business risks;
- ▶ credit and counterparty risks;
- ▶ market risks;
- ▶ liquidity risks;
- ▶ operational risks;
- ▶ insurance technical risks;
- ▶ other risks.

Market risk

Assets at cost, excluding unit-linked portfolios (IFRS, in € millions)	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021
Bonds and other fixed-income securities	2,034	2,217	2,417
Equities and other variable-income securities	93	74	63
Investment property and property funds	0	0	0
Property-related loans and receivables	0	0	0
Derivative instruments	0	0	0
Other loans and receivables	0	0	0
TOTAL	2,127	2,292	2,480

The values concern LBP Prévoyance, LBP Assurances IARD and LBP Assurance Santé.

The insurance subsidiaries are exposed to the following market risks:

- ▶ interest rate risk;
- ▶ equities risk;
- ▶ credit spread risk;
- ▶ property risk;
- ▶ foreign exchange risk;
- ▶ volatility risk;
- ▶ unlisted securities valuation risk;
- ▶ concentration risk on underlyings;
- ▶ liquidity risk.

Interest rate risk

Given that most of the portfolio consists of fixed-income products, interest rate risk represents the main exposure on the asset portfolio: a rise in interest rates would have an immediate impact on the level of unrealised capital gains or losses on fixed-

income assets, while a fall in interest rates would dilute the assets' overall rate of return due to lower actuarial rates upon the purchase of bonds.

Equities risk

Equities risk is the risk of loss resulting from unfavourable changes in market inputs such as share price, share volatility, etc.

Property risk

Property risk is the risk of a change in the value of property investments not used in operations (e.g., investments in innovation funds). Through direct investments in equities and equities investment funds, equities-type portfolios are sensitive to fluctuations in equities markets and to the risk of a loss of value caused by a fall in prices of property and infrastructure assets.

Credit spread risk

Credit spread risk is the risk of loss resulting from unfavourable changes in credit-related market inputs such as credit spread, spread volatility, etc.

Foreign exchange risk

Indirect currency risk exposure may arise from amounts invested in funds able to invest in securities denominated in a foreign currency. Currency risk is the risk of:

- ▶ loss (in the income statement) resulting from unfavourable changes in exchange rates that affect the mark-to-market value of foreign currency assets and liabilities;
- ▶ loss resulting from unfavourable changes in exchange rates that affect operating profit (operational currency risk);
- ▶ loss resulting from unfavourable changes in exchange rates that affect the economic value of equity (structural currency risk).

Concentration risk on underlyings

This is the risk of loss resulting from unfavourable changes in market inputs associated with a combination of exposures concentrated in a single market segment (security, issuer, risk factor, etc.).

Liquidity risk

For the insurance subsidiaries, liquidity risk is the risk of being unable to realise their investments and other assets in order to meet their financial obligations as they fall due.

Payment projections by maturity – Insurance Division at 31 December 2021

(in € millions)	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years
Insurance and financial liabilities (incl. linked liabilities)	111.4	543.5	321.8	285.7	661.5

Future cash flow projections – Insurance Division assets at 31 December 2021

Intended holding period (in € millions)	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15 years
Available-for-sale financial assets	563.3	749.1	1,189.1	229.3
Assets held for trading and measured at fair value through other comprehensive income	67.5	0.0	0.0	0.0
Held-to-maturity investments	0.0	0.0	0.0	0.0
Loans and receivables	0.0	0.0	0.0	0.0

Contracts with an immediate surrender option – Insurance Division at 31 December 2021

(in € millions)	31 Dec. 2021
Contracts with immediate surrender option	816.9
Contracts with no immediate surrender option	1,078.6

The values concern only LBP Prévoyance and correspond to gross reserves.

Counterparty risk

The scope of counterparty risk includes contracts with provision for risk mitigation, such as reinsurance contracts, securitisations and derivatives, and receivables due from intermediaries and insured parties. In order to manage market risks, strategic and tactical investment allocation guidelines are defined annually by the insurance subsidiaries in La Banque Postale's Non-Life

Insurance Division. These guidelines specify targets for portfolio distribution by asset class, preferred maturities and interest rates for fixed-income investments, and objectives in terms of financial risk hedging.

Implementation of these guidelines is monitored by assessing compliance with the limits set for each asset class, portfolio sensitivity and liquidity levels.

Credit risk on reinsured business at 31 December 2021

Rating	Amounts (in € millions)	%
AAA	0	0.0%
AA+	0	0.0%
AA	30	7.2%
AA-	1	0.3%
A+	217	52.1%
A	162	38.9%
A-	0	0.0%
BBB	0	0.0%
Unrated	6	1.5%
TOTAL	416	100.0%

Credit risk on sovereign debt and equivalents at 31 December 2021

Rating (in € millions)	Bond portfolio at market value	%
AAA	28.9	2.3%
AA	1,063.2	85.9%
A	113.2	9.1%
BBB	32.8	2.7%
<BBB	0.0	0.0%
TOTAL	1,238.1	100.0%

The values concern LBP Prévoyance, LBP Assurances IARD and LBP Assurance Santé.

Analysis of the Insurance Division asset portfolio at 31 December 2021

Assets at cost, excluding unit-linked portfolios (IFRS, in € millions)*	31 December 2020	31 December 2021	Year-on-year change
Bonds and other fixed-income securities	2,217	2,417	200
Equities and other variable-income securities	74	63	-11
UCITS	237	310	73
Investment property and property funds	0	0	0
Property-related loans and receivables	0	0	0
Derivative instruments	0	0	0
Other loans and receivables	0	0	0
TOTAL	2,529	2,790	261

The values concern LBP Prévoyance, LBP Assurances IARD and LBP Assurance Santé.

Analysis of the Insurance Division bond portfolio by rating at 31 December 2021

Rating	Bond portfolio at market value (in € millions)	%
AAA	59.0	2.30%
AA	1,219.5	47.52%
A	829.7	32.34%
BBB	457.8	17.84%
<BBB	0.0	0.00%
TOTAL	2,566.0	100.00%

The values concern LBP Prévoyance, LBP Assurances IARD and LBP Assurance Santé.

Insurance technical risks

Due to their activities in Property & Casualty insurance and in Health & Personal Risk insurance, the insurance subsidiaries of La Banque Postale are exposed to underwriting risk and catastrophe risk, associated with changes to the features of portfolios of insured parties.

Underwriting risk is the risk which the insurer takes in writing insurance contracts for individuals or legal entities.

Underwriting risk encompasses the risks described below:

- ▶ **life catastrophe risk** is the risk of loss or of an unfavourable change in the value of insurance commitments attributable to the occurrence of extreme, uncertain and one-off events causing serious harm to the individuals and/or property insured, and which result from a natural phenomenon, human action or a combination of the two;
- ▶ **termination (surrender) risk** is the risk of loss or of an unfavourable change in the value of insurance commitments resulting from changes in the surrender behaviour of insured parties (termination, renewal, surrender). This risk may also result from permanent changes in surrender rates, widespread and one-off surrenders, and inaccurate estimates

of surrender rates. Two types of surrender can be modelled: structural surrenders (which depend on the average characteristics of the buyers in the portfolio) and economic surrenders (which depend on the economic environment);

- ▶ **mortality risk** is the risk of loss or of an unfavourable change in the value of insurance commitments resulting from an increase in mortality rates. This risk is broken down between several sub-factors within La Banque Postale Group:
 - a trend factor, *i.e.*, a rise in general mortality,
 - a level factor, *i.e.*, deviation in a portfolio's mortality relative to general mortality,
 - a volatility factor, *i.e.*, volatility of data used to measure a portfolio's mortality rate;
- ▶ **longevity risk** is the risk of a long-term loss resulting from the financial risk on insurance obligations, caused by individuals living significantly longer than expected on average;
- ▶ **morbidity risk** is the risk of loss or of an unfavourable change in the value of insurance obligations, resulting from fluctuations affecting the level, trend and/or volatility of disability, sickness and morbidity rates;

- ▶ **revision risk** is the risk of loss or an unfavourable change in the value of insurance obligations resulting from fluctuations affecting annuity rate revisions due to a change in the law or the insured's state of health;
- ▶ **pricing and reserve risk** is the premium-related risk corresponding to the risk of loss or of an unfavourable change in the value of insurance obligations resulting from fluctuations affecting the date of occurrence, frequency and severity of insured events, as well as the amount of claim settlements;
- ▶ **surrender risk** is the risk of loss resulting from under-estimates of future surrenders or over-estimates of policy renewals by the policyholder or the insurer;
- ▶ **catastrophe risk** is the risk of loss or of an unfavourable change in the value of insurance obligations attributable to the occurrence of extreme, uncertain and one-off events causing serious harm to the individuals and/or property insured, which result from a natural phenomenon, human action or a combination of the two;

- ▶ **expense risk** is the risk of loss or of an unfavourable change in the value of insurance obligations resulting from the volatility of expenses incurred in managing insurance and reinsurance contracts.

Through their underwriting policies, the non-life insurance subsidiaries define their requirements in terms of controls, management and monitoring of underwriting risk, in line with the features of the portfolios insured. The applicable rules aim to hedge the expected level of technical risk. Underwriting limits have been defined for each risk.

Operational and compliance risks

Operational and compliance risks correspond to unforeseen losses resulting from inadequate or flawed internal processes, personnel, internal systems or external events. Operational risk includes legal risks, but does not include risks stemming from strategic decisions.

Operational risks are described in Section 4.6 "Operational risks" of this document. Compliance risks are described in Section 4.8.2 "Compliance risks" of this document.

4.7.2 Additional oversight of the La Banque Postale conglomerate

As a financial conglomerate, La Banque Postale is subject to additional oversight pursuant to European Directive No 2002/87/EU and Regulation (EC) No 342/2014, transposed into French law by the government order of 3 November 2014.

Since 1 January 2014, La Banque Postale has benefited from the exemption provided for in Article 49 of Regulation (EU) No 575/2013, whereby it may choose not to deduct from its capital on a consolidated basis its holdings in the insurance companies CNP Assurances, La Banque Postale Prévoyance, La Banque Postale IARD and La Banque Postale Assurance Santé, and to treat them as weighted exposures, provided that its risk management and internal control procedures are satisfactorily integrated.

Each individual entity is required to comply with the regulations applicable to the sector in which it operates (Capital Requirements Regulation and Internal Control government order for credit institutions, and government orders related to Solvency II for the insurance sector), along with regulations on additional supervision.

4.7.2.1 Insurance risk governance and monitoring, and additional oversight of the conglomerate

As a conglomerate, La Banque Postale has set up an appropriate insurance risk governance structure within its wider risk management system, to ensure effective supervision of the insurance business.

Insurance risks are monitored by:

- ▶ the GRSC, which deals with these risks based on the insurance risk tables included in the RAD and also examines specific insurance-related issues when necessary;
- ▶ the Insurance Risk Committee, which monitors risks for La Banque Postale Group's Insurance Division subsidiaries;
- ▶ the Conglomerate Committee, as part of its specific cross-business monitoring of the Group's control functions (risk, compliance, internal control and periodic control) and finance functions, and the additional supervision required at the level of the conglomerate.

The Committee met six times in 2021. During the year, the main topics discussed by the Committee concerned corporate control functions.

Governance arrangements at La Banque Postale are described in Chapter 2, "Corporate Governance", while risk management and internal control are discussed in Chapter 4, "Risk Factors".

Governance, risk management and internal control at CNP Assurances are described in more detail in CNP Assurances' 2021 Universal Registration Document.

4.7.2.2 Additional supervision obligations applicable to La Banque Postale Group

La Banque Postale Group, and particularly its insurance subsidiaries, are subject to additional supervision in the following areas:

- ▶ capital adequacy;
- ▶ concentration risk supervision;
- ▶ intragroup position supervision.

4.7.2.2.1 Capital adequacy of the conglomerate

The update to the Group's internal standard on financial conglomerates concerned the additional oversight provision applicable to La Banque Postale as a financial conglomerate. It was approved by the CVRGR in May 2020 and applies from the same year. In light of the increase in La Banque Postale Group's stake in CNP Assurances and the new risk profile of the financial conglomerate, an accounting consolidation method is now used to calculate the conglomerate's capital adequacy ratio, as opposed to the "deduction and aggregation" method previously used.

At 30 June 2021, the capital of the financial conglomerate meets the solvency requirements for banking and insurance activities. The conglomerate's ratio was 159%.

(in € millions)	30 June 2021	31 Dec. 2020	30 June 2020
Financial conglomerate's additional capital requirement (amount)	21,100	20,077	19,508
Capital adequacy ratio of the financial conglomerate (%)	159%	168%	153%

4.7.2.2.2 Monitoring of concentration risk

La Banque Postale must ensure that its information is complete and comprehensive to provide oversight of concentration risk. La Banque Postale has all the information required to monitor concentration risk.

In accordance with oversight requirements for conglomerates, La Banque Postale is responsible for identifying and monitoring risk concentrations using a specific risk management procedure. The procedure is part of the Conglomerate reporting system that is specific to financial conglomerates. La Banque Postale monitors concentration risk that may arise on exposures held by its entities regarding a given counterparty.

4.7.2.2.3 Monitoring of intra-group position risk

La Banque Postale monitors intra-group positions between its insurance entities and credit institutions.

Intra-group exposure is limited to the guarantees provided by CNP Assurances or its subsidiaries (CNP Caution) on home loans and the amount of fees received. There are no refinancing dependencies (senior or subordinated) between the two sectors.

4.8 OTHER RISKS

4.8.1 Legal and tax risks

The Group Legal Department has a dual role in terms of managing legal risk. It advises La Banque Postale's departments, enabling them to measure the legal risk inherent to their activities, and it also defends La Banque Postale Group's interests.

Legal risk is managed across La Banque Postale Group through a Legal Department at the level of the Group. As from 2020, the scope of La Banque Postale Group and of its Legal Department also includes CNP Assurances, following the Group's acquisition of a controlling interest in CNP Assurances on 4 March 2020. Given that the subsidiaries' legal officers report to the Head of La Banque Postale Group's Legal Department, the Legal Department provides consolidated reporting and management of major legal risks that could impact the subsidiaries.

The Group Legal Department also contributes to the work performed by La Banque Postale's various committees:

- ▶ within the Regulatory Oversight Committees, the Legal Department defines, disseminates and ensures the implementation of the policy positions concerning the laws and regulations which affect La Banque Postale's business activities;
- ▶ within the New Products Review Committee, the Legal Department analyses the cases presented and issues opinions;
- ▶ within the Disputes & Provisions Committee, the Legal Department discusses the litigation in progress and the provisions to be booked in this respect.

In 2021, the Group's exposure to legal risks was affected by several legal proceedings or rulings:

- ▶ in late November 2020, Brazil's federal police disclosed details of accusations made in connection with a criminal investigation. The investigation concerns alleged misappropriations of funds at WIZ, a company that is 25%-owned by CNP Seguros Holding Brasil, which may also have been a victim of fraud. The investigation is still in progress. In December 2020, CNP Seguros Holding Brasil's Board of Directors set up a Special Investigation Committee that is independent from the Company's management to conduct its own investigation in the CNP Seguros Holding Brasil companies. This committee is being assisted in its work by a law firm that has set up a multidisciplinary forensic team. No conclusive elements were identified during these investigations. The allegations concern facts and amounts that are not material at the level of CNP Seguros Holding Brasil and even less so at that of CNP Assurances and La Banque Postale Group, and no items have been identified that could call into question the reliability of the financial statements of CNP Assurances' Brazilian subsidiaries;

- ▶ on 24 February 2021, the Control Report Review Commission (*Commission d'Examen des Rapports de Contrôle*) sent grievances to La Banque Postale's Monaco branch regarding a report dated 12 July 2019 drawn up by the Monégasque Financial Circuit Information Service (*Service d'Information sur les Circuits Financiers – SICCFIN*), in a procedure that was concluded in February 2022;
- ▶ in the EIC case initiated in 2005, the Paris Court of Appeal ruled on 2 December 2021 that the agreement signed between the banks on cheque imaging exchange had no anti-competitive purpose or effect. As a result, the €32.8 million previously paid by La Banque Postale will be reimbursed to it. The Competition Authority lodged an appeal on 31 December 2021 but this is without suspensive effect.

There are no other governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, whether pending or threatened, that are likely to have, or have had during the last 12 months, a significant impact on the financial position or profitability of the Company and/or Group. CNP Assurances' exposure to legal risks is presented in its 2021 Universal Registration Document.

La Banque Postale's tax risks are managed by the Tax Department which reports to the Group's Finance Department. This Department manages tax matters relating to La Banque Postale and provides centralised tax advice for all of La Banque Postale's different business lines and subsidiaries. It helps these different stakeholders prevent and control tax risks.

The Tax Department participates in and issues its opinion within the different internal committees, namely:

- ▶ the Product Review Committee;
- ▶ the Regulatory Monitoring, Prudential Accounting and Governance Monitoring Committee;
- ▶ the Cross-Entity Securities Committee;
- ▶ the Cross-Entity Savings Committee.

La Banque Postale was subject to the following tax audits in 2021:

- ▶ a tax audit covering its 2018 and 2019 accounts and a VAT audit covering the period 1 January to 30 April 2020;
- ▶ a specific audit of CVAE tax calculations for 2017. CVAE is a component of income tax, assessed on the added value created by the business.

La Banque Postale, along with other French banks, was notified of a proposed reassessment in May 2021. The amount involved was already covered by a provision at the previous year-end.

In December 2021, La Banque Postale was notified of a proposed rectification marking the end of the audit process. Other French banks were also notified of reassessments following audits of their CVAE tax calculations for 2017.

The corporate income tax reassessments were not material and the Group was not required to pay any late interest.

4.8.2 Compliance risk

Compliance risk is defined by the government order of 3 November 2014 as “the risk of legal, regulatory or disciplinary sanctions, or significant financial loss or reputational damage, due to failure to comply with provisions relating to banking and financial activities, regardless of whether these provisions are legal or regulatory, directly applicable national or European provisions, professional or ethical standards or instructions from the persons who effectively run the undertaking issued in accordance with the guidelines of the supervisory body”.

The Group Compliance Department is responsible for ensuring that the compliance risk management system also complies with regulatory requirements. To this end, it defines and implements compliance risk management and control procedures and risk anticipation processes. It also provides compliance advice regarding ethical, bribery and corruption, financial security (AML-CFT procedures, application of asset freezes and international sanctions), fraud, customer protection and investment services compliance matters. The Group Compliance Department also manages KYC and regulatory training programmes.

The compliance risk management system is governed by the Autorité de contrôle prudentiel et de résolution (ACPR) (banking and insurance businesses), the AMF (investment services) and the Agence française anticorruption (AFA) (prevention of bribery and corruption).

The compliance risk management system is also based on the principle of accountability of businesses for the identification, measurement, hedging and monitoring of their compliance risks. In the second half of 2020, a team of Business Line Compliance Officers was deployed to support the businesses in these tasks.

The Group Compliance Department also contributes to mitigating conduct risk, which was added to the Risk Management Policy in 2017, and is defined as the current or potential risk of losses resulting from the inappropriate provision of financial services, including cases of improper conduct, whether voluntary or out of negligence.

A monitoring system based on qualitative and quantitative indicators from several sources has been implemented. It draws on financial and non-financial ratings, complaints, analyses of disputes, customer and social media surveys, fraud analyses and penalties, and is rounded out by independent analyses of similar issues encountered by peers.

As mentioned above, this risk is considered to be an integral part of the operational risk family and therefore is managed as such.

4.8.2.1 Overview of the Group Compliance Department

The Group Compliance Department is responsible for:

- ▶ identifying and assessing compliance and reputation risks, and implementing the appropriate risk management system (procedures, checks, training, etc.);
- ▶ drafting a formal set of compliance procedures at Group level, rolled out to each business and subsidiary where appropriate (code of ethics, Anti-corruption Code, Compliance section of the Internal Rules, Policies and Procedures);
- ▶ coordinating the whistle-blowing system (optimisation, anticipation);
- ▶ expressing opinions and giving advice on compliance issues;
- ▶ training employees and raising their awareness of compliance issues;
- ▶ performing compliance checks;

- ▶ ensuring that compliance procedures and projects take account of the latest regulatory developments.

Given the structure of La Banque Postale Group and its wide range of businesses (banking, insurance, investment services, asset management), the Group Compliance Department has chosen to organise itself as a Compliance Function. This organisation was approved by the Executive Board on 9 December 2019 and implemented throughout 2020. Its development was completed in 2021 with the creation of a Transformation Department responsible for the Group Compliance Department's projects and computer applications, and the appointment of a Compliance Officer responsible for the Subsidiaries, who is in charge of steering and leading the network of subsidiary compliance officers.

The Compliance Function is based on:

- ▶ central Compliance teams at the level of La Banque Postale Group;
- ▶ the roll-out of local support with the appointment of Compliance Officers for each business line and for the La Poste Network, along with the creation of a Compliance Department covering the Network's banking activities and the activities of the Group's banking subsidiaries, including a dedicated oversight process;
- ▶ unified reporting relationships (including for the subsidiaries' Compliance Officers).

Since November 2021, the Group Chief Compliance Officer, who is tasked with leading the Compliance organisation, reports to the Deputy Managing Director in charge of risks, compliance and supervision of the conglomerate.

To manage compliance risk more effectively, the Group Compliance Department is organised around:

- ▶ the La Banque Postale Compliance Department, comprising:
 - expert departments covering financial security (see Section 4.8.2.3), fraud prevention (see Section 4.8.2.4), customer protection (see Section 4.8.2.5), investment services compliance (see Section 4.8.2.6),
 - a Transformation Department (see Section 4.8.2.7), and
 - Business Line Compliance Officers who are each responsible for a specific area of La Banque Postale SA's operations (retail customers, corporate customers, payment media). They roll down the procedures and ensure they are operational, advise and train business line teams, issue formal opinions on compliance issues and participate in governance bodies for their respective business lines. They also help to identify and assess compliance risks, define plans of controls along with action plans where the control findings are unsatisfactory. A dedicated team of Investment Services Compliance Officers is responsible for compliance issues arising in the investment services business,
 - the Compliance Officer responsible for the Subsidiaries, who is primarily tasked with leading the Compliance organisation and managing relations with the subsidiaries. The subsidiaries' Compliance Officers consult the Compliance Officer responsible for the subsidiaries concerning the organisation and management of compliance issues (regulatory reporting, compliance risk mapping, compliance project monitoring, etc.). The Compliance Officer responsible for the subsidiaries also leads meetings of the Compliance organisation's committees,
 - the subsidiaries' Compliance Officers, supported by a team where appropriate; these officers are responsible for rolling down the procedures and adapting them to their subsidiary's business, advising and training employees on compliance

issues, issuing formal opinions on compliance issues and participating in their subsidiary's governance bodies. Depending on how the subsidiary is organised, they may also be in charge of compliance controls.

- ▶ the La Poste Network Banking Services Department and the Operations Department comprises:
 - Network Compliance Officers throughout the La Poste Network, who implement the procedures rolled down by the Business Line Compliance Officers. They also approve the operating procedures (operating methods, scores, etc.) drafted by the Network employees to ensure compliance with the procedures set down by Compliance teams; They support the Network by fast-tracking local decisions on compliance issues. Lastly, based on the results of permanent controls, they define and execute remedial measures (training) in the sectors concerned,
 - Compliance Officers in the Customer Experience and Relationship Department, who roll down procedures and ensure they are implemented, advise and train the department's teams, issue opinions on compliance issues and take part in the department's governance bodies,
 - a Remote Banking Compliance Officer, who supports remote banking services in all areas, provides opinions, advice and training, and participates in governance bodies,
 - the manager responsible for the *Guichet unique bancaire*, an application available notably to employees in customer-facing positions, which can be used to submit all of their questions on legal or compliance issues. Depending on the technical complexity of the question, one of the expert departments may be consulted;
- ▶ the Ethics and Anti-Bribery and Corruption Department, which issues and monitors compliance with rules of ethics (including the code of conduct), as well as the rules governing the circulation of information and bribery and corruption prevention measures. The department anticipates and manages conflicts between La Banque Postale's interests and the personal interests of employees in all Group entities. It is also responsible for managing the whistleblowing procedure;
- alongside this organisation, CNP Assurances' Chief Compliance Officer reports directly to its Group Administrative Officer and on a dotted-line basis to La Banque Postale Group's Chief Compliance Officer.
- ▶ The Group Compliance Department also leads the following two programmes:
 - KYC programme: in 2020, La Banque Postale launched the KYC Individuals and KYC Corporates programmes, to align procedures governing new customer relationships and the updating of knowledge about existing customers with the applicable regulations;
 - training programme (see Section 4.8.2.8).

The Group Compliance Department employed 240 people at 31 December 2021. Structural changes resulting from the creation of the new Compliance organisation draw on expert teams in each field.

To identify and control compliance risk, the Compliance Department is organised around seven pillars:

- ▶ regulatory oversight: the Compliance Department is supported by the Legal Department's regulatory oversight processes (see Section 4.8.2.9 "Regulatory oversight");
- ▶ compliance risk assessments: the Compliance Department has set up a specific project organisation to improve the methodology for assessing the compliance risks to which La Banque Postale Group is exposed. This methodology is based on the work carried out by the Wolfsberg Group, using both qualitative and quantitative questions in order to limit reliance on expert judgement as far as possible. The assessment is then incorporated into the Group's risk map;
- ▶ compliance standards: continuous efforts are made to develop compliance procedures that ensure operational staff understand the checks they have to implement in the course of their work;
- ▶ training and awareness-raising: this subject is discussed in Section 4.8.2.8 "Training";
- ▶ compliance advice and opinions: the Compliance Department has positioned its team of compliance officers as close as possible to the departments, the network and the subsidiaries in order to respond pragmatically and quickly to operational problems;
- ▶ control: in 2021, the Compliance Department signed a service contract with the Permanent Control Department to strengthen their existing partnership;
- ▶ reporting: compliance issues are periodically presented to the Executive Board, the GRSC and the Supervisory Board Risk Committee.

4.8.2.2 Ethics and anti-corruption measures

Anti-corruption measures

Corruption risk is classified as an operational risk and has been the subject of a specific risk map since the entry into force of the "Sapin II" law in France in 2017. Based on the corruption risk scenarios defined by the Group Compliance Department and the Operational Risk Department, the head office departments and subsidiaries formally document the risks relating to their activities and the associated systems for managing those risks. All risks validated by each entity are documented in an annual countrywide risk map, which is then submitted for review by the Group Compliance Department. Where appropriate, countrywide action plans are put in place. A questionnaire based on quantitative and qualitative data has been prepared to assess this risk in each of La Banque Postale's entities. It was deployed across all La Banque Postale departments during the first half of 2021 and across all subsidiaries in the second half. The replies to the questionnaires are taken into account to calculate the level of each mapped risk.

The main risks identified are the subject of ongoing in-depth analyses.

The Anti-Corruption Committee verifies that the anti-corruption risk management system complies with the “Sapin II” law. It monitors the development and execution of action plans in response to the requirements in terms of bribery and corruption and conflict of interest prevention set out by the Chairman of La Banque Postale’s Executive Board in his letter to the members of the Executive Committee dated 18 January 2021. It also monitors execution of the action plans developed in response to the recommendations of internal or external auditors (La Banque Postale/CDC/La Poste auditors, etc.).

This Committee is chaired by the Anti-Bribery and Corruption (ABC) Officer. Meetings of the Committee are attended by the ABC officers in La Banque Postale’s business lines and departments and the subsidiaries’ ABC officers. The Committee met four times in 2021.

The Committee’s work is reviewed during the Executive Board meetings dedicated to internal control issues held once every two months.

During 2021, La Banque Postale’s body of compliance standards on this subject was expanded with the publication and dissemination within the Group of the Bribery and Corruption and Conflict of Interest Policies, which govern the offer or acceptance of gifts and invitations.

In addition, training and awareness-raising sessions were held for the employees concerned. Two e-learning modules on ethics and bribery and corruption prevention have also been rolled out, one for all La Banque Postale employees and the other for the employees who are the most exposed to this risk.

Ethics

The Ethical Conduct Code, together with the Anti-Corruption code of conduct, compiles and details all relevant ethics and anti-corruption principles and rules, and is applicable to all La Banque Postale employees and to all employees of La Poste acting in the Group’s name and on its behalf. The Ethical Conduct Code was updated in 2021 and distributed to all employees. A version intended for third parties is due to be published in early 2022. La Banque Postale’s subsidiaries base their own ethics rules and procedures on this Code.

Ethics risks are mapped by the management of the businesses lines and by the subsidiaries in a similar manner to corruption risks, based on the four areas identified by the Group Compliance Department. All risks validated by each entity are documented in La Banque Postale’s risk map. Where appropriate, countrywide action plans are put in place.

The Ethics Committee, comprising the La Poste Network, the Financial Services unit, La Banque Postale’s departments and the subsidiaries, provides the governance structure for ethics matters. This Committee, which met twice in 2021, reviews topical ethics-related issues and the miscellaneous ongoing projects in this area.

Preventing and managing conflicts of interest

The system for preventing and managing conflicts of interest, set out in the code of conduct, is designed to identify situations that could give rise to a conflict of interests with regard to customers, employers and/or third parties. Conflict-of-interest prevention rules are set out for those who act in the name of and on behalf of La Banque Postale.

When the conflict of interests concerns one or more customers, and the measures taken cannot guarantee that the risk of harming the customer’s interest will be avoided, La Banque Postale clearly informs the customer(s) concerned of the nature and source of these conflicts of interest.

Potential or known conflicts of interest concerning employees are reported to the Ethics Officer, who keeps a record of such conflicts and advises the employees concerned on the action to be taken. Conflicts of interest that could have a negative impact on La Banque Postale’s image or reputation are reviewed together with the Executive Board. The employee concerned is required to strictly comply with the decision taken in this regard.

A new conflict-of-interest prevention and management policy was approved at the end of 2020, and rolled out in January 2021 to all employees as well as members of Executive Management.

This policy has been broken down into several procedures for different areas of activity: investment services, insurance sales and banking. The purpose of these procedures is to define potential situations and sources of conflicts of interest, describe the roles and responsibilities of the Business Lines and the Compliance organisation concerning the detection and management of these conflicts and the process for dealing with them. A specific procedure covering the prevention and management of conflicts of interests involving Supervisory Board members is currently being drafted.

In addition, two maps have been drawn up to identify:

- ▶ potential or actual conflicts of interest arising in the course of all of the Bank’s activities, based on regulatory criteria and categories (as defined in MiFID and DDA in particular);
- ▶ existing risk control mechanisms to eliminate/mitigate potential conflicts of interests.

Finally, a register of conflicts of interest is used by the Compliance Department and the Ethics Officer to log actual conflicts of interests, which are then analysed (by the Ethics Officer, or the Investment Services Compliance Department or the Banking Services Compliance Department, depending on the nature of the conflict and the activity concerned). The action taken to deal with each conflict of interest is also logged to ensure traceability. The EQS computer application used to manage the register, which is currently being deployed, will also generate conflict of interest reports for the Executive Board and the Supervisory Board, at least once a year.

Ethics alerts, withdrawal of accreditations and whistleblowing system

The system for managing ethics risks is based on two major processes:

- ▶ whistleblowing procedure: La Banque Postale has implemented a bribery and corruption and ethics whistleblowing system to allow people to question or report situations of which they are personally aware. All employees are aware that they may flag up any issues to their line manager or the person in charge of ethics within their respective entity. Employees can also leave a message on a secure site, which will be handled directly and confidentially by the Ethics Officer. This procedure was strengthened as part of the anti-corruption and whistleblower protection measures provided for by the “Sapin II” law. A dedicated whistleblowing system is available for all La Banque Postale and La Poste employees working on behalf of or in the name of the Bank, but also for any external or temporary staff, as well as, within the scope of the “Potier” law on the duty of care, for employees of suppliers and subcontractors.

During 2021, the whistleblowing procedure was strengthened and communicated to all employees at La Banque Postale and in the subsidiaries.

The criteria used to select the whistleblowing application covered the application’s ability to ensure that questions and reports were dealt with, to prevent leaks and to protect the whistleblower’s identity;

- ▶ misappropriation or Ethical Breach Alerts: the system for circulating and monitoring these alerts must provide La Banque Postale with (i) information on any misappropriations or ethical breaches by La Banque Postale's employees, or persons acting in its name and on its behalf, and (ii) details of how the alerts are followed up by management and the consistency of the measures taken in this regard;
- ▶ disqualification: depending on the severity of the ethics breach, the Ethics Officer may launch the process to disqualify the person concerned from working in the name or on behalf of La Banque Postale. An investigation is carried out systematically before any such action is taken.

4.8.2.3 Financial security

The Financial Security Department defines the Group's procedure for combating money laundering and the financing of terrorism (AML-CFT), and for executing asset freezes and international sanctions. It leads the system for processing Financial Sanction and AML-CFT alerts, focusing on optimising the system and applying a proactive approach supported by big data and artificial intelligence. It is organised around three units: Risks and Procedures, AML-CFT and Financial Sanctions.

Risks and Procedures

The Risks and Procedures team is notably responsible for classifying and mapping AML-CFT risks, and for drafting Group AML-CFT policies and procedures. It also approves the implementation of these procedures in each business line and subsidiary.

In 2021, the risk assessment approach was updated based on the Wolfsberg methodology. This new exercise was deployed in the second half of the year in the various departments and subsidiaries, providing a more accurate assessment of residual AML-CFT risks. The exercise's results were used to update La Banque Postale Group's operational risk map prepared under the responsibility of the Group Risk Department.

The body of compliance standards was finalised by rolling down all the Group's policies and procedures, including KYC procedures. Work has begun to update the Group's compliance standards to take into account new regulations and the standards applied by CDC. This project should be completed by early 2022. The next step will be to update the standards rolled down to the business lines as needed.

AML-CFT Department

The AML-CFT team brings together employees in charge of analysing AML-CFT-sensitive transactions, drafting and reporting suspicious transactions to Tracfin, responding to the rights of communication and calls for vigilance, assisting businesses in rolling out their AML-CFT procedures, and monitoring developments in scenarios and tools used as inputs in the management of AML-CFT risk. In 2021, the department was reorganised in order to improve its operational efficiency given the growing number of incident reports to be processed and suspect transaction reports to be issued.

Financial Sanctions

The Financial Sanctions team coordinates the operational implementation of obligations relating to financial sanctions and to the identification of "politically exposed persons" (PEPs).

Given the risk presented by this type of customer and in accordance with the regulations, La Banque Postale has set up a dedicated system covering new and ongoing banking relationships with Politically Exposed Persons (PEPs). The system is designed to detect PEPs before the account opening process is completed and to identify any customers who become PEPs during the relationship. This allows additional due diligence procedures to be carried out so that the new business relationship (or continuation of the existing relationship) can be validated by the Compliance Director on behalf of the Executive Board. These customers are then subject to increased vigilance.

In 2021, the system for detecting Politically Exposed Persons was strengthened with the creation of a reliable "golden source" managed by the Financial Security Department, the implementation of an automatic system for loading PPE lists and the regular reconciliation of PPE lists within the Group.

As of 31 January 2022, La Banque Postale had 3,842 banking relationships with PEPs.

In 2021, the system for applying asset freezes and international sanctions was strengthened considerably, by installing improved international transaction filters and centralising the management of frozen accounts.

4.8.2.4 System to combat fraud

A dedicated Fraud Prevention unit has been set up within the Compliance Department, with responsibility for the management and operational supervision of the fraud risk management system covering all of the Group's departments and subsidiaries.

To this end, the Fraud Prevention unit operates on a broad scale, targeting both individuals and companies. It is supported by a network of Fraud Correspondents located in the business lines, the distribution channels (Network, Financial Centres) and the subsidiaries.

The main missions of the five Fraud Prevention teams (Individuals/Corporates/Management and Steering of the PGF/Prevention & Training/Studies and tools) are to:

1. reduce the financial damage caused by fraud through prevention, awareness-raising and training;
2. define fraud prevention rules and provide advice on potential fraud risks prior to the launch of new processes, products and services;
3. manage, coordinate and lead La Banque Postale's fraud prevention system.

4.8.2.5 Customer protection

The Banking Services Compliance Department defines La Banque Postale Group's standards in terms of customer protection for both its banking and insurance activities. In this capacity, it is responsible for the following three main tasks: banking and insurance product governance, the review of marketing and sales materials and customer complaint processing.

Product governance

In accordance with Article 35 of the government order of 3 November 2014, along with MiFID II, the Insurance Distribution directive and the EBA's guidelines on product oversight and governance arrangements for Retail Banking products, the Product Review Committee's opinion is sought for new products or products that have changed significantly (which may or may not be banking products).

The Committee reviews:

- ▶ new products, i.e., contracts launched on the market for the first time, which did not previously exist or did not exist in their current form. This may concern two existing contracts that have been merged into a single contract, or a completely new contract;
- ▶ products which have undergone significant change, where the change concerns:
 - one or more essential or key characteristics of a product already marketed, notably following customer complaints, outsourced management, new regulations or changes in case law,
 - the product's distribution model,
 - the target customers.

The Product Oversight Committee set up in 2021 met twice during the year to conduct an *ex-post* review of product marketing in the target markets defined during the product approval process.

Review of marketing documentation

As part of managing its reputational risk, La Banque Postale closely monitors the quality of its communications with its customers. The Customer Protection Department reviews all marketing, advertising and contractual documentation. As well as verifying compliance with applicable laws and regulations, the Department also ensures that the messages conveyed in advertising media are consistent with La Banque Postale's values.

The Compliance and Customer Protection Department also support the different business lines with projects that impact customer protection, and with their operational implementation of the texts and recommendations issued by the supervisory authorities.

Processing of customer complaints

Analysing complaints is also an important aspect of the compliance and reputational risk management system. The Banking Services Compliance Department processes all customer complaints forwarded by the ACPR and works closely with the Customer Experience Department, which coordinates customer claims management for La Banque Postale.

Each year, this Department also carries out in-depth analyses together with management of the business lines, in order to improve and resolve any issues that may have caused customer complaints.

This approach complies with the ACPR's recommendation on processing complaints.

The Group Compliance Department's Compliance and Complaints Control unit follows up complaints passed on by the ACPR, La Banque Postale's mediator and the AMF and, since 2021, all other customer complaints. The unit organises quarterly meetings with line personnel involved in processing complaints

and representatives of the Group Risk Department, to analyse the issues arising from the complaints, determine whether or not there is a compliance risk, and if appropriate propose an action plan to remedy the situation. The unit then monitors execution of the action plans, or may ask for a risk report to be compiled or completed for inclusion in the customer protection risk map.

4.8.2.6 Investment services compliance

The Investment Services Compliance Department is made up of the Investment Services Compliance Officers. These Compliance Officers ensure that La Banque Postale complies with the regulatory requirements set out in the French Monetary and Financial Code (*Code monétaire et financier*), the AMF General Regulation and associated regulations (MiFID II, MAR/MAD, etc.). Their main role is to:

- ▶ define internal rules and draft the associated compliance procedure;
- ▶ organise training/awareness-raising sessions covering laws and regulations applicable to investment services;
- ▶ verify that La Banque Postale complies with laws and regulations applicable to investment services, through its reports to the internal governance body and the AMF;
- ▶ advise and assist the business lines with their current and future activities.

Unlike other departments, due to its roles and responsibilities, the Investment Services Compliance Department has a dedicated team which performs controls corresponding to the second line of defence. It is supported for these controls by the Permanent Control Department for investment services provided by the La Poste Network, the Business Centres and *LBP Chez Soi*.

Highlights of 2021 included:

- ▶ deployment of a new application for managing insider lists and abstention and confidentiality lists;
- ▶ improvements to the identification and assessment of compliance risks related to the provision of investment services.

4.8.2.7 Transformation Department

The Transformation Department is responsible for the Group Compliance Department's projects and tools.

In 2021, to strengthen AMF-CFT risk systems, it pursued development work on the proprietary Big Data and artificial intelligence-based Compliance 2.0 application.

4.8.2.8 Training

As compliance regulations grow ever stricter, La Banque Postale has increased its training on regulatory matters. The processes related to regulatory training had to become more fluid and reliable.

At the end of 2019, La Banque Postale launched a Regulatory Training Programme led by a Process Owner from the Group Compliance Department, bringing together people from its École de la Banque et du Réseau banking school, its Human Resources Department and its business lines. Tangible results of these efforts in 2020 and 2021 included the creation of a procedure manual and the launch of management applications.

The programme will be rolled out to the subsidiaries in 2022.

Besides formal monitoring of regulatory training, in its general training courses for employees of its Banking Advice Line, La Banque Postale makes sure that trainees acquire a good understanding of the essential compliance procedures (e.g., KYC, priority given to customer interests, formalising customer relationships and traceability of advice), as well as of commercial matters.

4.8.2.9 Regulatory oversight

The Legal Department's regulatory oversight process contributes to the Group's risk culture by increasing the awareness of regulatory changes among employees and management, providing guidance on their implementation and ensuring that they are taken into account in the risk map. The regulatory oversight is performed on behalf of La Banque Postale SA, its consolidated subsidiaries and its Monaco branch. It covers hard and soft laws, regulations, international law, European and French law in all areas covered by La Banque Postale Group's business.

The regulatory oversight is organised in four stages:

- ▶ identifying texts that have an operational impact;
- ▶ monitoring the regulatory drafting process, summarising and analysing the final adopted texts;
- ▶ circulating these analyses, highlighting their expected practical impacts based on the information in the Regulatory Oversight unit's possession;

- ▶ monitoring implementation of the new regulations within the Group, through the reports presented by the regulatory oversight managers during meetings of their unit's Compliance Risk Committee (CRC). The CRC meetings are an opportunity for the Compliance Department to obtain assurance that all new regulations have been duly implemented. Each business line or subsidiary represented at the CRC meetings analyses and interprets the operational impacts of new regulations on its existing procedures.

In light of La Banque Postale Group's diversified business base, the approach is based on fortnightly meetings of Regulatory Oversight Committees for each corporate department and business line (except for the Digital Oversight Committee which meets at quarterly intervals), i.e.:

- ▶ the Retail Banking Regulatory Oversight Committee;
- ▶ the Asset Management and Financial Markets Regulatory Oversight Committee;
- ▶ the Accounting, Prudential and Governance Regulatory Oversight Committee;
- ▶ the Insurance Regulatory Oversight Committee;
- ▶ the Digital Regulatory Oversight Committee.

4.8.3 Non-financial risks

General principles

In addition to all the work carried out by La Banque Postale in the area of CSR since its creation, as described in Chapter 6 Non-Financial Information Statement – Corporate Social Responsibility (CSR), and following the signature of the Paris Agreement in 2015, the Group has been committed to participating in transforming the financial environment so that it contributes to a just transition. These commitments, which are supported at La Banque Postale level by the Community Engagement Department and all the business lines, are reflected immediately in La Banque Postale's risk management system.

The Group treats ESG risk as a risk area in its own right, but also as a risk factor for existing risk areas (credit, operational, market, etc.).

Types of risk covered and benchmarks

The Group's overall exposure to ESG risk has been assessed by experts as Moderate, due to the nature of La Banque Postale's businesses and its strong commitment to managing these risks.

ESG risks are broken down into three main categories that are monitored using several metrics at different levels of the organisation.

Environmental and climate risk

This category corresponds to financial risks resulting from climate events or increased external environmental stresses affecting La Banque Postale directly and indirectly through its exposures. This risk category is broken down into the following two categories:

- ▶ **physical risk:** risks that refer to the financial effects of climate change (such as increased extreme weather events and gradual climate change) and environmental deterioration (such as air, water and land pollution, water stress, biodiversity loss and deforestation).
- ▶ **transition risk:** the risk of financial loss that an institution may incur, directly or indirectly, as a result of the process of adapting to a low-carbon and more environmentally sustainable economy. These risks may arise, for example, from the relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

The indicators used by the Group to manage this risk are described in Chapter 6. The main indicators concern the portfolios' carbon intensity, the Group's exposure to the most carbon-intensive sectors, and the level of alignment with SBTi low-carbon trajectories.

Social and societal risks

This category concerns risks arising from social issues that may have a negative impact on the financial performance or solvency of La Banque Postale, including:

- ▶ **social risks:** impact of the deteriorating social climate at La Banque Postale on the Group's activities;
- ▶ **societal risks:** risks of financial loss linked to the transition towards a fairer and more inclusive society (speed of regulatory changes addressing social injustice, changes in consumer behaviour and markets, etc.)

The indicators monitored by the Group to manage this risk are described in Chapter 6. They include the proportion of Group employees given training in psycho-social risks, the number of positions that remain vacant for more than four months and customer satisfaction ratings.

Governance risk

This risk category concerns the risk of financial loss and/or damage to La Banque Postale's image resulting from the failure of the rules and procedures set up to manage, administer and control the Group in accordance with sound environmental and social principles. La Banque Postale makes a distinction between:

- ▶ Risk of financial loss due to failure to take into account environmental and social risks in the Group's strategy and organisation
- ▶ Image and reputational risks related to the failure of La Banque Postale to meet its commitments resulting from poor implementation of the strategy decided by the Group and its subsidiaries, and deficiencies in the control processes ensuring its correct implementation.

The indicators monitored by the Group to manage this risk are described in Chapter 6. They include the gender equality index and the proportion of women members of the Executive Committee and the Supervisory Board.

Risk governance and monitoring

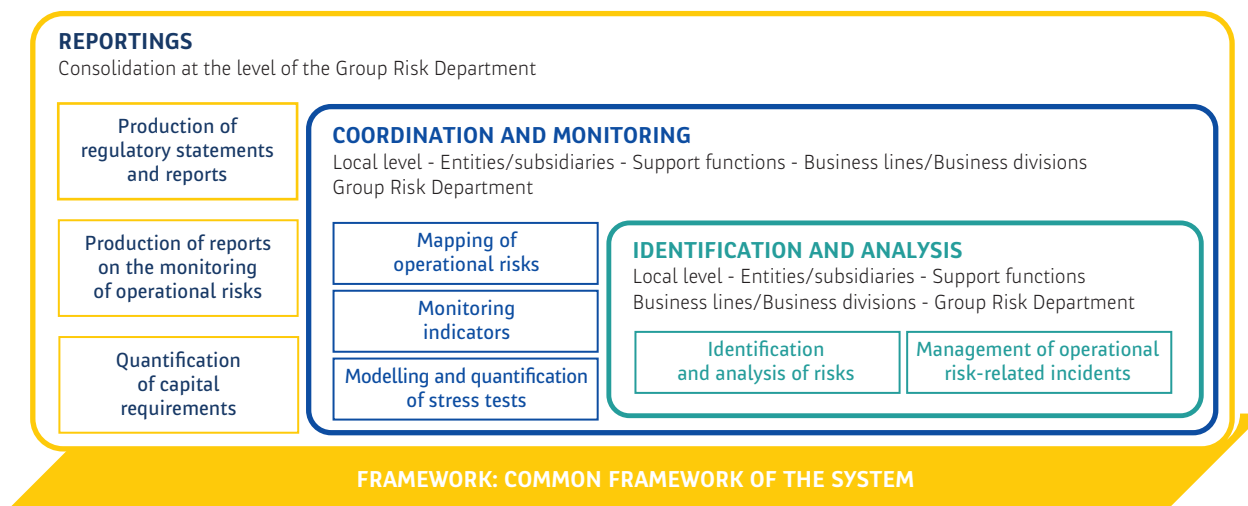
Since 2021, ESG risk has been fully integrated into La Banque Postale Group's risk governance, by inserting it in existing organisations and bodies rather than by creating specific governance bodies, in order to make ESG risk management an integral part all the Group's risk control and management systems.

This means that the principles applicable to the Group's risk appetite system apply seamlessly to the management of climate and environmental risks.

ESG risk is controlled in the same way as other risks, as follows:

- ▶ based on applicable regulations and external and internal sources of expertise (Community Commitment Department), the Group Risk Department defines the general ESG risk management framework and submits it for approval to the Executive Board and the Supervisory Board;
- ▶ all the documentation, standards and methods produced within La Banque Postale to identify, measure and manage ESG risk are subject to the Risk organisation's validation process (GRSC, Risk Management Rules Validation Committee, etc.);
- ▶ the Climate and Environmental Risk unit of the Group Risk Department verifies the proper implementation of these level 2 processes, performs studies and analyses to obtain assurance that the level of exposure to ESG risks is acceptable and complies with the commitments given by La Banque Postale, and reports on this work to the Group's Executive Board and Supervisory Board.

The following diagram provides an overview of the risk management system deployed by La Banque Postale for all risks including ESG risks:



The Community Engagement Department is responsible for steering the operational roll-out of the community aspects of the 2030 Strategic Plan and especially the ESG component. Its role includes supporting all Group entities in the implementation of an offer that takes climate issues into account and, in particular, to manage La Banque Postale's commitments in relation to the Paris Agreement objectives. It supports the Group Risk Department, sharing its expertise in the area of sustainable finance.

2021 highlights

After initial work carried out in 2020, La Banque Postale's Risk Department set up a specific ESG risk management system in 2021, with a strong initial focus on environmental and climate change issues.

Work carried out by the Group Risk Department in 2021 included the following:

- ▶ Firstly, a long-term roadmap was prepared and validated by the Group Risk Management Committee, setting out all the work to be carried out to build an appropriate ESG risk management system (development of standards, governance arrangements, methodologies, reporting systems and processes);
- ▶ The above ESG risk definitions were then embedded in the entire ESG risk management system, in the Group risk map and the Risk Appetite Statement approved by the Risk Committee of the Supervisory Board. In addition, a specific Risk Management Policy was drawn up for climate and environmental risk, to be implemented under the responsibility of the Executive Board.
- ▶ The Group Risk Department's climate and environmental risk unit also assisted the Community Engagement Department in drawing up internal policies that considerably limit the

financing provided to the fossil fuel sector (coal and oil and gas policies). It carried out extensive work to quantify La Banque Postale's exposure to certain risks and according to different benchmarks (in particular, the European Taxonomy, for which an initial estimate of La Banque Postale's eligible assets is presented in Chapter 6).

- ▶ The Group Risk Management Department, in common with all banks in France, responded to requests for information from the European supervisor on the status of its work on climate risk management. It also contributed to the discussions among banking industry players, including in work groups organised by Fédération Bancaire Française, aimed at agreeing on common ESG risk assessment methodologies.

Lastly, the Group Risk Department is supporting the Community Engagement Department in designing and implementing La Banque Postale's proprietary Overall Impact Index, which is intended for gradual deployment across all the Group's lending activities.

4.9 REMUNERATION POLICY

Information about the Group's remuneration policy is provided in Chapter 2 of this Universal Registration Document, in Section 2.2 "Remuneration".

Selected quantitative information on remuneration policy is also provided in the tables below, in accordance with Regulation (EU) 2019/876 (CRR2):

Remuneration awarded for the financial year (EU REM1)

(in units, €)	Supervisory function	Supervisory function	Management function	Other senior management	Other identified staff
	Number of identified staff	5	5	33	90
	Total fixed remuneration	342,531	1,528,664	7,959,082	11,579,153
	of which: cash-based	342,531	1,528,664	7,959,082	11,579,153
	of which: shares or equivalent ownership interests	0	0	0	0
	of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
	of which: other instruments	0	0	0	0
	of which: other forms	0	0	0	0
Fixed remuneration					
	Number of identified staff	5	5	33	90
	Total variable remuneration	N/A	N/A	N/A	N/A
	of which: cash-based	N/A	N/A	N/A	N/A
	of which: deferred	N/A	N/A	N/A	N/A
	of which: shares or equivalent ownership interests	N/A	N/A	N/A	N/A
	of which: deferred	N/A	N/A	N/A	N/A
	of which: share-linked instruments or equivalent non-cash instruments	N/A	N/A	N/A	N/A
	of which: deferred	N/A	N/A	N/A	N/A
	of which: other instruments	N/A	N/A	N/A	N/A
	of which: deferred	N/A	N/A	N/A	N/A
	of which: other forms	N/A	N/A	N/A	N/A
	of which: deferred	N/A	N/A	N/A	N/A
Variable remuneration					
TOTAL REMUNERATION		N/A	N/A	N/A	N/A

Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM2)

(in €)	Supervisory function	Management function	Other senior management	Other identified staff
GUARANTEED VARIABLE REMUNERATION AWARDS				
Number of identified staff	0	1	0	1
Total amount	0	23,790	0	35,000
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0	23,790	0	35,000
SEVERANCE PAYMENTS AWARDED IN PREVIOUS PERIODS, THAT HAVE BEEN PAID OUT DURING THE FINANCIAL YEAR				
Number of identified staff	0	0	0	0
Total amount	0	0	0	0
Severance payments awarded during the financial year				
Number of identified staff	0	0	0	2
Total amount	0	0	0	455,941
of which: paid during the financial year	0	0	0	455,941
of which: deferred	0	0	0	0
of which: severance payments paid during the financial year, that are not taken into account in the bonus cap	0	0	0	132,000
of which: highest payment that has been awarded to a single person	0	0	0	250,230

Deferred remuneration (EU REM3)

	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in the subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to <i>ex post</i> implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
(in €)								
SUPERVISORY FUNCTION	-	-	-	-	-	-	-	-
of which: cash-based	-	-	-	-	-	-	-	-
of which: shares or equivalent ownership interests	-	-	-	-	-	-	-	-
of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
of which: other instruments	-	-	-	-	-	-	-	-
of which: other forms	-	-	-	-	-	-	-	-
MANAGEMENT FUNCTION	-	-	-	-	-	-	-	-
of which: cash-based	-	-	-	-	-	-	-	-
of which: shares or equivalent ownership interests	-	-	-	-	-	-	-	-
of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
of which: other instruments	-	-	-	-	-	-	-	-
of which: other forms	-	-	-	-	-	-	-	-
OTHER SENIOR MANAGEMENT	-	-	-	-	-	-	-	-
of which: cash-based	-	-	-	-	-	-	-	-
of which: shares or equivalent ownership interests	-	-	-	-	-	-	-	-
of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
of which: other instruments	-	-	-	-	-	-	-	-
of which: other forms	-	-	-	-	-	-	-	-
OTHER IDENTIFIED STAFF	-	-	-	-	-	-	-	-
of which: cash-based	-	-	-	-	-	-	-	-
of which: shares or equivalent ownership interests	-	-	-	-	-	-	-	-
of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
of which: other instruments	-	-	-	-	-	-	-	-
of which: other forms	-	-	-	-	-	-	-	-
TOTAL AMOUNT	-	-	-	-	-	-	-	-

Remuneration of €1 million or more per year (EU REM4)

(in units, €)	Identified staff members remunerated at €1 million or more per financial year
1,000,000 to below 1,500,000	0
1,500,000 to below 2,000,000	0
2,000,000 to below 2,500,000	0
2,500,000 to below 3,000,000	0
3,000,000 to below 3,500,000	0
3,500,000 to below 4,000,000	0
4,000,000 to below 4,500,000	0
4,500,000 to below 5,000,000	0
5,000,000 to below 6,000,000	0
6,000,000 to below 7,000,000	0
7,000,000 to below 8,000,000	0

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM5)

(in units, €)	Management body remuneration		Business areas							Total
	Super- visory function	Manage- ment function	Total	Investm- ent banking	Retail Banking	Asset Manage- ment	Corporate functions	Independent internal control functions	All other	
Total number of identified staff	5	5	10	52	13	2	20	34	2	133
of which: members of the supervisory or management function	0	5	5	0	0	0	0	0	0	5
of which: other senior management	0	0	0	11	9	1	5	5	1	32
of which: other identified staff	5	0	5	41	4	1	15	29	1	96
Total remuneration of identified staff	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
of which: variable remuneration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
of which: fixed remuneration	342,531	1,528,664	1,871,194	7,468,894	2,459,607	522,183	3,763,713	4,853,850	436,310	21,409,430

4

4.10 PILLAR III CORRELATION TABLE

CRR Article	Subject	Chapter 4 "Risk factors"	Page	Or Universal Registration Document page
90	Return on assets			Chapter 3, page 92
431	Disclosure requirements and policy	Statement concerning Pillar III information; Certification of Pillar III information	Pages 229 <i>et seq.</i>	
435	Risk management objectives and policies	Governance and risk management system	Pages 144 <i>et seq.</i>	
436	Scope of application	Scope of application	Pages 122 <i>et seq.</i>	
437	Own funds	Breakdown of regulatory own funds	Pages 127 <i>et seq.</i>	
438	Capital requirements	Regulatory framework for capital requirements	Pages 135 <i>et seq.</i>	
439	Exposure to counterparty credit risk	Exposure to credit risk	Pages 158 <i>et seq.</i>	
440	Capital buffers	Regulatory framework for capital requirements	Pages 135 <i>et seq.</i>	
441	Indicators of global systemic importance	Indicators of global systemic importance	Page 143	
442	Credit risk adjustments	Breakdown of exposures in default	Pages 163 <i>et seq.</i>	
443	Unencumbered assets	Encumbered/unencumbered assets	Pages 184 <i>et seq.</i>	
444	Use of external ratings agencies	Use of external credit rating agencies	Page 171	
445	Exposure to market risk	Market risk	Pages 185 <i>et seq.</i>	
446	Operational risk	Operational risks	Pages 192 <i>et seq.</i>	
447	Exposures in equities not included in the trading book	Equity exposures not included in the trading book	Page 191	
448	Exposures to interest rate risk on positions not included in the trading book	Banking portfolio interest rate risk	Pages 176 <i>et seq.</i>	
449	Exposures to securitisation positions	Securitisation	Pages 173 <i>et seq.</i>	
450	Remuneration policy		Pages 225 <i>et seq.</i>	Chapter 2, pages 66 <i>et seq.</i>
451	Leverage	Leverage ratio	Pages 139 <i>et seq.</i>	
452	Use of the IRB approach for credit risk	N/A	N/A	
453	Use of credit risk mitigation techniques	Credit risk mitigation techniques	Pages 169 <i>et seq.</i>	
454	Use of the advanced measurement approaches for operational risk	N/A	N/A	
455	Use of internal market risk models	N/A	N/A	

4.11 STATEMENT CONCERNING PILLAR III INFORMATION

La Banque Postale publishes information regarding Pillar III in this document.

La Banque Postale considers that the risk management systems currently in place through the various risk identification, measurement and management procedures (by type, activity and entity), together with its cross-entity and prospective procedures, ensure that the Group has a comprehensive vision of its risk profile and enables it to put in place the appropriate preventive or corrective actions, as necessary.

To ensure that the published Pillar III information is appropriate and complies with regulatory requirements, preparation of this chapter is coordinated by the Financial Communication

Department, which is part of the Finance Department. The information set out herein was produced and documented by the Accounting Department, the Balance Sheet Management Department, the Tax Department (all reporting to the Finance Department), the Group Risk Department, the Group Legal Department and the Group Compliance Department. Information relating to the remuneration policy was produced jointly by the Company Secretary and the Human Resources Department.

A specific process exists to ensure that published information is both reliable and formally approved. The process is organised in several steps:

4.11.1 Analysis of changes in the information

Upstream from the production of published information, the Financial Communication Department draws up a reporting timeline for contributions to this chapter, based on senior management's publication objectives. The timeline is prepared with the statutory auditors, so that they can plan their audit procedures.

The Financial Communication Department identifies the necessary changes to Pillar III information, based on:

- ▶ regulatory changes;
- ▶ AMF recommendations;
- ▶ the statutory auditors' recommendations.

Following the identification of information needs, the Financial Communication Department defines the components of this chapter and identifies the contributors for each component.

4.11.2 Data collection

Upstream from the production of this chapter, the Financial Communication Department asks the identified contributors for their respective contributions.

The requests are sent by e-mail, with the lead director concerned included in copy. The e-mail includes a copy of the most recent published information and details of proposed improvements in the current reporting period and the production timeline.

Prior to receiving the updated information, the Financial Communication Department asks the contributors to send, by return e-mail, written evidence that the information has been approved by the lead director. The lead director may suggest including additional information about the area under his or her responsibility, in order to provide a comprehensive view of La Banque Postale's risk profile.

On receipt of the contributions, the Financial Communication Department checks that they have been approved in writing by the lead director. The Department then confirms receipt and validates the contributions.

4.11.3 Review and approval

The Financial Communication Department reads all of the updated and validated information. As part of its review, the Financial Communication Department contacts the contributors to ensure that all necessary procedures have been carried out to ensure that the submitted information is reliable. When discrepancies are identified, the Financial Communication Department informs the contributors concerned so that they can analyse and correct them.

As part of its review of this chapter, the Financial Communication Department organises several meetings with all the contributors and directors concerned, to ensure that the published information has been properly updated.

Following the Financial Communication Department's review, the chapter presenting Pillar III information is submitted for approval to the Group Chief Risk Officer, who is also a member of La Banque Postale Group's Executive Committee. Any comments by the Group Chief Risk Officer are duly taken into account by the Financial Communication Department.

After being approved by the Group Chief Risk Officer, the chapter is given to the Company Secretary, who submits it to various governance bodies for validation (Executive Board, Supervisory Board's Financial Statement Committee, Supervisory Board's Group Risk Committee, Supervisory Board). Following their review, these bodies express an opinion on the financial information and their comments, if any, are taken into account by the Financial Communication Department.

Lastly, the chapter is signed off by the Chairman of La Banque Postale's Executive Board (in his capacity as a member of the management body), who certifies in writing that La Banque Postale has published the required Pillar III information in accordance with the written policies, procedures,

systems and internal controls. The Chairman of the Executive Board's statement is presented in Section 4.12 "Statement concerning Pillar III information".

This chapter is also examined in full by the statutory auditors as part of their review of this Universal Registration Document.

4.12 STATEMENT CONCERNING PILLAR III INFORMATION

Person responsible for Pillar III information

Philippe Heim
Chairman of the Executive Board
La Banque Postale

Statement by the person responsible for the Pillar III information

I hereby declare that, to the best of my knowledge and having made all reasonable efforts to ensure that this is the case, La Banque Postale has published the information at 31 December 2021 that is required by this section in accordance with written policies, procedures, systems and internal controls.

Paris, 22 March 2022
Philippe Heim
Chairman of the Executive Board

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5

5.1	CONSOLIDATED FINANCIAL STATEMENTS	232
5.2	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	238
5.3	STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	363
5.4	PARENT COMPANY FINANCIAL STATEMENTS	369
5.5	STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	408

5.1 CONSOLIDATED FINANCIAL STATEMENTS

The La Banque Postale and CNP Assurances merger was finalised on 4 March 2020. As a result, the 2020 financial statements included CNP Assurances using the full consolidation method for ten months and using the equity method for two months, as well

as the effects of first-time consolidation. The 2020 pro forma information is available in La Banque Postale's 2020 Universal Registration Document (Chapter 5 bis).

Consolidated income statement

(in € millions)	Notes	2021	2020
Interest income	5.1	5,825	4,425
Interest expense	5.1	(1,879)	(1,839)
Fee and commission income	5.2	2,218	2,257
Fee and commission expense	5.2	(3,461)	(3,035)
Net gain or loss on financial instruments at fair value through profit or loss	5.3	13,969	4,962
Net gain or loss on financial instruments at fair value through other comprehensive income	5.4	(1,208)	(157)
Net gain or loss on derecognised financial assets at amortised cost	5.5	-	297
Income from other activities	5.6	33,497	23,744
Expenses from other activities	5.6	(39,867)	(22,251)
Impact of the overlay approach (gross impact)	6.3	(1,074)	(679)
Net banking income		8,020	7,724
General operating expenses	5.7	(5,569)	(5,224)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(646)	(487)
Gross operating profit		1,805	2,013
Cost of risk	5.8	(268)	(674)
Operating profit		1,537	1,339
Share of profits of equity-accounted companies	4.10	99	690
Net gain or loss on other assets	5.9	1	(1,500)
Changes in the value of goodwill	5.10	-	4,578
Pre-tax profit		1,636	5,107
Income tax	5.11	(514)	(419)
Net profit		1,123	4,688
Non-controlling interests		486	533
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		636	4,155

Consolidated balance sheet

(in € millions)	Notes	31.12.2021	31.12.2020
Cash, central banks	4.1	50,812	1,783
Financial assets at fair value through profit or loss	4.2	231,502	195,772
Hedging derivatives	4.3	1,022	1,443
Financial assets at fair value through OCI	4.4	228,513	230,779
Securities at amortised cost	4.5	23,480	24,018
Loans and advances to credit institutions at amortised cost	4.6	67,840	114,484
Loans and advances to customers at amortised cost	4.7	123,152	125,255
Revaluation differences on portfolios hedged against interest rate risks		101	220
Current tax assets	4.8	669	867
Deferred tax assets	4.8	549	449
Accruals and other assets	4.9	33,415	31,907
Non-current assets held for sale	4.10	178	-
Investments in equity-accounted companies	4.10	948	696
Investment properties	4.11	3,393	3,083
Property, plant and equipment	4.12	1,254	879
Intangible assets	4.12	5,326	5,385
Goodwill	4.13	156	156
TOTAL ASSETS		772,310	737,176
Financial liabilities at fair value through profit or loss	4.2	4,335	3,421
Hedging derivatives	4.3	333	763
Liabilities due to credit institutions	4.14	30,393	33,533
Customer deposits	4.15	235,038	230,393
Debt securities	4.16	21,693	21,639
Revaluation differences on portfolios hedged against interest rate risks		422	726
Current tax liabilities	4.8	166	99
Deferred tax liabilities	4.8	1,205	1,494
Accruals and other liabilities	4.17	21,364	21,622
Insurance company technical provisions and shadow accounting reserves	4.18	414,398	379,830
Provisions	4.19	1,075	1,025
Subordinated debt	4.20	10,110	10,187
Equity	4.21	31,779	32,444
Non-controlling interests		10,208	12,854
Equity attributable to owners of the parent		21,571	19,590
Share capital		6,585	6,585
Reserves and retained earnings		13,505	8,404
Gains and losses recognised directly in equity		844	445
Profit attributable to owners of the parent		636	4,155
TOTAL LIABILITIES AND EQUITY		772,310	737,176

Consolidated statement of net profit and gains and losses recognised directly in equity

(in € millions)	2021	2020
NET PROFIT	1,123	4,688
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Translation adjustments	51	(849)
Remeasurement of financial assets at fair value through OCI	(952)	1,109
<i>Revaluation difference for the year</i>	<i>(2,170)</i>	<i>905</i>
<i>Reclassified to profit or loss</i>	<i>1,218</i>	<i>204</i>
Remeasurement of derivatives that hedge items that may be reclassified to profit or loss	38	(37)
<i>Revaluation difference for the year</i>	<i>106</i>	<i>(88)</i>
<i>Reclassified to profit or loss</i>	<i>(67)</i>	<i>50</i>
Impact of the overlay approach	1,074	679
Share of gains and losses of equity-accounted companies recognised directly in equity that may be reclassified to profit or loss*	(2)	(657)
Deferred taxes	233	(478)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Actuarial gains and losses on defined-benefit obligations	(17)	(145)
Remeasurement of own credit risk on financial liabilities designated as at fair value through profit or loss	(2)	(8)
Remeasurement of equity instruments at fair value through other comprehensive income (excluding instruments sold during the year)	(35)	(46)
Share of gains and losses of equity-accounted companies recognised directly in equity that will not be reclassified to profit or loss*	2	(23)
Deferred taxes	2	44
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	393	(413)
NET PROFIT AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	1,516	4,275
Of which net profit and gains and losses recognised directly in equity attributable to owners of the parent	1,036	3,788
Of which net profit and gains and losses recognised directly in equity attributable to non-controlling interests	480	487

* Amounts presented net of deferred taxes.

Consolidated statement of changes in equity

(in € millions)	Share capital ⁽¹⁾	Additional paid-in capital	Legal reserves, retained earnings and other reserves	Consolidated reserves	Perpetual subordinated notes classified in equity	Gains and losses net of tax recognised directly in equity		Changes in fair value of financial instruments	Attributable net profit	Attributable equity	Non-controlling interests	Total consolidated equity
						Actuarial gains and losses	Translation reserves ⁽²⁾					
IFRS equity at 31 December 2019	4,632	231	1,801	2,706	744	(39)	(117)	968	780	11,707	76	11,783
Appropriation of 2019 net profit	-	-	289	492	-	-	-	-	(780)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	552	(552)
Issuance of shares	1,954	15	-	2,059	-	-	-	-	-	4,027	1,725	5,752
Issues/Redemptions of subordinated notes (equity instruments)	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration of subordinated notes (equity instruments)	-	-	-	(68)	-	-	-	-	-	(68)	(23)	(90)
Sub-total – transactions with owners	1,954	15	289	2,483	-	-	-	-	(780)	3,959	1,150	5,110
Changes in gains and losses recognised directly in equity	-	-	-	-	-	(7)	(367)	672	-	298	(97)	201
2020 net profit	-	-	-	-	-	-	-	-	4,155	4,155	533	4,688
Sub-total	-	-	-	-	-	(7)	(367)	672	4,155	4,453	436	4,889
Share in the changes in equity of equity-accounted companies	-	-	-	(18)	-	21	117	(780)	-	(660)	2	(658)
Effect of acquisitions and disposals on non-controlling interests	-	-	-	78	-	(1)	11	(1)	-	88	160	247
Effect of acquisition of control of CNP Assurances	-	-	-	(3)	-	(84)	-	87	-	-	10,997	10,997
Other movements	-	-	(110)	188	0	0	0	(35)	0	44	33	76
IFRS equity at 31 December 2020	6,585	246	1,980	5,434	744	(110)	(357)	912	4,155	19,590	12,854	32,444
Appropriation of 2020 net profit	-	-	(410)	4,565	-	-	-	-	(4,155)	-	-	-
Dividends	-	-	171	0	-	-	-	-	-	171	645	816
Issuance of shares	-	-	-	0	-	-	-	-	-	0	-	0
Issues/Redemptions of subordinated notes (equity instruments)	-	-	-	-	744	-	-	-	-	744	-	744
Remuneration of subordinated notes (equity instruments)	-	-	-	(68)	-	-	-	-	-	(68)	(23)	(91)
Sub-total – transactions with owners	-	-	(581)	4,497	744	-	-	-	(4,155)	505	(668)	(163)
Changes in gains and losses recognised directly in equity	-	-	-	0	-	(9)	19	246	-	256	138	394
2021 net profit	-	-	-	-	-	-	-	-	636	636	486	1,123
Sub-total	-	-	-	0	-	(9)	19	246	636	892	624	1,516

(in € millions)	Share capital ⁽¹⁾	Additional paid-in capital	Legal reserves, retained earnings and other reserves	Consolidated reserves	Perpetual subordinated notes classified in equity	Gains and losses net of tax recognised directly in equity		Changes in fair value of financial instruments	Attributable net profit	Attributable equity	Non-controlling interests	Total consolidated equity
						Actuarial gains and losses	Translation reserves ⁽²⁾					
Share in the changes in equity of equity-accounted companies	-	-	-	1	-	(6)	0	0	0	(6)	6	(0)
Effect of acquisitions and disposals on non-controlling interests ⁽³⁾	-	-	-	431	0	(19)	(98)	269	-	583	(3,044)	(2,462)
Other movements ⁽⁴⁾	-	-	(193)	202	-	0	0	(1)	0	8	436	444
IFRS equity at 31 December 2021	6,585	246	1,206	10,565	1,488	(145)	(437)	1,426	636	21,571	10,208	31,779

(1) At 31 December 2021, La Banque Postale's capital consisted of 80,309,149 shares with a par value of €82.

(2) The translation reserve concerns foreign subsidiaries of the CNP Assurances and AEW Europe SA groups.

(3) The effects of acquisitions and disposals on non-controlling interests correspond mainly to the buyout of BPCE's minority interest in CNP Assurances (€543 million increase in attributable equity and €2,974 million reduction in non-controlling interests) (see Note 1.1 "Significant events of the period").

(4) The other changes are mainly due to the exercise of NCI puts (€8 million reduction in attributable equity and €6 million reduction in non-controlling interests), the impact of the IFRIC interpretation concerning IAS 19 (€9.3 million increase in attributable equity) and the first-time consolidation of Aviva entities in Italy (€436 million increase in non-controlling interests).

Consolidated statement of cash flows

The statement of cash flows is presented using the indirect method.

Cash flows from investing activities represent cash flows from acquisitions and disposals of consolidated subsidiaries, associates or joint ventures as well as from acquisitions and disposals of property, plant and equipment and intangible assets.

Cash flows from financing activities result from transactions with shareholders and transactions involving subordinated debt and bonds.

Cash flows from operating activities consist of all cash flows that fall outside the above two categories. They correspond to La Banque Postale Group's revenue-generating activities.

Income taxes paid are presented in full in cash flows from operating activities.

(in € millions)	2021	2020
Pre-tax profit	1,636	5,107
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	1,006	789
- Changes in goodwill and impairment of other non-current assets	19	(4,463)
+/- Net changes in provisions and impairment charges	270	842
+/- Net changes in insurance technical provisions	11,075	1,105
+/- Share of profits/losses of equity-accounted companies	(99)	(690)
+/- Net losses/gains on investing activities	1,212	1,616
+/- Other movements	855	6,798
= Total of non-cash items included in pre-tax profit and other adjustments	14,338	5,997
+/- Net cash from/used in transactions with credit institutions	2,759	2,440
+/- Net cash from/used in customer transactions	6,167	20,734
+/- Net cash from/used in other transactions impacting financial assets or liabilities	(11,681)	(9,864)
+/- Net cash from/used in other transactions impacting non-financial assets or liabilities	(3,418)	(416)
- Taxes paid	(401)	(746)
Net increase (decrease) in assets and liabilities from operating activities	(6,574)	12,148
NET CASH FROM/USED IN OPERATING ACTIVITIES (A)	9,400	23,252
+/- Net cash from/used in sales and purchases of financial assets and equity investments	(491)	1,234
+/- Net cash from/used in sales and purchases of investment property	(307)	(82)
+/- Net cash from/used in sales and purchases of property, plant and equipment and intangible assets	(443)	(1,462)
NET CASH FROM/USED IN INVESTING ACTIVITIES (B)	(1,241)	(311)
+/- Net cash from/used in transactions with owners	(391)	(651)
+/- Other cash flows from/used in financing activities	(11)	259
NET CASH FROM/USED IN FINANCING ACTIVITIES (C)	(402)	(392)
Effect of changes in exchange rates on cash and cash equivalents (D)	2	103
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	7,759	22,652
Opening cash and cash equivalents	44,258	21,606
Cash, central banks (assets and liabilities)	1,783	22,412
Accounts (assets and liabilities) with credit institutions and interbank overnight loans and borrowings	42,475	(807)
Closing cash and cash equivalents	52,017	44,258
Cash, central banks (assets and liabilities)	50,812	1,783
Accounts (assets and liabilities) with credit institutions and interbank overnight loans and borrowings	1,205	42,475
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,759	22,652

5.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 LEGAL AND FINANCIAL FRAMEWORK

1.1 Significant events of the period

1.1.1 COVID-19 impacts

Information about the impact of the COVID-19 crisis on La Banque Postale Group and the resulting effects on the consolidated financial statements are presented in Note 3.1 “COVID-19 impacts”.

1.1.2 Subordinated notes issues and redemptions

During the period, La Banque Postale carried out a €750 million 0.75% Tier 2 subordinated notes issue (with €500 million issued on 2 February 2021 and €250 million on 27 April 2021) due August 2032. The issue, which was timed to take advantage of attractive market conditions, formed part of La Banque Postale's strategy to increase its regulatory own funds and optimise its Tier 2 bucket.

On 7 April 2021, CNP Assurances issued USD 700 million in perpetual subordinated Restricted Tier 1 notes. The notes pay interest at 4.875% until 7 April 2031. The notes were swapped into EUR for a 10-year period providing an effective yield cost to CNP Assurances of 2.852%.

These issues qualify as debt based on IFRS criteria.

On 23 April 2021, La Banque Postale called the €750 million worth of 2.75% bonds issued in 2014.

In September 2021, CNP Assurances exercised the call options on its €700 million 6.875% 2011 bond issue and its GBP 300 million 7.375% 2011 bond issue.

On 29 September 2021, La Banque Postale carried out an inaugural Additional Tier 1 issue in the amount of €750 million. The issue consists of Perpetual Fixed Rate Notes at a semi-annual rate of 3% callable after 7.5 years.

The notes qualify as equity instruments under IFRS.

On 12 October 2021, CNP Assurances carried out a €500 million Restricted Tier 2 issue. The subordinated notes falling due on 12 October 2053 pay interest at a fixed rate of 1.875%.

They qualify as debt based on IFRS criteria.

1.1.3 Inaugural “social” bond issue

On 23 June 2021, La Banque Postale carried out a €750 million inaugural “social” bond issue, consisting of 10-year senior non-preferred notes paying interest at 0.75% (mid-swap rate +70 bps). The issue has enabled La Banque Postale to reaffirm its commitment to being a regular issuer on the sustainable bond markets.

1.1.4 A new governance structure and launch of the strategic plan

Following the change in La Banque Postale's governance structure and the launch of its 2025-2030 Strategic Plan unveiled on 2 March 2021, the operating segments defined for IFRS segment reporting purposes were modified to reflect the segments whose operating results are regularly reviewed by the Group's chief operating decision-maker. Segment information is provided in Note 11.

1.1.5 Changes in CNP Assurances' ownership structure and proposed sale of interests in AEW Europe SA and Ostrum Asset Management

On 17 December 2021, La Banque Postale acquired BPCE's 16.1% stake in CNP Assurances for €2.4 billion (€21.90 per share). Following this transaction, La Banque Postale now owns 78.9% of CNP Assurances. In the consolidated financial statements, the non-controlling interest in equity previously held by BPCE has been reclassified as attributable equity at book value. The difference between the price paid and the share of net assets acquired increased attributable equity by €543 million. The transaction led to a decrease of €3 billion in non-controlling interests.

La Banque Postale and the BPCE group have also stabilised the terms and conditions of the proposed acquisition by Natixis of La Banque Postale's minority stakes in Ostrum Asset Management and AEW Europe SA, subject to regulatory approvals, and expect to sign the final agreements in the first half of 2022.

The proposed sale of these two associates, which were previously accounted for by the equity method within the Asset Management segment, meets the criteria for application of IFRS 5. They are therefore presented on the line “Non-current assets held for sale” in the consolidated balance sheet at 31 December 2021. No unrealised losses had to be recognised in the income statement.

Following the buyout of BPCE's interest and subject to obtaining the necessary regulatory authority approvals, in the first half of 2022 La Banque Postale plans to file a simplified tender offer with the Autorité des marchés financiers for the 21.1% of CNP Assurances' capital not already held. The offer will be priced at €21.90 per share and will be followed by a squeeze-out procedure. This plan does not have any impact on the Group's consolidated financial statements at 31 December 2021.

1.1.6 CNP Assurances finalises the acquisition of Aviva's life insurance businesses in Italy

On 1 December, CNP Assurances completed the acquisition of certain Italian life insurance businesses from Aviva, which was initiated on 3 March 2021.

The transaction concerns the following Aviva group life businesses in Italy:

- ▶ 51% of Aviva S.p.A., a life insurance company in which UniCredit holds 49% and which now trades under the name CNP Vita Asicura;
- ▶ 100% of Aviva Life S.p.A., a life insurance company, renamed CNP Vita Assicurazione.

The acquisition price of €543 million was financed by CNP Assurances using its own funds.

Pursuant to the agreements between UniCredit and CNP Assurances, CNP Assurances acquired control of these companies on 30 December 2021. They were therefore accounted for by the equity method from 1 to 30 December 2021 and fully consolidated from 31 December 2021. The successive transactions had a €35.9 million positive overall impact on consolidated income, including the recognition of negative goodwill of €45 million in the income statement under "Share of profits of equity-accounted companies".

1.1.7 Finalisation by CNP Assurances of the agreement with Caixa Econômica Federal in Brazil for the distribution of consórcio products

On 30 March 2021, CNP Assurances finalised its new 20-year exclusive agreement to distribute term creditor insurance for *consórcio* loans in the Caixa Econômica Federal network.

The closing transactions set out in the agreement signed on 13 August 2020 with Caixa Econômica Federal and Caixa Seguridade were completed on that date, including the payment of BRL 250 million to Caixa Econômica Federal.

The new joint venture, XS5 Administradora de consórcios SA set up under the agreement is accounted for by the equity method. Voting rights will be split 50.01% for CNP Assurances and 49.99% for Caixa Seguridade, and economic rights 25% for CNP Assurances and 75% for Caixa Seguridade.

1.1.8 Transfer of Allianz France's savings contract portfolios to CNP Assurances

CNP Assurances and Allianz France have finalised a transfer of savings contracts from Allianz France to CNP Assurances. The transfer was published in the legal gazette (*Journal Officiel*) on 30 November 2021. It includes more than 20,000 life insurance and endowment contracts. Excelis and Satinium were marketed by La Banque Postale to its individual customers between 2009 and 2019. La Banque Postale continues to monitor holders of these policies. Assets transferred at 30 November 2021 stood at €2.2 billion, 60% of which in unit-linked products. The price paid by CNP Assurances is €32.5 million.

1.2 Post-balance sheet events

La Banque Postale Group has not identified any events occurring after the reporting date.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Regulatory framework**

Regulation (EC) No.1606/2002 of 19 July 2002 requires companies whose debt securities are listed on a regulated market to apply the accounting basis established by the International Accounting Standard Board (IASB). Accordingly, since 1 January 2007, La Banque Postale Group has prepared its consolidated financial statements under International Financial Reporting Standards (IFRS) as approved by the European Union (carve-out version providing for certain exceptions to the application of IAS 39 to portfolio hedging transactions).

The full set of standards adopted in the European Union can be consulted on the European Commission's website at the following address:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

La Banque Postale Group also applies regulation 2016-09 of

2 December 2016 of the French accounting standards authority (Autorité des normes comptables – ANC), which transposes into French law some of the provisions of European Directive No.2013/34 relating to the transactions to be disclosed in the notes to the consolidated financial statements in accordance with IFRS.

The consolidated financial statements are presented in millions of euros.

Presentation of the financial statements

In the absence of a model imposed by the IFRS framework, the Group uses the financial statement templates proposed in ANC recommendation 2017-02 of 2 June 2017. La Banque Postale has chosen to present disclosures that are specific to the insurance business in the notes to the consolidated financial statements, in line with the option proposed in the recommendation.

2.2 Standards, interpretations or amendments applied by the Group from 1 January 2021

Compared with the consolidated financial statements for the year ended 31 December 2020, the following standards, interpretations and amendments applicable in the European Union from 1 January 2021 have been adopted by the Group:

Standard, interpretation or amendment	Date adopted by the EU
Amendment to IFRS 4 – Extension of the temporary exemption from IFRS 9	15 December 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Reform of Benchmark Interest Rates, phase 2	13 January 2021
Amendment to IFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021	31 August 2021

Final IFRS IC agenda decision of 20 April 2021 on IAS 19 – Employee Benefits

At its 20 April 2021 meeting, the IFRS IC confirmed the periods of service to which an entity attributes benefit for a particular defined benefit plan (IAS 19 – Employee Benefits).

The scope of the agenda decision covers plans which:

- ▶ are based on the employee's length of service;
- ▶ are capped at a specific amount; and
- ▶ stipulate that the employee must be employed by the entity at retirement.

The decision states that benefit should be attributed under these plans over the years of service immediately before the retirement age. The number of years immediately before the retirement age represents the number of years of service capped by the defined benefit plan, or the date the employee joins the entity if this takes place during the capped number of years before retirement.

The Group previously recognised benefit obligations as soon as the employee joined the workforce.

The change has no impact on the estimated benefit obligation, but only on the period over which the service cost is recognised.

It is treated as a retrospective change in accounting policy and applies with effect from year-end 2021. As the impacts of this change were not considered material, the opening balance sheet at 1 January 2020 was not restated and no *pro forma* financial statements were prepared. The adjustment to employee benefits was made directly against consolidated reserves in 2021 in an amount of €12.6 million (before the tax effect).

Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases

The IASB has amended the standards concerned by the new European regulation endorsing the interest rate benchmark reform currently in progress() to replace interbank offered rates (IBORs) with alternative rates.

The phase 1 amendments (applied by the Group since 31 December 2019) were designed to provide targeted relief to users of hedge accounting for as long as the IBORs still existed and the hedging contracts were not modified, so as to avoid hedge accounting being terminated solely as a result of uncertainties concerning the timing and method of transition to the new benchmarks. The key reliefs provided by the amendments relate to:

- ▶ the “highly probable” requirement for cash flow hedges;
- ▶ retrospective effectiveness tests;
- ▶ separately identifiable risk components.

These amendments are applicable until the above uncertainties are resolved. Specific disclosures about the financial instruments concerned must be provided in the notes to the annual financial statements.

The phase 2 amendments published by the IASB provide practical expedients in the case of a modification to a financial instrument contract that is solely due to the IBOR reform. They were adopted by the European Union on 13 January 2021.

The phase 2 amendments permit the use of specific practical expedients if – and only if – the changes in the basis for determining contractual cash flows are a direct consequence of the IBOR reform and the new basis is economically equivalent to the previous basis. The expedients are as follows:

- ▶ the changes may be accounted for as an adjustment of a floating interest rate for the measurement of financial instruments at amortised cost, financial assets at fair value through other comprehensive income and lease liabilities.
- ▶ existing hedging relationships are not required to be discontinued solely as a result of changes in the hedging instrument and/or the hedged item leading to changes to hedge documentation.

La Banque Postale Group is concerned by the BMR Regulation and has set up a project organisation and governance structure

to examine the various operational effects of complying with the regulation and applying alternative benchmark interest rates.

In 2021, the implementation of the reform led to the transition from the EONIA index to the €STER index for financial derivatives contracts cleared with LCH and Eurex clearing houses. Shortly before Eonia was discontinued, the two clearing houses decided to switch indexation from Eonia to €STER by cancelling existing contracts on 15 October and booking new contracts indexed to €STER on 16 October. The 0.085% difference between Eonia and €STER, which impacts the value of the new swaps, was offset by means of balancing payments made or received by the clearing houses in order to maintain economic equivalence. A net balancing payment of €28.2 million was made, of which €24.6 million related to micro-hedging swaps.

At 31 December 2021, the disclosures required under the phase 2 amendments are presented in Note 3.5 “Hedge accounting”.

Amendment to IFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment to IFRS 16 – Leases was published by the IASB on 31 May 2021 and provides a one-year extension for applying the initial amendment (COVID-Related-Rent Concessions) published in May 2020 in response to the COVID-19 crisis. It provides lessees (but not lessors) with relief from the requirement to assess whether a COVID-19-related rent concession is a lease modification.

In practice, the amendment means that the rent concession can be recognised in profit or loss for the period (as a negative variable lease payment) rather than being treated as a lease modification and recognised over the remaining lease term. This has no impact on the right-of-use asset which continues to be depreciated in the normal way. The amendment has no impact on La Banque Postale Group as it is not concerned by rent concessions.

5

2.3 Standards, interpretations or amendments not yet applied

The IASB and IFRS IC have issued standards, interpretations and amendments that were not applicable at 31 December 2021. Standards, interpretations or amendments published by the

IASB but not yet adopted by the European Union will be applicable only once they have been adopted.

Standard, interpretation or amendment	Date adopted by the EU	Effective date*
Amendments to IFRS 3 – Reference to the conceptual framework	28 June 2021	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use	28 June 2021	1 January 2022
IFRS annual improvements 2018-2020 cycle: amendments to IFRS 1 – Subsidiary as a First-time Adopter	28 June 2021	1 January 2022
IFRS annual improvements 2018-2020 cycle: IFRS 9 – Derecognition of a Financial Liability: Fees Included in the “10 per cent” Test	28 June 2021	1 January 2022
IFRS annual improvements 2018-2020 cycle: amendments to IFRS 16 – Lease Incentives	28 June 2021	1 January 2022
IFRS 17 – Insurance Contracts	19 November 2021	1 January 2023
Amendment to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	Not adopted	1 January 2023
Amendment to IAS 1 – Presentation of Financial Statements: Disclosure of Accounting Policies	Not adopted	1 January 2023
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Not adopted	1 January 2023
Amendments to IAS 12 – Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	Not adopted	1 January 2023

* Subject to adoption by the European Union. Applicable in accounting periods beginning on or after the date indicated.

IFRS 17 – Insurance Contracts was published by the IASB on 18 May 2017. It was adopted by the European Union on 19 November 2021 and will apply from 1 January 2023, following successive deferrals granted in November 2018 and March 2020.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The general model for measuring the value of insurance liabilities is the “Building Block Approach” (BBA), which consists of calculating the sum of three components:

- ▶ fulfilment cash flows;
- ▶ a risk adjustment to allow for the uncertainty about the amount and timing of the cash flows;
- ▶ a contractual service margin, corresponding to the difference between fulfilment cash inflows and outflows, to be recognised in profit or loss over the service period.

The European Union provides a carve-out option permitting companies based in Europe to exclude “intergenerationally-mutualised” and “cash flow matched” contracts from the annual cohort requirements introduced by the standard. The Group will use this option for its relevant portfolios.

IFRS 17 also proposes two other approaches: a simplified “Premium Allocation Approach” (PAA), relating mainly to non-life contracts not exceeding one year, and a “Variable Fee Approach” (VFA), which is a variation of the general measurement model and is mandatory for contracts with direct participating features.

In 2021, La Banque Postale’s IFRS 17 implementation project mainly involved:

- ▶ assessing how best to present the insurance business in the banking group’s consolidated financial statements;
- ▶ defining the main methodological options;
- ▶ designing target accounts production processes.

2.4 Use of estimates and judgements

The preparation of financial statements requires the use of assumptions and estimates which, by definition, are uncertain. These estimates and assumptions, which are based on the information available at the reporting date, involve the exercise of judgement by managers and preparers, particularly estimates of the fair value of financial instruments, impairments and expected credit losses. Many factors such as fluctuations in interest and foreign exchange rates, the economic environment and changes in regulations or legislation, may affect the reported amounts of assets, liabilities, income and expenses, which may be different from these estimates, and have an impact on the financial statements.

The main measurement processes that require the use of assumptions and estimates are as follows:

- ▶ fair value measurement of financial instruments not listed on organised markets, which involves the use of models based on observable market data for most over-the-counter instruments or, for certain complex instruments that are not traded on an active market, the use of techniques that in some cases are based on inputs considered as non-observable;
- ▶ fair value measurement of private equity investments;

- ▶ fair value measurement of financial assets and liabilities measured using the cost model and for which fair value information is provided in the notes to the financial statements;
- ▶ credit risk estimates: IFRS 9 requires the use of probability of default and loss given default estimates, and more generally, informed judgement (see Note 3);
- ▶ estimates of future employee benefit costs, which are based on assumptions concerning the discount rate, employee turnover rate and future salary levels;
- ▶ determination of provisions other than for credit risks; by definition, this process involves the use of estimates because the provisions concern liabilities of uncertain timing or amount for which an outflow of funds in favour of a third party is probable or certain, without any benefit of at least equivalent value expected in return. In particular, estimates of PEL/CEL provisions involve the use of assumptions concerning future customer behaviours based on observed past behaviour that is not necessarily an accurate guide to the future;
- ▶ measurement of goodwill recognised on business combinations;

- ▶ goodwill impairment tests, which involve the use of a certain number of assumptions;
- ▶ measurement of hedge effectiveness, which involves the use of assumptions concerning changes in the hedged risks and estimates of their impact on the hedging relationship;
- ▶ measurement of put options granted to non-controlling interests (NCI puts);

- ▶ determination of insurance company technical provisions and the deferred participation provision;
- ▶ measurement of the value of acquired in-force business, contractual customer relationships and distribution agreements.

La Banque Postale is currently developing a general framework for identifying and managing climate risk. This framework will eventually be able to factor uncertainties associated with climate risk into assumptions used to prepare estimates.

Lastly, since March 2020, the health crisis has affected the Group's business and the method of estimating credit and other risks. The main impacts of the COVID-19 crisis and the resulting measures taken to support the economy are outlined in Note 3.

2.5 Basis of consolidation

2.5.1 Determining the scope of consolidation

The consolidated financial statements include the financial statements of La Banque Postale, the consolidated financial statements of the sub-groups and the financial statements of material subsidiaries and associates controlled by the Group or over which the Group exercised significant influence at 31 December 2021. Subsidiaries and associates are excluded from the scope of consolidation when their total assets, net banking income or net profit represents a non-material percentage of the Group's consolidated assets, net banking income or net profit, or due to their long-term financial trajectory.

2.5.2 Consolidation methods

When assessing the nature of the control exercised by the Group, consideration is given not only to current voting rights but also to the existence and effect of potential substantive voting rights, such as potential voting rights that could be exercisable when decisions about the direction of the relevant activities need to be made at the next General Meeting.

Consolidation methods are applied according to the nature of the control exercised by La Banque Postale over the entities concerned.

Control

Structured entities and subsidiaries controlled by the Group are consolidated using the full-consolidation method.

A structured entity is an entity created specifically to manage a transaction or group of similar transactions and is designed to ensure that voting and potential substantive voting rights are not the decisive factors in determining whether the entity is controlled. A structured entity is consolidated when it is controlled in substance by the Group, even if they have no capital ties.

Control is analysed in the same way as for a subsidiary, in accordance with IFRS 10.

The control exercised over a subsidiary or a structured entity is assessed based on the following three criteria:

- ▶ the power to direct the relevant activities of the subsidiary, for example through voting rights or other rights;
- ▶ exposure or rights to variable returns generated by the subsidiary; and

- ▶ the ability to affect these returns.

Non-controlling interests are presented on a separate line in both the consolidated income statement and in equity in the consolidated balance sheet. They include any cumulative preference shares and deeply-subordinated notes issued by subsidiaries and classified as equity instruments, that are held by non-Group investors.

Joint arrangements

Partnerships in which the Group exercises joint control with other partners are accounted for using the equity method in the case of a joint venture, or based on the Group's interest in the case of a joint operation.

The Group exercises joint control when decisions about the partnership's relevant activities contractually require the unanimous consent of the parties sharing control.

A joint venture is a partnership in which each partner has rights to the partnership's net assets.

A joint operation is a partnership in which the partners have rights to the assets and obligations for the liabilities of the partnership. A joint operation is consolidated based on the share of assets, liabilities, income and expenses controlled by the Group.

Significant influence

Companies over which the Group exercises significant influence are accounted for using the equity method.

Significant influence is defined as the power to participate in the financial and operating policies of an entity but is not control or joint control of those policies. Existence of significant influence is usually evidenced by representation on the Board of Directors or equivalent governing body of the entity, participation in policy-making processes, material transactions between the Group and the entity, interchange of managerial personnel or provision of essential technical information. Significant influence is presumed to be exercised if the Group holds 20% or more of the voting rights, either directly or indirectly.

Changes in equity of equity-accounted companies are recognised under "Investments in equity-accounted companies" in assets and in the appropriate equity account in liabilities. Goodwill recognised for equity-accounted companies is also recorded in "Investments in equity-accounted companies".

2.5.3 Consolidation rules

Restatements and eliminations

The financial statements of consolidated subsidiaries are restated and the necessary reclassifications are made to comply with Group accounting policies.

Intra-group receivables and payables and income and expenses arising from intra-group transactions which have a material impact on the consolidated financial statements are eliminated in consolidation.

Translation of the financial statements of foreign subsidiaries

The balance sheets of entities whose functional currency is not the euro are translated into euros at the period-end exchange rate and their income statements are translated at the average exchange rate for the period.

Income and expenses in the income statement are converted at the average exchange rate for the period.

Translation differences arising from changes in the exchange rates applied to equity capital, reserves and net income are entered under "Unrealised or deferred gains and losses – Translation adjustments".

When the Group prepared its first consolidated financial statements according to IFRS, it made use of the option provided by IFRS 1 to transfer the cumulative translation adjustments as at that date to the consolidated reserves. This option only applied to the foreign entities of the CNP Assurances group, which became the first to adopt IFRS in financial year 2005. In the event that these entities are subsequently sold, the sale proceeds will only include the reversal of translation adjustments generated from 1 January 2006 onwards.

Business combinations

Business combinations carried out prior to 1 January 2010 were accounted for using the acquisition method in accordance with the initial version of IFRS 3.

Business combinations carried out since 1 January 2010 are accounted for using the acquisition method in accordance with the revised version of IFRS 3. IFRS 3 (revised) has been applied prospectively, without restating business combinations carried out prior to 1 January 2010.

The consideration transferred in a business combination is defined as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer in exchange for control over the acquired company. Any contingent consideration is included in the consideration transferred at its estimated acquisition-date fair value and is remeasured at fair value through profit or loss at each reporting date.

The identifiable assets, liabilities and contingent liabilities of the acquiree are recognised at their acquisition-date fair value. Contingent liabilities assumed in a business combination are recognised only if they are present obligations that arise from past events and their fair value can be measured reliably.

Non-controlling interests may be measured at the acquisition date either at fair value or at their proportional share of the fair value of the identifiable assets and liabilities of the acquiree. The choice between these two methods is made for each business combination.

Acquisition-related costs are accounted for as expenses in the period in which they are incurred.

The positive difference between (i) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree, and (ii) the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed is recorded as an asset in the consolidated balance sheet under "Goodwill".

Any negative difference (gain on a bargain purchase) is recognised in profit or loss on the acquisition date.

As goodwill is not taxable, it is not included in the calculation of deferred taxes. The analyses required for the initial measurement of these items and any potential adjustments may be carried out within 12 months of the acquisition date.

Goodwill is carried in the balance sheet at historical cost in the reference currency of the acquiree, and is translated into euros at the official exchange rate at the reporting date.

Goodwill is reviewed regularly by the Group, and is tested for impairment at least once a year, or more frequently if there is an indication that it may be impaired.

If the recoverable amount of the cash-generating unit represented by the acquiree, defined as the higher of the unit's fair value or value in use, is lower than its carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised on goodwill are not reversible.

Goodwill recognised on acquisition of associates is included in the carrying amount of the investment recorded under "Investments in equity-accounted companies".

When non-controlling interests are acquired in a controlled subsidiary, goodwill corresponding to the difference between the consideration transferred for the additional equity interest and the Group's additional share of the subsidiary's net assets is charged against equity if positive, and credited to equity if negative. Likewise, a transaction resulting in a decrease in the Group's percentage interest in an entity over which it retains exclusive control is recognised in equity.

When control of an entity is acquired, the previously held equity interest is remeasured at fair value through profit or loss.

Put options granted to non-controlling interests in fully consolidated subsidiaries ("NCI puts")

Non-controlling interests include instruments representing current ownership interests that entitle their holder to a share of a subsidiary's net assets in the event of liquidation, and other equity instruments issued by the subsidiary that are not held by the Group.

In line with the current versions of IFRS 10 – Consolidated Financial Statements and IAS 32 – Financial Instruments: Presentation, put options granted to non-controlling interests are recognised as a liability at the present value of the redemption price and as a reduction in equity attributable to non-controlling interests. The Group has chosen to record the difference between the redemption liability and the reduction in non-controlling interests as an adjustment to equity attributable to owners of the parent.

The same treatment is applied to subsequent changes in the carrying amount of the liability.

The share of the subsidiary's profit attributable to holders of NCI puts is reported under "Non-controlling interests" in the consolidated income statement.

Consolidation of the insurance businesses

The financial assets and liabilities of fully-consolidated insurance subsidiaries are measured and recognised in accordance with IFRS 9 and presented using the overlay approach (see Note 6.3 "Impact of applying the overlay approach to La Banque Postale Group's insurance businesses").

The overlay approach addresses the temporary accounting consequences of the difference in application dates of IFRS 9 and the new insurance contracts standard replacing IFRS 4 (IFRS 17). It eliminates from profit or loss some of the additional accounting mismatches and temporary volatility that may occur due to the application of IFRS 9 before IFRS 17.

The overlay approach consists of reclassifying fair value adjustments to designated financial assets from the income statement to other comprehensive income, so that the amount reported in the income statement is the same as if IAS 39 had been applied to the designated financial assets.

Eligible financial assets are designated on a case-by-case basis, either:

- ▶ at 1 January 2018, on the first-time adoption of IFRS 9; or
- ▶ subsequently, but only for the initial recognition of the assets in question.

In applying the overlay approach, La Banque Postale only reclassifies fair value adjustments to designated financial assets from the income statement to other comprehensive income, so that the amount reported in the income statement is the same as if IAS 39 had been applied to the designated financial assets.

The reclassified amount is therefore equal to the difference between:

- ▶ the amount presented in profit or loss pursuant to IFRS 9 for designated financial assets; and
- ▶ the amount that would have been presented in profit or loss for the designated financial assets if the insurer had applied IAS 39.

In the income statement, the effects of this reclassification are recognised in net banking income (before tax effects) on the "Impact of the overlay approach" line. The tax effects of this reclassification are shown on the "Income tax" line.

In the statement of gains and losses recognised directly in equity, the impacts of this reclassification are shown on the "Impact of the overlay approach" line within net gains and losses recognised directly in equity that may be reclassified subsequently to profit or loss.

The financial assets eligible for designation must meet the following criteria:

- ▶ they must be held by insurers within the Group in connection with insurance business;
- ▶ they must be measured at fair value through profit or loss under IFRS 9, but would not have been measured in this way under IAS 39; the assets in question are financial assets that would have been carried at amortised cost (held-to-maturity assets, loans and receivables) or at fair value through equity (available-for-sale financial assets) under IAS 39.

Pending application of IFRS 17 – Insurance Contracts, IFRS 4 has been applied to the following contracts:

- ▶ contracts that expose the policyholder to a risk. This category includes death & disability policies, pension contracts, property damage policies and unit-linked savings policies with a capital guarantee;
- ▶ investment contracts with a discretionary participation feature (DPF). This category covers traditional savings contracts with DPF and unit-linked contracts that include a traditional savings component with DPF.

In accordance with IFRS 4, technical provisions for contracts in both categories continue to be measured based on local GAAP.

The investment contracts accounted for in accordance with IFRS 9 are contracts without DPF, *i.e.*, unit-linked savings contracts without a traditional savings component and without a capital guarantee.

Pursuant to the shadow accounting principles set out in IFRS 4, a deferred participation provision is recorded for insurance policies with DPF. This provision is determined in a way that reflects the potential rights of policyholders to a share of unrealised gains or their potential participation in unrealised losses on financial instruments measured at fair value. Shadow accounting procedures are designed to address the risk of an artificial imbalance between assets and liabilities valued using different valuation models. When the measurement of liabilities, deferred acquisition costs or the Value of In-Force business is directly affected by realised gains and losses on assets, a deferred participation reserve is recorded in insurance liabilities to offset the unrealised gains or losses in financial assets. Deferred participation is accounted for in the same way as the underlying, *i.e.*, by adjusting either profit or the revaluation reserve.

The deferred participation reserve is determined by multiplying fair value adjustments to assets by the estimated participation rate corresponding to the contractual obligations associated with each portfolio. The estimated participation rate takes into account regulatory and contractual participation clauses, as well as the Group's profit-taking programme and policyholder dividend policy. Participation rates applied to unrealised gains and losses for shadow accounting purposes are the same as the rates applied to consolidation adjustments for the purpose of determining deferred participation.

The portion of gains or losses attributable to policyholders is determined based on the terms of participating contracts. Shadow accounting is not applied to non-participating contracts that fall outside the scope of regulations requiring payment of a guaranteed minimum participating dividend.

The amount of deferred participation calculated for each entity under shadow accounting principles is recognised either in liabilities as a deferred participation reserve or in assets as a deferred participation asset.

At each reporting date, the Group's fully-consolidated insurance subsidiaries perform liability adequacy tests to check that recognised insurance liabilities, net of deferred acquisition costs and related intangible assets, are adequate. These tests are performed using current estimates of future cash flows arising from insurance liabilities and investment contracts with DPF. The test is performed using asset-liability management models, by applying a stochastic approach to estimate liabilities according to a wide range of scenarios. The models take into account embedded derivatives (policyholder surrender options, guaranteed yields, etc.), administrative costs and decisions made by management in response to economic and financial conditions. The test determines the economic value of insurance liabilities corresponding to the average of the stochastic trajectories. Similar-type contracts are grouped together by the Group's insurance entities when performing the test and the results are analysed at entity level: if the sum of the surrender

value and deferred participation (asset or liability), less related deferred acquisition costs and related intangible assets, is less than the fair value of the recognised insurance liability, the shortfall is recognised in profit or loss.

Technical provisions and mathematical reserves

Technical provisions reflect the insurer's obligations towards policyholders.

Mathematical reserves for traditional savings contracts correspond to the difference between the present value of the insurer's obligation and that of the policyholder.

Life insurance provisions are determined using discount rates not exceeding a conservative estimate of the future yield on the underlying assets.

The insurer's obligations are discounted at a rate not exceeding the rate used to price the policy concerned, and take into account statutory mortality tables or experience-based tables if these are more conservative. The discount rate applied to annuity obligations takes into account the consequences of a fall in interest rates when the rate used to price the policy is considered too high relative to expected reinvestment rates.

Mathematical reserves for unit-linked contracts are determined on the basis of the underlying assets. Gains or losses resulting from the remeasurement of the assets at fair value are recognised in profit or loss to offset the impact of changes in the mathematical reserve.

Claims equalisation provisions are set aside to cover the exceptional cost of natural disaster, atomic, environmental liability, space, air transport and terrorism claims.

Outstanding claims provisions are determined based on the estimated cost of settling the claims, net of subrogation and salvage.

Deferred participation

Most investment contracts sold to policyholders by the Group's life insurance subsidiaries include a discretionary participation feature.

The DPF clause entitles the policyholder to a share of investment income over and above the guaranteed yield. Pursuant to the shadow accounting principles set out in IFRS 4, the deferred participation provision recorded for these contracts is adjusted to reflect the potential rights of policyholders to a share of unrealised gains or their potential participation in unrealised losses on financial instruments measured at fair value. The share of gains attributed to the policyholder is determined based on the specific terms of the investment contract with DPF.

The net deferred participation resulting from the application of shadow accounting principles is recognised either in liabilities (deferred participation provision) or assets (deferred participation asset) as appropriate.

Deferred participation assets are tested for impairment. The purpose of this test is to demonstrate, based on the going concern assumption, that the deferred participation asset will be recoverable against the policyholder's share of future investment income or capital gains, and that the liabilities recognised by the Group are adequate relative to its economic liability. The recoverability test is performed using current estimates of future contractual cash flows. The subsidiaries' asset/liability management models are used to assign a value to liabilities under a wide range of economic scenarios based on a stochastic approach.

In accordance with the recommendation of the French National Accounting Board (CNC) of 19 December 2008 on the recognition of deferred participation assets, recoverability of the asset is confirmed by a conservative assessment of the Group's ability to continue holding the underlying assets supported by projections of future cash inflows.

Likewise, the ability to generate adequate future gains to absorb unrealised losses is tested, based on a worst-case surrender scenario that has never yet been experienced.

Reinsurance

Premiums, claims and technical provisions are stated before reinsurance. Ceded amounts are recognised under the "Reinsurance result" line item of the income statement.

Ceded technical provisions are tested for impairment at each reporting date. If there is objective evidence that these reserves are impaired, as a result of an event that occurred after initial recognition, the carrying amount of the asset is reduced by the Group's insurance entities by recording an impairment loss in the income statement. For reinsurance assets secured by collateral, the estimated discounted cash flows from the asset take into account cash flows from the sale of the collateral, net of the estimated cost of obtaining execution of the guarantee, regardless of whether or not such sale is considered probable.

Inward reinsurance contracts give rise to a significant insurance risk and are therefore accounted for in the same way as insurance contracts.

2.5.4 Foreign currency transactions

IAS 21 defines monetary assets and liabilities as assets and liabilities to be received or paid in a fixed or determinable number of units of currency, for example a loan or vanilla bond. Based on this definition, an equity instrument is a non-monetary asset.

At the period end, monetary assets and liabilities denominated in foreign currencies and measured at amortised cost or at fair value through other comprehensive income reclassifiable to profit or loss are converted into euros, the Group's functional currency, at the exchange rate on the reporting date. When the asset is sold, the accumulated foreign exchange gains and losses are reclassified to profit or loss.

Assets and liabilities denominated in foreign currencies and measured at fair value through profit or loss are converted at the exchange rate on the reporting date. Exchange differences related to these assets are recorded in the income statement together with the other changes in the assets' value.

Non-monetary items denominated in foreign currencies measured at fair value through other comprehensive income not reclassified to profit or loss are converted at the exchange rate on the reporting date. Foreign exchange gains or losses relating to these assets are also recorded in other comprehensive income not reclassified to profit or loss. When the asset is sold, the accumulated foreign exchange gains and losses are not reclassified to profit or loss.

Argentina has been qualified as a hyperinflationary economy since 1 July 2018.

As a result, IAS 29 – Financial Reporting in Hyperinflationary Economies requires the financial statements of entities whose functional currency is the Argentine peso to be restated.

2.5.5 Segment information

In accordance with IFRS 8, the Group's reportable operating segments are the segments whose results are regularly reviewed by La Banque Postale's Executive Committee, which is the chief operating decision maker as defined by IFRS 8.

The Group is organised in four separate divisions and one Corporate Centre:

- **bancassurance** **France**, mainly comprising La Banque Postale's Retail Banking business, La Banque Postale Consumer Finance, Ma French Bank, CNP Assurances' domestic insurance business and the other insurance subsidiaries.

- **international bancassurance**, consisting mainly of CNP Assurances' international businesses.
- **wealth and asset management**, comprising the wealth management and asset management businesses of BPE, La Banque Postale Immobilier Conseil, La Banque Postale Asset Management, Tocqueville Finance SA and two equity-accounted associates – AEW Europe SA and Ostrum Asset Management, which are held for sale in 2022.
- **corporate and investment banking**, comprising La Banque Postale SA's Business Banking and Corporate and Investment Banking businesses, and the businesses of its subsidiaries, La Banque Postale Leasing & Factoring and La Banque Postale Collectivités Locales.
- **corporate centre**, corresponding to income and expenses that cannot be allocated directly to the business lines, such as the Single Resolution Fund (SRF)/Fonds de Garantie des Dépôts et de Résolution (FGDR) contributions and management fees. Income and expenses resulting from the application of the accounting standard on business combinations, which do not arise in the normal course of business, are also allocated to the corporate centre. They include amortisation of the fair value adjustments to CNP Assurances' net assets on the date control was acquired, which is allocated to the Corporate Centre to avoid distorting the presentation of the Bancassurance operating segments' results.

The segment information in the notes to the financial statements is shown without reallocating equity or return on equity. Segment results are determined by allocating internal and external income and expenditure to each sector. The tax shown is the actual tax expense for each sector. Assets and liabilities are presented net of inter-segment transactions.

2.6 Presentation and measurement rules

2.6.1 Financial assets and liabilities

2.6.1.1 General principles for the recognition of financial assets and liabilities

Initial recognition

At initial recognition, financial assets and liabilities are measured at fair value plus or minus transaction costs directly attributable to their acquisition (with the exception of financial assets and liabilities recognised at fair value through profit or loss, for which transaction costs are recognised as an expense on initial recognition).

In practice, fair value generally corresponds to the instrument's sale price or trading price.

Date of initial recognition

Securities are initially recognised at their fair value on the settlement/delivery date and derivatives are initially recognised at their fair value on the trade date. Changes in fair value between the trade date and the settlement/delivery date are recorded in profit or loss.

Loans and receivables are initially recognised at their fair value on the disbursement date.

Distinction between debt instruments and equity instruments

Debt instruments are contractual obligations of the issuer to repay the lender in accordance with a specified maturity and under the contractual terms.

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities, with no contractual obligation to deliver cash or another financial asset.

2.6.1.2 Recognition of financial assets

According to IFRS 9, financial assets are classified based on the business model for managing the asset and the characteristics of the asset's contractual cash flows (basic lending arrangement criterion).

Business models

A business model corresponds to the way a group of financial assets is managed together to generate income. It describes the way in which the assets are managed. The Group identifies business models based on objective and observable facts such as the business' organisation, IT system, internal reports, risk-monitoring process, or past management decisions (past disposals, for example).

There are three types of business model:

- i) “hold to collect” model: business model objective achieved by holding financial assets in order to collect contractual cash flows;
- ii) “hold to collect and sell” model: business model objective achieved by collecting contractual cash flows and selling the financial assets;
- iii) a model specific to other financial assets, notably those held for trading.

Identification of the business model is documented within each of the Group’s business lines.

In the very rare cases where a business model is changed, this must be decided by the management of the business line with the agreement of Senior Management in response to internal or external developments that are significant in relation to the business and observable by external parties. In practice, a change of business model may be decided only in response to the discontinuation or launch of a material line of business. One example would be the disposal of a business line previously managed according to the “hold to collect” model: in this case, the entity no longer sells this type of financial instrument and reclassifies all the assets concerned to a “Trading” business model.

The reclassification of debt instruments that pass the SPPI test is mandatory in the event of a change of business model and is not allowed in all other cases.

The reclassification is performed prospectively, without restating prior period balance sheets or income statements,

Moreover, the reclassification must be done at the opening date of the first financial year starting after the effective date of change in the business model.

Basic lending arrangement criteria, or the “SPPI” test

The objective of the SPPI test is to ensure that the instrument’s contractual cash flows consist “solely of payments of principal and interest” on the principal amount outstanding. In other words, the instrument must have the features of a “basic lending arrangement”.

Principal is defined as the fair value of the financial instrument at initial recognition in the balance sheet.

Interest can include several components, of which:

- i) compensation for the time-value of money;
- ii) compensation for the credit risk;
- iii) compensation for liquidity or administrative costs; and
- iv) a profit margin.

Financial assets that meet the basic lending arrangement criterion are debt instruments such as traditional loans, fixed and variable-rate bonds and trade receivables.

Financial assets that do not meet the basic lending arrangement criterion include debt instruments such as units in investment funds or structured securities.

By definition, derivatives and equity instruments such as equities and equity investments do not meet the basic lending arrangement criterion.

Under IFRS 9, financial assets are classified in one of the following four categories:

2.6.1.2.1 Financial assets at amortised cost

Debt instruments that are managed to collect contractual cash flows until maturity (“hold to collect” model) and whose contractual flows consist solely of payments of principal and

interest on the principal amount outstanding (i.e., meeting the basic lending arrangement or SPPI test criterion) are classified as financial assets at amortised cost. The objective of the “Hold to collect” business model is to hold the assets over a long period or until maturity to collect the contractual cash flows. In principle, financial assets allocated to this business model are not sold. However, their sale may be allowed in some circumstances (for example, sales due to an increase in the credit risk or of assets that are close to maturity, frequent sales representing non-material amounts, and isolated sales representing material or non-material amounts).

After initial recognition, financial assets at amortised cost are measured using the effective interest method, with application of the impairment requirements of IFRS 9.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the gross carrying amount of the financial asset. Effective interest includes transaction costs, arrangement fees, commitment fees – when drawdown is deemed more likely than not – or participation fees, and all other premiums or discounts. The effective interest rate corresponds to the yield to maturity.

Within the Group, this category of financial assets includes most loans and advances to customers and credit institutions, as well as most of the securities that make up the investments of the banking business.

2.6.1.2.2 Financial assets at fair value through other comprehensive income reclassifiable to profit or loss

Debt instruments that are managed to collect the contractual cash flows and sell the assets (“hold to collect and sell” model), with contractual flows that consist solely of payments of principal and interest on the principal amount outstanding (meeting the basic lending arrangement or SPPI test criterion), are classified as financial assets at fair value through other comprehensive income reclassifiable to profit or loss and fall within the scope of IFRS 9 impairment requirements.

For financial assets in this category, information is recognised in profit or loss as if the financial asset is measured at amortised cost, while the financial asset is measured in the balance sheet at fair value. Changes in fair value are recorded in other comprehensive income reclassifiable to profit or loss, such that the two accounting methods have the same impact on the balance sheet and income statement.

This is notably the case for the recognition of impairment for credit risk. Any increase (expense) or decrease (income) in impairment affects profit or loss and the adjustment of the loss allowance is recorded in other comprehensive income reclassifiable to profit or loss.

When the securities are sold, the cumulative unrealised gain or loss previously recorded in other comprehensive income is removed from equity and recognised in profit or loss under “Net gains or losses on financial assets at fair value through other comprehensive income reclassifiable to profit or loss”.

2.6.1.2.3 Financial assets at fair value through other comprehensive income not reclassifiable to profit or loss

For investments in equity instruments that are not held for trading, under IFRS 9 an irrevocable election may be made, at the date of initial recognition of each instrument, to present subsequent changes in fair value in other comprehensive income not reclassifiable to profit or loss.

In this case, the cumulative unrealised gain or loss in other comprehensive income is not reclassified to profit or loss on disposal of the instrument. Only the dividends received on the instrument affect profit or loss. The Group has elected to classify

its equity investments in this category, with the exception of the Visa shares.

In the case of sale of these investments, the cumulative unrealised gain or loss in other comprehensive income is reclassified to reserves on 1 January of the following year.

2.6.1.2.4 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss is the default category under IFRS 9.

It includes debt securities that do not meet the basic lending arrangement criterion (investment funds, for example) and equity instruments that are not classified as financial assets at fair value through other comprehensive income not reclassifiable to profit or loss.

It also includes derivatives and other financial assets that are held for trading, i.e., acquired or issued with the intention to sell them in the short term. In the case of La Banque Postale, it notably includes loans to local authorities eligible for Cafil refinancing operations.

Changes in fair value of assets classified in this category are recorded in the income statement.

2.6.1.2.5 Impairment of financial assets

IFRS 9 requires loss allowances to be recorded for expected credit losses and not incurred losses as was previously the case.

IFRS 9 defines an impairment model applicable to all financial assets giving rise to a counterparty risk (excluding equity instruments) that are not measured at fair value through profit or loss, including all financial assets at amortised cost and at fair value through other comprehensive income reclassifiable to profit or loss. The model also applies to lease receivables, loan commitments and financial guarantee contracts.

A loss allowance corresponding to 12-month expected credit losses is recorded on initial recognition of financial assets measured at amortised cost and at fair value through other comprehensive income reclassifiable to profit or loss. The allowance is maintained at that amount provided that the credit risk does not increase significantly. 12-month expected credit losses correspond to the total loss given default, weighted by the 12-month probability of default. These assets are classified in "Bucket 1".

If the credit risk on a financial asset has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses correspond to the total loss given default weighted by the lifetime probability of default. These assets are classified in "Bucket 2".

Financial assets that are credit impaired are classified in "Bucket 3" and the loss allowance is increased to an amount equal to the lifetime expected credit losses.

The impairment model for credit impaired financial assets has been adjusted to take account of the COVID-19 crisis. The adjustments are described in Note 3.1.4 "Impact of the crisis on the measurement of credit risk".

Significant increase in credit risk

Increase in credit risk is defined in relative, not absolute, terms. This relative approach implies being able to track the change in credit quality over time.

The Group uses a certain number of indicators to detect a possible deterioration in credit quality of a counterparty (the principles are described in Note 3).

Bucket 1 and Bucket 2 impairment models

Expected credit losses correspond to the difference between the contractual cash flows that the entity has the right to receive and the cash flows that the entity expects to recover, discounted at the financial asset's effective interest rate.

The cash flows that the entity has the right to receive take account of all the contractual terms of the financial instrument over its expected lifetime (for example, early repayment options, extension options, etc.), and include cash flows from exercising contractual guarantees.

Expected credit losses are estimated based on the probability of default by the counterparty. Probability of default corresponds to the probability of the debtor defaulting within a given time period.

For "Bucket 1", the time period is 12 months. For "Bucket 2", the time period is the lifetime of the instrument.

Within the Group, impairment of credit is statistical (by homogeneous categories presenting similar risk characteristics), with the possibility of adjustment based on an expert's opinion in certain particular cases, notably for loans granted to legal entities.

Measurement of expected credit losses under IFRS 9 takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions ("forward looking information").

The forward-looking component is obtained *via* an approach consisting of three modelled scenarios. The final loss allowance corresponds to the average of the scenarios weighted by each scenario's probability of occurrence.

Credit impaired loans in "Bucket 3"

IFRS 9 does not provide any definition of default. On the contrary, it encourages the use of a definition that is consistent with the one used by the entity for the purpose of its risk management policy.

European Banking Authority (EBA) guidelines concerning application of the definition of default in Article 178 of Regulation (EU) No. 575/2013, applicable from 1 January 2021, and the provisions of Regulation (EU) No. 2018/1845 of the European Central Bank in relation to the threshold for assessing the materiality of credit obligations past due, applicable since 31 December 2020 at the latest, must strengthen overall consistency in the practices of European credit institutions as regards the identification of defaulted loans.

The definition of defaulted loans will be clarified by the introduction of a relative threshold and an absolute threshold to be applied to payments past due for the purpose of identifying situations of default, by clarifying the criteria for reclassifying loans as performing after a probationary period, and introducing explicit criteria for classifying restructured loans as defaulted loans.

La Banque Postale Group has applied these new guidelines for the purpose of identifying defaulted loans since 2020. The clarifications are consistent with the criteria used to assess the impaired status of "Bucket 3" loans by applying the impairment requirements of IFRS 9 relating to the recognition of expected credit losses. The changes resulting from the application of these new guidelines for identifying defaulted loans were not material.

In addition to identifying defaulted loans on the basis of regulatory criteria applicable to payments past due, a financial asset is considered to be credit impaired when a credit event has occurred that is indicative of financial difficulties.

The Group considers that there is an objective indication of default when:

- ▶ one or more missed payments are overdue by more than three months;
- ▶ an application for relief from excessive levels of consumer debt has been made to the Banque de France, even if no payment incident has occurred;
- ▶ legal proceedings are in progress;
- ▶ the loan is considered “high-risk” under the Group’s risk management policy.

Home loans

Allowances for defaulted home loans are calculated by weighting by the “best estimate of the expected credit loss on the exposure at default” (risk-based regulatory input) subject to certain accounting adjustments (such as the elimination of overweighting in risk monitoring analyses for the impact of an economic slowdown). The best estimate takes into account the period during which the loan is in default and the type of guarantee.

In the event of reassessment of impaired home loans, all or part of the loss allowance may be reversed and the loan removed from Bucket 3 when all arrears have been settled and at least three consecutive monthly instalments have been paid on time.

Lease finance and corporate loans

Specific loss allowances for these loans are tracked monthly and adjusted as necessary based on informed judgement. An impairment loss is recognised for the difference between the carrying amount and the net present value of the expected cash flows, discounted at the original effective interest rate and determined after taking account of the financial position of the borrower and the present value of guarantees received. The loans may be removed from Bucket 3 following a probationary period during which no credit event occurs (90 days, except for restructured loans for which the probationary period to exit from Bucket 3 is 12 months).

For all loans, the impairment loss is recognised in “Cost of risk” in the income statement, and the loss allowance is deducted from the carrying amount of the financial asset⁽¹⁾.

Applying the contagion principle, all outstanding loans to the same customer are written down as soon as one loan to that customer is written down by a Group entity.

Write-offs

Writing off a financial asset means reducing its gross carrying amount when there is no longer a reasonable expectation of recovering the asset in its entirety or a portion thereof, or when repayment of all or part of the amount due has been waived.

The decision about when to write off a financial asset is guided by informed judgement and is made in conjunction with the Group Risk Department, based on its knowledge of the matter (period during which the loan has been in default, loss allowance, amount involved, absence of any recent recoveries or other specific details). Amounts are only written off when all attempts at recovery and all possible solutions have failed.

Loan restructuring

Restructured loans are loans for which the original financial terms have been modified due to the borrower’s financial difficulties.

Restructuring operations are defined according to two main criteria:

- ▶ concessions by the bank;
- ▶ financial difficulties experienced by the borrower.

The discount on interest payments on a restructured loan is recorded under cost of risk and on the balance sheet as a deduction from the outstanding loan. It corresponds to the difference between the nominal value of the debt before the restructuring and the discounted value at the original effective rate of the new expected future flows. The discount is recognised through profit or loss in the interest margin, according to an actuarial method over the term of the loan.

Any relinquishment of the capital is directly recorded in the income statement.

2.6.1.2.6 Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when these rights and substantially all the risks and rewards of ownership are transferred to a third party.

When certain risks and rewards of ownership are transferred but control of the financial asset is retained, the financial asset continues to be recognised to the extent of the entity’s continuing involvement in the asset.

Within the Group, most loan renegotiations lead to derecognition, as the contractual rights are substantially modified.

