



All artisans of the just transition

Universal Registration
Document and
Annual Financial
Report 2022



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Non-Financial Statement declaration items are clearly identified in the contents by the pictogram /NFS/



Groupe La Banque Postale

Universal registration document
& Annual financial report **2022**



The French language version of this Universal Registration Document was filed on 22 March 2023 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 2021, together with the Statutory Auditors' reports on the consolidated financial statements and parent company financial statements, which appear on pages 232-237 and 369-371, respectively, of the 2021 Universal Registration Document filed with the AMF on 22 March 2022 under No D.22-0130.
- 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;

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.

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.



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.

Message from Philippe Heim, Chairman of the Executive Board of La Banque Postale



***"As a mission-led company,
La Banque Postale is
pursuing a globally-
recognised ESG strategy
supported by some of the
sector's most ambitious
climate commitments."***

La Banque Postale Group posted solid business and financial results for 2022, delivering profitable growth in line with its strategic plan for the period to 2025. This remarkable performance confirms the quality of our model as a full-service bancassurer and a leader in impact finance.

In 2022, strategic and structural operations drove further advances in the transformation of our model. They marked the final stage in the construction of a major bancassurance group, with the acquisition of 100% of CNP Assurances, the operational launch of our corporate and investment bank, and the establishment of our wealth management business led by Louvre Banque Privée.

2022 was a year of significant advances for all our customers and employees, as well for the communities we serve, as we pursued the conversion to a more digital, more diversified and more customer-centric model. In last year's

inflationary environment, the Group created a competitive advantage by proposing offers that support French customers' purchasing power, consisting of more responsible, innovative and inclusive products and solutions aligned with La Banque Postale's image as an engaged institution committed to sustainability.

Finally, by promoting some of the most ambitious climate commitments in the sector, La Banque Postale is one of the few banks in the world to have obtained an A score from the CDP, based on our low-carbon pathway approved by SBTi. Emphasising its difference, our bank has responded to the expectations of its customers and society as a whole concerning the just transition.

This positive momentum and these solid results represent a further step towards fulfilling our ambition of becoming France's favourite bank by 2025.

A committed and renewed Supervisory Board

Membership as of 27 February 2023

15 members	1 Senior Independent Member	40% women*	40% independent members*
5 members presenting employees	7 meetings in 2022	55 (average age)	93% Attendance rate

10 members elected by the General Meeting



Philippe Wahl
Chairman
of the Supervisory
Board



Yves Brassart
Vice-Chairman
of the Board



French State,
represented by
May Gicquel



La Poste,
permanently
represented by
Nicolas Routier



Sophie Renaudie



Antoine Saintoyant

Including 4 independent members



Anik Chaumartin



Michel Madelain



Emmanuel Rondeau
Senior Independent
Member



Nefissa Sator

5 members elected by employees



**Sandrine
Fagot-Revrat**



Thierry Freslon



Babacar Kobar



Steeve Maigne



Franck Sorin

★ President

Members: ● Financial Statements Committee ● Risk Committee ● Appointments and Governance Committee
● Remuneration Committee ● Strategy and CSR Committee.

* Board members representing employees are not included for the purposes of calculating the independence rate or the gender balance in accordance with recommendation 9.3 of the Afep-Medef Code and Article L. 225-79, paragraph 3 of the French Commercial Code.

Board members' key areas of expertise



5 committees of the Supervisory Board

Financial Statements Committee	Risk Committee	Appointments and Governance Committee	Remuneration Committee	Strategy and CSR Committee
CHAIR Anik Chaumartin	CHAIR Emmanuel Rondeau	CHAIR Nefissa Sator	CHAIR Nefissa Sator	CHAIR Michel Madelain
7 members	8 members	6 members	6 members	10 members
IN 2022 7 meetings 94% attendance rate	IN 2022 12 meetings 93% attendance rate	IN 2022 8 meetings 89% attendance rate	IN 2022 5 meetings 96% attendance rate	IN 2022 5 meetings 90% attendance rate

Executive Board

5 members		Philippe Heim Chairman of the Executive Board of La Banque Postale, Executive Vice-President of La Poste Groupe		Bertrand Cousin Managing Director* of Corporate & Investment Banking		Stéphane Dedeyan Chief Executive Officer of CNP Assurances		Perrine Kaltwasser Managing Director* in charge of Risk, Compliance and General Secretariat of the Financial Conglomerate		Marion Rouso* Managing Director* of Retail Banking
40% Gender balance										

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

An ambitious strategic plan for 2025

Solid foundations to accelerate La Banque Postale Group's transformation

The main planks of our strategy

THREE TARGETS

CUSTOMERS Position La Banque Postale as a leader in customer experience quality	COMMUNITY Reaffirm community ambitions to support the just transition	CO-WORKERS Place the co-worker experience at the centre of our strategic project
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THREE LEVERS

RETAIL BANKING CONSOLIDATION & DIGITISATION Digitisation and operational performance	DIVERSIFICATION by leveraging our growth drivers and tapping international markets	DIFFERENTIATION of the solutions offered to meet customers' needs at each stage in their lives
--	--	--

Building on the seamless execution of the first two years of the strategic plan...

Solid financial results

Plan targets	Business line NBI >3% 2020-2025 CAGR	International NBI 20% in 2025	RONE 8% in 2023
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Significant progress on our 3 targets and 3 levers

...in the new macroeconomic environment

- Inflation, rising interest rates, GDP growth
- CSR challenges
- New competition & fintechs

LBP is accelerating its transformation

3 accelerators to drive the ramp-up of the synergy-rich bancassurance model

#1
Sustainable finance, independence & regional development
—
Targeting a just transition model
Spreading the impact culture and transforming the business model

#2
Customer & operational performance
—
Targeting a more efficient model for our customers and co-workers
Making our assets deliver more for our customers and co-workers

#3
Innovation & business model refocusing
—
Targeting a more open and innovative model
Developing new offers, distribution channels, models and international business

2022 key figures

10
million active
retail customers⁽¹⁾

Close to
8,500
business customers⁽³⁾

46
million CNP Assurances
policyholders⁽²⁾

19
host countries
worldwide

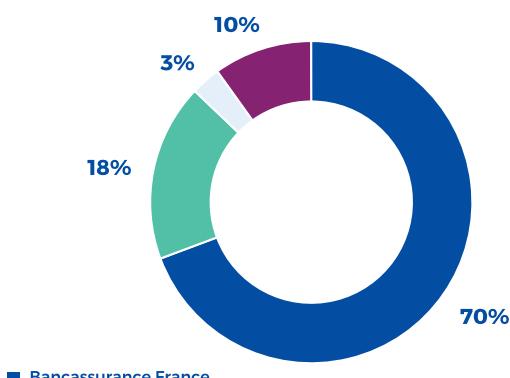
(1) La Banque Postale SA, Ma French Bank and Louvre Banque Privée. According to the new segmentation applied in 2019, active individual customers correspond to "Core Clientèle" individual customers, including equipped committed and non-committed customers. A committed customer is a customer whose revenue is paid into their account with La Banque Postale. An equipped customer holds contracts in several product families.

(2) 14 million Savings/Pensions policyholders and 32 million Personal Risk/Protection insurance policyholders in France and international markets.

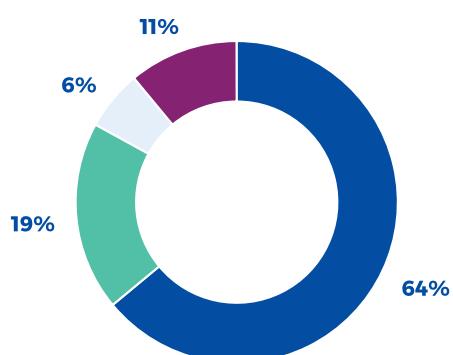
(3) Business customers include large corporates, financial institutions, SMEs/ISEs, the local public sector and institutions.

A diversified and international bancassurance group

**Business line contributions
to net banking income**



**Business line contributions
to attributable net profit**



■ Bancassurance France
■ International Bancassurance
■ Wealth and Asset Management
■ Corporate and Investment Banking

■ Bancassurance France
■ International Bancassurance
■ Wealth and Asset Management
■ Corporate and Investment Banking

Record consolidated results in 2022

(in € millions: reported data)	2018	2019	2020	2021	2022
Net banking income	5,570	5,647	7,724	8,020	8,319
Operating expenses ⁽¹⁾	4,615	4,692	5,711	6,215	6,406
Gross operating profit	955	955	2,013	1,805	1,913
Cost of risk	183	178	674	268	216
Attributable net profit	726	780	4,155	636	1,060
Cost-income ratio ⁽²⁾	83.4%	83.8%	74.4%	78.0%	77.5%

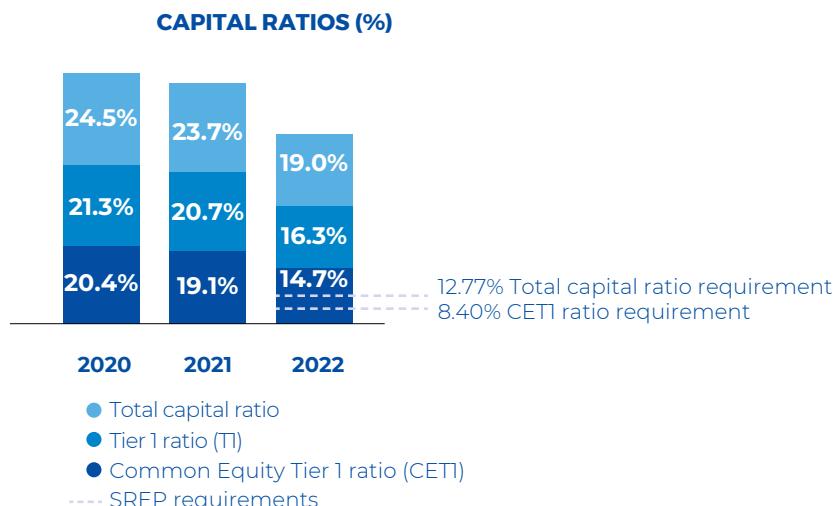
(1) Operating expenses = general operating expenses + net depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

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

A robust capital structure

(in € billions; reported data)	2018	2019	2020	2021	2022
TOTAL ASSETS	245	272	737	772	746

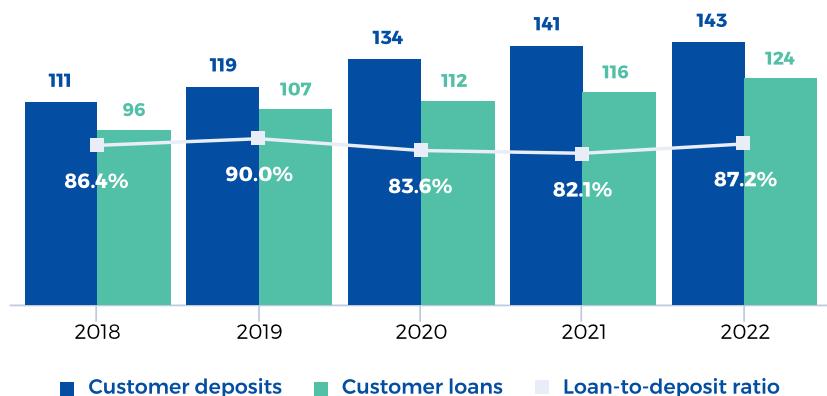
Capital ratios remain robust at a level above the ECB's Supervisory Review and Evaluation Process (SREP) requirements.



A robust liquidity structure

La Banque Postale's loan-to-deposit ratio of 87.2% provides it with an ample scope to fund business growth.

Outstanding customer deposits⁽¹⁾ & loans (in € billion) and loan-to-deposit ratio (%)



(1) Customer deposits exclude savings centralised at Caisse des Dépôts.

Rating agencies

In 2022, La Banque Postale's credit ratings were reaffirmed by Fitch and Standard & Poor's and it was rated for the first time by Moody's:

- In July 2022, Moody's Investor Services awarded an A2 long-term rating and a P1 short-term rating to La Banque Postale, with a stable outlook.

- In November 2022, Standard & Poor's reaffirmed La Banque Postale's short- and long-term ratings of A+ and A-1, respectively, with an outlook revised from stable to negative, following a similar revision of the rating outlook for France.
- In December 2022, Fitch reaffirmed La Banque Postale's long- and short-term credit ratings of A and F1+, respectively, both with a stable outlook.

	Fitch Ratings	Moody's	Standard & Poor's
Long-term rating	A	A2	A+
Short-term rating	F1+	P1	A-1
Outlook	Stable	Stable	Negative
Last updated	19 Dec. 2022	26 July 2022	7 Dec. 2022

A resilient model

With operations in 19 countries worldwide, La Banque Postale is the 11th largest bank in the euro zone⁽¹⁾, with total assets of €746 billion at end-2022. In a rapidly changing macroeconomic environment, La Banque Postale is deploying a diversified business model driven by a holistic vision of sustainability that will give everyone the means to work towards the just transition.

A RAPIDLY CHANGING MACROECONOMIC ENVIRONMENT

The economic situation changed in 2022 due to the energy crisis, rising interest rates and geopolitical tensions. In this new market environment, La Banque Postale's model and vision will ensure its ability to create value.

- ▼ Rising interest rates
- ▼ High inflation and slow growth
- ▼ Increased competition

OUR OBJECTIVE: **become**

OUR BUSINESS LINES

BANCASSURANCE FRANCE 70% of NBI

Retail banking, life and non-life insurance



KissKiss
BankBank & co!

LA BANQUE POSTALE ASSURANCES



CNP ASSURANCES

A GLOBAL VISION OF SUSTAINABILITY

A committed bank

La Banque Postale is involved in a wide range of economic activities with impacts on the environment, technology and society.

A civic-minded bank

Working towards a just transition for everyone, La Banque Postale combines the environmental transition with social, regional and digital cohesion. Its innovation ecosystem, including the platform⁵⁸ incubator and the 115K venture capital fund, supports society's transformation.

A partner in the major state-owned financial group

The La Banque Postale Group contributes to regional development and economic independence.

INTERNATIONAL BANCASSURANCE 18% of NBI

VALUE CREATION AND IMPACT

Leader in impact finance

- **47%(2)** positive-impact personal loans
- **€1.8 billion** in outstanding renewable energy loans
 - **Leading lender** to local communities and public hospitals, with a market share of 25%(3)
 - Development of a diversified range of responsible products
 - Objective of achieving **net zero emissions** by 2040 across all banking businesses
 - Exit from the fossil fuel sector by 2030
 - Only French bank **rated A** for climate change by the CDP in 2022

Customer focus

- Customer Board created
- Strong improvement in customer satisfaction (NPS⁽⁴⁾: up 5 pts in 2022)
- Support provided to **3.1 million⁽⁵⁾** financially vulnerable customers
- **France's first banking services callbot**, Lucy, a double award-winning bank advisor with emotional artificial intelligence

Employees at the heart of the transformation

- **330,000 training days** organised in 2022
- **39%** women among strategic managers
- Roll-out of an employee engagement programme
- Climate Fresk training given to **1,300** employees
- **A risk and compliance culture** instilled across the Group

A model in transformation



Adrienne Horel-Pagès
Chief Sustainability Officer

By becoming a mission-led company, La Banque Postale has placed its strategic focus on transforming its model. This is a demanding process given the extent of the cultural and operational changes involved, but an essential one in a world that must now be built on the just transition and respect for the planet's limited resources. Leveraging the differentiating spirit of sustainability engrained in its DNA from the beginning, La Banque Postale has been shifting its model faster since introducing its new 2021-2030 strategic plan. Our non-financial statement gives an overview of this transformation and highlights the governance changes under way and the impact culture being instilled among employees. It presents our eco-design mechanisms and describes the full range of environmentally, socially and regionally virtuous products and services that we offer across all our businesses. It looks back at the commitments we have made to promote the just transition and in particular to reduce financed GHG emissions. The scope of the transformation is documented in its entirety.

This overview also underscores the scale of the challenges we face. Firstly, we need to act on all our convictions in practical ways – addressing climate change, for example, and making biodiversity protection and value-sharing systematic principles that guide our every action. Secondly, we need to resolve methodological challenges. With data collection remaining complex, ensuring data reliability and deploying proxies requires considerable human and technical expertise. Moreover, there are organisational challenges ahead. The systemic, cross-cutting dimension of the just transition means rethinking our processes and integrating positive impact into our mindsets and decision-making. Lastly and fundamentally, we face strategic challenges: how do we consistently ramp up the deployment of an increasingly sustainable offering, with the uncertainties that remain and the compromises that are involved? We do not yet have the answers to these questions, but our mission is to explore them unfailingly and do our utmost to continue transforming our model in cooperation with all our stakeholders.

A photograph of a person in a white kayak, viewed from behind, paddling on a large, calm body of water. The water is a vibrant blue-green color. In the background, there are several large, forested mountains under a clear sky.

A mission-led company

La Banque Postale becomes a mission-led company

Company purpose

3 social and environmental objectives

enshrined in the Bank's Articles of Association

Transform the bancassurance model through environmental, social and regional impact culture;

Develop and promote products and services that meet environmental, social and regional challenges;

Advance best practices and regulatory standards in the bancassurance sector through our best-in-class actions.

A robust governance structure

18 members on the Mission Committee

1.

Presentation of La Banque Postale

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1. Presentation of La Banque Postale

General presentation of the Group

1.1 General presentation of the Group

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

La Banque Postale's business is organised around four business lines:

- 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, Italy and Ireland;
- Corporate and Investment Banking (CIB), comprising the corporate, local public sector, financial institutions and institutional customer segments, as well as the specialised financing and capital markets businesses;

- Wealth and Asset Management, comprising the private banking arm Louvre Banque Privée (formerly BPE) and the asset management businesses of La Banque Postale Asset Management (LBP AM) and Tocqueville Finance.

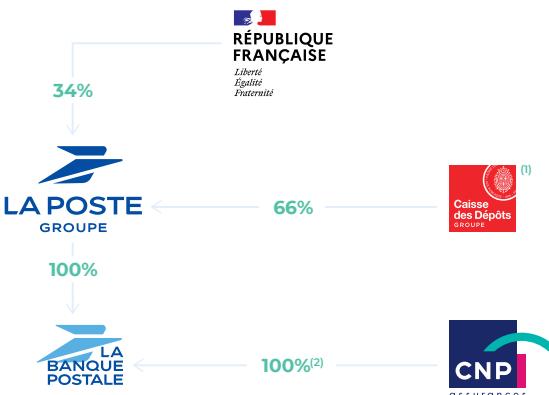
La Banque Postale has carved out a unique position in the French market by basing its growth on a multi-partner business model that leverages La Poste Groupe's values of trust, inclusiveness and local service. In keeping with these principles, La Banque Postale's commercial strategy focuses on simple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

1.1.1 Group shareholding structure

La Poste Groupe 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 90-568 of 2 July 1990 (amended) stipulates that La Poste's share capital shall be held by the French State and by Caisse des Dépôts et Consignations ("Caisse des Dépôts"), 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, La Poste Groupe is now 66%-owned by Caisse des Dépôts and 34% by the French State.



(I) 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 La Poste Groupe

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 (I). 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 their governance and management bodies 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.

As a subsidiary of La Poste Groupe, 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

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

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 La Poste Groupe. Lastly, La Banque Postale is La Poste's main banker.

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

Custodian of La Poste Groupe'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 La Poste Groupe 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 section 7.6.2 "Accessible banking mission").

La Banque Postale receives "proportionate" compensation⁽¹⁾ for this public service mission, which benefits many people who have difficulty accessing or using traditional banking services. Until 2022, this compensation was paid by the Caisse des Dépôts Savings Fund, where part of the *Livret A* deposits are centralised. From 2023 onwards, it will be paid out of the French State's general budget, as provided for in Article 184 of France's 2023 Finance Act (law No 2022-1726 dated 30 December 2022).

The principle of the compensation is provided for in the applicable law⁽²⁾ 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

	2018	2019	2020	2021	2022
Number of shares	35,186,153	40,275,255	80,309,149	80,309,149	80,309,149
Share capital (€)	4,046,407,595	4,631,654,325	6,585,350,218	6,585,350,218	6,585,350,218
Shares held by La Poste	100% ⁽¹⁾				

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

Dividends paid over the past five years are as follows:

	2018	2019	2020	2021	2022
Distribution (in € millions)	327	-	171	1,542	476

The total dividend paid in 2022 for 2021 amounted 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 following the lifting of recommended restrictions by the supervisory authority.

The recommended dividend distribution for 2022 amounts to €476 million – representing 45% of net profit attributable to owners of the parent – in accordance with the Company's policy on dividend distributions.

(1) Article R. 221-8-1 of the French Monetary and Financial Code.
(2) Article L. 221-6 of the French Monetary and Financial Code.

1. Presentation of La Banque Postale

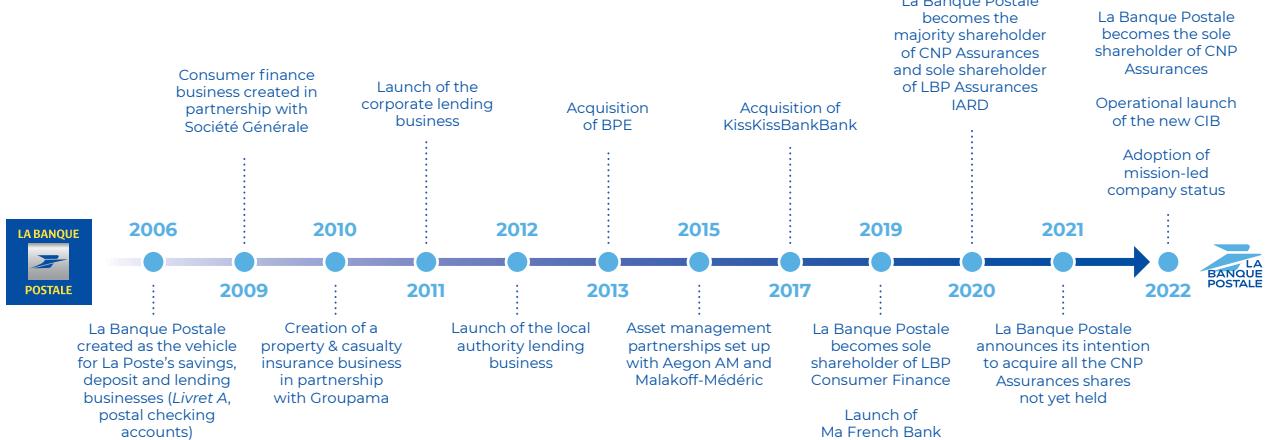
History

1.2 History

La Banque Postale was created on 31 December 2005, via the legal transformation of Efiposte, 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 as 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⁽¹⁾;
- authorises withdrawals and deposits from and to the *Livret A* starting at €1.50.



Recent developments

La Banque Postale became the sole shareholder of CNP Assurances at the end of the first half of 2022. At the close of the simplified tender offer launched on 2 May 2022 for minority interests in CNP Assurances, La Banque Postale held 97.79% of CNP Assurances' capital, allowing implementation of a squeeze-out procedure. CNP Assurances' shares were delisted on 20 June 2022.

La Banque Postale becomes a mission-led company: After adopting its company purpose (*raison d'être*) in June 2021, La Banque Postale took another step in its transformation by becoming a mission-led company. This decision, which was approved at the Bank's General Meeting of Shareholders held on 23 February 2022, reaffirmed La Banque Postale's commitment to a "just transition" by embedding several environmental and social impact objectives in its governance system. This approach is consistent with that of La Poste Groupe, which also became a mission-led company in June 2021.

(1) Housing managed by a public or private social housing body which benefits from partial direct or indirect public financing.

1.3 Organisation

1.3.1 Simplified organisational chart at 31 December 2022

The percentages indicated in the table below correspond to La Banque Postale Group's ownership interest in the subsidiary. For the CNP Assurances Group, the percentage corresponds to the interest held in the parent company, CNP Assurances SA.

LA BANQUE POSTALE GROUP		
BANCASSURANCE FRANCE	INTERNATIONAL BANCASSURANCE	
La Banque Postale ⁽¹⁾	CNP Assurances – International	100%
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 Métropole ⁽²⁾	100%	
SCI Tertiaire Saint Romain ⁽²⁾	100%	
CNP Assurances – France	100%	
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 AND ASSET MANAGEMENT		CORPORATE AND INVESTMENT BANKING
Louvre Banque Privée	100%	La Banque Postale ⁽¹⁾
Louvre Banque Privée Immobilier Conseil	100%	La Banque Postale Leasing & Factoring
La Banque Postale Asset Management Holding	75.00%	La Banque Postale Collectivités Locales
La Banque Postale Asset Management	75.00%	La Banque Postale Home Loan SFH
Tocqueville Finance SA	75.00%	SCI CRSF Métropole ⁽²⁾
		SCI Tertiaire Saint Romain ⁽²⁾
		LBP Dutch Mortgage Portfolio 1 BV
		LBP Dutch Mortgage Portfolio 2 BV
		FCT Elise 2012
		95.00%
CORPORATE CENTRE		
115K	100%	

(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. Presentation of La Banque Postale

2022 highlights

1.3.2 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.

Operational relations with La Poste Groupe

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

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 hosting;
- 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 La Poste's Retail Customers and Digital Services division. These services are governed by agreements concerning the type of transactions, their unit price, the way they are carried out and 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 La Poste Groupe, notably its network of post offices, banking advisors and customer account managers.

In all, nearly 32,000 employees work for and on behalf of La Banque Postale⁽¹⁾. For more information about employees, please refer to "Employee indicators" in Chapter 2 - Non-Financial Statement (NFS), section 2.5.

1.4 2022 highlights

Structural transactions

Creation of the integrated bancassurance model

- CNP Assurances integration completed: La Banque Postale became the sole shareholder of CNP Assurances at the end of the first half of 2022. At the close of the simplified tender offer launched on 2 May 2022 for minority interests in CNP Assurances, La Banque Postale held 97.79% of CNP Assurances' capital, allowing implementation of a squeeze-out procedure. CNP Assurances' shares were delisted on 20 June 2022.
- Acquisition by CNP Assurances of 85% of Lamartine from CDC Habitat (which holds the other 15%). Lamartine is a residential property fund that owns a portfolio of 7,600 affordable housing units of high environmental quality worth €2.4 billion.
- Completion of CNP Assurances' purchase of Swiss Life France's 34% stake in Assuriance, the holding company of Filassistance International, which is the legal protection insurance and assistance company for CNP Assurances/La Banque Postale Group. CNP Assurances, which already held a 66% stake in Assuriance, consequently became its sole shareholder;
- Streamlining of CNP Assurances' European operations with the sale of CNP Partners to Mediterráneo Vida, an insurance company operating in the traditional savings market in Spain and Italy.

Business diversification

- Operational launch of the Corporate and Investment Banking business line in January 2022: a key driver of growth and business model diversification for La Banque Postale in the corporate and institutional investor 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;
- Creation of the private banking unit (managing €70 billion worth of assets), with Louvre Banque Privée's (formerly BPE) centre of expertise at its core. The new private banking unit has brought together customers of La Banque Postale (those with more than €250,000 in financial assets with LBP) and customers of Louvre Banque Privée. This new consolidated private banking model and unit will provide personalised service and an offer adapted to the needs of private banking customers;
- Creation of the "115K" early stage investment fund dedicated to fintech, insurtech and cybersecurity, with a budget of €150 million.

(1) Permanent, fixed-term and secondment contracts.

International multi-partner development

- In Brazil:

- Acquisition by CNP Assurances of Caixa Seguridade and Icatu's interests in five companies that distribute death/disability and health insurance, dental insurance, savings and consórcio products.

- In Europe:

- CNP Assurances develops its business model in Italy by restructuring the shareholding of its subsidiaries through (i) the acquisition of UniCredit's 49% stake in CNP Vita Assicura S.p.A (CVA), increasing CNP Assurances' stake in CVA to 100% and (ii) the sale of 6.5% of CNP UniCredit Vita S.p.A. (CUV) to UniCredit, with CNP Assurances keeping a controlling stake of 51% in CUV.
- Signing of a partnership agreement between Santander Consumer Banque and CNP Assurances for the launch of new term creditor insurance offers for carbuyers.

Governance

- Appointment of a new member to the Executive Board:

With the formation of a major state-owned financial group and the merger between La Banque Postale and CNP Assurances, La Banque Postale is making changes to its governance system. Stéphane Dedeyan, Chief Executive Officer of CNP Assurances since 16 April 2021 and member of La Banque Postale's Executive Committee, joined the Executive Board of La Banque Postale as of 27 October 2022. At 31 December 2022, the Executive Board had the following four members: Philippe Heim, Chairman, Marion Rouso, Managing Director of Retail Banking, Bertrand Cousin, Managing Director of Corporate & Investment Banking, and Stéphane Dedeyan, Chief Executive Officer of CNP Assurances. The number of members has increased since 27 February 2023 (see Chapter 3 "Corporate governance").

Sustainability commitments and initiatives

- Becoming a mission-led company: After adopting its company purpose (*raison d'être*) in June 2021, La Banque Postale took another step in its transformation by becoming a mission-led company. This decision, which was approved at the Bank's General Meeting of Shareholders held on 23 February 2022, reaffirmed La Banque Postale's commitment to a "just transition" by embedding several environmental and social impact objectives in its governance system. This approach is consistent with that of La Poste Groupe, which also became a mission-led company in June 2021.
- Acceleration of the transition of LBP AM's portfolio to a low-carbon pathway aiming for carbon neutrality by 2050. True to its DNA as an SRI conviction manager and as part of its Net Zero Asset Management Initiative (NZAMI) commitments, LBP AM announced an ambitious goal: 80% of its total assets to be aligned with

a low-carbon target compatible with the objectives of the Paris Agreement by 2030, and 100% aligned by 2040.

- Enhancement of LBP AM's range of socially responsible funds:

- a solidarity-based fund and four sharing funds, three of which were newly created. LBP AM now offers La Banque Postale's retail customers the opportunity to support the development of a more socially engaged society through their investment choices:
 - its first physical infrastructure fund "LBP AM infrastructure September 2030", developed for La Banque Postale and CNP Assurances.
- Launch of the third annual Demain & Citoyen call for social and environmental impact projects, administered by La Banque Postale and its subsidiary KissKissBankBank, in collaboration with their partners Open CNP, ADIE and the Agence Française de Développement;
- Launch of the "Socially Responsible Company" award, sponsored by EasyBourse, a brokerage platform and subsidiary of La Banque Postale. The award recognises listed companies that have implemented an impact strategy incorporating innovative and socially responsible initiatives in France.

Sustainability: engrained in our DNA

- La Banque Postale: winner of AGEFI's 2022 Sustainable Finance award (bank category) in recognition of its strong commitment to environmental, social and governance issues;
- Louvre Banque Privée: winner of the 2022 Positive Finance Awards Gold Trophy (after winning a Silver Trophy in 2021), awarded at the fourth annual Sommet du Patrimoine et de la Performance;
- Tocqueville Finance: ranked second on the 2022 Alpha League Table in recognition of its ability to generate alpha through its management of equity portfolios, rising to second place after ranking 17th the previous year.
- La Banque Postale received recognition for its innovative customer strategy and for its local presence – its entire customer service department is located in France. Lucy, France's first banking services callbot, processes the reasons for consulting a bank account and provides information on current and future transactions by combining the know-how of human advisors with artificial intelligence. Lucy won two awards in 2022:
 - in June, the gold medal in the Selfcare & Chatbot category of the CX Awards, which recognise the most innovative organisations in terms of customer strategy; and
 - in November, the Customer Relations Award from the French Customer Relations Association (AFRC). La Banque Postale is now certified by the AFRC as a brand with all of its customer services located in France (Marque de Garantie AFRC Relation Client 100% France).

1. Presentation of La Banque Postale

2022 highlights

Retail banking and insurance: 360° offers and services

Development of responsible offers

- Supporting customers' purchasing power:

- Freeze on bank fees in 2023 for La Banque Postale's entire banking range for all of its customers;
- Stepped up accident and serious health event insurance offer, including new guarantees at no additional cost. La Banque Postale also offers a new death insurance policy;
- Freeze on standard term creditor insurance rates and waiver of premium rates for borrowers with level 2 aggravated health risks for new AERAS1 term creditor insurance contracts⁽¹⁾ (La Banque Postale and CNP Assurances);
- Since 1 January, instant online transfers are free and their use is now widespread among its 20 million customers;
- Increase in the rate of return paid in 2022 on the full range of traditional savings contracts included in CNP Assurances' life insurance offer⁽²⁾ compared to 2021.

- Supporting the environment:

- Launch of the *Prêt Avance Rénovation* loans to enable low-income households and seniors who own their main residence to cover the costs of home renovation work that improves energy efficiency. This offer is aligned with La Banque Postale's 2021 commitment to the government as part of the ecological transition plan and it represents an innovative financing solution that combines action for the climate with social inclusion.

Diversification of offers and services

- Consumer credit: launch of Django, a fintech specialising in deferred and split payment solutions for traditional merchants and e-merchants to offer to their retail customers. A wholly-owned subsidiary of LBP Consumer Finance, Django signed up over 70 partner merchants and e-merchants in less than four months.
- Services dedicated to young people: launch of *Pass Jeune*, a digital platform offering 10 free non-banking services for 18- to 29-year olds. The offer has been an immediate success, with more than 137,000 young people won over in just two months.
- Private banking customers: since 1 July 2022, La Banque Postale has been offering a range of products and services tailored to the needs of the Group's private banking customers through its wealth management business (Louvre Banque Privée – formerly BPE).
- Life insurance: La Banque Postale has enhanced its *Cachemire 2* life insurance offer⁽³⁾ with a new

"all-in-one" broadly affordable solution available from €70⁽⁴⁾. *Cachemire 2* is La Banque Postale's benchmark unit-linked life insurance contract and is backed by CNP Assurances. With its investor-director management, its robust over 80%-SRI discretionary management formula and an opening threshold of €5,000, *Cachemire 2* is adaptable to the needs of many.

Improved customer experience

- Accelerated rollout of its digital strategy: in partnership with Shift Technology, La Banque Postale's non-life insurance subsidiary (LBP Assurances IARD) has developed a digital solution enabling its customers to declare their claims and monitor the processing of their file and their compensation in real time, entirely online. This offer is part of an omnichannel system and complements the advisors who are also available to answer customers' questions by telephone.
- Technological innovation: Lucy is France's first banking services callbot that processes bank account management and enquiries concerning account balances. Born out of a partnership between La Banque Postale and Zaion (a developer of augmented customer relationship solutions deploying its own "made in France" conversational AI technologies), Lucy adapts to speaking with all types of customers. During peak call periods, Lucy can provide support to customer advisors so that they can focus on addressing relational, commercial or emotional issues. Lucy can deal with simple requests (such as consulting account balances or latest payments) and can sort and route complex requests to the most competent advisor and transfer the context of the call to them.

Development of the Corporate and Investment Bank (CIB)

Community funding

- Supporting the CCI Seine Estuaire in its renovation project for the Normandy and Tancarville bridges. La Banque Postale is acting as arranger, principal financer and agent for a €180 million ten-year loan negotiated with CNP Assurances, LBP AM and three banking groups, in which it accounts for €74 million;
- Extension of La Banque Postale's financing of NEoT Green Mobility, a leader in the financing of green mobility assets, for an amount of €95 million;
- Major financing in the healthcare sector: €117 million in co-financing, alongside Banque des Territoires, for the future Paris-Saclay Hospital;
- A quarter of the total €198 million financing for France's first floating wind turbine (i.e., 23%, €45 million).

(1) Signed by the government authorities, the banking, financial services, insurance and mutual insurance industry federations and by non-profits representing patients' and consumers' interests, the AERAS Convention (*S'Assurer et Emprunter avec un Risque Aggravé de Santé*) aims to facilitate access to insurance and credit for people who have or have had a serious health problem. Level 2 corresponds to a framework for pooling aggravated risks not covered under standard term creditor insurance contracts.

(2) Distributed chiefly by La Banque Postale, the Amétis employee network and the BPCE group. The average CNP Assurances yield was 1.57%, up 0.66% versus 2021.

(3) *Cachemire 2* – series 2.

(4) Minimum deposit of €70 on opening, followed by scheduled deposits of €50/month or a minimum deposit of €500.

Financing innovation

- Creation of a new entity dedicated to financing tech companies, newly-staffed with a team of experts offering bespoke, non-dilutive solutions. These offers are aimed at high-potential companies with a proven ability to make their business model viable, and which have already raised Series A⁽¹⁾ funding. La Banque Postale's ambition is to become a major banking player for these companies which are fuelling the innovation of the future.

A growing activity

- Improving cash flow management: with the "eZyban" solution, developed by eZyness for Seqens, one of the major players in Île-de-France social housing and a subsidiary of Action Logement, in order to facilitate the management of rent collection;
- Call for tenders launched by Nouvelle-Aquitaine Mobilités in partnership with Kuba: won by La Banque Postale for the deployment of a single ticketing and electronic payment platform in Nouvelle-Aquitaine to facilitate regional travel as of 2023;
- As the leading provider of bank financing to local authorities, La Banque Postale will support the CCI Seine Estuaire in its Normandy and Tancarville bridge renovation projects by providing €180 million. La Banque Postale is the agent, arranger and principal financer and is working alongside a pool of three other banking groups (Société Générale, Crédit Agricole, BPCE), and its subsidiaries CNP Assurances and LBP AM.

Asset Management

- Sale of La Banque Postale's 40% stake in AEW Europe and LBP AM's 45% stake in Ostrum AM to Natixis Investment Managers (Natixis IM), a subsidiary of the BPCE group. At the same time, the industrial asset management partnerships between LBP AM and Natixis IM were extended until the end of 2030;
- Acquisition of Malakoff Humanis' 5% interest in LBP AM, increasing the overall stake to 75%. Malakoff Humanis remains one of the Group's preferred partners;
- The 2022 Innovation Awards were organised by LBP AM and its subsidiary Tocqueville Finance, in partnership with Investance Partners and Finance Innovation. Four different fintechs won awards in three categories: Handsome, "Best Fintech of the Year", Fruggr and Carbometrix, formerly aequo, "SRI Fintech of the Year" and Weather Trade Net, "Jury's Favourite";
- LBP AM's Property & Private Assets division, a recognised player in the sector with nearly €7 billion raised since its creation in 2012, is growing and has announced that several new team members have been recruited to support the development of its private debt offering.

Financial ratings

- Fitch Ratings affirms LBP's long-term rating (A: stable outlook);
- Moody's Investors Service rated La Banque Postale for the first time with an A2 rating for its long-term deposits, P1 for its short-term deposits, with a stable outlook;
- S&P Global Ratings confirms LBP's rating (A+) and revises its outlook from stable to negative. This latest review followed a similar revision of the rating outlook for France.

⁽¹⁾ Series A is the first round of funding after the love money rounds and often the first round involving an investment fund. The ticket is generally between €0.75 million and €3 million and the funds are intended to enable the company to turn a profit in a given geographical area.

1. Presentation of La Banque Postale

The four business lines

1.5 The four business lines

The economic and regulatory environment in which La Banque Postale conducts its business is described in Chapters 4 and 6.

1.5.1 Bancassurance France

Retail Banking, La Banque Postale's legacy business, offers banking products and services for retail⁽¹⁾ and business⁽²⁾ customers. It offers customers a comprehensive range of banking and insurance products and services aligned with the principles of responsible finance. At end-December 2022⁽³⁾, it held all of CNP Assurances' capital. La Banque Postale's bancassurance model has been reaffirmed, with an insurance offering comprising life insurance, personal insurance, property & casualty insurance and liability insurance.

KEY FIGURES

- 70% of business line net banking income
- 64% of business line attributable net profit
- €483.9bn in managed savings
- €74.9bn in outstanding loans
- €5.7bn in consumer loans
- 10 million⁽⁴⁾ active retail customers

RETAIL BANKING FRANCE

La Banque Postale offers a complete range of products and services to retail and business customers⁽²⁾, including deposit accounts, payment methods, savings solutions, home loans, consumer finance and insurance.

It renewed and expanded its offering for young customers by incorporating non-banking support services into the Pass Jeune digital platform, launched in May 2022. La Banque Postale geared up for the start of the 2022-2023 academic year by actively promoting its loan offers for students and apprentices.

Three years after its launch, Ma French Bank had 600,000 customers (up 41% in one year). 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 7,000 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.

La Banque Postale's fast pace of digitisation has also led to the deployment of ambitious programmes for fully online home loan and account application processes.

KEY FIGURES

- €75.6bn in demand deposits
- €68.8bn in home loans
- €5.7bn in consumer loans

In 2022

- Development of responsible offers to support customers' purchasing power and the environment;
- Diversification of offers and services, in particular with the launches of Django⁽⁵⁾ and Pass Jeune⁽⁶⁾;
- Improved customer experience (digitisation of insurance claims, technological innovation with Lucy, La Banque Postale's callbot).

(1) The Wealth Management business is presented in Section 1.4.3 "Wealth 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) With revenue of €3 million or less.

(3) At the close of the simplified tender offer launched on 2 May for minority interests in CNP Assurances, La Banque Postale held 97.79% of CNP Assurances' capital, allowing implementation of a squeeze-out procedure. CNP Assurances' shares were delisted on 20 June 2022.

(4) Bancassurance France. Active individual customers correspond to the "Core Clientèle", including equipped committed and non-committed customers. A committed customer is a customer whose revenue is paid into their account with La Banque Postale. An equipped customer holds contracts in several product families.

(5) Fintech specialising in community consumer credit, wholly owned by La Banque Postale Consumer Finance (LBPCF).

(6) Digital platform providing all-digital services, offered by La Banque Postale to assist young people.

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 1.7 million financially vulnerable people out of the 4.1 million such individuals in France as of end-2021, 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 the French gross minimum wage. 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 292,734 *Simplicité* account holders, representing an increase of 45% 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 and regulatory 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 comprehensive homeowner 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;

- the need for appropriate financing solutions for customers' projects - especially customers who are unable to obtain a loan by the traditional route - which is met by La Banque Postale's competitive online banking offers and the digital offers available on the La Poste Mobile app.

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. Since February 2022, for customers more comfortable using digital tools, La Banque Postale has also offered the *Budget Grande Vitesse* application, in partnership with Cresus. The app helps customers better manage their daily budget and also determine their eligibility for social assistance.

An innovative social partnership with Créo-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. Créo-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. Since May 2022, the account managers of the *Appui* platform are gradually being trained to evaluate micro-credit loan applications.

As an extension of its actions to promote digital apps as a gateway to banking inclusion, La Banque Postale has 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 digital support and budgeting support players.

Lastly, in order to step up its remote support system via 3639, and to provide support as soon as possible to financially vulnerable customers, La Banque Postale has been gradually training, since September 2022, more than 350 customer relations advisors dedicated to offering and supporting customers facing difficult financial situations.

1. Presentation of La Banque Postale

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The accessible banking mission

This 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*, in particular 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, telecommunication [phone and internet⁽¹⁾], 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.

Based on their observed behaviours and practices, La Banque Postale estimates that 1.4 million⁽²⁾ people qualify for basic banking services under the accessible banking mission.

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 (100% owned⁽³⁾) and La Banque Postale's non-life insurance subsidiaries.

CNP ASSURANCES:

€19.3bn in premium income

€15.2bn in Savings/Pensions premiums

€4.1bn in Personal Risk/Protection premiums

LBP ASSURANCES

NON-LIFE

SUBSIDIARIES:

€1.1bn in premium income

4.5m contracts

In 2022

- Extension of the *Cachemire 2* life insurance offer⁽⁴⁾ with a new "all-in-one" broadly affordable solution available for an initial investment of just €70⁽⁵⁾. *Cachemire 2* is La Banque Postale's benchmark unit-linked life insurance contract and is backed by CNP Assurances. With investor-directed management, its robust over 80%-SRI discretionary management formula and a minimum initial investment of €5,000, *Cachemire 2* has been adapted to meet the needs of a wide range of investors;
- Increase in the rate of return paid in 2022 on the full range of traditional savings products included in CNP Assurances' life insurance offer⁽⁶⁾ compared to 2021.

(1) The government order of 18 January 2022 extended the list of essential transactions to include services provided by electronic communication operators that have an identifier with the Autorité de Régulation des Communications Electroniques, des Postes et de la Distribution de la Presse (Arcep).

(2) At end-December 2022.

(3) At the close of the simplified tender offer launched on 2 May for minority interests in CNP Assurances, La Banque Postale held 97.79% of CNP Assurances' capital, allowing implementation of a squeeze-out procedure. CNP Assurances' shares were delisted on 20 June 2022.

(4) *Cachemire 2* – series 2.

(5) Minimum deposit of €70 on opening, followed by scheduled deposits of €50/month or a minimum deposit of €500.

(6) Distributed chiefly by La Banque Postale, the Amétis employee network and the BPCE group. The average CNP Assurances yield was 1.57%, up 0.66% versus 2021.

In 2022, the Group acquired the minority interests in CNP Assurances through a simplified public tender offer. La Banque Postale was already one of CNP Assurances' major distribution partners and becoming its sole shareholder has strengthened the alignment of the two entities' interests. CNP Assurances will lead all of La Banque Postale's insurance businesses, offering a comprehensive range of personal and property insurance solutions. In addition, the trend among the Bank's customers to purchase multiple products offers significant growth potential in a very mature and competitive French market.

The integrated business provides a solid base for the deployment in France of an open distribution model alongside the multi-partner model.

A major player in life insurance and supplementary pensions⁽¹⁾ (2)

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 2021, 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 (stable vs. 2020).

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-2021, it managed the pension obligations of more than 1 million insureds and 18,114 companies, representing technical reserves of €18.7 billion⁽³⁾. 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⁽⁴⁾

In France, 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⁽⁵⁾.

A long history in the personal risk segment

In group death/disability insurance, CNP Assurances was one of 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 54% of

the market, and the fifth-largest provider of individual long-term care insurance (unchanged since 2020) with a 9%⁽⁶⁾ market share. If LBP Prévoyance is included, it is also the leader in the individual market, with a 23% share⁽⁶⁾. 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. MFPévoyance, which has been wholly owned by CNP Assurances since 2021, specialises in insuring public sector employees. It is developing its business in order to tap the opportunities created by the reform of the supplementary social protection system for civil servants.

La Banque Postale Prévoyance, a wholly-owned subsidiary of La Banque Postale, operates in the individual personal risk and group death and disability markets.

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 reinsurance term creditor insurance risks.

In 2022, La Banque Postale Prévoyance had premium income of €453 million (excluding CNP Assurances). La Banque Postale Prévoyance had some 2.2 million policies in its portfolio as of 31 December 2022.

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 2022, La Banque Postale Assurance Santé had premium income of €91 million (excluding CNP Assurances). As of 31 December 2022, it had some 170,000 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, mobile device insurance, extended guarantees for home appliances and credit card insurance products are sold through La Banque Postale's multi-channel (telephone, online and post offices) distribution system.

La Banque Postale Assurances IARD operates in a very competitive and low-growth market. In 2022, it had some 2.2 million policies in its portfolio and reported premium income of €585 million.

(1) Data corresponding to Arial CNP Assurances, excluding AG2R La Mondiale supplementary pension plans.

(2) 2021 Key Indicators, France Assureurs, September 2022.

(3) End-2022 data unavailable at publication of this document.

(4) Term creditor insurance provider ranking, based on 2021 premium income (including inward reinsurance), Argus de l'Assurance, September 2022.

(5) Aeras: convention to help people representing an aggravated health risk to obtain insurance and credit.

(6) Death/disability and health insurance policies in 2021, France Assureurs, principal and sole risk covered, September 2022.

1. Presentation of La Banque Postale

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Service and assistance-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. In particular, the assistance services provided by Filassistance to policyholders who have taken out auto or comprehensive homeowner insurance add to the attractiveness of the Group's property and casualty

insurance offer. Since November 2022, Filassistance International has been a wholly-owned subsidiary of CNP Assurances following the buyout of Swiss Life France's minority stake. This transaction is aligned with CNP Assurances' ambition to develop its multi-partner model in harmony with its company purpose and strategy, by offering the greatest number of people solutions that protect and facilitate their life whatever course it may take.

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.

1.5.2 International Bancassurance

By becoming the sole shareholder of CNP Assurances⁽¹⁾, La Banque Postale has acquired a significant international presence, with 18% of its business line net banking income generated 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.

In 2022

Development of a two-factor model through its partnerships and the open model of its international subsidiaries

- In Brazil: Acquisition by CNP Assurances of all Caixa Seguridade and Icatu's interests in five companies that distribute death/disability and health insurance, dental insurance, savings and consórcio products;

KEY FIGURES

18% of business line net banking income

19% of business line attributable net profit

€16.8bn in premium income

18 host countries outside France

- In Europe:

- Development of its business model in Italy by restructuring the shareholding of its subsidiaries through UniCredit;
- Signing of a partnership agreement between Santander Consumer Banque and CNP Assurances for the launch of new term creditor insurance offers for carbuyers.

(1) At the close of the simplified tender offer launched on 2 May for minority interests in CNP Assurances, La Banque Postale held 97.79% of CNP Assurances' capital, allowing implementation of a squeeze-out procedure. CNP Assurances' shares were delisted on 20 June 2022.

A STRONG PRESENCE IN EUROPEAN COUNTRIES

CNP Assurances' international development is also based on a two-pronged approach focused on both multi-partner distribution and open model distribution. With operations in 16 European countries⁽¹⁾, CNP Assurances is Europe's fifth largest insurance company⁽²⁾. It continued to grow in Latin America, and especially Brazil, in 2022.

