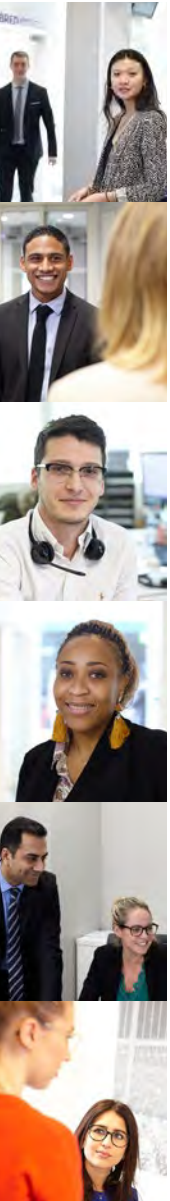


Banking
without distance:
performance
and challenges



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BRED is a member of the Banque Populaire group of cooperative banks. It has 200,000 cooperative members, €4.9 billion of equity capital and 6,000 employees, 25% of whom are located outside France or in the French overseas territories. Its core business is commercial banking in France through its regional operations in Greater Paris, in Normandy, in Seine-et-Marne/Aisne and in the French overseas *départements*, as well as through its commercial banking subsidiaries in Southeast Asia, the South Pacific, the Horn of Africa and Switzerland.

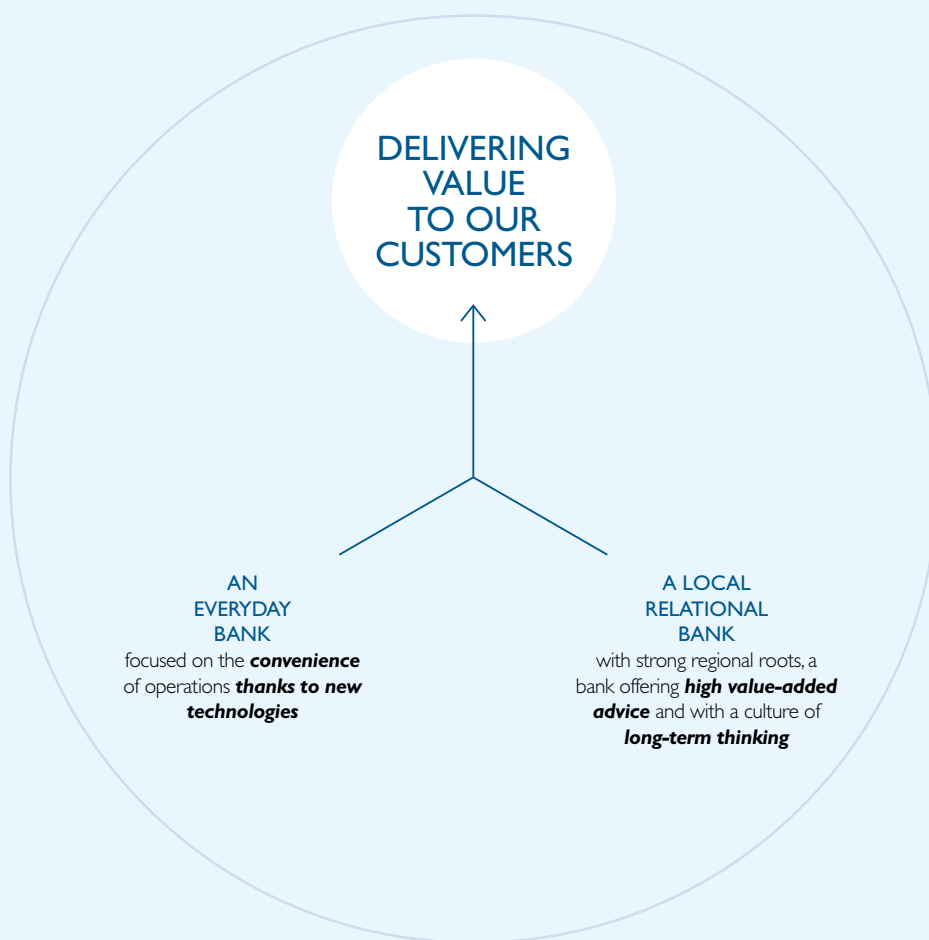
A local bank committed to its communities, its network consists of 475 agencies, including 75 outside France. It maintains long-term relationships with more than one million clients.

BRED Banque Populaire, a member of the BPCE Group, is engaged in a range of diversified businesses – retail banking, corporate and institutional banking, private banking, asset management, securities trading, an insurance company and international trade.

In 2019, BRED recorded consolidated NBI of €1,252 million (+5%). It posted net profit of €307 million, an increase of 11%.

BRED, BANKING WITHOUT DISTANCE

Banking without distance is the formula that embodies the promise we make to the client to bring ever more value to the relationship. It is the conviction that being among the best in the digital world is a necessary but not sufficient condition for satisfying customers and contributing to economic and regional development. Banking without distance means choosing to be increasingly close to customers, giving high value-added advice and investing in people.



over
1 MILLION
clients

6,000
employees including
25% outside France and
in overseas territories

6%
of the annual payroll
devoted to training

€1,252 M
of NBI in 2019,
an increase of 5%

400
agencies in France and
the French overseas
départements

75
agencies outside
France

€4.9 BILLION
of equity capital

€307 M
of net profit in 2019,
an increase of 11%



FRENCH OVERSEAS TERRITORIES

800 employees

In Martinique and French Guiana

40 agencies*

In Guadeloupe-Northern Islands

30 agencies*

In Reunion Island and Mayotte

40 agencies*

MAINLAND FRANCE

3,600 employees

In Normandy

70 agencies*

In the Paris region

200 agencies*





EUROPE

60 employees

• BIC BRED: international trade financing

– Paris
– Geneva

* agencies, business centres, wealth management centres, agencies dedicated to independent professionals and specialised agencies

-  BRED bank
-  Subsidiary or equity interest
-  Representative office
-  IT subsidiary

05



IN THE HORN OF AFRICA

300 employees

- **BCI MR – Djibouti**

11 agencies*

IN SOUTHEAST ASIA

510 employees

- **BFL – Laos**
- 11 agencies*
- **BBC – Cambodia**
- 7 agencies*

IN OCEANIA

800 employees

- **BCI NC – New Caledonia**
- 32 agencies*
- **BVL – Vanuatu**
- 2 agencies*
- **BBS – Solomon Islands**
- 1 agency*
- **BBF – Fiji**
- 6 agencies*

BRED also operates:

- in Myanmar and in Ethiopia through representative offices
- in Thailand, where BRED IT, a subsidiary providing a specialised IT platform for foreign banks, is based, with 200 employees

**“A BANK FOR THE PRESENT,
LOOKING TO THE FUTURE”**

BRED has once again proven its dynamism this year. Driven by our excellent results, we are resolutely pursuing the adventure that began a century ago to defend our cooperative ideal. Our model is more relevant than ever for meeting the economic, human, cultural, regulatory and security challenges that face us.

Thanks to a governance structure that guarantees us long-term vision and balanced management, we act independently of the financial markets, while our decentralised and agile cooperative structure encourages our ability to innovate and manage change, respecting the immutable principle that the economy is there to serve people, and not the contrary.

Facing the transformations for which digitalisation is the catalyst, our attachment to a humanist culture, echoing our values, has led us to always link new technologies with relational proximity, which remains so important for our clients. Some people claim that digital will replace the role of bank advisors. At BRED, we rather believe that it will enable our employees to put advice even more at the centre of the relationship. Our strategy therefore advocates that digital should be combined with the human factor; but not be subrogated to it.

**“Our cooperative model
is more relevant than ever
for meeting the challenges
that face us.”**

At the heart of the regions, we are in direct contact with businesses. Committed to the economic and societal development and preservation of the regions, we have never forgotten that our primary vocation is to facilitate access to credit and support in all their diversity those who do business locally. By the very nature of our constitution, we are sensitive to solidarity, and we also support projects that promote social integration such as microcredit and social development.

Created by our cooperative customers and represented at the highest level by directors who are themselves cooperative members, we are there to serve our customers. We have established a relationship based on trust, the fruit of a shared history and a long-standing commitment.

This cooperative spirit that drives us on is the foundation of our action and the driving force of our modernity, that of a bank of the present day with a vision of the future.



Stève
Gentili



Olivier
Klein

“THE CHALLENGES OF BANKING WITHOUT DISTANCE”

How did BRED fare in 2019?

2019 was an excellent year for BRED, with a 5% rise in our NBI to €1,252 million.

Commercial banking in France, which accounts for more than 70% of BRED's NBI growth, also saw its NBI rise by 5%, with a substantial increase in the number of customers in its network. Also of note is the continuing and sustained strengthening of the position of the corporate and institutional banking business as a provider of finance and investment solutions for large corporate and institutional clients.

In our foreign business, revenues from commercial banking and from financing international trade were also healthy, up 16%. Our operations in Cambodia and the Solomon Islands, as well as in Geneva, contributed significantly to this growth.

Market activities reported growth in NBI of 15%, confirming the relevance of its positioning.

The BRED Group pressed ahead with its development by continuing to invest in people and in digital technology. Its cost/income ratio remained at 60.2%, which is one of the best in the French banking sector.

BRED thus closed its centenary year with net income up 11% at €307 million, the best ever since its creation.

**“The BRED Group
pressed ahead with
its development
by continuing to invest
in people and in digital
technology.”**

Retail banks are operating in a difficult environment. What do you consider to be the true challenges facing the banking sector?

The French retail banking sector is faced with two major challenges, the combination of which is leading traditional players to undergo a faster transformation than they have ever had to do in their history.

In the first place, low rates are putting downward pressure on the retail banks' NBI and are weighing on their profitability year by year. This situation worsened further in the autumn of 2019.



“Becoming a bank, i.e. a trusted third party that complies with regulations, can neither be improvised nor achieved without significant investment.”

On top of the problem of the erosion of margin rates in traditional banks, there is also the risk of disintermediation, driven by technological advances that are revolutionising customer behaviour in the way they “consume” banking and on which purely digital low-cost banks, FinTech players and BigTech players are relying in order to ultimately compete with the banks. It is already clear that the profitability of the business model of low-cost banks, “pure play” online banks, i.e. banks without advisors, has been slow to emerge. FinTech companies do not generally pose a threat to banks, which tend to form partnerships or equity alliances with them, enabling bank customers to benefit from the latest innovations.

Finally, will BigTech players manage to capture market share in profitable segments of the banks’ value chain? While they can develop a banking business by drawing on their wealth of user data, they will find it difficult to gain the trust of their users, who are increasingly concerned and conscious of the risks associated with the use of their personal data. And they will also have to comply with the various prudential regulations and compliance regulations that require heavy investments that do not correspond to the apparent lack of cost and immediacy that are the attractive features of their model. Becoming a bank, i.e. a trusted third party that complies with regulations, can neither be improvised nor achieved without significant investment.

The combination of these changes and the structure of interest rates is prompting many observers to question the sustainability of traditional banks and the need for a generalised downturn.

The future of the banks will depend on their ability to manage their transformation and bring their customers ever greater added value. But without ever distancing themselves from the invariables that underlie the economic and social usefulness of banks: providing intermediation between credit and savings, i.e. between households and businesses that have need of financing and, symmetrically, those that are capable of financing. In addition, banks transform savings, which are generally short term, into loans, most often medium and long term, according to the needs expressed by both lenders and borrowers. In doing so, banks accept risks in terms of credit, interest rates and liquidity, on behalf of businesses and households that are unable or unwilling to take them on. This is what financial markets do not do. This irreducible role of banks is the basis of their economic and social usefulness.

The cooperative banking model meets the expectations of our society.

What exactly is BRED's approach in this context?

We are maintaining our strategy of distance-free banking, with the aim of intensifying our global relationship of proximity with our customers.

This means supporting each client in their life and business projects, providing them with high value-added advice and innovative services that correspond perfectly to their needs, by abolishing the distance between our clients and their bank – both physical and relational distances. It goes without saying, therefore, that it also means providing ever greater convenience in daily banking operations and a seamless service through digital technology. Digital technology and artificial intelligence are also major drivers for improving the quality of the advice provided to our advisors, in order to improve our model of global relationships of proximity as much as possible.

Our clients have never been in such need of advice, as they are assailed by offers from a variety of sources and inundated with information. BRED is therefore investing heavily in technological innovations and in training its advisors, while also seeking to free them as much as possible from repetitive tasks with no added value. This makes them more proactive, more able to respond quickly, and more expert in their fields. This strategy and method are the same in all our territories.