Collateralised repurchase agreements

Securities sold under collateralised repurchase agreements are not derecognised and a liability is recognised for the obligation to return the cash received. This financial liability is measured at amortised cost and not at fair value.

The acquirer does not recognise the securities received, but records a receivable for the cash loaned to the seller. In subsequent reporting periods, the securities continue to be measured using the model applicable to their original category. In the acquirer’s accounts, the receivable is carried in loans and receivables for its nominal amount.

Securities lending

Securities lending/borrowing transactions do not qualify as transfers of financial assets as defined in IFRS. Consequently, the loaned securities are not derecognised, but continue to be classified in their original category and measured according to the rules of that category.

2.6.1.3 Financial liabilities

2.6.1.3.1 General principle for the classification of financial liabilities

All financial liabilities are classified by default as subsequently measured at amortised cost.

At each reporting date, amortised cost is measured using the effective interest rate. Financial liabilities are recorded in the balance sheet under “Liabilities due to credit institutions”, “Customer deposits”, “Debt securities” or “Subordinated debt”, except where they are the subject of a fair value hedge.

1) Regarding financial guarantees and financing commitments concerned by the impairment requirements of IFRS 9, refer to the relevant sections for details of the specific accounting treatment (provisions recorded in liabilities).

Liabilities due to credit institutions and customer deposits

Liabilities due to credit institutions and customer deposits are broken down by original maturity and by type: demand (demand deposits, ordinary accounts) or term (regulated savings accounts). Liabilities due to credit institutions include loans represented by collateralised and uncollateralised repurchase agreements.

Debt securities

Debt securities consist of money market securities issued by La Banque Postale.

Subordinated debt

Subordinated debt is debt that is subordinate in ranking to all other debts of the issuer for repayment purposes in the case of a liquidation. It is measured at amortised cost, except where it is the subject of a fair value hedge.

2.6.1.3.2 Financial liabilities at fair value through profit or loss

Financial liabilities classified in this category correspond to derivatives and other financial liabilities held for trading and liabilities designated at initial recognition as measured at fair value through profit or loss in accordance with the option provided by IFRS 9, when doing so results in more relevant information because:

- ▶ it eliminates or significantly reduces an accounting mismatch – this is the case for some of the Group's structured issues;
- ▶ a group of financial liabilities is managed and its performance is evaluated on a fair value basis;
- ▶ the financial liabilities are hybrid financial instruments containing one or more embedded derivatives that are not closely linked to the host contract.

Financial liabilities designated as measured at fair value through profit or loss are accounted for as follows:

- ▶ changes in the fair value of these liabilities are recognised in profit or loss except for the portion relating to the Group's own credit risk;
- ▶ changes in fair value relating to the Group's own credit risk are recorded in other comprehensive income not reclassifiable to profit or loss. The cumulative gain or loss related to the Group's own credit risk is not reclassified to profit or loss in the event of early repayment of the debt.

2.6.1.3.3 Distinction between debt and equity: Perpetual deeply-subordinated notes

Subordinated securities are classified as debt or equity instruments based on the analysis of their features, and more specifically according to whether or not their remuneration is discretionary.

When subordinated securities meet the criteria for classification as equity instruments, the remuneration is treated as a dividend and deducted from equity. In this case, since the remuneration represents a distribution of earnings, the deferred tax asset representing a tax saving is recognised in the income statement in accordance with IAS 12 and with the clarifications provided by the annual IFRS improvements (2015-2017 cycle).

All other dated and undated debt instruments, especially those with a repayment schedule, are classified as subordinated debt in accordance with IAS 32.

2.6.1.3.4 Financial liabilities with embedded derivatives

An embedded derivative is a component of a hybrid contract. It is separated from the host contract and recorded separately when, from the inception of the contract, its economic characteristics and the related risks are not closely linked to those of the host contract, except where the entire hybrid contract is measured at fair value through profit or loss. Within the Group, this category of liability notably includes structured issues (Euro Stoxx-indexed).

2.6.1.3.5 Reclassification of financial liabilities

The classification of a financial liability at initial recognition is definitive and no subsequent reclassification is permitted.

2.6.1.3.6 Derecognition of financial liabilities

Financial liabilities are derecognised when the contractual obligation is extinguished, cancelled, or expires.

2.6.1.4 Derivatives and hedge accounting

A derivative is a financial instrument or other contract that has the following three characteristics:

- ▶ its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (sometimes called the "underlying");
- ▶ 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;

Derivatives are classified in two categories:

Derivatives held for trading

Derivatives are classified as held for trading, except for derivatives designated as hedging instruments. They are recognised in the balance sheet at fair value in "Financial instruments at fair value through profit or loss". Changes in fair value and accrued interest are recognised in "Net gains and losses on financial instruments at fair value through profit or loss".

Hedging derivatives

Entities may elect not to apply the new hedge accounting requirements in IFRS 9 pending adoption of the new standard on macro-hedge accounting (also referred to as portfolio fair value hedge accounting). The Group elected to apply the micro-hedge accounting requirements of IFRS 9 with effect from 1 January 2020. Concerning macro-hedges of interest rate risks, the accounting standard adopted for use in the European Union continues to apply.

Derivatives that qualify as hedging instruments based on the criteria in IFRS 9 (IAS 39 for portfolio fair value hedges) are classified as "fair value hedges" or "cash flow hedges", as applicable. They are included in "Hedging derivatives" in the balance sheet. Other derivative instruments are classified as "Assets or liabilities at fair value through profit or loss" by default, even if they represent an economic hedge of one or several transactions.

A hedging relationship qualifies for hedge accounting only if there is formal designation and documentation of the hedging relationship (strategy for undertaking the hedge, designation of the hedged risk, the hedged item and the hedging instrument, description of the hedge effectiveness). Hedge effectiveness is assessed when the hedge is set up and at each reporting date while it remains in place.

There are three types of hedging relationships: fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of financial assets or liabilities. Fair value hedges are primarily used to hedge the interest rate risk on fixed-rate assets and liabilities, as well as on demand deposits on the basis allowed by the European Union.

The gain or loss arising from remeasurement at fair value of the hedging instrument is recorded in the income statement when the loss or gain on the hedged item affects profit or loss. Gains or losses attributable to the hedged risk are recognised in "Net gains or losses on financial instruments at fair value through profit or loss" in the income statement. The effective portion of the gain or loss on the hedging instrument offsets the loss or gain on the hedged item. The ineffective portion of the gain or loss, if any, is recognised directly in profit or loss. The portion corresponding to accrued income or expenses on the derivative is recognised in "Interest income and expense" in the income statement at the same time as the interest income and expense on the hedged item.

When the hedging instrument is sold, hedge accounting is discontinued prospectively; the instrument is recorded at fair value in "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss" and the cumulative gain or loss on the hedged item is amortised over the remainder of the initial hedging period.

If the hedged item is sold or otherwise disposed of, hedge accounting is discontinued prospectively and the hedging instrument continues to be carried in the balance sheet and measured at fair value through profit or loss. Any gain or loss on the sale of the hedged item is recognised in profit or loss.

Portfolio fair value hedges (macro-hedges)

Portfolio fair value hedging transactions carried out in connection with the management of fixed rate assets and liabilities are accounted for in accordance with IAS 39, as adopted by the European Union.

Portfolio fair value hedging instruments are mainly interest rate swaps designated as fair value hedges of the Group's fixed-rate liabilities.

They are accounted for according to the same principles as those described above. Fair value adjustments to the hedged positions are recorded in "Revaluation differences on portfolios hedged against interest rate risk".

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows from financial assets or liabilities, firm commitments or future transactions. Cash flow hedges are used to hedge the interest rate risk on adjustable-rate assets and liabilities.

The effective portion of the change in the fair value of the hedging instrument is accumulated in the cash flow hedge reserve in equity and the ineffective portion is recognised in the income statement in "Net gains or losses on financial instruments at fair value through profit or loss".

The portion corresponding to accrued income or expenses on the hedging instrument is recognised in "Interest income and expense on hedging transactions" in the income statement at the same time as the interest income and expense relating to the hedged item.

The hedged item continues to be measured according to the rules that apply to its accounting category.

When the hedging instrument is sold, hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument recorded in the cash flow hedge reserve is adjusted to the cumulative change in fair value of the hedged item through interest income or expense, or recognised immediately in profit or loss. If the hedged future transaction is no longer expected to occur, the hedging instrument is reclassified in "Financial assets at fair value through profit or loss", and the gains and losses accumulated in the cash flow hedge reserve are reclassified immediately to profit or loss.

Hedge of a net investment in a foreign operation

The Group does not have any hedge of a net investment in a foreign operation.

2.6.1.5 Offsetting of financial assets and liabilities

A financial asset and liability are offset and the net amount presented in the balance sheet when, and only when, (i) the Group has a legally enforceable right to set off the recognised amounts, and (ii) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable right must be irrevocable and must be enforceable under all circumstances.

The legally enforceable right covers all transactions carried out with clearing houses and applies to the nominal amount of cash and interest included in the return cash flow.

Collateralised repo transactions that fulfil the above two criteria are set off in the balance sheet when:

- ▶ both sides of the transaction have the same maturity;
- ▶ both sides of the transaction are denominated in the same currency;
- ▶ the transaction is settled using a settlement/delivery system that guarantees delivery of the securities against receipt of the associated cash, i.e., the same central securities depository.

Offsetting primarily concerns repo transactions carried out with the LCH Clearnet clearing house.

2.6.1.6 Determining fair value or market value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an instrument at initial recognition is generally the transaction price.

IFRS 13 recommends using a quoted price in an active market whenever possible to determine the fair value of a financial asset or liability. An active market is defined as a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Examples include prices observed on exchange markets, dealer markets and brokered markets, or quoted by a regulatory agency, that reflect actual transactions (volumes, range of prices) conducted in an orderly market. In the absence of an active market, fair value is determined using valuation techniques. These techniques include, in particular, the prices of recent transactions carried out on arm's length terms. These techniques include the prices of recent transactions carried out on arm's length terms. They use recognised valuation methods based on market data, fair values of substantially identical instruments, discounted cash flow models or option pricing models. The aim of these techniques is to establish what the price of an instrument would be under normal market conditions. For example, the fair value of bonds or variable-income securities and futures is determined using quoted prices. Valuation techniques based on market data are used mainly to value over-the-counter derivatives, securities on which interest is paid up front (commercial paper, certificates of deposit, etc.) and repo deposits.

Financial instruments are analysed in Note 9.2 based on the three levels of inputs in the fair value hierarchy:

- ▶ level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. These inputs are used primarily to value listed equities and derivatives traded on organised markets (futures, options, etc.);

These include:

- equities, measured on the basis of quoted prices on their reference market,
- mutual fund units, measured at their net asset value,
- bonds, BTAN treasury notes, EMTNs, BMTNs: for each instrument, fair value is determined based on the most recent quoted prices available – on the stock exchange, from brokers, trading desks or trading platforms,
- derivatives traded on an organised market (futures, options, etc.);

- ▶ level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (prices derived from or corroborated by observable market data).

These apply to instruments valued using valuation techniques based on observable parameters and standard models or on the prices of similar instruments quoted on an active market.

This category includes:

- certain structured products measured using an internal model and mainly market parameters,
- derivative instruments purchased over-the-counter (interest rate swaps, caps, etc.) that are measured using an internal model and mainly market parameters,

- unlisted debt securities (bonds, TCN money-market securities, etc.) measured based on the zero coupon yield curve plus a spread,
- investment property measured using prices observed for similar recent transactions or the rental value of equivalent-type properties,
- any other over-the-counter financial instruments.

Structured products held by the Group consist of financial instruments for which the returns are referenced to indices, baskets of equities, hedge fund returns or interest rate benchmarks;

- ▶ level 3 inputs: unobservable inputs for the asset or liability. Unobservable inputs are defined as inputs based neither on observable market transactions involving the same instrument at the measurement date, nor on observable market data available at the same date.

This category includes equity investments held by the Group and certain asset-backed securities. Unlisted securities are measured using information not available on an active market. The main valuation techniques are the market multiples method, comparisons with recent market transactions or references to criteria such as net assets, earnings outlook and discounted future cash flows, corresponding to the techniques commonly used to manage these instruments. In addition, some complex structured securities for which values are obtained through the counterparty are classified in this category (notably units in venture capital and innovation funds).

The price quoted for an asset held or a liability to be issued is usually the bid price, and that of a liability held or an asset to be acquired is usually the ask price.

The fair values of financial instruments carried in the balance sheet at amortised cost are presented in Note 9.1 to the consolidated financial statements.

2.6.1.7 Guarantee commitments

Financial guarantee contracts

IFRS 9 defines a financial guarantee contract as a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued by the entity are initially recognised at their fair value on the date of issue. They are subsequently measured at the higher of the amount of the obligation and the amount initially recognised, less the related fee income, where applicable.

Financial guarantees (which are not measured at fair value through profit or loss) are subject to the impairment requirements of IFRS 9, with any loss allowance recorded in liabilities. Financial guarantees are allocated to buckets and an allowance is recorded for expected losses in the same way as for financial assets at amortised cost or at fair value through other comprehensive income reclassifiable to profit. Changes in the loss allowance are recorded in cost of risk.

2.6.1.8 Financing commitments

Financing commitments that are not classified as derivatives are not recognised in the balance sheet.

However, in the same way as for financial guarantees, financing commitments (not classified as derivatives) are subject to the impairment requirements of IFRS 9, with any loss allowance recorded in liabilities.

2.6.2 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When the asset is not identified, the contract is qualified as a contract for the provision of services.

2.6.2.1 Lease accounting – Group as lessor

Leases where the Group is lessor are classified as either operating leases or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. Finance leases are analysed as financing granted to the lessee for the purchase of an asset.

At the commencement date of the finance lease, the net investment in the lease – corresponding to the present value of future lease payments plus any residual value – is recognised as an asset, under “Loans and advances to customers”.

The interest component of lease payments is recorded under “Interest income” in the income statement

Periodic lease payments are applied against the gross investment in the lease to reduce both the principal and the unearned finance income, based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. The interest rate used to measure the net investment in the lease is the interest rate implicit in the lease.

The net investment in the lease is subject to the impairment requirements of IFRS 9.

The net investment in the lease is allocated to buckets and an allowance is recorded for expected losses in the same way as for financial assets at amortised cost or at fair value through other comprehensive income reclassifiable to profit. Changes in the loss allowance are recorded in cost of risk.

2.6.2.2 Lease accounting – Group as lessee

A right-of-use asset and a lease liability are recognised at the commencement date of all leases with a term of more than 12 months that concern physical assets with a unit value (on the commencement date) in excess of €5K.

The lease liability is measured at the commencement date at the present value of the future minimum lease payments, including fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and payments of penalties for terminating the lease (if the lease term reflects the lessee exercising an option to terminate the lease). Lease incentives receivable from the lessor are deducted. Recoverable and non-recoverable VAT and property tax are excluded from the measurement of lease liabilities.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the lessee’s incremental borrowing rate.

The lease term corresponds to the non-cancellable period of the lease together with periods covered by an option to extend or terminate the lease if the lessee is reasonably certain to exercise the option. The term used is generally the period covered by the lease.

The lease payments reduce the lease liability over the term of the lease, with the interest component calculated at an amount that

produces a constant periodic rate of interest on the remaining balance of the liability.

The right-of-use asset is also recognised at the commencement date of the lease, under “Property, plant and equipment”, for an amount equal to the lease liability plus any lease payments made at or before the commencement date, any initial direct costs incurred to obtain the lease (fees, lease premium, etc.) and an estimate of costs to be incurred by the lessee in dismantling the underlying asset or restoring it to the condition required by the terms and conditions of the lease.

It is depreciated on a straight line basis over the lease term.

Deferred taxes are recognised on timing differences between depreciation of the right-of-use asset and amortisation of the lease liability.

In accordance with IFRS 16, no right-of-use asset or lease liability is recognised for leases on intangible assets. Lease payments for these leases are recorded as an expense for the period to which they relate.

2.6.3 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets recorded in the balance sheet correspond to assets used to run the business, i.e., for administrative purposes.

Property, plant and equipment are initially recognised at cost, corresponding to the purchase price plus any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management

They are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The depreciable amount of an asset is determined after deducting its residual value net of disposal costs, if that value can be measured and is significant.

Property, plant and equipment are depreciated at a rate that reflects the estimated rate at which the future economic benefits embodied in the asset are consumed. In practice, the depreciation period generally corresponds to the asset’s useful life.

When an item of property, plant or equipment includes several parts that may need to be replaced at regular intervals, have different uses, or provide economic benefits at different rates, each part is recognised separately from the outset and is depreciated according to a specific depreciation schedule.

Depending on their parts, buildings are depreciated over periods ranging from 10 to 80 years, as follows:

- ▶ shell: 80 years;
- ▶ roofing: 60 years;
- ▶ joinery and external work: 40 years;
- ▶ major equipment items: 20 years;
- ▶ small equipment items, fixtures and fittings: 10 years.

Internally-developed software that meets the criteria for recognition as an intangible asset is initially recognised at its development cost, including external expenditures and the cost of employees directly assigned to the project. Software is generally amortised over a period of between three and seven years, or ten years, depending on its useful life.

Depreciable and amortisable assets are tested for impairment at the reporting date when there is an indication that they may be impaired. Non-depreciable/amortisable assets are tested for impairment at least once a year and whenever there is an indication that they may be impaired.

If any such indication is present, the recoverable amount of the asset is compared with its carrying amount. If the recoverable amount is less than the carrying amount, an impairment loss is recorded in profit or loss and the depreciation or amortisation charge for the asset is adjusted prospectively. An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount or there are no longer any indications of impairment.

Depreciation, amortisation and impairment charges are recognised in "Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets" in the income statement.

Gains and losses on the disposal of property, plant and equipment and intangible assets used in the business are recorded in the income statement under "Net gain or loss on other assets".

Contractual customer relationships

When an insurance business is acquired, the fair value of the future economic benefits expected to flow to the Group from the current contractual customer relationships is recognised as an intangible asset, provided that a sufficiently reliable estimate can be made of premium renewals (estimate already prepared for the calculation of MCEV). Contractual customer relationships are amortised on a straight-line method over their useful life, as estimated based on the period during which the economic benefits are expected to be consumed (as projected for MCEV calculation purposes):

- ▶ unit-linked savings policies in Italy and individual death & disability insurance policies in Brazil: 10 years;
- ▶ individual death & disability policies in France: 15 years;
- ▶ individual pension policies in Brazil: 20 years.

Distribution agreements

The value of a distribution agreement represents the future cash

(in number of years)	France	Italy	Brazil	Spain	Ireland
Traditional savings and pensions	[11.9 – 19]	[4.5 – 19]	[3.8 – 12]	[6.3 – 12]	[11.9 – 19]
Unit-linked savings	10.5	4.8	10.5	7.7	10.5
Term Creditor Insurance	5.9	6.4	6.8	3.3	1.7
Death & Disability	[1.3 – 7.5]	[1.3 – 7.5]	[4.8 – 7.1]	[1.3 – 7.1]	[1.3 – 7.5]

2.6.4 Investment property

Investment property is property (land or building) held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

The Group has elected to measure investment property using the cost model (see Note 2.6.3 for details), as allowed by IAS 40, except for properties held in unit-linked portfolios which are measured at fair value.

The fair values of properties measured using the cost model are also disclosed in these notes to the financial statements. Fair value is the price that would be received to sell a property or shares in a non-trading property company in an orderly transaction. It is determined on the basis of five-year valuations performed by a qualified expert recognised by the French insurance supervisor (ACPR). In the period between two five-year valuations, fair value is estimated at each year-end and the amounts obtained are certified by a qualified expert.

flows expected to be generated by new business written through the partner network under the agreement. The intangible asset recognised for a distribution agreement is determined based on the agreement's specific terms and conditions and is amortised over the term of the agreement taking into account a residual value where appropriate.

Amortisation and impairment of contractual customer relationships and distribution agreements are recognised in "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets" in the income statement.

Acquired in-force business

On acquisition of an insurance business, the insurance liabilities assumed and related insurance assets acquired are measured at fair value. Under IFRS 4, the net fair value may be allocated between:

- ▶ a liability measured in accordance with the insurer's accounting policies for insurance contracts written by the insurer;
- ▶ an intangible asset for the Value of Business Acquired (VOBA), representing the difference between:
 - the fair value of the contractual rights acquired and contractual obligations assumed, and
 - the above liability.

When the Group acquired control of CNP Assurances, VOBA was calculated and recognised as an intangible asset. VOBA is excluded from the scope of IAS 36 and IAS 38 (IFRS 4, Paragraph 33).

VOBA is tracked by entity according to four sub-segments (Traditional Savings & Pensions, Unit-Linked Savings, Term Creditor Insurance, Individual/Group Death & Disability Insurance) and amortised in NBI over the remaining life of the contracts in line with the expected pattern of estimated future profits. These periods are shown in the table below:

Impairment

At the end of each reporting period, properties are assessed to determine whether there is any indication that they may be impaired. One such indicator is a fall in value to more than 20% below cost. If there is an indication of impairment, the recoverable amount of the property concerned is estimated and an impairment test is performed.

The recoverable amount of a property is the higher of its value in use and its market price less costs to sell, as determined by annual independent valuations of the Group's entire property portfolio. An impairment loss is recognised if the recoverable amount of the property is less than its carrying amount. Otherwise, no impairment loss is recorded.

2.6.5 Regulated savings accounts

The home savings accounts (CEL) and home savings plans (PEL) introduced for future home buyers by the law of 10 July 1965 include two phases: a saving phase, during which the saver earns interest, and a borrowing phase when the savings are used as a deposit for a home purchase financed in part by a subsidised loan.

They generate two types of obligation for the distributing institution:

- ▶ an obligation to remunerate future savings at a rate that is set for an indefinite period when the account is opened (PEL accounts opened before 28 February 2011) or that is revised annually (new generation accounts);
- ▶ an obligation to grant a home loan to customers who request it, at a rate set when the account is opened.

These obligations have potentially unfavourable consequences for the Group, which are covered by provisions recorded in liabilities (under "Provisions"). Changes in these provisions are taken into account for the determination of the net interest margin included in net banking income.

The provisions are estimated on the basis of customer behaviour statistics and market data for each generation of plans, in order to cover the future cost arising from the products' potentially unfavourable interest rate terms relative to the rates offered to individual customers for similar products for which the remuneration is not regulated. The provisions only concern obligations in respect of home savings accounts and plans in progress at the date the provision is calculated.

Provisions are calculated for each generation of home savings plan, without offsetting obligations between generations, and for all the home savings accounts, which are considered as representing a single generation.

During the saving phase, the provision is measured as the difference between expected average savings deposits and expected minimum savings deposits, determined in both cases on a statistical basis taking into account observed historical customer behaviours.

During the borrowing phase, the provision concerns outstanding loans not yet due at the reporting date and future loans that are considered as statistically probable based on balance sheet deposits at the calculation date and observed historical customer behaviours.

A provision is recorded when the net present value of future income is negative for a given generation of loans.

The net present value of future income is assessed relative to the interest rates offered to individual customers on equivalent savings and lending products for similar periods and with similar commencement dates.

2.6.6 Provisions

Provisions recorded in liabilities, other than those relating to credit risk or employee benefits, are liabilities of uncertain timing or amount. A provision is recorded when the Group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits without any benefit of at least equivalent value expected in return.

The expected outflow of resources is discounted when the effect of discounting is material.

Changes in provisions are recorded in the income statement under the captions corresponding to the nature of the future outflow of resources.

2.6.7 Contribution of the insurance activities

Technical provisions for insurance contracts are presented separately in liabilities under "Insurance company technical provisions and shadow accounting reserves" (see Note 4.18).

In application of ANC recommendation 2017-02, the Group has elected not to present its insurance activities as separate items in assets and in the income statement, but rather to include them in existing balance sheet and income statement captions.

These items are presented in a specific note to the consolidated financial statements (Note 6, "Insurance activities").

Insurance assets

Insurance investments

Investments are included in the following captions:

- ▶ financial assets at fair value through profit or loss;
- ▶ financial assets at fair value through other comprehensive income;
- ▶ securities at amortised cost;
- ▶ loans and advances to customers at amortised cost;
- ▶ investment properties, with the addition of a specific note following the acquisition of CNP Assurances (Note 4.11).

The accounting policies applicable to financial assets and investment properties are presented in Note 2.6.1 and Note 2.6.4, respectively.

Other insurance-related assets

- ▶ The reinsurers' share of technical provisions is recorded in "Accruals and other assets" (Note 4.9).
- ▶ Insurance and reinsurance receivables are recorded in "Accruals and other assets".

Insurance liabilities

"Insurance company technical provisions and shadow accounting reserves" include:

- ▶ technical provisions relating to life and non-life insurance contracts;
- ▶ (see Note 2.5.3 for details);
- ▶ the deferred participation provision.

The accounting policies applicable to insurance liabilities are explained in Note 2.5.3.

Other insurance-related liabilities

Liabilities arising from insurance and reinsurance transactions are recorded in "Accruals and other assets". They mainly consist of cash deposits received from reinsurers.

Insurance-related income and expenses

- ▶ Income and expenses from insurance investments are included in the income statement caption used for the underlying assets (financial assets and investment properties).

- ▶ Income from insurance activities (earned premiums from insurance contracts and investment contracts with or without a discretionary participation feature) is classified as “Income from other activities”.
- ▶ Expenses from insurance activities (paid claims and benefits, changes in technical provisions) are classified as “Expenses from other activities”.

2.6.8 Interest income and expense

Interest income and expense are recognised in the income statement for all financial instruments measured at amortised cost using the effective interest method and for financial instruments at fair value through other comprehensive income. This item also includes accrued interest on fair value hedging instruments and on debt instruments held as assets and measured at amortised cost or at fair value through other comprehensive income.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The calculation of this rate takes into account all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate.

2.6.9 Fee and commission income and expenses

In accordance with IFRS 15, fees and commissions are recognised in the income statement when the related performance obligations are satisfied:

- ▶ when the performance obligation (service) is satisfied over time, the fee is recognised over the service period (payment media processing fees);
- ▶ when the performance obligation is satisfied at a point in time or concerns a significant transaction, the fee or commission is recognised in the income statement when the service is provided or the transaction is executed (intermediary commission, payment incident fee);
- ▶ variable fees are recognised in the income statement only when it is highly probable that the fee will not be reduced significantly compared to the recognised amount;
- ▶ fees that represent additional interest (loan fees) are an integral part of the effective interest rate and are recognised in interest income and expenses and not in fees and commissions.

2.6.10 Cost of risk

Cost of credit risk includes:

- ▶ impairment losses and reversals on financial assets at amortised cost and at fair value through other comprehensive income reclassifiable to profit or loss, analysed by bucket;
- ▶ Impairment losses and reversals on finance lease receivables;
- ▶ Impairment losses and reversals on financial guarantee contracts and financing commitments;

- ▶ discounts on restructured loans and recoveries of loans written down in full;
- ▶ bad debt write-offs.

2.6.11 Income tax

Current taxes

La Banque Postale and some of its French subsidiaries are members of the La Poste tax group.

CNP Assurances and some of its French subsidiaries are members of the CNP Assurances tax group.

Deferred taxes

Deferred taxes are recognised on all temporary differences between the carrying amount of an asset or liability and its tax base, except in exceptional cases.

Deferred taxes are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the tax loss carryforwards of consolidated entities only when it is probable, based on business plan projections, that taxable profit will be available against which the unused tax losses can be utilised within a specified reasonable period.

Deferred taxes are recognised in the income statement under “Income tax”, except for deferred taxes on unrealised gains and losses on assets at fair value through other comprehensive income reclassifiable to profit or loss and on fair value adjustments to derivatives designated as cash flow hedges, which are recognised in other comprehensive income.

Deferred tax assets and liabilities are offset at the level of each taxable entity or tax group.

Net deferred tax assets are recognised only if it is probable that the entity concerned will generate sufficient taxable profit to permit their recovery within a specified period.

2.6.12 Employee benefits

La Banque Postale Group provides different types of benefits to its employees, some of whom are civil servants and others are contract staff. These benefits fall into four categories:

Short-term benefits

Short-term benefits primarily include salaries, annual paid leave, discretionary and statutory profit-sharing and bonuses that are paid within 12 months of the end of the financial year to which they relate.

They are recorded as expenses for the year, including amounts still owing at year-end.

Long-term benefits

Long-term benefits are benefits generally linked to years of service, that are paid to active employees more than 12 months after the end of the financial year in which they vest, such as pay in lieu of time off accumulated in time savings accounts.

A provision for the amount of the benefit obligation is recorded at year end.

Termination benefits

Termination benefits are payable to employees when their employment contract is terminated before retirement, whether

as a result of dismissal or as part of a voluntary redundancy plan. Provisions for termination benefits are determined based on the vested rights of active employees, taking into account estimated staff turnover, estimated future salary levels (including payroll taxes where applicable) and mortality rates (INSEE TH/TF00-02 mortality table). Termination benefits payable more than 12 months after the reporting date are discounted.

Post-employment benefits

Post-employment benefits include length-of-service awards payable to employees on retirement and pensions and benefits for retired employees.

The pension plan for contract staff is a defined contribution plan under which the Group pays fixed contributions to an external fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits due. Consequently, once the contributions have been paid, no liability or benefit obligation is recorded in the Group's financial statements. Contributions paid to an external fund or insurance company are expensed in the period concerned.

A provision is recorded in liabilities for post-employment benefit obligations (mainly for length-of-service awards payable to employees on retirement) not covered by contributions to an external fund or insurance company recorded as an expense. The assets of funded plans are segregated and managed separately from the Group's assets. Obligations under unfunded plans are recognised in liabilities.

In the case of funded defined benefit plans, any surplus or deficit corresponding to the difference between the fair value of the plan assets and the projected benefit obligation is recognised as an asset or liability in the balance sheet.

Projected benefit obligations are measured using the projected unit credit method, in accordance with IAS 19R. Actuarial assessments are performed every year.

The assessment takes into account external economic assumptions (discount rates, inflation rates, pension increases, etc.), together with assumptions that are specific to the Group (employee turnover rates, future salary levels, etc.).

The provision recorded in the balance sheet for post-employment defined benefit plans corresponds to the projected benefit obligation at the reporting date, adjusted for actuarial gains and losses and unrecognised past service cost. Actuarial gains and losses are recognised in other comprehensive income and past service cost is recognised in the income statement. The projected benefit obligation is calculated on an annual basis using the projected credit unit method. It is determined by discounting expected future cash outflows at the market interest rate for investment grade corporate bonds denominated in the currency in which the benefit will be paid and with a maturity that is close to the average estimated maturity of the underlying obligation.

The actuarial assumptions used to measure employee benefit obligations are reviewed and updated once a year at year-end.

They concern:

- ▶ the probability of active employees staying with the Group, mortality rates and estimated future salary levels;
- ▶ retirement assumptions;
- ▶ discount rates used to calculate the projected benefit obligation – the discount rates used for the 2021 and 2020 actuarial valuations, based on interest rates for investment grade corporate bonds, are as follows:

Duration of the obligation	5 years	10 years	15 years	20 years
2021 discount rate (euro zone)	0.26%	0.57%	0.99%	1.01%
2020 discount rate (euro zone)	-0.13%	0.09%	0.31%	0.56%

2.6.13 Non-current assets held for sale and discontinued operations

When the Group decides to sell a non-current asset or a group of non-current assets (a disposal group) and it is highly probable that the sale will occur within 12 months, the asset or disposal group is presented on a separate line in the balance sheet under "Non-current assets held for sale". Any liabilities associated with the asset or disposal group are also reported on a separate line, "Liabilities related to non-current assets held for sale".

Assets reclassified as held for sale are no longer depreciated and are measured at the lower of their carrying amount or fair value less costs to sell. Impairment losses on assets or a disposal group held for sale are recognised in the income statement. They are reversible up until the disposal date.

Financial instruments continue to be measured in accordance with IFRS 9.

NOTE 3

FINANCIAL MANAGEMENT, CREDIT RISK AND MARKET RISK EXPOSURE, HEDGING POLICY AND COVID-19 IMPACTS

3.1 COVID-19 impacts

Except for the acquisition of a controlling interest in CNP Assurances, the COVID-19 health crisis and its economic fallout undoubtedly represented the single biggest event of 2021 and 2020, and La Banque Postale adapted its marketing, operational and risk management processes accordingly. In 2020, La Banque Postale acted immediately to deploy measures to support its customers and reviewed its risks on an ongoing basis so they were properly reflected in the financial statements.

Between March 2020, when the WHO declared that the COVID-19 epidemic had become a pandemic, and the date when this document was prepared, France experienced five waves of COVID-19 infections. Each time, the French government responded by imposing a lockdown, the closure of non-essential public places and the cancellation of all cultural and sporting events. These measures inevitably had major consequences on the economy and La Banque Postale mobilised its resources alongside the government to support customers experiencing financial hardship. The second half of 2021 saw non-essential businesses reopen and the end of certain economic support measures.

Several practical initiatives were organised around exceptional government measures to support business and individual customers, and remained in place at 31 December 2021:

- ▶ distribution of government-backed bail-out loans ("PGE");
- ▶ distribution of government-backed stimulus loans ("PPR").

This section describes the main impacts of the COVID-19 pandemic on the Group's financing activities and how it factored these impacts into the estimates of its credit risk exposure at 31 December 2021.

La Banque Postale granted repayment holidays in 2020 in response to the difficulties faced as a result of the pandemic. The mechanism and impact of these repayment holidays were explained in previous financial publications. An extremely low default rate was observed on these repayments.

3.1.1 Government-backed bail-out loans

On 16 March 2020, the French government announced that it was setting up a system of government-backed loans specifically for businesses, in order to help them ride out the economic and health crisis brought on by COVID-19. These government-backed loans were made available between 16 March 2020 and 31 December 2021 through France's main banking institutions, including La Banque Postale.

The loans are designed to assist businesses experiencing cash flow problems. No repayments are due in the first year, after which the borrower has the option of either repaying the loan immediately or spreading the repayments over a period of up to five years. The loans are backed by a government guarantee covering between 70% and 90% of the principal, interest and incidental fees, depending on the size of the borrower's business. It applies throughout the term of the loan unless the acceleration clause is triggered due to a credit event. The cost of the loan comprises each lender's financing cost (interest rate), without

any margin, plus the fee for the government guarantee which is fixed by law.

Various government announcements (January 2021, then January 2022) amended the initial repayment features of the loans and extended the possibility of contracting new government-backed loans until 30 June 2022. Businesses may apply for a deferral of an additional year before they have to start repaying their loans. For example, a business that took out a government-backed loan in April 2020 and is unable to start repaying it in April 2021 could apply for a one-year deferral and start repaying the loan as from April 2022. Micro-enterprises with cash flow problems can apply to have the repayment period of their government-backed loans extended from 6 to 10 years.

Accounting treatment of government-backed loans

Government-backed loans are initially recognised at their fair value plus directly attributable transaction costs.

In light of the scheme's characteristics, which were determined jointly between the government and French banks and are designed to ensure that the banks do not lose out from this economic support measure, La Banque Postale has concluded that the loans' nominal amount is representative of their grant-date fair value.

Government-backed loans are measured at amortised cost in accordance with IFRS 9, and the effective interest rate is determined based on the probable life of the loan. The net guarantee fee is recognised over the probable life of the loan by the yield-to-maturity method using the effective interest rate. The government guarantee is an integral part of the loan agreement and is therefore taken into account in calculating the expected credit loss, because:

- ▶ it is mentioned specifically in the loan agreement (and is inherent in this type of agreement);
- ▶ It is issued at the same time as the loan agreement and in consideration of the loan;
- ▶ based on IFRS 9, it represents a financial guarantee contract to be accounted for jointly with the loan, and not a derivative.

Outstanding amounts under government-backed bail-out loans totalled €927 million at 31 December 2021.

3.1.2 Government-backed stimulus loans (PPR)

The French government decided to offer stimulus loans to French companies with good credit scores in order to help them strengthen their balance sheet ratios and restore their capital spending capability after the damage caused by the COVID-19 crisis. The government-backed stimulus loan system (prêts participatifs de relance – PPR) was included in the Government Economic Stimulus Plan and the 2021 Finance Act. The loans will be distributed by French banks, which will then sell 90% of each loan to a single debt fund. The overall aim is to invest €15 billion in SMEs and intermediate-sized companies with healthy balance

sheet ratios.

Representing subordinated debt, the loans will be granted for eight years, with no repayments due during at least the first four years. The fund set up to acquire 90% of the loans' nominal amount will be backed by a 30% government guarantee. The loan amount will be capped at 12.5% of revenue in the case of SMEs and 8.4% of revenue for intermediate-sized companies. The debt fund will consist of a single fund managed by an umbrella company, which will delegate management of loans in excess of €10 million to other asset managers. Each bank will be allocated a share of the total programme and will be assigned an asset manager. For loans in excess of €10 million, the lending decision will be made jointly by the bank and the asset manager based on a counter-analysis of the risk exposure. The PPR-backed securities issued by the fund will be sold primarily to the insurance subsidiaries of French banks. CNP Assurances, a subsidiary of La Banque Postale, has announced that it plans to invest €1.5 billion in these securities.

The stimulus loans will be distributed by La Banque Postale and the other French banks between April 2021 and June 2022. In 2021, 22 loans were contracted for a total amount of €5.6 million.

3.1.3 Impact of the crisis on the measurement of credit risk

Since the COVID-19 crisis began in early 2020, the Group Risk Department has performed extensive analyses with a view to determining a cost of risk that reflects the actual short- or medium-term risk on its business and individual customer loanbooks, aside from losses already taken on these loans.

La Banque Postale considers that the Group's overall risk monitoring process and the related provisioning methods provide a detailed picture of loanbook risk exposure while also meeting the requirements of the European supervisor. All of the credit risk measurement principles described in 2020 continue to be applied by La Banque Postale amid the continuing uncertainty of the crisis, with the classification and provisioning of the Group's exposures at 31 December 2021 continuing to be based on:

- ▶ automatic processes for identifying potential significant increases in credit risk and for classifying or proposing classification in "buckets" in accordance with IFRS 9;
- ▶ control and approval processes performed by the Group Risk Department and individual or collective adjustment decisions taken as part of the exposure monitoring process (Watchlists, sector-based measures, etc.).

At 31 December 2021, consequently, the impacts of the COVID-19 pandemic (and its macro-economic fallout) on the measurement of the Group's credit risk fall into two broad categories:

- ▶ general impacts on the entire loanbook – individuals and corporates – related to the calibration of all models and scenarios underlying the calculation of La Banque Postale's statistical provisions; and
- ▶ specific impacts on certain customer segments related to measures taken by the Group Risk Department following last year's analytical review of the entire loanbook, as updated throughout 2021.

General measures taken to adjust La Banque Postale statistical provisions

All Probability of Default models⁽¹⁾ used to calculate loss allowances in accordance with IFRS 9 were reviewed in the second half of 2021 as part of the annual review process. The most recent data on behaviour and/or changes in risk profiles (changed ratings) were integrated to obtain the appropriate parameters at 12 months and at maturity (and to avoid inconsistent provisioning – especially on the Low Default Portfolio – and its procyclical effects). La Banque Postale therefore readjusted its models and scenarios for calculating loss allowances in 2021.

Business customers

To prepare its annual financial statements, La Banque Postale adopted an approach to determining loss allowances that was designed to avoid exacerbating procyclical effects and to ensure that credit risk was adequately reflected. This approach is based on observations of the loanbook and the expertise of the Group Risk Department.

On this basis, as explained above, Corporate & Investment Banking cost of risk at 31 December 2021 results from:

- ▶ the exposure monitoring process;
- ▶ specific provisioning decisions made by dedicated committees for outstanding loans under surveillance (included on the Watchlist and/or credit impaired loans classified in Bucket 2 and defaulted loans classified in Bucket 3 under IFRS 9);
- ▶ application of sector-specific or other general loss provisioning principles.

After observing the effects of the COVID crisis, La Banque Postale chose to maintain or step up⁽²⁾ the policy adopted in late 2020 concerning general loss allowances and to extend the policy to an additional sector. Sector-specific loss allowances were recorded on exposures in the following sectors at 31 December 2021:

- ▶ Tourism, Hospitality and Leisure;
- ▶ Private Air and Land Passenger Transport;
- ▶ the Photovoltaic Energy sector in France, due to a review of pricing conditions;
- ▶ certain segments of the Retail sector;
- ▶ the Automotive sector;

1) For personal banking customers (credit scoring models and associated default probabilities are linked to the characteristics of the products held by the customer and the length of the customer relationship); and business customers (specific models for banks, sovereigns, local public sector players, large corporates, and SMEs).

2) Solar power, with general loss allowances increased to take into account the French government's recent decision to revise feed-in tariffs under solar power purchase agreements.

- Commercial Real Estate (sector added at 30 June 2021) other than city centre locations.

The related exposures were reclassified to IFRS 9 “Bucket 2” as La Banque Postale considered that there had been an increase in their credit risk since they were added to the loanbook.

At 31 December 2021, the Corporate and Investment Banking cost of risk amounts to €107 million, mainly reflecting the “natural” deterioration of the portfolio (loss allowance decisions taken in respect of loans included on the Watchlist or in the Special Cases category for €53 million), and to a lesser extent in 2021 monitoring measures implemented ahead of a potential deterioration in certain macroeconomic markers (sector-specific loss allowance for €19 million), along with methodological and statistical effects (€42 million).

Individual customers

Up to now, the COVID-19 crisis has had only a limited impact on La Banque Postale’s Retail Banking credit exposures. Indeed, La Banque Postale’s overall loanbook has actually significantly improved since the onset of the crisis, reflecting government support for the economy and its impact on households (on the unemployment rate and protection of purchasing power, particularly for employees in the hardest hit sectors) as well as the effect of precautionary savings and the reduction in consumption observed during the lockdown periods.

Developments in economic and health situation in 2021 led to adjustments to the measures introduced in 2020 in order to better reflect the observed and/or expected impacts of credit risk on provisioning practices for Retail Banking exposures. As well as recalibrating the IFRS parameters used to calculate probability of default, a decision was also made to make the following adjustments to the financial statements at 31 December 2021:

- socio-professional categories deemed to be exposed to the crisis that had been downgraded to “sensitive” (Bucket 2) in December 2020 were reclassified as performing loans. This adjustment was made after observing the banking behaviour of these categories over a full 12-month period, leading to the conclusion that the associated credit risk was low;
- a provision was set aside to cover the risk of rating migration within the performing loan portfolio as part of a prospective approach designed to prepare for a possible return to a distribution more representative of the structural composition of the loan book;
- Retail Banking credit exposures in the West Indies were downgraded to “sensitive” categories (Bucket 2) amidst the health, economic and social crisis in the region, due particularly to the decline in tourism;
- the adjustment (multiplying factor) for calculating loss given default (LGD) for home loans guaranteed by sureties was revised.

Taking these factors into account, the cost of risk for individual customers in 2021 amounts to €128 million (excluding online banking), of which €51 million relates to the consumer credit business and €45 million to the home loan business. The monitoring measures implemented for this scope by La Banque Postale’s Group Risk Department, along with the methodological and statistical adjustments, represent €44 million.

3.1.4 Financial impacts of the COVID-19 pandemic for CNP Assurances

At 31 December 2021, CNP Assurances did not identify any material effect on its intangible assets or overall solvency, except for the indirect effect of persistently low interest rates.

3.2 Credit risk

3.2.1 General framework

The Group Risk Department (GRD) manages the credit risk taken on by La Banque Postale, i.e., the risk incurred in the event of default by a customer or a group of connected customers considered as constituting a single risk within the meaning of Regulation (EU) No. 575/2013 of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (CRR).

The Executive Board sets the fundamental risk management principles (strategic guidelines, values, risk appetite, governance). These principles are then approved by the Supervisory Board and are used as a basis by each business line for setting its priority actions and the associated risk management under the supervision of the Group Risk Department. These fundamental principles are described in the Risk Management Operational Policy (RMOP) described in chapter 4 of the Universal Registration Document.

It should be noted that at this stage, discussions have begun within La Banque Postale to quantify its exposure to climate risk (both in terms of physical risk and transition risk). Environmental risks will be taken into account in the assessment of credit risk once this work is complete, if it is found that they have a significant impact on the forecast periods used for provisioning purposes.

3.2.2 Significant increase in credit risk

3.2.2.1 Principles

La Banque Postale defines seven principles for assessing a significant increase in credit risk in accordance with IFRS and the guidelines of the European Banking Authority (EBA) for moving loans from Bucket 1 to Bucket 2.

Principle 1 – Monitoring of credit risk: in accordance with IFRS 9, credit quality is assessed from the beginning of the commitment. Credit quality is measured at each reporting date after initial recognition in order to determine the classification of the asset concerned.

A financial instrument is classified as sensitive when there has been a significant increase in credit quality since initial recognition (comparison of the asset’s credit quality vs when it was first recorded in the balance sheet or recognised as an off-balance sheet commitment).

Principle 2 – Rating indicator to monitor credit quality: the Group monitors the credit risk of each contract using a system for rating the credit quality of the counterparty. The rating of a contract at a given time is determined on the basis of the counterparty’s rating at that time, such that, at a given time, all contracts with a same counterparty have the same rating.

In order to measure an increase in the credit risk, La Banque Postale uses a rating system derived from:

- ▶ the internal rating models used to manage and monitor risks; or
- ▶ external rating models used for routine risk management that include ranking guidelines.

La Banque Postale's risk monitoring systems collect ratings data at the inception of the contract and store these in a centralised database in order to identify any significant increase in credit risk, as well as the last known rating in order to comply with the first principle.

For portfolios that have an internal and/or external rating, assessment of a possible significant increase in credit risk is based on the rating, supplemented where appropriate by quantitative and/or qualitative analyses by the business line concerned.

If no internal or external rating is available for a given customer and the related exposure, other methods are used to assess whether there has been a significant increase in credit risk since inception (see Principle 6).

Principle 3 – Monitoring of credit quality with the addition of a backstop: to supplement the first principle, an absolute threshold criterion has been added. The approach defined by the Group combines a relative threshold and an absolute threshold.

The absolute threshold is based on two indicators:

- ▶ rating indicator: the absolute quality level beyond which there is considered to be a significant increase in the assets' credit risk is set by customer segment and/or type of asset;
- ▶ past due indicator: payments that are more than 30 days past due. In accordance with IFRS 9, payments more than 30 days past due are considered as an indicator of a significant increase in the credit risk as they point to a decline in credit quality.

Principle 4 – Use of a 12-month indicator for individual customers: assessment of a significant increase in credit risk implies assessing at each reporting date the probability of a default occurring over the remaining life of the asset. Rather than basing the assessment on the lifetime probability of default, IFRS 9 allows the use of a 12-month probability of default if this is a reasonable approximation of the lifetime probability.

Principle 5 – Application of the low credit risk exemption: IFRS 9 allows entities to assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the instrument is determined to have low credit risk at the reporting date. A financial instrument is considered to represent a low credit risk when there has been no significant increase in its credit risk since initial recognition. "Low credit risk" can be equivalent to a widely accepted definition such as "investment grade", which according to the CRR scale would correspond to a rating below or equal to 3. EBA guidelines stipulate that this exemption applies only to debt securities.

La Banque Postale does not use the low credit risk exemption for its credit transactions. However, it is used for debt securities at the time of validation of the bucket, in accordance with principle 6.

Principle 6 – Consideration of qualitative information: for the portfolio excluding individual customers, the presumption of a transfer to Bucket 2 requires a specific qualitative analysis to be carried out by the Watchlist Committee to confirm or reject the assessment that a significant increase in credit risk has occurred based on the rating indicator.

For business customers, many additional methods are used to identify any significant increase in credit risk both for rated and unrated customers.

For its Corporates network, La Banque Postale has set up a warning system that analyses the loanbook on a daily basis and alerts the Front Office and risk management teams concerned. This monitoring and warning/alert system, which may culminate in loans being placed on a Monitoring List or Watchlist, or being handed over to dedicated teams (Debt collection/Troubled Loans departments) is supplemented by information brought to the attention of La Banque Postale, either from the public domain or through exchanges with customers, or based on the findings of the annual commitments review process. All of these processes provide La Banque Postale with a robust monitoring system that addresses any significant increase in credit risk without delay, regardless of whether customers are rated or not.

An asset that has been restructured due to the financial difficulties of the counterparty continues to be regarded as in default for a period of 12 months, and then if no default event occurs it is moved back into Bucket 2 for a period of 24 months in accordance with prudential regulations.

Principle 7 – Transfer to Bucket 2 before default: in accordance with IFRS 9, wherever possible assets exposed to a significant increase in credit risk are identified before they default. Exceptionally, some commitments can be exempt from being moved to Bucket 2 before they are recorded in default (this type of situation remains fairly rare for business loan customers and only applies when collective proceedings have been launched or particularly serious events have been identified affecting the debtor's situation, subject to a decision taken by the dedicated Special Cases management teams).

3.2.2.2 Process for assessing a significant increase in credit risk

The operational procedures in place enable events indicating a possible deterioration in the credit quality of a counterparty to be monitored/detected.

The criteria for classification of a commitment in Bucket 2 are described by category of exposure:

- ▶ individual customers – individuals;
- ▶ individual customers – professionals;
- ▶ Central administrations & Central banks;
- ▶ Credit institutions;
- ▶ Corporate;
- ▶ Public sector entities.

The criteria do not represent an exhaustive list and the relevance of information depends on the customer segment concerned (except for individual customers). Other events leading to a deterioration in credit quality or generating risk can be taken into consideration following an analysis carried out by the risk unit concerned.

These events are evaluated by the Group Risk Department's teams with good knowledge of the customers or groups of connected customers they are tasked with monitoring.

The operating entities are responsible for the exposures they have generated and must detect immediately any events that indicate a deterioration in the credit quality of their customers.

All assets that are not in Bucket 3 or Bucket 2 are classified in Bucket 1. These are assets that show no significant increase in credit risk since initial recognition.

Lastly, an asset moved to Bucket 2 following a significant increase in credit risk may be moved out of Bucket 2 and reclassified in Bucket 1 if all the criteria that led this classification are no longer met and any arrears have been settled. Depending on the circumstances, an observation period may be required for vulnerable debtors to prevent recurrence. Again, taking the example of the COVID-19 crisis, moving personal banking customers who had requested repayment holidays out of Bucket 2 was subject to a three-month observation period.

Moving restructured assets out of "default" status is subject to a regulatory probationary period.

3.2.3 Provisioning – the expected credit losses (ECL) approach

3.2.3.1 Expected credit losses

Expected credit losses (ECL) are measured in a way that reflects an unbiased and probability-weighted loss amount determined by evaluating a range of possible outcomes, the time value of money and all available information. This methodology is described in Note 2 (Provisioning methods for Bucket 1 and Bucket 2).

12-month expected credit losses (12-month ECL):

At each reporting date, when there is no significant increase in the credit risk associated with a commitment since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses.

$ECL_{12months}$ represents the portion of the lifetime cash shortfalls that will result if a default occurs in the 12 months after the reporting date.

This formula applies to all commitments classified in Bucket 1.

Lifetime expected credit losses (ECLlifetime)

At each reporting date, when there is a significant increase in credit risk associated with a commitment since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses.

This formula applies to all commitments classified in Buckets 2 and 3.

3.2.3.2 Definition of ECL calculation parameters

Expected credit losses are calculated using three main components: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Maturity refers to the final payment date of a loan commitment or financial instrument on which the principal and interest must be settled in full or the date when the authorised amount or date expires.

It corresponds to the maximum contractual period including extension options, except in the case of revolving lines of credit, renewable credit card facilities and overdrafts for which a behaviour-based maturity is used.

For commitments without a contractual maturity, a 12-month maximum maturity is used as, in the case of insolvency of the debtor, the overdraft facility is cancelled within 12 months, in accordance with French banking law.

Revolving lines of credit are financial instruments that do not have a fixed maturity, repayment schedule or cancellation period. The maturity taken into account for these instruments depends on their lifetime estimated by la Banque Postale, which can be greater than the duration of the contractual commitment. The maturity used at Group level is based on observed behaviours.

Probability of Default (PD): IFRS 9 introduces the notion of expected credit losses and, indirectly, that of the probability of default adjusted to the situation at the reporting date (PIT PD – Point-in-Time Probability of Default). This parameter does not correspond to the average over the cycle (TTC PD – Through-The-Cycle Probability of Default) applicable under the Basel framework for the internal ratings-based approach. This variable is used to estimate the probability that a commitment will go into default over a given period of time. A "point-in-time" (PIT) probability of default estimate is based on future and current assessments and depends on both the customer and the product.

PIT PD is used for all portfolios regardless of whether or not they have an internal rating.

Loss Given Default (LGD): loss given default corresponds to the ratio between contractual and expected cash flows taking into account the effects of discounting and other expenses incurred at the time that an instrument goes into default. LGD is expressed as a percentage of the exposure at default.

This input under IFRS 9 differs from the Basel definition. For Basel II purposes, loss given default is adjusted to include a prudential buffer and to reflect losses occurring during a downturn in the business cycle and other costs. IFRS 9 makes no specific mention of the observation period or the period covered by the historical data used for the calculation of LGD parameters. LGD is a forward looking indicator that takes into account the passage of time.

The Group has opted to use modelled LGDs adjusted in accordance with IFRS 9 for portfolios that have a loss given default model by type of product and guarantee, and to determine an LGD based on expert analyses for the other portfolios by segment, product and type of guarantee that will be revised at least once a year.

Exposure At Default (EAD): the EAD corresponds to the basis for calculating the expected credit loss. It is based on the value exposed to credit risk taking into account the type of repayment schedule, the passage of time and expected early repayments (projected cash flows). EAD is calculated based on the amount at the start of the reporting period.

The loss allowance is based on the outstanding amount recorded on balance sheet and off-balance sheet (undrawn portion) converted to its credit exposure equivalent using the credit conversion factor (CCF).

To take into account early repayments and the passage of time, an early repayment rate is applied to the basis used to calculate loss allowances by portfolio. This rate is reviewed periodically by the ALM team to take into account any economy-led change in early repayments.

Forward Looking

In accordance with IFRS 9, expected credit losses take into account the effects of future economic conditions through the use of forward-looking data models and informed judgement. The Group uses three scenarios (a central scenario and two alternative scenarios based around high and low interest rates) defined by the Economic Research Departments of Caisse des dépôts et Consignations (CDC) and La Banque Postale. Five-year economic projections are used:

- ▶ consistent global scenarios are applied across La Banque Postale with potentially opposite impacts on certain product or customer segments, to reflect the diversification of the portfolio. (By way of illustration, it is not possible, in a given scenario, to use a different interest rate projection to measure the lifetime probabilities of default of individual customers and those of sovereign customers);
- ▶ the proposed scenarios are not necessarily adverse credit risk scenarios; the aim is not to use IFRS scenarios to quantify the risk of losses in a highly adverse environment that is very unlikely to occur in light of the prevailing macro-economic situation at the estimation date, but rather to develop generally plausible scenarios whose probability of occurrence

is within one standard deviation of the occurrence of the central scenario;

- ▶ the scenarios used are the same as those used in other corporate processes (*i.e.*, strategic planning, budgeting, ICAAP stress testing, regulatory reporting).

These scenarios are documented, and contain projections for all the macroeconomic variables required to run the models developed to obtain PDs and LGDs at maturity. The probability of occurrence of each scenario is documented by La Banque Postale's economists.

The system uses a significant number of models. All of the models used for IFRS 9 purposes are subject to an independent review by the Model Validation team and are validated by the Model Validation Committee.

For 2021⁽¹⁾, La Banque Postale used the following scenarios to calculate its loss allowances under IFRS 9:

- ▶ Central scenario: following the severe recession in France in 2020 due to the impact of COVID-19, and assuming that no further strict (*i.e.*, similar to spring 2020) lockdown measures are introduced, the recovery in post-lockdown business activity thanks to mass vaccination and the various monetary and budgetary support plans announced to date, result in a significant rally in GDP in 2021. However, the effects of the crisis continue to be felt during the recovery, with GDP only returning to its pre-crisis level of 2019 in 2023. As well as infra-annual (monthly or quarterly) volatility due to base effects, inflation is fairly low overall given the extent of the gap between production and very loose labour markets, with tensions that risk generating wage and cost increases – and thereby a structurally expansionary monetary policy – remote.

This scenario has been developed by Caisse des dépôts et Consignations and its projections are provided below:

Variables	Scenario at 31 December 2021					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	4	3.5	1.8	1.5	1.3	1.2
Unemployment rate (average annual rate)	9.8	9.6	9.4	9.2	9.1	9.0
10-year OAT (average annual rate)	0.0	0.0	0.2	0.4	0.6	0.8
CAC 40 (annual rate of growth)	7.7	2.5	2.5	2.5	2.5	
Real estate prices (annual rate of growth)	3.7	0.6	0.7	0.9	1.2	1.5

Variables	Previous scenario					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	(10.0)	7.0	1.5	1.3	1.2	1.2
Unemployment rate (average annual rate)	10.2	10.5	10.1	9.6	9.3	9.0
10-year OAT (average annual rate)	0.0	0.1	0.3	0.5	0.7	0.8
CAC 40 (annual rate of growth)	(22.3)	9.6	3.2	3.2	3.2	3.2
Real estate prices (annual rate of growth)	4.3	(5.0)	2.0	1.8	1.7	1.7

1) Scenarios used since December 2021 to calculate loss allowances for the entire bank portfolio, that will not be adjusted until end-2022 unless there is a serious mismatch between these scenarios and the actual macro-economic situation observed in first-half 2022.

- Low interest rate scenario: recessionary shock to GDP (health, financial or economic crisis), with a fall in stock markets and interest rates in the year of the shock. Potential growth is

weakened after the shock, limiting the cyclical upturn, thereby maintaining structurally low interest rates.

This scenario has been developed by Caisse des dépôts et Consignations and its projections are provided below:

Variables	Scenario at 31 December 2021					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	4.0	(0.5)	0.0	0.6	0.6	0.6
Unemployment rate (average annual rate)	9.8	10.5	10.9	11.1	11.2	11.2
10-year OAT (average annual rate)	0.0	(0.7)	(0.7)	(0.2)	0.0	0.0
CAC 40 (annual rate of growth)	7.7	(20.3)	1.8	1.8	1.8	1.8
Real estate prices (annual rate of growth)	3.7	(2.5)	(3.5)	(1.5)	0.0	0.0

Variables	Previous scenario					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	(10.0)	(0.5)	0.0	0.6	0.6	0.6
Unemployment rate (average annual rate)	10.2	10.9	11.3	11.5	11.6	11.6
10-year OAT (average annual rate)	0.0	(0.9)	(0.7)	(0.2)	0.0	0.0
CAC 40 (annual rate of growth)	(22.3)	(11.3)	4.7	4.7	4.7	4.7
Real estate prices (annual rate of growth)	4.3	(5.5)	(3.0)	(1.5)	0.0	0.0

- Alternative scenario of a gradual rise in interest rates: the health crisis quickly subsides, thanks in particular to effective vaccination campaigns that lead to herd immunity in the second half of 2021, both in the United States and in Europe. Restrictions on mobility are quickly lifted as a result. Consequently, the monetary and fiscal stimulus measures deployed in recent months in many countries begin to kick in.

This is reflected in a favourable confidence effect on economic actors (reduction in the surplus savings accumulated by households during the crisis; resumption of corporate investment projects). Economic activity therefore returns to pre-crisis levels more rapidly than under the central scenario.

This scenario has been developed by La Banque Postale's Economic Research Department and its projections are provided below:

Variables	Scenario at 31 December 2021					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	4.0	4.5	2.5	2.0	1.6	1.2
Unemployment rate (average annual rate)	9.8	9.3	8.8	8.4	8.2	8.1
10-year OAT (average annual rate)	0.0	0.2	0.5	0.9	1.1	1.2
CAC 40 (annual rate of growth)	N/A	N/A	N/A	N/A	N/A	N/A
Real estate prices (annual rate of growth)	N/A	N/A	N/A	N/A	N/A	N/A

N/A: not available

Variables	Previous scenario					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	(10.0)	9.0	3.5	2.0	1.8	1.4
Unemployment rate (average annual rate)	10.2	9.6	8.3	7.3	6.9	6.5
10-year OAT (average annual rate)	0.0	0.7	1.3	1.6	1.6	1.6
CAC 40 (annual rate of growth)	(22.3)	N/A	N/A	N/A	N/A	N/A
Real estate prices (annual rate of growth)	4.3	N/A	N/A	N/A	N/A	N/A

The probability of each of these scenarios occurring is shown in the following table:

Scenarios	Scenarios 2021	Scenarios 2022
Central	65%	65%
Lower interest rates	15%	15%
Higher interest rates	20%	20%

La Banque Postale decided not to use the scenarios developed by the ECB for all of the reasons outlined previously and to reflect the fact that its portfolio is concentrated in France, and instead decided to draw on the expertise of Groupe Caisse des dépôts des Consignations-La Banque Postale.

Sensitivity analysis of expected losses to macro-economic scenarios:

Analyses were conducted to gauge the sensitivity of statistical ECL (*i.e.*, excluding sector-specific loss allowances and government-backed loans for business customers) to credit risk on business and individual customer scopes.

These analyses show that the individual customer scope is not very sensitive to macroeconomic scenarios insofar as the variations observed in expected credit losses upon changing the weightings of the scenarios minimal (less than €1.5 million).

On the other hand, for its corporate and professional customer scope, a scenario in which rate weightings are increased by 100% would lead to ECL recovery of €64 million (36%), and a scenario in which rate weightings are decreased by 100% would have an ECL recovery of €136 million (77%) compared to the weighting applied on 31 December 2021. These impacts are mainly attributed to large corporate customers.

3.2.4 Operational deployment

Loss allowances are calculated centrally for the entire Group by the Group Risks Department teams.

3.3 Exposure to credit risk

a. Change in carrying amounts and allowances for credit losses over the year

Allowances for credit losses correspond to impairment of financial assets and off-balance sheet commitments recorded in the income statement under "Cost of risk".

The following tables present a reconciliation of opening and closing loss allowances recorded in "Cost of risk" and the associated carrying amounts, by accounting category and type of instrument.

The line "Modification of cash flows not resulting in derecognition" shows the effect of a loan restructuring on the gross carrying amount and the loss allowance during the period.

Financial assets at amortised cost

(in € millions)	Notes	31.12.2021		
		Gross carrying amount	Allowance for credit losses	Net carrying amount
Securities at amortised cost	4.5	23,516	(37)	23,480
Loans and advances to credit institutions at amortised cost	4.6	67,846	(6)	67,840
Loans and advances to customers at amortised cost	4.7	124,499	(1,346)	123,152
TOTAL FINANCIAL ASSETS AT AMORTISED COST		215,861	(1,390)	214,472

(in € millions)	Notes	31.12.2020		
		Gross carrying amount	Allowance for credit losses	Net carrying amount
Securities at amortised cost	4.5	24,049	(30)	24,018
Loans and advances to credit institutions at amortised cost	4.6	114,486	(1)	114,484
Loans and advances to customers at amortised cost	4.7	126,471	(1,216)	125,255
TOTAL FINANCIAL ASSETS AT AMORTISED COST		265,006	(1,248)	263,758

(in € millions)	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total		
	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount (a)	Allowance for credit losses (b)	Net carrying amount (a)+(b)
AT 31 DECEMBER 2020	252,506	(173)	10,874	(448)	1,626	(626)	265,006	(1,248)	263,758
Transfers of assets during their lifetime from one bucket to another	1,423	(6)	(1,763)	(20)	339	(56)	-	(83)	(83)
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(3,594)	12	3,594	(101)	-	-	-	(90)	(90)
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	5,097	(19)	(5,097)	67	-	-	-	48	48
Transfers from 12-month ECL (Bucket 1) to Credit-impaired Lifetime ECL (Bucket 3)	(264)	2	-	-	264	(57)	-	(55)	(55)
Transfers from Lifetime ECL (Bucket 2) to Credit-impaired Lifetime ECL (Bucket 3)	-	-	(363)	20	363	(59)	-	(39)	(39)
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	184	(0)	-	-	(184)	26	-	26	26
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	-	-	104	(6)	(104)	35	-	28	28
Total after transfers	253,929	(180)	9,112	(469)	1,965	(682)	265,006	(1,331)	263,675
Changes in gross carrying amounts and allowances for credit losses	(48,277)	(9)	(526)	(63)	(338)	13	(49,141)	(59)	(49,200)
New production, purchase, issuance, origination, etc.	65,664	(121)	2,908	(304)	445	(190)	69,018	(615)	68,403
Derecognition: disposal, repayment, maturity, etc.	(114,241)	112	(3,434)	241	(689)	124	(118,364)	477	(117,887)
Write-offs	-	-	-	-	(84)	79	(84)	79	(6)
Modification of cash flows not resulting in derecognition	-	-	-	-	(10)	-	(10)	-	(10)
Change in credit risk parameters over the year	-	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Changes in scope of consolidation	298	-	-	-	-	-	298	-	298
Other	1	(0)	0	0	-	1	1	0	1
Total	205,652	(189)	8,586	(532)	1,627	(669)	215,864	(1,390)	214,475
Impacts of changes in fair value of hedged instruments	(3)	-	-	-	-	-	(3)	-	(3)
AT 31 DECEMBER 2021	205,649	(189)	8,586	(532)	1,627	(669)	215,861	(1,390)	214,472

	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total		
	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount (a)	Allowance for credit losses (b)	Net carrying amount (a)+(b)
(in € millions)									
AT 31 DECEMBER 2019	208,681	(100)	3,106	(150)	1,374	(580)	213,160	(829)	212,331
Transfers of assets during their lifetime from one bucket to another	(5,906)	9	5,479	(181)	427	(65)	-	(237)	(237)
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(6,808)	14	6,808	(232)			-	(217)	(217)
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	1,217	(6)	(1,217)	43			-	36	36
Transfers from 12-month ECL (Bucket 1) to Credit-impaired Lifetime ECL (Bucket 3)	(480)	2			480	(79)	-	(77)	(77)
Transfers from Lifetime ECL (Bucket 2) to Credit-impaired Lifetime ECL (Bucket 3)			(222)	13	222	(53)	-	(40)	(40)
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	165	(2)			(165)	30	-	28	28
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)			111	(5)	(111)	37	-	32	32
Total after transfers	202,774	(91)	8,585	(331)	1,801	(645)	213,160	(1,067)	212,093
Changes in gross carrying amounts and allowances for credit losses	49,732	(82)	2,289	(117)	(175)	19	51,845	(181)	51,664
New production, purchase, issuance, origination, etc.	95,861	(113)	3,598	(177)	436	(172)	99,895	(462)	99,433
Derecognition: disposal, repayment, maturity, etc.	(50,542)	32	(1,319)	60	(466)	83	(52,328)	175	(52,153)
Write-offs	-	-	-	-	(133)	106	(133)	106	(27)
Modification of cash flows not resulting in derecognition	-	-	-	-	(12)	-	(12)	-	(12)
Change in credit risk parameters over the year	-	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Changes in scope of consolidation	4,217	0	10	-	-	-	4,227	0	4,227
Other	196	(1)	-	0	-	1	196	0	196
Total	252,506	(173)	10,874	(448)	1,626	(626)	265,006	(1,248)	263,758
Impacts of changes in fair value of hedged instruments	0	-	-	-	-	-	0	-	0
AT 31 DECEMBER 2020	252,506	(173)	10,874	(448)	1,626	(626)	265,006	(1,248)	263,758

Financial assets at fair value through OCI reclassifiable to profit or loss

		31.12.2021	
(in € millions)	Notes	Fair value	Of which allowance for credit losses
Debt instruments at fair value through other comprehensive income	4.4	228,121	(465)
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS		228,121	(465)
		31.12.2020	
(in € millions)	Notes	Fair value	Of which allowance for credit losses
Debt instruments at fair value through other comprehensive income	4.4	230,388	(372)
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS		230,388	(372)

	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total	
	Fair value	Of which allowance for credit losses	Fair value	Of which allowance for credit losses	Fair value	Of which allowance for credit losses	Fair value	Of which allowance for credit losses
(in € millions)								
AT 31 DECEMBER 2020	229,732	(361)	656	(11)	-	-	230,388	(372)
Transfers of assets during their lifetime from one bucket to another	(140)	1	141	(0)	-	-	1	1
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(140)	1	141	(0)	-	-	1	1
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	0	0	-	-	-	-	0	0
Transfers from 12-month ECL (Bucket 1) to Credit-impaired Lifetime ECL (Bucket 3)	-	-	-	-	-	-	-	-
Transfers from Lifetime ECL (Bucket 2) to Credit-impaired Lifetime ECL (Bucket 3)	-	-	-	-	-	-	-	-
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	-	-	-	-	-	-	-	-
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	-	-	-	-	-	-	-	-
TOTAL AFTER TRANSFERS	229,591	(360)	797	(11)	-	-	230,389	(371)
Changes in gross carrying amounts and allowances for credit losses	(1,850)	(96)	(418)	2	-	-	(2,268)	(93)
New production, purchase, issuance, origination, etc.	34,922	-	122	-	-	-	35,043	-
Derecognition: disposal, repayment, maturity, etc.	(45,743)	-	(545)	-	-	-	(46,288)	-
Write-offs	-	-	-	-	-	-	-	-
Modification of cash flows not resulting in derecognition	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-
Changes in scope of consolidation	14,099	-	-	-	-	-	14,099	-
Other	(5,127)	(96)	5	2	-	-	(5,122)	(93)
AT 31 DECEMBER 2021	227,742	(456)	379	(9)	-	-	228,121	(465)

	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total	
	Fair value	Of which allowance for credit losses	Fair value	Of which allowance for credit losses	Fair value	Of which allowance for credit losses	Fair value	Of which allowance for credit losses
(in € millions)								
AT 31 DECEMBER 2019	14,663	(3)	38	(1)	-	-	14,700	(4)
Transfers of assets during their lifetime from one bucket to another	(509)	1	501	(9)	-	-	(8)	(8)
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(509)	1	501	(9)	-	-	(8)	(8)
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	0	0	-	-	-	-	0	0
Transfers from 12-month ECL (Bucket 1) to Credit-impaired Lifetime ECL (Bucket 3)	-	-	-	-	-	-	-	-
Transfers from Lifetime ECL (Bucket 2) to Credit-impaired Lifetime ECL (Bucket 3)	-	-	-	-	-	-	-	-
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	-	-	-	-	-	-	-	-
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)	-	-	-	-	-	-	-	-
TOTAL AFTER TRANSFERS	14,154	(2)	539	(9)	-	-	14,693	(12)
Changes in gross carrying amounts and allowances for credit losses	215,578	(359)	117	(2)	-	-	215,695	(361)
New production, purchase, issuance, origination, etc.	30,505	-	73	-	-	-	30,578	-
Derecognition: disposal, repayment, maturity, etc.	(35,483)	-	(179)	-	-	-	(35,662)	-
Write-offs	-	-	-	-	-	-	-	-
Modification of cash flows not resulting in derecognition	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-
Changes in scope of consolidation	218,213	(37)	186	-	-	-	218,399	(37)
Other	2,342	(322)	37	(2)	-	-	2,379	(324)
AT 31 DECEMBER 2020	229,732	(361)	656	(11)	-	-	230,388	(372)

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	Notes	31.12.2021		
		Gross carrying amount	Allowance for credit losses	Net carrying amount
Financing commitments and guarantee contracts	8	31,389		
Loss allowance for financing commitments and guarantee contracts	4.19		(97)	
TOTAL FINANCING COMMITMENTS AND GUARANTEE CONTRACTS		31,389	(97)	31,292

(in € millions)	Notes	31.12.2020		
		Gross carrying amount	Allowance for credit losses	Net carrying amount
Financing commitments and guarantee contracts	8	28,521		
Loss allowance for financing commitments and guarantee contracts	4.19		(99)	
TOTAL FINANCING COMMITMENTS AND GUARANTEE CONTRACTS		28,521	(99)	28,422

(in € millions)	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total		
	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount (a)	Allowance for credit losses (b)	Net carrying amount (a)+(b)
AT 31 DECEMBER 2020	27,358	(46)	1,129	(50)	35	(3)	28,521	(99)	28,422
Transfers of assets during their lifetime from one bucket to another	(56)	1	49	(2)	7	(1)	-	(2)	(2)
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(284)	2	284	(7)			-	(5)	(5)
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	232	(1)	(232)	5			-	4	4
Transfers from 12-month ECL (Bucket 1) to Credit-impaired Lifetime ECL (Bucket 3)	(14)	0			14	(1)	-	(1)	(1)
Transfers from Lifetime ECL (Bucket 2) to Credit-impaired Lifetime ECL (Bucket 3)			(4)	0	4	0	-	0	0
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	9	0			(9)	0	-	0	0
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)			2	0	(2)	0	-	0	0
TOTAL AFTER TRANSFERS	27,302	(45)	1,177	(52)	42	(4)	28,521	(101)	28,420
Changes in gross carrying amounts and allowances for credit losses	3,147	(7)	(270)	12	(8)	(1)	2,868	4	2,872
New production, purchase, issuance, origination, etc.	15,946	(43)	589	(30)	15	(4)	16,550	(77)	16,473
Derecognition: disposal, repayment, maturity, etc.	(12,799)	36	(860)	42	(23)	3	(13,682)	81	(13,601)
Write-offs	-	-	-	-	-	-	-	-	-
Modification of cash flows not resulting in derecognition	-	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Other	0	-	-	-	-	-	0	-	0
AT 31 DECEMBER 2021	30,448	(52)	907	(40)	33	(5)	31,389	(97)	31,292

	Assets subject to 12-month ECL (Bucket 1)		Assets subject to lifetime ECL (Bucket 2)		Credit-impaired assets (Bucket 3)		Total		
	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount	Allowance for credit losses	Gross carrying amount (a)	Allowance for credit losses (b)	Net carrying amount (a)+(b)
(in € millions)									
AT 31 DECEMBER 2019	28,545	(25)	475	(14)	30	(1)	29,051	(40)	29,010
Transfers of assets during their lifetime from one bucket to another	(406)	0	396	(10)	10	(2)	-	(11)	(11)
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(490)	1	490	(13)			-	(12)	(12)
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	93	(1)	(93)	4			-	3	3
Transfers from 12-month ECL (Bucket 1) to Credit-impaired Lifetime ECL (Bucket 3)	(17)	0			17	(2)	-	(2)	(2)
Transfers from Lifetime ECL (Bucket 2) to Credit-impaired Lifetime ECL (Bucket 3)			(4)	0	4	0	-	0	0
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	9	0			(9)	0	-	0	0
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)			2	0	(2)	0	-	0	0
TOTAL AFTER TRANSFERS	28,139	(25)	871	(24)	40	(3)	29,051	(51)	28,999
Changes in gross carrying amounts and allowances for credit losses	(782)	(21)	257	(26)	(6)	(1)	(530)	(48)	(578)
New production, purchase, issuance, origination, etc.	9,715	(31)	582	(31)	14	(1)	10,311	(63)	10,248
Derecognition: disposal, repayment, maturity, etc.	(10,497)	10	(324)	5	(19)	0	(10,841)	15	(10,826)
Write-offs	-	-	-	-	-	-	-	-	-
Modification of cash flows not resulting in derecognition	-	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
AT 31 DECEMBER 2020	27,358	(46)	1,129	(50)	35	(3)	28,521	(99)	28,422

Modified financial assets

Modified financial assets correspond to assets that have been restructured due to the customer's financial difficulties. They are loans for which the initial financial conditions have been modified (interest rate, term) for financial or legal reasons related to the borrower's financial difficulties, and which would not have

been modified in other circumstances. They concern assets classified as non-performing and, since 1 January 2014, assets that were classified as performing at the time of the restructuring. A more detailed definition of modified financial assets is provided in Note 2 "Summary of significant accounting policies". An asset continues to be classified as modified from the restructuring event and until derecognition.

The post-restructuring carrying amounts of assets restructured during the reporting period are as follows:

(in € millions)			
31.12.2021			
Financial instruments	Carrying amount before transfer to modified financial assets	Amount of the discount recorded in the income statement	Gross carrying amount
Loans and advances to customers	107	(10)	97
Debt securities	-	-	-
TOTAL MODIFIED FINANCIAL ASSETS	107	(10)	97

(in € millions)			
31.12.2020			
Financial instruments	Carrying amount before transfer to modified financial assets	Amount of the discount recorded in the income statement	Gross carrying amount
Loans and advances to customers	135	(12)	123
Debt securities	-	-	-
TOTAL MODIFIED FINANCIAL ASSETS	135	(12)	123

Restructured assets at an impairment stage that corresponds to Bucket 2 (deteriorated credit quality) or Bucket 3 (credit-impaired) can be transferred back into Bucket 1 (performing assets) following a subsequent improvement in credit quality

resulting in the assessment that there is no longer a significant deterioration in credit quality. In this case, the loss allowance is reduced to an amount equal to the 12-month expected credit loss.

The gross carrying amount of modified assets reclassified during the period is presented below:

(in € millions)		31.12.2021
Financial instruments		Transfer to Bucket 1
Loans and advances to customers		10
Debt securities		-
TOTAL MODIFIED FINANCIAL ASSETS		10

(in € millions)		31.12.2020
Financial instruments		Transfer to Bucket 1
Loans and advances to customers		7
Debt securities		-
TOTAL MODIFIED FINANCIAL ASSETS		7

Maximum exposure to credit risk

	31.12.2021		
	Net maximum exposure to credit risk	Collateral and other credit enhancements	Unsecured
(in € millions)			
Financial assets at fair value through profit or loss (excluding equity instruments and assets backing unit-linked contracts)	113,659	4,411	109,247
Financial assets held for trading	5,946	4,411	1,534
Financial assets designated as at fair value through profit or loss	5,717	-	5,717
Non-SPPI financial assets at fair value	101,996	-	101,996
Hedging derivatives	1,022	1,022	-
Financial assets at fair value through OCI reclassifiable to profit or loss	228,121	22	228,098
Debt securities	228,121	22	228,098
Financial assets at amortised cost	214,472	79,103	135,369
Loans and advances to credit institutions	67,840	332	67,508
Loans and advances to customers	123,152	78,770	44,382
Debt securities	23,480	-	23,480
Off-balance sheet (financing commitments and guarantee contracts)	31,292	1,334	29,958
Financing commitments given	28,849	1,333	27,516
Guarantee commitments given	2,443	0	2,443
MAXIMUM EXPOSURE TO CREDIT RISK	588,566	85,893	502,673

	31.12.2020		
	Net maximum exposure to credit risk	Collateral and other credit enhancements	Unsecured
(in € millions)			
Financial assets at fair value through profit or loss (excluding equity instruments and assets backing unit-linked contracts)	100,362	7,068	93,293
Financial assets held for trading	7,815	7,068	747
Financial assets designated as at fair value through profit or loss	6,012	-	6,012
Non-SPPI financial assets at fair value	86,535	-	86,535
Hedging derivatives	1,443	1,443	-
Financial assets at fair value through OCI reclassifiable to profit or loss	230,388	153	230,234
Debt securities	230,388	153	230,234
Financial assets at amortised cost	263,758	87,364	176,394
Loans and advances to credit institutions	114,484	2,804	111,681
Loans and advances to customers	125,255	84,560	40,695
Debt securities	24,018	-	24,018
Off-balance sheet (financing commitments and guarantee contracts)	28,422	1,227	27,195
Financing commitments given	25,796	1,227	24,569
Guarantee commitments given	2,626	0	2,626
MAXIMUM EXPOSURE TO CREDIT RISK	624,372	97,255	527,117

b. Concentrations of credit risk

Concentration of credit risk by economic agent

Financial assets at amortised cost

(in € millions)	31.12.2021			
	Carrying amount			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
Retail*	70,081	4,725	1,049	75,855
Government	97,291	101	4	97,396
Central banks	-	-	-	-
Credit institutions	2,756	50	0	2,806
Finance companies	8,839	293	0	9,132
Non-financial sector companies	26,682	3,417	573	30,672
Impairments	(189)	(532)	(669)	(1,390)
TOTAL CARRYING AMOUNT	205,460	8,054	958	214,472

* Excluding loans granted to non-trading property companies (SCIs), which are presented in Retail loans in the balance sheet and in Non-financial sector companies in the breakdown by economic agent.

(in € millions)	31.12.2020			
	Carrying amount			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
Retail*	65,569	6,597	1,165	73,331
Government	100,157	42	2	100,201
Central banks	41,500	-	-	41,500
Credit institutions	5,609	50	0	5,659
Finance companies	14,672	158	15	14,845
Non-financial sector companies	25,000	4,027	444	29,470
Loss allowances	(173)	(448)	(626)	(1,248)
TOTAL CARRYING AMOUNT	252,333	10,426	999	263,758

* Excluding loans granted to non-trading property companies (SCIs), which are presented in Retail loans in the balance sheet and in Non-financial sector companies in the breakdown by economic agent.

Financial assets at fair value through OCI reclassifiable to profit or loss

	31.12.2021			
	Fair value			
	Performing assets (with or without credit deterioration)			
(in € millions)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
Retail	-	-	-	-
Government	127,888	21	-	127,908
Central banks	1,785	-	-	1,785
Credit institutions	47,299	7	-	47,306
Finance companies	6,144	51	-	6,195
Non-financial sector companies	44,626	301	-	44,927
TOTAL FAIR VALUE	227,742	379	-	228,121
<i>Of which loss allowances</i>	<i>(456)</i>	<i>(9)</i>	<i>-</i>	<i>(465)</i>

	31.12.2020			
	Fair value			
	Performing assets (with or without credit deterioration)			
(in € millions)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired asset (Bucket 3)	Total
Retail	-	-	-	-
Government	128,139	42	-	128,181
Central banks	2,612	-	-	2,612
Credit institutions	46,018	45	-	46,063
Finance companies	6,017	-	-	6,017
Non-financial sector companies	46,946	569	-	47,515
TOTAL FAIR VALUE	229,732	656	-	230,388
<i>Of which loss allowances</i>	<i>(361)</i>	<i>(11)</i>	<i>-</i>	<i>(372)</i>

Off-balance sheet (financing commitments and guarantee contracts)

	31.12.2021			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			
(in € millions)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
individual customers	11,425	352	22	11,799
Government	5,965	3	-	5,968
Central banks	0	-	-	0
Credit institutions	3,047	26	-	3,073
Finance companies	1,244	0	0	1,244
Non-financial sector companies	8,767	527	11	9,305
Loss allowances*	(52)	(40)	(5)	(97)
TOTAL	30,397	867	28	31,292

* Expected or incurred losses on off-balance sheet commitments are covered by loss allowances recorded in liabilities.

	31.12.2020			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			
(in € millions)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
individual customers	10,433	423	28	10,883
Government	5,583	4	-	5,587
Central banks	0	-	-	0
Credit institutions	2,794	24	-	2,818
Finance companies	1,694	8	-	1,702
Non-financial sector companies	6,854	670	7	7,530
Loss allowances*	(46)	(50)	(3)	(99)
TOTAL	27,312	1,078	31	28,422

* Expected or incurred losses on off-balance sheet commitments are covered by loss allowances recorded in liabilities.

Exposure to credit risk – Retail
Financial assets at amortised cost

31.12.2021				
Gross carrying amount				
Performing assets (with or without credit deterioration)				
(in € millions)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
PD < 1%	60,213	988	-	61,201
1% < PD < 3%	7,654	641	-	8,295
3% < PD < 10%	1,799	1,534	-	3,333
PD > 10%	415	1,562	-	1,977
Doubtful loan (subject to legal collection procedures)	-	-	1,049	1,049
TOTAL	70,081	4,725	1,049	75,855

31.12.2020				
Gross carrying amount				
Performing assets (with or without credit deterioration)				
(in € millions)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
PD < 1%	52,212	3,265	-	55,478
1% < PD < 3%	10,355	1,090	-	11,445
3% < PD < 10%	2,574	636	-	3,209
PD > 10%	428	1,606	-	2,034
Doubtful loans (subject to legal collection procedures)	-	-	1,165	1,165
TOTAL	65,569	6,597	1,165	73,331

Off-balance sheet (financing commitments and guarantee contracts)

	31.12.2021			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
(in € millions)				
PD < 1%	9,168	89	-	9,256
1% < PD < 3%	1,707	72	-	1,779
3% < PD < 10%	368	81	-	449
PD > 10%	183	110	-	293
Doubtful loan (subject to legal collection procedures)	-	-	22	22
TOTAL	11,425	352	22	11,799

	31.12.2020			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
(in € millions)				
PD < 1%	7,959	186	-	8,146
1% < PD < 3%	2,002	76	-	2,078
3% < PD < 10%	358	41	-	399
PD > 10%	114	120	-	234
Doubtful loans (subject to legal collection procedures)	-	-	28	28
TOTAL	10,433	423	28	10,883

Exposure to credit risk – Corporate**Financial assets at amortised cost**

31.12.2021				
Gross carrying amount				
(in € millions)	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	1,047	42	-	1,089
AA	6,749	84	0	6,833
A	5,444	182	1	5,627
Other	22,281	3,402	573	26,256
TOTAL	35,521	3,709	574	39,804

31.12.2020				
Gross carrying amount				
(in € millions)	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	1,411	136	0	1,547
AA	5,152	322	48	5,523
A	12,856	352	15	13,223
Other	20,253	3,375	396	24,023
TOTAL	39,671	4,185	459	44,315

Financial assets at fair value through OCI reclassifiable to profit or loss

31.12.2021				
Fair value				
(in € millions)	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	1,829	-	-	1,829
AA	7,442	-	-	7,442
A	18,002	40	-	18,042
Other	23,496	312	-	23,808
TOTAL	50,770	352	-	51,122

31.12.2020				
Fair value				
(in € millions)	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	2,464	-	-	2,464
AA	9,183	-	-	9,183
A	19,554	0	-	19,554
Other	21,763	569	-	22,332
TOTAL	52,963	569	-	53,532

Off-balance sheet (financing commitments and guarantee contracts)

	31.12.2021			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
(in € millions)				
AAA	1,586	29	-	1,615
AA	70	-	-	70
A	1,964	50	-	2,014
Other	6,390	448	11	6,849
TOTAL	10,010	527	11	10,549

	31.12.2020			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
(in € millions)				
AAA	469	80	-	549
AA	1,213	89	-	1,302
A	1,814	56	0	1,870
Other	5,052	453	7	5,512
TOTAL	8,548	678	7	9,233

Exposure to credit risk – Government and central banks

Financial assets at amortised cost

	31.12.2021			
	Gross carrying amount			
	Performing assets (with or without credit deterioration)			
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
(in € millions)				
AAA	2,416	-	-	2,416
AA	81,196	-	-	81,196
A	549	60	-	609
Other	13,129	41	4	13,175
TOTAL	97,291	101	4	97,396

	31 Dec.2020			
	Gross carrying amount			
	Performing assets (with or without credit deterioration)			
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
(in € millions)				
AAA	2,271	-	-	2,271
AA	127,308	4	-	127,312
A	4,882	4	1	4,887
Other	7,195	34	1	7,231
TOTAL	141,657	42	2	141,701

Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31.12.2021			
	Fair value			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	4,078	-	-	4,078
AA	94,551	-	-	94,551
A	5,496	-	-	5,496
Other	25,546	21	-	25,567
TOTAL	129,672	21	-	129,693

(in € millions)	31.12.2020			
	Fair value			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	5,159	-	-	5,159
AA	102,296	-	-	102,296
A	4,161	-	-	4,161
Other	19,135	42	-	19,176
TOTAL	130,751	42	-	130,793

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	31.12.2021			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			Total
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	
AAA	375	-	-	375
AA	150	-	-	150
A	473	-	-	473
Other	4,969	3	-	4,971
TOTAL	5,966	3	-	5,969

(in € millions)	31.12.2020			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			Total
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	
AAA	120	-	-	120
AA	854	3	-	856
A	2,123	1	-	2,124
Other	2,487	0	-	2,487
TOTAL	5,583	4	-	5,587

Exposure to credit risk – Credit institutions
Financial assets at amortised cost

(in € millions)	31.12.2021			
	Gross carrying amount			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	116	-	-	116
AA	472	-	-	472
A	992	-	-	992
Other	1,176	50	0	1,226
TOTAL	2,756	50	0	2,806

(in € millions)	31.12.2020			
	Gross carrying amount			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	-	-	-	-
AA	954	-	-	954
A	1,852	-	-	1,852
Other	2,803	50	0	2,853
TOTAL	5,609	50	0	5,659

Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31.12.2021			
	Fair value			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	7,491	-	-	7,491
AA	7,732	-	-	7,732
A	21,967	5	-	21,972
Other	10,110	1	-	10,111
TOTAL	47,299	7	-	47,306

(in € millions)	31.12.2020			
	Fair value			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
AAA	8,723	-	-	8,723
AA	10,272	-	-	10,272
A	20,677	25	-	20,702
Other	6,345	20	-	6,365
TOTAL	46,018	45	-	46,063

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	31.12.2021			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			Total
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	
AAA	229	9	-	237
AA	737	-	-	737
A	272	0	-	272
Other	1,809	17	-	1,826
TOTAL	3,047	26	-	3,073

(in € millions)	31.12.2020			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			Total
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	
AAA	85	9	-	94
AA	1,645	-	-	1,645
A	844	-	-	844
Other	219	15	-	235
TOTAL	2,794	24	-	2,818

Concentration of credit risk by geographical region

Financial assets at amortised cost

	31.12.2021			
	Carrying amount			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
(in € millions)				
France (incl. overseas departments and territories)	191,172	7,931	1,568	200,671
Other EU countries	13,639	263	52	13,954
Other European countries	556	66	2	623
Other	282	326	5	613
Impairments	(189)	(532)	(669)	(1,390)
TOTAL	205,460	8,054	958	214,472

	31.12.2020			
	Carrying amount			
	Performing assets (with or without credit deterioration)			Total
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	
(in € millions)				
France (incl. overseas departments and territories)	239,830	10,346	1,513	251,688
Other EU countries	12,248	288	76	12,611
Other European countries	51	36	1	88
Other	377	204	36	618
Loss allowances	(173)	(448)	(626)	(1,248)
TOTAL	252,333	10,426	999	263,758

Financial assets at fair value through OCI reclassifiable to profit or loss

	31.12.2021			
	Fair value			
	Performing assets (with or without credit deterioration)			
(in € millions)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
France (incl. overseas departments and territories)	113,758	21	-	113,778
Other EU countries	72,128	256	-	72,384
Other European countries	8,879	10	-	8,889
Other	32,977	92	-	33,069
TOTAL	227,742	379	-	228,121
<i>Of which loss allowances</i>	<i>(456)</i>	<i>(9)</i>	<i>-</i>	<i>(465)</i>

	31.12.2020			
	Fair value			
	Performing assets (with or without credit deterioration)			
(in € millions)	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
France (incl. overseas departments and territories)	121,038	60	-	121,098
Other EU countries	67,693	308	-	68,001
Other European countries	8,469	125	-	8,595
Other	32,532	163	-	32,695
TOTAL	229,732	656	-	230,388
<i>Of which loss allowances</i>	<i>(361)</i>	<i>(11)</i>	<i>-</i>	<i>(372)</i>

Off-balance sheet (financing commitments and guarantee contracts)

	31.12.2021			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			
(in € millions)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
France (incl. overseas departments and territories)	29,773	749	33	30,556
Other EU countries	598	154	0	753
Other European countries	63	3	0	66
Other	14	0	0	14
Loss allowances*	(52)	(40)	(5)	(97)
TOTAL	30,397	867	28	31,292

* Expected or incurred losses on off-balance sheet commitments are covered by loss allowances recorded in liabilities.

	31.12.2020			
	Commitment amount			
	Performing commitments (with or without credit deterioration)			
(in € millions)	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
France (incl. overseas departments and territories)	26,912	1,120	34	28,066
Other EU countries	425	8	0	433
Other European countries	8	0	0	8
Other	13	1	0	14
Loss allowances*	(46)	(50)	(3)	(99)
TOTAL	27,312	1,078	31	28,422

* Expected or incurred losses on off-balance sheet commitments are covered by loss allowances recorded in liabilities.

3.4 Market risk

Derivatives transactions: analysis by remaining life

The breakdown of the market value of derivatives by remaining life is presented below.

Hedging derivatives

	31.12.2021							
	Less than 1 year	1 to 5 years	Beyond 5 years	Total	Less than 1 year	1 to 5 years	Beyond 5 years	Total
(in € millions)	Assets				Liabilities			
Interest rate instruments	13	658	295	967	21	176	85	282
▶ Interest rate swaps	13	658	295	967	21	176	85	282
▶ Interest rate options, caps, floors, collars	-	-	-	-	-	-	-	-
Forex instruments	-	-	55	55	-	-	51	51
▶ Currency futures	-	-	55	55	-	-	51	51
Other instruments	-	-	-	-	-	-	-	-
TOTAL FAIR VALUE OF HEDGING DERIVATIVES	13	658	351	1,022	21	176	136	333

	31.12.2020							
	Less than 1 year	1 to 5 years	Beyond 5 years	Total	Less than 1 year	1 to 5 years	Beyond 5 years	Total
(in € millions)	Assets				Liabilities			
Interest rate instruments	11	766	665	1,443	11	327	346	684
▶ Interest rate swaps	11	766	665	1,443	11	327	346	684
▶ Interest rate options, caps, floors, collars	-	0	0	0	-	-	-	-
Forex instruments	-	-	-	-	7	-	72	79
▶ Currency futures	-	-	-	-	7	-	72	79
Other instruments	-	-	-	-	-	-	-	-
TOTAL FAIR VALUE OF HEDGING DERIVATIVES	11	766	665	1,443	18	327	418	763

Trading derivatives

	31.12.2021							
	Less than 1 year	1 to 5 years	Beyond 5 years	Total	Less than 1 year	1 to 5 years	Beyond 5 years	Total
	Assets				Liabilities			
(in € millions)								
Interest rate instruments	41	558	695	1,295	33	349	408	791
▶ Interest rate swaps	9	215	462	686	7	159	314	480
▶ Interest rate options, caps, floors, collars	33	343	233	608	26	191	94	311
Forex instruments	73	32	82	188	32	440	380	853
▶ Currency futures	73	32	82	188	32	440	380	853
Credit instruments	-	2	-	2	-	13	-	13
Equity and index instruments	142	664	12	818	73	554	0	627
Other instruments	-	-	-	-	1	4	-	4
TOTAL FAIR VALUE OF TRADING DERIVATIVES	256	1,257	790	2,303	139	1,360	788	2,288

	31.12.2020							
	Less than 1 year	1 to 5 years	Beyond 5 years	Total	Less than 1 year	1 to 5 years	Beyond 5 years	Total
	Assets				Liabilities			
(in € millions)								
Interest rate instruments	10	263	605	879	10	233	584	827
▶ Interest rate swaps	6	225	545	775	5	203	554	762
▶ Interest rate options, caps, floors, collars	5	39	61	104	5	30	30	65
Forex instruments	11	65	81	156	110	322	449	882
▶ Currency futures	11	65	81	156	110	322	449	882
Credit instruments	0	5	-	5	-	14	-	14
Equity and index instruments	89	302	8	399	14	62	0	77
Other instruments	-	-	-	-	-	8	-	8
TOTAL FAIR VALUE OF TRADING DERIVATIVES	110	636	694	1,440	135	638	1,034	1,807

3.5 Hedge accounting

3.5.1 General framework of the risk management strategy

3.5.1.1 General framework

Market risks correspond to the potential impact of changes in the financial markets on La Banque Postale's results or balance sheet. They include price risk, currency risk and commodities risk.

The majority of balance sheet items generate interest income and expenses that are exposed to changes in interest rates either through new transactions at rates that are not known in advance, or through comparative increases in the rate of existing transactions. In the first case, there is a risk of a change in cash flows, while in the second case, there is a fair value risk.

Since 1 January 2020, the Group has applied the transitional provisions of IFRS 9 concerning hedge accounting, by applying IFRS 9 to all hedging relationships except for portfolio fair value hedges for which it continues to apply IAS 39.

3.5.1.2 Reform of benchmark interest rates

The IBOR reform is designed to guarantee the long-term viability of contracts indexed to interbank rates. The reform implies replacing a current benchmark interest rate by an alternative benchmark adopted by all market players, or changing the method of determining the current benchmark.

It impacts euro zone rates (Eonia, Euribor) but also rates outside of the euro zone (Libor). Regulation (EU) No. 2016/1011 (Benchmark Regulation or "BMR"), is the European legislative response to the need to strengthen the regulatory framework applicable to benchmark interest rates, particularly Interbank Offered Rates (IBOR).

La Banque Postale Group is affected by the reform and by the associated regulations because some of its financial instruments are indexed on an IBOR that has been or will be replaced or determined by a different method. The Group knows the operational (products, IT), legal, accounting and other impacts to be significant.

Project organisation and governance structures have therefore been set up to prepare for the use of "risk free" rates and for the migration of existing transactions referencing IBOR that will successively mature after 2021 and 2023.

The project covers the following, among other things:

- ▶ mapping of the positions concerned by the rate reforms;
- ▶ updating contracts to comply with the BMR and new market practices;
- ▶ revision of existing contracts to include or improve fallback provisions applicable if the benchmark rate referred to in the contract no longer exists. Work in this area mainly focused on derivative contracts using Eonia (for the remuneration of collateral and for the indexation of coupons) and on Libor loans;

- ▶ the preparation of procedures to comply with the BMR;
- ▶ the updating of systems to handle new benchmark rates (SOFR, SONIA, TONA, SARON, €STR) and replace certain rates (Libor, Eonia);
- ▶ the management of legal, operational and financial risks generated by the reform;
- ▶ external and internal communications related to the benchmark rate reform.

Close attention was paid to dealing with the effects of the reform on all Group units, with the Corporate and Investment Banking unit taking the lead in managing the project due to its high exposure to benchmark rates. In each case, concrete and targeted action was taken whenever necessary, such as modifying the general terms and conditions of certain contracts or adapting systems to handle a new benchmark rate. Although Eonia and certain Libor rates will be discontinued as from 31 December 2021, work will likely continue on the transition project for some time yet given the existence of a large number of contracts in USD Libor, an index which is to be discontinued only as of 30 June 2023.

As a result of the reform, the contractual cash flows of financial instruments indexed on a benchmark rate change when the transition is made to an alternative benchmark rate. Given that the benchmark rates are different from one market to another, replacement will not take place at the same time and in the same way. During the period preceding replacement, there may be uncertainty about the timing and exact terms of the transition between the current and new interest rates. For instruments affected by the reform that are qualified either as hedged instruments or hedging instruments in a micro-hedging relationship based on IFRS 9, or a portfolio fair value hedging relationship based on IAS 39, these uncertainties may affect the Group's ability to meet certain prospective and retrospective measurement requirements.

The Group has assessed the degree of uncertainty to which its fair value hedging derivatives were exposed as of 31 December 2021. The main exposures concern the Eonia and Euribor and, to a lesser extent, the USD Libor.

At the replacement date, the basis for calculating the contractual cash flows of a financial asset/liability can be changed:

- ▶ either by modifying the contractual terms set on initial recognition of the financial instrument (e.g., in renegotiating the contract, the contractual terms can be modified to replace the benchmark interest rate initially stipulated in the contract with an alternative benchmark interest rate);
- ▶ or by applying external provisions that do not require any modification of the contractual clauses (e.g., the method of calculating a benchmark interest rate is modified without any resulting modifications to the contractual terms – Eonia is quoted by reference to €STER plus 8.5 bps since October 2019);
- ▶ or by activating an existing contractual clause (e.g., application of a contractual rate replacement clause, or fallback).

The transition arrangements differ depending on the index in question.

Euribor

In July 2019, the European Money Markets Institute (EMMI) was accredited by the French financial services and markets authority (FSMA) as Euribor administrator, fulfilling the requirements of the BMR. Euribor can therefore continue to be used for new and existing contracts. The Group does not expect the Euribor to be abolished in the foreseeable future, including as the underlying for interest rate hedges.

Eonia

The European Money Markets Institute (EMMI), the administrator of Eonia, announced that it would stop publishing this index after 31 December 2021⁽¹⁾ ahead of the entry into force of the BMR (EU 2016/1011).

Following the announcement that Eonia would stop being published, the working group of the European Central Bank (ECB) recommended⁽²⁾ that the Euro Short Term Rate (€STR), plus 0.085%, be used as the fallback rate for the Eonia. This recommendation resulted from a consultation conducted by the working group⁽³⁾ and from studies on the trends in these two rates. Since 1 October 2019, Eonia has been calculated by adding 0.085% to the €STR.

La Banque Postale considered that its Eonia-indexed contracts should be replaced by €STR plus 0.085%, or by €STR but with a balancing payment to offset the absence of the spread.

In 2021 and early 2022, indexation was changed for the following Eonia contracts:

- ▶ derivatives cleared through clearing houses: La Banque Postale held Eonia-indexed derivatives contracts (swaps) that were cleared through the LCH and Eurex clearing houses using clearing brokers. Shortly before Eonia was discontinued, the two clearing houses decided to switch indexation for these products from Eonia to €STR by cancelling existing contracts on 15 October and booking new €STR contracts on 16 October. The difference of 0.085% between Eonia and €STR was offset by means of balancing payments made or received by the clearing houses in order to maintain economic equivalence before and after the switch for each counterparty;
- ▶ derivatives with counterparties other than clearing houses: La Banque Postale held Eonia-indexed derivatives (swaps) with counterparties other than clearing houses. In this case, amendments were signed to the framework contracts governing these products to provide for the discontinuation of the index, with Eonia to be replaced as from the date of its discontinuation by €STR plus 0.085%. This was also applied to intragroup swaps;
- ▶ financing products: La Banque Postale offers various financing solutions to its customers that can reference Eonia. These typically consist of loans or short-term financing such as overdrafts or cash facilities. The same approach was applied to all products where La Banque Postale was the customer's sole counterparty (bilateral financing), with Eonia replaced by €STR plus 0.085% from 3 January 2022 (inclusive), i.e., the first day of interest accrual for which Eonia

was not published. Adjustments were made to syndicated facilities according to the needs of the final borrower and the contractual terms and conditions. The adjustments were agreed with the broker, but always involved replacing Eonia by €STR plus 0.085%.

Libor

Ice Benchmark Administration (IBA), the administrator of Libor, announced that it would stop publishing the 1-week and 2-month CHF, EUR, JPY, GBP and USD Libor indices as from 31 December 2021. The 1, 3, 6, and 12-month USD Libors would cease to be published as from 30 June 2023. Shortly before these indices were discontinued, financial market bodies such as central banks, working groups focused on alternative interest rates and associations such as the International Swaps and Derivatives Association (ISDA) issued recommendations and forms to enable counterparties to modify their Libor contracts. Unlike Eonia, however, no single fallback rate exists that could replace Libor in contracts without any further modifications. However, guidelines on the rates to be used and the methods of calculation have generally been issued by competent authorities or the associations in charge of the framework contracts.

La Banque Postale has respected market practice and modified its Libor contracts as follows:

- ▶ derivatives: La Banque Postale did not hold any Libor derivatives other than USD Libor, one week and two month difference, so there was no change to the Libor index for these products. Its USD Libor products are either held with clearing houses or are covered by a framework contract that will be amended *via* a memorandum of understanding or addendum. The number of these contracts is expected to fall as the FCA has banned the use of USD Libor for all new transactions as from 31 December 2021;
- ▶ financing products: Some La Banque Postale financing products reference Libor, particularly Revolving Credit Facilities and Term Loans. These contracts are usually syndicated with an external calculation agent. These products may have undergone two distinct changes: either (i) they were modified in order to switch their Libor index to the corresponding risk-free rate (RFR) – calculated based on the recommendations of the competent authorities – plus a spread accepted by market practices (generally the spread used by ISDA⁽⁴⁾), or (ii) they referenced a synthetic Libor rate published by ICE in cases where contracts are difficult to modify (known as “tough legacy” contracts). All such modifications were reviewed before upstream by both the legal and technical teams (business and support) to ensure a seamless transition and minimise operational risk.

Applying the benchmark index reform did not expose La Banque Postale to any major risk. However, some risks emerged while the project was in progress. Firstly, a legal risk arising from the difficulty of identifying all contracts affected by the discontinuation of certain indices, but also from regulatory guidelines that are vague or clarified only shortly before they come into force. Secondly, the change in benchmark rates involved major changes to systems, giving rise to an operational risk. To date, neither of these two risks has materialised to any significant degree.

1) Announcement by EMMI: https://www.emmi-benchmarks.eu/assets/files/D0194C-2019 Eonia_consultation_feedback_press_release.pdf

2) Announcement of the publication of the Legal Action Plan for the transition from Eonia to €STR <https://www.ecb.europa.eu/press/pr/date/2019/html/ceb.pr190716-0383b60ab0.en.html>

3) https://www.ecb.europa.eu/paym/pdf/cons/euro_risk-free_rates/ecb.summaryofresponses01_201906.en.pdf

4) Although ISDA focuses on derivatives, the various working groups and authorities (e.g., Alternative Reference Rates Committee, UK Financial Conduct Authority) also recommended using it for financing products.

At 31 December 2021, the breakdown by significant benchmark of instruments referenced to the previous benchmark rates that

have to switch to the new rates before they mature is as follows:

(in € millions)	Book value of financial assets (excluding derivatives)	Book value of financial liabilities (excluding derivatives)	Notional amount of derivatives
Eonia	381	-	8,493
Euribor	12,331	1,625	81,566
EUR Libor	-	-	-
USD Libor	257	522	1,536
GBP Libor	243	-	104
CHF Libor	-	-	-
TIBOR	-	-	-
Other	215	-	173

3.5.1.3 Type of hedge – management of associated risks

The Group uses derivatives to hedge market risks as part of its asset/liability and risk management policies.

These economic hedges are subject to different accounting treatments.

Derivatives held for trading are accounted for on a symmetrical basis with the underlying; they do not form part of a hedging relationship and do not qualify for hedge accounting.

Derivatives that form part of a hedging relationship which qualifies for hedge accounting under IFRS 9 and the provisions of IAS 39 concerning portfolio fair value hedges, are classified as either fair value hedges or cash flow hedges.

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of financial assets or liabilities. Fair value hedges are primarily used to hedge the interest rate risk on fixed-rate assets and liabilities, as well as on demand deposits on the basis allowed by the European Union. In a fair value hedge, the effective portion of the gain or loss on the hedging instrument offsets the loss or gain on the hedged item. The difference between the two amounts corresponds to the ineffective portion of the gain or loss on the hedging instrument, which has a net impact on profit or loss.

Cash flow hedges and all-in-one cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows from financial assets or liabilities, firm commitments or future transactions. Cash flow hedges are used to hedge the interest rate risk on adjustable-rate assets and liabilities. Derivatives used for cash flow hedging fix the amount of future cash flows. In the particular case of forwards, they act as an “all-in-one” cash flow hedge which is automatically effective because the contract covers both the derivative and the underlying to be delivered (hence the term “all-in-one”).

Portfolio fair value hedges

Portfolio fair value hedging transactions carried out in connection with the management of fixed rate assets and liabilities are accounted for in accordance with IAS 39, as adopted by the European Union.

Portfolio fair value hedging instruments are mainly interest rate swaps designated as fair value hedges of the Group's fixed-rate assets and liabilities. The Group uses the bottom-layer approach whereby only part of the total value of portfolio items allocated to a time bucket (“the bottom layer”) is hedged by the swaps. This is called the bottom-layer approach. In the case of over-hedging, the effectiveness test performed by La Banque Postale Group shows that it is ineffective, and the hedging derivative is systematically terminated.

3.5.1.4 Hedging instruments

La Banque Postale Group uses several types of hedging derivatives to manage the interest rate and currency risks on its balance sheet items.

An interest rate swap is an over-the-counter contract whereby a stream of fixed-rate interest payments on a notional amount is exchanged for a stream of variable-rate interest payments on the same amount. The swaps used by the Group are mainly Overnight Index Swaps.

An interest rate option is an over-the-counter contract between two counterparties protecting the option buyer from an increase in the underlying interest rate above a certain level. The options used by the Group in the past were caps entitling it to a cash payment if the underlying interest rate rose above a pre-determined level (the strike rate) in exchange for a premium generally payable when the option was purchased.

The currency swaps used by the Group are cross currency swaps whereby the Group pays principal and fixed-rate interest in foreign currency and receives principal and variable rate interest in euros. In this way, the cross currency swap provides both financing in foreign currency and an economic hedge of the currency risk. The foreign currency and euro cash flows are perfectly matched in terms of amounts, dates and payments.

Scopes and economic links to the hedged risk (the underlying)

3.5.1.5 Underlyings

La Banque Postale Group hedges balance sheet transactions (both customer and financial transactions) using derivatives set up with market counterparties. These transactions depend on the business model of the portfolios.

They stem from different hedging strategies that aim primarily to hedge the interest rate risk.

Hedged item	Derivative	Hedge
Fixed-rate loans	Fixed-rate payer swap	CO-FVH: carve-out fair value hedge
Fixed-rate loans	Fixed-rate payer swap	FVH: fair value hedge
Variable-rate loans	Fixed-rate receiver swap	CFH: cash flow hedge*
Fixed-rate securities purchased	Fixed-rate payer swap	CO-FVH: carve-out fair value hedge
Fixed-rate securities purchased	Fixed-rate payer swap	FVH: fair value hedge
Fixed-rate forward securities purchased	Forward	"all-in-one CFH": all-in-one cash flow hedge
Assets with capped revisable rates	Purchased cap	CO-FVH: carve-out fair value hedge
Fixed-rate customer deposits	Fixed-rate receiver swap	CO-FVH: carve-out fair value hedge
Fixed-rate bond issue	Fixed-rate receiver swap	FVH: fair value hedge

* Position closed out end-2018

Underlying assets

The hedged risk corresponds to the amount represented by the interest rate risk on fixed-rate bonds and customer loans (home loans, consumer credit), and by the interest rate risk on future cash flows (purchases of long-term bonds).

Underlying liabilities

The hedged risk corresponds to the amount represented by the interest rate risk on fixed-rate customer deposits (demand deposits, PEL home-saving plan) and fixed-rate bond issues.

3.5.1.6 Sources of hedge ineffectiveness

Hedging a security by a swap

There are two types of fair value hedges:

Euribor hedges: Euribor hedges are valued using a Euribor discount curve for the securities and an Eonia curve for derivatives. The use of two different discount curves creates a slight hedge ineffectiveness that will become greater when the Eonia-Euribor spread varies over time (ineffectiveness stemming from the changes in fair value of the variable leg of the swap, when this rate is not an overnight rate (like the Eonia) but a pre-set rate (like the Euribor)).

Eonia hedges: Eonia hedges are valued using an Eonia discount curve for both the securities and the derivatives. The mathematical hedge is thus perfect between the security and the swap (security discounted using Eonia with adjustment of the credit component and swap discounted using Eonia), which is why this type of hedge is considered to be 100% effective and no effectiveness test is required.

Hedging several securities with several swaps

By applying the defined principles, it is possible to obtain a simplified documented hedging relationship that is **100% effective**, while accurately managing the accounting treatment of the interest rate hedge component and notably the reclassification to profit or loss of hedging gains or losses according to the securities transactions.

The securities and their hedge (a swap or, exceptionally, several swaps) are grouped together by portfolio fair value hedging strategy. Each portfolio fair value hedging strategy respects the following restrictions:

1. maturities of the securities and swaps in the strategy must be in the same time bucket of a maximum of one year;
2. the notional amount of the swap in the strategy must be less than the total principal amount of the securities;
3. the maturity of the swap in the strategy must be less than or equal to the shortest maturity of the securities in the strategy;
4. the sensitivity of the swap in the strategy must be less than or equal to the overall sensitivity of the securities;
5. if there are several swaps in the strategy they must all be executed on the same day;
6. once the securities and the swap(s) are matched, no other securities may be purchased in the strategy, only sales of securities and unwinding of the swaps are authorised.

Within this management framework, once a hedging strategy is set up, new securities or new swaps cannot be added to it. This guarantees that all securities and all swaps undergo the same changes in value (with respect to interest rate risk) over the hedging period.

La Banque Postale has set rules for unwinding hedges by tracking the principal amount of sold securities, strategy by strategy in order to comply with the above restrictions at all times, and partially terminating, on the day the securities are sold, the outstanding amount of the swap that exceeds the aggregate principal amount of the remaining securities. In the case of over-hedging, the effectiveness test performed by the Group fails and the hedging derivative is systematically terminated for the ineffective portion.

Portfolio fair value hedging: the sources of ineffectiveness consist mainly of the disappearance of the underlying.

3.5.1.7 Hedging ratio

The hedging ratio (quantity of hedged items/quantity of hedging instruments) is used by the La Banque Postale Group in its operational risk management.

To calculate the ratio, at each reporting date the backward-looking documentation is reviewed to verify that the change in the value of the hedged item since the beginning of the hedging relationship is the same as the change in the hedging instrument. Any valuation difference represents the ineffective portion of the gain or loss on the hedge and is recognised in the income statement.

3.5.1.8 Effectiveness test

The Group performs an effectiveness test at least twice during each half-year period.

Cash flow hedges

For cash flow hedges, the Group uses the hypothetical derivative method. This method consists of comparing changes in fair value of the derivative with changes in the fair value of a hypothetical derivative that would perfectly represent the hedged risk.

Fair value hedges**Hedging a security by a swap**

For micro-hedging using Euribor swaps, the Group uses the hypothetical derivative method. Based on the assumption that Eonia swaps are 100% effective in micro-hedging, the method consists of creating an Eonia swap replicating the underlying

security exactly that could have been set up at the time of hedging, and assessing the change in the value of this swap compared with the change in that of the actual swap.

The residual ineffectiveness thus corresponds to the sum of the changes in value of the hedged item and the hedging instrument. The security and the swap are valued using the same constant yield curve, so that only the market exchange rate is taken into account. The change in the value of the security valued this way is independent of the changes in value of the interest rates and is therefore affected solely by the change in the exchange rate. If the effectiveness test fails, Group rules impose the sale of all or part of the hedged security. In this case, effectiveness tests are performed before and after the sale to ensure that the sale eliminates the hedge ineffectiveness.

Hedging several securities by a swap

For monitoring purposes, hedging strategies are documented on a rolling basis to confirm that no new securities have been added to the strategy and that existing positions have not been added to.

Hedging of several loans by several swaps (bottom-layer approach/IAS 39 carve out)

For a sub-set of fixed-rate customer loans, tests are performed to verify that the value of the loans in the time bucket represent more than the notional amount of the derivatives (swaps or options) used to hedge them (i.e., only the bottom layer is hedged). If the notional amount of the derivatives is greater, the hedging relationship is discontinued, and the derivative(s) is/are systematically unwound.

Fair value and cash flow hedging derivatives

The breakdown of fair value and cash flow hedging derivatives is shown below:

(in € millions)	31.12.2021		
	Assets	Liabilities	Notional amount*
Interest rate instruments	967	282	45,305
▶ Interest rate swaps	967	282	45,305
▶ Interest rate options, caps, floors, collars	-	-	-
Forex instruments	0	0	1,152
▶ Currency futures	0	0	1,152
Other instruments	-	-	-
TOTAL FAIR VALUE HEDGING DERIVATIVES	967	282	46,458
Interest rate instruments	-	-	-
▶ Interest rate swaps	-	-	-
Forex instruments	55	50	1,060
▶ Currency futures	55	50	1,060
Other instruments	-	-	-
TOTAL CASH FLOW HEDGING DERIVATIVES	55	50	1,060
TOTAL HEDGING DERIVATIVES	1,022	333	47,517

* The notional amounts of hedging derivatives falling within the scope of application of the amendment to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform, are as follows:

Notional amounts of FVH derivatives by maturity (in € millions)	31.12.2021	
	3 years	>3 years
Eonia	5,130	3,056
USD Libor	728	171

The notional amounts of hedging derivatives excluded* from the scope of application of the amendment to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform, are as follows:

Notional amounts of FVH derivatives by maturity (in € millions)	31.12.2021	
	3 years	>3 years
Euribor	4,269	5,371

* No uncertainty about the Euribor as explained above (see Section 3.5.1.2).

These notional amounts of hedging derivatives are analysed before and after the three-year maturity, which is the period between 1 January 2022 and 31 December 2024. When a banking institution that contributes to the calculation of a critical benchmark rate decides to leave the panel, it remains committed for a period of three years as of 1 January 2022, renewable annually thereafter.

(in € millions)	31.12.2020		
	Assets	Liabilities	Notional amount
Interest rate instruments	1,443	684	51,596
▶ Interest rate swaps	1,443	684	51,477
▶ Interest rate options, caps, floors, collars	0	-	119
Forex instruments	-	-	798
▶ Currency futures	-	-	798
Other instruments	-	-	-
TOTAL FAIR VALUE HEDGING DERIVATIVES	1,443	684	52,394
Interest rate instruments	0	-	140
Forex instruments	-	79	741
▶ Currency futures	-	79	741
Other instruments	-	-	-
TOTAL CASH FLOW HEDGING DERIVATIVES	0	79	881
TOTAL HEDGING DERIVATIVES	1,443	763	53,275

Hedging derivatives: analysis by residual life (notional amounts)

The breakdown of the notional amounts of derivative instruments by residual contractual life is presented below.

(in € millions)	31.12.2021			
	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Interest rate instruments	5,555	32,619	7,131	45,305
▶ Interest rate swaps	5,555	32,619	7,131	45,305
▶ Interest rate options, caps, floors, collars	-	-	-	-
Forex instruments	-	100	1,053	1,152
▶ Currency futures	-	100	1,053	1,152
Other instruments	-	-	-	-
TOTAL NOTIONAL AMOUNT OF FAIR VALUE HEDGING DERIVATIVES	5,555	32,718	8,184	46,458
Interest rate instruments	-	-	-	-
Forex instruments	-	-	1,060	1,060
▶ Currency futures	-	-	1,060	1,060
Other instruments	-	-	-	-
TOTAL NOTIONAL AMOUNT OF CASH FLOW HEDGING DERIVATIVES	-	-	1,060	1,060
TOTAL NOTIONAL AMOUNT OF HEDGING DERIVATIVES	5,555	32,718	9,244	47,517

(in € millions)	31.12.2020			
	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Interest rate instruments	5,597	35,263	10,736	51,596
▶ Interest rate swaps	5,555	35,208	10,714	51,477
▶ Interest rate options, caps, floors, collars	42	55	22	119
Forex instruments	340	-	459	798
▶ Currency futures	340	-	459	798
Other instruments	-	-	-	-
TOTAL NOTIONAL AMOUNT OF FAIR VALUE HEDGING DERIVATIVES	5,937	35,263	11,194	52,394
Interest rate instruments	140	-	-	140
Forex instruments	334	-	407	741
▶ Currency futures	334	-	407	741
Other instruments	-	-	-	-
TOTAL NOTIONAL AMOUNT OF CASH FLOW HEDGING DERIVATIVES	474	-	407	881
TOTAL NOTIONAL AMOUNT OF HEDGING DERIVATIVES	6,410	35,263	11,602	53,275

Fair value hedges

Hedged items

Fair value micro-hedging

	31.12.2021			
	Existing hedges		Discontinued hedges	Hedging-related changes in fair value (incl. hedges discontinued during the year)
	Book value	including hedging-related cumulative change in fair value	Deferred cumulative hedging-related change in fair value	
(in € millions)				
ASSETS				
Interest rate	8,916	(7)	-	(332)
Forex	100	(0)	-	0
Other	-	-	-	-
Financial instruments at fair value through OCI	9,015	(7)	-	(332)
Interest rate	639	4	-	(11)
Forex	-	-	-	-
Other	-	-	-	-
Financial instruments at amortised cost	639	4	-	(11)
LIABILITIES				
Interest rate	10,063	257	-	(308)
Forex	-	-	-	-
Other	-	-	-	-
Financial instruments at amortised cost	10,063	257	-	(308)

	31.12.2020			
	Existing hedges		Discontinued hedges	Hedging-related changes in fair value (incl. hedges discontinued during the year)
	Book value	including hedging-related cumulative change in fair value	Deferred cumulative hedging-related change in fair value	
(in € millions)				
ASSETS				
Interest rate	12,333	325	-	105
Forex	-	-	-	-
Other	-	-	-	-
Financial instruments at fair value through OCI	12,333	325	-	105
Interest rate	1,000	14	-	2
Forex	-	-	-	-
Other	182	-	-	-
Financial instruments at amortised cost	1,181	14	-	2
LIABILITIES				
Interest rate	11,195	565	-	88
Forex	-	-	-	-
Other	-	-	-	-
Financial instruments at amortised cost	11,195	565	-	88

Portfolio fair value hedges

	31.12.2021	31.12.2020
	Carrying amount	Carrying amount
(in € millions)		
Debt instruments at fair value through OCI	-	-
Debt instruments at amortised cost	11,585	13,300
Total assets	11,585	13,300
Debt instruments at amortised cost	14,079	14,144
Total liabilities and equity	14,079	14,144
TOTAL FAIR VALUE HEDGING OF THE INTEREST RATE RISK EXPOSURE OF A PORTFOLIO OF FINANCIAL INSTRUMENTS	25,664	27,444

Fair value hedging gains and losses

Hedge accounting results are also presented in Note 5.3 “Net gain or loss on financial instruments at fair value through profit or loss”.

	31.12.2021		
	Net hedging gain/loss		
	Changes in fair value of hedging instruments (incl. discontinued hedges)	Changes in fair value of hedged items (incl. discontinued hedges)	Ineffective portion of the gains/losses
(in € millions)			
Interest rate	(130)	125	(5)
Forex	1	(1)	0
Other	-	-	-
TOTAL	(129)	124	(5)

	31.12.2020		
	Net hedging gain/loss		
	Changes in fair value of hedging instruments (incl. discontinued hedges)	Changes in fair value of hedged items (incl. discontinued hedges)	Ineffective portion of the gains/losses
(in € millions)			
Interest rate	(145)	145	0
Forex	9	(8)	0
Other	-	-	-
TOTAL	(136)	137	0

Cash flow hedges

Hedged items

(in € millions)	31.12.2021		
	Existing hedges	Discontinued hedges	Hedging-related changes in fair value (incl. hedges discontinued during the year)
	Cumulative hedging-related change in fair value	Deferred cumulative hedging-related change in fair value	
ASSETS			
Interest rate	-	27	(0)
Forex	-	20	42
Other	-	-	-
TOTAL	-	47	42

(in € millions)	31.12.2020		
	Existing hedges	Discontinued hedges	Hedging-related changes in fair value (incl. hedges discontinued during the year)
	Cumulative hedging-related change in fair value	Deferred cumulative hedging-related change in fair value	
ASSETS			
Interest rate	0	31	0
Forex	(22)	-	(1)
Other	-	-	-
TOTAL	(22)	31	(1)

Cash flow hedging gains and losses

(in € millions)	31.12.2021		
	Other comprehensive income		Net hedging gain/loss
	Effective portion of hedging gain/loss recognised during the year	Amount recognised in OCI and reclassified to profit or loss during the year	Ineffective portion of the hedging gains and losses
Interest rate	-	(4)	-
Forex	106	(64)	-
Other	-	-	-
TOTAL	106	(67)	-

(in € millions)	31.12.2020		
	Other comprehensive income		Net hedging gain/loss
	Effective portion of hedging gain/loss recognised during the year	Amount recognised in OCI and reclassified to profit or loss during the year	Ineffective portion of the hedging gains and losses
Interest rate	0	(16)	-
Forex	(67)	66	9
Other	-	-	-
TOTAL	(67)	50	9

NOTE 4 NOTES TO THE BALANCE SHEET**4.1 Cash, central banks**

(in € millions)	31.12.2021	31.12.2020
Cash	1,116	1,283
Central banks*	49,696	500
CASH, CENTRAL BANKS	50,812	1,783

* The balance at 31 December 2021 includes a B1 impairment loss of €1.7 million.