ITALY: CNP ASSURANCES' SECOND LARGEST MARKET IN EUROPE

The long-term partnership between CNP Assurances and UniCredit through their joint subsidiary CNP UniCredit Vita runs until 2024 and covers distribution of a full range of personal insurance products in central and southern Italy, Sardinia and Sicily.

In 2022, CNP Assurances acted to further strengthen the partnership by continuing to streamline the ownership of its Italian joint ventures, with the sale of 6.5% of the shares in CNP UniCredit Vita S.p.A. to UniCredit and the buyout of UniCredit's interest in CNP Vita Assicura S.p.A.

These transactions helped to lift CNP Assurances to the position as Italy's fifth largest life insurer⁽²⁾.

The companies included in the 2021 and 2022 transactions in Italy represent total premium income of €5.7 billion and total technical reserves of €24.2 billion (data at 31 December 2021). 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. As of the end of October 2022⁽³⁾, CNP Assurances' market share in Italy had risen by 6 points to 8.5%.

In terms of premium income, the Italian subsidiaries represented 47% of international activity.

WITH SANTANDER CONSUMER FINANCE IN 12 EUROPEAN COUNTRIES

In 2014, CNP Assurances signed an exclusive long-term distribution agreement with Santander Consumer Finance and acquired a 51% stake in its life and non-life insurance subsidiaries. CNP Santander Insurance operates in 12 European countries (Germany, Poland, Italy, Spain, Austria, Portugal, Norway, Sweden, Denmark, Finland, Belgium and the Netherlands) and offers insurance products designed to protect customers against adverse life events such as death, disability and unemployment.

Germany is its largest market. Its other markets – notably Portugal, where it launched operations at the beginning of 2022 – have definite potential.

Santander Consumer Finance operates through a multi-channel distribution network that includes partnerships with automobile dealership/production networks, retailers, large supermarkets, specialised consumer credit brokers and direct-to-customer distribution channels.

OPEN MODEL DISTRIBUTION TO DRIVE GROWTH

In Brazil:

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.

Particularly active in its markets, the subsidiary was Brazil's third largest insurer⁽⁴⁾ as of end-November 2022, with 10.4% of the market, the third largest pension provider with 20.9% of the market and the fourth largest term creditor insurance provider for consumer loans with 11.1% of the market. It is also the seventh largest personal risk insurer⁽⁴⁾ with 5.4% of the market.

CNP Seguros Holding continues to lead the homebuyer segment of the term creditor insurance market with a 44.3% share at the end of November 2022 (compared with 52.7% in November 2021).

In a highly concentrated market, CNP Assurances' market share was 11.6% at end-November 2022 (compared with 13.5% in November 2021).

In September 2022, CNP Assurances announced that it would continue its international multi-partner expansion by acquiring five additional entities in Brazil, enabling it to distribute personal risk-health insurance, dental insurance, savings and consórcio products.

These acquisitions, to be completed between December 2022 and February 2023, will strengthen CNP Assurances' presence in Brazil, building on its long-term partnerships and open distribution model.

(1) Excluding France; Austria, Belgium, Cyprus, Denmark, Finland, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain and Sweden.

(2) Source: Bloomberg, end-June 2022, size ranking based on technical reserves reported in each company's annual consolidated financial statements.

(3) Source: ANIA (national association of insurance companies) for market data in Italy: new business market share - December 2022.

(4) Insurance market data by class taken from the databases of Brazil's insurance supervisor, SUSEP, <https://www2.susep.gov.br/safe/menuestatistica/pims.html>.

1. Presentation of La Banque Postale

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1.5.3 Corporate and Investment Banking

The creation of the Corporate and Investment Bank (CIB) at the beginning of 2022 was a structural milestone that included a customer-focused governance structure supported by product expertise, specialised financing and transaction banking, in particular.

The CIB continues to pursue its objective of targeted and profitable growth while nourishing its community roots, which are at the heart of its development priorities. For example, the creation of a Sustainable Banking Hub, staffed with expert bankers, will step up the CIB's CSR commitments through product offers and customer support aligned with the just transition.

With the arrival of more than 300 new team members in 2022, the CIB is also strengthening its Originate-to-Distribute model and deepening its presence by employing specialist corporate bankers familiar with the regions. It will also provide dedicated coverage to financial institutions, which will enable it to capitalise on all of the strengths of the La Banque Postale Group, including CNP Assurances and LBP AM.

In 2022

- Community funding: La Banque Postale and SFIL, leading lenders to local authorities, offer social loans designed specifically for the local public sector. These loans are distributed by La Banque Postale and refinanced by covered bonds issued by CAFFIL^(I);
- Financing innovation: creation of a new entity dedicated to financing tech companies.

KEY FIGURES

10% of business line net banking income

11% of business line attributable net profit

8,500 corporate and local public sector customers

€43.8bn in total outstanding loans

Participation in **75 bond issues**

CIB: COMMITTED TO SUSTAINABILITY

La Banque Postale has placed sustainability at the heart of its company purpose and business model as a mission-led company. This also applies to the CIB, whose development incorporates the mission to help its customers adapt to climate change while promoting an ethical and inclusive transition.

By financing essential services, the CIB is committed to acting sustainably to reduce regional divides and to revitalise regions; to support the energy transition, biodiversity and green mobility; and it is the partner of choice for players in the healthcare, social protection and social housing sectors.

In 2022, the CIB continued to support France's economic independence by further expanding its operations to the agri-food and low-carbon industries.

It also leads by example through its own internal organisation and carbon footprint, with more than 1,000 employees who are fully committed to CSR.

In terms of offers, the trading desks give customers access to high-performing ESG investments. Green loans have been very successful and the creation in early 2022 of the Sustainable Banking Hub will enable the CIB to provide customers with tailor-made support in drafting ESG frameworks, issuing ESG bonds and, more broadly, providing CSR advice via expert bankers who are also responsible for the green, social and impact loan offers.

(I) Local French credit institution (*Caisse Française de Financement Local - CAFFIL*).

A DIVERSIFIED CUSTOMER BASE

1.

The local public sector

The CIB is a leading provider of bank finance to local authorities and public 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. Because local authorities play a leading role in the energy transition, the CIB has developed a responsible offer of bank financing (green loans) and bonds (green/sustainable bonds) to fund environmental projects (sanitation, waste management, soft mobility, renewable energy, etc.). In October 2022, it enhanced its offer with social loans aimed at financing projects with a positive impact on society such as education, healthcare and regional cohesion, available from €300,000.

In 2022, it also launched a grant-seeking and grant-management support service, Subzen, to optimise the funding plans for local authorities.

Its very enthusiastic support for the healthcare sector will continue in 2022, beyond the COVID-19 offers which responded to the initial urgent needs linked to the health crisis. As part of the Ségur plan⁽¹⁾, for example, the CIB supports public hospitals, healthcare associations and cancer research centres (*Centre régional de lutte contre le cancer - CLCC*) by financing work to improve healthcare, biomedical equipment, conditions in elder care facilities (*Établissement d'hébergement pour personnes âgées dépendantes - EHPAD*), as well as placements and flows.

As the banker of eight in ten social housing providers⁽²⁾, representing 90% of France's social housing stock (5.3 million social housing placements⁽³⁾), La Banque Postale is a major player in the social housing market. It offers a full range of products and services, from cash and deposit management (rent collection solutions, *Livret A*, etc.) to short- and long-term banking and bond financing solutions.

With its strong local roots, it is also a leading banking partner of the mixed economy and the social and solidarity economy (SSE) working for the general interest and implementing public policies (such as improving public transport and education initiatives).

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

The CIB currently counts more than 11,900 SMEs/ISEs among its customers and it also serves 53% of the companies in the CAC 40 index and 45% of SBF120 companies.

La Banque Postale is a socially responsible bank, fully committed to the just transition, and offering a full range of banking and financial solutions tailored to support productive investment as well as environmental, social and technological innovation.

It is therefore continuing to develop a range of responsible bank financing solutions, including green, social and impact loans. And its Sustainable Banking Hub team also supports customers' social and environmental projects by providing ESG advice and frameworks or by issuing sustainable bonds. A package of specific services is also offered to measure the carbon footprint of companies and monetise energy saving certificates. In addition, due to the difficult economic situation caused by the conflict in Ukraine, rising interest rates and, more generally, the inflationary environment, La Banque Postale provides support to companies in securing their business model: by financing their operating cycle, offering *Prêt Participatif Relance* economic stimulus loans, securing cash flows, valuing excess cash, hedging interest and exchange rates, and LBOs.

La Banque Postale's ambition is to use all of its business lines to support its business customers, both in cash management, where it holds strong positions in cash and electronic payments, and in financing offers: from traditional "relational" financing intended to cover the general needs of its customers, to specialised and structured financing (financing of trade receivables/suppliers via factoring, financing in the form of equipment or property leasing, financing of assets, projects, acquisitions, leveraged operations, structured and real estate financing) via market financing (bond financing, private placements). The CIB also provides its business customers with its expertise in interest rate and currency hedging and investment transactions through its trading desks and its experience in structuring ESG transactions through its Sustainable Banking Hub, which is designed to structure *ad hoc* financing with the aim of promoting the implementation of ambitious corporate social responsibility policies within companies.

Financial institutions

The CIB has set up a dedicated team to partner its financial institution customers, including banks, lenders and payment companies, insurance companies, mutual insurers, pension funds, asset managers and funds. 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 this end, and in order to best meet their specific needs, the CIB plans to expand its securities placement, lending and borrowing activities and hedging instruments with the trading desks, structured bond or bank financing and to continue to develop its cash management activities.

(1) The Ségur de la Santé agreements provide for an investment assistance plan in the medico-social sector of €2.1 billion for the 2021-2025 period – Source: French Ministry of Health and Prevention.

(2) Source: Internal data and social housing data and statistics | Ministères Énergie Territoires (ecologie.gouv.fr) – end-September 2022.

(3) Source: Ministère de la Transition Ecologique et de la Cohésion des Territoires – 1 January 2022.

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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 technical sales staff and product experts to further strengthen the working relationship with all CIB customers. To this end, an ambitious programme has been launched to capitalise on La Banque Postale's historical expertise – in particular its ability to deliver innovative solutions and tailored, high-quality service for managing electronic payment flows and its wide range of cash and deposit management services using its vast network of more than 7,000 post offices – while rounding out its range of offers and digitising its processes. Transaction Banking has also integrated the eZyness subsidiary (a payment and electronic money institution fully owned by LBP) into the heart of its strategy. Its expertise and technical agility, combined with the strengths of the CIB, will meet new expectations and customer habits (third-party collection, omnichannel, etc.) by proposing innovative solutions such as, for example, cash and deposit offers that can be adapted according to needs, virtual IBAN, more digital card offers, etc.

Traditional financing

With its range of short-term facilities (overdraft facilities, liquidity facilities, revolving credit facilities, etc.) and medium- and long-term loans, the 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).

Structuring/syndication

With Debt Capital Markets (DCM), La Banque Postale has developed activities and expertise in bond origination and/or private placements for its business customers, local public sector, banks, financial institutions as well as the capacity to syndicate its credit exposures to banks, bond investors or insurers. As already demonstrated in several emblematic transactions for the Bank, the development of its structural, syndication and distribution capacity on the capital markets enables it to consolidate its role in arranging, underwriting and syndicating of all or part of its customers' significant transactions. La Banque Postale also offers dedicated teams that provide tailor-made support for thematic bond issues. These teams are also responsible

for the new green loan and impact loan offers and other new products developed for CIB customers.

The Structuring/Syndication activities also include the Whole Loan Securitisation unit. This unit covers the financing services of its customers (mainly financial institution groups) by mobilising portfolios of granular receivables (home loans, consumer credit).

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 debt or debt for LBO financing, the organisation of financing to cover investment funds' capital calls, especially 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 Daily discounting facilities), or investments covered by a total or partial government export credit guarantee.

The Real Estate Financing offer includes real estate lease financing, mortgage loans, fiduciary-backed 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 Leasing offer is composed of equipment and finance leasing (rental financing solutions for professional equipment) for public or private business customers; they concern all types of movable assets with or without a purchase option at the end of the contract) as well as green equipment leasing based on European Taxonomy criteria. This offer is rounded out by factoring (a financing solution allowing the acquisition of equipment and its rental contract or the transfer of ownership of a rental chain to a lessor) and the financing of software.

Factoring encompasses factoring and reverse factoring offers and is based on three key areas of expertise: cash flow financing (management of trade receivables, trade payables and inventories) and services associated with trade receivables management (securitisation, reminders, collection, etc.).

1.5.4 Wealth and Asset Management

This business line comprises the private banking arm (Louvre Banque Privée) and the asset management businesses (La Banque Postale Asset Management and Tocqueville Finance).

KEY FIGURES

3% of business line net banking income

6% of business line attributable net profit

€71bn in assets under management (Louvre Banque Privée, LBP AM and Tocqueville Finance)

Private banking

La Banque Postale has continued to diversify with the creation of its private banking arm around BPE, renamed Louvre Banque Privée. The aim of this operation was to leverage the Group's recognised private banking expertise and uniquely deep regional network. Since 1 July 2022, this new model has been supporting the deployment of a range of products and services tailored to the needs of all of La Banque Postale Group's private banking customers, both at Louvre Banque Privée and in the La Banque Postale network.

As of 31 December 2022, Louvre Banque Privée had over 65,600 private banking customers, representing an increase of 2.6% over one year. These customers trust La Banque Postale and Louvre Banque Privée 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 Louvre Banque Privée's private banking specialists, depending on their needs.

The products and services offered are tailor-made and have high added value, both in terms of financing solutions and diversification of overall savings, based on its five areas of

expertise: asset engineering, wealth management, socially responsible discretionary management, financing solutions and real estate investment. True to its community values, Louvre Banque Privée offers its customers socially responsible products, such as discretionary management with a 100% SRI label since 2021, Euro Medium Term Notes (EMTNs) with ESG underlyings, green bonds and forestry investment groups.

KEY FIGURES

65,600 wealth management customers

€15bn in assets under management (up 6.5%)

€8.3bn in discretionary management portfolios (up 2.7%)

98 Louvre Banque Privée service desks at post offices

In 2022

- After the Silver Trophy received in 2021, Louvre Banque Privée won the Gold Positive Finance Trophy at the fourth edition of the Sommet du Patrimoine et de la Performance awards organised on 14 June 2022 by the Leaders League Group, Décideurs Magazine.

1. Presentation of La Banque Postale

The four business lines

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).

KEY FIGURES

€55.8bn in assets managed by LBP AM

105 LBP AM funds labelled SRI, making LBP AM (with its subsidiary Tocqueville Finance) the leading SRI fund manager in France by number of funds

€3.6bn in assets managed by Tocqueville Finance, excluding LPB AM delegated management

In 2022

- Sale of La Banque Postale's 40% stake in AEW Europe and LBP AM's 45% stake in Ostrum AM to Natixis Investment Managers (Natixis IM), a subsidiary of the BPCE group. At the same time, the industrial asset management partnerships between LBP AM and Natixis IM were extended until the end of 2030;
- La Banque Postale increased its stake in LBP AM by acquiring the 5% interest held by Malakoff Humanis, which remains one of the Group's preferred partners;
- On 20 October, LBP AM and its subsidiary Tocqueville Finance organised the 2022 Innovation Awards, in

partnership with Investance Partners and Finance Innovation. Four different fintechs won awards in three categories: Handsome, "Best Fintech of the Year", Fruggr and Carbometrix, formerly aequo, "SRI Fintech of the Year" and Weather Trade Net, "Jury's Favourite";

- LBP AM's Property & Private Assets division, a recognised player in the sector with nearly €7 billion raised since its creation in 2012, is growing and has announced that several new team members have been recruited to support the development of its private debt offering.

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

In the face of threats such as climate change, the collapse of biodiversity, environmental and social emergencies, as well as strained supply chains, particularly in the energy and food sectors, responsible investment is now more relevant than ever, if not a necessity. To meet these challenges, LBP AM, an SRI expert, offers its customers the opportunity to become sustainable finance players by helping them diversify their assets through a comprehensive range of products and services tailored to their objectives.

LBP AM's high value-added offer is based on four investment areas, which are the result of a thorough analysis, both financial and non-financial, using its own innovative methodology.

- Equity, managed by Tocqueville Finance, a long-standing player in European multi-cap equity management, with a 30-year history. 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.

With a solid shareholder base – 75% from La Banque Postale and 25% from Aegon Asset Management – LBP AM, together with its subsidiary Tocqueville Finance, manages almost €56 billion of assets as at 31 December 2022. After obtaining the French SRI label for almost 100% of its eligible funds, LBP AM is now committed to developing financial products with a positive impact, such as infrastructure debt funds that positively impact the climate; climate- and biodiversity-themed equity strategies; as well as sharing funds.

1.6 Review of the 2025 strategic plan

1.6.1 Successful execution of the strategic plan, and progress in refocusing the business model

In the first two years of implementation of the strategic plan, steps were taken to refocus the business model, with significant results achieved straight away. La Banque Postale has asserted its community leadership internationally and achieved key milestones in customer experience and digitisation. The diversification strategy has been accelerated, with the acquisition of 100% of CNP Assurances in June 2022, and the launch of the Corporate and Investment Banking business and Louvre Banque Privée. The past two years have also enabled La Banque Postale to increasingly place co-workers at the centre of the business transformation project, strengthen its risk management and compliance infrastructure and modernise its brand platform.

Visible achievements in 2022 for each of the strategic plan's targets

Customers

Key service quality indicators, such as pick-up times for incoming calls to customer relations departments, pick-up rates and complaint processing time have improved significantly over the last two years. Tighter governance systems have also been put in place to address key customer irritants more rapidly. Management of these service quality and customer satisfaction issues has been strengthened. In addition, a Customer Committee has been set up to co-develop the customer experience within the bank.

These advances are reflected in the significant improvement in the customer NPS, which was 5 points higher versus 2021⁽¹⁾, the greatest increase in ten years.

Community

Community is central to the organisation of La Banque Postale, which became a mission-led company in February 2022. The choice of mission-led status has reaffirmed the Bank's ambition to support the just transition by incorporating several environmental and social impact objectives into its governance principles. This approach is consistent with that of La Poste Groupe, which also became a mission-led company in June 2021. The creation of the Sustainability Department reporting directly to the Chairman of the Executive Board, also embodies this desire to place community at the centre of the organisation.

La Banque Postale has committed to achieving net-zero emissions in the banking business by 2040 – ten years ahead of the deadline set by European institutions and the scientific community (subject to action being taken by governments and companies to make this objective achievable). The Group has now 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 with low-carbon trajectories validated by the Science Based Targets initiative (SBTi), an independent partnership between four international organisations.

Lastly, in 2021 and 2022, the Group started work on developing the Global Impact Index, a proprietary non-financial indicator. This index will play a central role in helping La Banque Postale to deliver on its strategy in favour of the just transition. Work is currently being carried out to develop a multi-purpose tool for measuring the environmental, societal and territorial impact (carbon 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 tool will initially be rolled out to the home loan, real estate finance and asset and project finance portfolios in 2023.

Co-workers

Paying the same attention to the co-worker experience as to the customer experience is one of the strategic plan's critical success factors. The Human Resources Department has placed the co-worker experience at the heart of its Human Capital programme and launched numerous projects: strengthened and expanded training policy (with more than 330,000 days of training provided per year); increased support for employees throughout their career; a new home-working agreement; deployment of new-generation workspaces; new milestones achieved in the digitisation of HR processes; continuously adapted services to meet co-workers' expectations; and the implementation of an Employee Experience Club to identify expectations and deal with the main irritants. The double Gold Trophy obtained at the Victoires des Leaders du Capital Humain in the best HR and CSR partnership category, the first prize received by the École de la Banque et du Réseau at the Digital Learning Awards organised by CEGOS, the "Quality of Work Life and Conditions" trophy awarded to the Customer Experience Department at the Workplace Well-Being Awards, and the improved employee engagement rate are external and internal recognitions of the strategy led by the Human Resources Department.

Visible achievements in 2022 for each of the strategic plan's levers

Consolidate the Retail Banking base

Digitisation is one of the major advances of the initial years of the Retail Banking strategic plan. Three processes are now 100% digital: the new customer relationship process, the comprehensive homeowner insurance claims management process and the personal loan application process. The home loans process is in the process of being completely digitised, with several structural milestones already achieved. Other advances include the 100% mobile-first auto insurance app, ongoing development of a self-care solution for KYC procedures and the redesign of La Banque Postale's mobile app.

The new Lucy callbot launched in May in partnership with Zaion, specialised in AI-led voice-based customer relations, has improved the Bank's accessibility while meeting the needs of customers – the customer satisfaction rate stands at 86% and the transfer rate from the callbot to human advisors has decreased significantly. Lucy won the gold

(1) Source: LBP customer satisfaction survey "La Voix du Client" - Q4 2022.

1. Presentation of La Banque Postale

Review of the 2025 strategic plan

medal in the Selfcare and Chatbot category of the CX Awards, which recognise the most innovative organisations in terms of customer strategy, as well as the Palme de la Relation Client awarded by the Association Française de la Relation Client.

During the year, La Banque Postale set up a private banking unit led by BPE which was renamed Louvre Banque Privée for this purpose. The new private banking unit brings together customers of La Banque Postale with more than €250,000 in financial assets⁽¹⁾ and customers of Louvre Banque Privée. Louvre Banque Privée will make its local private banking expertise available to all the unit's customers, enabling La Banque Postale to accelerate the development of its wealth management business by combining private banking expertise and with the local service offered by the retail banking network. This new consolidated private banking organisation will provide customers with a personalised service and an offer aligned not only with the needs of wealth management customers but also with these customers' commitment to making a positive impact through their savings. In recognition of its unique positioning, Louvre Banque Privée was awarded the 2022 Gold Positive Finance Trophy at the fourth edition of the Sommet du Patrimoine et de la Performance awards organised by Décideurs Magazine's Leaders League Group.

Lastly, new offers have been developed to respond increasingly closely to customer expectations:

- The Pass Jeune (Youth Pass) digital platform launched in May 2022 has attracted nearly 200,000 young account holders aged between 18 and 29, who now have free access to ten services aligned with their needs (mock highway code theory tests, sources of financial assistance, job offers, etc.).
- The Cachemire 2 life insurance offer has been enhanced with the November 2022 launch of a new "all-in-one" broadly affordable solution available for an initial investment of just €70.
- The Bank's sustainability offer has been expanded with the launch of Prêt Avance Rénovation loans for low-income home-owners and seniors to finance energy efficiency improvements in their main residence, and it represents an innovative financing solution that combines action for the climate with social inclusion.
- The new term creditor insurance contracts go beyond the requirements of France's Lemoine law from June 2022, with premium rates frozen for standard term creditor insurance cover and the premium surcharge abolished for borrowers representing an aggravated health risk.
- Fees have been waived for instant online money transfers since 1 January 2022.
- Bank charges have been frozen for 2023, in order to better protect the purchasing power of customers.

Increase the pace of diversification

Life Insurance

Following the successful simplified public tender offer for CNP Assurances and related squeeze-out procedure, La Banque Postale now holds the entire capital of CNP Assurances. Integration of the two groups represented a further step forward in the creation of a major state-owned financial group announced by the French Minister of Economy and Finance in 2018. This transformative milestone for La Banque Postale supports the Group's ambition to step up the development of the international bancassurance model in all its markets. Following the two groups' integration and in connection with the current project to transfer all the insurance businesses to the new "CNP Assurances Holding" holding company, Stéphane Dedeyan has been appointed to the Executive Board of La Banque Postale.

The proportion of new money⁽²⁾ invested in unit-linked funds has grown significantly, from less than 20% in 2020 to more than 30%.

Asset Management

La Banque Postale has sold its 40% stake in AEW Europe and La Banque Postale Asset Management (LBP AM) has sold its 45% stake in Ostrum AM to Natixis Investment Managers (Natixis IM), a subsidiary of the BPCE group. At the same time, the industrial asset management partnerships between LBP AM and Natixis IM have been extended until the end of 2030. La Banque Postale has increased its interest in LBP AM by acquiring the 5% stake held by Malakoff Humanis, which remains one of the Group's preferred partners. LBP AM has also continued to strengthen its Real and Private Assets unit, in particular through several recruitments to support the development of its private debt offering. True to its DNA as an SRI conviction manager, LBP AM has enriched its socially responsible fund offer with the addition of:

- a solidarity-based fund and four sharing funds, three of which were newly created;
- its first physical infrastructure fund "LBP AM infrastructure September 2030", developed for La Banque Postale and CNP Assurances;
- the launch of a biodiversity equity fund in partnership with CDC Biodiversité and with the support of CNP Assurances.

As part of its Net Zero Asset Management Initiative (NZAMI) commitments, LBP AM has announced its intention to accelerate implementation of the low-carbon pathway towards carbon neutral portfolios by 2050. It has set the ambitious target of aligning 80% of its total assets with a low-carbon target compatible with the objectives of the Paris Agreement by 2030, and 100% aligned by 2040.

(1) Within the La Banque Postale network.

(2) Bancassurance France including Louvre Banque Privée.

Consumer finance

The consumer finance business also contributes to the Bank's diversification. La Banque Postale Consumer Finance has launched a number of offers to meet all the market's needs, including a credit as a service platform, an impact consumer finance offer, as well the Django subsidiary's comprehensive range of split and deferred payment solutions for the BtoBtoC market which integrate directly and seamlessly into the retailer's purchasing process. The parent company's sustainability DNA provides a competitive advantage through:

- its partnership with CRESUS, the leading non-profit set up to combat personal debt issues in France, giving customers access to the High Speed Budgeting app to help them manage their budget and calculate how much money they have left to live on every month or week;
- its partnership with Carbo, whose carbon impact management app allows its customers to measure and offset the carbon impact of their purchases.

Corporate and Investment Banking

The creation of the Corporate and Investment Bank (CIB) at the beginning of 2022 was a structural milestone that included a customer-focused governance structure supported by product expertise (specialised financing and transaction banking, in particular) and subsidiaries (LBPLF, eZyness and Domiserve).

A team was set up in 2022 to provide dedicated financial institution coverage, along with a unit specialised in non-dilutive financing of Tech companies and a new Transaction Banking Department that will leverage La Banque Postale's historical expertise to respond to new expectations and practical customer use cases.

CIB has strengthened its originate-to-structure-to-share-to-distribute business (origination, structuring, arrangement, underwriting, syndication and capital market distribution of customers' significant transactions) and its regional roots with specialised finance experts based in the different regions of France.

The Engaged Corporate and Investment Bank has also pursued the development of a range of responsible bank financing solutions, including green, impact and social loans. And its Sustainable Banking Hub team, created in 2022, also supports customers' social and environmental projects by providing ESG advice and frameworks or by issuing sustainable bonds. A package of specific services is also offered to measure the carbon footprint of companies and monetise energy saving certificates. The trading desks give customers access to high-performing ESG investments.

La Banque Postale, the leading bank lender to local authorities and public hospitals, in partnership with SFIL/CAFFIL, has developed a range of bank financing products (green loans) and bond financing products (green/sustainable bonds) designed to finance ecological projects. In 2022, the local public sector offer was enhanced with the launch of a social loan offer to finance projects with a positive impact on society backed by the Subzen grant-seeking and grant management service. In this way, La Banque Postale's CIB has consolidated its position as the leading local public sector lender.

With several thousand SME/ISE customers, CAC 40 and SBF 120 companies, the CIB aims to partner its corporate customers across all of its business segments (cash management; traditional, specialised and structured bank finance; bond finance; interest rate and currency risk hedging; investments; ESG transaction structuring) while at the same time leveraging the strengths of its ecosystem through its subsidiaries CNP Assurances and LBP AM.

Building the bank of the future

International growth

La Banque Postale continued to grow in international markets in 2022. In Brazil, where CNP Assurances is stepping up its development based on two distribution models:

- Exclusive distribution through its historical partner, Caixa Econômica Federal, led by Caixa Vida e Previdência for individual and group pension products, consumer finance term creditor insurance and death/disability insurance (agreement renewed until 2046) and Caixa Consórcio for consórcio products (agreement renewed until 2041).
- Open model distribution, through the buyout of Caixa Seguridade and Icatu's interests in five companies that distribute death/disability and health insurance, dental insurance, savings and consórcio products, making CNP Assurances their sole shareholder.

In Italy, where the ownership structures of its joint ventures with UniCredit have been rationalised. Growth in this market is also based on an exclusive distribution partnership – in this case with UniCredit through their joint venture CNP UniCredit Vita S.p.A. – and an open, multi-partner distribution model built around CNP Vita Assicura S.p.A. and CNP Vita Assicurazione S.p.A., both of which are now wholly owned by CNP Assurances.

CNP Assurances has continued to streamline its operations in Europe with the sale of its Spanish life insurance subsidiary CNP Partners, which specialised mainly in traditional savings products for the Spanish and Italian markets. However, it will continue to build the term creditor insurance and personal risk businesses in Spain through its local branch.

1. Presentation of La Banque Postale

Review of the 2025 strategic plan

An innovative partnership model

The launch of the 115K early stage investment fund, dedicated to fintech, insurtech and cybersecurity start-ups, with an eventual endowment of €150 million, has enabled the Bank to boost its innovation dynamic and strengthen the partnership ecosystem organised around its platform58 incubator and the KissKissBankBank ecosystem.



1.6.2 Outlook

After seamlessly executing its strategic plan over the last two years, La Banque Postale intends to achieve a new milestone in its transformation in 2023, in a still difficult financial environment. Three accelerators will be used to drive change in the business model and affirm the Group's position as a leader in impact finance:

- Sustainable finance, independence and regional development: spread the impact culture throughout all levels of the organisation, as the cornerstone of the business model;

- Customer and operational performance: make our model more digital, efficient and agile for customers and employees;
- Innovation and business model refocusing: propose new offers, new distribution channels and new, more open, service models.



To become France's favourite bancassurer and to be on the podium of customer satisfaction by 2025, La Banque Postale has set the following objectives:

- Be a leader in retail banking in France through a synergy-rich and high value-added bancassurance model, relying on the proximity and accessibility of the post office network, benchmark digital and

multi-channel experience and a younger customer base interested in buying several different products;

- Accelerate the development of its growth drivers in the areas of international bancassurance, Corporate and Investment Banking and asset and wealth management;
- Develop new, more open BtoC, BtoB and BtoBtoC models that are holistically customer-centric.

2.

Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

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2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

La Banque Postale becomes a mission-led company

2.1 La Banque Postale becomes a mission-led company

2.1.1 Our company purpose: support the just transition



In 2022, La Banque Postale became a mission-led company⁽¹⁾, making its community foundations the key driver of its performance in support of the just transition. This decision was approved at the Bank's Extraordinary General Meeting of Shareholders on 23 February 2022 in line with the approach taken by La Poste Groupe, which also became a mission-led company in June 2021.

La Banque Postale's company purpose (*raison d'être*) has accordingly been included in its Articles of Association:

"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."

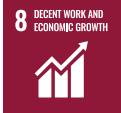
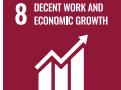
The transformation of La Banque Postale into a mission-led company is aligned with its 2030 strategic plan, "The just transition in action", and the creation of its Sustainability Department in 2021. It constitutes a real corporate governance tool for La Banque Postale, supporting the just transition. The three social and environmental objectives enshrined in the Bank's Articles of Association are:

- transform La Banque Postale's bancassurance model by leveraging its environmental, social and regional impact culture;
- develop and promote products and services that meet environmental, social and regional challenges;
- advance best practices and regulatory standards in the bancassurance sector through La Banque Postale's exemplary actions.

(1) The concept of the mission-led company was introduced by the French PACTE law in May 2019. It allows companies to express the contribution they wish to make to society beyond their economic contribution. It means they can include in their articles of association a company purpose (*raison d'être*) that is attached to a number of social and environmental objectives that they aim to pursue in the course of their business. The PACTE law requires management and shareholders to deploy the necessary financial, human and logistical means to pursue this mission. Its execution has to be monitored by a mission committee, which is responsible for ensuring its consistency with the company's actions. In addition, the achievement of the related objectives is verified by an independent third party.

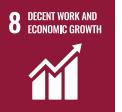
2.1.2 Mission monitoring dashboard

14 indicators are used to monitor these three objectives set out in the Articles of Association:

	Contribution to the SDGs	Q4 2022	2025*
OBJECTIVE 1: TRANSFORM OUR BANCASSURANCE MODEL THROUGH ENVIRONMENTAL, SOCIAL AND REGIONAL IMPACT CULTURE			
% of employees who have received CSR or impact training	 	64.9%	90%
Percentage of Group employees with a non-financial performance-related pay objective		In progress	100%
% of offers (annual) identified as sustainable using the ESG checklist	 	64%	80%
Innovation and carbon footprint awareness among customers		4,940	66,150
OBJECTIVE 2: DEVELOP AND PROMOTE PRODUCTS AND SERVICES IN OUR BANCASSURANCE OFFER THAT MEET ENVIRONMENTAL, SOCIAL AND REGIONAL CHALLENGES			
Annual loan originations with local authorities (€bn) - of which green loans	  	4.39 1.06	4.5 1.1
Cumulative loan originations in renewable energy asset and project finance (€bn) since 2017	 	3.76	4
Existing CNP investments dedicated to the energy and environmental transition (€bn)	  	25.2	30
Indicator of financially vulnerable customers	 	In progress	In progress
Annual loan originations in the social housing, healthcare and non-profit sectors (including Prêts Citoyens sustainable loans, €bn) - of which sustainable loans	    	2.6 0.24	2.5 0.3

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

La Banque Postale becomes a mission-led company

	Contribution to the SDGs	Q4 2022	2025*
Annual loan originations in the local economy sector (€bn) - of which sustainable loans	   	2.3 0.06	2.4 0.3
OBJECTIVE 3: ADVANCE BEST PRACTICES AND REGULATORY STANDARDS IN THE BANCASSURANCE SECTOR THROUGH OUR EXEMPLARY ACTIONS			
Percentage of women in strategic management positions ⁽¹⁾		37%	50%
% of employees who have participated in a sustainability initiative	 	In progress	90%
Low-carbon pathway and alignment with the Paris Agreement [*] - Scope 1 & 2 reduction - Scope 3 Real estate Individuals - Scope 3 Real Estate Legal entities - Scopes 3: Bonds - Scope 3: Long-term loans to businesses	  	In progress -17% (2021) -9% (2021) +3.18°C (2021) +2.98°C (2021)	-46% (2030) -46% (2030) -36% (2030) +1.88°C +2.11°C
Percentage of business portfolio covered by sector-specific policies	    	In progress	In progress

* The target for the Asset and Project Finance (AFP) commitments is 2023 and the target for the Scope 3 low-carbon pathway under the Paris Agreement is 2030 (see section 2.4.1.1.1).

** Number of La Banque Postale retail customers registered on the Carbo app from their personal Online Banking space.

(1) ✓ indicator independently verified to a reasonable level of assurance.

2.1.3 Mission-led company governance

Transforming La Banque Postale into a mission-led company hinges on implementing a robust corporate governance system that is transparent in its practices and open to dialogue. The Group's governance bodies must drive strategic momentum and ensure that the interests of all its stakeholders are protected.

2.1.3.1 The Mission Committee

The Mission Committee is an external governance body made up of 18 members, including 12 independent economic, financial and academic experts and civil society members (see Section 3.1.4 "Mission committee"). This diverse range of profiles enriches the Bank's model with external best practices. Four representatives of La Banque Postale, including the Chairman of the Executive Board and the Chief Sustainability Officer, participate in the committee, ensuring consistency with the Group's strategic roadmap.

The Mission Committee serves to deepen La Banque Postale's strategic commitment to sustainability. It ensures that the related initiatives contribute effectively to La Banque Postale's objectives. It meets three times a year to monitor the mission's progress and evaluate its results, in cooperation with an independent third party. It reports on its work annually to the Supervisory Board.

Five working groups have been created within the Mission Committee in order to explore certain priority areas in greater depth:

1. monitoring the mission in a changing macroeconomic environment (inflation outlook, profitability, etc.);
2. developing impact finance: work on tools to qualify the offer;
3. ensuring that the quality of mission-led company is assimilated by the Group's employees;
4. nurturing the innovation of the Group's offer;
5. developing the Group's transition plans.

2.1.3.2 The Sustainability Commission

The law specifies that a company's **"mission committee must be separate from its corporate bodies"**. The Committee's purpose is to enrich social dialogue within the company (see Section 3.1.4 "Mission committee"). Under no circumstances should the work of the committee interfere with, replace or detract from any form of social dialogue.

A Sustainability **Commission emanating from the Social and Economic Committee** of La Banque Postale has been created. It meets twice a year and presents an annual report to the Mission Committee and the independent third party. It is made up of:

- **four Mission Committee representatives**, whose role is to share the Committee's progress and gather feedback from Social and Economic Committee representatives, particularly as part of its work to prepare the annual report.
- **four La Banque Postale Social and Economic Committee** representatives appointed by said committee (including its *rapporteur*). They respond to the positions taken by the Mission Committee, and provide insight into the Bank's organisation and operations.

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Transforming our bancassurance model through impact culture

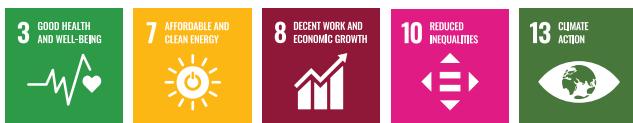
2.2 Transforming our bancassurance model through impact culture

The first objective defined in La Banque Postale's Articles of Association when it became a mission-led company was to "transform our bancassurance model through an environmental, social and regional impact approach." The Bank's levers for achieving this include:

- embedding impact assessments into the governance roadmap and all of the Bank's activities;

- practising transparency and ensuring that customers fully understand the impact of their savings, financing or insurance decisions, to make them agents in the just transition;
- fostering an impact culture across all the Bank's business lines through training and management practices;
- growing the Bank's impact innovation ecosystem.

2.2.1 La Banque Postale's business model



The business model is presented in the introduction to this document.

2.2.1.1 Strong ties with La Poste Groupe

After 17 years of existence and the integration of CNP Assurances, La Banque Postale, a wholly-owned subsidiary of La Poste Groupe, has become a bancassurer 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 La Poste Groupe and is its main bank. La Poste Groupe 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 at 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 La Poste Groupe has been able to successfully carry out 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 its ease of access and the associated 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.

2.2.1.2 A growth dynamic reflecting a changing environment

Since 2021 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.

2.2.1.3 Commitment to sustainability 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 (see Section 2.8.1), it is committed to aligning its strategy with the United Nations Sustainable Development Goals (SDGs).

While La Banque Postale contributes to the achievement of all 17 SDGs through its business, its lending and its investments, its business model directly focuses on five of the SDGs as presented below:

Sustainable Development Goals	La Banque Postale's initiatives
SDG 3: "GOOD HEALTH AND WELL-BEING"	 <ul style="list-style-type: none"> - Ongoing financial support for hospitals: €1.2 billion in 2022; - Loans granted to public and non-profit organisations which manage health and medical-social facilities amounted to €0.2 billion in 2022 (which included financing the construction, acquisition and renovation of institutions for the elderly and the disabled, and for the acquisition of medical equipment for healthcare facilities); - 32 million personal risk/protection policyholders via the CNP Assurances subsidiary; - Initiatives to support employees: days off for carers, legal assistance service.
SDG 8: "PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL"	 <ul style="list-style-type: none"> - Affordable products and services (<i>Livret A</i> passbook savings, <i>Simplicité</i> low-cost account option, etc.) that cater to all, to fulfil the Bank's accessible banking mission; - Full employment and decent work for everyone: 98% of employees have permanent work contracts and 100% are covered by a collective agreement (95% and 98% respectively at CNP Assurances); - Supporting the growth of local communities and companies with dedicated products and services (green loans for local authorities, micro-credit, finance solutions for micro, small and medium enterprises); - Signing the Supplier Relations and Responsible Purchasing Charter and implementing a Responsible Purchasing Policy: respect for human rights, labour practices and the environment; - 2022: CNP Assurances pledges to double its impact investments ⁽¹⁾ to €1 billion by the end of 2025;
SDG 10: "REDUCE INEQUALITY"	 <ul style="list-style-type: none"> - Solutions to support and empower vulnerable populations: the <i>Simplicité</i> option, the new relationship-led <i>Atout Simplicité</i> programme, the <i>L'Appui</i> budget assistance platform for customers experiencing financial difficulties; - A commitment to inclusion and diversity at each stage of an employee's career: hiring, promotion and job opportunities, development, maternity/paternity leave, end-of-career transition support, etc.; - A ten-year track record for <i>L'Envol</i>, the Bank's educational programme dedicated to fostering equal opportunities.

(1) CNP Assurances refers to the definition of impact investments adopted in 2021 by the industry in Paris. Impact finance is an investment strategy that aims to accelerate the fair and sustainable transformation of the real economy, by providing proof of its beneficial effects (source: CNP Assurances Universal 2022 Registration Document).

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Sustainable Development Goals

La Banque Postale's initiatives

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"



- In 2018, La Banque Postale was one of the first banks in the world to offset all of its carbon emissions across its operational scope.
- In 2020, La Banque Postale undertakes to reach net-zero emissions across its business base, including its financing and investment activities, by 2040.
- 2021:
 - La Banque Postale becomes the first bank in Europe and one of the first three in the world to earn approval from the Science Based Targets initiative (SBTi) for its low-carbon pathways and alignment with the Paris Agreement, for both its operational scope and its financing and investment activities;
 - Fossil fuel and oil and gas sector policies formally defined;
 - Launch of positive-impact personal loans;
- 2022 (see Section 2.4.1.1.1 "Net zero commitments")
 - Green loans aligned with the European Green Taxonomy;
 - Implementation of sustainability profile disclosures as part of the SFDR;
 - La Banque Postale, a founding member of the Net Zero Banking Alliance (NZBA), publishes its first sector-specific low-carbon pathways aligned with a 1.5°C scenario;
 - Corporate financing and investment policy formally defined for the aerospace industry;
 - LBP AM, a member of the Net Zero Asset Management Initiative (NZAMI), undertakes to align 80% of its total assets under management with a carbon neutral objective by 2030;
 - LBP AM issues an oil and gas sector policy designed to align all its sector exposure with 2030 Paris Agreement targets;
 - LBP AM offers two thematic funds dedicated to the energy transition (LBP AM SRI Environnement and LBP AM SRI Global Climate Change);
 - CNP Assurances strengthens its oil and gas sector policy by terminating any new direct investment in companies developing new fossil oil or gas exploration or production projects.

2.2.2 Commitment to sustainability governance

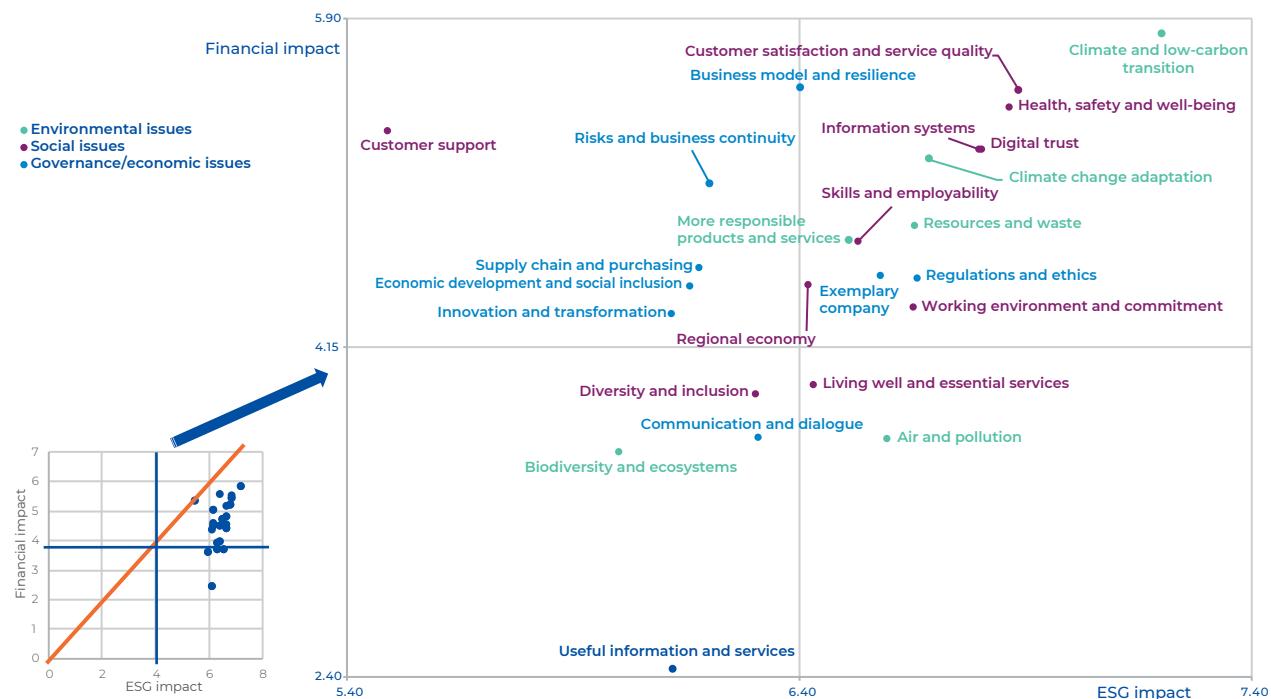


2.2.2.1 Materiality of sustainability issues

A materiality analysis measuring the importance of CSR issues in the eyes of internal and external stakeholders was updated at La Poste Groupe level in 2022. It was conducted in anticipation of the regulatory requirements of the Corporate Sustainability Reporting Directive (CSRD). The most relevant issues for La Banque Postale were mapped accordingly⁽¹⁾ based on a "double materiality" approach, which in turn is based on an analysis of negative and

positive impacts, as well as financial risks and opportunities for the Group. This approach is directly inspired by the recommendations set out in the draft ESRS standards published by the European Financial Reporting Advisory Group (EFRAG) in view of the forthcoming CRS Directive, which is due to be adopted in 2023. The criticality of financial impacts is calculated based on the ESRS model, adjusted for the various La Poste Groupe business lines, including those of La Banque Postale.

(1) Excl. CNP Assurances



The issues identified in this analysis as material are consistent with the objectives set by the Bank's Mission Committee in 2022.

Certain factors appear in the top quartile of the scale as being important for stakeholders and as having a considerable impact on La Banque Postale:

- Two priority themes related to climate change ("Climate & Low Carbon Transition", "Adaptation to Climate Change"), which fully reflect La Banque Postale's commitments to decarbonising its operations (SBTi, NZBA). The more emerging theme of Biodiversity is now a subject of concern among stakeholders, and La Banque Postale is responding by gradually developing a process to protect ecosystems.
- Customer themes ("Customer Satisfaction & Quality of Service", "Useful Information & Services", "Customer Support", "Digital Trust"), which La Banque Postale's strategy covers in several ways:
 - increased digitisation of banking products and services, while remaining vigilant to ensure that they are accessible to everyone (digital ambassadors in post offices);
 - promotion of an ethical and high-quality customer relationship;
 - greater protection against cyber-attacks on the Bank's information systems, and numerous awareness campaigns for our customers.
- The "More Responsible Products & Services" theme reinforces La Banque Postale's historical position of

proposing sustainable solutions. The high priority attached to this issue highlights the importance of non-financial considerations for banking and insurance businesses, as well as the growing impact in recent years of climate issues in the financial sector. The regulatory environment is increasingly demanding, as are the expectations of customers, civil society and ratings agencies, keen to see proof of progress towards meeting the United Nations' sustainable development goals. 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 enables it to measure more precisely the impacts of its business and guide its financing and investment decisions, also address the issue of responsible offerings (see Section 2.3 "Develop and promote good and services that meet environmental, social and regional concerns");

- In addition to the "Exemplary Company" and "Regulations & Ethics" themes, La Banque Postale has a third mission-led objective: "Advance best standards and regulatory practices in the banking and insurance sector through our exemplary actions".
- Finally, social themes ("Communication & Dialogue", "Diversity & Inclusion") reinforce the importance of the human resources policies developed by the Bank, which regularly ranks as a benchmark on these subjects in the analyses of non-financial rating agencies (see Section 2.2.4.2 "Nurturing a positive social dialogue in the service of transformation" and Section 2.4.2 "Guaranteeing equal opportunities within the Bank by acting for the inclusion of all").

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2.2.2.2 The main ESG risks for La Banque Postale

The Group's ESG risk identification process is presented in Section 6.8.3 "ESG risk" of this document.

The table below lists La Banque Postale Group's ESG risks, indicating for each one the Universal Registration Document sections presenting the corresponding:

- description of the ESG risk (column 2);
- the policies and initiatives deployed to manage the risk (column 3);
- the indicators tracked to measure performance and outcomes (column 4).

Risk family	Risks identified	Risk handling	Tracking indicators (I)
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.		
1. Environmental risks	Financial risks resulting from climate events and an increase in external environmental constraints impacting La Banque Postale directly and indirectly through its exposures.		
1.1 Climate and physical environment 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).	2.3.2.1 Support for energy renovation 2.3.2.6 Opening up access to carbon footprint calculations using Carbo 2.3.8 Fostering the emergence of a circular economy 2.4.1.1 Commitment to combat climate change 2.4.1.2 Commitment to fostering biodiversity 2.4.1.3 Implementing strict exclusion policies 2.4.1.4 Reducing La Banque Postale's environmental footprint 2.4.1.5 Committed procurement policy for suppliers	Exposure of Real Estate Financing to physical risks (flooding and droughts)*

(I) Indicators used in La Banque Postale's risk map.