It is also clear that the cooperative banking model, in all its dimensions, meets the expectations of our society.

As a result, our regional roots and our ability to invest in people and new technologies, underpinned by our cooperative values, allow us to pursue our development with confidence.

We are a bank for the regions, a bank that serves its communities. Our members are our customers and they contribute to the governance of BRED. Our Board of Directors is made up of representatives of our members, and therefore of our customers. In addition, both our role as a local banker and our commitment to the community at BRED, in terms of spreading knowledge and promoting equal opportunities, contribute to social cohesion and economic development in each of our regions.

This model may be over a hundred years old, but it is more modern than ever, and more resilient than ever in the face of headwinds.

We are maintaining our strategy of distance-free banking, with the aim of intensifying our global relationship of proximity with our customers.

“As a result, our roots in the regions and our ability to invest in people and new technologies, underpinned by our cooperative values, allow us to pursue our development with confidence.”

THE CHALLENGES OF A RELATIONAL BANK TODAY AND IN THE FUTURE

#1

A fundamentally human
relationship

#2

Maintaining performance
in a complex environment

#3

IT must be a catalyst
for growth

#4

Digital as a tool for stronger
human relations

#5

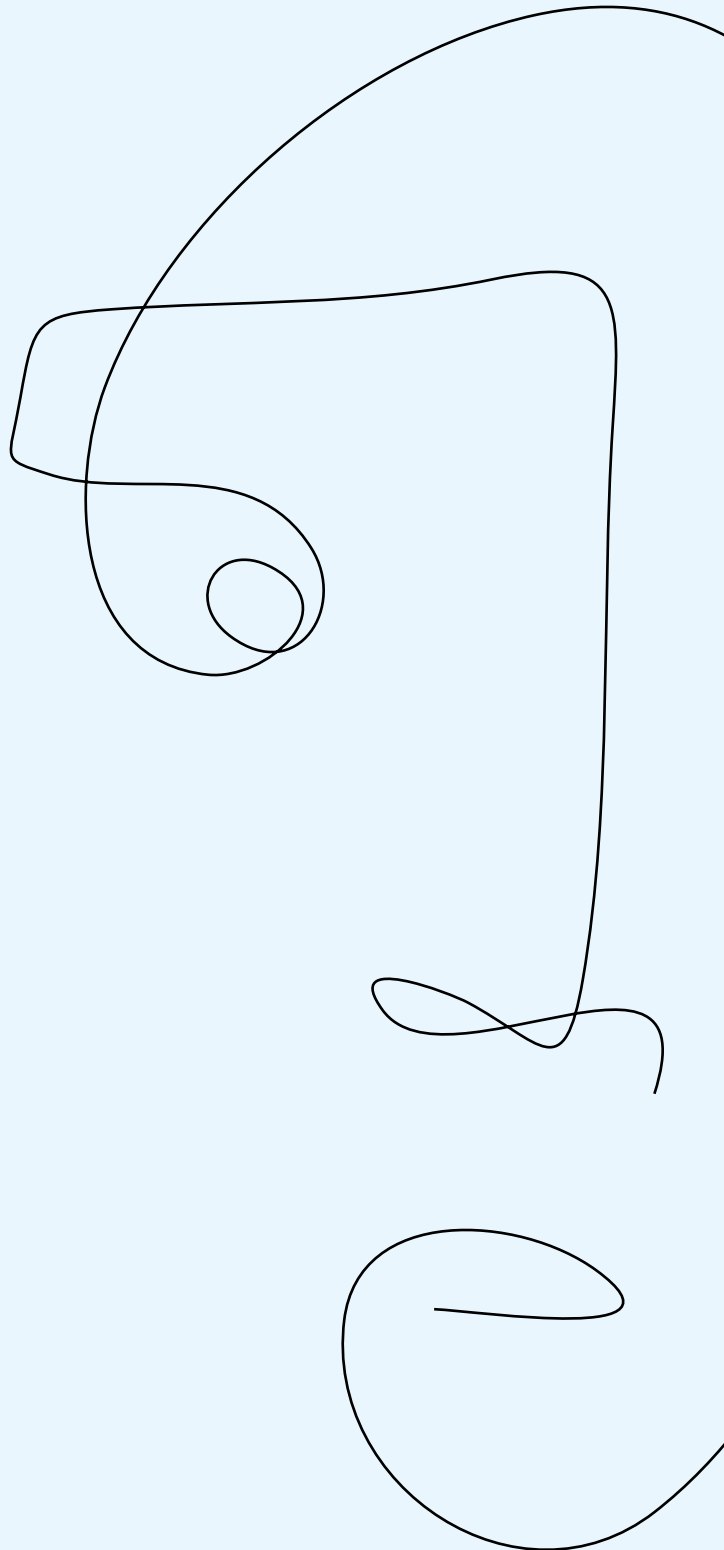
Supporting businesses
in their need for finance

#6

Supporting our international
customers

#7

Customer trust also entails
risk management





“Advisors create value for clients and remain the linchpin of the relationship.”

#1 A fundamentally human relationship

Éric Montagne, Deputy CEO
in charge of the Retail division

At a time when many major banking networks are announcing more and more branch closures, BRED is maintaining its presence in the field. Why are you going against the tide?

The current context is particularly challenging for retail banks, and their responses differ because they do not share the same history or the same vision of the way our business is evolving. BRED has always been a bank based on local relationships. It is true that our branches are less frequented, as customers are increasingly autonomous thanks to the use of our site and the BREDConnect app. However, they still need advice. Indeed, with the multiplication of information sources and the growing complexity of their environment, our customers are looking for high value-added services and tailored advice. Receiving advice remains their first expectation, whether face-to-face or remotely.

What role does the advisor play in this model?

Advisors are adapting to changes in our customers' habits. They are and will remain central to our strategy of banking without distance. The relationship between advisors and clients is crucial; digital services are indispensable, but not enough. Advisors create value for their clients and remain the linchpin of the relationship. They must know their customers well, meet their expectations, anticipate their needs and protect their choices. Thus, all our advisers must have a deep sense of customer service, be proactive and continuously trained to bring a high level of expertise to each client, whatever their profile.

How does BRED ensure that this relationship lasts over time?

It provides its customers with high value-added advice! We are a cooperative bank committed to our core business: supporting our clients in their life and business projects over the long term. We also have long-established and acknowledged expertise in assisting companies and developing innovative tools that specifically meet their needs. In addition, we put digital technology at the service of people: clients and advisors. Everything is designed to facilitate the daily operations of our customers and deliver a flawless service and a smooth customer experience. For several years now, we have been modifying the concept of our branches in all of our regions, with areas redesigned for greater autonomy in carrying out day-to-day banking operations and more space dedicated to advice. In 2019, we experimented with opening our branches in the afternoon only to people who make an appointment. The organisation of support functions has also been rethought to optimise the customer experience and allow greater proximity to decision-making and management. All these changes will ensure the long-term future of our remote banking model, which is designed to ensure customer satisfaction.



“BRED is constantly investing to create the conditions for it to continue its development, whether through technology, talent or winning new markets.”

#2 Maintaining performance in a complex environment

Olivier Lendrevie, Deputy CEO

What is the effect of the low interest rate environment on commercial banking?

The low interest rate environment is eroding the return on customer loans, the main asset of a commercial bank. As these loans are largely financed by non-interest bearing or regulated rate deposits (savings accounts, home purchase saving schemes), whose cost is not falling in the same proportions, this results in a gradual decline in the asset-liability margin.

In addition, the collapse of interest rates on Europe's main sovereign debts is prompting new players (insurers, investment funds, etc.) to invest in the corporate credit market, traditionally dominated by banks, by extending the terms offered and relaxing covenants and guarantees. This market trend has the potential to increase the cost of risk in the coming years. At the same time, the fundamental trend of raising prudential solvency requirements is continuing, meaning that more and more equity capital must be tied up against each loan granted. The combination of these factors inevitably leads to a decline in the return on equity of commercial banks, which in the most marked cases no longer meets market expectations. So large banks are being forced to adjust their business portfolio and reduce their focus on the least profitable businesses. This phenomenon is very clearly in evidence in France at present.

What are BRED's growth drivers?

Every difficulty is also an opportunity: the challenging environment that I have just briefly described is a rare opportunity for the strongest banks to develop on ground that has been abandoned by others. This is certainly our ambition. The global approach that we favour in our customer relationships naturally reduces our sensitivity to the interest rate environment by diversifying our sources of profitability: investments, insurance products, provident savings, payment services, etc. In addition, BRED is also expanding in high-growth regions where the low interest rate environment has not had an adverse impact, such as Southeast Asia and the Pacific.

Our management is entirely focused on our long-term ambitions rather than objectives to reduce expenses, which would lead to Malthusian, not economic, choices. BRED is constantly investing to create the conditions for it to continue its development, whether through technology, talent or winning new markets.

Finally, in this environment where the price of many assets seems to defy reason, we continue to be very vigilant so as not to relax our selectivity in terms of credit. The size of a bank like BRED, which allows for short circuits and detailed knowledge of territories and customers, is a considerable asset in this respect.



Olivier
Lendrevie

“The commitment of the employees themselves in building a dynamic professional project is key to the long-term success of an IT department.”

#3 IT must be a catalyst for growth

Simone de Oliveira, Chief Information Officer

What role does IT play in a bank today?

These days, banks have to think of themselves in part as FinTech companies! Historically, information technology's role was to give the company material support. Since the early 2000s, an acceleration in the pace of technological change, the digitalisation of all layers of the company and the exponential increase in regulatory and security requirements have placed information systems in the core of the bank's reactor. There is a triple challenge today: banks must ensure a solid and effective evolution of existing systems to meet strict regulatory and security constraints, while at the same time being able to rapidly and agilely develop the internal or external tools that will enable them to develop commercially or to accelerate the delivery of the product or service, all while maintaining control over their production costs: IT has to be a catalyst for growth!

We do this by systematically integrating the end user in the development process, which enables us to deliver a product that is tailored perfectly to need and to speed up delivery.

We also have to ask ourselves whether in-house or outsourced production methods are the most efficient. In this respect, our subsidiary in Thailand, BRED IT, is a true asset. A genuine permanent complement to the Information Systems Department, BRED IT enables BRED to improve its ability to deliver its IT developments and projects efficiently and competitively.

Is the challenge also to support skills transformation?

Every new IT project by definition involves change, and the acceleration of technological evolution requires constant analysis of its implications in terms of the acquisition of know-how and upskilling. "Time to market" is primarily "time to technology"! This entails a very close relationship with Human Resources, and obviously a major effort by management to share the vision. The commitment of the employees themselves in building a dynamic professional project – they will change jobs many times – is key to the long-term success of an IT department.



Simone
de Oliveira

60%
of our individual
customers questioned
on why they would
recommend BRED
cited the relationship
with their advisor
as a major factor.

11 million
digital contacts per
month between BRED
and its customers.

#4 Digital as a tool for stronger human relations

Françoise Epifanie, Chief Development Officer

The highest level of customer experience is essential to be a benchmark financial partner. What can technological innovations contribute in this respect?

For BRED, technological innovations are not an end in themselves but form part of a broader objective. We are always looking for the best way to meet our customers' two biggest concerns. On the one hand, our customers are looking for a practical, flexible, responsive bank for their day-to-day banking needs, and this is made possible by apps, websites and ATMs. On the other hand, they want personalised support from a dedicated, available and competent advisor. This last point comes out very clearly in our satisfaction surveys. For example, 60% of the clients questioned on why they would recommend BRED cited their advisor as a major factor. We are therefore speeding up the implementation of digital processes and tools that simplify the working lives of our employees so that they can devote even more time to their customers.

Can you give an example?

Contrary to popular belief, the decline in branch footfall does not mean that advisors are any less in demand. There has been a sharp increase in contacts by e-mail and telephone. So we recently developed a tool to help process e-mails using artificial intelligence. Integrated into the advisors' messaging system, "Watson" detects the subject of the request, its urgency and tone, and suggests a reply. This makes it possible to react more efficiently and quickly to requests thus received. Our advisors save time and our customers are more satisfied!

So digital communication is increasing the frequency of contact between BRED and its customers?