4.2 Financial assets at fair value through profit or loss

(in € millions)	31.12.2021				TOTAL
	Financial assets held for trading	Designated as at fair value	Non-SPPI fair value and equity instruments	Assets backing unit-linked contracts	
Derivative instruments	2,303	-	-	-	2,303
▶ Interest rate	1,295	-	-	-	1,295
▶ Foreign exchange	188	-	-	-	188
▶ Credit	2	-	-	-	2
▶ Equity and index	818	-	-	-	818
▶ Other	-	-	-	-	-
Debt instruments	1,442	5,717	96,389	73,742	177,291
▶ Government paper and equivalents	-	3,438	878	15,725	20,041
▶ Bonds and other fixed-income securities	1,442	2,279	18,203	9,079	31,003
▶ UCITS	-	-	77,309	48,938	126,247
Equity instruments	0	-	39,364	4,737	44,101
▶ Equities and other variable-income securities	0	-	39,364	4,737	44,101
Loans and advances	2,201	-	5,607	-	7,807
▶ Credit institutions	-	-	-	-	-
▶ Customers	2,201	-	5,607	-	7,807
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	5,946	5,717	141,360	78,479	231,502
Derivative instruments	2,288	-	-	-	2,288
▶ Interest rate	791	-	-	-	791
▶ Foreign exchange	853	-	-	-	853
▶ Credit	13	-	-	-	13
▶ Equity and index	627	-	-	-	627
▶ Other	4	-	-	-	4
Debt securities	-	2,047	-	-	2,047
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	2,288	2,047	-	-	4,335

	31.12.2020				TOTAL
	Financial assets held for trading	Designated as at fair value	Non-SPPI fair value and equity instruments	Assets backing unit-linked contracts	
(in € millions)					
Derivative instruments	1,440	-	-	-	1,440
▶ Interest rate	879	-	-	-	879
▶ Foreign exchange	156	-	-	-	156
▶ Credit	5	-	-	-	5
▶ Equity and index	399	-	-	-	399
▶ Other	-	-	-	-	-
Debt instruments	3,929	6,012	79,689	57,236	146,866
▶ Government paper and equivalents	1,084	3,667	1,077	12,803	18,630
▶ Bonds and other fixed-income securities	2,845	2,345	15,224	8,619	29,033
▶ UCITS	-	-	63,389	35,814	99,203
Equity instruments	0	-	34,104	4,071	38,175
▶ Equities and other variable-income securities	0	-	34,104	4,071	38,175
Loans and advances	2,446	-	6,845	-	9,291
▶ Credit institutions	-	-	-	-	-
▶ Customers	2,446	-	6,845	-	9,291
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	7,815	6,012	120,638	61,307	195,772
Derivative instruments	1,807	-	-	-	1,807
▶ Interest rate	827	-	-	-	827
▶ Foreign exchange	882	-	-	-	882
▶ Credit	14	-	-	-	14
▶ Equity and index	77	-	-	-	77
▶ Other	8	-	-	-	8
Debt securities	-	1,614	-	-	1,614
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	1,807	1,614	-	-	3,421

Derivatives held for trading

(in € millions)	31.12.2021		
	Assets	Liabilities	Notional amount
Interest rate instruments	1,295	791	246,774
▶ Futures	-	-	1,816
▶ Interest rate swaps	686	480	60,162
▶ Options, caps, floors, collars	608	311	184,796
Forex instruments	188	853	13,305
▶ Currency futures	188	853	13,248
▶ Currency options	-	-	57
Credit instruments	2	13	715
Equity and index instruments	818	627	29,395
Other instruments	-	4	1,090
TOTAL DERIVATIVES HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT OR LOSS	2,303	2,288	291,279

(in € millions)	31.12.2020		
	Assets	Liabilities	Notional amount
Interest rate instruments	879	827	214,492
▶ Futures	-	-	1,170
▶ Interest rate swaps	775	762	46,259
▶ Options, caps, floors, collars	104	65	167,062
Forex instruments	156	882	5,326
▶ Currency futures	156	882	5,326
▶ Currency options	-	-	-
Credit instruments	5	14	1,083
Equity and index instruments	399	77	4,117
Other instruments	-	8	1,461
TOTAL DERIVATIVES HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT OR LOSS	1,440	1,807	226,480

4.3 Hedging derivatives

Detailed information is provided in Note 3.5 "Hedge accounting".

4.4 Financial assets at fair value through other comprehensive income

(in € millions)	31.12.2021							
	Fair value				Of which loss allowances			
	B1	B2	B3	TOTAL	B1	B2	B3	TOTAL
Financial assets at fair value through OCI not reclassifiable to profit or loss	-	-	-	392	-	-	-	-
Equity instruments	-	-	-	392	-	-	-	-
▶ Equities and other variable-income securities	-	-	-	189	-	-	-	-
▶ Other securities held as long-term investments	-	-	-	-	-	-	-	-
▶ Investments in non-consolidated companies	-	-	-	203	-	-	-	-
Financial assets at fair value through OCI reclassifiable to profit or loss	227,742	379	-	228,121	(456)	(9)	-	(465)
Debt instruments	227,742	379	-	228,121	(456)	(9)	-	(465)
▶ Government paper and equivalents	122,875	-	-	122,875	(71)	-	-	(71)
▶ Bonds and other fixed-income securities	104,867	379	-	105,246	(385)	(9)	-	(394)
Loans and advances to credit institutions	-	-	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI	-	-	-	228,513	-	-	-	(465)

(in € millions)	31.12.2020							
	Fair value				Of which loss allowances			
	B1	B2	B3	TOTAL	B1	B2	B3	TOTAL
Financial assets at fair value through OCI not reclassifiable to profit or loss	-	-	-	391	-	-	-	-
Equity instruments	-	-	-	391	-	-	-	-
▶ Equities and other variable-income securities	-	-	-	170	-	-	-	-
▶ Other securities held as long-term investments	-	-	-	2	-	-	-	-
▶ Investments in non-consolidated companies	-	-	-	219	-	-	-	-
Financial assets at fair value through OCI reclassifiable to profit or loss	229,732	656	-	230,388	(361)	(11)	-	(372)
Debt instruments	229,732	656	-	230,388	(361)	(11)	-	(372)
▶ Government paper and equivalents	125,387	-	-	125,387	(56)	-	-	(56)
▶ Bonds and other fixed-income securities	104,345	656	-	105,001	(305)	(11)	-	(316)
Loans and advances to credit institutions	-	-	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI	-	-	-	230,779	-	-	-	(372)

5

Financial assets at fair value through OCI not reclassifiable to profit or loss

(in € millions)	31.12.2021	
	Fair value	Unrealised gains/losses
Equities, other variable-income securities and other securities held as long-term investments	189	0
Investments in non-consolidated companies	203	(19)
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI NOT RECLASSIFIABLE TO PROFIT OR LOSS	392	(19)
Tax		1
Gains and losses recognised directly in OCI on financial assets at fair value through OCI not reclassifiable to profit or loss (net of tax)		(18)

(in € millions)	31.12.2020	
	Fair value	Unrealised gains/losses
Equities, other variable-income securities and other securities held as long-term investments	171	1
Investments in non-consolidated companies	219	15
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI NOT RECLASSIFIABLE TO PROFIT OR LOSS	391	16
Tax		(1)
Gains and losses recognised directly in OCI on financial assets at fair value through OCI not reclassifiable to profit or loss (net of tax)		15

Investments in financial assets at fair value through OCI not reclassifiable to profit or loss that were derecognised during the period

(in € millions)	31.12.2021	
	Fair value at the date of derecognition	Cumulative realised gains/losses*
Equities and other variable-income securities	0	-
Investments in non-consolidated companies	1	1
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI NOT RECLASSIFIABLE TO PROFIT OR LOSS	1	1
Tax		-
Gains and losses recognised directly in OCI on financial assets at fair value through OCI not reclassifiable to profit or loss (net of tax)		1

* Realised gains and losses are transferred to consolidated reserves at the time of derecognition of the instrument in question.

(in € millions)	31.12.2020	
	Fair value at the date of derecognition	Cumulative realised gains/losses*
Equities and other variable-income securities	-	-
Investments in non-consolidated companies	21	20
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI NOT RECLASSIFIABLE TO PROFIT OR LOSS	21	20
Tax		-
Gains and losses recognised directly in OCI on financial assets at fair value through OCI not reclassifiable to profit or loss (net of tax)		20

* Realised gains and losses are transferred to consolidated reserves at the time of derecognition of the instrument in question.

Financial assets at fair value through OCI reclassifiable to profit or loss

	31.12.2021	
(in € millions)	Fair value	Unrealised gains/losses
Government paper and equivalents	122,875	
Bonds	105,246	
Total debt instruments	228,121	(1,094)
Total loans and receivables		
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS	228,121	(1,094)
Tax		581
Gains and losses recognised directly in OCI on financial assets at fair value through OCI reclassifiable to profit or loss (net of tax)		(513)

	31.12.2020	
(in € millions)	Fair value	Unrealised gains/losses
Government paper and equivalents	125,387	
Bonds	105,001	
Total debt instruments	230,388	3,950
Total loans and receivables		
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS	230,388	3,950
Tax		(836)
Gains and losses recognised directly in OCI on financial assets at fair value through OCI reclassifiable to profit or loss (net of tax)		3,114

4.5 Securities at amortised cost

(in € millions)	31.12.2021						
	Gross carrying amount			Loss allowances			Net carrying amount
	B1	B2	B3	B1	B2	B3	
Government paper and equivalents	22,145	10	-	(3)	0	-	22,153
Bonds and other fixed-income securities	1,101	254	-	(8)	(26)	-	1,321
Subordinated securities	6	-	-	0	-	-	6
SECURITIES AT AMORTISED COST	23,252	265	-	(10)	(26)	-	23,480

(in € millions)	31.12.2020						
	Gross carrying amount			Loss allowances			Net carrying amount
	B1	B2	B3	B1	B2	B3	
Government paper and equivalents	21,882	10	-	(1)	0	-	21,891
Bonds and other fixed-income securities	1,895	246	15	(5)	(18)	(6)	2,127
Subordinated securities	-	-	-	-	-	-	-
SECURITIES AT AMORTISED COST	23,777	256	15	(6)	(18)	(6)	24,018

4.6 Loans and advances to credit institutions

(in € millions)	2021						
	Gross carrying amount			Loss allowances			Net carrying amount
	B1	B2	B3	B1	B2	B3	
Demand deposits with credit institutions	2,261	-	-	0	-	-	2,261
Current accounts in debit	2,257	-	-	0	-	-	2,257
Overnight accounts and loans	-	-	-	-	-	-	-
Suspense accounts	4	-	-	-	-	-	4
Term loans and advances to credit institutions	65,507	-	-	(6)	-	-	65,501
Loans and advances	122	-	-	0	-	-	122
Deposits centralised with Caisse des dépôts	65,049	-	-	(2)	-	-	65,047
Securities and other assets purchased under collateralised reverse repurchase agreements	336	-	-	(4)	-	-	332
Subordinated loans	78	-	-	0	-	-	78
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	67,846	-	-	(6)	-	-	67,840

(in € millions)	31.12.2020						
	Gross carrying amount			Loss allowances			Net carrying amount
	B1	B2	B3	B1	B2	B3	
Demand deposits with credit institutions	43,652	-	-	0	-	-	43,652
Current accounts in debit	2,143	-	-	0	-	-	2,142
Overnight accounts and loans	41,500	-	-	-	-	-	41,500
Suspense accounts	10	-	-	-	-	-	10
Term loans and advances to credit institutions	70,732	-	-	(1)	-	-	70,731
Loans and advances	412	-	-	0	-	-	411
Deposits centralised with Caisse des dépôts	67,521	-	-	(1)	-	-	67,521
Securities and other assets purchased under collateralised reverse repurchase agreements	2,799	-	-	0	-	-	2,799
Subordinated loans	101	-	-	0	-	-	101
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	114,486	-	-	(1)	-	-	114,484

4.7 Loans and advances to customers

	31.12.2021						
	Gross carrying amount			Loss allowances			Net carrying amount
(in € millions)	B1	B2	B3	B1	B2	B3	
Loans and advances to customers repayable on demand	5,216	112	155	(15)	(21)	(83)	5,364
Retail current accounts in debit	412	38	73	(5)	(5)	(60)	452
Corporate current accounts in debit	477	7	18	(1)	(1)	(14)	486
Factoring accounts	4,187	66	59	(9)	(16)	(5)	4,282
Suspense accounts	70	-	3	-	-	(3)	70
Other loans and advances to customers repayable on demand	70	2	3	-	-	(1)	74
Term loans and advances to customers	106,161	7,965	1,375	(152)	(474)	(551)	114,325
Corporate	27,313	3,269	381	(76)	(284)	(107)	30,498
Short-term credit facilities	6,476	765	243	(11)	(40)	(78)	7,354
Real estate loans	11,932	1,138	63	(17)	(66)	(13)	13,037
Equipment loans	6,701	818	15	(27)	(85)	(7)	7,415
Loans to financial sector customers	328	206	0	(1)	(20)	(0)	513
Other loans	1,876	343	60	(19)	(72)	(8)	2,179
Retail	71,916	4,696	994	(75)	(190)	(444)	76,896
Short-term credit facilities	4,308	883	389	(32)	(68)	(223)	5,256
Home loans	67,608	3,813	605	(43)	(122)	(221)	71,640
Securities and other assets purchased under collateralised reverse repurchase agreements	6,932	-	-	(1)	-	-	6,931
Subordinated loans to customers	5	0	-	0	0	-	5
Finance lease transactions	3,169	243	96	(5)	(10)	(35)	3,458
Equipment leasing	1,573	103	22	(4)	(4)	(7)	1,683
Real estate leasing	1,595	140	74	(1)	(6)	(28)	1,775
LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST	114,551	8,321	1,627	(172)	(505)	(669)	123,152

	31.12.2020						
	Gross carrying amount			Loss allowances			Net carrying amount
(in € millions)	B1	B2	B3	B1	B2	B3	
Loans and advances to customers repayable on demand	5,554	251	157	(12)	(12)	(67)	5,870
Retail current accounts in debit	344	35	55	(5)	(5)	(44)	379
Corporate current accounts in debit	322	11	16	(1)	(1)	(9)	339
Factoring accounts	4,781	203	76	(6)	(7)	(5)	5,042
Suspense accounts	17	-	9	-	-	(9)	17
Other loans and advances to customers repayable on demand	90	3	1	-	-	0	94
Term loans and advances to customers	105,822	10,029	1,390	(148)	(405)	(528)	116,160
Corporate	25,704	3,460	262	(75)	(258)	(79)	29,014
Short-term credit facilities	6,425	990	121	(9)	(36)	(53)	7,438
Real estate loans	11,082	713	23	(16)	(36)	(14)	11,752
Equipment loans	6,201	915	40	(31)	(72)	(6)	7,047
Loans to financial sector customers	296	171	0	(1)	(16)	0	449
Other loans	1,700	671	78	(17)	(99)	(6)	2,328
Retail	66,932	6,569	1,129	(72)	(147)	(449)	73,962
Short-term credit facilities	4,414	639	410	(32)	(60)	(221)	5,150
Home loans	62,518	5,930	718	(39)	(87)	(229)	68,812
Securities and other assets purchased under collateralised reverse repurchase agreements	13,185	-	-	(1)	-	-	13,184
Finance lease transactions	2,867	338	64	(6)	(13)	(25)	3,224
Equipment leasing	1,424	105	12	(5)	(4)	(5)	1,528
Real estate leasing	1,443	232	51	(2)	(9)	(20)	1,697
LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST	114,243	10,618	1,611	(166)	(430)	(620)	125,255

4.8 Current and deferred tax assets and liabilities

(in € millions)	31.12.2021	31.12.2020
Deferred tax assets	549	449
Current tax assets	669	867
TAX ASSETS	1,218	1,315
Deferred tax liabilities	1,205	1,494
Current tax liabilities	166	99
TAX LIABILITIES	1,371	1,593

Deferred tax assets and liabilities mainly concern:

- ▶ the PEL/CEL home loan provision;
- ▶ timing differences related to the zero-interest loans and allowances for credit losses recorded in liabilities;
- ▶ the measurement of assets and liabilities at fair value net of deferred participation.

Tax assets are recognised only to the extent that the tax entity is expected to generate sufficient future taxable profits to permit their utilisation in the near future. €87 million in deferred taxes have been recognised in respect of losses generated in 2021, recoverable over the next five years, based on projected taxable profit. In addition, unrecognised deferred tax assets on tax loss carryforwards amount to €89 million.

Breakdown of deferred tax assets by type

(in € millions)	31.12.2020	Profit or loss	Equity	Other	Changes in scope of consolidation	31.12.2021
PEL/CEL home loan provision;	63	(5)	-	(10)	-	48
Provisions for retirement commitments	16	0	(3)	(4)	-	10
Other non-deductible provisions	360	24	-	(114)	-	269
Other sources of temporary differences	509	132	1	195	(90)	748
DEFERRED TAXES ARISING FROM TEMPORARY DIFFERENCES	948	151	(2)	68	(90)	1,075
IFRS adjustments	(1,993)	185	227	(72)	(78)	(1,731)
NET DEFERRED TAXES	(1,045)	336	225	(4)	(168)	(656)

4.9 Accruals and other assets

(in € millions)	2021	2020
Prepaid expenses and accrued income	993	969
Collection accounts	15	45
Other accruals	884	578
Accruals	1,891	1,592
Sundry debtors	5,086	4,207
Securities settlement accounts	3	2
Impairments	(61)	(63)
Other assets	5,027	4,145
Reinsurance companies' share of technical provisions	21,392	21,365
Insurance and reinsurance receivables	2,804	2,777
Loans and advances	232	257
Miscellaneous insurance assets	2,069	1,771
Other insurance assets	26,496	26,169
ACCRUALS AND OTHER ASSETS	33,415	31,907

4.10 Investments in equity-accounted companies

31.12.2021					
(in € millions)	Sector ⁽¹⁾	% interest	Equity-accounted value	Contribution to LBP Group net profit	Contribution to LBP Group OCI
Holding d'Infrastructures Gazières	Bancassurance France	41.84%	803	46	1
Arial CNP Assurances	Bancassurance France	31.58%	47	1	(1)
CNP Vita Assicura ⁽²⁾	International Bancassurance	40.26%	-	70	0
CNP Vita Assicurazione ⁽²⁾	International Bancassurance	78.95%	-	(35)	0
Other joint ventures			97	5	(0)
Joint ventures			948	88	0
Ostrum Asset Management ⁽³⁾	Wealth and Asset Management	31.50%	115	0	0
AEW Europe SA ⁽³⁾	Wealth and Asset Management	40.00%	64	10	(0)
Joint ventures and associates held for sale			178	10	0
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES (INCLUDING THOSE HELD FOR SALE)			1,126	99	0

(1) La Banque Postale's operating segments have been redefined following the governance changes and the launch of the new strategic plan (see Note 1.1 "Significant events of the period").

(2) CNP Vita Assicura and CNP Vita Assicurazione are accounted for by the equity method from 1 to 30 December 2021 and fully consolidated from 31 December 2021 (see Note 1.1 "Significant events of the period").

(3) The planned sale by La Banque Postale to Natixis of the non-controlling interests in Ostrum Asset Management and AEW Europe SA, previously accounted for by the equity method, meets the conditions for applying IFRS 5. Accordingly, they are presented on the "Non-current assets held for sale" line in the consolidated balance sheet at 31 December 2021 for an amount of €178 million (see Note 1.1 "Significant events of the period").

31.12.2020					
(in € millions)	Sector ⁽¹⁾	% interest	Equity-accounted value	Contribution to LBP Group net profit	Contribution to LBP Group OCI
Holding d'Infrastructures Gazières	Bancassurance France	34.19%	427	42	(48)
Arial CNP Assurances	Bancassurance France	25.14%	47	0	3
Ostrum Asset Management	Wealth and Asset Management	31.50%	114	(3)	0
Other joint ventures			52	9	1
Joint ventures			640	48	(44)
CNP Assurances Group⁽²⁾	Bancassurance France	0.00%	-	637	(636)
AEW Europe SA	Wealth and Asset Management	40.00%	56	4	1
Associates			56	641	(636)
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES			696	690	(680)

(1) La Banque Postale's operating segments have been redefined following the governance changes and the launch of the new strategic plan (see Note 1.1 "Significant events of the period").

(2) Corresponding to La Banque Postale's previously held interest in the CNP Assurances group, prior to its acquisition of control on 4 March 2020.

Goodwill on companies accounted for using the equity method is included in the carrying amount of the investment, in accordance with the applicable accounting rules.

Summary financial information for the main entities accounted for using the equity method is presented below. The amounts shown are on a 100% basis and include intra-group transactions.

31.12.2021					
(in € millions)	Sector*	% interest	Total assets	Total equity	Net profit
Joint ventures					
Holding d'Infrastructures Gazières	Bancassurance France	41.84%	2,597	1,515	85
Arial CNP Assurances	Bancassurance France	31.58%	24,583	119	3
Joint ventures and associates held for sale					
AEW Europe SA	Wealth and Asset Management	40.00%	695	230	113
Ostrum Asset Management	Wealth and Asset Management	31.50%	266	175	5

* La Banque Postale's operating segments have been redefined following the governance changes and the launch of the new strategic plan (see Note 1.1 "Significant events of the period").

31.12.2020					
(in € millions)	Sector*	% interest	Total assets	Total equity	Net profit
Joint ventures					
Holding d'Infrastructures Gazières	Bancassurance France	34.19%	1,465	786	77
Arial CNP Assurances	Bancassurance France	25.14%	25,611	119	1
Wealth and Asset Management		31.50%	256	170	(5)
Ostrum Asset Management					
Associates					
AEW Europe SA	Wealth and Asset Management	40.00%	281	124	12

* La Banque Postale's operating segments have been redefined following the governance changes and the launch of the new strategic plan (see Note 1.1 "Significant events of the period").

4.11 Investment property

	31.12.2021							
(in € millions)	Opening balance	Acquisitions/Disposals/ Charges	Reversals	Fair value adjustments	Translation adjustments	Changes in scope of consolidation	Other movements	Closing balance
Gross carrying amount	1,634	58	(99)		0	-	4	1,597
Depreciation and impairment	(256)	(19)	22		(0)	-	0	(253)
INVESTMENT PROPERTIES AT AMORTISED COST	1,378	39	(78)	-	0	-	4	1,344
INVESTMENT PROPERTIES AT FAIR VALUE	1,705	366	(35)	14	-	-	-	2,050
TOTAL INVESTMENT PROPERTY	3,083	405	(113)	14	0	-	4	3,393

4.12 Property, plant and equipment and intangible assets

(in € millions)	31.12.2021			31.12.2020		
	Gross amount	Depreciation and impairment	Net amount	Gross amount	Depreciation and impairment	Net amount
Land	200	(2)	198	202	(2)	200
Buildings	1,177	(694)	484	1,143	(623)	520
Technical installations, equipment	82	(37)	44	26	(24)	2
Computer equipment	8	(7)	1	7	(7)	1
Assets in progress	399	-	399	15	-	15
Other	861	(732)	129	852	(711)	142
Property, plant and equipment	2,727	(1,472)	1,254	2,245	(1,366)	879
Software licences and development costs	2,249	(1,616)	633	2,210	(1,667)	543
Assets in progress	187	-	187	278	(40)	239
Distribution agreements	3,465	(260)	3,204	3,434	(118)	3,316
Acquired in-force insurance business	1,585	(829)	756	1,044	(466)	578
Contractual customer relationships	730	(222)	508	726	(46)	680
Other intangible assets	87	(51)	37	75	(45)	30
Intangible assets	8,304	(2,978)	5,326	7,767	(2,382)	5,385
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	11,030	(4,450)	6,580	10,012	(3,748)	6,264

Changes in property, plant and equipment and intangible assets

(in € millions)	31.12.2020	Acquisitions/ Charges	Disposals/ Reversals	Changes in scope of consolidation	Translation adjustments	Other movements	31.12.2021
Gross carrying amount	2,245	301	(54)	237	0	(3)	2,727
Depreciation and impairment	(1,366)	(156)	51	-	0	(1)	(1,472)
Property, plant and equipment	879	144	(3)	237	0	(4)	1,254
Gross carrying amount	1,044	-	-	523	20	(2)	1,585
Amortisation and impairment	(466)	(360)	1	-	(5)	1	(829)
Value of acquired In-Force insurance business*	578	(360)	1	523	15	(1)	756
Gross carrying amount	6,723	235	(264)	-	35	(10)	6,718
Amortisation and impairment	(1,916)	(602)	373	-	(3)	(1)	(2,149)
Other	4,807	(367)	110	-	32	(11)	4,570
o/w							
► Gross carrying amount	3,434	-	-	-	31	-	3,465
► Amortisation and impairment	(118)	(141)	0	-	(1)	-	(260)
Distribution agreements	3,316	(141)	0	-	29	-	3,204
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	6,264	(583)	108	761	47	(16)	6,580

* Depreciation and impairment of acquired in-force insurance business is recorded in "Income and expenses from other activities".

4.13 Goodwill

Movements during the period

(in € millions)	2021	2020
CARRYING AMOUNT AT BEGINNING OF PERIOD	156	160
Goodwill arising on acquisitions for the period	-	-
Disposals	-	(5)
Impairment for the period	-	-
Other movements	0	-
CARRYING AMOUNT AT END OF PERIOD	156	156

Analysis of goodwill

(in € millions)	31.12.2021	31.12.2020
Tocqueville Finance	27	27
La Banque Postale Asset Management	34	34
La Banque Postale Prévoyance	94	94
Easybourse	5	5
Total gross goodwill	160	160
Impairment	(5)	(5)
TOTAL NET GOODWILL	156	156

4.14 Liabilities due to credit institutions

(in € millions)	31.12.2021	31.12.2020
Current accounts in credit	1,057	1,005
Overnight accounts and borrowings	-	173
Other amounts due	8	3
Demand deposits from credit institutions	1,065	1,181
Term deposits	8,752	9,289
Securities and other assets sold under collateralised repurchase agreements	20,576	23,062
Term liabilities due to credit institutions	29,328	32,351
LIABILITIES DUE TO CREDIT INSTITUTIONS	30,393	33,533

4.15 Customer deposits

(in € millions)	31.12.2021	31.12.2020
Livret A	65,254	64,602
PEL/CEL home savings plans and accounts	30,624	31,321
Other regulated savings accounts	25,087	23,556
Regulated savings accounts	120,965	119,480
Current accounts in credit	85,436	81,972
Overnight accounts and borrowings	3,314	2,867
Other amounts due	1,040	1,076
Customer demand deposits	89,790	85,915
Term deposits	753	-
Term deposit accounts in credit	35	146
Securities sold under collateralised term repurchase agreements	23,495	24,853
Customer term deposits	24,283	24,998
CUSTOMER DEPOSITS	235,038	230,393

4.16 Debt securities

(in € millions)	31.12.2021	31.12.2020
Certificates of deposit and commercial paper	7,863	8,267
Bonds*	13,830	13,372
Other debt securities	0	0
DEBT SECURITIES	21,693	21,639

* Including €8.7 billion of covered bonds at 31 December 2021 issued by La Banque Postale Home Loan SFH (€8.7 billion at 31 December 2020).

4.17 Accruals and other liabilities

(in € millions)	31.12.2021	31.12.2020
Accrued expenses and deferred income	2,126	2,204
Other accruals	1,558	1,205
Accruals	3,684	3,409
Securities-related liabilities	95	82
Guarantee deposits received	1,036	983
Other payables	3,321	3,677
Securities settlement accounts	6	8
Other liabilities	4,459	4,751
Insurance and reinsurance payables	13,001	13,324
Other insurance liabilities	220	139
Other insurance liabilities	13,221	13,463
ACCRUALS AND OTHER LIABILITIES	21,364	21,622

4.18 Insurance company technical provisions and shadow accounting reserves

(in € millions)	31.12.2021			31.12.2020		
	Before reinsurance	Reinsurance	Net of reinsurance	Before reinsurance	Reinsurance	Net of reinsurance
Non-life insurance	9,627	869	8,757	9,502	775	8,727
Life insurance	261,941	17,050	244,891	222,155	17,202	204,953
<i>of which life insurance mathematical reserves</i>	<i>248,849</i>	<i>16,656</i>	<i>232,194</i>	<i>209,860</i>	<i>16,846</i>	<i>193,014</i>
Financial instruments with DPF	107,284	3,195	104,089	112,374	3,144	109,230
<i>of which mathematical reserves</i>	<i>97,942</i>	<i>2,942</i>	<i>95,000</i>	<i>103,133</i>	<i>2,905</i>	<i>100,228</i>
Financial instruments without DPF	3,713	278	3,434	3,931	245	3,686
TECHNICAL PROVISIONS	382,564	21,392	361,172	347,961	21,365	326,596

(in € millions)	31.12.2021			31.12.2020		
	Before reinsurance	Reinsurance	Net of reinsurance	Before reinsurance	Reinsurance	Net of reinsurance
Net deferred participation reserve	31,834	-	31,834	31,870	-	31,870
SHADOW ACCOUNTING RESERVES	31,834	-	31,834	31,870	-	31,870
TOTAL TECHNICAL PROVISIONS AND SHADOW ACCOUNTING RESERVES	414,398	21,392	393,006	379,830	21,365	358,466

The deferred participation reserve results from the use of shadow accounting. It represents the life insurance policyholders' share of unrealised gains and losses and impairments recognised on assets whose yields determine the yield paid to policyholders.

Mathematical reserves

(in € millions)	31.12.2021		
	Before reinsurance	Reinsurance	Net of reinsurance
MATHEMATICAL RESERVES AT THE BEGINNING OF THE PERIOD	312,993	19,751	293,243
Premiums	27,453	568	26,885
Extinguished liabilities (benefit payments)	(26,731)	(1,191)	(25,540)
Locked-in gains	4,568	384	4,184
Change in value of linked liabilities	4,717	155	4,562
Changes in scope of in-force business	2,066	(1)	2,067
Outstanding fees	(1,983)	(74)	(1,909)
Surpluses/deficits	0	-	0
Translation adjustments	173	(0)	173
Newly-consolidated companies	24,193	52	24,142
Changes in assumptions	20	1	19
Other	(679)	(47)	(632)
MATHEMATICAL RESERVES AT THE END OF THE PERIOD	346,791	19,597	327,194

Deferred participation

(in € millions)	31.12.2021	31.12.2020
Deferred participation on remeasurement of assets at fair value through profit and loss	9,546	2,731
Deferred participation on remeasurements of assets at fair value through OCI	(368)	2,848
Other deferred participation	22,655	26,291
TOTAL DEFERRED PARTICIPATION	31,834	31,870

Insurance risk management is explained in Section 4.7 "Insurance risks and additional supervision of the conglomerate".

4.19 Provisions

(in € millions)	31.12.2020	Charges	Reversals (utilisations)	Reversals (surplus)	Changes in scope of consolidation	Translation adjustments	Other	31.12.2021
Provisions for employee benefit liabilities	345	42	(41)	-	0	-	20	365
Provisions for PEL/CEL home loan commitments	204	2	-	(20)	-	-	-	186
Accrued payroll costs and provisions for employee claims	8	11	(7)	(1)	-	-	0	12
Provisions for guarantee commitments	4	17	(17)	-	-	-	-	5
Provisions for financing commitments	95	61	(64)	-	-	-	-	92
Other provisions for liabilities and charges	369	103	(50)	(15)	7	1	(1)	415
PROVISIONS	1,025	237	(179)	(36)	7	1	19	1,075

Application of the IFRIC interpretation concerning IAS 19 had the effect of reducing provisions for employee benefit liabilities by €12.6 million in the opening balance sheet at 1 January 2021. The adjustment, which is presented in the "Other" column, was recorded through other comprehensive income.

(in € millions)	31.12.2019	Charges	Reversals (utilisations)	Reversals (surplus)	Changes in scope of consolidation	Translation adjustments	Other	31.12.2020
Provisions for employee benefit liabilities	41	23	(30)	0	305	(1)	6	345
Provisions for PEL/CEL home loan commitments	184	22	-	(2)	-	-	-	204
Accrued payroll costs and provisions for employee claims	8	6	(5)	(1)	-	-	-	8
Provisions for guarantee commitments	1	4	(1)	-	-	-	0	4
Provisions for financing commitments	39	70	(14)	-	-	-	0	95
Other provisions for liabilities and charges	64	65	(36)	(7)	315	(32)	0	369
PROVISIONS	337	189	(86)	(9)	620	(32)	7	1,025

Information about PEL/CEL home savings plans and accounts

PEL/CEL new money

(in € millions)	31.12.2021	31.12.2020
Less than 4 years	994	1,179
4 to 10 years	14,234	15,821
Beyond 10 years	11,065	9,935
Total PEL Home Savings Plans	26,293	26,935
Total CEL Home Savings Accounts	4,331	4,386
TOTAL PEL/CEL NEW MONEY	30,624	31,321

PEL/CEL loans

(in € millions)	31.12.2021	31.12.2020
PEL home loans	8	13
CEL home loans	43	69
LOANS GRANTED OUT OF HOME LOAN SAVINGS PLANS AND ACCOUNTS	52	82

PEL/CEL Provisions

(in € millions)	31.12.2021	31.12.2020
Less than 4 years	2	6
4 to 10 years	4	65
Beyond 10 years	125	109
Total PEL Provisions	131	180
Total CEL Provisions	55	24
TOTAL PEL/CEL PROVISIONS	186	204

Employee benefits

The table below analyses changes in obligations and benefit expense by type of plan:

Changes in obligations by type of plan

(in € millions)	2021			
	Post-employment benefits	Long-service awards, jubilees and other long-term benefits	Part-time retirement plan	Total obligations
OBLIGATIONS AT BEGINNING OF PERIOD	290	55	-	345
Current service cost	12	5	-	17
Interest cost	9	7	-	15
Benefits paid	(26)	(6)	-	(32)
Actuarial gains and losses (changes in demographic and financial assumptions)	6	-	-	6
Actuarial gains and losses (experience adjustments)	Full-year 11	-	-	11
Changes in scope of consolidation	0	-	-	0
Translation adjustments	(0)	-	-	0
Other items	(9)	12	-	3
OBLIGATIONS AT END OF PERIOD	292	73	-	365

Application of the IFRIC interpretation concerning IAS 19 had the effect of reducing provisions for employee benefit liabilities by €12.6 million in the opening balance sheet at 1 January 2021. The adjustment, which is included in "Other items" in the above table, was recorded through other comprehensive income.

The Group's pension plans are not funded by plan assets.

Sensitivity analysis of post-employment benefit provisions

A 50 bps decrease in the discount rate would result in an increase of approximately €12 million in the Group's post-employment benefit obligations.

Changes in actuarial gains and losses in post-employment benefit provisions

(in € millions)	2021
ACTUARIAL (GAINS) LOSSES AT BEGINNING OF PERIOD	154
Actuarial gains and losses – changes in demographic assumptions	1
Actuarial gains and losses – changes in financial assumptions	5
Actuarial gains and losses – experience adjustments	11
Actuarial gains and losses – other adjustments	6
ACTUARIAL (GAINS) LOSSES AT END OF PERIOD	177

4.20 Subordinated debt

(in € millions)	31.12.2021	31.12.2020
Subordinated debt	10,110	10,187
TOTAL	10,110	10,187

The balance sheet value, after hedging and including accrued interest, breaks down as follows:

(in € millions)	Date of issue	Maturity date	Interest rate	Amount in issue currency	Currency	31.12.2021	31.12.2020
Redeemable subordinated notes						9,306	10,009
La Banque Postale	23.04.2014	23.04.2026	2.750%	750	EUR	-	765
La Banque Postale	19.11.2015	19.11.2027	2.750%	750	EUR	750	749
La Banque Postale	09.06.2016	09.06.2028	3.000%	500	EUR	525	543
La Banque Postale	05.10.2016	05.10.2028	2.250%	100	EUR	102	105
La Banque Postale	16.01.2017	09.06.2028	3.000%	150	EUR	158	164
La Banque Postale	26.10.2020	26.01.2031	0.875%	500	EUR	494	497
La Banque Postale	02.02.2021	02.08.2032	0.750%	500	EUR	486	-
La Banque Postale	27.04.2021	02.08.2032	0.750%	250	EUR	243	-
CNP Assurances	07.04.2011	30.09.2041	6.875% until Sept. 2021, then 12-month Euribor +440 bps	700	EUR	-	748
CNP Assurances	24.06.2003	23.06.2023	4.7825% until 2013, then 3-month Euribor +200 bps from 24 June 2013	200	EUR	204	207
CNP Assurances	11.04.2011	30.09.2041	7.375% until Sept. 2021, then 12-month Libor +448.2 bps	300	GBP	-	355
CNP Assurances	05.06.2014	05.06.2045	4.25% until June 2025, then reset at the 5-year fixed swap rate +360 bps	500	EUR	561	575
CNP Assurances	10.12.2015	10.06.2047	4.5% until June 2027, then 3-month Euribor +460 bps	750	EUR	889	912
CNP Assurances	22.01.2016	22.01.2049	6% until January 2049	500	USD	504	472
CNP Assurances	20.10.2016	20.10.2022	1.875% until October 2022	1,000	EUR	1,019	1,037
CNP Assurances	05.02.2019	05.02.2029	2.75% until February 2029	500	EUR	576	585
CNP Assurances	27.11.2019	27.07.2050	2.00% until June 2030, then 3-month Euribor +300 bps	750	EUR	779	782
CNP Assurances	10.12.2019	15.01.2027	0.80% until January 2027	250	EUR	254	255
CNP Assurances	30.06.2020	30.09.2051	2.5% until June 2031, then 3-month Euribor 365 bps	750	EUR	759	759
CNP Assurances	08.12.2020	08.03.2028	0.375% until March 2028	500	EUR	502	500
CNP Assurances	12.10.2021	12.10.2053	1.875% until Oct. 2033, then 3-month Euribor +270 bps	500	EUR	502	-
Perpetual subordinated notes						804	178
CNP Assurances	15.11.2004		4.93% until 2016, then 3-month Euribor +160 bps from 15 Nov. 2016	90	EUR	88	88
CNP Assurances	15.11.2004		3-month Euribor +70 bps until 2016, then 3-month Euribor +160 bps	93	EUR	91	90
CNP Assurances	07.04.2021		4.875% until April 2031, then 5-year CMT +318.3 bps	700	USD	625	-
SUBORDINATED DEBT						10,110	10,187

4.21 Equity

Composition of capital and change for the period

La Banque Postale's share capital amounted to €6,585 million at 31 December 2021, made up of 80,309,149 shares with a par value of €82 each.

Perpetual subordinated notes classified in equity attributable to owners of the parent

(in € millions)	Date of issue	Interest rate	Issue amount	Currency	31.12.2021	31.12.2020
La Banque Postale	20 Nov. 2019	3.875%	750	EUR	744	744
La Banque Postale	29 Sept. 2021	3.000%	750	EUR	744	-
PERPETUAL SUBORDINATED NOTES CLASSIFIED IN EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT					1,488	744

Perpetual subordinated notes issued by subsidiaries classified in non-controlling interests

(in € millions)	Date of issue	Interest rate	Issue amount	Currency	31.12.2021	31.12.2020
CNP Assurances	21.06.2004	TEC 10 +10 bps, capped at 9%	300	EUR	251	251
	11.03.2005	6.25% until 2009, then 4 x (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	24	EUR	24	24
	11.03.2005	6.50% until March 2008, then 3% +2,250 bps x 10-year EUR CMS	225	EUR	220	220
	27.06.2005	7% until June 2010, then 10-year CMS +30 bps	75	EUR	60	60
	16.05.2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps (including 100 bps call date step-up)	160	EUR	181	181
	20.12.2006	3-month Euribor +95 bps until 20 Dec. 2026, then 3-month Euribor +195 bps	108	EUR	99	99
	18.11.2014	4% until Nov. 2024, then reset at the 5-year fixed swap rate +410 bps	500	EUR	556	556
	27.06.2018	4.75% until 2028, then reset at the 5-year fixed swap rate +391.4 bps	500	EUR	552	552
PERPETUAL SUBORDINATED NOTES CLASSIFIED IN NON-CONTROLLING INTERESTS					1,944	1,944

4.22 Contractual maturities of assets and liabilities

La Banque Postale's liquidity management governance ensures that the development of lending activities does not give rise to any concerns about liquidity. Liquidity risk management policies and processes are described in Chapter 4 of the Universal Registration Document, in the Note 4.5 "Financial risk procedures".

The tables below show the maturities of the Group's financial assets and liabilities by contractual maturity date.

Fixed-income securities, loans and debt are analysed by contractual maturity date. Equity investments and UCITS are included in the "Indefinite" column. Demand deposits (assets and liabilities) are shown in the "Less than 3 months" column. The amounts presented in this table correspond to the balance sheet amounts (including the effects of discounting).

Balance sheet items by remaining periods to maturity

(in € millions)	31.12.2021					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years	Indefinite	
ASSETS	-	-	-	-	-	-
Cash, central banks	50,812	-	-	-	-	50,812
Financial assets at fair value through profit or loss	2,587	5,187	25,987	17,704	180,037	231,502
Hedging derivatives – Assets	2	11	658	351	-	1,022
Financial assets at fair value through OCI	7,742	16,874	78,654	124,851	392	228,513
Securities at amortised cost	223	1,358	3,228	18,670	-	23,480
Loans and advances to credit institutions	67,389	-	268	182	-	67,840
Loans and advances to customers	10,257	11,651	35,769	63,475	2,000	123,152
Revaluation differences on portfolios hedged against interest rate risks – Assets	-	-	-	-	101	101
ASSETS BY REMAINING PERIODS TO MATURITY	139,013	35,082	144,564	225,234	182,529	726,421
LIABILITIES	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	26	114	1,740	1,978	478	4,335
Hedging derivatives – Liabilities	4	17	176	136	-	333
Liabilities due to credit institutions	21,813	1,798	6,129	653	-	30,393
Customer deposits	219,123	0	0	-	15,915	235,038
Debt securities	6,096	1,908	5,226	8,463	-	21,693
Subordinated debt	20	1,103	204	7,979	804	10,110
Revaluation differences on portfolios hedged against interest rate risks – Liabilities	-	-	-	-	422	422
LIABILITIES BY REMAINING PERIODS TO MATURITY	247,081	4,939	13,475	19,209	17,619	302,324
COMMITMENTS GIVEN	-	-	-	-	-	-
Financing commitments given	14,894	5,773	5,828	2,446	-	28,941
Guarantees commitments given	2,065	88	294	1	-	2,448
COMMITMENTS GIVEN BY REMAINING PERIODS	16,958	5,862	6,122	2,447	-	31,389

	31.12.2020					
(in € millions)	Less than 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years	Indefinite	Total
ASSETS	-	-	-	-	-	-
Cash, central banks	1,783	-	-	-	-	1,783
Financial assets at fair value through profit or loss	6,611	6,387	17,006	17,396	148,372	195,772
Hedging derivatives – Assets	0	11	766	665	-	1,443
Financial assets at fair value through OCI	6,260	21,847	87,143	115,139	391	230,779
Securities at amortised cost	906	4,463	3,562	15,087	-	24,018
Loans and advances to credit institutions	111,981	1,939	358	206	-	114,484
Loans and advances to customers	17,097	11,976	31,704	62,128	2,350	125,255
Revaluation differences on portfolios hedged against interest rate risks – Assets	0	4	179	36	-	220
ASSETS BY REMAINING PERIODS TO MATURITY	144,640	46,626	140,719	210,657	151,113	693,754
LIABILITIES	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	81	54	702	2,175	409	3,421
Hedging derivatives – Liabilities	2	16	327	418	-	763
Liabilities due to credit institutions	25,116	997	6,960	459	-	33,533
Customer deposits	218,340	380	31	-	11,642	230,393
Debt securities	6,230	2,164	3,329	9,916	-	21,639
Subordinated debt	95	20	1,240	8,654	178	10,187
Revaluation differences on portfolios hedged against interest rate risks – Liabilities	0	0	601	124	-	726
LIABILITIES BY REMAINING PERIODS TO MATURITY	249,864	3,631	13,191	21,746	12,229	300,661
COMMITMENTS GIVEN	-	-	-	-	-	-
Financing commitments given	16,678	2,513	4,507	2,194	-	25,891
Guarantee commitments given	2,012	614	3	0	1	2,630
COMMITMENTS GIVEN BY REMAINING PERIODS	18,690	3,126	4,510	2,194	1	28,521

4.23 Transferred assets not derecognised in their entirety

	Transferred assets not derecognised in their entirety						
	Transferred assets still recognised in full						
	Transferred assets				Associated liabilities		
	Carrying amount	Of which securitisation (special-purpose entities)	Of which repurchase transactions	Of which other	Fair value	Carrying amount	Of which securitisation (special-purpose entities)
(in € millions)							
Transferred financial assets – Fair value through profit or loss (held for trading)	344	-	344	-	344	344	-
Debt securities	344	-	344	-	344	344	-
Transferred financial assets – Fair value through profit or loss under the fair value option	1	-	1	-	1	1	-
Debt securities	1	-	1	-	1	1	-
Transferred financial assets – Fair value through profit or loss not meeting the SPPI criteria	9	-	-	9	9	-	-
Equity instruments	9	-	-	9	9	-	-
Transferred financial assets – Fair value through OCI	26,891	-	18,477	8,414	26,891	17,446	-
Debt instruments	26,891	-	18,477	8,414	26,891	17,446	-
Instruments at amortised cost	19,414	-	18,193	-	20,061	18,889	-
Debt securities	19,414	-	18,193	-	20,061	18,889	-
TOTAL TRANSFERRED FINANCIAL ASSETS	46,659	-	37,015	8,422	47,305	36,681	-

4.24 Sovereign exposure

The breakdown of direct and indirect sovereign exposures is as follows:

Sovereign exposures at 31 December 2021

(in € millions)	31.12.2021						
	Total Banking Portfolio	Assets at fair value through profit or loss	Total direct exposure ⁽¹⁾	Borrowed securities	Off-balance sheet	Total direct and indirect exposure ⁽²⁾	Exposure in%
Germany	5,910	287	6,198	114	-	6,312	2.5%
Austria	543	5	549	-	-	549	0.2%
Belgium	10,173	236	10,408	2,200	-	12,608	4.9%
Spain	14,866	142	15,008	44	-	15,051	5.9%
France	164,472	3,561	168,034	8,018	942	176,993	69.5%
Ireland	88	15	103	-	-	103	0.0%
Italy	14,800	501	15,300	11	-	15,311	6.0%
Netherlands	305	4	309	-	-	309	0.1%
Poland	337	25	362	-	-	362	0.1%
Portugal	1,873	77	1,949	-	-	1,949	0.8%
Romania	174	1	175	-	-	175	0.1%
Other European countries	217	62	279	-	1	280	0.1%
Supranational	5,330	739	6,070	2	-	6,072	2.4%
Total Europe	219,088	5,656	224,743	10,389	943	236,075	92.6%
Brazil	2,176	15,117	17,293	-	-	17,293	6.8%
Canada	750	1	752	-	-	752	0.3%
Japan	105	-	105	-	-	105	0.0%
Other	547	56	603	-	-	603	0.2%
Total Rest of World	3,578	15,174	18,752	-	-	18,752	7.4%
TOTAL	222,666	20,829	243,496	10,389	943	254,827	100.0%

Identification based on the scope defined by the EBA, including local and regional authorities or bodies benefiting from a government guarantee. These exposures include deposits centralised with Caisse des dépôts.

(1) Direct exposure: fair value or gross carrying amount of proprietary exposures.

(2) Direct and indirect exposures: direct exposures plus indirect exposures arising from securities borrowing transactions, forward purchases and off-balance sheet positions.

Sovereign exposures at 31 December 2020

31.12.2020							
(in € millions)	Total Banking Portfolio	Assets at fair value through profit or loss	Total direct exposure ⁽¹⁾	Borrowed securities	Off-balance sheet	Total direct and indirect exposure ⁽²⁾	Exposure in%
Germany	4,716	291	5,006	393	-	5,400	1.8%
Austria	2,488	6	2,495	133	-	2,627	0.9%
Belgium	10,448	312	10,759	1,521	-	12,280	4.2%
Spain	12,911	124	13,036	-	-	13,036	4.5%
France	208,599	3,527	212,125	12,375	1,036	225,535	77.1%
Ireland	3	15	18	9	-	27	0.0%
Italy	8,389	783	9,172	154	-	9,326	3.2%
Netherlands	341	5	346	-	-	346	0.1%
Poland	355	36	391	-	-	391	0.1%
Portugal	1,370	80	1,450	-	-	1,450	0.5%
Romania	-	1	1	-	-	1	0.0%
Other European countries	205	38	243	-	1	244	0.1%
Supranational	4,814	732	5,546	16	-	5,562	1.9%
Total Europe	254,638	5,952	260,590	14,600	1,036	276,227	94.4%
Brazil	2,918	12,216	15,133	-	-	15,133	5.2%
Canada	269	-	269	-	-	269	0.1%
Japan	65	474	539	-	-	539	0.2%
Other	217	57	275	94	-	369	0.1%
Total Rest of World	3,468	12,748	16,216	94	-	16,310	5.6%
TOTAL	258,107	18,700	276,806	14,694	1,036	292,537	100.0%

Identification based on the scope defined by the EBA, including local and regional authorities or bodies benefiting from a government guarantee. These exposures include deposits centralised with the CDC.

(1) Direct exposure: fair value or gross carrying amount of proprietary exposures.

(2) Direct and indirect exposures: direct exposures plus indirect exposures arising from securities borrowing transactions, forward purchases and off-balance sheet positions.

NOTE 5 NOTES TO THE INCOME STATEMENT

5.1 Interest income and expense

(in € millions)	2021	Including negative interest	2020	Of which negative interest
On financial assets at amortised cost	3,684	354	3,609	253
Transactions with credit institutions*	1,114	246	1,089	190
Customer deposits	2,144	83	1,995	62
Finance lease transactions	45	-	42	-
On securities at amortised cost	381	25	483	1
On financial assets at fair value through OCI reclassifiable to profit or loss	1,763	-	438	-
Transactions with credit institutions	-	-	-	-
Customer transactions	-	-	-	-
Debt securities	1,763	-	438	-
Accrued interest on hedging instruments	378	-	378	-
Other interest income	-	-	-	-
Interest income	5,825	354	4,425	253
On financial liabilities at amortised cost	(1,707)	(63)	(1,688)	(82)
Transactions with credit institutions	(223)	(20)	(110)	(31)
Customer transactions	(1,166)	(42)	(1,263)	(51)
On debt securities and subordinated debt	(318)	-	(315)	-
Accrued interest on hedging instruments	(173)	-	(151)	-
Other interest expense	-	-	-	-
Interest expense	(1,879)	(63)	(1,839)	(82)
INTEREST INCOME AND EXPENSE	3,946	2,586		

* In 2019, the ECB launched a new series of long-term refinancing operations ("TLTRO III"), comprising ten quarterly drawdowns between September 2019 and December 2021. Each drawdown has a maturity of three years and may be repaid early from September 2021.

The amount of interest and remuneration received in respect of centralised Livret A, Livret de développement durable and Livret d'épargne populaire savings deposits amounted to €875 million in 2021 (compared to €893 million in 2020).

The amount that each bank may borrow is based on its loanbook (businesses excluding financial institutions, and individual customers excluding mortgage loans) at 28 February 2019.

La Banque Postale drew down its entire €7.3 billion TLTRO-III allocation in three tranches between December 2019 and March 2021.

The interest rate over the entire period of the operation is based on a formula that tracks eligible lending volumes. The Group is reasonably certain that it will qualify for the subsidised interest

rate and is calculating its interest on this basis.

To encourage the banks to lend during the COVID-19 crisis, the interest rate charged to banks that maintain or increase their lending volumes has been reduced by a further 50 bps. The reduction applied originally to interest rates on refinancing operations between 24 June 2020 and 23 July 2021 and was extended until June 2022 by a decision of the ECB in December 2020.

The Group has taken the reduction into account for the calculation of its effective rate of interest for the period and is recognising it in interest income between June 2020 and July 2022. It represents income of approximately €72 million for the Group at 31 December 2021. It is passed on to customers in the interest rates charged on loans originated during the period.

5.2 Fee and commission income and expense

(in € millions)	2021		2020	
	Income	Expenses	Income	Expenses
Fees on cash and interbank transactions	85	(7)	76	(5)
Fees and commissions on customer transactions	1,102	(4)	938	(3)
Financial services fees	566	(193)	808	(196)
Fees and commissions on securities transactions	362	(299)	317	(403)
Fees and commissions on financial instruments	-	0	-	(1)
Insurance fees and commissions	16	(2,954)	48	(2,425)
Other fees and commissions	86	(3)	70	(3)
Fee and commission income and expense	2,218	(3,461)	2,257	(3,035)
NET FEES AND COMMISSIONS	(1,243)		(778)	

5.3 Net gain or loss on financial instruments at fair value through profit or loss

(in € millions)	2021	2020
Dividends received	1,399	1,275
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	12,488	4,009
Changes in fair value and interest on financial assets and liabilities held for trading	(545)	(114)
Changes in fair value and interest on financial assets and liabilities not meeting SPPI criteria	8,051	3,926
Changes in fair value and interest on financial assets and liabilities designated as at fair value through profit or loss	94	(117)
Changes in the fair value of unit-linked financial assets and liabilities at fair value through profit or loss	4,888	315
Net gain or loss on financial assets and liabilities at fair value through profit or loss	87	(331)
Gains or losses on financial assets and liabilities held for trading	4	(10)
Gains or losses on financial assets and liabilities not meeting SPPI criteria	98	(370)
Gains or losses on financial assets and liabilities designated as at fair value through profit or loss	(15)	50
Gains or losses on unit-linked financial assets and liabilities	-	-
Hedging gains and losses	(5)	9
NET GAIN OR LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	13,969	4,962

Hedging gains and losses break down as follows:

(in € millions)	2021		
	Gains	Losses	Net
Fair value hedges	515	(521)	(6)
Changes in fair value of hedged items attributable to the hedged risks	264	(324)	(60)
Changes in fair value of hedging derivatives (including hedge termination)	251	(197)	54
Cash flow hedges	-	-	-
Changes in fair value of hedging derivatives – ineffective portion	-	-	-
Fair value hedges of interest rate risks on a portfolio of financial instruments	377	(376)	1
Changes in fair value of hedged items	279	(95)	184
Changes in fair value of hedging derivatives	98	(281)	(183)
Cash flow hedges of interest rate risks on a portfolio of financial instruments	-	-	-
Changes in fair value of the hedging instrument – ineffective portion	-	-	-
Cash flow hedges of currency risks on a portfolio of financial instruments	-	-	-
Changes in fair value of the hedging instrument – ineffective portion	-	-	-
NET HEDGING GAIN OR LOSS	892	(897)	(5)

(in € millions)	2020		
	Gains	Losses	Net
Fair value hedges	216	(218)	(2)
Changes in fair value of hedged items attributable to the hedged risks	198	(190)	9
Changes in fair value of hedging derivatives (including hedge termination)	18	(28)	(11)
Cash flow hedges	-	-	-
Changes in fair value of hedging derivatives – ineffective portion	-	-	-
Fair value hedges of interest rate risks on a portfolio of financial instruments	128	(126)	2
Changes in fair value of hedged items	128	-	128
Changes in fair value of hedging derivatives	0	(126)	(126)
Cash flow hedges of interest rate risks on a portfolio of financial instruments	-	-	-
Changes in fair value of the hedging instrument – ineffective portion	-	-	-
Cash flow hedges of currency risks on a portfolio of financial instruments	9	-	9
Changes in fair value of the hedging instrument – ineffective portion	9	-	9
NET HEDGING GAIN OR LOSS	353	(344)	9

5.4 Net gain or loss on financial instruments at fair value through other comprehensive income

(in € millions)	2021	2020
Dividend income from equity instruments at fair value through OCI not reclassifiable to profit or loss	10	1
Gains or losses on disposals of financial assets at fair value through OCI reclassifiable to profit or loss	(1,218)	(157)
On debt securities	(1,218)	(157)
On loans and advances	-	-
Gains or losses on the sale or termination of fair value hedges of debt instruments	(0)	(1)
NET GAIN OR LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI	(1,208)	(157)

5.5 Gains and losses on derecognition of debt instruments at amortised cost

(in € millions)	2021		2020	
	Income	Expenses	Income	Expenses
Gains and losses on derecognition events	-	-	297	0
Debt instruments	-	-	297	0
NET GAIN OR LOSS ON DERECOGNITION OF FINANCIAL ASSETS AT AMOTISED COST	-		297	

5.6 Income and expenses from other activities

(in € millions)	2021		2020	
	Income	Expenses	Income	Expenses
Ceded income, re-invoiced expenses, expense transfers	21	-	23	-
Other operating income and expenses	476	(362)	302	(516)
Accruals for other operating expenses	53	(83)	35	(44)
Income and expenses from insurance and reinsurance activities	32,947	(39,422)	23,384	(21,691)
Income and expenses from other activities	33,497	(39,867)	23,744	(22,251)
NET INCOME (EXPENSE) FROM OTHER ACTIVITIES	(6,370)		1,493	

5.7 General operating expenses

(in € millions)	2021	2020
Payroll costs	(1,227)	(1,079)
Taxes other than on income*	(203)	(200)
External services	(3,720)	(3,560)
Other expenses	(420)	(385)
Other general operating expenses	(4,343)	(4,145)
GENERAL OPERATING EXPENSES	(5,569)	(5,224)

* Including contributions to banking and insurance supervisory costs.

Average number of employees during the period

	2021	2020
Managers	7,180	6,492
Other employees	4,043	4,120
TOTAL	11,223	10,612

5.8 Cost of risk

(in € millions)	2021				2020			
	B1	B2	B3	Total	B1	B2	B3	Total
Financial assets at amortised cost ⁽¹⁾	(15)	(82)	(127)	(224)	(73)	(286)	(172)	(531)
Financial assets at fair value through OCI	(94)	2		(92)	(328)	(10)		(338)
Provisions for off-balance sheet items	(6)	10	(2)	2	(20)	(50)	(2)	(71)
Net charges to loss allowances	(115)	(70)	(129)	(314)	(421)	(345)	(174)	(941)
Recoveries on impaired assets covered by allowances				8				20
Credit losses not covered by allowances ⁽¹⁾				(5)				(8)
Other losses or income ⁽²⁾				43				256
COST OF RISK				(268)				(674)

(1) The "Bad debt write-offs" line presented in 2020 was renamed to show only those credit losses not covered by allowances. Credit losses covered by allowances are now included in "Net charges to loss allowances". In the comparative financial statements for 2020, €125 million in credit losses covered by allowances have been reclassified from "Credit losses not covered by allowances" to "Net charges to loss allowances" in respect of financial assets at amortised cost.

(2) Including movements on the insurance subsidiaries' deferred policyholders' surplus reserve.

The impact of the COVID-19 crisis on cost of risk is discussed in Note 3.1.

5.9 Gains and losses on other assets

(in € millions)	2021	2020
Gains and losses on disposals of intangible assets and property, plant and equipment	1	(6)
Gains and losses on remeasurement of consolidated securities	0	(1,494)
NET GAIN OR LOSS ON OTHER ASSETS	1	(1,500)

The net loss on remeasurement of consolidated securities in 2020 mainly corresponds to the loss recognised on remeasurement of La Banque Postale's previously held interest in CNP Assurances.

5.10 Changes in the value of goodwill

(in € millions)	2021	2020
Badwill recognised in the income statement	-	4,578
CHANGES IN THE VALUE OF GOODWILL	-	4,578

Badwill recognised in the income statement in 2020 arose on the acquisition of control of CNP Assurances.

5.11 Income tax

(in € millions)	2021	2020
Current tax	(850)	(696)
Deferred taxes	336	277
INCOME TAX	(514)	(419)

Tax proof

(in € millions)	2021		2020	
Attributable net profit	636		4,155	
Non-controlling interests	486		533	
Share of profits of equity-accounted companies	(99)		(690)	
Income tax expense	514		419	
Pre-tax profit	1,538		4,417	
Theoretical income tax expense	(437)	28.41%	(1,414)	32.02%
Effect of permanent differences	5	-0.30%	981	-22.20%
Effect of differences in tax rates	(74)	4.82%	(99)	2.24%
Effect of tax on distributed earnings	(20)	1.28%	56	-1.27%
Other effects	12	-0.78%	58	-1.30%
RECOGNISED INCOME TAX EXPENSE	(514)	33.42%	(419)	9.48%

NOTE 6 INSURANCE ACTIVITIES

6.1 Insurance investments

(in € millions)	31.12.2021	31.12.2020
Financial assets at fair value through profit or loss (a)	226,403	187,678
Hedging derivatives	55	-
Financial assets at fair value through OCI reclassifiable to profit or loss (b)	216,584	216,883
Securities at amortised cost	84	155
Investment properties	3,393	3,083
INSURANCE INVESTMENTS	446,520	407,799

(a) Financial assets at fair value through profit or loss

(in € millions)	31.12.2021	31.12.2020
Debt instruments	180,952	149,028
Government paper and equivalents	4,316	4,744
Bonds and other fixed-income securities	20,439	17,523
UCITS	76,849	62,680
Assets backing unit-linked contracts	73,742	57,236
Loans and advances	5,607	6,845
Equity instruments	44,038	38,120
Equities and other variable-income securities	39,301	34,049
Assets backing unit-linked contracts	4,737	4,071
Derivative instruments	1,413	531
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	226,403	187,678

(b) Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31.12.2021		
	Fair value	Of which loss allowances	Unrealised gains/losses
Government paper and equivalents	121,945	(70)	(1,669)
Bonds and other fixed-income securities	94,639	(359)	492
Total debt instruments	216,584	(430)	(1,178)
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS	216,584	(430)	(1,178)
Tax			603
Gains and losses recognised directly in OCI on financial assets at fair value through OCI reclassifiable to profit or loss (net of tax) – insurance investments			(575)

(in € millions)	31.12.2020		
	Fair value	Of which loss allowances	Unrealised gains/losses
Government paper and equivalents	122,018	(56)	1,847
Bonds and other fixed-income securities	94,865	(308)	2,017
Total debt instruments	216,883	(364)	3,864
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS	216,883	(364)	3,864
Tax			(815)
Gains and losses recognised directly in OCI on financial assets at fair value through OCI reclassifiable to profit or loss (net of tax) – insurance investments			3,049

6.2 Insurance income statement

(in € millions)	2021	2020
Written premiums	32,849	23,169
Change in unearned premiums	(176)	(169)
Earned premiums	32,673	23,000
Revenue from other activities	90	135
Other operating income	14	-
Investment income net of expenses	5,289	4,886
Gains and losses on disposals of investments	(1,209)	(2,180)
Change in fair value of investments recognised at fair value through profit or loss	10,457	526
Change in impairment losses on investments	(68)	(333)
Impact of the overlay approach	(1,074)	(679)
Investment income net of expenses	13,396	2,221
Total revenue	46,173	25,356
Claims and benefits expenses	(39,215)	(21,042)
Ceded expenses and income	205	120
Income and expenses from other activities	5	(1)
Acquisition costs	(4,013)	(3,286)
Amortisation of value of In-Force business, distribution agreements and contractual customer relationships	(552)	(431)
Administrative costs	(285)	(246)
Other operating income and expenses	(489)	(455)
Total other income and expenses, net	(44,345)	(25,340)
Recurring operating profit (loss)	1,828	16
Non-recurring operating income and expenses, net	(4)	(28)
Operating profit (loss)	1,823	(12)
Finance costs	(99)	(56)
Changes in value of intangible assets	(122)	(11)
Share of profits of equity-accounted companies	88	688
Changes in the value of goodwill	-	4,578
Income tax	(469)	(420)
CONSOLIDATED NET PROFIT	1,222	4,767
NON-CONTROLLING INTERESTS	474	491
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	748	4,276

6.3 Impact of applying the overlay approach to La Banque Postale Group's insurance activities

The net impact of applying the overlay approach by type of financial asset is presented below:

(in € millions)	31.12.2021				31.12.2020			
	Carrying amount	Gross overlay impact	Deferred tax	Net overlay impact	Carrying amount	Gross overlay impact	Deferred tax	Net overlay impact
UCITS	46,963	130	(32)	99	45,751	152	(6)	146
Equities and other variable-income securities	33,598	943	(56)	887	29,263	529	(172)	357
Bonds	6,160	(9)	2	(6)	6,230	(4)	(41)	(46)
Other financial assets	18,559	9	36	45	19,028	2	6	8
TOTAL	105,281	1,074	(50)	1,024	100,272	679	(214)	465

The impact on the income statement of applying the overlay approach is presented below:

(in € millions)	2021			2020		
	IAS 39	IFRS 9	Overlay impact	IAS 39	IFRS 9	Overlay impact
Net banking income excluding overlay	51	1,125		(68)	611	-
Overlay impact			(1,074)	-	-	(679)
Net banking income	51	1,125	(1,074)	(68)	611	(679)
Deferred taxes	(25)	(75)	50	16	(198)	214
NET PROFIT	26	1,050	(1,024)	(52)	413	(465)

NOTE 7 IFRS 16

Right-of-use assets

(in € millions)	31.12.2021	31.12.2020
Right-of-use assets	166	137
Property, plant and equipment excluding right-of-use assets	1,088	742
PROPERTY, PLANT AND EQUIPMENT	1,254	879

Breakdown of right-of-use assets (net values)

(in € millions)	2021				Amount at 31 December 2021
	Amount at 31 December 2020	New leases	Depreciation	Changes in leases	
Buildings	131	26	(37)	(1)	118
Vehicles	4	5	(3)	(1)	5
Other	1	59	(17)	-	43
RIGHT-OF-USE ASSETS	137	89	(58)	(2)	166

Lease liabilities

(in € millions)	31.12.2021	31.12.2020
Lease liabilities	176	148
Accruals and other liabilities, excluding lease liabilities	21,188	21,475
ACCRUALS AND OTHER LIABILITIES	21,364	21,622

Analysis of lease liabilities by residual maturity

(in € millions)	31.12.2021	31.12.2020
Less than 1 year	55	42
Between 1 and 5 years	98	82
Beyond 5 years	23	23
LEASE LIABILITIES	176	148

Changes in lease liabilities

(in € millions)	31.12.2021
Amount at 31 December 2020	148
Increase in lease liabilities from new leases	91
Lease payments	(60)
Lease modifications	(1)
Amount at 31 December 2021	176

Income statement effect of applying IFRS 16

(in € millions)	2021	2020
Interest expense		
Interest expense on lease liabilities	0	0
General operating expenses		
Income from sub-leasing right-of-use assets	1	2
Gains or losses from sale-and-leaseback transactions	-	-
Rent: short-term leases	(4)	(4)
Rent: leases on low-value assets	(1)	0
Variable lease payments not taken into account for the measurement of lease liabilities	(1)	0
Non-deductible VAT on lease payments	(17)	(10)
Other	(42)	(28)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		
Depreciation of right-of-use assets	(58)	(44)
LEASE COSTS	(122)	(84)

Finance leases (Group as lessor)

(in € millions)	31.12.2021	31.12.2020
Gross investment	3,635	3,374
Gross investment recoverable within one year	736	964
Gross investment recoverable in one to five years	1,797	1,619
Gross investment recoverable beyond five years	1,101	792
Discounted present value of future minimum lease payments receivable	3,089	2,925
Discounted present value of minimum lease payments receivable within one year	644	696
Discounted present value of minimum lease payments receivable in one to five years	1,658	1,492
Discounted present value of minimum lease payments receivable beyond five years	786	737
Unearned interest income	127	105
Unguaranteed residual values accruing to the lessor	420	344

Net profit on finance leases (Group as lessor)

(in € millions)	2021	2020
Profit/loss on sales	1	1
Interest income on net investment	43	41

NOTE 8 COMMITMENTS GIVEN AND RECEIVED

Contractual value of commitments given and received:

(in € millions)	31.12.2021	31.12.2020
FINANCING COMMITMENTS		
Given to credit institutions	1,949	1,838
Given to customers	26,992	24,053
Total financing commitments given	28,941	25,891
Received from credit institutions	17,185	15,619
Received from customers	400	495
Total financing commitments received	17,585	16,114
GUARANTEE COMMITMENTS		
Given to credit institutions	1,123	980
Given to customers*	1,324	1,650
Total guarantee commitments given	2,448	2,630
Received from credit institutions	36,937	36,712
Received from customers	6,980	6,515
Total guarantee commitments received	43,917	43,226
SECURITIES COMMITMENTS		
Securities to be delivered	17,438	15,135
Total securities commitments given	17,438	15,135
Securities to be received	216	365
Total securities commitments received	216	365
OTHER COMMITMENTS		
Total other commitments given	51,044	46,668
Total other commitments received	27,297	27,589

* Including capital and performance guarantees given to the holders of UCITS units managed by Group entities.

Crédit Logement commitments

La Banque Postale is committed to maintaining Crédit Logement's Tier 1 capital at a level equivalent to its interest in the company, i.e., 6%, so that the company can maintain its solvency ratio. La Banque Postale is also committed to replenishing Crédit Logement's mutual guarantee fund if required. This fund underwrites borrower defaults on loans guaranteed by the fund. The amount of this commitment, which corresponds to the

share of outstanding Crédit Logement loans distributed by La Banque Postale, was €184 million at 31 December 2021 (€197 million at 31 December 2020).

The amount reported for guarantee commitments received from credit institutions primarily corresponds to guarantees received from Crédit Logement.

Other commitments given

Other commitments given by the banking entities mainly concern securities pledged as collateral for the financing commitment received from the ECB and for 3G funding. The commitment is measured at the market value of the pledged securities before taking into account the differentiated haircuts applied to securities and receivables. The €9,099 million commitment has been given in exchange for a 3G financing commitment received from Banque de France (€702 million) and

drawdowns of the TLTRO-III allocation from the ECB (€7,275 million).

Other commitments also include €23,798 million in home loans pledged as collateral for covered bond issues by the Group's home loans company (La Banque Postale Home Loan SFH).

Other commitments given by the insurance entities correspond for the most part to securities pledged to reinsurers under the terms of outward reinsurance contracts.

Other commitments received

These consist of securities commitments, corresponding essentially to securities pledged by ceding insurers to CNP Assurances under the terms of inward reinsurance contracts.

NOTE 9 FAIR VALUE OF BALANCE SHEET ITEMS

9.1 Fair value of balance sheet items at amortised cost

The table below shows the fair value of balance sheet items recognised at amortised cost.

(in € millions)	31.12.2021				
	Balance sheet amount	Fair value	Fair value hierarchy		
			Valuation using prices quoted on an active market (level 1)	Valuation using observable inputs (level 2)	Valuation using unobservable inputs (level 3)
ASSETS	-	-	-	-	-
Securities at amortised cost	23,480	24,256	22,671	1,087	498
Demand deposits with credit institutions	2,261	2,261	-	2,088	173
Term loans and advances to credit institutions	65,501	65,515	-	65,398	117
Subordinated loans to credit institutions	78	78	-	78	-
Loans and advances to credit institutions	67,840	67,854	-	67,564	290
Loans and advances to customers repayable on demand	5,364	5,364	-	5,121	243
Term loans and advances to customers	114,325	116,447	-	102,886	13,561
Finance leases	3,458	4,120	-	4,120	-
Subordinated loans to customers	5	5	-	5	-
Loans and advances to customers	123,152	125,936	-	112,132	13,804
Investment property at amortised cost	1,344	1,827	-	1,827	-
LIABILITIES	-	-	-	-	-
Demand deposits from credit institutions	1,065	1,065	-	1,060	5
Term liabilities due to credit institutions	29,328	29,658	-	29,622	35
Liabilities due to credit institutions	30,393	30,723	-	30,683	40
Customer demand deposits	210,755	210,755	-	209,175	1,580
Customer term deposits	24,283	24,283	-	24,248	35
Customer deposits	235,038	235,038	-	233,423	1,615
Debt securities	21,693	22,495	11,725	10,770	-
Subordinated debt	10,110	10,376	2,731	7,646	-

(in € millions)	31.12.2020				
	Balance sheet amount	Fair value	Fair value hierarchy		
			Valuation using prices quoted on an active market (level 1)	Valuation using observable inputs (level 2)	Valuation using unobservable inputs (level 3)
ASSETS	-	-	-	-	-
Securities at amortised cost	24,018	25,842	24,323	1,202	317
Demand deposits with credit institutions	43,652	43,652	-	43,491	161
Term loans and advances to credit institutions	70,731	70,742	-	70,618	124
Subordinated loans to credit institutions	101	101	-	101	-
Loans and advances to credit institutions	114,484	114,496	-	114,211	285
Loans and advances to customers repayable on demand	5,870	5,870	-	5,694	176
Term loans and advances to customers	116,160	121,451	-	108,201	13,250
Finance leases	3,224	3,742	-	3,742	-
Subordinated loans to customers	-	-	-	-	-
Loans and advances to customers	125,255	131,063	-	117,637	13,426
Investment property at amortised cost	1,378	1,736	-	1,736	-
LIABILITIES	-	-	-	-	-
Demand deposits from credit institutions	1,181	1,181	-	1,180	1
Term liabilities due to credit institutions	32,351	32,371	-	32,339	32
Liabilities due to credit institutions	33,533	33,553	-	33,519	34
Customer demand deposits	205,394	207,710	-	206,294	1,416
Customer term deposits	24,998	24,999	-	24,888	111
Customer deposits	230,393	232,709	-	231,182	1,527
Debt securities	21,639	22,697	11,339	11,358	0
Subordinated debt	10,187	10,586	2,961	7,625	-

Fair value of loans

This information covers all disbursed loans and drawdowns on credit facilities shown in La Banque Postale's balance sheet. Loans granted but not yet disbursed or drawn down are not taken into account: the assumption is that since their rates were recently set, their fair value should not be materially different from their nominal amount.

The main assumptions underlying the determination of fair value are as follows for the loans marketed by La Banque Postale:

- ▶ the fair value of current account overdrafts is presumed to correspond to their book value due to their short duration (the customer is required to return the account to credit within one month);
- ▶ the fair value of loans is determined using internal models based on the discounted present value of cash flows from principal and interest payments over the residual term. The discount rate applied is the internal disposal rate.

Fair value of deposits

The main underlying assumptions for the calculation are as follows:

- ▶ for deposits at regulated interest rates, Livret B and Livret jeune accounts, Plans d'épargne populaire and term deposit accounts, fair value is assumed to be the carrying amount of the amount outstanding;
- ▶ the fair value of demand deposits is assumed to correspond to the carrying amount of the amount outstanding, net of the fair value excluding accrued interest of the swaps used to hedge demand deposits (carve-out option).

Held or issued debt instruments

The fair value of listed financial instruments corresponds to the period-end closing price. The fair value of unlisted financial instruments at amortised cost is determined using internal models and therefore represents the instruments' estimated market value. This value may fluctuate depending on changes in parameters and does not necessarily reflect the instruments' realisable value.

9.2 Fair value hierarchy of financial assets and liabilities recognised in the balance sheet

Financial instruments are presented below based on the three levels in the fair value hierarchy, according to a decreasing level of observability of the prices and parameters used for their measurement:

- ▶ level 1: instruments valued according to the (unadjusted) prices quoted for identical assets or liabilities on an active market.

This level primarily includes shares and derivatives quoted on organised markets (futures, options, etc.);

- ▶ level 2: instruments valued using inputs other than the quoted market prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (prices derived from or corroborated by observable market data).

These instruments are valued using observable parameters and standardised models or on the basis of similar instruments quoted on an active market. This category includes interest rate swaps, caps, floors, etc.;

- ▶ level 3: instruments valued using inputs that are not based on observable market data (unobservable inputs).

This category mainly includes unlisted equity investments.

The market value of unlisted equity investments classified as financial assets at fair value through other comprehensive income is determined by reference to criteria such as net assets, earnings outlook and discounted future cash flows.

The price quoted for an asset held or a liability to be issued is usually the bid price, and that of a liability held or an asset to be acquired is usually the ask price.

Financial assets and liabilities at fair value

(in € millions)

	31.12.2021			
	Fair value hierarchy			
	Fair value	Valuation using prices quoted on an active market (level 1)	Valuation using observable inputs (level 2)	Valuation using unobservable inputs (level 3)
FINANCIAL ASSETS				
Financial assets held for trading	5,946	1,188	4,758	-
Financial assets designated as at fair value through profit or loss	5,717	5,184	33	499
Financial assets at fair value not meeting the SPPI criteria	141,360	102,391	21,071	17,898
Assets backing unit-linked contracts	78,479	73,594	4,807	79
Financial assets at fair value through profit or loss	231,502	182,357	30,669	18,476
Fair value hedging derivatives	967	-	967	-
Cash flow hedging derivatives	55	-	55	-
Hedging derivatives	1,022	-	1,022	-
Financial assets at fair value through OCI not reclassifiable to profit or loss	392	-	-	392
Financial assets at fair value through OCI reclassifiable to profit or loss	228,121	222,356	3,064	2,702
Financial assets at fair value through OCI	228,513	222,356	3,064	3,093
Investment properties at fair value	2,050	-	2,050	-
FINANCIAL LIABILITIES				
Financial liabilities held for trading	2,288	-	2,288	-
Financial assets designated as at fair value	2,047	470	1,577	-
Financial liabilities at fair value through profit or loss	4,335	470	3,865	-
Fair value hedging derivatives	282	-	282	-
Cash flow hedging derivatives	50	-	50	-
Hedging derivatives	333	-	333	-

The main transfers of securities are:

Transfer from level 1 to level 2: €28 million (two fixed-income securities issues that no longer meet the required trading volume and frequency conditions).

Transfer from level 2 to level 1: €226 million (17 fixed-income securities issues that now meet the required trading volume and frequency conditions).

	31.12.2020			
	Fair value hierarchy			
		Valuation using prices quoted on an active market (level 1)	Valuation using observable inputs (level 2)	Valuation using unobservable inputs (level 3)
(in € millions)	Fair value			
FINANCIAL ASSETS				
Financial assets held for trading	7,815	1,483	6,332	-
Financial assets designated as at fair value through profit or loss	6,012	5,495	30	487
Financial assets at fair value not meeting the SPPI criteria	120,638	84,944	23,280	12,415
Assets backing unit-linked contracts	61,307	56,364	3,536	1,406
Financial assets at fair value through profit or loss	195,772	148,285	33,178	14,308
Fair value hedging derivatives	1,443	-	1,443	-
Cash flow hedging derivatives	0	-	0	-
Hedging derivatives	1,443	-	1,443	-
Financial assets at fair value through OCI not reclassifiable to profit or loss	391	-	0	391
Financial assets at fair value through OCI reclassifiable to profit or loss	230,388	226,826	1,964	1,598
Financial assets at fair value through OCI	230,779	226,826	1,964	1,989
Investment properties at fair value	1,705	-	1,705	-
FINANCIAL LIABILITIES				
Financial liabilities held for trading	1,807	-	1,807	-
Financial liabilities designated as at fair value	1,614	400	1,215	-
Financial liabilities at fair value through profit or loss	3,421	400	3,021	-
Fair value hedging derivatives	684	-	684	-
Cash flow hedging derivatives	79	-	79	-
Hedging derivatives	763	-	763	-

Change in fair value based on level 3 inputs: reconciliation of opening and closing balances

(in € millions)	31.12.2021		
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
OPENING	14,308	1,989	16,297
Total gains and losses recorded in profit or loss	1,500	-	1,500
Total gains and losses recorded in other comprehensive income	-	(80)	(80)
Purchases	4,086	719	4,805
Sales	(1,029)	-	(1,029)
Issues	-	-	-
Redemptions	(2,005)	-	(2,005)
Transfer to or from level 3	(16)	(283)	(298)
Changes in scope of consolidation	2,962	745	3,707
Other movements*	(1,332)	4	(1,328)
CLOSING	18,476	3,093	21,570

* Corresponding mainly to an opening adjustment for CNP Assurances.

(in € millions)	31.12.2020		
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
OPENING	333	358	691
Total gains and losses recorded in profit or loss	(55)	-	(55)
Total gains and losses recorded in other comprehensive income	-	(13)	(13)
Purchases	3,577	1,145	4,722
Sales	(695)	(20)	(716)
Issues	-	-	-
Redemptions	(735)	-	(735)
Transfer to or from level 3	(152)	(50)	(202)
Changes in scope of consolidation	12,093	569	12,663
Other movements	(57)	(1)	(58)
CLOSING	14,308	1,989	16,297

NOTE 10 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability are offset and shown in the balance sheet for their net amount when the Group has a legally enforceable right to offset the amounts recognised, and has the intention either to settle the net amount or to realise the asset and settle the liability simultaneously.

A financial asset and a financial liability covered by a master netting arrangement or similar agreement meeting the definition of an enforceable contract (legally enforceable right to offset securities with the same maturity against cash), which can be exercised under all conditions but does not meet the offsetting

criteria, are presented for their net amounts when they concern the same legal entity.

The tables below show the amounts of financial assets and liabilities that are offset in the consolidated balance sheet as well as the amounts that can be offset in accordance with master netting arrangements or similar agreements, but are not eligible to be offset in the consolidated financial statements.

The net positions resulting from these various offsets are not intended to measure the Group's exposure to counterparty risk on these financial instruments.

Financial assets and liabilities offset in 2021

	31.12.2021						
	(a)	(b)	(c) = (a) - (b)	(d)	(e)	(f) = (c) - (d) - (e)	
	Gross carrying amount of financial assets	Gross carrying amount of financial liabilities offset in the financial statements	Net financial asset	Amounts not offset		Financial instruments received as collateral	Net carrying amount
				Financial instruments	Collateral received		
(in € millions)							
Financial instruments at fair value through profit or loss	232,524	-	232,524	2,237	961	-	229,326
Of which repo transactions	1	-	1	-	-	-	1
Of which financial derivatives (including hedging derivatives)	3,368	-	3,368	2,237	961	-	170
Loans and receivables due from credit institutions and customers	192,957	1,965	190,992	82	60	5,119	185,731
Of which repo transactions	9,228	1,965	7,263	82	60	5,119	2,002
Accruals and other assets	33,415	-	33,415	5	-	-	33,410
Of which guarantee deposits	5	-	5	5	-	-	-
Other financial assets not offset	315,379	-	315,379	-	-	-	315,379
TOTAL ASSETS	774,275	1,965	772,310	2,324	1,021	5,119	763,846

	31.12.2021						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross carrying amount of financial liabilities	Gross value of financial assets offset in the financial statements	Net liability	Amounts not offset		Financial instruments given as collateral	Net carrying amount
				Financial instruments	Collateral given		
(in € millions)							
Financial instruments at fair value through profit or loss	4,667	-	4,667	2,237	338	-	2,093
Of which financial derivatives (includes hedging derivatives)	2,612	-	2,612	2,237	338	-	38
Liabilities due to credit institutions and customers	267,396	1,965	265,431	87	635	27,416	237,293
Of which reverse repo transactions	46,035	1,965	44,070	87	635	27,416	15,932
Other financial liabilities not offset	470,433	-	470,433	-	-	-	470,433
TOTAL LIABILITIES	742,496	1,965	740,531	2,324	973	27,416	709,818

Financial assets and liabilities offset in 2020

31.12.2020							
(a)	(b)	(c) = (a) - (b)	(d)	(e)	(f) = (c) - (d) - (e)		
Gross carrying amount of financial assets	Gross carrying amount of financial liabilities offset in the financial statements	Net financial asset	Amounts not offset Financial instruments	Financial instruments received as collateral Collateral received	Financial instruments received as collateral	Net carrying amount	
(in € millions)							
Financial instruments at fair value through profit or loss	197,215	-	197,215	2,095	667	-	194,453
Of which repo transactions	1	-	1	-	-	-	1
Of which financial derivatives (including hedging derivatives)	2,980	-	2,980	2,095	667	-	218
Loans and receivables due from credit institutions and customers	242,453	2,713	239,739	1,820	1	11,811	226,106
Of which repo transactions	18,696	2,713	15,983	1,820	1	11,811	2,350
Accruals and other assets	31,907	-	31,907	7	-	-	31,900
Of which guarantee deposits	17	-	17	7	-	-	10
Other financial assets not offset	268,314	-	268,314	-	-	-	268,314
TOTAL ASSETS	739,889	2,713	737,176	3,923	668	11,811	720,773

31.12.2020							
(a)	(b)	(c) = (a) - (b)	(d)	(e)	(f) = (c) - (d) - (e)		
Gross carrying amount of financial liabilities	Gross value of financial assets offset in the financial statements	Net liability	Amounts not offset Financial instruments	Financial instruments given as collateral Collateral given	Financial instruments given as collateral	Net carrying amount	
(in € millions)							
Financial instruments at fair value through profit or loss	4,184	-	4,184	2,095	453	-	1,636
Of which financial derivatives (includes hedging derivatives)	2,568	-	2,568	2,095	453	-	20
Liabilities due to credit institutions and customers	266,639	2,713	263,926	1,820	212	34,237	227,657
Of which reverse repo transactions	50,628	2,713	47,915	1,820	212	34,237	11,646
Other financial liabilities not offset	436,623	-	436,623	-	-	-	436,623
TOTAL LIABILITIES	707,445	2,713	704,732	3,915	664	34,237	665,916

NOTE 11 SEGMENT INFORMATION

In application of IFRS 8, reportable operating segments correspond to the components of an entity whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance.

In 2021, La Banque Postale Group decided to redefine its operating segments. The resulting change of presentation is designed to align its segment information with:

- ▶ the changes resulting from implementation of the new 2030 strategic plan announced in March 2021;
- ▶ the changes to La Banque Postale's governance structure;
- ▶ the changes in the basis for reporting results to the chief operating decision-maker made following the acquisition of control of CNP Assurances in 2020.

In line with this decision, the three previous operating segments (Retail Banking, Insurance and Asset Management) have been replaced by four operating segments corresponding to the business lines and one segment corresponding to the Corporate Centre:

- ▶ **bancassurance France**, mainly comprising La Banque Postale's Retail Banking business, La Banque Postale Consumer Finance, Ma French Bank, CNP Assurances' domestic insurance business and the other insurance subsidiaries;
- ▶ **international bancassurance**, consisting mainly of CNP Assurances' international businesses;

- ▶ **wealth and asset management**, comprising the wealth management and asset management businesses of BPE, La Banque Postale Immobilier Conseil, La Banque Postale Asset Management, Tocqueville Finance SA and two equity-accounted associates – AEW Europe SA and Ostrum Asset Management. These two entities are classified as "Held for sale" at 31 December 2021;

- ▶ **corporate and investment banking**, comprising La Banque Postale SA's Business Banking and Corporate and Investment Banking businesses, and the businesses of its subsidiaries, La Banque Postale Leasing & Factoring and La Banque Postale Collectivités Locales;

- ▶ **corporate centre**, corresponding to income and expenses that cannot be allocated directly to the business lines, such as the Single Resolution Fund (SRF)/Fonds de Garantie des Dépôts et de Résolution (FGDR) contributions and management fees. Income and expenses resulting from the application of the accounting standard on business combinations, which do not arise in the normal course of business, are also allocated to the corporate centre. They include amortisation of the fair value adjustments to CNP Assurances' net assets on the date control was acquired, which is allocated to the Corporate Centre to avoid distorting the presentation of the Bancassurance operating segments' results.

Segment information for 2020 has been restated based on the 2021 presentation by operating segment.

11.1 Results by business segment**2021 net profit by business segment (excluding the cost of equity for each segment)**

	2021					Total
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	
(in € millions)						
NET BANKING INCOME	6,222	1,215	296	1,066	(779)	8,020
General operating expenses	(4,408)	(305)	(175)	(586)	(96)	(5,569)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(242)	(160)	(14)	(57)	(174)	(646)
GROSS OPERATING PROFIT (LOSS)	1,573	750	107	424	(1,049)	1,805
Cost of risk	(158)	(3)	(1)	(106)	-	(268)
OPERATING PROFIT (LOSS)	1,415	747	106	318	(1,049)	1,537
Share of profits of equity-accounted companies	51	37	10	-	-	99
Net gain or loss on other assets	2	(2)	1	-	-	1
Changes in the value of goodwill	-	-	-	-	-	-
PRE-TAX PROFIT (LOSS)	1,468	783	117	318	(1,049)	1,636
Income tax	(304)	(300)	(31)	(90)	212	(514)
NET PROFIT (LOSS)	1,164	482	85	228	(836)	1,123
Non-controlling interests	477	320	11	0	(322)	486
NET PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	686	163	74	227	(514)	636

2020 net profit by business segment (excluding the cost of equity for each segment)

(in € millions)	2020					Total
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	
NET BANKING INCOME	5,561	1,072	290	911	(109)	7,724
General operating expenses	(4,147)	(265)	(170)	(569)	(72)	(5,224)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(254)	(17)	(13)	(46)	(158)	(487)
GROSS OPERATING PROFIT (LOSS)	1,160	790	107	295	(340)	2,013
Cost of risk	(221)	0	(3)	(433)	(17)	(674)
OPERATING PROFIT (LOSS)	939	791	104	(138)	(357)	1,339
Share of profits of equity-accounted companies	90	5	1	-	594	690
Net gain or loss on other assets	(4)	(7)	(1)	-	(1,488)	(1,500)
Changes in the value of goodwill	-	-	-	-	4,578	4,578
PRE-TAX PROFIT (LOSS)	1,026	788	105	(138)	3,326	5,107
Income tax	(208)	(280)	(30)	44	56	(419)
NET PROFIT (LOSS)	817	508	74	(94)	3,382	4,688
Non-controlling interests	319	325	11	0	(123)	533
[[ROW:TOTAL]]NET PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	498	183	63	(94)	3,505	4,155

The contributions of the Retail Banking and Insurance businesses to the results of the Bancassurance France operating segment are presented below:

(in € millions)	2021			2020		
	Retail Banking	Insurance	Total Bancassurance France	Retail Banking	Insurance	Total Bancassurance France
NET BANKING INCOME	3,591	2,631	6,222	3,652	1,909	5,561
General operating expenses	(3,612)	(795)	(4,408)	(3,509)	(639)	(4,147)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(198)	(44)	(242)	(216)	(38)	(254)
GROSS OPERATING PROFIT (LOSS)	(219)	1,791	1,573	(73)	1,233	1,160
Cost of risk	(153)	(4)	(158)	(171)	(50)	(221)
OPERATING PROFIT (LOSS)	(372)	1,787	1,415	(244)	1,183	939
Share of profits of equity-accounted companies	-	51	51	0	90	90
Net gain or loss on other assets	1	1	2	0	(4)	(4)
Changes in the value of goodwill	-	-	-	-	-	-
PRE-TAX PROFIT (LOSS)	(371)	1,839	1,468	(244)	1,269	1,026
Income tax benefit (expense)	104	(408)	(304)	66	(275)	(208)
NET PROFIT (LOSS)	(268)	1,432	1,164	(177)	994	817
Non-controlling interests	1	477	477	1	318	319
NET PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	(269)	955	686	(178)	676	498

11.2 Balance sheet items by business segment

Balance sheet items by business segment at 31 December 2021

(in € millions)	31.12.2021					Total
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	
SEGMENT ASSETS	558,955	74,132	4,960	132,369	1,894	772,310
SEGMENT LIABILITIES*	585,408	70,603	4,789	78,298	1,434	740,531

* Segment liabilities correspond to debt and payables (i.e., total liabilities excluding equity).

Balance sheet items by business segment at 31 December 2020

(in € millions)	31.12.2020					Total
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	
SEGMENT ASSETS	554,410	43,046	4,444	132,988	2,286	737,176
SEGMENT LIABILITIES*	572,000	39,963	4,265	86,784	1,721	704,732

* Segment liabilities correspond to debt and payables (i.e., total liabilities excluding equity).

11.3 Results by geographic segment

2021 results by geographic segment

(in € millions)	31.12.2021			
	France	Europe excl. France	Latin America	TOTAL
NET BANKING INCOME	6,968	366	686	8,020
SEGMENT ASSETS	692,737	55,257	24,316	772,310

2020 results by geographic segment

(in € millions)	31.12.2020			
	France	Europe excl. France	Latin America	TOTAL
NET BANKING INCOME	6,738	258	729	7,724
SEGMENT ASSETS	688,157	27,329	21,690	737,176

NOTE 12 RELATED PARTY DISCLOSURES

The parties related to La Banque Postale Group include the main managers and the companies consolidated by the La Poste and Caisse des dépôts groups, as well as the companies jointly controlled by La Banque Postale Group or over which it exercises significant influence.

12.1 Relations between consolidated entities

As transactions between La Banque Postale Group's fully consolidated subsidiaries are eliminated in consolidation, the data provided below only concern intra-group transactions with

jointly controlled companies, for the portion not eliminated in consolidation, and companies over which it exercises significant influence.

(in € millions)	31.12.2021			
	With CDC Group entities ⁽¹⁾	With La Poste Group entities ⁽²⁾	With La Banque Postale Group entities	
			Proportional consolidation	Equity accounted
Interest	932	(0)	-	2
Fees and commissions	86	15	-	(47)
Net gain or loss on financial instruments at fair value through profit or loss	65	(36)	-	44
Income from other activities	0	30	-	-
Expenses from other activities	-	(20)	-	(522)
Net banking income (expense) from transactions with related parties	1,082	(11)	-	(523)
General operating expense transactions with related parties	(7)	(2,845)	-	10
Financial assets at fair value through profit or loss	605	27	-	-
Other assets	65,510	347	-	23
Assets with related parties	66,115	375	-	23
Payables	356	451	-	-
Other financial liabilities	0	55	-	-
Other liabilities	96	100	-	6,452
Liabilities with related parties	452	606	-	6,452
Commitments given	2,015	1,050	-	-
Commitments received	87	-	-	-

(1) Corresponding for the most part to transactions with the savings funds managed by Caisse des dépôts.

(2) Almost exclusively transactions with La Poste.

12.2 Management remuneration

The members of the Executive Board and the Development Committee are related parties within the meaning of IAS 24.

Executive Board members do not have a contract of employment with La Banque Postale and do not receive any remuneration other than for their services as corporate officers. Similarly, they receive no remuneration as members of the governance bodies of La Banque Postale Group subsidiaries.

Philippe Heim is paid a salary under his employment contract with La Poste covering his position as head of the La Poste Financial Services Division (Financial Centres). His appointment to this position (as well as being Chairman of La Banque Postale's Executive Board) was necessary due to the fact that La Poste's primary role is that of a public provider of postal services.

The annual remuneration packages of the members of the Executive Board comprise a fixed component and a capped variable component, except for the Chairman of the Executive Board, whose total compensation is fixed.

The total gross compensation paid to members of the Executive Board was €1,958 thousand as at 31 December 2021 and €2,576 thousand at 31 December 2020.

The remuneration packages of the members of the Development Committee, with the exception of the members of the Executive Board and the members paid by La Poste, are presented below:

(in € millions)	2021	2020
Remuneration and benefits in kind	9.38	7.92
Post-employment benefits	1.15	1.06
TOTAL	10.53	8.98

They may also be entitled to a termination benefit in the event that their appointment at La Banque Postale is terminated.

NOTE 13 STATUTORY AUDITORS' FEES FOR THE 2021 FINANCIAL YEAR

(in € millions, excluding taxes)

	2021			
	Statutory auditors of La Banque Postale			
	Pricewaterhouse Coopers Audit		KPMG	
	Amount	%	Amount	%
Statutory audit of the Company and consolidated financial statements	2.85	83%	1.81	79%
Parent company	0.57	16%	0.52	22%
Subsidiaries	2.29	66%	1.30	56%
Services other than the statutory audit of the financial statements	0.59	17%	0.49	21%
Parent company	0.09	3%	0.11	5%
Subsidiaries	0.49	14%	0.39	17%
TOTAL	3.44	100%	2.30	100%

NOTE 14 SCOPE OF CONSOLIDATION

Companies	Registered office: City/Country	31.12.2021			31.12.2020		
		Method ⁽¹⁾	% voting rights	% interest	Method	% voting rights	% interest
La Banque Postale	Paris – France	PARENT	100.00	100.00	PARENT	100.00	100.00
BANCASSURANCE FRANCE							
AEP3 SCI	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
AEP4 SCI	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
Arial CNP Assurances	Mons-en-Baroeul – France	EQUITY	40.00	31.58	EQUITY	40.00	25.14
Assurbail Patrimoine	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
Assurimmeuble	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
Assuristance	Paris – France	EQUITY	66.00	52.11	EQUITY	66.00	41.48
CIMO	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
CNP Assur Trésorerie Plus	Paris – France	FULL	98.12	77.46	FULL	98.13	61.67
CNP Assurances ⁽²⁾	Paris – France	FULL	82.12	78.95	FULL	68.51	62.84
CNP Caution	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
CNP Immobilier	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
CNP OSTRUM ISR OBLI 12 MOIS ⁽³⁾	Paris – France	FULL	98.59	77.84	FULL	100.00	62.84
Coentreprise de Transport d'Électricité ⁽⁴⁾	Paris – France	FVTPL	20.00	15.79	FVTPL	20.00	12.57
Easy Bourse	Paris – France	FULL	100.00	100.00	FULL	100.00	100.00
Écureuil Profil 90	Paris – France	FULL	56.86	44.89	FULL	56.83	35.71
Écureuil Vie Développement	Paris – France	EQUITY	49.00	38.69	EQUITY	49.00	30.79
Filassistance International	Paris – France	EQUITY	66.00	52.11	EQUITY	66.00	41.48
Holding d'Infrastructures Gazières	Paris – France	EQUITY	53.00	41.84	EQUITY	54.41	34.19
Infra-Invest France ⁽⁵⁾	Paris – France	FULL	100.00	78.95	NC	-	-
Infra-Invest Holding ⁽⁵⁾	Paris – France	FULL	100.00	78.95	NC	-	-
Issy Cœur de Ville (ICV) ⁽⁶⁾	Paris – France	FULL	100.00	78.95	NC	-	-
La Banque Postale Assurance Santé	Issy les Moulineaux – France	FULL	51.00	51.00	FULL	51.00	51.00
La Banque Postale Assurances IARD	Issy les Moulineaux – France	FULL	100.00	100.00	FULL	100.00	100.00
La Banque Postale Conseil en Assurances	Issy les Moulineaux – France	FULL	100.00	100.00	FULL	100.00	100.00
La Banque Postale Consumer Finance	Saint-Denis – France	FULL	100.00	100.00	FULL	100.00	100.00
La Banque Postale Prévoyance	Issy les Moulineaux – France	FULL	100.00	100.00	FULL	100.00	100.00
LBP Actifs Immo	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
Ma French Bank	Paris – France	FULL	100.00	100.00	FULL	100.00	100.00
MFPrévoyance SA	Paris – France	FULL	100.00	78.95	FULL	51.00	40.85
Montparvie V	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
OPCI AEP247	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
OPCI AEW Imcom 1	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
OPCI MTP Invest	Paris – France	FULL	100.00	78.95	FULL	100.00	62.65
OPCI Raspail	Paris – France	FULL	100.00	78.95	FULL	100.00	62.75
Outlet Invest	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
SAS Allergy	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
SF 2 ⁽⁷⁾	Paris – France	NC	-	-	FULL	100.00	100.00
SICAC	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
SOFIAP	Paris – France	FULL	66.00	66.00	FULL	66.00	66.00
Sogestop K	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
Univers CNP 1 FCP	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84
Vivaccio ISR actions ⁽⁸⁾	Paris – France	FULL	100.00	78.95	FULL	100.00	62.84

Companies	Registered office: City/Country	31.12.2021			31.12.2020		
		Method ⁽¹⁾	% voting rights	% interest	Method	% voting rights	% interest
INTERNATIONAL BANCASSURANCE							
CNP Capitalização SA	Brasília – Brazil	FULL	51.00	20.84	FULL	51.00	16.58
Caixa Consórcios SA Administradora de Consórcios ⁽⁹⁾	Brasília – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
CNP Participações Securitárias Brasil Ltda ⁽¹⁰⁾	Brasília – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
Caixa Seguradora SA	Brasília – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
Caixa Seguradora Especializada Em Saúde S/A ⁽¹¹⁾	São Paulo – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
Caixa Seguros Assessoria e Consultoria Ltda ⁽¹²⁾	Brasília – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
CNP Seguros Holding Brasil SA ⁽¹³⁾	Brasília – Brazil	FULL	51.75	40.86	FULL	51.75	32.52
Caixa Seguros Participações em Saúde Ltda ⁽¹⁴⁾	Brasília – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
Caixa Vida e Previdência	Brasília – Brazil	FULL	100.00	31.58	FULL	100.00	25.14
CNP Asfaltistiki	Nicosia – Cyprus	FULL	100.00	78.95	FULL	100.00	62.84
CNP Assurances Companhia de Seguros	Buenos Aires – Argentina	FULL	76.47	60.37	FULL	76.47	48.06
CNP Assurances Latam Holding Ltda ⁽¹⁵⁾	Brasília – Brazil	FULL	100.00	78.95	FULL	100.00	62.84
CNP Assurances Participações Ltda	Brasília – Brazil	FULL	100.00	78.95	FULL	100.00	62.84
CNP Vita Assicura ⁽¹⁶⁾	Milan – Italy	FULL	51.00	40.26	NC	-	-
CNP Vita Assicurazione ⁽¹⁶⁾	Milan – Italy	FULL	100.00	78.95	NC	-	-
CNP Cyprialife	Nicosia – Cyprus	FULL	100.00	78.95	FULL	100.00	62.84
CNP Cyprus Insurance Holdings	Nicosia – Cyprus	FULL	100.00	78.95	FULL	100.00	62.84
CNP Cyprus Properties	Nicosia – Cyprus	FULL	100.00	78.95	FULL	100.00	62.84
CNP Cyprus Tower Ltd	Nicosia – Cyprus	FULL	100.00	78.95	FULL	100.00	62.84
CNP Europe Life	Dublin – Ireland	FULL	100.00	78.95	FULL	100.00	62.84
CNP Luxembourg	Luxembourg – Luxembourg	FULL	100.00	78.95	FULL	100.00	62.84
CNP Partners	Madrid – Spain	FULL	100.00	78.95	FULL	100.00	62.84
CNP Praktoriaki	Athens – Greece	FULL	100.00	78.95	FULL	100.00	62.84
CNP SA de Capitalización y Ahorro p/ fines determinados	Buenos Aires – Argentina	FULL	65.38	39.47	FULL	65.38	31.42
CNP Santander Insurance Europe Ltd	Dublin – Ireland	FULL	51.00	40.26	FULL	51.00	32.05
CNP Santander Insurance Life Ltd	Dublin – Ireland	FULL	51.00	40.26	FULL	51.00	32.05
CNP Santander Insurance Services Ireland Ltd	Dublin – Ireland	FULL	51.00	40.26	FULL	51.00	32.05
CNP UniCredit Vita	Milan – Italy	FULL	57.50	45.40	FULL	57.50	36.13
CNP Zois	Athens – Greece	FULL	100.00	78.95	FULL	100.00	62.84
Companhia de Seguros Previdencia Do Sul-Previsul ⁽¹⁷⁾	São Paulo – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
Fundo De Investimento Imobiliario Renda Corporativa Angico – FII ⁽¹⁸⁾	São Paulo – Brazil	FULL	100.00	38.54	FULL	100.00	26.69
Holding XS 1 SA	Brasília – Brazil	FULL	51.00	31.58	FULL	51.00	25.14
Infra-Invest	Luxembourg – Luxembourg	FULL	100.00	78.95	FULL	100.00	62.84
Odonto Empresas Convênios Dentários Ltda	São Paulo – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
OPCVM Caixa Capitalização SA	Brasília – Brazil	FULL	100.00	20.84	FULL	100.00	16.58
OPCVM Caixa Consórcios	Brasília – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
OPCVM Caixa Seguradora SA	Brasília – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
OPCVM Caixa Vida e Previdência	Brasília – Brazil	FULL	100.00	31.58	FULL	100.00	25.14
OPCVM Holding Caixa Seguros Holding SA	Brasília – Brazil	FULL	100.00	40.86	FULL	100.00	32.52
Wiz Soluções e Corretagem de Seguros SA	Brasília – Brazil	EQUITY	25.00	10.22	EQUITY	25.00	8.13
XS2 Vida e Previdência SA	Brasília – Brazil	FULL	100.00	31.58	FULL	100.00	25.14

Companies	Registered office: City/Country	31.12.2021			31.12.2020		
		Method ⁽¹⁾	% voting rights	% interest	Method	% voting rights	% interest
XS5 Administradora de consórcios SA ⁽¹⁹⁾	Brasília – Brazil	EQUITY	50.01	19.74	NC	-	-
WEALTH AND ASSET MANAGEMENT							
AEW Europe SA ⁽²⁰⁾	Paris – France	EQUITY	40.00	40.00	EQUITY	40.00	40.00
BPE	Paris – France	FULL	100.00	100.00	FULL	100.00	100.00
La Banque Postale Asset Management	Paris – France	FULL	100.00	70.00	FULL	100.00	70.00
La Banque Postale Asset Management Holding	Paris – France	FULL	70.00	70.00	FULL	70.00	70.00
La Banque Postale Immobilier Conseil	Paris – France	FULL	100.00	100.00	FULL	100.00	100.00
Ostrum Asset Management ⁽²¹⁾	Paris – France	EQUITY	45.00	31.50	EQUITY	45.00	31.50
Tocqueville Finance Holding ⁽²²⁾	Paris – France	NC	-	-	FULL	99.89	69.92
Tocqueville Finance SA	Paris – France	FULL	99.90	69.93	FULL	99.90	69.86
CORPORATE AND INVESTMENT BANKING							
FCT Elise 2012	Paris – France	FULL	95.00	95.00	FULL	95.00	95.00
La Banque Postale Collectivités Locales	Paris – France	FULL	65.00	65.00	FULL	65.00	65.00
La Banque Postale Leasing & Factoring	Paris – France	FULL	100.00	100.00	FULL	100.00	100.00
LBP Dutch Mortgage Portfolio 1 BV	Amsterdam – Netherlands	FULL	100.00	100.00	FULL	100.00	100.00
LBP Dutch Mortgage Portfolio 2 BV	Amsterdam – Netherlands	FULL	100.00	100.00	FULL	100.00	100.00
MULTI-SECTOR							
La Banque Postale Home Loan SFH	Paris – France	FULL	100.00	100.00	FULL	100.00	100.00
SCI CRSF DOM ⁽²³⁾	Paris – France	FULL	99.94	99.94	FULL	99.94	99.94
SCI CRSF Métropole ⁽²³⁾	Paris – France	FULL	100.00	100.00	FULL	100.00	100.00
SCI Tertiaire Saint Romain ⁽²³⁾	Paris – France	FULL	100.00	100.00	FULL	100.00	100.00

(1) Consolidation method.

FULL: Full consolidation/EQUITY: Equity accounted/FVTPL: At fair value through profit or loss/NC: Not consolidated.

(2) La Banque Postale acquired Groupe BPCE's 16.11% stake in CNP Assurances (see Note 1.1 "Significant events of the period").

(3) LBPAM COURT TERME has been renamed CNP OSTRUM ISR OBLI 12 MOIS.

(4) The investment in Coentreprise de Transport d'Électricité (CTE) is almost exclusively in representation of participatory insurance contracts and the Group has therefore chosen to apply the exemption from using the equity method granted in Paragraph 18 of IAS 28. The CTE shares are included in financial assets at fair value through profit or loss.

(5) Companies consolidated for the first time

(6) Issy Cœur de Ville, owned by CNP Assurances, has been consolidated for the first time at 30 June 2021.

(7) Company merged into La Banque Postale

(8) Vivaccio ACT 5DEC has been renamed Vivaccio ISR actions.

(9) Caixa Consórcios has been renamed Caixa Consórcios SA Administradora de Consórcios.

(10) Caixa Seguros Participações Securitárias Ltda has been renamed CNP Participações Securitárias Brasil Ltda.

(11) Caixa Saúde SA has been renamed Caixa Seguradora Especializada Em Saúde S/A.

(12) Caixa Assessoria e Consultoria has been renamed Caixa Seguros Assessoria e Consultoria Ltda.

(13) Caixa Seguros Holding SA has been renamed CNP Seguros Holding Brasil SA.

(14) Holding Caixa Seguros Participações em Saúde Ltda has been renamed Caixa Seguros Participações em Saúde Ltda.

(15) CNP Holding Brasil has been renamed CNP Assurances Latam Holding Ltda.

(16) CNP Vita Assicura and CNP Vita Assicurazione were accounted for by the equity method from 1 to 30 December 2021 and fully consolidated from 31 December 2021 (see Note 1.1 "Significant events of the period").

(17) Previsul has been renamed Companhia de Seguros Previdência Do Sul-Previsul.

(18) OPCI Renda Corporativa Angico has been renamed Fundo De Investimento Imobiliario Renda Corporativa Angico – FII.

(19) XS5 Administradora de consórcios SA, a subsidiary of CNP Assurances, has been consolidated for the first time at 30 June 2021 (see Note 1.1 "Significant events of the period").

(20) AEW SA has been renamed AEW Europe SA. This entity is held for sale (see Note 1.1 "Significant events of the period").

(21) This entity is held for sale (see Note 1.1 "Significant events of the period").

(22) This entity has been merged into La Banque Postale Asset Management.

(23) Non-trading property company that owns La Banque Postale's owner-occupied property.

Companies excluded from the consolidation scope

The entities listed below are excluded from the consolidation scope because they do not fulfil any of the three materiality criteria (percentage contribution to total consolidated assets, percentage contribution to consolidated net banking income, percentage contribution to consolidated net profit) and also in light of their long term financial trajectories.

Companies	Registered office: City – Country	% interest
5/7 rue Scribe	Paris – France	100.00%
23-25 Marignan SAS	Paris – France	100.00%
36 MARBEUF SAS	Paris – France	100.00%
83 Avenue Bosquet	Paris – France	100.00%
115 Capital	Paris – France	100.00%
201 Investments	Paris – France	100.00%
270 Investments	Paris – France	100.00%
Alpinvest Feeder (Euro) V.C.V.	Amsterdam – Netherlands	99.98%
Assurécureuil Pierre	Paris – France	99.99%
Assurécureuil Pierre 2	Paris – France	100.00%
Assurécureuil Pierre 5	Paris – France	100.00%
Assurécureuil Pierre 7	Paris – France	99.99%
Auxiliaire de Transaction Immobilière	Paris – France	100.00%
Avenir Santé	Paris – France	100.00%
Axe France	Paris – France	50.00%
AZIMUT	Paris – France	88.67%
Baudry Ponthieu	Paris – France	99.91%
Bercy Crystal	Paris – France	100.00%
CANOPEE	Paris – France	99.98%
Cartera Pbtamsi	Madrid – Spain	100.00%
CBPE CAPITAL VIII SPECIAL INVESTORS	London – United Kingdom	100.00%
Cicoge	Paris – France	100.00%
CL (Mesa Geitonía) Properties Ltd	Nicosia – Cyprus	100.00%
CL ARCHANGELOS PROPERTIES LTD	Nicosia – Cyprus	100.00%
CNP LOANS INFRA COMPARTMENT CLI 123 SOLEIL	Pantin – France	100.00%
CNP LOANS INFRA COMPARTMENT CLI N°7 SIROCO	Pantin – France	100.00%
CNP Private Equity for Personal Savings	Paris – France	100.00%
CNP SHORT TERM INFLATION	Paris – France	100.00%
CNP Sviluppo SRL	Milan – Italy	100.00%
CNP Technologies de l'Information	Paris – France	99.80%
CNP UC IMMO	Paris – France	100.00%
CNP Vita SCARL	Milan – Italy	100.00%
CŒUR MEDITERRANÉE	Paris – France	70.00%
Cottages du Bois aux Daims	Paris – France	100.00%
CREDERE	Saint-Denis – France	100.00%
DIWISE	Paris – France	100.00%
Domaine de Lancosme	Vendoeuvres – France	80.00%
Domiserve	Montrouge – France	100.00%
Écureuil Vie Investment	Paris – France	100.00%
EIG Energy Transition fund S.C.S.p.	Luxembourg – Luxembourg	55.56%
ÉOLE RAMBOUILLET	Paris – France	100.00%
Equinox	Paris – France	99.99%
Europe Properties Investments	Neuilly-sur-Seine – France	100.00%
Ezyness	Paris – France	100.00%
Farman	Paris – France	50.00%
Farmoric	Puteaux – France	100.00%
Filassistance Services	Paris – France	100.00%
Filassistance solutions	Saint-Cloud – France	100.00%
Foncière CNP	Paris – France	100.00%
Foncière ELBP	Paris – France	100.00%
FONCIÈRE HID	Paris – France	100.00%
Forestiere Cdc	Paris – France	74.87%

Companies	Registered office: City – Country	% interest
FPIP	Paris – France	100.00%
FSN CAPITAL IV (B) L.P.	Oslo – Norway	100.00%
GALAXIE 33	Paris – France	100.00%
GCK	Luxembourg – Luxembourg	80.00%
Geosud	Rueil Malmaison – France	98.00%
GF DE LA FORÊT DE NAN	Paris – France	100.00%
Green Quartz	Paris – France	99.99%
Green Rueil	Paris – France	50.00%
Habimmo	Paris – France	99.99%
Holdipierre	Paris – France	100.00%
Immaucom	Paris – France	80.00%
INFRA LOAN INVEST COMPARTMENT	Paris – France	100.00%
INFRA-INVEST 2	Paris – France	100.00%
Infrastructure Partners (Morgan Stanley)	Paris – France	64.94%
Ireland Property Investment Fund	Dublin – Ireland	100.00%
ISSY ILOT 13	Paris – France	50.00%
Issy Vivaldi	Paris – France	100.00%
Jasmin	Paris – France	99.95%
Jesco	Paris – France	55.00%
KissKissBankBank	Paris – France	100.00%
KLEBER 46 HOLDING	Paris – France	100.00%
Kureck	Paris – France	100.00%
Laiki Brokers (Insurance & Consultancy Services) Ltd	Nicosia – Cyprus	100.00%
Laiki Insurance Agencies Ltd	Nicosia – Cyprus	100.00%
LBP AM Private Debt GP Lux	Luxembourg – Luxembourg	100.00%
LBP International	Paris – France	100.00%
LBP Protection	Paris – France	100.00%
LBPAM EUROPEAN INFRASTRUCTURE DEBT FUND 2	Paris – France	55.19%
LBPAM EUROPEAN REAL ESTATE DEBT FUND 2	Paris – France	50.00%
LBPAM EUROPEAN REAL ESTATE DEBT FUND 3	Paris – France	75.37%
LBPAM FCT EUROPEAN DEBT FUNDS COMPARTIMENT MONTPARNASSE INFRASTRUCTURE DEBT	Paris – France	100.00%
LBPAM FCT EUROPEAN DEBT FUNDS COMPARTIMENT MONTPARNASSE REAL ESTATE DEBT	Paris – France	100.00%
LCYL Dramas Properties Limited	Nicosia – Cyprus	100.00%
LCYL KARPENISIOU PROPERTIES LIMITED	Nicosia – Cyprus	100.00%
LCYL KITI PROPERTIES LIMITED	Nicosia – Cyprus	100.00%
LCYL Properties Limited	Nicosia – Cyprus	100.00%
Lesly	Paris – France	100.00%
LIBERTE	Paris – France	50.00%
Lux Gare	Paris – France	100.00%
Lyfe	Paris – France	100.00%
Meridiam Infra Invest SLP	Paris – France	100.00%
MONTAGU IV (SCOTS FEEDER)	London – United Kingdom	100.00%
MONTPARNASSE DEBT FUND 2 – COMPARTIMENT INFRASTRUCTURE	Paris – France	100.00%
MONTPARNASSE DEBT FUND 2 – COMPARTIMENT REAL ESTATE	Paris – France	100.00%
MONTPARVIE IV	Paris – France	100.00%
Montparvie VII	Paris – France	100.00%
MONTPER ENTERPRISES LIMITED	Nicosia – Cyprus	100.00%
NATIXIS FCT MONTPARNASSE DETTE PRIVEE COMPARTIMENT MONTPARNASSE PLACEMENT PRIVE	Paris – France	100.00%
Naturim	Levallois-Perret – France	100.00%
Neuilly Pilot	Paris – France	100.00%
New Side	Paris – France	100.00%
Ofelia	Paris – France	66.66%
ONE COLOGNE	Paris – France	100.00%
Open CNP	Paris – France	100.00%

Companies	Registered office: City – Country	% interest
OREA	Paris – France	100.00%
Pantin Logistique	Paris – France	100.00%
Paris 08	Paris – France	100.00%
Passage du Faidherbe	Paris – France	100.00%
Pays-Bas Retail 2013 BV	Amsterdam – Netherlands	100.00%
Pial 34	Paris – France	100.00%
Pierre et Labruyère	Paris – France	100.00%
Pierre Quentin Bauchard	Paris – France	99.99%
Pyramides 1	Paris – France	100.00%
Residavout	Paris – France	100.00%
Residential	Paris – France	100.00%
RSS IMMO	Paris – France	99.99%
Rue du Bac	Paris – France	50.00%
Rueil Newton	Paris – France	50.00%
SA Le Marquis	Paris – France	60.00%
Saphirimmo	Paris – France	100.00%
SAS 22 RUE DE LA BANQUE HOLDCO	Paris – France	100.00%
SAS Le square Paris 8 propco	Paris – France	100.00%
SAS Pyramides 2	Paris – France	100.00%
SAS Richelieu Vivienne	Paris – France	50.00%
SCHRODER COMPARTMENT IALA	Paris – France	100.00%
SCI Assurécureuil Pierre 8	Paris – France	100.00%
SCI de la CNP	Paris – France	100.00%
SCI ELEMENTS BERLIN OFFICE	Paris – France	99.00%
SCI ELEMENTS BERLIN RESIDENTIAL	Paris – France	99.00%
SCI HOLDIHEALTH EUROPE	Paris – France	100.00%
SCI Lauriston	Paris – France	100.00%
SCI Les Chevrons	Paris – France	51.51%
SCI MAX	Paris – France	100.00%
Secrets et Boetie	Paris – France	100.00%
SILK HOLDING	Paris – France	100.00%
Sogestop L	Paris – France	100.00%
Sonne	Neuilly-sur-Seine – France	99.95%
Suffren Ré	Paris – France	99.97%
Taunus	Paris – France	100.00%
Terre Neuve 4 Immo	Paris – France	100.00%
THEEMIM	Paris – France	100.00%
Transactis	Courbevoie – France	50.00%
US Real Estate 270 SAS	Paris – France	100.00%
US Real Estate EVJ SAS	Paris – France	100.00%
Vendome Europe	Paris La Défense – France	50.00%
Victor Hugo 147	Paris – France	99.98%
Wagram 92	Paris – France	100.00%
Woodland Invest	Paris – France	100.00%
Ybry Pont de Neuilly	Paris – France	100.00%
Yellowalto	Puteaux – France	100.00%
Youse Home	Paris – France	100.00%
Youse Seguradora SA	Brasília – Brazil	100.00%

NOTE 15 IFRS 12: DISCLOSURE OF INTERESTS IN OTHER ENTITIES

This note presents the disclosures concerning subsidiaries and structured entities required by IFRS 12.

15.1 Consolidated entities

The consolidated financial statements of La Banque Postale Group include the financial statements of entities over which the Group exercises direct control, joint control or significant influence within the meaning of IFRS 10, IFRS 11 and IAS 28.

The definition of the scope of consolidation and the Group's consolidation methods are presented in Note 2 "Summary of significant accounting policies".

15.1.1 Restrictions on controlled entities

Statutory, contractual or regulatory restrictions may limit the Group's ability to freely access certain assets or freely transfer certain assets to or from other Group entities or to use them and settle the Group's liabilities.

The following points have also been identified:

- ▶ the Group has delivered or has committed to delivering securities under collateralised repurchase agreements and pledged securities in favour of the European Central Bank and Crédit Logement (see Note 8);
- ▶ the Group has pledged home loans in favour of the holders of covered bonds issued by the Group's home loan company, La Banque Postale Home Loan SFH (see Note 8);

▶ the Group has granted capital and performance guarantees to holders of units in investment funds originated by the Group (see Note 8);

▶ concerning the insurance activities, the Group sets aside income from insurance investments in a deferred participation reserve in liabilities (shadow accounting adjustment), and concerning its reinsurance activities, the Group either pays or receives deposits in the form of cash or securities (see Note 6 and Note 4.18).

15.1.2 Non-controlling interests

Non-controlling interests represent the interests in fully-consolidated subsidiaries or sub-groups that is not attributable either directly or indirectly to the Group.

Summary financial information is provided for subsidiaries or sub-groups on a 100% basis, including purchase price allocations and before the elimination of intra-group transactions.

The following table presents information on subsidiaries or sub-groups in which non-controlling interests represent material amounts in relation to the Group's total equity, or the total equity of the sub-group.

	31.12.2021								
	Non-controlling interests					Summary financial information for subsidiaries			
	Percentage of voting rights held by non-controlling interests	Percentage interest held by non-controlling interests	Net profit for the period attributable to noncontrolling interests	Reporting date equity attributable to non-controlling interests	Dividends paid to noncontrolling interests	Total assets	Equity	Net banking income	Net profit
(in € millions)									
CNP Assurances group	18%	21%	471	10,105	630	483,604	24,804	2,798	1,101
Other entities			15	103	15				
TOTAL			486	10,208	645				

15.1.3 Consolidated structured entities

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. This is the case, for example, when the relevant activities are directed by means of contractual arrangements. Structured entities generally have a narrow and well-defined objective and restricted activities.

Consolidated structured entities include:

- ▶ collective investment undertakings (OPC/FCP funds) managed by Group subsidiaries as part of its banking business, or that are held in policyholder and own-fund portfolios;
- ▶ securitisation funds whose units are issued by structured entities. They are designed to diversify the underlying credit risk and may be organised by tranche.

15.1.4 Partnerships and associates

Significant partnerships

At 31 December 2021, the Group had three significant partnerships: Arial CNP Assurances, Holding d'Infrastructures Gazières and Ostrum Asset Management.

Arial CNP Assurances

CNP Assurances holds 40% of the capital of Arial CNP Assurances, which is controlled jointly with AG2R-La Mondiale. The joint subsidiary's corporate purpose is the design, distribution and management of employee retirement savings plans and employee benefit plans. It is accounted for using the equity method.

Holding d'Infrastructures Gazières

CNP Assurances holds 53% of the capital of Holding d'Infrastructures Gazières, which is controlled jointly with Caisse des dépôts. This holding company in turn owns 39% of the capital of GRTgaz, a company specialised in transporting natural gas. It is accounted for using the equity method.

Ostrum Asset Management

Ostrum Asset Management is a 55% interest owned by Natixis group and 45% by La Banque Postale Group. As a manager of insurance-related fixed income securities, Ostrum Asset Management has two service offers – asset management and investment services. The planned sale by La Banque Postale to Natixis of the non-controlling interest in Ostrum Asset Management, previously accounted for by the equity method, meets the conditions for applying IFRS 5. Accordingly, Ostrum Asset Management is presented within “Non-current assets held for sale” in the consolidated balance sheet at 31 December 2021 (see Note 1.1 “Significant events of the period”).

CNP Vita Assicura and CNP Vita Assicurazione

On 1 December 2021, CNP Assurances acquired two significant partnerships: CNP Vita Assicura (51% interest) and CNP Vita Assicurazione (100% interest). These partnerships were accounted for by the equity method from 1 to 30 December 2021 and fully consolidated from 31 December 2021 (see Note 1.1 “Significant events of the period”).

Significant associates

AEW Europe SA is the Group's only significant associate.

AEW Europe SA

La Banque Postale Group has a 40% interest in AEW Europe SA, alongside Natixis (through its Natixis Investment Managers subsidiary). AEW SA is one of the world's biggest property portfolio management companies with a wide range of investment products. The planned sale by La Banque Postale to Natixis of the non-controlling interest in AEW Europe SA, previously accounted for by the equity method, meets the conditions for applying IFRS 5. Accordingly, AEW Europe SA is presented within “Non-current assets held for sale” in the consolidated balance sheet at 31 December 2021 (see Note 1.1 “Significant events of the period”).

Financial disclosures concerning partnerships and associates are provided in Note 4.10 “Investments in equity-accounted companies”.

15.2 Unconsolidated structured entities

The following disclosures concern entities structured but not controlled by the Group. They are organised by group of entities with the same or similar businesses: securitisation, mutual funds and other activities.