Risk family	Risks identified	Risk handling	Tracking indicators (I)
1.2 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.	2.2.2.4 Training employees in CSR and sustainable finance 2.3.2.1 Support for energy renovation 2.3.2.6 Opening up access to carbon footprint calculations using Carbo 2.3.8 Fostering the emergence of a circular economy 2.4.1.1 Commitment to combat climate change 2.4.1.2 Commitment to fostering biodiversity 2.4.1.3 Implementing strict exclusion policies 2.4.1.4 Reducing La Banque Postale's environmental footprint 2.4.1.5 Committed procurement policy for suppliers 2.4.4.1 Dialogue with stakeholders	Reduction in Scope 1 & 2 GHG emissions Level of portfolio alignment with the SBTi pathway Net exposure to fossil fuels Results of the European Central Bank (ECB) Climate Stress Test
2 Labour and societal risks	Risks arising from labour-related issues that may have a negative impact on the financial performance or solvency of La Banque Postale.		
2.1 Labour risks (employment and employee health and safety practices)	HR risk relating to failure of the Group's employment and employee health and safety practices.	2.2.4.1 Supporting career development 2.2.4.2 Nurturing positive social dialogue to drive transformation 2.2.4.3 Promoting quality of life at work 2.2.4.4 New work practices and the employee experience	Number of positions that have been vacant for more than four months* Gender Equality Index* Absenteeism rate Rate of training on psychosocial risks* Rate of employee turnover
2.2 Societal risk (customers and suppliers)	Risk 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.	2.3.3.1 La Banque Postale's accessible banking mission 2.3.5.3 Listening to customers 2.3.4 Assistance to people experiencing financial difficulties 2.3.4.1 Combating banking exclusion with public and non-profit groups 2.3.4.2 L'Appui, the budget assistance platform for customers experiencing financial difficulties 2.4.1.5 Responsible and Ethical Purchasing Charter 2.4.5.2 Preventing tax evasion 2.4.5.3 Protecting personal data and strengthening cybersecurity	Contract compliance rate (inclusion of Duty of Care appendices) Number of supplier contracts covered by the Responsible Purchasing Charter

(I) Indicators used in La Banque Postale's risk map.

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Risk family	Risks identified	Risk handling	Tracking indicators (1)
2.2 Societal risk (products and services)	Risk 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.	2.2.3 Integrating impact assessments into the bancassurance business 2.3.2 A range of products that allows customers to play a role in the just transition 2.3.1 Inclusion of ESG criteria in product and service design 2.3.3.1 La Banque Postale's accessible banking mission 2.3.5.3 Listening to customers 2.3.4 Assistance to people experiencing financial difficulties 2.3.4.2 L'Appui, the budget assistance platform for customers experiencing financial difficulties 2.4.1.5.1 Responsible and Ethical Purchasing Charter 2.4.5.2 Preventing tax evasion 2.4.5.3 Protecting personal data and strengthening cybersecurity	Percentage of offers labelled "Sustainable"
3. Governance risks	Risks of financial loss and/or reputational damage for La Banque Postale linked to failure of the rules and procedures implemented to soundly manage, administer and control the environmental and social aspects of the Group's business.		
3.1 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.	2.1.3 Mission-led company governance 2.2.3 Sustainability governance designed to support the impact culture 2.3. Integrating impact assessments into the Bank's activities 2.3.1 Integrating ESG issues into the bancassurance business 2.4.2.3.2 Gender equality	Percentage of women managers and strategic managers ⁽²⁾ , percentage of women on the Executive Committee and the Supervisory Board*
3.2 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.	2.2.3 Sustainability governance designed to support the impact culture 2.4.4.1.3 Regular dialogue with non-financial ratings agencies	Proportion of commitments under supervision and control
3.3 Reputational risk	Risk of damage to La Banque Postale's reputation following its involvement in social conflicts or environmental controversies.	2.2.3 Integrating impact assessments into the Bank's activities 2.3.1.4.1 Integrating ESG issues into LBP AM's asset management business 2.4.1.3 Implementing strict exclusion policies	Operational risk ratings**
3.4 Compliance risk (Ethics)		2.4.1.3.1 Responsible financing and investment charter 2.4.1.5.3 Sapin II compliance and duty of care 2.4.5.1 Ethics: better risk management for business 2.4.5.2 Preventing tax evasion	Operational risk ratings**

* Indicators integrated into La Banque Postale's risk appetite system.

** The risk rating is done at the level of operational risks and not ESG risks.

(1) Indicators used in La Banque Postale's risk map.

(2) ✓ indicator independently verified to a reasonable level of assurance.

2.2.2.3 Sustainability governance designed to support the impact culture

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 three units that carry the commitments to stakeholders:

- **a Transformation and Innovation unit**, which defines how responsible assets and offers are qualified, 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 tasked with a) defining and tracking the fulfilment of the Bank's sustainability commitments, such as climate and biodiversity; b) developing strict sector policies to

support transitions; and c) nurturing dialogue with non-financial rating agencies, NGOs and other stakeholders;

- **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.

- This unit includes *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.

A new unit was created within the Finance Department in 2022 to more closely align the financial and sustainability management processes.

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Sustainability reporting lines have been defined to prioritise operational deployment across every business line. The Sustainability Department (SD) is driving a paradigm shift so that awareness of ESG issues and the notion of impact are gradually being instilled in every Group department. The following diagram describes the new reporting structure, in which the SD's role is refocused on:

- Defining the Group's **sustainability strategy** and the major commitments for the business lines, in alignment with the strategic plan objectives;

- **Ensuring the coherence and credibility of this strategy for the entire Group** by building internal standards to avoid any reputational risk of greenwashing and by supporting the convergence of non-financial and financial trajectories;
- **Fostering internal change** through training and support for teams across the organisation;
- **Interacting with stakeholders** and expressing La Banque Postale's vision to the ecosystem in order to build a relationship of trust with every stakeholder.

Sustainability reporting lines and responsibilities at La Banque Postale:

Strategy definition		Solution development		Implementation		Communication	
SD/Business lines	SD	Business lines	SD	Business lines	GRD	Fin. + ALM	SD
■ Propose a pathway to an impact culture and low-carbon economy	■ Define the credo of an impact culture and sustainability ■ Integrate new regulatory requirements ■ Create sustainable offers and services together with the business lines	■ Design sustainable and positive-impact products and services ■ Set the pricing strategy of sustainable and positive-impact solutions ■ Instil the impact culture and sustainability strategy in management style for effective leadership	■ Establish a guide to ESG standards and framework ■ Pilot the impact culture and decarbonation trajectory by means of Key Performance Indicators	■ Implement the low-carbon strategy ■ Instil the impact culture and sustainability strategy in our relationships with customers whilst proposing sustainable products and services	■ Incorporate environmental risks into the conventional risk management systems ■ Manage the non-financial database	■ Manage positive-impact assets ■ Set up an overall performance system to link financial and non-financial indicators	■ Ensure LBP is present and recognised in the community ecosystem
■ Approve the impact culture and low-carbon strategy proposed by the SD ■ Adjust the funding strategy and defines the investment sectors	■ Update the Group's information systems to integrate new products and indicators					■ Organise internal and external institutional and commercial communications on the bank's commitments and actions	■ Produce new non-financial reports to the required regulatory standards
*Other supervisory bodies							

SD: Sustainability Department

IS: Information systems

GRD: Group Risk Department

ALM: Asset and Liabilities Management

In order to mobilise all employees to achieve La Banque Postale's strategic objectives, a 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 account for 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%.

Inclusion of the organisation's priority issues was enhanced in 2022 by the variable compensation scheme for all La Banque Postale employees, for whom the achievement of non-financial objectives determines up to 40% of their individual variable compensation.

2.2.2.4 The network of ambassadors and facilitators

Launched in September 2022, the network of just transition ambassadors developed by La Banque Postale is helping to assertively drive deployment of the sustainability strategy among employees. The first circle of ambassadors comprises some 80 employees from across the Bank's

departments and subsidiaries, selected because their job or function deals directly with CSR issues. They are active relays in their management on the implementation of the company's mission-led objectives. They attend a dedicated training programme, with lectures, AMF sustainable finance certification, practical courses, intelligence coaching and access to expert-level resources.

A second, wider circle covers existing communities already committed to CSR, such as a) the more than one hundred CSR correspondents based around France, mainly in the Customer Relationship and Experience Centres (CRECs); b) the L'Envol sponsors engaging with the young people in the equal opportunities programme; c) contributors to the non-financial reporting system; and d) participants in the Carbon Fund. Their common objective is to promote sustainability at La Banque Postale, so that all employees become ambassadors in turn.

Dedicated sessions are enabling just transition ambassadors to discuss how they are helping to meet the mission-led company objectives and to share tips on facilitating, best practices and locally led initiatives.

Among the events organised in 2022 by the CSR correspondents were bicycle repair workshops in Clermont-Ferrand, the Mai à Vélo cycling programme in Lille, a clothing drive in partnership with the Cravate Solidaire association at the Bank's head office, and a photo competition among the CRECs, bringing together more than a hundred participants on World Clean Up Day.

Lastly, a third circle of ambassadors includes all the employees who have participated in at least one sustainability initiative, such as a Climate Fresk workshop.

2.2.3 Integrating impact assessments into the Bank's activities



The ESG checklist, applied to all new or significantly transformed products, helps to determine which products and services can be described as "sustainable" or "community oriented," with the goal of increasing their percentage (see Section 2.3.1.1 "Inclusion of ESG criteria in product and service design").

In 2021, La Banque Postale launched the project to create its **Impact Weighting Factor**, which will be used to assess **environmental, social and local community impacts**, such as a project's carbon footprint or biodiversity impact, alongside traditional financial risk and return measurements.

Applied gradually to each customer and each transaction, the Impact Weighting Factor is designed to be aggregated for **tracking by business line** or for assessing La Banque Postale's **overall impact**. In this way, its uses (awareness-building, transparency, loan approval process, pricing, etc.) will cut across all the business lines and corporate functions.

In 2022, **indicators for each of the three impacts** (environment, society, regions) were defined for the Asset and Project Finance, Commercial Real Estate Finance and Home Loans businesses. Each indicator is expressed in **five impact levels**, ranging from 1 (highly positive impact) to 5 (highly negative impact).

In 2022, **application of the Impact Weighting Factor** to home loans was operationally trialled in two local housing associations (*Maisons de l'Habitat*), with some 20 advisors trained and 369 loan applications assessed between September and the end of November.

with the goal of transforming La Banque Postale's footprint and quantifying its impact on society, while **pro-actively ensuring compliance with current and future legislation**.

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2.2.4 Instilling the impact culture by transforming the employee experience



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. Building their skills and sense of empowerment, as well as their ability to effectively engage on behalf of La Banque Postale, are all powerful drivers 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.

2.2.4.1 Supporting career development

2.2.4.1.1 Training

Enabling employees to acquire the strategic skills of tomorrow

The École de la Banque et du Réseau (EBR) contributes to the development of La Poste Groupe by supporting the professional development of employees towards strategic skills and the professions of tomorrow.

Also in 2022, the EBR gave more than 340,000 days of training by increasing the number of employees trained. 98% of employees from business lines undergoing transformation benefited from at least one training course (compared to 82% in 2021), and 95% of employees in other business lines (compared to 51% in 2021). The satisfaction rate for the EBR trainers' instructional delivery was 91%.

The EBR has earned the Lucie 26000 label, in a commitment to expressing, strengthening and promoting its CSR engagement policy. In 2022, 92 initiatives were rolled out or expanded, while the three prize-winning ideas from the internal "Responsible and Engaged" CSR Challenge were implemented, with donations to non-profits, eco-design charters and the recycling of unused equipment.

The Learning Management System (LMS) was upgraded to offer learners a single portal, called MaFormation, to access their training. All the e-learning courses were transitioned to the new platform in 2022, to be followed by all the employee skills development programmes in 2023.

Supporting the transformation of La Banque Postale Group

The mission of supporting the transformation was taken to the next level in 2022 with the launch of four major cross-functional training programmes reflecting the 2030 strategic plan's priority objectives. The programmes are now helping to support and cross-link business strategies and new work practices, with a focus on the digital

transformation, the just transition, the customer experience and risk culture.

Digital transformation

Created to raise awareness of what a digital transformation means for a company, the *Pascal le digital* web series has proven highly popular, with 22,600 employees watching the first episode on process digitisation, released in July 2022, and further episodes scheduled for 2023. Over 9,000 employees attended the "AI Objectives" training programme. In 2023, the issues of data security and data-driven innovation will be addressed.

The just transition

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.

Reflecting the significant role played by training in fulfilling its sustainability commitments, La Banque Postale boasts a highly diverse range of courses on such issues as sustainability strategy, CSR fundamentals, climate risks, eco-actions and Climate Fresk workshops. It also offers training programmes on the just transition.

Launched in January 2022, the "Discovering the Sustainability Strategy" e-learning module had been taken by more than 50% of bank and financial services employees by end-November 2022. The module was supported by the deployment of Climate Fresk workshops, first for senior management and then for all employees. By end-December 2022, 2,170 employees had been trained, exceeding the initial target of 1,500 by that date. Of these, 75 have become Climate Fresk facilitators. The ultimate goal is to raise the awareness of 13,000 employees at Group level by June 2024. Deployment also continued apace for CNP Assurances employees during the year. Lastly, La Banque Postale's energy efficiency plan was supported by an online course in eco-actions related to the climate and responsible digital technology, which was attended by close to 31,250 employees in 2022.

In a commitment to continuous improvement, La Banque Postale offers a programme to develop the skills needed to drive the just transition. Starting in 2023, a specific training programme will be offered to customer-facing employees to help them provide customers with a better understanding of both CSR and their financial investment choices. The innovative programme is designed to get all the job families (sales, corporate, communication, purchasing, etc.) involved in the training process to support them in their transformation. As one of the priority targets for developing the skills needed to drive the just transition, training for the Corporate and Investment Banking business line was also updated in 2022.

For employees working in sales, these strategic skills development initiatives are accompanied by more targeted modules on the Bank's range of solutions. The initial training courses and sales documentation emphasise the non-financial dimension of La Banque Postale's products. As an example, more than 750 initiatives dedicated to the SRI fund range were carried out in 2022 with retail banking advisors. In addition, La Banque Postale's financial advisors are trained to meet the requirements of the new regulations on the duty to advise, in particular regarding the sustainability profile (MIFID II).

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. In 2022, with the operational roll-out of CNP Assurances' *raison d'être*, an open management programme was offered to the management team, which is more central than ever to the company's transformation plan to shift towards a very high value-added model.

Throughout the year, more than 70 articles were published on internal networks to express the Bank's commitments, its worldwide CSR positioning and its proactive measures to lower carbon emissions. In addition, over 40 CSR news items were published on the Bank's institutional website in 2022.

Lastly, in recognition of all the initiatives undertaken to nurture employee engagement in the just transition and develop their capabilities, the Sustainability Department and the Human Resources Department were awarded the Gold Trophy in the best HR and CSR partnership category at the *Victoires des leaders du Capital Humain* ceremony.

Customer experience

The customer experience programme is helping to build awareness of the customer culture and the development of practices that improve the customer experience. In 2022, 800 Customer Relationship Department managers were trained in operational excellence and certified Yellow Belt, while 180 managers and 1,200 employees in customer relationship positions were trained in relational excellence. This pathway will be pursued in 2023 with relational excellence programmes for middle management, and customer culture awareness courses for all employees.

Risk culture

To strengthen risk management capabilities across the organisation, an e-learning course on climate and environmental risks for financial institutions was attended by 22,730 employees in 2022, and will continue to be available to everyone in 2023. By the end of September 2022, some 28,660 employees had been trained in fraud prevention, which is considered a priority to protect the interests of both customers and the Bank.

2.2.4.1.2 Mobility and career development

A variety of results-oriented initiatives are in place to promote the mobility and career development of La Banque Postale employees, particularly through performance reviews and the implementation of individual development plans. The Bank also focuses 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 area of activity in keeping with its social model. Lastly, it encourages its employees to discover new careers within the Group.

The ambitious hiring policy pursued in 2022 led to a 10% increase in the workforce, particularly in the regulatory functions and the Corporate and Investment Banking business.

In addition to these measures, a "mOH!bility" job opportunity forum will be organised in the first quarter of 2023, with five objectives:

- present the Bank's business lines, to highlight the richness and diversity of La Banque Postale's offering;
- showcase the opportunities for internal mobility throughout a banker's career and offer keys to successful mobility;
- encourage the desire for mobility and fill job vacancies;
- enable employees being transferred to express their interest in a different department or position;
- send a positive signal to both employees and the public to attract future talent.

2.2.4.1.3 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 have access to an 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.

In 2022, La Banque Postale drafted a Schools policy, with the goal of:

- creating and managing alumni communities for each school;
- increasing the hiring of interns and work-study trainees to 15%, from 10% in 2021, and hiring students with four or five years of higher education to fill positions in La Banque Postale departments;
- fostering synergy with CNP Assurances to build a common presence in engineering schools, business schools and universities;
- facilitating access to job opportunities offered to students in L'Envol, La Banque Postale's equal opportunities programme;
- expanding access to internships and work-study positions for young people with disabilities, in liaison with specialised partners.

In 2022, to increase contact with students and support the successful onboarding of interns and work-study trainees, La Banque Postale organised 19 events with its various partner schools in face-to-face, online and hybrid formats. More specifically, in July the Group submitted a case study to EDHEC's Advanced Career Week

and in December it took part, for the sixth year running, in the National Student Convention for Sustainable Development (ANEDD), in partnership with Toulouse Business School.

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To address the issue of hiring IT capabilities, a partnership was formed in February 2022 with the Ynov Bordeaux campus and the CGI IT consultancy to support a dedicated two-year "Expert in Information Systems Development" Master's programme.

In September 2022, La Banque Postale formed its first partnership with an engineering school, ENSAI, a public university with leading-edge expertise in data management. In October, an immersive day was organised for 18 students from the school's Cyber Campus in La Défense, Paris, to give them an in-depth look at the Bank and its job opportunities.

In total, at 31 December 2022, 972 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. In 2022, following completion of their assignments, 99 work-study trainees and 114 interns were hired under permanent or temporary work contracts at La Banque Postale's head office.

2.2.4.1.4 Hiring and retaining older workers

Having signed the French government's "Pledge to Enhance the Role of Employees Over 50", La Banque Postale is continuing to:

- hire employees over 50, by setting aside 12% of hirings under permanent contracts and internal transfers for this age group;
- retaining employees over 55, by ensuring that the average age of their retirement, for whatever reason, is not lower than the legal retirement age;
- providing end-of-career transition support and preparation for retirement

2.2.4.1.5 Remuneration policy

La Banque Postale's compensation policy 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.

In early 2022, for example, under a unanimously approved labour agreement, La Banque Postale implemented three types of across-the-board raises for:

- employees earning less than €65,000 a year;
- employees who had not received a raise over the preceding three years;
- employees with more than 10 years' seniority whose salary was significantly out of line with Group standards.

To support gender equality in the workplace, the Group also allocated €600,000 to narrowing the pay gap between men and women in comparable job situations. This made it possible to raise the salaries of nearly 400 employees, both men and women.

Lastly, in October 2022, under an agreement unanimously signed by the trade unions, La Banque Postale also introduced a number of one-time salary measures in a commitment to preserving the purchasing power of its employees.

In compliance with France's Rixain law, which requires

companies to calculate the percentage of women in their governance bodies, La Banque Postale reported representation of 34.17% in respect of 2021, which already exceeds the minimum of 30% to be met by 2026.

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.

Profit-sharing schemes reflecting the fulfilment of strategic objectives and the company purpose

The alignment of remuneration with the non-financial objectives of La Banque Postale is carried out both when determining individual and collective variable remuneration.

Since 2022, all employees have been concerned by their individual variable remuneration: executives, strategic managers and employees.

With regard to collective variable compensation, La Banque Postale involves employees in its results and performance through the distribution of both discretionary and statutory profit shares. The three-year agreements governing distribution of these profit-shares in 2021, 2022 and 2023 incorporate key indicators tracking performance in meeting the Group's strategic objectives, namely, to position La Banque Postale among the leaders in the customer experience, reaffirm its sustainable community vision to support the just transition, and consolidate its fundamentals by combining deep regional roots, digital excellence and operational performance.

La Banque Postale's results and its positioning enabled the distribution, in respect of 2021, of €7.9 million in discretionary profit-shares before tax and of €9.7 million in statutory profit shares before tax.

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 2022, the employer's contribution to the salary and benefits aggregation and profit-sharing scheme totalled €3.9 million. In 2022, nine subsidiaries had signed up to the La Banque Postale Group PEG and nine to the PERCOL scheme.

La Banque Postale also 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.

La Banque Postale offers 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.).

2.2.4.2 Nurturing positive social dialogue to drive transformation

La Banque Postale embraces the exercise of union rights as an important factor in maintaining fair, orderly labour relations in its corporate community.

2.2.4.2.1 The Bank's commitments to improving social dialogue

In this spirit, a number of agreements and amendments were negotiated and approved in 2022, including the agreement relating to salary measures and the employer's matching contribution to employee savings plans for the year, and its amendment covering salary measures to help protect the purchasing power of La Banque Postale employees.

These agreements are in addition to previously signed agreements that are still in force, covering such areas as career development and training, disability, diversity, gender equality in the workplace and fair pay.

2.2.4.2.2 Committees as vehicles for representation

The Social and Economic Committee (CSE)

Upon the merger of the different bodies arising from the legislation establishing the Social and Economic Committee, La Banque Postale wished to maintain local and regional staff representation based on an agreement to appoint local representatives throughout the country.

With regard to employee relations and employee 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 deployment of regularly scheduled discussion workshops with elected members of the CSE and the CSSCT has enabled everyone to work together, share information and discuss the issues at hand. These discussions were conducted prior to final consultation with the representative bodies concerning two projects in the real estate master plan, known as "Village La Poste" and "Transforming Sèvres" (see Section 2.2.4.4 "New work practices and the employee experience"). This methodology, deployed upstream from talks with the CSE/CSSCT or downstream as part of the tracking process, has helped to foster a special relationship, enabling La Banque Postale to pursue its transformation in a calm and peaceful manner.

The Social and Economic Committee also manages the social and cultural activities and the funds earmarked for

these activities. To enable as many La Banque Postale Group employees as possible, particularly in the smaller units, to participate in these activities, the Company and the employee representatives created a shared legal entity in the form of an association, to which participating subsidiary CSEs can delegate the management of their social and cultural affairs. The association's role is not to act as the exclusive provider of these activities in the Group but to maximise the social and cultural benefits for its members.

A new CSE commission to support the sustainability

Management wanted to enhance the Company's social dialogue by creating a CSE commission dedicated to sustainability which meets at least twice a year. It comprises four members of the Mission Committee and four elected members of the La Banque Postale CSE, so that all the Company's unions are represented. The Commission is tasked with fostering close, regular dialogue with the Mission Committee to share its work and comments. Its members will be interviewed by the Mission Committee and by the Independent Third Party to prepare its annual report (see Section 2.1.3.2 "The Sustainability Commission").

The Group Committee

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 and the consolidated financial statements.

In 2021, the terms of office of all Group Committee members were renewed, providing an opportunity for CNP Assurances to be included on the Committee with voting rights.

Today, 48 employee representatives (24 full members and 24 alternates) sit on the Committee, representing around 20 La Banque Postale Group subsidiaries.

In conclusion, in 2022 there were:

- 21 Social and Economic Committee meetings;
- 15 Health, Safety and Working Conditions Commission meetings;
- 32 meetings either of commissions to track implementation of signed agreements or of CSE commissions (training, economic affairs, equality in the workplace, contracts, social and cultural activities, sustainability, housing);
- 2 national meetings of local representatives;
- 3 Group Committee meetings.

2.2.4.2.3 Social dialogue in the organisations

Banque des Pros (NOD DEDT-SF)

As part of the organisational changes in Banque des Pros management, the Social Dialogue Commission met five times, the Occupational Health, Safety and Working Conditions Committee seven times and the Technical Committee three times in 2022. There were also a number of bilateral meetings, in particular with the new Managing Director.

Social dialogue led to the signing of the first agreement in the Corporate and Regional Banking business and helped to support the creation of the new Corporate and Investment Banking entity.

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Financial services and the Customer Relations and Experience Department

In 2022, La Poste's financial services pursued the high-quality social dialogue initiated in 2021 in support of La Banque Postale's strategic plan and the "Connected Energies" financial services programme, with a focus on meeting the objective of "delivering best-in-class customer service that sets the French banking industry standard for profitable growth."

Nationwide, 28 meetings were organised by the Social Dialogue Commission, preceded by bilateral meetings with each trade union. These meetings were intended to present the strategic issues being addressed by each project to optimise procedures and processes and improve the management of remote banking relationships.

In 2022, the Customer Relations and Experience Department also explored new regional governance procedures and new ways of organising its support functions, by holding two meetings of the national Health, Safety and Working Conditions Committee and one information meeting of CSE, whose work is ongoing.

At the same time, the 2022-2025 #RÉUSSIRENSEMBLE agreement was signed. Covering an employee's entire career path, it is structured around a number of ambitious components:

- specific new-hire induction and onboarding measures, with a focus on work-study trainees and hiring young people;
- a plan to hire 1,000 people;
- revamped career paths involving a skills assessment, a better understanding of opportunities and an increase in compensation, particularly for customer relationship employees;
- an extensive promotion plan as part of the new career paths;
- financial support for job mobility and transition;
- Quality of work life (QWL) and CSR processes designed to improve physical working conditions both on and off-site, support work-from-home and other new work practices, prevent psychosocial risks and encourage local QWL and sustainability initiatives.

The agreement resulted in the creation of two national tracking commissions and three themed workshops, whose takeaways were then relayed to the nineteen local operating units. A full 57% of the measures have already been deployed in the agreement's first year in effect.

The La Poste Network (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 employee dialogue commission meetings were held in 2022 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.

Although no specific agreement was signed for the Banking Advice business line, labour agreements signed in the Consumer and Digital Division included clauses applying to Banking Advice employees, some of which were also included in the agreements signed by the Customer Relations and Experience Department and the Banque des Pros.

The 17 May 2022 agreement on reciprocal customer service commitments in the post offices includes a commitment to hire 600 new banking advisors between 2022 and 2024 and a far-reaching IT investment plan, which calls for the deployment of 6,000 additional laptops for banking advisors.

CNP Assurances subscribes to the right to exercise freedom of association and the right to collective bargaining and almost all employees (98%) 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.

2.2.4.3. Promoting quality of life at work

2.2.4.3.1 Facilitating quality of life at work

In the wake of the unusual health situation, the professional development of La Banque Postale's social assistance-medical and prevention teams continued in 2022, with:

- the installation of new medical care software;
- the hiring of a new member of the prevention team;
- the creation and presentation to the CSSCT of periodic health protection indicators;
- the organisation of occupational health protection events at the main facilities in the Greater Paris area.

In cooperation with the national occupational Health and Safety Committee, a true effective body for consultation and circulation of guidelines to local Occupational Health, Safety and Working Conditions Committees, 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.

2.2.4.3.2 Prevention

In 2022, La Banque Postale continued to deploy its prevention measures and apply the health and safety protocols in consultation with the CSSCT. The 2022 annual prevention plan presented to and approved by the CSSCT is built on four initiatives:

- deploying La Banque Postale's dedicated occupational risk assessment process;
- deploying the communication plan and organising prevention and occupational health events;
- analysing lost-time accidents using the "5 Whys" technique;
- continuing to make workstation adjustments requested by the occupational health office.

2.2.4.3.3 Preventing psychosocial risks

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.

Primary prevention focuses on the conditions and organisation of working from home, recognised as a new working arrangement. Secondary prevention is designed to develop capabilities, skills, expertise and practices, acquired in a new range of training courses. The initiatives undertaken to enhance work-life balance⁽¹⁾ offer employees greater comfort, safety and mutual support. At certain times of life, this can become an important factor in preserving employee health and the stability of their personal and family situation.

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.

Still concerning CNP Assurances, the annual quality of life at work survey, measuring more precisely 45 factors across 15 categories bearing on employee stress, well-being and engagement, was carried out in September 2022. It had a 57% participation rate. Its results are relatively stable compared to the previous year, with an overall score of 74/100. This level of well-being is in line with the external benchmark. Nevertheless, the stress rate deteriorated slightly and remained above the external benchmark. Engagement indicators are also stable and in line with the market. The majority of respondents express pride in working for the company and would recommend it.

2.2.4.3.4 Raising manager awareness

To assess quality of work life, indicators such as employee opinion survey data and short-term absenteeism have been integrated into managers' objectives. The managers are supported in the performance of their duties by HR solutions such as coaching, mentoring and mediation. Other actions are also developed to improve their managerial approaches: feedback, an area for discussions about work, discussion workshops, etc.

In the 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. In addition, the operating units in the Customer Relations and Experience Department pursued their initiatives to attenuate psychosocial risks through group feedback sessions and participative workshops, as well as individual initiatives with the trial of a digital platform to facilitate access to multidisciplinary counsellors.

The Prevention, Health and Safety in the Workplace process was also strengthened with the introduction of multidisciplinary assessments of the impacts of the transformation projects. This made it possible to pro-actively manage the change-related risks and recommend prevention plans to support employees and facilitate feedback from operations in response to the new business line strategies. As part of this process, the national commission dedicated to preventing Health, Safety and Working Conditions risks met six times in 2022. Also meeting during the year were commissions tracking implementation of the Réussir Ensemble agreement, whose measures amply addressed quality of work life commitments by:

- giving new impetus to the induction and onboarding process, with the introduction of "Energisers" to drive the process in the operating units;
- reaffirming the role of in-house coaches dedicated to supporting managerial practices;
- calling for a range of local initiatives to enhance quality of life at work and commitment to sustainability;
- developing an inter-generational programme to enable any employee due to retire within two years and impacted by a job transition to pass on his or her skills to new hires and/or employees already on the job.

2.2.4.3.5 Preventing absenteeism

In 2022, La Banque Postale again paid particular attention to the risks of absenteeism, by tracking indicators unit by unit and overseeing the action plans deployed in each facility.

Training in the *Parlons Zen* approach continued apace during the year as part of the Employee Experience process deployed in the operating units. Each of the units devised an action plan aligned with its own situation and the lessons learned from the Engagement 2021 employee opinion survey, with the goal of improving the results of the next survey.

(1) Work-life balance is supported by a variety of measures, such as temporary leave from the job to carry out personal projects.

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2.2.4.3.6 Encouraging sports participation

La Poste Group and La Banque Postale Group encourage their employees to adopt an active and healthy lifestyle; they also sponsor employees in their sporting activities.

La Poste Group has set up a sport-health-wellness programme for all Group employees. The "Ekiden" races are the highlight of this programme, a collective experience (5, 7 or 10 km in relay) and friendly team sport under the banner #TeamSportLaPoste. The Group is responsible for the general organisation and the registration fees of the participating employees. An app: #TeamSportLaPoste was launched with startup Squadeeasy for all postal workers, whatever their profile (age, gender, region, country, physical level, etc.) to encourage them to get moving on a daily basis, through walking, running and cycling, with quizzes, challenges and advice. 4,500 employees are currently registered. A Yammer "sport/health/well-being social network" channel also makes it possible to animate the community of sporty postal workers (nearly 7,500 registered postal workers).

In addition, the La Banque Postale Group provides access to sporting assistance via the social and cultural activities association (ADASC). ADASC is a non-profit association created by La Banque Postale's social and economic committee (CSE) with the CSEs of a large number of its subsidiaries, and manages all socio-cultural services for employees. Thus, in order to encourage access to regular sports activities, ADASC subsidises the registration fees (of the employee and/or his/her dependent dependents) in a sports club recognised as being of public utility or general interest, in the context of a subscription or annual fee. ADASC also subsidises the creation and management of sports associations for employees of the Group's entities eligible for ADASC (Basketball, Football, Golf, Tennis and Badminton).

2.2.4.4 New work practices and the employee experience

As part of its strategic plan, in late 2021, La Banque Postale launched a programme dedicated to the employee experience, built on three promises:

- optimising employee career development;
- improving the daily work experience;
- strengthening commitment to the just transition (see Section 2.2.4 "Spreading the impact culture by transforming the employee experience").

For new hires, an organised, structured induction programme provides support prior to their arrival and during their first three months on the job. Key stages are organised to help them get to know the Company and its departments, and to assist them in the administrative and logistical aspects of joining the organisation.

To improve employee well-being, a programme has been undertaken to roll out new workspaces in every Group facility.

In 2022, it involved a number of projects, such as renovating the Bank's head office ("Transforming Sèvres") and moving La Banque Postale Asset Management teams to the outstanding Morland site and the Louvre Banque Privée teams to La Poste du Louvre, whose renovation has set new standards. Regional Customer Relationship and Experience Centres have also initiated projects at four pilot sites, in Lille, Montpellier, Rouen and Dijon, which will be refurbished and upgraded to the new models.

The Bank also launched a legal care service, with lawyers available to assist employees in managing everyday problems, such as neighbour disputes or family-situation issues (excluding labour law issues).

2.3 Develop and promote products and services that meet environmental, social and regional challenges

The second purpose defined in La Banque Postale's Articles of Association when it became a mission-led company was to **"Develop and promote products and services in our bancassurance offer that meet environmental, social and regional challenges"**. The Bank's levers for achieving this include:

- innovating to accelerate the environmental transition through finance for the energy transition, investment in low-carbon solutions, access to responsible consumption and protection of biodiversity;

- identifying and offering effective solutions for customers in vulnerable situations, due to financial, social, family or geographic reasons or health, age or a lack of digital literacy;
- developing the social and economic vitality of local communities by fostering the development of SMEs and intermediate-sized companies, being the preferred partner of the local public sector and non-profit sector and maintaining deep regional roots and physical proximity to customers throughout France.

2.3.1 Integrating ESG issues into the bancassurance business



2.3.1.1 Inclusion of ESG criteria in product and service design

To ensure that environmental, social and governance (ESG) criteria are taken into account in the design of its products and services, La Banque Postale created an ESG checklist in 2008 that was revised in 2021 under the new strategic plan. In line with La Banque Postale's new CSR challenges, it now includes 29 questions connected to 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.

In 2022, 64% of the offers submitted to the Product Review Committee^(I) were identified as sustainable. Cumulatively, since September 2021 and the launch of the redesigned tool, a full 59% of offers have been identified as such. The goal is 80% by 2025. In addition, a simplified checklist has been designed for assessing services associated with offers or products.

The ESG approach is also being applied to the payment media area, with the launch in 2022 of a life cycle analysis (LCA) that enabled the carbon footprint of customer bank cards to be measured.

2.3.1.2 A responsible refinancing policy

La Banque Postale can also leverage its responsible refinancing policy to advance its decarbonisation efforts. On 15 April 2019, the Bank successfully issued its first (senior, unpreferred) green bond for €750 million with a ten-year maturity. The funds raised through this issue were used to refinance projects in the renewable energies sector (onshore/offshore wind and solar farms) in Europe, mostly in France. The projects refinanced by this green bond will help achieve United Nations Sustainable Development Goals (SDGs) No.7 (clean affordable energy) and No.13 (climate action), and in 2021, they helped avoid 162,270 tCO2eq of emissions. In 2022, a new green issue raised €750 million to refinance a portion of the real estate loan portfolio, corresponding to high energy performance housing.

Since the introduction of the sustainable bond framework in 2019, the overall amount of green bonds issued is €2,015 million and €1,261 million for social bonds. The categories of financing targeted by the green issues are financing for renewable energy production projects, soft mobility and housing loans for new residential property for private individuals. For the social part, this concerns the categories of funding for social housing and essential services, particularly health.

(I) Product Review Committee

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In 2022, the green emissions achieved amount to €1,088 million. Social issues represent €430 million⁽¹⁾.

In accordance with its commitment, in December 2022 La Banque Postale published the latest allocation and impact reports, which allow investors to see how funds are allocated and to assess the social and environmental impact of their investments in 2021. These are available on La Banque Postale's website, in the Investors section.

2.3.1.3 Measuring the Corporate and Investment Bank's carbon intensity

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) business. By applying this method to non-sovereign bond holdings, the Bank is able to limit its exposure to securities of companies with the highest greenhouse gas emissions. At the end of December 2022, the carbon intensity of non-sovereign issuers was 328 tCO2eq/€m invested.

2.3.1.4 Integrating ESG issues into asset management

La Banque Postale is committed to responsible asset management by offering a range of socially responsible investment (SRI) options⁽²⁾ to investors seeking to combine sustainable development and potential yield. CNP Assurances is also careful to respect its ESG commitments in its investment management (see Section 2.3.1.4.2 "Integration of ESG issues in CNP Assurances' insurance and investment activities").

In 2018, La Banque Postale Asset Management (LBP AM), the main asset management company of La Banque Postale Group, made a commitment to convert all of its funds to SRI by 2020. Integrating this approach into its governance, tools, products and expertise, it succeeded in developing a company fully focused on SRI. Since 2020, LBP AM is the only diversified French management company of significant size to have obtained SRI certification from an independent third party for its various open-ended products⁽³⁾. With 98 certified funds, no other bank can match its range of French SRI-labelled funds.

LBP AM's SRI approach is based on three key levers: analysis and integration of sustainable development issues, engagement with companies to encourage them to improve their practices in the four areas mentioned above, exclusion of companies exposed to major controversies or operating in sensitive sectors.

2.3.1.4.1 Integrating ESG issues into LBP AM's asset management business

Analysis and integration of sustainable development issues

The integration of sustainable development issues is carried out according to the proprietary method known as GREaT. The objective is to identify responsibly managed companies whose products or services address key social issues – notably the just transition – and companies with less rigorous practices in this regard. To achieve this goal,

LBP AM bases its analysis on four pillars:

- G-responsible Governance;
- R-sustainable management of natural and human Resources;
- E-Energy transition
- T-Territorial development.

The GREaT approach has been applied to all asset classes and is used to rate the sustainable development practices of nearly 10,000 companies. Integration notably takes place through quantitative thresholds established and audited within the framework of the SRI label.

Engagement with companies to encourage them to improve their practices

This year-round dialogue aims to get a better understanding of the companies' sustainability practices and to encourage improvement in specific areas. Meetings with the companies are connected to LBP AM's voting decisions at general meetings of shareholders, based on an engaged voting policy, and the results of which are published.

LBP AM and Tocqueville Finance SA's (TFSA) shareholder engagement policy establishes the priority themes and the shareholder engagement terms (download the policy here).

LBP AM implements its engagement policy with companies either individually or collaboratively – i.e., with other asset management companies – depending on the issue in question.

In 2022, LBP AM and TFSA assisted certain companies in the complex process of climate transition, either through a bilateral or collaborative dialogue (i.e., with a group of investors). For example, they participated in an engagement campaign with TotalEnergies, co-filing a draft resolution to obtain greater transparency on the oil company's climate strategy to allow investors to objectively assess the company's alignment with a science-based low-carbon scenario. Investors withdrew their resolution after the company committed to additional transparency with respect to the climate following a discussion with LBP AM.

Continuing their engagement campaign with HSBC, LBP AM and TFSA encouraged the British bank to strengthen its upcoming transition plan, especially through a fossil fuel sector-specific policy consistent with the conclusions of the IPCC and IEA scenarios. As a result of a collaborative dialogue organised by ShareAction, HSBC fleshed out its coal policy and tightened its oil and gas policy, prompting investors to withdraw their resolution.

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 four assessment criteria of its "SRI philosophy". In 2022, LBP AM and TFSA voted at 740 shareholders' meetings in 27 countries, representing 95% of the equity portfolio. The annual general meeting season is a key moment in the shareholder engagement process, as it provides an opportunity to exchange views with invested companies and discuss LBP AM and TFSA's voting principles. The two asset management firms establish a list of around 40

(1) For information, in January 2023, La Banque Postale carried out its inaugural bond issue in the social cover bond format for an amount of €1.25 billion.

(2) For socially responsible investments (SRI), 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.

(3) Eligible open-ended funds that are not yet SRI-labelled account for less than 5% of LBP AM and TFSA's outstandings.

companies with whom they discuss their voting principles and reasons for voting against resolutions, with the aim of promoting good governance practices. During the year, 31.6% of votes were cast against resolutions submitted to shareholders by management.

In 2022, LBP AM updated its voting policy on energy and environmental transition strategy – the so-called "Say on Climate" resolutions. It actively applies this policy to encourage invested companies to develop transition plans aligned with the objectives of the Paris Agreement. Also in 2022, LBP AM and TFSA formally voted on 30 Say on Climate resolutions. They approved the plans of 17 companies and voted against 13 resolutions because the plans did not meet the specified criteria. These companies were asked to either provide more information or step up their transition plan targets before putting the resolutions to another non-binding vote.

LBP AM also aired opinions on social issues, particularly at shareholder meetings of U.S. companies. Specifically, it supported a shareholder resolution at Alphabet's annual meeting, requesting a report on how the company manages risks associated with user data collection, privacy and security.

LBP AM has also expressed strong convictions on governance issues. Curbing executive compensation to reduce growth in social inequalities is an important principle of its voting policy. During the general meeting season, LBP AM voted against 48% of the resolutions relating to executive compensation. This was the case, for example, with the compensation report of Stellantis's chief executive officer. The vote does not reflect concerns about the quality of the company's management, but about the fair distribution of value.

Regarding the composition of boards of directors, LBP AM participated in the filing of a resolution at Ipsos's general meeting proposing the election of an independent director not appointed by the board to improve the board's effective independence. Although it was not approved by the shareholders, it received 34.4% support.

LBP AM publishes an annual engagement report and a voting report, which provide insights into the engagement dialogue with companies.

Exclusion of companies

The LBP AM Group's Exclusion Committee is the body that decides on the exclusion of companies exposed to major controversies or present in sensitive sectors (controversial weapons, tobacco, gambling, thermal coal and certain oil and gas operations), in accordance with strict, regularly updated LBP AM and TFSA policies.

For more detail, see Section 2.4.1.3 "Implementing strict exclusion policies".

SRI labelling

With its subsidiary Tocqueville Finance, LBP AM had €55.8 billion in assets under management at the end of December 2022, of which €34.8 billion in SRI-labelled funds.

In 2022, LBP AM and Tocqueville Finance adjusted the classification of eight 'Article 9' funds following the latest requirements of the EU Sustainable Finance Disclosure Regulation (SFDR), which came into force in March 2021. The regulation classifies funds into three categories:

- Those that do not incorporate sustainability risks, only financial ones (Article 6);
- Those promoting environmental and/or social characteristics (Article 8);
- Those with a sustainable investment objective (Article 9).

In the run-up to more precise regulatory definitions, LBP AM and Tocqueville Finance classified almost all of their French SRI-labelled funds as Article 8, and around 15 open-ended funds as Article 9.

The SFDR Level 2 regulatory standards that came into effect in January 2023 set out more specific requirements, particularly by establishing minimum thresholds of investments for Article 8 and 9 funds. The regulation further specifies that Article 9 products "should make sustainable investments only, but such products can to some extent make other investments where they are required to do so under sector-specific rules."

Despite these clarifications, there are still some grey areas, especially regarding the definition of "sustainable investment".

Pending clarification, La Banque Postale has thus reclassified some of its funds from Article 9 to Article 8. This cautious approach was deemed preferable to applying a looser definition of sustainable investment, which would have allowed the funds to meet Level 2 requirements for Article 9 products. The reclassification concerns a limited portion of the product range and has no impact on the strategy or non-financial ambition of the funds in question.

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Develop and promote products and services that meet environmental, social and regional challenges

2.3.1.4.2 Integrating ESG issues into CNP Assurances' insurance and investment activities

CNP Assurance has implemented a responsible investment strategy within the various asset classes. This strategy reflects CNP Assurances' commitments to the Global Compact, the Principles for Responsible Investment (PRI), 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 built on three pillars: the exclusion policy, the shareholder engagement policy and the selection of investments on the basis of ESG criteria.

The management *CNP Retraite*, *CNP Caution* and *MFPévoyance* investments is delegated to CNP Assurances and benefits from the same ESG approaches. The other subsidiaries are responsible for managing their investments, while applying Group policies.

The responsible investment approach implemented within CNP Assurances cannot be applied uniformly to all asset classes in the portfolio (shares, corporate bonds, sovereign bonds, funds, real estate, infrastructure). At the end of 2022, 91% of CNP Assurances' investments were managed according to ESG criteria on the scope of traditional savings and unit-linked portfolios (93% on the scope of traditional savings portfolios).

Listed 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.

Since 2021, equity portfolio management has focused on investment opportunities largely 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.

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 highest-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 credit research team integrates qualitative scoring to assess the materiality of ESG criteria as well as the analysis of material ESG risks and opportunities. 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 aspect, 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 2022, the amounts invested by CNP Assurances in these bonds totalled €3.4 billion.

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 withdrawal 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 renovations charter). CNP Assurances expects management companies to handle 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. Almost 60% of the observations were processed by the end of 2022.

Woodland

Société Forestière, which manages CNP Assurances' woodland assets, implements 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 rare species. At end-2022, 100% of the woodland owned by CNP Assurances and eligible for PEFC certification had adhered or was in the process of adhering to the manual.

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.

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, 25 new private equity funds were rated in 2022.

For each new investment in infrastructure, CNP Assurances selects funds that have an ESG strategy compatible with its commitments and internal rules, particularly in sectors prohibited by CNP Assurances. In 2021, CNP Assurances compiled an ESG questionnaire and sent it to fund management companies in order to verify the alignment of ESG objectives and constraints between CNP Assurances and the various funds.

ESG reporting on current investments has been in place for over ten years. In 2022, 78% of its infrastructure funds responded to the request for reporting or voluntarily provided their own CSR reporting. 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, 25 new private equity funds were rated in 2022.

For each new investment in infrastructure, CNP Assurances selects funds that have an ESG strategy compatible with its commitments and internal rules, particularly in sectors prohibited by CNP Assurances. In 2021, CNP Assurances compiled an ESG questionnaire and sent it to fund management companies in order to verify the alignment of ESG objectives and constraints between CNP Assurances and the various funds.

Listed equity 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 two-year intervals. 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 2022, CNP Assurances introduced a stringent ESG screening method for selecting new listed securities funds for traditional savings portfolios. It includes:

- Conducting enhanced, systematic SRI due diligence, resulting in an SRI opinion;
- Monitoring fund exposure to companies covered by CNP Assurances' exclusion policy.

At end-2022, 96% of the management companies that CNP Assurances works with had signed the Principles for Responsible Investment (PRI).

At the end of 2022, 66% of the listed securities funds held by CNP Assurances promoted environmental or social characteristics (within the meaning of SFDR Article 8) and 1% had a sustainable investment objective (within the meaning of SFDR Article 9).

2.3.1.4.3 Transparency on the contribution to climate change (Article 29)

In accordance with Article 29 of the Energy-Climate law (LEC), La Banque Postale Asset Management and CNP Assurances publish an annual report on their websites regarding their contribution to the fight against climate change⁽¹⁾. To increase transparency on managing their climate-related risks, La Banque Postale Asset Management and CNP Assurances structured their report on the basis of recommendations put forth by the Task Force on Climate-Related Financial Disclosure (TCFD). The report most notably covers:

- indicators measuring the portfolios' average carbon intensity;
- La Banque Postale Asset Management's investment exposure to climate risks, such as companies exposed to the coal sector;
- La Banque Postale Asset Management's investments in energy transition solutions.

With regard to LBP AM, the calculations are carried out for equity funds open to the public and for open funds invested in corporate bonds.

The climate opportunities in LBP AM's 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 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, in relation to particular themes (production of renewable energy, waste recycling, thermal insulation of buildings, etc.).

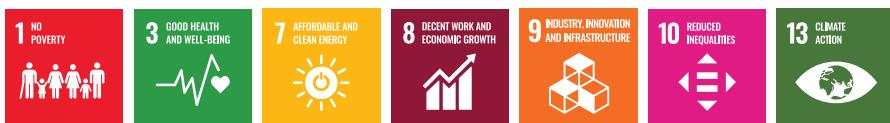
The second level of management is located at the level of green bonds, an asset class whose purpose is to finance projects that contribute to the energy transition. La Banque Postale Asset Management has developed a two-step proprietary analysis methodology for assessing the contribution of these bonds to a low-carbon economy: global assessment of the issuer's climate strategy and analysis of the green bond's contribution to the energy transition.

(1) These reports are available here: https://www.labankepostale-am.fr/media/rapport_lte_2020_de_lbp_am.pdf
<https://www.cnp.fr/cnp/content/download/10521/file/CNP-Assurances-RIR-2021-FR-accessible-V2.pdf>

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2.3.2 A range of products and services that allows customers to play a role in the just transition



2.3.2.1 Support for energy renovation

La Banque Postale supports home thermal and energy improvement projects for all its private customers by mobilising various financing tools:

- the personal green renovation impact loan (see below);
- the zero-interest eco-loan for which the maximum amount is €50,000, depending on the nature of the work envisaged.

On the basis of the resources of the borrowing households, these schemes may be supplemented by:

- the *Habiter Mieux* ("Live Better") zero-interest eco-loan, developed in partnership with the SOLIHA federation, which allows simplified access to the *Habiter Mieux* programme of the National Agency for Housing Improvement;
- and since 2022, the *Prêt Avance Renovation* loan, which allows borrowers to repay the capital when the property is transferred: the sale or inheritance triggers the lifting of the mortgage and the repayment of the loan. Depending on the age of the customer, interest can be paid monthly or at maturity⁽¹⁾.