Absolutely! We record 11 million digital contacts per month, making it the leading vector of interaction between BRED and its customers. It is essential that our customers also feel that they are genuinely helped and advised through these channels. We are therefore constantly making the BREDConnect site and its mobile app more user-friendly, functional and interactive. The greater degree of autonomy given to our customers for everyday banking means that we can provide real quality time when human contact is necessary. In addition, certain features of the app and the site allow customers to get in touch with their advisors more quickly.

Finally, the greater number of Internet and smartphone contacts has significantly increased the volume of data available to get to know our customers better and offer them solutions that correspond to a precise need more quickly and with greater added value. We are also working alongside start-ups in our ecosystem on new, highly innovative services that are part of the customer experience.



Françoise
Epifanie

#5 Supporting businesses in their need for finance

Jean-Paul Julia, Director of Corporate Banking

Is business financing in good shape?

Corporate financing has probably never been better than it is today. There was a very sustained level of business in 2019, with a simultaneous increase in bank financing and market financing. This momentum can be explained in particular by the extremely favourable financing conditions available to companies in this environment of low interest rates. The rise in private debt is beginning to worry regulators, though. Even if a significant portion of the amounts raised is held by clients in cash today to ensure a safety reserve, some companies are surviving in this environment and will generate difficulties tomorrow if the economic situation deteriorates or – although this does not appear imminent – if rates were to rise again.

How does the Corporate Banking division support them?

We support our corporate clients, real estate professionals, mid-cap and large companies, by analysing the context and purpose of their financing needs and providing them with tailor-made solutions. We are able to provide detailed responses to all needs by combining the sectoral and technical expertise of our various corporate and investment banking teams (structured finance, real estate, etc.) or by drawing on the various components of BRED and the BPCE Group. Private investment financing illustrates this perfectly: BRED arranged a number of high-profile deals in 2019 for its clients, including SEB and Transdev.

“We are able to provide detailed responses to all needs by combining the sectoral and technical expertise of our various corporate and investment banking teams.”

2019 was a year of growth for the Corporate Banking division...

We are very proud of the work accomplished by our teams in 2019, which enabled us to make our contribution to BRED's growth. The development of our business shows the loyalty and trust we have built up with our customers over time.

The Corporate Banking division is investment banking on a human scale. Isn't that the antithesis of the cooperative spirit?

Our activities do indeed relate to corporate and investment banking, but we are an integrated part of BRED, and its cooperative model sets us apart in many ways from most traditional investment banking players, which are sometimes subject to market instantaneity. We think and act in a long-term perspective, promoting the development of our customers and our territories: we have a stake in growth. We are a partner to our customers! In this way, we support their development over time because we are a cooperative bank based on deep relationships, a guarantor of the resources entrusted to us by our clients. And we are in no doubt that this positioning resonates with companies' growing consciousness of their role in society.



Jean-Paul
Julia

#6 Supporting our international customers

Stéphane Mangiavacca,
International Director

BRED posted strong growth in its international banking business. What are the keys to this success?

The NBI of our commercial banks in foreign countries and in French overseas territories rose by approximately 16% in 2019. This was due to our continued development in the South Pacific, Southeast Asia and the Horn of Africa. Three years after we opened in Cambodia, BRED Bank Cambodia has achieved profitability and has become an outstanding player in the local banking landscape. Around 6,000 customers have joined our subsidiary over the last 18 months.

These performances show that our strategy of importing international standards for the benefit of a demanding clientele consisting of large companies, local SMEs and high-potential private clients is the right one. By exporting our model of a global relation of proximity with high added value, by responding to all aspects of client needs and by applying the highest standards in terms of risk management and compliance – a guarantee of security for our clients – the BRED Group has become a benchmark player alongside domestic banks.

BRED also has a reputation for financing international commodity trading.

We assist commodity trading companies to structure their finance. The BIC BRED teams in Geneva, the world's leading international commodities trading centre, work with the main world leaders and family-owned groups. At the same time, the Paris-based teams focus on the agri-food commodities market. This activity has developed strongly with an increase in NBI of around 17%. These results are made possible by the expertise, technicality and precision required for these operations, whatever the size of the transactions.

“The NBI of our commercial banks in foreign countries and in French overseas territories rose by approximately 16% in 2019.”

On a more general level, how does BRED support its customers' international development?

In addition to the activities mentioned above, we have long-established expertise in processing retirement pensions, for example, with a network of more than 150 correspondents. We also offer correspondent banking services to foreign banks, which means that we can efficiently handle the international transactions entrusted to us by our clients. We also operate a trading room through which we can issue documentary credits and bank guarantees and secure foreign currency transactions.

Our foreign subsidiaries offer financing and other services to those of our clients who operate abroad. Through this range of services, we can support our customers whether they are setting up abroad or running an import-export business.



Stéphane
Mangiavacca

#7 Customer trust also entails risk management

Arnaud Viricel, Head of Risk Management and Continuous Control

What are the major challenges with regard to risk management and compliance?

A close relationship, which is the core of our model of banking without distance, is based on trust. So that this trust is strengthened over the long term, it requires rigour and transparency between BRED's employees, its cooperative members and its customers. The action of the control functions aims to ensure that the bank's processes offer the highest level of service quality and that they respect our customers' rights.

Through its processes, BRED endeavours to control its risks, for the benefit of all its stakeholders: cooperative members, customers and employees. The environment of historically low interest rates and abundant liquidity should therefore not blind us to the fact that a downturn is still possible and that a change in the general perception of risk could quickly lead to more difficult access to liquidity and an increase in corporate failures. The risk management department is responsible for ensuring that development ambitions remain compatible with such an occurrence and that risks borne by BRED are well calculated and adapted to its capacity for resilience.

“BRED is permanently strengthening its risk management for the benefit of all its stakeholders: customers, cooperative members and employees.”

How does BRED protect its customers' personal data, particularly banking data?

Data is essential for our business – without it, we wouldn't be able to respond to our customers' requests or provide them with value-added services. But how it is processed is crucial to strengthening their security: better detection of frauds that could adversely affect them or helping to identify criminal activity. Protecting our customers also means guaranteeing that their data is only used in their best interests by applications that offer a high level of IT security and are fully compliant with regulations on the protection of personal data.

Is BRED's expertise in risk management a source of new value-added services that can be offered to customers?

We are constantly improving our processes for risk management and customer protection in such a way that it doesn't affect the smooth running of our services or our response time. Beyond that, we are also capable of meeting new needs while maintaining the highest standards of customer data protection. A typical example is the instant transfer: our ability to recognise risk in real time thanks to innovative tools has made it possible for us to develop it in a secure environment.



Arnaud
Viricel

1919-2019 100th anniversary celebrations in 2019

Throughout the year, BRED's customers and employees are invited to a range of events commemorating a century of history.



February 2019 Partnership with the Olympique de Natation

BCI, New Caledonia's leading banking network and a BRED subsidiary, becomes a sponsor of the Olympique de Natation swimming club for the open water race between Anse Vata and Ile aux Canards which is one of the island's main annual sporting events.

March 2019 Trophée d'Or

BRED receives a Trophée d'Or award from *Le Revenu* magazine. It was honoured for Valvie Invest Patrimoine, a high-end contract designed by its subsidiary, Prépar.



March 2019 Award of the BRED Créadie prize in Normandy

The Créadie competition recognises young micro-entrepreneurs. BRED awards a prize each year in each of its territories.



of NEU MTN (Negotiable European Medium-Term Notes) with a 7-year maturity were issued by Groupe SEB and invested by BRED, the French market leader for negotiable debt securities.

April 2019

Equal opportunities with the Collège de France

BRED supports the "Campus de l'Innovation pour les Lycées" (Innovation Campus for High Schools) programme run by the Collège de France, intended to bring teaching through research to students in technical and vocational high schools.



April 2019

BRED Réunion-Mayotte is a partner of EPA Réunion

This business creation project targets middle school and high school students in social integration programmes and training centres.

April 2019

Overseas finance and investment

BRED strengthens its overseas investment and financing activities with the acquisition of Ingepar from BPCE International. It will be part of a new division, alongside the BRED subsidiary, Fipromer.

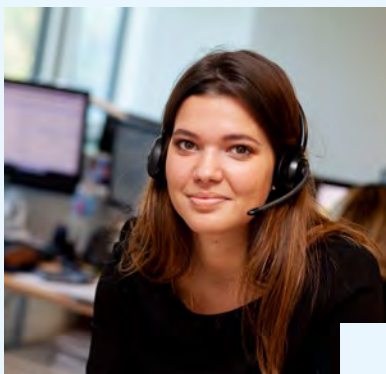
May 2019 Social responsibility with HEC

BRED has joined forces with the prestigious business school, HEC, to provide 25 grants in the regions where it is active awarded to students studying for the entrance exams for the Grandes Écoles.



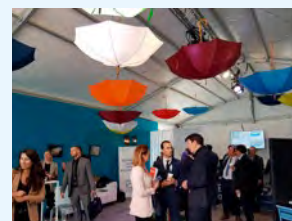
June 2019 A new CRC in Caen

BRED chooses the city of Caen to set up a new telephone customer relations centre (CRC), creating 20 jobs.



June 2019 BRED Normandy at the Rouen Armada

BRED opens a pop-up agency in Rouen at the site of the Rouen Armada.



May 2019 General Meeting

BRED's General Meeting of Shareholders is held in Caen at the Ardenne Abbey, which houses the Institute for Contemporary Publishing Archives. A place of remembrance is an appropriate venue for an AGM dedicated to commemorating BRED's centenary year.

May 2019 Regional support

BNI (Business Network International) France and BRED sign a partnership agreement intended to strengthen financing for entrepreneurs in the regions.

July 2019 Research and innovation

BRED supports the funding of the new TEQMO technology research centre (Utac Ceram Group) for automated and connected mobility.

For the
10th
year running, BRED's
home insurance offer
is awarded the Label
of Excellence by
Dossiers de l'Épargne.

July 2019 Refinancing of Mauboussin

As part of the partnership between Alain Némard, the long-standing head of Mauboussin, and the Galeries Lafayette group, BRED is organising the refinancing of Mauboussin and the financing of its parent holding company.

September 2019 Sustainable development

BRED is supporting the fund for the restoration of degraded land managed by Mirova, a BPCE Group management company dedicated to responsible investment.

September 2019 SRI at Promepar Asset Management

The BRED Group's management subsidiary launches its first socially responsible investment (SRI) fund.



August 2019 Opening of a branch in Vanuatu

BBV, BRED's subsidiary in Vanuatu, holds a groundbreaking ceremony for its future branch in Tagabe, close to shopping zones and the international airport.

August 2019 BRED is supporting UNESCO

... which runs the world's only university chair dedicated to the practice of philosophy with children.



September 2019 Grand Paris Express

Eiffage chooses BRED, alongside BPCE Lease, CE IDF and Natixis, to finance a Herrenknecht tunnel boring machine to be used for Line 16 of the Grand Paris Express.



October 2019 Female entrepreneurs and Banque Franco-Lao

Continuing on from its Banking on Women initiative, BFL, BRED's subsidiary in Laos, is launching a mentoring programme for women, in conjunction with the European Chamber of Commerce. It is focused on supporting new start-ups and offers advantageous financing terms to the 10 best projects.

October 2019 Innovation in KYC software

Vialink, a BRED subsidiary, is recognised by *Capital Markets CIO Outlook* as one of the leaders of KYC software solutions. The previous month, the company was assessed by Capgemini at the intermediate level of its ScaleUp qualification.

October 2019 Coopération

Following on from the success of the 1st edition, BRED launches the 2nd French edition of the Coopération, the world's largest open innovation competition.



November 2019 6th agency

BRED's Cambodian subsidiary inaugurates its 6th agency in Chaom Chau, Phnom Penh province.

November 2019 BRED signs the Cancer@ Work charter...

... to provide support for employees suffering from cancer.

€220m

BRED supports Transdev for the issue of a Euro PP (Euro Private Placement).

€50m

BRED invests €50 million in a Green Bond issue directed by the BPCE Group, based on renewable energy assets.



December 2019 Fiji Airways

BRED's subsidiary in the Fiji Islands guarantees the purchase of two Airbus A350s by Fiji Airways.

December 2019 A first in the Solomon Islands

BRED's subsidiary BBS launches loan insurance. It provides for the loan to be repaid in the event of the subscriber's death and for the equivalent of SI\$10,000 (€1,080) to be paid to a designated beneficiary.

December 2019 BCIMR

The BRED subsidiary in Djibouti finalises the fitting-out of its new head office on the Marabout Plateau, the future regional financial centre of Djibouti. Opening is scheduled for February 2020.