Securitisation

Securitisation covers securitisation funds and similar structures that issue financial instruments with inherent credit risk that may be acquired by investors and may be organised in tranches. Securitisation is a financial technique that converts receivables

that are generally illiquid and held to maturity, into negotiable liquid securities. The purpose of securitisation is to:

- ▶ convert illiquid portfolios into liquid securities;
- ▶ make it easier to raise funds on more attractive terms (refinancing vehicle);
- ▶ enhance risk management by transferring risk to the investor;
- ▶ transfer credit risk and its components (interest rate, liquidity risk, etc.) and reduce capital requirements;
- ▶ restructure the balance sheet (ALM instrument).

Mutual funds

This activity seeks to meet investor demand by:

- ▶ managing funds *via* structured entities such as collective investment undertakings, real estate investment funds or equivalent vehicles;
- ▶ investing insurance premiums received by insurers from policyholders in accordance with the regulatory provisions of

the French Insurance Code. The insurance companies' asset portfolios guarantee their ability to fulfil their obligations towards policyholders throughout the life of the insurance policy and both the value of the investments and the investment yield are correlated to the related obligations.

Other activities

This category covers all other activities.

15.2.1 Interests in non-consolidated structured entities

The Group's interest in a non-consolidated structured entity concerns contractual or non-contractual ties that expose it to a risk of variable returns linked to the entity's performance. Its interest may be in the form of equity instruments or debt securities but may also take the form of a loan, a cash facility,

credit enhancement or the provision of collateral or structured derivatives.

The following table provides cumulative information by activity about all entities in which the Group has unrestricted interests:

(in € millions)	31.12.2021		
	Securitisation	Mutual funds	Other
Financial assets at fair value through profit or loss	6,177	119,083	435
Hedging derivatives	-	-	-
Financial assets at fair value through OCI	3	-	40
Financial assets at amortised cost	-	170	2,773
Total recognised assets in non-consolidated structured entities	6,180	119,253	3,249
Provisions	-	-	-
Total recognised liabilities in non-consolidated structured entities	-	-	-
Financing commitments given	-	120	836
Guarantee commitments given	-	-	-
Maximum loss exposure	6,180	119,373	4,084
Guarantees received and other credit enhancements	-	-	-
Net loss exposure	6,180	119,373	4,084

The maximum loss exposure corresponds to the interests recognised in assets and commitments given, less provisions for liabilities and charges recognised in liabilities, less guarantees received.

The maximum loss exposure is, in most cases, limited to units held in funds, with the exception of funds in which La Banque Postale guarantees capital and performance.

15.2.2 Disclosures concerning non-consolidated structured entities sponsored by the Group

Non-consolidated structured entities sponsored by the Group are funds structured by a management company controlled by the Group, notably funds managed by La Banque Postale Asset Management.

A structured entity is considered to be sponsored by the Group when its name includes either the name of the Group or one of its subsidiaries.

Income received by the Group from these entities amounted to €98 million for the year ended 31 December 2021 and consisted mainly of non-recurring commission.

NOTE 16 IDENTIFICATION DETAILS OF NON-CONSOLIDATED EQUITY INVESTMENTS

Non-consolidated equity investments in which the Group has an interest of between 10% and 49.99% are shown in the following table.

(in € millions)	Registered office: City – Country	% interest	Currency	Last published equity	Last published net profit/ (loss)	Date of most recent financial statements
RETAIL BANKING AND ASSET MANAGEMENT						
Mandarine Gestion	Paris – France	11.82%	EUR	52.17	8.38	31.12.2020
Paylib	La Garenne Colombes – France	16.67%	EUR	3.14	0.37	31.12.2020
SG FGAS	Paris – France	14.30%	EUR	1.03	0.00	31.12.2020
SOLFIZ	Nantes – France	20.00%	EUR	0.23	(0.26)	30.09.2020
ASSURANCE⁽¹⁾						
17 Capital Fund 3	London – United Kingdom	10.04%	EUR	NC	NC	NC
AEAM Dutch Mortgage Fund 2	The Hague – Netherlands	16.53%	EUR	NC	NC	NC
Allianz Euro Core Infrastructure Debt Fund SCSP	Paris – France	10.07%	EUR	NC	NC	NC
Allianz European Private Credit Fund II	Senningerberg – Luxembourg	33.33%	EUR	NC	NC	NC
Alpinvest Secondaries Fund Lux Euro Master VI	Amsterdam – Netherlands	22.47%	EUR	NC	NC	NC
Amundi LCL Senior Secured Midcap Loans	Paris – France	21.13%	EUR	NC	NC	NC
Assureurs – Caisse des Dépôts Relance Durable France – LBPAM	Paris – France	10.00%	EUR	NC	NC	NC
Aviva Investors Alternatives FCP RAIF – Aviva Investors European Infrastructure Debt Strategy	Luxembourg – Luxembourg	11.90%	EUR	NC	NC	NC
Aviva Investors European Secondary Infrastructure Credit	Paris – France	16.67%	EUR	NC	NC	NC
Blue Like An Orange Sustainable Capital Latin America Fund I	Luxembourg – Luxembourg	12.21%	USD	NC	NC	NC
BNP Paribas European SME Debt Fund	Paris – France	15.00%	EUR	NC	NC	NC
BNP Paribas European SME Debt Fund 2	Paris – France	14.23%	EUR	NC	NC	NC
BNP Paribas Global Senior Corporate Loans	Paris – France	36.41%	EUR	NC	NC	NC
BNP Paribas Novo 2018	Paris – France	15.15%	EUR	NC	NC	NC
CDC Capital III	Paris – France	37.43%	EUR	NC	NC	NC
CDC Capital III B	Paris – France	47.25%	EUR	NC	NC	NC
Certivia SICAV	Neuilly-sur-Seine – France	13.33%	EUR	83.76	(2.01)	30.09.2021
Clearsight Turnaround Fund II	St Peter Port – Guernsey – United Kingdom	15.63%	EUR	NC	NC	NC
Clearsight Turnaround Fund III	Pfäffikon – Switzerland	11.01%	EUR	NC	NC	NC
Clearsight Turnaround Fund IV	Pfäffikon – Switzerland	10.00%	EUR	NC	NC	NC
CM-CIC Debt Fund 3	Paris – France	12.22%	EUR	NC	NC	NC
Credicoop Afavydc	Buenos Aires – Argentina	29.84%	EUR	(9.52)	(0.00)	31.12.2020
DBAG Fund VI Feeder GmbH & Co KG	Frankfurt am Main – Germany	26.56%	EUR	NC	NC	NC
Défense CB3	Paris – France	25.00%	EUR	93.02	0.57	31.12.2021 ⁽²⁾
FCT Tikehau Novo 2020	Paris – France	14.98%	EUR	NC	NC	NC
FLI	Paris – France	11.48%	EUR	999.98	2.47	31.12.2020
FLI 2	Paris – France	11.03%	EUR	102.12	0.19	31.12.2020
Foncière Écureuil II	Paris – France	21.77%	EUR	27.46	4.68	31.12.2021 ⁽²⁾
Fonds de Fonds Growth	Maison-Alfort – France	20.00%	EUR	NC	NC	NC
Fonds de Prêts Participatifs Relance	Saint-Denis – France	13.64%	EUR	NC	NC	NC

(in € millions)	Registered office: City – Country	% interest	Currency	Last published equity	Last published net profit/ (loss)	Date of most recent financial statements
Fonds NOV Impact Actions NC Assureurs – CDC Relance	Paris – France	16.13%	EUR	NC	NC	NC
Fonds NOV Sante Actions NC Assureurs – CDC Relance Durable France	Paris – France	11.34%	EUR	NC	NC	NC
Fonds NOV Sante Dette Non Cotee Assureurs	Paris – France	22.27%	EUR	NC	NC	NC
Fonds NOV Tourisme Actions Non Cotées	Paris – France	10.00%	EUR	NC	NC	NC
Fonds Obligations Relance France	Paris – France	17.00%	EUR	NC	NC	NC
GF France Est	Paris – France	28.97%	EUR	27.67	0.68	31.12.2020
Hemisphere Holding	Paris – France	20.00%	EUR	54.05	3.33	31.12.2020
Infrastructure Finance SCS SIF – Compartment European Infra Senior 1	Luxembourg – Luxembourg	10.58%	EUR	NC	NC	NC
Initiative & Finance II	Paris – France	11.43%	EUR	NC	NC	NC
LAC I SLP	Maison-Alfort – France	11.00%	EUR	NC	NC	NC
Latour Co-Invest Funecap	Paris – France	12.54%	EUR	NC	NC	NC
Latour Co-Invest Hygee	Paris – France	26.27%	EUR	NC	NC	NC
LBPAM FCT EUROPEAN DEBT FUNDS COMPARTIMENT INFRASTRUCTURE FCT 1	Paris – France	48.70%	EUR	NC	NC	NC
LBPAM PRIVATE DEBT SCS RAIF – LBPAM EUROPEAN RESPONSIBLE INFRASTRUCTURE DEBT FUND	Paris – France	47.39%	EUR	NC	NC	NC
Lyxor Dette midcap	Paris La Défense – France	24.15%	EUR	NC	NC	NC
Lyxor Dette Midcap II	Paris La Défense – France	33.33%	EUR	NC	NC	NC
MXVI	Lyon – France	23.82%	EUR	NC	NC	NC
NN Dutch Residential Mortgage Fund	Paris – France	10.17%	EUR	NC	NC	NC
October SME III	Pantin – France	10.00%	EUR	NC	NC	NC
Office CB 21	Neuilly-sur-Seine – France	25.00%	EUR	342.09	13.08	31.12.2020
OPC 1	Paris – France	19.03%	EUR	25.60	4.66	30.09.2021
OPC 2	Paris – France	42.15%	EUR	78.14	3.93	30.09.2021
Partech Growth	Paris – France	14.40%	EUR	NC	NC	NC
PBW II Real Estate Fund	Luxembourg – Luxembourg	14.57%	EUR	1.05	(0.19)	31.12.2021 ⁽²⁾
Polaris Private Equity IV	Copenhagen – Denmark	10.00%	DKK	NC	NC	NC
Purple Private Debt Scs Raif – Essential Infra Debt Fund	Paris – France	25.21%	EUR	NC	NC	NC
Quadrille Technologies III	Paris – France	11.11%	EUR	NC	NC	NC
Senior European Loan Fund 1	Luxembourg – Luxembourg	46.40%	EUR	NC	NC	NC
Senior European Loan Fund 2	Luxembourg – Luxembourg	31.88%	EUR	NC	NC	NC
Senior European Loan Fund 3	Luxembourg – Luxembourg	27.36%	EUR	NC	NC	NC
SGD Pharma Co-Invest S.L.P.	Paris – France	23.81%	EUR	NC	NC	NC
Silverstone	Neuilly-sur-Seine – France	19.61%	EUR	84.02	(0.10)	31.12.2021 ⁽²⁾
Société du Centre Commercial de la Défense (SCCD)	Paris – France	22.00%	EUR	59.14	56.09	31.12.2021
Sofinnova Capital VIII	Paris – France	10.00%	EUR	NC	NC	NC
Sofinnova Crossover I S.L.P.	Paris – France	17.99%	EUR	NC	NC	NC
Sofiproteol Dette Privée	Paris – France	14.63%	EUR	NC	NC	NC
Sunlight	Neuilly-sur-Seine – France	46.98%	EUR	84.91	0.09	31.12.2021
Tikehau NOVO 2018	Paris – France	14.16%	EUR	NC	NC	NC
Trilantic capital partners V (Europe)	New-York – United States	12.77%	EUR	NC	NC	NC

(1) Investments with a carrying amount in excess of 1% of CNP Assurances' share capital.

(2) Preliminary accounts.

5.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 December 2021)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

La Banque Postale

115, rue de Sèvres

75275 Paris Cedex 06, France

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of La Banque Postale SA for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Financial Statements Committee.

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 1 January 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 2.2 "Standards, interpretations or amendments applied by the Group from 1 January 2021" to the consolidated financial statements, which describes the impact of the change in accounting policy, resulting from the final IFRS IC decision of 20 April 2021 relating to IAS 19 – Employee Benefits, on the methods for measuring pension and similar benefit obligations.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties

on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, 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.

Provisions for credit risks – consolidated financial statements

Description of risk

La Banque Postale Group records impairment to cover the risk of default by its customers. In accordance with IFRS 9, La Banque Postale Group recognises impairment and provisions for Expected Credit Losses (ECL) on performing loans (status 1), deteriorated loans (status 2) and defaulted loans (status 3).

The rules for the impairment of expected credit losses require the creation of an impairment status resulting in a 12-month expected credit loss following the origination of a new financial asset, and of a second status resulting in a credit loss expected at maturity, in the event of significant deterioration in credit risk. The impairment of expected credit losses (on loans of status 1 and 2) are primarily determined using models developed by La Banque Postale that include various parameters (probability of default (PD), loss given default (LGD), forward-looking data, etc.). Loans to corporate customers, classified as status 2 and included on the "watchlist", are also provisioned based on an informed judgement.

Defaulted loans (status 3) are impaired on an individual or statistical basis. This impairment is calculated by management based on estimated future recoverable flows, taking into account the guarantees available for each loan concerned.

In light of the Covid-19 health crisis, La Banque Postale Group made provisions to address a potential decline in the financial position of counterparties in the sectors deemed the most exposed to the impacts of the crisis.

When calculating provisions, a judgement-based assessment is used to classify exposure (status 1, 2, or 3) and to determine future recoverable flows and the calculation of sectoral provisions, the judgement being just as complex as the ongoing crisis' impacts are uncertain.

Given the importance of this judgement in the process for determining provisions and the expected credit risk deterioration as a result of the health crisis, we considered the estimates for expected credit losses on loans to customers at 31 December 2021 to be a key audit matter.

At 31 December 2021, outstanding loans and receivables – customers amounted to €124.5 billion, and the associated provisions totalled €1.4 billion as indicated in Notes 4.7 and 4.19 to the consolidated financial statements. The principles for establishing credit risk provisions are detailed in Note 2.6 "Presentation and measurement rules" to the consolidated financial statements (Section 2.6.1.2.5 "Impairment of financial assets") and Notes 3.1 "COVID-19 impacts" and 3.2 "Credit risk".

How our audit addressed this risk

Provisions for status 1 and 2 loans:

We noted that an internal control system is in place that ensures a suitably regular update of the ratings of various loans.

On the provisioning models:

- ▶ We verified that a governance system is in place that ensures a suitably regular review of the appropriateness of the impairment models and parameters used to calculate impairment;
- ▶ We assessed the update of the parameters used to calculate impairment at 31 December 2021;
- ▶ We assessed how the main economic impacts of the health crisis in updating impairment models and parameters were taken into account, as well as the additional impacts of sectoral provisioning.

We also examined the relevant documentation so as to assess the justification of the sectors selected for making specific provisions.

Based on a sample of credit files relating to corporate customers, classified as status 2 and included on the "watchlist", we performed counteranalyses of the amounts provisioned.

We performed controls on the entire IT system implemented by La Banque Postale Group to process its customer loan transactions, particularly tests on the general IT controls, interfaces and controls conducted on specific data used for provisions for credit risks.

Provisions for status 3 loans:

As part of our audit work, we examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, assessing the risk of non-recovery and determining defining impairment testing methods and determining the related impairment on an individual and collective basis.

Our work included assessing the quality of the system monitoring doubtful or disputed counterparties, the credit review procedure, and the guarantee valuation system.

In addition, based on a sample of credit files concerning corporate customers, we performed counteranalyses of the amounts provisioned.

Lastly, for provisions across all loans, we also examined the appropriateness of the disclosures provided in the notes to the financial statements.

Technical reserves of insurance companies

Description of risk

On the liabilities side of their balance sheet, the entities controlled by La Banque Postale that carry out insurance activities recognise technical reserves representative of their commitments to policyholders.

These technical reserves include certain provisions, the determination of which necessitates a particular degree of judgement.

A reserve for escalating risks is recorded for Borrowers and Long-Term Care risks to cover timing differences between the coverage of risks and their financing in the form of insurance premiums. This reserve is constituted prospectively, by comparing the insurer's future commitments with those of the policyholder. French regulations do not specify all of the inputs to be used to calculate this reserve.

For the Savings and Pension technical reserves, and pursuant to IFRS 4, the Group conducts a liability adequacy test at each reporting date to ensure that insurance liabilities are adequate to meet its obligations towards the insured. This test is performed based on the modelling of future cash flows from insurance policies and financial contracts with discretionary profit sharing.

Considering the sensitivity of the reserve for escalating risks and of the liability adequacy test of the parameters and assumptions used to determine them (in particular discount rates, experience-based tables prepared according to observations and analyses established on the basis of portfolio data, policyholder behaviour for the reserve for escalating risks, economic scenarios, projected return on assets, the insurer's financial policy and future management decisions for the liability adequacy test), we deemed this reserve and the liability adequacy test to be a key audit matter.

At 31 December 2021, technical insurance reserves, gross of reinsurance, amounted to €382.6 billion. See Notes 2.5.3 "Consolidation rules", 4.18 "Insurance company technical provisions and shadow accounting reserves" to the consolidated financial statements.

How our audit addressed this risk

We carried out the following procedures with the guidance of our actuarial experts:

For the reserve for escalating risks:

- ▶ We examined the procedures by which the methodology for determining the reserve is implemented;
- ▶ We assessed the consistency of the key assumptions used to determine the reserve (homogeneous risk classes, discount rates, surrender rates, experience-based tables etc.);
- ▶ We examined the mathematical design of the actuarial model, particularly by recalculating the reserves.

For the liability adequacy testing:

- ▶ We gained an understanding of the method used;
- ▶ We assessed the consistency of the economic and financial assumptions used with market data;
- ▶ We examined governance processes relating to future management decisions taken into account in the measurement of liabilities;
- ▶ We examined the controls implemented in relation to the integration of asset and liability data and financial and non-financial assumptions into the calculation model;
- ▶ We examined the data generated by the projection model that was used for the liability adequacy test;
- ▶ We analysed changes in discounted future cash flows compared to 31 December 2020.

We also examined the disclosures provided in the notes to the consolidated financial statements.

Measurement of level 3 general administrative expense reserves

Description of risk

In its consolidated financial statements, La Banque Postale recognises a portfolio of financial assets, for an amount of €443 billion at 31 December 2021, as a result of the consolidation of CNP Assurances. Financial investments are measured at fair value at the end of the reporting period. For most of the asset portfolio, determining this value is not especially problematic given that the assets are listed on the markets.

However, the risk concerning the measurement of fair value is considered greater for assets classed level 3 in the fair value hierarchy pursuant to IFRS 13, that are not listed on liquid markets, such as structured debt securities, venture-capital investment funds, loan funds and unlisted equity investments.

These assets are valued on the basis of models, assumptions and data that require a considerable degree of judgement from management. The fair value of the assets represented outstandings of €21.6 billion at 31 December 2021, as indicated in Note 9.2 to the consolidated financial statements.

We deemed the valuation of these level 3 financial assets to be a key audit matter given the significant amount and sensitivity of their fair value at management's discretion, particularly concerning the selection of the measurement methods and underlying assumptions to be used.

How our audit addressed this risk

Our work consisted in:

- ▶ Familiarising ourselves with the internal system used for the valuation of financial assets;
- ▶ Verifying on a sample basis that the estimates of the value of level 3 financial assets, determined by management, are based on an appropriate justification of the measurement method, assumptions and data used;
- ▶ Obtaining the most recent valuations available for a sample of assets, prepared by experts and fund managers, in order to assess the values used by the Company;
- ▶ Examining the assumptions used in the valuation models for the Co-entreprise de Transport d'Électricité (CTE).

We also examined the disclosures provided in the notes to the consolidated financial statements.

Dumont intangible asset

Description of risk

At 31 December 2021, the distribution agreements with insurance companies within the consolidation scope are recognised as other intangible assets at a carrying amount of €3.2 billion, of which €2.9 billion concerns the value of the exclusive distribution agreement with Caixa Econômica Federal and its subsidiary, Caixa Seguridade, for personal risk insurance, term creditor insurance and life and endowment insurance (see Note 4.12 "Property, plant and equipment and intangible assets").

These distribution agreement values are tested for impairment to ensure that their net carrying amount does not exceed their recoverable amount, as described in Note 2.6.3 "Property, plant and equipment and intangible assets".

The determination of the recoverable amount is most often based on discounted future cash flows and requires significant management judgement, particularly in the preparation of forecasts and the choice of discount rates.

This is notably the case for the exclusive distribution agreement with Caixa Econômica Federal and its subsidiary, Caixa Seguridade.

We considered the assessment of the recoverable amount of the distribution agreement values to be a key audit matter due to the significance of these assets on the balance sheet and the inherent uncertainties surrounding certain factors, including the likelihood of realising the forecasts used in the assessment of the recoverable amount.

How our audit addressed this risk

We have critically reviewed the procedures used by management to determine the recoverable amount of distribution agreements and against which the impairment tests of their carrying amounts are performed. Our work consisted in:

- ▶ Evaluating the consistency of the cash flow projections used with the latest management estimates made through the budgeting processes;
- ▶ Evaluating the reliability of the process for establishing estimates of future cash flows, in particular by examining the causes of differences between forecasts and actual figures;
- ▶ Assessing the reasonableness of the discount rate and its consistency with the projected cash flows to which it applies;
- ▶ Performing a sensitivity analysis to ensure that reasonably possible changes in the main assumptions used would not cause the carrying amount of the distribution agreement values to exceed their recoverable amount.

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 Executive Board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other verifications and information pursuant to legal and regulatory requirements

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 17 December 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 consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of La Banque Postale SA by the Ordinary and Extraordinary General Meetings of Shareholders held on 29 February 2000 for PricewaterhouseCoopers Audit and on 27 May 2010 for KPMG SA.

At 31 December 2021, PricewaterhouseCoopers Audit and KPMG SA were in the 22nd and 12th consecutive year of their engagement, respectively.

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 Financial Statements 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.

5

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement 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 Financial Statements Committee

We submit a report to the Financial Statements Committee which includes, in particular, a description of the scope of the audit and the audit programme 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 Financial Statements Committee includes the risks of material misstatement that, in our professional judgement, 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 Financial Statements 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 Financial Statements Committee.

Neuilly-sur-Seine and Paris-La Défense, 15 March 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

KPMG S.A.

Agnès Hussherr
Partner

Jérôme-Eric Gras
Partner

Xavier de Coninck
Partner

Pierre Planchon
Partner

5.4 PARENT COMPANY FINANCIAL STATEMENTS

5.4.1 Parent company balance sheet

(in € thousands)	Notes	31.12.2021	31.12.2020
ASSETS			
Cash, central banks	2.1	50,812,385	1,782,206
Government paper and equivalents	2.6	22,524,264	25,574,282
Loans and advances to credit institutions	2.2	20,228,464	65,185,028
Loans and advances to customers	2.4	100,325,906	101,181,366
Bonds and other fixed-income securities	2.6	25,827,461	26,585,674
Equities and other variable-income securities	2.6	251,952	529,506
Equity investments and other long-term securities	2.10	423,335	343,553
Investments in subsidiaries and associates	2.9	7,923,366	4,961,442
Intangible assets	2.11	645,257	608,894
Property, plant and equipment	2.11	498,845	507,997
Other assets	2.12	1,894,028	1,726,869
Accruals	2.12	1,341,200	1,544,388
TOTAL ASSETS		232,696,463	230,531,204
LIABILITIES AND EQUITY			
Liabilities due to credit institutions	2.3	48,712,164	50,833,713
Customer deposits	2.5	152,005,889	149,930,159
Debt securities	2.8	14,131,713	13,526,953
Other liabilities	2.13	1,885,753	1,845,167
Accruals	2.13	1,755,328	1,863,384
Provisions	2.14	753,525	812,712
Subordinated debt	2.16	4,255,448	3,518,582
Fund for general banking risks (FGBR)		22,000	22,000
Shareholders' equity (excluding FGBR)	2.18	9,174,644	8,178,532
▶ Issued capital		6,585,350	6,585,350
▶ Share premium account		246,116	246,116
▶ Reserves		569,923	558,375
▶ Revaluation differences			
▶ Regulated provisions and investment grants			
▶ Retained earnings		617,632	1,198,642
▶ Net profit/(loss) for the period		1,155,622	(409,951)
TOTAL LIABILITIES AND EQUITY		232,696,463	230,531,204

5.4.2 Parent company income statement

(in € thousands)	Notes	2021	2020
Interest income			
▶ cash and interbank transactions	3.1	1,199,462	1,187,981
▶ customer transactions	3.2	1,396,876	1,359,251
▶ bonds and other fixed-income securities	3.3	607,737	759,985
▶ other interest income	3.4	225,167	217,866
Interest expense			
▶ cash and interbank transactions	3.1	(336,334)	(232,653)
▶ customer transactions	3.2	(1,188,387)	(1,255,430)
▶ bonds and other fixed-income securities	3.3	(280,547)	(311,820)
▶ other interest expense	3.4	(62,500)	(58,179)
Income from variable-income securities	3.5	1,020,664	24,806
Fee and commission income	3.6	2,636,910	2,550,666
Fee and commission expense	3.6	(250,210)	(260,974)
Gains or losses on trading portfolio transactions	3.7	3,838	(34)
Gains or losses on available-for-sale portfolio transactions	3.8	(14,727)	58,834
Other banking income	3.9	71,963	35,275
Other banking expenses	3.9	(111,740)	(90,059)
Net banking income		4,918,173	3,985,515
General operating expenses			
▶ Payroll costs	3.10	(474,728)	(448,054)
▶ Other general operating expenses	3.12	(3,826,344)	(3,701,171)
▶ Re-invoicing	3.13	166,848	157,157
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	3.14	(177,059)	(308,688)
Gross operating profit/(loss)		606,889	(315,242)
Cost of risk	3.15	(140,681)	(369,579)
Operating profit/(loss)		466,208	(684,821)
Gains or losses on non-current assets	3.16	684,549	345,356
Recurring profit/(loss) before tax		1,150,757	(339,464)
Non-recurring items		-	-
Income tax	3.17	4,865	(70,487)
Net allocations to the Fund for general banking risks (FGBR) and regulated provisions		-	-
Net profit/(loss)		1,155,622	(409,951)
Parent company earnings/(loss) per share (in €)		14.39	(5.10)
Parent company diluted earnings/(loss) per share (in €)		14.39	(5.10)

5.4.3 Parent company off-balance sheet items

(in € thousands)	31.12.2021	31.12.2020
Financing commitments, financial guarantees and securities commitments		
▶ Financing commitments given		
– To credit institutions	1,913,254	1,782,230
– To customers	24,892,881	22,393,065
▶ Financial guarantees received		
– To credit institutions ⁽¹⁾	1,123,439	980,074
– To customers	4,819,296	5,305,180
▶ Securities commitments		
– Securities to be delivered ⁽²⁾	17,414,976	15,111,351
Financing commitments, financial guarantees and securities commitments		
▶ Financing commitments received		
– From credit institutions	17,185,354	15,720,831
– From customers ⁽²⁾	399,841	494,699
▶ Financial guarantees received		
– From credit institutions ⁽³⁾	32,593,144	32,435,892
– From customers	6,751,137	6,269,599
▶ Securities commitments		
– Securities to be received	193,931	340,806
Other commitments given and received		
▶ Other commitments given ⁽⁴⁾	33,354,318	30,286,780
▶ Other commitments received	49	46

Off-balance sheet commitments relating to spot and forward foreign exchange transactions and to foreign currency lending and borrowing transactions are described in Note 2.19.

Off-balance sheet commitments relating to forward financial instruments and futures are described in Note 2.20.

1. Crédit Logement commitment: La Banque Postale is committed to maintaining Crédit Logement's Tier 1 capital at a level equivalent to its interest in the company, i.e., 6%, so that the company can maintain its capital ratio.

La Banque Postale is also committed to replenishing Crédit Logement's mutual guarantee fund if required. This fund underwrites borrower defaults on loans guaranteed by the fund. The amount of this commitment, which corresponds to the share of outstanding Crédit Logement loans distributed by La Banque Postale, was €184.1 million at 31 December 2021.

2. Financing commitments received from customers and securities commitments given correspond for the most part to repurchase agreements executed after the reporting date.

3. Financial guarantees received from credit institutions correspond for €32,503 million to guarantees received from Crédit Logement.

4. Other commitments given: La Banque Postale has pledged financial assets as collateral for the 3G refinancing facility obtained from Banque de France (€9,098.6 million) and for guarantees received from Crédit Logement (€87.4 million). In addition, part of the portfolio of home loans has been pledged to its home loans subsidiary, LBP Home Loan SFH (€23,797.9 million).

NOTE 1 ACCOUNTING PRINCIPLES AND METHODS**Summary of significant accounting policies**

The parent company financial statements have been drawn up in accordance with French generally accepted accounting principles applicable to credit institutions.

La Banque Postale, which is wholly owned by La Poste, is

consolidated in La Poste's financial statements and is part of its tax group.

La Banque Postale, as a parent company, also prepares consolidated financial statements.

Changes in method and comparability**1 Changes in method**

The Board of the French accounting standard setter (Autorité des normes comptables – ANC) revised its recommendation 2013-02 of 7 November 2013 on the rules for measuring and recognising pension and similar benefit obligations in the parent company financial statements. The revision:

- ▶ introduces a choice of methods for attributing benefits under defined benefit plans, whereby benefits are conditional on the length of employee service (capped at a specified number of consecutive years of service) and on the beneficiary being employed by the entity at retirement age;
- ▶ treats the resulting change as a change in accounting standards and therefore a change in accounting policy, effective from the date of publication of the revised recommendation, *i.e.*, for reporting periods beginning on or after 17 November 2021. However, the revised recommendation may be early adopted for reporting periods beginning on or after 30 June 2021.

Pursuant to the revised recommendation, benefit shall be attributed on a straight-line basis from:

- a) the date on which the employee took up duties within the entity (hiring date); or
- b) the date from which each year of service is taken into account in calculating benefit entitlement, *i.e.*, the date from which each year of service is taken into account in calculating

benefit entitlement before the retirement date (the first year of the number of years of service capped by the benefit plan before the employee retires).

La Banque Postale SA applied method a) up to 31 December 2020. As of 1 January 2021, it applies method b) introduced in the recommendation; as indicated above, this change of policy results from a change in regulations.

The effect of any change in accounting policy must be calculated retrospectively, as if the accounting policy had always been applied. However, as the impact of the change is not considered material for LBP SA, no comparative data will be provided. The impact of the change of accounting policy will be recognised in equity as at the beginning of the period in which the change was made, leading to a reduction of €11,548 thousand in provisions for post-employment benefits against reserves. The recognition of pension obligations and benefits is discussed in Section 12 "Employee benefit plans".

2 Comparability of financial years

For the balance sheet, income statement and off-balance sheet items, the amounts reported for the 2021 financial year are comparable to those of the previous financial year. Only Notes 2.14 "Provisions for liabilities and charges" and 2.18 "Shareholders' equity" have been amended to take account of the change in accounting policy as of 1 January 2021.

Presentation and measurement policies

La Banque Postale applies the rules and principles of ANC Regulation 2014-07 of 26 November 2014, which combines in a single text all the accounting regulations applicable to banking institutions.

1 Foreign currency transactions

In accordance with ANC Regulation 2014-07, assets, liabilities and off-balance sheet commitments denominated in foreign currencies are converted at the spot exchange rate on the last day of the period.

Foreign exchange gains and losses resulting from day-to-day transactions in foreign currencies are recognised through profit or loss.

Forward currency hedging positions are recognised off-balance sheet. Each position is initially recorded at the spot exchange rate, then the swap points (the difference between the forward rate and the spot rate) are recognised in profit or loss on an accruals basis.

2 Loans and advances to credit institutions and customers – Signature commitments

Loans and advances to credit institutions and customers are analysed by initial maturity or by type: demand (current accounts and overnight transactions) and term (loans, repurchase agreements) for credit institutions; trade receivables, current accounts, short-term credit facilities, equipment loans, home loans and other loans for customers. They include outstanding loans, current accounts in debit, as well as collateralised and uncollateralised reverse repurchase agreements.

Guarantees received are recorded off-balance sheet and regularly remeasured and capped at the carrying amount of the loan.

The credit risk on loans and advances to credit institutions and customers, fixed-income securities, signature commitments and financial instruments is accounted for in accordance with ANC Regulation 2014-07.

The credit risk for a given counterparty is the risk of a loss being incurred in the event that the counterparty defaults on its obligations.

The monitoring of loans and advances is based on an expert system, which uses external or internal ratings or a mix of the two, depending on the category of the customer (individuals, corporate customers, etc.).

Loans

Loans are recognised in assets at their repayment amount, including a premium or discount if the repayment amount is different from the origination/acquisition amount. Interest on loans is calculated by the effective interest method.

Non-performing loans and advances

The process of classifying loans and advances as “non-performing” applies to unauthorised overdrafts, home loans and consumer credit, and loans to corporate customers.

A loan or advance is classified as non-performing when it is probable that all or part of the amount due will not be recovered in line with the commitment given by the counterparty.

Non-performing loans for which the credit risk has increased significantly are reclassified as irrecoverable when it is probable that the amount due will have to be written off.

Unauthorised overdrafts concern both active and closed accounts. If an unauthorised overdraft classified as non-performing concerns an active account, all loans to the customer concerned are classified as non-performing even if no payments have been missed. Unauthorised overdrafts are reviewed monthly and the classification decision depends how long the account has been overdrawn. When an account is closed, the overdraft is classified as irrecoverable. Very small amounts are written off immediately.

Loans are classified as irrecoverable when there is objective evidence that an event has occurred since the loan – or group of loans – was set up which could result in a credit loss being

incurred. This could be the case when payments have been missed, legal collection proceedings have been launched, or the financial situation of the counterparty has deteriorated and there is a risk of non-recovery.

Loans and advances are classified as non-performing at the latest three months after one or more payments have been missed, or when an application for relief from excessive levels of consumer debt has been made to the Banque de France, even if no payment incident has occurred.

Loans and advances are automatically classified as irrecoverable if the acceleration clause is triggered or the relationship with the counterparty is terminated (in the case of loans and advances with no fixed maturity). In addition, loans are automatically reclassified as irrecoverable one year after being classified as non-performing unless a future credit loss is not expected.

Applying the contagion principle, all outstanding loans to the same customer are classified as non-performing as soon as one loan to that customer is classified as non-performing by a Group entity.

Non-performing home loans can be reclassified as performing when all arrears have been settled and no payments have been missed for at least 90 days.

Loans classified as irrecoverable are written off when all attempts at recovery have failed, and the corresponding loss allowances are reversed.

Restructured loans

Restructured loans are loans for which the original financial terms have been modified due to the borrower's financial difficulties.

Restructuring operations are defined according to two main criteria:

- ▶ concessions by the bank;
- ▶ financial difficulties experienced by the borrower.

The difference between the gross carrying amount of the loan before restructuring and the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate is recorded in “Cost of risk” and in the balance sheet as a deduction from the outstanding loan. The modification loss is recognised in interest margin over the remaining life of the loan by the yield-to-maturity method.

Retail Banking customers

The customer is moved out of the non-performing category after a 12-month probationary period free from any payment incidents and is then classified as sensitive for a further 24 months. After a restructured loan has been reclassified as performing, if the customer fails to respect the agreed repayment terms, the loan is immediately classified back to non-performing as soon as the first payment is missed.

Non-Retail Banking customers

When a Non-Retail Banking customer is moved out of the non-performing category, during a 12-month probationary period decisions are made on a case-by-case basis, following a full analysis and based on informed judgement. Any decision to reclassify the loans as “performing loans under surveillance” is made by the unit responsible for monitoring the customer relationship and approved by the Risk Department.

Restructured loans reclassified as performing are automatically subject to a two-year probationary period and if there are any payment incidents during this period, they are immediately reclassified as non-performing.

Specific credit loss allowances

Home loan portfolio

Credit loss allowances on defaulted home loans may be determined on a statistical basis (using historical data for groups of loans with similar characteristics), or on a case-by-case basis by customer.

Defaulted home loans are weighted by the “best estimate of the expected credit loss on the exposure at default” adjusted for certain accounting adjustments (such as the elimination of overweighting for the impact of an economic slowdown). The best estimate takes into account the period during which the loan is in default and the type of guarantee.

The loss allowance is recognised in “Cost of risk” in the income statement, and reduces the carrying amount of the financial asset.

Applying the contagion principle, all outstanding loans to the same customer are written down as soon as one loan to that customer is written down by a Group entity.

In the event of reassessment of an impaired home loan, all or part of the loss allowance may be reversed and the loan classified as performing when all arrears have been settled and no payments have been missed for at least two months.

Loans to corporate customers

Loss allowances on defaulted loans to corporate customers are tracked monthly and adjusted as necessary based on informed judgement. In this case, a loss allowance is recorded for the difference between the carrying amount of the loan and the net present value of expected cash flows, discounted at the original effective interest rate and determined by taking account of the customer’s financial position and the present value of the guarantees received. The loss allowance is recognised in “Cost of risk” in the income statement, and reduces the carrying amount of the financial asset.

Applying the contagion principle, all outstanding loans to the same customer are written down as soon as one loan to that customer is written down by a Group entity.

Loss allowances on loans qualified as sensitive

La Banque Postale has adopted a prudent approach to assessing credit risk whenever it is exposed to a potential loss as a result of customer default. Loss allowances are recorded for loans qualified as sensitive, to cover the probable occurrence of the related credit risk due to current or past events, even if said events are not separately identifiable.

As such, loans for which a significant deterioration in credit quality has been identified since their date of initial recognition are classified as sensitive and an allowance is recorded for the lifetime expected credit loss. The lifetime expected credit loss corresponds to the total loss given default, taking into account the different guarantees, weighted by the probability of default over the expected lifetime of the instrument.

La Banque Postale uses a certain number of indicators to detect any deterioration in credit quality of a counterparty, generally based on internal or external ratings, or on risk events (such as a fall in sales or increased use of credit facilities).

As a backstop⁽¹⁾ rebuttable presumption, a significant increase in credit risk is considered to have occurred no later than when a contractual payment is more than 30 days past due, leading to classification of the loan as sensitive.

Likewise, inclusion on a Watchlist may be an indicator (rebuttable by the Watchlist Committee) of a significant increase in credit risk.

An asset that has been subject to a significant deterioration of credit quality may be moved out of the sensitive category when:

- ▶ there are no longer any indications of a significant deterioration in credit quality since initial recognition. In this case, the loss allowance on the asset is reversed;
- ▶ all arrears have been settled. In this case, the asset is no longer classified as sensitive (depending on the case, there may be a monitoring period to avoid recurrence);
- ▶ the asset is classified as non-performing.

The loss allowance is recognised in “Cost of risk” in the income statement and reduces the carrying amount of the financial asset in the balance sheet.

Unauthorised overdrafts

Loss allowances for unauthorised overdrafts concern both active and closed accounts. Unauthorised overdrafts are reviewed monthly to determine whether a loss allowance should be recorded, taking into account how long the account has been overdrawn. Very small amounts are written off immediately.

Loss allowances for unauthorised overdrafts on active accounts are determined by the same method as for home loans.

Authorised and unauthorised overdrafts are reviewed when they concern a counterparty considered to be high-risk, when the account has been overdrawn for more than 30 consecutive days, and when a payment incident has occurred. A loss allowance is recorded on these accounts and adjusted to reflect the changing overdraft balance. The contagion principle applies to other loans in the same category. Beyond a certain period, the account is closed.

Interest on non-performing loans continues to be recorded in net banking income and a loss allowance is recorded for the same amount in “Cost of risk”.

Financing commitments

Financing commitments are recorded off-balance sheet. Consequently, if a significant deterioration in credit quality is identified or the counterparty has defaulted on its obligations, the resulting loss allowance is recognised in liabilities.

Financial guarantee contracts

Guarantee commitments are valued according to the probability of a claim being made against the guarantee. Loss allowances are booked in liabilities.

1) The backstop is defined as the point beyond which the credit quality of a financial asset is considered to have significantly deteriorated.

Collateralised and uncollateralised reverse repurchase agreements

Securities recovered under collateralised or uncollateralised reverse repurchase agreements are recorded in an asset account corresponding to the underlying loan. The corresponding income is recognised in the income statement on an accruals basis.

Securities received under a reverse repurchase agreement that are subsequently sold are recorded in liabilities at market value.

3 Securities

Securities are recorded in the balance sheet according to their type:

- ▶ government paper (treasury bills and equivalents);
- ▶ bonds and other fixed-income securities (money market securities and interbank securities);
- ▶ equities and other variable-income securities.

Applying the provisions of ANC Regulation 2014-07, securities are recognised in the following categories based on the management intent: trading, available-for-sale, held-to-maturity, portfolio securities and long-term equity interests, other long-term securities and interests in related companies.

Specific measurement rules apply to each category, as described below.

In the event of an incurred credit risk, fixed-income securities held in the “Held-to-maturity” portfolio are classified as non-performing according to the same criteria as those applicable to non-performing loans and commitments.

Trading securities

Trading securities include marketable securities, treasury bills and money market securities. They are purchased or sold with the intention of reselling them or buying them back in the short term. They are traded on active markets.

Trading securities are recognised at their acquisition price excluding transaction costs and including accrued interest, where applicable. At each reporting date, they are measured at the latest quoted market price, with any measurement differences recorded in profit or loss.

Unrealised or realised gains or losses are recorded in the income statement under “Gains or losses on trading portfolio transactions”.

The coupons received are recognised in interest income.

Trading securities which are no longer held with the intention of selling them in the short term may be transferred to the “Available-for-sale” or “Held-to-maturity” categories, if:

- ▶ an exceptional market situation requires a change in the holding strategy;
- ▶ the securities are fixed income securities that can no longer be traded on an active market after their acquisition, and La Banque Postale has the ability to hold them for a foreseeable period or until maturity.

The transferred securities are recorded in their new category at their market value on the date of transfer.

If the characteristics of the market on which the trading securities were purchased change, such that this market can no longer be considered active, the securities are remeasured using valuation techniques that take the new characteristics of the market into consideration.

Available-for-sale securities

Available-for-sale securities are securities that do not meet the criteria for classification in the Trading or Held-to-Maturity portfolios.

Available-for-sale securities are initially recognised at their acquisition price, excluding transaction costs. They are managed on a “first-in, first-out” basis and valued as follows, by group of securities with similar characteristics, and without offsetting gains or losses against the losses or gains recorded on other categories of securities:

- ▶ bonds: unrealised losses compared with market value, calculated on the basis of the closing price, are recorded as an impairment loss;
- ▶ treasury bills, money market securities and interbank securities: impairment losses are recorded depending on the issuers’ solvency and market indicators.

Gains on micro-hedging transactions are taken into account when calculating the impairment loss.

Any premiums or discounts are recognised over the remaining life of the securities by the yield to maturity method.

Income from available-for-sale securities is recognised in the income statement under interest income from fixed-income securities and income from variable-income securities; realised gains or losses as well as impairment allowances and reversals are recorded in the income statement under “Gains or losses on available-for-sale portfolio transactions”.

Available-for-sale securities can be transferred to the “Held-to-maturity” category if:

- ▶ an exceptional market situation requires a change in the holding strategy;
- ▶ the securities are fixed income securities that can no longer be traded on an active market after their acquisition, and La Banque Postale has the ability to hold them for a foreseeable period or until maturity.

The transferred securities are recorded in their new category at their acquisition price; any previously recognised impairment losses are also transferred and then reversed over the remaining life of the securities concerned.

In the absence of an active market, the fair value of available-for-sale securities is determined using valuation techniques. These techniques include the prices of recent transactions carried out on arm’s length terms. They use recognised valuation methods based on market data, fair values of substantially identical instruments, discounted cash flow models or option pricing models. The aim of these techniques is to establish what the price of an instrument would be under normal market conditions. For example, the fair value of bonds or variable-income securities and futures is determined using quoted prices. Valuation techniques based on market data are used mainly to value over-the-counter derivatives, securities on which interest is paid up front (commercial paper, certificates of deposit, etc.) and repo deposits.

Held-to-maturity securities

Held-to-maturity securities consist of fixed-income securities purchased or reclassified from the “Available-for-sale” or “Trading” portfolio, with the clear intention of holding them until maturity. They are initially recognised at their acquisition price excluding transaction costs.

If the carrying amount of the securities is greater than their market price at the reporting date, no impairment loss is recorded for the difference. Conversely, an impairment loss is recognised when it is probable that all or part of the securities’ redemption price will not be recovered at maturity. The difference between the acquisition and repayment price of the securities (premium or discount) is amortised by the yield-to-maturity method.

Interest on held-to-maturity securities is recognised in the income statement under “Interest income on bonds and other fixed-income securities”.

Impairment losses or reversals are recognised in the income statement under “Cost of risk”.

In the event of disposal or transfer to another category of held-to-maturity securities representing a significant amount in relation to the total value of the “Held-to-maturity” portfolio, no securities may be classified in this category during the remainder of the accounting period or in the following two years.

In addition, all the remaining securities in the “Held-to-maturity” portfolio are reclassified immediately to the “Available-for-sale” portfolio. When trading and available-for-sale securities are transferred to the “Held-to-maturity” portfolio due to exceptional market situations requiring a change of strategy, if the transferred securities are sold before maturity because they can once more be traded on an active market, this does not lead to the automatic reclassification of the other securities in the portfolio.

Portfolio securities

Portfolio securities correspond to investments that are made on a regular basis for medium-term capital appreciation, without any intention of investing over the long-term in developing the investee's business or participating actively in managing the business. They are recognised at their acquisition price.

An allowance is recorded to cover any other-than-temporary impairment in value due to an underlying deterioration of an investee's situation.

Income from portfolio securities is recognised in the income statement under “Income from variable-income securities”.

Realised gains or losses as well as impairment losses and reversals are recorded in the income statement under “Gains or losses on available-for-sale portfolio transactions”.

Long-term equity interests, other long-term securities and interests in related companies

Long-term equity interests comprise interests in companies in which La Banque Postale SA exercises significant influence over the governance bodies, and investments that are strategic for the development of La Banque Postale SA's business. Significant influence is presumed to be exercised when La Banque Postale SA holds 10% or more of the investee's capital.

Other long-term securities are shares and share equivalents that La Banque Postale SA intends to hold on a lasting basis with a view to earning a satisfactory return over the long term, without participating in the management of the investee, but with the intention of promoting long-term business relationships by forging special ties with the investee.

Holdings in related companies consist of shares and other variable-income securities issued by companies controlled exclusively by La Banque Postale SA, i.e., companies that could be fully consolidated in the Group's financial statements.

At the reporting date, the securities are measured at their value in use, estimated using various criteria such as net assets, earnings outlook, and discounted future cash flows. An allowance is recorded in the event of an other-than-temporary impairment of the investee's value in use. Impairment losses and reversals, and disposal gains or losses are recorded under “Gains and losses on non-current assets”.

Dividends are recognised at the date they were decided by the General Meeting of Shareholders, or at the payment date when the date of the decision is not known. They are recorded under “Income from variable-income securities”.

Securities lending/borrowing

In a securities lending/borrowing transaction, title to the securities is transferred to the borrower without any financial consideration.

At the date on which title to the securities is transferred (generally the date of the loan agreement), the lender removes the loaned securities from its balance sheet and instead records a receivable for their carrying amount. The borrower recognises the securities in assets, under “Trading securities”, and in liabilities for the amount owed to the lender, based on the market price of the securities on the day of the loan.

At the reporting date, the lender measures the receivable in accordance with the rules applicable to the portfolio from which the loaned securities were taken.

The borrower measures the liability in respect of the borrowed securities at the most recent market price of the securities, and measures the securities recognised as an asset in accordance with the rules applicable to trading securities.

Remuneration for securities lent or borrowed is recorded on an accruals basis over the period of the loan.

Borrowed securities are presented in the borrower's financial statements as a deduction from the corresponding liability, in “Other liabilities”.

Details of the asset and liability amounts offset in the financial statements are provided in the notes to the financial statements.

4 Property, plant and equipment, and intangible assets

Property, plant and equipment and intangible assets are measured at their acquisition cost, including the cost of initial fixtures and fittings in the case of buildings.

For the application of ANC Regulation 2014-03, owner-occupied office buildings are broken down into six parts: shell, roofing, joinery and external work, major equipment items, small equipment items, fixtures and fittings, and land.

Depreciation is calculated on a straight-line basis over the probable useful lives of the separate parts. Depending on their parts, buildings are depreciated over periods ranging from 10 to 80 years, as follows:

- ▶ shell: 80 years;
- ▶ roofing: 60 years;
- ▶ joinery and external work: 40 years;
- ▶ major equipment items: 20 years;
- ▶ small equipment items, fixtures and fittings: 10 years.

Installations and fixtures and fittings are usually depreciated over ten years.

Internally developed software that meets the criteria for recognition as an intangible asset is recognised at its development cost, including external expenditures and the cost of employees directly assigned to the project. Software is generally amortised over a period of between three and five years, or seven years for strategic software intended to be used over this period.

The following expenses are included in intangible assets:

- ▶ the costs incurred during the development phase that meet the criteria for recognition as intangible assets (based on the benchmark method);
- ▶ the costs of share issues, mergers, demergers, capital contributions and transformations (no benchmark method).

Development costs are generally amortised over the development's estimated period of use or a maximum of five years. Share issuance costs are amortised based on an amortisation plan over no more than five years.

5 Liabilities due to credit institutions, and customer deposits

These captions include deposits, borrowings, and securities sold under collateralised and uncollateralised repurchase agreements.

Regulated savings

La Banque Postale is required to transfer part of the deposits collected in its regulated savings accounts (Livret A, LDDS and LEP accounts) to Caisse des dépôts et Consignations (CDC). This mandatory centralisation requirement is set out in Article L. 221-5 of the French Monetary and Financial Code for Livret A and Livret développement durable et solidaire regulated savings accounts, and in Article R. 221-58 of the Code for Livret d'épargne populaire regulated savings accounts.

The centralised deposits are held in a savings fund managed by Caisse des dépôts et Consignations in accordance with Article L. 221-7 of the French Monetary and Financial Code, and are used to finance social housing and urban development policy.

Amounts deposited by customers in regulated savings accounts are recognised at their nominal value in "Customer deposits: regulated savings accounts".

The deposits transferred to the CDC savings fund are recognised at their nominal value in a special receivable account within "Loans and advances to credit institutions".

Regulated savings accounts are presented in liabilities net of the receivable for the share of total deposits centralised with Caisse des dépôts et Consignations. Details of deposits collected and recognised in liabilities, and of the receivable recorded for centralised deposits are provided in the notes to the financial statements.

Borrowings

Borrowings are recorded under liabilities at their repayment amount. Interest on borrowings is recorded in the income statement on an accruals basis.

The underlying loan is recorded in liabilities. The securities are kept in their original portfolio and continue to be measured according to the rules applicable to that portfolio. Interest on the underlying borrowings is recorded in the income statement on an accruals basis.

6 Debt securities

Debt securities consist of money market securities issued by La Banque Postale.

Accrued interest on the securities is recorded in an accrued interest sub-account and in the income statement.

The issue costs and any issue or redemption premiums, are amortised by the yield-to-maturity method over the term of the corresponding issues.

7 Provisions

This caption includes:

- ▶ loss allowances for financing commitments and guarantee contracts;
- ▶ provisions for post-employment benefit obligations, corresponding mainly to length-of-service awards payable to employees on retirement;
- ▶ other provisions recorded pursuant to ANC Regulation 2014-03, regarding the recognition of liabilities. These provisions are intended to cover liabilities and charges that are certain as to their purpose but are of uncertain timing or amount. They are recorded when La Banque Postale SA has a present obligation at the reporting date and does not expect any benefit of at least equivalent value in return;
- ▶ provisions to cover signature commitments, where there is a very high probability of a payment obligation arising under the guarantee;
- ▶ provisions for home loan savings accounts (CEL) and home loan savings plans (PEL) offered to retail customers under the law of 10 July 1965. The products include two phases: a saving phase, during which the saver earns interest, and a borrowing phase when the savings are used as a deposit for a home purchase financed in part by a subsidised loan.

The CEL and PEL generate two types of obligation for the distributing institution:

- ▶ an obligation to remunerate future savings at a rate that is set for an indefinite period when the account is opened (PEL accounts opened before 28 February 2011) or that is revised annually (new generation accounts);
- ▶ an obligation to grant a home loan to customers who request it, at a rate set when the account is opened.

These commitments have potentially unfavourable consequences (notice 2006-02 issued by the French National Accounting Board (CNC)) for La Banque Postale, which are covered by provisions recorded in liabilities (under "Provisions"). Changes in these provisions are taken into account for the determination of the net interest margin included in net banking income.

The provisions are estimated on the basis of customer behaviour statistics and market data for each generation of plans, in order to cover the future cost arising from the products' potentially unfavourable interest rate terms relative to the rates offered to retail customers for similar products for which the remuneration is not regulated. The provisions only concern obligations in respect of home savings accounts and plans in progress at the date the provision is calculated.

Provisions are calculated for each generation of home savings plan, without offsetting obligations between generations, and for all the home savings accounts, which are considered as representing a single generation.

During the saving phase, the provision is measured as the difference between expected average savings deposits and expected minimum savings deposits, determined in both cases on a statistical basis taking into account observed historical customer behaviours.

During the borrowing phase, the provision concerns outstanding loans not yet due at the reporting date and future loans that are considered as statistically probable based on balance sheet deposits at the calculation date and observed historical customer behaviours.

A provision is recorded when the net present value of future income is negative for a given generation of loans.

The net present value of future income is assessed relative to the interest rates offered to retail customers on equivalent savings and lending products for similar periods and with similar commencement dates.

8 Subordinated debt

Subordinated debt is debt that is subordinate in ranking to all other debts of the issuer for repayment purposes in the case of a liquidation.

Accrued interest on subordinated debt is recorded in an accrued interest sub-account and in the income statement.

9 Fund for general banking risks

The purpose of this fund is to cover the cost of operational risks and the expenses inherent in the banking and financial asset management business that cannot otherwise be covered.

10 Derivative transactions

Transactions involving interest rate, foreign exchange, or equity futures are recorded in accordance with ANC Regulation 2014-07. Commitments relating to these transactions are recorded as off-balance sheet items at the notional amount of the contract.

Recognition of gains or losses on these instruments depends on the management intention.

Portfolio fair value hedging transactions

Income and expenses relating to portfolio fair value hedging transactions are recorded in the income statement over the hedging period, with the contra entry recorded in an accruals account until the funds are received or disbursed.

Balancing payments made when interest rate hedges are unwound are recognised immediately in the income statement.

Micro-hedging transactions

Gains or losses on instruments designated from the outset as hedges of an item or group of items with similar characteristics are recognised in the income statement on a symmetrical basis with the loss or gain on the hedged item or group of items.

Balancing payments made when interest rate hedges are unwound are recognised immediately in the income statement. When instruments are unwound following the disposal of the hedged item, the balancing payment is presented symmetrically with the gains or losses on disposal.

Other derivatives

Other derivatives are measured at their market value at the reporting date.

Where over-the-counter transactions corresponding to isolated

open positions are concerned, the gain or loss is recorded when the contract unwinds, depending on the type of transaction. Unrealised gains are not recognised. A provision is booked for unrealised losses corresponding to the negative difference between estimated market value and the carrying amount.

Unrealised or realised gains or losses on transactions carried out on an organised market are recorded directly in profit or loss.

11 Off-balance sheet commitments

Off-balance sheet commitments correspond mainly to financing commitments given (cash facilities, overdrafts, irrevocable financing commitments) and guarantee commitments received or given that have not led to fund movements.

Other commitments given correspond primarily to the fair value of securities pledged to the European Central Bank in exchange for its financing commitment and home loan portfolios pledged to La Banque Postale's home loan business (La Banque Postale Home Loan SFH).

12 Employee benefit plans

Most employee-benefit plans are defined contribution plans.

Post-employment benefits, which are not funded under an insured plan, are calculated in accordance with ANC recommendation 2013-02 of 7 November 2013, revised on 7 November 2021. A provision is recognised for post-employment benefits on an actuarial basis, taking into account employees' age and years of service, mortality rates, the probability of beneficiaries being employed by the Group at retirement, and estimated future salary levels.

La Banque Postale's pension plan is a defined benefit plan under which the benefit is capped and is contingent on years of service and the beneficiary remaining employed within the Group at retirement. Since 1 January 2021, benefit entitlement under this plan has been recognised using the new method introduced in ANC recommendation 2013-02 as revised ("method b"), i.e., from the date from which each year of service accrues benefit before the retirement date (the first year of the number of years capped by the plan before the employee retires).

The pension plan for contract staff is a defined contribution plan under which La Banque Postale pays fixed contributions to an external fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits due. Consequently, once the contributions have been paid, no liability or benefit obligation is recorded in La Banque Postale's financial statements. Contributions paid to an external fund or insurance company are expensed in the period concerned.

The Amended Finance Act of 2006 introduced a new method of funding the pensions of civil servants employed by Le Groupe La Poste, applicable from 1 January 2006.

Under the new scheme introduced in 2006, the Group pays employer contributions in full discharge of its liability for pension payments. As a result, no provision for pension obligations towards civil servants is recorded in the financial statements.

13 Fee and commission income and expenses

Fees and commissions are recognised in the income statement based on the service provided and the accounting treatment of the financial instruments to which the service relates:

- ▶ when the service is provided over time, the fee is recognised over the service period (payment media processing fees);
- ▶ when the service is provided at a point in time or concerns a significant transaction, the fee or commission is recognised in the income statement when the service is provided or the transaction is executed (intermediary commission, payment incident fee).

14 Set-up costs

Incorporation, transformation and start-up costs are recognised as expenses for the period in which they are incurred (benchmark method).

15 Cost of risk

The cost of credit risk includes:

- ▶ impairment losses and reversals on customer loans and advances;
- ▶ impairment losses and reversals on held-to-maturity securities;
- ▶ impairment losses and reversals on financial guarantee contracts and financing commitments;
- ▶ discounts on restructured loans, losses on irrecoverable loans and recoveries of loans written down in full.

16 Corporate income tax

Only current taxes are recorded in the parent company financial statements. The tax expense shown in the income statement corresponds to the corporate income tax payable for 2021.

The standard tax rate is 27.5%, plus a 3.3% surtax, giving an effective tax rate of 28.41%.

La Banque Postale is member of the tax group headed by La Poste. Under the tax consolidation agreement, La Banque Postale records in its accounts the tax that it would pay if it was not a member of the tax group.

NOTE SIGNIFICANT EVENTS OF THE PERIOD

1 Merger of SF2 into La Banque Postale SA

La Banque Postale SA and SF2, a La Banque Postale Group holding company, signed a merger agreement on 8 November 2021. The purpose of the merger was to streamline the Group's organisational structure. As it consisted of an internal restructuring operation involving two companies under common

control, SF2's assets were contributed to La Banque Postale SA at net book value. The merger was completed on 14 December with retroactive effect to 1 January 2021. It led to a merger surplus of €716 million which was recorded under gains and losses on non-current assets.

2 Subordinated notes issues and redemptions

During the period, La Banque Postale carried out a €750 million 0.75% Tier 2 subordinated notes issue (with €500 million issued on 2 February 2021 and €250 million on 27 April 2021) due August 2032. The issue, which was timed to take advantage of attractive market conditions, formed part of La Banque Postale's strategy to increase its regulatory own funds and optimise its Tier 2 bucket.

The call option on the €750 million 2.75% 2014 subordinated notes issue was exercised on 23 April 2021.

On 29 September 2021, La Banque Postale carried out an Additional Tier 1 issue in the amount of €750 million. The issue consists of Perpetual Fixed Rate Notes at a semi-annual rate of 3% callable after 7.5 years.

3 Inaugural "social" bond issue

On 23 June 2021, La Banque Postale carried out a €750 million inaugural "social" bond issue, consisting of 10-year senior non-preferred notes paying interest at 0.75% (mid-swap rate +70 bps).

The issue has enabled La Banque Postale to reaffirm its commitment to being a regular issuer on the sustainable bond markets.

4 Information concerning the COVID-19 crisis

The COVID-19 health crisis and the related economic fallout constituted the single biggest event of 2021, and La Banque Postale adapted its marketing, operational and risk management processes accordingly. In 2020, La Banque Postale acted immediately to deploy measures to support its customers and reviewed its risks on an ongoing basis so they were properly reflected in the financial statements.

Between March 2020, when the WHO declared that the COVID-19 epidemic had become a pandemic, and the date when this document was prepared, France experienced five waves of COVID-19 infections. Each time, the French government responded by imposing a lockdown, the closure of non-essential public places and the cancellation of all cultural and sporting events. These measures inevitably had major consequences on the economy and La Banque Postale mobilised its resources alongside the government to support customers experiencing financial hardship. During the second half of 2021, "non-essential" business activity was allowed to resume and certain economic support schemes were phased out.

Several practical initiatives were organised around exceptional government measures to support businesses and individuals, and remained in place at 31 December 2021:

- ▶ distribution of government-backed bail-out loans ("PGE");
- ▶ distribution of government-backed stimulus loans ("PPR").

This section describes the main impacts of the COVID-19 pandemic on La Banque Postale's financing activities and how it factored these impacts into the estimates of its credit risk exposure at 31 December 2021.

4.1 Government-backed loans

On 16 March 2020, the French government announced that it was setting up a system of government-backed loans specifically for businesses, in order to help them ride out the economic and health crisis brought on by COVID-19. These government-backed loans were made available between 16 March 2020 and 31 December 2021 through France's main banking institutions, including La Banque Postale⁽¹⁾.

1) The new government measures introduced by the 2022 Finance Act of 30 December 2021 extended the government-backed loan scheme through to 30 June 2022.

The loans are designed to assist businesses experiencing cash flow problems. No repayments are due in the first year, after which the borrower has the option of either repaying the loan immediately or spreading the repayments over a period of up to five years. The loans are backed by a government guarantee covering between 70% and 90% of the principal, interest and incidental fees, depending on the size of the borrower's business. It applies throughout the term of the loan unless the acceleration clause is triggered due to a credit event. The cost of the loan comprises each lender's financing cost (interest rate), without any margin, plus the fee for the government guarantee which is fixed by law.

Following the French government's announcement of 14 January 2021, repayment may be deferred through 31 March 2022 if the customer makes a request to this effect.

The guarantee comes into effect two months after the loan is granted.

Accounting treatment of government-backed loans

Government-backed loans are initially recognised at their fair value plus directly attributable transaction costs.

In light of the scheme's characteristics, which were determined jointly between the government and French banks and are designed to ensure that the banks do not lose out from this economic support measure, La Banque Postale has concluded that the loans' nominal amount is representative of their grant-date fair value.

Government-backed loans are measured at amortised cost in accordance with IFRS 9, and the effective interest rate is determined based on the probable life of the loan. The net guarantee fee is recognised over the probable life of the loan by the yield-to-maturity method using the effective interest rate. The government guarantee is an integral part of the loan agreement and is therefore taken into account in calculating the expected credit loss, because:

- ▶ it is mentioned specifically in the loan agreement (and is inherent in this type of agreement);
- ▶ it is issued at the same time as the loan agreement and in consideration of the loan;
- ▶ based on IFRS 9, it represents a financial guarantee contract to be accounted for jointly with the loan, and not a derivative.

4.2 Government-backed stimulus loans (PPR)

The French government decided to offer stimulus loans to French companies with good credit scores in order to help them strengthen their balance sheet ratios and restore their capital spending capability after the damage caused by the COVID-19 crisis. The government-backed stimulus loan system (*prêts participatifs de relance* – PPR) was included in the Government Economic Stimulus Plan and the 2021 Finance Act. The loans will be distributed by French banks, which will then sell 90% of each loan to a single debt fund. The overall aim is to invest €15 billion in SMEs and intermediate-sized companies with healthy balance sheet ratios.

Representing subordinated debt, the loans will be granted for eight years, with no repayments due during at least the first four years. The fund set up to acquire 90% of the loans' nominal amount will be backed by a 30% government guarantee. The

loan amount will be capped at 12.5% of revenue in the case of SMEs and 8.4% of revenue for intermediate-sized companies. The debt fund will consist of a single fund managed by an umbrella company, which will delegate management of loans in excess of €10 million to other asset managers. Each bank will be allocated a share of the total programme and will be assigned an asset manager. For loans in excess of €10 million, the lending decision will be made jointly by the bank and the asset manager based on a counter-analysis of the risk exposure. The PPR-backed securities issued by the fund will be sold primarily to the insurance subsidiaries of French banks.

The stimulus loans will be distributed by La Banque Postale and the other French banks between April 2021 and June 2022. Since the second half of 2021, 22 loans have been contracted for a total amount of €5.6 million.

4.3 Impact of the crisis on the measurement of credit risk

Since the COVID-19 crisis began in early 2020, the Group Risk Department has performed extensive analyses with a view to determining a cost of risk that reflects the actual short- or medium-term risk on its business and individual customer loanbooks, aside from losses already taken on these loans.

La Banque Postale considers that the Group's overall risk monitoring process and the related provisioning methods provide a detailed picture of loanbook risk exposure while also meeting the requirements of the European supervisor. All of the credit risk measurement principles described in 2020 continue to be applied by La Banque Postale amid the continuing uncertainty of the crisis, with the classification and provisioning of the Group's exposures at 31 December 2021 continuing to be based on:

- ▶ automatic processes for identifying potential significant increases in credit risk;
- ▶ control and approval processes performed by the Group Risk Department and individual or collective adjustment decisions taken as part of the exposure monitoring process (Watchlists, sector-based measures, etc.).

At 31 December 2021, consequently, the impacts of the COVID-19 pandemic (and its macro-economic fallout) on the measurement of the Group's credit risk fall into two broad categories:

- ▶ general impacts on both the business and individual customer loanbooks related to the calibration of all models and scenarios underlying the calculation of statistical provisions; and
- ▶ specific impacts on certain customer segments related to measures taken by the Group Risk Department following last year's analytical review of the entire loanbook, as updated throughout 2021.

General measures taken to adjust statistical provisions:

All "probability of default" models¹⁾ used to calculate loss allowances were subject to a yearly review in the second half of 2021. The most recent data on behaviour and/or changes in risk profiles (changed ratings) were integrated along with new forecast scenarios to obtain the appropriate parameters at maturity (and to avoid inconsistent provisioning – especially on the Low Default Portfolio – and its procyclical effects). The macroeconomic scenarios used to calculate provisions were also revised.

1) For personal banking customers (credit scoring models and associated default probabilities are linked to the characteristics of the products held by the customer and the length of the customer relationship); and corporate customers (specific models for banks, sovereigns, local public sector players, large corporates, and SMEs).

Corporate customers

To prepare its annual financial statements, La Banque Postale adopted an approach to determining loss allowances that was designed to avoid exacerbating procyclical effects and to ensure that credit risk was adequately reflected, based on observations regarding the loanbook and the expertise of the Group Risk Department.

On this basis, as explained above, Corporate & Investment Banking cost of risk at 31 December 2021 results from:

- ▶ the exposure monitoring process;
- ▶ specific provisioning decisions made by dedicated committees for outstanding loans under surveillance (included on the Watchlist and/or credit impaired and defaulted loans);
- ▶ application of sector-specific or other general loss provisioning principles.

After observing the effects of the COVID crisis, La Banque Postale chose to maintain or step up⁽¹⁾ the policy adopted in late 2020 concerning general loss allowances and to extend the policy to an additional sector. Sector-specific loss allowances were recorded on exposures in the following sectors at 31 December 2021:

- ▶ Tourism, Hospitality and Leisure;
- ▶ Private Air and Land Passenger Transport;
- ▶ the Photovoltaic Energy sector in France, due to a review of pricing conditions;
- ▶ certain segments of the Retail sector;
- ▶ the Automotive sector;
- ▶ Commercial Real Estate (sector added at 30 June 2021) other than city centre locations.

Individual customers

Up to now, the COVID-19 crisis has had only a limited impact on La Banque Postale's Retail Banking credit exposures. Indeed, La Banque Postale's overall loan book has actually significantly improved since the onset of the crisis, reflecting government support for the economy and its impact on households (on the unemployment rate and protection of purchasing power, particularly for employees in the hardest hit sectors) as well the effect of precautionary savings and the reduction in consumption observed during the lockdown periods.

Developments in economic and health situation in 2021 led to adjustments to the measures introduced in 2020 in order to better reflect the observed and/or expected impacts of credit risk on provisioning practices for Retail Banking exposures. As well as recalibrating the parameters used to calculate probability of default, a decision was also made to make the following adjustments to the financial statements at 31 December 2021:

- ▶ socio-professional categories deemed to be exposed to the crisis and downgraded to a "sensitive" category in December 2020 were reclassified as performing loans. This adjustment was made after observing the banking behaviour of these categories over a full 12-month period, leading to the conclusion that the associated credit risk was low;
- ▶ Retail Banking credit exposures in the West Indies were downgraded to "sensitive" categories amidst the health, economic and social crisis in the region, due particularly to the decline in tourism;
- ▶ the adjustment (multiplying factor) was maintained and reinforced for calculating loss given default (LGD) for home loans guaranteed by sureties.

1) Solar power, with general loss allowances increased to take into account the French government's recent decision to revise feed-in tariffs under solar power purchase agreements.

NOTE 2 NOTES TO THE BALANCE SHEET

2.1 Cash and central banks

(in € thousands)	31.12.2021	31.12.2020
Cash	1,115,698	1,282,749
Central banks	49,696,687	499,457
Accrued interest		
CASH AND CENTRAL BANKS	50,812,385	1,782,206

2.2 Loans and advances to credit institutions

(in € thousands)	31.12.2021	31.12.2020
Current accounts in debit	165,381	208,687
Overnight accounts and loans	-	41,500,000
Overnight reverse repos	-	-
Securities received under collateralised reverse repurchase agreements	336,830	2,806,933
Other securities received under reverse repurchase agreements	-	-
Suspense accounts	474	5,735
Non-performing loans	-	-
Accrued interest	3	18
Gross total	502,689	44,521,372
Impairments	-	-
Loans and advances to credit institutions repayable on demand	502,689	44,521,372
Term accounts and loans ⁽¹⁾	19,642,210	20,559,123
Securities received under collateralised reverse repurchase agreements	-	-
Other securities received under reverse repurchase agreements	-	-
Subordinated loans ⁽²⁾	78,100	101,219
Non-performing loans	-	-
Accrued interest	5,465	3,314
Gross total	19,725,776	20,663,656
Impairments	-	-
Term loans and advances to credit institutions	19,725,776	20,663,656
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	20,228,464	65,185,028

(1) The amounts centralised with the Caisse des dépôts et Consignations are now offset against customer deposits in regulated savings accounts under liabilities. Of which loans to subsidiaries of La Banque Postale Group: €19,521,354 thousand.

(2) These are subordinated loans granted to Crédit Logement to enable the company to comply with its regulatory capital requirements.

2.3 Liabilities due to credit institutions

(in € thousands)	31.12.2021	31.12.2020
Current accounts in credit ⁽¹⁾	1,373,242	1,584,960
Overnight accounts and borrowings		172,970
Overnight repos		
Securities sold under collateralised repurchase agreements		
Other amounts due	1,913	167
Accrued interest		
Liabilities due to credit institutions repayable on demand	1,375,155	1,758,097
Term deposits ⁽²⁾	26,819,817	26,004,410
Assets sold under repurchase agreements		
Securities sold under collateralised repurchase agreements	20,605,937	23,083,771
Accrued interest	(88,745)	(12,565)
Term liabilities due to credit institutions	47,337,009	49,075,617
LIABILITIES DUE TO CREDIT INSTITUTIONS	48,712,164	50,833,713

(1) Of which with subsidiaries of La Banque Postale Group: €504,483 thousand at 31 December 2021 and €700,231 thousand at 31 December 2020.

(2) Of which with subsidiaries of La Banque Postale Group: €17,988,817 thousand at 31 December 2021 and €16,704,537 thousand at 31 December 2020.

2.4 Loans and advances to customers

(in € thousands)	31.12.2021	31.12.2020
Trade receivables	-	-
Current accounts in debit ⁽¹⁾	870,530	689,820
Loans to financial sector customers	494,706	426,230
Short-term credit facilities	154	403
Home loans	62,269,700	59,474,720
Corporate loans	19,993,101	18,719,398
Loans to the local public sector	9,532,813	9,345,348
Export credits	-	-
Other loans	2,614	9,103
Suspense accounts ⁽²⁾	69,974	16,936
Securities received under collateralised reverse repurchase agreements ⁽³⁾	7,812,778	13,145,310
Subordinated loans	5,207	-
Finance lease transactions	-	-
Loans and advances to customers before allowances	101,051,577	101,827,268
Allowances for credit losses		
► On current accounts in debit	(77,584)	(56,411)
► On customer loans	(648,087)	(589,491)
LOANS AND ADVANCES TO CUSTOMERS	100,325,906	101,181,366
of which accrued interest	158,419	175,028
of which non-performing loans and advances	537,135	478,094
of which gross irrecoverable loans and advances	398,747	410,451
of which sensitive restructured loans	241,316	271,328

(1) Amount of advances related to subsidiaries: €68,186 thousand at 31 December 2021.

(2) This item primarily represents receivables relating to discretionary transactions.

(3) Including €2,891,242 thousand with subsidiaries.

2.5 Customer deposits

(in € thousands)	31.12.2021	31.12.2020
Regulated demand savings accounts	93,226,871	91,288,568
Regulated term savings accounts	26,925,552	27,456,886
Accrued interest		
Regulated savings accounts	120,152,423	118,745,455
Savings deposits centralised with the CDC and recognised in assets	(64,932,654)	(67,397,430)
Regulated savings accounts net of amounts centralised with the CDC	55,219,769	51,348,025
Current accounts in credit*	84,849,985	81,984,951
Accrued interest	6,509	6,527
Customer current accounts in credit	84,856,494	81,991,478
Borrowings from financial-sector customers	4,067,416	2,867,296
Term deposit accounts in credit		35,000
Assets sold under repurchase agreements		
Securities and other assets sold under collateralised repurchase agreements	7,584,798	13,216,975
Other amounts payable to customers	282,963	477,703
Accrued interest	(5,552)	(6,317)
Other liabilities due to customers	11,929,626	16,590,657
CUSTOMER DEPOSITS	152,005,889	149,930,160

* Of which with subsidiaries of La Banque Postale: €694,987 thousand at 31 December 2021 and €1,093,606 thousand at 31 December 2020.

2.6 Financial transactions – Breakdown by category

	31.12.2021				
	Securities				
(in € thousands)	Held-for-trading*	Available-for-sale	Held-to-maturity	Portfolio	Total
GOVERNMENT PAPER AND EQUIVALENTS					
Redemption price	0	4,955,320	16,349,415	-	21,304,735
Unamortised premiums/discounts	-	520,235	595,612	-	1,115,846
Accrued interest	-	38,494	159,004	-	197,498
Impairments	-	(93,815)	-	-	(93,815)
Net carrying amount	0	5,420,233	17,104,031	-	22,524,264
Of which loaned securities		457,943	763,628	-	1,221,571
Of which listed securities		5,420,233	17,104,031	-	22,524,264
BONDS AND OTHER FIXED-INCOME SECURITIES					
Redemption price	1,442,181	15,604,832	8,581,000	-	25,628,013
Unamortised premiums/discounts	-	150,040	29,285	-	179,325
Accrued interest	-	68,518	2,981	-	71,499
Impairments	-	(51,376)	-	-	(51,376)
Net carrying amount	1,442,181	15,772,013	8,613,266	-	25,827,460
Of which loaned securities				-	-
Of which listed securities	1,375,033	15,477,609	8,613,266	-	25,465,908
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES					
Gross carrying amount	-	218,848	-	47,289	266,137
Accrued income	-	-	-	-	-
Impairments	-	(9,201)	-	(4,984)	(14,185)
Net carrying amount	-	209,647	-	42,305	251,952
Of which loaned securities					-
Of which listed securities		89,268		1,745	91,013
NET TOTAL BY PORTFOLIO TYPE	1,442,181	21,401,893	25,717,297	42,305	48,603,676

* The balance sheet value of trading securities corresponds to their market value.

The counterparty risk attached to fixed-income securities is described in detail in Note 2.23.1

During 2021, no available-for-sale securities were transferred to held-to-maturity portfolios.

	31.12.2020				
	Securities				
(in € thousands)	Held-for-trading*	Available-for-sale	Held-to-maturity	Portfolio	Total
GOVERNMENT PAPER AND EQUIVALENTS*					
Redemption price	1,083,770	5,770,072	17,513,862	-	24,367,704
Unamortised premiums/discounts	-	386,213	579,389	-	965,602
Accrued interest	-	39,862	201,466	-	241,328
Impairments	-	(352)	-	-	(352)
Net carrying amount	1,083,770	6,195,795	18,294,717	-	25,574,282
Of which loaned securities	-	220,252	770,701	-	990,953
Of which listed securities	584,108	6,195,795	18,294,717	-	25,074,620
BONDS AND OTHER FIXED-INCOME SECURITIES					
Redemption price	2,845,109	15,176,214	8,300,000	-	26,321,324
Unamortised premiums/discounts	-	190,429	18,301	-	208,730
Accrued interest	-	66,425	34,467	-	100,893
Impairments	-	(45,271)	-	-	(45,271)
Net carrying amount	2,845,109	15,387,797	8,352,768	-	26,585,674
Of which loaned securities	-	-	-	-	-
Of which listed securities	1,293,511	15,072,068	8,532,768	-	24,718,347
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES					
Gross carrying amount	-	489,263	-	55,118	544,382
Accrued income	-	-	-	-	-
Impairments	-	(9,858)	-	(5,017)	(14,875)
Net carrying amount	-	479,405	-	50,101	529,507
Of which loaned securities	-	-	-	-	-
Of which listed securities	-	157,015	-	-	157,015
NET TOTAL BY PORTFOLIO TYPE	3,928,880	22,062,997	26,647,485	50,101	52,689,463

* The balance sheet value of trading securities corresponds to their market value.

During 2020, no available-for-sale securities were transferred to held-to-maturity portfolios.

Estimated home loan repayment rates were reviewed in 2020 in light of the persistently low interest rates and the very limited incidence of early repayments and renegotiations. This led to an extension of the loans' estimated duration. To maintain La Banque Postale's risk profile, fixed rate debt securities held in the ALM portfolio were sold during first-half 2020. These sales did not affect the validity of the held-to-maturity portfolio's management model.

2.7 Market value of financial transactions

(in € thousands)	Available-for-sale securities		Held-to-maturity securities		Portfolio securities	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
GOVERNMENT PAPER AND EQUIVALENTS						
Net carrying amount*	5,420,233	6,195,795	17,104,031	18,294,717		
Market value	5,538,903	6,665,037	17,868,804	19,806,443		
BONDS AND OTHER FIXED-INCOME SECURITIES						
Net carrying amount*	15,772,013	15,387,797	8,613,266	8,352,768		
Market value	15,785,959	15,505,007	8,538,778	8,361,191		
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES						
Net carrying amount	209,647	479,406			42,305	50,101
Market value and/or value in use for portfolio securities	289,355	539,618			71,597	70,215

* Impairment losses are calculated taking into account unrealised gains and losses on any financial instruments designated as hedges of available-for-sale securities.

2.8 Debt securities

(in € thousands)	31.12.2021	31.12.2020
Short-term notes	-	-
Accrued interest	-	-
Short-term notes	-	-
Interbank securities	-	-
Certificates of deposit	7,861,937	8,264,284
BMTN medium-term notes and TCN money markets	-	-
Accrued interest	860	2,731
Interbank securities and money market securities	7,862,797	8,267,015
Bonds	4,826,712	4,118,131
Issue premiums	(21,082)	(18,604)
Accrued interest	22,326	18,797
Bonds	4,827,957	4,118,324
Other debt securities	1,440,899	1,141,580
Accrued interest	60	34
Other debt securities	1,440,960	1,141,614
DEBT SECURITIES	14,131,713	13,526,953

2.9 Investments in related companies

(in € thousands)	31.12.2021					31.12.2020				
	Gross carrying amount of securities	Advances	Impairments	Net carrying amount of securities	% interest	Gross carrying amount of securities	Advances	Impairments	Net carrying amount of securities	% interest
CNP Assurances	5,654,601			5,654,601	78.95%	2,010,384			2,010,384	42.70%
SF2						1,143,909			1,143,909	100.00%
LBP Consumer Finance (formerly LBP Financement)	377,451			377,451	100.00%	376,000			376,000	35.00%
LBP Assurances IARD	352,334			352,334	100.00%	195,200			195,200	35.00%
LBP Prévoyance	344,135			344,135	100.00%	291,635			291,635	50.00%
LBP Leasing & Factoring	275,000			275,000	100.00%	275,000			275,000	100.00%
Ma French Bank	258,000			258,000	100.00%	258,000			258,000	100.00%
LBP Home Loan SFH	244,004			244,004	100.00%	210,004			210,004	100.00%
BPE	202,749			202,749	100.00%	157,627			157,627	100.00%
LBP Asset Management Holding	89,107			89,107	70.00%					
AEW Europe	49,333			49,333	40.00%					
SOFIAP	43,034			43,034	66.00%	43,034			43,034	66.00%
Easybourse	26,360		(430)	25,930	100.00%					
LBP Conseil en Assurances	5,336			5,336	100.00%					
LBP Assurance Santé	1,701			1,701	51.00%					
LBP Collectivités Locales	650			650	65.00%	650			650	65.00%
TOTAL EQUITY INVESTMENTS AND ADVANCES ELIGIBLE FOR CONSOLIDATION	7,923,795		(430)	7,923,365		4,961,442			4,961,442	
Of which investments	5,654,601			5,654,601		2,010,384			2,010,384	

2.10 Long-term equity interests and other long-term securities

(in € thousands)	31.12.2021					31.12.2020				
	Gross carrying amount of securities	Advances	Impairments	Net carrying amount of securities	% interest	Gross carrying amount of securities	Advances	Impairments	Net carrying amount of securities	% interest
Certificates of association	230,072			230,072		213,928			213,928	
Crédit Logement	78,262			78,262	6.00%					
KKBB	64,200		(48,485)	15,715	100.00%	55,300		(35,793)	19,507	100.00%
Visa Inc	53,193			53,193	n.m.	48,958			48,958	n.m.
Eziness	20,200		(20,200)		100.00%	20,200		(1,352)	18,848	100.00%
Domiserve	15,000			15,000	100.00%	15,000			15,000	100.00%
Transactis	11,574			11,574	50.00%	11,574			11,574	50.00%
STET	6,917			6,917	5.01%	6,917			6,917	5.01%
BPI France Financement	4,008			4,008	n.m.	4,008			4,008	n.m.
LBP Protection	2,183		(608)	1,575	100.00%					
Other	8,645		(1,626)	7,019		4,812			4,812	
LONG-TERM EQUITY INTERESTS AND OTHER LONG-TERM SECURITIES	494,254		(70,919)	423,335		380,697		(37,145)	343,552	
Of which listed securities										

2.11 Property, plant and equipment and intangible assets

(in € thousands)	01.01.2021				Year-on-year change			31.12.2021			31.12.2020		
	Gross amount	Purchases	Transfers	Disposals				Gross amount	Accumulated depreciation, amortisation and impairment	Net amount	Gross amount	Accumulated depreciation, amortisation and impairment	Net amount
Land	-	-						-	-	-	-	-	-
Buildings*	375,723	20						375,743	-	375,743	375,723	-	375,723
Other operating fixed assets	682,796	41,780		(33,585)				690,991	(567,889)	123,102	682,796	(550,523)	132,274
Property, plant and equipment	1,058,520	41,800	-	(33,585)				1,066,735	(567,889)	498,845	1,058,520	(550,523)	507,997
Set-up costs	-	-	-	-				-	-	-	-	-	-
Franchises, licenses, and patents	349,942	17,521	13,998	(973)				380,488	(326,413)	54,075	349,942	(295,630)	54,312
Other intangible assets	1,633,282	144,952	(13,998)	(257,250)				1,506,986	(915,805)	591,182	1,633,282	(1,078,701)	554,581
Intangible assets	1,983,225	162,473	-	(258,223)				1,887,475	(1,242,218)	645,257	1,983,225	(1,374,331)	608,894
PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS	3,041,745	204,273	-	(291,808)				2,954,210	(1,810,107)	1,144,102	3,041,745	(1,924,854)	1,116,891

* This item consists of the shares in SCI CRSF and SCI Tertiaire Saint Romain, in accordance with the 2007 recommendations of the French banking and insurance supervisor (ACPR).

2.12 Accruals and other assets

(in € thousands)	31.12.2021	31.12.2020
Prepaid expenses	37,059	51,582
Accrued income from derivatives	337,723	281,909
Other accrued income	532,220	571,493
Revaluation of derivatives and foreign exchange instruments	(8)	148
Collection accounts	6,627	101,964
Other accruals	427,578	537,292
Accruals	1,341,200	1,544,388
Purchased options	90,522	74,377
Collective management of Livrets de développement durable	-	-
Guarantee deposits paid ⁽¹⁾	1,088,772	1,004,217
Securities settlement accounts	2,262	1,669
Accrued income	857	854
Other assets ⁽²⁾	728,812	683,024
Impairments	(17,197)	(37,271)
OTHER ASSETS	1,894,028	1,726,869
ACCRUALS AND OTHER ASSETS	3,235,228	3,271,258

(1) Including €25,000 thousand with subsidiaries.

(2) Including €111,668 thousand with subsidiaries.

2.13 Accruals and other liabilities

(in € thousands)	31.12.2021	31.12.2020
Deferred income	416,588	462,860
Accrued expenses on derivatives	240,303	265,272
Revaluation of derivatives and foreign exchange instruments	341	
Other accruals ⁽¹⁾	1,098,096	1,135,253
Accruals	1,755,328	1,863,384
Written options	83,258	76,743
Securities-related liabilities		
Other payables ⁽²⁾	1,794,631	1,759,324
Securities settlement accounts	6,216	7,497
Accrued income	1,648	1,604
Other liabilities	1,885,753	1,845,167
ACCRUALS AND OTHER LIABILITIES	3,641,080	3,708,552

(1) This item primarily represents accruals for the Financial Centres' payment media transactions.

(2) Including €174,673 thousand with subsidiaries.

2.14 Provisions for liabilities and charges

(in € thousands)	31.12.2020	Charges	Utilisations	Reversals of unused provisions	Other changes	31.12.2021
Provisions for post-employment benefits and other employee-related commitments	45,587	4,882	(3,963)		(11,548)	34,958
PEL/CEL home savings provisions	203,800	1,900	-	(20,100)		185,600
Other provisions	487,697	196,241	(7,170)	(242,555)	412	434,625
Provisions (excluding counterparty risk)	737,084	203,023	(11,133)	(262,655)	(11,136)	655,183
Signature commitments	-					
Provisions for guarantee contracts	28,152	30,128		(6,919)		51,361
Provisions for financing commitments	47,476	42,831		(43,326)		46,981
PROVISIONS FOR COUNTERPARTY RISK RECORDED IN LIABILITIES	75,628	72,959	-	(50,246)	-	98,342
PROVISIONS	812,712	275,982	(11,133)	(312,900)	(11,136)	753,525

2.15 Home savings optionality

Generation (in € millions)	Deposits collected	Loans granted in respect of PEL and CEL accounts	2021 provision	2020 provision	Change
More than 10 years	11,051		125	109	16
4-10 years	14,211		4	65	(61)
Less than 4 years	992		2	6	(4)
Total home savings plans (PEL)	26,254	8	131	180	(49)
Total home savings accounts (CEL)	4,326	43	55	24	31
TOTAL	30,580	51	186	204	(18)

2.16 Subordinated debt

(in € thousands)	Date of issue	Maturity	Rate	Issue currency	31.12.2021	31.12.2020
Redeemable subordinated debt	23.04.2014	23.04.2026	2.750%	EUR		750,000
Redeemable subordinated debt	19.11.2015	19.11.2027	2.750%	EUR	750,000	750,000
Redeemable subordinated debt	09.06.2016	09.06.2028	3.000%	EUR	500,000	500,000
Redeemable subordinated debt	05.10.2016	05.10.2028	2.250%	EUR	100,000	100,000
Redeemable subordinated debt	16.01.2017	09.06.2028	3.000%	EUR	150,000	150,000
Redeemable subordinated debt	26.10.2020	26.01.2031	0.875%	EUR	500,000	500,000
Redeemable subordinated debt ⁽¹⁾	02.02.2021	02.08.2032	0.750%	EUR	500,000	
Redeemable subordinated debt ⁽¹⁾	27.04.2021	02.08.2032	0.750%	EUR	250,000	
Perpetual subordinated debt	20.11.2019	N/A	3.875%	EUR	750,000	750,000
Perpetual subordinated debt ⁽²⁾	29.09.2021	N/A	3.000%	EUR	750,000	
Interest					5,448	18,582
TOTAL					4,255,448	3,518,582

(1) On 2 February and 27 April 2021 La Banque Postale carried out an Additional Tier 2 ("AT2") bond issue for a total of €750 million, and on 23 April 2021 exercised its redemption option on its 23 April 2014 €750 million bond issue.

(2) La Banque Postale carried out its second Additional Tier 1 issue on 29 September 2021, in the amount of €750 million.

2.17 Transactions with credit institutions and customers by residual term

(in € thousands)	Accrued interest	Less than 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years	31.12.2021
ASSETS						
Loans and advances to credit institutions	5,469	2,020,930	4,370,167	8,918,719	4,913,179	20,228,464
Loans and advances to customers	154,796	8,434,993	9,577,165	27,703,643	54,455,310	100,325,906
Security portfolios (trading, available-for-sale, held-to-maturity)						
Government paper and equivalents	153,236	10,003	1,224,343	3,412,613	17,724,068	22,524,264
Bonds and other fixed-income securities	52,274	576,901	1,920,829	14,036,915	9,240,543	25,827,461
LIABILITIES						
Liabilities due to credit institutions	(58,390)	22,392,685	2,912,999	14,609,928	8,854,942	48,712,164
Customer deposits	18	152,005,871				152,005,889
Debt securities						
Bonds	1,244		92,707	2,460,905	2,273,100	4,827,956
Interbank securities and money market securities	860	6,092,709	1,767,369	400	1,460	7,862,797
Other debt securities	60			345,940	1,094,960	1,440,960
Subordinated debt	29,271	(23,823)			4,250,000	4,255,448
OFF-BALANCE SHEET						
Financing commitments given		15,164,448	3,732,628	5,943,772	1,965,286	26,806,134
Guarantee commitments given		5,030,498	213,598	698,639		5,942,735

2.18 Shareholders' equity

(in € thousands)	Fund for general banking risks (FGBR)	Share capital	Additional paid-in capital	Legal reserves	Other reserves and retained earnings	Net profit	Shareholders' equity (excluding FGBR)	Total shareholders' equity
Equity at 31 December 2017	22,000	4,046,408	16,719	212,091	1,248,218	553,183	6,076,618	6,098,618
Appropriation of prior year net profit				27,659	525,524	(553,183)		
Prior year dividend					(343,769)		(343,769)	(343,769)
Reversal of regulated provisions								
Net profit for the year						124,893	124,893	124,893
Equity at 31 December 2018	22,000	4,046,408	16,719	239,752	1,429,973	124,893	5,857,743	5,879,743
Appropriation of prior net year profit				6,245	118,648	(124,893)		
Prior year dividend					(326,527)		(326,527)	(326,527)
Capital increase ⁽¹⁾		585,247	214,753				800,000	800,000
Reversal of regulated provisions								
Net profit for the year						288,929	288,929	288,929
Equity at 31 December 2019	22,000	4,631,654	231,472	245,996	1,222,094	288,929	6,620,144	6,642,144
Appropriation of 2019 net profit				14,446	274,483	(288,929)		
Prior year dividend								
Capital increase ⁽²⁾		1,953,696	14,643				1,968,339	1,968,339
Reversal of regulated provisions								
Net profit for the year						(409,951)	(409,951)	(409,951)
Equity at 31 December 2020	22,000	6,585,350	246,115	260,442	1,496,577	(409,951)	8,178,532	8,200,532
Appropriation of 2020 net profit					(409,951)	409,951		-
Prior year dividend					(171,058)		(171,058)	(171,058)
Reversal of regulated provisions								
Other changes					11,548		11,548	11,548
Net profit for the year						1,155,622	1,155,622	1,155,622
Equity at 31 December 2021	22,000	6,585,350	246,115	260,442	927,116	1,155,622	9,174,644	9,196,644

- (1) On 27 May 2019, La Banque Postale issued €800,000 thousand worth of shares on conversion of Tier 1 subordinated debt (convertible bonds). 5,089,102 new shares were issued, representing an aggregate par value of €585,247 thousand. The share capital of La Banque Postale SA therefore increased from €4,046,408 thousand to €4,631,654 thousand.
- (2) On 4 March 2020, la Banque Postale carried out a capital increase of €1,968,339 thousand by issuing 40,033,894 new shares. This took the number of outstanding shares to 80,309,149. The shares were issued in payment for the CNP Assurances shares contributed by the French State and Caisse des dépôts et Consignations via La Poste.

2.19 Foreign exchange transactions

(in € thousands)	31.12.2021	31.12.2020
Spot transactions:		
euros purchased and not yet received	648	345,225
foreign currency purchased and not yet received	1,512	-
Lending/borrowing transactions:		
Forward foreign exchange transactions:		
euros receivable against currencies to be delivered	890,573	1,301,221
currencies receivable against euros to be delivered	4,198,322	3,711,054
Accrued swap points:		
to be received	12,810	5,713
to be paid	2,023	2,491

2.20 Derivatives transactions

(in € thousands)	31.12.2021					
	Position management transactions		Portfolio fair value hedging transactions		Micro-hedging transactions	
	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
FUTURES AND FORWARDS	63,966,757	239,477	27,848,028	116,315	20,878,193	296,205
Organised markets	1,872,391	9,888				
Interest rate futures	1,872,391	9,888				
Other contracts						
OTC	62,094,366	229,589	27,848,028	116,315	20,878,193	296,205
Interest rate swaps	57,053,676	166,424	27,848,028	116,315	20,778,649	295,869
FRA						
Other contracts	5,040,690	63,165			99,544	336
OPTIONS	36,091,585	78,642				
Organised markets						
Interest rate options						
Other options						
OTC	36,091,585	78,642				
Caps, floors	34,530,405	190				
Swaptions	700,000	926				
Currency options	57,083					
Credit derivatives	716,377	(10,195)				
Other options	87,721	87,721				

No derivatives were transferred between categories during the period presented.

(in € thousands)	31.12.2020					
	Position management transactions		Portfolio fair value hedging transactions		Micro-hedging transactions	
	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
FUTURES AND FORWARDS	49,165,239	35,685	30,040,827	24,303	25,248,282	161,669
Organised markets	1,318,612	7,256				
Interest rate futures	1,318,612	7,256				
Other options						
OTC	47,846,626	28,429	30,040,827	24,303	25,248,282	161,669
Interest rate swaps	42,814,374	92,035	30,040,827	24,303	25,248,282	161,669
FRA						
Other contracts	5,032,252	(63,606)				
OPTIONS	30,716,876	77,570				
Organised markets						
Interest rate options						
Other options						
OTC	30,716,876	77,570				
Caps, floors	29,031,932	2,965				
Swaptions	520,000	1,601				
Currency options						
Credit derivatives	1,083,437	(8,502)				
Other options	81,507	81,507				

No derivatives were transferred between categories during the period presented.

2.21 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and shown in the balance sheet for their net amount when La Banque Postale has a legally enforceable right to offset the amounts recognised, and has the intention either to settle the net amount or to realise the asset and settle the liability simultaneously. A financial asset and a financial liability covered by a master netting arrangement or similar agreement meeting the definition of an enforceable contract (legally enforceable right to offset securities with the same maturity against cash), which can be exercised under all conditions but does not meet the offsetting criteria, are

presented for their net amounts when they concern the same legal entity.

The tables below show the amounts of financial assets and liabilities that are offset in the La Banque Postale's balance sheet as well as the amounts that can be offset in accordance with master netting arrangements or similar agreements, but are not eligible to be offset in La Banque Postale's financial statements. The net positions resulting from the various offsets are not intended to measure La Banque Postale's exposure to counterparty risk on these financial instruments.

2021 Assets

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross carrying amount of financial assets	Gross carrying amount of financial liabilities offset in the financial statements	Net financial asset	Amounts not offset		Securities received and not recorded in the balance sheet	Net carrying amount
				Financial instruments	Cash collateral received		
(in € thousands)							
Derivatives (market value)	1,887,962		1,887,962	790,367	927,749		169,846
Reverse repos and loaned securities (amortised cost)	10,108,333	1,964,925	8,143,408	81,968	122,363	7,935,421	3,656
Other financial assets	5,480		5,480	5,480			
TOTAL	12,001,775	1,964,925	10,036,850	877,815	1,050,112	7,935,421	173,502

2021 Liabilities

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross carrying amount of financial liabilities	Gross carrying amount of financial assets offset in the financial statements	Net financial liability	Amounts not offset		Securities delivered and not recorded in the balance sheet	Net carrying amount
				Financial instruments	Cash collateral paid		
(in € thousands)							
Derivatives (market value)	915,913		915,913	790,367	86,708		38,838
Reverse repos and loaned securities (amortised cost)	30,119,753	1,964,925	28,154,828	87,099	635,414	27,415,969	16,346
Other financial assets							
TOTAL	31,035,666	1,964,925	29,070,741	877,466	722,122	27,415,969	55,184

2020 Assets

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross carrying amount of financial assets	Gross carrying amount of financial liabilities offset in the financial statements	Net financial asset	Amounts not offset		Securities received and not recorded in the balance sheet	Net carrying amount
(in € thousands)				Financial instruments	Cash collateral received		
Derivatives (market value)	2,398,348	-	2,398,348	1,467,533	713,133		217,682
Reverse repos and loaned securities (amortised cost)	18,655,960	2,713,172	15,942,788	1,820,434	1,352	14,121,002	
Other financial assets	17,305	-	17,305	7,256	-		10,049
TOTAL	21,071,613	2,713,172	18,358,441	3,295,223	714,485	14,121,002	227,731

2020 Liabilities

	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross carrying amount of financial assets	Gross carrying amount of financial liabilities offset in the financial statements	Net financial asset	Amounts not offset		Securities received and not recorded in the balance sheet	Net carrying amount
(in € thousands)				Financial instruments	Cash collateral received		
Derivatives (market value)	1,657,534		1,657,534	1,467,533	170,426		19,575
Reverse repos and loaned securities (amortised cost)	38,985,573	2,713,172	36,272,401	1,819,656	211,733	34,236,863	4,149
Other financial liabilities							
TOTAL	40,643,107	2,713,172	37,929,935	3,287,189	382,159	34,236,863	23,724

2.22 Financial instruments by maturity

(in € thousands)	31.12.2021				31.12.2020			
	Less than 1 year	1 to 5 years	Beyond 5 years	Total	Less than 1 year	1 to 5 years	Beyond 5 years	Total
FUTURES AND FORWARDS	37,054,214	48,957,829	26,680,936	112,692,979	26,445,295	47,990,593	30,018,459	104,454,348
Interest rate futures	1,872,391			1,872,391	1,318,612			1,318,612
Index futures								
Interest rate swaps	31,246,942	47,843,969	26,589,442	105,680,353	21,108,269	47,073,674	29,921,540	98,103,483
FRA								
Other contracts	3,934,881	1,113,860	91,494	5,140,235	4,018,414	916,919	96,919	5,032,252
OPTIONS	7,078,193	22,334,710	6,678,684	36,091,587	3,387,881	20,962,088	6,366,907	30,716,876
Caps, floors	6,744,638	21,224,805	6,560,963	34,530,406	3,277,881	19,468,601	6,285,450	29,031,932
Swaptions	280,000	390,000	30,000	700,000	110,000	410,000		520,000
Currency options	53,555	3,528		57,083				
Credit derivatives		716,377		716,377		1,083,437		1,083,437
Other contracts			87,721	87,721		50	81,457	81,507

2.22.1 Credit risk

(in € thousands)	Gross performing loans	Gross non-performing loans	Gross irrecoverable loans	Gross at 31.12.2021	Gross at 31.12.2020
Loans and advances to credit institutions	20,228,464			20,228,464	132,582,458
Loans and advances to customers	100,115,696	537,135	398,747	101,051,577	101,827,268
Of which current accounts in debit	780,260	11,745	78,524	870,530	689,820
Of which loans to financial sector customers	494,513	193		494,706	426,230
Of which short-term credit facilities	29	13	112	154	403
Of which home loans	61,752,484	199,992	317,223	62,269,700	59,474,720
Of which corporate loans	19,669,584	323,242	275	19,993,101	18,719,398
Of which local public sector loans	9,530,866	1,947		9,532,813	9,345,348
Of which export credits					
Of which other credit		2	2,612	2,614	9,103
Of which subordinated loans	5,207			5,207	
Portfolio of fixed-income securities*	25,827,461			25,827,461	26,585,674
Government paper	22,618,079			22,618,079	25,574,282
Financing commitments and guarantee contracts	32,721,443	14,537	12,889	32,748,869	30,460,550
TOTAL	201,511,143	551,671	411,636	202,474,450	317,030,232

* Excluding government paper.

These operations are presented before offsetting the amounts centralised at the Caisse des dépôts et Consignations against customer deposits in regulated savings accounts.

2.22.2 Allowances for credit losses

(in € thousands)	31.12.2020	Charges	Reversals (utilisations)	Other changes	31.12.2021
Loans and advances to credit institutions					
Loans and advances to customers	645,905	624,499	(545,066)	333	725,671
Of which current accounts in debit	56,413	71,796	(50,625)		77,584
Of which loans to financial sector customers	10,501	16,217	(9,057)	1,400	19,060
Of which short-term credit facilities	28,412	14,415	(28,363)		14,464
Of which home loans	274,821	323,537	(291,003)		307,354
Of which corporate loans	266,289	196,777	(159,483)	(1,067)	302,516
Of which local public sector loans	369	1,758	(45)		2,082
Of which export credits	-				-
Of which other credit	9,100	-	(6,488)		2,612
Other assets	37,280	3,320	(23,403)		17,197
Available-for-sale portfolio (fixed-income securities)					
Held-to-maturity portfolio					
Total fixed-income securities					
Total loss allowances deducted from assets*	683,183	627,819	(568,467)	333	742,868
Execution risks on signature commitments					-
Other allowances for counterparty risk					-
Loss allowances for guarantee contracts	28,152	30,128	(6,918)		51,362
Loss allowances for financing commitments	47,476	42,831	(43,326)		46,981
Provisions recorded in liabilities	75,628	72,959	(50,245)	-	98,343
TOTAL ALLOWANCES FOR COUNTERPARTY RISKS	758,811	700,780	(618,711)	333	841,211
Gross performing loans	320,090	275,238	(235,766)		359,562
Gross non-performing loans	152,395	131,148	(180,136)	333	103,740
Gross irrecoverable loans	210,698	221,433	(152,566)		279,565

* Including loss allowances deducted from assets

NOTES 3 **NOTES TO THE INCOME STATEMENT**

3.1 Interest on cash and interbank transactions

(in € thousands)	2021	2020
Interest on current accounts in debit	3,113	5,317
Interest on accounts and loans	944,135	984,436
Negative interest on demand and term loans	79,172	49,294
Interest on assets received under reverse repurchase agreements	-	-
Interest on securities received under collateralised reverse repurchase agreements	5,226	8,221
Negative interest on securities sold under collateralised repurchase agreements	166,634	140,399
Other interest income	1,182	315
INTEREST INCOME FROM CASH AND INTERBANK TRANSACTIONS	1,199,462	1,187,981
Interest on current accounts in credit	(194,610)	(70,234)
Interest on demand and term borrowings	(88,971)	(106,097)
Negative interest on accounts and loans	(34,036)	(30,672)
Interest on securities sold under collateralised repurchase agreements	(1,082)	(2,418)
Negative interest on securities received under collateralised reverse repurchase agreements	(17,533)	(23,167)
Other interest expense	(101)	(65)
INTEREST EXPENSE ON CASH AND INTERBANK TRANSACTIONS	(336,334)	(232,653)

Interest income on accounts and loans includes the income from funds centralised with Caisse des dépôts et Consignations (CDC).

This income covers the interest paid to depositors shown under “Interest expense on transactions with customers” and the additional income received by La Banque Postale.

3.2 Interest on customer transactions

(in € thousands)	2021	2020
Interest on current accounts in debit	36,762	32,182
Interest on trade receivables	-	-
Interest on short-term credit facilities	50,175	45,384
Interest on equipment loans	84,375	85,090
Interest on home loans	1,000,120	1,028,549
Other interest income	83,401	77,873
Interest on other loans and assets received under reverse repurchase agreements	3	7
Negative interest on term accounts in credit, borrowings and assets sold	23,404	10,527
Interest on securities received under collateralised reverse repurchase agreements	0	89
Negative interest on securities sold under collateralised repurchase agreements	59,159	46,071
Other interest income*	59,478	33,480
INTEREST INCOME FROM CUSTOMER TRANSACTIONS	1,396,876	1,359,251
Interest on current accounts in credit	(16,820)	(16,808)
Interest on term accounts in credit, borrowings and assets sold under repurchase agreements	(216)	(1,258)
Interest on securities sold under collateralised repurchase agreements	-	-
Negative interest on securities received under collateralised reverse repurchase agreements	(56,985)	(59,651)
Interest on special savings accounts	(1,114,365)	(1,162,948)
Other interest expense	-	(14,765)
INTEREST EXPENSE ON CUSTOMER TRANSACTIONS	(1,188,387)	(1,255,430)

* Including €20,100 thousand corresponding to a reversal of the PEL/CEL home savings provision in 2021.

3.3 Interest on fixed-income securities

(in € thousands)	2021	2020
Interest income on available-for-sale securities	206,988	233,361
Interest income on held-to-maturity securities	245,215	373,921
Other interest income	155,534	152,703
INTEREST INCOME FROM BONDS AND OTHER FIXED-INCOME SECURITIES	607,737	759,985
Interest on negotiable certificates of deposit and BMTNs	(5,466)	(224)
Interest and expenses on bond issues	(58,813)	(59,214)
Other interest expense	(117,572)	(126,608)
Interest on subordinated debt	(98,696)	(125,774)
INTEREST EXPENSE ON BONDS AND OTHER FIXED-INCOME SECURITIES	(280,547)	(311,820)

3.4 Other interest

(in € thousands)	2021	2020
Income from foreign exchange instruments	-	-
Income from interest rate instruments	225,167	217,866
OTHER INTEREST INCOME	225,167	217,866
Expenses on foreign exchange instruments	(277)	-
Expenses on interest rate instruments	(62,223)	(58,179)
OTHER INTEREST EXPENSE	(62,500)	(58,179)

3.5 Income from variable-income securities

(in € thousands)	2021	2020
Income from equities and other variable-income securities	36,798	5,477
Income from portfolio securities	11,746	5,495
Income from long-term equity interests	972,121	13,834
INCOME FROM VARIABLE-INCOME SECURITIES	1,020,664	24,806

3.6 Fees and commissions

(in € thousands)	2021		2020	
	Income	Expenses	Income	Expenses
Cash and interbank transactions	85,399	(7,048)	75,691	(4,745)
Customer transactions	1,239,513	(64,106)	1,015,188	(63,625)
Securities transactions	-	(5,099)	-	(6,427)
Derivatives transactions	6	(366)	-	(530)
Provision of financial services	1,274,205	(173,591)	1,421,502	(185,648)
Foreign exchange transactions	-	-	-	-
Other fees and commissions	37,788	-	38,285	-
FEES AND COMMISSIONS	2,636,910	(250,210)	2,550,666	(260,974)

3.7 Gains or losses on trading portfolio transactions

(in € thousands)	2021	2020
Gain (loss) on trading portfolio transactions	(5,885)	(5,202)
Gain (loss) on foreign exchange instrument transactions	(90,747)	142,551
Gain (loss) on derivatives transactions	100,470	(137,383)
GAINS OR LOSSES ON TRADING PORTFOLIO TRANSACTIONS	3,838	(34)

3.8 Gains or losses on available-for-sale portfolio transactions

(in € thousands)	2021	2020
Gain (loss) on disposal of available-for-sale securities	237,548	82,892
Other income and expenses on available-for-sale securities	-	-
Impairment/reversals of impairment on available-for-sale securities and gains (losses) on related hedging transactions	(252,309)	(23,125)
Gains or losses on available-for-sale securities transactions	(14,761)	59,767
Gain (loss) on disposals of portfolio securities	0	0
Impairment/reversals of impairment on portfolio securities	34	(933)
Gains or losses on portfolio securities transactions	34	(933)
GAINS OR LOSSES ON AVAILABLE-FOR-SALE PORTFOLIOS	(14,727)	58,834

3.9 Other banking income and expenses

(in € thousands)	2021		2020	
	Income	Expenses	Income	Expenses
Re-invoiced expenses, retroceded income, and transfers of expenses	21,855	-	19,689	-
Other operating income and expenses	42,384	(65,054)	6,455	(64,459)
Provisions/reversals recorded in other operating income and expenses	7,723	(46,687)	9,132	(25,600)
Other banking income and expenses	71,963	(111,740)	35,275	(90,059)
NET BANKING INCOME AND EXPENSES	(39,778)	(54,784)		

3.10 Payroll costs

(in € thousands)	2021	2020
Wages and salaries	(278,389)	(258,550)
Pensions	(14,809)	(21,772)
Payroll taxes	(115,882)	(108,951)
Discretionary and statutory profit sharing	(13,210)	(14,599)
Payroll-based taxes	(36,606)	(34,165)
Other expenses	(15,833)	(10,017)
PAYROLL COSTS	(474,728)	(448,054)
Amount of attendance fees paid to directors	608	524

Remuneration paid during the year to the members of the Executive Board amounted to €1,957 thousand.

As of 31 December 2021, La Banque Postale had made no supplementary pension arrangements for Executive Board members.

No other transaction was entered into with members of the Executive Board that was not on arm's length terms.

3.11 Headcount

	2021	2020
Civil servant staff	431	468
Contract staff	3,071	2,904
TOTAL HEADCOUNT*	3,502	3,372
Management grade	3,134	2,982
Non-management grade	368	390
TOTAL HEADCOUNT*	3,502	3,372

* Headcount expressed in annual full-time equivalent employees at year-end

3.12 Other general operating expenses

(in € thousands)	2021	2020
Taxes other than on income	(29,249)	(42,450)
Lease payments	-	-
Rents and rental expenses	(141,821)	(113,360)
Fees	(146,733)	(168,108)
Other operating expenses*	(3,508,541)	(3,377,253)
OTHER GENERAL OPERATING EXPENSES	(3,826,344)	(3,701,171)

* This item notably includes expenses under the service agreements between La Poste and La Banque Postale for €2,778,062 thousand.

3.13 Re-invoicing

(in € thousands)	2021	2020
Personnel costs re-invoiced at cost*	40,012	37,452
General expenses other than personnel costs re-invoiced at cost	126,836	119,705
RE-INVOICING	166,848	157,157

* Including re-invoicing to La Poste of €1,306 thousand for staff working for the two companies.

3.14 Depreciation, amortisation and impairment

(in € thousands)	2021	2020
Depreciation and amortisation of operating assets	(284,953)	(193,513)
Of which depreciation of property, plant and equipment	(50,950)	(49,583)
Of which amortisation of intangible operating assets	(234,003)	(143,930)
Reversals of depreciation and amortisation of operating assets	-	-
Net depreciation and amortisation	(284,953)	(193,513)
Impairment of operating assets	(3,640)	(115,175)
Reversals of impairment losses on operating assets	111,534	-
Net impairment losses	107,894	(115,175)
NET DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS	(177,059)	(308,688)

3.15 Cost of risk

(in € thousands)	2021	2020
Charges to allowances on		
Loans and advances to credit institutions and customers	(703,609)	(717,272)
Signature commitments	-	-
Available-for-sale securities	6,218	(6,218)
Sundry debtors	(3,544)	(3,377)
CHARGES TO ALLOWANCES	(700,935)	(726,868)
Reversals of allowances on		
Loans and advances to credit institutions and customers	595,192	387,766
Signature commitments	-	-
Sundry debtors	6,883	5,324
REVERSALS OF ALLOWANCES	602,075	393,090
Losses and recoveries		
Losses on signature commitments	-	-
Credit losses covered by allowances	(23,928)	(33,147)
Credit losses not covered by allowances	(21,052)	(19,591)
Recoveries on loans written down in full	3,159	16,937
LOSSES AND RECOVERIES	(41,822)	(35,801)
COST OF RISK	(140,681)	(369,579)

Changes in allowances relating to a counterparty risk are described in Note 2.23.2.

3.16 Gains or losses on non-current assets

(in € thousands)	2021	2020
Gains or losses on disposals of property, property, plant and equipment	24	(69)
GAINS OR LOSSES ON DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS	24	(69)
Gains or losses on disposals of long-term equity interests and gains or losses on advances		(80)
Gains or losses on disposals of held-to-maturity securities and other long-term securities	716,125	356,351
Impairment/reversals of impairment	(31,599)	(10,845)
Gains or losses on disposals of held-to-maturity securities and other long-term securities	(31,599)	(10,845)
GAINS OR LOSSES ON TRANSACTIONS INVOLVING LONG-TERM EQUITY SECURITIES AND OTHER LONG-TERM SECURITIES	684,525	345,425
GAINS OR LOSSES ON NON-CURRENT ASSETS	684,549	345,356

3.17 Income tax

(in € thousands)	2021	2020
Corporate income tax	4,865	(70,487)
INCOME TAX EXPENSE	4,865	(70,487)
Tax loss carryforwards	338,519	-

NOTE 4 INFORMATION ON THE AUDIT OF THE FINANCIAL STATEMENTS

(amounts excluding tax, in € thousands)

	Statutory auditors of La Banque Postale			
	PricewaterhouseCoopers Audit		KPMG	
	Amount	%	Amount	%
Statutory audit, review of the Company and consolidated financial statements	565	86%	516	83%
Services other than the statutory audit of the financial statements	93	14%	106	17%
TOTAL	658	100%	622	100%

NOTE 5 INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

La Banque Postale uses the services of the following Le Groupe La Poste teams for the conduct of its business:

- ▶ La Poste's Banking Advisory teams, to distribute its banking, financial, investment and insurance products and services;
- ▶ La Poste staff based in the national and regional Financial Centres and the Customer Relationship Department's headquarters, to provide banking origination and marketing activities on behalf of La Banque Postale;
- ▶ La Poste staff working in the Financial Services Division's headquarters;

- ▶ La Poste staff working in the Commercial Banking unit of the Financial Services Division.

These services are billed by La Poste to La Banque Postale at cost, determined on a time-spent basis, without any mark-up.

The total cost billed by La Poste for the services provided in 2021 amounted to €2,778 million at 31 December 2021.

All transactions carried out by La Banque Postale with related parties were on arm's length terms.

NOTE 6 DETAIL OF BUSINESS LOCATIONS IN NON-COOPERATIVE TERRITORIES

La Banque Postale does not conduct any business or have any locations in fiscally non-cooperative territories as defined in Article 238-0 A of the General Tax Code.

NOTE 7

INFORMATION CONCERNING THE SUBSIDIARIES AND LONG-TERM EQUITY INTERESTS HELD BY LA BANQUE POSTALE AT 31 DECEMBER 2021

(in € thousands)	SCI Tertiaire Saint Romain (1)	SCI CRSF METROPOLE (2)	SCI CRSF DOM (3)	BPE (4)	LBP Home Loan SFH (5)	Ma French Bank (6)	Domiserve (7)	La Banque Postale Leasing & Factoring (8)	SOFIAP (9)	Ezyness (10)
Siren number	478 301 286	445 061 369	445 047 442	384 282 968	522 047 570	828 624 759	797 829 983	514 613 207	391 844 214	522 058 544
Share capital	64,002	256,412	2,333	103,057	210,000	228,000	50	275,000	68,138	16,060
Reserves and retained earnings before appropriation of net profit	6,986	15,117	964	33,169	3,649	(58,118)	1,423	(30,006)	32,181	(2,242)
Share of capital held (%)	100.00%	100.00%	99.94%	100%	100%	99.99%	100%	100.00%	66.00%	100.00%
Carrying amount of securities held										
► Gross	117,000	256,392	2,332	202,749	244,004	258,000	15,000	275,000	43,034	20,200
► Net	117,000	256,392	2,332	202,749	244,004	258,000	15,000	275,000	43,034	-
Loans and advances granted by the company and not yet repaid	49,984	-	-	3,221,512	25,000	-	-	8,811,669	2,176,027	-
Amount of sureties and guarantees given by the Company	-	-	-	30,692	23,797,973	-	-	3,574,479	126,000	-
Last published net revenue*	14,307	42,151	610	114,776	4,530	1,467	1,215	1,183	20,625	751
Last published net profit (loss)	4,614	10,563	296	22,289	1,619	(66,469)	35	(62,937)	2,150	(2,951)
Dividends received by the Company in the current financial year	4,615	10,564	-	44,382	-	-	-	-	-	-
Notes	Property leasing	Property leasing	Property leasing	Banking	Financial advisor	Banking	Personal service vouchers	Finance company	Finance company	Financial advisor

This chart only shows the companies with a book value above €2 million (less than the equivalent of 1% of La Banque Postale's capital).
The financial aggregates presented are based on the financial statements at 31 December 2020.

(1) 115, rue de Sèvres 75275 Paris Cedex 06.

(2) 115, rue de Sèvres 75275 Paris Cedex 06.

(3) 115, rue de Sèvres 75275 Paris Cedex 06.

(4) 62 rue du Louvre, 75002 Paris.

(5) 115, rue de Sèvres 75275 Paris Cedex 06.

(6) 115, rue de Sèvres 75275 Paris Cedex 06.

(7) 106 avenue Marx Dormoy 92120 Montrouge.

(8) 115, rue de Sèvres 75275 Paris Cedex 06.

(9) 7 r Pierre Levée 75011 Paris.

(10) 115, rue de Sèvres 75275 Paris Cedex 06.

* Depending on the subsidiary's business, revenue is presented if it is a trading company, and net banking income is presented if it is a bank or finance company.

(in € thousands)	LBP Prévoyance (11)	KissKiss BankBank (12)	Transactis (13)	LBP Consumer Finance (14)	LBP IARD (15)	CNP Assurances (16)	AEW Europe SA (17)	EasyBourse (18)	LBP Conseil en Assurances (19)	LBP Asset Management Holding (20)
Siren number	419 901 269	512 211 004	479 874 257	487 779 035	493 253 652	341 737 062	409 039 914	484 014 410	632 029 302	879 555 183
Share capital	5,202	15,705	23,148	2,200	241,713	686,618	28,376	7,000	117	7,274
Reserves and retained earnings before appropriation of net profit	289,026	1,023	49	775,572	(80,035)	12,133,894	21,107	(487)	1,009	234,802
Share of capital held (%)	100.00%	100.00%	50.00%	100.00%	100.00%	78.95%	40%	100%	100%	70%
Carrying amount of securities held							-	-	-	-
► Gross	344,135	64,200	11,574	377,451	352,334	5,654,601	49,333	26,360	5,336	89,107
► Net	344,135	15,715	11,574	377,451	352,334	5,654,601	49,333	25,930	5,336	89,107
Loans and advances granted by the company and not yet repaid	-	8,582	23,852	5,317,679	-	-	-	1,700	908	16,519
Amount of sureties and guarantees given by the Company		-	-				-	-	-	-
Last published net revenue*	481,197	2,776	135,683	292,266	312,737	1,579,607	5,058	12,711	49,826	-
Last published net profit (loss)	44,924	(8,272)	12	87,929	27,171	1,129,887	12,904	1,313	32,453	70,361
Dividends received by the Company in the current financial year	75,668	-	-	87,929		677,438	3,084	-	32,455	21,488
Notes	Insurance company	Crowdfunding company	Financial services – Holding company	Loan distribution	Insurance company	Insurance company	66.30Z – Fund management	66.12Z – Securities and commodities brokerage	66.22Z – Activities of insurance agents and brokers	64.20Z – Activities of holding companies

(11) 30 Bd Gallieni, 92130 Issy-les-Moulineaux.

(12) 34 rue de Paradis 75010 Paris.

(13) Immeuble Delta – 1/3 bd des Bouvets – 92000 Nanterre.

(14) 1-3 avenue François Mitterand 93200 Saint Denis.

(15) 30, Boulevard Gallieni – 92130 Issy les Moulineaux.

(16) 4, Place Raoul Dautry – 75015 Paris.

(17) 22, rue du Docteur Lancereaux, 75008 Paris 8.

(18) 115, rue de Sèvres, 75275 Paris Cedex 06.

(19) 30 bd Gallieni, 92130 Issy-les-Moulineaux.

(20) 34 rue de la Fédération, 75015 Paris 15.

NOTE 8 LA BANQUE POSTALE – FIVE-YEAR FINANCIAL SUMMARY

(in €)	2017	2018	2019	2020	2021
Financial position					
Share capital	4,046,407,595	4,046,407,595	4,631,654,325	6,585,350,218	6,585,350,218
Number of shares	35,186,153	35,186,153	40,275,255	80,309,149	80,309,149
Comprehensive income					
Revenue*	7,284,155,033	6,909,831,901	6,564,988,235	6,179,830,956	7,166,494,815
Profit before tax, depreciation, amortisation and provisions	755,347,375	550,101,422	508,222,820	303,001,243	648,355,268
Income tax	(187,745,716)	(5,107,654)	(140,976,863)	(70,486,952)	(4,865,451)
Net profit	553,183,004	124,893,058	288,928,951	(409,951,293)	1,155,622,315
Distributed income (proposed)	343,768,715	326,527,500	351,200,224	171,058,487	1,541,935,661
Per share data					
Earnings per share after tax, before depreciation, amortisation and provisions	15.72	15.49	9.12	2.90	8.01
Earnings per share	15.72	3.55	7.17	(5.10)	14.39
Dividend per share (proposed)	9.77	9.28	8.72	2.13	19.20
Employee data					
Average headcount	2,713	2,957	3,169	3,292	3,491
Total payroll	176,181,220	196,013,751	212,626,297	226,761,694	247,186,567
Amounts paid for employee benefits (social security, welfare organisations, etc.)	94,860,267	96,949,126	112,332,165	118,968,438	131,714,418

* Total banking income (including profits or losses from financial transactions for their net amount).

5.5 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(For the year ended 31 December 2021)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

La Banque Postale

115, rue de Sèvres

75275 Paris Cedex 06, France

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of La Banque Postale SA for the year ended 31 December 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Financial Statements Committee.

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 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 1 January 2021 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the "Changes in method" section of Note 1 "Accounting principles and methods" of the notes to the annual financial statements, which describes the impact of the change in accounting policy resulting from the ANC's update to its recommendation 2013-02 on measuring pension and similar benefit obligations.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the 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 financial statements.

Provisions for credit risks in relation to commitments to customers

Description of risk

La Banque Postale records provisions to cover proven risks of default by its customers. The related exposures cover non-doubtful outstandings and commitments that present a credit risk indicator, which may be linked to a significant deterioration since they were granted or to a particularly vulnerable situation, as well as doubtful receivables and commitments.

The provisions for impairment and risks are estimated on an individual basis using statistics, based on internal and external scores associated with a probability of default (PD) and loss given default (LGD) that are modelled, or on the opinion of experts, taking into account the value of the guarantees provided.

Assessing credit risk provisions for outstanding loans and commitments to customers requires management to use judgement to identify exposure to risks of non-recovery and to determine recoverable future cash flows.

Given the importance of this judgement in the process for determining these provisions, we considered the estimates for expected credit losses on loans to customers at 31 December 2021 to be a key audit matter.

At 31 December 2021, gross outstanding loans to customers amounted to €101.1 billion, including €936 million of gross doubtful outstandings, and the provisions for doubtful receivables and for receivables deemed sensitive totalled €725.7 million as indicated in Notes 2.4, 2.23.1 and 2.23.2 to the annual financial statements. Financing commitments and guarantee contracts granted to customers totalled €29.7 billion, and the related provisions totalled €98.3 million. The principles for establishing credit risk provisions are detailed in Section 2 "Loans and advances to credit institutions and customers – Signed commitments" of Note 1 "Accounting principles and methods" of the notes to the annual financial statements.

How our audit addressed this risk

We familiarised ourselves with the internal control system implemented by the Company to identify sensitive or doubtful loans and commitments, and to measure the amount of impairment and provisions.