2.3.2.2 Impact financing for consumers

In 2021, La Banque Postale Consumer Finance completely redesigned its range of personal car and green home improvement loans and introduced the world's first impact financing solutions for consumer loans. These loans are a way for customers to finance their projects while caring for the planet:

- 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 each home improvement impact loan, it makes a €20 donation to *Fondation de France's Habitat* programme to help improve the housing situation for the most vulnerable.

This range will be gradually expanded to include new impact offers. At end-2022, impact loans represented 47% of conventional loans⁽²⁾.

2.3.2.3 Solidarity-based savings solutions

For all its customers who hold regulated savings books, La Banque Postale offers two schemes that encourage redistribution to public interest organisations:

- The *Intérêts Solidaires* service 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 association or a foundation. The donations are given to charities involved in the fight against banking exclusion, as they are all members of the Initiative Against Banking Exclusion think tank. In all, 80% of donors contribute all of their interest. La Banque Postale also stands alongside donating customers by paying each non-profit a top-up donation equal to 10% of the donated interest. Since its launch, this scheme has mobilised almost one million euros to support projects led by partner structures.
- In addition, as part of the annual LDDS donation drive, passbook holders can donate all or part of their saved capital to the Initiative charities or to three environmental associations.

In 2022, the amounts collected are significantly higher than in the previous year. They are almost 10 times higher for the LDDS donation campaign and have been multiplied by 2.4 for the *Intérêts Solidaires* service.

2.3.2.4 Redistributive financial products

In 2022, La Banque Postale Asset Management expanded its parent's socially responsible range by adding a solidarity-based fund and four charity funds, three of which were newly created. These funds offer a practical solution for financing non-profit projects in France, while enabling retail customers to support the development of a more socially responsible, sharing society through their investment choices. This is because each fund is associated with a non-profit selected for the focus of its action, which is aligned with the fund's investment strategy.

Four funds will pay over to their corresponding non-profit a portion of the management fees charged to their investors. The fifth fund, LBP AM SRI Actions Solidaire, will invest directly in its partner non-profit. In 2022, €600,000 was paid to three non-profits and foundations by Tocqueville Silver Age SRI, LBP AM SRI Actions Environnement and LBP AM SRI Actions France, covering the contributions of La Banque Postale Group, including LBP AM and CNP Assurances.

(1) The Advance renovation loan (or Advance transfer loan) (anil.org)

(2) Based on personal car, project and construction loans (including green personal car and construction loans).

LBP AM selected these five partners on the basis of their contribution to the United Nations Sustainable Development Goals (SDGs).

- **Tocqueville Silver Age SRI** invests in the silver economy, i.e., products and services that help to improve the quality of life of people over 55. The Siel Bleu Association was chosen for its objective of supporting the health and well-being of society's most vulnerable people, by helping to maintain their independence, encouraging inclusion and combating sedentary lifestyles and isolation.
- Specialised in the energy transition, **LBP AM SRI Actions Environnement** invests in companies in sustainable industries promoted by the UN as part of its 2030 Agenda. *CDC Biodiversité – Nature 2050* was chosen for its commitment to defending the natural environment and to restoring and sustainably managing biodiversity. It is currently supporting 50 projects in France.
- **LBP AM SRI Actions France** invests in French equities to support entrepreneurs through companies deemed to be, or have the potential to become, structural leaders. The *Fonds de dotation du Louvre* was selected because it supports an array of public interest projects to make art, culture and history accessible to a wide public across France.
- **LBP AM SRI Actions Solidaire** combines SRI management and solidarity-based investment in four priority areas: education, health, the environment and social impact. It holds securities in solidarity-based public interest companies (*entreprises solidaires d'utilité publique*) such as *Habitat & Humanisme*, which builds, acquires and refurbishes housing for people in difficulty.
- **LBP AM SRI Human Rights** is pursuing a human rights-driven SRI strategy in association with the International Federation for Human Rights (FIDH), which advocates for the respect of all civil, political, economic, social and cultural rights, as well as for diversity and equality.

In 2021, La Banque Postale adjusted the focus of its structured debt securities (SDS) issues, marketing first a green, then a social SDS. In 2022, all the issues had an environmental or social focus. Proceeds from these securities are being used to finance or refinance LBP loan portfolios identified on the basis of the green, social & sustainability bond framework. In September 2022, LBP marketed its first charity SDS to benefit *Fondation Terre de Liens*, which received 0.2% of the proceeds in the form of a direct donation from the Bank totalling more than €248,000.

LBP AM Infrastructure Debt Climate Impact Fund

This climate impact infrastructure debt fund aims to objectively and transparently oversee the contribution of the projects financed to the objectives of the Paris Agreements.

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 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 sector-specific 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, and adaptation to climate change.

2.3.2.5. Lendopolis

La Banque Postale and its subsidiary Louvre Banque Privée are offering their customers the opportunity to become direct players in the energy transition with their savings, by directing them to the solutions offered by Lendopolis, a wholly-owned subsidiary of the Group. Lendopolis is one of the leaders in participatory investment in France. It allows individuals to take part in the energy transition by financing, through the subscription of financial securities, renewable energy projects developed by companies specialising in the sector. A long-standing player in wind and photovoltaic markets, the platform diversified its activity in 2022 by financing operators specialising in biogas and then hydraulics from 2023.

2.3.2.6 Opening up access to carbon footprint calculations using Carbo

La Banque Postale has been supporting start-up Carbo since June 2020 and its integration into the Plateform58 12-month incubation programme. In its commitment to building people's awareness of what they can do to reduce their carbon footprint, Carbo deploys a broad range of technological and educational resources. Its solution for private individuals is to estimate a person's carbon footprint based on their banking expenses. Users can also compare their impacts with those of their peers and receive personalised advice on how to reduce them. Since 2021, the solution has been offered free of charge for all La Banque Postale customers from their personal space on the website.

2.3.2.7 Providing access to locally-produced, renewable electricity using Octopus^(I)

In another innovation, La Banque Postale offers customers who wish to take action on their carbon footprint, and in particular on their energy consumption, the opportunity to subscribe to the Octopus Energy offer (formerly Plüm Energies). 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.

(I) Formerly Plüm Energie.

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2.3.2.8 Supporting wealthy customers

For the past 10 years, as part of La Banque Postale Group, Louvre Banque Privée has been offering bespoke, high value-added products and services for both financing solutions and the diversification of global savings.

It offers expertise in **five areas**: asset engineering, wealth management, discretionary management, financing solutions and real estate investment.

With La Banque Postale, Louvre Banque Privée is actively supporting a more equitable environmental transition. Its ESG offering, developed in alignment with La Banque Postale's, was restructured when the SFDR came into force in 2021. It is continuing to expand and diversify its range of socially responsible solutions.

2.3.2.8.1 Discretionary fund management

In 2021, Louvre Banque Privée devised a new reference framework for integrating ESG issues into its discretionary fund management activities, as follows:

- for the portion of the mandate invested in UCITS, the selected funds must be certified as SRI or have a Morningstar Sustainability Rating of at least 3/5;
- for the portion of the mandate directly invested in securities, the various ESG screens are designed to filter out all but the top 30% of the best performing issuers. The analysis is performed based on a list of industry exclusions⁽¹⁾ and data provided by Moody's ESG Solutions, along with a qualitative analysis by the managers.

2.3.2.8.2 Structured debt securities

Every year, Louvre Banque Privée offers customers a number of structured debt security issues. In line with the bank's SRI approach, ESG criteria play a critical role in the selection of these products, which must demonstrate at least one of the following features:

- Performance is indexed to an underlying with a strong ESG component (index);
- Proceeds are allocated to financing or refinancing the portfolios of environment or social-themed loans.

2.3.2.8.3 Crowdfunding

Louvre Banque Privée offers customers the opportunity to invest their savings directly in the energy transition, by recommending the solutions marketed by Lendopolis, a La Banque Postale subsidiary since 2017 (see Section 2.3.2.5 "Lendopolis").

2.3.2.8.4 REIT solutions

Louvre Banque Privée works with asset management firms positioned as sustainable, engaged investors. Its range of real estate investment trusts (REITs, known as SCPIs in France) are SRI-certified or classified as SFDR Articles 8 or 9 funds, and include Atream Hôtels, Pierval Santé, Épargne Foncière, LF Europimmo and Selectinvest..

These SCPIs are selected based on their real-world commitments to the environmental transition, such as a) fostering biodiversity and combating land cover change in the portfolio properties (in particular by excluding greenfield projects on high-value undeveloped land); b) holding a proportion of certified buildings; and c) promoting low-carbon mobility solutions.

2.3.2.8.5 Forestry management products (GFI)

Louvre Banque Privée also works with Société Forestière, a Caisse des Dépôts subsidiary that sustainably manages French forests. Its six regional agencies manage almost 310,000 hectares of woodland, representing more than €2 billion in assets. In 2021, Société Forestière was certified as a Company Committed to Nature (EEN) after the French Biodiversity Agency (OFB) approved its action plan aimed at stepping up the restoration and preservation of biodiversity in its managed forests.

Louvre Banque Privée Patrimoine & Forêt, launched in September 2020 in partnership with Société Forestière, successfully raised €6.6 million in just one year. It qualifies as an Article 8 category product under the Sustainable Finance Disclosure Regulation (SFDR).

Louvre Banque Privée is currently working with Société Forestière to develop a new forestry investment product (GFI in French) that will be marketed by tapping public savings in 2023. This offer will fall under Article 9 of the SFDR.

(1) The list concerns seven industries (pesticides, pornography, civilian firearms, weapons, tobacco, coal and oil sands and shale) with exclusion thresholds of 0 or 10% of the revenue of the issuer concerned.

2.3.3 An inclusive range of products and services for the greatest number



2.3.3.1 Banking products & services and support to the most vulnerable

2.3.3.1.1 La Banque Postale's accessible banking mission

The legislator entrusted La Poste Groupe with four public service missions including the accessible banking mission that 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* 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 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.

Used by 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 end-October 2022, nearly 50% of La Banque Postale's *Livret A* accounts held by retail customers (i.e., about 6.9 million accounts) had a balance of €150 or less. These accounts, which represent 0.2% of savings deposits, nonetheless generate very substantial management costs because they are among the most used savings accounts, accounting for 45.4% of the transactions made on *Livret A* accounts.

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 access to 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.

2.3.3.1.2 A dedicated system for customers with special needs (protected minors and adults)

To better serve these customers and their legal representatives, since 2017 La Banque Postale has branches that are specially designated for "protected adults". 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 7,725 Protectys cards are currently being used by protected persons.

2.3.3.1.3 Facilitating access to services for persons with disabilities

Under the Programmed Accessibility Agenda (Ad'AP), the La Poste Network has for more than a decade been committed to a major modernisation effort to make post office branches, products and services more accessible to disabled people.

As such, La Poste committed to continue this branch accessibility programme for the period 2016-2024. At the end of 2022, 6,520 post offices representing 89% of the network (up 3.6% compared to 2021) had a sales area accessible to all disabilities. A total of 4,871, i.e., 66.5% of the network, 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.

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La Banque Postale is also pressing ahead with providing accessible ATMs and SSTs (Self-Service Terminals) for blind and visually-impaired users, having converted 95.3% of machines by the end of 2022. Account statements and La Banque Postale's monthly newsletters are available in Braille or in an electronic version with text-to-voice readers.

Personalised assistance is also offered upon arrival to deaf and hearing-impaired customers within the sales area. A total of 6,113 post offices (86.9% 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. For remote services, a Deaf- and Hearing-Impaired service is available through the partnership with DEAFL. It connects the customer with a certified French sign language court-approved interpreter.

An e-learning course on Assisting Customers with Disabilities is provided in the Network, and 90% (compared to 86.3% in 2021) of employees in contact with customers have completed it.

La Banque Postale works alongside the French Banking Federation to establish a Charter ensuring access to means of payment for people with disabilities. Recommendations for adapting digital tools for the blind and facilitating access to ATMs and payment terminals for people with reduced mobility have been drawn up for the banking sector and its contractors, including equipment manufacturers, retailers and IT service providers.

2.3.3.1.4 Promoting digital inclusion

Digital accessibility is an important component of La Banque Postale's offering. In 2018, it launched "We Tech Care", a banking inclusion plan that identifies the digital needs of each customer. Under this plan, a community of assistants has been providing digital support since 2021. For example, free workshops are offered by PIMMS and FACE, two partner non-profit groups that provide social mediation services. Individual or collective, the workshops allow customers to acquire the basic skills needed to access online banking services.

2.3.3.2 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 and the possibility of signing up remotely or in any post office in France. Without any income requirement, Ma French Bank is contributing to the democratisation of the new digital practices in the banking sector. Its customer service is available by phone from Monday to Saturday from 8:00 am to 10:00 pm. Advisors can also be reached by chat or social media from Monday to Friday from 8:00 am to 8:00 pm and on Saturdays from 9:00 am to 6:00 pm. At the end of 2022, My French Bank had more than 550,000 customers, and its products were distributed in 7,000 post offices.

In 2022, Ma French Bank launched a referral offer that customers can access using the mobile app. It encourages its most loyal customers to promote Ma French Bank to their friends and family, by offering cash awards both to them and the person being referred.

Ma French Bank has signed two sponsorship agreements, one with Break Poverty Foundation ⁽¹⁾ and the other with GoodPlanet Foundation ⁽²⁾. The aim of these agreements is to:

- Support the foundations directly via two channels:
 - Ma French Bank undertakes to contribute €30,000 per year to each of the foundations to help them develop their activities;
 - 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;
- Encourage customers to support the foundations via:
 - a simplified donation process on the Ma French Bank app;
 - an animated section dedicated to the two foundations in the Ma French Bank app that presents projects carried out thanks to donations.

Ma French Bank also participated in community outreach media campaigns with Goodeed, a KissKissBank & Co subsidiary, which resulted in €12,000 donations for each of the foundations in 2022.

2.3.3.3 Promoting access to credit

2.3.3.3.1 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 workers on temporary contracts. At the same time, it offers a preferential pricing system encouraging the most eco-responsible consumption choices (Positive-impact Green Vehicle loans and Positive-impact Green Home Improvement loans).

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 under 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. In 2022, 609 students were able to benefit from this simplified access to bank credit to finance their studies.

Committed to its civic role and goal of providing ever-more inclusive products, La Banque Postale Consumer Finance also offers personal loans to finance a project or buy a car for workers on temporary contracts – a group of customers that is often excluded by other organisations.

(1) Break Poverty combats youth poverty through education.

(2) The Goodplanet Foundation is committed to building a more sustainable, responsible and united world.

Lastly, customers wishing to take out optional insurance whose total outstanding consumer credit at La Banque Postale is less than €50,000 no longer need to sign a health declaration or complete any medical formalities (since December 2020).

Finally, since March 2022, the Django subsidiary has been deploying a complete range of financing solutions in BtoBtoC in several instalments (2, 3 or 4 instalments) or in deferred payment (15, 30 or 45 days), solutions that are integrated directly into the retailer's purchasing process.

2.3.3.3.2 Micro-credit, an alternative for customers not eligible for traditional credit

La Banque Postale has been offering personal micro-credit across the whole of France since 2007. Since 2018, it has been working together with the micro-finance institution Cr  a-Sol. Cr  a-Sol has designed a 100% digital solution for micro-credit assessment, financing and management that significantly reduces the lead time to grant micro-loans. La Banque Postale provides Cr  a-sol with financial assistance and know-how. In 2022, Cr  a-sol issued 1,500 micro-credit contracts in partnership with La Banque Postale.

La Banque Postale also offers professional micro-credit via the Association for the Right to Economic Initiative (Association pour le droit à l'initiative   conomique – Adie) 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 2022, 1,200 entrepreneurs were financed in this way. In addition, La Banque Postale helped to finance 900 people who needed to buy a vehicle to return to paid employment.

Since 2022, five account managers for L'Appui (the budget assistance platform for customers in financial difficulty, see Section 2.3.4.2) who, like workers at partner non-profits, have acquired the status of social advisors, have been conducting a preliminary screening of micro-credit applications. A faster, smoother application process enables La Banque Postale to more effectively meet growing demand for microcredit.

Starting in 2023, La Banque Postale would like network account managers to upgrade their skills in order to accommodate the large-scale issuance of micro-credit.

2.3.3.3.3 Home loans and access to social home ownership

La Banque Postale grants home loans to young people under the age of 36 without requiring a down payment. It offers a home ownership loan to people on low incomes. This state-regulated loan allows people to buy their main residence subject to income conditions⁽¹⁾. This product has helped more than 192,000 La Banque Postale customers. At end-2022, La Banque Postale had issued €2.54 billion in low-income home loans. By the end of 2022, La Banque Postale had 254 partners, of whom 63 were classed as IOBSP payment and transaction intermediaries and 191 as social-housing associations.

At the end of 2022, the monthly household income for 18% of home loan applicants was less than two net minimum monthly wages, meaning over 17,000 people on very low incomes received help to buy a home.

In 2022, La Banque Postale introduced Pr  t Avance R  novation (PAR) loans to help elderly or low-income customers finance energy renovation work in their main residence (see Section 2.3.2.1 "Support for energy renovation").

2.3.3.4 Helping young people to enter the job market with Pass Jeune

As part of its ongoing commitment to young people, La Banque Postale is introducing a new offer called Pass Jeune (Youth Pass) for people aged from 18 to 25. Developed in partnership with Wizbii, the platform offers 10 free non-banking services related to job hunting, foreign languages, mobility, well-being and volunteer work, in line with the Bank's social inclusion values. A driving force of ambition, creation and job market integration, the Pass Jeune allows young people to fully commit to their goals.

In 2022, 200,000 young people signed up for the Pass Jeune, and the number of service activations totalled 79,000.

(1) source: <https://www.service-public.fr/particuliers/vosdroits/F22158>

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Develop and promote products and services that meet environmental, social and regional challenges

2.3.4 Assistance to people financially vulnerable people



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 the French State and with organisations in the non-profit sector involved in the fight against social exclusion, through budget advisory updates.

2.3.4.1 Combating 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 programme 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 Banking Inclusion Monitoring Observatory (*Observatoire de l'inclusion bancaire - OIB*), 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.). 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 Initiative Against Banking Exclusion think-tank (see Section 2.4.2.2).

2.3.4.2 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. The service has a twofold mission:

- assist all La Banque Postale customers experiencing occasional or recurring financial difficulties;
- help prevent financial vulnerability.

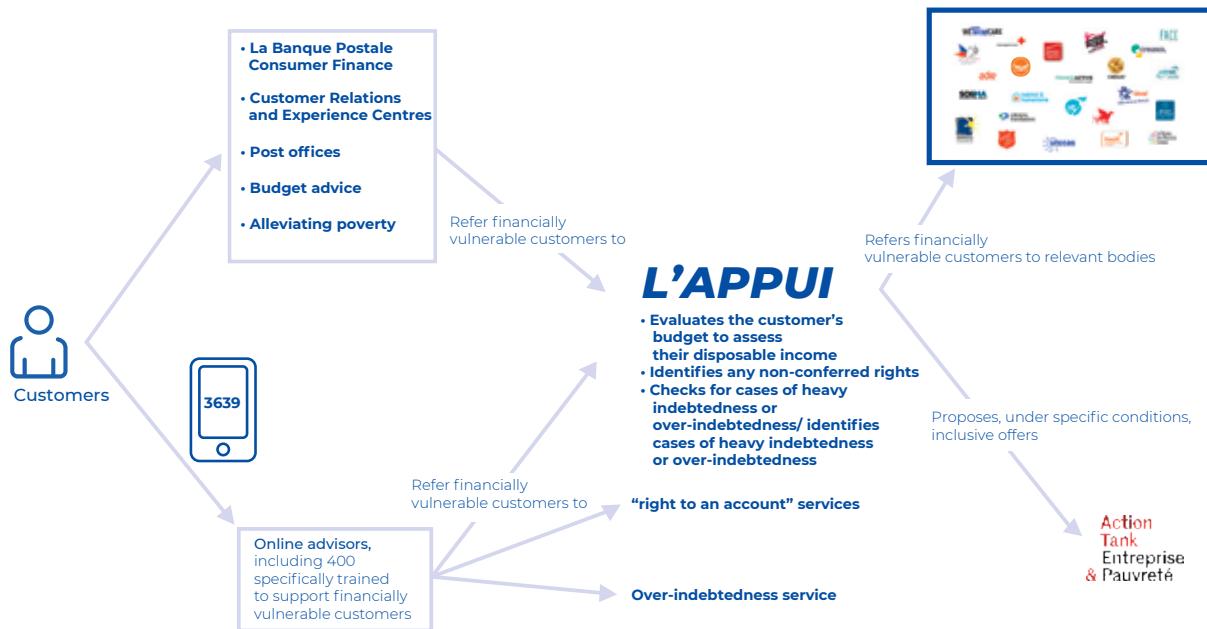
Since its creation, La Banque Postale Consumer Finance, the Customer Relationship and Experience Centres, post office branches, public policy features such as the budget advice updates or non-profit organisations combating poverty direct customers in difficulty towards the platform.

In 2022, *L'Appui* trained five account managers to process micro-credit applications (see Section 2.3.2.3.2 "Micro-credit, an alternative for customers not eligible for traditional credit"). In addition, *L'Appui* trains advisors to be more autonomous and take more initiative when providing assistance to vulnerable customers: they can set up a repayment schedule and help customers sign up for the *Simplicité* account formula (*Formule de Compte Simplicité*).

This offer provides access to a banking service tailored to the needs of customers in vulnerable situations. It allows the customer to manage his or her money on a day-to-day basis, via regulated payment and withdrawal services. More specifically, the formula includes the following services:

- a secure means of payment: the Realys Card with systematic authorisation,
- bank penalty charges capped at €20/month and €200/year,
- four SEPA transfers (including one standing order) free of charge per month, as well as an unlimited number of SEPA direct debits,
- two free bank-guaranteed cheques per month,
- three SMS balance alerts per month,
- access to account management on the Internet via a personal online banking space.

To enhance their operational control, teams were given social welfare training to help them identify eligible customers and provide them with immediate assistance. The platform plans to recruit ten more people in 2023.



Since 2013, over 280,000 customers have received advice from *L'Appui*.

2.3.4.3 A dedicated consumer credit system

As part of its consumer lending and revolving credit business, La Banque Postale Consumer Finance (LBP CF) also established (simultaneous with launch of the business) a support unit dedicated to vulnerable customers who accept specific monitoring based on listening and education. 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. This unit can refer customers to La Banque Postale partnership organisations, such as CRESUS⁽ⁱ⁾; Regular meetings are scheduled to ensure lasting support.

The Django subsidiary, which offers payment solutions in instalments, is also aligned with the values of inclusion supported by the bank. Through its partnership with CRESUS, it is actively addressing the issue of problem excess debt.

2.3.4.4 Specialised teams to better assist special cases

La Banque Postale has structured its services to guarantee easy support for its customers.

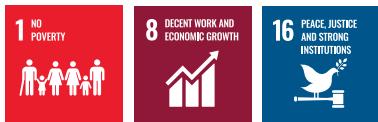
A customer in financial difficulty can speak face-to-face with a bank advisor who, like all advisors, is now trained to direct people to the right services. The customer can also call one of the 400 remote agents who have been specifically trained in the "Fragile" approach, which is based on a capacity for listening, empathy and a knowledge of dedicated offers. The customers may then be referred to *L'Appui*, the over-indebtedness unit or the service that deals with right of access to banking service.

(i) CRESUS is a non-profit in the social and solidarity economy sector that provides information on the use and social impact of collected funds.

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2.3.5 Guaranteeing an ethical and quality customer relationship



2.3.5.1 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 paragraph "Ensuring systematic and rigorous management of non-financial risks"). This document highlights the importance given to responsible sales practices. In addition, La Banque Postale's semantics 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, which has improved continuously over the years and was renamed "7G Evolution" in 2021, is recognised by non-financial rating agencies. Adapted to all types of customer interactions, it forms the backbone of the customer-advisor relationship and is built around three principles:

- a method that meets new customer expectations in a relationship that can be totally remote, with the use of electronic signatures and videoconferencing, it 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. It allows meetings to be structured according to customer requirements and a predefined strategy, thanks to new tools designed to enhance the customer relationship;
- a method that guarantees a follow-up adapted to each customer by defining the objective and the deadline for future interactions. It supports customers while making them autonomous for simple tasks;
- a method that improves organisation and the advisor's accessibility for the customer.

All advisors and managers in La Poste's Distribution Network were trained in the 7G Evolution method in 2021. Since then, all new entrants to the position of counsellor have been trained. There is also a support and training scheme, run by the managers and sales experts to help banking advisors constantly develop their professional skills when 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) by being as responsive as possible;
- 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).

In 2022, managers devoted more training every month to a specific aspect of 7G Evolution to make sure that practices and postures were being adopted. These actions were carried out with video materials and tutorials made available to managers.

This transformation has improved the quality and speed of response for customers and the consistency of the files.

Attentive to the way products are promoted to customers, La Banque Postale uses a variety of educational, easy-to-understand materials, including user manuals, videos, essential information and guides. Marketing campaigns focusing on transparency, simplicity and clarity help to build a long-lasting, high-quality relationship. A 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.

CNP Assurances is also deeply committed to transparency and raising awareness of ESG issues among customers. CNP Assurances has prepared and posted on its website a brochure on responsible savings describing its responsible life insurance and pension offers for policyholders and the general public, with emphasis on the various categories of green, responsible and solidarity-based unit-linked funds, as well as responsible investment through traditional savings contracts.

2.3.5.2 Product subscription and monitoring: prudent risk management, regular monitoring, prevention of over-indebtedness

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.

By offering appropriate 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 2022, and decreasing for four years despite credit exposure reaching €66.6 billion at the end of 2022).

	2020	2021	2022
Non-performing loan rate	0.6%	0.6%	0.8%

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.).

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;
- during the term of the loan, La Banque Postale, via its trained advisors, maintains constant vigilance in order to identify signs of financial difficulties as early as possible; as part of the customer relationship, an annual budget review is offered to the borrower to update his or her financial situation and check that it is compatible with the amount borrowed and, if necessary, modify the schedule in order to adapt the monthly repayments.

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 Bank's values, the offer is clear, informative and transparent. It is entirely based on knowledge of the customer. Indeed, preventing over-indebtedness was a core factor in its design. The product is therefore mainly offered to known La Banque Postale customers who are given an introductory guide that explains in simple and understandable terms the contract's main features.

2.3.5.3 Listening to customers

La Banque Postale's 2020-2030 strategic plan reflects its ambition to become France's favourite bank. To achieve this objective and put La Banque Postale back among the market's benchmarks, it is imperative to provide impeccable customer service and significantly improve customer satisfaction and loyalty. National satisfaction surveys are conducted on a regular basis and are gradually being extended to track customer touchpoints across multiple channels.

At 31 December 2022, the Bank had an average customer satisfaction rating of 7.4/10 (up 0.1 point) and a Net Promoter Score of 6 (up 5 points compared to 2021)⁽¹⁾.

At 28%, the dissatisfaction rate (including complaints) is in line with the high street bank average. Lastly, La Banque Postale continues to hold a leadership position for bank rates⁽¹⁾.

Based on these results, a number of online measures were implemented in post offices or via social media channels, particularly in the area of complaints handling and continuous improvement.

2.3.5.3.1 Continuous improvement of the remote customer

Supporting customers and providing them with superior service

Close to 180 employees handle customer complaints on a daily basis, initially at the Customer Relationship and Experience Centres (CRECs). If the customer is not satisfied with the answer provided to their complaint, they can turn to the appeals department for a second review of their file.

The complaints process is designed to provide the customer with a clear idea of how and where to submit a complaint, in line with the expectations of the ACPR. Handling and monitoring of complaints is currently being standardised for all business lines and products.

In 2022, 44% of complaints were handled within two days and 99.9% within 35 days, in accordance with regulatory deadlines. The introduction of an online complaint form, and the use of a head-on approach to handle some of the requests in order to resolve them on the first contact will, simplify the customer journey.

Finding innovative solutions for customers

Rolled out in eight CRECS in 2021, the continuous improvement initiative known as PEPS (*le Pouvoir d'Être Porteur de Solutions*) has now been implemented in all CRECs and CRED businesses. In addition to focusing on process re-engineering and digitisation of the customer experience, it offers an opportunity to work on operational efficiency "to get it right the first time". The approach relies on the direct involvement of employees to improve customer relations and develop the resulting quality standards. It is based on the organisation's ability to identify irritants and enlist employees in the field who are capable of resolving problems at the right level (locally or at the business and/or national level).

In 2023, PEPS will be scaled up at the Group and subsidiary levels. Work on the Quality Management System will also be undertaken in the coming year.

2.3.5.3.2 At the post office

Complaint management is a major issue for La Poste and La Banque Postale, which have committed to transforming customer relations. Since October 2020, sales and customer service staff have been using a group CRM tool to improve the customer experience, thanks to enhanced customer knowledge and greater inter-branch synergy.

Customer Relations Centre (CRC) writers have been trained to handle complaints with greater responsiveness. Tools for measuring perceived quality and delivered quality enable writers to constantly develop their skills. The results, which reveal a rate of compliance with writing standards of over 90%, are provided for each employee. A satisfaction questionnaire is used to measure perceived quality after the complaint has been dealt with.

The Customer Experience Department regularly conducts satisfaction surveys - such as consulting firm BVA's "Network" Barometer - among Distribution Network (post offices and partners) customers. Particularly through post-purchase / post-appointment evaluations sent directly to customers, it continuously rates customer satisfaction levels on the basis of various determinants, including friendliness, attentiveness, efficiency and phone support.

(1) Source: La Banque Postale satisfaction survey, Q4 2022.

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The collected results and data are then analysed and translated into action plans, which systematically seek to improve Distribution Network customer satisfaction. On-the-spot findings are provided to operational managers to guide them in their local improvement plans; carefully thought-out studies allow the Network to adjust its strategic direction.

2.3.5.3.3 Via social media

La Banque Postale is close to its customers, including on social media. Present on Facebook, LinkedIn, Twitter, Instagram and YouTube, it provides a personalised relationship through after-sales service on two platforms: Facebook Messenger and Twitter. It also posts innovative, educational and engaging content. In 2022, La Banque Postale dealt with more than 25,000 customer queries, providing a rapid response from 9:00 am to midnight, seven days a week (for 80% of internet users, the issue was dealt with in less than an hour).

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 YouTube collective *Le Tatou* on its YouTube channel. Thanks to this partnership, the channel has been enriched with new educational content to help internet users make their first property purchase or prepare for retirement, for example.

Lastly, since 1 August 2021, 1,600 post offices have been processing Google reviews posted by their customers.

2.3.5.3.4 Participative innovation: a lever to regular improvement in customer relationship

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 called *Ensemble vos idées* that allows 20,000 employees to share ideas and good practices for improving the customer experience and that of its employees.

In 2022, DREC organised a "hackathon tour" focused on 18 challenges connected to the three strategic plan themes: customer experience, employee experience and civic engagement. In 2023, La Banque Postale hopes to relaunch the participative innovation initiative and create a Customer-Employee community, with the aim of improving service quality.

2.3.5.3.5 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: not

only its customers, but 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 the banking sector, this co-construction approach is fully in line with the dynamics of the new strategic plan. It places customers and the Bank's relationship with them at the heart of its concerns. It also reflects a positive attitude to listening and collaboration, which is essential to being a player in the just transition. Lastly, 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 success of the consultation led to the creation of the Customer Council, which is composed of customers who participated in the *Parlons Citoyens* initiative. Ten customers confirmed their interest in becoming members by signing the special charter of good conduct. The committee's membership is balanced in terms of regional representation (Île-de-France and the other regions) and diverse in terms of social background (executives, employees, retired people, job seekers, students) and age (20 to over 70). The ten customers committed for one year. Meeting twice in 2022, the committee discussed issues related to complaints and new impact offers, among other topics.

2.3.5.4 "Responsible insurer", in our customer relationship

2.3.5.4.1 Insurance assistance in the event of a major incident

La Banque Postale Assurances has created Proxi-Client to provide greater responsiveness to customers facing a serious event. Aware of the vulnerability of customers following an accident or traumatic event, counsellors get in touch to listen to them and assess 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. Naturally, there is no sales pitch or promotion of any kind whatsoever during these conversations. During the wildfires of summer 2022, counsellors called all customers living in the evacuated towns to make sure they had alternative housing.

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 emergency response scheme was put into action in July 2022 to help customers who had suffered a loss or damage from the violent hailstorms that occurred in France in June and July. The teams travelled to several particularly hard hit towns in the Médoc region.

2.3.5.4.2 Life-long insurance assistance

La Banque Postale's insurance subsidiaries are continually enhancing their offerings with targeted assistance and prevention services to effectively support policyholders throughout their lives.

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 significant 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. Standing solidly by 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 life expectancies, and supports the idea of universal long-term care cover to maintain independence and support caregivers.

2.3.6 Responsible insurance products



Through its insurance subsidiaries, La Banque Postale Assurance aims to offer insurance solutions that are consistent with its socially responsible brand. The aim is to develop simple solutions, designed to protect all its customers in the event of difficulties, and on a lasting basis.

As evidence of La Banque Postale Assurances' commitment to a positive transition, its comprehensive Home, Health, Death, Car and Everyday Accident insurance offers were awarded the Positive Insurance ++ label in 2022. Awarded by the *Institut de l'Economie Positive*, the label rewards offers that focus on prevention, fight against discrimination and promote environmentally-friendly and solidarity-based behaviour.

In 2020, CNP Assurances also signed the Principles for Sustainable Insurance (PSI), 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.

In addition, sustainability factors are integrated into product governance: the Head of CSR joined the permanent members of the product approval committee in 2022, and sustainability criteria are analysed during the process of defining the target market.

Dedicated to upholding the principles of the Global Compact, CNP Assurances refrains from developing any commercial activity in 118 countries due to corruption, absence of tax transparency and breaches of democracy or freedoms.

When it comes to personal insurance, direct action by policyholders in support of the environment and a sustainable economy is reflected in their resolve to invest

their savings or their pension in sustainable non-unit-linked and unit-linked funds, which have been available for many years in CNP Assurances contracts. In accordance with the PACTE law, CNP Assurances offers SRI, GreenFin and Finansol labelled unit-linked products in all of its relevant life insurance policies. Moreover, in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR), CNP Assurances publishes the SFDR sustainability information relating to each life insurance and pension contract on its website, together with the non unit-linked and unit-linked products they offer. For contracts distributed by its Amétis employee network, CNP Assurances also publishes on its website its policy for integrating sustainability risks into insurance advice and information on negative impacts on sustainability factors in insurance advice.

2.3.6.1 Accessibility at the heart of its insurance model

2.3.6.1.1 Simplifying insurance

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, since 2021 La Banque Postale Assurances has ensured that insurance contract documents are written in plain language⁽¹⁾. In 2022, it extended this approach to certain types of correspondence with customers and their beneficiaries. Terms were rephrased with simpler words, and document readability was improved by prioritising information and inserting icons and diagrams.

(1) As defined by the Common European Framework of References for Languages, plain language corresponds to the B1 level. It is a method that assesses the language level of users and texts. Basic user (levels A1 and A2), independent user (levels B1 and B2), proficient user (levels C1 and C2)

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La Banque Postale 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.

In 2022, it launched a new Death Insurance policy available to everyone, with a customisable death benefit of between €10,000 and €1 million. The offer also includes assistance services that can be activated in the event of the death of the policyholder or a close relative and that are available from the time of subscription and up to two years after the event: registration of last wishes, funeral planning or a package of services (household help, pet sitting, etc.).

2.3.6.1.2 Supporting vulnerable customers

La Banque Postale and its subsidiaries adapt the conditions of insurance products to best support their 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. CNP Assurances is committed to the inclusiveness of its contracts and bases its model on a substantial pooling of risks, which makes it possible to guarantee access to insurance for the most vulnerable people.

Last year's amendments to the Lemoine Law for fairer and more transparent access to the borrower insurance market brought about a number of changes, in particular the extension of the right-to-be-forgotten period and the elimination of the health risk assessment for real estate loans below €200,000 coming to maturity before the borrower's 60th birthday.

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, contributed for example to the first French micro-insurance scheme by being the insurer of the *Trousse Première Assurance* product. Since 2016, 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.

2.3.6.1.3 Developing prevention programmes in partnership with non-profits

La Banque Postale participates in the development of prevention programmes 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* programme 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 CRÉSUS Foundation and the *Dilemme* programme, which offers amusing educational materials dedicated to financial, budgetary and insurance education for all audiences.

The CNP Assurance subsidiary is also deeply involved in the community through its support of various programmes in the health sector, particularly the United Way Education Alliance, SAUV Life, *Les Petits Frères des Pauvres* and *Secours Populaire Français*.

Accompagner et Protéger (2AP), a non-profit created in 2017 by La Banque Postale, supports projects for people in vulnerable situations. In 2022, it supported the creation of a fund dedicated to women's health and the prevention of women's diseases by the non-profit *Siel Bleu*, and the development of social centres for elderly people living in rural areas by *Les Petits Frères des Pauvres*.

2.3.6.2 Promoting civic responsibility

La Banque Postale Assurances recognises responsible behaviour across its entire product range. The Motor Insurance offer, for example, rewards owners of hybrid or electric vehicles and low-mileage 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 that could 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 online doctor consultations and the "second medical opinion" service.

2.3.6.3 Insurance products in the event of "hard times"

In 2022, La Banque Postale enhanced its "everyday accident insurance" offer to cover policyholders against new risks, such as school or cyber bullying. To combat cyber bullying, La Banque Postale is working with the non-profit E-Enfance. The new guarantee focuses on three priorities:

- preventing school and cyber bullying;
- helping customers if cyber bullying occurs via a data concealment/deletion service;
- providing support and compensation if a complaint has been filed, via a lump sum benefit of €1,000 to cover the costs of psychological counselling or home/hospital schooling.

The Assurance Coups Durs Santé (ACDS) offer helps customers face the human, material and financial consequences in the event of a serious illness of the policyholder or one of his/her children.

The offer comprises the payment of a benefit (€5,000 to €30,000) and the provision of a range of guarantees and services for which there is little/no coverage, by supplementary health insurance organisations: Aide coup dur emprunteur, second medical opinion, policyholder assistance (household help, meal delivery, hair replacement, etc.), assistance for his/her children (homework help, babysitting, transfer, etc.), back-to-work support and caregiver training.

Since 2020, the offer has been providing "hard times" borrower help, which provides for payment of a lump sum amount to a policyholder who has received an Aide coup dur Maladie assistance payment in the case of the purchase of real estate (main residence, secondary residence, investment property) financed by a bank loan. This cover supplements the policy's main cover which aims to protect policyholders and their children in the event of a covered illness.

In 2022, the offer was expanded at no extra cost to policyholders and now includes:

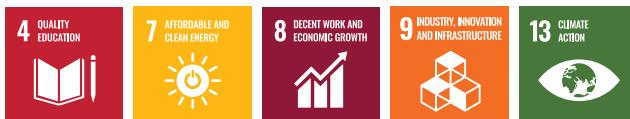
- two new illnesses, Parkinson's disease and multiple sclerosis;
- enhanced coverage for the entire family unit affected by the illness.

The ACDS offer won the 2022 Gold *Trophée de l'Assuré* insurance award in the Product category. The *Trophée de l'Assuré* rewards the best product of the year. Products are submitted anonymously to a panel of over 300 consumers who judge them for their innovative, original and attractive design.

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 35 Brazilian reals (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.

2.3.7 Community innovation for a just transition



2.3.7.1 "Crowd for good" platforms supporting community mobilisation

In 2017, La Banque Postale acquired KissKissBankBank & Co which, at the time, comprised KissKissBankBank, a platform that receives donations and pre-orders for entrepreneurial, non-profit and creative projects, and Lendopolis, a crowdlending platform specialised in renewable energies and real estate.

Since then, three other platforms have joined KissKissBank & Co:

- Goodeed, a platform for free donations that enables internet users to financially support solidarity-based projects by watching an advertisement;

- Microdon, the company behind the initiative of rounding up purchases and rounding down salaries;

- Youmatter, an online information medium and training organisation specialising in involving citizens and professionals in major social and environmental issues.

With the acquisition of Youmatter, the KKBB & Co group goes a step further by setting 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.

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Crowdforgood with its five platforms embodies the three fundamental values of the KKBB & Co group: community engagement, optimism and independence.

Each day, the KKBB & Co teams help dozens of creators, entrepreneurs and non-profits to succeed in their campaigns and projects. The Group's platforms help finance thousands of creative, non-profit and environmental projects. This represented a collection of more than €86 million in 2022, a 15% increase compared to 2021. Since their creation, the Group's various solutions have raised more than €370 million:

- KissKissBankBank has funded over 26,000 impact projects through its community of 2.6 million committed citizens;
- Lendopolis has collected over €170 million through 470 funded projects. In 2022, it collected more than €50 million;
- Goodeed has supported 643 non-profit projects by donating more than €6.5 million;
- MicroDON has supported 1,500 non-profits and donated more than €48 million;
- Youmatter raised awareness about The Climate Fresk among more than 600 people in 2022.

2.3.7.2 Complementary digital and civic offers for La Banque Postale customers

KKBB&Co offers solutions that complement those of La Banque Postale, which relies on its expertise to mobilise the general public. KKBB&Co and La Banque Postale jointly launched:

- The monthly *Coups de cœur de La Banque Postale* operation in 2011. This initiative aims to finance up to 50% of the fundraising objective for the projects selected, by public vote on the Bank's Facebook page according to their civic values. Over 140 projects have received support, with assistance from La Banque Postale totalling more than €400,000.
- The "Social Cup" in 2014 to encourage the emergence of social entrepreneurship projects by young people. 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 a social programme competition, culminating in an award ceremony for the 12 finalists. A total of 16,540 young people participated via the 1,265 projects submitted, of which 91 were rewarded and supported.
- The second edition of the *Demain & Citoyen* call for projects. Over 300 applications were received from

companies, non-profits and micro-enterprises.

- The second edition of the Game Cup, the French cup for independent video games, in 2021. Four innovative projects picked up awards at a ceremony attended by over 200 people who came to support their favourite projects.

2.3.7.3 Platform58 transformed into a sustainable incubator

Platform58, La Banque Postale's incubator, has been supporting fintech and insurtech start-ups in their development since 2018. At the end of 2022, 45 start-ups were taking part in La Banque Postale's incubation programme.

Since 2021, to implement La Banque Postale's commitment, Platform58 has been integrating environmental, social and societal issues into its support process to help the start-ups in the programme become responsible players in tomorrow's finance and insurance sectors.

Platform58 uses four levers to achieve this:

- implementing a tool for measuring the non-financial performance of start-ups, 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 start-ups;
- using Platform58 to build an ecosystem dedicated to these issues with recognised partners;
- implementing a responsible building approach on the Platform58 site.

At the beginning of 2022, as part of the extension of its Platform58 incubator, La Banque Postale Group launched 115K, its early stage investment fund dedicated to fintech, insurtech and cybersecurity. Wholly-owned by La Banque Postale and with a target capital of €150 million, 115K invests as a minority shareholder with entry tickets ranging from €250,000 to €5 million. 115K investments meet the twin objectives of profitability and accelerated development, in line with La Banque Postale's strategic plan.

In keeping with La Banque Postale's citizen-minded DNA, 115K teams assess the civic/ESG credentials of the start-ups under consideration via a methodology similar to that applied by Platform58. By the end of 2022, 115K had already made five investments.

2.3.8 Promoting the emergence of a circular economy



2.3.8.1 Paper and card recycling via the Recygo solution

La Banque Postale has been using the Recygo paper service at its financial and national centres since 2013. Recygo is a joint venture of La Poste and Suez specialising in sorting and recycling office waste. Its services are offered through La Poste Groupe's Services-Courier-Colis arm.

All types of office waste are treated: from paper, cardboard, bottles and cans to cups, cartridges and masks. On small sites, the office waste is collected by postal carriers, thus avoiding the need to organise dedicated rounds, while the office rubbish of large sites and certain types of waste matter are collected by Suez. The waste is then sorted by Nouvelle Attitude, a work integration social enterprise and subsidiary of La Poste, or else by partners in the social and solidarity economy. The waste is ultimately recovered by various sectors in France, with a focus on promoting local employment.

In 2022, Recygo collected 723.3 tonnes of paper for recycling from La Banque Postale Group.

2.3.8.2 Collection of electrical and electronic equipment waste

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, PAPREC and LOXY are the companies responsible for handling most of its WEEE collection and recovery.

The WEEE treatment and recycling policy has been in place since 2012 and is carried out together with PAPREC. This company is in charge of receiving, dismantling and processing WEEE. LOXY, a company in the disabled employment sector, collects and processes IT and electronic equipment, giving them, insofar as possible, a second life.

In total, just over 125 tonnes of WEEE were collected across La Banque Postale's scope (excluding CNP Assurances) in 2022. Of the 10,510 devices⁽¹⁾ categorised as having "second life" potential, 5,576 were directed toward reuse, i.e., a reconditioning rate of more than 53%. The number of appliances categorised as second life also doubled compared to 2021 (5,390 appliances).

2.3.8.2.1 Developing the reuse of cartridges from the Distribution Network

In 2022, post office branch and management teams continued to collect and ship back used cartridges in partnership with Lexmark. Lexmark has adapted its offer to simplify the return of cartridges from the Network.

For example, with the help of our employees and the Bank's 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 in 2021. The recycled cartridges follow the same manufacturing process as new cartridges during reconditioning (replacement of used or faulty parts, tests, quality control).

In 2022, 2,300 cartridges, i.e., 2,174 kg of material, were processed at La Banque Postale sites, representing 6,025 kg of CO₂ avoided.

2.3.8.2.2 Implementing ATM recycling

La Banque Postale 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 a strong commitment to reduce the Bank's environmental footprint.

Since 2020, La Banque Postale's ATMs that function but are not redeployed to postal sites for strategic reasons are sold for re-use. Upon reception, La Banque Postale's service provider checks to make sure they work properly before shipping them to other countries, primarily Africa, for redeployment. They can also be resold for spare parts. The ATMs that cannot be reused are destroyed.

2.3.8.3 Combat food waste and raise of the employees about the circular economy

The catering package from the DNAS (National Social Activities Directorate) at La Poste Groupe, 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:

- implementing processes for preventing daily food loss and waste: 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.;

(1) Categories: Servers, Desktops, Lightweight terminals, Laptops, Notebooks, Lightweight Laptops, Tablets, Smartphones, Monitors, Printers.

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- raising the awareness of catering teams: daily briefings, encouraging greater communication with diners to serve appropriate portion sizes;
- training in eco-actions for managers of catering outlets. Since 2021, all managers have been trained in these good practices;
- 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.

The year 2022 was marked by three initiatives:

- an event on World Water Day to raise diner awareness on their water consumption and water footprint;
- an event on Earth Day to raise diner awareness on the impact of their activity and consumption on the environment and biodiversity, in particular through the

preparation of a special menu for the protection of biodiversity. Three concrete actions on the fight against waste were implemented on the same day: Zero Paper Day, Zero Waste Day and "Animation avec des producteurs locaux", an event with local producers.

- a communication campaign on Food and Climate to promote agro-biodiversity and food diversity. Diners were informed about the environmental impact of agricultural practices and Elior/La Poste's commitments for the catering outlets.

CNP Assurances' corporate restaurants committed to the "Mon Restau Responsable" approach. Introduced by Fondation pour la Nature et l'Homme, this initiative covers five principles of action to promote healthy and sustainable eating: combating food waste, working with local players, respecting the seasonality of produce, reducing cooking losses and increasing the proportion of vegetable proteins.

2.3.9 An offer supporting the development of the responsible economy in all regions



2.3.9.1 Creating a socially-responsible CIB

The creation of the new Corporate and Investment Bank (CIB) on 1 January 2022 is in line with the strategic plan for 2030 and the ambition of making the CIB a growth and diversification driver for La Banque Postale and the major state-owned financial group.

The CIB has naturally positioned itself as a socially-responsible CIB. In harmony with La Banque Postale's raison d'être and its mission-led company status, it has already begun to translate its community ambition into action, particularly through:

- close regional ties and the financing of essential public services, regional land-use projects, health and social housing;
- an active role in financing the energy transition (green loans, impact loans and financing renewable energy, green mobility and energy-efficient building projects);
- its EMTN, ESG Green Social investment product offering;
- the creation of a CSR expertise centre, the Sustainable Banking Hub (see box below);
- its commitment to the non-profit sector, in particular the Red Cross, AFM Téléthon and Pièces Jaunes.

Creation of the Sustainable Banking Hub

Created in January 2022, the Sustainable Banking Hub helps customers structure their financing operations around ESG criteria, in conjunction with the different CIB business lines and sectors. The Hub helps the CIB develop a universal CSR offer (green loans, social loans) and provides advice to customers on integrating CSR strategy and objectives into financial products, such as impact loans, green bonds and social bonds. In coordination with the Sustainability Department, the Hub also provides internal advice to CIB business lines, particularly on initiatives like the Equator Principles or the definition of Gender Inequality Index (GII) indicators.

The CIB is drawing on initial achievements to drive its development:

- leading provider of bank finance to local communities and hospitals, with a market share of 25%⁽¹⁾;
- €1.8 billion in responsible financing, i.e., more than 80% of total production in asset and project financing;
- growth of the Debt Capital Market business (No.1 in municipal Private Placement⁽²⁾);

(1) Source: Finance Active – 31 December 2021.

(2) Source: Bloomberg – 31 October 2022. 22% market share

- €2 billion in LBP green/social bond issues;
- leading issuer of CESU human services vouchers with Domiserve.