December 2019 Cooperative membership

In 2019, more than 4,000 BRED members take part in meetings organised in their region, intended to report on the bank's activities and projects and answer their questions.

146%

BRED closes its 2019 capital increase. 146% oversubscribed, it raises €229 million.

BRED's consolidated net banking income has increased for the seventh consecutive year, rising 5.1% to €1,252 million.

Excluding non-recurring items, NBI growth stood at 4.6%, a figure that confirms that the BRED Group has made the right strategic choices.

"Addressable" operating expenses (on a like-for-like basis, excluding the contribution to the single resolution fund, the BPCE contribution, provisions for profit-sharing and incentives, and conversion costs) rose 3.6%, reflecting decisions in favour of investments in technology, the modernisation of the network, advisor training and international development.

The cost-to-income ratio (all expenses included) was stable at 60.2%. Between 2012 and 2019, it fell from 67.2% to 60.2%.

The cost of risk dropped 27% to €80 million, owing to the near absence of provisioning on performing loans.

The BRED Group enjoyed an excellent year in 2019, with net profit increasing by roughly 11% to €307 million. They have risen regularly from €180 million in 2012 to €307 million in 2019.

Group share of equity totalled €4.9 billion, up €498 million (11%) on the previous year thanks to the excellent level of net profit and a capital increase of €180 million open to cooperative members.

The CET I solvency ratio was very solid at 16.2% and the overall ratio stood at 16.35%.

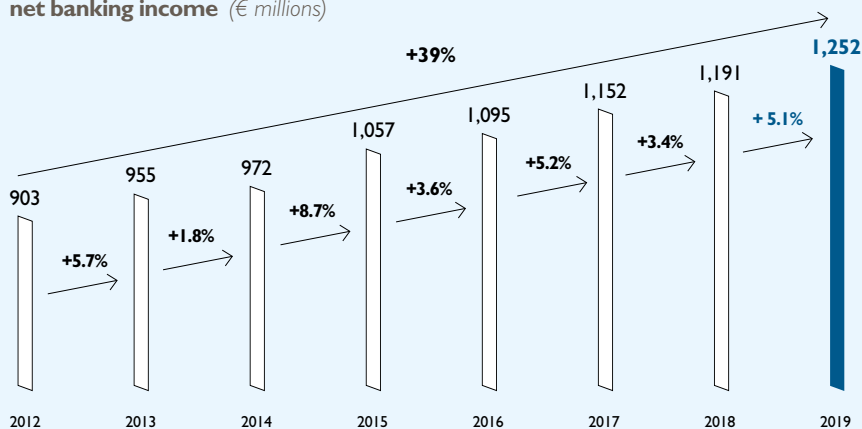
The LCR liquidity ratio stood at 152% as at December 31, 2019, with a minimum regulatory requirement of 100%.

"Net profit stood at €307 million in 2019, an increase of 71% since 2012."

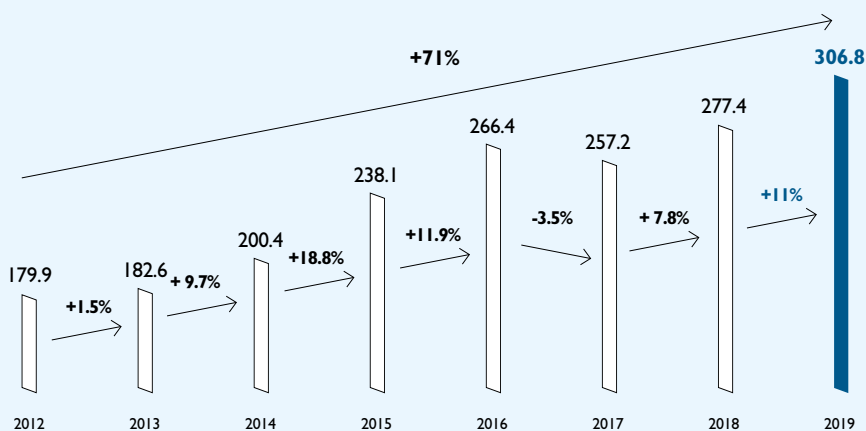
Consolidated NBI
2019

€1,252 MILLION +5.1%

Growth in BRED's consolidated net banking income (€ millions)



Growth in BRED's consolidated net profit (€ millions)



**CONSOLIDATED INCOME STATEMENT:
KEY FIGURES****BRED Group consolidated income statement (under IFRS 9)***(in millions of euros)*

	2019	Variation
Net interest margin	774.8	6.2%
Fee income and similar	477.2	3.3%
Net banking income	1,252.0	5.1%
Personnel costs – excl. profit-sharing and incentives	-358.7	2.4%
External services – excl. contribution to BPCE	-177.2	-0.4%
Taxes and duties – excl. SRF	-29.7	0.7%
Depreciation and impairment	-52.1	35.2%
Addressable operating expenses	-617.7	3.6%
Profit-sharing and incentives, single resolution fund, contribution to BPCE, conversion costs and others	-135.7	11.9%
Expenses	-753.4	5.0%
Gross operating profit	498.6	5.2%
Cost-to-income ratio	60.2%	0.0pt
<i>Cost of risk on depreciated loans (level 3)</i>	-83.2	9.4%
<i>Cost of risk on performing loans (levels 1 and 2)</i>	3.3	NA
Cost of risk	-79.9	-26.7%
Operating profit	418.6	14.7%
Share of profits of associates	25.3	5.2%
Net gains or losses on other assets	2.9	NA
Change in value of goodwill	0.9	NA
Pre-tax profit	447.7	15.3%
Corporate income tax	-139.7	25.1%
Net profit	307.9	11.4%
Minority interests	-1.2	NA
Net profit attributable to equity holders of the parent company	306.8	10.6%

BRED Group consolidated income statement excluding non-recurring items (under IFRS 9)
(in millions of euros)

	2019	Variation
Net banking income	1,238.7	4.6%
Addressable operating expenses	-617.7	3.6%
Expenses	-748.7	4.4%
Gross operating profit	490.0	4.8%
Cost-to-income ratio	60.4%	-0.1 pt
Operating profit	410.0	14.0%
Pre-tax profit	448.6	16.2%
Net profit	312.0	13.6%
Net profit attributable to equity holders of the parent company	310.8	12.8%

* Collective and sectoral provisions are replaced by new allowances under IFRS 9 that entail a provisioning of all loans as soon as they are granted, even those that are not depreciated individually.



www.bred.fr

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GROUPE BPCE

Activity report 2019



Vol. 1

Banking without
distance: performance
and challenges



Vol. 2

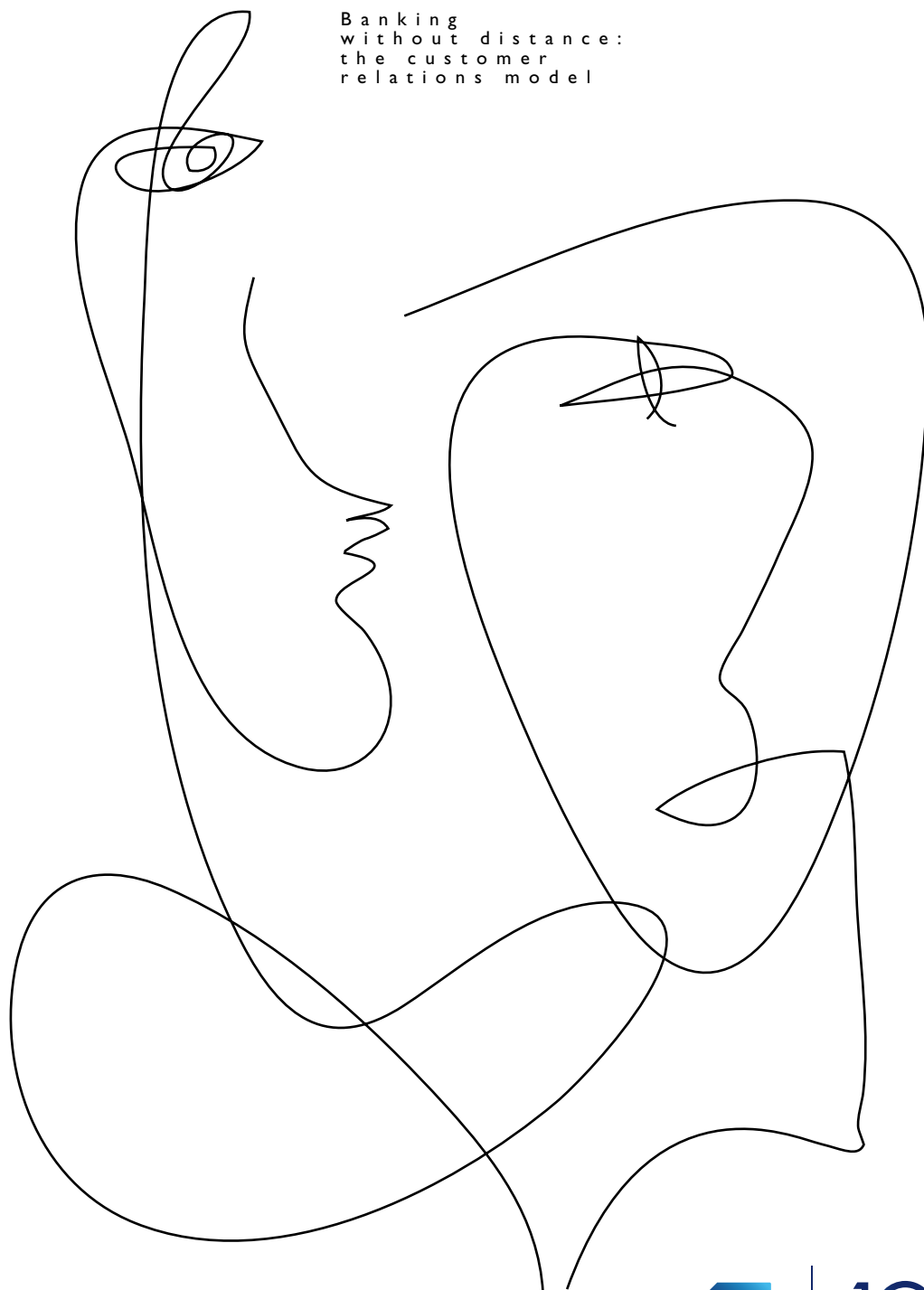
Banking without
distance: the customer
relations model