We tested the effectiveness of the controls we deemed key to our audit, put in place by the Company to identify sensitive loans, to classify them as doubtful, to measure the value of guarantees received, and to ensure data is correctly processed by the operational IT systems and transferred to the accounts department.

We also familiarised ourselves with the work and main conclusions drawn by the bank's Special Committees responsible for monitoring sensitive, doubtful or disputed loans, and reviewed the documentation explaining the reasons for the level of provisions established.

For the statistical provisions determined on a model basis:

- ▶ We verified that a governance system is in place that ensures a suitably regular review of the appropriateness of the impairment models and parameters used to calculate impairment;
- ▶ We assessed the correct calibration of the parameters used to calculate impairment at 31 December 2021;
- ▶ We assessed how the main economic impacts of the health crisis in updating impairments models and parameters were taken into account, as well as the additional measures for identifying sensitive files.

We also examined the documentation underlying the identification of sensitive files, as well as files with a deteriorated credit risk.

For corporate loans, we assessed the procedures used to select and supervise cases on the "watchlist" and doubtful files, as well as the estimation procedures and their impairment. In addition, based on a sample of credit files, we performed counteranalyses of the amounts of provisioned.

We analysed the changes in sensitive and doubtful outstandings in the year, as well as changes in their coverage by means of impairment.

Lastly, we also examined the appropriateness of the disclosures provided in the notes to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Executive Board's management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the item described below.

Concerning the fair presentation and the consistency with the financial statements of the disclosures provided in relation to the payment terms referred to in Article D. 441-6 of the French Commercial Code, we have the following matter to report: as indicated in the management report, these disclosures do not include banking and related transactions as the Company considers that such disclosures are not within the scope of disclosures to be provided.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-4 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 has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the 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 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 17 December 2018.

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.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of La Banque Postale SA by the Ordinary and Extraordinary General Meetings of Shareholders held on 29 February 2000 for PricewaterhouseCoopers Audit and on 27 May 2010 for KPMG SA.

At 31 December 2021, PricewaterhouseCoopers Audit and KPMG SA were in the 22nd and 12th consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of 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 expects to liquidate the Company or to cease operations.

The Financial Statements 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 financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective 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 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 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 judgement throughout the audit. They also:

- ▶ identify and assess the risks of material misstatement in the 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 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 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 financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

5

Report to the Financial Statements Committee

We submit a report to the Financial Statements Committee which includes, in particular, a description of the scope of the audit and the audit programme 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 Financial Statements Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Financial Statements 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 Financial Statements Committee.

Neuilly-sur-Seine and Paris-La Défense, 15 March 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Agnès Hussherr
Partner

Jérôme-Eric Gras
Partner

KPMG SA

Xavier de Coninck
Partner

Pierre Planchon
Partner

NON-FINANCIAL STATEMENT (NFS) – CORPORATE SOCIAL RESPONSIBILITY (CSR)

6

6.1	CSR ISSUES AND GOVERNANCE FOR LA BANQUE POSTALE	416
6.2	COMMITMENTS TO SOCIETY	427
6.3	COMMITMENT TO CUSTOMERS	449
6.4	COMMITMENT TO EMPLOYEES	469
6.5	CSR INDICATORS	481
6.6	REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT	494
6.7	CROSS-REFERENCE TABLES	498
6.8	APPENDICES	500

The just transition in action

BECOME

OUR OBJECTIVE

2030 CHALLENGES

In an uncertain economic environment and a highly competitive market, new challenges are prompting changes in La Banque Postale's business model.

Soci(et)al

Ageing population, insistence among young generations for responsible consumption and financial inclusion of the most vulnerable.

Environmental

Limit global warming to 1.5°C and protect the one million endangered species across the globe.

Regional

Reindustrialisation and relocation of production, migration of populations to medium-sized towns with the spread of home working, and the future of rural living.

Digital

Accessibility and simplicity of digital banking services, reining in the environmental impact of tools and services, and security and simplicity of personal data.



FRANCE'S FAVOURITE BANK

OUR STRENGTHS

DIVERSIFIED

- Breakdown of NBI by major business line
 - Bancassurance France: 71%
 - International Bancassurance: 14%
 - Corporate and Investment Banking: 12%
 - Wealth and Asset Management: 3%
 - 19 host countries worldwide

COMMUNITY

- Strengthened CSR governance
(creation of the Sustainability Department in March 2021, the corporate purpose (raison d'être) in June 2021, and conversion into a mission-led company in February 2022)
- Public service mission to be an accessible bank
- No. 1 non-specialised asset manager 100% SRI
- No. 1 global bank in CSR
(source: Vigeo Eiris, rating June 2021)

SOLID

- Backed by a large public financial group
- 11th largest eurozone bank*, with total assets of €772bn at 31 December 2021
 - 19.1% CET1** ratio at end-2021

VALUE CREATION AND IMPACTS



FOR CUSTOMERS

Retail customers

- «Parlons citoyens» national consultation process to shape the offers of tomorrow with customers
- Launch of positive-impact personal loans
- Launch of «Atout Simplicité» relationship-led programme for vulnerable customers

Corporate customers

- Creation of a dedicated corporate and investment bank (CIB)
 - Launch of positive incentive loans for ISEs and SMEs
 - Expansion of Carbo's offering to ISEs and SMEs



FOR THE PLANET

- Commitment to exit the fossil fuel sector by 2030
 - Net zero emission target by 2040
- First European bank to have decarbonisation trajectories approved by the SBTi
- Only French bank rated A for climate change by the CDP in 2021



FOR EMPLOYEES

- Training in customer experience, sustainable finance and digital literacy
- Launch of the internal platform for community engagement
 - Equal opportunity sponsorship programme: L'Envol
 - Signing of the Financi'Elles Commitments Charter

* Based on 2020 published results from a selection of 23 European banks

** Estimated Common Equity Tier 1

6.1 CSR ISSUES AND GOVERNANCE FOR LA BANQUE POSTALE

6.1.1 A corporate purpose in support of the just transition

La Banque Postale was created with the ambition of making a positive contribution to society. Anchored in its DNA along with its accessible banking mission, La Banque Postale's commitment to society lies at the heart of its 2021-2030 strategic plan. Today, the Group is reaffirming and renewing its commitment in support of a just transition, i.e., an environmental transition that is socially acceptable to all.

This ambition is expressed in the Bank's new corporate purpose (*raison d'être*) unveiled in June 2021 and was the first step towards adopting the status of a mission-led company in a process that was completed in February 2022.

*"Because it was created with the purpose of serving the public, La Banque Postale believes that **there can be no long-lasting value creation without redistribution, no economic growth without local prosperity and no sustainable development without respect for planet boundaries.***

*By offering **quality and accessible services**, our purpose is to enable everyone to **fulfil their potential** and to contribute, through their investment, savings, insurance and consumption choices, to building **a society that is more attentive to the planet and all who live on it. As a committed banker and insurer**, it is our desire to work towards this **just transition** alongside our customers and employees."*

Today, La Banque Postale is driven by three main convictions:

- ▶ first of all, it must create value, both financial and non-financial, for itself as well as for all its stakeholders: customers, employees, partners and society as a whole;
- ▶ La Banque Postale must also continue to create this value as close as possible to its operating regions, their businesses and local authorities, and their residents. Indeed, the vitality of an economy and a society is measured both locally and nationally;
- ▶ lastly, for this value to be sustainable, it must respect the limits of the planet's natural resources.

Grounded in these three convictions, La Banque Postale has made the just transition central to its purpose. A just transition is the perfect balance between economic development and positive impact to meet the social, environmental, regional and digital challenges facing the Bank.

In order to work concretely towards this just transition, its role is to offer all its customers accessible and efficient banking and financial services, which make them players in a society that is more mindful of the needs of people and the environment.

6.1.2 La Banque Postale's business model

The societal, environmental, regional and digital challenges that are shaking up French society are challenging La Banque Postale's model. It has decided to take up the challenge, together with people across France, to ultimately become their favourite bank.

La Banque Postale's corporate purpose is to "give everyone the means to work towards a just transition" and this is now the driving force behind its business model.

In order to make the just transition with all its stakeholders, La Banque Postale is leveraging its business lines, reorganised into four divisions, and its strengths built up over 16 successful years, as a holistic bancassurance company that is true to its original community roots and solidly backed by the French public financial sector.

Starting in 2021, the just transition has gone into action, with customers, the planet and the employees of La Banque Postale.

6.1.2.1 Strong ties with the Le Groupe La Poste

After 16 years existence, La Banque Postale, a wholly-owned subsidiary of Le Groupe La Poste, has become a bancassururer that

has built upon La Poste's financial services base to create a full range of products and services for all types of retail and business customers.

La Banque Postale has a close relationship with Le Groupe La Poste, and is its main bank. Le Groupe La Poste is also a service provider, supplying staff to La Banque Postale who act "in the name of and on behalf of" La Banque Postale. Counter services are provided by the post offices across the La Poste Network.

The relationship between La Banque Postale and La Poste is governed by a framework agreement which sets out the general principles and responsibilities of La Poste and La Banque Postale, together with implementation agreements.

It is thanks to its subsidiary La Banque Postale that Le Groupe La Poste has been able to successfully perform the general interest mission for accessible banking entrusted to it by the legislator: La Banque Postale's *Livret A* account is the key feature underpinning this accessible banking mission, not only because of its universal nature, but also ease of access and the basic banking services provided free-of-charge.

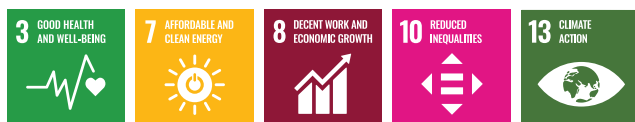
La Banque Postale is thus a singularly unique bank that prioritises local presence, accessibility and a commitment to serving the interests of the general public.

6.1.2.2 A growth dynamic which reflects a changing environment

Since last year and the announcement of its new strategic plan, La Banque Postale has been developing its business model in response to the major trends that are reshaping its environment. Societal challenges (ageing of the population, new consumer patterns, financial inclusion, etc.), environmental challenges (global warming and preservation of biodiversity), regional challenges (regional reindustrialisation, population flows from

large cities to medium-sized towns, etc.) and digital challenges (digital accessibility of banking services, controlling the energy impact of digital technology, securing personal data, etc.) are all issues facing La Banque Postale and society as a whole. Giving everyone the means to work towards the just transition also means giving everyone the means to meet these challenges and address the changes taking place in the world.

6.1.2.3 Community engagement in response to the UN Sustainable Development Goals



La Banque Postale has reaffirmed its support for developing more sustainable finance and, as one of the signatories of the Principles for Responsible Banking, it is committed to aligning its strategy with the United Nations Sustainable Development Goals (SDGs).

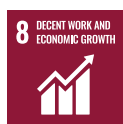
While La Banque Postale contributes to the achievement of the 17 SDGs through its business, its lending and its investments, its business model explicitly focuses on five of the SDGs:

SDG 3: “Good health and well-being”



The years 2020 and 2021 were marked by the health crisis brought on by COVID-19. While in 2020 La Banque Postale had already increased its financing for hospitals, it continued its support in 2021 by providing them with almost €1 billion. The Bank also granted €200 million in medium- and long-term loans to public and non-profit organisations which manage health and medical-social facilities. The loans were granted to finance the construction, acquisition and renovation of institutions for the elderly and the disabled, and for the acquisition of medical equipment for healthcare facilities. La Banque Postale's subsidiary CNP Assurances also contributes significantly to this SDG with 36 million personal risk/protection policyholders.

SDG 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”



La Banque Postale demonstrates its ability to provide widespread access to its banking, financial and insurance services through products and services that are accessible to all (*Livret A*, *Simplicité* option, etc.) and suited to individual needs (student loans, comprehensive home insurance for young people and students, etc.). Through the mission of banking accessibility entrusted to it, La Banque Postale specifically addresses target 8.10: “Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.”

La Banque Postale also helps meet the goal of full employment and decent jobs for everyone: 98% of its employees have permanent employment contracts and 100% are covered by collective bargaining agreements. For its subsidiary CNP Assurances, the rates are 95% and 98% respectively.

With its presence throughout France, La Banque Postale supports the growth of local authorities and companies through specific products and services (green loans for local authorities, micro-credit, finance solutions for micro, small and medium enterprises). In this way La Banque Postale contributes to local economic development and regional growth.

Lastly, La Banque Postale strives to ensure that its suppliers share its values by having them sign a Responsible Purchasing Charter, underlining the importance of respect for Human Rights, Labour Standards and the Environment.

SDG 10: “Reduced inequality”



In line with SDG 8, La Banque Postale is constantly mindful of vulnerable populations through its accessible banking mission. Through its products and services, such as the *Simplicité* account, the new relationship-led program *Atout Simplicité* launched in 2021, its micro-credit solutions, and through the creation of *Appui*, a platform to support customers in financial difficulty, La Banque Postale helps customers become independent and participate in society, regardless of their economic situation.

Intent on ensuring equal opportunity and eliminating discriminatory practices, La Banque Postale has made strong commitments to diversity and inclusion at each step of its employees' careers: recruitment, promotion and job opportunities, development, maternity/paternity, end of career, etc.

With the creation of “L'Envol, La Banque Postale's campus”, the Bank demonstrates its commitment to promoting equal opportunity and reducing the income gap beyond its own sphere of activity and makes a broader contribution at the societal level. 508 young people benefited in 2021 from the support of 653 employee-mentors.

SDG 13: “Take urgent action to combat climate change and its impacts” and SDG 7: “Ensure access to affordable, reliable, sustainable and modern energy for all”


La Banque Postale strives to be exemplary in its operations and its banking and insurance activities. In 2018, La Banque Postale became one of the first banks in the world

to be carbon-neutral across its entire operational scope. In 2020, it undertook to reach net-zero emissions across all its portfolios by 2040. This ambition is at the heart of La Banque Postale's climate strategy. As a bank, it has a role to play in encouraging economic players to launch their low-carbon transition, and in directing financing flows towards sectors undertaking a transition aligned with the Paris Agreement. To solidify the scientific validity of its approach, in 2021 La Banque Postale became one of the first banks in the world to have its decarbonisation trajectory for its operational emissions (Scope 1 and Scope 2) and those for emissions linked to its financing and investment activities (Scope 3) validated by the Science Based Targets initiative, which deemed them compatible with the goals of the Paris Agreement. The first concrete contribution to this goal was the drafting of the fossil fuel sectoral policies for coal in May and oil and gas in October, which were welcomed by NGOs for their robustness and ambition. These will be supplemented over the course of 2022 with new policies targeting the most carbon-intensive sectors to which the Bank is exposed.

Implementing this trajectory also enables it to develop across all its activities, product and service offerings to meet the challenges of the energy and environmental transition.

For private customers, in 2015 La Banque Postale developed a special offer of loans to finance energy-saving home improvements and the purchase of green vehicles. In 2021, these loans became personal impact loans. For example, for the purchase of a vehicle with a “Personal Impact Car Loan”, La Banque Postale undertakes to offset the average carbon emissions of the vehicle financed over two years of use. With the “Green Works Personal Impact Loan”, the Bank's customers benefit from a preferential rate on a wide range of environmentally responsible works; for each loan taken out, the Bank makes a donation to the *Fondation de France's Habitat* program to combat poor housing. Lastly, since 2018, it has had a

digital energy self-diagnosis platform, developed in partnership with *Économie d'Énergie*, to advise and assist individuals wishing to renovate their homes and improve their energy performance.

For regional authorities, in 2019 La Banque Postale developed green loans. These green loans enable them to finance projects related to the environmental transition: green transport, water, sanitation, waste recovery, energy saving improvements for public buildings, renewable energy generation. Since 2019, €2 billion million worth of green loans have been granted in support of more than 530 projects.

In order to assist more players in their transition, in 2020 La Banque Postale extended its offer of green loans to businesses. Small- and medium-sized companies may also finance their energy and environmental transition projects with the help of dedicated green loans. Aligned with the demanding criteria of the EU Green Taxonomy, these green loans are eligible for refinancing through green bonds.

With regard to asset and project finance, La Banque Postale has, since its creation, chosen to exclusively finance the development of renewable energies and to exclude any fossil fuel-related financing. At end-2021, financing commitments for renewable energy projects stood at €2.26 billion, in line with the Bank's goal of €3 billion in commitments by 2023.

In terms of investment, supporting the energy transition is one of the four analysis criteria on which La Banque Postale Asset Management (LBP AM) bases its SRI philosophy. Taking its commitment to a higher level, since June 2019 LBP AM has been implementing an innovative coal policy hailed by NGOs as one of the best in the marketplace. LBP AM also has a thematic fund dedicated to the energy transition: the LBP AM SRI Actions Environnement fund, which enables customers to invest via European markets in environmental projects, notably for climate action. This fund's assets under management have now reached €1 billion, with €200 million in new money in 2021. LBP AM also offers a green bond fund, enabling business customers and the general public to direct their savings toward the financing of the energy transition.

For its part, CNP Assurances has set itself the goal of reaching €20 billion under management in green investments. At end-2021, the goal was close to attainment with green investments totalling €19.9 billion. CNP Assurances has adopted a plan for a definitive exit from thermal coal and has tightened the exclusion criteria in its carbon policy, also recognised by NGOs.

6.1.3 Strategy and governance of community engagement

6.1.3.1 Community engagement at the heart of the new 2021-2030 strategic

As part of its strategic plan for 2030, La Banque Postale is reaffirming its commitment to helping to shape a just transition to an economy and a society capable of responding to environmental, social, regional and digital challenges. This ambition is based on commitments to its three main stakeholders: customers, society as a whole and communities in particular, and employees.

For its customers, La Banque Postale's ambition is to develop and promote all the products and services needed to meet

environmental, social and regional challenges. The aim is to continue to offer impact consumer credit and loans for energy-efficient housing, for example, and green loans or impact credit for businesses. Beyond its product and service offer, the Bank wishes to transform its bancassurance model by focusing on impact and integrating this notion into the design of its products (strengthening of the ESG checklist) and by clarifying the impact of its financing and investment decisions through the development of a Impact Weighting Factor (see Sections 6.2.2.1 “Taking into account non-financial criteria in banking, asset management and insurance activities” and 6.3.2.1 “Sustainable Finance and Financing the Ecological and Energy Transition”).

For society and its citizens, La Banque Postale wishes to promote the best standards and practices in the banking and insurance sector. It is thus implementing an ambitious carbon neutrality policy and demanding sectoral policies, while ensuring the transparency of its commitments to all its stakeholders (see Section 6.2 “Commitments to society”).

Lastly, La Banque Postale wants to enable its employees to be players in the just transition by making this commitment a reality in their daily work, through participation in community projects and direct involvement in reducing the Bank’s carbon footprint within its operational scope. Training them in the challenges of the just transition, in order to make them ambassadors of its actions to its customers, is also an essential part of its ambition (see Sections 6.2.4.1.3.1 “A Carbon Fund to reduce its direct environmental footprint” and 6.4.6 “Supporting employee commitment”).

Commitments	Missions
Commitments to society	Reducing the Bank’s direct and indirect carbon footprint and moving towards “net zero emissions” by 2040 Taking into account climate and biodiversity issues in operations Developing demanding sectoral policies in conjunction with stakeholders
Commitments to customers	Implementing a responsible purchasing policy with our suppliers and strengthening our duty of care Promote an ethical and high quality customer relationship Designing and proposing a responsible product and service offer, developing and measuring impact in the design of offers Ensure systematic and rigorous management of non-financial risks Facilitate the energy transition thanks to our products and services
Commitments to employees	Promote regional development and the local economy Support mobility and train employees Promote quality of life at work and employee well-being Guarantee equal opportunity in hiring, careers and promotions Promote employees’ civic commitment

6.1.3.2 Strengthened governance for community engagement

To implement this strategic ambition, the Sustainability Department was created in March 2021. This Department reports to the Chairman of the Executive Board and has a seat on the Executive Committee. It is organised around four units that carry the commitments to stakeholders:

- ▶ a “Transformation and Innovation” unit, which supports the business lines and subsidiaries in developing community-based offers and, more broadly, in taking impact into account in the eco-design of offers and the credit approval process;
- ▶ a “Commitment Management” unit, which is responsible for implementing the carbon neutrality policy, developing demanding sectoral policies and ensuring the transparency of all commitments made in terms of sustainable finance;
- ▶ an “Employee CSR” unit that works closely with the Human Resources Department to support employees in their day-to-day commitment and develops a broad training plan on sustainable finance;
- ▶ l’Envol, an association created in 2012 and supported by the French Ministry of Education, whose mission is to help 105 talented young students from modest backgrounds from all over France to progress in their studies. The association provides individual assistance, from the time they start high school until they enter higher education or start to work.

The Sustainability Department is also responsible for managing the implementation of regulations on sustainable finance when they have a cross-functional impact (e.g., on the distribution of banking products) and in conjunction with the Group Risk Department for prudential regulations on ESG risks. Lastly, it develops positions on upstream regulatory developments with the Department of Public Affairs, in particular in the context of defining an impact framework (see Section 6.1.5 “Dialogue with stakeholders”).

The Sustainability Department thus interacts with all the business lines and activities, and serves these business lines and activities. It was created to initiate the community transformation for which all the Bank’s business lines are responsible. It is with this philosophy that La Banque Postale’s governance in relation to community engagement is structured; La Banque Postale has not chosen a dedicated committee procedure but rather a full integration of these issues at the heart of its strategy and its operational performance. Community engagement issues are thus an integral part of the topics discussed by the Executive Committee, the Group Risk Committee and the Development Committee, whose members were trained at a seminar in October 2021 on the challenges of the “just transition” (climate change, decarbonisation trajectories, carbon neutrality, dual materiality, etc.).

This governance has been strengthened with the adoption in February 2022 of the status of mission-led company and the inclusion in the Articles of Association of the corresponding objectives. From 2022 onwards, each employee will have an individual objective linked to the implementation of the community engagement strategy.

In order to mobilise all employees to achieve La Banque Postale’s strategic objectives, a new profit-sharing agreement was signed on 30 June 2021 for the 2021-2023 period. The profit-sharing scheme increases the weighting of non-financial criteria in the calculation formula so that they now determine the allocation of 50% of the total profit-sharing amount. In particular:

- ▶ La Banque Postale’s CSR performance, assessed on the basis of the Group’s ratings by the main non-financial rating agencies for the environmental, social and governance pillars, accounts for 25% of the total;
- ▶ the measurement of customer satisfaction *via* the Net Promoter Score is weighted at 12.5%;

- ▶ the digitisation of the customer journey (the proportion of digital sales) accounts for the remaining 12.5%.

This inclusion of the organisation's priority issues is enhanced by the variable remuneration scheme for members of the Executive

Board, members of the Development Committee, senior executives and strategic managers, for whom the achievement of non-financial objectives determines up to 40% of individual variable remuneration.

6.1.4 Materiality of the main non-financial issues and risks

6.1.4.1 Materiality of CSR issues

La Banque Postale's CSR Standards, developed in accordance with ISO 26000, has been used as the basis for constructing a rating scale for CSR issues. This materiality analysis, for measuring the importance of these issues in the eyes of internal and external stakeholders, was updated in 2019 and used to map the most relevant issues for La Banque Postale.

Five factors appear in the top quartile of the scale as being important for stakeholders and having a considerable impact for La Banque Postale:

- ▶ **two social factors:** "Professional Development" and "Human Rights and Diversity Management", illustrating the importance of the HR policies developed by the Bank, which regularly sets the benchmark for these topics in assessments by extra-financial ratings agencies (see Section 6.4 "Commitments to employees");
- ▶ **two customer factors:** "Responsible Customer-Manager Relationship" and "Responsible Offering", which underline the approach historically adopted by La Banque Postale of proposing community-based offers, even though the digital transformation and data use have become major strategic challenges. Banks must compete with fintechs and new arrivals on the banking scene, keen to benefit from the opportunities created by big data and artificial intelligence. The updating of the product design tool (ESG Checklist), which was finalised at the end of 2021, as well as the Impact Weighting Factor, a proprietary tool developed by the Bank which will enable it to measure more precisely the impacts of its activity and guide its financing and investment decisions, also address the issue of "responsible offerings" (see Section 6.3 "Commitments to customers");
- ▶ the **fifth factor, "Responsible Finance"**, highlights the importance of CSR considerations for banking and insurance businesses and the growing impact in recent years of climate issues on the financial sector. This reflects the strengthening of the *ad hoc* regulatory environment and the expectations of civil society and ratings agencies, keen to see proof of progress towards meeting the United Nations' sustainable development goals. La Banque Postale's strategic plan and its commitment to the just transition, as well as the commitments made by the Bank to decarbonise its activities, are direct responses to this major challenge (see Section 6.2 "Commitments to society").

6.1.4.2 The main non-financial risks for La Banque Postale

6.1.4.2.1 Non-financial risk identification methodology

ESG risks are identified within La Banque Postale as a risk topic in their own right but also as a risk factor for existing risk topics (credit, operational, market, etc.).

This identification is the result of a global watch on the Bank's external environment (regulatory, legislative, economic, etc.), on changes in its portfolio of activities and its internal functioning (financing, investments, internal processes, etc.) as well as on its strategic objectives, while taking into account the objectives of civil society and, more particularly, non-governmental organisations specialised in the subject.

The environmental, social and governance risks (ESG) contained within this basic risk universe have been identified *via* an exhaustive three-step research approach:

- ▶ identification of the risks of non-compliance with the regulatory CSR obligations;
- ▶ updating the materiality test, and workshops with the entire CSR stream to identify CSR risks;
- ▶ application of a filter to high-impact risks in terms of social and image/reputational risk.

A single rule is applied across the Group for measuring risk criticality:

- ▶ the type of impact is assessed in four areas: financial, human, regulatory/legal, image/reputation (including the risk of an adverse impact on La Banque Postale's non-financial rating);
- ▶ assessment of the frequency of the risk.

Criticality is a combination of impact and frequency and is assessed on a scale of 1 to 4 (minor, moderate, major and critical).

This exercise identified approximately fifteen risks.

Since the integration of CNP Assurances into La Banque Postale Group, the non-financial risks specific to CNP Assurances (*i.e.*, those not already identified and covered by La Banque Postale) have been added to the risk map.

6.1.4.2.2 La Banque Postale's main non-financial risks

The assessment and management of ESG risks is integrated into the existing systems at Group level, particularly for social risks, reputational risks and non-compliance risks, which are part of the operational risk family.

In addition to the risks presented in Chapter 4 of this document, the ESG topic that has been integrated into the Group's risk map includes the following risks:

Risk families	Risks identified	Risk handling	Tracking indicators
ESG risks	Risks that may affect the financial performance or solvency of La Banque Postale and arise from environmental, social or governance factors affecting La Banque Postale, its counterparties or its invested assets.		
Environmental risks	Financial risks resulting from climatic events and an increase in external constraints linked to the environment impacting La Banque Postale directly and indirectly through its exposures.		
Climatic and physical environmental risks	Risks that refer to the financial effects of climate change (such as increased extreme weather events and gradual climate change) and environmental deterioration (such as air, water and land pollution, water stress, biodiversity loss and deforestation).	6.1.4.2.4.1 <i>Measuring exposure to environmental and climate risks</i>	Exposure of real estate finance to physical risks (flooding)*
Climate and environmental transition risks	The risk of financial loss that an institution may incur, directly or indirectly, as a result of the process of adapting to a low-carbon and more environmentally sustainable economy. These risks may arise, for example, from the relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.	6.2.4.1.3 <i>Reducing the carbon footprint of the bank's operating environment</i> 6.2.4.1.3.2 <i>Energy performance policy for its buildings</i> 6.2.4.1.2 <i>Commitments to reduce greenhouse gas emissions</i> 6.2.2.2.1 <i>Sector-specific policies</i> 6.2.4.1.3.5 <i>Responsible paper consumption</i> 6.2.4.2.1 <i>Contributing to the dynamics of the circular society</i> 6.1.4.2.4.1 <i>Measuring exposure to environmental and climate risks</i> 6.2.4.1.4 <i>Managing the environmental footprint of La Banque Postale's products and services</i>	La Banque Postale's carbon footprint Emissions from buildings Level of alignment with SBTi-validated decarbonisation trajectories* Exposure to the most carbon-intensive sectors* Percentage of responsible paper Number of tonnes of waste paper collected by Recygo
Social and societal risks	Risks arising from social issues that may have a negative impact on the financial performance or solvency of La Banque Postale.		
Social risks	Impact of the deteriorating social climate on the Bank's activities	6.1.4.2.4.2 <i>Measuring exposure to social and societal risks</i> 6.4.1.1 <i>Mobility and career development</i> 6.4.1.2 <i>Training</i> 6.4.3 <i>Promoting quality of work life</i>	Number of posts with a vacancy period of more than 4 months* Rate of training on psycho-social risks* Rate of employee turnover Number of training hours Number of training hours per employee Number of employees on banking courses leading to a qualification or diploma Absenteeism due to illness Occupational accident rate Number of home workers

Risk families	Risks identified	Risk handling	Tracking indicators
Societal risks	Risks of financial loss linked to the transition towards a more equitable and inclusive society: more or less rapid regulatory changes in the face of social injustice, changes in consumer behaviour and markets, etc.	6.1.4.2.4.2 <i>Measuring exposure to social and societal risks</i> 6.3.4.4 <i>Listening to customers</i> 6.3.2.1.3 <i>Products that also integrate social and societal issues</i> 6.1.4.2.4 <i>Measuring exposure to ESG risks</i> 6.2.2.1.2 <i>Inclusion of ESG issues in asset management</i> 6.3.2.1.2 <i>La Banque Postale, driving the energy transition through its dedicated offerings</i> 6.3.4.3.1 <i>L'Appui, the budget assistance platform for customers experiencing financial difficulties</i> 6.3.1.1.1 <i>La Banque Postale's accessible banking mission</i> 6.3.2.2.1.2 <i>Supporting vulnerable clients</i> 6.2.3.3 <i>Protecting personal data and strengthening cybersecurity</i> 6.2.3.2 <i>Preventing tax evasion</i> 6.2.3.4.1 <i>A Responsible Purchasing Charter</i>	Customer satisfaction rating* Customer claims rate Average satisfaction score of users of the e-beneficiaries website, e-beneficiaire.cnp.fr SRI outstandings Outstanding units of account managed according to ESG criteria Level of ESG risk exposure Green loans outstandings Positive incentive loans outstandings Percentage of <i>Livret A</i> accounts with a balance of less than €150 Number of customers supported by CRESUS Number of customers supported by L'Appui Number of <i>Simplicité</i> accounts Creditor rejection rate GDPR training % of employees trained in AML/CFT Number of Responsible Purchasing Charters signed by suppliers
Governance risks	Risks of financial loss and/or image loss for La Banque Postale linked to the failure of the rules and procedures implemented to manage, administer and control the Group soundly in environmental and social matters.		
Failure to take ESG risks into account in the Group's governance	Risk of financial loss due to failure to take into account environmental and social risks in the Group's strategy and organisation	6.1.4.2.4.3 <i>Measuring exposure to governance risks</i> 6.4.5.1 <i>Gender equality</i>	Share of women in the Executive Committee and the Supervisory Board* Gender quality index* Average gross annual remuneration for women Average gross annual remuneration for men
Risks related to non-compliance with the Group's ESG commitments	Image and reputational risks related to the failure of La Banque Postale to meet its commitments resulting from poor implementation of the strategy decided by the Group and its subsidiaries, and deficiencies in the control processes ensuring its correct implementation.	6.1.5.5 <i>Regular dialogue with non-financial rating agencies</i> 6.1.3.2 <i>Strengthened governance for community engagement</i> 6.1.4.2.3 <i>ESG risk management system</i>	La Banque Postale's ranking in non-financial ratings*

* Indicators integrated into La Banque Postale's risk appetite system.

Integrating non-financial risks into operational risks

Under the Group's risk management system, the operational teams concerned are, in the first instance, responsible for identifying and handling operational risks, which include certain non-financial risks.

This principle is reinforced by La Banque Postale's governance process for new products and services. A non-financial risk analysis is always included in the risk assessment whenever a proposal is submitted to the Product Review Committee (see Sections 6.2.1.1 "Inclusion of ESG criteria in product and service design" and 6.3.2.1.1 "Developing responsible products and evaluating their impacts").

In order to help project leaders investigate the non-financial risks of their projects, an ESG checklist has also been added to their operational management process. This tool helps them to analyse the risks and impacts associated with a given project from a CSR standpoint.

The ESG checklist is an integral part of the risk assessment process and is a document which must be presented to the Product Review Committee. Based on the results of the ESG checklist, La Banque Postale's Community Engagement Department undertakes an objective analysis of the ESG issues that have been highlighted and launches awareness campaigns where necessary.

Lastly, the operational risks rating table also contains CSR as one of the elements that comprises the image impact of a risk, and ensure non-financial elements are included in the assessment of operational risks.

Operational risk mapping is a risk reporting and management tool which is used and monitored at entity level. Since 2017, it has been used to track risk of failing to meet social, societal and environmental commitments. This enables the Community Engagement Department to periodically ensure the risk remains relevant given changes to the business, and to identify the actions and measures required.

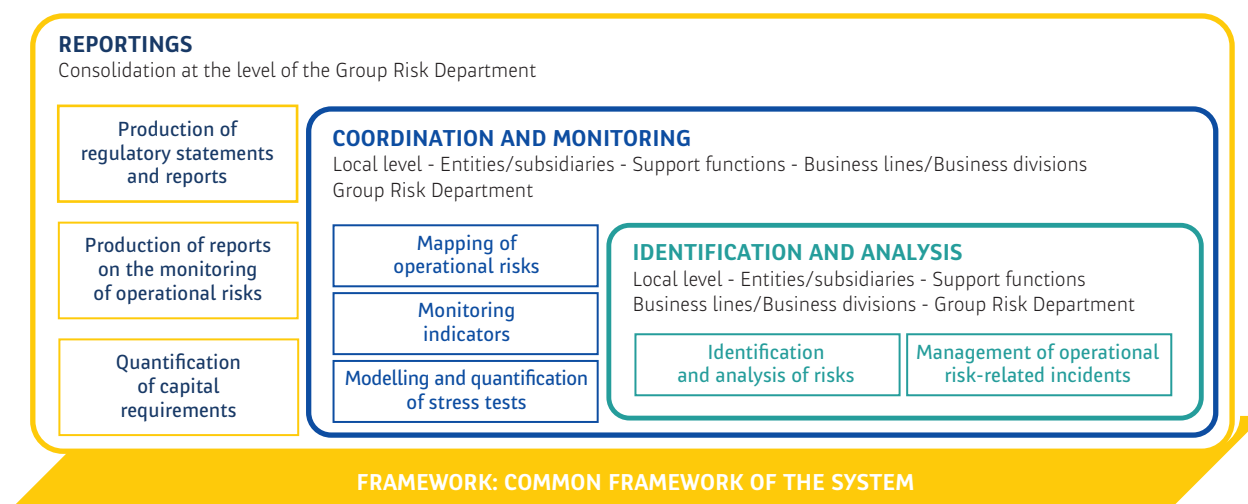
Moreover, our management of cross-functional operational risks has allowed us to improve our monitoring of these risks by applying a standard risk management framework across La Banque Postale Group. The following are investigated by each

entity of La Banque Postale Group:

- corruption risks, in accordance with law 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and the modernisation of the economy (the Sapin II Act);
- business ethics risks: conflicts of interest, internal fraud or external fraud with internal complicity, misuse of or non-compliance with access rights and security clearances, inappropriate disclosure of confidential data;
- the risks related to law no. 2017-399 of 27 March 2017 on the corporate duty of vigilance for parent and initiating companies were investigated for matters related to Purchasing.

6.1.4.2.3 ESG risk management system

The risk management system deployed by La Banque Postale is also applicable to ESG risks. It is illustrated in the diagram below and described in chapter 4 of this Universal Registration Document.



La Banque Postale is integrating the ESG risk topic into its risk management system. The ESG topic was therefore integrated into the Bank's risk appetite system in 2021 with an indicator designed initially to monitor La Banque Postale's positioning in relation to players in the financial sector on the basis of non-financial ratings calculated by independent agencies. The indicator monitored corresponds to the indicator chosen to integrate the non-financial dimension into La Banque Postale's remuneration policy through the Group's profit-sharing agreement. This indicator has been supplemented in the 2022 update by more specific indicators for each of the topics (see Section 6.1.4.2.4 "Measurement of exposure to ESG risks").

In addition, the ESG risk factor was included in 2021 in La Banque Postale's 2022 Group risk map and was assessed by experts as moderate in view of the nature of the activities present in the Bank's portfolios and its strong commitment on the subject. In addition, the Group Risk Management Committee is regularly informed about current developments in this area.

La Banque Postale has adopted a principle of proportionality in the implementation of action and remediation plans with regard to the risks identified.

By setting up a team dedicated to climate risks within the Risk Department, the Bank has given itself the means to manage its exposure to physical risks and transition risks. In 2020, La Banque Postale's participation in the pilot exercise of the climate stress test prepared by the Prudential Supervision and Resolution Authority (ACPR) enabled it to test the robustness of its models and measure the exposure of its balance sheet to credit risks and market risks in relation to varying climate scenarios. The exercise will be repeated in 2022 with the European Central Bank (ECB) stress test. Lastly, in 2021, the Bank was on track to meet the requirements of the European Green Taxonomy.

6.1.4.2.4 Measuring exposure to ESG risks

In order to control and manage its positioning as a major player in the transition to sustainable and responsible finance, both in its operational scope and in its banking activities, and to ensure that it achieves its ambitions, in 2021 the Bank integrated an indicator relating to its non-financial rating into its risk appetite system. As the Bank's objective is to remain the leader in terms of non-financial performance, it is expected that its ratings in this area will reflect this ambition and that, on average, La Banque Postale will be in the top percentile in the various agency rankings.

In addition to managing non-financial risks as part of its operational risk management, in 2011 La Banque Postale adapted the non-financial risk assessment method for non-sovereign counterparties developed by the SRI Department of La Banque Postale Asset Management (LBP AM) in order to measure the ESG risk exposure of transactions out by the Corporate & Investment Bank, dealing as principal. In 2014, the annual measurements changed to half-yearly. In 2019, the method was updated to reflect the new SRI approach and apply the GREaT philosophy accordingly. At the end of 2021, the risk score of non-sovereign issuers had fallen to 3.58 (vs. 4.06 at end-2020), on a scale of 1 to 10, 10 being the highest risk. Sovereign issuers had a risk score of 3.3 (vs. 4.48 end-2020), reflecting higher SRI quality than those of the benchmarks for eurozone sovereign bonds.

6.1.4.2.4.1 Measuring exposure to environmental and climate risks

a) Physical risks

Climate change exposes La Banque Postale as a company as well as the counterparties (companies and individuals) that it finances. In order to measure this exposure, it was decided to track the indicator “Exposure of real estate financing to physical risks (flooding)”. The Bank uses this indicator to measure the exposure of buildings financed for both legal entities and individuals to increased flood risks. This assessment makes it possible to identify the portion of assets most at risk and to define the strategy to be adopted to manage them. La Banque Postale estimates that 3.6% of its property loans are exposed to a major flood risk.

b) Transition risks

La Banque Postale measures its exposure to transition risk through the analysis of its operations and its loan portfolio in line with its commitment to its decarbonisation trajectories validated by the Science Based Targets initiative (SBTi). In addition, following the implementation of ambitious sectoral policies, La Banque Postale monitors its exposure to the sectors considered to be the most carbon-intensive.

Level of alignment with SBTi decarbonisation trajectories

As part of the decarbonisation trajectories validated by the SBTi, the Bank has committed to reducing its direct and indirect greenhouse gas (GHG) emissions by 2030 (see Section 6.2.4.1.2 “Commitments to reduce greenhouse gas emissions”). In this way, La Banque Postale monitors its emissions in order to achieve the targets set. The gap between the expected trajectory and the actual reduction achieved by the Bank across all its objectives will be measured annually.

Measuring the carbon intensity of portfolios

La Banque Postale measures the carbon intensity of its CIB portfolios (see Section 6.2.4.1.4 “Controlling the environmental footprint of its products and services”). To this end, it applies a methodology developed by La Banque Postale Asset Management to its non-sovereign bond portfolio, which enables it to control its level of exposure to the securities whose operations emit the highest amount of greenhouse gases. At the end of December 2021, the carbon intensity of “non-sovereign issuers” was 109.29 tCO₂/€m invested.

Exposure to the most carbon-intensive sectors

In application of its fossil fuel exit policies (see Section 6.2.2.2.1 “Sector policies”), La Banque Postale has assessed its net exposure⁽¹⁾ to the coal, oil and gas sectors. This represents 0.1% of its “companies” portfolio at end-2021.

	Net exposure at 31 December 2021 (in € millions)
Coal	0
Oil and Gas	26

Rate of eligibility for the European Green Taxonomy

Through the calculation of the eligibility rate of its portfolios for the European green taxonomy, La Banque Postale ensures that its financing and investments contribute to the climate transition and that their proportion in the Bank’s total activities is sufficient to be in line with its commitments and strategic objectives. This measurement will be supplemented by measuring the rate of alignment of La Banque Postale’s portfolios with the taxonomy activities.

At 31 December 2021, La Banque Postale disclosed the proportion of its European Taxonomy-eligible activities for the first time (see the “European Taxonomy for Sustainable Activities” Appendix).

6.1.4.2.4.2 Measuring exposure to social and societal risks

La Banque Postale ensures that it meets its commitments to its customers and employees and as such includes the following indicators in its risk appetite:

Customer satisfaction rating

On the customer side, La Banque Postale currently monitors its customer satisfaction score as part of *La Voix du Client*, a survey that enables it to compare itself to the market; the frequency of this monitoring will increase from once to twice a year. This indicator is integrated into the strategic and business risk monitoring system.

In 2021, the average customer satisfaction score was 7.3/10 (see Section 6.3.4.4 “Listening to customers”).

La Banque Postale’s ambition is to monitor these four indicators of customer experience in the future:

- recommendation rate (NPS) = Difference between the satisfaction scores of detractors (score of 0 to 6) and promoters (score of 9 to 10);
- the satisfaction score;
- the effort rate;
- resolution rate at 1st contact.

1) Net exposures are the Bank’s exposures to counterparties listed in the Global Coal Exit List (exposures to the coal sector) that do not comply with the conditions set out in the Coal Sector Policy or to counterparties listed in Urgewald’s Global Oil and Gas Exit List (exposures to the oil and gas sectors) that do not comply with the conditions set out in the Oil and Gas Sector Policy.

Number of positions with a vacancy lasting more than four months

In the La Banque Postale SA scope, the implementation of this indicator ensures that all the necessary means have been put in place by the Group to identify situations of excessive pressure on available resources, to implement the means to remedy these structural or cyclical situations and to manage the attractiveness of the La Banque Postale employer brand. This indicator is being monitored from 2022 onwards.

Rate of training on psycho-social risks

By monitoring this new indicator, La Banque Postale wishes to ensure that the Group's managers and employees have all the tools they need to identify, limit and manage, if necessary, situations of stress or internal and external violence that are damaging working conditions. This indicator is being monitored from 2022 onwards.

6.1.4.2.4.3 Measuring exposure to governance risks

Share of women in the Executive Committee and Supervisory Board

As part of La Banque Postale's commitment to promoting gender balance within its teams and its senior management, the purpose of this indicator is to report on La Banque Postale's

performance by measuring the proportion of women present in the management and supervisory bodies. The reporting frequency for this indicator is annual (see Section 6.4.5.1 "Gender balance").

In 2021, women represented 40% of La Banque Postale's Executive Committee, 40% of the Supervisory Board and 38% of the Development Committee.

Gender Equality Index

In addition, in order to ensure that La Banque Postale Group implements all the measures necessary to achieve its commitments in terms of equality in employment between women and men, the monitoring of this metric, published annually, is integrated into the risk appetite system. This indicator is calculated by taking into account the gender pay gap, the gender pay gap in individual pay increases, the gender pay gap in promotions, the percentage of female employees who received a pay increase in the year they returned from maternity leave, and the number of employees of the under-represented gender among the ten employees with the highest salaries (see Section 6.4.5.1 "Gender balance")

La Banque Postale's Gender Equality Index has been 97/100 since 2019, while CNP Assurances recorded a score of 100/100 in 2021.

6.1.5 Stakeholder dialogue

In order to better identify the expectations of the various parties associated with the Bank, an internal focus group combining human resources (including the affiliated CSR team), purchasing, communications, marketing, the distribution network and the corporate department met together in 2019. This helped to identify and prioritise key stakeholders. The stakeholders most important to La Banque Postale and with the strongest relationship are:

- ▶ BtoB and BtoC customers and consumer groups;
- ▶ employees, unions and employee representative bodies;
- ▶ public authorities, local authorities, elected officials and subcontractors;
- ▶ organisations which drive social responsibility and sustainable development initiatives, NGOs and solidarity;
- ▶ shareholders.

6.1.5.1 Participation in consultations with consumer groups

La Banque Postale has been involved in the Level 1 consultation with Le Groupe La Poste's consumer associations (since 1989). Twice a year, the Chairman of the Executive Board meets the national spokespersons of approved consumer groups.

6.1.5.2 Collaboration with the groups

La Banque Postale has a close relationship with a large and diversified ecosystem of institutions, associations and foundations serving the Social and Solidarity Economy (SSE).

It is a key banking partner in the sector, with one in six associations being clients nationwide. It plays a pivotal role in fundraising activities with its subsidiaries KissKissBankBank, Lendopolis, Microdon and Goodeed, which raised more than €75 million in 2021 for community projects.

It also supports major national appeals for donations by relaying initiatives such as the Telethon, Pink October and the yellow coin operation to its customers.

Through groups such as the Alliance Dynamique and anti-banking exclusion think tank *Club de l'initiative contre l'exclusion bancaire*, it co-constructs innovative solutions for societal issues: solidarity, professional integration, access to housing, banking inclusion, budget management, education and equal opportunities.

A new stage in this collaborative approach was achieved in 2021. La Banque Postale signed a strategic partnership with the WWF which aims to help the Bank in defining its decarbonisation trajectories, setting up the new Impact Weighting Factor and rolling out the new eco-design grid for the Bank's product and service offerings.

6.1.5.3 Links with the local public sector and the social housing sector

True to its values of local presence and transparency, La Banque Postale maintains its ties with local public-sector players, notably through its Local Finance Steering Committee, composed of elected representatives, former members of parliament and experts. This Committee has a forward-looking, observatory and advisory role: risk assessment, monitoring, proposing new services, etc.

In order to meet its commitments as regards social home ownership, La Banque Postale continues to work with the social housing sector, through its Steering Committee for access to social home ownership (a committee made up of notable people from the housing and social home ownership sectors). Chaired by the Chairman of La Banque Postale's Executive Board, this Committee is responsible for advice, planning, and observation. Meeting at least twice per year, it is helping to create an innovative home loan model aimed at low-income households, one of La Banque Postale's key strategic aims (see chapter on "Accessible Banking").

6.1.5.4 Encouraging the development of sustainable finance

Sectoral commitments

La Banque Postale has been publicly committed since its creation to numerous sectoral initiatives in favour of more

sustainable finance. In particular, in 2021, La Banque Postale took part in three leading initiatives:

- ▶ in the fight against global warming, and after announcing in September 2020 its ambition to be "net zero emission" by 2040, La Banque Postale joined the "Net Zero Banking Alliance" in April 2021 as a founding member and was elected to its Steering Group to represent European banks. The member banks of this alliance, coordinated by the United Nations Environment Program Finance Initiative (UNEP FI), commit to accelerate their efforts to reduce CO₂ emissions from their financing and investment activities, reaching net zero emissions by 2050 at the latest. This commitment demonstrates La Banque Postale's desire to actively contribute to the discussions on decarbonising the financial sector;
- ▶ La Banque Postale, like its subsidiary CNP Assurances, is a signatory of the "Finance For Biodiversity Pledge". With this signature, the Bank intends to contribute to the protection and restoration of biodiversity and ecosystems. It will assess the positive and negative impacts of its financing and investment activities on biodiversity, and take measures to enhance its positive impacts and mitigate its negative impacts;
- ▶ La Banque Postale has joined the "PRB Commitment to Financial Health and Inclusion", an initiative of the "Principles for Responsible Banking" aimed at encouraging banking institutions to accelerate their actions in favour of more inclusive finance.

Commitments and initiatives	Year of signature	Scope
Global Compact	2003 2006	CNP Assurances Le Groupe La Poste (including La Banque Postale)
Principles for Responsible Investment (PRI)	2009	La Banque Postale Asset Management BPE
Principles for Sustainable Insurance (PSI)	2012	CNP Assurances
PRI Montreal Carbon Pledge	2015	La Banque Postale Asset Management
PSI-WWF World Heritage Sites initiative – UNEP FI	2018	La Banque Postale CNP Assurances
Tobacco-Free Finance pledge	2018 2020	La Banque Postale La Banque Postale Asset Management CNP Assurances
Principles for Responsible Banking (PRB)	2019	La Banque Postale
Collective Commitment to Climate Action	2019	La Banque Postale
Equator Principles	2019	La Banque Postale
The Green Bond Principles	2019	La Banque Postale Asset Management
The Social Bond Principles	2019	La Banque Postale Asset Management
Global Investor Statement to Governments on the Climate Crisis	2019 and 2021	La Banque Postale
Net-Zero Asset Owner Alliance	2019	CNP Assurances
Climate Action 100+	2020	La Banque Postale Asset Management
Net Zero Banking Alliance	2021	La Banque Postale
Net Zero Asset Managers Initiative	2021	La Banque Postale Asset Management
Finance for Biodiversity Pledge	2021	La Banque Postale (including La Banque Postale Asset Management) CNP Assurances
CDP Signatory	2021	La Banque Postale La Banque Postale Asset Management (since 2003)
PRB Commitment to Financial Health and Inclusion	2021	La Banque Postale

Participation in sector studies

La Banque Postale strives to convey its values by participating in key bodies tasked with promoting CSR and sustainable finance. Its objective is to contribute to the advancement of major sustainable finance projects such as the measurement of climate risks, the inclusion of non-financial criteria in corporate and investment banking, the promotion of SRI among retail clients, the measurement of the financial sector's carbon footprint, the emergence of the just transition, etc.

La Banque Postale actively participates in the various working groups led by the main market bodies such as the Observatory on Corporate Social Responsibility (ORSE), Finance for Tomorrow (F4T) and the Forum for Responsible Investment (FIR). La Banque Postale participates in the work of several professional federations, in particular the working groups of the climate commission of the French Banking Federation (FBF) on the methodologies for measuring exit commitments from the oil and

gas sectors, as well as those relating to the methodology for measuring carbon emissions generated by financing and investment activities. It also participates in the CSR and non-financial performance committees of the Medef and in the working groups of the French Financial Markets Association (AMAFI).

6.1.5.5 Regular dialogue with non-financial rating agencies

The commitments and achievements of La Banque Postale in favour of responsible finance are recognised by the non-financial rating agencies. Through these ratings, the agencies have emphasised the bank's responsible marketing policy and the transparency of its contracts, the measures taken to ensure access to financial services for all, the development of financial services with significant social benefits, and the effective inclusion of social and environmental issues into its asset management.

The following table shows the agencies' most recent ratings of La Banque Postale:

Agencies	Rating received	Comments
CDP Climate Change	A (December 2021)	Top- ranked bank in France and one of the top 14 financial institutions worldwide
Moody's ESG Solutions (formerly Vigeo Eiris)	75/100 (May 2021)	Top-ranked bank worldwide in the "Retail and Specialised Banks" sector
Sustainalytics	13/100 (February 2021) (0/100 being the best score)	4 th -ranked bank worldwide ("Diversified Banks" sector)
MSCI	AA	-
ISS ESG	B- "Prime" (September 2020)	Top-ranked bank worldwide in the "Public and Regional Banks" sector

6

6.2 COMMITMENTS TO SOCIETY

La Banque Postale affirms its vocation as a community-engaged bank through its commitments to more sustainable finance and more responsible practices. La Banque Postale is determined to contribute to the construction of a society that is more mindful of

the planet and all its inhabitants. It resolutely advances the best standards and practices in the banking and insurance sector, by implementing demanding sectoral policies and by committing to "zero net emissions".

6.2.1 Respecting and defending major commitments



As a subsidiary of Le Groupe La Poste, which has been a signatory to the UN Global Compact since 2003, La Banque Postale upholds the principles set forth by the Global Compact regarding human rights, labour standards, environmental protection and the fight against corruption.

In France, employee training sessions on business ethics cover the fight against corruption. In addition, La Banque Postale ensures that its suppliers share its values by having them sign a Responsible Purchasing Charter, which stresses the importance of respect for Human Rights, Labour Standards and the Environment. In 2020, La Banque Postale, together with Le

Groupe La Poste, completed its risk mapping and research for the Group Vigilance Plan, in order to ensure compliance with the Duty of Vigilance for Parent and Initiating Companies Act.

La Banque Postale takes human rights into account in its banking activities. In addition to international commitments signed by the Bank (Principles for Responsible Banking (PRB), Principles for Responsible Investment (PRI), Principles for Sustainable Insurance (PSI) and the Equator Principles), human rights issues are fully integrated into the Bank's practices. The Responsible Financing and Investing Charter stipulates that loan applications will be automatically rejected for organisations and

companies that have gravely and repeatedly been in breach of the law, codes of conduct or conventions (including infringement of environment law, international codes and conventions, or fundamental rights at work).

In terms of asset management, La Banque Postale Asset Management integrates respect for human rights and issues relating to labour law into GREaT, its non-financial analysis method. It also excludes all issuers suspected of serious and/or repeated violations of the Global Compact principles.

- ▶ CNP Assurances, for its part, has committed to support the following declarations, standards and principles:
 - the United Nations Universal Declaration of Human Rights;
 - the UN Global Compact;

- the UN Convention on the Rights of Children;
- the International Labour Organization’s core standards on child and forced labour, promotion of health and safety of employees, freedom of expression and non-discrimination;
- the United Nations Principles for Responsible Investment;
- the United Nations Principles for Sustainable Insurance.

In addition to these international principles, CNP Assurances complies with the laws applicable in France and the countries where it operates.

In addition, the elements relating to the respect and defence of major international commitments, in particular respect for human rights and labour law as an employer, are developed in Section 6.4 “Commitments to employees”

6.2.2 Integrating ESG issues into financing and investment activities



6.2.2.1 Applying non-financial criteria to banking, asset management and insurance activities

6.2.2.1.1 Applying ESG criteria to product and service design

Since June 2009, La Banque Postale has ensured that environmental, social and governance (ESG) criteria are systematically taken into account in the design of its range of products and services. It has formalised the inclusion of an ESG checklist as an appendix to the product presentation file submitted to the Product Review Committee, thus ensuring that all new products are subject to a holistic and standardised ESG review.

As part of its new strategic plan, La Banque Postale revised the checklist in 2021. A joint project with Utopies, a sustainable development consultancy, and the WWF resulted in a new checklist that is more complete, precise and in line with the Bank’s new CSR challenges. It now includes 29 questions built around two themes: leadership in customer experience and satisfaction (clarity of offers; customer service; customer journey; traceability) and community ambitions in support of a just transition (reduction of inequalities; more responsible ecosystems; measurement of positive/contributory impacts;

improvement in the community engagement/responsibility of customers). In 2021, all new products as well as those that had undergone a significant transformation were screened against non-financial criteria. An internal process is under way to enable the checklist to be used even further upstream in the process of creating new products and services, thus enabling better integration of ESG dimensions (see Section 6.3.2.1.1 “Construction of responsible products and services and impact assessment”).

6.2.2.1.2 Integrating ESG issues into financing and investment activities

La Banque Postale also relies on a Responsible Financing and Investment Charter to govern its lending to legal entities and its financing activities. Launched in 2016 after approval by the Executive Committee, this Charter stipulates that loan applications will automatically be rejected for a certain number of sectors deemed too risky from a non-financial point of view, as well as organisations and companies that have gravely and repeatedly been in breach of the law, codes of conduct or conventions (infringement of environment law, international codes and conventions, or fundamental rights at work). In 2019, the blacklist was extended to include applicants linked to deforestation. Since 2020, following an update, all these sectors are also excluded from the bank’s investment activities.

6.2.2.1.3 Inclusion of ESG issues in asset management

La Banque Postale is committed to responsible asset management by offering a range of socially responsible investment (SRI)¹⁾ options to investors seeking to combine sustainable development and potential yield.

For this purpose, La Banque Postale Asset Management, the main asset management company of La Banque Postale Group, announced in April 2018 that it would convert all of its funds to SRI by 2020. This goal is the culmination of a long-term investment in SRI management and a commitment to making savings meaningful again. The strategy is intended to meet major challenges including global warming, the demographic limits of the social protection system and the gulf between financial markets and society. At the end of 2021, 100% of the open-ended funds eligible for the SRI label, a State-certification created in 2016, had obtained the label.

This pioneering plan is governed by a four-pronged strategy:

- ▶ invest in companies that act responsibly and are committed to a just transition: La Banque Postale Asset Management carries out this analysis using its proprietary GREaT method, described below;
- ▶ exclude companies that pose a reputational risk due to poor sustainable development practices: La Banque Postale Asset Management's Exclusion Committee is the body that decides on the exclusion of States or companies exposed to major controversies and that deal in sensitive sectors such as controversial weapons, tobacco, gambling, coal. It is responsible for managing the reputational risk for all La Banque Postale Asset Management portfolios. La Banque Postale Asset Management develops original, recognised policies, for example, concerning coal or combating deforestation;
- ▶ choose the SRI label for the entire range of open-end funds. This exacting framework establishes strict principles for managers (volume thresholds, transparent conduct and reporting requirements). Compliance with these rules and overall management quality undergo on-site audits by an independent organisation accredited by the label;
- ▶ dialogue and engage: La Banque Postale Asset Management is convinced that responsible management is essential to enable financial markets to play a constructive role in the economy and it considers that its four-pronged approach, GREaT, must be supplemented by dialogue and questioning of companies' practices, individually or with other investors. It aims for ongoing dialogue in order to better understand these practices and encourage improvements. Contacts with the companies are supplemented by decisions voted at the General Meetings, which ensures they have a concrete impact on decisions.

The SRI methodology developed by La Banque Postale Asset Management, known as GREaT, is based on four elements:

- ▶ responsible corporate governance: balance of power, fair distribution of added value, business ethics, tax accountability;
- ▶ sustainable resource management: well-being at work, human rights, protection for biodiversity, water and waste management;
- ▶ economic and energy transition: support for disadvantaged populations, contribution to the socio-economic development of local communities, responsible commitment to customers, promotion of sustainable and balanced relations with suppliers;
- ▶ regional development: support for job creation and skills development in regions where branches are located, support for vulnerable populations, partnerships with local authorities and long-term balanced relationships with suppliers.

The SRI analysis carried out by La Banque Postale Asset Management teams aims to assess the alignment of the companies' strategies and practices with each of these four themes.

In addition, LBP AM has also started talking with issuers to encourage better ESG practices. LBP AM uses this approach, dubbed "Engagement", either individually or collaboratively, i.e., with other asset management companies, depending on the issue in question. Two aspects of this engagement policy are:

- ▶ the innovative coal exclusion policy (see Section 6.2.2.2.1 "Sectoral policies");
- ▶ tabling a resolution at Total's Annual General Meeting in 2020 with ten other investors. In 2021, LBP AM continued in this spirit of commitment within the Climate Action 100+ coalition, with whom LBP AM co-signed a letter coordinated by Climate Action 100+. The letter calls on TotalEnergies to change its strategy to better align with the Paris agreements. Among the issues discussed were the amounts of investment devoted to the development of new fossil resource exploitation capacities, or the setting of quantified targets for the reduction of scope 3 GHG emissions by 2030. This demanding and constructive dialogue is intended to continue over time, to ensure that the group meets its objectives and reinforces them over time.

Each year, LBP AM publishes a commitment report on its dialogue with other companies on extra-financial issues.

Finally, LBP AM is an active shareholder and exercises its voting rights in the undertakings for collective investment that it manages, applying a single vote policy based on the assessment criteria of its "SRI philosophy". LBP AM took part in 630 Annual General Meetings spanning 27 countries in 2021 (compared to 478 in 2020).

1) For socially-responsible investments, companies are no longer selected solely on the basis of their ability to generate profit, but also for their ability to preserve natural resources for future generations, improve the working conditions of their employees and develop balanced relationships with all of their partners.

6.2.2.1.4 Integration of ESG issues into CNP Assurances' insurance and investment activities

Taking ESG issues into account in the insurance business represents a risk both from a claims perspective and in terms of stakeholder expectations. In September 2020, CNP Assurances signed the Principles for Sustainable Insurance in order to respond to these challenges, thereby committing to integrate ESG criteria into its decision-making processes, to raise awareness of their roll-out among its customers and partners, and to cooperate with public authorities, regulators and all stakeholders to promote them throughout society.

With regard to investing, CNP Assurances is convinced that taking ESG criteria into account when assessing an investment contributes to value creation and optimises the risk/reward ratio over time. Since 2006, it has implemented a responsible investment strategy within the various asset classes. This strategy is managed in large part thanks to the non-financial expertise of the management firm OSTRUM AM. It reflects CNP Assurances' commitments to the Global Compact, the Principles for Responsible Investment, the Net-Zero Asset Owner Alliance (NZAOA) and the Finance for Biodiversity Pledge.

CNP Assurances' responsible investment strategy aims to protect the assets backing its commitments to its policyholders, and also create financial and non-financial value for all CNP Assurances stakeholders. It is also reflected in the implementation of an ESG exclusion policy covering certain countries or companies.

The principles and governance of the responsible investment strategy are described in various CNP Assurance documents: the responsible investment report, the shareholder engagement policy, the policy for integrating sustainability risks into investment decisions and the due diligence policy regarding the negative impact of investment decisions on sustainability factors.

6.2.2.2 Implementing stringent exclusion policies

6.2.2.2.1 Sector policies

In addition to these responsible financing and investment policies, La Banque Postale and its subsidiaries rely on stringent sectoral policies to provide a framework for the sectors of activity that present significant ESG challenges.

Coal, oil and gas policies

The year 2021 was marked in particular by the formal documenting of two sectoral policies relating to fossil fuels applicable to La Banque Postale's banking activities⁽¹⁾: a coal sector policy and an oil and gas sector policy. In line with its determination to play an active part in the energy transition, La Banque Postale reaffirms its choices not to support the development of fossil fuels. Thus, after having formalised in May its commitment to a total exit from the thermal coal sector by 2030, in October La Banque Postale became the first bank in the world to announce an exit from conventional and non-conventional oil and gas sectors by 2030. However, in order to assist players making the transition, La Banque Postale will

continue to support companies in the oil and gas sectors that have scientifically credible plans for exiting these sectors by 2040. La Banque Postale will also continue to finance the energy projects of companies in the fossil fuel sector as long as these projects are aimed at developing renewable energy. These two policies, hailed by NGOs for their soundness, are fully in line with the Bank's decarbonisation and transition support strategy. At the end of 2021, its net exposure to the coal sector was €0, and to the oil and gas sectors €26 million.

As part of its investment activity, CNP Assurances has implemented an exclusion policy in the thermal coal sector since 2015. CNP Assurances has fully divested from companies with more than 20% of their revenue linked to thermal coal and excludes any new investment in companies with more than 10% of their revenue linked to thermal coal, in companies with more than 5 GW of thermal coal power generation capacity, in companies producing more than 10 million tonnes of thermal coal per year or developing new coal-fired power plants, coal mines or infrastructure contributing to thermal coal mining. Since 2021, this policy has been accompanied by an exclusion policy in the oil and gas sector. CNP Assurances excludes new investments in the following activities: producing companies; direct investments in oil and gas companies (exploration, drilling, extraction, processing, refining) where more than 10% of revenue is related to non-conventional fossil fuels (oil sands, shale oil and gas, Arctic oil and gas); infrastructure; investments in greenfield or brownfield infrastructure for non-conventional fossil fuels; investments in greenfield oil infrastructure.

With regard to asset management, La Banque Postale Asset Management has developed an innovative coal exclusion policy: its investments are limited to companies in the mining and electricity production sectors that have announced a managed exit from coal and have aligned themselves with the Paris Agreement goal of limiting average temperature rise to 1.5°C by 2100. This coal policy innovates in the sense that it takes into account the relevance of companies' strategies, particularly with regard to the challenges of a fair transition, which considers the social impacts and the consequences for the planet. It is based on an analytical grid that integrates the latest OECD recommendations, relying on data providers' and publicly-available data on the income generated, new projects and the companies' commitment to eliminating coal in their operations. In 2021, this commitment was extended to emitters providing upstream and downstream services that generate at least 20% of their revenue from coal, using the Global Coal Exit List.

Other sectoral policies and commitments

La Banque Postale also formally documented a defence sector policy designed to establish a framework for the Group's work with this sector, considered sensitive from an ESG point of view. The policy requires La Banque Postale to ensure that its business rule out any commercial dealings with companies involved in the manufacture and sale of controversial weapons (anti-personnel mines or cluster bombs) or non-conventional weapons (biological, chemical, nuclear, depleted uranium, blinding laser and incendiary weapons). La Banque Postale Asset Management also has an exclusion policy covering these sectors of activity. Lastly, since 2008, CNP Assurances has excluded manufacturers of cluster bombs and land mines from its investment portfolio.

1) Insurance and asset management activities for third parties are excluded to date. It should be noted that CNP Assurance and La Banque Postale Asset Management have sectoral policies covering their activities. It should be noted that CNP Assurance and La Banque Postale Asset Management have sectoral policies covering their activities.

Because of its harmful effects on health and the costs to the community, La Banque Postale Group excludes the tobacco sector from its activities. La Banque Postale and La Banque Postale Asset Management signed the Tobacco-free Finance Pledge in 2018, an initiative that encourages signatories to adopt policies to exit tobacco industry financing and insurance. In 2020, CNP Assurances in turn formalised its commitment by signing the Tobacco-free Finance Pledge, having stopped all new investments in this sector in 2018.

Companies with a high impact on deforestation are also excluded under La Banque Postale's Responsible Financing and Investment Charter. With regard to asset management, La Banque Postale Asset Management has defined a policy through which it excludes operators and traders who have not put in place a recognised strategy to prevent deforestation. It also encourages manufacturers and processors to implement good practices in terms of supply chain traceability and the search for alternatives to limit the pressure on natural resources. Lastly, with regard to investing, Société Forestière, which manages CNP Assurances' woodland assets, has been implementing sustainable and environmentally-friendly forestry management. In 2001, Société Forestière adopted an ISO 9001 certified sustainable woodland management manual, which incorporates the main themes of ESG analysis: governance, management and organisation of relations with customers and other stakeholders, and implementation of practices to develop and care for forests (silviculture) taking into account habitats and unique species. At the end of 2021, 100% of the woodland held by CNP Assurances either had, or was in the process of obtaining, PEFC certification. The 2020 update to the management agreement between CNP Assurances and Société Forestière served to intensify the integration of ESG criteria within a Sustainable Forest Management Charter. It commits CNP Assurances and Société Forestière to ambitious objectives for the protection of biodiversity, water, soil and people.

Because gambling represents a significant social cost in terms of addiction, impoverishment and over-indebtedness, the sector is also covered by several policies. Gambling establishments are excluded under La Banque Postale's Responsible Financing and Investment Charter. La Banque Postale Asset Management systematically excludes companies belonging to the GICS/BICS "casino & gaming" sectors. Companies generating more than 10% of their revenue from gambling are systematically reviewed by the Exclusion Committee.

6.2.2.2.2 Exclusions in respect of the prevention of money laundering and the financing of terrorism

La Banque Postale also strives to prevent financial, legal and reputation risks caused by investing in jurisdictions known for a lack of regulation, transparency or cooperation regarding tax fraud, money laundering and terrorism financing. It has compiled a list of at-risk countries where it cannot carry out or participate in any commercial development.

La Banque Postale Asset Management refrains from dealing with countries under embargo decreed by the European Union or by the OFAC (Office of Foreign Assets Control of the United States), mentioned in the FATF (Financial Action Task Force) Public Statement, as well as non-cooperative countries decreed by France and the EU. La Banque Postale Asset Management also excludes any issuer whose registered office is located in a defined list of countries and any issuer whose sole place of listing is located in this same list.

CNP Assurances has also drawn up a list of countries that are excluded from its investment portfolio due to lack of transparency, corruption or breaches of democracy or freedoms. Country exclusions apply to all shares and bonds issued by companies or public issuers registered in those countries, as well as all real assets (real estate, infrastructure) located there.

6.2.2.2.3 Normative exclusions

As a signatory of the United Nations Global Compact through the commitment made by Le Groupe La Poste (La Banque Postale and La Banque Postale Asset Management) or directly (CNP Assurances), La Banque Postale Group is convinced of the importance of adhering to its principles.

La Banque Postale constantly maintains a heightened level of vigilance for a certain number of securities with high non-financial risk that breach international conventions and the principles of the Global Compact. These are frequently controversial and therefore do not align with its CSR values. In this respect, the Community Engagement Department is regularly consulted by the Risk Department and Corporate and Investment Banking teams to carry out ESG analyses of companies. In 2021, the Community Engagement Department issued 11 unfavourable opinions for the following reasons: one exclusion related to the topic of deforestation, one exclusion related to sectarian aberrations, two exclusions related to the defence sector, six exclusions related to oil and gas policy and one exclusion related to animal welfare.

La Banque Postale Asset Management excludes issuers suspected of serious and/or repeated violations of the Global Compact principles. It relies on two non-financial rating agencies (V.E. and MSCI ESG Research) to analyse issuers and monitor controversies, and to provide the list of players to be excluded to La Banque Postale.

CNP Assurances benefits from alerts on companies' ESG risks. When the alert corresponds to a serious breach of the fundamental principles of the Global Compact, CNP Assurances asks the management company to engage with the company in question. When this dialogue fails to identify scope to remedy the situation quickly, the Investment Committee is called on to decide whether or not to exclude it.

6.2.3 Internal examples of support for our missions



6.2.3.1 Ethics: better risk management for business

La Banque Postale is determined to promote ethical and responsible behaviour in-house, in order to confirm the relationship of trust it has with its customers, employees, markets and service providers and all of its stakeholders.

Raising awareness of ethics

An updated version of the Bank's code of conduct was released in October 2021. This new version expands the section devoted to combating money laundering and the financing of terrorism, and integrates the newly adopted policies for preventing and managing conflicts of interest, the fight against corruption, and the acceptance of gifts and invitations.

Employees therefore receive ethics training when they join the Company and throughout their career, thanks to training campaigns provided since 2006 on the rules of good conduct. This training covers the key principles and rules in operation at La Banque Postale and Le Groupe La Poste: respect for customer needs, banking secrecy and data confidentiality, prevention of conflicts of interest and compliance with the rules for using information systems. New employees receive at their arrival an induction package that includes the code of conduct and the Anti-Corruption Code.

The ethics and anti-corruption e-learning module was updated in 2021. It is intended for the employees of La Banque Postale Group as well as the people working under the name of and on behalf of the Bank. 93% of this target population had completed the program by the end of 2021.

In addition to this training, La Banque Postale's Head of Ethics designs awareness campaigns, which are carried out by designated Ethics Officers at each of the business lines and departments. The Head of Ethics also sits on various bodies (managerial communities, Executive Committees, special audit training, subsidiaries).

Professional accreditation system

In order to comply with regulatory requirements, the Bank ensures that its employees have all the required authorisations. In 2021, the authorisation rates were 86% for banking and financial canvassing, 91% for insurance authorisation and 95% for AMF certification.

Ethics compliance monitoring

The Company uses a system for detecting and monitoring malpractice and ethical misconduct. A warning is generated if the system detects any professional breach or non-compliance with the code of conduct. The system notifies managers of any breach of the rules so that they may take the appropriate measures. Several follow-up meetings were held in 2021 to check that actions were being correctly implemented following these warnings.

In case of a suspected breach of ethics or an incident, there is a whistleblowing scheme and warning system for escalating information to La Banque Postale's Head of Ethics. Reports may also be received by the compliance officers working in the Bank's various departments, subsidiaries and the La Poste Network. This warning system is hosted at a secure external site so that any warnings pertaining to corruption can be received with sufficient confidentiality. Whistleblowers have the right to anonymity and are protected by regulation.

With regard to governance issues, the cross-departmental Ethics Committee met two times in 2021, chaired by the Head of Ethics. These meetings allowed the departments and business lines to discuss common issues, such as how to monitor cross-departmental ethical risks, action plans, training and new regulations, and how to share best practices. The Head of Ethics at La Banque Postale also sits on the La Poste Ethics Committee, a body that brings together the ethics officers of each Le Groupe La Poste's four business lines.

Stepping up the fight against corruption

In 2021, La Banque Postale devoted itself to stepping up the implementation of the eight points of the system, in line with Le Groupe La Poste principles: *Tous concernés – Tous vigilants – Tolérance zéro* (All involved – All vigilant – Zero tolerance). The goal of the corruption prevention strategy is to monitor all areas concerned (risks, training, controls, codes of conduct, handling of alerts, due diligence of third parties etc.).

The Anti-corruption Committee, which encompasses all La Banque Postale Group entities (departments and subsidiaries), met four times in 2021 chaired by the Group Chief Compliance Officer.

The whistleblowing system, which has been extended to include corruption warnings, is now accessed *via* an external website, with reports accessible only to the Head of Ethics and authorised employees.

La Banque Postale ensures that its suppliers also share its values regarding the prevention of corruption, by having them sign a Responsible Purchasing Charter which underscores the importance of respect for human rights, labour rights and the environment.

In 2021, La Banque Postale continued and extended its work on producing a corruption risk map. It also carried out a "second wave" of annual accounting controls, reviewed the Ethics and Anti-corruption e-learning module (available since first quarter) and drew up the specifications of the training programs for the most exposed employees. This training has been provided since October 2021.

By working to ensure good business ethics, CNP Assurances is committed to protecting the interests of its stakeholders (employees, suppliers, delegated management service providers, distribution partners and asset managers) and respecting the general interest.

It has accordingly reiterated its commitment to combating corruption in all its forms, including extortion and bribery. In view of regulatory developments in the countries where the Group operates, the risk of corruption, influence peddling or conflicts of interest in relationships with third parties may result in significant fines and criminal prosecution against CNP Assurances and its managers.

That is why the C@pEthic Group code of conduct, translated into each language in which CNP Assurances operates and published on its website, stresses the principle of zero tolerance for acts of corruption and influence peddling. Policies to combat corruption, prevent conflicts of interest and manage gifts and/or benefits have been circulated to all Group employees in France and internationally. Subsidiaries can add their own local procedures to it.

In 2021, 93% of CNP Assurances employees had been trained in the fight against corruption and influence peddling within the previous two years.

Lastly, since 2003, CNP Assurances has been a member of the United Nations Global Compact, affirming its commitment to respect fundamental values, and in particular to combat corruption.

6.2.3.2 Preventing tax evasion

As a key player in the French economy, La Banque Postale combats tax evasion by strictly complying with the rules and preventive measures. As a French retail bank, it works nearly exclusively in France and does not have any branches in countries on the French list of non-cooperative countries and territories or on the European list of tax havens. La Banque Postale has continued to operate to a very limited degree in countries where La Poste was already conducting business at the time La Banque Postale was founded. The proceeds from that business are fully taxable at common law rates and are not subject to transfer pricing issues.

The tax affairs of La Banque Postale are handled directly by La Banque Postale's Tax Department, which provides centralised tax advice to all of La Banque Postale Group companies that have a Tax Department. This management is based on principles of stringent compliance with applicable regulations and remaining transparent in dealings with the authorities. The ESG checklist (see Sections 6.2.2.1 "Consideration of non-financial criteria in banking, asset management and insurance activities" and 6.3.2.1.1 "Responsible product and service design and impact assessment"), which is systematically integrated into the design of products and services offered to customers, takes into account the criterion of combating tax evasion. The products and services sold by BPE, La Banque Postale's private banking arm, are reviewed to ensure that they do not encourage investment in non-cooperative countries and territories. La Banque Postale Group has formally drafted its guiding principles for tax policy and these have been incorporated into the code of conduct.

Lastly, La Banque Postale includes tax fraud in its system for combating money laundering and terrorism financing in accordance with the regulations. In terms of financial security,

La Banque Postale strengthened its Anti-Money Laundering/Combating the Financing of Terrorism (AML/FT) measures through the updating of its normative framework. The operational implementation of the new standards related to transaction monitoring and AML/FT warnings management is continuing throughout the Group.

By the end of 2021, 92% of the employees of La Banque Postale, Financial Services and the Network's Banking Advice Line had been trained over a two-year cycle.

Operating in 13 tax jurisdictions in Europe and Latin America, CNP Assurances strives to adopt a transparent and responsible position with regard to tax issues. To ensure compliance with standards relating to the fight against tax evasion, CNP Assurances has created its own tax policy. It aims to harmonise tax practices at Group level and to ensure that the Group's rules comply with the tax laws of the countries where CNP Assurances operates. This tax policy, aligned with that of La Banque Postale, is based on the following key principles:

- ▶ compliance with the tax laws applicable to the Group's activities in accordance with national laws and tax treaties,
- ▶ implementation by CNP Assurances of a tax policy in keeping with its responsible development strategy, plus implementation of operations in accordance with the intentions of the legislator.

To guarantee compliance with tax policy, the Group's Tax Department provides supports for the operational teams in the exercise of their activities. It regularly performs an analysis of tax risks in order to adopt a position in compliance with the applicable tax laws.

Lastly, CNP Assurances applies a strict policy aimed at ensuring that none of the Group's establishments are authorised in any of the states appearing on the internal list of countries considered to be unsuitable for carrying out business. This list notably contains the official French list of Non-cooperative States and Territories (NCST).

CNP Assurances has invested in implementing regulations aimed at ensuring better tax transparency on behalf of its customers (Foreign Account Tax Compliance Act and Common Reporting Standard) and on its own account (country-by-country declaration). CNP Assurances is also carrying out the work necessary to implement the recommendations of the OECD's BEPS (Base Erosion and Profit Shifting) plan and the DAC 6 (Directive for Administrative Cooperation) tax disclosure rules.

The tax policy drafted in 2019 was revised in 2021 and approved by the Board of Directors in September 2021. It was circulated to all subsidiaries and posted on the CNP Assurances website in the final quarter of 2021.

6.2.3.3 Protect personal data and strengthen cybersecurity

La Banque Postale's Privacy Policy is managed by a special team headed by the deputy Data Protection Officer (DPO), who ensures none of the Bank's marketing (or internal communications) breach the core customer privacy principles established in particular by the General Data Protection Regulation (GDPR). Since 2016, La Banque Postale's data policy has been strengthened by an official Group Data Charter, consisting of six commitments, setting a benchmark in terms of ethics for the digital sector.

The training provided to La Banque Postale advisors includes a module on Know Your Customer and the data protection tools provided by the Bank. The general terms and conditions of sale also include provisions relating to customer data protection.

The security section on our website labanquepostale.com provides information for all users on best practices and how to protect personal data when managing accounts online. The website's legal information section sets out our privacy policy for users.

With regard to mass marketing, La Banque Postale's sales and marketing practices are based on customer profiling to ensure the relevance of groups targeted by marketing campaigns and regulate sales pressure on each distribution channel. The Bank has an array of tools, such as its Marketing Plan and Customer Dictionary, to help define marketing and solicitation strategies suited to every customer segment, thereby avoiding blanket mass marketing campaigns and fruitless canvassing of customers.

The marketing procedures followed by the post office network include the facility for customers to unsubscribe from La Banque Postale's marketing. The same principles apply to digital marketing, where our data protection policy explicitly covers:

- ▶ general information on the use of cookies and data collection on the labanquepostale.fr website: a generic message is displayed to all users the first time they visit the website and to visitors who have deleted their cookies;
- ▶ access to the general legal notices: they can be reached from the bottom of any page on the site: these legal notices include a specific paragraph on the use of customer data and cookies;
- ▶ a link to unsubscribe from La Banque Postale's emails: given in all our opt-in newsletters to existing and potential customers (*i.e.*, who have agreed to marketing) and our solicitation emails to existing and potential customers;
- ▶ a customer account: when logged in, customers can update their personal data and opt in to marketing directly *via* their account on labanquepostale.fr.

These legal notices have been approved by the Legal Department and the deputy Data Protection Officer.

Sabotage, exfiltration of data, fraud... cyber crime comes in many guises. While all companies are now exposed to cyber risks, the banking industry is especially vulnerable to cyber attacks. Aware of this threat, and increasingly regulated by the authorities who are becoming ever more demanding, La Banque Postale pays particular attention to managing this risk which has now become a social concern. For this purpose, La Banque Postale implemented an Information Systems Security governance policy based on managing risks, which has been deployed throughout La Banque Postale Group.

An annual awareness program is defined and implemented by La Banque Postale and the Distribution Network for all employees.

The goal is to continue to develop the cyber-security culture among all the employees. These campaigns concern all employees with a work email address at La Banque Postale, the La Poste Network, Financial Services (including DSI-BR which became DSI-BA in Q3 2021), DSEM and the subsidiaries of La Banque Postale Group.

Since 2015, an e-learning campaign based on a 20-minute digital module has been offered on a variety of topics arising from cyber news and internal needs. It became mandatory in 2021 and in that year had a 70% participation rate. Fake phishing emails are sent a minimum of three times a year since 2017 to increase employee vigilance with regard to malicious emails with an average click rate of 6%. These actions supplement the standard means of prevention, protection, detection and reaction to cyber threats, which are continually modified and improved in order to adapt them to new developments.

In parallel with the actions implemented by La Banque Postale and following the entry into force of the General Data Protection Regulation (GDPR) in 2018, CNP Assurances has implemented a policy for the protection of personal data. The Group policy is applicable to all entities of the CNP Assurances Group, both inside and outside the European Union.

It contains elements on the fundamental principles of the protection of personal data and its governance. It has been approved by the CNP Assurances Executive Committee, and adapted and adopted by all of the Group's subsidiaries. The principles of this policy apply, by law and/or under agreements, to all of the Group's subcontractors, including its agents and partners.

In 2020, major work was undertaken to update the policy. The revised Group policy goes back to the basic rules and principles for the protection of personal data. Operational subjects are taken into account in a procedure specific to each Group entity, and adapted to their specific organisation and features, thereby rounding out the system already in place.

The Group's policy on the protection of personal data notably includes the following themes:

- ▶ compliance with the basic principles of personal data protection laid down in the GDPR;
- ▶ the security of personal data as well as the main principles in the event of a personal data breach (declaration to the regulator and/or to the data subjects when necessary, documentation of cases);
- ▶ the framework for cross-border data transfers and processing;
- ▶ the supervision of operations presenting particular risks for data subjects. By way of example, the processing of personal data that reveal racial or ethnic origin, religious or philosophical beliefs is prohibited, as is the processing of genetic data for the purpose of uniquely identifying a natural person or data concerning the sexual life or sexual orientation of a natural person;
- ▶ the governance of personal data protection within CNP Assurances;
- ▶ raising the awareness of people dealing with personal data;
- ▶ aspects relating to reporting and controls.

All of these principles are then set out in a framework procedure and procedures specific to each subject (*e.g.*, procedure for exercising the rights of data subjects, procedure in the event of personal data breaches, procedure for the qualification of and contracting with third parties, and procedure for internal control by the DPO).

Cyber risk is defined as any risk of financial loss, business interruption or damage to the Company's reputation due to a failure of information systems (IS). CNP Assurances continuously monitors cyber risk, and its coverage is regularly challenged by dedicated experts in order to adapt with agility to a shifting environment.

To that end, the cyber risk coverage system was strengthened in 2020. New preventive measures were adopted, in particular:

- ▶ the approval of a data classification policy allowing the level of criticality of the data (public, private, confidential) to be specified;
- ▶ the restriction of incoming and outgoing flows by blocking USB ports and access to personal messaging, anonymising data and encrypting audio communications;
- ▶ appointing a security liaison officer in each business unit to harmonise the distribution and reporting of information with greater granularity, using the eBIOS Risk Manager risk analysis method and implementing of a clean desk policy.

6.2.3.4 Committed procurement policy for suppliers

La Banque Postale has a three-pronged responsible purchasing policy:

- ▶ a Responsible Purchasing Charter for suppliers;
- ▶ making La Banque Postale's calls to tender accessible to small and medium-sized enterprises;
- ▶ including non-financial criteria in the supplier selection and monitoring process.

6.2.3.4.1 A Responsible Purchasing Charter

La Banque Postale's Responsible Purchasing Charter must be accepted by the supplier every time a new contract is signed or, for existing contracts, after each Steering Committee meeting. It raises the awareness of La Banque Postale's suppliers about its CSR policy. Suppliers agree to comply with current regulations, which are formally presented in the Charter. The document encourages them to initiate their own CSR approach. Implemented in June 2009 and first updated in 2014, the Charter was again updated in 2018 and rolled out in 2019.

The Charter is one of the factors enabling La Banque Postale to respect its due diligence obligations with respect to the companies that make up its value chain. In signing this Charter, the supplier undertakes to:

- ▶ comply with the ten principles of the Global Compact and the eight Fundamental Conventions of the ILO (International Labour Organization);
- ▶ develop within their enterprise a management system and working conditions respectful of human dignity and workers' rights;
- ▶ comply with social and environmental regulations by establishing practices (transport policy, recyclability criteria, end waste management, etc.) for themselves and their subcontractors.

Le Groupe La Poste implemented a new IT system for Group purchases in 2018. It includes a shared supplier base, and is linked to the legal documents and Responsible Purchasing Charters via Provigis, a platform which allows for the monitoring

of supplier compliance with their specific obligations. This approach required a review of all information, and all suppliers of Le Groupe La Poste (irrespective of whether they are La Banque Postale suppliers) were asked to approve the Charters of La Poste and La Banque Postale. As a result, the number of suppliers that has approved La Banque Postale's Responsible Purchasing Charter has grown significantly since 2017, increasing from 434 to 4,486 in 2018, and continuing to progress each year to reach 8,175 in 2021, including 1,515 "active" suppliers. Suppliers who have been invoiced at least once during the year are considered "active".

CNP Assurances CSR commitments in its relations with its suppliers are laid down by the Purchasing Department. Purchasing practices are governed by the internal Ethical Purchasing Charter, which aims to promote fairness, neutrality, confidentiality and transparency in purchasing choices, as well as by the ethical purchasing guide.

As such, a compliance score must be obtained using the EcoVadis tool before entering into any relationship with a new supplier. In its relationships with suppliers, a standard clause in CNP Assurances' contracts stipulates that the supplier undertakes to act against human rights violations and to comply with:

- ▶ the Universal Declaration of Human Rights;
- ▶ the UN Convention on the Rights of Children;
- ▶ the International Labour Organization's core standards on child and forced labour, promotion of health and safety of employees, freedom of expression and non-discrimination.

6.2.3.4.2 Non-financial criteria for assessing risk and selecting and monitoring suppliers

Every La Banque Postale purchaser must ensure that social, societal and environmental criteria relating to the service being purchased are included in the consultation requirements and during the supplier selection process.

There is also ongoing discussion with specifiers to improve supplier specifications and ensure that services are in line with the CSR policy of La Banque Postale.

Depending on the purchasing category, environmental and social concerns represent in general 10% of the global weighting when assessing tenders.

The Community Engagement Department, in collaboration with the Purchasing Department, has created a package of tools to raise awareness of and promote discussion on the challenges, risks and opportunities of deploying a responsible purchasing approach. The package includes an analysis guide for CSR issues, risks and opportunities in relation to purchasing; a CSR form for each purchasing category; an information poster and an intranet section on responsible purchasing.

This grid provides suggestions on ways of mitigating legal, social, environmental and societal risks, and also ways to improve the positive impact of the purchase on various levels:

- ▶ social, such as the inclusion of employees with disabilities, by taking into account accessibility criteria when purchasing an IT tool;
- ▶ societal, such as a purchase from the social and solidarity-based economy in order to contribute to regional development;

- ▶ environmental promoting the improvement of quality of life at work. For example, buying a partition to reduce air pollution, or using an electric vehicle for mail shuttles between locations;
- ▶ economic, e.g., the possibility of developing a competitive advantage for a La Poste product or service through an assessment of the suppliers' variants.

In order to meet the regulatory obligations of the Sapin II law and the law on the duty of vigilance, La Banque Postale has implemented a number of elements which are described in the following paragraphs.

In 2018, La Banque Postale's Purchasing Department took part in a study with other banks to define a CSR risk map by sector. This solution, now available from La Banque Postale, allows the Purchasing Department to view a "CSR risk" score for each of its suppliers, by sector. For La Banque Postale, the highest-risk segments are waste processing and works.

In 2021, La Banque Postale implemented a solution that allows it to further assess the corruption and AML/CFT risk with its suppliers. The assessment takes into account the country and the sector of activity as was already the case, but expands the due diligence by considering the effective beneficiaries, executives, the presence of politically exposed persons (PEPs), cross-referencing with sanction lists and negative press. La Banque Postale has thus updated its supplier assessment procedure to allow a "multi-risk" view for the selection of its suppliers.

Finally, La Banque Postale regularly includes new paragraphs in its model contracts and general purchasing conditions (GPCs) concerning compliance with regulations and environmental and social issues, the possibility of audits and its ability to terminate the relationship in the event of non-compliance. An update was therefore carried out in June 2021, relating in particular to Articles "21 Payment terms" and "25 Audit" which confirms that La Banque Postale may carry out checks on the Supplier with regard to compliance with the obligations mentioned in the contract.

In addition to La Banque Postale initiatives, CNP Assurances systematically promotes its commitment to human rights among its subcontractors and suppliers. Contractual clauses on the protection of workers are included in the standard contracts offered to suppliers and in CNP Assurances' general purchasing conditions.

In order to smooth monitoring of the environmental, social and ethical performance of its suppliers, almost all of whom are based in France, CNP Assurances has formed a new partnership with EcoVadis. A CSR assessment of key suppliers is performed by EcoVadis. Information is compiled on a collaborative platform that includes 150 business sectors and 95 countries. Following the audit, suppliers receive detailed feedback on their CSR practices, including a rating in four categories (environment, social, ethics, and responsible purchasing), plus a list of their strengths and areas for improvement. The suppliers in the Top 200,000 euros (suppliers deriving more than €200,000 in revenue including VAT from CNP Assurances, representing a total of approximately 250 in 2021) are subject to an EcoVadis assessment. In 2021, 134 suppliers representing roughly 80% of the total amount of purchases in the scope processed by the Purchasing Department were evaluated. The average of the evaluations is 59.9/100 for these suppliers, well above the average of the companies rated by EcoVadis, which is 43.9/100.

6.2.3.4.3 Tenders open to the protected sector and SMEs

Contributing to the indirect employment of disabled people

La Banque Postale's 2021 gross purchases from the disabled and protected employment sector (EA and ESAT) totalled €572,250, including VAT, at 31 December 2021.

In 2021, the Purchasing Department, with the support of specifiers, made purchases worth €1,116,964 (including tax) to companies in the social integration sector (SIAE) and €4,623,259 (including tax) to companies in the social economy (ESS).

Purchases from small and medium-sized enterprises are constantly increasing

In order to allow small and medium-sized companies to participate in calls for tenders, La Banque Postale is careful to:

- ▶ reduce the risk of financial dependency by measuring dependency rates;
- ▶ subdivide calls for tenders so that micro and small and medium-sized businesses in very specialised sectors can tender directly and not as co-contractors or subcontractors.

The volume of 2021 purchases by La Banque Postale from SMEs was €180 million, including VAT, at 31 December 2021.

6.2.4 Commitments to the planet



In terms of its environmental policy, La Banque Postale implements simple, concrete, consistent measures which contribute to the protection of the environment. With this policy, its goal is to reduce the direct environmental impact of its employees' travel and its IT systems, and to limit the indirect emissions linked to its product and service offer and its financing and investment activities. It also works to foster a circular

economy for its resources and to control its water consumption. Externally, it takes part in promoting biodiversity by supporting, for example, deforestation preventive actions which contribute to the protection of indigenous flora and fauna. "Commitments to the Planet" indicators can be found in the CSR indicator section.

6.2.4.1 La Banque Postale is committed to fighting climate change

6.2.4.1.1 Net zero commitments

Through its Chairman of the Executive Board, La Banque Postale has made an ambitious commitment to achieve “zero net emissions” by 2040, *i.e.* 10 years ahead of the targets set by the European Commission and 10 years ahead of the recommendations of scientists in order to have a chance of containing the rise in temperatures to 1.5°C by the end of the century compared to the pre-industrial era. This commitment covers both its operational emissions and emissions from its financing and investment activities. The Bank will take all measures at its disposal to reduce the GHG emissions linked to the use of its buildings and information systems (IT), the travel of its employees and its paper consumption. It has also initiated an unprecedented discussion on the emissions from its entire banking perimeter by joining the “Net Zero Banking Alliance” as a founding member and has been elected to its steering committee to represent European banks. The member banks of the alliance, coordinated by the United Nations Environment Program Finance Initiative (UNEP FI), commit to accelerate their efforts to reduce CO₂ emissions from their financing and investment activities, reaching net zero emissions by 2050 at the latest.

Its two subsidiaries, La Banque Postale Asset Management and CNP Assurances, are involved in similar initiatives and have joined the “Net Zero Asset Managers Initiative” and the “Net Zero Asset Owner Alliance” respectively, which also aim to help their members achieve “net zero emissions” by 2050.

6.2.4.1.2 Commitments to reduce greenhouse gas emissions

After committing in 2013 to reduce its operational CO₂ emissions by 20% over the period 2015-2020, La Banque Postale wanted to go further and ensure that its CO₂ emissions reduction trajectories were fully aligned with the objectives of the Paris Agreement. In 2017, the Bank joined the Science Based Targets initiative (SBTi). SBTi aims to set guidelines for the decarbonisation of the economy, and to validate the alignment of GHG emission reduction trajectories proposed by organisations with a +1.5°C scenario by 2100.

La Banque Postale has been involved in all stages of developing sectoral methodologies for the financial sector. As soon as they were published in October 2020, La Banque Postale worked on proposing trajectories, which were submitted to the SBTi in the middle of 2021, and were finally approved by the initiative in October 2021. La Banque Postale has thus become the first French bank and one of only three global financial institutions to have decarbonisation trajectories aligned with the objectives of the Paris Agreement.

The definition and validation of these trajectories is a first step pending further in-depth work that will enable La Banque Postale to achieve its “zero net emissions” target in 2040.

More specifically, La Banque Postale is committed through this validation of these trajectories:

- ▶ to reduce its Scope 1 and 2 GHG emissions by 46% over the period 2019-2030. More specifically, this commitment covers GHG emissions from the Bank's vehicle fleet and buildings excluding the Banking Advice Line. It should be noted that the buildings of the La Poste Network are included in the trajectory approved by La Poste's SBTi, *i.e.*, a target of 51% reduction in GHG emissions over the period 2013-2025.
- This trajectory, which is compatible with a +1.5°C trajectory, was constructed using the Absolute Emissions Contraction (ACA) methodology. The alignment scenarios used are those developed in the IPCC Special Report on Global Warming of 1.5°C (SR15) of the Intergovernmental Panel on Climate Change (IPCC);
- ▶ to continue to source 100% of its electricity from renewable sources;
- ▶ to reduce indirect Scope 3 – Category 15 GHG emissions from its Mortgages portfolio by 46% per sq.m. over the period 2020-2030. This trajectory was constructed using the Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF) methodology and the IEA Energy Technology Perspective 2017 – Below 2 Degrees scenario;
- ▶ to reduce indirect Scope 3 – Category 15 GHG emissions from its commercial property portfolio by 36% per sq.m. over the period 2020-2030. This trajectory was constructed using the Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF) methodology and the IEA Energy Technology Perspective 2017 – Below 2 Degrees scenario;
- ▶ to continue to finance only energy projects based on renewable energy;
- ▶ to align the temperature of its equity and bond portfolio from +3.1°C in 2020 to 2.2°C in 2025 (Scopes 1 and 2) and from 3.2°C in 2020 to 1.9°C in 2025 (Scopes 1, 2 and 3). These trajectories were constructed on the basis of the “Temperature Scoring” method developed by SBTi, using the ROTS aggregation method. The scenarios used are those developed in the IPCC Special Report on Global Warming of 1.5°C (SR15) of the Intergovernmental Panel on Climate Change (IPCC);
- ▶ to align the temperature of its long-term corporate loan portfolio from 3.1°C in 2020 to 2.3°C in 2025 (Scopes 1 and 2) and from 3.1°C in 2020 to 2.1°C in 2025 (Scope 1, 2 and 3). These trajectories were constructed on the basis of the “Temperature Scoring” method developed by SBTi, using the ROTS aggregation method. The scenarios used are those developed in the IPCC Special Report on Global Warming of 1.5°C (SR15) of the Intergovernmental Panel on Climate Change (IPCC).

Rate of achievement of Scope 1 and Scope 2 targets	at end 2021
46% reduction in GHG emissions over the period 2019-2030 ⁽¹⁾	-15%
Sourcing 100% renewable electricity	95%

(1) Scope of the commitment: GHG emissions from energy consumption relating to the use of the Bank's fleet of vehicles and buildings excluding the Banking Advice Line.

Rate of achievement of Scope 3 targets – Category 15 (investment)	at end 2021
Mortgages: 46% reduction in GHG emissions per sq.m. over the period 2020-2030	N/A ⁽¹⁾
Commercial real estate: 36% reduction in GHG emissions per m ² over the period 2020-2030	N/A ⁽¹⁾
Project finance: continue to finance only energy projects based on renewable energy	N/A ⁽¹⁾
Equities and bonds: La Banque Postale is committed to aligning the temperature of its portfolio:	
▶ Scopes 1 and 2: from 3.1°C in 2020 to 2.2°C in 2025;	
▶ Scopes 1, 2 and 3: from 3.2°C in 2020 to 1.9°C in 2025.	N/A ⁽¹⁾
Long-term loans to Corporates: La Banque Postale is committed to aligning the temperature of its portfolio:	
▶ Scopes 1 and 2: from 3.1°C in 2020 to 2.3°C in 2025;	
▶ Scopes 1, 2 and 3: from 3.1°C in 2020 to 2.1°C in 2025	N/A ⁽¹⁾

(1) Achievements at the end of 2021 for Scope 3 targets will not be available until 2022. Data on exposures as at 31 Dec. 2021 are only available in January. The time required to process this information means that the carbon intensities and temperatures for year n will be published in n+1. In accordance with the commitments made to the SBTi, La Banque Postale will communicate these elements to the initiative by October 2022.

As part of its adherence to the Net-Zero Asset Owner Initiative, CNP Assurances also pledged to achieve carbon neutrality in its investment portfolio by 2050. By targeting the transition of its portfolio to net zero greenhouse gas emissions over the next 30 years, CNP Assurances hopes to help limit global warming to +1.5°C in line with the Paris Agreement. Early in 2021, CNP Assurances published the first set of targets for 2025 in terms of shareholder commitment and further reduction of the carbon footprint of the investment portfolio in line with the trajectory of the Paris Agreement:

- ▶ reducing the carbon footprint (scopes 1 and 2) of its directly-held equity and corporate bond portfolio by 25% between

2019 and 2024 (reduction target aligned with the IPCC +1.5°C trajectories⁽¹⁾),

- ▶ reducing the carbon footprint (scopes 1 and 2) of its directly-held real estate portfolio by 10% between 2019 and 2024 (target aligned with the Carbon Risk Real Estate Monitor's +1.5°C trajectories⁽²⁾). This new commitment follows an initial 41% reduction in emissions over the period 2006-2020,
- ▶ reducing by 17% between 2019 and 2024 the carbon intensity (scopes 1 and 2) of electricity producers in which CNP Assurances is a shareholder or direct bondholder (target in line with the +1.5°C trajectories of the One-Earth Climate Model⁽³⁾).

Rate of achievement of targets	at end 2020	at end 2021
Target to reduce the carbon footprint of the directly-held equity and corporate bond portfolio by 25% over the 2019-2024 period	65%	125%
Target to reduce the carbon footprint of the directly-held real estate portfolio by 10% over the 2019-2024 period	58%	100%
Target to reduce the carbon intensity (Scope 1 and 2) of the directly-held real electricity producers by 17% over the 2019-2024 period	172%	212%

6.2.4.1.3 Reducing the Bank's operational environmental footprint

Aware of its impact, La Banque Postale intends to reduce its direct greenhouse gas emissions from buildings, IT systems, employee travel (business and commuting), and paper consumption. In 2021, La Banque Postale Groupe's carbon footprint was 58,484 tCO₂eq., versus 66,184 tCO₂eq. in 2020.

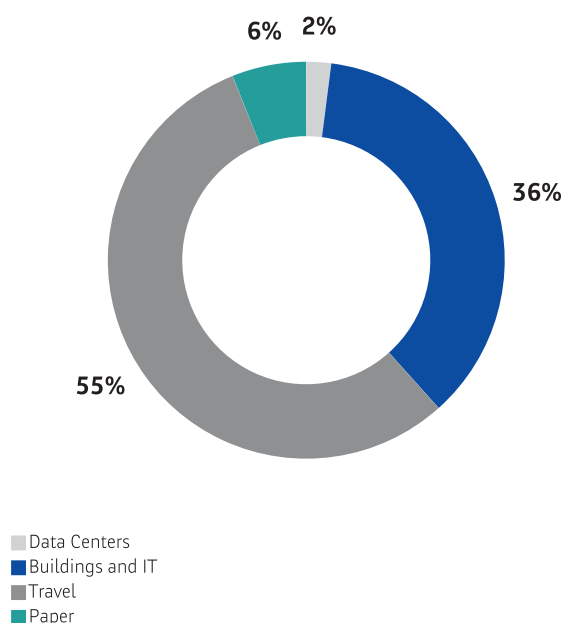
Excluding the CNP Assurances group, La Banque Postale's carbon footprint was 52,978 tCO₂eq. in 2021.

La Banque Postale continued to reduce its overall carbon footprint (-12%), notably thanks to a decrease in vehicle fuel consumption (-16%). Emissions from employee commuting also declined sharply (-28%), as did emissions related to business travel by plane (-34%). Like the previous year, 2021 was shaped by numerous restrictions on business travel and by an increase in home-working arrangements, helping to limit GHG emissions.

1) 2 IPCC Special Report on Global Warming of 1.5°C: trajectories with no or low risk of exceeding +1.5°C of global warming, also known as P1, P2, P3 trajectories.

2) <https://www.crrem.eu>

3) <https://oneearth.uts.edu.au>

**WEIGHT OF FOUR MAIN SOURCES OF EMISSIONS
IN LA BANQUE POSTALE'S CARBON FOOTPRINT****6.2.4.1.3.1 A carbon fund to reduce its direct environmental footprint**

La Banque Postale launched its first “Carbon Fund” in 2015 to take concrete action to mitigate its greenhouse gas emissions. This is an internal mechanism that monetises La Banque Postale’s carbon footprint. A total budget of more than €2.7 million for the first six rounds made it possible to finance three types of projects. Internally, it aims to reduce La Banque Postale’s GHG emissions. Externally, it aims to offset the balance of remaining emissions at the *national* or the *international* level. This budget is calculated on the basis of tonnes of equivalent CO₂ from GHG emissions generated by La Banque Postale’s three main emission sources – transport (business travel & home/work commute), buildings & IT and paper consumption (internal and external).

Financing for internal projects developed by employees

Calls for tenders are launched every year for internal projects, with winners selected on the basis of several criteria including economic profitability and the potential reduction in carbon emissions. The 75 projects which have already been financed by seven tenders since 2015 are directly contributing to achieving La Banque Postale’s goal of reducing its greenhouse gas emissions by 20%. Examples are the work to renovate and improve the energy efficiency of buildings, campaigns to raise awareness of sustainable development in partnership with NGOs

and non-profits, the setting up of fleets of electric bicycles and scooters, etc. Innovative pilot projects were also financed, including the installation of a solar water heater, an energy recovery unit for a refrigeration system and solar panels to supply some of a building’s electricity, planting a green roof for a company canteen and a ride-sharing platform for employees who commute. Since the launch of the Carbon Fund in 2015, the financed projects have together eliminated more than 4,500 tonnes of CO₂ emissions.

Financing for external national low-carbon projects

La Banque Postale, one of the first banks to have set up a Carbon Fund, is also the only one to date to have included financing for external environmental projects in France. Since 2015, it has funded, along with the Mail-Parcels-Services (*Branche Service-Courrier-Colis* – BSCC) Branch of Le Groupe La Poste, some 20 innovative pilot projects as part of the “Climat + Territoires”⁽¹⁾ program in France.

Under this program, La Banque Postale and the BSCC have since 2015 funded four forest projects for the forestation, reforestation and coppicing in the Massif Central region in partnership with the Massif Central public interest group and the CNPF (National Forestry Centre). Of these four projects, three received the *Bas Carbone*⁽²⁾ label in November 2019 and January 2020 for a 30-year period; the fourth project should receive the label soon. Once the site and document audits are completed, these pilot projects will be the first in France to generate carbon credits and should cut greenhouse gas emissions by over 3,000 tonnes of CO₂. In this way, La Banque Postale is helping to introduce local sustainable forestry management and new practices, which create jobs and protect biodiversity.

In 2016, La Banque Postale also financed the “Agr’eau” agro-ecology program⁽³⁾ run by the Association Française d’Agro-Forestierie (French Agro-Forestry Association) in the Adour-Garonne basin and in 2017, the *Ferme laitière bas-carbone*⁽⁴⁾ (Low Carbon Dairy Farming) program in partnership with the Centre National Interprofessionnel de l’Économie Laitière (National Inter-Professional Centre for the Dairy Sector) in the Grand Ouest and Grand Est regions. The La Poste Network adopted this same approach in 2017 by financing a forestry project of the ONF (the National Forestry Office) in the Hauts-de-France region. In 2018, La Banque Postale decided to support the *Carbocage* project which hopes to measure the storage potential of sustainably managed hedges in Pays de la Loire and Brittany, and experiment with a local carbon market. In 2019, La Banque Postale helped finance a forestation project in Vaucluse designed in particular to reduce the risk of fires in the Luberon Regional Park. For 2020, La Banque Postale decided to support, over several years, the *Carbocage* project whose replanting of hedges increases the natural storage of carbon in agricultural soils. This approach brings many co-benefits – positive impacts on biodiversity & water quality, the fight against soil erosion, enrichment of the soil with nitrogen – and contributes to the process of obtaining the Low Carbon label that is currently in progress. In 2021, the project consisted of the forestation of a 9-hectare meadow with 10 species. The forestation method chosen for this work is approved for the *Bas-Carbone* (low carbon) label. This project could generate

1) The purpose of the “Climat + Territoires” program is to support innovative socio-environmental projects in France, with a threefold objective: improve local environmental performance, encourage adaptation to climate change, and create value in the territories.

2) Created by the Ministry for the Ecological and Solidarity Transition, the *Bas Carbone* (low carbon) label is a national voluntary carbon certification scheme in line with the government’s goal of making France carbon neutral by 2050. The idea is to support the ecological transition at local level by offering financing opportunities to local projects designed to reduce emissions. Le Groupe La Poste’s support for these projects in France was a key factor in the creation of this label, available since April 2019.

3) This project aims to increase plant coverage using agroforestry techniques.

4) This type of farming, which promotes water-efficiency and soil regeneration and creates jobs, is used by 150 farms invested in the project and promoted by 25 partner structures. In use at 20 farms, this project supports agricultural practices that help reduce greenhouse gas emissions and increase carbon storage.

2,112 tCO₂ of footprint reduction subject to certification by the Bas-Carbone Label.

Financing external international projects for La Banque Postale's complete carbon neutrality

Since 2018, the Carbon Fund has financed carbon offsetting projects in line with international certification standards including the "Verified Carbon Standard". Currently, five projects receive support from La Banque Postale. The first project, *Pucallpa*, is intended to preserve the biodiversity and more specifically the natural habitats of plant and animal species of the Amazon forest by preventing deforestation and raising awareness of sustainable forestry in Peru. The second, "*Kitalu forest*", aims at reforestation and poverty alleviation by integrating educational programs and support to farmers in Kenya and Uganda. The third, "*Serragem*" promotes the use of biomass in Brazil. The fourth, "Cookstove", reduces the consumption of firewood through the distribution of cookstoves in Cameroon. And finally, the "*Yesil enerji*" project in Turkey consists of the conversion of waste into methane.

In 2018, La Banque Postale reached another milestone in its policy to combat climate change by becoming one of the very first banks in the world to announce that it was fully carbon neutral across its operational scope, including its subsidiaries and taking into account employee business travel and commutes.

A positive outcome leading to a seventh Carbon Fund

Building on the success of this initiative, La Banque Postale is currently rolling out the seventh round for all employees. Since the launch of the fund in 2015, the increase in the social cost of carbon from €7 to €10.50 per tonne has made it possible to use the same financial package, despite the decrease in emissions by La Banque Postale. In addition, the La Poste Network joined La Banque Postale in this approach in 2017. This new Fund promotes projects that foster energy efficiency at post offices where around 50% of activities are devoted to La Banque Postale's business lines. This commitment allows La Banque Postale to offer an effective mechanism to promote the reduction of its environmental footprint across the whole of its banking, financial services, subsidiaries and Banking Advice Line activities.

6.2.4.1.3.2 An energy performance policy for its buildings

In 2021, the share of greenhouse emissions related to building energy consumption accounted for 34% of La Banque Postale's carbon footprint from operations. La Banque Postale and its main landlord, Poste Immo, are committed to various structuring actions and real estate projects which concretely reflect the building energy performance policy. The policy, overseen by La Banque Postale's Real Estate Department has three main thrusts:

Promoting energy-saving renovations:

La Banque Postale's real estate department orders, on a regular basis, thermal insulation work for its premises, roof repairs, regulation of heating systems, the replacement of obsolete climate control systems and of boilers and the installation of LED lighting with movement detectors in communal areas.

For its real estate assets, the multi-year programming of work is carried out by the Poste Immo teams who implement the recommendations of its sustainable real estate policy.

La Banque Postale has also been able to identify actions for reducing energy consumption that will strengthen its 2016-2022 energy performance policy thanks to the implementation of an ISO 50001-certified energy management system (EMS).

Optimise the energy efficiency of real assets on a daily basis: "Buy better"

Since 1 October 2015, La Banque Postale has bought electricity from 100% renewable sources to power all of its major sites (over 36 KVA of power) representing more than 99% of its total energy consumption. This exemplary decision is consistent with Le Groupe La Poste's support of the RE100 Initiative which commits it to using 100%-renewable electricity to power its entire property portfolio managed by Poste Immo.

To improve the traceability of the renewable electricity consumed and to partially manage the risk related to the volatility of the electricity market, since 2018 Post Immo has studied the issues related to solar power self-consumption and the Green Corporate Power Purchase Agreement (or direct contact with electricity producers).

Several sites experimented with solar power self-consumption in order to technically but also contractually put in place the means for solar power production. This is the case, for example, at the Nantes Hotel des Postes site. Self-consumption makes it possible to secure part of a building's electricity needs by directly producing and consuming electricity from renewable sources, produced locally and at a controlled cost. Self-consumption of solar power reduces our vulnerability to changes in the price of electricity from the grid.

The Green Corporate Power Production Agreement not only aims to secure a portion of electricity costs and improve the traceability of electricity consumption, but also to support the development of the means of renewable energy production.

In 2021, La Banque Postale avoided 5,120 tCO₂ of emissions thanks to the scheme.

"Consume better"

La Banque Postale is working on a daily basis, alongside its property company Poste Immo and the subsidiary *Sobre Énergie*, to bring together the buildings it occupies in an energy management system. This project is being carried out at the Le Groupe La Poste level under the name "Puissance 10,000". This involves putting the 10,000 postal buildings under energy monitoring, in order to control and manage their energy consumption.

The result of this approach is an improvement of the environmental quality of the buildings occupied by La Banque Postale, as well as a reduction in operating costs through sustainable use and management of the buildings. This involves making occupants more aware of eco-friendly behaviour, optimising building equipment and ensuring all renovations incorporate energy performance by default and by design.

In the 13 La Banque Postale heritage buildings covered by the scheme, a 13% reduction in energy consumption between 2019 and 2020 (kWh net with climate correction) has been observed. This decrease is explained by the measures taken and by the events linked to the COVID crisis. It should be noted, however, that this reduction in energy consumption is less significant from a financial point of view. Due to the increase in energy costs, the decrease in the bill was only 9% over the same period for these buildings.

This approach has been certified ISO 50001 for a scope of 197 Le Groupe La Poste buildings, including 26 occupied by La Banque Postale.

This certification guarantees the implementation of a fully-fledged continuous improvement system for these buildings' energy management. This initiative includes: close monitoring of multi-fluid consumption through the data platform MARC (*Sobre Énergie's* software tool), a diagnostic review, instrumentation of environmental sensors (for measuring temperature, presence, luminosity and hygrometry), implementation of seasonal action plans (by the technical building management teams) and events aimed at gaining occupant buy-in.

The "Puissance 10,000" project complements the Green Lease approach initiated by Poste Immo in 2015 by industrialising the processes and making new tools available. The Green Lease approach made it possible to comply with the regulations relating to the introduction of environmental appendices and to anticipate the tertiary decree.

The latter, now called the *Éco Énergie Tertiaire* scheme, has been applicable since its publication in July 2019. It concerns 52 buildings occupied by La Banque Postale (majority or minority occupation).

As a reminder, this regulation requires those subject to it (lessors and lessees) to reduce their energy consumption by 2030, 2040 and 2050. It also requires certain information to be declared annually, including building consumption data in the ADEME (French Environment and Energy Management Agency) OPERAT platform.

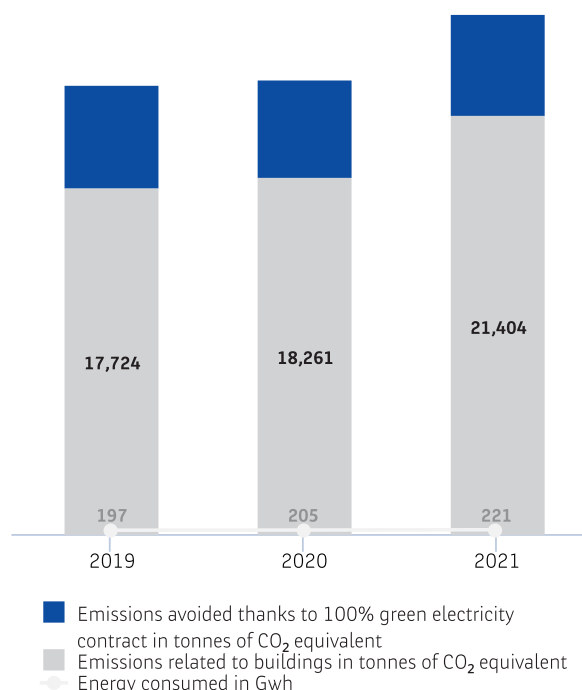
Work will need to be carried out from 2022 onwards to draft the roadmap for these buildings and meet these obligations.

Encourage employees to adopt eco-responsible behaviour

La Banque Postale conducts multiple awareness campaigns every year in the head offices and throughout the country thanks to its CSR Officers. They work to raise employee awareness of environmentally responsible behaviour by running campaigns on environmental practices, manning information kiosks and organising themed exhibitions.

Successful initiatives

The action taken as part of the building energy performance policy has enabled La Banque Postale to contain greenhouse emissions from its buildings in recent years, despite its growing business. La Banque Postale's CO₂ emissions from buildings fell by 55% between 2013 and 2021.



CNP Assurances is committed to obtaining environmental certification of its buildings. Energy renovation work carried out between 2014 and 2019 has put the Angers building on a path of energy saving and limiting its environmental impact, resulting in a 38% reduction in energy consumption compared to the reference year (2014). This initiative was perfectly in tune with the ambitions of France's Grenelle environment law and CNP Assurances' CSR policy.

CNP Assurances also embarked on an environmental certification process for operations, focused on HQE Exploitation (French standard) and BREEAM In-Use (British standard) for its two operating buildings in Angers (office building) and in Beaucazé (data centre). Following an audit by an independent body, CNP Assurances obtained these environmental certifications for both buildings in 2021. These certifications will optimise the buildings' energy performance as part of a continuous improvement process audited by an independent third party every year.

As a responsible investor, CNP Assurances has signed the Charter for Energy Efficiency in Commercial Buildings and has undertaken to reduce the energy consumption of its property portfolio by more than 20%.

In addition, following the renegotiation of the electricity supply contract for all sites, CNP Assurances committed to gradually increasing the proportion of renewable electricity to 100% by the end of 2022.

6.2.4.1.3.3 A responsible digital performance policy

La Banque Postale is committed to responsible digital practices through a continuous improvement approach. It combines reduced digital energy consumption for efficiency with inclusive technologies for human progress.

The Bank's Information Systems Department is heavily involved in this approach, and in particular in reducing its environmental footprint: each byte used or developed mobilises storage and transfer infrastructures, all kinds of terminals, electricity consumption, etc. It therefore carefully targets its energy reduction actions through concrete and measurable achievements and projects.

Digital technology, which is above all a source of progress, can also create a divide in the face of digital illiteracy, lack of equipment or internet access, or certain forms of disability: It therefore strengthens its commitment to deploying ergonomic, high-performance applications that are accessible to all, and ensures that its applications are compliant with the French General Accessibility Improvement Reference Framework (RG2A), in accordance with the French law on Equal Rights and Opportunities.

In recent years, La Banque Postale has put in place a range of measures to promote more responsible practices:

- ▶ La Banque Postale ensures that its desktop and laptop computers, as well as its screens, are EPEAT (Electronic Product Environmental Assessment) labelled, a label that measures the environmental impact of an electronic product. 82% of the Bank's computers and 93% of its monitors are certified;
- ▶ since 2018, La Banque Postale has been working with an organisation employing disabled persons for the reuse of disposed equipment. In 2021, more than 50% of the desktop and portable computers withdrawn from use were reconditioned in this way;
- ▶ New equipment such as lightweight terminals are being deployed with only a few watts of power consumption and no mechanical parts, which helps to extend the life of the equipment;
- ▶ at the design level, the Bank takes into account environmental and societal impacts in the different phases of projects, for example by favouring the re-use of existing architecture if it meets the need in an optimised way, or by ensuring impact and efficiency through the design of low-carbon solutions based on the essentials to avoid unnecessary strain on the infrastructure.

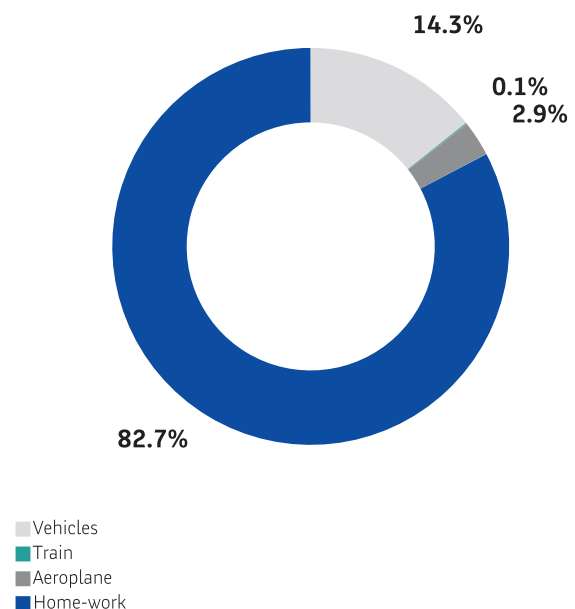
In 2021, all IT equipment – almost 140,000 items (a decrease of 3%) – was analysed. Its environmental impact is 8,491 tCO₂eq., i.e., an 8% reduction compared to 2020. The reduction in environmental impact is the result of the improvement in consumption calculations but also the replacement of the older equipment with more energy efficient items.

The success of the "Digital Responsibility" approach depends on many projects, but also on everyone's involvement. La Banque Postale implements change management to encourage the adoption of more responsible practices by each of its stakeholders.

6.2.4.1.3.4 A responsible mobility policy for employees

In 2021, the share of greenhouse emissions from employee travel accounted for just over 58% of La Banque Postale's carbon footprint (a decrease of 9% compared to 2020). La Banque Postale has taken various measures designed on the one hand to reduce the number of journeys made by employees, and on the other hand to encourage them to use more environmentally friendly modes of transport. The responsible mobility policy applies to both business travel (rail, air and road) and employee commutes. In 2021, the emissions from these journeys broke down as follows:

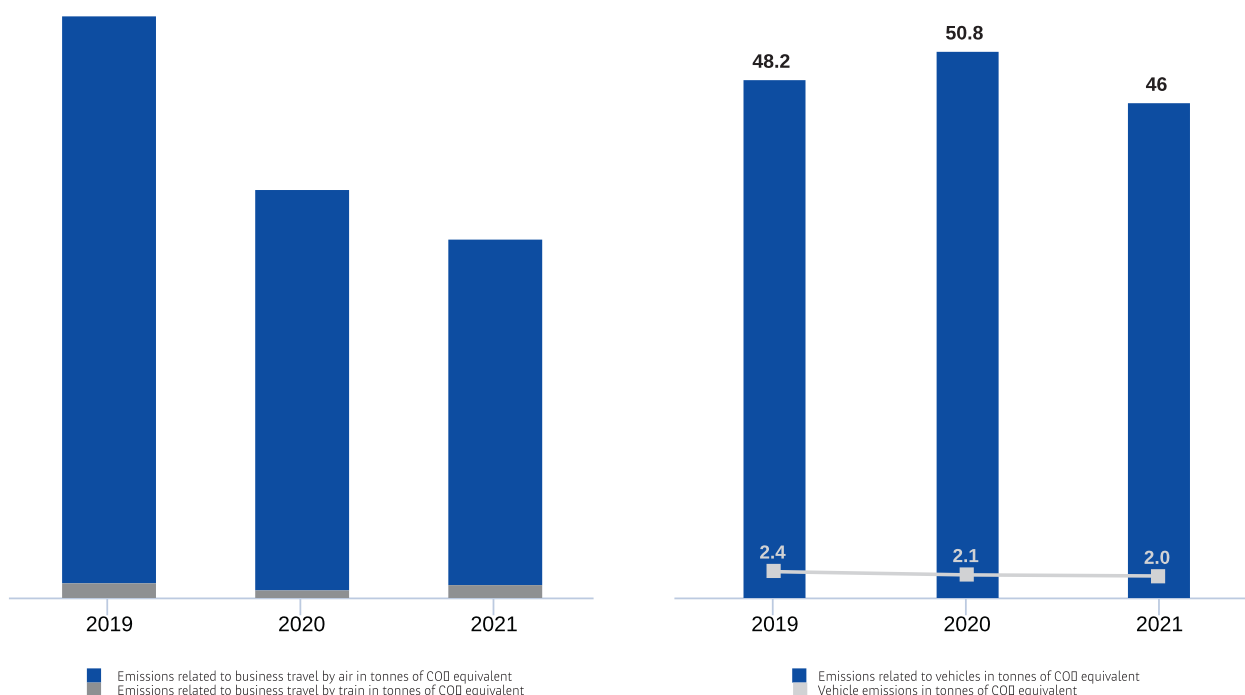
EMISSIONS FROM TRAVEL



Like the previous year, 2021 was shaped by numerous restrictions on business travel and by an increase in home-working arrangements, helping to limit GHG emissions.

The GHG emissions of La Banque Postale's car fleet fell by 16%. In addition, the emissions released per vehicle fell by 12%.

It should be noted that, at the end of 2021, La Banque Postale also reviewed its policy in terms of company cars and introduced incentives for employees to use electric and hybrid vehicles. The fleet of company cars will thus be composed exclusively of electric or hybrid cars within three years (the time required to renew the entire fleet). The transformation of the fleet will make a significant contribution to achieving the Scope 1 emissions reduction target of 46% over the period 2019-2030.



La Banque Postale’s travel policy provides guidelines for what mode of transport employees should use, depending on the destination. It encourages low-emission transport *i.e.*, by train for all travel in mainland France, apart from exceptional circumstances. Air travel is strictly for travelling to French overseas departments and other countries. In 2021, employee train journeys accounted for 23 tCO₂eq. and air travel accounted for 474 tCO₂eq. 2021, like the previous year, was marked by travel restrictions linked to the health crisis, resulting in a drop in GHG emissions for the period.