2.3.9.1.1 Supporting the local public sector

The CIB is the leading provider of bank finance to local authorities and public hospitals. In 2022, it granted the local public sector nearly €14 billion in financing to over 4,300 regional organisations (local authorities, social housing landlords, local public enterprises and health establishments).

Because local authorities play a leading role in the energy transition, the CIB has developed a responsible bank financing (green loans) and bond offer (green/sustainable bonds) to fund environmental projects (sanitation, waste management, soft mobility, renewable energy, etc.).

In October 2022, La Banque Postale launched a range of social loans for local authorities, i.e., loans with a positive social impact. Eligible loans may be used to finance projects related to education, health, housing, sports, culture or community cohesion. In 2023, the offer will be extended to other business customers served by the Corporate and Investment Banking business. It is designed to be refinanced by La Banque Postale's social bond issues.

In 2022, it also launched a grant-seeking and grant-management support service, Subzen, to optimise the funding plans for local authorities.

Its support for the healthcare sector will continue in 2022 beyond the "Covid 19" offers that responded to the initial urgent needs linked to the health crisis. The CIB supports public hospitals, healthcare associations and cancer research centres (*Centre régional de lutte contre le cancer - CLCC*) by financing work to improve healthcare, biomedical equipment, conditions in elderly care facilities (*établissements d'hébergement pour personnes âgées dépendantes - EHPAD*), and investments and flows.

La Banque Postale's close ties with the health sector were reaffirmed in its 2030 strategic plan. They are reflected by the financing of projects in all regions of the country, and in social outreach initiatives such as the relaying of the French Red Cross' appeal for donations.

2.3.9.1.2 Providing support to companies

The CIB currently counts more than 11,900 SMEs/ISEs among its customers and it also serves 53% of the companies in the CAC 40 index and 45% of SBF 120 companies.

La Banque Postale is a socially responsible bank, fully committed to the just transition, and offering a full range of banking and financial solutions tailored to support productive investment as well as environmental, social and technological innovation.

It will therefore continue to develop a range of responsible bank financing solutions (green, social and impact loans). Its Sustainable Banking Hub team will also support customers' social and environmental projects by providing ESG advice and frameworks or by issuing sustainable bonds. A package of specific services is also offered to measure the carbon footprint of companies and monetise energy saving certificates. In addition, due to the difficult economic situation, La Banque Postale provides support to companies in securing their business model by financing

their operating cycle, offering *Prêt Participatif Relance* economic stimulus loans, securing cash flows, putting excess cash to work, hedging interest and exchange rates, and LBOs.

The CIB also provides its business customers with expertise in structuring ESG transactions through its Sustainable Banking Hub, which is designed to structure ad-hoc financing with the aim of promoting the implementation of ambitious corporate social responsibility policies within companies.

2.3.9.1.3 Providing support to local authorities

A long-standing leader in assisting local authorities, La Banque Postale is committed to developing the economic vitality of all regions. As in the previous year, in 2022 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. As a result, 150,000 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: 3,500 post office branches are now eligible, compared to 2,000 public treasury offices in the old system. La Banque Postale has become "the" cash counter for local authorities with significant flows (900,000 transactions 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.

Since 2019, La Banque Postale has been offering "green loans" to finance projects with a high environmental impact (waste recovery, energy refurbishment of public buildings, renewable energy production, clean transport). Since 2022, these green loans have been aligned with the EU sustainable development taxonomy. Since 2019, €3.2 billion worth of green loans have been granted in support of more than 853 projects. The investment is estimated at €2.8 million.

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 Consignations). This offer supports responsible financing along the entire value chain.

Green loans were granted in all regions of France, including the overseas departments.

La Banque Postale also markets 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 Green Taxonomy: soft mobility/clean transport or IT/telecommunications.

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2.3.9.1.4 Supporting local elected officials and territorial officers

La Banque Postale regularly provides regional elected officials and public servants with its expertise in local finances through publications and conferences. In addition to its traditional publications, such as its "Note de conjecture" on local finances or its "Regards financiers", which is prepared in conjunction with elected official associations, La Banque Postale provided unique insight into issues of current concern. For example, it published and presented a new study on local authority energy expenditure, and a municipal expenditure price index that calculates municipal inflation rates.

In addition, La Banque Postale has formed a partnership with The Shift Project, as part of the drafting of its "Cahiers de la résilience", intended to enlighten local authorities on the possible paths of transition towards greater regional resilience.

2.3.9.1.5 Working to support regional social care

La Banque Postale is involved in three areas of social care via its subsidiary Domiserve:

- The issuance of secure, dedicated methods for the payment of social benefits;
- The organisation and optimisation of human services and human support on behalf of social action players throughout the country;
- The development of innovative ambient assisted living solutions.

In 2022, Domiserve consolidated its leading position for Cesu Social by managing the payment of the Personalised Autonomy Allowance (*Allocation Personnalisée d'Autonomie* - APA) and the Disability Compensation Benefit (*Prestation de Compensation du Handicap* - PCH) on behalf of 35 departmental and municipal councils, in addition to managing their assistance plans. Domiserve has also been selected by Agirc-Arrco to run the "Ageing well at home" scheme at the national level from 1 January 2023.

In 2022, more than 600,000 calls were received by the Montrouge telephone platform, which is certified by the NF Service - Customer Relations quality standard and is thus one of 17 French companies to be certified.

With 150 employees, more than 12,550,000 hours of home services and €300 million in issued CESU vouchers, and thanks to its Hippocad subsidiary, Domiserve designs tangible support solutions allowing people to enjoy every moment of life. Its three areas of expertise provide a comprehensive, customised range of social care services throughout the entire country.

2.3.9.1.6 A long-standing partner of social housing associations

As banker to eight out of ten⁽¹⁾ social housing providers, representing 90% of France's social housing stock (5.3 million homes⁽²⁾), La Banque Postale is the second-leading provider of bank finance in the social housing market. It offers a full range of products and services, from cash and deposit management (rent collection solutions, *Livret A*, etc.) to short- and long-term banking and bond financing solutions.

La Banque Postale strengthened its position in 2022 by increasing the short- and long-term loan undertakings for social housing landlords by 10.5% for a total of €11 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 since 2018.

In the course of 2022, and following the implementation of an online rent collection solution used by 25% of France's social landlords, La Banque Postale, in partnership with electronic money institution eZyness, developed an automatic service for reconciling rent payments via bank transfer to simplify rent management for social landlords.

La Banque Postale is the leader when it comes to helping people in financially vulnerable situations pay their rent in cash through its regional network of post offices across the country.

2.3.9.2 La Banque Postale finances non-profit organisations to underpin its action

With its strong local roots, it is also a leading banking partner of the mixed economy and the social and solidarity economy, working for the general interest and implementing public policies (such as improving public transport, education initiatives, etc.).

La Banque Postale remains a true partner to the social and solidarity economy: one in every ten non-profits is a customer of La Banque Postale. Its advisors work in business centres across the country to support 4,000 of the main non-profits (foundations, healthcare and educational institutions, charities and social-purpose non-profits).

Launched in 2020, 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.). This special relationship brings La Banque Postale close to the assistance systems which benefit citizens. Thanks to its regional network and its subsidiary Goodeed, La Banque Postale helps non-profits with 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 began in late 2020. As for the French Red Cross, the collection in 2022 from customers and employees of La Banque Postale resulted in the issue of a cheque for €328,300, in addition to La Poste's collection of €1,334,561.52.

(1) Source: Social housing data and statistics | Ministères Énergie Territoires (ecologie.gouv.fr) – end-September 2022.
(2) Source: Ministère de la Transition Ecologique et de la Cohésion des Territoires – 1 January 2022.

2.4 Exemplary action to advance the banking and insurance sector

The third objective enshrined in La Banque Postale's articles of association under its corporate quality mission is to **"Advance best standards and regulatory practices in the banking and insurance sector through our exemplary actions"**. The Bank's levers for achieving this include:

- pioneering commitments on a just and positive transition for people, the environment and regions;

- equal opportunity within the Bank, through broad initiatives on inclusion of all;
- workforce-wide provision of the means for full engagement in each employee's business line, plus encourage engagement beyond the Bank as such;
- active contributions to market bodies and discussions with public regulators.

2.

2.4.1 Pioneering commitments to a just and positive transition for people, the environment and regions



2.4.1.1 Commitment to combat climate change

2.4.1.1.1 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, ten years ahead of the targets set by the Paris Agreement, conditional upon consistent action from governments and companies. The term "zero net emissions" refers to a reduction of at least 90% in CO₂ emissions, with sequestration of residual emissions. The commitment on combating climate change is implemented through the Bank's offerings and sector-specific policies. All internal actions are aligned to this transition, as regards both the organization's operational scope and the operations of its various business lines.

As well as the framework for the Science-Based Targets Initiative (SBTi, see Section 2.4.1.1.2 "Pathways to reducing greenhouse gas emissions"), La Banque Postale has also initiated an unprecedented discussion on emissions across the whole of its banking operations scope, as a founding member of the Net-Zero Banking Alliance (NZBA), on whose steering committee it has been elected as representative of European banks for two years. 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 members of the Net Zero Asset Managers Initiative and the Net-Zero Asset Owner Alliance respectively, both of which aim to help their members achieve net zero emissions by 2050.

2.4.1.1.2 Pathways to reducing 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 pathways were fully aligned with the objectives of the Paris Agreement. In 2017, La Banque Postale joined the Science Based Targets initiative (SBTi). SBTi aims to set guidelines on decarbonising the economy, and to approve alignment of GHG emission reduction pathways under a scenario scientifically compatible with the Paris Agreement.

More specifically, with this approval, La Banque Postale is committed:

- **to reduce its Scope 1 & 2 GHG emissions by 46% over the period 2019-2030.** This commitment covers GHG emissions from the Bank's vehicle fleet and buildings, excluding the Banking Advice Line (LCB)⁽¹⁾ and CNP Assurances. It should be noted that the buildings of the La Poste Network are included in the pathway approved by La Poste's SBTi, i.e., a target of 51% reduction in GHG emissions over the period 2013-2025.

(1) The LCB scope mainly includes La Poste Network buildings shared by La Poste and La Banque Postale, and the fleet of vehicles used by advisors and managed by Véhypo, which are covered by La Poste's SBT objective.

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This pathway, aligned with a +1.5°C scenario, was charted using the Absolute Contraction Approach (ACA). The alignment scenarios used are those developed in the IPCC Special Report on Global Warming of 1.5°C (SR15)⁽¹⁾ 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 Retail Customers Mortgages portfolio by 46% per sq.m over the period 2020-2030. This pathway was created 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 pathway was created 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 those energy projects that are based on renewable energy;**
- **to align the temperature of its large corporate equity and bond portfolio** from +3.1°C in 2019 to 2.2°C in 2025 (Scopes 1 & 2) and from 3.2°C in 2019 to 1.9°C in 2025 (Scopes 1, 2 & 3). These pathways were created 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 medium/long-term large corporate loan portfolio** from 3.1°C in 2019 to 2.3°C in 2025 (Scopes 1 & 2) and from 3.1°C in 2019 to 2.1°C in 2025 (Scope 1, 2 & 3). These pathways were created 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).

Pathways approved by the SBTi (October 2021) La Banque Postale

Scope 3 objectives - Category 15 (financing and investments)	Metric used	Starting point 2020	at end 2021*	Change 2021/2020	Objective	Scope**
Reducing GHG emissions in the sectors						
Residential real estate:	kgCO ₂ eq/ sq.m	22.19	18.42	-17%	11.98 (-46% in 2030)	Scopes 1 & 2
Commercial real estate:	kgCO ₂ eq/ sq.m	23.63	21.45	-9%	15.02 (-36% in 2030)	Scopes 1 & 2
Aligning the temperature of the portfolio						
Equities and bonds of large companies:						
Scopes 1 & 2:	Temperature (°C)	3.14	3.08	-2%	2.19°C in 2025	Scopes 1 & 2
Scope 1, 2 & 3	Temperature (°C)	3.18	3.18	0%	1.88°C in 2025	Scope 1, 2 & 3
Medium/long-term loans to large companies:						
Scopes 1 & 2:	Temperature (°C)	3.05	2.51	-18%	2.32°C in 2025	Scopes 1 & 2
Scope 1, 2 & 3:	Temperature (°C)	3.11	2.98	-4%	2.11°C in 2025	Scopes 1, 2 & 3
Project finance: continue to finance only energy projects based on renewable energy						

* Achievements at the end of 2022 for Scope 3 targets will not be available until 2023. Data on exposures as at 31 December 2022 will only available in January. The time required to process this information implies that carbon intensities and temperatures for year Y are published in year Y+1. La Banque Postale will report this data to SBTi by October 2023, in accordance with the undertakings made.

** Scopes to which the target relates.

(1) This is the report on the consequences of 1.5°C global warming presented by the IPCC in 2018.

Under its commitment to the Net Zero Banking Alliance (NZBA), La Banque Postale has also set intermediate targets for 2030 in the fuel-intensive aviation, automotive and cement sectors. These pathways were defined using a sector-specific approach using the NACE⁽¹⁾ codes of the counterparties in the Bank's corporate portfolio. La Banque Postale has developed a proprietary method based on in-depth analysis of its counterparties' climate transition plans and on the International Energy Agency (IEA) "Net Zero 2050" scenario. This brings the following commitments:

- **reduce indirect Scope 3** - Category 15 GHG emissions in its automotive sector investments (expressed in gCO₂eq per vehicle per kilometre) by 7% over the period 2020-2030;
- **reduce indirect Scope 3** - Category 15 GHG emissions in its aviation sector investments (expressed in gCO₂eq per passenger per kilometre) by 56% over the period 2020-2030;
- **reduce indirect Scope 3** - Category 15 GHG emissions in its cement sector (expressed in kgCO₂eq per tonne of cement produced) by 30% over the period 2020-2030.

In addition to these three paths, two relating to real estate (real estate lending to individuals and real estate lending to legal entities) are subject to the SBTi. For the coal sector, the Bank is already in line with scientific recommendations, as it is not exposed. It is also already aligned for power generation, as the Bank only finances projects based on renewable energy. Finally, with regard to the oil and gas sector, the policy it has implemented guarantees alignment with the 1.5°C pathway from 2030 onwards (see Section 2.4.1.3.1 "Responsible finance and

investment charter, exclusion policy and sector-specific policies").

The definition and approval of these pathways is a first step pending further in-depth work that will enable La Banque Postale to achieve its "zero net emissions" target in 2040.

As part of its adherence to the Net-Zero Asset Owner Alliance, 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 pathway under the Paris Agreement:

- **reducing the carbon footprint (Scopes 1 & 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 pathways)
- **reducing the carbon footprint (Scopes 1 & 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 pathways). 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 & 2) of electricity producers in which CNP Assurances is a shareholder or direct bondholder (target in line with the +1.5°C pathways of the One-Earth Climate Model)

Rate of achievement of targets	at end 2020	at end 2021	at end 2022
Target to reduce the carbon footprint of the directly-held equity and corporate bond portfolio by 25% over the 2019-2024 period and extended to infrastructure from 2022.	65%	125%	196%
Target to reduce the carbon footprint of the directly-held real estate portfolio by 10% over the 2019-2024 period	58%	100%	150%
Target to reduce the carbon intensity of the directly-held real electricity producers by 17% over the 2019-2024 period	172%	212%	230%

Regarding investment, in 2022 La Banque Postale Asset Management (LBP AM) set the target of aligning 80% of its assets on an emissions pathway compatible with a 1.5°C scenario by 2030, and achieving carbon neutrality for its investments by 2050. These are the levers it applies for achieving this objective:

- step up shareholder engagement on the transition in invested companies;

- include support for the energy transition as one of the four analysis criteria behind GReAT, LBP AM's SRI philosophy;
- apply carbon footprint as a key performance indicator for all open-ended funds benefiting from the second version of the SRI label;
- bolster the exclusion policy.

⁽¹⁾ NACE is the Statistical Classification of Economic Activities in the European Community. It groups organisations according to their business activities. There are 615 four-digit codes that the European Union determines.

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2.4.1.2 Commitment to fostering biodiversity

Climate change and the preservation of nature and biodiversity are two interrelated emergencies. Fully aware of these issues and the fact that its economic model is based on these limits, La Banque Postale has made respecting the planet's limits a core part of its company purpose.

In November 2022, La Banque Postale and CNP Assurances signed an ambitious declaration, drafted by the Finance for Biodiversity Foundation, in collaboration with the PRI and the UNEP Finance Initiative (UNEP FI), calling on governments, financial institutions and businesses to agree on an ambitious Global Biodiversity Framework at COP15, which was held in Montreal in December 2022.

The statement stresses the following points:

- that coordinated action is needed to address the triple global crisis of climate change, biodiversity loss and pollution, which already impacts millions of people today, especially the most vulnerable, and will further impact generations to come;
- that carbon neutrality will not be achieved without halting and reversing degradation to nature, and that loss of biodiversity cannot be tackled without tackling climate change;
- that the financial community has a role to play beyond the voluntary actions already in place on finance and investments that contribute to the protection and restoration of biodiversity and ecosystems.

It emphasises the urgent need of contributing to global efforts on protection and restoration of biodiversity and ecosystems, and the utility of a political mandate on the finance sector and biodiversity. The commitments set out in the agreement of 19 December 2022 on halting biodiversity loss and restoring biodiversity, through quantified, measurable targets with a monitoring framework, are to be welcomed.

2.4.1.2.1 La Banque Postale policies and actions on biodiversity

La Banque Postale already addresses biodiversity-related issues. Companies with a high impact on deforestation are 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.

La Banque Postale made a major contribution to the group-wide biodiversity roadmap charted at the initiative of La Poste's Executive Committee. It also intends to take up a biodiversity policy aligned with that of the Caisse des Dépôts group.

Pending a more in-depth quantification 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 43% of this portfolio was analysed. La Banque Postale used the Biodiversity Impact Analytics database powered by the Global Biodiversity ScoreTM (BIA-GBS), developed by Carbone 4 and CDC Biodiversité.

Within this scope, the biodiversity impact intensity corresponds to 22 MSA (Mean Species Abundance, see below) per billion euros invested.

A wide-scale project to measure the biodiversity impact of real estate loans to individuals and companies was launched in 2022 and is still under way.

The biodiversity footprint is gauged using the Global Biodiversity ScoreTM (GBS) tool, developed by CDC Biodiversité, across two portfolios: retail customers (home loans) and business customers (corporate real-estate loans).

The Global Biodiversity Score

The Global Biodiversity Score expresses a biodiversity damage footprint along similar lines to a carbon footprint. It assesses the dependence of economic activities (the portfolios in this case) on 21 "ecosystem services" (meaning "services provided by nature" and essential to the operation of our companies), and the impact on biodiversity with regard to four of the five pressures determined by the Intergovernmental Science-Policy Platform on Biodiversity:

- changes in land use;
- over-exploitation of natural resources;
- pollution;
- climate change.

This impact is expressed in MSA.sq.km MSA (Mean Species Abundance) is recognised by the scientific community as one of the metrics for aggregating different types of biodiversity impacts to assess the integrity of ecosystems by measuring the average abundance of species at a given location. 1 MSA.sq.km lost corresponds to total destruction of 1 sq.km of virgin natural area.

These impacts are gauged using data on the value and surface area of property, and on greenhouse gas emissions across the value chain. Assumptions on the quantities of building materials are used to calculate the upstream impact of construction for loans financing new buildings.

The footprint factors in two types of impact:

- static impacts, totalling all cumulative impacts prior to the start of the assessment period;
- dynamic impacts, meaning impacts occurring during the evaluation period.

Results

The results show a high dependence in Scope 1 (greenhouse gases emitted directly by the company) on surface water, i.e., all bodies of water in direct contact with the atmosphere, and a moderate dependence on underground water, i.e., bodies of water in aquifers of permeable rock, soil and sand. These ecosystem services are clearly essential to the real estate sector, as regards the running of properties. In the upstream value chain (Scope 3), the highest dependence is on soil stabilisation and erosion control, an ecosystem service on which construction activities rely heavily.

In 2021, the portfolios had a static terrestrial impact of 24 MSA.sq.km, which corresponds to the destruction of 24 sq.km of virgin ecosystem, i.e., seven times the surface area of Central Park. The dynamic terrestrial impact was 1.7 MSA.sq.km, equivalent to the additional destruction of 1.7 sq.km of virgin ecosystem.

The portfolios also had a static aquatic impact of 0.19 MSA.sq.km in 2021. The aquatic impact is structurally lower than the terrestrial impact. This is because of the correlation between biodiversity impact and ecosystem size globally; because terrestrial ecosystems are larger than aquatic ecosystems, terrestrial results are usually higher than aquatic results. The home loans portfolio accounts for most of the impact, since it represents a higher proportion of the investment.

The results show that at La Banque Postale, the low proportion of loans on new buildings brings a preponderance of impacts arising from the running of buildings, especially as regards land use and greenhouse gas emissions.

The study findings provide La Banque Postale with a basis for setting biodiversity impact reduction targets in the years to come.

Impacts of individual and corporate portfolios

		Impact (MSA.sq.km)
Retail customers	Static terrestrial	22
	Dynamic terrestrial	1.5
	Static aquatic	0.18
Business customers	Static terrestrial	2.3
	Dynamic terrestrial	0.26
	Static aquatic	0.018

2.4.1.2.2. La Banque Postale Asset Management's policies and actions on biodiversity

LBP AM and its subsidiary Tocqueville Finance published a cross-functional biodiversity policy in 2022. This covers 16 of the 23 targets set out in the Global Biodiversity Framework adopted at COP 15 for the period up to 2030.

With this policy, LBP AM and Tocqueville Finance state a firm intention to address the challenges of biodiversity preservation through action in several areas:

- policy on systematic inclusion of biodiversity in the proprietary investment rating system, GReAT. The biodiversity footprint of portfolios is calculated using the Global Biodiversity Score methodology, created by CDC Biodiversité;
- policy of excluding companies with a high biodiversity impact that do not implement remediation plans, using the Biodiversity Impact Analytics database powered by the Global Biodiversity ScoreTM (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;
- policy on shareholder engagement with invested companies, encouraging them to reduce their biodiversity impacts and control dependence on natural capital. This policy revolves around collaborative commitments addressing specific issues, such as publication of company action plans, and bilateral commitments with companies at which a change in practices might represent a significant challenge;
- integration of employee awareness and training to encourage eco-actions and reduce the biodiversity footprint of LPB AM and Tocqueville Finance;
- policy of influence to support regulatory initiatives on corporate action (at financial companies in particular) on biodiversity, through input on frameworks such as TNFD (Taskforce on Nature-related Financial Disclosures) and EFRAG (European Financial Reporting Advisory Group), on non-financial reporting standards, and on regulations such as that concerning deforestation imports in the European Union.

La Banque Postale Asset Management, alongside La Banque Postale, is actively participating in various working groups as part of the Finance for Biodiversity Pledge, which is naturally part of La Banque Postale Asset Management's roadmap.

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2.4.1.2.3 CNP Assurances' policies and actions on biodiversity

Under its commitment to the Finance Biodiversity Pledge, CNP Assurances set a number of targets for its business, including:

- measuring the biodiversity footprint of the entire directly-held equity and corporate bond portfolio by the end of 2023;
- 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 had 57,736 hectares of forests at the end of 2022, which benefited from sustainable forest management by Société Forestière. Preservation of biodiversity is one of its management objectives and each year, it carries out actions in favour of biodiversity.

Société Forestière's recently renewed management mandate includes an action plan and biodiversity preservation objectives for 2025 under a sustainable management charter. It integrates an inventory of potential biodiversity, with a view to improving it through actions such as the conservation of micro-habitats, the development of ecological corridors, the suspension of forestry work during the reproduction periods of the most sensitive species, the banning of herbicides and fungicides, and the limiting of insecticides to health emergencies. This charter has been enriched by an annual follow-up with the setting of targets for each measure.

CNP Assurances carried out an initial test in 2021 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. The test was extended in 2022 and the Iceberg Data Lab methodology was completed. Across this scope, which covered 58% of the portfolio at the end of 2021, the biodiversity footprint was estimated at -25 MSA.sq.m⁽¹⁾ per €k invested. The metric includes the following pressures on biodiversity: land use change, climate change, air pollution (nitrogen oxides) and water pollution (discharge of toxic products). CNP Assurances aims to go beyond this test and has undertaken to measure the biodiversity footprint of its entire directly-owned equity and corporate bond portfolio by the end of 2023, on the basis of available data, encouraging companies to improve transparency on these issues.

In 2022, CNP Assurances strengthened its biodiversity commitment by investing 120 million euros in the thematic fund initiated by LBP AM and Tocqueville Finance. (See Section 2.4.1.2.3 "La Banque Postale Asset Management policy and actions on biodiversity".)

In 2022, CNP Assurances carried out an inventory and analysis of the impact on biodiversity of directly-owned logistics platforms.

2.4.1.3 Implementing strict exclusion policies

2.4.1.3.1 Responsible financing and investment charter, exclusion policy and sector-specific policies

Responsible financing and investment charter

La Banque Postale is convinced of the importance of including ESG issues in its finance and investment activities.

A Responsible Financing and Investment Charter derived from its risk management policy provides guidance on La Banque Postale financing operations and lending to corporate loan customers.

Standard exclusions

The charter specifies denial of loan applications from organisations operating in risk sectors (tobacco, controversial and non-conventional weapons, pornography, deforestation, oil, gas) or having infringed legislation (international conventions, fundamental labour rights, environmental legislation).

La Banque Postale Asset Management excludes issuers suspected of serious or repeated infringement of the UN Global Compact principles or OECD guidelines for multinationals. It analyses issuers and monitors controversies using input from non-financial rating agencies, and provides La Banque Postale with a list of organizations for exclusion.

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 the company.

Exclusions in respect of the prevention of money laundering and the financing of terrorism

La Banque Postale also strives to prevent financial, legal and reputational 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 a country on this same list.

(1) 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.

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.

Demanding sector-specific policies

In addition to these responsible financing and investment policies, La Banque Postale and its subsidiaries rely on stringent sector-specific policies to provide a framework for the sectors of activity that present significant ESG challenges. The sector-specific policies established by the Bank aim to support customers through the transition, while strengthening the resilience of its balance sheet to future transitions.

Aligned oil and gas policies

		La Banque Postale	LBP AM	CNP Assurances	
Guiding principles		All three policies have a common purpose: alignment with the Paris Agreement			
Exclusions	Corporates	<p>Excluded (stocks and flows):</p> <ul style="list-style-type: none"> - Conventional and non-conventional oil and gas companies - Companies developing new fossil oil or gas exploration or production projects 	<p>Excluded (stocks and flows):</p> <ul style="list-style-type: none"> - Companies for which non-conventional oil and gas (shale, bitumen, Arctic, deep offshore) accounts for more than 20% of revenue - Companies not expressing a commitment to carbon neutrality on Scopes 1 & 2 - Companies not expressing a commitment to reduce Scope 3 emissions <p>- From 2025 onwards, companies developing new oil and gas exploration or production projects</p>	<p>Excluded (flows):</p> <ul style="list-style-type: none"> - Companies for which non-conventional oil and gas (shale, bitumen, Arctic) accounts for more than 10% of revenue <p>- Companies developing new fossil oil or gas exploration or production projects</p>	
	Infrastructure	<p>Excluded (stocks and flows):</p> <ul style="list-style-type: none"> - Non-conventional oil and gas infrastructures - Greenfield oil infrastructures - Greenfield fossil gas infrastructures - Brownfield oil and gas infrastructures not meeting the IEA scenario target energy mix 	<p>Excluded (flows):</p> <ul style="list-style-type: none"> - Non-conventional oil and gas infrastructures - Greenfield oil infrastructures - Greenfield fossil gas infrastructures - Brownfield oil and gas infrastructures not meeting the IEA scenario target energy mix 	<p>Excluded from new direct investment (flows)</p> <ul style="list-style-type: none"> - Non-conventional oil and gas infrastructures - Greenfield oil infrastructures <p>- Companies developing new fossil oil or gas exploration or production projects</p>	
Selection		<ul style="list-style-type: none"> - Companies not on the GOEL* list - Companies having an SBTi-approved transition plan - Renewable energy subsidiaries or projects 	<p>Companies with transition plan analysis by LBP AM</p> <ul style="list-style-type: none"> - Renewable energy projects 	<ul style="list-style-type: none"> - Renewable energy subsidiaries or projects financed by green bonds 	
Shareholder engagement		<p>La Banque Postale does not practice shareholder engagement insofar as it does not hold company shares</p>	<p>Companies: Shareholder engagement and voting to request companies to take up a transparent and credible transition strategy on alignment of operations with a 1.5°C warming limit scenario</p> <p>Private debt: proposal on "ESG covenant" for transition</p>	<p>Governments: encouragement on an end to fossil fuel subsidies, and policies to reduce fossil fuel demand</p>	

* The GOEL list includes the main companies in the oil and gas sector

(I) ✓ indicator independently verified to a reasonable level of assurance.

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Other sector-specific policies and commitments

All of the policies of the Caisse des Dépôts group apply to La Banque Postale subsidiaries. In 2022, CDC published a climate policy, a biodiversity policy, and a responsible finance policy. These also apply to La Banque Postale Group, and will be phased in accordingly.

La Banque Postale also formally documented a defence sector policy, currently being updated, which is 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 all its businesses 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.

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.

With publication of its biodiversity policy in 2022, LBP AM undertook to exclude companies lacking a remediation plan for their high biodiversity impact, as determined notably by the Global Biodiversity Score⁽¹⁾.

Companies with a high impact on deforestation are also excluded under La Banque Postale's responsible financing and Investment Charter. La Banque Postale Asset Management has drawn up a deforestation policy that excludes operators and traders lacking a recognised strategy on prevention of 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 rare species. At end-2022, 100% of the woodland owned by CNP Assurances and eligible for PEFC certification had adhered or was in the process of

adhering to it. 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 Casinos & Gaming sectors. Companies generating more than 10% of their revenue from gambling are systematically reviewed by the Exclusion Committee.

A specific policy on financing in the aerospace sector has been implemented since 1 January 2023. To support efforts to reduce carbon emissions in this sector, La Banque Postale will henceforth only finance new aircraft or aircraft equipped with the most recent engine technologies, along with operations that are not directly aimed at increasing air traffic (airport energy efficiency, compliance with safety standards, etc.). La Banque Postale is thus committed to no longer financing the construction of new airports or runways, or private jets or business aircraft.

This commitment implies heightened vigilance over a certain number of stocks with high non-financial risks. In this respect, the Sustainability Department is regularly consulted by the Risk Department and Corporate and Investment Banking teams to carry out ESG analyses of companies. In 2021, the Sustainability Department issued 11 exclusion decisions, for the following reasons: one exclusion on deforestation, one on sectarianism, two in the defence sector, six on oil and gas policy and one on animal welfare grounds.

2.4.1.4 Reducing La Banque Postale's environmental footprint

2.4.1.4.1 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 programme that monetises La Banque Postale's carbon footprint with a view to reducing its carbon emissions. For the first seven editions, an overall financial envelope topping €3 million financed internal projects to reduce GHG emissions, along with external (national and international) projects to sequester and offset residual emissions. This budget is calculated on the basis of tonnes of equivalent CO₂ from GHG emissions generated by the Bank's three main emission sources – transport (business travel and home/work commute), buildings and IT and paper consumption (internal and external).

(1) Source: https://www.labanquepostale-am.fr/media/publications/2022/LBPAM_TFSA_Politique_Biodiversite_2022.pdf

In 2022, CNP Assurances also set up a Carbon Fund, to finance internal projects aimed at lasting reductions in GHG emissions, along with external projects on offsetting unavoidable GHG emissions through the purchase of carbon credits.

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 88 projects financed so far make direct contributions to achieving La Banque Postale's objective of reducing GHG emissions. They have prevented the emission of more than 4,500 tonnes of CO₂. Examples include work to renovate and improve the energy efficiency of buildings, campaigns to raise awareness on sustainable development in partnership with NGOs and non-profits, the provision of fleets of electric bicycles and scooters, installation of a solar water heater, an energy recovery unit for a refrigeration system, solar panels to supply some of a building's electricity, a green roof for a company canteen, and a ride-sharing platform for employees who commute.

Financing for external national low-carbon projects

La Banque Postale was one of the first banks to set up a Carbon Fund, and has pioneered the financing of carbon offsetting projects in France. Since 2015, under its "Climate + Territories" programme⁽¹⁾, co-sponsored with the Mail & Parcels Services Division (BSCC) and the Retail Customers and Digital Services Division (BGPN), La Banque Postale has financed 11 innovative projects promoting reforestation, improved forest management, agroforestry and sustainable agriculture in France.

As part of this programme, La Banque Postale has notably financed:

- in 2015 (with BSCC): four forest projects, for planting, reforestation and coppicing in the Massif Central region, in partnership with the Massif Central public interest group and CNPF (National Forestry Centre). All four of these projects were awarded a Low Carbon Label⁽²⁾ from 2019 to 2021;
- in 2016: the "Agr'eau" agroecology programme⁽³⁾ run by the French Agroforestry Association in the Adour-Garonne basin;
- in 2017:
 - the "Low-carbon dairy farm" programme⁽⁴⁾, 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;
 - a forestry project with the Office National des Forêts (National Forestry Office) in the Hauts-de-France

region, in partnership with the La Poste Network;

- in 2018 and 2020: the Carbocage project, 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: a forestation project in the Vaucluse region, to reduce the risk of forest fires in the Luberon National Park;
- in 2021: a project to plant a nine-hectare meadow with 10 species. The forestation method chosen for this work is approved for the Bas-Carbone (low carbon) label;
- in 2022:
 - two projects in partnership with the Centre National de la Propriété Forestière (CNPF), approved for the Low Carbon Label (forestation projects in the Maine et Loire and Deux-Sèvres, regions);
 - a "Trees for the City" pilot project alongside BSCC and in partnership with Société Forestière CDC, on return to nature and transformation of a public garden in Marseille. This project led to development of a method for calculating emission reduction and sequestration in urban areas.

Financing for international external projects with Verified Carbon Standard and Gold Standard certification

Since 2018, the Carbon Fund has financed carbon offsetting projects in line with international certification standards such as the Verified Carbon Standard and the Gold Standard. Seven projects have benefited from La Banque Postale support since 2018. Currently, five projects receive support from La Banque Postale:

- the Pucallpa project aims to preserve biodiversity and, more specifically, the natural habitats of plant and animal species in the Amazon forest;
- the Kitalu Forest project addresses reforestation and poverty alleviation through educational programmes and support to farmers in Kenya and Uganda;
- the Serragem project promotes the use of biomass in Brazil;
- the Cookstove project reduces the consumption of firewood through the distribution of cookstoves in Cameroon;
- the Yesil enerji project in Turkey involves producing methane from waste.

La Banque Postale was one of the first banks in the world, from 2018, to offset all of its direct emissions (operational scope), including those from its subsidiaries and from employees' business travel and commuting.

(1) The purpose of the *Climat + Territoires* programme 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 environmental transition at the local level by offering financing opportunities to local projects designed to reduce emissions. La Poste Groupe'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.

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Exemplary action to advance the banking and insurance sector

The Carbon Fund: a major change from 2023

The Carbon Fund is a kingpin of the Bank's low carbon policy. Its innovative purpose to fulfil ambitious commitments will be advanced by means of three new objectives from 2023 onwards:

- intensified drive on carbon footprint shrinkage through finance for major renovation work at all premises. The Carbon Fund supports the action plan on low-carbon buildings on four points: 100% green electricity, exit from fossil fuels, eco-actions and biodiversity;
- climate and biodiversity contribution, with the acquisition of carbon credits through finance for virtuous national and international projects on CO₂ sequestration and biodiversity protection/restoration;
- Control over carbon credit prices through investment in the Bank's own CO₂ sequestration sinks.

The internal price per tonne of CO₂ has been adjusted consistent with the degree of carbon reduction set by the Bank's objectives. The internal price per tonne of CO₂ will be set at €60/tCO₂eq in 2023 (compared to €10.5 in 2022), more closely correlated to the market price.

2.4.14.2 An energy performance policy for its buildings

In 2022, the share of greenhouse emissions related to building energy consumption accounted for 30% of La Banque Postale's carbon footprint from operations. La Banque Postale and its main landlord, La Poste Immobilier, are committed to various structuring actions and real estate projects which concretely reflect the building energy performance policy. The policy has three main focuses:

Promoting energy-saving renovations

La Banque Postale regularly orders thermal insulation work for its premises, roof repairs, regulation of heating systems, replacement of obsolete climate control systems and boilers, and 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 La Poste Immobilier teams who implement the recommendations of its sustainable real estate policy.

Then under an energy management system (SMé) run jointly with La Poste Groupe, action plans have been drawn up on reducing energy consumption at the sites concerned, using the SOBRE energy performance management system.

Exemplary initiatives in this field were the 2022 transfer of Louvre Banque Privée's head office to the historic La Poste site, that of CNP Assurances to the Issy Cœur de Ville eco-neighbourhood, and that of LBP AM to the new Morland site, renovated and designed in accordance with the latest environmental standards.

Optimising everyday energy efficiency of real estate assets: "Buy better"

For all of its major sites (over 36 KVA), La Banque Postale has been buying electricity from 100% renewable sources since 2015. This accounts for more than 99% of its total energy consumption. This exemplary decision is consistent with La Poste Groupe's support of the RE100 Initiative which commits it to using 100%-renewable electricity to power its entire property portfolio managed by La Poste Immobilier.

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 La Poste Immobilier 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 the Group's exposure 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 2022, La Banque Postale was able to avoid the emission of 4,615 tCO₂ thanks to this scheme.

Responsible energy consumption

La Banque Postale is working on a daily basis, alongside its property company La Poste Immobilier and the subsidiary Sobre Énergie, to bring together the buildings it occupies in an energy management system. This project is being carried out at La Poste Groupe 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.

This approach yields an improvement in the environmental quality of the buildings occupied by La Banque Postale, in addition to lowering overheads. 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 2021 and 2022 has been observed (breakdown as follows: -12% for electricity, -21% for gas, -13% on fuel oil and -10% for heating). This decrease is explained by the actions carried out, such as relamping and the reduction in temperature set points following the sobriety plan implemented at the end of October 2022. There was a slight increase in water consumption (+2%).

This approach has been certified ISO 50001 for a scope of 197 La Poste Groupe 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.

The "Puissance 10,000" project complements the Green Lease approach initiated by La Poste Immobilier in 2015 by industrialising the processes and making new tools available. The Green Lease programme, now called Eco Energie Tertiaire, has been applicable since it was introduced in July 2019. It concerns 52 buildings occupied by La Banque Postale (majority or minority occupation).

As a reminder, this regulation binds lessors and lessees to energy consumption targets for 2030, 2040 and 2050, and to submit annual declarations on building energy consumption figures.

Work will need to be carried out to meet these obligations.

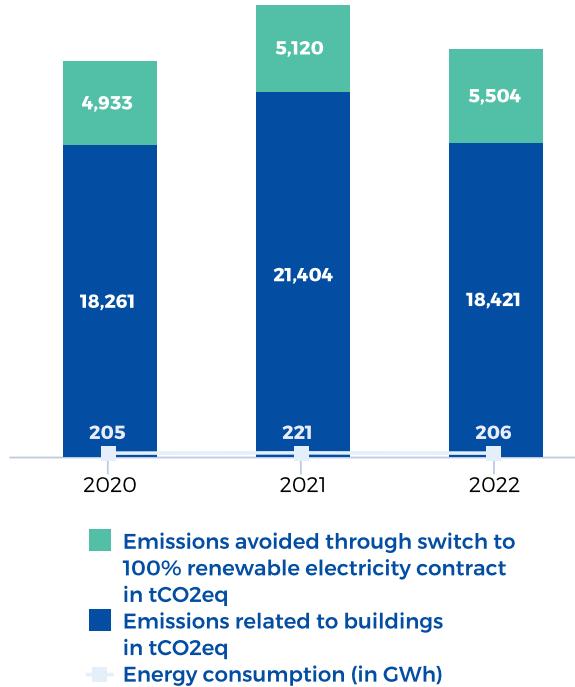
Encourage employees to adopt eco-responsible behaviour

The *Tous Engagés* ("Everyone Engaged!") commitment platform operated by the Microdon subsidiary was created in 2022 (see Section 2.4.3.1 "*Tous engagés*" a platform dedicated to employee commitment). Under its energy efficiency plan, La Banque Postale has developed an eco-action training cycle available to all employees. This covers three main areas: climate, responsible digital practices, and responsible consumption. Electricity usages are discussed in each of these modules.

La Banque Postale conducts multiple awareness campaigns every year in the head offices and throughout the country thanks to its CSR Officers. They raise employee awareness on environmentally responsible behaviour by running campaigns on environmental practices, opening information kiosks and organising themed exhibitions.

In 2022, the Customer Relations and Experience Department ran a wide-scale collaborative operation – the "Ideas and Actions Bank" – on La Banque Postale's low-carbon pathway, which targets a 46% reduction in greenhouse gas emissions by 2030. This inter-site brainstorming operation now takes the form of a system for monitoring specific actions (such as relamping). These items also feature in action plans under the energy efficiency programme initiated by La Poste Groupe.

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 69% between 2013 and 2022.



	2020	2021	2022
Emissions avoided through switch to 100% renewable electricity contract, in tCO ₂ eq	4,933	5,120	5,504 ⁽¹⁾
Emissions related to buildings in tCO ₂ eq	18,261	21,404	18,421
Energy consumption (in GWh)	205	221	206

(1) The 2022 figure includes CNP Assurances France and the international subsidiaries of CNP

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).

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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 Beaucouzé (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.

In addition, CNP Assurances has signed the Charter for Energy Efficiency in Commercial Buildings and has undertaken to bring the proportion of renewable electricity used in its operating buildings to 100% from 2022.

Energy efficiency plan

La Banque Postale runs a four-point energy efficiency plan:

- **Consumption reduction plan**, which consolidates the plans of each La Banque Postale entity;
- **Employee engagement plan** (communication, skills development, Carbon Fund and eco-actions);
- **Business continuity plan** (prevention of load shedding risks, protection of sites hosting La Banque Postale servers);
- **External communications plan** addressing La Banque Postale's ecosystem.

2.4.1.4.3 A responsible digital performance policy

La Banque Postale is committed to responsible digital practices through a continuous improvement approach. This "Responsible Digital Practices" approach, led by the Information Systems Department (ISD), covers digital sobriety for efficiency and inclusive technologies for human progress.

La Banque Postale has put in place a range of measures to promote responsible digital practices:

- La Banque Postale ensures that its desktop and laptop computers, as well as its screens, carry the EPEAT (Electronic Product Environmental Assessment) label, which measures the environmental impact of an electronic product. 81% of the Bank's computers and 95% of its monitors are certified;
- The overall environmental footprint of IT equipment is measured on an annual basis. Indicators are toughened or the scope broadened each time round. In 2022, all IT equipment - 145,000 items in all - was analysed. The environmental impact was found to be 7,596 tCO₂eq, 8% down on 2021;
- New equipment is being rolled out, including lightweight devices such as tablets. With power

consumption of only a few watts and no mechanical parts, they have an extended service life;

- The energy consumption of data centres is also monitored, and managed through actions such as temperature adjustment, confinement of areas to be cooled, volume management, and optimised space allocation within the data centres themselves;
- Since 2018, La Banque Postale has been working with an organisation employing disabled persons for the reconditioning of disused equipment. In 2022, more than 7% of "outgoing" desktop and portable computers were directly reused through donations to organisations in the social and solidarity economy. Recycling was also on the increase, at more than 27%, up from 16% in 2021;
- The Bank is also attentive to responsible design of its digital services, factoring in environmental and societal impacts accordingly. This covers several points throughout the lifecycle of each project process.

Finally, the development of digital technology can create a divide for populations suffering from electronic illiteracy, a lack of equipment or no access to the Internet. La Banque Postale is stepping up its efforts to deploy ergonomic, high-performance applications that are accessible to all. It also ensures that its applications comply with the French General Accessibility Improvement Reference Framework (RG2A), under French law on Equal Rights and Opportunities.

La Banque Postale provides thorough training and awareness-raising for all employees. The need for digital responsibility is a workforce-wide concern. Various training courses are available, along with a general information and awareness guide. Training indicators are published quarterly. In 2022, more than 25% of the IT Department's employees will be trained in digital responsibility (with a target of 80% by the end of 2023), and all of them will be made aware of the issue through various media and the implementation of eco-design practices.

2.4.1.4.4 A responsible mobility policy for employees

In 2022, greenhouse emissions attributable to employee travel (excluding the CNP Assurances France subsidiary and CNP's international subsidiaries) accounted for just over 60% of La Banque Postale's total carbon footprint (up +2% versus 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. Every two years, a survey is conducted to assess employees' commuting footprint.

The last survey was conducted in 2021, and the next will be in 2023. In 2022, the emissions from these journeys broke down as follows⁽¹⁾

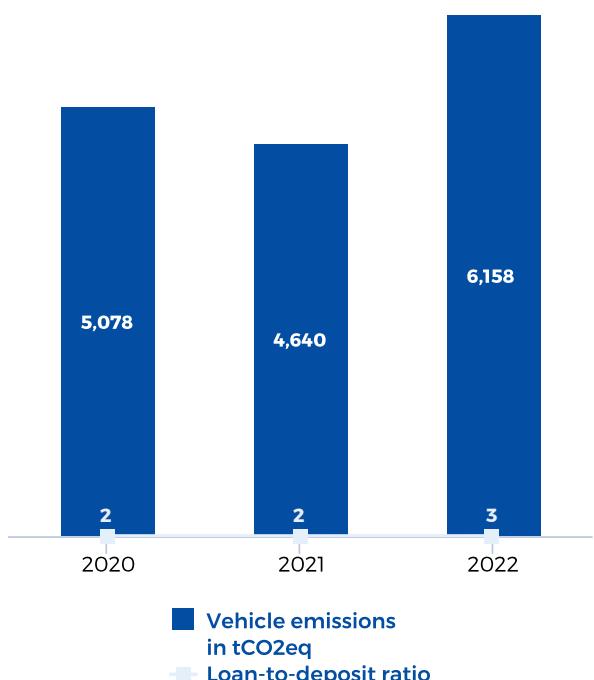
Percentage of GHG emissions/mode of transport

Vehicles ⁽²⁾	Train	Plane	Commuting ⁽³⁾
15.1%	0.1%	2.2%	82.7%

The decrease in business travel observed in 2021 continued in 2022, largely owing to developments in the work-from-home system, and its widespread take-up throughout the Group. Employees can now work from home up to two days a week, with ten floating days in the year.

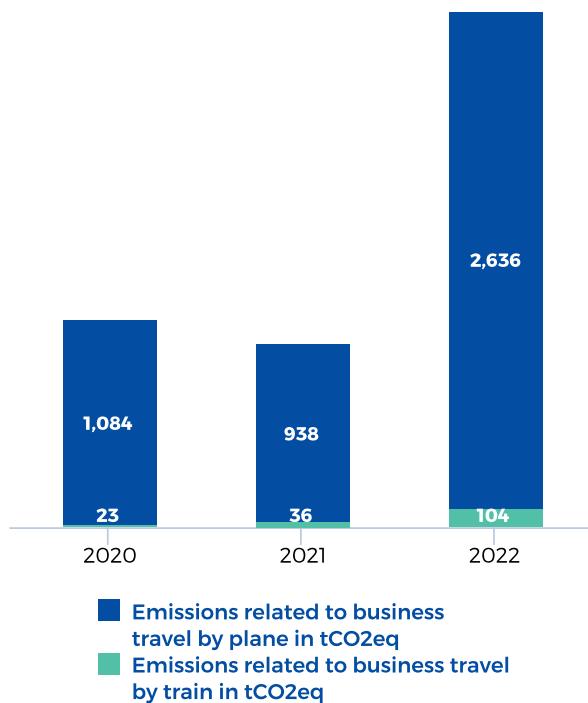
The GHG emissions of La Banque Postale's car fleet fell by 16% from 2019 to 2021. In addition, the emissions released per vehicle fell by 12%.

In 2023, a new car policy will be introduced to encourage employees to choose electric or hybrid vehicles. By 2026, three years from now (the time required to renew the entire fleet), the company car fleet will comprise solely electric or hybrid cars. 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.



	2020	2021	2022
Vehicle emissions, in tCO ₂ eq	5,078	4,640	6,158
Emissions per vehicle, in tCO ₂ eq	2.1	2	2.6

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 2022, employee train journeys accounted for 104 tCO₂eq. and air travel accounted for 2,636 tCO₂eq.



	2020	2021	2022
Emissions related to business travel by plane in tCO ₂ eq	1,084	938	2,636
Emissions related to business travel by plane in tCO ₂ eq	23	36	104

In 2021 (date of the last survey), CO₂ emissions from employee commutes totalled 26,264 tCO₂eq (down 28% on 2019). Development of home-working has brought a significant change in practices and a sharp reduction in commuting. Bank employees travelled 18% less in 2021 than in 2019 (186 million km in 2021 from 228 million in 2019).

(1) The breakdown corresponds to data from La Banque Postale excluding the CNP subsidiary (CNP Assurances France and CNP's international subsidiaries).

(2) Professional vehicles provided by the company

(3) The home-work survey carried out among employees every two years takes into account all means of transport used

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To meet the needs expressed in the employee consultation of May 2021, La Banque Postale launched its "soft mobility pass" in the first quarter of 2022, a scheme aimed at encouraging low-pollution transport modes. This has enjoyed strong employee take-up, with 590 subscriptions in 2022, including 353 for bicycle hire. On launch of this pass, training was provided to encourage the use of soft mobility and remind people of road safety considerations.