Vol. 3

Banking without
distance: commitments
for the future

Banking
without distance:
the customer
relations model



BRED 
BANQUE POPULAIRE

100 ANS
ET TOUJOURS
EN AVANCE

Contents

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02	ADVICE AT THE CORE OF CUSTOMER RELATIONS
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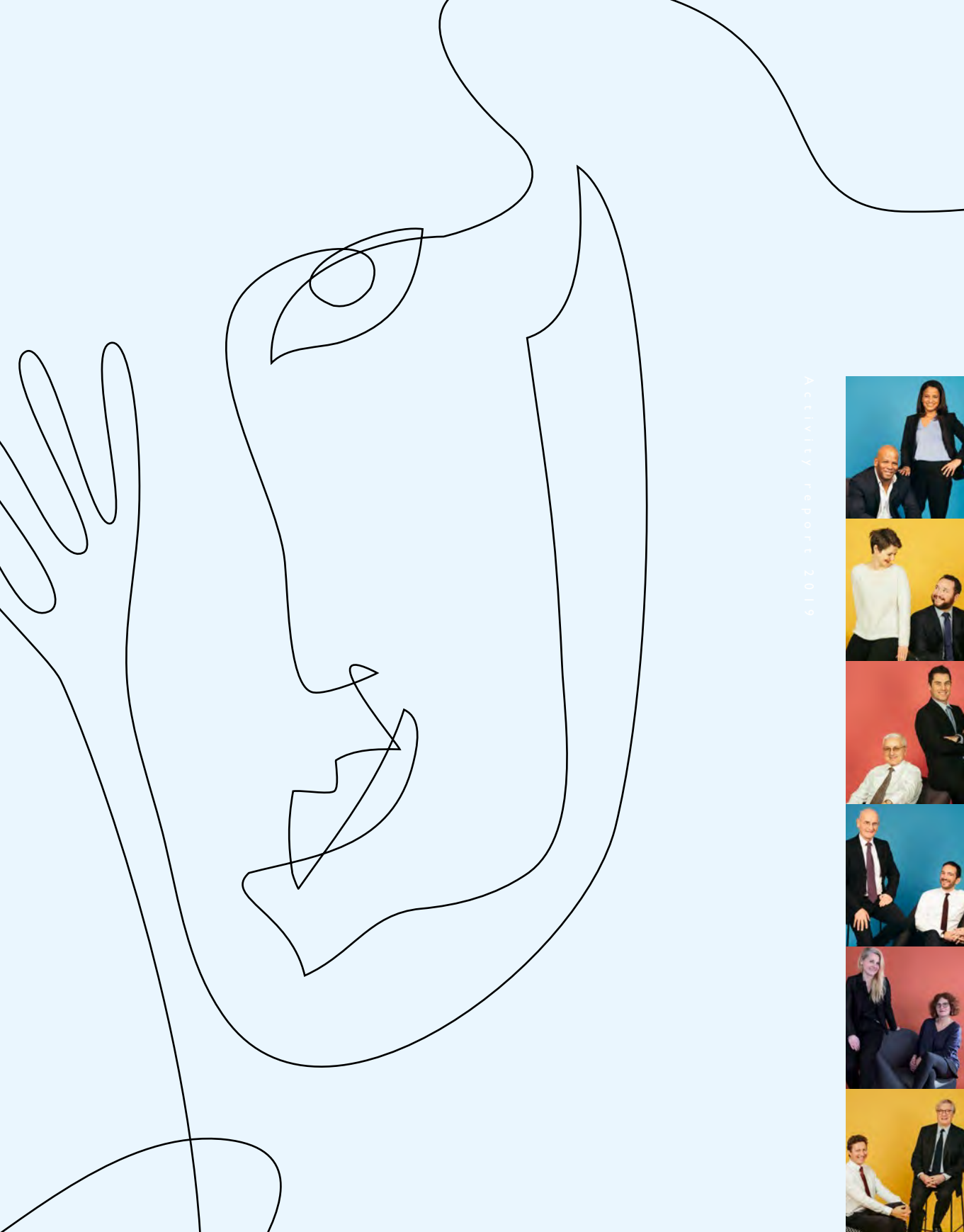
Faithful to its values and convinced that the future of banking lies in human proximity and advice, BRED strongly believes in a constant concern for the added value it delivers to all its customers, whether they are individuals, private investors, professionals, institutions or companies of all sizes.

Its diverse range of expertise and businesses, coupled with its network, trading desk and subsidiaries, make it a full-service bank capable of offering its clients all the benefits of a large group, both in France and internationally.

ADVICE AT THE CORE OF CUSTOMER RELATIONS

Attentive
Profoundly human
Close relationship
Trust
The right solutions
Good listeners
Fast response
Fluidity
Personalised service
High standards
Quality





Activity report 2019



RETAIL CUSTOMERS

To assist our customers in financing their property projects, we offer a paperless loan offer with follow-up throughout the process until its acceptance with a simple click.

Each of our clients is assisted by a dedicated advisor; a privileged point of contact with whom to discuss their life projects, large or small, short or long term, with respect to their family or their property. We can do this thanks to an increasingly agile organisation, innovative technological infrastructures and, above all, employees who constantly develop their expertise.

More and more of our branches exclusively reserve afternoons for appointments. This organisation enables customers to discuss their projects in the best possible conditions with their advisor. We are thus able to meet our customers' increasing expectations for advice adapted to each stage of their lives and support over time.

We offer an ever more accessible, convenient and digital bank for day-to-day transactions to make life easier for our customers. They can choose how they want to access our regular services at any time: with their advisor, usually in the morning, in our self-service areas open from 8 am to 10 pm, but also online via bred.fr or their mobile app.

Our customer relations centre, which is open during extended hours six days a week, is also available to them.

New features are regularly added to both the Internet and the mobile app versions of BREDConnect, such as biometric identification, online appointment scheduling, travel declaration, confirmation of the bank card code, credit card blocking and (coming soon) temporary locking, immediate updating of the card limit and instant payment by transfer credited to the recipient's account within 10 seconds.

93%
of our retail
customers approve
of our BREDConnect
mobile app.



PARTNERSHIP. "I chose BRED fifteen years ago. Florence has been with me for all these years. Dynamic, understanding, competent, approachable, reliable and deeply human, she has been there for me at every decisive step in my life and she is a real and unfailing support for the development of my private and professional projects." **Myriam Mouchi**



Florence Müller-Guinle,
Branch manager,
La Rapée

Myriam Mouchi,
Customer

The wealth management centre in Caen inaugurated its new premises in June 2019.

HIGH NET WORTH CUSTOMERS

BRED Banque Privée provides all its customers – individuals, professionals and companies – with the expertise of its advisors to meet their expectations in terms of structuring and managing their wealth. It guides them on a day-to-day basis on tax and legal issues, on managing their investment portfolios and on financing their life projects.

It is organised to offer a wealth management service adapted to a variety of client profiles:

- 13 wealth management centres operating at regional level cater for customers with financial assets worth over €150,000. They work closely with a wealth advisor.
- The Cercle Premier, a structure devoted to wealth management, assists families whose financial assets are worth more than €1.5 million and whose holdings are complex and often international in scope.
- Every client of the branch network whose assets exceed €150,000 is thus offered a dual commercial relationship, with a dedicated in-branch advisor for everyday banking operations and a wealth advisor or private banker for issues relating to asset management.
- Our wealth management centres are generally located on the same sites as our business centres for SMEs so that company owners can deal with matters relating to their private assets as well as the transmission of their business.

Alongside specialists in wealth, financial and property engineering, the BRED trading desk and the subsidiaries in insurance (Prepar) and asset management (Promepar), BRED Banque Privée can offer tailored, open architecture solutions that respect customers' investment profiles. Our customers also have access to venture capital investments through Adaxtra Capital, a specialised subsidiary of BRED.

Since March 2019, BRED Direct Premium, a customer relations call centre, handles clients of the wealth management centres. Thanks to a dedicated team of advisors available 6 days a week and until 10 pm on weekdays, our clients can be given advice on the management of their accounts.



PARTNERSHIP. "BRED first of all helped me to finance my future offices off-plan. I met with a particularly attentive and responsive team, which immediately established a spirit of trust. This close relationship naturally led me to ask BRED to manage my assets for me. Here, too, my advisor suggested solutions that were right for me." **Stéphanie Abbou Naim**



+

Stéphanie Abbou Naim,
Founding partner,
Drims Creative

Guillaume Girod,
Investment advisor, Vincennes
wealth management unit

81%
of professionals who
have chosen the same
bank for their personal
and professional affairs
would rather deal with a
single contact person.*

60%
of professionals choose
their bank primarily
on the basis of their
relationship with their
advisor.*

PROFESSIONALS & TRADESPEOPLE

Our professional customers deal with their professional and private issues with a single advisor, who can call in our experts in cash flow, insurance, social engineering, franchising, international development, etc. Specialists are also available to give them advice on matters such as wealth management, legal issues and personal protection. We organise dedicated days for professionals on a regular basis, enabling them to meet all our experts under one roof – in their agency – in a minimum amount of time.

Our approach to financing minimises formalities, reduces lead times and lessens personal guarantee requirements thanks to Socama, our mutual guarantee company. We have also added to our range a pre-agreed professional e-loan, offered to our customers with a validity of three to four months.

Fully aware of the importance of digital in boosting their competitiveness, we have been offering retailers FID PRO for three years. This enables them to develop their business by transforming their customers' credit cards into loyalty cards. We have also designed an express loan focused on intangible investments. Available since the start of 2020, the loan reduces reliance on personal guarantees. Also in 2020, we will be overhauling our Direct&Proche offer which ties in with customers' e-commerce projects, to make it even simpler and smoother.

We have long-standing links with a number of lines of business, and we are active in the areas of training, apprenticeship and funding in association with chambers of trades and crafts, chambers of commerce and industry and a number of other professional organisations.

* Survey by CSA Research, March 2018



PARTNERSHIP. "BRED has been helping me to finance my projects for more than 15 years, since I started my business. I am constantly welcomed by a team that is particularly attentive and responsive. My advisor has always been able to clearly identify my expectations, my needs and, above all, offer me the right solutions. This close relationship has created a climate of trust that has naturally led me to confide the management of my personal assets to her."

Fabienne Youyoutte



Fabienne Youyoutte,
Pastry chef, ice-cream maker,
confectioner and chocolatier,
Désirs du Palais

Carole Bajazet,
Deputy branch
manager, Les Abymes,
Guadeloupe

INDEPENDENT PROFESSIONS

In all our territories, specialised advisors are available for clients from independent professions. In particular, we have opened fully dedicated branches in the heart of Paris and in Normandy. This concept has already been widely acclaimed by our clients in the French overseas territories. Professionals who so wish also have the option of choosing our online bank BRED Espace Professions Libérales, available at extended hours until 8 pm, where they are looked after by their designated advisor, as they would be in our branches.

Whatever the type of relationship chosen, our clients are supported by a single advisor for their professional and private projects. Advisors have detailed knowledge of particular issues relating to each specific independent profession with respect to formalities for setting up, share purchase, legal structures, etc. They meet with their clients in the agency but also remotely or make an appointment to see them at their business premises.

Our advisors are able to put their clients in touch with the bank's experts depending on the project in question – purchase of their professional premises, financing professional equipment, wealth structuring and transfer, etc.

One of the offers available to them enables them to construct solutions for their customers that correspond to their real needs. We offer to support professional setting up an advance equivalent to their set of fees, for instance. We have also recently updated our account agreements, in particular by combining them with suitable digital and electronic banking offers.

14
specialised agencies for
independent professions
have opened in the Paris
region, in Normandy and
in the French overseas
territories.



PARTNERSHIP. "At a time when banking services are being digitalised, like many others, I am looking for a close relationship and personalised service with my bank, both on a personal level and for my law firm. On a day-to-day basis, I appreciate the direct, human and privileged contact I have with my advisor who, specialising in the independent professions, manages my accounts and investments carefully and efficiently. BRED also provides me with all the digital tools I need to manage my accounts and ensure that our exchanges run smoothly." **Jean-David Guedj**



Jean-David Guedj,
Jean-David Guedj & Associés,
law firm

Emmanuel Lebreton,
Regional Director of Sales
Promotion

BRED Espace is much more than an online bank with:

- customers individually dealt with by their own designated advisors,
- solutions tailored to their specific issues, including private banking,
- a complete range of products and services,
- access at extended hours up to 8 pm.

32,000 customers, including private individuals, students, people from French overseas territories, expatriates, independent professions and high net worth clients.

BRED ESPACE

BRED Espace offers its customers the convenience of 100% online banking combined with a traditional bank's close relationship with its customers. Its original development model is based on offering a complete range of online banking products and services. Based on BRED's offering, a dedicated advisor assists each customer in managing their accounts at every stage of their lives, in all their projects, even the most complex.

Complementing our network of agencies, BRED Espace advisors have developed a high level of expertise targeting certain types of clientele such as students, including those at engineering schools and business schools, people from French overseas territories temporarily working in mainland France, non-residents, French agencies operating abroad, foreign institutions operating in France and independent professions. Each of these customer populations is looked after by a dedicated team with in-depth knowledge of the specific problems encountered.

As an example, BRED Espace has developed strong expertise in financing property acquired in France by non-residents or expatriates. Drawing on its in-depth knowledge of the overseas property market via BRED's offices in these territories, BRED Espace has also developed financing offers for people from French overseas territories living in mainland France who wish to acquire property in the overseas territories.



PARTNERSHIP. "Having enjoyed a long-standing professional relationship with BRED in the context of an association I run, I have also found BRED Espace Outre-Mer to be a solid local partner for a new chapter in my personal projects. Thanks to the effective support I received from the team, based on advice geared to my requirements, I was able to bring my projects to life." **Christian Puisard**



Christian Puisard,
BRED Espace customer

Olivia Audenay,
Director of BRED Espace
Outre-Mer

Our advisors can help with transferring growing businesses, shareholder restructuring and international growth.

1,300
In 2019, our business centres financed 1,300 projects for €640 million.

SMALL AND MEDIUM-SIZE ENTERPRISES

A frontline banker for SMEs and their owners, BRED operates 13 business centres, which report directly to regional management in order to speed up the decision-making process. A single advisor, highly experienced in issues affecting company owners, advises and supports them at each stage in the life of the company, taking into account the inheritance value of the asset.