Thanks to the employees who answered the home-work survey, La Banque Postale was able to calculate CO₂ emissions from employee commutes across its entire scope. In 2021, these emissions amounted to 26,264 tCO₂eq. (down 28% compared to 2019). Due to the lockdowns and home-working days recommended by the authorities, the development of home-working has significantly changed the way people work, resulting in a significant reduction in commuting. The results of this survey thus show an 18% reduction in the number of kilometres travelled by Bank employees between 2019 and 2021 (228 million kilometres in 2019 compared to 186 million km in 2021). In terms of total kilometres travelled, there was a slight increase in the number of kilometres travelled solo by car (+2%), a small decrease in carpooling (-1%) and large decreases in other modes of travel: public transport (-36%), two-wheelers (-59%) and bicycles/EVs/scooters/walking (-67%).

In order to meet the needs expressed during the employee consultation in May 2021, La Banque Postale will implement a new mobility policy in the first quarter of 2022 with the launch of the “Mobility Package” which will financially encourage employees to use alternative means of transport to the car and thus promote soft mobility while contributing to a reduction in CO₂ emissions.

6.2.4.1.3.5 Responsible paper consumption

A total of 3,739 tonnes of paper was consumed in 2021 (compared with 3,595 tonnes in 2020), representing a 4% increase across the entire La Banque Postale scope, due in particular to the addition of the CNP Internationale, KKBB and LBP AM subsidiaries to the scope and to a greater number of employees working on site in 2021 than in the previous year in view of the health crisis.

In 2021, the portion of “responsible” paper, in other words, recycled or sourced from sustainably managed forests, was 92.4%.

Total paper consumption fell by 62% between 2013⁽¹⁾ and 2021 after the Banking Advice Line was added to the reporting scope for paper in 2013. The decrease was primarily due to a 61% drop in “external” paper consumption for customers and communication thanks to a paperless policy (e.g., online statements), and a 67% decline in “internal” paper consumption, notably owing to greater awareness and accountability of employees concerning paper consumption. Since 2014, till receipts have not contained any bisphenol A.

6.2.4.1.4 Managing the environmental footprint of La Banque Postale’s products and services

La Banque Postale has made strong commitments to decarbonising its activities (see Sections 6.2.4.1.1 “Zero net emission commitments” and 6.2.4.1.2 “Commitments to reduce greenhouse gas emissions”). These commitments lie at the heart of its climate strategy, and controlling indirect greenhouse gas emissions from its products is a key issue.

La Banque Postale has been taking environmental criteria into account in the construction of its offers for several years now (see Section 6.2.2.1 “Applying non-financial criteria to banking, asset management and insurance activities”). In 2021, it formalised robust sectoral policies aimed at supporting economic players in the low-carbon transition (see Section 6.2.2.2 “Implementation of demanding sectoral policies”), and it has a range of products and services for all of its private customers and legal entities that contribute to the energy transition (see Section 6.3.2.1.2 “La Banque Postale, a player in the energy transition thanks to dedicated offerings”).

La Banque Postale can also rely on its responsible refinancing policy in its decarbonisation efforts. On 15 April 2019, the Bank successfully issued its first green bond for €750 million with a 10-year maturity. The funds raised through this issue will be used to refinance projects in the renewable energies sector (onshore/offshore wind and solar farms) in Europe, mostly in France. The issue was oversubscribed by a factor of 3.3 by over 130 different European investors, most of whom are responsible investors. In accordance with its commitment, La Banque Postale annually publishes an allocation and impact report, which allows investors to see how the fund is being allocated and assess the environmental impact of their investments. The projects refinanced by this green bond will help achieve the United Nations Sustainable Development Goals (SDGs) No. 7 (clean affordable energy) and No. 13 (climate action) and avoided in 2020 the emission of 64,444 tCO₂eq.

Another element contributing to the measurement of its environmental footprint and exposure to climate risk is La Banque Postale’s use of a methodology to measure the carbon intensity of its CIB (Corporate and Investment Bank) activity. By applying this method, developed by La Banque Postale Asset Management, to non-sovereign bond holdings, the Bank is able to limit its exposure to securities with the highest greenhouse gas emissions. At the end of December 2021, the carbon intensity of “non-sovereign issuers” was 109.29 tCO₂/€m invested.

La Banque Postale intends to become a regular issuer in the green, social and sustainable bond market. It has thus issued a social bond in 2021 (see Section 6 – 6.3.2.1.2.3 “Project financing and refinancing”). La Banque Postale’s Retail Banking business and BPE, its private banking subsidiary, have marketed their first “green” themed structured debt securities issued by La Banque Postale, respectively LBP Eurogreen 80 Autocall March 2029 and BPE Green France 2031 targeting the sustainable mobility and renewable energy financing of the CIB’s Asset and Project Finance team. Through these operations, La Banque Postale reaffirms its commitment to environmental and social issues.

With regard to asset management, in accordance with Article 173 of the LTECV, La Banque Postale Asset Management publishes an annual report on its website about its contribution to the fight against climate change⁽²⁾. La Banque Postale Asset Management structured its 2020 Energy Transition report by relying on the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), in order to increase its transparency on managing its climate-related risks. The report includes indicators for measuring the average carbon intensity of its portfolios, the exposure of La Banque Postale Asset Management’s investments to climate risks and to companies linked to the coal industry, as well as the investments made by La Banque Postale Asset Management in solutions that facilitate energy transition. The calculations are carried out for equity funds open to the public and for open funds invested in corporate bonds. The inclusion of the TCFD proposals is in line with La Banque Postale Asset Management’s support for these recommendations in 2018 and led to a significant modification of the document in 2021 compared to its first version.

In line with its aim of being a 100% responsible and climate-committed investor, La Banque Postale Asset Management wants its asset management to follow a trajectory consistent with the Paris Agreement goal of limiting the global temperature rise to 1.5°C by 2100. La Banque Postale Asset Management therefore retained the P2 scenario of the Intergovernmental Panel on Climate Change (IPCC), which defines a decarbonisation trajectory that will limit the increase in average temperature to 1.5° C in 2100, implying zero net global greenhouse gas (GHG) emissions in 2050.

This scenario was retained because the IPCC demonstrated that the negative impacts of climate change will be significantly diminished by limiting warming to 1.5°C rather than 2°C and because “negative emissions” technology only makes a marginal contribution to achieving neutrality.

Following the logic behind the P2 scenario, which is to promote sustainability through a far-reaching transformation of society, LBPAM laid out a three-part climate strategy for managing risks and increasing climate-related opportunities in investment decisions:

1. reducing exposure to high-carbon assets;
2. optimising the choice of companies and sectors in the portfolio;
3. increasing investments in companies that provide a solution to the energy transition and contribute to the fight against global warming.

1) Allocated to “external consumption”, i.e., correspondence sent directly to customers and marketing.

2) Report published in 2020 and available at: https://www.labanquepostale-am.fr/media/rapport_lte_2020_de_lbp_am.pdf

LBPAM calculated a set of indicators for this report in order to assess its climate response actions. Some of these indicators are already included in the management of the portfolio, such as exposure to thermal coal or the pillar E rating for all the labelled funds. Others were calculated ex-post and are not actively monitored in the investment decisions. These indicators nonetheless enable us to establish La Banque Postale Asset Management's climate roadmap for the coming years.

La Banque Postale Asset Management significantly increased its commitment activities in 2021, concentrating on three “high-stake” sectors in terms of their contribution to global energy-related CO₂ emissions: electricity production, mining and oil & gas production. These actions were carried out at different levels: voting policies in General Shareholders' Meetings, individual commitments and collective commitments. In addition, La Banque Postale Asset Management has strengthened its dialogue with the issuers concerned by the application of its coal policy, and has participated in four collaborative engagement campaigns in 2021 through the Climate Action 100+ initiative.

Shareholder dialogue plays a prominent role in La Banque Postale Asset Management's coal policy. When issuers' communication lags behind scientific recommendations, La Banque Postale Asset Management's SRI analysts engage with these companies to encourage them to revise their strategy to align it with science and take into account the principles of the just transition, in order to minimise the social impacts related to decommissioning assets.

Applying the coal policy prompted LBP AM to divest 100% of its positions in issuers not aligned with scientific recommendations and engage a dialogue with 11 issuers in order to clarify their coal exit plan and determine whether they will be excluded or not from investment universes.

La Banque Postale Asset Management also assessed its exposure to hydrocarbons other than thermal coal insofar as the share of oil or gas in global production of primary energy should be cut in half between 2020 and 2050 under scenario P2. At the end of June 2021, La Banque Postale Asset Management's exposure to issuers in the oil and gas sector amounted to €905 million *via* its open-ended funds. With nearly 90% of its holdings in equities, La Banque Postale Asset Management is in a position to exercise its voting rights at shareholders' meetings, as well as to engage with the issuers concerned to encourage them to implement a strategy of reducing the most carbon-intensive resources in their portfolio. The climate optimisation of La Banque Postale Asset Management's portfolios is based on a methodology that combines qualitative and quantitative approaches to identifying climate-related risks and opportunities. Two tools are thus mobilised to ensure that the climate issue is systematically taken into account in La Banque Postale Asset Management's portfolios: the rating of the Energy (pillar E) and Economic Transition and the *ex-post* measurement of the GHG emissions for all the portfolio's securities.

The E pillar retranscribes the quality of the climate strategy of each issuer in the investment universe through a rating from 1 to 10, with 1 being the best score. The rating is based on two main components: the management of climate risks (GHG emissions, exposure to transition and physical risks, carbon asset holdings) and the contribution to the energy transition of the issuer's product and service offer (measurement of revenue and/or EBITDA). This analysis is based on some 15 indicators collected from specialised rating agencies.

La Banque Postale Asset Management measures its GHG emissions by evaluating the carbon intensity of its investments,

i.e., the GHG emissions of companies expressed in tonnes of CO₂ equivalent in relation to the amounts invested. By waiting to be able to rely on an accurate and reliable “temperature” of the portfolios, La Banque Postale Asset Management considered this metric more robust for objectively assessing the emissions financed and measuring the progress achieved from one year to the next. In addition to scope 1 and 2, this metric integrates the scope 3 emissions in order to have a complete picture of the companies, their value chain, and the contribution of their products and services to the energy transition.

At the end of June 2021, the carbon intensity of LBPAM's open-ended funds was 558 tonnes of CO₂ equivalent per million euros invested.

Exposure to transition risks is the second indicator used by La Banque Postale Asset Management to assess climate risks, particularly the financial cost associated with climate change. To do so, La Banque Postale Asset Management relied on Carbon Delta's methodology, which assesses both the political and technological risks related to the energy transition. Physical risks are measured with the help of a probabilistic model which determines the present value of the costs borne by an issuer following physical damage to its assets caused by a weather event related to the intensification of climate change (drought, heat waves, hurricane, rise in sea level, etc.). The first work carried out in 2020 showed that the exposure of La Banque Postale Asset Management's open-end funds to transition and physical risks was significantly less than that of the assets' representative benchmark.

The climate opportunities in the portfolios are managed at a first level *via* sustainable themes related to the energy transition: renewable energies, sustainable transport & mobility, circular economy, sustainable agriculture & food and green buildings. The “solutions” companies eligible to exploit these opportunities are those that generate at least 20% of their revenue from products or services contributing to meeting the energy transition challenges (production of renewable energy, waste recycling, thermal insulation of buildings, etc.).

The second level of management is located at the level of green bonds, an asset class whose purpose is to finance projects that contribute to the energy transition. La Banque Postale Asset Management has developed a two-step proprietary analysis methodology for assessing the contribution of these bonds to the decarbonisation of the economy: global assessment of the issuer's climate strategy and analysis of the green bond's contribution to the energy transition.

La Banque Postale Asset Management thus manages and markets two funds for which the energy transition and environmental protection are central to the investment strategy: LBPAM ISR Actions Environnement and LBPAM ISR Green Bonds Flexible. Having obtained the Greenfin label created by the Ministry for Ecological Transition, these two funds enable customers to contribute to decarbonisation of the economy, while gaining exposure to the equity and bond markets.

In 2019, CNP Assurances joined the Net-Zero Asset Owner Alliance, an initiative supported by the United Nations that aims to strengthen commitments to implement the Paris Agreement on climate change. As a member of the Alliance, CNP Assurances has committed to having a carbon-neutral investment portfolio by 2050. By targeting the transition of its portfolio to net zero greenhouse gas emissions over the next 30 years, CNP Assurances hopes to help limit global warming to +1.5°C in line with the Paris Agreement.

As part of this long-term commitment, CNP Assurances and the other members of the Alliance will take into account advances in available scientific knowledge, particularly the conclusions of the IPCC, and will regularly report on the progress made by setting interim objectives every five years to 2050. Early in 2021, CNP Assurances published the first set of targets for 2025 in terms of shareholder commitment and further reduction in the carbon footprint of the investment portfolio in line with the trajectory of the Paris Agreement (see 6.2.4.1.2 Commitments to reduce greenhouse gas emissions).

Thus the commitment to reduce the carbon footprint of the directly-held equity and corporate bond portfolio by 25% over the 2019-2024 period enables CNP Assurances to reinforce its dialogue with issuers. In keeping with its shareholder engagement policy, CNP Assurances engages in discussions with the management of the companies emitting the most greenhouse gases to ensure that they are aware of the risks and opportunities associated with the energy transition, and to help them as long-term investors in this transition towards a carbon-neutral economy. In 2021, 84% of direct dialogue was focused on climate strategies.

In order to meet its commitment to reduce the carbon footprint of its directly-held real estate portfolio by 10% over the period 2019-2024, CNP Assurances is seeking to apply the best environmental standards, certifications or labels to these assets. Moreover, CNP Assurances asks management companies to also sign the Charter on the Energy Efficiency of Public and Private Tertiary Buildings. Last year, CNP Assurances worked with its management companies to prepare for the application of the tertiary decree. This French regulation imposes reductions of 40%, 50% and 60% in energy consumption in buildings dedicated to tertiary activity by 2030, 2040 and 2050 respectively.

6.2.4.2 Promote the emergence of a circular economy

6.2.4.2.1 Contribute to the dynamics of the circular society

Offer paper and card recycling via the Recygo solution

Recygo, the company created by SUEZ and Le Groupe La Poste, is mobilising in support of the environmental and energy transition. Specialised in the sorting and recycling of office waste, its offer is proposed by the Mail-Parcels-Services Branch of Le Groupe La Poste

Eco'belles®, boxes in which the papers are inserted, are distributed to employees. The company's maintenance personnel empty these Eco'belles® into a centralised container provided by La Poste to simplify logistics. Postal carriers then carry the contents away during their rounds, a collection method covering all of France, even the most remote areas and without emission of additional CO₂. Through these optimised logistics, the contents are transported to players in the social and solidarity economy for sorting or shredding before shipment to paper producers-recyclers in France.

In line with the Group and its CSR policy, La Banque Postale has been using the Recygo paper service at its financial and national centres since 2013.

In 2021, Recygo collected 846 tonnes of paper for recycling from La Banque Postale Group.

Waste electrical and electronic equipment collection

Like any other company in the service sector, the management of end-of-life WEEE is an important challenge for waste management policies. At La Banque Postale, and all other entities of Le Groupe La Poste, PAPREC and LOXY are the companies responsible for handling most of its WEEE collection and recovery. LOXY, a company in the disabled employment sector, collects and processes IT and electronic equipment, giving them, insofar as possible, a second life. In its ongoing search to minimise its carbon impact, La Banque Postale has used this integrated solution since 2018. The Banking and Insurance IT Department (DSIBA) has also had a WEEE treatment and recycling policy since 2012, in cooperation with PAPREC. This company is in charge of receiving, disassembling and processing WEEE.

In total, just over 95 tonnes of WEEE were collected across the La Banque Postale scope (excluding CNP Assurances) in 2021, a 3% decrease compared to the previous year. Of the 5,390 devices categorised⁽¹⁾ as having "second life" potential, 2,796 were directed toward reuse, i.e. a reconditioning rate of more than 50%. As for the materials not reused, 86% of the tonnage is recycled and recovered as energy.

Develop the reuse of cartridges from the Distribution Network

In 2021, the teams of the post office branches and management sites continued the collection and shipping of used cartridges in partnership with Lexmark. Lexmark has adapted its offer to simplify the return of cartridges from the Network.

Thanks to the efforts of our employees and our partner (sorting, cleaning and testing), the La Poste Network was able to reuse 95% of Lexmark cartridges and recycle the remainder, thanks to a zero waste and zero incineration supplier policy for all brands collected. The remanufactured cartridges follow the same manufacturing process as new cartridges during reconditioning (replacement of used or faulty parts, tests, quality control).

In 2021, 2,884 cartridges, i.e. 4,125 kg of material, were processed at La Banque Postale sites. This represents 13,726 kg of CO₂ emissions avoided or 5,823 litres of petrol saved.

Implement the recycling of ATMs

As part of its circular economy strategy, La Banque Postale's Purchasing Department (DHA) has implemented an ATM parts recovery scheme. Any WEEE from ATMs which are not recovered or cannot be repaired are destroyed in line with decree 2005-829. As well as offering a real economic opportunity, this scheme ties in with the DHA's strong commitment to developing CSR initiatives with its partners.

1) Categories: Servers, Desktops, Lightweight terminals, Laptops, Notebooks, Lightweight Laptops, Tablets, Smartphones, Monitors, Printers.

In 2020, La Banque Postale undertook a new action in line with the Group's SRI approach. Many of La Banque Postale's still functioning ATMs are stored on construction platforms. Some are not redeployed on our sites for strategic reasons. The Purchasing Department has decided to resell these ATMs to recycle them rather than destroy them. Once they have been received by La Banque Postale's service provider, the ATMs are inspected in order to verify that they are in working order. Then, they are sent to other countries, for example in Africa, either for reuse or resale as spare parts. The ATMs that cannot be reused are destroyed.

6.2.4.2.2 Combat food waste and raise employee awareness of the circular economy

The catering package from the DNAS (National Social Activities Directorate) at Le Groupe La Poste, which manages a portion of La Banque Postale's catering facilities, includes various initiatives to promote responsible collective catering by combating food wastage and encouraging healthy eating.

The specifications for collective catering include CSR requirements, notably with regard to combating waste. They include:

- ▶ procedures and methods to avoid daily waste and food loss. Some examples can be mentioned: taking inventories before placing new orders, analysing diner numbers in order to adjust the volumes produced daily, FIFO (First In First Out) stock management, etc.;
- ▶ raising the awareness of catering teams: daily briefings, encouraging greater communication with diners to serve appropriate portion sizes based on individual needs;
- ▶ since June 2018, catering managers have been receiving eco-training. Despite the public health crisis, this training continued in 2021 through remote sessions. By the end of September 2021, 100% of the catering managers had been trained. During the course, participants learn about best practices to prevent waste. By the end of the training day, they are offered tools so that they can in turn train the rest of their catering teams;
- ▶ since 2020, communication campaigns devoted to CSR topics have been set up within the catering outlets. They contribute to raising awareness among diners, particularly on the subject of food waste and the circular economy.

Five powerful moments marked 2021:

- ▶ a campaign to raise awareness of the environmental impact of employees' food choices. This campaign took place from 31 May to 4 June 2021. It highlighted low-carbon dishes that were alternatives to animal protein and rewarded diners who chose these dishes with a bracelet of sproutable seeds. During this event, a dietician made a presentation to some of the catering outlets, informing employees about the richness of the varieties of cereals and legumes and their nutritional benefits;
- ▶ An *Objectif 0 gaspi!* (Objective Zero Waste!) campaign. The event took place from 21 to 25 June 2021, during which

collection bins for leftover bread on diners' trays were used. These bins had a transparent gauge to make diners aware of bread waste. A new waste weighing campaign was also carried out, which showed a 15% decrease in waste left on the lunch trays compared to the previous campaign;

- ▶ The European Week for Sustainable Development took place from 20 to 24 September 2021. As in 2020, this communication campaign focused on highlighting impactful eco-gestures. Five initiatives were implemented: the promotion of seasonal products, the promotion of local products and responsible fishing, a new incentive to "finish your plate" with an "empty tray" operation and a "no receipt" day to limit paper waste;
- ▶ Taste Week, which took place from 11 to 15 October 2021, honoured professionals in the catering trades. This campaign raised awareness among employees of the importance of eating well and the quality of food products;
- ▶ European Waste Reduction Week took place from 22 to 26 November 2021, with the organisation of a new food waste weighing campaign to measure the impact of all the awareness-raising activities carried out throughout the year, both on the catering teams and employees. To focus further on waste, the campaign highlighted the "3R" logo: Recycle, Reduce and Reuse, including the sale of water bottles to encourage people to stop drinking bottled water and to reuse containers. Finally, the "Too Good To Go" experiment was continued in 2021. At the end of the meal service, meals were offered to the employees in the form of "surprise baskets" at an attractive price in order to limit food losses and fight food waste.

In addition to this campaign, in 2019 CNP Assurances' corporate restaurants committed to the *Mon Restau Responsable* approach. Launched in 2016 by the Fondation pour la Nature et l'Homme and the Restau'Co network (interprofessional foodservice network), it aims to promote healthy and sustainable food. The initiative, which is part of CNP Assurances' CSR approach, covers five principles of action: combating food waste, working with local players, respecting the seasonality of produce, reducing cooking losses and increasing the proportion of vegetable proteins.

6.2.4.3 Committing to biodiversity

Climate change and the preservation of nature and biodiversity are two interrelated emergencies. Fully aware of these issues and the fact that our economic model is based on these limits, La Banque Postale has made respecting the planet's limits a core part of its company purpose.

La Banque Postale is already integrating biodiversity-related issues. Companies with a high impact on deforestation are also excluded under La Banque Postale's responsible financing and Investment Charter. Within the framework of the carbon fund, La Banque Postale finances National external projects with a low-carbon label and international external projects that aim to preserve biodiversity.

In order to go further, and despite the complexity of understanding biodiversity issues, in September 2021 La Banque Postale signed the *Finance for Biodiversity Pledge*, a global initiative that aims to restore and preserve biodiversity in investment and financing activities. More specifically, the bank is committed to the following by 2024:

- ▶ collaborating and sharing knowledge and methodologies on assessment, biodiversity metrics, funding approaches with other signatories;
- ▶ supporting companies in their efforts to reduce their negative impacts and enhance their positive impacts;
- ▶ assessing the positive and negative impacts of financing and investment activities on biodiversity, and identifying the key drivers of biodiversity loss;
- ▶ setting targets to increase positive impacts and reduce negative impacts.

In order to meet this commitment, La Banque Postale aims to develop a biodiversity policy.

Pending a more in-depth measurement of its impacts, La Banque Postale was able to carry out an initial estimate of its biodiversity footprint on a limited scope of the corporate issuers pocket in its CIB activity. Due to the limited data available for this measurement, only 25% of this portfolio was analysed. La Banque Postale used the Biodiversity Impact Analytics database powered by the Global Biodiversity Score™ (BIA-GBS), developed by Carbone 4 and CDC Biodiversité. Within this scope, the biodiversity impact intensity corresponds to 27 MSA per billion euros invested.⁽¹⁾

La Banque Postale and its two subsidiaries, CNP Assurances and La Banque Postale Asset Management, have signed the *Financial Institution Statement ahead of the Convention on Biological Diversity COP1*. This call to governments, including the Finance for Biodiversity Foundation, aims to encourage governments to align with a post-2020 framework for global biodiversity management and to strengthen national strategies, regulations and reporting requirements and the elimination of subsidies that are harmful to ecosystems and biodiversity.

In terms of impact on its operational perimeter, La Banque Postale relies in particular on the actions of its main building lessor, Poste Immo, which has been working since 2012 to take biodiversity into account through local initiatives or by participating in the drafting of editorial content to encourage the consideration of biodiversity by real estate players. An overhaul of Poste Immo's sustainable property policy was completed in 2020, with four pillars including biodiversity. 2021 was therefore the year in which the work on the biodiversity policy was launched in line with the other pillars of energy, climate and the circular economy. It is now based on three ambitious commitments: reducing the biodiversity footprint, regenerating ecosystems, and reconnecting living things. To give a few examples of initiatives: updating the mapping of the postal network of sites near an Ecological Interest Zone available to operational teams to identify targeted actions supporting and maintaining biodiversity; integrating pollinators at postal sites; and various concrete initiatives within the framework of sponsorship partnership agreements signed on 26 March 2019 with the French League for the Protection of Birds.

Finally, in order to raise awareness and recognition of biodiversity preservation issues by its stakeholders,

La Banque Postale has signed a partnership agreement with Cyril Dion for the film ANIMAL. Raising employees' awareness of biodiversity issues is essential in order to encourage them to review their individual behaviour and to motivate them to integrate biodiversity considerations into their daily work. In the wake of the film partnership, La Banque Postale has launched an internal communication and awareness campaign on biodiversity.

La Banque Postale Asset Management, alongside La Banque Postale, is actively participating in various working groups as part of the signing of the *Finance for Biodiversity Pledge*, which is naturally part of La Banque Postale Asset Management's roadmap.

La Banque Postale Asset Management is already integrating biodiversity into its policies, particularly through its GREaT rating model, which uses one of the criteria in its scoring model, and with a sectoral policy which excludes operators and traders who have not implemented a recognised strategy to prevent deforestation.

In 2021, La Banque Postale Asset Management also entered into a partnership with Carbon 4 Finance to measure the biodiversity impact of its funds, using the Biodiversity Impact Analytics database powered by the Global Biodiversity Score™ (BIA-GBS). Thanks to this partnership, La Banque Postale Asset Management has acquired an additional impact measure that allows it to analyse numerous pressure points on biodiversity, such as climate, pollution and overexploitation of resources.

CNP Assurances, which is also a signatory to the Finance for Biodiversity Pledge, has set itself the following objectives:

- ▶ measuring the biodiversity footprint of the entire directly-held equity and corporate bond portfolio by the end of 2023,
- ▶ carrying out an inventory and analysis of the impact on biodiversity of directly-owned logistics platforms by the end of 2022,
- ▶ measuring the biodiversity of 100% of woodland assets by the end of 2025,
- ▶ devoting 3% of woodland to areas of older growth and natural growth by the end of 2025.

CNP Assurances benefits from sustainable management by the Société Forestière, which has defined the biodiversity preservation objectives for the next five years within a Sustainable Management Charter. The "Green Works" Charter imposes rules on the companies managing its real estate portfolio to protect biodiversity, such as respect for ecosystems during the construction phase, but also the choice of materials with a limited impact on the environment, and reduced waste and water consumption.

CNP Assurances has carried out an initial test to measure the biodiversity footprint of its directly-held equity and corporate bond portfolio using the Corporate Biodiversity Footprint, a method developed by I Care & Consult and Iceberg Data Lab. Iceberg Data Lab provided data on companies in the sectors which have the greatest impact on biodiversity. On this scope covering 11% of the portfolio, the biodiversity footprint was estimated at -14 MSA sq.m.⁽²⁾ per thousand euros invested at the end of 2020.

1) The MSAppb (MSA parts per billion) indicator aggregates terrestrial and aquatic impacts and expresses them as a fraction of their total available quantities (surface area*100%).

2) The impact is measured in MSA.sq.m. per year, which corresponds to development of one sq.m. of virgin natural space. This scientifically recognised metric allows companies to be compared across several sectors.

6.3 COMMITMENT TO CUSTOMERS

Being a community-engaged bank means supporting the business lines and subsidiaries as they devise a product and service offering that meets the challenges of the just transition and allows the Bank's customers to be players in this transition. It also means integrating an upstream impact assessment into product design and financing and investment processes, in the

same way that risk and return are traditionally assessed by a bank. Thus, by renovating the internal product design tool and rolling out the project to create an environmental and social impact measurement indicator, La Banque Postale will be meeting its community commitments.

6.3.1 An inclusive product and service offer for as many people as possible



6.3.1.1 Banking products & services and support accessible to the most vulnerable

6.3.1.1.1 La Banque Postale's accessible banking mission

The legislator entrusted Le Groupe La Poste with four public service missions including the accessible banking mission that Le Groupe La Poste implements through its subsidiary La Banque Postale. This mission guarantees universal and non-discriminatory access to free, simple and indispensable banking services for people who are excluded from traditional banking services or who have specific needs.

La Banque Postale's *Livret A* account is the key product underpinning the accessible banking mission, as it is available to everyone, easy to set up and use and reassuringly safe. The mission entails specific obligations for La Banque Postale in terms of the distribution and operation of the *Livret A*, notably the obligation to open an account for anyone who makes a request (the principle of the "universal nature" of the *Livret A*), the obligation to allow cash withdrawals or deposits starting at €1.50 and to authorise certain essential transactions (such as the payment of social security benefits and direct debits for subsidised housing rents and water, gas or electricity bills) and to provide a cash withdrawal card that can be used in La Banque Postale's distribution network.

To carry out this mission, La Poste and La Banque Postale provide a reception and advisory system throughout the country which guarantees real accessibility. They have also developed a human support ecosystem consisting of a wide range of services – translation, budget advice, agreements with non-profits – to facilitate the social and financial integration of people who do not have a bank account and/or whose situation limits their access to traditional banking services.

Based on the way it is used by close to 1.4 million customers, La Banque Postale's *Livret A* account is the only such service available for free in France for these vulnerable or excluded customers. Backed by an ecosystem of services and a dense network, it provides crucial day-to-day support and the ability to make low-value cash transactions.

At the end of 2021, nearly 49.62% of La Banque Postale's *Livret A* accounts held by retail customers, i.e., about 7 million accounts, had a balance of less than €150. These accounts, which amount to 0.23% of deposits outstanding, nonetheless generate very substantial management costs because they are the most frequently-used savings accounts, accounting for 45.4% of the transactions made on *Livret A* accounts (of which 32% withdrawals).

In order to improve accessible banking for asylum seekers, the list of migrant referral branches and of branches acting as contact points for administrative holding centres has been updated. There are now 360 branches offering some form of special reception services. They were put into place to meet three goals: encourage social integration, combat all forms of discrimination during the customer reception process, and facilitate accessible banking among these populations. Post office workers at these branches have received training in how to open *Livret A* accounts for asylum seekers, and have a thorough understanding of the various administrative situations and eligible documents. They also have a special relationship with mediators from the French Office of Immigration and Integration (OFII). A new partnership agreement was signed in September 2020 by the OFII, La Poste and La Banque Postale, and the number of referral branches was adjusted in line with the new Government-registered centres.

6.3.1.1.2 Support for financially-vulnerable customers

The term "financially-vulnerable customer" is defined by regulation (article R.312-4-3 of the French Monetary and Financial Code), although the banks themselves are required to establish more generic definitions.

Since 1 November 2020, the effective date of the decree of 20 July 2020, the definition of financially-vulnerable customers has changed. La Banque Postale uses the term financially vulnerable to describe any customer who meets one of the following criteria:

- ▶ whose bank account deposits are below the poverty line i.e., €1,063 per month in 2021;
- ▶ who uses the *Simplicité* account option;
- ▶ who benefits from the basic banking service (as part of the Right to an Account scheme);

- ▶ who is over-indebted and whose assessment request has been declared admissible and regardless of the measure of the plan (including when the debt has been cancelled), until they are no longer listed on the FICP (French Register of Household Credit Repayment Incidents);
- ▶ who is listed on the French FCC (Central Cheque Register), which identifies customers who by court order or due to cheques issued without sufficient funds are prohibited from issuing cheques or using a bank card, effective from the first month that they are listed in the Register;
- ▶ who experienced five payment incidents on their account, either during the previous month, or on average per month over the previous three months and whose income (average monthly cash inflow) is less than the French gross minimum wage.

In addition, an early detection system based on a predictive score is used to identify customers who are at high risk of becoming financially vulnerable.

In this way, La Banque Postale can take preventive action (these customers receive an email and a call from an advisor suggesting an appointment, use of L'Appui Support Service and the *Simplicité* account option).

In 2021, La Banque Postale had around 1.6 million financially-vulnerable customers, i.e., 42% of the 3.8 million people identified as such by the Banque de France. These are separate from the 1.4 million people who benefit from the accessible banking public service mission entrusted to La Banque Postale.

La Banque Postale offers a special service for vulnerable customers, known as the *Simplicité* account option:

- ▶ a special rate, unchanged since 2014, of €2.30/month, below the regulatory limit of €3/month;
- ▶ a pre-authorised card, including access to online account management and SMS alerts for the account balance;
- ▶ bank penalty charges capped at €20/month and €200/year.

The number of customers using this option has risen by 47% since 2017. At end-December 2021, it totalled 202,118⁽¹⁾ out of approximately 598,715 nationwide at end-2020, according to the latest estimates supplied by the Banque de France further to an awareness campaign targeted at potentially vulnerable customers.

La Banque Postale offers the same €20/month ceiling on bank penalty charges to its 25,000 customers who receive the basic banking service (as part of the "Right to an Account" program). The ceiling on bank penalty charges for all other vulnerable customers is €25/month.

In September 2021, the *Atout Simplicité* relational program was launched to support our customers if misfortune strikes, by offering them a range of offers and services adapted to their situation. In terms of equipment, four groups of needs are covered by the program, in order to meet the basic requirements of vulnerable customers at little cost: day-to-day control of their budget, protection through our compulsory motor and comprehensive home insurance offers with citizen and accessible guarantees⁽²⁾, competitive mobile/internet offers from La Poste Mobile, and financing solutions suited to our customers' projects, especially for people who would not be eligible for a traditional loan.

6.3.1.1.3 A special system for protected customers (protected minors and adults)

To better serve these customers and their legal representatives, since 2017 La Banque Postale has provided specially designated "protected adult" branches. The employees have been specifically trained to deal with these kinds of customers. They handle transactions for protected persons and respond to requests from legal representatives as well from advisors at La Banque Postale and the La Poste Network. La Banque Postale also offers the Protectys card, an interbank payment card for protected adults under the care of a natural person. Over 7,000 Protectys cards are currently being used by protected persons.

6.3.1.1.4 Facilitating access to services to persons with disabilities

The La Poste Network has for more than a decade been committed to a major program of modernisation designed to make post office branches, products and services more accessible to disabled people.

As part of the Programmed Accessibility Agenda (Ad'AP), La Poste committed to continue this branch accessibility program for the period 2016 -2024. At the end of 2021, 6,511 post offices representing 85.6% of the network (i.e., up 5.1% compared to 2020), had a sales area accessible to all disabilities. 4,879 of them, i.e., 64.2% of the network (i.e., up 4% compared to 2020), have exterior disabled access.

Installed in front of post offices or off-site, 98% of automatic teller machines (ATMs) are either directly accessible to disabled people, or located in the immediate vicinity of another accessible ATM.

Inside post offices, 100% of ATMs are accessible.

La Banque Postale is also pressing ahead with providing accessible ATMs and SSTs (Self-Service Terminals) for blind and visually-impaired users, having converted 93.7% of machines by the end of 2021.

For deaf and hearing-impaired customers, personalised support is offered to them when they arrive in the sales area. 6,134 post offices (82.6% of the total) are fitted with amplifiers to improve communication with customers with or without a hearing aid. In addition, French sign language interpreters have been available for customer meetings since 2014.

An e-learning course on "Helping disabled customers" is provided in the Network, and 86.3% (compared to 78.8% in 2020) of employees in contact with customers have completed it.

For long-distance relationships, the Deaf- and Hearing-Impaired service is available through the partnership with DEAFI. It connects the customer with a certified French sign language court-approved interpreter.

For the visually impaired, account statements and La Banque Postale's monthly newsletters are available in Braille or in an electronic version with text-to-voice readers.

1) ✓ Indicator independently verified to a reasonable level of assurance by an independent third party.

2) Focusing on prevention and on combating the lack of insurance protection, La Banque Postale and CNP Assurances worked in partnership with CRÉSUS to develop educational tutorials geared to the general public on insurance clauses and guarantees, in order to make their customers aware of the risks associated with being under-insured or not insured at all. In the current environment shaped by the public health crisis, financially vulnerable customers receive enhanced banking and budget assistance and, in certain cases, may be exempt from the excess in the event of a claim.

La Banque Postale also ensures the digital accessibility of its tools for users with visual disabilities. The labanquepostale.fr website is regularly audited to ensure regulatory compliance in a process of continuous improvement.

The same holds for institutional sites, as well as for mobile applications.

6.3.1.1.5 Combating the digital divide

Since 2019, La Banque Postale has implemented, with the help of social start-up WeTechCare, a digital banking inclusion plan to assist customers using digital services and to help them become more autonomous. Supported by the PIMMS national mediation union, the FACE foundation and Konexio (a new partner since September 2020), this program is designed to identify customers far removed from digital applications, provide the necessary in-branch support and direct them to the most suitable digital assistant for their situation within the area of the post office branch *via* a special training workshop.

To accomplish this, La Banque Postale has supported WeTechCare's enhancements of the www.lesbonsclics.fr website with tutorials on essential digital services (how to make an appointment with an Advisor, print a bank identification statement, review an account online, configure an SMS alert system in order to know an account balance).

Mediators and managers offer assessments to customers to determine their degree of digital know-how. Depending on their level, customers can then receive tailored support in 90 post office branches. This enables them to familiarise themselves with the mobile apps and online services offered by La Poste and La Banque Postale. Customers with the most difficulty will be referred to partner non-profits. There they can receive training to improve their digital autonomy, including access to online banking which is an essential part of modern life.

This scheme builds on the digital support measures undertaken by La Banque Postale: offering an alternative to 100% digital whenever possible; helping clients with the digital transition; and developing inclusive digital services.

In 2021, La Banque Postale, alongside WeTechCare, launched the first community dedicated to digital financial inclusion within its *Les Bons Clics* content platform, which brings together more than 10,000 digital assistants.

The creation of this community, which is free, open to all and co-financed by La Banque Postale, aims to raise awareness among digital assistants on subjects related to financial digital inclusion: providing information, supporting the transition to action and facilitating the actions of digital assistants who wish to help digitally insecure users.

It also aims to become a place for discussion and sharing of good practices between digital support players. Since its launch at the end of 2020, the community has continued to grow and now has over 500 registered members, 200 participants in webinars, 5,000 article views and over 7,000 uses of resources.

Since 2018, La Banque Postale has also contributed to the launch of a budget management app called *PiloteBudget*, which enables users or their companions to get a view of all their expenditures and income and especially their remaining disposable income. The tool is simple to use and confidential because it is not connected to the user's bank accounts, and its main purpose is educational. It was developed based on the experience of the charities Emmaüs SOS Famille and Cerise in Nanterre with the support of other partners (ANSA, Mes Questions d'Argent, Fondation Cetelem, Finance et Pédagogie, Crédit municipal de Paris and the French Federation of Banks). In 2020, a second application, *Pilote Dépense*, was launched to better monitor and manage a budget with the user's net disposable income. It was rolled out in 2021 and is now available to use. In total, the two apps have been downloaded 130,000 times.

6.3.1.1.6 Combat banking exclusion with public and non-profit groups

To expand its knowledge of the needs and habits of financially-vulnerable customers, La Banque Postale has, since 2012, undertaken a program of discussion and cooperation with those of its stakeholders involved in combating banking exclusion.

La Banque Postale actively participates in the public authorities' deliberations on banking inclusion. La Banque Postale participates in the Observatoire de l'inclusion bancaire (OIB, the Banking Inclusion Monitoring Unit), alongside government representatives, consumer, family and anti-exclusion charities, and other lending institution representatives. Its purpose is to monitor lending institutions' practices with regard to banking inclusion, especially towards populations in financial difficulties. La Banque Postale implements all of the OIB's recommendations for promoting products for vulnerable customers and furthering its understanding of certain types of vulnerabilities (digital inclusion of senior citizens, etc.).

La Banque Postale has also initiated direct discussion and nurtured relations with public players in the social sector and anti-exclusion charities so as to promote "banking inclusion", *i.e.*, the establishment of schemes facilitating access to – and use of – financial services for customers in a socially vulnerable situation. Convinced that only active and organised cooperation will make it possible to meet the challenges of banking and financial exclusion, in 2012 La Banque Postale founded a think tank tasked with developing new practices in response to the needs of customers in a situation of financial vulnerability. The goal of this think tank, called *L'Initiative contre l'exclusion bancaire* (Action Against Banking Exclusion), is to:

- ▶ promote mutual understanding between populations in financial difficulties and the other parties who interact with them, who may or may not be part of the banking sector;
- ▶ learn together in order to create and test products, services and practices that take into account the real expectations of these customers;
- ▶ promote and defend, especially vis-à-vis public authorities, the most appropriate mutually-defined solutions.

As an open organisation, this think tank welcomes all players in the social, charity and banking world who share its goals and want to develop new initiatives to combat banking and financial exclusion. In 2019, the members of the club defined the actions to promote the specific service offerings for financially vulnerable customers, tools, mobilising players, etc. The think tank currently has 23 members: the Association pour le droit à l'initiative économique (ADIE, "Association for the right to economic initiative"), the Salvation Army, ATD Fourth World, La Banque Postale, the Chambre Régionale du Surendettement Social (CRESUS, the "Regional Chamber for Social Over-indebtedness"), the French Red Cross, Emmaüs France, France Active, Habitat et Humanisme, Restos du Cœur, the Secours Catholique, the Secours Populaire, l'Union Nationale des Centres Communaux d'Action Sociale (UNCCAS, "National Union of Municipal Centres for Social Action"), the Association Nationale des Directeurs de Mission Locale (ANDML, the "National Association of Local Mission Directors"), the Soliha Federation, the Union Nationale des PIMMS (UNPIMMS, "National Union of the Multi-Service Mediation Points"), the Fondation Agir Contre l'Exclusion (FACE, "Foundation for the Fight Against Exclusion"), the Union Nationale des Affaires Familiales (UNAF, the "National Union of Family Affairs"), the Crédit Municipal de Paris, WeTechCare, Créa-Sol, Solidarité Nouvelle pour le Logement (SNL, New Housing Solidarity) and the Fédération des Banques Alimentaires (Food Bank Federation).

La Banque Postale also supports Action Tank Entreprise et Pauvreté ("Enterprise and Poverty"), a non-profit association as defined by the 1901 law that aims to promote the development of experimental entrepreneurial projects that have a positive impact on poverty and exclusion in France. The Malin programs and the Renault mobility club are promoted in particular by the account managers of La Banque Postale's Appui platform (see Section 6.3.4.3.1 "L'Appui, a budget assistance platform for customers experiencing financial difficulties").

6.3.1.2 Ma French Bank: an accessible 100% digital offer

Launched in 2019, Ma French Bank is the fully-mobile bank subsidiary of La Banque Postale. Ma French Bank is accessible to a wide public thanks to its ease of use, pricing, option of signing up remotely or anywhere in France, now in all post offices. Without any income requirement, Ma French Bank is contributing to the democratisation of the new digital practices in the banking sector. Its customer service centre, based in Lille, is available from Monday to Saturday from 8am to 10pm, by phone, chat or through social networks. At the end of 2021, My French Bank had more than 425,000 customers and 7,400 post offices.

In 2021, Ma French Bank launched the Ideal Account, an "all-in-one" account, more upscale, with an extensive service offer but still without a means test. Developed on the basis of the Original Account (Ma French Bank's launch offer), it includes a bank account and an international contact-less Visa card enhanced with a premium insurance offer as well as cashback and voucher services to help save money.

In addition, Ma French Bank has signed sponsorship agreements with two foundations supported and monitored by Goodeed: the Fondation Break Poverty and the Fondation Goodplanet. Through these two agreements, Ma French Bank hopes to enable all its stakeholders to contribute to the two foundations' projects:

- ▶ Direct support from Ma French Bank to both foundations in two ways:
 - Ma French Bank undertakes to contribute €30,000 per year to each of the foundations,
 - when the customer chooses one of the two special series cards, he or she is charged a flat fee of €5, which Ma French Bank donates in full to the foundation corresponding to the chosen card;
- ▶ Mobilisation of its customers:
 - with a simplified donation process from the Ma French Bank app,
 - a lively section dedicated to the two foundations in the Ma French Bank app to present the actions carried out thanks to donations,
 - the choice of a special card in the foundations' colours for Ideal Account customers (see point above), in order to let them follow the progress and implementation of the community outreach projects supported;
- ▶ Enables potential customers to contribute *via* community outreach media campaigns with Goodeed (subsidiary of KissKissBankBank & Co).

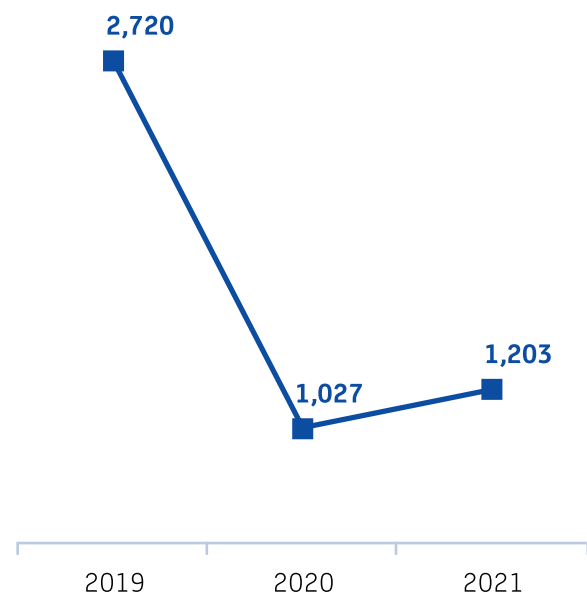
6.3.1.3 Credit access

6.3.1.3.1 Micro-credit, an alternative for customers not eligible for traditional credit

In 2007, La Banque Postale began offering personal micro-credit throughout France. The service was originally implemented *via* a partnership with charities and public organisations that specialise in identifying and supporting projects run by people otherwise excluded from the banking system due to a lack of solvency.

Since 1 January 2018, La Banque Postale has supported Créa-Sol, the micro-finance institution that has designed a 100% digital solution for micro-credit assessment, financing and management that significantly reduces the lead time to grant micro-credit.

After a drop in the number of personal micro-credit contracts signed in 2020 due to the health crisis, 1,203 contracts were issued in partnership with La Banque Postale in 2021. The support consists of both financial aid and skills. It enables beneficiaries and support networks to benefit from a more fluid and rapid decision-making process thanks to a digital assessment.



La Banque Postale also offers professional micro-credit *via* the Association pour le droit à l'initiative économique (Adie, Association for the Right to Economic Initiative) to help entrepreneurs start up and grow their business. Adie and La Banque Postale therefore support potential micro-entrepreneurs who, as customers of La Banque Postale, have been identified by branches in vulnerable urban areas as people who want to create their own business. In 2021, 1,300 entrepreneurs were financed in this way. Lastly, La Banque Postale supported Adie's recovery plan through its collateral-free loan fund for entrepreneurs at the close of France's first lockdown period. In this way La Banque Postale fulfils its partnership role with micro-entrepreneurs.

6.3.1.3.2 Home loans and access to social home ownership

La Banque Postale grants home loans to young people under the age of 36 without a downpayment. Although its solvency requirements for loan applicants are extremely high, it has broadened access to credit by offering loans for social home ownership (*prêts d'accès sociale à la propriété*, PAS). This product made it possible to assist more than 171,000 La Banque Postale customers. At end-2021, La Banque Postale had issued €2.77 billion in social home ownership loans. By the end of 2021, La Banque Postale had 238 partners, of which 48 classed as IOBSP payment and transaction intermediaries and 190 as social housing associations.

At the end of 2021, the monthly household income for 17.3% of home loan applicants was less than two net minimum monthly wages, meaning over 16,160 people on very low incomes received help to buy a home.

6.3.1.3.3 Consumer credit

La Banque Postale Consumer Finance offers loans at rates adapted to the duration and for easily affordable amounts: personal loans (vehicle, home improvements, projects), refinancing, offers for young people and special offers for temp workers. At the same time, a preferential pricing system encouraging the most eco-responsible consumption choices (impact car loans and impact home improvement loans) is offered (see Section 6.3.2.1.2 “La Banque Postale, a player in the energy transition through dedicated offers”).

With its personal student loans, apprenticeship loans and “One euro a day driving license” loans, La Banque Postale also meets the specific needs of young people. In 2021, La Banque Postale

Consumer Finance joined the student loan guarantee scheme of the Ministry of Higher Education and Research. Reinforced as part of the France Relance plan, this unrestricted loan facility, aimed at students under 28 who do not have a guarantor, is guaranteed by Bpifrance up to a limit of €20,000. Over the year, 549 students were able to benefit from this simplified access to bank credit to finance their studies.

Committed to its civic role, La Banque Postale Consumer Finance also offers personal loans for temp workers, a financing offer to customers often excluded by other organisations.

6.3.1.4 Contributing to the development of financial education with La Banque Postale’s employees and partners

La Poste Network and La Banque Postale are committed to financial education through their skills volunteering program with several non-profits.

Young people in difficulty are particularly targeted through the many budget workshops led by skilled volunteers. In partnership with CRÉSUS, the company’s ambassadors introduce young people to budget management in a fun way using the Dilemma game designed by CRÉSUS.

Volunteers assist high school students with a mini-business project. They work with the partner *Entreprendre pour Apprendre* (Learning through Enterprise), where they sit on the regional or national judging panel for the mini-business championships.

Some volunteers work with Adie to support the entrepreneurs with their start-up project. The latter are usually from low-income areas and have received a microloan.

6

6.3.2 An offer in support of the just transition



6.3.2.1 Sustainable Finance and Funding the Energy and Environmental Transition

6.3.2.1.1 Construction of responsible products and services and assessment of their impacts

Since June 2009, La Banque Postale has ensured that environmental, social and governance (ESG) criteria are systematically taken into account in the design of its range of products and services. It has produced an ESG checklist that gets appended to every product presentation file prepared for the Product Review Committee, thus guaranteeing that all new products are subject to a holistic and standardised ESG review.

In 2021, as part of its new strategic plan, La Banque Postale carried out a review of the tool. A co-construction process with a specialised consulting firm and the WWF resulted in a new

checklist that is more complete, precise and in line with the bank’s new CSR challenges. It now includes 29 questions based on two themes:

- ▶ leadership in customer experience and satisfaction (clarity of offers; customer service; customer journey; traceability);
- ▶ community ambition in support of the just transition (reduction of inequalities; more sustainable ecosystems; measurement of positive/contributive impacts; improvement of the community engagement/responsibility of customers).

The CSR grid is completed by the product manager in collaboration with the Community Engagement Department. Product managers are thus all made aware of CSR issues.

Since 2021, information on this CSR grid has been used to rate the non-financial performance of products. On the basis of the completed checklist and the identified areas for improvement, the Sustainability Department issues a label which is presented at the meeting of the Product Review Committee (favourable

opinion, unfavourable opinion, conditionally favourable opinion).

In 2021, all new products or those that had undergone a significant transformation were screened through the CSR grid. La Banque Postale also launched the project to create its Impact Weighting Factor in 2021. This proprietary tool will be used to inform banking advisors when granting credit to individuals and companies. The objective of the Impact Weighting Factor is to provide an analysis of the environmental, regional and social impact from a transactional standpoint and from a customer standpoint. This new indicator will enable La Banque Postale to measure its impact on the world and in so doing measure its positive contribution to the just transition.

6.3.2.1.2 La Banque Postale, driving the energy transition through its dedicated offerings

6.3.2.1.2.1 For its individual customers

Since 2015, La Banque Postale has supported its customers in their commitments to the energy and environmental transition with offers dedicated to individuals and companies. Launched to coincide with COP 21, the green range was overhauled in 2021 to become an impact consumer finance offering. The Bank thus offers financing solutions for home renovation (zero interest eco-loans and impact personal works loans) and ecomobility (impact personal car loans).

Since 2019, the Bank has also offered the Eco PTZ Habiter Mieux loan, designed for people eligible for assistance under the “Habiter Mieux” program run by the Agence Nationale pour l’Amélioration de l’Habitat (National Agency for Better Living). At the end of 2020, La Banque Postale joined with the Métropole du Grand Paris (Greater Paris) initiative and Oktave (an integrated support service for residential energy renovation in the east of France), as signatories of a partnership agreement aimed at supporting energy renovation work in private housing and light commercial buildings. The bank’s offer provides financing for the portion of the costs not otherwise covered. From February 2022, the Bank is also offering the *Prêt Avance Rénovation* loan to enable the most modest families to carry out energy renovation work, the cost of which will be reimbursed at the time of the property’s sale.

An investment line combining a requirement for financial performance with an ethical and responsible approach is also available via LBP AM’s environmentally orientated SRI funds. The LBPAM ISR Actions Environnement and LBPAM ISR Green Bonds Flexible funds, which have been awarded the Greenfin label, are available to individual clients holding life insurance, PEA equity savings plans and securities accounts. This offer is supplemented by the opening of local Lendopolis collections of funds from bank customers. These subscription campaigns provide support for renewable energy production projects in French regions

Innovative non-financial services for its clients

Innovating by democratising access to the calculation of carbon footprint with Carbo

La Banque Postale has been supporting startup Carbo since June 2020 and its integration into the Plateform58 12-month incubation program. Launched in September 2019, Carbo’s mission is to amplify the awareness of individuals and private citizens to reduce our carbon footprint. Carbo is convinced that technology and education will achieve this mission. Carbo’s “individual” solution offers an estimate of its customers’ carbon footprint based on their banking expenses. Users can then compare their impacts with those of their peers and receive personalised advice on how to reduce them. Carbo’s “business” solution enables companies to carry out an ADEME-certified carbon footprint analysis and to manage their low carbon trajectory. From July 2021, La Banque Postale will give its customers preferential access to the Carbo solution from their personal Online Banking space for individual customers and for its business customers in the SME and mid-cap market.

Providing access to locally-produced electricity from renewable sources thanks to Plüm

In another innovation, La Banque Postale is offering customers who wish to take action on their carbon footprint, and in particular on their energy consumption, the opportunity to subscribe to the Plüm Energies offer. This energy operator offers 100% green and local energy (produced in France) as well as recommendations for reducing energy consumption. La Banque Postale offers a “kitty” system where every euro saved on the bill is added to the account and can be used either to fund an association or to reduce the next bill.

6.3.2.1.2.2 For its business customers

La Banque Postale is increasingly involved in the energy transition and the just transition, and also assists and advises companies and the local public sector on how to respond to the challenges of energy transition.

As part of its partnership with SFIL, La Banque Postale launched a green financing offer on the local authorities market in mid-2019, in association with the EU Green Taxonomy. At the end of 2021, more than €2 billion in eligible projects had been financed through this offer.

Since February 2021, the Corporate and Real Estate Finance markets and the other local public sector players (lessors, medical and social services, EPL, etc.) have also benefited from this offer. The latter – which is intended to be refinanced by the Bank’s green bond issues – is particularly aimed at projects and assets related to the following issues: energy efficiency in construction and urban development; renewable energies; sustainable mobility and clean transport; water management, sanitation and waste recovery; and IT and telecommunications.

La Banque Postale also wishes to offer its corporate customers diagnostic support services. Thus, SMEs and mid-caps that do not have dedicated in-house resources can call on partners selected by La Banque Postale such as the fintech Carbo for carbon footprint measurements or *Économie d’Énergie*, a company that specialises in Energy Efficiency Certificates.

Lastly, La Banque Postale is now marketing a “green” equipment lease, a responsible lease-financing solution that enables the customer to adopt an approach that supports the energy transition. Based on standard assets that can be financed by traditional equipment leasing or financial leasing, its purpose must meet the criteria of the European Union’s sustainable taxonomy: soft mobility/clean transport or IT/telecommunications. Through these product offers, La Banque Postale helps develop more responsible financing every day by targeting ethical investors who are concerned by the environmental impact of their investment choices.

6.3.2.1.2.3 Financing and refinancing of projects

La Banque Postale, a player in the “just” transition, relies on financing offers designed to support its customers in the energy transition, the fight against inequalities, regional development, access to housing and healthcare so as to offer investment solutions through sustainable bond issues (green or social).

In 2021, Retail Banking and BPE, La Banque Postale’s private banking subsidiary, marketed their first “green” themed structured debt securities issued by La Banque Postale, respectively LBP Eurogreen 80 Autocall March 2029 and BPE Green France 2031 targeting sustainable mobility and renewable energy financing of the Corporate and Investment Banking (CIB) Asset and Project Finance team.

The Retail Bank also marketed its first “social” debt security offer with LBP Euro ESG 90 December 2026, whose funds are dedicated to financing social housing and essential health services.

This diversification of the investment offer has also been extended to legal entity investors (non-profits, foundations, mutual societies, companies, etc.), customers of La Banque Postale, who have shown a strong interest in green and social investments. They thereby incorporate the SRI approach into their investment choices.

Lastly, after an inaugural “green” issue in 2019, La Banque Postale carried out a €750 million inaugural “social” public offering in 2021, invested in the financial markets with institutional investors. For this transaction the CIB’s Debt & Capital Markets (“DCM”) team acted as co-lead manager, drawing on the distribution capacity of the trading desks’ sales team.

Summary of sustainable emissions made in 2021

Green emissions (renewable energy, sustainable mobility categories)	€177 million
Social issues (affordable housing and essential services categories)	€831 million

The Asset and Project Finance team

La Banque Postale’s Corporate & Investment Banking division has a team dedicated to financing mobile assets (public transport, rail), renewable energy projects, energy optimisation of buildings, and infrastructure (fibre, water and heating networks, public buildings, mobility, charging stations). In six years, more than €5 billion has been issued to finance projects promoting the energy transition, sustainable transport and regional development.

6.3.2.1.3 Products that integrate social and societal issues

6.3.2.1.3.1 For its individual customers

Positive impact financing offers

La Banque Postale Consumer Finance has completely redesigned its range of personal vehicle and green works loans. In 2021 it launched the world’s first impact consumer credit offers, a way to finance its customers’ projects while taking care of the planet. For personal vehicle loans and green works loans:

- ▶ the rate is modulated advantageously to promote eco-mobility projects and energy saving works carried out by an RGE-certified company;
- ▶ customers benefit from support that enables them to adopt more sustainable practices on a daily basis. They receive advice and information on the impact of consumption patterns;
- ▶ lastly, for two years La Banque Postale Consumer Finance is responsible for offsetting the greenhouse gas emissions of the vehicles financed and, for the green works loan, it makes a €20 donation to the *Fondation de France’s Habitat* program, which aims to combat energy insecurity.

This range will be gradually expanded to include new positive impact offers.

Solidarity-based savings solutions available to every customer

The *Intérêts Solidaires* service provided by La Banque Postale allows customers to transfer all or part of the interest from a *Livret A* account, Solidarity and Sustainable Development account (LDDS) or National Savings account (LEP) to an officially recognised public interest association. The donations can be given to charities involved in the fight against banking exclusion who are members of the “Initiative against banking exclusion” think tank.

This service is very popular with La Banque Postale customers given that 75% of donors give 100% of their interest. This generosity is encouraged by La Banque Postale, which stands alongside any customer that invests in these bonds by paying each non-profit a top-up donation equal to 10% of the interest paid.

In 2020, La Banque Postale set up a passbook donation system; LDDS holders now have the option of making donations in a simplified way.

In addition to the non-profits benefiting from the “Intérêts Solidaires” service, there are three environmental non-profits.

This range is supplemented by five solidarity-based investment funds and a charity fund:

- ▶ these funds are managed by La Banque Postale Asset Management (LBP AM) and either offered to the public (LBP AM *ISR Actions Solidaire*) or companies as part of their employee savings plans (e.g., FCPE *Décisiel Responsable Actions 70 Solidaire*). These five funds all invest a portion of their assets – between 5% and 10% depending on regulations – in SSE structures that promote social and professional reintegration, sustainable farming or regional regeneration. By the end of 2021, more than €24 million had been invested, through LBP AM, in five SSE facilities: France Active Investissement, Habitat & Humanisme, Terre de Liens, l’Union française pour le sauvetage de l’enfance (French Union for Childhood Rescue), and the Association pour le droit à l’initiative économique (ADIE, French Association for the Right to Economic Initiative). It should be noted that part of its investments are held through a solidarity-based FPS (fund that invests in projects with a positive social or environmental impact);

- LBPAM SRI Human Rights (formerly Libertés & Solidarité) is a charity fund that gives a share of its annual revenue or management fees to the International Federation of Human Rights. Since it was created in 2001, over €3 million has been donated to this NGO, allowing it to continue its work to protect human rights around the world.

Four of these solidarity-based savings products carry the Finansol label: they are the *intérêts solidaires* service and the three LBP AM funds “ISR Actions Solidaire”, “SRI Human Rights” and “Decisiel ISR Actions 70 Solidaire”. They enable customers to use their savings to support non-profits and players in the social and solidarity economy,

6.3.2.1.3.2 For its business customers

At the end of 2021, in order to go further in supporting companies in their environmental and societal revolution, La Banque Postale began marketing “bilateral impact loans” to mid-caps and SMEs/SMIs. These special-purpose loans provide incentive support throughout the duration of the loan to companies that from year to year make progress in their ESG initiatives. When the loan is set up, three ESG indicators are determined between La Banque Postale and the customer, such as the gender equality index, the accident rate, the responsible purchasing policy or greenhouse gas emissions. The rate varies over the life of the loan, depending on whether the customer improves its ESG indicators.

Since 2018, La Banque Postale has also participated in the growing market for positive impact loans with its key account customers; more than €1 billion in loans have been committed to date.

6.3.2.2 Responsible insurance

Through its insurance subsidiaries, La Banque Postale Assurance aims to offer insurance solutions that are consistent with its socially-responsible brand. Restorative by nature, insurance plays an essential role in the life of its customers, especially those who are most vulnerable. The aim is to develop simple solutions, designed to protect all its customers in the event of difficulties, and on a sustainable basis.

6.3.2.2.1 Accessibility at the heart of its insurance model

6.3.2.2.1.1 Simplifying insurance

La Banque Postale Assurances strives to make insurance simple for everyone. In order to facilitate the subscription process, La Banque Postale has specialised branches adapted to the needs of specific populations (migrants, inhabitants of recognised high crime areas, legal representatives of protected adults, etc.).

In the interests of inclusion and transparency, La Banque Postale Assurances ensures that the documents used for the subscription are written in plain language (B1).

The Bank also adapts the terms and conditions of its products, for example by offering home insurance for all young people aged 18 to 29 (students, young job-seekers) with a single price per room during the first two years of the policy and which includes two specific covers “Exam budget” and “Recreational budget” for students.

6.3.2.2.1.2 Supporting vulnerable customers

La Banque Postale and its subsidiaries adapt the conditions of insurance products to best support its vulnerable customers. Thus, La Banque Postale Assurance does not apply the excess to policyholders in a vulnerable situation in the event of a motor or a comprehensive home insurance claim.

In addition, for all its policyholders, La Banque Postale Assurances has rolled out a special guarantee for Caregivers of Dependents across all its contracts. If an insured event arises, the guarantee provides for a replacement caregiver in the form of a home helper or a family member.

In terms of creditor insurance, CNP Assurances wants to be able to offer a solution to as many customers as possible. CNP Assurances draws on its exceptional understanding of risks, acquired over its many years of experience in personal insurance, to regularly update and refine its risk selection policy. A key aim of this policy, which takes into account the state of health of individual policyholders, is to accept and pool disability and incapacity cover wherever possible. Moreover, since 2012, the conditions of eligibility for the premium cap applicable to low-income borrowers have been relaxed. This commitment to be able to insure as many people as possible is reflected in a loan insurance refusal rate that has been maintained at 0.2% for more than 10 years.

CNP Assurances is also committed to offering savings solutions which are accessible to as many people as possible: certain life insurance policies distributed in France require a minimum subscription of just €75. CNP Assurances has also been offering mutualised long-term care contracts for several years. The special feature of these contracts is their easy accessibility. Thanks to inter-risk and inter-generational pooling, the cover is offered to all members of the Group, without medical selection (the only risks ruled out are those that have already occurred). Pricing based on the entire population covered and broad age group brings contributions down to moderate amounts within the reach of all budgets. This type of system guarantees a first level of protection against the loss of autonomy.

La Banque Postale and its subsidiaries maintain close relations with non-profit associations in order to develop suitable offers.

CNP Assurances, as a founding member of the Entrepreneurs de la Cité Foundation, for example contributed to the first French micro-insurance scheme by being the insurer of the Trousse Première Assurance product. Since 2016, the association ATD Quart Monde and CNP Assurances have also offered a funeral insurance contract for people living below the poverty line. Having been drawn up with the help of the people concerned, this contract takes into account their real needs, offering a basket of guarantees necessary to finance dignified funerals. The challenge is to set a monthly fee within the budgets of very poor people (€0.50 per month for young people up to 30 years old, €13 per month for people aged over 70). Unlike conventional contracts, the monthly payments do not change according to the policyholder's age. People aged up to 80 can take out this insurance, and the guarantee comes to an end when the policyholder turns 90, when the solidarity fund created for the contract takes over.

6.3.2.2.1.3 An insurer that develops non-profit prevention programs

As a “Responsible Insurer”, La Banque Postale participates in the development of prevention programs with non-profits. For example, it is a founding member of the Prévenir & Protéger collective, which works to prevent all kinds of violence against women and to protect the victims. La Banque Postale also supports the Malin program via its Action Tank Entreprises et Pauvreté association to offer practical information on food for their children and the whole family, as well as a budgetary offer in favour of family “home-made” products (discount vouchers to promote access to baby food products and for the purchase of kitchen utensils and small appliances). La Banque Postale supports the CRÉCUS Foundation and the “Dilemme” program, which offers fun and educational materials dedicated to financial, budgetary and insurance education for all audiences.

The CNP Assurance subsidiary is also very involved in the community, supporting various programs in the health sector, in particular the Alliance pour l'Éducation United Way (United Way Education Alliance), SAUV Life, Bibliothèques sans frontière (Libraries without borders), Fédération des Associations Générales Étudiantes (Federation of General Student Associations) and Unis-cité.

Lastly, Banque Postale Assurances is committed to innovation and the inclusion of people affected by disability or illness within the framework of the *Atout Citoyen* program by providing €5,000 each to 11 projects (nine concerning disability, two providing help for children suffering from illness).

6.3.2.2.2 “Responsible insurer” in our product offers

6.3.2.2.2.1 Product offers serving the community

La Banque Postale Assurance recognises responsible behaviour across its entire product range. The Motor Insurance offer, for example, rewards owners of hybrid or electric vehicles and short-distance drivers, by offering them a one-month reduction in their annual premium. For young people under 30, the offer provides a “Taxi Solution”, which enables customers to be accompanied home when they cannot drive safely. Through its Home Insurance offer, La Banque Postale Assurance promotes the development of renewable energy by covering renewable energy installations in the event of a claim. Home insurance also includes an energy-saving helpline that identifies energy-saving work to be carried out in the home. La Banque Postale Assurance covers disputes related to energy-saving work carried out by policyholders under its Legal Protection offer.

Lastly, La Banque Postale Assurance's Health Insurance offer covers the cost of 10 tele-consultations and the “second medical opinion” service included in the individual complementary insurance policy.

As evidence of La Banque Postale Assurances' commitment to a positive transition, the Comprehensive Home Insurance and Health Insurance products have obtained the “++” label, awarded by the Institut de l'Économie Positive.

6.3.2.2.2.2 Support in the event of “hard times”

Since 2020, the Assurance Coups Durs Santé health insurance offer has been providing “hard times” borrower help, which provides for payment of a lump sum amount to a policyholder who has received a Hard Times Illness Help payment in the case of the purchase of real estate (main residence, secondary residence, investment property) financed by a bank loan. This new cover supplements the policy's main cover which aims to protect policyholders and their children in the event of a covered illness.

Internationally, CNP Assurances offers innovative micro-insurance products and benefits in the event of “hard times”. Through its Brazilian subsidiary it was the first insurer to enter the Brazilian funeral micro-insurance market, with the 2011 launch of the Amparo product, which today covers more than 500,000 people. The Group also offers two products for people on low incomes: a retirement product with monthly payments of R\$35 (approximately €8), and home insurance at a reduced rate. Similarly, CNP Cyprus Insurance Holding offers specific car and home insurance at a reduced rate.

Policyholders in Brazil in the late stages of a critical illness can also claim benefits without reducing the capital built up under their policy, as well as free medication in the event of hospitalisation or emergency care. In 2017, it released its “Caixa Fácil” range, which can be taken out via electronic distributors, offering funeral services, discounts on drugs and dietary assistance. The Group's offers have been rounded out with multiple birth cover and job loss protection to maintain the family's pension cover.

6.3.2.2.3 “Responsible insurer” in relations with our customers

6.3.2.2.3.1 Support following an impactful event

An internal review carried out within La Banque Postale Assurances led to the creation of Proxi-Client.

The objective is to provide more rapid support to customers facing a dramatic event. Aware of the vulnerability of customers following an accident or traumatic event, counsellors contact them to listen to them and establish their physical and mental state. They can refer them free of charge to a psychologist as part of a partnership set up by La Banque Postale Assurances in this specific field. It goes without saying that there is no sales pitch or promotion of any kind whatsoever during these conversations.

In natural disaster situations, La Banque Postale Assurances deploys its Natural Disasters Team to post office branches and offers support to victims in order to make the process easier. This scheme was put into action in February 2021 to help customers who had suffered a loss or damage from the floods linked to the Justine storm. The teams set up operations in the town of Saintes, following the serious flooding suffered by the inhabitants of Charentes Maritime. The Domi Clean service helps salvage property immediately following an event and makes the home habitable as soon as possible while waiting for the loss adjusters.

6.3.2.2.3.2 Life-long support

Making life-long support for policyholders its mission, the insurance subsidiaries of La Banque Postale are continually expanding their offers with targeted assistance and prevention services to ensure effective support.

Under certain individual term creditor insurance contracts, La Banque Postale and CNP Assurances offers support for policyholders at important moments in their lives throughout their loan: family guarantees are granted to cover big events, such as the birth or adoption of a child, or during hard times, such as support for people caring for a sick child or a dependent parent. Since 2017, unemployment insurance has been included in La Banque Postale's borrower offer. Combined with that offered by French employment agency Pôle Emploi, it offers immediate, effective support. Providing close support for customers, the guarantee ensures a payment for a maximum duration of 18 months, thereby offering additional security for specific situations. The guarantee covers 60% of the monthly loan repayment, vs. competitor rates which are closer to 50%.

Lastly, through the Lyfe digital platform, CNP Assurances offers health, well-being and ageing-well services.

CNP Assurances also contributes to discussions on long-term care and the extension of lifespans, and supports the idea of universal long-term care cover for maintaining independence and supporting caregivers.

6.3.2.2.3.3 Support during the COVID-19 health crisis

During the spring 2020 public health crisis, La Banque Postale and its insurance subsidiaries demonstrated their civic commitment by putting in place special solidarity measures for their policyholders through:

- ▶ application of the *Petit Rouleur* low mileage tariff on car insurance contracts for three months;
- ▶ school insurance coverage reimbursed for home insurance customers;
- ▶ waiver of the excess in the event of a car or home claim, for three months as from the start of the lockdown;
- ▶ free remote medical consultations for complementary health insurance customers;
- ▶ three-month exoneration from complementary health insurance contributions for partial, temporary or economic unemployment;
- ▶ €50 million for group personal risk policyholders to cover sick leave costs to care for children and vulnerable persons;
- ▶ less stringent medical selection criteria to avoid need for a medical visit when applying for term creditor insurance.

In total, more than 400,000 customers benefited from these modifications without any actions required on their part. These measures were recognised at the *Trophées de l'Assurance* event by a consumer panel. La Banque Postale Assurance received the *Trophée OR de l'Assuré* (Policyholder Golden Award) in the *Service d'Année* (Year's Best Service) category.

In 2021, La Banque Postale Assurance continued its commitment during the third lockdown, by providing all of its policyholders with a social and psychological support service.

More than 400 policyholders have benefited from tailor-made support.

6.3.2.3 Responsible asset management

In October 2020, La Banque Postale spurred a new dynamic in its asset management business. La Banque Postale Asset Management (LBP AM) has become a multi-specialist manager serving sustainable finance (see Section 6.2.2.1.3 "Integration of ESG issues into asset management" and 6.2.2.2 "Implementation of demanding sectoral policies"). La Banque Postale finalised the reorganisation of fixed income and insurance asset management businesses of Ostrum Asset Management, in which it now holds a 45% stake.

6.3.2.3.1 SRI labelling

Lastly, with its subsidiary Tocqueville Finance, LBP AM had €60.2 billion under management at the end of December 2021, of which €30.80 billion were in SRI-labelled funds.

Thematic funds continued to be favoured by clients with, in particular, significant inflows into the LBPAM ISR Actions Environnement fund (almost €200 million) and the Tocqueville Silver Age ISR fund (€130 million). Moreover, the LBP AM ISR Actions Solidaire fund has continued to grow and reached outstandings of close to €110 million at the end of December.

6.3.2.3.2 LBPAM Infrastructure Debt Climate Impact Fund

This non-labelled climate impact infrastructure debt fund aims to objectively and transparently oversee the contribution of the projects financed to the objectives of the Paris Agreements. It is part of the development of the platform dedicated to real and private assets of LBP AM.

The selection of companies involved in the environmental theme is carried out according to a well-defined process. The initial universe of the fund is made up of companies providing solutions to the challenges of the environmental transition (climate change, depletion of resources, etc.) categorised into six sustainable issues linked to the environment. In addition, in order to be eligible for the Greenfin label, the fund must comply with the label's exclusion criteria: companies whose activities are partly related to fossil fuels or nuclear energy are necessarily excluded. Lastly, the consistency of these sustainable issues with the sectoral nomenclature used in the label's reference framework is verified and, for each company, the correspondence with this nomenclature, which includes nine categories, is specified: Renewable energies, Green buildings, Waste management and pollution control, Industry, Sustainable transport and mobility, Information and communication technologies, Agriculture and forestry, Adaptation to climate change.

6.3.2.4 Other responsible investment funds

CNP Assurances and its subsidiaries are primarily personal insurance companies and long-term investors. Its entities manage investments on behalf of their policyholders and shareholders, either directly or indirectly through asset management companies.

CNP Assurances firmly believes that taking Environmental, Social and Governance (ESG) criteria into account when assessing an investment contributes to value creation and optimises the yield-to-risk ratio over time, and has applied a responsible investment strategy within the various asset classes since 2006. This strategy is managed in large part thanks to the non-financial expertise of management firms OSTRUM AM and LBPAM. It reflects CNP Assurances' commitments to the Global Compact, the Principles for Responsible Investment (PRI), the Net-Zero Asset Owner Alliance and the Finance for Biodiversity Pledge.

The financial management of MFPrévoyance and CNP Caution assets, as well as that of the CNP Luxembourg euro funds, is delegated to CNP Assurances and benefits from the same ESG approaches. The other subsidiaries are responsible for managing their assets, while applying Group policies.

The responsible investment approach implemented within CNP Assurances cannot be applied uniformly to all asset classes held in the portfolio (corporate bonds, sovereign bonds, funds, unlisted assets such as real estate or infrastructure). At the end of 2021, 89% of CNP Assurances' financial assets were managed according to ESG criteria on the scope of traditional savings and unit-linked portfolios (91% on the scope of traditional savings portfolios).

6.3.2.4.1 Equities

The responsible investment approach is based on best-in-class management of the equity portfolio, meaning that preference is given to companies with the best ESG ratings within their sector. Quarterly monitoring provides an opportunity for an exchange of views with OSTRUM AM ESG analysts on securities with ESG risks and the main issues in terms of sustainability.

In 2021, equity portfolio management focused on investment opportunities based on certain major ESG trends.

As such, several themes were covered through investments made, namely healthcare, access to treatment and healthcare equipment, and the development of medicine that integrates new technology. Exposure to the fossil fuel and automotive sectors has been reduced in favour of companies offering alternatives in green energy and public transport solutions.

6.3.2.4.2. Bonds

ESG analysis of bonds is integrated into the credit analysis carried out by OSTRUM AM. In its investment decisions, the fixed income management team systematically selects the best-rated issuers in the investment universe. There is also a tool for analysing and selecting green, social or sustainable bonds based on issuers' strategies and ESG impacts. The exclusion criteria requested by CNP Assurances apply to the bond portfolio.

For several years, CNP Assurances has invested in bonds that have a social impact, such as social bonds and sustainable bonds. These bonds address major social issues, measure their social impact and contribute to creating sustainable value for all stakeholders. At the end of 2021, the amounts invested by CNP Assurances in social impact bonds totalled €1.8 billion.

6.3.2.4.3 Real estate

Before purchasing a property asset, CNP Assurances conducts technical, environmental and public health analysis in order to help identify any risks specific to the building and to assess the amount and feasibility of work needed to meet its requirements. Non-feasibility can result in withdrawing from a project and the estimated cost of upgrades can have an impact on the purchase price.

CNP Assurances entrusts the management of its real estate portfolio to specialised management companies on the basis of strict specifications that address environmental and safety issues (Sustainable Property Management Charter taking into account the impact of the building on the environment and the health and safety of users, "Green Works" Charter). CNP Assurances expects management companies to manage sustainability challenges in a manner fitting to the materiality of those challenges.

The safety of assets and users is a major issue for CNP Assurances, which since 2016 has conducted health, safety and environmental (HSE) analyses on a large proportion of its directly owned properties. Some 101 audits have been carried out and progress in dealing with observations as of 31 December 2021 averaged 44%.

6.3.2.4.4 Woodland

Société Forestière, which manages CNP Assurances' woodland assets, implements sustainable and environmentally friendly forestry management. In 2001, Société Forestière adopted a ISO 9001 certified sustainable woodland management manual, which incorporates the main themes of ESG analysis: governance, management and organisation of relations with customers and other stakeholders, and implementation of practices to develop and care for forests (silviculture) taking into account habitats and unique species. At the end of 2021, 100% of the woodland held by CNP Assurances either had or was in the process of obtaining PEFC certification.

The 2020 update to the management agreement between CNP Assurances and Société Forestière served to intensify the integration of ESG criteria within a Sustainable Forest Management Charter. It commits CNP Assurances and Société Forestière to ambitious objectives for the protection of biodiversity, water, soil and people.

6.3.2.4.5 Private equity and infrastructure funds

ESG information has been used to manage private equity and infrastructure investments since 2010. ESG ratings are awarded based on the due diligence process carried out ahead of investment in a new private equity fund. Accordingly, 29 new private equity funds were rated in 2021.

ESG reporting on current investments has been in place for ten years. In 2021, 80% of its infrastructure funds responded to the request for reporting or voluntarily provided their own CSR reporting.

6.3.2.4.6 Listed securities funds

For dedicated CNP Assurances listed funds, CNP Assurances requires that its own exclusion policy apply to the fund's underlying assets, in the same way as for its direct holdings.

For listed securities funds open to all subscribers, CNP Assurances is not able to impose its ESG approach. It ensures consistency between the fund's ESG approach and its own by means of an ESG questionnaire sent to each management company during the due diligence phase prior to investment, and then at regular intervals every two years. This ESG questionnaire broadly addresses the fund's responsible investment approach and ESG rating, with a more specific focus on the rules in place on controversial weapons, embargoes, tax havens, thermal coal and climate risks.

At the end of 2021, 97% of the asset management companies that CNP Assurances works with had signed the Principles for Responsible Investment (PRI).

At the end of 2021, 57% of the listed securities funds held by CNP Assurances promoted environmental or social characteristics (within the meaning of Article 8 of the SFDR) and 1% had a sustainable investment objective (within the meaning of Article 9 of the SFDR).

6.3.2.5 Community innovation in support of the just transition

6.3.2.5.1 "Crowd for good" platforms in support of community mobilisation

Since July 2017, La Banque Postale has supported the collaborative economy through the acquisition of KissKissBankBank & Co, then comprising the platforms KissKissBankBank, a platform which receives donations and pre-orders for entrepreneurial, non-profit and creative projects, as well as **Lendopolis**, a crowdlending platform specialised in renewable energies and real estate.

KissKissBankBank & Co has subsequently expanded its development model in support of positive impact through buyouts:

- ▶ in March 2018, Goodeed, a platform for free donations that enables internet users to financially support solidarity-based projects while watching an advertisement, joined the KissKissBankBank & Co group;
- ▶ in July 2020, the solidarity-based enterprise microDON, which launched the ARRONDI mini-donation at checkout and from payslips, in turn joined the group;
- ▶ in November 2021, Youmatter, an online information medium and training organisation specialising in involving citizens and professionals in major social and environmental issues, came on board. With this new addition, the KissKissBankBank & Co group goes further and sets itself the goal of informing, educating and offering its community a wide range of civic initiatives. The group is thus consolidating its ambition to enable everyone to participate at their own level in the

positive change of society in a simple, enlightened and concrete way.

Crowdforgood with its five platforms embodies the three fundamental values of the KKBB&Co group: community engagement, optimism and independence.

Each day, the KissKissBankBank&Co teams help dozens of creators, entrepreneurs and non-profits to succeed in their campaigns and projects. The group's platforms contribute to the financing of thousands of creative, non-profit and environmental projects by enabling citizens to give a purpose to their money. This represented a collection of more than €75 million in 2021, a 39% increase compared to 2020. Since their creation, the group's various solutions have mobilised more than €284 million:

- ▶ KissKissBankBank has funded over 25,174 impact projects through its community of 2.6 million committed citizens;
- ▶ Lendopolis has collected more than €125 million through 460 funded projects. In 2021 alone, Lendopolis came second in the ranking of crowdfunding players in France with nearly **€43 million collected for 99 solar projects and four wind farms**;
- ▶ Goodeed has supported 500 non-profit projects by donating more than €4 million;
- ▶ MicroDON has supported 1,500 non-profits and donated more than €36 million.

Complementary digital and civic offers for La Banque Postale customers

KKBB & Co offers innovative and differentiating solutions. These digital solutions are complementary to La Banque Postale's offers and are therefore increasingly integrated into the group's operations.

Since July 2018, KissKissBankBank & Co has organised around 100 KissKissDatings events across France to "democratise" this new form of funding locally. More than 3,000 customers have been made aware of crowdfunding.

Also, in the summer of 2020, more than 115 post offices in mainland France and overseas departments and territories posted crowdfunding information in the public reception and banking areas. This process continued in 2021 with 500 additional offices that have sales managers for business customers.

Lastly, KKBB&Co's expertise in community mobilisation makes it a privileged partner of La Banque Postale when it comes to mobilising the general public on a variety of issues. "Crowd for good" teams support the bank:

via the monthly *Coups de coeur de La Banque Postale* operation since June 2011. This initiative aims to finance up to 50% of the fundraising objective for the projects selected through the public's votes on the Bank's Facebook page according to their civic values.

Since 2014, the "Social Cup", created by La Banque Postale, KissKissBankBank and MakeSense with the support of the GRDF foundation, has helped young people's social entrepreneurship projects to emerge. Each year, some sixty mobilisers travel around 12 French cities to raise awareness among young people and encourage them to get involved. They are then invited to participate in an emergence program until the final award ceremony for the 12 finalists.

In 2020, La Banque Postale also launched the second annual *Demain & Citoyen* call for projects, an initiative managed and administered by KissKissBankBank & Co. More than 250 applications from companies, non-profits and micro-businesses were received. This year, La Banque Postale and its partners decided to create a "solidarity with youth" prize in response to the particularly difficult situation that young people have experienced during the health crisis. The winning projects were unveiled during the Civic Economy Dialogues organised by La Banque Postale.

Lastly, in 2021, La Banque Postale also supported the second Game Cup, the French independent video game event initiated by KissKissBankBank & Co. Four innovative projects received awards during this event in the presence of more of 200 people who came to support their favourite projects.

6.3.2.5.2 Platform58 transformed into a sustainable incubator

Platform58, La Banque Postale's incubator, has been supporting fintech and insurtech startups in their development since 2018. At the end of 2021, 39 startups were taking part in La Banque Postale's incubation program.

In 2021, platform58 announced its aim of incorporating La Banque Postale's just transition commitment by implementing a "sustainable incubator" approach. This approach means integrating environmental, social and societal issues into its support process to help the start-ups in the program become responsible players in tomorrow's finance and insurance sectors.

In concrete terms, this involves four measures:

- ▶ implementing a tool for measuring the non-financial performance of startups, co-constructed with La Banque Postale Asset Management and derived from the GREaT[®] analysis methodology;
- ▶ including environmental-, social- and governance-specific training modules in the support offered to startups;
- ▶ constructing around platform58 an ecosystem dedicated to these issues with recognised partners;
- ▶ implementing a "responsible building" approach on the platform58 site.

This new support brick proposed by platform58 should enable the program's fintechs and insurtechs to develop responsibly and better meet the growing expectations of their stakeholders on these issues.

6.3.3 An offer supporting the development of the responsible economy in all regions



La Banque Postale continues to position itself as a trusted partner, involved and aware of the economic realities faced by its various customers: large corporates, SMEs and mid-caps, non-profits, local public sector, financial institutions. During the past year of economic recovery, it remained a strong partner while acting as a catalyst for an increasingly responsible economy that will have a positive impact on tomorrow's world. In 2021, La Banque Postale continued to support its customers with government health crisis measures: French government-backed loans, a moratorium on loan repayments, zero interest rate financing facilities. In particular, it played a major role in the creation and marketing of the *Prêt Participatif Relance* economic stimulus loan, while accelerating the granting of loans that support our clients' environmental transition with the "green" loan, the impact loan (syndicated and bilateral) and "green" equipment leasing.

On another level, in 2021, in order to support French civic life, La Banque Postale provided for the opening of campaign accounts (more than 750) for departmental and regional elections *via* a dedicated platform accessible from its website. In order to adapt its services to societal changes, an electronic payment solution (Scellius net) can be used with this type of account, allowing online payments by bank card. In addition, for the forthcoming Presidential and Legislative elections, La Banque Postale is strengthening its system with the establishment of a dedicated hotline, in order to provide direct and rapid responses to candidates (or their representatives) for issues related to their campaign accounts (from their opening to their closing). With this modernised offer, La Banque Postale is contributing to democracy's vibrancy through efficient account management for its candidate customers, in strict compliance with security measures and campaign account regulations.

At the end of the year, with the creation of its Corporate and Investment Banking (CIBI) division, La Banque Postale resolutely positioned itself as a major banking partner for French companies, aiming to accelerate its activity with Large Corporates, double the number of SME & mid-cap customers, and multiply by 2.5 the volume of flows processed by 2025.

This new organisation also resulted in the inclusion of professional customers (craftspeople, merchants, independent professions) in the "Retail Banking Department"

6.3.3.1 La Banque Postale, leading lender to public procurement players

In 2021, and for the sixth consecutive year, La Banque Postale remained the leading bank lender to local authorities and public hospitals. It granted the local public sector €17 billion in financing to over 6,520 regional organisations (local authorities, social housing landlords, local public enterprises and health establishments).

6.3.3.1.1 Leading bank lender to public hospitals and a major name in medico-social care

As the leading banking lender for public hospitals since 2015, La Banque Postale offered its expertise to all players – public and private hospitals, cooperatives, health and medico-social management agencies, independent healthcare professionals, mutual insurance companies – to deal with the challenges arising from the post-public health crisis economic recovery plan.

This year, it granted nearly €1 billion in financing to public hospitals as well as €200 million in medium and long-term loans to public and non-profit organisations which manage health and medical-social establishments. The loans were granted to finance the construction, acquisition or renovation of institutions for the elderly and the disabled, or for the acquisition of medical equipment for healthcare establishments.

Its commitment as a banker that serves the local French economy and a leader in the health and medico-social sector was reflected in 2021 in the release of an exceptional €300 million overdraft facility with a zero-interest rate on drawdowns in order to provide support to private social outreach players during the public health crisis.

La Banque Postale's close ties with the health sector are in its DNA, but they were reaffirmed in its 2030 strategic plan. This attachment is reflected in its financing of projects in all regions of the country, but also in its efforts to relay the French Red Cross's appeal for donations.

For example, in 2021, on a major university-hospital project, La Banque Postale was one of the financial institutions selected to finance the reconstruction of the University Hospital Centre in Caen, whose buildings and certain facilities were obsolete. Modern and environmentally friendly, the new infrastructure will help ensure the well-being of patients and improve work-life quality for healthcare professionals.

6.3.3.1.2 Supporting local authorities in their economic stimulus investments and local management

La Banque Postale maintained its position as the leading bank lender to local authorities for the sixth consecutive year. This leadership position with municipalities, groupings of municipalities, departments and regions is true to the historical positioning of La Banque Postale, a deeply civic-minded player, committed to the economic vitality of all regions. In addition, La Banque Postale remains committed to the general principle of the accessibility of its products and services. Also, as in the previous year, in 2021 half of the loans taken out with La Banque Postale benefited municipalities with less than 5,000 inhabitants.

Beyond financing activities, La Banque Postale and the Public Finance Department of the French Treasury, have innovated in a partnership aimed at rethinking the processing of revenue agencies' cash deposits and withdrawals to achieve greater proximity and simplicity. Thus, since April, 90,000 facilities (local public services, accounting agencies, public finance bailiffs, CDC customers such as notaries, bailiffs, customs authorities) have been offered a wider range of cash deposit and withdrawal services: 3,400 post offices are now eligible (compared to 2,000 revenue offices in the previous system). La Banque Postale has become "the" cash counter for local authorities with significant flows (600,000 deposits and 100,000 withdrawals per year). In this design, fluidity and simplicity guided the creation of the service with a partly automated process: a platform digitises the process upstream of the operation, but also allows all past operations to be monitored and visualised. Deposits or withdrawals are made in sealed bags, quickly, without cross-counting, combining security and speed. Through this collaborative work with the DGFIP, La Banque Postale has helped maintain efficient local service for managers and the DGFIP, digitised to provide fluidity and practicality to users.

6.3.3.1.3 Supporting local authorities' "green projects" by offering them dedicated solutions and financing

Despite the health crisis, La Banque Postale has remained a committed player in financing the environmental transition. With its presence throughout France in both rural and urban settings, La Banque Postale contributes to the economic development of each region and to the improvement of its inhabitants' environment.

Highly aware of the environmental challenges facing the local authorities it serves, La Banque Postale launched green loans two years ago, in conjunction with its partner SFIL. They will be used to finance projects with a high environmental impact, from waste recovery to energy saving improvements for public buildings, renewable energy generation and ecological mobility (clean transport). Since 2019, €2 billion worth of green loans have been granted in support of more than 530 projects. The average loan is €3.8 million with a wide standard deviation (from €300,000 to €75 million), proof that La Banque Postale does not reserve its green loans only for large municipalities, given that the accessibility of its offers has historically been a key factor in its positioning on the banking market.

Green loans are refinanced by "green bonds" issued by the SFIL group (100% public bank of which the State is the shareholder alongside Caisse des dépôts et consignation). This offer supports responsible financing along the entire value chain. These green issues target ethical investors who are concerned about environmental impact.

In terms of geographic distribution, green loans have been granted in all regions of France, including the overseas departments, with the first financing, in 2021, of Run EVA on the island of La Réunion, a project aimed at household waste management.

6.3.3.1.4 Supporting local elected officials and regional public servants

La Banque Postale regularly provides regional elected officials and public servants with its expertise in local finances through publications and conferences. Thus, in 2021, thirteen studies were published, resulting in more than forty conferences/video conferences in which more than 3,500 local-elected officials and regional public servants participated. Since the start of the health crisis, La Banque Postale has carried out most of its interventions in accordance with health recommendations, using a "webinar" interactive format broadcast on the internet. This innovation optimised speakers' and guests' time management, and benefited those interested in replaying the presentations later on.

Moreover, in the aftermath of the municipal elections and continuing up to March 2021, La Banque Postale conducted 34 training courses on preparing a municipal budget and local finances as part of the "Mayor Universities" organised by the departmental associations of mayors.

In order to promote, in all areas of activity, the creation of shared sustainable value in line with its convictions, La Banque Postale offered its expertise to Terra Nova to take part in a study on household waste management by local authorities. This 2021 publication takes stock of where operators stand, highlights the difficulties encountered, the existing resources to meet the challenge, the indispensable collective effort (eco-design of products, fight against obsolescence, recycling, change of daily behaviour) of each resident and everywhere in the region.

6.3.3.1.5 Working to support regional social care

La Banque Postale supports social care *via* its subsidiary Domiserve in three areas: financing (issue of pre-paid Cesu cheques, a way of paying for personal services), managing rescue plans and arranging personal services co-financed on behalf of Social Action players. In 2021, Domiserve consolidated its leading position for Cesu Social by managing the payment of the *Allocation Personnalisée d'Autonomie* (APA, Personalised Autonomy Allowance) or the *Prestation de Compensation du Handicap* (PCH: Disability Compensation Benefit) on behalf of 21 departmental and municipal councils.

Domiserve also supports a departmental council through an information and guidance platform specialising in the field of long-term care.

In addition, more than 500,000 calls were received in 2021 on the Montrouge personal services telephone platform, certified by the NF 345 customer relations quality standard, resulting in the provision of 1.1 million hours of services on behalf of various social action players.

In 2021, Domiserve strengthened its positioning in personal services through the acquisition of Hippocad, a specialist in innovative home care technologies that enable the effective coordination of the players around the person being cared for. This operation is part of Domiserve's actions in the regions, in particular with the departments and also meets the digital challenges of dematerialisation.

6.3.3.1.6 A long-standing partner of social housing associations

La Banque Postale is the banking partner for 80% of subsidised housing operators, representing 91% of France's social housing (5.5 million homes).

La Banque Postale strengthened its position in 2021 by increasing the volume of short- and long-term loans provided to landlords by 10% for a total of €8 billion, with *Livret A* assets reaching €3.3 billion.

La Banque Postale continues to support its landlord customers in the development of social housing, the renovation and refurbishment of buildings both through its range of traditional loans but also with its green loan, or through its energy efficiency diagnostic service for buildings, an offer that has been available for the past three years.

For economically vulnerable populations, La Banque Postale continues to make its regional network available. This means that they can pay their rent in cash at post offices throughout the country.

La Banque Postale helps modest income families become owners of their own home through social home ownership loans. In 2021, La Banque Postale became the first bank in France to promote the “BRS” (*bail réel solidaire*) rental agreement model at the national level. This agreement, promoted by the public authorities and acclaimed by those concerned by social housing, allows people to become the owner of their main residence at a significant discount compared to the market price. A first operation was carried out with the Gambetta Group in the Provence Alpes Côte d’Azur region.

6.3.3.2 As a long-standing partner of large corporates, La Banque Postale is strengthening its support for mid-caps/SMEs and institutional clients

6.3.3.2.1 Business recovery partner

La Banque Postale has continued to support businesses since the beginning of the health crisis, by offering adapted financing solutions from its own range or *via* government schemes (interest moratoriums, State-guaranteed loans, etc.) throughout the country.

At the start of the health crisis, with the *Prêt Garanti par l’État* State-guaranteed loan, La Banque Postale demonstrated its ability to adapt quickly to the needs of its customers.

In 2021, with the *Prêt Participatif de Relance* economic recovery Loan, a product that is more complex to implement and market, La Banque Postale reinforced its image as a young but agile and professional bancassur. Its legitimacy with companies, the State and investment banks has been strengthened, resulting from synergies within La Banque Postale Group with CNP Assurances (which provides financing for local funds) and La Banque Postale Asset Management (which is positioned as asset manager). La Banque Postale represents more than 17% of the total amount of economic recovery loans distributed.

6.3.3.2.2 Partner of large corporates, La Banque Postale consolidates its expertise with mid-caps and SMEs

As a long-time partner of large companies, La Banque Postale counts among its customers: 50% of CAC 40 and 53% of SBF 120 companies. Initially, it was recognised for the performance of its range of “transaction banking” services, but for many years it has diversified by offering all the financing solutions available in the market. La Banque Postale significantly increased its credit to large businesses in 2021, granting over €4 billion in additional financing, working credit, purchase credits, asset financing and project financing.

La Banque Postale also has 11,000 SME/mid-cap customers, a customer segment resolutely positioned as a vector of growth in the years to come, with the ambition of doubling the number of

customers and multiplying by 2.5 the volume of flows processed by 2025. In 2021, which marked the creation of the CIB division, companies were positioned at the heart of La Banque Postale’s development ambitions. In order to achieve these ambitions, La Banque Postale, which has already been present for several years in vital economic sectors (energy, transport, communication, distribution), is significantly diversifying its customer base each year *via* new sectoral approaches (examples for 2021: industrial, wine sectors). The outstanding loans of SMEs/mid-caps grew by 22%. La Banque Postale has a 10% share of the market for loans to intermediate-sized companies.

In 2021, new products/services expanded the range to adapt to customer needs, such as:

- ▶ the virtual Iban, which allows “invoicing” customers to determine without fail the identity of the debtor who made the payment;
- ▶ *vérif Iban*, which eliminates the risk of fraud on transfers;
- ▶ the multi-bank exchange platform.

In addition, in order to agilely supplement the services offered to its customers, La Banque Postale has formed easily accessible partnerships, such as with the fintech Ebury (for the processing of international flows for SMEs) or with Sevenstones (which provides consulting/M&A services) for companies.

6.3.3.2.3 Adapting the bank to companies’ digitisation

The year 2021 marked the reorganisation of account management and cash management products/services into a single department called “transaction banking”. This centre of excellence brings together multi-faceted skills, essential to the evolving digitisation of business customers. Thus, in the same department, “field” experts mingle with product/service design specialists throughout the value chain: from the opportunity study to development, without forgetting to include “pilot” customers before marketing and feedback after large-scale implementation.

In order to stay in close contact with our clients, our transaction banking experts carry out their activities in the regions.

6.3.3.2.4 Supporting companies in their CSR challenges

Committed to the just transition, La Banque Postale supports and advises companies on this new dimension (see Section 6.3.2.1 “Sustainable Finance and Financing the Energy and Environmental Transition”) and offers them a range of products and services adapted to their needs:

- ▶ support solutions for measuring carbon footprint with the fintech Carbo, and for energy savings with *Économie d’Énergie*, a specialist in energy-saving certificates;
- ▶ green loans, a credit offer based on an external reference system (that of the European Union);
- ▶ since the end of 2021, “bilateral impact loans” for companies that prepare a Non-financial Performance Statement. These specific-purpose loans provide incentive support, throughout the duration of the loan, for companies that reduce their carbon footprint from year to year. When the loan is set up, three ESG indicators are determined between La Banque Postale and the customer. The rate varies over the life of the loan, depending on whether the customer improves its ESG indicators;

- ▶ a “green” equipment leasing offer, a responsible lease financing solution that enables the customer to adopt an approach that supports the energy transition.

Lastly, in its commitment to supporting the energy transition policy in France, it plays a leading role in the financing of renewable energy. It also participated in the growing market for loans with positive impact, with more than €1 billion in loans granted since 2018 to its Major Corporate customers.

6.3.3.2.5 The leading bank for employee benefit institutions, La Banque Postale is strengthening its organisation in relation to financial institutions

With its strong position with employee benefit institutions (La Banque Postale pays half of supplementary pensions in France), at the end of 2021, in order to better serve this type of customer, a new organisation was put in place via the creation of a dedicated “financial institutions” department. Thus all social protection players (mutual insurers, pension funds, insurers, employee benefit institutions) but also financial institutions now benefit, within the CIB itself, from a single, dedicated team. The department’s leitmotif is to provide day-to-day support for the projects and transformations of financial institutions, and to coordinate all cash management, financing and investment activities.

6.3.3.3 La Banque Postale finances non-profits to underpin its action

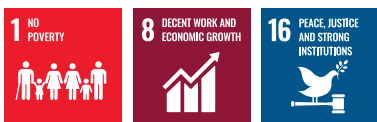
The social and solidarity economy, like La Banque Postale, creates business, jobs, social ties – and it does this throughout the country. The long-standing relationship between these two players is based on their strong community of values. La Banque Postale continues to be a rightful partner of the social and solidarity economy: one in every four non-profits is a customer of La Banque Postale. Its advisors specialising in business centres support 5,000 of the main non-profits (foundations, education, charities or social non-profits).

Launched a year ago, La Banque Postale’s “advance on subsidy” offer allows non-profits to benefit from advance cash flow, while waiting for the actual payment by the national or European public authorities. In this way, social and solidarity economy players continue to develop, finance their needs and support their general interest missions.

La Banque Postale maintains lasting, trust-based relationships with the major French charities (Secours populaire, Secours catholique, Emmaüs, Restos du cœur, AFM, etc.). Thanks to its special relationship, La Banque Postale is close to the assistance systems which benefit citizens. Thanks to its regional network and its subsidiary Goodeed, La Banque Postale helps non-profit associations in fundraising for their charitable and humanitarian causes (Pièces jaunes, Téléthon etc.).

In the solidarity realm, in 2021, La Banque Postale issued a cheque for €698,233 to AFM-Téléthon, the amount it had raised from retail customers over the course of the campaign that begun in late 2020. As for the Red Cross, the collection in 2020 from customers and employees of La Banque Postale resulted in the issue of a check for €210,924.31 in November 2021, in addition to La Poste’s collection of €1,148,222.

6.3.4 Guaranteeing an ethical and quality customer relationship



The reception given to customers, customer management and quality of service are perfectly in line with La Banque Postale’s strapline as a “bank that works in the best interest of the community at large”. A responsible customer relationship is one based on trust, quality advice, support, follow-up and transparency, coupled with customer-focused commercial management and Advisor remuneration. These are the responsible banking practices applied at La Banque Postale in all situations and throughout the banking relationship.

6.3.4.1 Appropriate and responsible advice

The cornerstone of La Banque Postale’s advice process is an ethics review, which is described in more detail below (see Ensure systematic and rigorous management of non-financial risks). This document highlights the importance given to responsible sales practices. In addition, La Banque Postale’s semantic guide sets out its fundamental values, and enforces clear, simple, and transparent marketing pitches.

Since its creation in 2006, La Banque Postale offers products adapted to the personal circumstances and needs of its customers. The 7G sales method, recognised by the non-financial rating agencies, forms the foundation of the customer-Advisor relationship. After modifications in 2012, 2015 and 2017 to improve customer discovery and the quality of advice, the 7G method became “7G Evolution” in 2021. A sales method adapted to all types of customer interactions and structured along three axes:

- ▶ a sales method that meets the new expectations of our customers in a relationship that can be totally remote with the use of electronic signatures and videoconferencing. This method relies on a better understanding of the customer and a respect for transparency as part of the Preparation and Discovery process, which involves listening to the customer and providing feedback. This method means the structure of the meeting can be adjusted to suit customer expectations and a predefined strategy, thanks to the new tools provided to enhance the customer relationship;

- ▶ a method that guarantees a follow-up adapted to each client by defining the objective and the deadline for future interactions. It supports the customer while making them autonomous for simple tasks;
- ▶ a method that improves organisation and the advisor's accessibility for the client.

All advisors and managers in La Poste's Distribution Network were trained in the 7G Evolution method in 2021.

There is also a support and training scheme, run by the managers and sales experts, in order to help banking advisors constantly develop their professional skills for applying the sales method and using these tools. In 2021 training was provided to:

- ▶ 8,290 general branch-based bank advisors, whose role is to help the customers in their portfolio with all of their day-to-day needs and projects (including real estate projects) with great responsiveness;
- ▶ 501 expert real estate advisors at the *Maisons de l'Habitat* branches, who handle complex files opened by branch-based bank advisors, as well as requests relating to adverse possession (brokerage).

This transformation has improved the quality and speed of response for customers and the consistency of the files.

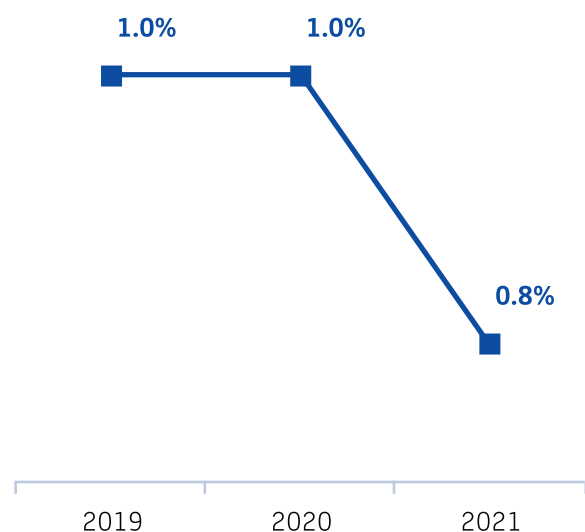
Upstream, La Banque Postale is attentive to the way it promotes products to its customers and uses clear educational materials: user manuals, videos, essentials, guides, etc. Marketing campaigns focusing on transparency, simplicity and clarity assist in building a long-lasting, high-quality relationship. A regularly updated real estate guide is available on La Banque Postale's website.

In this way, this long-term, quality relationship with customers is built into the variable remuneration system implemented by La Banque Postale. Each year, sales advisors commit to targets as part of a performance contract, designed in particular to improve the customer relationship and manage risks and compliance. The contract is reviewed with the manager three times a year.

6.3.4.2 Product subscription and monitoring: prudent risk management, regular monitoring, extreme debt prevention

The point at which the customer subscribes to a product by signing the contract and how that contract is then monitored are crucial stages for building the customer-manager relationship. It is essential to exercise prudent risk management and regularly monitor the customer's situation.

In the home loan field, advisors carry out a personalised study of the real estate transaction and consider the plans using a global approach (based on disposable income, eligibility for home savings schemes, etc.). By offering relevant advice and objectively analysing the customer's situation, La Banque Postale has one of the lowest non-performing loan rates in the marketplace (0.8% at 31 December 2021, which has been decreasing for three years, despite credit exposure reaching €61.509 billion at the end of 2021).



The criteria for granting consumer loans are strict and based on a rigorous policy and prudent risk management to prevent customers taking on excessive debt. For this purpose, La Banque Postale has designed and established a comprehensive and coherent system for preventing over-indebtedness, applied when the loan is first granted and throughout the life of the product. The guidelines are intended to anticipate and identify potential financial difficulties, so that advisors can provide the appropriate support:

- ▶ when granting consumer credit, La Banque Postale Consumer Finance calculates the customer's repayment ability based on their income and expenses, and applies its knowledge of the customer and their history;
- ▶ throughout the life of the loan, La Banque Postale remains vigilant thanks to its trained advisors in order to detect any signs of financial difficulty as early as possible;
- ▶ as part of the customer relationship, an annual budget review is offered in order to update information about the borrower's situation and check that it is in line with the amount borrowed and, if necessary, to modify the repayment schedule and adjust the monthly payments.

Moreover, the law no. 2014-344 of 17 March 2014 concerning consumption, known as the "Hamon Law", which was enacted for the purpose of strengthening consumer rights, served to broaden the use of revolving credit.

This offer now forms an integral part of La Banque Postale's range of consumer loans. Positioned between an overdraft facility and a personal loan, revolving credit allows customers to meet temporary cash needs (to cover unexpected expenses, fund small projects or take advantage of a buying opportunity). This offer is unique for its simplicity and its responsible nature: various repayment rates including a fast-track option (30% faster than the statutory requirement), and a partial or total early repayment option without penalty fees, at any time by telephone or internet.

Consistent with the values of the Bank, the offer is clear, educational and transparent. It is entirely based on knowledge of the customer. Indeed, preventing over-indebtedness was a core factor in the design of this offer. The offer is therefore mainly offered to known La Banque Postale customers. A welcome guide is available to customers that explains in simple and understandable terms the contract's main features.

6.3.4.3 Assistance to people experiencing financial difficulties

In parallel with its accessible banking actions, La Banque Postale is very committed to assisting people experiencing financial difficulties. It has thus developed a unique system in partnership with organisations in the non-profit sector involved in the fight against social exclusion and the French State, through budget advisory updates.

6.3.4.3.1 L'Appui, the budget assistance platform for customers experiencing financial difficulties

In 2013, La Banque Postale created *L'Appui de La Banque Postale*, a telephone banking and budget advice platform accessible to customers *via* a single standard-rate number. This service has a dual purpose: firstly, assisting customers of La Banque Postale experiencing one-off or recurring financial difficulties, and, secondly, helping prevent financial difficulties in the first place. Since its creation, La Banque Postale Consumer Finance, the Financial Centres, post offices branches, public policy features such as the budget advice updates or non-profit organisations combating poverty direct customers in difficulty towards the platform.

The account managers at this new platform assess the customer's disposable income after reviewing their budget to check for any non-conferred rights or to identify any cases of heavy indebtedness or over-indebtedness. They are therefore able to refer customers to partners, non-profits and specialised associations – Centre Communal d'Action Sociale (CCAS, "Community Centre for Social Action"), Union départementale des associations familiales ("Regional Family Charities Union"), Fonds d'action sociale du travail temporaire ("Temporary Workers Social Action Fund"), etc., to promote access to rights or favourable rates.

Those with debt problems are put into contact with credit institutions specialised in restructuring or refinancing, such as La Banque Postale Consumer Finance or non-profits such as CRÉSUS.

Finally, under certain conditions, the platform can provide access to social offers suited to the needs of customers in difficult financial situations, developed by Action Tank Entreprise et Pauvreté (Enterprise & Poverty).

By the end of 2021, the *L'Appui* team had 25 advisors, all trained in providing support for customers with limited budgets.

Since 2013, 233,303 customers have received advice from *L'Appui*.

Moreover, *L'Appui* is also available to La Banque Postale customers in the French overseas departments and territories.

In 2017, La Banque Postale conducted an impact study of *L'Appui* through a specialised firm. *L'Appui's* assistance of these customers had resulted in:

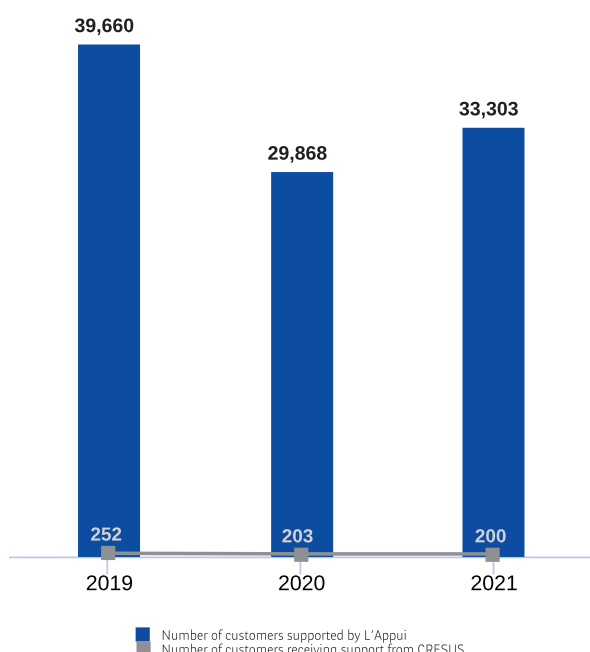
- ▶ stabilisation of their budget in the short term, and slower long-term deterioration of their situation;
- ▶ awareness of their financial difficulties, reflecting the preventive nature of the support;
- ▶ better management of incidents, proving the educational mission of *L'Appui*;
- ▶ customers monitoring their accounts more regularly using digital tools;
- ▶ customers becoming more aware of their ecosystem, enabling them to contact social bodies and non-profits.

As part of its partnership with CRÉSUS, customers of La Banque Postale experiencing financial difficulties and heavy debt but who cannot be effectively assisted by the *L'Appui* platform will be directed to this organisation instead. Crésus provides intermediation support with various creditors to obtain coordinated and long-lasting adjustments as well as social and economic assistance.

6.3.4.3.2 A dedicated consumer credit system

As part of its consumer lending and revolving credit business, La Banque Postale Consumer Finance has established a two-level support system in order to monitor customers encountering financial difficulties:

- ▶ a Support unit, dedicated to vulnerable customers who accept specific monitoring based on listening and education, was established when this activity was launched. The Advisor talks to the customer to establish a detailed analysis of their financial situation and difficulties, and produces a diagnosis to guide the customer towards loan restructuring or loan consolidation, or more comprehensive support if needed. Regular meetings are scheduled to ensure on-going support;
- ▶ La Banque Postale Consumer Finance also set up a preferential partnership with *L'Appui* and CRÉSUS. La Banque Postale Consumer Finance guides heavily indebted customers towards *L'Appui*, based on loan consolidation applications rejected by the loan application unit at the customer relations centre, while customers who can no longer meet loan repayments are directed to CRÉSUS. *L'Appui* also helps customers who have had repayment issues with a possible rescheduling of their payments.



6.3.4.3.3 Specialised teams to better assist special cases

In addition, since 2017 La Banque Postale has had expert teams dedicated to handling and supporting specific types of customers:

- ▶ over-indebted customers (32 employees);
- ▶ customers benefiting from the Right to an Account (20 employees);
- ▶ the team of experts was doubled at the end of 2020;
- ▶ transactions and relationships with the legal representatives of protected customers (four protected adult agencies with 146 employees).

6.3.4.4 Listening to customers

Becoming France's favourite bank is one of La Banque Postale's main objectives in its 2020-2030 strategic plan.

To achieve this objective, impeccable service is imperative, with a significant improvement in customer satisfaction and loyalty, which puts the Bank back among the market's benchmarks.

Various existing tools now make it possible to monitor these changes in the quality of service delivered. These national satisfaction surveys are carried out on a regular basis (and will be supplemented in the future by others, to better monitor these indicators). In 2021, 74% of La Banque Postale customers gave a spontaneous customer satisfaction rating between 7 and 10 (with 26% of customers giving a rating between 9 and 10). The average satisfaction rating of our customers is 7.3/10 and the customer complaint rate was within the average for retail banks: 12%.

Lastly, La Banque Postale continues to hold a leadership position for bank rates and network coverage (source: *La Voie du Client* 2021).

6.3.4.4.1 Continuous improvement in remote customer relations

Given these results, a number of measures were implemented, in particular in terms of handling complaints and continuous improvement.

Close to 250 employees handle customer complaints on a daily basis, initially at the company's Financial Centres. If the customer is not happy with the answer provided to their complaint, they can write to the appeals department for a second review of their file.

In 2021, 74% of complaints were handled within two days and 99.9% within 35 days, in accordance with regulatory deadlines. The complaints process is structured in order to provide the customer with visibility on how and where to submit a complaint, in line with the expectations of the ACPR. The process of handling and following up on complaints is currently being standardised across all business lines and products.

At the same time, the analysis of the causes of complaints and the continuous improvement system make it possible to eliminate breaches and bad practices and create the synergy necessary for listening to and meeting customer expectations. The continuous improvement process was launched in 2021 in eight pilot Financial Centres. Additional work on the "customer experience" is also underway and will make it possible to gradually integrate the target experience rules into the day-to-day work of operational staff.

6.3.4.4.2 At the post office

Since 2014, La Poste's Distribution Network has improved its system for responding to complaints relating to post office customer service jointly with the sectors. The complaint handlers at the customer complaints centre have been trained in a new method of writing and making calls to customers, enabling the complaints to be handled more reactively. New tools to measure the quality delivered and perceived have also been created. Firstly, response quality is measured every quarter, based on a 10-point assessment for the content and form of the responses. The results, which reveal a rate of compliance with writing standards of over 90%, are provided per employee. The latter play an essential role in the actions to develop the skills of the complaint handlers. Secondly, a satisfaction questionnaire is used to measure perceived quality after the complaint has been dealt with.

Lastly, in November 2017, the Distribution Network's Customer Relations Centre (which manages non-banking complaints relating to visits to a La Poste point of contact) obtained certification for its complaints handling, in order to strengthen the quality approach under standard NF 345, already obtained by the telephone service. In 2019, the Distribution Network's Customer Relations Centre was ISO 18295-1 certified, replacing the NF Service standard for all channels.

Complaint management is a major issue for La Poste and La Banque Postale, which are in the process of transforming customer relations. In this regard, since October 2020 the La Poste Network's Customer Relations Centre has been equipped with a new Group CRM tool, available to all sales and Customer Service employees. In addition to installing more modern equipment in line with market standards, this change is part of a larger process aimed at improving the customer experience, thanks to enhanced customer knowledge and more extensive inter-divisional synergies.

Lastly, since 1 August 2021, customers who leave a review on one of the Google pages of the 1,600 sector centre offices will receive a response. The processing of these Google comments is carried out by the Distribution Network's Customer Relations Centre. Opinions that only mention a Google score, without comment, or that do not require action by the area directors are responded to independently by the CRC. Responses to complex notices will be co-drafted by the Customer Relations Centre and the sector

manager concerned.

Other systems are being established by the Distribution Network to improve the quality of service:

The Customer Experience Department regularly conducts satisfaction surveys among customers who visit the network (post offices and partners), such as the “Network” Barometer conducted by the consultancy firm BVA, and continuously measures their level of satisfaction (reception, attentiveness, advisor efficiency, telephone accessibility, etc.), based in particular on satisfaction surveys sent directly to customers after their visit to the Office (post-purchase and post-RDV).

The results and data collected through these systems are then analysed and developed into a real action plan, always with the aim of further improving the satisfaction of customers using the Network: results are returned to the sector managers immediately, in order to guide their local improvement plan; the compiled results enable the Network’s strategic orientations to be adjusted.

6.3.4.4.3 *Via social networks*

La Banque Postale is close to its customers, including on social media. It is present on Facebook, Twitter, Instagram and YouTube. It provides a personalised relationship by providing after-sales service and distributes innovative, educational and engaging content.

In 2021, our customers received a rapid response from 9am to midnight, seven days a week; this enabled the Bank to handle more than 25,000 customer issues with the aim of improving the day-to-day experience and satisfaction of our customers.

La Banque Postale positions itself as the first French bank to answer internet users’ questions about money by publishing educational and humorous videos presented by the “Le Tatou” YouTubers on its YouTube channel.

In 2019, the La Banque Postale YouTube channel was named “Best Brand Channel in France” at the Grand Prix Social Media Awards. Its video strategy for encouraging education in financial issues has also received multiple awards this year: First Prize in the Search Experience category at the Grand Prix du Search Awards, together with the Silver Award for Organic Searches, and a Silver Award at the Communication & Companies Grand Prix in the “best external marketing campaign” and “best digital campaign” categories.

In 2021, La Banque Postale YouTube channel remained one of the top-ranked for the Banking and Insurance sector; thanks to its engaging content that appeals to young people. The most recent example is the “All Star Playground” content. It spotlighted non-profits that help young people thanks to sports, through basketball shooting challenges between influencers and judged by a basketball star. This format enables internet users to make donations *via* Goodeed.com at no cost to themselves.

6.3.4.4.4 **Participative innovation: a lever to regular improvement in customer relations**

Since January 2017, the Customer Experience Department of La Poste’s Distribution Network and La Banque Postale has provided employees with a shared participative platform for improving the customer experience and that of its employees,

The *Ensemble vos idées* platform (Your Ideas Together) now allows 20,000 employees to share their ideas and best practices, thereby contributing to customer satisfaction.

In November 2021, 570 ideas were shared *via* ten regional competitions and two national competitions on topics relating to the Le Groupe La Poste.

Concerning customer relations, employees were able to offer best practices for helping customers familiarise themselves with the digital tools, but also for improving everyone’s remote customer relations skills. They also suggested other ideas for improvements relating to simplifying the online banking pathway and customer care in the Financial Centres.

With regard to the simplification and digitalisation of customer relations, projects such as Digital Identity and the Single Customer Account at laposte.fr have been strong vectors for local initiatives and the sharing of best practices.

In parallel, some ten topical debates were held in 2021 with corporate departments to continue to involve employees in the plans to transform the company.

Our approach is also to compile and circulate a list of recurring irritants and their solutions, which allows managers to share their expectations/needs in terms of simplification and operational efficiency for their employees.

Thus, the ENVIE platform enables employees to submit their proposals and nurture the various projects for greater efficiency and performance for the company.

6.3.4.4.5 ***Parlons Citoyens: consultation with French people to imagine La Banque Postale of tomorrow***

In July 2021, the Bank carried out a major national consultation to create La Banque Postale of tomorrow: our customers, but also all French people, were able to vote *via* the parlonscitoyens.fr platform for proposals for banking and non-banking products and services that they considered to be priorities.

Innovative and on an unprecedented scale in our sector, this co-construction approach is fully in line with the dynamics of the new strategic plan. It clearly places customers and the Bank’s relationship with them at the heart of its concerns, in order to position the Bank as a leader in customer experience. It also reflects a posture of listening and collaboration, essential to being a player in the just transition, responding to environmental, societal, regional and digital issues. Moreover, it expresses its determination to renew and modernise its offer with “real life” solutions for all its customers, from the most vulnerable to those with assets.

The scheme, amplified by a TV advertising campaign, attracted more than 260,000 visitors to the platform during the consultation and numerous contributions.

Parlons Citoyens (“Let’s Talk Community”) has made it possible to identify the areas of development that really matter to French people, as well as the priority areas for improving customer relations, another major topic of this consultation. These contributions constitute valuable guidance in the design of our new offers and in the strategic discussions of the Customer Experience and Relationship Department.

6.4 COMMITMENT TO EMPLOYEES

La Banque Postale is unique in the French banking landscape, as a result of its history, its human values and its capacity for growth. **It puts its employees at the heart of its transformation strategy** in order to achieve its growth, innovation and digitisation goals. It listens to and considers each of its employees, in the aim of motivating them to help achieve its growth, operational and financial targets. Increasing their

skills and responsibilities is a necessary driver of change, in which they are both contributors and beneficiaries.

As part of its 2020-2030 strategic plan, **La Banque Postale wishes to offer its employees an engaging and unique experience** that reflects its corporate culture and encourages employees to buy into the process of making La Banque Postale France's favourite bank.

6.4.1 Supporting career development



Given its momentum for transformation and to reaffirm its goal of building the “bank of tomorrow” with “the employees of today”, **La Banque Postale is highly committed to the engagement, mobility and training of its employees.**

6.4.1.1 Mobility and career development

La Banque Postale has for many years put forward concrete measures to promote the mobility and career development of its employees. **It focuses particularly on helping each employee achieve their professional goals throughout their career** by encouraging the development of their skills. It also supports employees affected by a project to transform their activity in keeping with its social model. In addition, it encourages its employees to discover new careers within the Group.

A comprehensive skills database, updated every year is used for the annual performance and career reviews of all employees. This document encourages and focuses discussion between the manager and the employee on the skills expected for the employee's current position and those that could enable the employee to move towards other positions in the future.

This was again the case in 2021 when, despite the health crisis, La Banque Postale continued to implement its **internal mobility and recruitment plan**. More than 70% of the 3,085 people replaced and taken on were in Retail Banking, mainly in customer-facing operational positions in the network or in customer relations and remote transaction processing.

The development of CIB and insurance activities resulted in the creation or replacement of 207 and 177 positions, respectively.

In addition, 504 positions for regulatory, financial, audit, IT, and sustainable or digital finance experts were either created or had their vacancies filled.

6.4.1.2 Training

The École de la Banque et du Réseau (EBR) contributes to the development of Le Groupe La Poste by **supporting the professional development of employees towards strategic skills and the professions of tomorrow**. This key role was recognised by USpring (le Printemps des Universités d'Entreprise), which awarded La Banque Postale the Special Jury Prize in the “Transformation Support” category in 2021.

Also in 2021, the EBR gave nearly **300,000 days of training by extending training to a larger number of employees**. 82% of employees from business lines undergoing transformation benefited from at least one training course (compared to 62% in 2020), and 51% of employees in other business lines (compared to 31% in 2020).

Training initiatives involving new learning methods also emerged in 2021:

- ▶ **using personalised development initiatives**, fully integrated into a business challenge, the Cap Assurance Vie program provides training to all managers and banking advisers in investment and life insurance advice;
- ▶ training for more than 2,000 employees in their customer relations skills using tailored and *à la carte* learning techniques followed up with individual feedback sessions;
- ▶ **30-minute fast learning sessions** based around the latest findings in the neurosciences, mobile learning capsules for theoretical content, and virtual classroom sessions for sharing best peer practices and developing a more professional approach. This new program, which will be launched this year for the bank's commercial line and their managers, will focus on developing the quality of remote customer service and commercial relations in an omni-channel world.

2021 also consolidated the EBR's focus on digital learning:

- ▶ **accelerated take-up of the Mobile Learning solution**, u[k]now: more than 7,000 La Banque Postale employees (up from 1,200 in 2020) are now connected *via* their work smartphone with access to a portfolio of more than 300 offerings, including new content (micro-training modules, podcasts and press reviews, etc.), guides on new business practices and new regulatory training modules now available on this medium (AML/TF, insurance authorisations, etc.). These solutions to technical and regulatory challenges were

awarded three prizes at the Victoires du Capital Humain awards;

- ▶ **launch of new learning formats**, virtual reality and digital escape games, which are now part of La Banque Postale's standard training procedures;
- ▶ training *via* virtual classes have continued to increase, with over 28% of training sessions now delivered in this format.