2.4.1.4.5 Responsible paper consumption

In 2022, paper consumption amounted to 4,374 tonnes, an increase of 17% compared to 2021. This increase is related to the integration of a new supplier.

In 2022, the portion of "responsible" paper, in other words, recycled or sourced from sustainably-managed forests, was 97%.

Total paper consumption fell by 62% between 2013 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.

2.4.1.5 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.

2.4.1.5.1 Responsible and Ethical Purchasing Charter

La Banque Postale's Responsible and Ethical Purchasing Charter must be accepted by the supplier every time a new contract is signed or, for existing contracts, after each Steering Committee meeting. The charter sets out the Bank's expectations on the values of openness, ethics, equity, solidarity, sustainable development and the fight against all forms of corruption.

It encourages suppliers to take up their own CSR programmes on responsible development.

The Charter is one of the factors enabling La Banque Postale to respect its due diligence obligations with respect to the companies in 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 Organisation);

- 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.

By the end of 2022, 7,164 suppliers had validated the Responsible Purchasing Charter.

The Group-wide purchasing information system (IS) brought in by La Poste Groupe in 2018 includes a shared supplier base, and is linked to the legal documents and Responsible Purchasing Charters via Prodigis, a platform for monitoring suppliers' compliance with their specific obligations.

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.

2.4.1.5.2 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 Sustainability Department has set up a system that proposes grid templates for analysing bids, jointly with the ISD (on responsible digital practices).

Consistent with its sustainability strategy, the Bank's purchasing approach features digital technology with an emphasis on sobriety for efficiency, greater inclusion, and technology harnessed for human progress.

This ethical and responsible digital approach applies the following principles:

- compliance with regulations, as regards working conditions and health and safety at work, on aspects including air pollution, noise pollution, chemical risks, delivery conditions, etc.
- respect for human rights, fundamental freedoms, and personal and environmental safety.

Regarding purchases of digital equipment in particular, La Banque Postale Group aims to:

- minimise its negative impacts on GHG emissions, improve energy efficiency and promote a circular economy;
- improve its positive impact on society, particularly as regards working conditions, health, stakeholder safety, and inclusion (of people with disabilities or not having access to employment);
- offer customers safe and inclusive products.

In this context, the Purchasing and Banking and Insurance IT (DSIBA) departments propose a set of criteria to be included in calls for tender managed by DSIBA, to meet CSR and Digital Responsibility consistent with the strategy set out in the master plan. This grid is currently being tested for possible application to non-IT products or services in 2023.

2.4.1.5.3 Sapin II compliance and duty of care

To meet the regulatory requirements of France's "Sapin II" law and "Potier" law on corporate duty of care for parent and initiating companies, La Banque Postale has brought in a number of measures, as outlined below.

Regarding duty of care, La Banque Postale applies La Poste Groupe's risk analysis system and methodology and contributes to its Vigilance Plan. In 2022, La Banque Postale updated its mapping of risks of serious infringement to human rights and fundamental freedoms, and to personal and environmental health and safety (fundamental rights), for both its own activities and those of its suppliers. The update also extended to its risk management plan. CNP Assurances has been included in La Banque Postale's system and has drawn up a risk map for CNP Assurances SA and its two Brazilian subsidiaries, CSH and CVP.

The purchasing department has a "CSR risk" rating for each of its suppliers by purchasing sector, based on an AFNOR mapping methodology. In addition, in order to comply with the law on the duty of care, the Purchasing Department uses La Poste Groupe's methodology to assess the risk of serious infringement of fundamental rights for each category of purchases. An assessment by experts informs the resulting prioritisation. The net risk is calculated according to the level of maturity of the risk management system.

In 2022, La Banque Postale has identified the following risk purchase categories: **I&T services; Other intellectual services; Retail layout; Printing and graphic chains.**

La Banque Postale uses La Poste Groupe's supplier and subcontractor assessment system, under continuous improvement.

La Banque Postale has an alert and reporting system addressing its own and its suppliers' employees on the existence or consequences of risks. This fits with the regulatory requirements of French Sapin II law and Potier law on duty of care of parent and initiating companies.

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.

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. The latest amendment, in 2022, includes an update to the "anti-corruption and due diligence" clause, and the addition of a clause on "international sanctions".

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.

To consolidate 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 which carries out a CSR assessment of key suppliers. Information is compiled on a collaborative platform that includes 150 business sectors and 95 countries. In 2022, the average rating of its largest suppliers is 57/100 compared to an average of 45/100 for companies assessed by EcoVadis.

In Italy, CNP UniCredit Vita carries out a CSR assessment of its suppliers for key service providers and for all new contracts of €75k or more.

In Argentina, CNP Assurances Compañía de Seguros has implemented a purchasing policy that requires the choice of service providers to take into account their impact on the environment and diversity.

In the last quarter of 2023, La Banque Postale will use the EcoVadis scoring method. Eventually, analysis tools and methods will be aligned across the Group and the subsidiaries.

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2.4.1.5.4 Calls for tenders open to the protected sector and SMEs

La Banque Postale's 2022 gross purchases from the disabled and protected employment sector totalled €1,123,202, excluding VAT, at 31 December 2022.

In 2022, the Purchasing Department, with the support of specifiers, made the following purchases:

- €1,918,000 (excluding VAT) from social integration companies;
- €4,880,000 (excluding VAT) to social economy companies.

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 2022 purchases by La Banque Postale from SMEs was €169 million, excluding VAT, at 31 December 2022.

2.4.1.5.5 Socio-economic footprint

An analysis of La Poste Groupe's socio-economic footprint was updated in 2022. This enables us to determine the contribution to employment and value creation in the territories of the group's subsidiaries, including La Banque Postale.

This contribution, based on direct impacts (La Banque Postale employees), indirect impacts (jobs supported in the supplier chain) and induced impacts (household consumption and government spending) was estimated at more than 26,000 jobs and €1.64 billion GDP impact.

2.4.2 Equal opportunities within the Bank, through broad initiatives on inclusion



2.4.2.1 Financial education with La Banque Postale employees and partners

La Poste Network and La Banque Postale are committed to financial education through their skills volunteering programme with several non-profits. Young people in difficulty are particularly targeted through the many budget workshops led by skilled volunteers.

The Bank invests in this area via multiple channels, to ensure broad accessibility:

- the L'Appui line offers phone-in support for all its customers, including those living in the French overseas regions and departments;
- CRESUS helps customers improve their budget management, through the BGV (high-speed budget) application;
- budget advice points⁽¹⁾ provided by social mediation structures offer in-person attention;
- Dilemme, a game created in partnership with CRESUS, covers budget management basics, primarily addressing young people. Volunteers assist high school students with a mini-business project. They work with a partner, Entreprendre pour Apprendre, and sit on its regional or national judging panel for the mini-business championships. La Banque Postale employees are encouraged to take training via Dilemme so that they can in turn run workshops. By the end of 2022, 20 young people from local missions in Paris had been trained by La Poste Groupe employees.

La Banque Postale plans to conduct an impact study on budget management education in 2023. This follows on from the one carried out in 2017 to examine the current situations of customers who used the l'Appui line, and gauge the proportion of those who managed to overcome their situations of financial vulnerability.

2.4.2.2 Tenth anniversary for the Initiative Against Banking Exclusion think-tank

The year 2022 marks the tenth anniversary of the Initiative Against Banking Exclusion think-tank, which brings together all the organisations working in this field in order to develop a better understanding of vulnerable customer categories. 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 this think-tank tasked with developing new practices in response to the needs of customers in a situation of financial vulnerability. The think-tank has the following aims:

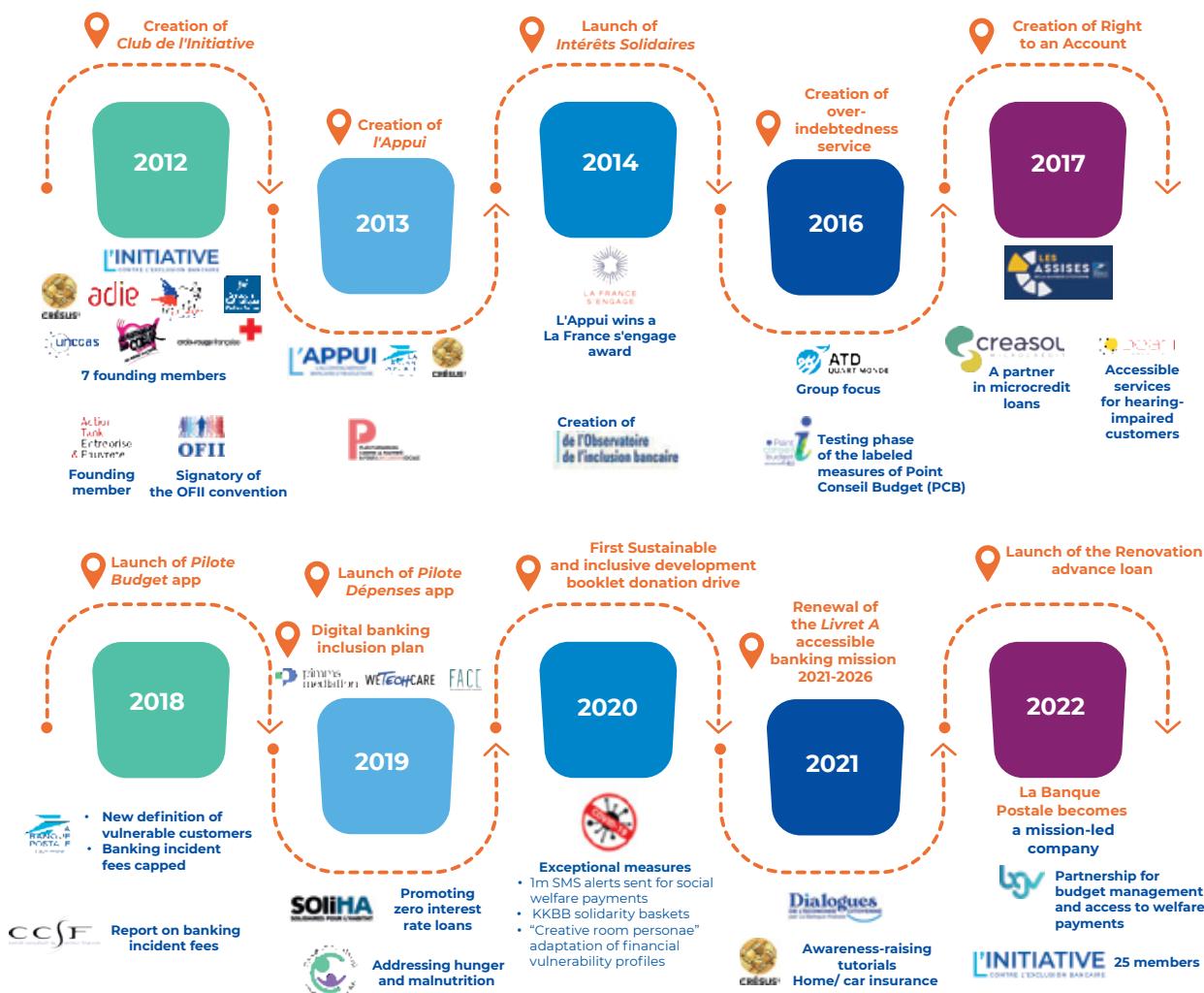
- promote mutual understanding between populations in financial difficulties and the other parties who interact with them, who may or may not be part of the banking sector;
- learn together in order to create and test products, services and practices that take into account the real expectations of these 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.

(1) Budget advice points are local services approved by the government, open free of charge to anyone, regardless of income, who experiences budgetary difficulties and needs advice or support.



Ten years of action for the Initiative Against Banking Exclusion think-tank



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2.4.2.3 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 each of us brings to the table constitutes the collective wealth of La Banque Postale. La Banque Postale seeks to ensure a workplace environment conducive to fulfilment for all employees.

La Banque Postale's manifesto on equal opportunities, diversity and inclusion is as follows:

- we offer an inclusive working environment in which each person can give their best;
- we ensure equal opportunities for everyone by considering the unique contribution of each individual;
- we prohibit all forms of discrimination;
- we offer everyone the opportunity to enjoy a fulfilling professional career while respecting their personal life choices.

The following milestones mark out La Banque Postale's commitment to diversity and inclusion:

- since 2008: series of agreements enacting commitments on employment of people with disabilities and equal opportunities for women and men;
- 2013: release of Diversity Charter and membership of the AFMD ("French Association of Diversity Managers");
- 2015: membership of LEPC ("L'Entreprise pour la cité") social innovation think-tank;
- 2020:
 - release of La Banque Postale's Diversity and Inclusion Charter, based on the principles of the ILO convention;
 - agreement on disability;
 - agreement on diversity and equality at work;
- 2021: implementation of a non-discrimination charter for recruitment with the Bank's partners (recruitment and headhunting firms). In this way, La Banque Postale ensures that a diversified shortlist of candidates is presented. An inclusive statement now systematically appears on all job offers to ensure each candidate understands La Banque Postale's policy. La Banque Postale's HR function received training on the preparation of inclusive job offers;
- 2022: signing of the National Cancer Institute's charter (1).

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. Inclusion and diversity are promoted through regular information and awareness-raising operations, plus mandatory training courses.

2.4.2.3.1 Preventing discrimination and harassment

La Banque Postale attaches great importance to the prevention of discrimination and harassment, addressed through a number of measures: trained in-house mediators to provide support and deal with high-risk situations, a sexual harassment advisor, and awareness-raising and training operations for employees and managers, including a module on deconstructing stereotypes and prejudice.

In addition to whistleblowing procedures via the management line, La Banque Postale and CNP Assurances employees also have access to La Poste Groupe's whistleblowing alert system (Whistleblowing for LBP and the EQS Integrity line for CNP Assurances). This enables them to anonymously report any suspicion of non-compliance with obligations, and any serious violation of laws and regulations, especially relating to the fight against corruption, non-compliance with competition law, or conduct or situations contravening the code of conduct. This whistleblowing system can also be used 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. Any person who has exercised their right to report issues of concern benefits from the whistleblower protection system (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. 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.

2.4.2.3.2 Gender equality

Professional equality is a value that has long been part of La Banque Postale's culture. La Banque Postale made a series of commitments starting in 2008 to promote gender equality in the workplace. This year, La Banque Postale's gender equality index is 92/100, five points lower than in previous years. This ratio is calculated on the basis of the ten highest salaries in the company. However, in 2022, several women members of the Executive Committee or the Development Committee left the company, leading to a higher representation of men in the calculation.

(1) The charter lists 11 commitments on improving support for employees affected by cancer and on promoting health. It sets out principles and actions on a coherent approach on return to employment or adapted employment for people with cancer.

For this reason, the Bank set targets for the representation of women in senior executive positions. In 2022, 33% of Executive Committee members and 42% of Development Committee members were women. Targets are also set with a view to shrinking the pay gap across the workforce as a whole. In 2022, a specific budget was once again allocated to this (see Section 2.2.4.1.5 "Remuneration policy").

Gender equality is of concern to everyone. To boost its initiative, La Banque Postale participates in La Poste Groupe's "parity network".

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 grassroots level, encouraging exchanges, running concrete initiatives to make collective progress, and ensuring that best practices in this field are shared.

In 2021, La Banque Postale joined the Financielles inter-company network in the banking and insurance sector to promote gender equality in business and in society more broadly.

In 2022, the Bank pushed ahead with its gender equality commitment through the "Girlz in the Bank" programme of monthly breakfast meetings attended by six to eight women managers each time, to discuss a wide range of topics. Conferences and personal development workshops are also offered.

On International Women's Rights Day, employees took part in an inter-company hackathon to benefit associations that support women in the digital sector.

CNP Assurances is also strongly committed to gender equality by ensuring that women have access to senior management positions as it pursues its commitment to diversity:

57% of CNP Assurances directors, 51% of Executive Committee members and 36% 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 SBF120 companies in 2020.

2.4.2.3 Handicap

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.

Under an agreement signed on 17 June 2020, La Banque Postale's 2021 commitments on the employment of people with disabilities were carried through for 2022:

- continue to recruit people with disabilities;
- 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 people with disabilities to stay in their jobs;
- maintain individual support measures to compensate for disability;

- continue and develop partnerships with the sheltered sector and specialised associations.

In signing the INCA charter (see above), La Banque Postale is improving support for employees affected by cancer and promoting everyday health.

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 ensure sustained efforts on hiring persons with disabilities, and on cooperation with organizations providing employment for them. In addition, efforts on developing digital accessibility are being stepped up.

As a result, La Banque Postale's number of Employment Obligation Beneficiaries is set to double between 2017 and 2022.

The agreement signed in June 2020 put forward a new goal of 18 vacancies to be filled. Actions were carried out with our partner schools to raise awareness among students and future managers about professional integration of disabled people and to help develop accessibility to knowledge.

La Banque Postale continued its drive to train its managers in 2022 to bring them up to speed with the new Disability policy and help them play a full role in its deployment.

- training for disability advisors;
- half-day training on disability for members of Occupational Health, Safety and Working Conditions Committees;
- training on the disability regulatory framework for trade unions;
- five e-learning modules on disability for managers;
- five Handipassports offered to all employees (one of which is mandatory);
- training for inclusive employment beneficiaries, "Getting by with your disability at work";
- training module, "Understanding and managing psychological fragility at work";
- "visual health" operation during European Disability Employment Week;
- diversity awareness campaign;
- questions on disability included in HR chatbot;
- conferences by leading sportspeople and concerts;
- awareness-raising videos to deconstruct stereotypes;
- recruiters' workshop on the hiring of people with disabilities;
- disability awareness training for managers;
- awareness-raising videos to deconstruct stereotypes;
- recruiting without discrimination;
- training course on psychic disorders.

To continue this momentum, a network of 29 disability officers at the Bank's Customer Relations and Expertise Centres (CREC) run local initiatives and act as intermediaries to ensure all individual needs are answered.

La Banque Postale pursued its awareness campaign in 2022, notably by taking part in European Disability Employment Week. Specific events included:

- Hackathon in support of "Businesses against cancer";

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- Fourth participation in Duo Day: 12 students and job seekers with disabilities were invited to discover or rediscover the business world;
- 33 employees tested Virtual Reality in a disability situation;
- 330 employees took part in the Odyssea race.

Louvre Banque Privée is also committed to support for its employees with disabilities. Steps in this direction have included signature of the Disability Agreement in 2020, and renewal of the Manifesto for the Inclusion of People with Disabilities in Economic Life in 2021.

The commitment shows through in a strong increase in recruitment of people with recognised status as disabled workers (RQTH). Of the 15 fixed-term and permanent positions created in 2021, seven were reserved for the RQTH category. At the end of 2022, Louvre Banque Privée had 500 employees, including 32 RQTH.

Louvre Banque Privée also offers specific services and support for its disabled employees, including assistance with administrative procedures, workstation and practice adjustments, workplace assistance and compensation measures. Annual information campaigns encourage employees to make their situation known if they consider they need particular support at their workstation or in their job. A solidarity fund has also been set up whereby employees can donate days of leave for carers or personnel with disabilities.

In 2022, Louvre Banque Privée launched a philanthropic programme in partnership with the Make.org foundation to offer customers the opportunity of committing to a cause close to their hearts. Under this programme, the cause of disability was highlighted with head-office opening of the world's first 'mobility centre', complete with an exoskeleton. The purpose is to improve the well-being and health of people with injuries or disabling illnesses through exercises supervised by psychologists, neurologists and rehabilitation specialists. This project also aims to advance research and raise public awareness.

2.4.2.3.4 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 44.1 in 2021, 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.

With regard to helping seniors remain in the workforce, the Bank is committed to setting aside 12% of external hires under permanent contracts for seniors aged 50 and over. As careers come to a close, special attention is required. La Banque Postale provides specific support here, informing the employees concerned on matters such as long-term careers, simulation of pension entitlements, and top-up pensions.

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. The "getting on together" charter developed by La Banque Postale provides valuable opportunities for inter-generational contact, and for building reciprocal understanding on what can prove to be significant age-related differences in attitude and behaviour.

La Banque Postale's Diversity and Equal Opportunity agreement introduces 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.

2.4.2.3.5 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 also grants additional "co-parenting" leave to a mother's partner regardless of gender. This goes beyond the statutory paternity leave, extending to up to 32 calendar days for a single birth or 39 days for multiple births.

2.4.3 Enabling all employees to commit in their core businesses and beyond



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.

2.4.3.1 Employee commitment platform

La Banque Postale's "Tous engagés" ("All Engaged") platform addresses demand for employee engagement openings. Developed by Microdon, this dedicated employee engagement platform was opened via the Bank's intranet in the first quarter of 2022. It offers a range of openings for employees seeking involvement in solidarity or environmental causes.

Thus, employees have access to different actions to develop their commitment:

- donation of portions of annual leave, to carer colleagues, enabling them to avoid loss of remuneration while off work caring for family members, or to charities by monetising the leave;
- donations from monthly salary (from a few cents to a few euros) to selected charities. Since early 2022, all such donations are matched by an equivalent donation from the Bank. In 2022, 4% of employees were taking part in this salary-rounding scheme.

In December 2021, employees voted to select the three charities (one in each of the three categories of environment, territorial dynamics and inclusion) to benefit from the salary-rounding scheme, from among those supported by the Initiative Against Banking Exclusion think-tank. Those selected were Terre de Liens, Secours Populaire and Habitat et Humanisme.

The "Tous Engagés" platform is intended to become a CSR pivot point between employees, by granting privileged access to a range of services such as training courses, participation in the Carbon Fund, the Climate Fresk, l'Envol, etc. Training modules are developed in immersive formats lasting about twenty minutes, available online and accessible to all employees.

Employees have access to everything they need for environment-friendly behaviour and practices in their everyday work (eco-actions and digital responsibility guides, recycling bins, etc.). These measures were strengthened by additional internal communication to managers in the summer of 2022 and by a change to the management programme in the second half of 2022, focusing on subjects such as energy conservation, climate change, responsible digital technology and responsible consumption. Work is already underway on communications for 2023.

In 2020, CNP Assurances launched the internal programme "GreenActions, tous acteurs du changement" ("GreenActions, we're all driving for change") with the aim of reducing its environmental footprint by trimming back 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.

CNP Assurances also issued an environment charter to all employees in France and worldwide. 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.)

2.4.3.2 Skills-based volunteering

To round out the employee engagement programme, in early 2022 the *Tous Engagés* platform opened access for all of the Bank's employees to participation in short-term skills 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 and job forums. In 2023, employees will also be able to volunteer their skills during their working hours through the *L'Envol* programme.

2.4.3.3 The *L'Envol* ("Take Wings") mentoring programme

La Banque Postale's societal sponsorship endeavour to promote education and equal opportunities has been running for ten years now. To do this, it created a non-profit organisation in 2012: "*L'Envol, le campus de La Banque Postale*". Embodying the values of La Banque Postale and La Poste Groupe as a whole, *L'Envol* actively promotes employees' civic commitment as mentors for young people over a four-year period.

Since its launch, this initiative has been supported by the Ministry of National Education, which renewed its partnership at the end of 2022. 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.

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The sponsorship programme 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. The young people are encouraged to explore six dimensions: attitude to studies, hopes and fears for the future, interaction with other people, how they see themselves, how they see the world, and what they think about the notion of commitment. There are also programmes matched to specific needs, along general, technological and professional lines.

For its tenth anniversary (2012-2022), L'Envol has taken up fresh commitments and new objectives. From now on, it will be focusing on the just transition and civic engagement. These aspects are now included in the programme to raise awareness and improve understanding of ESG issues among young people. The aim is for young people to be better informed on how to face up to the social and environmental challenges of tomorrow, and help them make a positive impact on society through their choice of career.

By 2022, L'Envol had reached close to 1,000 students, through involvement from more than 1,100 employees. The students benefiting from L'Envol in 2022 had a 100% success rate in the general baccalaureate, and 97% with honours (compared to 59% nationwide). All went on to further education.

The year 2022 also saw intense employee mobilisation in the mentoring process. All La Banque Postale and La Poste Groupe employees can volunteer to take part in the mentors' community. Since 2017, new mentors must take a day's special training before being allocated a specific mentorship mission. This training has been updated to address their specific needs in this regard, and is included in the training plan. As L'Envol celebrates its tenth anniversary, growing employee take-up of the mentorship initiative is a considerable source of pride: close to 7,900 hours of work were volunteered in 2022, compared to 6,000 in 2021. An impact study confirmed the benefits of the programme for both students and mentors. Some 81% of the young people considered the programme had given a confidence boost, and the satisfaction score was 9.5/10.

As a token of appreciation, solidarity and mutual aid, the students that have come to the end of their mentor programme created an alumni association called L'Envol Alumni in 2016. New members on the board of this association are eager to keep it going through fresh solidarity and outreach operations, and a 2023 agreement along these lines with La Banque Postale will ensure ongoing contact. This is very important, since it provides the best possible ambassadorial presence for the L'Envol programme.

2.4.4 Active contributions to market bodies and discussions with public regulators



2.4.4.1 Dialogue with stakeholders

True to its founding value of citizenship, La Banque Postale systematically balances its projects to stakeholder input and outlooks. For example, the Impact Weighting Factor is developed with the WWF, and each sector-specific policy is drawn up on the basis of dialogue with an NGO or a professional federation in the sector concerned. The Mission Committee was formed as a means for enhancing La Banque Postale's stakeholder network (see 2.1.3.1. "The Mission Committee").

There were three main developments in this area in 2022:

- La Banque Postale is a member of the ORSE on stakeholder inclusion by financial players;
- La Banque Postale is strongly committed to the eco-system of mission-led companies;
- La Banque Postale's materiality matrix (in conjunction with that of La Poste Groupe) was updated through consultation with over 1,000 of the Bank's stakeholders.

2.4.4.1.1 Encouragement on the development of sustainable finance

Since its creation, La Banque Postale has been publicly committed to numerous sectoral initiatives in favour of more sustainable finance. By virtue of its expertise, in 2022 it became a member of the Expert Advisory Group that is helping the Science Based Targets initiative (SBTi) develop a new Net Zero framework for the financial sector. It also took part in the ACT 4 Finance project led by ADEME, which aims to develop a methodology for defining and assessing the climate transition plans of companies in the financial sector. The Bank has also joined ESMA's Consultative Working Group on Sustainable Finance⁽¹⁾.

La Banque Postale Asset Management, the Bank's main asset management subsidiary, took part in several financial sector initiatives:

- CDP Transition Champions;
- Finance for Tomorrow, which explores company best practices in managing the social issues involved in reducing the carbon footprint across companies' business models;

(1) European Securities and Markets Authority.

- Climate Action 100+, which encourages companies to align their strategies with recommendations on a Net Zero benchmark;
- Glasgow Financial Allianz for Net Zero (GFANZ), which develops recommendations on global transition plans across the financial sector as a whole.

In 2021, La Banque Postale took part in three leading initiatives:

- Net Zero Banking Alliance (NZBA) (see Section 2.4.1.1);
- Finance For Biodiversity Pledge (see Section 2.4.1.2).

PRB Commitment to Financial Health and Inclusion, an initiative of Principles for Responsible Banking (PRB) aimed at encouraging banking institutions to step up action on more inclusive finance.

Commitments and initiatives	Year of signature	Scope
Global Compact	2003 2006	CNP Assurances La Poste Groupe (including La Banque Postale)
Principles for Responsible Investment (PRI)	2009	La Banque Postale Asset Management Louvre Banque Privée
Principles for Sustainable Insurance (PSI)	2011	CNP Assurances
PRI Montreal Pledge	2020	CNP Assurances
PSI-WWF World Heritage Sites Initiative – UNEP FI	2015	La Banque Postale Asset Management CNP Assurances
Tobacco-Free Finance Pledge	2018	La Banque Postale La Banque Postale Asset Management
Principles for Responsible Banking (PRB)	2020	CNP Assurances
Collective Commitment to Climate Action	2019	La Banque Postale
Equator Principles	2019	La Banque Postale
Green Bond Principles	2019	La Banque Postale Asset Management
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+	2017 2020	CNP Assurances 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	2003 2016 2021	La Banque Postale Asset Management CNP Assurances La Banque Postale
PRB Commitment to Financial Health and Inclusion	2021	La Banque Postale
Member of the SBTi expert advisory group	2022	La Banque Postale
Taskforce on Climate-related Financial Disclosures (TCFD)	2020	CNP Assurances
CDP Transition Champions	2022	La Banque Postale Asset Management
Finance for Tomorrow	2022	La Banque Postale Asset Management
Climate Action 100+	2022	La Banque Postale Asset Management
Glasgow Financial Allianz for Net Zero (GFANZ)	2022	La Banque Postale Asset Management
Member of the Net Zero Asset Management Initiative (NZAMI)	2022	La Banque Postale Asset Management
Member of an ORSE panel on stakeholder inclusion by financial players	2022	La Banque Postale
Investors for a just transition	2021	CNP Assurances

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2.4.4.1.2 Participation in sectoral considerations

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 customers, 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 (*Observatoire de la responsabilité sociétale des entreprises* – 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 (*Fédération bancaire française* – 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 (*Association française des marchés financiers* – AMAFI).

In 2022, representatives of La Banque Postale held mandates in the governance bodies of certain organisations:

- member of the NZBA Steering Committee;
- member of Paris Europlace board;
- member of Finance for Tomorrow office;
- member of the Board of Directors of the Forum for Responsible Investment (FIR).

2.4.4.1.3 Regular dialogue with non-financial ratings agencies

The commitments and achievements of La Banque Postale in favour of responsible finance have been recognised by the non-financial ratings 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:

Agency	Rating	Comments
CDP Climate Change	A (December 2022)	Top-ranked bank in France and one of the top 14 financial institutions worldwide:
ISS ESG	B- "Prime" (September 2020)	Top-ranked bank worldwide in the "Public and Regional Banks" sector
Moody's ESG Solutions (formerly Vigeo Eiris)	75/100 (May 2021)	Top-ranked bank worldwide in the "Retail and Specialised Banks" sector
MSCI	AA	-
Sustainalytics	8.8/100 (April 2022) (0/100 being the best score)	Fourth-ranked bank worldwide (diversified banking sector)

2.4.4.1.4 Participation in consultations with consumer groups

La Banque Postale has been involved in the Level 1 consultation with La Poste Groupe's consumer associations (since 1989). Twice a year, the Chairman of the Executive Board meets the national spokespersons of approved consumer groups.

2.4.4.1.5 Collaboration with charitable organisations

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 customers nationwide. It also plays a pivotal role in the mobilisation of generosity, via subsidiaries KissKissBankBank, Lendopolis, Microdon and Goodeed.

It also supports major national appeals for donations by promoting initiatives such as the Telethon, Pink October and the yellow coin operation to its customers.

Through associations such as the Alliance Dynamique and anti-banking exclusion think tank (Club de l'initiative contre l'exclusion bancaire), it co-constructs innovative solutions with stakeholders for societal issues: community outreach, professional integration, access to housing, banking inclusion, budget management, education and equal opportunities.

A new stage in this collaborative approach was achieved in 2021 when La Banque Postale signed a strategic partnership with the WWF. The partnership aims to help the Bank to map low-carbon pathways, setting up the new Impact Weighting Factor and rolling out the new eco-design grid for the Bank's product and service offerings.

2.4.4.1.6 Connections with the local public sector and the social housing sector

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 2022, the Bank notified the Committee of launch of two new offerings: social loans and assistance to local authorities in finding and managing subsidies.

2.4.4.2 Contribution to the development of trustworthy AI

La Banque Postale works closely with La Poste Groupe on the development of trustworthy AI. This work took several focuses in 2022:

- a governance structure was set up enabling La Poste Groupe and its subsidiaries to plan ahead for compliance with the Artificial Intelligence Act⁽¹⁾ currently under discussion by the European Commission. Specifically, a Trustworthy AI Committee was formed and met twice in 2022. Its mission is to monitor all uses of AI throughout La Poste Groupe. La Banque Postale is developing Data & AI governance to provide input to the work of the Trustworthy AI Committee;
- to address operational aspects of trustworthy AI, teams began work on algorithm explanation modules. The objective is to exit "black box" logic to improve the dissemination and acceptance of the results of the algorithms by employees and customers;
- La Banque Postale also began work on countering algorithmic bias. In particular, the biases of facial recognition algorithms used in the fight against fraud;
- following the health crisis, La Banque Postale provided the French Statistics Office (INSEE), Treasury and Economic Analysis Council (CAE) with anonymous data to contribute to economic research on the impact of crises;
- among its future projects, La Banque Postale plans to work on precise measurement of the energy consumption of its algorithms, from development through to run phases.

2.4.4.3 Respecting and defending human rights

As a subsidiary of La Poste Groupe, a signatory to the UN Global Compact since 2003, La Banque Postale upholds the principles set forth by the Global Compact on human rights, labour standards 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. Regarding duty of care, La Banque Postale applies La Poste Groupe's risk analysis system and methodology and contributes to its Vigilance Plan. In 2022, La Banque Postale updated its mapping of risks of serious infringement to human rights and fundamental freedoms, and to personal and environmental health and safety (fundamental rights), for both its own activities and those of its suppliers. The update also extended to its risk management plan. CNP Assurances has been included in La Banque Postale's system and has drawn up a risk map for CNP Assurances SA and its two Brazilian subsidiaries, CSH and CVP.

In addition to international commitments signed by La Banque Postale (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 OECD Guidelines for Multinational Enterprises

In addition to these international principles, CNP Assurances complies with the laws applicable in France and the countries where it operates.

(1) The objectives of the AI Act are to ensure that AI systems on the European market are safe and respect citizens' fundamental rights and EU values, to provide legal certainty to facilitate investment and innovation in AI, to strengthen governance and effective enforcement of existing legislation on fundamental rights and safety requirements for AI systems, to facilitate the development of a single market for legal, safe and trustworthy AI applications, and to prevent market fragmentation

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Exemplary action to advance the banking and insurance sector

2.4.5 Exemplary internal support for our missions



2.4.5.1 Ethics: better risk management for business

2.4.5.1.1 Ethics and compliance framework and governance

La Banque Postale promotes ethical and responsible behaviour in an effort to maintain strong trust-based relationships with internal and external stakeholders.

Its Ethical Conduct Code was updated and issued to all employees in October 2021. In this new version, the chapter on the fight against corruption and influence peddling is given greater depth. It details the newly adopted policies on the prevention and management of conflicts of interest, and on the acceptance of gifts and entertainment.

A public version of the Code of Conduct was posted on La Banque Postale's website in May 2022. This version addresses all third parties with whom La Banque Postale has a business relationship: customers, suppliers, commercial and non-commercial partners.

In both its internal and public versions, the Code of Conduct sets out the ethics rules that must be respected by all the employees and stakeholders with whom La Banque Postale works.

Regarding governance, committees (ethics and anti-corruption group) handle discussions with the ethics and anti-corruption officers appointed within each business line and subsidiary, on:

- rollout of group procedures;
- other common aspects such as monitoring of transversal ethical risks, action plans, training, regulatory developments and good practices.

The Head of Ethics at La Banque Postale also sits on La Poste's Ethics Committee, a body that brings together the ethics officers of La Poste Groupe's four business lines.

In 2022, two committees, on "anti-corruption" and "ethics", met to address and make advances in issues specific to these areas.

2.4.5.1.2 Awareness-raising on ethics

Employees receive training on ethics matters when they first join the Company then throughout their careers, through regular training campaigns on the rules of good conduct.

Upon arrival, new employees receive an induction booklet that includes the Code of Conduct. Training covers the key principles and rules in operation at La Banque Postale and La Poste Groupe: respect for customer needs, banking secrecy and data confidentiality, prevention of conflicts of interest, and compliance with rules on using information systems.

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 La Banque Postale. Some 95% of this target population had completed the programme by 31 December 2022.

Awareness-raising and communication operations run hand in hand with training as such. Ethics and anti-corruption officers take charge of relaying these operations across their respective areas. The Head of Ethics also sits on various bodies (managerial communities, Executive Committees, special audit training, subsidiaries).

In 2022, an awareness-raising campaign focused on the prevention of structural conflicts of interest. Attention was drawn to the Bank's IntegrityHub system for declaring all conflict-of-interest situations. The Bank has developed a body of rules (procedure for the prevention and management of conflicts of interest in investment services, banking services compliance procedures) and a map identifying types of conflicts of interest. A training course on this subject will be run via the École de la Banque et du Réseau (Bank & Network School) in 2023, for all employees. Regular internal audits are also conducted.

2.4.5.1.3 Professional accreditation system

In order to comply with regulatory requirements, La Banque Postale ensures that its employees have all the required authorisations. In 2022, the authorisation rates were 89.9% for banking and financial canvassing, 86% for insurance authorisation and 96.6% for AMF certification.

2.4.5.1.4 Whistleblowing system

Employees and stakeholders can report any breaches of the code of conduct using the La Banque Postale's whistleblowing system. This system ensures that the whistleblower is guaranteed security and confidentiality of exchanges in accordance with the regulations (see Section 2.4.2.3.1).

2.4.5.1.5 Ethics compliance monitoring

La Banque Postale operates a system for reporting and dealing with ethics breaches and malpractice. Any breach of the rules can be brought to the attention of the Head of Ethics or the ethics and anti-corruption officers so that appropriate measures can be taken.

2.4.5.1.6 Stepping up the fight against corruption

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.).

In 2022, La Banque Postale stepped up the fight against corruption and influence peddling, in line with La Poste Groupe principles: "All involved - All vigilant - Zero tolerance". It continued and extended its work on mapping corruption risks, and rolled out a dedicated training programme for the most exposed staff in October 2022. In addition, a framework policy on evaluation of third parties was set up.

La Banque Postale issues the public version of its code of conduct to suppliers, to ensure they adhere to its anti-corruption values.

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.

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.

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. CNP Assurances updates its Code of Conduct regularly. The Code of Conduct for France was updated and submitted to the Social and Economic Committee (CSE) in September 2022. Employees of CNP Assurances receive training in the fight against corruption and influence peddling over a two-year or three-year cycle. The latest course, in the second half of 2021, was completed by 100% of employees. Newcomers take the training course on induction.

2.4.5.2 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 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 Section 2.3.1.1 "Inclusion of ESG criteria in product and service design" and Section 2.2.3. "Integrating impact assessments into the Bank's activities") systematically included in the design of all products and services offered to customers, takes criteria relating to tax evasion into

consideration.

The products and services sold by Louvre Banque Privée are reviewed to ensure 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.

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-CFT) measures through the updating of its normative framework. The operational implementation of the new standards related to transaction monitoring and AML-CFT warnings management is continuing throughout the Group.

By the end of 2022, 94% 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 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 drawn up 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 its leading shareholder, 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 CNP Assurances 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.

LBP and CNP Assurances apply 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).

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Exemplary action to advance the banking and insurance sector

CNP Assurances and the subsidiaries concerned are committed to implementing regulations aimed at ensuring better tax transparency on behalf of their customers (Foreign Account Tax Compliance Act and Common Reporting Standard) and on their own accounts (country-by-country declaration). They are 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.

For the past two years, CNP Assurances has published a report on tax transparency that sets out the principles defined in its tax policy and the actions taken in this area.

2.4.5.3 Protecting personal data and strengthening cybersecurity

2.4.5.3.1 Protection of personal data

La Banque Postale's Privacy Policy is managed by a special team headed by the deputy Data Protection Officer (DPO), who ensures that none of La Banque Postale'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 La Banque Postale. 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. La Banque Postale 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.

This policy guides all La Banque Postale Group subsidiaries on matters of data protection.

The resulting Group-wide consolidated compliance system covers the following points:

- La Banque Postale Group determines the personal data protection system to be applied, complete with details on the bodies, policies, directives and procedures to ensure effectiveness of the system. They specify for each area of FAD protection the rules to be respected and the conduct to be followed;
 - This system is rolled out across the subsidiaries, including the CNP Assurances Group, making due allowances for the specificities of each;
 - La Banque Postale Group ensures the effectiveness of this implementation by means of appropriate control measures, plus corrective measures if necessary;
 - La Banque Postale Group also ensures that it has sufficient resources, material and human, to manage and ensure the effectiveness of its compliance system.
- 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;
 - governance of personal data protection.

Protection of personal data requires technical and organisational measures capable of ensuring the degree of security called for by the degree of risk. To ensure the security of personal data, the deputy Data Protection Officer (DPO) works with the Chief Systems Security Officer (CSSO) and his team, and this also applies to the management of security incidents or when carrying out data protection impact assessments.

All data protection policies were reviewed in 2022, with rollout set for 2023.

2.4.5.3.2 Cybersecurity

Cybercrime can take many different forms, including sabotage, data mining, fraud, or any other criminal activity targeting or using a computer, computer network, networked device or any other IT system. All companies are today exposed to cybersecurity risks, and the banking sector is particularly vulnerable.

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. To this end, La Banque Postale Group has drawn up a multi-year cybersecurity strategy to prepare it for the many challenges to come in this area. This strategy, a major driver behind the company's digital transformation, focuses mainly on:

- stepping up security hygiene measures;
- developing a wide-reaching cybersecurity culture through risk awareness programmes adapted to different employee profiles;
- deploying a risk-based cyber-security 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.

La Banque Postale devotes the necessary means to this endeavour, through a substantial budget, in line with market standards, on rollout and implementation of the projects needed to combat cybercrime.

In 2022, it set up a group-wide Information Systems Security (ISS) governance policy focusing on risk management. This means cyber risk is monitored continuously throughout all of La Banque Postale Group's entities, with coverage challenged regularly by specialist experts to ensure agile adaptation to a shifting environment.

A broad annual awareness programme is defined and implemented by La Banque Postale and the Distribution Network for all employees.

Under its programme on enhanced prevention, protection, detection and response to cyber attacks, La Banque Postale is strengthening its defence posture by means of global operations such as e-learning accessible to all employees (launched in 2015 and made compulsory in 2021), phishing alert drills, etc. In addition to group-wide operations, specific actions are run to address conditions in the various business lines of the Group's different entities.

Then through continuous development of the expertise held by the Group's cybersecurity teams, La Banque Postale ensures optimally effective coordination and execution of cybersecurity projects. These projects also ensure that the La Banque Postale Group complies with the regulations and its many requirements in terms of cyber security.⁽¹⁾⁽²⁾

(1) Cyber risk is defined as any risk of financial loss, business interruption or damage to the company's reputation arising from failure of information systems or human error impacting information system security.
(2) "Security hygiene measures" refer to the panoply of good practices to be applied by all employees within an organisation (administrator, end-user, etc.) in order to keep information systems secure and "healthy".

2.5 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).

2.5.1 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 the 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 law (the NRE law), 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 the carbon assessment protocol from the Energy Transition Agency (ADEME) known as Bilan Carbone®, was used as a guideline, particularly for the calculation of environmental indicators.

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.

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*.

2.5.1.1 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 2022.

La Banque Postale (legal entity)	- Head office of La Banque Postale - Regional control departments - Regional commitments department	3,669 employees (i.e., 11% of La Banque Postale) as at 31 December 2022.
Financial Services (employees of La Poste Groupe working under the name of and on behalf of La Banque Postale)	- 20 Financial Centres in metropolitan France, 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	11,226 employees (i.e., 35% of La Banque Postale) as at 31 December 2022.
Banking Advice Line (employees of La Poste Groupe working under the name of and on behalf of La Banque Postale) – The positions included are: - 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 Banking Leader, Loan Assistant, Bank Sales Monitor (MVB) and Retail customer Manager (RCPART), Maison de l'Habitat Director, Maison de l'Habitat Development Manager, Banking Tools & Methods Manager	- Advisors working in post office branches	8,714 employees (i.e., 27% of La Banque Postale) as at 31 December 2022. 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 proportioning 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)	- Employees working for the 17 subsidiaries within the scope	2,956 employees (i.e., 9% of La Banque Postale) as at 31 December 2022.
CNP Assurances France (Consolidated in the non-financial report)	- Employees working in CNP Assurances France	3,167 employees (i.e., 10% of La Banque Postale) as at 31 December 2022.
CNP Assurances international subsidiaries (Consolidated in the non-financial reporting scope where data was available)	- Employees working in international CNP subsidiaries	2,293 employees (i.e., 7% of La Banque Postale) as at 31 December 2022.

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

CSR indicators

Post office counter staff, who work for the different business lines of La Poste Groupe 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 below:

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.

2022 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 2022, 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), KissKissBankBank & Co (Lendopolis, Goodeed, Microdon), Ezyness, 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 (LBP AM) 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 (LBPC);
- In 2022, 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, and European and international CNP subsidiary scopes as applicable.

The scope of the "Commitments to Customers" indicator covers Banque Postale and Financial Services, LBP Consumer Finance, CNP Assurances France and LBP AM.

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 generally included in the non-financial reporting scope the year after (Y+1) it is acquired (Y), barring certain exceptions (in such cases, it is included on a prorata temporis basis in year Y). This ensures the reliability of the data reported between the integrated entity/business and its new consolidating entity.

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 and 2022, 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.

2.5.1.2 Information feedback in 2022

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 the Relance Label);
- Regarding total responsible assets managed by CNP Assurances (including funds managed by LBP AM), please also refer to Chapter 6 of CNP Assurances' 2022 management report;
- Under the Sustainable Finance Disclosure Regulation (SFDR), all assets managed by LBPAM at the end of 2022 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 also refer to Chapter 6 of CNP Assurances' 2022 management report;
- CRÉSUS 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 labour indicators within the non-financial scope, 18 subsidiaries 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 La Poste Groupe. The workforce distribution by age only takes into account permanent contracts.
- From 2022 onwards, CNP Assurances and LBP apply the same methodologies. In previous years, CNP Assurances used a different methodology for recognising its workforce (registered workforce). In order to ensure comparability across the scope of La Banque Postale, the CNP Assurances workforce has been restated to be consistent with the definition used within La Poste Groupe including La Banque Postale.
- The permanent workforce is made up of employees on permanent employment contracts and civil servants.
- In 2022, 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.

- For LBP SA, the notion of strategic manager is defined as category K and "off the grid" (non-executive). It takes into account all the employees of La Banque Postale SA with the status of banker. This definition is applied in a specific way by each of the Group's subsidiaries, so as to reflect the operational reality of the life of the organisations and bodies.

"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 2022, the scope covered La Banque Postale, the Banking Advisory Line, CNP Assurances France and CNP Assurances European subsidiaries.
- The scope of CNP international is included in the indicator, depending on the availability of information. In 2022, data were reported for CNP Assurances France, CNP Unicredit Vita (Italy), CNP CVA-E (formerly Aviva) (Italy), CNP Vida e Previdencia (Brazil), CNP Luxembourg, CNP Cyprus Insurance Holding (Cyprus), CNP Assurances Compañía de Seguros (Argentina) and CNP Santander Insurance (Ireland).
- Energy consumption is monitored mainly on the basis of invoices and, if an invoice is delayed, on the basis of meter readings in order to provide the most accurate data possible.
- In 2022, emissions were converted to CO₂ equivalents using the emissions factors provided by La Poste Groupe for consolidation purposes. If no emission factor was provided by La Poste Groupe, the figure was converted to CO₂ equivalents using the ADEME Bilan GES (greenhouse gas emissions profile). From 2022 onwards, historical items are no longer restated; 2020 and 2021 data are those published in 2021, i.e., based on 2021 conversion factors. The emission factors only include combustion (excluding upstream) for gas, propane gas, fuel oil, diesel and petrol. The emissions 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, La Poste Groupe's emissions 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 2022, for trains, CNP CVA-E (formerly Aviva) (Italy), CNP Luxembourg et CNP Unicredit Vita (Italy) are included.
- For business travel by plane, CNP Assurance Compañía de Seguros (Argentina) and CNP Caixa Vida e Previdencia (Brazil), CNP CVA-E (formerly Aviva) (Italy), CNP Cyprus Insurance Holdings (Cyprus), CNP

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Luxembourg, CNP Santander Insurance Life Ltd (Ireland), CNP Seguros Holding Brasil S.A (Brazil) and CNP Unicredit VITA (Italy) are included.

- The subsidiary Transactis has been included in the data for travel by train in 2022. The subsidiaries Ezyness and Transactis have been included for travel by plane in 2022.
- In 2022, the CO₂ emissions generated by employee commutes were taken from the emissions calculated from the results of the 2021 home-work survey. This survey is carried out every two years among the La Banque Postale employees, excluding CNP Assurances France and the international subsidiaries of CNP. CNP carries out its own home-work survey within its reporting scope. The CO₂ emissions of CNP Assurances France and CNP's international subsidiaries have been consolidated in La Banque Postale's data for the year 2022.
- For water use, the indicator per day and per employee only concerns La Banque Postale, CNP Assurances France and the international subsidiaries of CNP as of 2022.
- 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 La Poste Groupe 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 the Energy Transition Agency (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 four Financial Centres located in the French overseas departments are taken into account in 2022 in the energy consumption of buildings and water consumption.
- 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.
- The scope of CNP international is included in the indicator, depending on the availability of information.
- In 2022, data were reported for CNP Assurance Compania de Seguros (Argentina), CNP Bresil e Caixa

Vida e Prévidencia (Brazil), CNP Cyprus Insurance Holdings (Cyprus and Greece), CNP Brasil S.A (Brazil), CNP CVA-E (formerly Aviva) (Italy), CNP Luxembourg, CNP Santander Insurance Life (Ireland) and CNP Unicredit Vita (Italy).