Our business centres work closely with BRED's various expert units (financing solutions department, cash flow specialists, international specialists, trading desk, BRED Banque Privée, subsidiaries, etc.).

The bank has also adapted its organisation to suit the size and nature of companies so that each business can benefit from more specific support. Our advisors deal with two distinct customer segments:

- companies with turnover of between €1.5 million and €5 million, which are assigned to advisors specialising in this market,
- and companies with turnover of between €5 million and €200 million, with specific services available for companies turning over more than €50 million, experiencing strong growth and focusing on international markets.



PARTNERSHIP. "BRED has been supporting the development of Frisquet for more than 45 years, particularly in the active management of our cash flow. The long-term nature of our relationship reflects our shared concern for high standards and the quality of service offered to customers."
François Frisquet



François Frisquet,
CEO of Frisquet

Marc Hemery,
Director of the
Serris business centre

Corporate banking

MID-CAP COMPANIES

€443 MILLION
BRED arranged more than €1 billion in non-bank financing in 2019, including €443 million for businesses.

Whether involving syndicated financing, disintermediated financing or asset financing, our teams are able to deliver the various projects of our mid-cap clients.

BRED and its partners – including Pramex, Coface and Bpifrance – work with companies on defining their strategy for international growth and making the right choices upstream.

As a leading partner of mid-cap companies, our involvement ranges from day-to-day management to strategic developmental operations.

Every customer is looked after on a long-term basis by an account manager specialising in that specific business sector and who is central to the commercial relationship. In contact with senior executives, account managers understand their strategy and the challenges they face. Drawing on this knowledge, they initiate and build value-added finance solutions with their teams to support their customers' growth, both organic and external.

These solutions include seeking non-bank debt on the market from investors, a financing solution that is particularly well suited to the profile of mid-cap companies and in which BRED is acknowledged for its expertise.

And because it is vital for company owners to achieve a balance between the development of their business and the growth of their private assets, we support them both in their day-to-day banking operations and in their wealth management, in conjunction with the experts at our Private Banking division.



PARTNERSHIP. "The qualities that our group seeks from a partner include the availability of its teams and an ability to listen actively to our development projects. These two key qualities perfectly illustrate the support that BRED has been providing us for several years."
Thierry Lefebvre



Benoît Terrasse,
Head of major corporate
accounts

Thierry Lefebvre,
CEO, Accueil Group

Corporate banking

LARGE COMPANIES

We support our large corporate customers in France and other countries, both in day-to-day business and in their strategic operations. In a long-term approach, each customer works closely with a sector specialist: these include retail, energy, IT services, construction, automotive and agri-foods.

The senior banker guides the bank's commercial relations with the customer for all forms of day-to-day financial issues, including cash management, guarantees, trade finance and financing the operating cycle. We are attentive to our major customers' needs and we develop innovative solutions, particularly in KYC security and the use of instant payment.

We are active in such key strategic operations for their groups as syndicated and disintermediated financing.

Our trading desk offers services to our customers including foreign exchange, interest rate management, commodities, money market investments and bonds. BRED is one of the top-ranking banks on the market for European commercial papers (NEU CPs), investing over €1 billion of securities daily. We also provide expertise in securities transactions relating to major listed companies.

BRED is a leading partner for large remitters, with a tailored offer for processing their receipts.

Our teams work with companies of all sizes to finance their development, with support from specialist financing teams or the trading desk.



PARTNERSHIP. "The commitment shared by the BRED Group's teams and the EDF Group's teams is certainly a key element in our partnership. BRED's understanding of our sector of activity and its in-depth knowledge of the specific features of our businesses and the challenges they present have meant that BRED has been managing our cash flows for more than ten years." **Claude Pezant**



Claude Pezant,
Director of Treasury
and Intra-Group Finance, EDF

John Hilaire,
Account manager,
corporate clients

83
BRED financed 83
operations on behalf
of real estate
professionals in 2019.

3
One of the 3
top-ranking banks in
France on the segment
of property managers.

Corporate banking

REAL ESTATE PROFESSIONALS

Our Real Estate department, a highly regarded player in this market, provides a team of specialists to serve all real estate professionals, whether they are renovators, fund managers, owners or managers of assets, or players in the social housing sector:

The department is made up of two specialised units, one focused on finance and the other on property management, with an integrated middle-office to ensure that customers benefit from a fast, high-quality and accessible service.

The finance unit serves a broad customer base of operators. Its experts are involved in a large variety of projects. They draw on their experience and their extensive knowledge of the sector to analyse each property operation, taking full account of its specific characteristics. High-quality solutions are furnished rapidly, and are tailored to each category of real estate professional and to every type of operation.

The property management unit caters primarily for market players who own property assets and/or manage property assets on behalf of others. Drawing in particular on BRED's expertise in managing traditional and virtual cash flows, its specialist advisers are able to provide their clients with solutions that take into account their regulatory constraints. They also assist them with specific financing needs, particularly in the context of external growth operations.

In this way, the management is able to meet the needs of a diversified, high-quality clientele, both with regard to granting the loans required for their projects and managing their cash and deposits.



PARTNERSHIP. "We particularly appreciate the availability and fast response time offered by BRED, added to its ability to come up with innovative solutions that are appropriate for our activity in property management. BRED has been alongside us for more than fifteen years, supporting our development, particularly by financing our external growth operations." **Fabrice Guillet**



Yoann Miossec,
Specialised
customer advisor

Fabrice Guillet,
F&A Director, Arche group
(Laforêt Immobilier,
Guy Hoquet, Citya)

Corporate banking

**INSTITUTIONAL
CUSTOMERS**

BRED is a leading partner of institutions. It has been building close and privileged relationships with them for more than 60 years, in particular around the two areas of expertise of cash flow management and short-term intermediation.

We work with public bodies, welfare organisations, complementary health insurers, insurance companies, the voluntary sector and more widely players in the social and solidarity economy.

Each customer is assisted by a dedicated advisor in a spirit of true partnership and of openness to technological innovations. This closeness enables us to meet all their needs and special requirements in terms of cash flow and cash management.

We also cover the medium- and long-term needs of our clients in terms of both financing and investments.

Our account managers are always able to help their customers find solutions that take their statutory and regulatory environment fully into consideration, as well as their performance requirements.

Working with our trading desk and our subsidiary Promepar AM, we devise tailored solutions that meet our customers' expectations.

330 million

In 2019, we handled 330 million SEPA operations for our institutional customers (transfers and direct debits).

9 million

In 2019, we carried out 9 million pension payment transactions abroad.



PARTNERSHIP. "Over many years, Klesia has found that BRED has paid close attention to developments in the social protection market, and has obtained answers tailored to our needs through regular and fruitful exchanges between our teams. These developments have given rise to opportunities, which we will be able to share with BRED in order to pursue a high-quality partnership." **Arnaud Geslin**



Jacques Thepaut,
Account manager,
corporate clients

Arnaud Geslin,
Executive Vice
President, Klesia

INTERNATIONAL

We can provide support for all companies, whether for import-export operations or for setting up abroad, thanks to our network of correspondent banks in over 150 countries, and taking full advantage of our physical presence in other countries.

Our banking subsidiaries are growth drivers for the BRED Group. They are established in countries that still have a low level of banking, in very dynamic regions whose growth is uncorrelated with the European cycle: the South Pacific, Southeast Asia and the Horn of Africa. Our strategy of clustering banks to form regional hubs generates synergies from which our most recent operations have benefitted successfully: BRED Bank Cambodia and BRED Bank Solomon. Our positioning as a commercial bank aiming to serve all forms of clientele – retail, SMEs and corporate – helps to make our model more solid, as does our financing, which is based on resources collected in the same territory.

With a strong presence in cash management through our pension payment operations in more than 150 countries, we also provide our customers with all the tools of international trade (foreign exchange, letters of credit, documentary credits, etc.). BRED also has an international trade finance business offering its customers (companies and banks) finance solutions specifically tailored to the structure of their operations. These activities performed strongly in 2019, with growth of more than 10%.

+16%
NBI for all entities
constituting the
international division
rose by 16% in 2019.

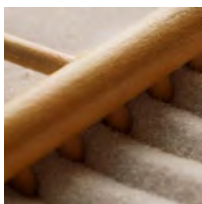


PARTNERSHIP. "When I became self-employed, I naturally turned to BRED Bank Cambodia because I knew that it could offer me the best solutions and that's exactly what my account manager did!" **Veang Ly**



Kimleng Ley,
Account manager,
BRED Bank Cambodia

Veang Ly,
Customer



SPECIALISED SUBSIDIARIES

PROMEPAR

ASSET MANAGEMENT

Asset management. Since 1992, PROMEPAR has focused on a single business: asset management, which includes multi-management and direct active securities management. With committed and experienced asset managers and a robust organisation, PROMEPAR strives to provide the best possible service for its clients.



PREPAR-VIE

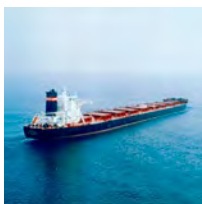
ASSURANCE

Insurance solutions. Since 1984, PREPAR-VIE has been designing and managing life insurance and provident savings products for individuals, professionals and businesses, customers of BRED, its partners or itself.



ADAXTRA CAPITAL

Venture capital investments. A 360° view of non-listed investments enabling investment in high-performance professional funds and expanding SMEs, either through life insurance or directly.



INGEPAR FIPROMER

Ingénierie - Finance - Investissement

Ingénierie - Finance - Investissement

Arranger of structured financing and tax-free investments for the development of French overseas territories. A major player in the consulting and financial engineering businesses for financing overseas projects, Ingepar's merger with Fipromer in 2019 will make it a benchmark local advisor working with savings banks, Banques Populaires and their customers, as well as the local economy.



FinTech. Vialink develops agile technological solutions for electronic signature and KYC process automation. As a trusted third party vendor, it offers its innovative artificial intelligence solutions to assist finance companies in automating their KYC processes using an API platform that is easy to integrate.



Finance for international trade. Active in Geneva for 25 years, the Banque Internationale de Commerce – BRED (Suisse) SA specialises in financing commodities trading. Its mission is to support the development of trading companies active in the areas of energy, agricultural and metal commodities.



Finance for international trade. With over 100 years of experience, BIC BRED Paris specialises in financing agricultural commodities trading and is dedicated to supporting the development of agri-food companies.



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GROUPE BPCE

Activity report 2019



Vol. 1

Banking without
distance: performance
and challenges



Vol. 2

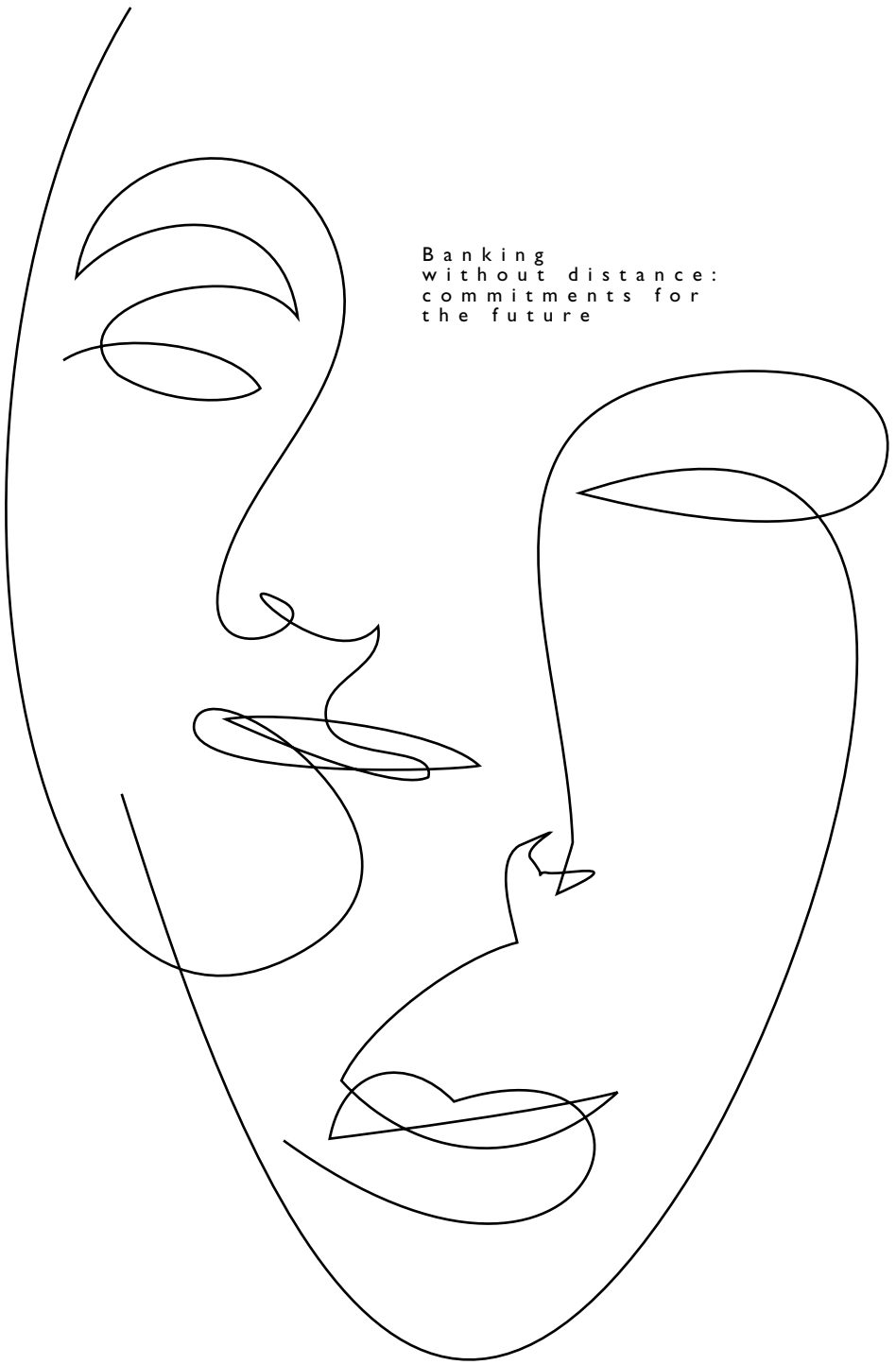
Banking without
distance: the customer
relations model