As part of the new business plan, the mission of supporting the transformation is being further strengthened by the launch of four training programs in 2022:

- ▶ **helping employees to successfully complete La Banque Postale's digital transformation.** Since September 2021, more than 5,000 employees have already received basic training in Artificial Intelligence and its impact on day-to-day work practices (Mooc, Objective AI). Additional learning opportunities will be available as part of a broader program sponsored by Le Groupe La Poste designed to train over 50% of employees in digital skills by the end of 2025;
- ▶ **making La Banque Postale employees key players in the just transition** with the launch of an e-learning program to raise employee awareness of the energy transition and La Banque Postale's commitments in this area (see Section 6.4.6.5 "Training employees in CSR and sustainable finance");
- ▶ **making the customer experience employees' key focus** by developing customer-centric approaches and practices based on new learning methods (nudge) and training that combines sharing practices with virtual reality simulation;
- ▶ **developing a meaningful risk and compliance culture for employees that serves the interests of customers.** 19,000 employees have completed the "Risks, all involved" e-learning module launched in July 2021. An escape game, to reinforce awareness of the issues at stake, is being made available to 50,000 employees as part of Risk Culture Week, and additional modules are being prepared for 2022.

6.4.1.3 Youth employment, integration and training

La Banque Postale is particularly active when it comes to the integration and training of young people for work.

To facilitate the integration of interns and work-study trainees into the Company, managers now have access to a dedicated HR contact who helps them define their needs and manage the recruitment process. The HR contact also oversees students as they join a team and ensures that their mission goes smoothly.

La Banque Postale has developed close ties with the student world in order to raise the profile and appeal of its business lines and branches and help students access the world of work. It has contracted partnerships with six schools and also works with around 15 business schools, engineering schools and universities throughout France.

In 2021, the public health situation obliged the Bank to limit its initiatives aimed towards students: 17, mainly remote, initiatives were organised, compared to 16 in 2020 and 37 in 2019. La Banque Postale continued its virtual meetings with students from different schools in order to facilitate the integration of

interns and work-study trainees in the current context.

More specifically, La Banque Postale organised an Innovation challenge in partnership with the EDHEC business school in March 2021 and took part in the *Assises Nationales Étudiantes du Développement Durable* (ANEDD "The National Student Convention for Sustainable Development") in April and December 2021, in partnership with Toulouse Business School and La Banque Postale's Sustainability Department.

In total, at 31 December 2021, 1,100 work-study trainees were in training at La Banque Postale, on either an apprenticeship or professional training contract with two to five years of higher education for a term of one to two years.

Seventy-six work-study trainees and 116 interns were hired at La Banque Postale's head office in 2021 and 92% of them are preparing for a post-graduate degree.

Lastly, in its Diversity and Gender Equality agreement signed in 2020, La Banque Postale reiterates its aim of actively participating in youth employment by committing to set aside 20% of external hires and positions filled through internal mobility programs each year, for young people aged 30 and under, while also promoting gender equality.

6.4.1.4 Remuneration policy

La Banque Postale's human resources policy is based on remuneration that aims to **attract, retain and support career paths, establish a link between employees and the Company's performance and recognise each person's contribution to development.** This policy also monitors respect for **fair pay and gender equality.**

Thus, in 2021, La Banque Postale introduced two types of collective review: one for the entry salary levels (up to €42,000) and the other for employees not reviewed in the previous three years. La Banque Postale also set aside a budget of €130,000 for promoting gender equality at work. This budget, for reducing the pay gap and ensuring equal pay for equal jobs, resulted in a pay rise for 62 employees at La Banque Postale.

In 2021, La Banque Postale had a gender equality index score of 97 out of 100 for the second year running, making it the top-ranking bank on this subject.

La Banque Postale also guarantees a minimum individual salary increase for employees who have been on maternity or adoption leave during the year. This amount is determined based on the individual increase budgeted for in the salary policy.

With regard to variable collective remuneration, La Banque Postale involves the employees in the Company's results and performance through the distribution of performance-related incentives and profit sharing. Performance-related incentives paid in 2021 for 2020, which are calculated on operating profit (75%) and non-financial ratings (25%), reflected everyone's contribution and La Banque Postale's commitment to sustainable development. In 2020, La Banque Postale was among the top performing banks globally for the sixth year in a row. **For 2020, the net salary and benefits aggregation scheme increased to €3 million gross. This was in addition to a profit-sharing budget for a gross amount of €6.7 million.**

New salary and benefits aggregation and profit-sharing agreements have been signed for 2021 to 2023.

The 2021-2023 salary and benefits aggregation scheme is calculated based on a financial criterion, consolidated attributable net profit (for 50%), a criterion based on La Banque Postale's ranking by non-financial rating agencies (for 25%), and a criterion combining two customer experience-based indicators: the Net Promoter Score and the proportion of digital sales (for 25%). It therefore incorporates key indicators with regard to the objectives laid down for 2030, namely, to position La Banque Postale among the leaders in customer experience quality, to reaffirm community ambitions to support the just transition, and to consolidate La Banque Postale's base by combining deep regional roots, digital excellence and operational performance.

La Banque Postale also gives its employees the opportunity to build up medium- or long-term savings via the PEG (Group savings plan) and PERCOL (Collective company retirement savings plan) schemes. To help them save, La Banque Postale contributes up to €1,400 gross per employee per year. In 2021, the employer's contribution to the salary and benefits aggregation and profit-sharing scheme totalled €3.6 million. In 2021, nine subsidiaries had signed up to the La Banque Postale Group PEG and nine to the PERCOL scheme. La Banque Postale enables its employees to invest in a diversified range of six company mutual funds (FCPEs), with varying levels of potential return and risk, to meet the needs of each employee. Since the end of 2020, all of the investment funds of La Banque Postale are SRI-certified and are therefore solely comprised of socially responsible assets.

As part of La Banque Postale's digital development and plan to

improve the employee experience, La Banque Postale's employee savings mobile app (La Banque Postale ERE) was launched in 2021. Employees may use the app to securely consult and manage their PEG and PERCOL savings plans held within La Banque Postale, via their mobile phone or tablet.

To ensure a quality employee experience, La Banque Postale offers its employees comprehensive, high-level social protection, consisting of supplementary health insurance and death and disability insurance. The health insurance scheme, for which La Banque Postale pays 50% of the cost, covers the employee's dependants at no additional cost to the employee. The scheme is supplemented by a range of additional services (remote medical consultations, possibility of getting a second medical opinion, ITELIS care network, etc.).

Regarding Financial Services employees, Le Groupe La Poste has decided to pay all its parent company employees a special bonus under law No. 2021-953 of 19 July 2021. This special purchasing power bonus was paid to all employees who received gross remuneration representing up to three times the annual value of the minimum wage. The bonus represented up to €300 for full-time employees, depending on their salary. In Financial Services, over 5,300 employees received the bonus, for an average amount of €167.

In addition, to encourage medium and long-term savings, Le Groupe La Poste gives its employees the chance to join a group savings plan or collective pension plan. La Poste supports its employees' saving efforts every year by contributing up to €2,400 gross per annum to their individual investments.

6.4.2 Fostering positive social dialogue to drive transformation

6



Since its creation, La Banque Postale has always stated that high-quality employee relations are an essential component in the efficient operation of the Company and it has reiterated the importance of the exercise of union rights as a key factor in regulating balanced social relations within the Company. For this reason, La Banque Postale pays special attention to **ensuring high-quality employee relations, based on trust and mutual respect.**

This was the spirit in which the numerous agreements and amendments to existing agreements were negotiated and signed in 2021:

- ▶ the collective agreement on salary measures and the employer's matching contribution to the employee savings plans for 2021 signed on 25 February 2021;
- ▶ La Banque Postal Group's salary and benefits aggregation scheme signed unanimously on 30 June 2021;
- ▶ La Banque Postal Group's profit sharing scheme signed unanimously on 30 June 2021;
- ▶ the agreement on home working within the La Banque Postale Economic and Social Unit signed unanimously on 27 October 2021.

These are in addition to previous agreements signed and still in effect: the agreement on career paths and skills valuation for mandate holders signed on 5 February 2020, the agreement on the employment of people with disabilities signed on 17 June 2020 (unanimous signature), the professional equality and diversity agreement signed on 22 October 2020; the amendment to the collective agreement of 29 January 2015, which had instituted the La Banque Postale Group employee retirement savings plan (PERCO); the amendment transformed the PERCO plan into a collective company retirement savings plan (PERCOL) (unanimous signature), the agreement on employee representation at the La Banque Postale CSE (Social and Economic Committee) signed in July 2019 (unanimous signature), the agreement on trade union rights and employee relations at La Banque Postale (signed unanimously), the agreements establishing the Group savings plan (signed unanimously), the employee retirement savings plan (signed unanimously), supplemental collective welfare and health insurance, on diversity, equality at work and the cross-generation contract, the agreement on training, on the constitution and functioning of the Group Committee (signed unanimously), on on-call work and working hour exceptions, on working hours, on electronic voting, on the creation of the Economic and Social Database (BDES), etc.

Moreover, each year the signatories get together at follow-up commission meetings to provide the unions with feedback on the implementation of the agreements signed.

The standards of La Banque Postale's employee relations have thus continuously improved since its creation, with over one hundred collective agreements signed between 2006 and 2021.

La Banque Postale has also set up a framework for assessing and recognising the skills exercised by the employee representatives in respect of their personal commitment to their elective and appointive offices. In addition, La Banque Postale anticipated the merger of the employee representative committees – well before they were legally required to do so – while preserving their prerogatives. Aside from the merger of the different bodies arising from the legislation establishing the Social and Economic Committee (CSE), La Banque Postale wished to maintain local and regional staff representation based on an agreement to appoint local representatives throughout the country.

In 2019, La Banque Postale organised the elections by professional branch which set up the new Social and Economic Committee. With regard to employee relations and social dialogue, the Committee and all its expert commissions (social and cultural activities, gender equality at work, training, economic affairs, Occupational Health and Safety), are made aware of any project impacting the Company and work and employment conditions regardless of the topic.

The Social and Economic Committee is also consulted as part of three ongoing consultation processes covering La Banque Postale's economic and financial situation, social policy and strategic focuses.

Once there is an impact on people, any subjects concerning the transformation and development of organisations presented to the Health, Safety and Working Conditions Commission (CSSCT) and the Social and Economic Committee, are subject to a commitment to organise follow-up meetings at the CSSCT, at six or eight month intervals following deployment of the project, to enable employee representatives to review any subsequent developments.

The Social and Economic Committee also manages the social and cultural activities and the funds earmarked for these activities. As part of a policy to benefit as many La Banque Postale Group employees as possible, especially those working in its smaller entities, the Company and the employee representatives wished to create a common legal entity (in the form of an association) so that each member committee may delegate the management of its social and cultural affairs and provide employees throughout the Group with the benefits of the Group's bargaining power in negotiations with external service providers.

This association, which is chaired by the Secretary of the Group Committee, is a joint initiative reflecting the wishes of La Banque Postale's works councils and Executive Management:

- ▶ to delegate the management of social and cultural activities to a joint entity (each subsidiary needs to optimise the percentage amounts that apply to it in order to ensure fair treatment within this association);
- ▶ to offer these services to other Social and Economic Committees or, failing this, directly to the management of La Banque Postale Group subsidiaries.

The aim of the association is to provide the employees of its members, as well as their beneficiaries, with social and cultural activities by pooling these activities within a single social and cultural policy for La Banque Postale Group, whose registered office is located at 115, rue de Sèvres, 75006 Paris.

Its aim is not to act as exclusive provider of these activities within the Group but to maximise the social and cultural benefits of its members.

In parallel, a Group Committee, made up of employee representatives of La Banque Postale's parent company and all subsidiaries with a Social and Economic Committee, meets regularly to discuss topics of strategic importance for the Company and the Group's consolidated financial statements.

From the integration of CNP Assurances in La Banque Postale Group in 2019, and without waiting for the renewal of the terms of office of its members in 2021, La Banque Postale negotiated and signed an agreement with trade unions to appoint one CNP member elected by their trade union to sit on the Group Committee in a voting capacity.

In 2021, the terms of office of all Group Committee members were renewed, providing an opportunity for the CNP Assurances Group to be included on the Committee with voting rights. There are now 24 members on this body, representing around 20 La Banque Postale Group subsidiaries.

In 2021, the following meetings were organised:

- ▶ 20 Social and Economic Committee (CSE) meetings;
- ▶ 11 Health, Safety and Working Conditions (CSSCT) Commission meetings;
- ▶ 13 other Social and Economic Committee commission meetings: (i.e., training, economic affairs, gender equality at work, contract commissions, social and cultural activities commissions);
- ▶ three local representative meetings;
- ▶ three Group Committee meetings.

In addition, as part of La Banque Postale's policy of developing the skills of all its elected representatives, it has set up a Health, Safety and Working Conditions training program and is endeavouring to facilitate access to leave of absence for union-organised economic and social training for any employee who requests it.

Highlights of social dialogue during the year:

In the Corporate and Regional Banking Department:

Six social dialogue commission (CDSP) meetings, nine Health, Safety and Working Conditions Committee (CHSCT) meetings and nine plenary or bilateral meetings were held as part of organisational developments in the Corporate and Regional Banking Department.

Extensive social dialogue was also involved in creating the new CIB entity.

In Financial Services:

In 2021, La Poste's Financial Services continued to enjoy consistently high-quality social dialogue.

At national level, 19 meetings were organised by the social dialogue commission (CDSP), preceded by bilateral meetings with each trade union to present strategic issues.

Certain measures contained in the "Future of banking business lines" agreement (AMB 2016-2020) have been extended through 31 December 2021.

At the same time, management began negotiations on social support measures to accompany the deployment of the "Connected Energies" strategic plan, involving organisational changes for 2025. These measures include:

- ▶ a new governance structure for the 19 Customer Relations and Experience Centres which will be merged into six delegated Operational Departments in 2023;

- changes in all businesses to respond to new customer behaviour and practices arising from the development of digital solutions, accessibility and omni-channel services.

2021 was once again marked by the public health crisis resulting from the COVID-19 pandemic. Meetings concerning employee relations continued at Financial Services, both at the national and local level. These meetings provided opportunities for discussion with elected employee representatives on the protection measures implemented for employees and customers. The Financial Centres continued to roll out the innovative and secure solution for working remotely for functions that until then had not been eligible for home working (customer services) launched in 2020.

At the end of 2021, work also began on the operational deployment of the new amendment to the Group's home-working agreement, enabling the Group to move from a one-off solution for dealing with a crisis, to home working on a regular basis.

In the La Poste Network, within the Group's Consumer and Digital Division:

In the Banking Advice Line within the La Poste Network, working under the name and on behalf of La Banque Postale, four CDSP meetings were held in 2021 to present the following information:

- La Banque Postale's ambitions;

- the new differentiated service model for banking customers;
- HR guidelines for banking advisors, especially the mobility and recruitment plan;
- employer branding information for this recruitment drive;
- changes in selling methods;
- developments in portfolio management processes;
- deployment of a paperless customer files project.

At CNP Assurances:

CNP Assurances subscribes to the right to exercise freedom of association and the right to collective bargaining and almost all employees (97%) are covered by a collective agreement. There is at least one employee representative in each subsidiary, except CNP Santander Insurance. The Human Resources Department is committed to maintaining regular, high-quality dialogue with the employee representative bodies and union representatives, giving due consideration to the roles of everyone involved and taking regulatory developments into account. CNP Assurances' dedicated Human Resources intranet informs them about their rights, and includes sections on the collective bargaining agreement, social dialogue, professional diversity and stress management. A union section on the intranet allows the unions to communicate with staff on a continuous basis.

6.4.3 Promoting quality of life at work



6.4.3.1 Promoting quality of work-life

Based on the principles decided under the health and well-being at work agreement, in 2021 La Banque Postale consolidated **the professional development of its medical-social and prevention network** liaising with operational teams. These efforts were particularly focused on maintaining and sending out regular reminders of the health measures and protocols, as well as the drafting of the internal procedures in relation to providing individual and collective care and support during the COVID-19 pandemic.

In cooperation with the national occupational Health and Safety Committee (CNSST), a true effective body for consultation and circulation of guidelines to local Occupational Health, Safety and Working Conditions Committees (CHSCT), work was undertaken to analyse the impacts of the public health crisis. They also aim to create a national social observatory, carried out by the Social Workers Network, and to offer prevention plans adapted to the successive periods of lockdown/release from lockdown for all the entities whether in contact with the public or not.

A strengthened partnership between the Human Resources Department and the business line departments within the Banking Operations Department served to improve adaptability and reactivity in unusual situations through the deployment of tools and processes. Remote working and the protection of employees were thus facilitated, while securing our customers' sensitive transactions. We were therefore able to maintain our activities and customer service, thanks to a rich, regular and local social dialogue.

6.4.3.2 Prevention

The impact of the COVID-19 crisis continued into 2021 and La Banque Postale continued to deploy prevention measures and strengthen its prevention plan to protect the health of its employees.

The action plan was presented to the Health, Safety and Working Conditions Committee at the beginning of the year and was well received by this body.

The aim of the 2021 plan is to build an approach to Prevention, Health and Safety in the Workplace on solid foundations consisting of three pillars:

1. creation and deployment of a quality occupational risk assessment approach;
2. designing a Health and Safety in the Workplace dashboard;
3. designing an approach to analysing workplace accidents.

The single risk assessment document was updated and a specific COVID-19 appendix was drafted. These documents were shared with the employee representatives and the employees.

Despite the challenging context, work continued to identify other occupational risks by business line and by entity.

In addition, La Banque Postale put out a new call for tenders in 2021 for its social assistance initiatives and the presence of two social workers five days a week is helping to strengthen prevention measures.

In 2021, employees received strong support in relation to the public health situation. The aim was to maintain the link with people who were far away from work during the lockdowns and then to enable the return to work to take place under the best circumstances possible.

During the periods of lockdown and release from lockdown, various “flash” surveys were carried out with all the employees. These surveys enabled us to adjust the action plans in progress while adopting new actions.

Social communication with La Banque Postale employees was stepped up in 2021 and a number of current topics have been featured in webinars.

Lastly, providing a safe and healthy working environment is also a priority for CNP Assurances. Many preventive actions are implemented in all Group entities to protect the health of employees. CNP Assurances has an autonomous occupational health service on its main sites, covering all employees. All employees who require it receive close medical attention.

The prevention of psychosocial risks is another priority: many mechanisms and actions contribute to creating an environment that helps limit risks. They come into play at one of the three levels of prevention: primary, secondary and tertiary.

Indeed, primary prevention, focusing on the conditions and organisation of home working, establishes home working as a new working arrangement. Secondary prevention is aimed at developing aptitudes, skills, know-how and interpersonal knowledge, and is embodied in the introduction of a new range of training and awareness-raising courses (aimed at managers and employees) focusing above all on soft skills, *i.e.*, behavioural and relational skills that everyone can acquire or develop. On the boundary between secondary and tertiary prevention, the initiatives undertaken with a view to balancing work and family life offer greater comfort, security and mutual aid, which at certain moments in life can become a key factor in preserving employees' health, and personal and family balance.

The annual quality of life at work survey precisely measuring 38 factors and 14 dimensions bearing on employee stress, well-being and engagement was carried out in September 2021. The participation rate was 54%. While the stress rate was slightly above the Green Working Assurances benchmark set for the French insurance sector, it remains under control, and the reading was actually quite satisfactory in view of the two other general indicators relating to well-being and engagement. This quite favourable situation can be attributed to the existence of powerful protective factors at company level, reflecting a good work-life balance, a pleasant working environment that encourages concentration, an empowering environment that encourages employees to take initiatives and contributes to their individual development, and, for CNP Assurances as a Group, highly praised managerial practices.

6.4.3.3 Actions to raise manager awareness

A quality work-life is above all based on the ability of individuals to gain a sense of professional fulfilment at work, itself the fruit of an appreciative working environment. This philosophy of human consideration and willingness to commit is covered by the in-house **management** courses.

Indicators such as the social survey and short-term absenteeism, integrated into managers' objectives, enable assessment of the quality of life at work. The managers are supported in the performance of their missions through the help of HR tools: coaching, mentoring and mediation. Other actions are also developed to improve their managerial approaches: feedback, an area for discussions about work, discussion workshops, etc.

Moreover, within the operational HR Department for Financial Services, an employee dedicated to mediation and support provides assistance to local managers and HR teams. This arrangement facilitates the resolution of complex individual situations – individualised support, professional or geographic mobility, etc.

During 2021, La Banque Postale continued to deploy the initiatives launched at the beginning of the health crisis by maintaining close communication with all its managers and keeping them informed regularly and directly of the latest key developments (the evolving health crisis, home working, performance evaluation) through meetings held on Teams.

Moreover, the **“Managerial ambitions” project**, which provides support to managers and employees of the Corporate and Regional Development Department (DEDT) around essential guidelines and managerial approaches for fostering individual and collective performance, continued to be deployed in 2021. Self-assessments of their own practices *vis-à-vis* management guidelines were performed by managers as part of a continual improvement process.

6.4.3.4 Absenteeism

In 2021, La Banque Postale continued to give focused attention to the risks of absenteeism related to the health crisis.

In the face of this situation, the One-off Remote Work Solution (SPAD) implemented in Financial Centres in 2020 was maintained, enabling financial centre employees to continue to deal with customer requests. “Flash” listening sessions and workshops on remote management and on the assimilation of new tools continued to be deployed to gather employee feedback, helping them with their operational problems and thereby enabling them to work under the best conditions possible. Collective and individual coaching sessions as well as co-development workshops were also offered to provide employees with opportunities to express themselves and avoid isolation and burn out.

Training in the Group HR Department's “ParlonsZen” approach **and the setting up of work discussion areas (EDTs)** that first began in late 2019, continued in 2021. As the first wave of “ambassadors” have finalised the training course, it is now being made available to managers. This deployment is part of the Employee Experience process that has been implemented in the Bank Operations Human Resources Department to serve the various operational departments. An analysis of the results of the 2020 Group commitment survey and an assessment of existing supplementary local initiatives was performed in 2021. These projects provided the basis for an action plan concerning the broader quality of work-life issue, once again involving the mobilisation of the managers.

6.4.4 New working arrangements and employee experience



La Banque Postale is investing in new ways of working and organising work for the benefit and well-being of employees and the overall performance of the Company. There were two important milestones in 2021.

6.4.4.1 Home working

The signing of a new agreement made home working a standard working arrangement for all La Banque Postale employees. This agreement was based on employee feedback during the crisis, new practices and employee expectations, and the Bank's expertise in terms of hybrid on-site and remote working arrangements.

It is therefore an important part of the employee experience that now forms a key component in La Banque Postale's strategic project.

On 27 October 2021, the representative trade unions (CFDT, CGT, FO and SNB-CGC) and management unanimously signed the new agreement on home working applicable to the employees of La Banque Postale and La Banque Postale Leasing & Factoring.

La Banque Postale together with all the business lines, and in consultation with employee representatives, has created a customised, balanced and flexible solution.

Home working is now accessible to everyone at La Banque Postale, from head office to regional business line employees. The solution is based on one or two days of home working per week, depending on the activity, plus ten "floating" days per year, at the employees' discretion. Employees receive financial support towards the cost of getting set up to work at home including training in how to work remotely.

CNP Assurances is also committed to promoting a flexible work organisation in a spirit of co-construction and cooperation with employee representatives. Based on the quality of life at work agreement signed in 2020 for a period of three years, work-from-home arrangements provide flexibility in the organisation of individual and collective work, in keeping with today's transformations and lifestyles.

6.4.4.2 New workspaces

La Banque Postale has launched a workspace development project for working together more effectively and creating the right conditions for collaborations, getting together to share team spirit and creativity, sharing, and enhancing the quality of life at work. **A pilot scheme has been launched at La Banque Postale's head office with general roll-out scheduled for 2022.**

Work schedules have changed radically over the last 18 months due to the health crisis, particularly with the development of work-from-home arrangements. New arrangements aim to factor in the proportion of remote working and adapt workspaces for day-to-day use by employees.

To support these new hybrid on-site and remote working arrangements, it is necessary to use feedback from impacts of the crisis, to factor in new expectations regarding the working environment and make workplaces more attractive, more modern and more user-friendly.

All studies have borne this out: we spend more and more time working in teams, so workspaces must facilitate exchanges: new meeting rooms with different formats are more conducive to this model and increase work spaces made available for each employee.

6.4.4.3 Regular measurement of employee engagement

Le Groupe La Poste's "Commitment 2021" survey is currently being circulated, especially to permanent employees of La Banque Postale. The results of this survey, which will be available in the first quarter of 2022, will be used to supplement and reinforce the action plan with a view to providing an optimal employee experience. To date, 65% of employees have participated this year.

6.4.5 Equal opportunities, diversity and inclusion



True to its values of inclusion and working closely with all of its customers, La Banque Postale adopts the same approach with its employees through strong commitments to diversity and inclusion at each key career milestone: recruitment, promotion and professional opportunities, development, parenthood, end-of-career support, etc.

The diversity that everyone brings to the workplace is a collective benefit and La Banque Postale seeks to ensure that everyone can develop and grow by creating a working environment that is conducive to expressing each person's unique contribution.

La Banque Postale's manifesto on equal opportunities, diversity and inclusion is as follows:

1. we offer an inclusive working environment in which each person can give their best;
2. we ensure equal opportunities for everyone by considering the unique contribution of each individual;
3. we prohibit all forms of discrimination.

We offer everyone the opportunity to enjoy a fulfilling professional career while respecting their personal life choices.

In 2008, La Banque Postale made commitments with a particular view to promoting employment of people with disabilities and offering equal opportunities to women and men. Successive agreements have been signed in support of these commitments.

In 2013, La Banque Postale signed the Diversity Charter as a commitment to fight discrimination in employment and to work in favour of diversity; it also joined the Association of French Managers for Diversity (AFMD) and the non-profit *L'Entreprise pour la cité* (LEPC) in 2015.

In 2020, it went even further by adopting its own "Diversity and Inclusion Charter" based on the principles enshrined in the ILO Convention.

Momentum has been sustained with the signing of two agreements: one in June 2020 in favour of people with disabilities, and the second in October 2020 covering diversity and gender equality in the workplace in a single agreement.

CNP Assurances has a similar policy. Inclusion and diversity are key drivers of success and innovation. CNP Assurances is also committed to a policy that prohibits all forms of discrimination at every stage of its employees' careers. A code of ethics and good conduct is in place, while information and awareness-raising activities, as well as mandatory training are regularly carried out to promote inclusion and diversity.

6.4.5.1 Gender equality

La Banque Postale's **gender equality index** has been 97/100 since 2019. This index reflects the Bank's commitments and its concrete working methods, and highlights the fact that it is committed to fairness and consistency in all its decisions. Equal treatment and non-discrimination are La Banque Postale's guiding principles, both during the hiring process and in career progression.

Gender equality is also of concern to everyone. To boost its initiative, La Banque Postale participates in the **parité un-e network of Le Groupe La Poste**.

Its gender equality ambassadors play a key role in putting its commitments into practice on a daily basis out in the field. In concrete terms, this means raising awareness at the grassroots, encouraging exchanges, deploying concrete initiatives to make collective progress and ensuring that best practices in this domain are shared.

In 2021, La Banque Postale joined the **Financi'elles** inter-company network in the banking and insurance sector to promote gender equality in business and in society more broadly.

The Bank wished to set targets for the **representation of women in senior executive positions**. In 2021, 40% of Executive Committee members and 38% of Development Committee members were women.

The Bank's objectives not only translated into concrete initiatives through major appointments, but also benefited everyone by **reducing pay gaps at all levels**. So, in 2021, a specific budget was once again set aside.

As regards **recruitment**, in 2021, La Banque Postale started applying a non-discrimination charter for all recruitment conducted *via* its partners (*i.e.*, recruitment firms and headhunters) to ensure balanced gender representation on all shortlists presented to it. An inclusive statement now systematically appears on all job offers to ensure each candidate understands the Bank's policy. Training was provided to La Banque Postale's HR line in how to draft inclusive job offers.

Awareness-raising activities are also organised to combat **gender stereotyping and unconscious bias** and an awareness-raising workshop was organised in October 2020 with the Bank's Top 30 executives. Initiatives continued in 2021 with the provision of resources (podcasts, training modules, webcasts) and e-learning modules, one of which dealt with "gender equality at work".

Lastly, **communication initiatives** were deployed in 2021 targeting a wide range of employees. Some of these featured personal accounts from women working at the Bank about their career paths.

CNP Assurances is also strongly committed to gender equality by ensuring that women have access to senior management positions and it continues to pursue its commitment to diversity: 57% of CNP Assurances directors, 36% of Executive Committee members and 38% of its senior managers are women. The Company's maturity in this area was confirmed by the 100/100 score obtained in the gender equality index for 2021, and by its place in the Top 15 for the presence of women on the management bodies of SBF 120 companies in 2020.

6.4.5.2 Disability

La Banque Postale fully assumes the responsibilities of a trusted banking player towards its stakeholders (employees, partners and customers) and since its creation has carried out an active policy to help people with disabilities to enter and remain in the workforce. In 2008, it launched a Disability and Diversity mission whose role is to raise employee awareness about disabilities, ensure, in cooperation with the occupational health doctor, that people with disabilities remain in the workforce, recruit people with disabilities and increase purchases from the sector employing disabled persons.

With this in mind, La Banque Postale has once again made commitments to support employment of people with disabilities based on **an agreement signed on 17 June 2020** to:

- ▶ continue to recruit disabled people;
- ▶ raise awareness throughout the Company;
- ▶ ensure the successful integration and career progression of people with disabilities working in La Banque Postale;
- ▶ continue efforts to help disabled people stay in their jobs;
- ▶ maintain individual support measures to compensate for disability;

- ▶ continue and develop partnerships with the sheltered sector and specialised associations.

As regards **helping people with disabilities to remain in the workforce**, the synergy between occupational health services, HR teams and management is strengthened through the use of feedback and employee retention commissions. These commissions enable multi-disciplinary work. It also aims at pursuing efforts in matters of hiring persons with a disability, and turning to the adapted/protected worker sector. Moreover, the mobilisation to develop digital accessibility is being reinforced.

As a result, the Bank's **number of Employment Obligation Beneficiaries** is set to double between 2017 and 2021.

The new agreement, signed in June 2020, put forward a new goal of 18 positions to be filled. Actions were carried out with our partner schools to raise awareness among students and future managers of the professional integration of disabled people and to help develop accessibility to knowledge.

La Banque Postale continued its **awareness-raising activities** in 2021 by participating in the European Disability Employment Week where it organised a Hackathon in aid of Association des Paralysés de France (APF), a French charity that helps paralysed people, and it once again took part in Duo Day by hosting 14 disabled students and job seekers so that they could discover (or rediscover) the world of work.

La Banque Postale continued its drive to train **new managers** in 2021 to bring them up to speed with the new Disability policy and help them play a full role in its deployment.

To continue this momentum, the Bank's Disability mission has built a network of **29 disability officers**, mostly in Financial Services, who deploy many initiatives at local level and relay the needs of everyone.

La Banque Postale and Financial Services carried out some 150 initiatives during the year support of handicapped employees.

6.4.5.3 Generations

La Banque Postale considers that age diversity is both an opportunity for employees of different generations to share and exchange ideas as well as being a performance driver for the Company. This requires individual support to ensure overall cohesion and a working environment conducive to cooperation and effective definition-transmission of skills between generations in phase with the strategic objectives of La Banque Postale.

With an average age of 44.2 years in 2020, developing employability among young people below the age of 30 and helping people aged 50 and over to remain in the workforce are at the forefront.

In terms of **integrating young people**, for several years now, La Banque Postale has been pursuing a proactive and ambitious policy of professional integration and training for young people. Work-study programs and internships at the Bank provide young people with valuable training that opens the door to employment and further possibilities for obtaining qualifications.

La Banque Postale reiterates its aim of actively participating in youth employment by committing to set aside 20% of external hires under permanent contracts for young people aged 30 and under. Integration programs are closely monitored so that each young person can successfully enter the world of work.

With regard to **helping seniors to remain in the workforce**, the Bank is committed to setting aside 12% of external hires under permanent contracts for seniors aged 50 and over. Similar to developing employability among young people, there is also a keen focus on end-of-career management and tailored support. Indeed, the end of one's career needs to be prepared for and reliable information tailored to the specific circumstances of each individual is required on many subjects such as long-term careers, simulation of pension entitlements, top-up pensions, etc.

Sharing knowledge and skills between generations within the Company is absolutely vital. Indeed, creating synergies between the different generations is mutually fulfilling and performance enhancing by capitalising on the best that each person has to offer.

To achieve inter-generational understanding, the individual values need to be understood and respected and as such, the **"Getting on well together" Charter** prepared by the Bank has actually proven to be an opportunity for inter-generational exchange and for raising awareness of sometimes different generational behaviour.

La Banque Postale's agreement is also committed to introducing reverse mentoring to forge ties between young people and seniors.

Awareness-raising and training activities are also organised to combat generational stereotyping, more information on this topic and resources are freely available on La Banque Postale's intranet.

6.4.5.4 Equal rights for all couples

In its "Diversity and Gender Equality" agreement signed in October 2020, La Banque Postale allows same-sex couples the same parental rights as heterosexual couples. It goes even further in its parenthood policy by granting additional "co-parenting" leave to any spouse of the mother, thus going beyond legal paternity leave with the possibility of being absent for up to 32 calendar days for a single birth, or 39 days in case of multiple births.

6.4.5.5 Preventing discrimination and harassment

La Banque Postale attaches huge importance to these issues and relies on various internal mechanisms: sexual harassment liaison officers, access to trained in-house mediators to provide support and deal with high-risk situations, and awareness-raising and training initiatives for employees and managers, including a module aimed at deconstructing stereotypes and prejudice.

In addition to procedures going through hierarchical channels, the whistleblowing system set up by La Banque Postale allows employees to anonymously report any suspicion of non-compliance with obligations, any serious violation of laws and regulations, especially relating to corruption, non-compliance with competition law or the existence of conduct or situations contravening the code of conduct. La Banque Postale has opted to use a service provider to provide a secure channel for whistleblowers to exchange, in accordance with the regulations applicable to the protection of personal data. Any person who has exercised their right to report issues of concern benefits from the whistleblower protection system set up by La Banque Postale (confidentiality, anonymity, non-discrimination, etc.).

CNP Assurances is also committed to a policy that prohibits all forms of discrimination at every stage of its employees' careers. A code of ethics and good conduct is in place, and information and awareness-raising activities, and mandatory training are regularly carried out to promote inclusion and diversity. CNP Assurances is constantly vigilant on these issues and relies on various internal mechanisms: a discrimination and harassment liaison officer, a structure dedicated to internal social mediation to support and deal with high-risk situations, and awareness-raising and training initiatives for employees and managers, including a module aimed at deconstructing stereotypes and prejudice, and preventing discrimination and harassment.

In addition to procedures going through hierarchical channels, the whistleblowing system set up by CNP Assurances allows employees to report, anonymously or not (depending on local rules), any suspicion of inappropriate behaviour, namely any act not complying with the values and rules laid down in our code of conduct. This whistleblowing system can be used notably in the areas of anti-discrimination and harassment at work, health, hygiene and workplace safety. The reporting channel is provided by an external partner, the Whistleblowing Centre, to preserve the confidentiality of the employees' identities. The reporting process is encrypted and password protected.

6.4.6 Supporting employee engagement



La Banque Postale has placed its employees at the heart of the "La Banque Postale 2030" strategic plan, on the same footing as its customers and community commitment. Employees have an essential role to play in all environmental and social aspects, both as civic-minded employees – supporting causes – and as employee ambassadors for La Banque Postale initiatives. It is by raising awareness among employees of social and environmental issues that they will be able to address on a day-to-day basis and help the Bank's customers move towards a just transition.

6.4.6.1 Social responsibility platform and network of ambassadors for the employee consultation process

A consultation process involving 30,000 employees was organised in May and June 2021 to get an idea of expectations in terms of social responsibility commitments. To meet these demands, La Banque Postale has created a platform, developed by Microdon, dedicated to Employee commitment. "Everybody Engaged" will be accessible on La Banque Postale's intranet from the first quarter of 2022 and will provide employees with solutions for becoming involved in outreach programs or environmental causes.

Employees will easily be able to donate some of their annual leave, either to "carer" colleagues, to enable people caring for their loved one to maintain their level of remuneration while they are on care duty, or to associations by monetising some of their annual leave.

They can make a commitment to pre-selected associations by making a monthly donation from their salary, ranging from a few cents to a few euros. All of these contributions will be fully matched by the Bank.

In 2022, employees will have the opportunity to promote the associations they have decided to support at a forum organised at La Banque Postale, or to take part in collections or races for charity.

Employees will also be given all the resources they need to carry out environmentally-friendly actions in their day-to-day routines (i.e., a guide to eco-actions, digital responsibility) as well as appropriate facilities, e.g., for recycling cigarette ends. In the first half of 2022, these measures will be accompanied by a guide to initiate change and more internal communication initiatives.

To meet the needs expressed during the employee consultation process of May 2021, La Banque Postale will roll out a new mobility policy in the first quarter of 2022 in the form of a "Mobility Package". This will provide financial incentives for employees to use alternative means of transport to the car, promote soft mobility and help drive a reduction in CO₂ emissions.

La Banque Postale has also reviewed its company car policy and introduced incentives for employees to use electric and hybrid vehicles. Three years from now, the Company car fleet will be composed exclusively of electric or hybrid cars (the time required to renew the entire fleet).

In 2020, CNP Assurances launched the internal program "GreenActions, tous acteurs du changement" (GreenActions, all actors of change) with the aim of reducing the environmental footprint of the Company's internal operations through an approach geared towards reducing consumption. Several initiatives have been carried out based on three themes: encouraging waste sorting, reducing the use of single-use plastic and reducing digital pollution. An awareness-raising campaign took place throughout the year for all employees (poster campaigns, organisation of expert talks, articles posted on social networks).

CNP Assurances distributed a Group charter to all employees in France and worldwide to reduce its environmental footprint. Employees are asked to comply with seven principles to protect the environment in their professional life: 1. I sort and recycle my waste; 2. I cut out single-use plastics; 3. I reduce digital pollution; 4. I save paper; 5. I save water; 6. I reduce my energy consumption; 7. I opt for sustainable mobility.

6.4.6.2 On-the-ground leadership

There are more than a hundred CSR ambassadors throughout the country, mainly in financial or customer relations centres. They met five times remotely in 2021 to discuss the latest CSR news from La Banque Postale and its subsidiaries.

These exchanges also allow CSR ambassadors to share tips on organisation, best practices and actions deployed locally. For example, during the year, bicycle repair workshops were organised in Toulouse, reading glasses and mobile phones were collected on behalf of non-profits in Nantes and Clermont-Ferrand, a national tree planting operation was organised with La Banque Postale Assurance in conjunction with the French company Reforest'Action, and waste collection operations were organised on World Clean Up Day.

To help drive employee engagement, the current CSR ambassador system will be reviewed in 2022 to meet the dual challenge of having identified CSR correspondents for non-financial reporting purposes, and the need for people to actively relay La Banque Postale's community commitment strategy to all business lines and sectors to ensure these issues are fully integrated.

6.4.6.3 L'Envol, La Banque Postale's campus

La Banque Postale is committed to societal sponsorship to prepare for the future through equal opportunities. In 2012 it therefore created an association under law 1901: "L'Envol, La Banque Postale's campus". This association embodies both the Bank's values and those of Le Groupe La Poste and actively involves its employees by encouraging them to engage in the community.

Since launch, this initiative has been supported by the Ministry of National Education, which renewed its partnership in June 2019. Its goal is to promote the schooling of young, talented students from low income families from around France (rural and urban), including the overseas departments. It provides individual assistance, from the time they start high school until they enter higher general, technology or professional education (skilled trades) and/or they start to work.

To assist students to receive a diverse education and excellent training, L'Envol runs two programs for pupils and students: the "general and technology" and the "career path" programs which have common objectives but are tailored to the specific nature of the course:

- ▶ the "general and technology" program, which started in 2012, sponsors 60 pupils each year from high school (third to last year students) through to graduate level (with three years of graduate studies on average), in partnership with the charity Article 1;
- ▶ each year the "career path" program, launched in 2015, sponsors a class of 45 students who have chosen to specialise in vocational sectors (catering, metalworking, art and fashion), from the final year of secondary school to university graduation, in partnership with the non-profit *Réussir Moi Aussi*.

The sponsorship program strives to be complete and consistent in order to develop talent in all its forms, foster diversity in superior educational/career pathways and contribute greater social openness. To accomplish this, it helps young people explore six dimensions: their relationship with their studies, with the future, with other people, with themselves, with the world, and with commitment.

Since it was created, L'Envol has sponsored 897 students, i.e., ten "general and technology" classes and seven "career path" classes.

All La Banque Postale and Le Groupe La Poste employees can volunteer for the mentors' community. From 2012 to 2021, 1,070 employees from La Banque Postale and Le Groupe La Poste volunteered for mentoring. Since 2017, new mentors participate in a day of training under the training plan before being allocated to mentor a young person. In the ongoing specific context of 2021, only 65 mentors were trained, nine of whom by means of "MOOC" online training open to everyone and specially designed for L'Envol. In 2021, in view of the extended public health crisis, mentors' involvement was reduced and amounted to nearly 4,000 hours of volunteer work.

Regional mentors, currently 23 in number, have continued to pass on the work of L'Envol and support the community of mentors in each territory.

Over the 2020-2021 academic year, L'Envol provided 560 hours of English and general culture training in a virtual classroom for small groups, and 2,762 hours of school support, up 35% on the previous year (63 young people in the general stream and 23 in the career stream benefited). Secondary school students wishing to study medicine or prepare for the competitive exam for Sciences Po and other top French business and engineering schools participated in 27 intensive courses. One baccalaureate school leaving revision course was also held.

Moreover, as preparing a student budget is essential, L'Envol offers financial workshops and individualised financial and equipment support. In 2021, 159 young people benefited from this program for an amount equivalent to €72,800 (significantly down on the previous year, which was atypical due to the health crisis that led to an increase in needs).

To encourage promotion, each year L'Envol organises ten major gatherings directed at students based on their year of study. This year, due to the health crisis, L'Envol organised hybrid virtual and face-to-face events. At the beginning of the year, when travel restrictions were still in place, it was not possible to organise local discovery trips and these had to be replaced by virtual events. However, all of the summer camps took place face-to-face, allowing young people to get together. An evening of celebration and recognition of recent graduate students was organised at the Institut du Monde Arabe. The overall feedback from these events was very positive despite inequalities in access to digital technology that penalised certain students during virtual camps organised remotely. All these actions encourage the students to succeed. Once again this year, the rate of success in the general baccalaureate school leaving exam was 100%, of which 89% with distinction (compared to 73.5% nationally). The rate of success for the vocational baccalaureate school leaving exam is also 100%, of which 100% with distinction (compared to 54.2% nationally).

As a token of appreciation, solidarity and mutual aid, the students that have come to the end of their mentor program created an alumni association called “L’Envol Alumni” in 2016. This association, which was dormant for several years, was relaunched this year by L’Envol and the new organisers are keen to make things happen by organising solidarity and community initiatives.

Lastly, L’Envol has won many prizes since its creation, including the *Trophée France Mécénova*, the *Cachet d’Europe* and the *Trophée National de l’Entreprise Citoyenne*. These awards celebrate the association’s actions.

6.4.6.4 Skills-based volunteering

To round out the employee engagement program, as from the first quarter of 2022, all La Banque Postale employees will be able to participate in short-term skills-based volunteering schemes during their working time in the areas of Outreach, Education, Environment, Health, Sport and Culture. Examples include participating in World CleanUp Day, food banks or job forums. This program will be available via the “Everybody Engaged” portal and is set to be developed further in 2022.

CNP Assurances also organised its first World CleanUp Day in September 2021, in the form of a simultaneous challenge between subsidiaries in France, Italy, Spain, Cyprus, Brazil and Argentina. The 244 volunteers managed to collect 2.7 tonnes of waste.

6.4.6.5 Training employees in CSR and sustainable finance

Training for employees is primarily aimed at helping them to get a better grasp of social and environmental issues so they have a more effective understanding of the range of actions carried out, particularly in the banking sector. Throughout the year, more than 15 articles were published on in-house networks to communicate the Bank’s commitments, its global CSR positioning and its proactive measures to lower carbon emissions (e.g. publication of articles on low carbon trajectories validated by the Science Based Targets Initiative, or on its commitment to exit the oil and gas sectors by 2030).

In addition, a 50-minute e-learning module “Discover La Banque Postale’s sustainability strategy” will be compulsory from January 2022 for all Bank and Financial Services employees.

This will be rounded out by the gradual roll-out of Climate Fresh workshops at Development Committee level and then at employee level. CNP Assurances already began rolling it out to around 60 employees in October 2021.

Lastly, from mid-2022, a specific training program will be offered to customer-facing employees to help them provide customers with a better understanding of both CSR and their financial investment choices. It can also be completed by taking the “Sulitest”, a universal app for testing knowledge of sustainable development that can be customised for companies based on their sector of activity.

Moreover, to promote these responsible solutions externally, every year La Banque Postale takes part in the Responsible Finance Week. On that occasion, it offers its customers and advisors information and promotional materials for its SRI range. With respect to in-house awareness, advisors are trained in SRI funds during their initial training when they join the Company. In late 2021, nearly 500 missions were performed by La Banque Postale Asset Management teams with the network’s advisors, generally remotely in light of the health crisis, but also in the regions and during training sessions in a subsidiary offices whenever this was possible. Because the entire commercial offering is 100% SRI certified, this topic is systematically covered during these presentations.

For its part, CNP Assurances introduced compulsory sustainable finance training in 2021, focusing on sustainable development challenges, consumer and saver expectations in relation to sustainable development, the fundamentals of sustainable finance and sustainable finance labels.

6.5 CSR INDICATORS

The CSR indicators published in this section support La Banque Postale's desire for transparency and substantiate the qualitative elements described in the previous sections. They have been grouped into three categories: economic indicators (customers), social indicators (employees) and environmental indicators (society).

As an introduction to the indicator tables, the following note on methodology provides the information needed to correctly understand the indicators, their scope and their possible limitations.

6.5.1 Note on methodology

The reporting protocol supports the use of non-financial indicators in order to report on the CSR performance of La Banque Postale Group and is gradually integrating CNP Assurances Group. The information is collected by a network of over one hundred CSR Officers and contributors to the non-financial reporting process.

The CSR indicators were created with regard to the indicators suggested by the French New Economic Regulations Act (the NRE Act), Article 225 of the Grenelle II Act, and according to their relevance to La Banque Postale's business activity, in line with the European directive on non-financial reporting which has been transposed into French law, notably via Order No. 2017-1180 of 19 July 2017 introducing the Non-financial Performance Statement. The indicators proposed by the Global Reporting Initiative (GRI), in particular in its Financial Services Sector Supplement (FSSS), were also taken into account. National methodology such as ADEME's carbon assessment protocol known as Bilan Carbone®, was used as a guideline, particularly for the calculation of environmental indicators.

For each indicator, the figures for the last three years are given whenever possible. The data is presented, insofar as possible; on a like-for-like basis, and any changes in scope are explained. If a change in scope, change in methodology or post-hoc correction is identified, the data are restated since previous publications for comparison purposes and are marked by an asterisk*.

6.5.1.1 Scope of non-financial reporting

The aim of La Banque Postale's feedback process is to cover all of the Bank's business activities and their impacts, all of the physical entities (buildings) and all of the players at La Banque Postale. These players make up the subsidiaries and the Banking Advice Line. Various scopes have therefore been defined in order to account for the corporate, social and environmental impacts of business activities in a relevant way. The table below presents the **target non-financial scope as at 31 December 2021**.

La Banque Postale (legal entity)	<ul style="list-style-type: none"> ▶ Head office of La Banque Postale ▶ Regional control departments ▶ Regional commitments department 	3,372 employees (i.e., 10% of La Banque Postale) as at 31 December 2021.
Financial Services (employees of Le Groupe La Poste working under the name of and on behalf of La Banque Postale)	<ul style="list-style-type: none"> ▶ 20 mainland Financial Centres, four Financial Centres in French overseas departments, four National Centres ▶ Bank and Distribution Network's IT Department (DSI-BA) ▶ Financial Services Department ▶ Corporate and Regional Development Department (DEDT/ CIB) 	11,683 employees (i.e., 36% of La Banque Postale) as at 31 December 2021.
Banking Advice Line (employees of Le Groupe La Poste working under the name of and on behalf of La Banque Postale) – The positions included are: <ul style="list-style-type: none"> ▶ Banking Advice Line (LCB): financial advisors (COFI), customer advisors (COCLI), specialist wealth management advisors (CSP), Customer Managers (Gescli), expert home loan advisors (CECI), specialised real estate advisors (CSI), adverse possession loan advisors (CPCI), government-assisted housing loan advisors (CFAS); ▶ Appui Soutien Bancaire (ASB): Adverse Possession Operations Director (DOPI), Youth Leader, Loan Assistant, Bank Sales Monitor (MVB) and Retail Client Manager (RCPART), Maison de l'Habitat Director, Maison de l'Habitat Development Manager, Banking Tools & Methods Manager. 	<ul style="list-style-type: none"> ▶ Advisors working in post office branches 	9,352 employees (i.e., 29% of La Banque Postale) as at 31 December 2021. Operating from post offices, the surface area and the energy and paper consumption of the Banking Advice Line are given the same financial weighting as when pro rating the distribution of charges for the 2021 financial year, i.e., 52.9%.
Subsidiaries excluding CNP Group (17 subsidiaries are consolidated in the non-financial reporting scope, excluding CNP Group)	<ul style="list-style-type: none"> ▶ Employees working in the 17 subsidiaries within the scope 	2,719 employees (i.e., 8% of La Banque Postale) as at 31 December 2021.
CNP Assurances France (Consolidated in the non-financial report)	<ul style="list-style-type: none"> ▶ Employees working in CNP Assurances France 	3,166 employees (i.e., 10% of La Banque Postale) as at 31 December 2021.
CNP Assurances international subsidiaries (Consolidated in the non-financial reporting scope where data was available)	<ul style="list-style-type: none"> ▶ Employees working in CNP international subsidiaries 	2,211 employees (i.e., 7% of La Banque Postale) as at 31 December 2021.

Post office counter staff, who work for the different business lines of Le Groupe La Poste are not included in the non-financial scope of La Banque Postale.

The scope is the same for all economic indicators, which cover all of La Banque Postale. However, for the other indicator categories, the scope may vary from one indicator to another. In that case, details of the scope are provided, by indicator, with a note specifying the selected scope, as indicated in the example provided below:

- ▶ 2019 includes the scope of La Banque Postale;
- ▶ 2020 includes the scope of La Banque Postale and CNP Assurances France;
- ▶ 2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

Where applicable for the employment and social indicators, the coverage rate is calculated based on number of employees; for the environmental indicators, it is calculated based on surface area occupied.

Consolidation of subsidiaries

The consolidation of subsidiaries within the non-financial scope is based on the principle of accounting consistency as well as on the principle of relevance of their various impacts. The goal is to include all consolidated subsidiaries in which the Group holds an interest of at least 50% (fully integrated), as well as certain non-consolidated subsidiaries which have relevant impacts on La Banque Postale's interests (see organisation chart in Section 1.1.6 of this Universal Registration Document). In 2021, the 18 consolidated subsidiaries were:

- ▶ Bancassurance: La Banque Postale Consumer Finance (formerly LBP Financement), Easybourse, SOFIAP, Domiserve (and its subsidiary Hippocad acquired on 1 April 2021), Kiss Kiss Bank Bank & Co (Lendopolis, Gooddeed, Microdon), Ezyne, Ma French Bank (MFB), CNP Assurances Group, La Banque Postale Prévoyance (LBPP), La Banque Postale Conseil en Assurances (LBPCA), La Banque Postale Assurances IARD (LBP Ass. IARD), La Banque Postale Assurances Santé (LBPAS);

- Wealth and Asset Management: La Banque Postale Asset Management (LBPAM) and Tocqueville Finance SA, La Banque Postale Immobilier Conseil (LBPIC), BPE;
- Corporate and Investment Banking: La Banque Postale Leasing & Factoring (LBP L&F), La Banque Postale Collectivités Locales (LBPCL).

In 2021, these subsidiaries were either all included, all excluded, or partially included in the calculation of the indicators. In the latter case, a list of included subsidiaries appears beneath the indicator.

The scope of the “Commitments to Employees” indicators comprises La Banque Postale, CNP Assurances France, CNP subsidiaries Europe and CNP international subsidiaries scopes as applicable.

The scope of the “Commitments to customers” indicator covers Banque Postale and Financial Services, LBP Consumer Finance, CNP Assurances France and LBPAM.

The scope of the environmental indicators encompasses the entire scope of the subsidiaries. Where applicable, the exclusions are defined below the indicators or in the Note on methodology.

Moreover, under the rules defined by La Banque Postale Group, a new subsidiary is included in the non-financial reporting scope the year of the operation (N) *pro rata temporis* or the following year (N+1). In order to ensure the reliability of the data, the business activity/entity may be included following an entire year, as that will allow the time to set up procedures for information feedback.

As regards the scope of CNP Assurances, we have gradually consolidated the subsidiary's data.

CNP Assurances was partially consolidated in 2020 to reflect its first year of full consolidation.

In 2021, we included data for CNP Assurances France and CNP Assurances international subsidiaries when the data was available and when it was available for all indicators (*i.e.*, customers, employees, society).

Details of the selected scope are provided under each indicator or in the Note on methodology.

In addition, the non-financial information for CNP Assurances as a whole is available in chapter 6 of the 2021 management report.

This year, CNP Assurances is included in the mitigation policies of La Banque Postale Group.

6.5.1.2 Information feedback in 2021

None of the information about animal welfare, responsible, fair and sustainable catering and the fight against food poverty has any bearing on La Banque Postale's business in terms of relevance or applicability.

“Commitments to customers” indicators

- Total responsible assets under management (sum of SRI assets and assets with other ESG approaches):
 - of which SRI assets under management, and assets with other ESG approaches: systematic and measurable inclusion of non-financial criteria in the management of the portfolios. For SRI assets under management, this category is limited to funds which have obtained the “ISR Public” label (labelled funds) in compliance with the standards issued by France's Ministry of the Economy,
 - of which assets with other ESG approaches, this concerns ESG assets that are not certified as SRI (*i.e.*, SRI label equivalent, or Relance Label).

- Regarding total responsible assets managed by CNP Assurances (including funds managed by LBPAM), please refer to chapter 6 of CNP Assurances' 2021 management report.

- Under the Sustainable Finance Disclosure Regulation (SFDR), all assets managed by LBPAM at the end of 2021 were split between the following categories:

- article 6 SFDR,
- article 8 SFDR,
- article 9 SFDR,
- assets not subject to SFDR.

For the breakdown of CNP Assurances under the SFDR regulation, please refer to chapter 6 of CNP Assurances' 2021 management report.

- CRESUS provides assistance to financially-vulnerable customers throughout France. Customers in the Greater Paris region are supported by Crédit Municipal de Paris (CMP).

“Commitments to Employees” indicators

- For most of the social indicators, 18 subsidiaries within the non-financial scope were included.
- The total workforce includes employees in active employment only (staff on permanent or temporary contracts, civil servants). Work-study contracts (apprenticeships, professional training contracts), employees whose contracts have been suspended and corporate officers are no longer included in the total workforce as part of the efforts to harmonise the protocol with Le Groupe La Poste. The workforce distribution by age only takes into account permanent contracts.
- CNP Assurances uses a different methodology for recognising its workforce; it is understood to mean its registered workforce. In order to ensure comparability throughout the scope of La Banque Postale, the CNP Assurances workforce has therefore been restated so as to be consistent with the definition used within Le Groupe La Poste including La Banque Postale; the permanent workforce is made up of employees on permanent employment contracts or civil servants.

In 2021, depending on the availability of information, the scope included CNP Assurances France, CNP Assurances Europe and CNP Assurances international. This information is provided below each indicator.

- The Banking Advice Line has no women executives.
- Days of absence for occupational accidents with lost time are monitored on a calendar basis.
- La Banque Postale monitors occupational illness data, but the figures are not yet consolidated because this indicator is not considered materially relevant to its service business.
- The number of lost days due to illness is reported in calendar days, and takes into account permanent employees and civil servants. The indicator includes the number of days of absence from 1 January of year Y to 31 December of year Y.
- Dismissal figures do not include removals from office of civil servants or terminations of trial periods by the employer.
- Turnover is based on the workforce figure as at 31 December, excluding temporary contracts and work/study contracts. Retirements are also excluded from the indicator.

- ▶ The standard duration of one training day is seven hours.
- ▶ E-learning courses are calculated based on theoretical duration.
- ▶ Subcontracting at La Banque Postale is not significant and does not concern La Banque Postale's core business activities. Subcontractors remain in all circumstances under the authority of the service provider, who retains sole responsibility for the completion of all services, and more specifically for compliance with quality, safety and confidentiality requirements. See Article 28 of the contracts signed by suppliers.

“Commitments to Society” indicators

- ▶ Indicators are tracked over a rolling 12-month period, from 1 December of Y-1 to 30 November of year Y. The indicators cover: building and vehicle energy consumption and GHG emissions, water consumption, train and air travel and tonnes of waste electrical and electronic equipment (WEEE) collected.
- ▶ The data on paper consumption are tracked over a rolling 12-month period according to two methods depending on the entities' own reporting practices; either from 1 January to 31 December of year Y or from 1 December of year Y-1 to 30 November of year Y.

In 2021, the scope covered La Banque Postale excluding the Domiserve, Easybourse, Ezyness and SOFIAP subsidiaries.

The scope of CNP international is included in the indicator, depending on the availability of information. In 2021, data were reported for CNP Assurance Compania de Seguros (Argentina), CNP Cyprus Insurance Holdings (Cyprus and Greece), CNP Partners (Spain), CNP Unicredit Vita (Italy).

- ▶ Energy consumption is monitored mainly on the basis of meter readings, or if necessary, on the basis of invoices in order to provide the most accurate data possible.
- ▶ In 2021, emissions were converted to CO₂ equivalents using the emission factors provided by Le Groupe La Poste for consolidation purposes. If no emission factor was provided by Le Groupe La Poste, the figure was converted to CO₂ equivalents using the ADEME Bilan GES (greenhouse gas emissions profile). All data has been adjusted on a historical basis. The emission factors only include combustion (excluding upstream) for gas, propane gas, fuel oil, diesel and petrol. The emission factor used to convert district heating network consumption is that of the city in which the site is located (District Heating Energy Factor from the ADEME Bilan GES).
- ▶ The CO₂ emissions generated by employee business travel by rail and air are calculated using data issued by the transport service providers for the La Banque Postale reporting scope. They apply their own emissions factors to the journeys made by employees.

For the CNP Assurances group, Le Groupe La Poste's emission factor was applied based on the number of kilometres travelled and the country concerned.

The scope of CNP international is included in the indicator depending on the availability of information. In 2021, for trains, CNP Partners (Spain) and CNP Unicredit Vita (Italy) are included.

For business travel by plane, CNP Assurance Compania de Seguros (Argentina) and CNP Bresil e Caixa Vida e Previdência (Brazil), CNP Cyprus Insurance Holdings (Cyprus and Greece), CNP Partners (Spain), CNP Santander Insurance (Ireland) are included.

The subsidiary Ma French Bank has been included as from 2021 and Ezyness for travel by train.

- ▶ In 2021, the CO₂ emissions generated by employee commutes were calculated using the results of the home-work survey of La Banque Postale Group employees (excluding CNP Assurances France employees) conducted every two years. The Bank carries out its own home-work survey within its reporting scope. CO₂ emissions for this survey were consolidated in our LBP Group data.
- ▶ For water use, the indicator per day and per employee only concerns La Banque Postale and CNP Assurances France.
- ▶ For electricity consumption, the emission factor does not include transmission line losses; grey electricity is disassociated from renewable energy in the calculations; For green electricity, the emission factor supplied by Le Groupe La Poste is used. This is an average of the factors provided by the energy suppliers (EDF and Total Direct Énergie); For foreign subsidiaries, the emission factor per country is used for non-renewable electricity.

For France, the emission factor for non-renewable electricity is that provided by ADEME.

- ▶ The Banking Advice Line has been included in the scope of publication for building-related energy consumption, water consumption and paper consumption, using a distribution formula and the accounting basis, making it possible to distribute the charges attributable to the Advice Line's employees working in the name and on behalf of La Banque Postale.
- ▶ The Banking Advice Line has been included in the scope of publication for vehicle-related emissions using a distribution formula which allocates the usage of the vehicles of the La Poste Network to the Advice Line's employees working in the name and on behalf of La Banque Postale.

Ma French Bank and KKBB&Co are included in the vehicle indicator as of 2021.

- ▶ The scope of CNP international is included in the indicator, depending on the availability of information.

In 2021, the following entities were reported: CNP Assurance Compania de Seguros (Argentina) and CNP Bresil e Caixa Vida e Previdência (Brazil), CNP Cyprus Insurance Holdings (Cyprus and Greece) and CNP Partners (Spain).

- ▶ The four Financial Centres located in the French overseas departments are not included in the environmental indicators, except for the vehicle data; due to a specific organisation, these data are reported indirectly via the information collected by the La Poste Network.
- ▶ It should be noted that, when consolidating our data, we take the gross consumption figures reported by our subsidiaries. This may result in differences in the carbon footprint calculation depending on the emission factor used for the CNP Group and for the LBP Group.
- ▶ Emissions from Data Centres have been included in the calculation for the total carbon footprint of La Banque Postale (excluding Banking Advice Line and subsidiaries) covering 2019, 2020 and 2021. The emissions calculations encompass the construction, operational (excluding building-specific

emissions) and end-of-life phases. Moreover, since 2020 the internal tool used for calculations makes it possible to monitor our hosts' actual energy consumption rather than estimations as was the case in previous years. It was impossible to reconstitute for previous years actual consumption; initial estimates, overestimated, have been kept.

For CNP Assurances France, emissions from data centres are included in the electricity consumption of buildings.

- ▶ The scope for the indicator on the number of tonnes of waste paper collected by Recygo for recycling includes La Banque Postale Consumer Finance, La Banque Postale Asset Management, Tocqueville Finance SA, La Banque Postale Iard, BPE, the Financial Centres and DSIBA, as well as CNP Assurances France.
- ▶ Paper scrap in production is included in total consumption. "Urgent" paper consumption excluding framework contracts is not taken into account in the graphic chain's paper consumption. The contribution is marginal.
- ▶ For certain missing data, missing or erroneous consumption figures can be extrapolated from the most reliable actual consumption data, if relevant.
- ▶ In 2021, some of the data on the years 2019 and 2020 had to be restated due to retroactive consolidation of new subsidiaries.
- ▶ Article L. 229-25 of the environmental code sets out the methods for preparing and publishing greenhouse gas assessments for private legal entities employing more than 500 people, the method used by La Banque Postale to calculate the "total carbon footprint" indicator complies with the regulatory method as defined in the article. In particular, SCOPE 1 emissions encompass the categories 1 to 5, SCOPE 2 emissions encompass categories 6 and 7, and SCOPE 3 emissions cover the categories 13 and 22 entirely as well as a portion of the emissions from category 9 "purchases of products and services".

- ▶ For AML/CFT training of employees, the scope includes La Banque Postale SA (excluding the HR function, general services and executive assistants); Financial Services, the Banking Advice Line and CNP Assurances France.
- ▶ For GDPR training of employees, the scope includes La Banque Postale SA, Financial Services, the Banking Advice Line and CNP Assurances France.
- ▶ Concerning the number of employees involved with L'Envol: this is the number of new employees that have responded to mentor recruitment campaigns and employees who have signed up to be a L'Envol mentor during the current year.
- ▶ Concerning the number of young people benefiting from the L'Envol program: this is the number of young people benefiting from the L'Envol program at 31 December of year Y.
- ▶ The indicator for carbon intensity of portfolios (Management of non-financial risks) changed between 2020 and 2021.

In 2020, the indicator used was tonnes of CO₂ per million euros of income, whereas in 2021 it was reported in tonnes of CO₂ per million euros invested. As the data between 2021 and 2020 is no longer comparable, historical data is not reported for this indicator for 2019 and 2020.

6.5.1.3 Audit of CSR data

In 2011, La Banque Postale engaged an independent third party to verify its CSR indicators. In accordance with Article 225 of the Grenelle II Law, La Banque Postale has continued this practice ever since. All of the verification assignments were issued a conclusion based on moderate assurance, which was published in the La Banque Postale Universal Registration Documents. In 2021, for the seventh year running, certain key indicators will be verified on the grounds of reasonable assurance.

Following this section on responsible development indicators is a report from the third-party organisation, which La Banque Postale instructed of its own accord, on the accuracy and compliance of the Non-Financial Performance Statement with legal and regulatory requirements, as published in the management report included in the Universal Registration Document for the year ended 31 December 2021.

6

6.5.2 "Commitments to Society" indicators

6.5.2.1 Management of non-financial risks indicators

		2021	2020	2019
GRI	MANAGEMENT OF NON-FINANCIAL RISKS			
	ESG risk exposure of the CIB (non-sovereign issuers)	3.58	4.06	4.44
	ESG risk exposure of the CIB business (sovereign issuers)	3.30	4.48	5.15
	the level of exposure to ESG risks has been measured on a scale of 1 to 10, with 10 being the highest level of risk.			
201-2	Carbon intensity (corporate issuers) in tCO ₂ /€m invested by LBP ⁽¹⁾	109.29	N/A	N/A
201-2	Carbon intensity (corporate issuers) in tCO ₂ /€m invested by CNP Assurances	55.00	67.00	N/A

(1) ✓ indicator independently verified to a reasonable level of assurance.

6.5.2.2 Regulatory employee training indicators

GRI	Percentage of employees trained in the fight against money laundering and terrorist financing in the last two years	2021	2020	2019
	La Banque Postale SA employees	93.1%	74.7%*	53.4%*
	Financial Services employees	85.7%	79.9%*	60.5%*
	Banking Advice Line employees	98.6%	93.3%*	59.8%*
	CNP Assurances France employees	88.9%	N/A	N/A

In 2021, the proportion of employees trained in the fight against money laundering and terrorist financing over the year was at 31.6% on average as a large proportion already received training in 2020 (60.5%).

* Restated data.

GRI	Percentage of employees trained in GDPR over the last two years	2021	2020	2019
	La Banque Postale SA employees	100.0%	62.0%	N/A
	Financial Services employees	91.0%	54.0%	N/A
	Banking Advice Line employees	94.0%	74.0%	N/A
	CNP Assurances France employees	66.0%	N/A	N/A

6.5.2.3 Responsible Purchasing indicators

GRI	RESPONSIBLE PURCHASING	2021	2020	2019
308; 414	Number of Responsible Purchasing Charters signed by La Banque Postale suppliers of which suppliers invoiced at least once during the year	8,175 1,515	6,371 N/A	4,812 N/A

GRI		2021	2020	2019
	Amount of purchases from the subsidised/sheltered employment sector ⁽¹⁾ of which La Banque Postale	816,319 572,250	841,673 629,288	698,510 698,510

(1) 2019 includes the scope of La Banque Postale (excluding Banking Advice Line).

2020 and 2021 include the scope of La Banque Postale (excluding Banking Advice Line) and CNP Assurances France.

6.5.2.4 Philanthropy and Envol indicators

GRI	PHILANTHROPY COMMITMENT ⁽¹⁾	2021	2020	2019
203-1	Financial commitment for mentoring in euros of which La Banque Postale	8,276,732 5,823,227	10,037,172 6,727,732	6,984,075 6,984,075

The final figures for the current year will not be known until after the publication of this document.

(1) 2019 includes the scope of La Banque Postale.

2020 and 2021 include the scope of La Banque Postale, CNP Assurances France and CNP International subsidiaries.

GRI		2021	2020	2019
203-1	Number of employees involved with L'Envol	59	52	133
413-1	Number of young people benefiting from L'Envol	508	520	481

6.5.2.5 “Commitments to the Planet” indicators

	2021	2020	2019
TOTAL CARBON FOOTPRINT OF LA BANQUE POSTALE GROUP (tCO₂EQ)	58,484	66,184*	70,215*
of which La Banque Postale	52,978	62,650	70,215
Scope 1	20,542	19,636	20,189
of which La Banque Postale	19,486	18,906	20,189
Scope 2	5,502	3,703*	2,357
of which La Banque Postale	2,466	2,228	1,975
Scope 3	32,440	42,845	47,669
of which La Banque Postale	31,026	41,516	47,669

The carbon footprint takes into account the following sources of emissions: buildings, business trips, commutes, paper consumption and Data Centres. CNP Assurances France was included in 2020 and CNP Assurances international subsidiaries from 2021.

Starting in 2019, emissions from the Banking Advice Line have been included in the buildings, paper and travel/commute categories and in 2020 in the vehicles category

* Restated data.

	2021	2020	2019
GRI BUILDINGS⁽¹⁾			
302-1 Energy consumed (in GWh)	221	205	198
302-1 of which La Banque Postale	197	184	198
305-1; 305-2 Emissions related to buildings in tCO₂eq	21,404	18,261	17,724
305-1; 305-2 of which La Banque Postale	18,097	16,540	17,724
305-5 Emissions avoided thanks to the 100% renewable electricity contract in tCO₂eq	5,120	4,933	5,263
305-5 of which La Banque Postale	5,120	4,933	5,263
Emissions per employee in kgCO₂eq	659	601	627
of which La Banque Postale	667	596	627

Total energy consumption includes the consumption of electricity, natural gas, fuel oil, district heating, propane gas and fuel wood.

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

	2021	2020	2019
GRI TRAVEL			
305-1 Vehicle emissions (in tCO₂eq)⁽¹⁾	4,640	5,078	4,822
of which La Banque Postale	3,856	4,594	4,822
305-1 Emissions per vehicle (in tCO₂eq)⁽²⁾	2.04	2.18	2.40
of which La Banque Postale	2.02	2.29	2.40

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

(2) 2019 includes the scope of La Banque Postale.

2020 and 2021 include the scope of La Banque Postale and CNP Assurances France.

	2021	2020	2019
GRI			
305-3 Emissions related to business travel by rail in tCO₂eq⁽¹⁾	36	24	43
of which La Banque Postale	23	17	43
305-3 Emissions related to business travel by plane in tCO₂eq⁽¹⁾	939	1,085	1,535
of which La Banque Postale	474	714	1,535

(1) 2019 includes the scope of La Banque Postale (excluding Banking Advice Line).

2020 includes the scope of La Banque Postale (excluding Banking Advice Line) and CNP Assurances France.

2021 includes the scope of La Banque Postale (excluding Banking Advice Line), CNP Assurances France and CNP Assurances international subsidiaries.

GRI	2021	2020	2019
305-3 Emissions related to commuting in tCO₂eq⁽¹⁾	26,928	37,299	36,609
of which La Banque Postale	26,264	36,609	36,609

(1) 2019 includes the scope of La Banque Postale.
 2020 and 2021 include the scope of La Banque Postale and CNP Assurances France.

GRI – Standards	2021	2020	2019
305-3 Data Centre Emissions (in tCO₂eq)⁽¹⁾	1,101	1,134	2,940

(1) This scope covers La Banque Postale (excluding Banking Advice Line and its subsidiaries).

GRI	2021	2020	2019
RESOURCES			
301-1 Paper consumption (in tonnes)⁽¹⁾	3,739	3,595	7,119
of which La Banque Postale	3,443	3,311	7,119
305-3 Emissions related to paper (in tCO₂eq)	3,436	3,304	6,542
of which La Banque Postale	3,164	3,043	6,542
301-1 Proportion of eco-friendly paper out of total paper consumption	91.9%	99.8%	99.4%
of which La Banque Postale	92.4%	99.8%	99.4%
301-1 Consumption of paper for internal purposes per employee (in kg)	12	12	16
of which La Banque Postale	11	11	16

Paper is the main raw material used by La Banque Postale, which is mindful of the quality of the paper as well as the volumes consumed.

(1) 2019 includes the scope of La Banque Postale Group.
 2020 includes the scope of La Banque Postale and CNP Assurances France.
 2021 includes the scope of La Banque Postale, CNP Assurances France and CNP International subsidiaries.

GRI	2021	2020	2019
303-5 Water consumption (in millions of litres)⁽¹⁾	378	387	408
of which La Banque Postale	357	366	408
303-5 Consumption per employee per day (in litres)⁽²⁾	60	62	70
of which La Banque Postale	64	64	70

With respect to La Banque Postale's business activities, only the water consumed by company restaurants and sanitary facilities is taken into account. La Banque Postale consumes only drinking water supplied by French town councils and is therefore not faced with the issue of depletion of water resources. However, as part of its policy of controlling the use of resources, reducing water consumption is a constant operating objective of each site and is covered by monitoring and reporting.

(1) 2019 includes the scope of La Banque Postale.
 2020 includes the scope of La Banque Postale and CNP Assurances France.
 2021 includes the scope of La Banque Postale, CNP Assurances France and CNP International subsidiaries.
 (2) 2019 includes the scope of La Banque Postale.
 2020 and 2021 include the scope of La Banque Postale and CNP Assurances France.

GRI	2021	2020	2019
THE CIRCULAR ECONOMY			
301-1 Number of tonnes of waste paper collected by Recygo for recycling⁽¹⁾	846	827	765
of which La Banque Postale	727	770	765

(1) 2019 includes the scope of La Banque Postale.

GRI	2021	2020	2019
301-1 Collection of WEEE (waste electrical and electronic equipment) in tonnes⁽¹⁾	81	83	89
of which La Banque Postale	76	79	89

(1) 2019 includes the scope of La Banque Postale (excluding Banking Advice Line and its subsidiaries).
 2020 and 2021 include the scope of La Banque Postale (excluding Banking Advice Line and its subsidiaries) and CNP Assurances France.

6.5.3 “Commitments to Customers” indicators

6.5.3.1 Economic indicators

Economic indicators		2021	2020	2019
GRI	ACCESSIBLE BANKING			
413-1	Number of personal micro-loans paid (including home micro-loans)	1,203	1,027	2,720
413-1	Percentage of consumer loans less than or equal to €1,500	5.0%	4.9%	6.0%
413-1	Percentage of home loan borrowers earning less than 2 minimum wages per month	17.3%	23.3%	25.8%
413-1	Percentage of <i>Livret A</i> accounts with a balance of less than €150	49.6%	49.0%	51.0%
413-1	Number of <i>Simplicité</i> account option users ^{√(1)}	202,118	141,217	112,403

√ indicator independently verified to a reasonable level of assurance

		2021	2020	2019
GRI	RESPONSIBLE CUSTOMER RELATIONS			
	Customer satisfaction rate	74.0%	74.0%	84.6%
	Customer claims rate	12.0%	13.0%	12.6%
	Bad debt rate for home loans	0.8%	1.0%	1.0%
	La Banque Postale's bad debt rate is still among the lowest on the market			
	Creditor insurance rejection rate (CNP Assurances France)	0.2%	0.2%	0.2%
413-1	Number of customers supported by CRESUS	200	203	252
	CRESUS provides assistance to financially-vulnerable customers throughout France.			
	Customers in the Greater Paris region are supported by Crédit Municipal de Paris (CMP).			
413-1	Number of customers supported by <i>L'Appui</i>	33,303	29,868	39,660*
413-1	Number of deaf and hearing-impaired customers assisted by Deafi	11,754	8,165	7,787

Customer assistance is available in French sign language for the deaf and hearing-impaired. This service can be accessed via labanquepostale.fr and the Deafi mobile app.

Please refer to the paragraphs on accessible banking in the “Commitments to customers” section for further information.

* Restated data.

		2021	2020	2019
GRI	RESPONSIBLE OFFERING			
	Assets managed by LBPAM (in € billions)	60.25	52.00	
	Breakdown of assets under the SFDR regulation			
	Assets classified under Article 6 SFDR	18.31		
	Assets classified under Article 8 SFDR	34.43		
	Assets classified under Article 9 SFDR	4.71		
	Assets not subject to SFDR	2.80		
201-1; 203-2	Total responsible assets under management	41.87		137
	– of which SRI (socially responsible investment) assets	30.80	25.00	30
	– of which assets with other ESG approaches	11.07		107
201-1; 203-2	Assets with a sustainable finance label*			
	Assets with an SRI label	30.80		
	Assets with a Greenfin label	1.10		
	Assets with a Finansol label	0.24		
	CNP Assurances assets (excluding assets managed by LBPAM)			
203-2	Total responsible finance assets (including unit-linked)	317.18	308.89	
	– of which assets meeting the specifications of the SRI or GreenFin label	54.62	34.58	
	– of which assets managed according to other ESG criteria	262.56	274.31	

* An asset may have more than one label and amounts are not cumulative.

GRI	Financing of renewable energy projects	2021	2020	2019
	Annual production (in € millions)	591	642	907
	Commitments given (in € millions)	2,257	2,000	1,916

6.5.4 “Commitments to Employees” indicators

GRI	EMPLOYMENT: WORKFORCE, HIRING AND DISMISSALS ⁽¹⁾	2021	2020	2019
	La Banque Postale	3,372	3,253	3,097
	Financial Services	11,683	12,100	12,697
	Banking Advice Line	9,352	9,878	9,985
	Subsidiaries other than CNP Assurances	2,719	2,514	2,467
	CNP Assurances France	3,166	2,660	N/A
	CNP International subsidiaries	2,211	N/A	N/A
102-8	Employees of La Banque Postale Group in units	32,503	30,405	28,246

Includes permanent and temporary contracts, civil servants, back office, excluding work/study contracts and suspended contracts.

GRI		2021	2020	2019
102-8;	Proportion of permanent employees under 25⁽¹⁾	1.4%	1.6%*	1.4%
	of which La Banque Postale	1.5%	1.7%	1.4%

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2021	2020	2019
102-8;	Proportion of permanent employees over 55⁽¹⁾	25.5%	26.7%	27.3%
	of which La Banque Postale	26.9%	27.0%	27.3%

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2021	2020	2019
102-8;	Number of CDI (permanent) employees recruited⁽¹⁾	1,887	1,629	1,654
	of which La Banque Postale	1,302	1,516	1,654

Includes the number of permanent hires following a temporary contract, an apprenticeship contract or an occupational contract, and external permanent hires.

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2021	2020	2019
	Number of dismissals⁽¹⁾	166	113*	125
	of which La Banque Postale	145	101	125

La Banque Postale has not made anyone redundant on economic grounds over the past three years.

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

* Restated data.

GRI		2021	2020	2019
401-1	Employee turnover rate⁽¹⁾	5.3%	4.2%*	4.8%
	of which La Banque Postale	4.3%	4.6%	4.8%

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

* Restated data.

GRI	REMUNERATION	2021	2020	2019
102-35	Average gross annual remuneration for women in euros⁽¹⁾	40,409	39,217	36,889
	of which La Banque Postale	38,346	37,542	36,889
102-35	Average gross annual remuneration for men in euros⁽¹⁾	48,427	46,284	44,228
	of which La Banque Postale	45,628	44,475	44,228
102-35	Average gross annual remuneration for employees in euros⁽¹⁾	41,724	42,024	39,786
	of which La Banque Postale	41,243	40,288	39,786

Indicators calculated with the annual average workforce in FTE (employees on permanent contracts and civil servants).

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2021	2020	2019
102-38	Annual remuneration of the Chairman/gross average remuneration of the employees⁽¹⁾	10.9	11.2	11.3
102-38	Annual remuneration of the Chairman as a factor of the minimum wage⁽¹⁾	24.2	24.4	24.7

Fixed gross annual salary for permanent employees. Chairman's gross annual salary (excluding fringe benefits)

The value used in 2021 was the 2021 minimum wage, i.e., €18,655.41.

(1) 2019, 2020 and 2021 include the scope of La Banque Postale.

GRI		2021	2020	2019
102-35	Value of the salary and benefits aggregation scheme in euros⁽¹⁾	9,027,054	20,537,369	10,416,073
	of which La Banque Postale	4,475,479	13,433,355	10,416,073
102-35	Value of the profit-sharing scheme in euros⁽¹⁾	37,006,897	36,148,299	11,300,147
	of which La Banque Postale	15,349,783	12,179,017	11,300,147
401-2	Amount of employer's contribution in euros⁽²⁾	11,927,023	10,746,774	7,484,431
	of which La Banque Postale	8,703,462	8,469,927	7,484,431
401-2	Portion of socially responsible investment in employee savings⁽¹⁾	63.9%	67.3%	62.7%
	of which La Banque Postale	99.5%	100.0%	62.7%

Includes amounts paid during the year in respect of the previous year

(1) 2019 includes the scope of La Banque Postale (excluding Banking Advisory Line)

2020 and 2021 includes the scope of La Banque Postale (excluding Banking Advisory Line) and CNP Assurances France.

(2) 2019 includes the scope of La Banque Postale (excluding Banking Advisory Line).

2020 includes the scope of La Banque Postale (excluding Banking Advisory Line) and CNP Assurances France.

2021 includes the scope of La Banque Postale (excluding Banking Advisory Line), CNP Assurances France and CNP Assurances European subsidiaries.

		2021	2020	2019
GRI	FIGHT AGAINST DISCRIMINATION: GENDER EQUALITY AT WORK AND EMPLOYMENT OF DISABLED PERSONS			
102-8	Percentage of women in the workforce⁽¹⁾	60.0%	57.0%	61.0%
	of which La Banque Postale	61.0%	61.0%	61.0%
405-1	Percentage of women in executive positions⁽²⁾	56.0%	57.0%	57.0%
	of which La Banque Postale	57.0%	57.0%	57.0%
405-1	Percentage of women in strategic executive posts⁽²⁾	37.0%	39.0%	38.0%
	of which La Banque Postale	38.0%	39.0%	38.0%
405-2	LBP gender equality index	97	97	97

The gender equality index only applies to employees of La Banque Postale. Employees from Financial Services and the Banking Advice Line are counted in the index for the Le Groupe La Poste.

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

(2) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

		2021	2020	2019
GRI				
405-1	Percentage of women on the Executive Board of La Banque Postale	40%	25%	30%
	Percentage of women on the Executive Board of CNP Assurances France	36%	36%	N/A
405-1	Percentage of women on the Supervisory Board of La Banque Postale	40%	40%	33%

		2021	2020	2019
GRI				
405-1	Number of disabled employees supported⁽¹⁾	952	1,011*	1,004*

The percentage of Employment Obligation Beneficiaries is only calculated at the level of the Le Groupe La Poste.

(1) 2019, 2020 and 2021 include the scope of La Banque Postale (excluding Banking Advice Line and subsidiaries).

* Restated data.

		2021	2020	2019
GRI	WORK ORGANISATION: OVERTIME, PART-TIME, ACCIDENTS AND ABSENCES			
	Amount of overtime per employee in hours⁽¹⁾	2.50	1.7*	2.5*
	of which La Banque Postale	1.80	2.00	2.50

Includes the number of overtime hours declared by each employee under permanent contract and civil servants.

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

* Restated data.

		2021	2020	2019
GRI				
102-8	Percentage of part-time employees in the workforce⁽¹⁾	8.0%	8.1%*	8.6%
	of which La Banque Postale	8.0%	8.0%	8.6%

Includes part-time employees on permanent contracts and civil servants.

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

		2021	2020	2019
GRI				
	Number of employees working from home⁽¹⁾	6,777	3,864	1,647
	of which La Banque Postale	2,904	1,973	1,647

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

GRI		2021	2020	2019
403-9	Occupational accident rate⁽¹⁾	1.20	3.10	4.50
	of which La Banque Postale	1.30	3.30	4.50
403-9	Occupational accident severity rate⁽¹⁾	0.10	0.20	0.20
	of which La Banque Postale	0.10	0.10	0.20
403-9	Number of lost time days due to occupational and travel accidents per employee⁽¹⁾	0.50	0.50	0.60
	of which La Banque Postale	0.50	0.50	0.60

Includes accidents and days of work stoppage of employees on permanent contracts, civil servants and employees on temporary contracts.

(1) 2019 includes the scope of La Banque Postale.

2020 and 2021 include the scope of La Banque Postale and CNP Assurances France.

GRI		2021	2020	2019
403-10	Absenteeism due to illness⁽¹⁾	5.7%	6.5%*	5.7%
	of which La Banque Postale	6.3%	6.7%	N/A
403-10	Number of days of work stoppage due to illness per employee⁽¹⁾	21	22	21
	of which La Banque Postale	23	25	21

Includes days of work stoppage of employees on permanent contracts and civil servants.

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

GRI	EMPLOYEE RELATIONS	2021	2020	2019
102-41	Number of collective agreements signed⁽¹⁾	54	36	50
	of which La Banque Postale	41	26	50

(1) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

GRI	TRAINING	2021	2020	2019
	Number of training hours managed by EBR for Le Groupe La Poste employees⁽¹⁾	2,550,944	1,868,413	2,199,834
404-1	Number of training hours⁽²⁾	1,204,442	893,413	1,237,466
	of which La Banque Postale	1,128,051	859,912	1,237,466
404-1	Number of training hours per employee⁽²⁾	37	29	44
	of which La Banque Postale	42	31	44

In 2021, 30,567 employees attended at least one training program during the year.

(1) 2019, 2020 and 2021 include the scope of La Banque Postale (excluding the CNP Group).

(2) 2019 includes the scope of La Banque Postale.

2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

GRI		2021	2020	2019
404-1	Number of employees on banking courses leading to a qualification or diploma⁽¹⁾	340	412	415*

Includes employees in first and second years of banking courses leading to a qualification or diploma.

6.6 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free English translation of the Statutory Auditor's report 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.

(For the year ended 31 December 2021)

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the COFRAC under number 3-1049⁽¹⁾, we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) of the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2021 (hereinafter, respectively, the "Information" and the "Statement"), established voluntarily by your company pursuant to the requirements of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

At the request of the entity, we conducted work designed to express a reasonable assurance conclusion on the information selected by the entity and identified by the sign √.

Limited assurance conclusion

Based on the procedures performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Reasonable assurance conclusion on a selection of non-financial information

Based on the procedures performed, as set out in the "Nature and scope of our work" and "Nature and scope of additional work on the information selected by the entity and identified by the sign √" sections of this report, and the evidences collected, the information selected by the entity and identified with the symbol √ in the Statement has been prepared, in all material respects, in accordance with the Guidelines.

Preparation of the Statement

The absence of a commonly used generally accepted reporting framework or established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the main elements of which are presented in the Statement.

Inherent limitations in preparing the Information

As discussed in the Statement, the Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions and/or estimates used for their preparation and presentation in the Statement.

Responsibility of the entity

It is the responsibility of the Executive Board to produce a Declaration that meets legal and regulatory requirements, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies established to manage these risks, the outcomes of these policies, including key performance indicators, and information set out in Article 8 of the Regulation (EU).

The Statement was prepared by applying the entity's Guidelines as mentioned previously.

1) Accreditation COFRAC Inspection, No. 3-1049, scope available at www.cofrac.fr.

Responsibility of the Statutory Auditor, appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing 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 historical financial information (actual or extrapolated) provided in accordance with Article R.225-105-I(3) and II of the French Commercial Code concerning action plans and policy outcomes, including the key performance indicators on the main risks.

As it is our responsibility to provide an independent conclusion on the Information as prepared by Management, we are not authorised to help prepare said Information, as that could compromise our independence.

At the request of the entity and outside of the scope of certification, we may express reasonable assurance that the information selected by the entity, presented in the appendices, and identified by the symbol √ has been prepared, in all material respects, in accordance with the Guidelines.

However, it is not our responsibility to comment on:

- ▶ The entity's compliance with other applicable legal and regulatory requirements (in particular, the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation), and anti-corruption and tax avoidance legislation);
- ▶ The fairness of the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- ▶ The compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional guidance

We performed our work described below in accordance with the provisions of Articles A. 225 1 and following 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 International Standard on Assurance Engagements 3000 (Revised)⁽¹⁾.

Our independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) for statutory auditors. Our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with applicable legal, regulatory and ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors relating to this engagement.

Means and resources

Our work was carried out by a team of six people between November 2021 and March 2022 and took a total of approximately eight weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some interviews with the people responsible for preparing the Statement, representing in particular executive management, the human resources, strategy and development departments.

Nature and scope of our work

We planned and performed our work to address the areas where we identified that a material misstatement of the Information was likely to arise.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion:

- ▶ We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- ▶ We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- ▶ We verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- ▶ 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 principal risks associated with all the consolidated entities' activities, 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;

1) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

- ▶ 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;
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risk ⁽¹⁾, our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities ⁽²⁾.
- ▶ We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- ▶ We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- ▶ For the key performance indicators and other quantitative outcomes that we considered to be the most important, as presented in Appendix, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities³ and covers between 34% and 100% of the consolidated data selected for these tests;
- ▶ We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Nature and extent of additional work on the information selected by the entity and identified by the sign √

With regard to the information selected by the entity, presented in the appendix and identified by the symbol √ in the Statement, we conducted the same work as described in the paragraph "Nature and scope of our work" above for the Information considered to be the most important, but in a more in-depth manner, in particular with regard to the number of tests.

The selected sample accounts for 100% of the information identified by the symbol √.

We believe that our work is sufficient to provide a basis for our reasonable assurance opinion on the information selected by the entity and identified by the symbol √.

Paris-La Défense, on 15 March 2022

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Xavier de Coninck
Partner

1) Risks relating to the financial effects of climate change and environmental degradation, Image and reputation risks linked to the failure of La Banque Postale to meet its commitments as a result of poor implementation of the strategy decided by the Group and its subsidiaries and deficiencies in the control processes ensuring its correct implementation.

2) La Banque Postale headquarters, Véhiposte (a subsidiary of La Poste Group), Poste Immo (a subsidiary of La Poste Group), Ecole de la Banque et du Réseau, Corporate and Investment Banking, Financial Services, La Banque Postale Asset Management.

Appendix

Qualitative information (actions and results) considered most important

Measures taken with regard to quality of life at work
Measures taken to support the professional development of employees
Policy and actions to reduce the environmental footprint of La Banque Postale's activities
Gender equality policies and associated outcomes
Non-financial ratings of La Banque Postale
Action plans to combat social exclusion
Commitments to customer satisfaction and associated outcomes

Key performance indicators and other quantitative results considered most important

Level of assurance

Employee turnover rate	Limited
Number of days of work stoppage due to illness per employee	
Number of training hours per employee	
Total number of employees and distribution by age and gender	
Total carbon footprint of La Banque Postale Group, including emissions scopes 1, 2 and 3	
CO ₂ emissions related to commuting	
CO ₂ emissions related to the energy consumption of buildings per employee	
Energy consumption of buildings per employee	
CO ₂ emissions per vehicle	
Total responsible assets managed by LBPAM, including SRI (Socially Responsible Investment) funds and assets managed according to ESG criteria	
Number of responsible purchasing charters signed by La Banque Postale suppliers	
Percentage of employees trained in the fight against money laundering and terrorist financing in the last two years	
Percentage of employees trained in GDPR over the last two years	
ESG risk exposure	
Percentage of women in strategic executive positions	
Percentage of women on the Executive Board and on the Supervisory Board of La Banque Postale	
Number of <i>Simplicité</i> account option users	Reasonable
Carbon intensity (corporate issuers)	

6.7 CROSS-REFERENCE TABLES

6.7.1 DPEF Cross-reference table

Guide to Non-financial Statement (DPEF) disclosures

Items	Legislative framework	Page number
Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	414-415; 416-418
Description of the main risks related to the business activity of the Company or the group including, when relevant and proportional, the risks created by business relationships, the products or services	Articles L. 225-102-1 and R. 225-105, I. 1° of the French Commercial Code	112-122
Information on the manner in which the Company or the group takes into account the social and environmental consequences of its business activity and the effects of this business activity in relation to respect for human rights and the fight against corruption (description of the policies implemented and reasonable diligence procedures implemented to prevent, identify and mitigate the main risks related to the business activity of the Company or the group)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I. 2° of the French Commercial Code	222-224; 420-425
Results of the policies implemented by the Company or the group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I. 3° of the French Commercial Code	481-493
Social information (employment, work organisation, health and security, social relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II. A. 1° of the French Commercial Code	469-480
Environmental information (general policy on environmental, pollution, circular economy, climate change matters)	Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code	436-448
Societal information (societal commitments in support 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	432-436
Information related to the fight against corruption	Articles L. 225-102-1 and R. 225-105, II. B. 1° of the French Commercial Code	218-219; 432-433
Information related to actions to promote human rights	Articles L. 225-102-1 and R. 225-105, II. B. 2° of the French Commercial Code	427-428
Specific information for companies operating at least one site as set out in Article L. 515-36 of the French Environmental Code (<i>Code de l'environnement</i>) (L. 225-102-2 of the French Commercial Code)	Article L. 225-102-2 of the French Commercial Code	N/A
Collective corporate agreements and the impacts of such agreements on the Company's economic performance and on working conditions for employees	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	471-473
Certificate issued by the independent third party on the information presented in the DPEF	Articles L. 225-102-1, III and R. 225-105-2 of the French Commercial Code	494-497

6.7.2 GRI, SDG and ISO 26000 Cross-reference table

Corresponding URD sections	Pages	Global Reporting Initiative (GRI)	Sustainable Development Goals (SDG)	ISO 26000
6.1 CSR issues and governance for La Banque Postale	416			
6.1.1 A corporate purpose in support of the just transition	416	102-1, 102-16		5
6.1.2 La Banque Postale's business model	416	102-5, 102-7, 102-12, 102-16	3, 7, 8, 10, 13	5.2.1, 5.2.2, 6.2
6.1.3 Strategy and governance of community engagement	418	103-2, 102-18, 102-21, 102-26, 102-29, 102-31, 102-32, 102-40, 102-44, 102-46		5.2., 6.2.2, 6.2.3, 7.3.3
6.1.4 Materiality of the main non-financial issues and risks	420	102-15, 102-44, 102-47, 103-1, 201-2		6.6.3, 7.3.1, 7.3.2

Corresponding URD sections	Pages	Global Reporting Initiative (GRI)	Sustainable Development Goals (SDG)	ISO 26000
6.1.5 Stakeholder dialogue	425	102-12, 102-13, 102-15, 102-40, 102-42, 102-43, 102-44		5.3.3
6.2 Commitments to society	427			
6.2.1 Respecting and defending major commitments (SDG 7/8/10/12/13/16)	427	102-12, 205-1, 205-2, 408-1, 409-1, 412-3, 414-2	7, 8, 10, 12, 13, 16	6.3.3, 6.4.3, 6.4.4, 6.6.3, 6.6.4, 6.6.6
6.2.2 Integrating ESG issues into financing and investment activities (SDG 7/8/9/10/11/12/13/14/15/16)	428	102-11, 102-12, 102-15, 102-16, 102-17, 201-2, 205-1, 205-2	7, 8, 9, 10, 11, 12, 13, 14, 15, 16	6.3.4, 6.3.5, 6.5.3, 6.5.4, 6.5.5, 6.6.3, 6.6.4, 6.6.5, 6.7.5, 6.7.9
6.2.3 Internal examples of support for our missions (SDG 8/10/12/13/15/16/17)	432	102-9, 102-15, 102-16, 102-17, 203-2, 204-1, 205-1, 205-2, 308-1, 407-1, 408-1, 409-1, 412-1, 414-1, 414-2	8, 10, 12, 13, 15, 16, 17	6.3.3, 6.3.4, 6.3.5, 6.3.10, 6.4.3, 6.4.4, 6.5.4, 6.5.5, 6.6.3, 6.6.4, 6.6.5, 6.6.6, 6.7.3, 6.7.4, 6.7.7, 6.7.9
6.2.4 Commitments to the planet (SDG 7/9/11/12/13/14/15/16/17)	436	103-1, 103-2, 201-2, 301-1, 301-2, 301-3, 302-3, 302-4, 302-5, 304-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2	7, 9, 11, 12, 13, 14, 15, 16, 17	5.3.3, 6.5.3, 6.5.4, 6.5.5, 6.5.6
6.3 Commitment to customers	449			
6.3.1 An inclusive product and service offer for as many people as possible (SDG 1/3/4/8/10/11)	449	102-13, 203-1, 203-2, 413-1	1, 3, 4, 8, 10, 11	6.3.9, 6.7.8, 6.7.9, 6.8.3, 6.8.4, 6.8.6, 6.8.7
6.3.2 An offer in support of the just transition (SDG 1/3/6/7/8/9/10/11/12/13/14/15/16)	453	102-16, 203-1, 203-2, 417-1	1, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16	6.5.3, 6.5.4, 6.5.5, 6.5.6, 6.7.3, 6.7.5, 6.7.9, 6.6.3, 6.8.3, 6.8.5, 6.8.6, 6.8.7, 6.8.8, 6.8.9
6.3.3 An offer supporting the development of the responsible economy in all regions (SDG 1/2/3/6/7/8/9/11/12/13/16)	461	203-1, 203-2	1, 2, 3, 6, 7, 8, 9, 11, 12, 13, 16	6.5.3, 6.5.4, 6.8.3, 6.8.4, 6.8.5, 6.8.6, 6.8.7, 6.8.8, 6.8.9
6.3.4 Guaranteeing an ethical and quality customer relationship (SDG 1/8/16)	464	413-1	1, 8, 16	6.7.3, 6.7.4, 6.7.6, 6.7.7, 6.7.8, 6.7.9, 6.8.4
6.4 Commitment to employees	469	102-56		
6.4.1 Supporting career development (SDG 4/5/8/10)	469	102-36, 102-37, 201-3, 401-2, 404	4, 5, 8, 10	6.4.4, 6.4.7, 6.8.4, 6.8.5
6.4.2 Fostering positive social dialogue to drive transformation (SDG 1/5/8/10)	471	102-42, 102-43, 102-44, 401-2, 402-1, 403-4, 407-1	1, 5, 8, 10	5.3.3, 6.3.7, 6.3.10, 6.4.3, 6.4.4, 6.4.5, 6.4.6
6.4.3 Promoting quality of life at work (SDG 3/8)	473	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7	3, 8	6.4.4, 6.4.6, 6.4.7
6.4.4 New working arrangements and employee experience (SDG 3/8)	475		3, 8	6.4.4, 6.4.6, 6.4.7
6.4.5 Equal opportunities, diversity and inclusion (SDG 4/5/8/10)	475	404-2, 405-1	4, 5, 8, 10	6.3.7, 6.3.10, 6.4.3, 6.4.4, 6.4.7
6.4.6 Supporting employee engagement (SDG 4/10/12)	478	203-1, 203-2, 404-2, 413-1	4, 10, 12	6.8.3, 6.8.4, 6.8.5, 6.8.9, 7.4.1, 7.5.1
6.5 CSR indicators	481	102-48, 102-49, 102-50, 102-52		
6.5.1 Note on methodology	481	102-45		
6.5.1.1 Scope of non-financial reporting	481			
6.5.1.2 Information feedback in 2021	483			
6.5.1.3 Audit of CSR data	485	102-56		7.6.2

6.8 APPENDICES

6.8.1 “European Taxonomy for Sustainable Activities” Appendix

Background

Article 8 of the European Taxonomy for Sustainable Activities (Regulation [EU] No.2020/852 of 18 June 2020) requires the publication of indicators providing information about the extent to which the underlying investments of financial products contribute to one or more of six environmental objectives: (i) climate change mitigation, (ii) climate change adaptation, (iii) sustainable use and protection of water and marine resources, (iv) transition to a circular economy, (v) pollution prevention and control, and (vi) protection and restoration of biodiversity and ecosystems.

The Delegated Act of Article 8 of 10 December 2021 specifies the scope, content and presentation of the information to be disclosed. It requires companies to disclose the proportion of their activities that are taxonomy-eligible or non-eligible, and the proportion of certain items excluded from the calculation, in their reports for the years ending 31 December 2021 and 31 December 2022. From 31 December 2023, in addition to the above information, companies will be required to disclose the proportion of their assets aligned with the criteria established by the Delegated Act of 9 December 2021 with regard to the first two environmental objectives. For banks, the main indicator of their assets' level of alignment is the green asset ratio.

La Banque Postale Group adheres to this timetable for its activities that have been identified as taxonomy-eligible and will draw upon all the information published by companies subject to this regulation to analyse the alignment of the activities financed in its portfolios.

La Banque Postale Group indicators

At 31 December 2021, La Banque Postale Group analysed the proportion of its loans and investments identified as sustainable with regard to the environmental objectives of climate change mitigation and adaptation in accordance with European Taxonomy criteria.

It should be noted that this analysis was based on current legislation and industry discussions for a shared interpretation of the legislation. However, given the remaining uncertainty with regard to the interpretation of certain aspects of the Taxonomy Regulation, the information published by La Banque Postale Group will be further clarified in future publications.

The analysed portfolios cover, on the numerator side, the Group's consolidated outstanding loans to financial and non-financial companies subject to the NFRD, households and local authorities. The denominator side includes companies not subject to the NFRD (SMEs/micro-enterprises and non-EU counterparties), derivatives, on-demand interbank loans, other assets and cash and cash equivalents. The analyses do not include exposure to central governments, central banks and supranationals or trading portfolio exposure.

As recommended by the European Commission, La Banque Postale distinguishes between mandatory and voluntary disclosures in its reporting. Only assets identified as eligible without the use of estimates are included in the mandatory eligibility ratio. This therefore concerns exposure to households.

Nevertheless, in the interest of transparency, La Banque Postale has supplemented the mandatory disclosures with voluntary ratios incorporating eligible assets determined on the basis of estimates.

The following principles were used to analyse the eligibility of the exposures:

Type of counterparty	Principle applied	Mandatory ratio	Voluntary ratio
Households	The following products are considered eligible: home loans, renovation loans and motor vehicle financing.	✓	
Non-financial counterparties	Taxonomy-eligible activities are determined by cross-referencing the NACE codes of companies with the activities listed in the technical criteria of the Taxonomy Regulation.		✓
Financial counterparties	All exposures to financial counterparties subject to the NFRD are considered eligible.		✓

On this basis, the proportion of La Banque Postale Group's exposures related to eligible and non-eligible activities represents 33% and 3%, respectively, of total covered assets under the "mandatory" approach and 18% and 7% under the "voluntary" approach:

Exposure indicators (climate change mitigation and adaptation criteria)	Mandatory 2021	Voluntary 2021	2021 total
Proportion of exposures related to eligible activities compared to total covered assets	33%	18%	52%
Proportion of exposures related to non-eligible activities compared to total covered assets	3%	7%	10%
Proportion of items excluded from the numerator ⁽¹⁾	38%	-	38%

(1) Exposures to counterparties not subject to the NFRD, derivatives, cash and cash equivalents, on-demand interbank loans, other assets.

In addition, the proportion of items excluded from the total assets at 31 December 2021, as required by the Delegated Act of Article 8, are presented below:

Exposure indicators (climate change mitigation and adaptation criteria)	2021
Proportion of exposures to central governments, central banks and supranationals	30%
Proportion of the trading portfolio and interbank loans compared to total assets	1%
Proportion of outstandings in companies that are not required to disclose non-financial information under Article 19 bis or 29 bis of Directive 2013/34/EU	7%

Insurance business

Insurance activities are included in the Group indicators through the equity-accounted shares of subsidiaries. In addition, specific indicators for insurance undertakings as required by the Delegated Act but which La Banque Postale Group is not required to publish are as follows:

- ▶ proportion of taxonomy-eligible and non-eligible non-life gross premiums;
- ▶ proportion of taxonomy-eligible and non-eligible investments (for CNP only).

Non-life Insurance

In non-life insurance, the Solvency II business lines mentioned in Appendix II, 10.1 of the delegated acts of the Taxonomy Regulation were considered to be eligible: (a) fire and other damage to property insurance, (b) other motor vehicle insurance, (c) marine, aviation and transport insurance, (d) medical expense insurance, (e) income protection insurance, (f) workers' compensation insurance, (g) motor vehicle liability insurance, and (h) assistance. As with the methodology used for the consolidated indicators, the eligibility analysis is based on the issuer's NACE code.

Underwriting indicators for the non-life insurance business (climate change adaptation criteria)	2021
Proportion of taxonomy-eligible non-life gross premiums	57%
Proportion of non-eligible non-life gross premiums	43%

CNP Assurances investments

Investment indicators cover the environmental objectives of climate change adaptation and mitigation. They concern the CNP Assurances group's traditional savings and unit-linked portfolios. As in the case of La Banque Postale Group reporting, the following principles were used for analysing the eligibility of the investments:

- ▶ the mandatory indicator includes real estate and forests held by CNP Assurances for operational or investment purposes as economic activities mentioned in Sections 1 and 7 of Appendices I and II of the Delegated Acts of the Taxonomy Regulation;

- ▶ the voluntary indicator includes equities and bonds, held directly or via funds, of companies required to publish non-financial information, up to the percentage of their premium income derived from non-eligible economic activities. These percentages are determined by cross-referencing the NACE codes of portfolio companies with the economic activities mentioned in the Delegated Acts of the Taxonomy Regulation.

For more information on these indicators, please refer to the CNP Assurances group's non-financial statement.

Investment indicators for CNP only (climate change mitigation and adaptation criteria)	Mandatory 2021	Voluntary 2021	Total
Proportion of investments – excluding sovereign debt and derivative products – in taxonomy-eligible economic activities	5%	11%	16%
Proportion of investments – excluding sovereign debt and derivative products – in non-eligible economic activities	0%	17%	17%
Proportion of investments related to central governments, central banks and supranationals	32%		
Proportion of investments in companies that are not required to disclose non-financial information under Article 19 <i>bis</i> or 29 <i>bis</i> of Directive 2013/34/EU	19%		

6.8.2 Principles for Responsible Banking (PRB)

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and, other national and regional frameworks. We will ensure that this strategy contributes to meeting these needs and objectives.

1.1 Describe your bank's business model, including the main customer segments served, the types of products and services provided, the main sectors and types of activities, and where relevant, the technologies financed across the main geographical areas where your bank has operations or provides products and services

La Banque Postale's activities are structured around four business lines in 2021:

- **Bancassurance France**, comprising La Banque Postale's Retail Banking business, Ma French Bank and the domestic Life and Non-Life insurance businesses;
- **International Bancassurance**, consisting of CNP Assurances' international bancassurance businesses, notably in Brazil and Italy;
- **Wealth and Asset Management**, comprising BPE's private banking arm, the two asset management companies La Banque Postale Asset Management and Tocqueville Finance, minority stakes in AEW Ciloger's real estate portfolio management business and OSTRUM AM's fixed-income and insurance-related asset management business;⁽¹⁾
- **Corporate and Investment Banking**, comprising the corporate, local public sector, financial institutions and institutional customer segments, as well as the specialised financing and capital markets businesses.

Le Groupe La Poste owns all of La Banque Postale's capital and voting rights, except for one share held by the Chairman of the Supervisory Board. There are no employee shareholders. Following completion of the project to create a large public financial group, Le Groupe La Poste is now 66%-owned by Caisse des dépôts and 34% by the French State.

For more information, see:

Section 1.1 "General presentation of the Group"

Section 6.1.2 "La Banque Postale's business model"

Geographical area

Although La Banque Postale has insurance and asset management activities in international markets, the banking activities that fall within the scope of our PRB commitment are mainly located in France.

National presence

With the La Poste network, La Banque Postale has reaffirmed its strategic choice of maintaining a physical presence in all regions. This unique network of 17,000 contact points visited by one million customers per day, combined with a website that attracts three million users per day, enables La Banque Postale to capture the traffic needed to support its strategic development.

La Banque Postale is the leading banking partner for local authorities, with a 25% share of total financing. It is also a leader in the social housing market, with offerings ranging from cash flow management (rent collection solutions, etc.) to short- and long-term financing solutions.

The accessible banking mission

The legislator entrusted Le Groupe La Poste with four public service missions including the accessible banking mission that La Poste implements through its subsidiary La Banque Postale. This accessible banking mission guarantees universal and non-discriminatory access to free basic and indispensable banking services for people who are excluded from traditional banking services and have specific needs. La Banque Postale's *Livret A* passbook savings account is the key product underpinning the accessible banking mission, as it is available to everyone, easy to set up and use and reassuringly safe. The mission entails specific obligations for La Banque Postale in terms of the distribution and operation of the *Livret A*, notably the obligation to open an account for anyone who requests one (in accordance with the universal access principle of the *Livret A*), the obligation to allow cash withdrawals or deposits starting at €1.50 and to authorise certain basic transactions (such as receiving social welfare benefits and setting up direct debits for subsidised housing rents and water, gas or electricity bills).

1) On 28 October 2021, BPCE Group and La Banque Postale announced that they had entered into exclusive negotiations in connection with the proposed acquisition by Natixis Investment Managers of 40% of the capital of AEW and 45% of the capital of Ostrum Asset Management, currently held by La Banque Postale.

For more information, see:

Section 1.4.1 “Bancassurance France”

Section 6.3.1.1.1 “La Banque Postale’s accessible banking mission”

1.2 Describe how your bank has aligned and/or plans to align its strategy to be consistent with and contribute to the goals of society as a whole, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and, other national and regional frameworks.

La Banque Postale, which has forged an identity rooted in community banking ever since its founding, has been entrusted with a public mission to ensure accessible banking. Today, through its 2030 strategic plan unveiled in 2021, it is reaffirming its ambition to shape a just transition to a society capable of responding to environmental, social, regional and digital challenges. Its goal, to become France’s favourite bank. The plan is organised around three priorities:

- ▶ become one of the best banks in terms of customer satisfaction and join the top 3 in 2023 for remote services;
- ▶ embrace the just transition movement and launch a community engagement platform;
- ▶ place employees at the centre of the strategic plan by improving the employer brand Net Promoter Score by 20 points by 2025.

The Sustainability Department was created in 2021 to manage and guide the corporate responsibility ambitions of La Banque Postale’s new strategic plan. Reporting to the Chairman of the Executive Board, this Department, whose director is a member of the Executive Committee, is responsible for driving the sustainable finance strategy and integrating it into all business lines.

La Banque Postale has placed the just transition at the core of its corporate purpose. The just transition is about achieving the perfect balance between economic development and positive social impact to respond to the social, environmental, regional and digital issues facing society today.

For more information, see:

Section 1.3 “2030 strategic plan”

Section 6.1.1 “A corporate purpose aligned with the just transition”

Sustainable Development Goals

In 2019, France created a national roadmap setting out several priorities. The purpose of the roadmap is to define the key sustainable development challenges facing the country and the action plans and players needed to address them. The first of these national priorities is to “act for a just transition by fighting all forms of discrimination and inequality and guaranteeing the same rights, opportunities and freedoms to all”. La Banque Postale is fully committed to the goal of fighting discrimination. Through its commitments in favour of accessible banking and financial inclusion, its solutions for financing social housing and its range of accessible products and services, La Banque Postale is working towards making the just transition a reality for everyone.

The French government’s second national priority is to “transform societal models by implementing low-carbon strategies and conserving natural resources in order to protect the climate, the planet and its biodiversity”. La Banque Postale supports this national priority through its commitment to a low-carbon economy. After achieving carbon neutrality in its operating perimeter in 2018, La Banque Postale set a goal of

reaching net zero emissions across all its banking activities by 2040, which is ten years ahead of what the Paris Agreement and scientific recommendations are calling for. La Banque Postale is also a signatory to the Finance for Biodiversity Pledge.

La Banque Postale is aware of the different climate, environmental, social and political challenges facing society today and helps to pursue sustainable goals in these areas. Its business model interacts directly with five Sustainable Development Goals: SDG 3 “Good Health and Well-being”, SDG 7 “Affordable and Clean Energy”, SDG 8 “Decent Work and Economic Growth”, SDG 10 “Reduced Inequalities” and SDG 13 “Climate Action”. La Banque Postale has published its first SDG report, available on its website, which provides details about its impacts on the priority SDGs.

For more information, see:

Section 6.1.2.3 “Community engagement in response to the UN Sustainable Development Goals”

Section 6.1.3 “Strategy and governance of community engagement”

SDG Brochure

<https://www.labanquepostale.com/responsabilite-societale-des-entreprises/objectifs-de-developpement-durable.html> (French only)

Paris Agreement

La Banque Postale has defined decarbonisation trajectories aligned with the Paris Agreement. It is one of the first financial institutions in the world to have its trajectories validated by the Science Based Targets initiative (SBTi). La Banque Postale has set a goal of achieving net zero emissions across all its banking activities by 2040 i.e., ten years ahead of the deadline set by both the European institutions and the Net Zero Banking Alliance in application of the Paris Agreement.

It has implemented policies to withdraw from the fossil fuels sector (coal, oil and gas) by 2030, and it excludes companies linked to deforestation from its financing and investment activities.

For more information, see:

Section 6.1.5.4 “Encouraging the development of sustainable finance”

Principle 2: Impact and target setting

Continue to grow our positive impact on people and the environment, as well as reduce negative impacts resulting from our businesses, products and services while still maintaining appropriate risk management. To this end, we will set and publish targets in areas where we can have the most significant impacts.

2.1 Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impacts through an impact analysis that includes the following elements:

- a) **Scope:** Your bank’s core business areas, products/services across the main geographies it operates in, as described under 1.1, have been considered in the scope of the analysis;
- b) **Scale of exposure:** In identifying its areas of most significant impact, your bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies;

- c) **Context and relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates;
- d) **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, your bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts that could result from the bank's activities and provision of products and services. Your bank should have engaged with relevant stakeholders to help inform your analysis under elements (c) and (d).

Show that, building on this analysis, your bank has:

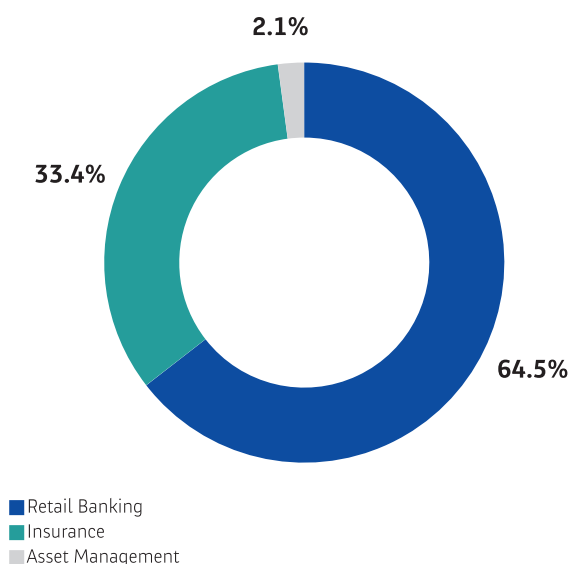
- ▶ identified and disclosed its areas of most significant (potential) positive and negative impacts;
- ▶ identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts.

Like all companies, La Banque Postale's activities generate both positive and negative impacts. By making the just transition a cornerstone of its strategic plan and by placing it at the core of its business model, La Banque Postale is demonstrating its ambition to enhance its positive impacts, create new ones and mitigate its negative impacts.

As part of its commitment to the Principles for Responsible Banking (PRB), La Banque Postale performed an additional impact assessment using the Portfolio Impact Analysis Tool (Version 2) developed by UNEP FI. This tool allows users to conduct an impact analysis in accordance with PRB requirements in terms of scope, scale of exposure, context and relevance of the challenges, and scale and intensity of impact.

The data used in the impact assessment are the data as of 31 December 2020. At this date, all activities covered by the PRBs i.e., Retail Banking, accounted for 64.5% of net banking income (NBI) in 2020.

NBI BY BUSINESS LINE



Asset management and insurance are not included in the scope of the PRB commitment. The LBP Asset Management subsidiary is a signatory to the Principles for Responsible Investment. CNP Assurances, which covers the majority of La Banque Postale's insurance business, is also a signatory to the Principles for Responsible Investment for its investment business and the Principles for Responsible Insurance for its insurance business.

The geographical location of the banking activities is a critical factor in identifying and analysing La Banque Postale's impacts using the Portfolio Impact Analysis Tool (Version 2). La Banque Postale (excluding CNP Assurances) is a French bank with a public shareholding. Based solely in France, the bulk of its Retail Banking activities are concentrated in France.

- ▶ As recommended by the Guide to Holistic Impact Analysis, the activities were initially broken down according to their NBI. An impact analysis was then conducted on the basis of each activity's outstandings. To cover all of La Banque Postale's business activities in compliance with PRB methodology requirements, the following segment changes were made: "Consumer Banking" covers individual Retail Banking customers. It includes home loans and all loans/accounts/banking products for private individuals.

Consumer Banking outstanding loans and savings are classified according to customer profile (low-, medium-, high-income) and type of product/service offer: account formula (Simplicity for example), savings product (*Livret A*, *Livret jeune*, etc.) and loans (home loans/mortgages, consumer, vehicle-related loans, etc.). These activities represent the majority of La Banque Postale's activities.

- ▶ "Business Banking" covers the activity of the Corporate and Regional Development Department (DEDT). The clientele mainly comprises "legal entities". It includes companies (large companies, SMEs, ISEs), professionals, the local public sector and institutional investors. Based on NAF/NACE classification codes, the main activities financed by La Banque Postale concern the rental and operating of own or leased real estate (32% of outstandings); general public administration activities (14% of outstandings); holding company activities (4% of outstandings); hospital activities (4% of outstandings) and head offices (4% of outstandings). These five sectors account for 58% of Business Banking's total loans outstanding.
- ▶ "Corporate Banking" covers the financing solutions of the Corporate and Investment Bank (CIB), 88% of whose outstanding loans are located in France. Based on NAF/NACE classification codes, the main activities financed by La Banque Postale concern renewable energy, which includes solar and wind power generation (28% of outstandings). The other sectors that received financing were real estate construction (13% of outstandings), aerospace infrastructure (10% of outstandings) and public works (6% of outstandings). These five sectors account for 57% of Corporate Banking's total loans outstanding.

Investment and corporate financing will be included in the next impact assessment.

With regard to the specific situation in France and the priorities defined in tab "2.2 Context" of the Portfolio Impact Analysis Tool (Version 2), the main impacts identified by La Banque Postale concern the following areas: an inclusive and healthy economy, particularly banking accessibility and financial inclusion (positive impact); housing, particularly access to housing (positive impact); climate (positive and negative impact) and resources i.e., access to resources, circular economy, etc. (negative impact). The impacts identified in these analyses are included in La Banque Postale's 2030 strategic plan described in Principle 1 of its Corporate Purpose.

For more information, see:

Section 6.1.1 “A corporate purpose aligned with the just transition”

La Banque Postale can leverage the strength of its identity, values, and products and services to respond to each of these impacts:

► **impacts related to an inclusive and healthy economy:**

La Banque Postale, whose DNA is deeply embedded in community engagement, was entrusted by the French State with a mission to enhance accessibility to banking in order to ensure financial inclusion for all. Alongside this mission, La Banque Postale addresses the needs of financially vulnerable customers at all times. La Banque Postale also offers professional and personal micro-credit solutions for individual customers. Lastly, it also supports the local social care sector.

For more information, see:

Section 6.3.1 “An inclusive product and service offer for as many people possible”

Section 6.3.3 “An offer supporting the development of the responsible economy in all regions”

► **impacts related to housing:** The majority of La Banque Postale’s outstandings in 2020 were real estate loans (60% of loans outstanding). Knowing the difficulties young adults face in becoming home owners, La Banque Postale offers people under the age of 36 the possibility to obtain a home loan without a down payment. It has also broadened access to credit by offering loans for social home ownership (PAS). At the end of 2020, the monthly household income for 23.3% of home loan applicants was less than two net minimum monthly wages. Lastly, La Banque Postale directly finances eight in ten social housing landlords, covering 90% of all social housing in France.

For more information, see:

Section 1.4.4 “Corporate and Investment Banking”

Section 6.3.3 “An offer supporting the development of the responsible economy in all regions”

► **impacts related to the climate and resource efficiency/security:** La Banque Postale is conscious of its impact on the environment and aims to find solutions for itself and for its customers to help mitigate this impact. La Banque Postale has several offers that contribute towards financing the environmental and energy transition. It provides retail customers with a range of green products to help finance an eco-project or purchase a clean vehicle. To support the efforts of local communities to promote environmental transition, in 2019 La Banque Postale launched a green loans offer subject to specific sustainability criteria. The offer was adapted to companies at the end of 2020. In terms of energy finance, La Banque Postale only finances projects based on renewable energy.

For more information, see:

Section 6.1.4.2 “The main non-financial risks for La Banque Postale”

Section 6.3.2 “An offer in support of the just transition”

2.2 Target setting

Show that your bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from your bank’s activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. Your bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that your bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

La Banque Postale sets targets that are aligned with the Paris Agreement and the SDGs and ensures that these targets are measured and monitored over time. To date, in order to address the climate emergency, most of the targets are focused on environmental issues.

Inclusive and healthy economy

Through its banking accessibility mission, La Banque Postale has made banking inclusion and support for vulnerable and financially fragile customers a priority. La Banque Postale will continue to provide solutions to these customers but does not set a target in this area. All its actions meet the requirements of SDG 8 “Promote sustained and sustainable economic growth shared by all, full productive employment and decent jobs for everyone”.

For more information, see:

Section 6.1.2.3 “Community engagement in response to the UN Sustainable Development Goals”

Section 6.3.1 “An inclusive product and service offer for as many people possible”

Climate and resource efficiency/security

In order to reduce its negative climate impacts, in 2017 La Banque Postale committed to outlining a greenhouse gas (GHG) emissions reduction trajectory aligned with the Paris Agreement target. In October 2021, the Science Based Targets initiative validated La Banque Postale’s proposed trajectories as being consistent with the Paris Agreement.

La Banque Postale’s goal is to shrink its direct carbon footprint, as well as that of its loan and investment portfolios, and to support energy transition projects in France through responsible financing.

In order to reduce its negative impacts related to fossil fuels, which contribute significantly to global warming, La Banque Postale adopted new exclusion policies for the coal, and oil and gas sectors in 2021. In particular, it commits to exit the sectors by 2030, with the exception of investments in oil and gas companies that, before 2030, have a plan to exit these sectors by 2040. In this way, La Banque Postale is demonstrating its ambition to support all credible actors engaged in the transition to a low-carbon economy.

Designed to help local communities promote the environmental and energy transition, the green loan program, which is aligned with the European Taxonomy, has a €2 billion financing target for 2023.

These actions contribute directly to SDG 13 “Take urgent action to combat climate change and its effects” and SDG 7 “Ensure access to affordable, reliable, sustainable and modern energy for all”.

For more information, see:

Section 6.2.2 “Integrating ESG issues into financing and investment activities”

Section 6.3.2 “An offer in support of the just transition”

2.3 Plans for target implementation and monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of the key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

La Banque Postale’s community engagement policy is the cornerstone of its strategic plan and as such is monitored at the highest level. All indicators and targets are monitored and centralised by the Sustainability Department’s unit responsible for monitoring commitments. They are regularly reported to the Executive Committee.

Financial inclusion products, products for the socially vulnerable and the accessible banking mission are monitored in La Banque Postale’s non-financial reporting using KPIs indicated in Chapter 6 of the Universal Registration Document (number of customers in the accessible banking mission, number of Simplicity account holders, etc.). La Banque Postale has not set any commercial targets for socially vulnerable customers due to the specific nature of this issue. La Banque Postale is determined to carry out its accessible banking mission and to continue offering solutions to ensure financial inclusion for everyone.

For more information, see:

Chapter 6: “Accessible banking” customer indicators

Section 6.3.1 “An inclusive product and service offer for as many people possible”

Climate and environmental objectives are monitored and described in Chapter 6 of the Universal Registration Document, in quarterly, semi-annual or annual reports on the different commitments or through mechanisms for tracking ESG risks, especially risk appetite (monthly monitoring).

Two selected in-house commitments are being monitored under the strategic plan (quarterly monitoring): achieve a €2 billion financing target for green loans to local authorities in 2023 and a €3 billion financing commitment target for renewable energy projects in 2023.

With regard to biodiversity, La Banque Postale has made a commitment to Finance for Biodiversity to define a strategy and targets in 2022.

For more information, see:

Section 6.1.4.2 “The main non-financial risks for La Banque Postale”

Section 6.2.4 “Planet commitments”

Chapter 6: Community engagement indicators

Principle 2.4

Progress on implementing targets

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet the set target.