- 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 emissions 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 covering 2019, 2020, 2021 and 2022. 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. For previous years, it was impossible to compile actual consumption data; initial inflated estimates have been used.
- For CNP Assurances France, the CO₂ emission factor used to calculate the emissions from data centres is 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, its subsidiaries and CNP Assurances France.
- For certain missing data, missing or erroneous consumption figures can be extrapolated from the most reliable actual consumption data, if relevant.
- In 2021, 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 categories 1 to 5, Scope 2 emissions encompass categories 6 and 7, and Scope 3 emissions cover categories 13 and 22 entirely as well as a portion of the emissions from category 9 "purchases of products and services".

- For AML-CFT employee training, 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 employee training, 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 are no longer comparable, historical data are not reported for this indicator for 2019 and 2020.

Corporate carbon intensity [tCO₂e/€m invested]:

- emissions related to corporate financing and bond debt are calculated from Scope 1 and 2 greenhouse gas emissions data (Bloomberg database).

- the coverage rate is 92% for the corporate book;
- Net exposure to fossil fuels: net exposure corresponds to gross exposure adjusted for the exceptions mentioned in the relevant sector-specific policies (see Section 2.5.4.5 "Commitments to the Planet" indicators")⁽¹⁾;
- The ESG checklist is used for all new or significantly transformed products. The ESG checklist helps to determine which products and services can be described as "sustainable" or "community oriented," with the goal of increasing their percentage (see Section 2.3.1.1 "Inclusion of ESG criteria in product and service design").

2.5.1.3 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 La Banque Postale's Registration Documents. In 2022, 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 Statement with legal and regulatory requirements, as published in the management report included in the Universal Registration Document for the year ended 31 December 2022.

2.5.2 "Transforming our bancassurance model through impact culture" indicators

2.5.2.1 "Commitments to Customers" indicators

GRI	EMPLOYMENT: WORKFORCE, HIRING AND DISMISSALS ⁽¹⁾	2022	2021	2020
	La Banque Postale	3,669	3,372	3,253
	Financial Services	11,226	11,683	12,100
	Banking Advice Line	8,714	9,352	9,878
	Subsidiaries other than CNP Assurances	2,956	2,719	2,514
	CNP Assurances France	3,167	3,166	2,660
	CNP International subsidiaries	2,293	2,211	n/a
2-7	Employees of La Banque Postale Group in units	32,025	32,503	30,405

Includes permanent and temporary contracts, civil servants, back office, excluding work/study contracts and suspended contracts.

(1) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI	2022	2021	2020
405-1 Proportion of permanent employees under 25 ⁽¹⁾	1.7%	1.4%	1.6%*
Of which La Banque Postale	1.7%	1.5%	1.7%

(1) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

* Restated data

(1) For more details see La Banque Postale's website – section: Our commitments to the planet – La Banque Postale

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

CSR indicators

GRI		2022	2021	2020
405-1	Proportion of permanent employees over 55^(I)	25.1%	25.5%	26.7%
	Of which La Banque Postale	26.5%	26.9%	27.0%

(I) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2022	2021	2020
2-7; 401-1	Number of CDI (permanent) employees recruited^(I)	2,820	1,887	1,629
	Of which La Banque Postale	2,184	1,302	1,516

Includes the number of permanent hires following a temporary contract, an apprenticeship contract or an occupational contract, and external permanent hires.

(I) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2022	2021	2020
401-1	Number of dismissals^(I)	204	166	113*
	Of which La Banque Postale	136	145	101

La Banque Postale has not made anyone redundant on economic grounds over the past three years.

(I) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

* Restated data

GRI		2022	2021	2020
401-1	Employee turnover rate^(I)	7.4%	5.3%	4.2%*
	of which La Banque Postale	7.0%	4.3%	4.6%

(I) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

* Restated data

GRI	REMUNERATION	2022	2021	2020
405-2	Average gross annual remuneration for women in euros^(I)	41,043	40,409	39,217
	Of which La Banque Postale	39,845	38,346	37,542
405-2	Average gross annual remuneration for men in euros^(I)	49,407	48,427	46,284
	Of which La Banque Postale	48,057	45,628	44,475
405-2	Average gross annual remuneration for employees in euros^(I)	43,833	41,724	42,024
	Of which La Banque Postale	42,551	41,243	40,288

Indicators calculated with the annual average workforce in FTE (employees on permanent contracts and civil servants).

(I) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2022	2021	2020
2-21	Annual remuneration of the Chairman/gross average remuneration of the employees^(I)	10.9	10.9	11.2
2-21	Annual remuneration of the Chairman as a factor of the minimum wage^(I)	24.7	24.2	24.4

Fixed gross annual salary for permanent employees. Gross annual salary excluding benefits in kind from the Chairman. The value used in 2021 was the 2021 minimum wage, i.e., €18,655.41.

(I) This includes the scope of La Banque Postale.

GRI		2022	2021	2020
2-19	Value of the salary and benefits aggregation scheme in euros⁽¹⁾	28,043,289	9,027,054	20,537,369
	Of which La Banque Postale	12,296,009	4,475,479	13,433,355
2-19	Value of the profit-sharing scheme in euros⁽¹⁾	56,816,513	37,006,897	36,148,299
	Of which La Banque Postale	22,971,979	15,349,783	12,179,017
401-2	Amount of employer's contribution in euros⁽²⁾	10,468,200	11,927,023	10,746,774
	Of which La Banque Postale	6,702,644	8,703,462	8,469,927
401-2	Portion of socially responsible investment in employee savings⁽¹⁾	64.3%	63.9%	67.3%
	Of which La Banque Postale	100.0%	99.5%	100.0%

Includes amounts paid during the year in respect of the previous year

(1) This includes the scope of La Banque Postale (excluding Banking Advisory Line) and CNP Assurances France.

(2) 2020 includes the scope of La Banque Postale (excluding the Banking Advice Line) and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale (excluding the Banking Advice Line), CNP Assurances France and CNP Assurances European subsidiaries.

GRI		2022	2021	2020
	COMBATING DISCRIMINATION: GENDER EQUALITY AT WORK AND EMPLOYMENT OF PEOPLE WITH DISABILITIES			
405-1	Percentage of women in the workforce⁽¹⁾	59%	60%	57%
	Of which La Banque Postale	61%	61%	61%
405-1	Percentage of women in executive positions⁽¹⁾	56%	56%	57%
	Of which La Banque Postale	57%	57%	57%
405-1	Percentage of women in strategic management positions⁽¹⁾	39%	37%	39%
	Of which La Banque Postale	39%	38%	39%
405-2	LBP gender equality index	92	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 La Poste Groupe.

(1) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

✓ indicator independently verified to a reasonable level of assurance.

GRI		2022	2021	2020
405-1	Percentage of women on the Executive Board of La Banque Postale	33%	40%	25%
	Percentage of women on the Executive Board of CNP Assurances France	58%	36%	36%
405-1	Percentage of women on the Supervisory Board of La Banque Postale	40%	40%	40%

GRI		2022	2021	2020
405-1	Number of disabled employees supported⁽¹⁾	944	952	1,011*

The percentage of Employment Obligation Beneficiaries is only calculated at the level of La Poste Groupe.

(1) This scope covers La Banque Postale (excluding Banking Advice Line and its subsidiaries).

* Restated data

GRI		2022	2021	2020
	WORK ORGANISATION: OVERTIME, PART-TIME, ACCIDENTS AND ABSENCES			
	Amount of overtime per employee in hours⁽¹⁾	2.7	2.5	1.7*
	Of which La Banque Postale	2.3	1.8	2.0

Includes the number of overtime hours declared by each employee under permanent contract and civil servants.

(1) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

* Restated data

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

CSR indicators

GRI		2022	2021	2020
2-7	Percentage of part-time employees in the workforce^(I)	7.6%	8.0%	8.1%*
	Of which La Banque Postale	7.5%	8.0%	8.0%

Includes part-time employees on permanent contracts and civil servants

(I) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

* Restated data

	2022	2021	2020
Number of employees working from home^(I)	14,575	6,777	3,864
Of which La Banque Postale	10,966	2,904	1,973

(I) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

GRI		2022	2021	2020
403-9	Occupational accident rate^(I)	3.0	1.2	3.1
	Of which La Banque Postale	3.5	1.3	3.3
403-9	Occupational accident severity rate^(I)	0.2	0.1	0.2
	Of which La Banque Postale	0.1	0.1	0.1
403-9	Number of lost time days due to occupational and travel accidents per employee^(I)	0.5	0.5	0.5
	Of which La Banque Postale	0.5	0.5	0.5

Includes accidents and days of work stoppage of employees on permanent contracts, civil servants and employees on temporary contracts.

(I) This includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

GRI		2022	2021	2020
403-10	Absenteeism due to illness^(I)	6.3%	5.7%	6,5%*
	Of which La Banque Postale	7.1%	6.3%	6.7%
403-10	Number of days of work stoppage due to illness per employee^(I)	23	21	22
	Of which La Banque Postale	26	23	25

Includes days of work stoppage of employees on permanent contracts and civil servants.

(I) 2020 includes the scope of La Banque Postale and CNP Assurances France.

2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

* Restated data

GRI	EMPLOYEE RELATIONS		2022	2021	2020
2-38	Number of collective agreements signed⁽¹⁾		73	54	36
	Of which La Banque Postale		45	41	26

(1) 2020 includes the scope of La Banque Postale and CNP Assurances France.
 2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

GRI	TRAINING		2022	2021	2020
	Number of training hours managed by EBR for La Poste Groupe employees⁽¹⁾		2 358 619	2,550,944	1,868,413
404-1	Number of training hours⁽²⁾		1,155,729	1,204,442	893,413
	Of which La Banque Postale		1,050,353	1,128,051	859,912
404-1	Number of training hours per employee⁽²⁾		36	37	27
	Of which La Banque Postale		39	42	31

(1) This scope covers La Banque Postale (excluding the CNP group).
 (2) 2020 includes the scope of La Banque Postale and CNP Assurances France.
 2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances European subsidiaries.

2.5.2.2 Economic indicators

GRI	ECONOMIC INDICATORS		2022	2021	2020
	ACCESSIBLE BANKING				
413-1	Number of personal micro-loans paid (including home micro-loans)		1,200	1,203	1,027
413-1	Percentage of consumer loans less than or equal to €1,500		4.8%	5.0%	4.9 %
413-1	Percentage of home loan borrowers earning less than 2 minimum wages per month		17.6%	17.3%	23.3 %
413-1	Percentage of Livret A accounts with a balance of less than €150		49.6%	49.6%	49.0%
413-1	Number of Simplicité account option users/		292,734	202,118	141,217

✓ indicator independently verified to a reasonable level of assurance

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

CSR indicators

2.5.3 "Develop and promote products and services that meet environmental, social and regional challenges" indicators

2.5.3.1 Non-financial risk management indicators

		2022	2021	2020
GRI	MANAGEMENT OF NON-FINANCIAL RISKS			
201-2	Carbon intensity (corporate issuers) in tCO₂/€m invested by LBP✓	352	109.29	n/a
201-2	Carbon intensity (corporate issuers) in tCO₂/€m invested by CNP Assurances	55	55.00	67.00

✓ indicator independently verified to a reasonable level of assurance.

2.5.3.2 "Commitments to the Planet" indicators

		2022	2021	2020
GRI	THE CIRCULAR ECONOMY			
301-1	Number of tonnes of waste paper collected by Recygo for recycling^(I)	858	846	827
	Of which La Banque Postale	723	727	770

(I) This includes the scope of La Banque Postale and CNP Assurances France.

		2022	2021	2020
GRI	Collection of WEEE (waste electrical and electronic equipment) in tonnes^(I)			
301-1	Of which La Banque Postale	129	81	83

(I) This includes the scope of La Banque Postale (excluding the Banking Advice Line and its subsidiaries), Financial Services and CNP Assurances France and its international subsidiaries.

2.5.3.3 Economic indicators

		2022	2021	2020
GRI	RESPONSIBLE CUSTOMER RELATIONS			
	Customer satisfaction rate	75%	74%	74%
	Customer claims rate	13%	12%	13%
	Bad debt rate for home loans	0.8%	0.8%	1.0%
	La Banque Postale's bad debt rate is still among the lowest on the market			
	Creditor insurance rejection rate (CNP Assurances France)	99.7%	99.6%	99.7%
413-1	Number of customers supported by CRESUS	224	200	203
	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 L'Appui	30,121	33,303	29,868
413-1	Number of deaf and hearing-impaired customers assisted by Deafi	8,497	11 754	8 165

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

GRI	RESPONSIBLE OFFERING	2022	2021	2020
201-1;	Assets managed by LBPAM (in € billions)	55.8	60.3	52.0
203-2	Breakdown of assets under the SFDR regulation			
	Assets classified under Article 6 SFDR	8.3	18.3	
	Assets classified under Article 8 SFDR	35.3	34.4	
	Assets classified under Article 9 SFDR	1.2	4.7	
	Assets not subject to SFDR	11.0	2.8	
	Total responsible assets under management	39.6	41.9	
	of which SRI (socially responsible investment) assets	36.0	30.8	25.0
	of which assets with other ESG approaches	3.6	11.1	
	Assets with a sustainable finance label*			
	Assets with an SRI label	34.8	30.8	
	Assets with a Greenfin label	0.9	1.1	
	Assets with a Finansol label	0.2	0.2	
	CNP Assurances assets (excluding assets managed by LPBAM)			
	Total responsible finance assets (including unit-linked)	285	317	309
	of which assets meeting the specifications of the SRI or Greenfin label	45	55	35
	of which assets managed according to other ESG criteria	240	263	274

* An asset may have more than one label and amounts are not cumulative.

Percentage of sustainable solutions identified via the ESG checklist in 2022: 64%.

Financing of renewable energy projects	2022	2021	2020
Annual loan originations (in € millions)	345	591	642
Commitments given (in € millions)	2,379	2,257	2,000
Disbursal (in € millions)*	3,761	3,416	2,840

*Disbursal: funding provided to borrowers at the time of financing.

Green Loan financing (aligned with the European Taxonomy)	2022	2021	2020
Annual loan originations (in € millions)*	1,548	775	551

* Green Loans are allocated to projects that are aligned with the Taxonomy in the following areas: water and sanitation, clean mobility, waste recovery, renewable energy and energy efficiency projects (including lighting). Includes green medium-long term loans and green equipment leasing.

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CSR indicators

2.5.4 "Exemplary action to advance the banking and insurance sector" indicators

2.5.4.1 Regulatory employee training indicators

GRI	Percentage of employees trained in the fight against money laundering and terrorist financing in the last two years	2022	2021	2020
205-2	La Banque Postale SA employees	97%	93%	75%*
	Financial Services employees	89%	86%	80%*
	Banking Advice Line employees	99%	99%	93%*
	CNP Assurances France employees	96%	89%	n/a

* Restated data

GRI	Percentage of employees trained in GDPR over the last two years	2022	2021	2020
205-2	La Banque Postale SA employees	84%	100%	62%
	Financial Services employees	86%	91%	54%
	Banking Advice Line employees	90%	94%	74%
	CNP Assurances France employees	92%	66%	n/a

2.5.4.2 Responsible Purchasing indicators

GRI	RESPONSIBLE PURCHASING	2022	2021	2020
308	Number of Responsible Purchasing Charters signed by La Banque Postale suppliers	7,164	8,175	6,371
GRI	Amount of purchases from the subsidised/sheltered employment sector ⁽¹⁾ (in euros)	2022	2021	2020
414	of which La Banque Postale	1,123,202	816,319	841,673
		504,000	572,250	629,288

(1) This scope covers La Banque Postale (excluding Banking Advice Line) and CNP Assurances France.

2.5.2.4 Philanthropy and Envol indicators

GRI	PHILANTHROPY COMMITMENT ⁽¹⁾	2022	2021	2020
203-1	Financial commitment for mentoring in euros	8,862,896	8,276,732	10,037,172*
	of which La Banque Postale	6,274,648	5,823,227	6,727,732

(1) This includes the scope of La Banque Postale, CNP Assurances France and CNP international subsidiaries.

* Restated data

GRI	2022	2021	2020
203-1 Number of employees involved with L'Envol	93	59	52
413-1 Number of young people benefiting from L'Envol	535	508	520

2.5.4.5 “Commitments to the Planet” indicators

		2022	2021	2020
305	TOTAL CARBON FOOTPRINT OF LA BANQUE POSTALE GROUP (tCO₂EQ)	59,106	58,484	66 184*
	Of which La Banque Postale	52,310	52,978	62,650
	Scope 1	19,403	20,542	19 636*
	Of which La Banque Postale	17,763	19,486	18,906
	Scope 2	5,212	5,502	3 703*
	Of which La Banque Postale	2,728	2,466	2,228
	Scope 3	37,633	32,440	42 845*
	Of which La Banque Postale	31,819	31,026	41,516

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

		2022	2021	2020
GRI	CARBON FOOTPRINT OF BANK CARDS (tCO₂eq)			
305-1	Annual emissions	540	524	413
		2022	2021	2020
GRI	BUILDINGS⁽¹⁾			
302-1	Energy consumed (in GWh)	207	221	205*
	Of which La Banque Postale	180	197	184
305-1	Emissions related to buildings (in tCO ₂ eq)	18,421	21,404	18 261*
305-2	Of which La Banque Postale	15,705	18,097	16,540
305-5	Emissions avoided thanks to the 100% renewable electricity contract (in tCO ₂ eq)	5,504	5,120	4 933*
	Of which La Banque Postale	4,615	5,120	4,933
	Emissions per employee (in kgCO ₂ eq)	575	659	601
	Of which La Banque Postale	591	667	596

Total energy consumption includes the consumption of electricity, natural gas, fuel oil, district heating, propane gas and fuel wood.

(1) 2020 includes the scope of La Banque Postale and CNP Assurances France.
2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

* Restated data

		2022	2021	2020
GRI	TRAVEL⁽¹⁾			
305-1	Vehicle emissions (in tCO ₂ eq)	6,158	4,640	5 078*
	Of which La Banque Postale	4,785	3,856	4,594
305-1	Emissions per vehicle (in tCO ₂ eq)	2.63	2.04	2,18*
	Of which La Banque Postale	2.50	2.02	2.29

(1) 2020 includes the scope of La Banque Postale (excluding Banking Advice Line) and CNP Assurances France.
2021 and 2022 include the scope of La Banque Postale (excluding Banking Advice Line), CNP Assurances France and CNP Assurances international subsidiaries.

* Restated data

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

CSR indicators

GRI		2022	2021	2020
305-3	Emissions related to business travel by train (in tCO₂eq)⁽¹⁾	104	36	24
	Of which La Banque Postale	29	23	17
305-3	Emissions related to business travel by plane (in tCO₂eq)⁽¹⁾	2,636	939	1,085
	Of which La Banque Postale	684	474	714

(1) 2020 includes the scope of La Banque Postale (excluding Banking Advice Line) and CNP Assurances France.
2021 and 2022 include the scope of La Banque Postale (excluding Banking Advice Line), CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2022	2021	2020
305-3	Emissions related to commuting (in tCO₂eq)⁽¹⁾	29,773	26,928	37,299
	Of which La Banque Postale	26,264	26,264	36,609

(1) 2020 and 2021 include the scope of La Banque Postale and CNP Assurances France.
2022 includes the scope of La Banque Postale, CNP Assurances France and CNP Assurances international subsidiaries.

GRI		2022	2021	2020
305-3	Data Centre Emissions (in tCO₂eq)⁽¹⁾	567	1,101	1 134

(1) This includes the scope of La Banque Postale and the Banking Advice Line.

GRI	RESOURCES	2022	2021	2020
301-1	Paper consumption (in tonnes)⁽¹⁾	4,374	3,739	3,595
	Of which La Banque Postale	4,065	3,443	3,311
305-3	Emissions related to paper (in tCO₂eq)	4,020	3,436	3,304
	Of which La Banque Postale	3,736	3,164	3,043
301-1	Proportion of eco-friendly paper out of total paper consumption⁽²⁾	97.0%	91.9%	99.8%
	Of which La Banque Postale	97.5%	92.4%	99.8%
301-1	Consumption of paper for internal purposes per employee (in kg)⁽³⁾	37	12	12
	Of which La Banque Postale	41	11	11

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) 2020 includes the scope of La Banque Postale and CNP Assurances France.
2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP international subsidiaries.
(2) This includes the scope of La Banque Postale, CNP Assurances France and CNP international subsidiaries.
(3) 2022 onwards includes the scope of La Banque Postale, CNP Assurances France and CNP international subsidiaries.

GRI		2022	2021	2020
303-5	Water consumption (in millions of litres)⁽¹⁾	357	378	387*
	Of which La Banque Postale	336	357	366
303-5	Consumption per employee per day (in litres)⁽²⁾	59	60	62
	Of which La Banque Postale	62	64	64

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) 2020 includes the scope of La Banque Postale and CNP Assurances France.
2021 and 2022 include the scope of La Banque Postale, CNP Assurances France and CNP international subsidiaries.
(2) 2020 and 2021 include the scope of La Banque Postale and CNP Assurances France.
2022 includes the scope of La Banque Postale headquarters, the Banking Advice Line, CNP Assurances France and CNP international subsidiaries.

* Restated data

LA BANQUE POSTALE

Commitment to the NZBA	Starting point 2020	at end 2021	Change 2021/2020	Target 2030	Scopes ⁽¹⁾	Scenario	Absolute emissions at 31.12.2021 (ktCO ₂ eq)
							Scopes 1, 2 & 3
REDUCING GREENHOUSE GAS EMISSIONS IN THE SECTORS							
Residential property (kgCO ₂ eq/m ²)	22.19	18.42	-17%	11.98 (-46% in 2030)	Scopes 1 & 2	IEA 2017B2D	487
Commercial property (kgCO ₂ eq/sq.m)	23.63	21.45	-9%	15.02 (-36% in 2030)	Scopes 1 & 2	IEA 2017B2D	32
Automobile (gCO ₂ eq/v.km)	111	107.35	-3%	103 (-7% in 2030)	Scope 3	IEA NZE2050	216
Aviation (gCO ₂ eq/p.km)	143	131.45	-8%	63 (-56% in 2030)	Scopes 1 & 2	IEA NZE2050	586
Cement (kgCO ₂ eq/t cement produced)	511	501.05	-2%	357 (-30% in 2030)	Scopes 1 & 2	IEA NZE2050	104

(1) Scopes covered by the target.

In 2022, the net exposure to fossil fuels represents 0.01% ✓ of La Banque Postale's corporate portfolio.

✓ indicator independently verified to a reasonable level of assurance.

LA BANQUE POSTALE ASSET MANAGEMENT

Commitment to NZAMI	Starting point 2022 ⁽²⁾	Target 2030	Target 2040	Target 2050	Scopes ⁽¹⁾	Methodology	
						80% of total assets aligned with Net Zero, 90% of eligible assets aligned with Net Zero	100% of assets aligned with Net Zero
80% of its total portfolio aligned with a decarbonisation target compatible with the objectives of the Paris Agreement by 2030.	48% of assets aligned ⁽³⁾					100% Net Zero assets	Scopes 1 & 2; Scope 3 if emissions are material and if methodologies allow

(1) Scopes covered by the target.

(2) Targets validated by the Net Zero Asset Managers initiative in May 2022.

(3) First estimates are made at the beginning of 2022 using data carried over from 2021. The estimated 2022 level of alignment for listed equities is 48% (48% of assets are invested in companies that have validated their decarbonisation targets with SBTi). The level of alignment of other asset classes is being assessed.

CNP

Commitment to NZAOA	Metric used	Starting point 2019	at end 2021	Change 2021/2019	Target 2024	Reduction 2019-2024	Absolute emissions at 31.12.2021 (ktCO ₂ eq)
							Scopes ⁽¹⁾
Reduce the carbon footprint of the direct equity and corporate bond portfolio by 25% (extended to infrastructure from 2022)	kgCO ₂ eq/k euros invested	80	55	-31%	60	-25%	Scopes 1 & 2
Reduce the carbon footprint of the directly-held real estate portfolio by 10%	kgCO ₂ eq/sq.m	19	17	-11%	17.00	-10%	Scopes 1 & 2
Reducing the carbon intensity of direct electricity producers by 17%	kgCO ₂ eq/MWh	259	NC	-	216	-17%	Scopes 1 & 2
Starting point 2019		at end 2021		Change 2021/2019		Target 2025	
Achieving a green investment portfolio	Billions of euros	14.4	19.90	38%	25	-	-

(1) Scopes covered by the target.

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Report by one of the Statutory Auditors, appointed as independent third party on the consolidated non-financial statement

2.6 Report by one of the Statutory Auditors, appointed as independent third party on the consolidated non-financial statement

This is a free translation into English 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 2022)

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as an independent third party and accredited by the COFRAC under number 3-1884⁽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 2022 (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 symbol ✓.

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 symbol ✓" sections of this report, and the evidence 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 (or available on the Company's website or on request from its head office).

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

Management is responsible for:

- selecting or establishing suitable criteria for preparing the information;
- the preparation of the Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of those policies, including key performance indicators and if applicable the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- preparing the Statement by applying the entity's Guidelines as mentioned above;
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Executive Board.

(1) Accreditation COFRAC Inspection, No. 3-1884, 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 information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the disclosures required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional guidance

The work described below was performed in accordance with the provisions of Articles A. 225 1 et seq. of the French Commercial Code, the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* - CNCC) applicable to such engagements, notably the technical opinion of the Institute of Statutory Auditors (relating to the Statutory Auditor's work and the independent third party's work on the non-financial statement), being used as the basis for the audit programme, and the International Standard on Assurance Engagements 3000 (Revised)⁽¹⁾.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and by 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 January and March 2023 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 interviews with the people responsible for preparing the Statement, representing in particular executive management, administration and finance, risk management, compliance, human resources, health and safety, environment and purchasing.

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 covers 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 evasion legislation;

(1) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Report by one of the Statutory Auditors, appointed as independent third party on the consolidated non-financial statement

- We verified that the Statement presents 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 related to the principal risks;
- We referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks and 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 the Appendices. Concerning certain risks⁽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 consolidated scope, i.e., all of the entities included in the scope of consolidation in accordance with Article L. 233-16, 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 the Appendices, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes to 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 entities and covers between 21% 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 symbol ✓

With regard to the information selected by the entity, presented in the Appendices 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 represents between 62% and 100% of the information identified with the symbol ✓.

We believe that our work is sufficient to provide a basis for our reasonable assurance conclusion on the information selected by the entity and identified with the symbol ✓.

Paris La Défense, 16 March 2023

KPMG S.A.

Anne Garans
ESG risks

Xavier de Coninck
Partner

(1) Risk 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; 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); 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; Compliance risk (Ethics) Risk of damage to La Banque Postale's reputation following its involvement in social conflicts or environmental controversies.

(2) Head office of La Banque Postale; Véhiposte (a subsidiary of La Poste Group); Poste Immo (a subsidiary of La Poste Group); L'Ecole de la Banque et du Réseau; Corporate and Investment Banking; Financial Services; La Banque Postale Asset Management

Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Report by one of the Statutory Auditors, appointed as independent third party on the consolidated non-financial statement

Appendices

Qualitative information (actions and results) considered most important

Certification policy with regard to the entity's CSR commitment

Measures promoting quality of life at work

Financing strategy for low-carbon projects

Action on the collection and treatment of the Group's waste

Gender equality programme

Non-financial ratings of La Banque Postale

Policies on responsible investment

Action plan to combat financial vulnerability

Key performance indicators and other quantitative results considered most important

Level of assurance

Employee turnover rate	Limited
Number of days off work due to illness per employee	Limited
Number of training hours per employee	Limited
Percentage of women in strategic management positions ⁽¹⁾	Reasonable
Total number of employees and breakdown by age and gender	Limited
Number of responsible purchasing charters signed by suppliers	Limited
Percentage of employees trained in anti-money laundering and anti-terrorist financing	Limited
Percentage of employees trained in the GDPR over the last two years	Limited
% of offers identified as sustainable using the ESG checklist	Limited
Total responsible assets under management	Limited
La Banque Postale's total carbon footprint, including Scope 1, 2 and 3 emissions mentioned above	Limited
CO ₂ emissions from commuting to and from work	Limited
CO ₂ emissions linked to the energy consumption of buildings per employee	Limited
Energy consumption of buildings per employee	Limited
CO ₂ emissions from work-related travel by train	Limited
CO ₂ emissions from work-related travel by plane	Limited
CO ₂ emissions from data centres	Limited
CO ₂ emissions from paper	Limited
CO ₂ emissions per vehicle	Limited
Net exposure to fossil fuels ✓ ⁽¹⁾	Reasonable
Carbon intensity of corporate issuers ✓ ⁽¹⁾	Reasonable

(1) ✓ indicator independently verified to a reasonable level of assurance.

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Cross-reference tables

2.7 Cross-reference tables

2.7.1 Non-Financial Statement cross-reference table

Guide to Non-Financial Statement (NFS) disclosures

Items	Legislative framework	Sections
Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	Introduction
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. paragraph 1 of the French Commercial Code	6.1.2
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, tax evasion 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, L. 22-10-36 and R. 22-10-29, R. 225-104 and R. 225-105, I. paragraph 2 of the French Commercial Code	2.2.2.2; 2.4.4.3; 2.4.5. 6.8
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. paragraph 3 of the French Commercial Code	2.5
Social information (employment, work organisation, health and security, social relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II. A. paragraph 1 of the French Commercial Code	2.2.2.4; 2.2.4. 2.4.3.
Environmental information (general policy on environmental, pollution, circular economy, climate change matters)	Articles L. 225-102-1 and R. 225-105, II. A. paragraph 2 of the French Commercial Code	2.3.8; 2.4.1. 2.4.4.
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. paragraph 3 of the French Commercial Code	2.3.2; 2.3.9. 2.4.1. 2.4.2. 2.4.4.
Information related to the fight against corruption and tax evasion	Articles L. 225-102-1, L. 22-10-36 and R. 22-10-29 and R. 225-105, II. B. paragraph 1 of the French Commercial Code	6.9.2.2; 2.4.5.
Information related to actions to promote human rights	Articles L. 225-102-1 and R. 225-105, II. B. paragraph 2 of the French Commercial Code	2.3.4
Specific information: (i) the company's technological accident risk prevention policy; (ii) the ability of the company to cover its liability to property and persons arising from the operation of such facilities; (iii) the means provided by the company to manage the compensation of victims in the event of a technological accident for which it is liable.	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	2.2.4.2
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	2.6

2.7.2 GRI and SDG cross-reference table

Section number Non-Financial Statement (DPEF)	Global Reporting Initiative (GRI)	Sustainable Development Goals (SDG)	Section
Our company purpose: support the just transition	102-1, 102-16	3, 7, 8, 10, 13	2.1.1
Mission monitoring dashboard	203-2, 305-5, 404-2, 405-1, 413-1, 417-1,	3, 4, 7, 8, 9, 10, 13, 15	2.1.2
Mission-led company governance	2-13, 2-14, 2-17, 2-29, 2-30		2.1.3
La Banque Postale's business model	102-5, 102-7, 102-12, 102-16	3, 7, 8, 10, 13	2.2.1
Chief Sustainability Office	103-2, 102-18, 102-21, 102-26, 102-29, 102-31, 102-32, 102-40, 102-44, 102-46	1, 3, 4, 8, 10, 11	2.2.2
Integrating impact assessments into the Bank's activities	2-24, 201-2, 205-1	7, 8, 9, 13	2.2.3
Instilling the impact culture by transforming the employee experience	201-3, 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 404-2, 405-1, 407-1	1, 4, 5, 8, 10	2.2.4
Integrating ESG issues into the bancassurance business	305-3, 413-1, 417-1,	7, 8, 9, 10, 11, 12, 13, 14, 15, 16	2.3.1
A range of products and services that allows customers to play a role in the just transition	203-2, 417-1	1, 3, 7, 8, 9, 10, 13	2.3.2
An inclusive product and service offer for as many people possible	102-13, 203-1, 203-2, 413-1	1, 3, 4, 8, 10, 11	2.3.3
Assistance to people experiencing financial difficulties	203-1, 413-1	1, 3, 4, 8, 10, 11	2.3.4
Guarantee an ethical and quality customer relationship	413-1	1, 8, 16	2.3.5
Responsible insurance products	203-2, 417-1	1, 3, 4, 8, 10, 11	2.3.6
Community innovation in support of the just transition	203-2	4, 7, 8, 9, 13	2.3.7
Promote the emergence of a circular economy	306-2	2, 6, 12, 13	2.3.8
An offer supporting the development of the responsible economy in all regions	203-1, 203-2	1, 2, 3, 6, 7, 8, 9, 11, 12, 13, 16	2.3.9
Pioneering commitments on a just and positive transition for people, the environment and regions	201-2, 205-1, 205-2, 301-1, 301-2, 301-3, 302-1, 302-3, 302-4, 302-5, 304-2, 304-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-2, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2	7, 9, 12, 13, 14, 15	2.4.1
Equal opportunity within the Bank, through broad initiatives on inclusion of all	404-2, 405-1	4, 5, 8, 10	2.4.2
Workforce-wide provision of the means for full engagement in each employee's business line, plus encourage engagement beyond the Bank as such	203-1, 203-2, 404-2, 413-1	4, 10, 12	2.4.3
Active contributions to market bodies and discussions with public regulators	2-16, 2-28, 2-29	7, 8, 10, 12, 13, 16	2.4.4

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Cross-reference tables

Section number Non-Financial Statement (DPEF)	Global Reporting Initiative (GRI)	Sustainable Development Goals (SDG)	Section
Exemplary internal support for our missions	205-1, 205-2	8, 10, 12, 13, 15, 16, 17	2.4.5
"Transforming our bancassurance model through impact culture" indicators	2-7, 2-19, 2-21, 2-38, 401-1, 401-2, 403-9, 403-10, 404-1, 405-1, 405-2		2.5.2
"Develop and promote products and services that meet environmental, social and regional challenges" indicators	201-1, 201-2, 203-2, 301-1, 413-1		2.5.3
"Exemplary action to advance the banking and insurance sector" indicators	203-1, 205-2, 301-1, 302-1, 303-5, 305-1, 305-2, 305-3, 305-5, 308, 413-1, 414		2.5.4

2.8. Appendices

2.8.1

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 relevant national and regional frameworks.

BUSINESS MODEL

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e., by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

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 is organised around four business lines:

- *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, Italy and Ireland;*
- *Corporate and Investment Banking (CIB), comprising the corporate, local public sector, financial institutions and institutional customer segments, as well as the specialised financing and capital markets businesses;*
- *Wealth and Asset Management, comprising the private banking arm Louvre Banque Privée (formerly BPE) and the asset management businesses of La Banque Postale Asset Management (LBP AM) and Tocqueville Finance.*

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

Group shareholding structure

La Poste Groupe 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. 90-568 of 2 July 1990 (amended) stipulates that La Poste's share capital shall be held by the French State and by Caisse des Dépôts et Consignations ("Caisse des Dépôts"), 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, La Poste Groupe is now 66%-owned by Caisse des Dépôts and 34% by the French State.

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

The relationship between La Poste and La Banque Postale is very close, both at the level of their 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.

As a subsidiary of La Poste Groupe, 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 La Poste Groupe. Lastly, La Banque Postale is La Poste's main bank.

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

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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 commitment to Principles for Responsible Banking (PRB) 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 more than three million users per day, enables La Banque Postale to capture the traffic needed to support its strategic development.

Custodian of La Poste Groupe'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 La Poste Groupe 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 7.6.2 Accessible banking mission).

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, telephone, gas or electricity bills).

For more information, see:

Section 1 "Presentation of La Banque Postale"

Section 1.3 "2022 highlights"

Section 1.4 "The four business lines"

Section 2.2.1 "La Banque Postale's business model"

Section 2.3.3.1.1 "La Banque Postale's accessible banking mission"

STRATEGY ALIGNMENT

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- Yes
 No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
 International Labour Organization fundamental conventions
 UN Global Compact
 UN Declaration on the Rights of Indigenous Peoples
 Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----
 None of the above

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 driven by the Sustainability Department, reporting to the Chairman of the Executive Board and represented on the Executive Committee.

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.

La Banque Postale becomes a mission-led company

After adopting its company purpose (*raison d'être*) in June 2021, La Banque Postale took another step in its transformation by becoming a mission-led company. This decision, which was approved at the Bank's General Meeting of Shareholders held on 23 February 2022, reaffirmed La Banque Postale's commitment to a "just transition" by embedding several environmental and social impact objectives in its governance system in line with the approach taken by La Poste Groupe, which also became a mission-led company in June 2021.

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 willing partners 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 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. With "L'Envol, La Banque Postale's campus", the Bank is promoting equal opportunities by giving talented young people from disadvantaged backgrounds a helping hand with their education.

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

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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 is positioned as a major player in the energy and environmental transition and is committed to promoting a low-carbon economy. After achieving carbon neutrality in its operating scope in 2018, La Banque Postale set a goal of reaching net zero emissions across all its banking activities by 2040⁽¹⁾, ten years ahead of the deadline recommended by the Paris Agreement and scientists. In October 2021, La Banque Postale became one of the first three banks in the world to have its low-carbon pathways and alignment with the Paris Agreement approved by the Science Based Targets initiative (SBTi). In October 2022, as part of its commitment to the Net Zero Banking Alliance, it also published its first sector-specific low-carbon pathways aligned with the International Energy Agency's "Net Zero Emissions by 2050" scenario. Its two subsidiaries, CNP Assurances and La Banque Postale Asset Management, have also submitted their contributions to align with the Net Zero Asset Owner Alliance and the Net Zero Asset Management Initiative respectively as part of their alignment with the Paris Agreement. As a signatory of the "Finance for Biodiversity Pledge", La Banque Postale intends to contribute to the preservation of biodiversity and is making this theme one of its major areas of work in 2023.

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".

Paris Agreement

After announcing in 2020 that it would achieve "net zero emissions" across its business base by 2040, La Banque Postale has greatly increased its efforts to gradually align its activities with the Paris Agreement:

- it became one of the first three banks in the world to have +1.5°C low carbon pathways approved by the SBTi;
- it was one of the first banks in the world to publish policies targeting a complete exit from the coal and the oil & gas sectors⁽²⁾⁽³⁾ by 2030;
- In October 2022, as part of its commitment to the Net Zero Banking Alliance (NZBA), the Bank published its first sector-specific low-carbon pathways aligned with the International Energy Agency's "Net Zero Emissions by 2050" scenario;
- Since January 2023, in accordance with its "Principles for investing in the aviation sector", La Banque Postale has excluded financing any infrastructure that increases air traffic (with the exception of financing aimed at improving the safety of personnel and passengers, upgrading infrastructure or improving its energy efficiency).

For more information, see:

[Section 2.1 "La Banque Postale becomes a mission-led company"](#)

[Section 2.2.1.3 "Community engagement in response to the UN Sustainable Development Goals"](#)

[Section 2.4.1.1 "Commitment to combat climate change"](#)

(1) Provided that governments and businesses take the necessary steps to achieve this.

(2) With the exception of companies in the oil and gas sector that have a scientifically approved transition plan aligned with a 1.5°C scenario.

(3) Policies based on NGO Urgewald lists: Global Coal Exit List (GCEL) for the coal sector and Global Oil & Gas Exit List (GOCEL).

PRINCIPLE 2: IMPACT AND TARGET SETTING



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets in areas where we can have the most significant impacts.

2.1 IMPACT ANALYSIS (KEY STEP 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly⁽¹⁾ and fulfil the following requirements/elements (a-d)⁽²⁾:

- a) **Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

La Banque Postale is fully aware that its 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. By clearly stating its corporate mission in June 2021, then becoming a mission-led company and incorporating ambitious objectives into its Articles of Association, the Bank is turning this ambition into a reality.

It should be noted that the asset management and insurance businesses are not included in the reporting scope covering commitments to Principles for Responsible Banking. 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.

Based solely in France, the bulk of its banking activities are concentrated in France.

(b) **Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope.

- i) by sectors & industries⁽³⁾ for business, corporate and investment banking portfolios (i.e., sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

2.

(1) That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

(2) Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

(3) 'Key sectors' relative to different impact areas, i.e., those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

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In 2021, La Banque Postale carried out an impact assessment of its outstanding loans at 31 December 2020 using the "Portfolio Impact Analysis Tool V2" developed by UNEP FI.

In 2022, the Bank used the findings of this initial assessment, which it supplemented with an analysis based on its outstandings at 31 December 2021, coupled with additional analyses of the same metric performed within the scope of its commitments to the Science Based Targets initiative and the Net Zero Banking Alliance.

Corporate and Investment Banking:

The sector-specific breakdown of the Bank's corporate and investment banking portfolio has changed little compared to 2020.

Concerning corporate financing outstandings, based on 99.9% of the portfolio analysed, the main sectors of activity financed are the following:

- Financial and insurance activities (K) (29.45%), including monetary intermediation (K64.1), activities of holding companies (K64.2), other financial service activities, except insurance and pension funding (K64.9), and activities auxiliary to financial services and insurance activities (K66);
- Real estate activities (L68), mainly renting and operating of own or leased real estate (L68.2) (18.12%);
- Specialised, scientific and technical activities (M) (7.32%), including activities of head offices; management consultancy activities (M70);
- Transporting and storage (H) (5.99%), of which
 - Land transport and transport via pipelines (H49) (1.80%);
 - Warehousing and support activities for transportation (H52) (1.35%);
 - Postal and courier activities (H53) (2.84%);
- Electricity, gas, steam and air conditioning supply (D35), mainly electric power generation, transmission and distribution (D35.1) (5.55%);
- Wholesale trade, except of motor vehicles and motorcycles (G46) (3.14%) and retail trade, except of motor vehicles and motorcycles (G47) (2.5%);
- Administrative and support service activities (N) (3.87%), including rental and leasing activities (N77); Manufacturing (C) (3.6%);
- Information and communication, especially telecommunications (J) (3.56%);
- Construction (F), especially construction of buildings (F41) (3.53%);
- Accommodation and food service activities (I) (1.17%).

The Bank uses this financing to lend to the Local Public Sector (LPS), and based on 99.6% of the outstandings analysed, the main sectors financed are the following:

- Real estate activities (L68) (34%), mainly renting and operating of own or leased real estate (L68.2);
- General public administration activities (O84.11) (34%) and Public administration of economic activities (O84.13) (7%);
- Hospital activities (Q86.10) (9%).

With regard to the outstandings invested in corporate bonds (proprietary trading), of the 82% of the portfolio analysed, the Bank's exposure is mainly to the following sectors:

- Financial and insurance activities (K) (78%), including monetary intermediation (K64.1), insurance (K65) and activities auxiliary to financial services and insurance activities (K66);
- Information and Communication (J) (1%);
- Electricity, gas, steam and air conditioning supply (35.1) (1%);
- Professional, scientific and technical activities (M) (1%).

Financing of private individuals:

In terms of financing to retail customers, the main outstandings are the home loans that the Bank grants to its customers. At end-2021, these amounted to €63.7 billion, or more than 92% of outstanding loans to retail customers, while outstanding consumer loans amounted to €5.3 billion, or less than 8% of outstanding loans to retail customers.

(c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate⁽¹⁾? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

La Banque Postale leverages a rich ecosystem of stakeholders who participate in identifying the key societal issues the Bank needs to tackle.

As a mission-led company, La Banque Postale is supported by its Mission Committee, made up of 18 members, including 12 independent economic, financial and academic experts and civil society members. The Mission Committee serves to deepen La Banque Postale's strategic commitment to sustainability. It ensures that the related initiatives contribute effectively to La Banque Postale's objectives. It meets three times a year to monitor the mission's progress and assess its results, in cooperation with an independent third party. It reports on its work annually to the General Meeting of Shareholders.

Five working groups have been created within the Mission Committee in order to explore certain priority areas in greater depth.

To bolster its in-house expertise and the insights provided by its Mission Committee, La Banque Postale also relies on numerous local and sector-based working groups. It is a founding member of the Principles for Responsible Banking and participates in the working groups established as part of the PRB Commitment to Financial Health and Inclusion. La Banque Postale is also a founding member of the Net Zero Banking Alliance and a member of its Steering Group. In 2021, the Bank participated in ADEME's working groups to develop ACT 4 Finance methodology. It is also a member of the Expert Advisory Group that is helping SBTi develop a new Net Zero framework for the financial sector. With regard to biodiversity, the Bank has signed up to the Finance for Biodiversity Pledge and participates in the work undertaken by Finance for Biodiversity and Finance for Tomorrow.

Through the French Banking Federation (FBF), La Banque Postale contributes to numerous working groups and benefits from expert exchanges with its peers on a range of issues, including climate and carbon accounting, biodiversity, deforestation and human rights.

La Banque Postale is involved in regular dialogue with NGOs. These may provide confirmation of weak signals detected by its ESG experts and ensure that policies are devised with appropriate levels of ambition.

Lastly, in 2022, La Banque Postale created a "Customer Board". As a partner of La Banque Postale's Executive Committee, its purpose will be to gather the views of customers three times a year concerning the Bank's projects or strategic decisions aimed at improving product offerings. The Board comprises 10 members who together represent the diversity of La Banque Postale's customers.

For more information, see:

[Section 2.1.3.1 "The Mission Committee"](#)

[Section 2.3.5.3.5 "Parlons Citoyens: consultation with French people to imagine La Banque Postale of tomorrow"](#)

[Section 2.4.2.2 "Tenth anniversary for the Initiative Against Banking Exclusion think-tank"](#)

[Section 2.4.4.1 "Stakeholder dialogue"](#)

(1) Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

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Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁽¹⁾? Please disclose.

The main impacts identified by La Banque Postale based on the 2021 analyses of the French and international contexts, stakeholder expectations, the expertise of its Mission Committee, and numerous studies and publications, related to:

- the inclusive and healthy economy and access to housing (positive impacts);
- climate (positive and negative impacts);
- biodiversity (negative impacts).

Given its unique position in the French banking industry, reflected in its extensive national network (97% of the population lives less than 20 minutes by transport or five kilometres from a post office) and the accessible banking mission, La Banque Postale has made banking inclusion a key priority. This culminated in the signature of the PRB Commitment to Financial Health and Inclusion in 2021 and the Bank's participation in related working groups.

Given the French context and the Bank's profile, the issue of access to housing is also key. The Bank wishes to help its customers become homeowners by offering appropriate solutions. Beyond the issue of accommodation, the Bank wishes to help its customers live in quality housing: in addition to green home improvement loans, it has developed advances to cover renovation costs (*Prêt Avance Rénovation*), which help to enhance the energy performance of housing.

Given the dual emergencies of climate change and biodiversity loss, strong measures are needed. La Banque Postale has made the environment a priority, both in its own operations (reducing its operational CO₂ emissions, measuring its biodiversity footprint) and in its financing and investment activities (commitments to the SBTi and the NZBA; development of an offer to support all its customers with the transition; financing of renewable energies, etc.).

Closely linked to the issue of biodiversity, La Banque Postale has also identified negative impacts in relation to resources, particularly access to resources and the circular economy. These impacts will mainly be tackled through biodiversity policies and action plans.

⁽¹⁾ To prioritise the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g., through stakeholder engagement and further geographic contextualisation.

(d) On these points (at least two prioritized impact areas): Performance assessment: Has your bank identified which sectors and industries as well as the types of customers financed or investment vehicles that are causing the biggest positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e., qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Strategy:

Inclusive and healthy economy:

Through its accessible banking mission and close ties with the non-profit sector, La Banque Postale can measure fairly accurately the number of customers benefiting from the accessible banking mission (1.4 million in 2022). It also estimates that 1.7 million customers are in a vulnerable situation, out of 4.1 million nationally.

La Banque Postale had not set a target for accessible banking and financial inclusion at end-2022. Work has been undertaken, both internally between the department dealing with vulnerable customers and the Sustainability Department, and externally as part of the PRB Commitment to Financial Health and Inclusion. Targets will be set and communicated in the first-half of 2023.

Climate:

La Banque Postale based its strategy on scientific recommendations (International Energy Agency "Net Zero by 2050" report), the methodologies of the Science Based Targets initiative and the Net Zero Banking Alliance, as well as exchanges with expert NGOs.

For more information, see:

[Section 2.4.1.1 "Commitment to combat climate change"](#)

Biodiversity:

In 2021, La Banque Postale conducted its first biodiversity assessment on its corporate bond portfolio. In 2022, the assessment scope was extended to its real estate financing portfolios (real estate lending to individuals and legal entities). In 2023, the Bank will launch a project to measure its own impacts. These different initiatives will help it set ambitious targets for combating biodiversity loss and preserving resources.

For more information, see:

[Section 2.4.1.2 "Commitment to fostering biodiversity"](#)

Products and services:

The Bank 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 has been entrusted by the French State with a mission to enhance accessibility to banking in order to ensure financial inclusion for all. In addition to this mission, La Banque Postale addresses the needs of financially vulnerable customers at all times, both through its offers, such as the *Simplicité* accessible account, and through services such as *Appui*. The Bank also offers professional and personal micro-credit solutions for customers.