Vol. 3

Banking without
distance: commitments
for the future

Banking
without distance:
commitments for
the future



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Proximity, the long term, partnership, integration: these values, which are much vaunted in order to give new meaning to our changing society, have always been the very essence of BRED's cooperative model. Entailing no sacrifice in efficiency, this model meets the expectations of all its stakeholders in the commercial banking business. BRED's cooperative members exert an influence on its conduct and strategy.

BRED is guided by its values, having made the choice to focus on people, and is committed to working alongside men and women who strive daily to achieve social cohesion and economic dynamism in their regions.

“This encapsulates the whole meaning of BRED's history, its past and its future: the determination of men and women to work together to create a cooperative bank that is committed to progress in the service of mankind.”

Stève Gentili

In 2019, for the third year running, BRED organised “*Faites de la Coopération*” (Cooperate!), a week-long event devoted to raising awareness of the cooperative model, forming part of a month devoted to the social and solidarity economy.

THE COOPERATIVE MODEL

Active partnerships: a bank with a commitment to regional development

By the very nature of their organisation, cooperative banks are rooted in their communities. Originally founded by entrepreneurs seeking to foster regional development, BRED is able to adapt its services and activities to local realities. It contributes to local economic development by supporting its customers' life projects and business projects. In 2019, our outstanding loans rose by 14% to €23 billion.

Equity held in the form of members' shares

Eligible for share savings plans, BRED cooperative shares benefit from the same tax regime as shares but are not listed on the stock market. BRED does not charge either subscription fees or custody fees. The rate of remuneration is determined at the annual General Meeting of Shareholders. The success of our recent capital increase of €180 million, 146% oversubscribed, reflects the popularity of our cooperative model among our customers.

A specific form of governance

BRED is owned by its 200,000 cooperative members. They are represented by the members of the Board of Directors, who are elected at the General Meeting of Shareholders, where major decisions are submitted to members for approval. Meetings are regularly held in our agencies to report on BRED's activities and projects and to answer members' questions.

Development over the long term

Our cooperative status ensures that our customers' interests and those of BRED are perfectly aligned. What is more, the fact that virtually all our profits are taken back into reserves gives us a solid foundation for our future development, with the medium and long term always in view.



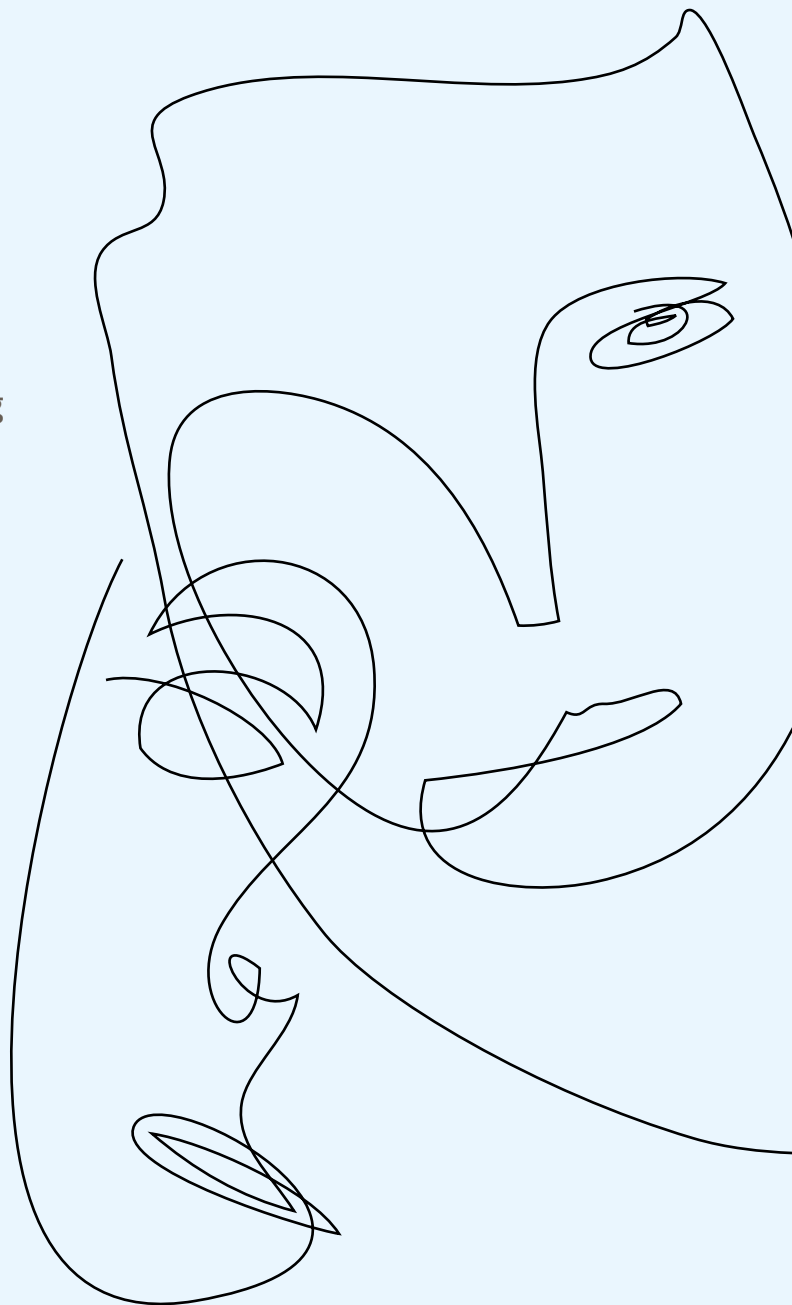
BRED shows its attachment to responsible development through its social practices and its activities within the community.


OUR COMMITMENTS

A bank focused on serving
its regions

Active support
for equal opportunities

Responsible finance





Our cooperative model provides us with a long-term vision of the banking relationship and a special closeness to our territories, and allows us to give pride of place to human relations. It defines our commitment to our customers, members, partners and employees, to contribute to the sustainable development of our regions.

Our action is built on the strength of our cooperative model, which takes us in three directions.

A bank focused on serving its regions: Created by and for entrepreneurs, BRED is constantly helping regions to become more dynamic by financing the projects of ordinary men and women, by ensuring that the economy will benefit its customers and not the reverse. Because of its cooperative model, the customer is at the heart of its governance.

Active support for equal opportunities: BRED shows its attachment to responsible development through its social practices and its activities within the community. It is very much involved in social inclusion and aid, and actively supports education and research. It also invests in equality of opportunity and supports numerous structures that work to allow people of talent to emerge and fulfil their potential, irrespective of background.

Responsible finance: Keenly aware of the social and environmental challenges facing us all today, BRED's approach to CSR (corporate social responsibility) is at the heart of the lasting relationships it forges with all its stakeholders.

In accordance with its purpose, BRED's activity remains solely focused on serving its customers and its territories.

A BANK FOCUSED ON SERVING ITS REGIONS

A commitment to the sustainable development of our territories

As a result of the strong osmosis between regional cooperative banks and the regions in which they operate, BRED makes a significant contribution to the sustainable development of its regions. A solid and economically committed bank contributes to the growth and employment of its region, just as a healthy and growing region enables its regional banks to develop well. This convergence is essential.

Customer-focused governance

BRED's cooperative members are the only holders of its share capital and they are all customers. They ensure BRED's independence from the financial markets. The bank's activity therefore remains solely focused on serving its customers and its territories, in accordance with its "purpose". Cooperative members are regularly invited to meetings for information and discussion, organised jointly by the Cooperative Shareholders Department and the regions. In 2019, more than 4,000 members attended 35 such meetings, held in mainland France and overseas territories.

The Board of Directors consists of 18 cooperative members representing the range of regions in which BRED operates and the activities of its customers, as well as two employees. In particular, the Board determines BRED's strategic orientations and the level of its risk appetite. The Board is also responsible for approving the annual CSR programme, within the framework of the overall strategy defined by the Fédération Nationale des Banques Populaires (FNBP).



In 2019, 4,000 members attended
35 meetings, held in mainland
France and overseas territories.

ACTIVE SUPPORT FOR EQUAL OPPORTUNITIES

Equal opportunities are the basis for the ability to live together and to harness all talents for the benefit of the economy of our regions. They are at the core of social cohesion. The possession of fundamental knowledge is an essential prerequisite for access to sustainable employment. Social mobility between generations and the proportion of high school drop-outs and unemployed young people are worrying issues. Mindful of these issues, BRED is committed to equal opportunities by supporting access to knowledge and employment. BRED also encourages talented people from underprivileged backgrounds by helping them to access the best training and the best careers.

Access to knowledge

BRED is a founder member of the "Écoles de la 2^e Chance" (Second Chance Schools) Foundation, which provides personalised support for young people leaving the school system without any qualifications. BRED also gives support to students from underprivileged social backgrounds, thanks to its involvement with the "Un Avenir Ensemble" (A Future Together) Foundation, set up by the Grande Chancellerie of the Legion of Honour, and through support for programmes designed to offer help to students studying for the entrance exams of prestigious business schools in six education authorities both in mainland France and in overseas *départements*. In addition, BRED finances the studies of young bursary-holders at zero interest and without parental guarantee. Meanwhile, its support for the "Campus de l'Innovation pour les Lycées" (Innovation Campus for High Schools) programme, developed by Professor Philippe Aghion from the Collège de France, enables the most up-to-date knowledge, particularly in economics and social sciences, to be shared by high schools in disadvantaged areas.

Access to employment

Access to employment and the development of entrepreneurship, particularly for women, are two essential factors in promoting social cohesion. BRED employees volunteer their time to help organise "Fondation de la 2^e Chance" (Second Chance Foundation) outreach sites, helping people who have suffered from personal misfortune to bounce back by supporting their training or business creation projects. Meanwhile, through "Stand Up HEC", BRED funded the training of 35 female entrepreneurs in Martinique, in December 2019. And for more than 20 years, BRED has supported ADIE, a nonprofit that uses microcredit to assist people who have been excluded from the labour market and mainstream banking system.

**Equal opportunities are
the basis for the ability
to live together.
They are at the core of
social cohesion.**



Above: Stand Up HEC
BRED finances training for
35 female entrepreneurs
in Martinique.

Below: Collège de France
BRED supports the "Campus de
l'Innovation pour les Lycées" operation,
led by the Collège de France.

Organised in France by BRED, the second edition of the Coopérathon was held in 2019. The Coopérathon is the world's largest innovation competition, focusing on four themes that meet United Nations sustainable development goals: health, education, finance and environment.