Report on your bank’s progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in (where feasible and appropriate, banks should include quantitative disclosures).

In 2021, La Banque Postale made several announcements attesting to its ambition in terms of community engagement and which respond to PRB requirements:

- ▶ implementation of a new strategic plan centred on community engagement and creation of the Sustainability Department in March;
- ▶ adoption of two policies defining the rules for exiting the coal (May 2021), and oil and gas (October 2021) sectors in support of its decarbonisation strategy;
- ▶ validation of its low-carbon trajectories by SBTi in October 2021, the first milestones toward reaching its goal of net zero emissions by 2040;
- ▶ signing of the Finance for Biodiversity Pledge in July 2021;
- ▶ signing of the PRB Commitment to Financial Health in December 2021.

In addition to its new commitments and new socially responsible governance, La Banque Postale has made progress in achieving other objectives:

- ▶ origination of green loans to local authorities (2023 target: €2 billion) reached €2 billion at the end of 2021, compared to €1 billion a year earlier;
- ▶ commitments to finance renewable energy projects (2023 target: €3 billion) totalled €2.26 billion at the end of 2021;
- ▶ in 2021, La Banque Postale issued its first social bond for €750 million with a ten-year maturity;
- ▶ La Banque Postale published its first SDG report in 2021.

For more information, see:

Chapter 1: “2030 Strategic plan”

Chapter 6

SDG brochure

Principle 3: Clients and customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 **Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programs and actions implemented (and/or planned), their scale and, where possible, the results thereof.**

La Banque Postale is determined to promote ethical and responsible behaviour in-house, in order to confirm the relationship of trust it has with its customers, employees, markets and service providers, and all of its stakeholders.

As part of the strategic plan, La Banque Postale's mission is to "Become France's Favourite Bank". The 2030 strategic plan is organised around three priorities:

- ▶ become one of the best banks in terms of customer satisfaction and join the top 3 in 2023 for remote services;
- ▶ embrace the just transition movement and launch a community engagement platform;
- ▶ place employees at the centre of the strategic plan by increasing the employer brand Net Promoter Score by 20 points by 2025.

For more information, see:

Section 1.3 "2030 Strategic Plan"

Section 6.3 "Customer commitments"

Section 6.2.3.1 "Ethics: better risk management for business"

3.2 **Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.**

Being a community-centred bank means helping business lines and subsidiaries implement La Banque Postale's commitments and build an offer that meets the challenges of the just transition. The notion of community offer must consistently inform La Banque Postale's sales, marketing and communication messages. By revamping the internal product design tool and rolling out the project to create an environmental and social impact measurement indicator (Impact Weighting Factor), La Banque Postale will be meeting its community commitments.

Since June 2009, La Banque Postale has ensured that environmental, social and governance (ESG) criteria are systematically taken into account in the design of its range of products and services. It has produced an ESG checklist that is appended to every product presentation file prepared for the Product Review Committee, thus guaranteeing that all new products are subject to a holistic and standardised ESG review.

In 2021, La Banque Postale launched the world's first positive-

impact consumer finance products (personal vehicle and green home improvement loans) as a way to finance its customers' projects while taking care of the planet. It has also introduced innovative non-financial services for its customers, such as *Carbo* and *Plûm*. For more information, see reference documents.

For more information, see:

Section 1.3 "2030 Strategic Plan"

Section 6.3 "Customer commitments"

Section 6.2.3.1 "Ethics: better risk management for business"

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 **Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.**

La Banque Postale regularly consults with stakeholders. The stakeholders most important to La Banque Postale and with the strongest relationship are:

- ▶ BtoB and BtoC customers and consumer groups;
- ▶ employees, unions and employee representative bodies;
- ▶ public authorities, local authorities, elected officials and subcontractors;
- ▶ organisations which drive social responsibility and sustainable development initiatives, NGOs and solidarity;
- ▶ shareholders.

For more information, see:

Section 6.1.5 "Stakeholder dialogue"

Principle 5: Governance and culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 **Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.**

The PRBs are integrated into the community engagement policies, the non-financial risk monitoring process and the 2030 strategic plan. Implementation of the PRB commitment is led by the Sustainability Department and, more specifically, by the Commitment Management Unit. The Director of the Sustainability Department is a member of La Banque Postale's Executive Committee. ESG risks are monitored and managed by La Banque Postale's Group Risk Management Committee.

5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a detailed description of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.

The culture of responsible banking, interpreted internally by the notion of *community*, is led by the Chairman of La Banque Postale's Executive Board and by the Sustainability Department, created in March 2021. This Department, which reports to the Chairman, sits on the Executive Committee.

The Sustainability Department thus interacts with, and is at the service of, all business lines and activities. Its purpose is to drive the community transformation for which all La Banque Postale business lines are responsible. Community engagement issues are among the topics discussed by the Executive Committee, the Group Risk Management Committee and the Retail Banking Development Committee, whose members received training on a range of topics related to the just transition at a seminar in October 2021.

La Banque Postale has two main levers for promoting the culture of community engagement and reaching all its employees:

- ▶ La Banque Postale's "Citizens' Economy Dialogue", an annual event led by the Chairman featuring a day of debates and round tables with business experts and civil society members;
- ▶ regular communication throughout the year, with over 50 postings related to community engagement on the Company's internal social networks in 2021.

Lastly, non-financial criteria are included in the calculation of performance-related incentives (paid to all employees) and in the variable remuneration of Executive Board members, Development Committee members, senior and strategic managers.

For more information, see:

Section 6.1.3.2 "Strengthened community engagement governance"

Section 6.4.6 "Commitment to employees"

5.3 Governance structure for implementation of the Principles

Show that your bank has a governance structure in place for the implementation of the PRB, including:

- a) target setting and actions to achieve said targets;
- b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

In connection with the responses in Sections 5.1 and 5.2, the Sustainability Department has created a Commitment Management Unit responsible for managing the PRBs. The unit reports to the head of the Sustainability Department, who is a member of the La Banque Postale's Executive Committee and brings issues to its attention when necessary. Community engagement targets are monitored as part of the strategic plan (quarterly monitoring) and the risk appetite management process. ESG risks are monitored by the Group Risk Management Committee (monthly review), which enables the implementation of remedial measures if targets are not being achieved or unexpected negative impacts are detected. Governance for implementing the Principles therefore exists at several levels and enables top-down and bottom-up interactions.

Section 6.1.3.2 "Strengthened community engagement governance"

Section 6.4.6 "Supporting employee engagement"

Citizens' Economy Dialogues: <https://www.labanquepostale.com/newsroom-publications/actualites/2021/replay-dialogues-economie-citoyenne-2021.html> (French only)

Principle 6: Transparency and accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working to implement changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

2021 is an important year for La Banque Postale not only in terms of community engagement strategy but also in terms of PRB implementation (see Chapter 6):

- ▶ creation of the Sustainability Department;
- ▶ definition of low-carbon trajectories validated by SBTi;
- ▶ founding membership in the Net-Zero Banking Alliance and election to the Steering Group where it represents the European banks;
- ▶ adoption of coal, and oil and gas policies;
- ▶ signing of the Finance for Biodiversity Pledge;
- ▶ first disclosure indicating the proportion of European Taxonomy-eligible activities.

La Banque Postale is committed to participating in industry studies. It actively participates in working groups dedicated to the development and harmonisation of methodological approaches for measuring GHG emissions from investment and loan portfolios (Scope 3), both at the national (Federation of French Banks) and international (SBTi, NZBA) levels.

La Banque Postale has committed to developing a new impact measurement indicator, the Impact Weighting Factor, focused on societal, environmental and regional impacts. Work is currently being carried out to develop a multi-purpose tool for measuring the environmental, societal and territorial impact (CO₂ footprint, support for vulnerable customers, etc.) of each of La Banque Postale's lending and investment decisions, in addition to measuring financial risk and return. The Impact Weighting Factor will also enable La Banque Postale to help all customers, both corporate and retail, accelerate their energy, environmental and social transition and boost their resilience in the face of these same challenges.

La Banque Postale is a founding signatory of the Commitment to Financial Health and Inclusion, a new PRB commitment that will enable it to work alongside other banks and UNEP FI to determine indicators for later monitoring and to set financial inclusion targets.

Lastly, in February 2022, La Banque Postale became an *entreprise à mission* (mission-led company), which in France

designates a business that pursues a set social and environmental purpose with specific sustainability goals. The adoption of this status will place La Banque Postale's corporate purpose at the heart of its governance system, along with several objectives setting out its environmental and social impact mission. A mission committee composed mainly of external stakeholders is tasked with monitoring and assessing the Company's actions and publishing an annual report.

GENERAL INFORMATION

7

7.1	DOCUMENTS AVAILABLE TO THE PUBLIC	512
7.2	SIGNIFICANT CHANGES	512
7.3	SIGNIFICANT CONTRACTS	512
7.4	SITUATION OF DEPENDENCY	512
7.5	REGULATION	513
7.5.1	Banking and insurance activities	513
7.5.2	Mission to ensure banking accessibility	514
7.5.3	Disclosure on dormant bank accounts (Eckert law)	515
7.6	LEARN MORE ABOUT LA BANQUE POSTALE	516

7.1 DOCUMENTS AVAILABLE TO THE PUBLIC

All documents made available to the public under the applicable legal conditions may be consulted at La Banque Postale's registered office at 115, rue de Sèvres, 75275 Paris Cedex 06, France. La Banque Postale's Universal Registration Documents are also available on the website: www.labanquepostale.com.

The Company's Articles of Association are included in this Universal Registration Document. All reports, letters and other

documents, historical financial data, assessments and statements made by an expert at the Company's request, where a section is included or mentioned in this document, together with all financial information, including information related to the subsidiaries for each of the two years prior to the publication of this document, can be consulted on the La Banque Postale Group website, or otherwise by writing to the Company Secretary at the La Banque Postale's registered office.

7.2 SIGNIFICANT CHANGES

There have been no significant changes in the Group's financial position or commercial performance since the close of the last financial year for which audited financial statements have been

published, and specifically since the signing of the Statutory Auditors' report on the consolidated financial statements dated 15 March 2022.

7.3 SIGNIFICANT CONTRACTS

To the best of La Banque Postale's knowledge, no significant contracts have been signed other than agreements entered into as part of the normal course of business, or in relation to the

shareholder (as presented in Chapter 1 of this document, which provides an overview of the Group).

7.4 SITUATION OF DEPENDENCY

Not applicable.

7.5 REGULATION

7.5.1 Banking and insurance activities

La Banque Postale, a subsidiary of La Poste which holds the entirety of the share capital, is a French limited company (*société anonyme*) with an Executive Board and a Supervisory Board, which was licensed as a lender bank by the French Credit Institution and Investment Firms Committee (*Comité des établissements de crédit et des entreprises d'investissement – CECEI*) in 2005, and has been registered as an insurance intermediary by the French Insurance Intermediaries Registration Body (*Organisme pour le registre unique des intermédiaires en assurance, banque et finance – ORIAS*) since May 2007.

According to the bancassurance model, La Banque Postale meets the needs of all types of customers and provides a comprehensive banking, financial, savings and insurance offering:

- ▶ banking services: holding of postal current accounts and payment services, overdraft facilities, home and consumer loans, loans to businesses and the local public sector;
- ▶ financial instruments: holding of securities accounts, investment in financial securities including units or shares of collective investment funds, and forward financial instruments;
- ▶ savings products: savings products subject to a specific tax regime, unregulated savings products, and employee savings products;
- ▶ insurance products through its subsidiary CNP Assurances: savings/pensions, personal risk, term creditor & guarantee, health, and property & casualty; and the non-life insurance subsidiaries: property & casualty, health, and death/disability.

As an agent, La Banque Postale provides money transfer services. Postal order operations were discontinued in 2021.

Banking and related transactions, investment and related services, and savings products are regulated by the French Monetary and Financial Code (*Code monétaire et financier*).

Insurance products are regulated by the French Insurance Code (*Code des assurances*).

Life insurance contracts are regulated by the French Prudential Supervision and Resolution Authority (*Autorité de contrôle prudentiel et de résolution – ACPR*). The French Financial Markets Authority (*Autorité des marchés financiers – AMF*) may, however, be indirectly involved through certification of collective investments that may fund particular life insurance contracts.

Life insurance contracts may be subscribed to euro and unit-linked funds. Amid continued low interest rates, since 2020 the ACPR has ensured that life insurance contract plans are accurately represented for the purposes of investing in unit-linked funds, and that all subscriptions meet investors' needs.

Furthermore, France's Eckert law of 13 June 2014 relating to dormant bank accounts and escheated life insurance contracts requires an annual report to be sent to the ACPR outlining the number and value of life insurance contracts, as well as capitalisation bonds and contracts that meet the Ministry of the Economy's criteria, of which the share capital or annuities owed have not been paid to the beneficiaries.

These codified provisions, together with the non-codified legal and regulatory provisions, govern the activity of La Banque Postale in their respective fields.

La Banque Postale is also subject to the control of regulatory authorities: (i) the European Central Bank (ECB) and the ACPR as part of the Single Supervisory Mechanism (SSM), and (ii) the AMF.

CNP Assurances, a subsidiary that is majority-owned by La Banque Postale, is supervised by the ACPR. As a company whose shares are traded on Euronext Paris, CNP Assurances is also supervised by the AMF.

CNP Assurances was floated on the Paris Stock Exchange on 6 October 1998. Its shares are admitted to trading on Euronext Paris in compartment A (ISIN FR0000120222).

The Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) are the two pillars of the European Banking Union. Established in response to the 2008 financial crisis, the Union's purpose is to increase the transparency, unity and security of the European banking sector:

- ▶ The SSM is the European banking supervision system that has been in effect since 4 November 2014. It comprises the ECB and the national supervisory authorities of the participating countries.

Its main aims are to ensure the safety and soundness of the European banking system, to increase financial integration and stability, and to ensure consistent bank supervision.

Together with the national authorities, the ECB has the authority to conduct prudential reviews, on-site inspections and investigations, to grant or withdraw banking licences, to assess banks' acquisitions and disposals of qualifying holdings, and to set higher capital requirements ("buffers") in order to counter any financial risks.

The ECB directly supervises 115 major banks in participating countries.

The potential risks faced by banking institutions are assessed and measured annually *via* the Supervisory Review and Evaluation Process (SREP). The elements examined at this time include the bank's activity profile, governance and risk management, capital risk, liquidity risk, and financial risk. The Joint Supervisory Teams (JST) reach a decision for each bank regarding the supervisory measures required under Pillar II.

- ▶ The SRM, created by the European Single Resolution Mechanism Regulation (SRMR) consists of the Single Resolution Board (SRB) and of the national resolution authorities of the participating countries. Its purpose is to guarantee the orderly resolution of failing banks to limit their impact on the economy, the financial system and public finances.

The SRB is tasked with expediting the decision-making process. It also plays a proactive and preventive role by preparing the banks' resolution plans and improving their resolvability in order to avoid the potentially negative impacts of a bank failure on the economy and financial stability.

The resolution measures may be funded by the Single Resolution Fund (SRF), which is financed by the contributions of the banks of the 19 Member States belonging to the Banking Union. The fund should reach its minimum target level of 1% of the guaranteed deposits of all of the Banking Union's credit institutions by 31 December 2023.

The Bank Recovery and Resolution Directive (BRRD), which defines the European system for bank resolution and recovery, provides for the creation and updating of preventive recovery plans in particular. La Banque Postale updates its preventive recovery plan and submits it to the ECB annually.

La Banque Postale is among the banks under the responsibility of the Brussels-based SRB, which is tasked with drawing up its resolution plan and setting out a Minimum Requirement for own funds and Eligible Liabilities (MREL) for it.

7.5.2 Mission to ensure banking accessibility

France's lawmakers entrusted La Poste with a General Interest Mission to ensure accessibility to banking⁽¹⁾, according to which its "public service and general interest missions" notably include "banking accessibility as described in the Monetary and Financial Code". The French Monetary and Financial Code thus stipulates that "in the banking, financial and insurance fields, La Poste shall offer products and services as widely as possible, particularly the Livret A accounts⁽²⁾. La Poste carries out this role *via* its subsidiary La Banque Postale, a credit institution⁽³⁾.

The banking accessibility mission is exercised through Livret A accounts, which La Banque Postale has the obligation to open for "any person [...] who so requests"⁽⁴⁾, based on the principle of universality. The conditions for the operation and distribution of the Livret A for banking accessibility are defined in two agreements binding the State to La Poste and La Banque Postale, respectively.

France's law on the Modernisation of the Economy of 4 August 2008 extended the distribution of Livret A regulated savings accounts to all banks as of 1 January 2009, whereas up until then only the "historical" networks (La Banque Postale, Caisses d'Épargne and, under certain specific conditions, Crédit Mutuel) were authorised to distribute this type of account. However, the law set out specific obligations for La Banque Postale in terms of the distribution and operation of the Livret A in respect of its banking accessibility mission, which are mentioned specifically as part of the aforementioned agreements:

- ▶ La Banque Postale has the obligation to open a Livret A account free of charge for any private individual, any association not subject to corporate tax⁽⁵⁾, and any social housing body or association of co-owners that requests it;
- ▶ the minimum amount of individual cash withdrawal or deposit transactions is set at €1.50⁽⁶⁾;
- ▶ La Banque Postale is obliged to allow holders of the Livret A to make payment and withdrawal transactions free of charge in all post offices where it offers these same transactions to holders of postal current accounts;

- ▶ La Banque Postale is obliged to authorise, on the Livret A, in accordance with the conditions set out in the general regulations applicable to savings accounts, all the transactions listed in the decree of 4 December 2008, as amended, *i.e.*:
 - bank transfers of social security payments made by public authorities and social security bodies, and payments of pensions,
 - direct debits relating to the payment of income tax, council tax, property taxes, water, gas, and electricity bills, subsidised housing rents payable to social housing associations and telephone and electronic communications operators' invoices;
- ▶ La Banque Postale is obliged to offer the following services free of charge: transfer to a current account by the holder of the Livret A (or their legal representative or agent) regardless of which institution holds the account, bank cheques issued in favour of the holder of the Livret A (or their legal representative or agent), and a cash withdrawal card that can be used in La Banque Postale ATMs.

This mission is essential for enabling the social insertion of a large number of people who, due to their habits, administrative situation, limited income or handicaps, are marginalised with respect to "traditional" banking use. By the end of 2021, 1.4 million people had benefited from the mission to ensure banking accessibility. At the end of 2021, nearly 50% of La Banque Postale's Livret A accounts held by retail customers, *i.e.*, about 7.2 million accounts, had a balance of less than or equal to €150. These accounts, which represent 0.2% of savings deposits, nonetheless generate very substantial administration costs because they are among the most used savings accounts, accounting for 46.2% of the transactions made on Livret A accounts.

In respect of these specific obligations which are incumbent on it in terms of the distribution and operation of the Livret A, La Banque Postale receives an annual "compensation in proportion to the public economic interest service role which is entrusted to it"⁽⁷⁾. This compensation is fixed, for the period 2021-2026, by a decree⁽⁸⁾ issued by the French Ministry of the Economy and Finance in accordance Article R. 221-8-1 of the French Monetary and Financial Code.

1) French law No. 90-568 of 2 July 1990 on the organisation of the public postal and telecommunications service, amended by law No. 2010-123 of 9 February 2010 on the public company La Poste and postal activities.

2) Article L. 518-25 of the French Monetary and Financial Code.

3) Article L. 518-25-1 of the French Monetary and Financial Code.

4) Article L. 221-2 of the French Monetary and Financial Code.

5) As defined in Article 206 of the French General Tax Code.

6) Article R. 221-3 of the French Monetary and Financial Code.

7) Article R. 221-8-1 of the French Monetary and Financial Code.

8) Decree of 9 August 2021.

(in € millions)	2021	2022	2023	2024	2025	2026
Amount	338	321	303	287	269	252

On 26 July 2021, the European Commission approved the public service compensation granted to La Banque Postale in order to guarantee banking accessibility through the Livret A. The European Commission considered that the public financing that

will be granted by France to La Banque Postale from 2021 to 2026, intended to improve banking accessibility, is compliant with EU regulations on State aid.

7.5.3 Disclosure on dormant bank accounts (Eckert law)

Articles L.312-19 and L.312-20 of the French Monetary and Financial Code resulting from French law No.2014-617 of 13 June 2014 on dormant and escheated accounts, known as the Eckert law, which came into effect on 1 January 2016, require credit institutions to issue annual disclosures on dormant accounts⁽¹⁾.

The table below presents the following information for La Banque Postale SA and its account-holding subsidiaries⁽²⁾ for their private individual/legal entity customers:

- ▶ the number of accounts which were closed and the assets deposited with the Caisse des dépôts et Consignations in 2021;
- ▶ the number of accounts inventoried and the estimated assets at the end of 2021.

Savings accounts, including the Livret A, account for the majority of dormant La Banque Postale SA bank accounts.

	Dormant bank accounts closed in 2021	Dormant bank accounts at the end of 2021
Number of bank accounts		
La Banque Postale SA and its Subsidiaries	345,204	1,821,572
of which La Banque Postale SA	345,204	1,788,666
of which EasyBourse	-	335
of which La Banque Postale Épargne Salariale	-	2,488
of which Ma French Bank	-	30,083
Savings deposits (in € thousands)		
La Banque Postale SA and its Subsidiaries	127,215	1,568,178
of which La Banque Postale SA	127,215	1,550,507
of which EasyBourse	-	7,081
of which La Banque Postale Épargne Salariale	-	6,772
of which Ma French Bank	-	3,818

1) A bank account becomes dormant after a period of 12 months when its owner, legal representative, or proxy has not carried out any transactions or has not communicated with the institution. The 12-month period is increased to five years for savings account (Livret A, for example) and time deposit accounts as well as for ordinary securities accounts, PEA/PEA PME ETI.μμμA bank account whose owner has died will become dormant if none of the beneficiaries of the deceased contact the institution to assert their rights to the assets and deposits within a period of 12 months following the death.

2) Excluding BPE.

7.6 LEARN MORE ABOUT LA BANQUE POSTALE

Comprehensive information about La Banque Postale is available at www.labanquepostale.com.

This website provides an overview of La Banque Postale, its businesses, news, etc.

All financial information is available at <https://www.labanquepostale.com/en/investors.html>

This section of the website is completely dedicated to financial information. Information on all financial and institutional publications, financial press releases, the financial calendar, and presentations to investors can be downloaded from these pages.

ARTICLES OF ASSOCIATION

8

TITLE I. CHARACTERISTICS OF THE COMPANY	518
TITLE II. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS	519
TITLE III. ADMINISTRATION AND CONTROL OF THE COMPANY	520
A. Executive Board	520
B. Supervisory Board	522
TITLE IV. SHAREHOLDERS' MEETINGS	525
TITLE V. FINANCIAL YEAR – FINANCIAL STATEMENTS – AUDIT	526
TITLE VI. DISSOLUTION – DISPUTES	527

The Articles of Association of La Banque Postale can be viewed on the website www.labanquepostale.com. The Articles of Association presented below are up to date as at the date of this document.

TITLE I. CHARACTERISTICS OF THE COMPANY

Article 1. Description of the Company

1.1 Form

The Company was set up in the form of a French *société anonyme* (limited company) with a Board of Directors, and registered with the Paris Trade and Companies Registry.

It was converted into a *société anonyme* with an Executive Board and a Supervisory Board by a decision of the Ordinary and Extraordinary General Meeting of 12 December 2005.

The Company is governed by current laws and regulations, and specifically by the provisions applicable to it:

- ▶ of the French Commercial Code (*Code de commerce*) regarding commercial companies;
- ▶ of the French Monetary and Financial Code (*Code monétaire et financier*) regarding credit institutions;
- ▶ of French law No. 2005-516 of 20 May 2005 regarding the regulation of postal business;
- ▶ of French law No. 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom as amended by French law No. 2019-486 of 22 May 2019 on the growth and transformation of companies;
- ▶ of French government order No. 2014-948 of 20 August 2014 on the governance and corporate actions of public companies; and
- ▶ these Articles of Association.

1.2 Raison d'être

The Company's *raison d'être* is as follows:

"Because it was created with the purpose of serving the public, La Banque Postale believes that there can be no long-lasting value creation without redistribution, no economic growth without local prosperity, and no sustainable development without respect for planet boundaries.

By offering quality and accessible services, our purpose is to enable everyone to fulfil their potential and to contribute, through their investment, savings, insurance and consumption choices, to building a society that is more attentive to the planet and all who live on it. As a committed banker and insurer, it is our desire to work towards this just transition alongside our customers and employees."

1.3 Social and environmental objectives

The social and environmental objectives that the Company aims to pursue in the course of its business, within the meaning of Article L. 210-10 II of the French Commercial Code, are as follows:

- ▶ transform our bancassurance model through environmental, social and regional impact culture;
- ▶ develop and promote in our offer the products and services meeting environmental, social and territorial challenges;
- ▶ advance best practices and regulations in the banking and insurance sector through our exemplary actions.

Article 2. Corporate purpose

- a) The corporate purpose of the Company, in France and abroad, is as follows:
 - banking transactions, as defined in Article L. 311-1 of the French Monetary and Financial Code, and specifically loan transactions;
 - transactions relating to banking transactions, as defined in Article L. 311-2 of the French Monetary and Financial Code;
 - the execution of investment services, of order reception and transmission on behalf of third parties, of order execution services on behalf of third parties, of trades on its own account, of investment advisory services, of underwriting services, and of guaranteed placement and non-guaranteed placement services, within the meaning of Article L. 321-1 of the French Monetary and Financial Code covering financial instruments as a whole;
 - services relating to investment services, as defined in Article L. 321-2 of the French Monetary and Financial Code.
- b) The Company may also perform all transactions other than those listed above on a habitual basis, including acting as an insurance intermediary, including insurance broking, in accordance with the provisions of the French Insurance Code (*Code des assurances*), under the conditions defined by a decree of the Minister in charge of the Economy and Finance.
- c) The Company receives Livret A passbook deposits and distributes such deposits in accordance with the provisions of Article L. 518-25-1 of the French Monetary and Financial Code.
- d) In general, the Company may perform all financial, commercial, industrial, securities or property transactions that may relate to the above businesses, directly or indirectly, or that may facilitate the performance of such transactions on its own account and on behalf of third parties, or in concert.

Article 3. Name

The Company's name is "*La Banque Postale*".

The Company's name must always be immediately and legibly followed by the words "Limited Company with Executive and Supervisory Boards", written in full, by a statement of the amount of the share capital, and by the place where and the number under which the Company is registered with the Trade and Companies Registry in all deeds and documents issued by the Company and intended for third parties, including letters, invoices, announcements, and miscellaneous publications.

Article 4. Registered office

The registered office is located at 115 rue de Sèvres – 75275 Paris Cedex 06, France.

It may be transferred to any other location in France by simple decision of the Supervisory Board, which shall be subject to ratification by the next Ordinary General Meeting.

In this case, the Supervisory Board shall also be authorised to amend the Articles of Association accordingly.

Article 5. Duration

The duration of the Company is 99 years as from the date of its registration with the Trade and Companies Registry, except in the event of dissolution, or of an extension decided by the Extraordinary General Meeting.

Article 6. Share capital

The share capital is set at an amount of six billion five hundred and eighty-five million three hundred and fifty thousand two hundred and eighteen euros (6,585,350,218).

It consists of eighty million three hundred and nine thousand one hundred and forty-nine (80,309,149) shares with a par value of €82 each, of a single category and fully paid up.

In accordance with the provisions of Article 16-II-1 of French law No. 2005-516 of 20 May 2005 on the regulation of postal business, La Poste owns a majority interest in the Company's share capital.

Article 7. Changes in the share capital

The share capital may be increased, decreased, or redeemed in accordance with current laws and regulations.

TITLE II. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

Article 8. Share payments – Rights and obligations

Shares shall be paid up as provided for under current laws and regulations.

The amounts still payable on the shares to be paid up in cash shall be called up by the Executive Board. However, subscribers and shareholders may pay all or part of said amounts in advance, if they wish to do so.

Subscribers and shareholders shall be made aware of calls for funds by any means, at least fifteen days before the date set for each payment.

Any shareholder who does not make the payments required for the shares that they own when these payments are due shall automatically be liable to pay a late interest charge to the Company at the legal rate.

In addition to a voting right, each share grants the right to ownership of the Company's assets, and to a share of the profits and liquidation premiums, which shall be proportional to the number of shares outstanding.

Whenever holding several shares is required in order to exercise any right, single securities, or a number of securities that is lower than the amount required shall not confer upon their owners any rights with respect to the Company; in this event, shareholders shall be personally responsible for combining their interests to obtain the number of shares required.

Article 9. Form of the shares

The shares are registered shares.

They shall be registered in individual accounts in accordance with the terms and conditions provided for by current legal and regulatory provisions.

Article 10. Disposal and transfer of shares

Ownership of the shares results from their being recorded in an individual account in the name of the holder(s) in the registers held for this purpose at the Company's registered office.

Share transfers shall be carried out by electronic transfer.

Except in the event of:

- i) inheritance;
- ii) liquidation of the matrimonial property scheme;
- iii) disposal to a spouse, an ascendant or a descendant;

iv) disposal or transfer of shares to a private individual or a company that is already a shareholder;

v) disposal of a share to an individual who is a member of the Supervisory Board, where there are no restrictions on transfer.

The transfer of shares to a non-shareholder third party, regardless of the reason and in any form, is subject, in addition to compliance with the French ministerial order of 4 December 2017 on the approval, changes in situation and withdrawal of approval of credit institutions and with the provisions potentially applicable to companies in the public sector, to the approval of the Supervisory Board, in accordance with the provisions of Article L. 228-24 of the French Commercial Code, under the following conditions:

- ▶ the seller must forward to the Company the approval request, including the first and last names and address of the buyer, the number of shares that they plan to sell, and the price proposed;
- ▶ the approval is granted (i) either by the seller being informed of the decision of the Supervisory Board, acting on a simple majority of its members present or represented, (ii) or within a period of three months from when the request was made, if there is no answer from the Supervisory Board;
- ▶ in the event that the suggested buyer is not approved, and unless the seller decides to abandon the planned sale, the Executive Board is required to have the shares purchased, either by a shareholder or by a third party, or by the Company, with the seller's agreement, within three months of the date when the refusal is notified, in order to reduce the share capital. The seller may abandon the planned sale on condition that they inform the Company *via* an extra-judicial instrument, or by registered letter with request for an acknowledgement of receipt within thirty (30) days of the date the Company notified the seller of the name of the buyer suggested by the Supervisory Board;
- ▶ if the purchase has not taken place when the three-month period provided for above expires, the approval is considered as having been granted. However, this period may be extended by a court ruling at the Company's request;
- ▶ if no agreement is reached between the parties in the sale scenarios listed above, the price of the shares shall be determined through an expert appraisal, under the conditions specified in Article 1843-4 of the French Civil Code (*Code civil*).

Shares issued for cash and shares representing contributions in kind are only marketable once the Company has been registered with the Trade and Companies Registry, and upon completion of a capital increase.

TITLE III. ADMINISTRATION AND CONTROL OF THE COMPANY

The Company is managed by an Executive Board, which performs its duties under the control of a Supervisory Board.

A. Executive Board

Article 11. Executive Board – Composition

The Executive Board consists of at least two and at most five members, who are appointed by the Supervisory Board.

The members of the Executive Board must be private individuals, who may be chosen from outside the Company's shareholders, and even among the Company's salaried employees. The members of the Executive Board must fulfil the conditions of good repute, knowledge, skills and experience required by the regulations applicable to companies exercising the business activities described in Article 2 of these Articles of Association.

If a member of the Supervisory Board is appointed to the Executive Board, that member's office shall lapse upon his or her taking up the new duties.

In the event that a seat falls vacant, the Supervisory Board must fill it within two months. The substitute member shall be appointed for the period remaining until the Executive Board is renewed.

Failing that, any interested party may apply to the President of the Commercial Court (*Tribunal de commerce*), acting in interlocutory proceedings, to make this appointment on an interim basis.

Article 12. Length of term of office – Age limit

The Supervisory Board appoints members of the Executive Board for a period of five years, which expires at the first Supervisory Board meeting held following the fifth anniversary of this appointment. The Executive Board is renewed in its entirety when the five-year period has elapsed.

Members of the Executive Board may be re-elected.

Any member of the Executive Board may be removed by the Supervisory Board, or by the General Meeting. In the event that the removed member has entered into an employment contract with the Company, the termination of his or her duties as a member of the Executive Board shall not result in the termination of this contract.

No private individual who has reached the age of 65 may be appointed as a member of the Executive Board, or be reappointed to this position.

When a member of the Executive Board reaches the age of 65, he or she is automatically considered to have resigned as from the date of the next meeting of the Supervisory Board, which shall decide on his or her replacement.

Article 13. Chairmanship of the Executive Board – Chief Executive Officers – effective manager

13.1 Chairman

The Supervisory Board shall appoint one of the Executive Board members as Chairman.

The Chairman shall perform his or her duties for the duration of his or her term of office as a member of the Executive Board.

The Chairman shall represent the Company in its dealings with third parties.

The Supervisory Board may remove the Chairman of the Executive Board from his or her position as Chairman at any time, based on a majority vote of the members present or represented.

13.2 Chief Executive Officers

The Supervisory Board may assign the same power of representation to one or several members of the Executive Board, who shall then bear the title of Chief Executive Officer.

The Supervisory Board may remove the Chief Executive Officer(s) from his or her position as Chief Executive Officer(s).

The Supervisory Board may withdraw the powers of the Chief Executive Officer(s) to represent the Company in its dealings with third parties under the same conditions.

13.3 Effective managers

The effective manager role provided for in Article L. 511-13 of the French Monetary and Financial Code is exercised by all of the members of the Executive Board. They assume the duties entrusted to effective managers by banking regulations and must meet the conditions for good repute, knowledge, skills, and experience stated in Article L. 511-51 of the same Code.

13.4 Representation of the Company

Any action committing the Company towards third parties shall be duly performed by the Chairman of the Executive Board or by any other member who has been granted the title of Chief Executive Officer by the Supervisory Board.

The Chairman of the Executive Board, and the Chief Executive Officer(s), where applicable, are authorised to delegate part of their powers to any representative that they deem appropriate. They may in particular delegate any power to represent and commit the Company in its dealings with any third parties to a member of the Executive Board who has the skills required, pursuant to the division of duties set out under Article 13.5.

13.5 Division of management duties

Members of the Executive Board may divide the management tasks between them, with the authorisation of the Supervisory Board. However this division of powers may not prevent the effective managers, within the meaning of the banking regulations, from performing their tasks and fulfilling their remits and obligations as defined by the French Monetary and Financial Code. Moreover, it may not result in stripping the Executive Board of its role as a collective management body. The effective managers must effectively manage the Company's affairs. They shall also present the division of their respective powers to the Supervisory Board. Measures that each member of the Executive Board takes individually, within his or her area of responsibility, shall be deemed to have been accomplished collectively by the Board, and shall commit it in its entirety.

However, the Executive Board may decide that any action committing the Company beyond an amount that it shall determine on a regular basis must be authorised in advance by

the Board itself. Failure to secure this approval may result in the individual concerned being personally liable towards the Company and its shareholders.

Article 14. Powers of the Executive Board

The members of the Executive Board shall manage the Company on a collective basis.

The Executive Board has been vested with the most extensive powers to act in the Company's name under all circumstances. It exercises these powers within the limits of the corporate purpose, and subject to those powers expressly granted to the Supervisory Board and to general meetings of shareholders by law and by these Articles of Association. It sets guidelines for the Company's business activities and ensures that they are implemented in accordance with the corporate interest, taking into account the social and environmental stakes of the business. It also takes into consideration, if applicable, the Company's *raison d'être*, as defined in application of Article 1835 of the French Civil Code.

In its dealings with third parties, the Company shall be committed even by actions of the Executive Board that are not related to the corporate purpose, unless it proves that the third party was aware that the action exceeded that purpose, or could not be unaware of this fact given the circumstances, the mere publication of the Articles of Association not being sufficient to constitute such proof.

The following corporate transactions and decisions are subject to the prior authorisation of the Supervisory Board:

- ▶ the approval of the strategic plan and of any significant changes thereto;
- ▶ investment and divestment decisions for amounts exceeding €50,000,000 in France and abroad, and relating to:
 - any projects involving the creation of subsidiaries or branches,
 - any contribution, merger, demerger, restructuring or asset transfer plans, including the transfer of all assets and liabilities,
 - any joint venture or capital-intensive partnership projects,
 - any acquisition, purchase of interests or disposal projects;
- ▶ decisions relating to the allocation of share subscription or purchase options, or of equivalent securities, to the corporate officers and/or managers, as well as the allocation of free shares;
- ▶ decisions relating to financing transactions for terms exceeding one year and having a significant impact on the consolidated balance sheet of La Banque Postale (in excess of €1 billion) or any issuance of debt securities falling within Tier 1 or Tier 2 (additional own funds) for an amount in excess of €500 million;
- ▶ draft resolutions to be submitted to the General Meeting of Shareholders, pursuant to Article L. 228-92 of the French Commercial Code, and relating to the issuance of marketable securities, giving access to other equity securities or giving the right to the allocation of debt securities or to the issue of marketable securities that give access to equity securities to be issued, and to the setting of the issuance terms and conditions for said marketable securities;
- ▶ dividend distribution proposals and related transactions.

At the request of the CDC Member mentioned in Article 19.1.1, the way in which the Company or its fully consolidated subsidiaries plan to vote at the general meetings of CNP Assurances is subject to the prior authorisation of the Supervisory Board under the conditions provided for in its internal rules.

The Executive Board shall present a report on the conduct of the Company's affairs to the Supervisory Board at least once a quarter.

In the three months following the close of each financial year, the Executive Board shall approve the statutory financial statements, and, where applicable the consolidated financial statements and the related management report, and present them to the Supervisory Board to be reviewed and checked. It will propose the appropriation of net income for the past year.

The Executive Board shall convene the General Meetings of Shareholders, set their agenda and execute their decisions.

Article 15. Structure and operation of the Executive Board

The Executive Board shall meet as often as required in the Company's interests, on the invitation of its Chairman, the Chief Executive Officer, if any, or of at least half of its members, either at the registered office, or at any other location mentioned in the notice of meeting.

The agenda shall be set by the person convening the meeting, no later than the day before the scheduled meeting date. However, in the event of an emergency, the agenda may be set at the time of the meeting.

The notice of meeting may be communicated by any means.

The statutory auditors shall be invited to those Executive Board meetings at which the annual or interim financial statements are reviewed or approved.

A member of the Executive Board may ask another member to represent him or her.

The Chairman, or in his or her absence, a member who is present and appointed by the Executive Board and takes the title of Chairman, shall chair the meetings.

The presence of at least half of the members is required for the discussions to be valid, or the presence of both members, if the Executive Board consists of only two members. For the purpose of calculating the quorum and majority, members who take part in the Executive Board meeting by videoconferencing facilities that comply with technical characteristics guaranteeing effective participation in the Executive Board meeting, where proceedings must be broadcast on an uninterrupted basis, shall be deemed present, except for the approval of the statutory and consolidated financial statements and the management report.

In the event of a tied vote, the Chairman shall have the casting vote.

Regardless of their form, the discussions of the Executive Board shall be recorded in minutes drawn up in a special register, or on serially numbered loose-leaf sheets. These sheets or the register shall be kept at the Company's registered office. They shall be signed by the Chairman and all the Executive Board members present, and shall be circulated to all members of the Executive Board.

Copies or excerpts of the minutes of the discussions are duly certified by the Chairman of the Executive Board, or by one of the members of the Executive Board or a person empowered for this purpose by the Executive Board.

Where applicable, the Executive Board ratifies the internal rules specifying its operating procedures.

Article 16. Remuneration of Executive Board members

The Supervisory Board shall set the remuneration method and amount for each member of the Executive Board in accordance with the applicable legal and regulatory provisions.

**Article 17. Holding of multiple offices
by Executive Board members**

Members of the Executive Board must comply with the rules governing the plurality of offices as defined by the applicable legal and regulatory rules, and in particular the provisions of the French Commercial Code, and the French Monetary and Financial Code.

Any private individuals who find themselves in breach of the above provisions after having accepted a new office must resign from one of their offices within three months of their appointment.

**Article 18. Liability of Executive
Board members**

Without prejudice to the specific liability that may arise from the Company entering court-ordered administration, the members of the Executive Board shall be liable, individually or jointly and severally, depending on the case, towards the Company or third parties, either for breaching the legal or regulatory provisions applicable to limited companies, or for breaching the Articles of Association, or for errors committed under their management.

B. Supervisory Board**Article 19. Supervisory Board****19.1 Composition**

19.1.1 – The Supervisory Board consists of at least three and no more than eighteen members, including one-third of members representing the employees and, if applicable, a representative appointed by the French State in accordance with the applicable legislative and regulatory provisions, as well as a member of the Board of Directors of La Poste appointed by the General Meeting, on the recommendation of Caisse des dépôts et Consignations (the “CDC Member”).

The members of the Supervisory Board must fulfil the conditions of legal capacity, skills and good repute required by the regulations applicable to companies exercising the business activities described in Article 2 of these Articles of Association.

Members of the Supervisory Board other than employee representatives are appointed from among private individuals or companies by the Ordinary General Meeting.

The General Meeting may remove any member of the Supervisory Board it has appointed at any time.

19.1.2 – The members of the Supervisory Board representing the employees are elected under the conditions provided for in Articles 7 to 9 of French government order No. 2014-948 of 20 August 2014 (in reference to Article 10-1 of French law No. 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom).

Any employee representative may be removed for gross misconduct in the exercise of his or her office as a member of the Supervisory Board, by decision of the President of the court of justice ruling *via* an expedited procedure on the merits at the request of the majority of the members of the Supervisory Board.

19.2 Reappointment

The offices of all members of the Company's Supervisory Board shall end on the same day, at the end of a five-year term. During the existence of the Company, the members of the Supervisory Board may be reappointed under the applicable legal and regulatory provisions.

The members representing the employees are eligible for reappointment.

In the event that a Supervisory Board member's seat falls vacant, for any reason whatsoever, the replacement member shall only exercise his or her office for the period remaining until the renewal of the entire Board.

In the event that a new member is appointed to the Board by the General Meeting at a time other than the date when the entire Board is renewed, the new member shall only hold his or her office for the period remaining until the renewal of the entire Board.

**19.3 Restrictions on the holding
of multiple offices**

Members of the Supervisory Board must comply with the rules governing the plurality of offices as defined by the applicable legal and regulatory provisions and in particular by the provisions of the French Commercial Code and the French Monetary and Financial Code.

Any private individuals who find themselves in breach of the above provisions after having accepted a new office must resign from one of their offices within three months of their appointment.

**19.4 Combining a corporate office
with an employment contract**

In accordance with the applicable legal provisions, the number of members of the Supervisory Board who have an employment contract with the Company may not exceed one-third of the serving members on the Board. The members of the Supervisory Board representing the employees are not included in this number.

19.5 Incompatibility – Restrictions

The performance of the office of a Supervisory Board member must not be incompatible with any public or professional duties they may hold.

No member of the Supervisory Board may be a member of the Executive Board. If a member of the Supervisory Board is appointed to the Executive Board, that member's office shall lapse when he or she takes up the new duties.

In addition, no one may be appointed to the Supervisory Board or remain on the Board if they are subject to a court order that results in them being prohibited from running or directing any firm or company.

**19.6 Supervisory Board membership
for legal entities**

A legal entity may be appointed as a member of the Supervisory Board. The legal entity is required to appoint a Permanent Representative at the time it is appointed.

Permanent Representatives are subject to the same rules as members who are private individuals, particularly as regards restrictions and disqualifications, and the age limit.

In cases where the legal entity withdraws its Permanent Representative's mandate, it is required to provide for his or her replacement at the same time. The same applies in the event of the death or resignation of the Permanent Representative. The legal entity must immediately notify the Company of the death or resignation, together with the identity of the member's

successor, by registered letter with request for an acknowledgement of receipt.

19.7 Status of the members of the Supervisory Board representing the employees in application of French government order No. 2014-948 of 20 August 2014 (in reference to Article 10-1 of French law No. 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom)

The office of Supervisory Board employee representative is incompatible with any other elected or appointed office involving the representation of employees' interests within the Company or its subsidiaries, and particularly with the positions of trade union representative, member or alternate member of the Social and Economic Committee. The aforementioned offices and their related protection shall lapse at the date the new office is taken up.

An employee representative's membership of the Supervisory Board is also incompatible with holding the position of full-time union representative. In the event of the appointment to the Supervisory Board of an employee who holds the position of full-time union representative at La Poste, the Company or its subsidiaries, his or her duties as representative shall be terminated and the person concerned shall resume his or her position as an employee.

Employee representative members of the Supervisory Board shall be granted a minimum period of 15 hours per month to fulfil their duties. The length of the Supervisory Board meetings is not deductible from this allowance, nor is the time spent on their training in company management.

The offices of employee representatives shall end automatically when they no longer fulfil the eligibility conditions set out in Article 15 of French law No. 83-675 of 26 July 1983 amended as a result of the democratisation of the public sector.

Article 20. Shares held by members of the Supervisory Board

Members of the Supervisory Board are not required to own a minimum number of Company shares.

Article 21. Length of term of office – Age limit

Without prejudice to the application of Article 19.2 of these Articles of Association, members of the Supervisory Board are appointed for a period of five years. They may be reappointed.

No private individual or representative of a legal entity aged over seventy may be appointed, elected or reappointed as a member of the Supervisory Board. In addition, the number of Supervisory Board members who have reached the age of seventy may not exceed one-third of the serving members of the Supervisory Board.

If the proportion of one-third is exceeded due to the fact that a serving member of the Supervisory Board reaches the age of seventy, the oldest member of the Supervisory Board shall automatically be deemed to have resigned.

Article 22. Vacancy – Co-option – Ratification

In the event of a vacancy due to the death or resignation of one or more members appointed by the General Meeting, the Supervisory Board may replace them on a temporary basis. The appointment of the replacement members must be approved at the next General Meeting.

If the co-option is not ratified, the decisions made and the actions accomplished by the Supervisory Board or by this member during their management term would nonetheless remain valid.

When a seat is left vacant by an employee representative, the candidate on the list immediately after the last candidate elected, subject to the impact of any deletions in accordance with the applicable legal and regulatory provisions, shall be called upon to replace them. If the list in question is not sufficient to fill the vacancies, the seats that are not filled shall remain vacant up until the following election. However, if the number of vacancies exceeds half the employee representative seats, a partial election shall be organised, except during the remaining six months of the term of office.

Substitute members shall only hold their office for the period remaining until the renewal of the entire Supervisory Board.

If the number of Supervisory Board members falls below the legal minimum, the Executive Board must immediately convene an Ordinary General Meeting in order to appoint the required number of members.

Article 23. Board officers

The Supervisory Board shall elect a Chairman and a Vice-Chairman among its members. The Chairman, or in the absence of the Chairman, the Vice-Chairman, where applicable, is responsible for convening the Supervisory Board and directing its discussions. The Chairman and the Vice-Chairman, where applicable, shall hold their office for the duration of their term of office as a member of the Supervisory Board.

The Supervisory Board shall determine their remuneration, where applicable.

The Supervisory Board may appoint a secretary, who may be chosen from outside its members.

Article 24. Supervisory Board decisions – Minutes

24.1 Supervisory Board meetings

The Supervisory Board shall meet at the registered office or in any other location specified in the notice of meeting, as often as required in the Company's interests, and at least once a quarter, in order to review the Executive Board's report.

The Supervisory Board shall consider any matter included in the agenda by the Chairman or the Board, taking decisions on the basis of a simple majority.

The agenda may be set at the time of the meeting.

Supervisory Board meetings are convened by the Chairman, by any means.

In the event of the absence of the Chairman of the Supervisory Board, the Vice-Chairman may convene a Supervisory Board meeting by any means.

The Company's Social and Economic Committee shall be represented at the meetings of the Supervisory Board in accordance with the provisions of Article L. 2312-74 of the French Labour Code (*Code du travail*).

In addition, in the case provided for in the fifth paragraph of Article 14 of these Articles of Association, the Chairman must convene a Supervisory Board meeting at the request of the CDC Member.

A member of the Supervisory Board may give another member of the Board a proxy to represent him or her at any Supervisory Board meeting by letter, email, or fax.

Each member of the Supervisory Board may only have one proxy for a given meeting.

Under the conditions and subject to the exceptions provided by law, the Supervisory Board's decisions may be adopted by videoconference or through the use of all means of telecommunication or remote transmission that enable the members to be identified under the conditions set by the applicable legislation.

An attendance register is kept, which is signed by the Supervisory Board members taking part in the meeting. The presence of at least half the Supervisory Board members is required for the decisions to be valid. Members of the Supervisory Board who take part in the Supervisory Board meeting *via* videoconference, or by any of the means of telecommunication or remote transmission listed in the previous paragraph, shall be deemed present for the purpose of calculating the quorum and majority. The minutes shall mention the members of the Supervisory Board who took part in the Board meeting by videoconference or any other means of telecommunication or remote transmission. The attendance register can be kept in electronic form under the applicable legal and regulatory conditions.

Subject to the following paragraph, decisions are taken by a majority of members who are present or represented. Each member present or represented has one vote. The Chairman of the meeting has the casting vote in the event of a tied vote.

The authorisation mentioned in the fifth paragraph of Article 14 is provided by a majority of the members present or represented, including the vote of the CDC Member.

The Supervisory Board's discussions shall be recorded in minutes written in a special register or on serially numbered loose-leaf sheets. These sheets or the register shall be kept at the Company's registered office. They shall be signed by the Chairman of the meeting and one of the Supervisory Board members present. In the event that the Chairman of the meeting is unable to attend, they shall be signed by two members of the Supervisory Board. The minutes shall be provided to all members of the Supervisory Board. This special register can be held, and the minutes prepared, in electronic format under the applicable legal and regulatory conditions.

24.2 Written consultation

In accordance with Article L. 225-82 of the French Commercial Code, the Supervisory Board can take decisions within its powers provided for in the second paragraph of Article L. 225-65 and in Article L. 225-78 *via* a written consultation of the members of the Supervisory Board.

The Chairman of the Supervisory Board must send to or provide each member of the Supervisory Board with a draft of the proposed decisions and the documents necessary to ensure that they are fully informed.

The members of the Supervisory Board have ten days as of the receipt or provision of the draft decisions to send in their vote in writing, unless a shorter time-frame is requested by the Chairman of the Board in the event of an emergency. The vote for each decision must consist of the words "yes", "no" or "abstain". The answers of the Supervisory Board's members must be sent to the Company, for the attention of the Chairman of the Supervisory Board and/or the Secretary of the Board.

Any member of the Supervisory Board who has not answered within the time-frame stated in the previous paragraph will be deemed to have abstained. Likewise, in the event that there is no vote for one of the proposed decisions or in cases when the vote for one of the proposed decisions has not been clearly indicated, the member of the Supervisory Board will be deemed to have abstained for the decision in question.

All members of the Supervisory Board can request additional information from the Chairman within the response time-frame allocated.

The majority conditions set for decisions taken in accordance with Article 24-1 of these Articles of Association are applied in exactly the same way to written consultations.

The consultation is listed in the minutes, prepared and signed by the Chairman. The minutes provide the consultation procedure, the first and last names of the members of the Supervisory Board taking part in the vote, the documents and information provided to the members of the Supervisory Board, the draft decisions voted on and the results of the voting. A table summarising the votes for each decision and each Supervisory Board member must be attached to the minutes. The minutes must be submitted for the approval of the Supervisory Board at one of its subsequent meetings.

Article 25. Remit and powers of the Supervisory Board

The Supervisory Board exercises ongoing control over the management of the Company through the Executive Board, and grants the latter prior authorisation to enter into transactions that the Executive Board cannot perform without its authorisation, in accordance with Article 14 of these Articles of Association.

The Supervisory Board shall hold discussions on the Company's main strategic, economic, financial and technological objectives, and specifically on the corporate or programme contract, prior to the Executive Board's decisions.

The Supervisory Board shall perform the tasks assigned to the supervisory body pursuant to the order of 3 November 2014 on internal control for companies in the banking, payment services and investment services sectors under the supervision of the French Prudential Supervision and Resolution Authority (ACPR).

In addition, the Supervisory Board shall authorise the disposal of the Company's shares to a third party, in accordance with the provisions of Article 10 of these Articles of Association.

The Board shall perform the checks and controls that it deems necessary at any time of the year, and may ask for disclosure of the documents that it considers necessary to perform its duties.

It shall authorise agreements, in accordance with the provisions of Article L. 225-86 of the French Commercial Code.

It shall present its observations on the Executive Board's report, and on the financial statements for the year to the Annual Ordinary General Meeting.

It shall decide on relocating the registered office in France, subject to the approval of this decision by the next Ordinary General Meeting.

The Supervisory Board may assign to one or more of its members any special duties for one or more determined purposes.

The Supervisory Board shall approve the internal rules specifying its operating procedures, and those of the special committees that it may have set up.

The Supervisory Board shall appoint, and may remove the members of the Executive Board.

The Supervisory Board shall propose the appointment or renewal of the statutory auditors to the General Meeting.

Article 26. Remuneration of Supervisory Board members

The General Meeting may award an annual fixed amount to the members of the Supervisory Board, as remuneration for their duties. This amount shall be recognised under operating expenses.

The Supervisory Board shall divide the remuneration allocated between its members in accordance with the applicable legal and regulatory provisions.

The remuneration of the Chairman and Vice-Chairman shall be determined by the Supervisory Board, in accordance with the applicable legal and regulatory provisions.

The Supervisory Board may award exceptional remuneration for special duties or tasks assigned to members of the Board. This exceptional remuneration is subject to the provisions of Article L. 225-86 of the French Commercial Code.

Expenses incurred by the members of the Supervisory Board in the exercise of their functions shall be reimbursed by the Company on production of substantiating documentation.

The members of the Supervisory Board representing the employees shall not receive any remuneration, without prejudice to the reimbursement of the expenses listed in the previous paragraph.

Article 27. Liability of Supervisory Board members

The Supervisory Board members are liable for personal errors committed in the performance of their duties. They shall not incur liability for management actions or for their outcome.

They may bear civil liability for the offences committed by

members of the Executive Board, if they did not disclose them to the General Meeting when they became aware of them.

The members of the Supervisory Board representing the employees, elected within the framework of French government order No. 2014-948 of 20 August 2014 (in reference to Article 10-1 of French law No. 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom as amended by French law No. 2019-486 of 22 May 2019) cannot in any event be declared jointly and severally liable with the members of the Supervisory Board representing the shareholders. Their liability shall be assessed paying due regard to the fact that their term of office is unpaid.

Article 28. Supervisory Board Committees

The Supervisory Board may decide to set up Board committees responsible for assisting it, and shall determine the composition, the special powers and the potential remuneration of their members, who shall execute their tasks under its responsibility. The Chairman of each committee is appointed by the Supervisory Board.

The Supervisory Board shall in particular set up the committees provided for by the French Commercial Code and the French Monetary and Financial Code.

Article 29. Non-voting advisors

The Supervisory Board may appoint one or several non-voting advisors, whose remit is to assist the Supervisory Board in performing its control duties, and who take part in Supervisory Board meetings on a non-voting basis.

Each non-voting advisor is appointed for a period of one year, which is renewable indefinitely.

Non-voting advisors are not required to be shareholders, and their work on behalf of the Company may be remunerated as determined by the Supervisory Board.

TITLE IV. SHAREHOLDERS' MEETINGS

Article 30. General Meetings – Convening – Composition

General Meetings are convened by the Executive Board under the conditions determined by law, or, where applicable, by the Supervisory Board, the statutory auditors, or a corporate officer appointed by the President of the Commercial Court, acting in interlocutory proceedings at the request of one or several shareholders who represent at least 5% of the share capital.

The meetings shall take place at the registered office or at any other location in France specified in the notice of meeting.

The General Meeting meets at least once a year before 31 May in order to approve the statutory financial statements.

The notice of meeting is sent to shareholders no later than fifteen days before the meeting date, either *via* a standard letter, or *via* a registered letter with request for an acknowledgement of receipt or by email, in accordance with Article R. 225-63 of the French Commercial Code.

Where a meeting has been unable to deliberate validly, due to the lack of the required quorum, a second meeting, and where applicable, an extended second meeting shall be called in the same manner as the first meeting, and the notice of meeting

shall remind the recipients of the date of the first meeting, and set out its agenda. The notice of meeting shall be sent at least ten days before the meeting upon the second call.

All shareholders may take part in the meetings, in person or by proxy, on presentation of proof of identity and of the ownership of their shares, in the form of a registered entry in their name in the Company's registers, made at least two days before the meeting. The Executive Board may cancel or shorten this time limit, but only for the benefit of all shareholders.

All shareholders may also vote remotely, according to the legal and regulatory procedures.

Shareholders who take part in the meeting *via* videoconference, or *via* any other means that enables them to be identified, the nature and conditions for which are determined by Council of State (*Conseil d'État*) decree, shall be deemed present for calculating the quorum and majority.

A shareholder may be represented only by his/her spouse, civil partner or another shareholder.

Corporate shareholders shall take part in meetings through their legal representatives or through any person the latter may appoint for this purpose.

The meetings are chaired by the Chairman of the Supervisory Board or, in his or her absence, by the Vice-Chairman specifically appointed for this purpose by the Supervisory Board. Failing this, the General Meeting shall appoint its own Chairman.

In the event that the meeting is convened by a statutory auditor or by a court-appointed representative, the General Meeting shall be chaired by the issuer of the notice of meeting.

The meeting officers shall appoint a secretary, who may be chosen from outside the members of the General Meeting.

Vote tellers' duties shall be fulfilled by the two members of the General Meeting who are present and accept to act as such, both for themselves and as proxies, and who hold the largest number of shares.

The General Meeting's discussions are recorded in minutes signed by the meeting officers in a special register in accordance with the law. Copies and excerpts of these minutes are duly certified under the conditions set by law. The register can be kept in electronic form under the legal and regulatory conditions.

Article 31. General Meeting proceedings

Ordinary and Extraordinary General Meetings, deliberating under the quorum and majority conditions specified by the respective provisions that govern them, exercise the powers that are assigned to them by law.

TITLE V. FINANCIAL YEAR – FINANCIAL STATEMENTS – AUDIT

Article 32. Financial year

The financial year shall run for a period of 12 months beginning on 1 January and ending on 31 December.

Article 33. Appropriation of net income

If a distributable profit, as defined by law, is shown in the financial statements for the year, as approved by the General Meeting, the latter may decide to assign that profit to one or more reserves, for which the Meeting sets the allocation and use, to allocate it to retained earnings, or to distribute it.

After having noted the existence of reserves available to it, the General Meeting may decide to distribute amounts drawn from those reserves. In this case, the decision shall expressly indicate the specific reserves from which the amounts are to be drawn.

However, dividends shall be deducted first from the distributable profit for the year.

The General Meeting has the power to grant each shareholder the option of payment of the dividend or interim dividends in cash or in shares, for all or part of the dividend or interim dividend distributed.

The procedures for paying dividends in cash are set by the General Meeting, or, failing that, by the Executive Board.

However, the dividend must be paid within a maximum period of nine months after the close of the financial year, unless that period is extended by a court order.

When a balance sheet drawn up during or at the end of the financial year, and audited by a statutory auditor, shows that the Company has made a profit since the close of the previous financial year, after recording the required depreciation and amortisation and provision charges, and after deducting prior losses, where necessary, as well as the amounts to be recorded under reserves pursuant to the law and to the Articles of Association, and taking retained earnings into account, an interim dividend may be distributed, before the approval of the financial statements for the year. The amount of this interim dividend may not exceed the amount of the profit thus determined.

The Company may not require shareholders repay a dividend, unless it was distributed in breach of legal provisions, and the

Company establishes that the beneficiaries were aware of the irregular nature of this distribution at the time it was made, or could not have been unaware of it, given the circumstances.

Any right of action in recovery shall lapse three years after the dividends are paid. Dividends that are not claimed within five years of the payment date shall be forfeited.

Article 34. Statutory auditors

The Company is audited by at least two statutory auditors, who fulfil the legal eligibility conditions.

Each statutory auditor is appointed by the Ordinary General Meeting in compliance with the special regulations that apply depending on the Company's business activities.

Article 35. Government commissioner

A government commissioner may be appointed pursuant to the provisions of Article 15 of French government order No. 2014-948 of 20 August 2014 on the governance and corporate actions of public companies (in reference to Article 10-1 of French law No. 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and France Télécom).

Article 36. Mission committee

In accordance with the provisions of Article L. 210-10 III of the Commercial Code, a mission committee can be established, separate from the Company's corporate bodies referred to in these Articles of Association, whose composition and operating procedures are determined by its own internal rules.

The Mission Committee is exclusively tasked with monitoring execution the mission as set out in Article 1.3 "Social and environmental objectives" of these Articles of Association. In this regard, the Mission Committee shall carry out any verification it deems appropriate and shall be provided with any document necessary to monitor execution of the mission. It has no power of decision or representation vis-à-vis third parties.

The Mission Committee shall present an annual report to the Ordinary General Meeting appended to the management report.

TITLE VI. DISSOLUTION – DISPUTES

Article 37. Dissolution

When the Company's term expires, or in the event of early dissolution, the General Meeting shall choose the method of liquidation and shall appoint one or more liquidators, whose powers it shall determine, and who shall fulfil their duties in accordance with the law.

The liquidator(s) shall represent the Company. Following the liquidation of the assets and the settlement of liabilities, the liquidator(s) shall distribute any available balance.

The remaining net assets following the redemption of the shares at their nominal value shall be shared among the shareholders in proportion to their interest in the share capital.

Article 38. Disputes

Any disputes on company-related issues that may arise during the life of the Company or on its liquidation, either between the shareholders, the members of the Board, or the statutory auditors and the Company, or between the shareholders themselves, shall be judged in accordance with the law and subject to the jurisdiction of the competent courts.



ARTICLES OF ASSOCIATION

SUPERVISORY BOARD CHARTER AND INTERNAL RULES

9.1	SUPERVISORY BOARD MEMBERS' CHARTER	530
9.2	INTERNAL RULES OF THE SUPERVISORY BOARD	532

9.1 SUPERVISORY BOARD MEMBERS' CHARTER

This charter for Supervisory Board members (the "Charter") sets out the rights, obligations and principles applicable to the members of the Supervisory Board of La Banque Postale (the "Company"). It was adopted by the Supervisory Board on 25 January 2006 and amended at its meeting of 23 February 2022.

Article 1 – New member induction process

When they assume office, each member of the Supervisory Board shall be given access to the secure platform dedicated to the Board and its committees, where they may consult and download the legal and regulatory texts that apply to their position within La Banque Postale, the internal rules of the Supervisory Board and the special committees of the Board, and this Charter, the policies applicable to Supervisory Board members, as well as the texts describing the rights and obligations of Board members, as defined in Articles 7 to 12 of Chapter II, Section I, of the French law of 26 July 1983 on the democratisation of the public sector.

The Company's induction programme shall take into account the profile and needs of each new member of the Supervisory Board and shall be designed to ensure that new members understand the relevant legislative, regulatory and administrative provisions, as well as the Company's structure, business model, risk profile and governance arrangements, and the ways in which they shape the members' role and responsibilities.

It shall be incumbent upon each member of the Supervisory Board to become familiar with the Company's code of conduct and strategy.

Article 2 – Compliance with laws and regulations and the corporate interest

2.1 – Every member of the Board must be fully aware of their rights and obligations at all times. Specifically, they must understand and comply with the legal and regulatory provisions applicable within La Banque Postale, and with the provisions of the Internal Rules of the Supervisory Board and of the existing special committees.

2.2 – Every Board member shall act in the Company's corporate interest at all times. They shall abide by the principles listed in the Charter.

2.3 – Every Board member may, at any time, consult the Supervisory Board's Secretariat regarding the scope of the provisions governing the rights and obligations relating to their office.

2.4 – Every Board member may request training under the new member induction and training policy.

Article 3 – Fulfilment of duties – Guiding principles

Every member of the Board shall fulfil their duties with independence and loyalty, and in a professional manner, and shall take the measures required when they believe in good faith that they are no longer fully able to carry out such duties.

The members of the Board shall possess – both individually and collectively – the expertise, experience, skills, understanding and personal qualities, including the qualities of professionalism and integrity, necessary to effectively fulfil their roles and responsibilities in relation to each of the Company's significant activities, by ensuring effective governance and oversight. These indicators of the members' fitness to serve on the Board shall be assessed at regular intervals.

Every Board member shall undertake to inform the Secretary of the Board, without delay, of any change in his or her personal situation (change of address, new appointment, directorship or corporate office, etc.). Every member shall inform the Chairman of the Supervisory Board if they are the subject of any current or pending criminal or civil conviction, disqualification from serving as a company director, administrative penalty or disciplinary measure or any measure excluding them from a professional organisation, or if they have been dismissed from a company due to professional misconduct or removed from office. Every member shall also inform the Chairman of the Supervisory Board if any company of which they are a director, shareholder or partner is the subject of any current or pending criminal or civil conviction, administrative or disciplinary sanction or exclusion from a professional organisation, or any administrative receivership or compulsory liquidation proceedings in progress or pending against any such company.

Article 4 – Personal involvement

4.1 – Every Board member shall comply with the rules concerning multiple directorships and shall devote all necessary time and attention to fulfilling their roles and responsibilities as Board member, including for the examination of the matters submitted to the Board, particularly issues that are entrusted to them on a more specific basis, as well as to the work of the committee(s) of which they are a member. They undertake to take part in all the Supervisory Board meetings in an attentive and diligent manner, unless they are prevented from doing so.

4.2 – Every member of the Board shall be responsible for requesting, on a timely basis, the information that they consider will be useful in order to make a fully informed contribution to the Board's discussions.

4.3 – Every member of the Board shall familiarise themselves with the Company's business lines and specific features, its challenges, its values, and its regulatory environment. Every member of the Board shall make every effort to update the knowledge they require to properly fulfil their duties.

Article 5 – Duty of expression

5.1 – Every Board member shall have a duty to ask questions and express opinions arising from the fulfilment of their duties.

5.2 – Every Board member shall critically and constructively monitor and review the Company's strategy and the decisions of the Executive Board.

5.3 – Every Board member shall make a constructive contribution to the Board's discussions and shall cast an informed vote on the proposed decisions of the Board.

5.4 – Every Board member shall contribute to the free and frank exchanges of views during meetings of the Board and its committees, in which differences of opinion are to be discussed constructively.

5.5 – In the event of a disagreement, they shall ensure that their position or proposals are expressly entered in the minutes of the discussions.

Article 6 – Independence

6.1 – Every member of the Board undertakes to maintain their independence in their analyses, judgement, decisions and actions in all circumstances, and to reject any direct or indirect pressure that may be exercised on them.

Members shall also withstand pressure from their fellow Board members, insofar as acting independently shall mean not giving in to group think.

Every Board member shall demonstrate the honesty, integrity and independent mindset needed to assess and, if necessary, challenge the decisions of the Executive Board and ensure effective supervision and monitoring of those decisions.

6.2 – During their term of office, or after it has ended, members of the Board undertake not to accept any benefits of any kind from La Banque Postale or from related firms or companies, either directly or indirectly, which are likely to be considered to compromise their independence during their term of office or thereafter.

Article 7 – Potential conflicts of interest

7.1 – Without prejudice to the application of the provisions of the French Commercial Code relating to the control of related-party agreements, every member of the Board shall inform the Supervisory Board and its Chairman of any situation concerning them that is likely to create a conflict, even potential or temporary, with the interests of La Banque Postale or any of its subsidiaries, as soon as they become aware of it.

“Conflict of interest” refers to situations in which the interests of the Company, assessed in the light of its various businesses, are likely to conflict with those of a Supervisory Board member, whether directly or indirectly, or to situations that are likely to adversely affect a Board member's independence.

7.2 – In the case of a conflict of interest, the member of the Supervisory Board shall:

- ▶ abstain from taking part in the discussions and from any decision on the issues in question, if the conflict of interest is temporary;
- ▶ take all measures to end said conflict of interest, including tendering his or her resignation as a Board member to the Chairman of the Supervisory Board, if the conflict of interest is ongoing.

7.3 – Generally speaking, every member of the Board shall undertake to avoid any conflict that may exist between their material or moral interests and those of La Banque Postale or any of its subsidiaries.

Every Board member shall undertake to avoid, as far as possible, conducting activities or entering into transactions that could give rise to a conflict of interest or the appearance of a conflict of interest in the eyes of third parties. If any such transactions are entered into, they shall be on arm's length terms and shall be disclosed immediately to the Secretary of the Board.

Every Board member shall undertake to read and comply with the Company's rules and policy on the prevention and management of conflicts of interest.

7.4 – The Company's Ethics Officer is available to answer the members' questions on ethics issues. Every Board member shall comply with the procedure concerning transactions involving hypersensitive persons.

Article 8 – Confidentiality

8.1 – Every member of the Board personally undertakes to treat as strictly confidential the information they receive, the discussions in which they participate, and the decisions taken by the Board, under the conditions set out in Article 11 of its own internal rules.

8.2 – Every member of the Board shall refrain from using, revealing or disclosing, for their own benefit or for the benefit of any third party, any non-public information that they are aware of due to their capacity as a Board member regarding La Banque Postale or any of its subsidiaries, their activities or their projects.

Article 9 – Effectiveness of the Supervisory Board's practices

9.1 – Every member of the Board shall contribute, through their active participation, to the collective spirit and effectiveness of the work performed by the Supervisory Board and by any special committees set up within it, and to the tasks in which they participate.

9.2 – Every member shall make any recommendation that they believe will improve the practices of the Supervisory Board, particularly during any Supervisory Board meeting at which said practices are discussed. This also applies for any tasks they participate in for the special committees.

9.3 – Along with the other members of the Supervisory Board, every member shall strive to ensure that the oversight bodies fulfil their duties effectively, and without hindrance. Specifically, members shall ensure that they are informed of the implementation of procedures to ensure compliance with the laws and regulations within the Company.

9.4 – Every member shall ensure that, without exception, the positions adopted by the Supervisory Board are the subject of formal decisions, which are correctly reasoned and registered in the minutes of its meetings.

9.5 – In the event that a member of the Supervisory Board ceases to be in a position to fulfil their duties in compliance with the Charter, whether of their own volition or for any other reason, they must inform the Chairman and the Board, seek solutions to resolve the situation and, failing that, step down from office.

9.6 – If, following an assessment, one or more members of the Supervisory Board or the Supervisory Board as a whole are found not to fulfil the fitness criteria, the Company shall take all appropriate measures to remedy the situation (measures to mitigate conflicts of interest, individual or collective training, etc.).

Article 10 – Endorsement of the Charter

All members of the Supervisory Board shall endorse this Charter when they assume their office and shall undertake to respect its terms throughout their term of office, in particular in the context of Articles 11 and 12 of the Board's internal rules.

9.2 INTERNAL RULES OF THE SUPERVISORY BOARD

The Supervisory Board of La Banque Postale (the “Company”) decided at its meeting of 25 January 2006 to adopt these internal rules of the Supervisory Board (the “Internal Rules”), which are designed to supplement the articles of Title III of the Company’s Articles of Association, particularly with regard to the functioning and organisation of the Supervisory Board and its relations with the Executive Board. As a credit institution, the Company is subject to the provisions of the French Commercial Code and the French Monetary and Financial Code and, more generally, all texts applicable to the banking sector.

The Supervisory Board ensures that the Company is managed efficiently and prudently and that it has a robust governance system, implemented by the Executive Board, including a clear organisation with a well-defined, transparent and consistent division of responsibilities, effective procedures for detecting, monitoring and reporting the risks to which the Company is or may be exposed, and an adequate internal control system covering all risks (financial and non-financial in nature). It promotes long-term value creation, taking into account the social and environmental impact of the Company’s business.

Article 1 – Powers and responsibilities of the Supervisory Board

The Supervisory Board shall exercise the powers vested in it under the applicable laws and regulations and the Company’s Articles of Association and shall take decisions on all matters falling within said powers. In particular, the Supervisory Board shall perform the duties assigned to it in the French Monetary and Financial Code and the government order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sectors under the supervision of the French Prudential Supervision and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR).

The Supervisory Board shall discuss and decide all matters falling within its legal and regulatory powers, and shall devote sufficient time to the exercise of its duties.

The Supervisory Board may ask the Chairman, a member of the Board appointed for this purpose, or one of the committees provided for in Article 2, for verifications or specific information or any other assignments regarding specific matters.

It may decide to obtain the advice or assistance of external consultants.

The Supervisory Board’s responsibilities shall include, but shall not be limited to, the following:

1.1 Strategic planning and projects

The Supervisory Board shall perform constructive critical reviews of the Company’s strategy and its implementation (through effective oversight of the Executive Board, its performance and that of its individual members, and through regular discussions with the Executive Board). It shall supervise and monitor the consistent implementation of strategic and organisational priorities, and shall review the proposals and information presented by the members of the Executive Board and the Executive Board’s decisions.

In accordance with Article 14 of the Company’s Articles of Association, the Supervisory Board is required to authorise in advance the following transactions and decisions of the Company:

- ▶ the approval of the strategic plan and of any significant changes thereto;
- ▶ investment and divestment decisions for amounts exceeding €50,000,000 in France and abroad, and relating to:
 - any projects involving the creation of subsidiaries or branches,
 - any contribution, merger, demerger, restructuring or asset transfer plans, including the transfer of all assets,

- any joint venture or capital-intensive partnership projects,
- any planned acquisition or disposal of equity interests;
- ▶ decisions to grant stock options or equivalent share-based payment rights, to the corporate officers and/or Executive Management, and to set up free share plans;
- ▶ decisions relating to financing transactions for periods exceeding one year that have a material impact on the consolidated balance sheet of La Banque Postale (in excess of €1 billion) or any issuance of securities qualifying as Tier 1 or Tier 2 capital for an amount in excess of €500 million;
- ▶ draft resolutions to be submitted to the General Meeting of Shareholders pursuant to Article L. 228-92 of the French Commercial Code, concerning the issuance of shares with rights to shares or to debt securities, or the issuance of securities with rights to new shares, and the determination of the issue terms and conditions;
- ▶ dividend distribution proposals and related transactions.

At the request of a member of the Supervisory Board of the Company, who is also a member of the Board of Directors of La Poste appointed on the recommendation of Caisse des Dépôts et Consignations as provided for in Article 19 of the Company’s Articles of Association (the “CDC Member”), the way in which the Company, or its fully consolidated subsidiaries plan to vote at the general meetings of CNP Assurances is subject to the prior authorisation of the Supervisory Board. In the event that the Supervisory Board does not grant its authorisation, the Executive Board of the Company can refer the disagreement to the General Meeting, in accordance with the provisions of Article R. 225-40 of the French Commercial Code.

1.2 Governance

The Supervisory Board shall:

- ▶ appoint the members of the Executive Board and decide on the appointment of the members of the Supervisory Board;
- ▶ approve and regularly review the policy on the appointment and assessment of members of the management bodies;
- ▶ periodically assess the effectiveness of the governance arrangements and ensure that corrective action is taken to address any shortcomings;
- ▶ ensure (i) that a code of conduct or similar effective policies aimed, in particular, at preventing, detecting and managing conflicts of interest, corruption and influence peddling within the Company exist and are implemented, and (ii) that the Executive Board implements a non-discrimination and diversity policy, including in terms of gender balance on the Company’s executive bodies;

- ▶ approve and implement a procedure for the periodic review (at least once a year) of potential conflicts of interest arising from the operational and commercial relations between the Company and its shareholder, following an examination of the issues involved by the appropriate committees of the Board;
- ▶ allow time during one meeting every year to discuss the Board's membership, organisation and practices, with a formal assessment to be carried out every three years under the guidance of the Chairman of the Appointments and Governance Committee, based in particular on the responses to an individual questionnaire sent to each Supervisory Board member.

1.3 Financial statements and financial communications

The Supervisory Board shall:

- ▶ examine the financial statements approved by the Executive Board and the resources deployed by the Company and the Statutory Auditors to ensure that the financial statements of the Company and the Group comply with the true and fair view principle;
- ▶ ensure the integrity of the financial information and financial reports, and of the internal control framework;
- ▶ control the process for the publication and communication of financial and non-financial information, as well as the quality and reliability of said information.

1.4 Internal control and risk management

The Supervisory Board shall:

- ▶ ensure compliance with its internal control obligations;
- ▶ approve and regularly review the risk appetite framework and the overall exposure limits resulting from the risk appetite framework;
- ▶ approve and monitor implementation of the internal audit plan, after prior review by the Risk Committee;
- ▶ approve the information systems security strategy, based on a risk analysis, and monitor its implementation, ensuring that sufficient resources are allocated to the management of IT operations, information systems security and business continuity plans;
- ▶ oversee the strategies and policies governing the assumption, management, monitoring and mitigation of risks to which the Company is or may be exposed, including risks arising from the economic environment, as well as social and environmental risks; it shall also ensure that risk reporting and disclosure procedures are in place and that the Company's risk culture is consistently implemented;
- ▶ ensure that the persons responsible for internal control functions are able to act independently and to freely express any concerns they may have, in particular by notifying the Supervisory Board directly of any known or potential unfavourable developments that affect or may affect the Company.

The heads of the risk management, internal audit and internal control functions may not be dismissed without the prior approval of the Supervisory Board, and they may appeal directly to the Supervisory Board to overturn any such decision to dismiss them.

1.5 Remuneration

The Supervisory Board shall:

- ▶ decide, on the proposal of the Remuneration Committee, the remuneration principles applied to the members of the Executive Board and the related amounts, as well as the remuneration principles applicable to other employees who are in a position to significantly affect the Company's risk exposure (the "Risk Takers");
- ▶ allocate the total remuneration awarded to the Supervisory Board between its members;
- ▶ adopt and regularly review the remuneration practices, processes and policy of the Company and La Banque Postale Group, and monitor the policy's implementation with the assistance of the Remuneration Committee;
- ▶ oversee and approve the process for identifying Risk Takers, approve the lists of Risk Takers at Company and Group level, with the assistance of the Remuneration Committee and the control functions;
- ▶ oversee the remuneration policies of the Group's subsidiaries subject to specific sector-based rules, taking into account the provisions of the Group's remuneration policy;
- ▶ review the Human Resources Department's report, as examined by the Remuneration Committee, describing the application and implementation of the remuneration principles adopted by the Company and La Banque Postale Group.

The Supervisory Board, the Remuneration Committee and the Risk Committee shall work closely together to oversee the remuneration policy of the Company and the Group and ensure that it is properly applied.

1.6 Recovery and resolution plan

The Supervisory Board shall approve the recovery and resolution plan to be submitted to the competent supervisory authorities, following its review by the Risk Committee.

Article 2 – Supervisory Board Committees

The Supervisory Board is subject to a regulatory requirement to create certain special committees to help it prepare some of its decisions, draw up the committees' internal rules, determine their respective roles and responsibilities, decide their membership in accordance with the applicable laws and regulations, and designate their Chair.

The following committees of the Board have been created:

- ▶ Financial Statements Committee;
- ▶ Appointments and Governance Committee;
- ▶ Remuneration Committee;
- ▶ Risk Committee;
- ▶ Strategy and CSR Committee.

In accordance with their internal rules, each committee shall have at least three members, who shall not be the same as the members of any other committee of the Board; they shall include one or more independent Supervisory Board members, one of whom shall be appointed as Chair, and at least one Supervisory Board member representing employees.

The members of the committees shall have the requisite knowledge and experience to participate effectively in the work of the committee of which they are a member. The Chairs and members of the Committees may be rotated from time to time, on the proposal of the Appointments and Governance Committee, taking into account for each committee the specific experience, knowledge and skills required of the individual

committee members or the committee as a whole.

The role and responsibilities of each Committee shall be clearly defined in their respective internal rules. The Committees shall provide support in their specialised areas to the Supervisory Board and facilitate the development and implementation of a sound internal governance framework, without in any way relieving the Supervisory Board of its own duties and responsibilities.

The Chair of each committee shall report to the Supervisory Board on the committee's work.

The committees may call on external experts as necessary. The Chair of a committee may make enquiries of any Company executive in charge of matters falling within the competence of that Committee.

On the proposal of its Chairman, the Supervisory Board may also decide to set up temporary special committees from among its members to examine and express an opinion on specific issues submitted to them by the Supervisory Board. The Supervisory Board shall determine the membership and role of any such committees, which shall conduct their work under its responsibility.

Article 3 – Supervisory Board meeting attendees

3.1 Chairman of the Supervisory Board

The Chairman shall lead the Supervisory Board and contribute to the smooth flow of information among Board members and between its committees; he shall be responsible for the Supervisory Board's overall efficiency.

The Chairman shall lead the discussions and ensure compliance with the applicable laws and regulations and these Internal Rules. The Chairman may decide to adjourn a meeting if necessary.

The Chairman shall contribute to a clear division of responsibilities among the members of the Supervisory Board and shall ensure that the members of the Supervisory Board are in a position to contribute constructively to discussions and vote in an informed manner. In particular, the Chairman shall ensure that Board members have at their disposal, on a timely basis and in a clear and appropriate form, all the documents and information needed to fulfil their duties.

3.2 Vice Chairman of the Supervisory Board

In the event that the Chairman of the Supervisory Board is absent, unable to attend or exceptionally prevented from attending, the Vice Chairman shall step in temporarily to ensure that the Supervisory Board can run smoothly. In this case, the Vice Chairman shall have the necessary authority to call the Supervisory Board meeting.

3.3 Senior Independent Member

The Supervisory Board, on the proposal of the Appointments and Governance Committee, shall appoint one of its independent members as Senior Independent Member.

The Senior Independent Member shall be appointed for the duration of his or her term of office as a member of the Supervisory Board. The Senior Independent Member shall hold this position unless or until he or she ceases to fulfil the independence criteria or decides to step down from the Supervisory Board, or a majority of the other Supervisory Board members vote in favour of his or her removal.

The Senior Independent Member's main roles and responsibilities are as follows:

- ▶ act as the interface between the Supervisory Board and its Chairman by informing the Chairman of the thoughts and wishes of the Board members;
- ▶ participate in preventing conflicts of interest and ensure their proper management within the Supervisory Board, in accordance with the applicable texts and procedures, especially in the context of the relationship between the Company and its sole shareholder; to organise the work of the Supervisory Board and its Committees on this matter; to lead the Supervisory Board's annual discussion of the operational and commercial relations between the Company and its sole shareholder;
- ▶ assist the Chairman of the Supervisory Board in ensuring that the Board's members have the necessary resources to fulfil their duties.

The Senior Independent Member shall also be responsible for implementing the specific rules applicable to discussions of certain sensitive matters (such as matters likely to give rise to a conflict of interest, loans to or transactions with Board members, executive managers or their related parties).

The Senior Independent Member may ask the Chairman of the Supervisory Board to include any subject deemed useful on the agenda of a Board meeting, or to call an extraordinary meeting (under the conditions specified in paragraph 4.2). The Senior Independent Member may also call a meeting of the independent members of the Supervisory Board at his or her own initiative.

The Senior Independent Member shall report once a year to the Supervisory Board on the execution of his or her duties.

3.4 Appointment of attendees

In addition to the members of the Supervisory Board appointed in accordance with the applicable legal and regulatory provisions, the following persons may attend meetings of the Supervisory Board, in a non-voting role:

- ▶ the Statutory Auditors, who by law must be invited to attend any Supervisory Board meetings at which the Company's annual or interim financial statements are examined;
- ▶ the Secretary of the Social and Economic Committee, who must be invited to attend by law⁽¹⁾;
- ▶ the Government Commissioner⁽²⁾;
- ▶ the members of the Executive Board, except while their remuneration is in the process of being determined;

1) Pursuant to Article L. 2312-74 of the French Labour Code (*Code du travail*).

2) A Government Commissioner may be appointed pursuant to the provisions of Article 15 of French government order no. 2014-948 of 20 August 2014 on the governance and corporate actions of public companies (in reference to Article 10-1 of French law no. 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom).

- ▶ the Secretary of the Board;
- ▶ any person whose expertise is considered necessary by the Chairman to enable the Supervisory Board to fulfil its duties, including the heads of the internal control, risk management, internal audit, compliance and AML-CFT functions.

The persons thus invited may, like the members of the Supervisory Board, attend the Supervisory Board meeting by the means and under the conditions stipulated in Article 5.4 hereafter.

Their attendance at the Supervisory Board meeting shall be mentioned in the minutes of each meeting.

The Chairman of the Board may organise executive sessions attended exclusively by the members of the Supervisory Board, without the presence of Executive Board members or any other representative of the Company.

3.5 Secretary of the Supervisory Board

The Supervisory Board may appoint, under the conditions of Article 23 of the Articles of Association, a permanent secretary of the Company's Supervisory Board, with the following powers:

- ▶ organising meetings of the Supervisory Board, in accordance with the principles set out in Article 4 of these regulations, keeping an up-to-date schedule of meetings of the Board and preparing minutes reporting the proceedings of each meeting in accordance with the provisions of Article 6 of these Internal Rules;
- ▶ certifying any copy or excerpt of the minutes of the decisions of the Supervisory Board and of the proceedings of the Company's General Meeting;
- ▶ maintaining the register of share transfers and the Company's shareholder registers, keeping them up to date and certifying any copies thereof;
- ▶ maintaining the register of Supervisory Board minutes and the register of minutes of General Meetings; and
- ▶ in general, completing all legal filing, publicity and registration formalities with the Trade and Companies Registry (RCS).

The Secretary of the Supervisory Board nominated, except in the case of absence, as meeting secretary at each Supervisory Board meeting, is in charge of maintaining the Supervisory Board attendance register, counting the votes and drawing up the minutes of the meeting under the responsibility of the Chairman of the Supervisory Board.

Article 4 – Process for calling Supervisory Board meetings

4.1 Notice of meeting

a) Frequency

The Supervisory Board shall meet as often as required in the Company's interests and at least once each quarter to review the Executive Board's report.

In addition, in the case provided for in the final paragraph of Article 1-1 of these Internal Rules, the Chairman shall call a Supervisory Board meeting in response to a request by the member representing Caisse des dépôts.

b) Form and content

Participants may be invited to attend Supervisory Board meetings by any method, and for this purpose shall provide their contact details to the Secretary of the Board. Invitations are issued by the Chairman, or in the latter's absence, by the Vice-Chairman. They may be communicated by the Secretariat of the Board.

The notice of meeting shall indicate the date, venue and agenda of the meeting, and, where applicable, the necessary

information to allow members of the Board to take part in meetings by the means referred to in Article 5.4 below. This latter information may, however, be specified subsequently by the author of the notice of meeting with the same formal requirements as the notice of meeting itself.

Meetings of the Supervisory Board shall take place either at the Company's registered office or at any other location specified in the notice of meeting, or as provided for in Article 5-4.

c) Provisional meeting schedule

At the last Board meeting for the financial year, at the latest, the Supervisory Board shall draw up a provisional schedule of its upcoming meetings. This provisional schedule shall be updated by the Board secretary during the year.

4.2 Deadlines for convening meetings

A period of at least ten days must be observed between the date the notice is sent and the date on which the Supervisory Board meeting covered by said notice takes place.

However, the Chairman is authorised to add to or amend the agenda of a meeting convened previously by sending another notice before the planned date of the meeting, specifying the agenda items added or amended and confirming the date and venue of the meeting.

The Chairman may also, in case of emergency, convene an extraordinary meeting of the Supervisory Board on a given agenda. In this case, the minimum period of ten days does not apply. Exceptionally, in the case provided for in the last paragraph of Article 1-1, the Supervisory Board must meet as soon as possible following a request from the CDC Member and, in any event, within five calendar days as of the request.

4.3 Documents and information

The relevant internal documents needed to enable the participants to make an informed decision regarding the items on the agenda shall be sent by mail or by secure electronic transmission (with access restricted through the use of personal user names and passwords), if possible at the same time as the notice of meeting and, apart from in exceptional cases, at least six days before the date of the Board meeting.

The documents communicated to the participants shall be treated as strictly confidential, in accordance with the terms specified in Article 11 below, unless otherwise decided at the Supervisory Board meeting.

Article 5 – Supervisory Board deliberations

5.1 Attendance register

An attendance register is maintained, which is initialised at the start of the meeting by the Supervisory Board members attending either in their personal capacity or in their capacity as proxy.

When persons participate in the Board meeting by the means referred to in Article 5.4 below, the attendance register shall be initialised on their behalf by the meeting Chairman, or by the Secretary of the Board, with an indication of the means of participation of the persons concerned.

The attendance register can be kept in electronic form under the applicable legal and regulatory conditions.

5.2 Quorum for Board meetings and verification of the quorum

- a) The quorum for the Supervisory Board meeting is reached when at least half the Board members are present. Members of the Supervisory Board who take part in the Supervisory Board meeting by the means referred to in Article 5.4 below

shall be deemed present for the purpose of calculating the quorum.

The quorum shall be recorded by the Secretary at the start of each meeting and recorded in the minutes of the meeting.

- b) When the Supervisory Board deliberates on an agreement that is within the scope of application of Articles L. 225-86 *et seq.* of the French Commercial Code (related-party agreements), the Board members having an interest in the agreement are not included for calculating the quorum. In such cases, the Supervisory Board can only validly deliberate if half the Board members not having an interest in the agreement are present.

5.3 Powers

A member of the Supervisory Board may give another member of the Board a proxy to represent him or her at any Supervisory Board meeting by letter, email, or fax.

Each member of the Supervisory Board may only hold one proxy for a given meeting.

5.4 Decisions

Under the conditions and subject to the exceptions provided for by law, the Supervisory Board's decisions are adopted (i) either through the presence of the members at the meeting venue, (ii) or by videoconference or other means of telecommunication, or any other means authorised by the applicable regulations, that enable the members to be identified under the conditions set by the applicable laws and regulations except for the examination and review of the statutory and consolidated financial statements, or (iii) by a combination of these means, or (iv) in writing under the conditions provided for in Article 7.

If videoconference or telecommunications facilities are provided to enable all or some of the members to take part in the meeting, the Chairman of the Board shall ensure that the facilities thus implemented by the Company are technically capable of ensuring continuous effective participation and retransmission of the discussions. Otherwise, the Board members in question cannot be considered present and, due to the lack of a quorum, the meeting must be postponed.

It is the responsibility of each Board member or each participant to be equipped to take part remotely in the meetings *via* these facilities.

5.5 Voting procedures

Voting in Supervisory Board meetings takes place by a show of hands.

Subject to the last paragraph, Supervisory Board decisions are taken by a majority of members who are present or represented, and each member has one vote. In the event of a tied vote, the meeting Chairman shall have the casting vote.

Members of the Board who take part in the Supervisory Board meeting, by the means referred to in Article 5.4 above, shall be deemed present for the purpose of calculating the majority.

When voting on a related-party agreement as referred to in Article L. 225-86 of the French Commercial Code, those persons having an interest in the agreement shall make themselves known before voting on the decision and may not take part in the deliberations or in the vote in accordance with the applicable legal provisions. For this ballot, the majority is calculated taking into account only those members with voting rights.

Any member of the Supervisory Board who leaves a Board meeting when it is in progress is deemed not to have taken part in voting on the decisions put to the vote in his or her absence, unless he or she has given an explicit proxy to another member

of the Board before leaving. This departure must be taken into account with regard to the quorum needed for the Board to be able to validly deliberate.

In the case provided for in the last paragraph of Article 1-1, the Supervisory Board's authorisation requires approval by a majority of members present or represented, including the CDC Member.

Article 6 – Minutes

6.1 Contents of minutes

The minutes of each meeting of the Supervisory Board shall mention the date, time and place of the meeting and state the meeting agenda. They shall indicate the names of the Board members, specifying whether they are present or participating in the meeting by the means referred to in Article 5.4 above, represented or absent and, where applicable, the names and job titles or positions of the other participants in the meeting. The minutes shall also mention, where applicable, any technical incident relating to videoconferencing, when said incident has disturbed the meeting proceedings.

The minutes report on the substantial presentations of each of the members of the Board and the other participants. They contain the full text of the decisions submitted to the vote of the members of the Board and list the departures referred to previously in Article 5.5 paragraph 5. In the event of a vote on a decision, the minutes will report the result of the vote, detailing the number of votes for, against and the abstentions and, if applicable, the opinion of any non-voting participants in the Board meeting. They specify whether the decision has been adopted or not as a result of this vote.

Where applicable, the minutes record statements, reservations or specific opinions that any Board member may ask to see entered in the minutes during the meeting.

The minutes of the Supervisory Board meetings at which remuneration policies are decided and reviewed shall be sent to the ACPR by the ACPR correspondent within the Company.

6.2 Procedure for drawing up the minutes

Following each meeting of the Supervisory Board, draft minutes containing all the information referred to in Article 6.1 above shall be drawn up by the Secretary of the Board, as soon as possible, for approval at the next ordinary meeting of the Supervisory Board.

This draft shall be forwarded to each Board member with the information and documents mentioned in Article 4.3 above relating to the next ordinary meeting.

The Board members may make their comments beforehand or at the Supervisory Board meeting, which establishes the final terms of the minutes allowing them to be copied into the legal register.

This formal approval does not prevent the possibility of establishing excerpts of the minutes between two meetings of the Supervisory Board.

6.3 Format of the minutes

The minutes are entered on consecutive pages in a special register or on serially numbered loose-leaf sheets kept by the Secretary of the Supervisory Board and kept by the latter at the Company's registered office.

After being approved by the Board, the minutes are signed by the meeting Chairman and at least one member of the Board present. In the event that the Chairman of the meeting is unable to attend, they are signed by two members of the Board. The minutes are provided to all members of the Supervisory Board.

This special register can be held, and the minutes prepared, in electronic format under the applicable legal and regulatory conditions.

6.4 Copies or excerpts produced as evidence or made public

Copies or excerpts of minutes to be produced as evidence or made public shall be certified true to the original by the Chairman of the Supervisory Board, the Vice-Chairman of the Supervisory Board, a member of the Executive Board or the Secretary.

They can be certified *via* an electronic signature under the applicable legal and regulatory conditions.

6.5 Confidentiality of the debates and the minutes

Minutes and all excerpts shall be confidential, under the terms specified in Article 10 below, except when their publication is required by law or by binding regulations, or except if the Supervisory Board decides otherwise.

This also applies to any position expressed during Supervisory Board meetings by any of its members or participants. By derogation, each member of the Board may freely state their personal position on the subjects discussed by the Board, except if such statements or positions mention information that is confidential.

Article 7 – Written consultation

In the cases provided for in law and under the conditions provided for in the Articles of Association, the Supervisory Board can take decisions *via* a written consultation of its members.

Article 8 – Qualifications and competency of Supervisory Board members

The members of the Supervisory Board shall at all times meet the fit and proper criteria applicable to directors of banking institutions and have the knowledge, skills and experience to fulfil their duties. Their competency shall be assessed on the basis of their educational qualifications and relevant experience considering the duties they are expected to fulfil. The knowledge, skills and experience represented on the Supervisory Board shall be sufficient to ensure a sound understanding of the Company's businesses and its main risk exposures. The Supervisory Board shall at all times ensure that its members and the members of the Executive Board fulfil the conditions laid down in the applicable laws and regulations

The knowledge, skills and experience represented on the Supervisory Board and by its individual members, and the members' compliance with the fit and proper criteria shall be assessed in accordance with the Supervisory Board's policy governing the appointment and assessment of members of the Company's management bodies.

In particular, Supervisory Board members shall have a good understanding of the relevant legislative, regulatory and administrative provisions, as well as the Company's structure, business model, risk profile and governance arrangements, and the ways in which they shape the Board members' role and responsibilities.

The members of the Supervisory Board shall ensure that they maintain their knowledge of financial matters in particular. To this end, the Company shall devote the necessary resources to providing training for the members of the Board, particularly in the areas of banking and finance. A training programme shall be set up for the Supervisory Board, including modules specifically for new members as well as ongoing training modules. The Company shall organise annual seminars giving Supervisory Board members the opportunity to converse with the persons responsible for the topics presented, and strategy seminars for Supervisory Board members.

The members of the Supervisory Board shall devote sufficient time to the execution of their duties on the Board and its committees, in particular their responsibility for controlling risks, and shall comply with the rules on multiple directorships.

Article 9 – Information provided to the Supervisory Board and the committees of the Board

9.1 – The Supervisory Board and each of its committees shall determine the nature, volume, form and frequency of the information it requires in order to perform its duties.

In particular, the Supervisory Board shall receive all the specific information referred to in the government order of 3 November 2014 and in European Banking Authority (EBA) guidelines.

The Chairman of the Supervisory Board shall ensure that the Board has all the information it needs for its work, particularly information to be provided by the Executive Board and the heads of the key functions.

Every member of the Supervisory Board or committees may request any information necessary to accomplish their duties from the Executive Board.

9.2 – Requests for information shall be sent to the Executive Board by the Chairman of the Supervisory Board, or, if the Chairman is absent or unavailable, by the Vice-Chairman, or by the Chairman of the committee in question. The Executive Board shall send the information and documents that it has obtained to the Board or committee making the request by return mail.

9.3 – For this purpose, on their appointment, the members of the Executive Board shall become acquainted with the respective powers of the committees and agree to forward to the Supervisory Board, *via* its Chairman, the documents needed to perform its duties and to accept any request for information or the production of documents.

9.4 – For application of the last paragraph of Article 1-1, the CDC Member is informed in writing of the intentions of the Chairman of the Executive Board about the way in which the Company or its fully consolidated subsidiaries intend to vote at the general meetings of CNP Assurances, at the latest within three business days of the publication in the *Bulletin des annonces légales obligatoires* of the draft resolutions presented to the shareholders of CNP Assurances.

Article 10 – Resources made available to the members of the Supervisory Board

10.1 – The members of the Supervisory Board must have the necessary resources to perform their duties.

10.2 – A specific annual budget shall be made available to the Supervisory Board and its committees, covering the remuneration and expenses listed in Article 13, the cost of studies and expert opinions provided by external consultants, and the Board's administrative and training expenses.

10.3 – The Company shall ensure that the confidentiality of all correspondence sent and received by Board members concerning Supervisory Board business, is guaranteed.

10.4 – Every member of the Supervisory Board elected by the personnel shall have a time credit of 35 hours per month to perform their duties.

Article 11 – Duty of confidentiality

11.1 – Every member of the Supervisory Board and any person taking part in a meeting of the Supervisory Board is required to observe the utmost confidentiality with regard to the documents and information of which they have knowledge when performing their duties and may not disclose it, in any way whatsoever, to any third party.

11.2 – In particular, except for documents for which the Chairman explicitly authorises disclosure to third parties, the documents and exhibits forwarded to Board members before Supervisory Board meetings, or during or as a consequence of said meetings (or outside any meeting, within the more general framework of the Board members' performance of their duties), are strictly confidential and may not be disclosed to third parties in any way whatsoever.

11.3 – If necessary, these documents may be marked as confidential as a reminder. The absence of such an indication may not under any circumstances be deemed a derogation from the rule of confidentiality.

11.4 – Regarding confidential transactions, the Chairman is not required to provide written information to the Board members. He or she may thus choose to communicate the information in question orally at Board meetings intended to provide knowledge of these plans. Board members and participants are in that case required to preserve the oral nature of the information thus transmitted, and may not report it to third parties or disclose it.

11.5 – The confidentiality rules summarised in the Internal Rules apply in the same terms to the Board members and to any person called upon to take part in the work of the Supervisory Board, in any capacity.

11.6 – Failure to comply with the obligation of confidentiality mentioned in this article exposes the Board member or participant at fault to a civil suit for damages brought by the Company, without prejudice to any other legal action which could also be considered.

Article 12 – Liability of Supervisory Board members

12.1 – The Supervisory Board members are liable, under civil and criminal law, for the faults they commit when performing their duties under the conditions set by the applicable legislation.

12.2 – The members of the Supervisory Board representing the employees, elected within the framework of French government order no. 2014-948 of 20 August 2014 (in reference to Article 10-1 of French law no. 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom) cannot in any event be declared jointly and severally liable with the members of the Supervisory Board representing the shareholders. Their liability shall be assessed paying due regard to the fact that their term of office is unpaid.

Article 13 – Compensation of the members of the Supervisory Board – reimbursement of expenses

13.1 – The General Meeting that approves the annual financial statements may determine a total amount of compensation which may be awarded to Supervisory Board members for their duties performed in the current financial year and in subsequent financial years, until a further decision.

The Supervisory Board distributes this amount among the Board members except for the members representing the employees, who perform their duties on a non-remunerated basis, in accordance with the applicable law and regulations. It shall determine the applicable rules, based in particular on members' attendance rates at meetings of the Board and its committees.

13.2 – Supervisory Board members shall be reimbursed, upon presentation of substantiating documents, for the travel and out-of-pocket expenses reasonably incurred in performing their duties.

The Board can allocate to the members of the Supervisory Board representing employees an annual operations budget to cover, upon presentation of substantiating documents, the expenses incurred by the members to attend non-Board meetings, to visit departments, to take part in training which is not organised by La Banque Postale, to purchase office supplies and small equipment and to cover expenses directly related to the performance of their duties.

Article 14 – Effective date and changes to the internal rules

14.1 – The Internal Rules came into effect on 25 January 2006. They were revised by the Supervisory Board on 29 March 2007, 16 December 2014, 19 February 2016, 15 April 2016, 25 May 2016, 4 March 2020 and 23 February 2022.

14.2 – Any amendment of the Supervisory Board's Internal Rules is adopted by a majority vote of the Board members present or represented, under the conditions summarised above.

Exceptionally, any changes to the last paragraph of Article 1-1 and to the provisions referring thereto are passed by a majority of the members of the Board present or represented, including the favourable vote of the CDC Member.

Article 15 – Communication of the internal rules

15.1 – These Internal Rules, the internal rules of the committees of the Board and the Supervisory Board Members' Charter appended to the Internal Rules, shall be communicated to every new Supervisory Board member at the time of their appointment and shall be endorsed by them by signing the formal acceptance document provided.

15.2 – The text of these internal rules shall also be communicated to the members of the Executive Board when they are appointed.

15.3 – The members of the Supervisory Board and/or the Executive Board may also consult them at any time by contacting the Secretary of the Supervisory Board.

15.4 – At each meeting of the Supervisory Board, the text of the Internal Rules is made available to anyone taking part in the meeting, particularly the invited persons mentioned in Article 3.1 above, to whom the Internal Rules are applicable.

STATUTORY AUDITORS' REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

10

GENERAL MEETING FOR THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

This is a free translation into English of the Statutory Auditors' special report on related-party agreements 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 auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditor of La Banque Postale, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-58 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements to be submitted for the approval of the General Meeting

We were not informed of any agreement authorised and entered into during the year to be submitted for approval at the General Meeting pursuant to the provisions of Article L. 225-86 of the French Commercial Code.

Agreements already approved by the General Meeting

In accordance with Article R. 225-57 of the French Commercial Code, we were informed of the following agreements, approved by the General Meeting in previous years, which were implemented during the year.

1. Memorandum of Understanding with CNP Assurances regarding life and endowment insurance, term creditor insurance and personal risk insurance

Nature and purpose

On 9 December 2015, the Supervisory Board authorised the renewal of the partnership with CNP Assurances and the conclusion of a distribution agreement concerning group term creditor insurance policies. A non-binding Preliminary Memorandum of Understanding was signed on 18 December 2015.

Terms and conditions

The purpose of the preliminary Memorandum of Understanding was to define the principles to be implemented within the framework of the negotiation of final contracts pertaining to the Draft Renewed Partnership Agreement, built around three major components:

- ▶ the renewal of a ten-year partnership agreement with CNP Assurances, according to revised terms and conditions;
- ▶ the buyback of the entire interest held by CNP Assurances in La Banque Postale Prévoyance;
- ▶ the conclusion of a distribution agreement with CNP Assurances on group term creditor insurance policies.

The general framework memorandum between CNP Assurances and La Banque Postale and its related agreements were signed on 25 March 2016.

Pursuant to the terms of these agreements, La Banque Postale:

- ▶ received €656 million in commission from CNP Assurances in 2021 for the distribution of insurance policies;
- ▶ recorded income of €7.1 million for the additional commission provided for in the agreement. The commission, of an initial amount of €75 million, of which €44.5 million is yet to be recorded as income at 31 December 2020, is based on the projection of a reference business plan agreed on between the parties for a period up until the expiry of the contract (2025). It was reviewed during the year, as contractually agreed, and resulted in the final calculation of the first reference period (2016 to 2020). In this respect, a sum of €10 million was retroceded to CNP Assurances. After this revision and taking into account estimated income for 2021, the financial statements as at 31 December 2021 still contain an amount of €27.3 million to be recorded in the income statement. It could be adjusted in line with the achievement of the business plan of the second reference period (2021-2025).

The persons concerned by this agreement are: Philippe Wahl, Chairman of the Supervisory Board of La Banque Postale, Director of CNP Assurances and Rémy Weber, Chairman of La Banque Postale's Executive Board, Director of CNP Assurances.

2. Framework Memorandum of Understanding between La Banque Postale, Malakoff Médéric, La Mutuelle Générale and La Banque Postale Assurance Santé in relation to health insurance

Nature and purpose

On 20 January 2015, the Supervisory Board approved the conclusion of a Framework Memorandum of Understanding between La Banque Postale, acting jointly with SF2, Malakoff Médéric (MM), La Mutuelle Générale (LMG) and La Banque Postale Assurance Santé (LBPAS), on health insurance.

Terms and conditions

The Framework Memorandum of Understanding was signed on 3 April 2015, along with the Health Insurance Agreement, which was entered into between La Banque Postale, SF2, LMG, Malakoff Médéric Assurance (MMAss), Malakoff Médéric Santé (MMS) and LBPAS.

The Health Insurance Agreement provides that LMG and MMAss together hold 49% of the share capital and voting rights of LBPAS and that La Banque Postale holds 51%.

This agreement notably defines (i) the objectives and scope of the partnership agreement over all of the health insurance activities, (ii) the operational and commercial model for the Small Group Insurance Offer (offre petites assurances collectives), (iii) the terms for implementing Additional Opportunities (opportunités additionnelles), and (iv) the financial elements over all of the health insurance activities.

The term of the agreement is 15 years, renewable for five-year periods.

According to the terms of this agreement, LBPAS has exclusive rights to supply products developed by the new group and La Banque Postale is the exclusive distributor for LBPAS on its distribution channels, in metropolitan France and the overseas territories, without preventing LBPAS from distributing the exclusive products through other channels authorised by La Banque Postale. Also, LBPAS may distribute the exclusive products through Remote Health Insurance Platforms.

The terms relating to the governance of LBPAS and the rules for the transfer of LBPAS securities are included in a new shareholders' agreement signed by La Banque Postale, SF2, LMG, and MMAss in the presence of LBPAS (the "LBPAS agreement"), which will take effect as from the Completion Date, replacing the Initial Agreement which shall terminate on the aforementioned date.

An amendment to this agreement was concluded on 17 January 2017; it was approved by the Supervisory Board on 13 December 2017. It provides for an exception to the exclusivity commitments defined by the framework Memorandum of Understanding to authorise La Banque Postale to:

- ▶ market group health insurance contracts developed by MM Prévoyance and Quatrem; and
- ▶ put its client companies in contact with MM Prévoyance and Quatrem for the marketing of MM health contracts insured by Malakoff Médéric Prévoyance and Quatrem.

Pursuant to this Framework Memorandum of Understanding and its first amendment, La Banque Postale received commission related to the distribution of this new group's products, representing €11.3 million for the financial year ended 31 December 2021.

The person concerned by this agreement and its amendment is Rémy Weber, Chairman of La Banque Postale's Executive Board, and Director of La Banque Postale Assurance Santé at the date of the approval of this agreement.

3. La Banque Postale's commitment granting compensation to Marc Batave in the event of loss of office

Nature and purpose

Subject to the approval of the Minister of the Economy, on 27 February 2018 the Supervisory Board authorised severance compensation to be paid to the members of the Executive Board in the event of loss of office.

This commitment renews La Banque Postale's commitment to Marc Batave regarding the awarding of severance compensation in the event of loss of office authorised by the Supervisory Board on 27 February 2013 then amended by the Supervisory Board of 31 July 2013.

Terms and conditions

The initial commitment stipulated that severance compensation would be paid in the event of dismissal during their term of office and in the event of a merger, change of control or change of strategy resulting in the departure of the Executive Board member, except in cases of gross misconduct or serious professional misconduct having a material impact on the Company's financial position. It also stipulated that when a director's term of office is not renewed, the decision of whether to pay severance compensation would be at the Supervisory Board's discretion, on the basis of advice received from the Appointments and Compensation Committee.

During the Supervisory Board meeting of 31 July 2013, the APE ruled out making severance compensation payments in case of non-renewal of the office term. The other terms and conditions authorised by the Supervisory Board meeting of 27 February 2013 remained unchanged.

Severance compensation is due subject to fulfilling a performance condition requiring a success rate of 80% or above in meeting the annual targets set by the Executive Board for two out of the last three full financial years. The severance compensation due to Marc

Batave will be equal to the aggregate amount of the fixed portion of his annual remuneration for the last year, on the day of loss of office, and the average variable portion of his annual remuneration for the last three years.

Should an executive rejoin the public sector within two years of his or her forced departure from the Company, the compensation will be reduced by the amount of remuneration received at that time (including bonuses).

An unemployment insurance process providing for compensation was also included in this agreement.

Marc Batave left his position on 31 March 2021; he did not receive any compensation under this commitment.

Paris La Défense, 15 March 2022

Neuilly-sur-Seine, 15 March 2022

KPMG S.A.

PricewaterhouseCoopers Audit

Xavier de Coninck
Partner

Pierre Planchon
Partner

Agnès Hussherr
Partner

Jérôme-Éric Gras
Partner

PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

11

Person responsible for the Universal Registration Document

Philippe Heim
Chairman of the Executive Board
La Banque Postale

Statement by the person responsible for the Universal Registration Document

I hereby declare that, to the best of my knowledge, the information contained in this Universal Registration Document is in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the scope of consolidation, and that the management report (defined in the cross-reference table of this document) gives a true and fair view of the business, results and financial position of the Company and the undertakings included in the scope of consolidation and that it contains a description of the main risks and uncertainties that they face.

Paris, 22 March 2022
Philippe Heim
Chairman of the Executive Board

CROSS-REFERENCE TABLES

12

12.1	UNIVERSAL REGISTRATION DOCUMENT CROSS-REFERENCE TABLE	548
12.2	ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE	549

12.1 UNIVERSAL REGISTRATION DOCUMENT CROSS-REFERENCE TABLE

To make this Universal Registration Document easier to navigate, the table below cross-references the key information required under Regulation (EU) No. 2017/1129 (Annex I), adopted in application of the “Prospectus 3” Directive, with the relevant pages of this Universal Registration Document.

DISCLOSURES REQUIRED UNDER ANNEX I OF REGULATION (EU) NO. 2017/1129	PAGE NO.
1. PERSONS RESPONSIBLE	
1.1. Person responsible for the Universal Registration Document	546
1.2. Declaration by the person responsible for the Universal Registration Document	546
1.3. Statement or report attributed to a person as an expert	N/A
1.4. Information sourced from a third party	N/A
1.5. Competent authority approval	1
2. STATUTORY AUDITORS	107-108
3. RISK FACTORS	112-122
4. INFORMATION ABOUT THE ISSUER	2; 3-28
5. BUSINESS OVERVIEW	
5.1. Principal activities	17-26
5.2. Principal markets	17-26
5.3. Company background and development	6
5.4. Strategy and objectives	11-16
5.5. Potential dependency	512
5.6. The basis for any statements made by the issuer regarding its competitive position	17-26; 83-85; 87-91
5.7. Investments	95
6. ORGANISATIONAL STRUCTURE	
6.1. Brief description of the Group/Diagram of the organisational structure	7
6.2. List of significant subsidiaries	7
7. OPERATING AND FINANCIAL REVIEW	
7.1. Financial condition	85-86; 91-92; 233
7.2. Operating results	83-85; 87-91; 232
8. CAPITAL RESOURCES	
8.1. Issuer's capital resources	2; 5; 233; 235-236; 319
8.2. Sources and amounts of cash flows	237
8.3. Borrowing requirements and funding structure	85-86; 178-183
8.4. Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations	N/A
8.5. Anticipated sources of funds needed to fulfil commitments	N/A
9. REGULATORY ENVIRONMENT	114-116; 147-149
10. TREND INFORMATION	
10.1. Most significant recent trends	78-80
10.2. Known trends that are likely to have a material effect on the issuer's prospects	112-114
11. PROFIT FORECASTS OR ESTIMATES	
11.1. Published profit forecasts or estimates	N/A
11.2. Statement setting out the principal assumptions upon which forecasts are based	N/A
11.3. Statement of comparability with historical information	N/A
12. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	
12.1. Information about members of the administrative and management bodies	32-63
12.2. Administrative and management bodies' conflicts of interests	34; 63
13. REMUNERATION AND BENEFITS	
13.1. Amount of remuneration paid and benefits in kind granted	66-75; 225-227
13.2. Total amounts set aside or accrued to provide for pension, retirement or similar benefits	66-67; 73

DISCLOSURES REQUIRED UNDER ANNEX I OF REGULATION (EU) NO. 2017/1129	PAGE NO.
14. BOARD PRACTICES	
14.1. Date of expiration of the current terms of office	36-49; 57-62
14.2. Members of the administrative bodies' service contracts	N/A
14.3. Information about the Audit Committee and Remuneration Committee	53; 55
14.4. Statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer	30-31
14.5. Potential material impacts on the corporate governance	N/A
15. EMPLOYEES	
15.1. Number of employees	8; 329; 490
15.2. Shareholdings and stock options	4
15.3. Arrangements for involving the employees in the capital of the issuer	N/A
16. MAJOR SHAREHOLDERS	
16.1. Shareholders with an interest of more than 5% in the capital or voting rights	4; 5
16.2. Different voting rights of major shareholders	N/A
16.3. Control of the issuer	4-5
16.4. Any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	N/A
17. RELATED PARTY TRANSACTIONS	349-350
18. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
18.1. Historical financial information, including financial statements	9; 83-85; 87-91; 232-362. 369-407
18.2. Interim and other financial information	N/A
18.3. Auditing of historical annual financial information	363-368 ; 408-411
18.4. <i>Pro forma</i> financial information	232
18.5. Dividend policy	5; 94; 526
18.6. Legal and arbitration proceedings	116; 216
18.7. Significant change in the issuer's financial position	512
19. ADDITIONAL INFORMATION	
19.1. Share capital	2; 5; 233; 235-236; 319
19.2. Memorandum and Articles of Association	517-527
20. MATERIAL CONTRACTS	512
21. DOCUMENTS AVAILABLE	512

12.2 ANNUAL FINANCIAL REPORT CROSS-REFERENCE TABLE

To make this document easier to navigate, the table below cross-references the information required in annual financial reports in France, under Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 222-3 of the General Regulation of the French Financial Markets Authority (Autorité des marchés financiers – AMF), with the relevant pages of this Universal Registration Document.

ANNUAL FINANCIAL REPORT	PAGE NUMBER
1. Parent company financial statements	369-407
2. Consolidated financial statements	232-362
3. Management report (<i>minimum disclosures as defined in Article 222-3 of the AMF General Regulation</i>)	<i>See management report cross-reference table, pages 550-552</i>
4. Declaration by the persons responsible for the annual financial report	546
5. Statutory Auditors' reports on the parent company and consolidated financial statements	363-368; 408-411

Management report (including the corporate governance report and the non-financial statement)

To make this document easier to navigate, the table below cross-references the information required in management reports under the applicable laws and regulations with the relevant pages of this Universal Registration Document.

MANAGEMENT REPORT	LEGISLATIVE REFERENCE	PAGE NUMBER
1. Position and activity of the Group		
1.1. Position of the Company over the year and objective and comprehensive analysis of the changes in business, results and financial position of the Company and the Group, in particular its debt situation, in relation to the volume and complexity of its business	Articles L. 225-100-1, I., 1°, L. 232-1, II, L. 233-6 and L. 233-26 of the French Commercial Code (<i>Code de commerce</i>)	83-92
1.2. Key financial performance indicators	Article L. 225-100-1, I., 2° of the French Commercial Code	8-11
1.3. Key non-financial performance indicators relating to the Company's and the Group's specific operations, including information on environmental and personnel issues	Article L. 225-100-1, I., 2° of the French Commercial Code	481-493
1.4. Material events arising between the end of the reporting period and the date of the management report	Articles L. 232-1, II. and L. 233-26 of the French Commercial Code	107
1.5. Names of the major shareholders and holders of voting rights at General Meetings, and changes during the year	Article L. 233-13 of the French Commercial Code	4
1.6. Existing branches	Article L. 232-1, II of the French Commercial Code	7; 105-106; 352-357
1.7. Significant shareholdings in companies with their registered office in France	Article L. 233-6, Paragraph 1 of the French Commercial Code	95
1.8. Disposals of cross-shareholdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	N/A
1.9. Projected development of the Company's and the Group's situation and future prospects	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	11-16
1.10. Research and development activity	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	93
1.11. Table of the Company's financial results over each of the last five years	Article R. 225-102 of the French Commercial Code	407
1.12. Information on payment deadlines for suppliers and clients	Article D. 441-4 of the French Commercial Code	92-93
1.13. Amount of inter-company loans granted and the statutory auditor's statement	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 contingencies to which the Company is exposed	Article L. 225-100-1, I., 3° of the French Commercial Code	112-122
2.2. Information on financial risks linked to climate change and measures taken to reduce them by implementing a low-carbon strategy throughout all components of the business	Article L. 22-10-35, 1° of the French Commercial Code	121-122; 222-224; 437-446
2.3. Main internal control and risk management procedures put in place by the Company and by the Group, in particular those relating to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2° of the French Commercial Code	95-104; 144-155
2.4. Information on the objectives and policy regarding the hedging of each major category of transactions and the 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	175-191
2.5. Anti-bribery and corruption system	French law No. 2016-1691 of 9 December 2016 ("Sapin II")	218-220; 432-433
2.6. Duty of care plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	427
3. Report on corporate governance		
Information on remuneration		
3.1. Remuneration policy for corporate officers	Article L. 22-10-8, I., Paragraph 2 of the French Commercial Code	66-67; 225-227
3.2. Remuneration and benefits in kind paid during the financial year or granted in respect of the financial year to each corporate officer	Article L. 22-10-9, I., 1° of the French Commercial Code	68-72
3.3. Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I., 2° of the French Commercial Code	66
3.4. Possibility to request repayment of variable remuneration	Article L. 22-10-9, I., 3° of the French Commercial Code	66
3.5. Commitments of any kind entered into by the Company for the benefit of its corporate officers concerning the remuneration, compensation and benefits that would be due or potentially due at the time of or following their appointment, loss of office or change in position	Article L. 22-10-9, I., 4° of the French Commercial Code	66-67; 73

MANAGEMENT REPORT	LEGISLATIVE REFERENCE	PAGE NUMBER
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	N/A
3.7. Ratios between the level of remuneration of each executive corporate officer and the average and median remuneration of company employees	Article L. 22-10-9, I., 6° of the French Commercial Code	491
3.8. Annual changes in remuneration, Company performance, average remuneration of Company employees and the above ratios over the last five years	Article L. 22-10-9, I., 7° of the French Commercial Code	N/A
3.9. How total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the Company and how the performance criteria have been applied	Article L. 22-10-9, I., 8° of the French Commercial Code	66; 73
3.10. Procedure for taking into account the vote of the last ordinary General Meeting provided for in Paragraph I of Article L. 22-10-34 of the French Commercial Code	Article L. 22-10-9, I., 9° of the French Commercial Code	N/A
3.11. Non-compliance with the procedure for implementing the remuneration policy and any deviation from the procedure	Article L. 22-10-9, I., 10° of the French Commercial Code	N/A
3.12 Application of the provisions of Paragraph 2 of Article L. 225-45 of the French Commercial Code (suspension of payment of directors' remuneration in the event of lack of gender diversity on the Board of Directors)	Article L. 22-10-9, I., 11° of the French Commercial Code	N/A
3.13. Stock options granted to and held by corporate officers	Article L. 225-185 of the French Commercial Code	N/A
3.14. Free shares granted to and held by executive corporate officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	N/A
Information on governance		
3.15. List of positions held and duties performed by each corporate officer in all companies during the reporting period	Article L. 225-37-4, 1° of the French Commercial Code	38-49; 58-62
3.16. Agreements entered into between a corporate officer or a significant shareholder and a subsidiary	Article L. 225-37-4, 2° of the French Commercial Code	541-544
3.17. Summary table showing delegations granted by the General Meeting to increase the share capital currently in force	Article L. 225-37-4, 3° of the French Commercial Code	64; 93
3.18. General management procedures	Article L. 225-37-4, 4° of the French Commercial Code	56; 520-522
3.19. Composition, preparation and organisation of the work of the Board	Article L. 22-10-10, 1° of the French Commercial Code	32-56
3.20. Application of the principle of a balanced gender mix on the Board	Article L. 22-10-10, 2° of the French Commercial Code	35
3.21. Limitations placed on the powers of the Chief Executive Officer by the Board	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	30-31
3.23. Specific conditions for shareholder participation in the General Meeting	Article L. 22-10-10, 5° of the French Commercial Code	64; 525-526
3.24. Procedure for evaluating 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 takeover bid or exchange offer	Article L. 22-10-11 of the French Commercial Code	N/A
3.26. For French limited companies (<i>sociétés anonymes</i>) with a Supervisory Board: Supervisory Board comments on the report of the Executive Board and the financial statements	Article L. 225-68, last Paragraph, of the French Commercial Code	56
4. Shareholdings and capital		
4.1. Structure, changes in the Company's capital and threshold crossings	Article L. 233-13 of the French Commercial Code	5; 95
4.2. Purchase and sale of treasury stock	Article L. 225-211 of the French Commercial Code	N/A
4.3. Employee share ownership at the period end (proportion of share capital represented)	Article L. 225-102, Paragraph 1 of the French Commercial Code	N/A
4.4. Any adjustments made to securities giving rights to share capital in the event of share buybacks or financial transactions	Articles R. 228-90 and R. 228-91 of the French Commercial Code	N/A
4.5. Information on transactions by executive corporate officers and related persons in the Company's shares	Article L. 621-18-2 of the French Monetary and Financial Code	N/A
4.6. Dividends paid during the last three financial years	Article 243 bis of the French General Tax Code (<i>Code général des impôts</i>)	5; 94

MANAGEMENT REPORT	LEGISLATIVE REFERENCE	PAGE NUMBER
5. Non-Financial Statement (DPEF)		See Section 6.7.1 "Cross-reference table for the Non-Financial Statement", page 498.
5. Non-Financial Statement (DPEF)		
6. Additional information		
6.1. Additional tax information	Articles 223 <i>quater</i> and 223 <i>quinquies</i> of the French General Tax Code	93; 216; 257; 330
6.2. Injunctions or penalties for anti-competitive practices	Article L. 464-2 of the French Commercial Code	116; 216

In addition, pursuant to Article 19 of Regulation (EU) No. 2017/1129, the following documents are incorporated by reference in this Universal Registration Document:

- ▶ the consolidated financial statements and parent company financial statements for the year ended 31 December 2020, together with the Statutory Auditors' reports on the consolidated financial statements and parent company financial statements, which appear on pages 208-213 and 352-354, respectively, of the 2020 Universal Registration Document filed with the AMF on 19 March 2021 under No. D.21-0156;
- ▶ the consolidated financial statements and the parent company financial statements for the year ended 31 December 2019, together with the related Statutory Auditors' reports on the consolidated financial statements and parent company financial statements, which appear on pages 180-185 and 292-294 respectively of the 2019 Universal Registration Document filed with the AMF on 17 March 2020 under No. D.20-0135.



Photo credit: GettyImages®

Designed & published by  **LABRADOR** +33 (0)1 53 06 30 80
INFORMATION DESIGN



Limited Company with an Executive Board and Supervisory Board with capital of € 6,585,350,218
Registered office and postal address: 115, rue de Sèvres – 75275 Paris Cedex 06
Paris Trade and Companies Register number 421 100 645 – APE Code 6419Z, insurance intermediary,
Registered with Orias under no.07023424
labanquepostale.com