RESPONSIBLE FINANCE

BRED is expanding its societal commitment and is committed to supporting the energy and ecological transition through its investment products, and its finance and investment policy.

Investment products

On August 9, 2019, Promepar, our asset management subsidiary, signed up to the Principles for Responsible Investment (PRI), initiated by the United Nations in 2006. The purpose of the initiative was to address environmental, social and governance factors in investments handled by management companies. By taking account of extra-financial elements clients can be offered a range of investments that balance ethics and performance. A range of SRI (socially responsible investment) management mandates came onto the market in 2018, followed by the BRED Selection SRI mutual fund, launched in September 2019.

Finance and investment policy

Since June 2018, our credit approval process has included an analysis of the environmental and social risks relating to the activity of any client and to the purpose of financing for any funding request in excess of €1 million.

In September 2019, BRED joined the Land Degradation Neutrality (LDN) investment round, a fund managed by Mirova, an asset management company specialising in responsible investment that is a member of the BPCE Group.

Lastly, BRED continues to support the emergence of business sectors at the forefront of eco-activities, such as water treatment, waste recycling and energy recovery, site remediation and renewable energies. It is also helping companies in certain sectors to strengthen their environmental credentials, particularly in transport, agriculture and building. Renewables will enable entire regions to optimise the production and management of their energies in line with local resources and needs, with a reduction in carbon emissions.



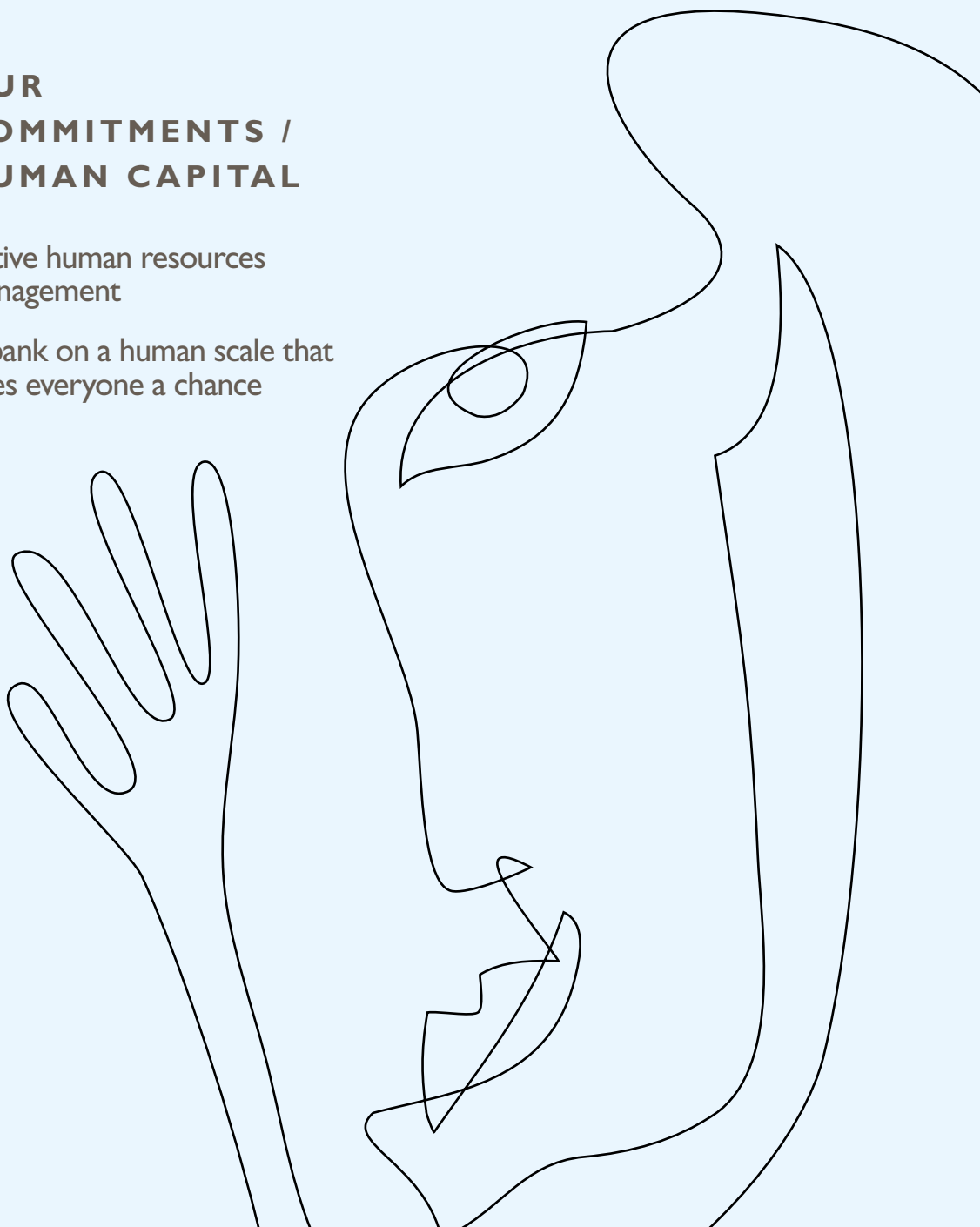
Above: Final of the Coopérathon 2019. Winner of the prize for social impact: the Datimpact platform.

Below: BRED is investing in a fund managed by Mirova for the restoration of degraded land.

OUR COMMITMENTS / HUMAN CAPITAL

Active human resources
management

A bank on a human scale that
gives everyone a chance



ACTIVE HUMAN RESOURCES MANAGEMENT

In all our businesses, BRED's men and women are the key players in our banking without distance strategy, which is based on close relationships with our customers and the added value of advice. This strategy is supported in the areas of training, recruitment and career management as well as performance appraisal by the human resources development teams.

Our advisors receive constant training to enable them to provide the highest level of technical and sector expertise, as expected by every category of customer – private individuals, high net worth clients, independent professions, companies or institutions. More than 6% of the annual payroll is devoted to training employees, which is six times greater than the legal minimum.

To ensure that they are immediately operational for their customers, newly hired personnel in the commercial network first attend the School for BRED Advisors for training.

Our BRED Management School supports managers, in conjunction with the HEC business school, in their role as talent catalysts, but also as managers of change, an essential role in the fast-changing context of our businesses. All our managers undertake this programme, whichever business they work in and whatever their hierarchical position.

439
employees hired,
including 261 in the
commercial network.

200,000
hours of training, an
average of 50 hours per
employee.

100%
of employees took part
in at least one training
initiative.

Approx. **6%**
of the annual payroll
devoted to training
(the legal minimum
is 1%).

A BANK ON A HUMAN SCALE THAT GIVES EVERYONE A CHANCE

89%
of paternity leave
allowable is taken and
paid at the full rate.

78%
of hours of training
delivered to technicians.

Over **49%**
of employees receiving
managerial training are
women.

39%
of senior managers are
women (in line with the
annual target set
by BRED).

CANCER@WORK
BRED has actively engaged
with Cancer@Work:
on November 8, 2019,
the Human Resources
department signed up to
the association's charter.
Its aim is to improve the
quality of life of people
working in companies who
are facing serious illness.

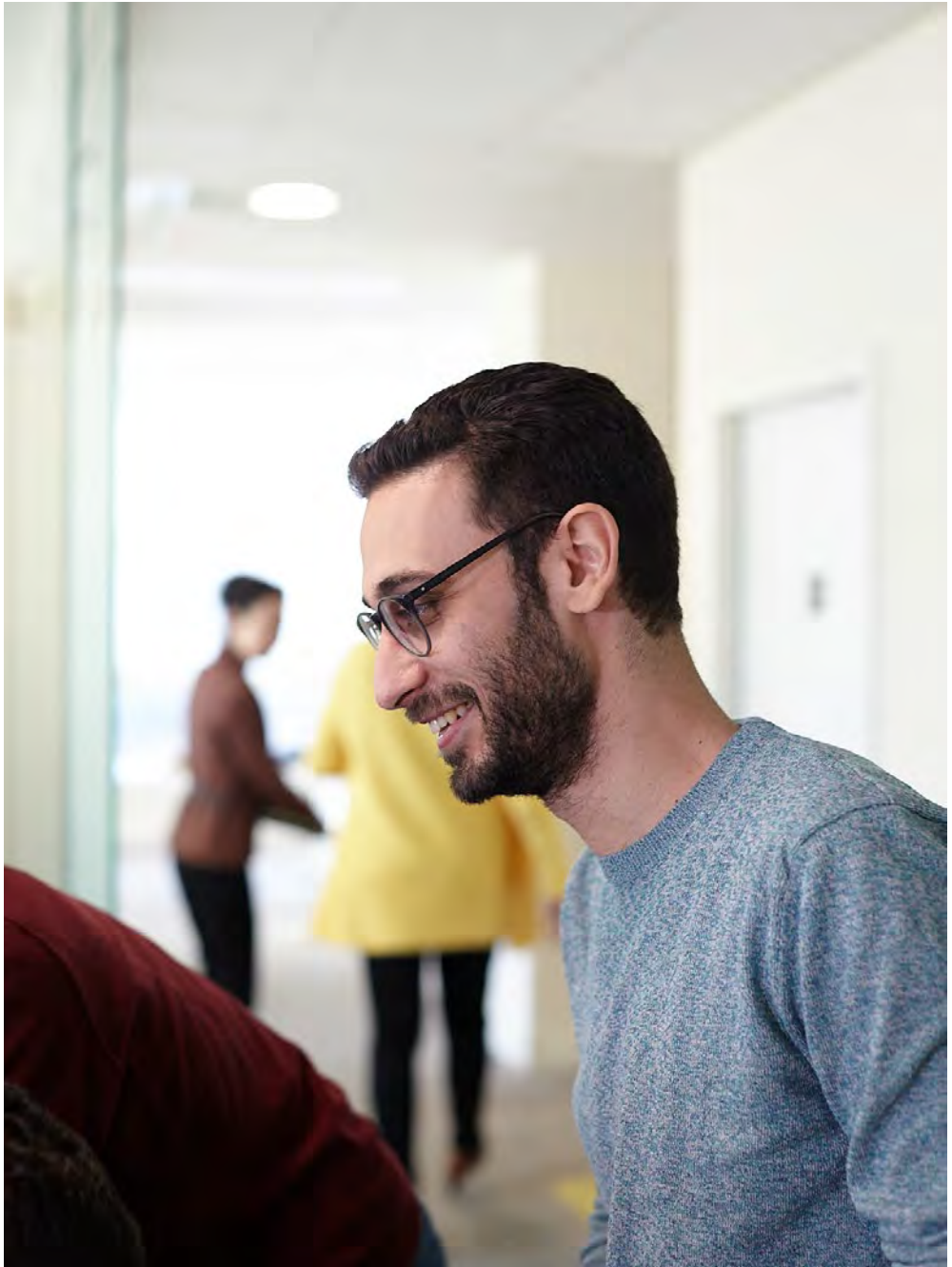
In line with its values, fairness is a fundamental principle for BRED, convinced of the importance for its development of combining ethics and efficiency. Equality of opportunity, employment of people with disabilities and fighting against employment discrimination are issues that are deeply embedded in our recruitment process and in our human resource management. Diversity is one of BRED's great strengths. We pay close attention to both gender equality and social diversity when we are hiring and promoting candidates.

The BRED agreement on gender equality signed by Senior Management and the trade unions was renewed in October 2019 for the fifth consecutive year. It highlights seven priority areas: effective compensation, recruitment, professional training, career advancement, terms of employment, work-life balance and awareness campaigns and communications. This agreement forms part of BRED's policy of continuing the work initiated several years ago to combat all forms of discrimination in the workplace between men and women.

Several years ago, BRED also introduced a charter of 15 commitments on work-life balance, the purpose of which is to develop working methods that encourage compatibility between professional and private life, in particular so as not to penalise parents or employees caring for dependent relatives.

In recognition of its commitment in these areas, BRED was awarded AFNOR certification of workplace gender equality in June 2017. A demanding label that is valid for three years, it requires a three-year plan monitored by AFNOR pending renewal of certification in 2020.

BRED also facilitates the employment of people with disabilities in compliance with a number of charters signed by BRED itself or by the BPCE group. A disability unit was set up over ten years ago. Its role is to increase awareness of disability throughout the company and support initiatives to integrate employees with disabilities in BRED's various business lines.



In all our businesses, BRED's men and women are the key players in our banking without distance strategy, which is based on close relationships with our customers and the added value of advice.



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