For more information, see:

[Section 2.3.3 "An inclusive product and service offer for as many people possible"](#)

[Section 2.3.9 "An offer supporting the development of the responsible economy in all regions"](#)

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- Impacts related to housing: the majority (55%) of La Banque Postale's outstandings were real estate loans at end-2021. 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 downpayment. It has also broadened access to credit by offering loans for social home ownership (PAS). In 2022, the monthly household income for 17.6% 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 2.3.3.3 "Home loans and access to social home ownership"

Section 2.3.9 "An offer supporting the development of the responsible economy in all regions"

- Impacts related to the climate: La Banque Postale is conscious of its impact on the environment and strives to find solutions for itself and for its customers to help mitigate this impact. The Bank has several offers that contribute towards financing the environmental and energy transition. To deal with the growing importance of housing energy performance, the Bank offers its customers solutions for renovating their homes (the personal green renovation impact loan and advance to cover renovation costs). It also offers a personal impact car loan solution that can be used to purchase electric or hybrid vehicles at preferential rates of interest.
- 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 extended to companies at the end of 2020. Offers to meet the specific needs of its corporate customers have also been developed (green equipment leases).
- To encourage companies to speed up their transition, "bilateral impact loans" have been available since the end of 2021 for companies that prepare a Non-financial Performance Statement. These specific-purpose loans provide incentive support throughout the duration of the loan for companies to improve their non-financial performance – their carbon footprint in particular.
- Lastly, regarding energy financing, La Banque Postale only finances projects based on renewable energy.

[For more information, see:](#)

Section 2.2.2.2 "The main ESG risks for La Banque Postale"

Section 2.3.9 "An offer supporting the development of the responsible economy in all regions"

SELF-ASSESSMENT SUMMARY:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts⁽¹⁾?

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion.

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Comments: the data used in the impact assessment are outstandings at 31 December 2022.

⁽¹⁾ You can answer "Yes" to a question if you have completed one of the steps described, e.g., whether the initial impact assessment or a pilot assessment has been performed.

2.2 TARGET SETTING (KEY STEP 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁽¹⁾ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

- a) **Alignment:** which international, regional or national policy frameworks to align your bank's portfolio⁽²⁾ with have you identified as relevant? Show that the selected indicators and 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.

You can build upon the context items under 2.1.

2.

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, mainly in order to address the climate emergency, most of the targets are focused on environmental issues.

Inclusive and healthy economy

La Banque Postale has made banking inclusion and support for vulnerable and financially fragile customers a priority. The accessible banking mission entrusted to it is central to its strategy. La Banque Postale offers solutions for these customers and has enhanced its offering in 2022, however it has not yet set a target in this area. As a signatory of the PRB Commitment to Financial Health and Inclusion, it has participated in the working groups organised by UNEP FI in order to share its expertise and benefit from that of its peers. In 2023, it will devise a performance indicator to address this challenge. 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 2.2.1.3 "Community engagement in response to the UN Sustainable Development Goals"](#)

[Section 2.3.3 "An inclusive product and service offer for as many people possible"](#)

The climate

In order to reduce its negative climate impacts and boost its climate change mitigation efforts, in 2017 La Banque Postale committed to outlining a greenhouse gas (GHG) emissions reduction pathway aligned with the Paris Agreement target. In September 2020, it announced its "net zero" ambition for all its activities by 2040 (provided governments and companies take the necessary related measures), i.e., both for its operational emissions (Scope 1 and Scope 2) and those for emissions linked to its financing and investment activities (Scope 3).

In line with these two commitments, the Science Based Targets initiative approved La Banque Postale's proposed pathways in October 2021, judging them to be consistent with the Paris Agreement.

In October 2022, La Banque Postale published its first "net zero" pathways as part of its commitment to the Net Zero Banking Alliance (NZBA) covering the following sectors: real estate lending to individuals, real estate lending to businesses, air transport, automobile transport and cement. The coal, oil and gas sectors are covered by sector-specific policies ensuring alignment with a 1.5°C scenario. The Bank has also published an initial estimate of its financed emissions. The first operational deployment of these commitments coincided with the application of Principles for investing in the aviation sector, which will also ensure that the Bank aligns the aviation sector with a pathway compatible with a 1.5°C scenario.

(1) Operational targets (for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

(2) Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

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La Banque Postale is also committed to financing the energy and ecological transition of local authorities and businesses by developing specially adapted loan solutions.

As regards financing of energy projects, La Banque Postale has a long-standing policy of only financing projects based around renewable energies.

These initiatives contribute directly to 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":

For more information, see:

Section 2.3.1 "Integrating ESG issues into the bancassurance business"

Section 2.4 "Exemplary action to advance the banking and insurance sector"

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

c) SMART targets (incl. key performance indicators (KPIs)⁽¹⁾): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

La Banque Postale has set several climate change mitigation targets

Commitment to SBTi: in October 2021, La Banque Postale became one of the first three banks in the world to have its low-carbon pathways and alignment with the Paris Agreement approved by the SBTi. Targets for its organisational reporting scope were duly approved (reduction of Scope 1 & 2 emissions; renewable electricity consumption), as well as targets for its financing and investment portfolios (equities and bonds of large companies; medium/long-term loans to large corporates; financing of renewable energy sources).

For more information, see:

Section 2.4.1.1 "Commitment to combat climate change"

Commitment to the NZBA: La Banque Postale became a founding member of the NBZA. In accordance with its commitment, in October 2022 it published sector-specific pathways in addition to those published under its commitment to the SBTi. As well as the real estate sector (real estate lending to individuals and to legal entities), the transport (air and automobile) and cement sectors are also covered by these pathways. The coal and power generation sectors are already aligned with a 1.5°C pathway. Lastly, the Bank's policy for the oil and gas sector ensures alignment with a 1.5°C pathway from 2030 onwards.

For more information, see:

Section 2.4.1.1 "Commitment to combat climate change"

(1) Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Commitment to exit the fossil fuel sector:

La Banque Postale published two policies in 2021 covering the coal sector and the oil and gas sector committing to exit these sectors completely by 2030 (with the exception of companies in the oil and gas sector with a scientifically approved transition plan by 2030, and outlining a plan to exit the sector by 2040).

For more information, see:

Section 2.4.1.3 *Implementing strict exclusion policies*

Commitment to financing the energy and environmental transition:

La Banque Postale has committed to increasing production of green loans granted to local authorities.

2.

The target is €2 billion in cumulative project finance originations by 2023.

For more information, see:

Section 2.1 "La Banque Postale becomes a mission-led company"

Section 2.3.9.1.3 "Providing support to local authorities"

Commitment to financing renewable energy:

In 2019, La Banque Postale undertook to double its renewable energy financing commitments by increasing them to €3 billion by end-2023.

For more information, see:

Section 2.1 "La Banque Postale becomes a mission-led company"

Commitment to using 100%-renewable electricity:

La Banque Postale has pledged to use 100%-renewable electricity by 2030.

For more information, see:

Section 2.4.1.1 "Commitment to combat climate change"

With regard to the impacts concerning a healthy and inclusive economy, and given the importance of the accessible banking mission entrusted to it, financial inclusion and products reserved for vulnerable customers are tracked in non-financial reports using the KPIs outlined in Section 2 of the Universal Registration Document (i.e., number of customers included in the accessible banking mission; number of Simplicité accessible account holders; etc.). New tracking indicators with targets will be devised in the first half of 2023.

For more information, see:

Section 2.1 "La Banque Postale becomes a mission-led company"

As regards biodiversity and resource impacts, targets will be set from 2023 on, once the Bank is able to measure the impacts and those generated by its financing and investment activities, subject to the development of a suitable methodology and access to data.

For more information, see:

Section 2.4.1.2 "Commitment to fostering biodiversity"

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d) Action plan: which actions including milestones have you defined to meet the set targets? Please disclose.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Climate change mitigation action plan:

While 2021 and 2022 were shaped by measurement and target-setting, 2023 will be the year of operational deployment of projects to ensure that targets approved by the SBTi and those communicated to the NZBA are achieved. To ensure that La Banque Postale's financing and investments in the aviation sector are aligned with the Paris Agreement, a number of principles for investing in the aviation sector have been in force since 1 January 2023. New principles and policies will be gradually rolled out during the year to cover the most fuel-intensive sectors.

Action plan for a healthy and inclusive economy:

In 2023, La Banque Postale plans to deploy a five-pronged action plan to promote financial inclusion:

- to understand the needs of its 1.37 million customers in terms of accessible banking and their banking practices based on a qualitative survey conducted with a firm of research consultants and based on an opinion poll, in order to adapt the offer while helping customers move towards disciplined, secure banking;
- to offer inclusive products and services to its financially vulnerable customers through more targeted marketing campaigns;
- to work to prevent difficulties insofar as possible thanks to specially trained remote advisors;
- to enable customers to know and exercise their rights more effectively via the banking and budgetary support platform, Appui. This platform, located in Paris, should be consolidated with the creation of a second platform in 2023.
- to measure the impact of all these measures.

Biodiversity action plan:

La Banque Postale signed the Finance for Biodiversity Pledge in 2021 and, from 2023 on, the Bank wishes to fulfil its commitments by using all the levers at its disposal. In particular, it will do everything possible to measure its own biodiversity footprint, control its exposure to companies with a significant biodiversity footprint, systematically integrate biodiversity into its analyses and new product creation processes, and deploy pro-biodiversity actions in its own operations.

Biodiversity protection training and awareness-raising initiatives will be organized to enhance employees' understanding and support pro-biodiversity actions.

External projects will be financed through the "Carbon Fund" to promote, co-finance and secure the future of nature-based solutions that help preserve and restore biodiversity.

SELF-ASSESSMENT SUMMARY:

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: climate change mitigation	... second area of most significant impact: financial inclusion	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: biodiversity
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

2.

2.3 TARGET IMPLEMENTATION AND MONITORING (KEY STEP 3)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets. Indicate the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Commitment to SBTi and NZBA:

To meet its targets, La Banque Postale published two sector-specific policies relating to fossil fuels (coal and oil & gas) in 2021. In 2022, the Bank published principles for investing in the aviation sector, which include requirements for airlines and aircraft financing. These policies ensure both alignment with the SBTi (approval of low-carbon pathways by the SBTi) and NZBA frameworks (pathways aligned with 1.5°C scenarios). In 2023, La Banque Postale plans to move up a gear and develop action plans for each carbon-intensive sector and launch a project to publish a transition plan.

Commitment to exit the fossil fuel sector:

The Bank's sector-specific policies guarantee a gradual exit from the fossil fuel sector. In 2022, there was a marked reduction in outstanding loans and investment to these sectors: these amounts fell from €26 million at the end of 2021, to €2.3 million at end-2022.

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Commitment to financing the ecological and energy transition:

Origination of green loans to local authorities, with a target of €2 billion for 2023, was exceeded and reached €3.2 billion at end-2022, compared with nearly €2 billion at end-2021.

Commitment to financing renewable energy:

Commitments to financing renewable energy amounted to €2.4 billion at end-2022, up from €2.2 billion at end-2021.

Green bonds and social bonds:

La Banque Postale has committed to issuing a green or social bond every year. In 2022, the Bank issued 28 green bonds for a total amount of €1,086.8 million, and 22 social bonds totalling €430.1 million.

Commitment to sourcing 100% of electricity from renewable sources:

La Banque Postale already uses over 98.5% of renewable electricity. To reach the 100% target, each Bank entity will be encouraged to change its energy contract as soon as possible.

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 CLIENT ENGAGEMENT

Does your bank have a policy or engagement process with clients and customers⁽¹⁾ in place to encourage sustainable practices?

Yes In progress No

2.

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

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⁽²⁾. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

In 2022, La Banque Postale created a "Customer Board". As a partner of La Banque Postale's Executive Committee, its purpose will be to gather the views of customers three times a year concerning the Bank's projects or strategic decisions aimed at improving product offerings. The Board comprises 10 members who together represent the diversity of La Banque Postale's customers.

This initiative will strengthen an offering that helps individual customers become stakeholders in the transition. Some examples:

- La Banque Postale Consumer Finance has completely redesigned its range of personal car and green home improvement loans and introduced the world's first impact consumer finance solutions. These loans are a way for customers to finance their projects while taking care of the planet;
- 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.
- In 2022, La Banque Postale Asset Management expanded its parent's socially responsible range by adding a solidarity-based fund and four charity funds, three of which were newly created. These funds offer a practical solution for financing non-profit projects in France, while enabling retail customers to support the development of a more socially responsible, sharing society through their investment choices.
- Its solution for private individuals estimates a person's carbon footprint based on their banking expenses. Users can also compare their impacts with those of their peers and receive personalised advice on how to reduce them.
- La Banque Postale offers customers wishing to reduce their carbon footprint the opportunity to subscribe to the Octopus Energy offer (formerly Plüm Energies) and benefit from advice on how to reduce their energy bills. A "kitty" system is set up whereby 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.
- With KissKissBankBank & Co, which allows anyone to participate via its "crowd for good" platforms:
 - KissKissBankBank platform which receives donations and pre-orders for entrepreneurial, non-profit and creative projects;
 - Lendopolis, a crowdlending platform specialised in renewable energies and real estate;
 - Goodeed, a platform for free donations that enables internet users to financially support solidarity-based projects by watching an advertisement;
 - Microdon, the company behind the initiative of rounding up purchases and rounding down salaries;
 - Youmatter, an online information medium and training organisation specialising in involving citizens and professionals in major social and environmental issues.

(1) A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

(2) Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

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- With KissKissBankBank & Co, which allows anyone to participate via its "crowd for good" platforms:

KissKissBankBank platform which receives donations and pre-orders for entrepreneurial, non-profit and creative projects;

Lendopolis, a crowdlending platform specialised in renewable energies and real estate;

Coodeed, a platform for free donations that enables internet users to financially support solidarity-based projects by watching an advertisement;

Microdon, the company behind the initiative of rounding up purchases and rounding down salaries;

Youmatter, an online information medium and training organisation specialising in involving citizens and professionals in major social and environmental issues.

To support business customers, the new Corporate and Investment Bank (CIB) was created on 1 January 2022 in line with the strategic plan for 2030 and the ambition of making the CIB a growth and diversification driver for La Banque Postale and the major state-owned financial group. The CIB has naturally positioned itself as a socially-responsible CIB.

To round out the offering, the Sustainable Banking Hub, also created in January 2022, helps customers structure their financing operations around ESG criteria, in conjunction with the different CIB business lines and sectors. The Hub helps the CIB develop a universal CSR offer (green loans, social loans) and provides advice to customers on integrating CSR strategy and objectives into financial products, such as impact loans, green bonds and social bonds. These measures bolster the Bank's existing offers and help companies and local authorities play a role in the just transition, for example:

- Green loans for local authorities to finance projects with a high environmental impact (waste recovery, energy refurbishment of public buildings, renewable energy production, clean transport). Since 2022, these green loans have been aligned with the European Green Taxonomy. In October 2022, it enhanced its offer with social loans aimed at financing projects with a positive impact on society such as education, healthcare or regional cohesion, available from €300,000.
- Green and social loans and positive impact loans for businesses;
- Carbo's "business" solution, which enables organisations to carry out an ADEME-certified carbon footprint analysis and to manage their reduction pathway;
- La Banque Postale markets a "green" equipment lease, a responsible lease-financing solution that enables the customer to adopt an approach that supports the energy transition.

In 2021, La Banque Postale launched the project to create its Impact Weighting Factor, which is being used to assess environmental, social and local community impacts, such as a project's carbon footprint or support for vulnerable customers, alongside traditional financial risk and return measurements. In 2022, indicators for each of the three impacts (environment, society, regions) were defined for the Asset and Project Finance, Commercial Real Estate Finance and Home Loans businesses. In 2022, application of the Impact Weighting Factor to home loans was operationally trialled in two local housing associations (*Maisons de l'Habitat*), with some twenty advisors trained and 369 loan applications assessed between September and the end of November. The Impact Weighting Factor will be gradually deployed across all the business lines starting in 2023, with the goal of transforming La Banque Postale's footprint and quantifying its impact on society, while proactively ensuring compliance with current and future legislation. By collecting the data necessary to run the model, the GII will enhance the dialogue between the Bank and its customers.

Lastly, the Bank's corporate loan and investment businesses are covered by the Responsible Financing and Investing Charter. In addition to this charter, the Bank is gradually adopting demanding sector-specific policies aimed at making its balance sheet, customer base and society more resilient to future transitional shocks.

For more information, see:

Section 2.1 "La Banque Postale becomes a mission-led company"

Section 2.2.3 "Integrating impact assessments into the Bank's activities"

Section 2.3.2 "A range of products and services that allows customers to play a role in the just transition"

Section 2.3.5.3.5 "Parlons Citoyens: consultation with French people to imagine La Banque Postale of tomorrow"

Section 2.3.7 "Community innovation in support of the just transition"

Section 2.3.9 "An offer supporting the development of the responsible economy in all regions"

Section 2.4.1.3 "Implementing strict exclusion policies"

3.2 BUSINESS OPPORTUNITIES

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g., green mortgages – climate, social bonds – financial inclusion, etc.).

All the products and services developed by the Bank to support the just transition and help its customers make this transition are described in Section 2.3 "Develop and promote products and services that meet environmental, social and regional concerns"

2.

PRINCIPLE 4: STAKEHOLDERS



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 STAKEHOLDER IDENTIFICATION AND CONSULTATION

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups)⁽¹⁾ you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/ results achieved and how they fed into the action planning process.

La Banque Postale regularly consults and exchanges views with its stakeholders, primarily:

- Its shareholders (La Poste Groupe and Caisse des Dépôts);
- The Mission Committee;
- The "Customer Board";
- Employees, unions and employee representative bodies;
- Public authorities, local authorities, elected officials and subcontractors;
- Regulatory stakeholders, such as the European Central Bank, the French Prudential Supervision and Resolution Authority (ACPR), and ESMA;
- The French Banking Federation (FBF);
- Sector-specific and institutional initiatives, including UNEP-FI (particularly PRB and NZBA), SBTi, ADEME, Finance for Tomorrow, Finance for Biodiversity and the Observatory on Corporate Social Responsibility (*Observatoire de la responsabilité sociétale des entreprises – ORSE*);
- NGOs, especially those who are members of the Club de l'Initiative think-tank;
- Non-financial rating agencies.

For more information, see:

Section 2.3.5.3.5 "Parlons Citoyens: consultation with French people to imagine La Banque Postale of tomorrow"

Section 2.4.2.2 "Tenth anniversary for the Initiative Against Banking Exclusion think-tank"

Section 2.4.4.1 "Stakeholder dialogue"

(1) Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

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PRINCIPLE 5: GOVERNANCE & CULTURE



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 GOVERNANCE STRUCTURE FOR IMPLEMENTATION OF THE PRINCIPLES

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please 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 the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The Principles for Responsible Banking (PRB) are not subject to a specific governance structure, however, they are fully integrated into La Banque Postale's sustainability policy. Defining objectives, deploying action plans and tracking performance is the responsibility of the Sustainability Department and, more specifically, the Commitment Management Unit. It should be noted that the Director of the Sustainability Department is a member of La Banque Postale's Executive Committee, which facilitates the circulation of this information at the highest levels of the organisation.

Comprehensive integration of the Principles into the Bank's operations has resulted in:

- a set of indicators that were already being tracked under the PRBs are now monitored as part of the Bank's mission-led company status.
- certain indicators for monitoring the Principles are tracked monthly as part of the Bank's ESG risk monitoring process, and quarterly within the scope of the Bank's 2021-2030 strategic plan.

Lastly, ESG criteria are incorporated at several levels into employee remuneration policy:

- in terms of variable remuneration, 10% of employees had at least one non-financial objective in 2022 and the aim is to increase this proportion to 100% by 2025. The achievement of non-financial objectives determines up to 40% of the individual variable remuneration;
- With regard to collective variable compensation, the profit-sharing scheme increases the weighting of non-financial criteria in the calculation formula so that they now account for 50% of the total profit-sharing amount.

5.2 PROMOTING A CULTURE OF RESPONSIBLE BANKING:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, 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, is represented on the Executive Committee. The Sustainability Department thus interacts with and serves all the business lines and activities. Its purpose is to drive the community transformation for which all La Banque Postale business lines are responsible. Sustainability 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.

In 2022, La Banque Postale reiterated its aim to be exemplary in its operations by becoming a mission-led company, making its community foundations the key driver of its performance in support of the just transition.

La Banque Postale's company purpose (*raison d'être*) has accordingly been included in its Articles of Association:

"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."

The transformation of La Banque Postale into a mission-led company is aligned with its 2030 strategic plan, "the just transition in action", and the creation of its Sustainability Department in 2021. It constitutes a real corporate governance tool for La Banque Postale, supporting the just transition. The three social and environmental objectives enshrined in the Bank's Articles of Association are:

- transform La Banque Postale's bancassurance model by leveraging its environmental, social and regional impact culture;
- develop and promote products and services that meet environmental, social and regional challenges;
- advance best practices and regulatory standards in the bancassurance sector through La Banque Postale's exemplary actions.

La Banque Postale has four main levers for promoting the culture of community engagement and reaching all its employees:

- La Banque Postale's "Citizens' Economy Dialogues", an annual event led by the Chairman of the Executive Board, featuring a day of debates and round tables with business experts and civil society members;
- Regular communication throughout the year, with over 70 postings related to community engagement on the Company's internal social networks in 2022, plus more than 40 CSR-related news article on the Banks corporate website. A "socially engaged coffee meet-ups", initiative was launched in 2022 to keep employees informed about the challenges inherent in the just transition;
- Enhanced training programmes to enable employees to understand the Bank's sustainability strategy, the fundamental principles of environmental responsibility, climate risks, and AMF Sustainable certification, etc. There was also massive participation in the non-profit Climate Fresk, and more than 1,700 employees had taken part by the end of 2022;
- The network of just transition ambassadors developed by La Banque Postale and launched in September 2022, is helping to assertively drive deployment of the sustainability strategy among employees. The first circle of ambassadors comprises some 80 employees from across the Bank's departments and subsidiaries and a second circle will be created over the coming months.

La Banque Postale's "*Tous engagés*" ("Everybody Engaged") platform, developed by Microdon, addresses demand for employee engagement openings. It is a dedicated employee engagement platform and opened via the Bank's intranet in the first quarter of 2022. This platform allows employees to donate days of leave to carer colleagues or to charities by monetising the leave. It is also possible to make a monthly salary donation to a charity. The "*Everyone Engaged*" platform is intended to become a CSR pivot point between employees, by granting privileged access to a range of services such as training courses, participation in the carbon fund, the Climate Fresk, *l'Envol*, etc. Training modules are developed in immersive formats lasting about twenty minutes, available online and accessible to all employees.

For more information, see:

Section 2.1 "La Banque Postale becomes a mission-led company"

Section 2.2.2.5 "The network of ambassadors and facilitators"

Section 2.2.4.1.1 Training, particularly the paragraph on the just transition.

Section 2.4.3.1 "Employee engagement platform"

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5.3 POLICIES AND DUE DILIGENCE PROCESSES

Does your bank have policies in place that address environmental and social risks within your portfolio⁽¹⁾? Please disclose.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

La Banque Postale has set up processes to secure the impacts of its product and service offerings:

- Upstream, by deploying an ESG checklist to ensure that all products and services marketed by the Bank comply with certain ESG criteria. This checklist also helps to define a socially responsible offer. In 2022, all new products or those that had undergone a significant transformation were screened through the ESG checklist. According to the checklist criteria, 64% of the offers were qualified as "socially responsible"; the objective is to reach 80% by 2025.
- Downstream, by developing an Impact Weighting Factor that will be used to assess environmental, social and local community impacts, such as a project's carbon footprint or biodiversity impact, alongside traditional financial risk and return metrics, with the goal of transforming La Banque Postale's footprint and quantifying its impact on society, while proactively ensuring compliance with current and future legislation.

In addition, the Bank has tools to ensure that its impacts are carefully controlled:

- A Responsible Financing and Investment Charter derived from its risk management policy provides guidance on financing operations and lending to corporate loan customers. This Charter notably provides a framework for assessing activities considered risky from an ESG perspective (e.g., tobacco, controversial and unconventional weapons, pornography, deforestation, etc.) and excludes organisations that have violated legislation (international agreements, basic labour rights, environmental law);
- A coal policy and an oil and gas policy, with a net-zero emissions target for these sectors to be met by 2030;
- Principles for the Bank's investment in the aviation sector.

For more information, see:

Section 2.2.3 "Integrating impact assessments into the Bank's activities"

Section 2.3.1.1 "Inclusion of ESG criteria in product and service design"

Section 2.4.1.3 "Implementing strict exclusion policies"

SELF-ASSESSMENT SUMMARY:

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g., incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

(1) Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY



Periodically review our individual and collective implementation of these Principles. Be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 ASSURANCE

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes In part No

If applicable, please include the link or description of the assurance statement.

In accordance with the Principles, La Banque Postale has four years to have its PRB reporting process and its alignment with the Principles audited.

However, all of section 2 of this document, from which the vast majority of the information reported here is taken, is the subject of a report by one of the Statutory Auditors, named as an independent third party.

6.2 REPORTING ON OTHER FRAMEWORKS

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other: Non-financial performance declaration

La Banque Postale communicates publicly available non-financial information:

- In its Universal Registration Document, and more specifically in Section 2 containing the Non-Financial Statement in accordance with the provisions of Article L. 225 of the French Commercial Code ("A non-financial statement is to be included in the management report provided under paragraph 2 of Article L. 225-100, when the balance sheet total or net turnover and the number of employees exceed thresholds set by a decree of the Council of State (Conseil d'Etat)");
- In its integrated report;
- In its replies to the CDP questionnaire.

It should be noted that in 2023, La Banque Postale will publish its first report aligned with the recommendations of the TCFD.

6.3 OUTLOOK

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis⁽¹⁾, target setting⁽²⁾ and governance structure for implementing the PRB)? Please describe briefly.

After three years of focusing on measuring positive and negative impacts, and having made significant strides in taking climate change into account (measuring emissions, setting targets aligned with scientific recommendations), 2023 will focus on: operational deployment of low-carbon pathways; measuring biodiversity impacts and dependency on eco-systems; setting targets for financial inclusion and measuring the impact of actions already being deployed by the Bank.

2.

(1) For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement
(2) For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

2. Non-Financial Statement (NFS) – Corporate Social Responsibility (CSR)

Appendices

6.4 CHALLENGES

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- Embedding PRB oversight into governance
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Other
- Customer engagement
- Stakeholder engagement
- Data availability
- Data quality
- Access to resources
- Reporting
- Assurance
- Prioritizing actions internally

3.

Corporate governance

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3. Corporate governance

Report of the Supervisory Board on corporate governance

3.1 Report of the Supervisory Board on corporate governance

This report was drawn up by the Supervisory Board of La Banque Postale ("the **Company**") and approved at its meeting on 27 February 2023, in accordance with Article L. 225-68 of the French Commercial Code (Code de commerce).

3.1.1 Governance of La Banque Postale

A specific governance structure

A dual corporate governance structure

La Banque Postale is a French private limited company (*société anonyme*) with an Executive Board and a Supervisory Board. This dual governance structure is considered as offering the best balance of powers for the benefit of all stakeholders.

The Executive Board, a collegiate body, is responsible for the day-to-day running of the Company in accordance with the powers conferred on it by law and the Articles of Association, while the Supervisory Board primarily has an oversight role as defined in Article L. 225-68, paragraph 1, of the French Commercial Code. This choice of governance structure establishes a clear division between the management powers exercised by the Executive Board and the decision-making and oversight powers exercised by the Supervisory Board.

One-third of the seats on the Supervisory Board reserved for employee representatives

One-third of the members of La Banque Postale's Supervisory Board represent employees. They are elected under the conditions provided for in French law No 83-675 of 26 July 1983 on the democratisation of the public sector and 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).

In addition to encouraging a wide range of views among Supervisory Board members, the five representatives of employees contribute to the quality of the Board's discussions. They provide the Board with insight into operational and social realities within the organisation that informs the Board's strategies in support of the Company's long-term interests.

Two seats on the Supervisory Board reserved for representatives of La Poste's shareholders

In addition to representatives of its direct shareholder, the Supervisory Board of La Banque Postale also includes:

- a member of the Board of Directors of La Poste (La Banque Postale's sole shareholder) proposed for election to the Supervisory Board by Caisse des Dépôts et Consignations (**CDC**), in accordance with the Company's Articles of Association; and
- a member designated by the French State in accordance with the applicable legislative and regulatory provisions.

An even stronger governance structure in 2022

In order to reflect changes in banking regulations and further improve its performance, on 23 February 2022, the Supervisory Board made several decisions designed to consolidate its governance.

These decisions were confirmed by the Extraordinary General Meetings of 23 February 2022 (adoption of mission-led company status) and 27 February 2023 (abolition of re-election en masse of Supervisory Board members).

– Company purpose and mission-led company status

La Banque Postale adopted its company purpose (*raison d'être*) in June 2021 in accordance with the option offered by French law No 2019-486 of 22 May 2019 on the growth and transformation of businesses, known as the "Pacte law". The company purpose permeates all of the Group's activities and businesses and falls within the scope of Article 1835 of the French Civil Code (Code civil), which states that "the articles of association may specify a company purpose corresponding to the principles that the company has adopted and intends to adhere to for the conduct of its business, by allocating resources to this end".

EXTRACT FROM THE COMPANY'S ARTICLES OF ASSOCIATION - ARTICLE 1.2 "RAISON D'ÊTRE"

"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."

The Extraordinary General Meeting of 23 February 2022 also confirmed La Banque Postale's status as a **mission-led company** and appointed a Mission Committee (see Section 3.1.4 "Mission Committee"). Following the example of its reference shareholder, La Poste, through these initiatives the Company reaffirmed its "just transition" ambition of integrating several environmental and social impact objectives into its governance.

An expanded remit for the Committees of the Supervisory Board

At its meeting on 23 February 2022, the Supervisory Board also decided to change the remit of two of its five special committees:

- the Appointments Committee's remit was expanded to include governance issues and it became the **Appointments and Governance Committee**; and
- the **Strategy Committee became the Strategy and CSR Committee**, with additional responsibility for examining the Group's environmental, social and governance initiatives.

Since that meeting, each of the five special committees has been chaired by an independent member of the Supervisory Board.

Revised internal rules

With input from its independent members, the Supervisory Board reviewed its internal rules and those of its five special committees in order to clarify their respective roles and responsibilities, taking into account their expanded remit where applicable.

Designation of a Senior Independent Member

At its meeting on 23 February 2022, the Supervisory Board decided, on the recommendation of the Appointments and Governance Committee, to create a new position of Senior Independent Member. The Senior Independent Member, appointed from among the independent members of the Board, has a specific role in preventing and managing conflicts of interest and liaising between the members of the Supervisory Board and its Chairman.

The Senior Independent Member's roles and responsibilities are described in the Supervisory Board's internal rules. He or she reports to the Supervisory Board once a year on the execution of his or her duties.

3.

EXTRACT FROM THE SUPERVISORY BOARD'S INTERNAL RULES - ARTICLE 3.3 "SENIOR INDEPENDENT MEMBER"

"[...] 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; organise the work of the Supervisory Board and its Committees on this matter;
- lead the Board's annual discussion of 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.[...]"

Gradual staggering of Supervisory Board members' terms of office

The Extraordinary General Meeting of the Company held on 27 February 2023 resolved to amend Article 19.2 of the Articles of Association, which provided for the re-election of Supervisory Board members en masse. Going forward, in order to stagger the terms of office of Supervisory Board members and apart from when the Board is due to be re-elected en masse, each new member will be elected by the Annual General Meeting for a five-year (5-year) term and will no longer serve on the Board for the remainder of his or her predecessor's term.

Following this amendment to the Articles of Association, the Company is poised to comply with recommendation 15.2 of the Afep/Medef Code (revised version dated 20 December 2022), by staggering the re-election of Supervisory Board members rather than re-electing them en masse.

During the previous term of office of Supervisory Board members (February 2018-February 2023), only eight of the 15 elected members (including four members elected by employees) were still sitting on the Board in December 2022. This illustrates how its membership is gradually refreshed, in line with the career development of its serving members.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Corporate Governance Code

Application of the Afep/Medef Code

La Banque Postale refers to the Afep/Medef Code of Corporate Governance for listed companies (the "**Afep/Medef Code**"). This code may be consulted on the websites of the Afep (www.afep.com), the Medef (www.medef.com) and France's High Committee on Corporate Governance (*Haut Comité du Gouvernement d'Entreprise*) (www.hcge.fr), which is responsible for its proper application by Afep/Medef members.

AFEP/MEDEF CODE RECOMMENDATION

Recommendation 15.1

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."

Recommendation 17.1

Audit Committee: number of independent members

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

Afep/Medef Code compliance table

The Company believes that most of its practices comply with the recommendations of the Afep/Medef Code. However, in view of its specific governance and ownership structure, and the specific provisions applicable to its organisation, as described above (see Section 3.1.1 "Governance of La Banque Postale"), some recommendations are not applied in accordance with the "comply or explain" principle for the following reasons:

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 to comply with increasingly complex banking regulations and the development of the Group's businesses. Although Board members are selected on the basis of their skills and experience, which have to be validated by the European Central Bank when they are elected, a large-scale training programme is deployed so they can acquire further high-level expertise in areas where they lack experience, a process that takes time. Electing members for a five-year term enables the Board to capitalise and build on the benefits of this training. 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*).

Company practice:

[As of 27 February 2023, the Financial Statements Committee - which fulfils the role of the audit committee provided for in the French Commercial Code - comprises three independent members, two members representing employees, one member representing the French State, and one representative of the Company's sole shareholder. Three of the five Financial Statements Committee members (60%) are independent, not including the members representing employees who are not taken into account for the independence rate calculations.]

Comments:

La Banque Postale's Articles of Association state that, if it so requests, the French State is entitled to a seat on the Company's Financial Statements Committee. [One other non-independent Committee member not only represents the sole shareholder but also has in-depth financial and accounting skills as well as very good knowledge of La Banque Postale Group due to the posts previously held within the Company's Finance Department.]

In 2022, the independence rate was increased with the appointment of a third independent member to the Committee. 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 HCCE on how companies can respect the underlying aims of the recommendation when they have difficulties in reaching the required proportion of recommended members, the Chair of the Financial Statements Committee is independent and it is he/she who reports on the Committee's work at Board meetings.

AFEP/MEDEF CODE RECOMMENDATION**Recommendation 21****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."

Recommendation 24**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 PRACTICES AND COMMENTS**Company practice:**

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

Comments:

The capital of La Banque Postale is wholly* owned by its parent company, La Poste. Its shares are not offered to the public and are not admitted to trading on a regulated market.

* Apart from one share held by the Chairman of the Board.

3.

3.1.2 Management and supervisory bodies

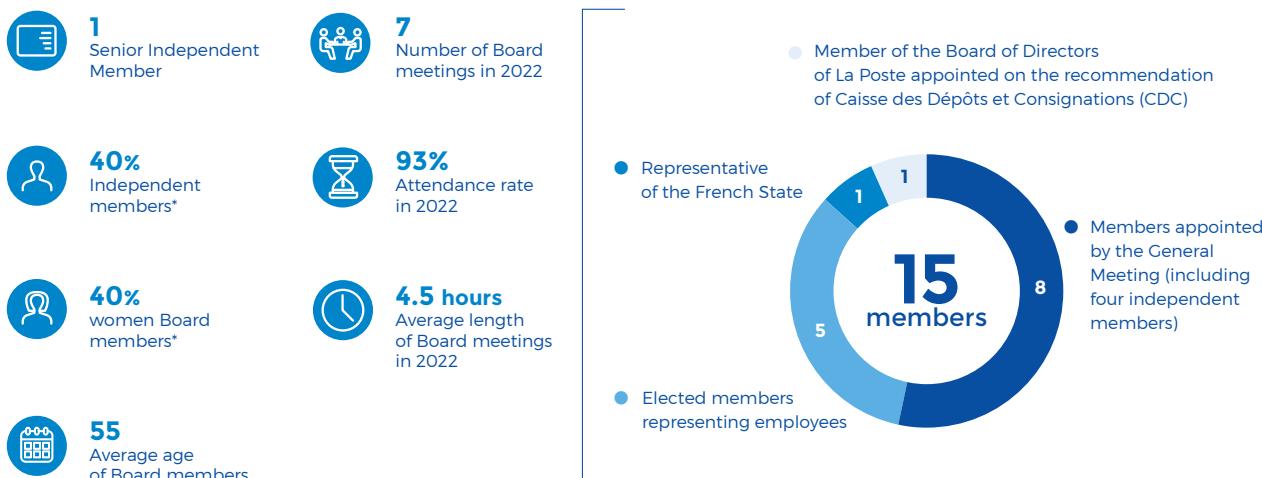
La Banque Postale is a French private limited company (*société anonyme*) with an Executive Board and a Supervisory Board wholly-owned by La Poste. The Company began operations on 1 January 2006, after receiving a banking licence from France's banking and insurance supervisor (*Autorité de contrôle prudentiel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

La Banque Postale's business is governed by (i) the French Commercial Code (*Code de commerce*), (ii) the French Monetary and Financial Code (*Code monétaire et*

financier), (iii) the government order of 3 November 2014 on internal control of companies in the banking, payment services and investment services sectors licensed by the ACPR and, more generally (iv) the regulatory texts applicable to credit institutions and (v) government order No 2014-948 of 20 August 2014 on the governance and corporate actions of State-owned companies (referring to Article 10-1 of law No 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom).

3.1.2.1 Supervisory Board

Membership of the Supervisory Board as of 27 February 2023



* Board members representing employees are not included for the purposes of calculating the independence rate or the gender balance in accordance with recommendation 9.3 of the Afep-Medef Code and Article L. 225-79, paragraph 3 of the French Commercial Code.

3. Corporate governance

Report of the Supervisory Board on corporate governance

3.1.2.1.1 Membership of the Supervisory Board and its committees

Supervisory Board

In accordance with Article 19.1 of the Company's Articles of Association, the Supervisory Board consists of "at least three and no more than eighteen members", including one-third of members representing 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 elected by the General Meeting, on the recommendation of CDC.

As of the publication date of this report, the Supervisory Board has fifteen (15) members, including:

- Ten (10) members elected by the General Meeting, including (i) four members holding positions within La Poste Groupe; (ii) one member who holds a position within CDC and is also a member of the Board of Directors of La Poste; (iii) four independent members; (iv) one member representing the State (appointed by government order); and
- (v) five (5) members elected by employees.

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

Committees of the Supervisory Board

La Banque Postale's Supervisory Board has set up five special committees to assist it in its work and prepare some of its decisions: the Financial Statements Committee, the Risk Committee, the Appointments and Governance Committee, the Remuneration Committee and the Strategy and CSR Committee.

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

Effective from 23 February 2022, all five committees of the Supervisory Board are chaired by an independent member.

The role, responsibilities and operating procedures of the Supervisory Board and its special committees, as set out in their respective internal rules, are presented in Section 3.1.2.1.2.

A. Main changes in the membership of the Supervisory Board and its committees

The main changes in 2022 were as follows:

- **On 23 February 2022**, the Supervisory Board, on the recommendation of the Appointments and Governance Committee, made the following appointments:
 - i) Emmanuel Rondeau, an independent member of the Board, was appointed as Senior Independent Member;
 - ii) Anik Chaumartin, an independent member of the Board, was appointed as Chair of the Strategy and CSR Committee, replacing Yves Brassart; and
 - iii) Yves Brassart, Vice Chairman of the Board, was appointed as a member of the Remuneration Committee to replace Philippe Wahl.
- The Ordinary General Meeting held **on 27 April 2022** ratified the appointment of Anik Chaumartin as a member of the Supervisory Board to replace Nathalie Collin, who had resigned, for Nathalie Collin's remaining term of office expiring at the close of business on 26 February 2023.
- **On 15 June 2022**, the Supervisory Board appointed Anik Chaumartin as a member of the Financial Statements Committee, in addition to her duties as a member of the Risk Committee and Chair of the Strategy and CSR Committee, for the duration of her term as Supervisory Board member.
- **On 13 December 2022**, May Gicquel was appointed by ministerial order as the French State's representative on the Supervisory Board, replacing Stéphanie Pétard.

The main changes in the membership of the Supervisory Board since the end of 2022 and as of the date of publication of this report are as follows:

- On 27 February 2023:

- The General Meeting re-elected ten (10) members of the Supervisory Board for a term of five (5) years expiring at the close of the General Meeting to be held in 2028 to approve the financial statements for the year ending 31 December 2027;
- The Supervisory Board noted the results of the elections of employee representatives and the vote of the General Meeting on 27 February 2023;
- The Supervisory Board renewed its governance (including by appointing its Chairman, Vice-Chairman, Senior Independent Member and the members of its special committees) and appointed a non-voting advisor.

Summary presentation of the Supervisory Board as of 31 December 2022

	Personal information				Experience	Position on the Board			Board committee membership					
	Age	Gender	Nationality	Number of shares		Directorships of listed companies	Independent	First elected/appointed (effective date)	Current term expires	Years on the Board (rounded)	Financial Statements Committee	Risk Committee	Appointments and Governance Committee	Remuneration Committee
Chairman														
Philippe WAHL	66	M	F	1	0	No	15.10.13	26.02.23	9.5	●				
Supervisory Board members														
Yves BRASSART Vice-Chairman	62	M	F	N/A	0	No	24.04.14	26.02.23	9	● ●	● ●	● ●	● ●	
Anik CHAUMARTIN	61	F	F	N/A	1	Yes	29.07.21	26.02.23	0.5	● ●	● ●		★	
The French State: May GICQUEL, Representative	37	F	F	N/A	1	No	13.12.22 ⁽¹⁾	26.02.23	0	●	● ●	● ●	● ●	
LA POSTE: Nicolas ROUTIER, Permanent Representative	58	M	F	N/A	0	No	16.06.20	26.02.23	8.5 ⁽²⁾					
Michel MADELAIN	66	M	F	N/A	1	Yes	11.04.18	26.02.23	5	★ ● ● ● ●	● ●	● ●	● ●	
Sophie RENAUDIE	54	F	F	N/A	0	No	11.04.18	26.02.23	5	● ●	● ●		● ●	
Emmanuel RONDEAU Senior Independent Member	60	M	F	N/A	0	Yes	27.02.18	26.02.23	5	● ★ ★ ● ●	● ●	● ●	● ●	
Antoine SAINTOYANT	45	M	F	N/A	2	No	24.02.21	26.02.23	2	●		● ●	● ●	
Nefissa SATOR	46	F	F/ ALG	N/A	0	Yes	26.02.20	26.02.23	3	● ●	● ●	★ ●	● ●	
Supervisory Board members representing employees														
Sandrine FAGOT-REVURAT	50	F	F	N/A	0	No	01.10.18	26.02.23	4.5	● ●				
Jean-Pierre HAKIZIMANA	63	M	F	N/A	0	No	27.02.18	26.02.23	5				●	
Thierry FRESLON	54	M	F	N/A	0	No	01.12.15	26.02.23	8	● ●				
Steeve MAIGNE	53	M	F	N/A	0	No	27.02.08	26.02.23	15	● ●				
Thierry VIAROUGE	57	M	F	N/A	0	No	27.02.18	26.02.23	5				●	

★ Chair ● Member

(1) Date of the ministerial order 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

3. Corporate governance

Report of the Supervisory Board on corporate governance

Supervisory Board member whose term ended in 2022

	Personal information				Experience	Position on the Board			Board committee membership						
	Age	Gender	Nationality	Number of shares		Directorships of listed companies	Independent	First elected/appointed (effective date)	Current term expires	Years on the Board (rounded)	Financial Statements Committee	Risk Committee	Appointments and Governance Committee	Remuneration Committee	Strategy and CSR Committee
Supervisory Board member	The French State: Stéphanie PETARD, Representative	43	F	F	N/A	0	No	27.07.21 ⁽¹⁾	12.12.22	1.5	●	●	●	●	●

(1) Date of the ministerial order appointing the representative of the French State

Summary presentation of the Supervisory Board as of 27 February 2023

	Personal information				Experience	Position on the Board			Board committee membership					
	Age	Gender	Nationality	Number of shares		Independent	First elected/appointed (effective date)	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	66	M	F	1	0	No	15.10.13	2028 AGM	9.5	●				
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Supervisory Board members														
Yves BRASSART Vice-Chairman	62	M	F	N/A	0	No	24.04.14	2028 AGM	9	●		●	●	
Anik CHAUMARTIN	61	F	F	N/A	1	Yes	29.07.21	2028 AGM	0.5	★	●			●
The French State: May GICQUEL, Representative	37	F	F	N/A	1	No	13.12.22 ⁽¹⁾	2028 AGM	0	●	●	●	●	●
LA POSTE: Nicolas ROUTIER, Permanent representative	58	M	F	N/A	0	No	16.06.20	2028 AGM	8.5 ⁽²⁾					●
Michel MADELAIN	67	M	F	N/A	1	Yes	11.04.18	2028 AGM	5	●	●	●	●	★
Sophie RENAUDIE	54	F	F	N/A	0	No	11.04.18	2028 AGM	5		●			
Emmanuel RONDEAU Senior Independent Member	61	M	F	N/A	0	Yes	27.02.18	2028 AGM	5	●	★	●	●	●
Antoine SAINTOYANT	45	M	F	N/A	2	No	24.02.21	2028 AGM	2	●				●
Nefissa SATOR	46	F	F/ ALG	N/A	0	Yes	26.02.20	2028 AGM	3	●	★	★	●	

Supervisory Board members representing employees														
Sandrine FAGOT-REVURAT	50	F	F	N/A	0	No	01.10.18	2028 AGM	4.5	●	●			
Thierry FRESLON	54	M	F	N/A	0	No	01.12.15	2028 AGM	8					●
Babacar KOBAR	53	M	F	N/A	0	No	27.02.23	2028 AGM	0	●				●
Steeve MAIGNE	53	M	F	N/A	0	No	27.02.08	2028 AGM	15	●	●			
Franck SORIN	48	M	F	N/A	0	No	27.02.23	2028 AGM	0		●			

★ Chair ● Member

(1) Date of the ministerial order 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

3. Corporate governance

Report of the Supervisory Board on corporate governance

Supervisory Board members whose terms ended between 1 January and 27 February 2023

	Personal information				Experience	Position on the Board			Board committee membership					
	Age	Gender	Nationality	Number of shares		Directorships of listed companies	Independent	First elected/appointed (effective date)	Current term expires	Years on the Board (rounded)	Financial Statements Committee	Risk Committee	Appointments and Governance Committee	Remuneration Committee

Supervisory Board members representing employees

Jean-Pierre HAKIZIMANA	63	M	F	N/A	0	No	27.02.18	26.02.23	5	●
Thierry VIAROUGE	57	M	F	N/A	0	No	27.02.18	26.02.23	5	●

B. Method of electing Supervisory Board members

During the life of the Company, Supervisory Board members are elected by the Ordinary General Meeting, except for members appointed to replace incumbents before the end of their term and members elected by employees.

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 La Poste Groupe 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 are chosen as candidates because of their positions within La Poste Groupe.

Independent members are presented to the Supervisory Board by the Appointments and Governance Committee prior to the vote of the General Meeting (or the Board in case of members appointed to replace incumbents before the end of their term), in accordance with the policy described in Section C below.

The five members of the Supervisory Board representing La Banque Postale's employees are elected in accordance with Articles 7 to 9 of government order No 2014-948 of 20 August 2014 (referring to Article 10-1 of law No 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom). They were elected by employees on 6 February 2023 from the six lists of candidates presented by the trade unions.

In accordance with Article 21 of the Articles of Association (as amended by the Ordinary and Extraordinary General Meeting of 27 February 2023), the term of office of Supervisory Board members is five years. Their term of office expires at the close of the Annual General Meeting

called to approve the financial statements for the previous financial year.

C. Policy on the appointment and assessment of members of the management bodies

At its meeting on 23 February 2022, the Supervisory Board adopted a formal policy for appointing and assessing members of the management bodies. This policy governs (i) the process for electing members of the Supervisory Board and appointing Executive Board members, (ii) the periodic assessments of the management bodies, and also (iii) the implementation of a training plan for Supervisory Board members.

- i) As part of the process of **electing a member of the Supervisory Board**, it is the responsibility of the Appointments and Governance Committee to identify suitable candidates for appointment to the Board, express an opinion on them and, where appropriate, recommend to the Board their appointment by the Board or their election or the ratification of their appointment by the General Meeting; as an exception to this process, specific rules apply to the election or appointment of certain Board members (representatives of employees, the French State or CDC). The Committee ensures that Board members meet the fit and proper criteria applicable to directors of banking institutions at all times (i.e., at the time of their appointment and throughout their term of office) and have the knowledge, skills and experience to perform their duties. It fulfils this responsibility by assessing the profile of candidates and incumbents based on the following main criteria: skills and experience, reputation and integrity, independence of mind, absence of conflicts of interest, time commitment and collective suitability.

- ii) The **Appointments and Governance Committee assesses the Supervisory Board's performance** at least once a year; its assessment covers the structure, size, membership and effectiveness of the Board, as

well as the diversity of members' profiles and their independence. In addition, the Committee defines annual diversity objectives (including gender balance objectives) and strategies for achieving them. It ensures that the Board's membership is sufficiently diverse in terms of age, gender, geographical origin, academic qualifications and professional background, so that Board decisions take into account a variety of opinions and experiences, with members encouraged to demonstrate their independent and critical thinking. The results of the Appointments and Governance Committee's assessment of the Board's gender balance and the diversity of knowledge, skills and experience represented on the Board are presented in Section 3.1.2.1.2 G "Assessment of the work of the Board and its special committees".

- iii) Concerning Supervisory Board **member training**, each year the Appointments and Governance Committee prepares a skills development plan that is implemented with the support of the operational teams and external experts, ensuring that the training is in line with the needs expressed by the Board members. The objective of this training plan is to ensure that the required skills and expertise are adequately represented on the Board, and that the topics covered by the plan provide all Board members with a good understanding of the Company's businesses and risk exposures, equipping them to constructively criticise strategic and management decisions as appropriate. Details of the training provided to Supervisory Board members during 2022 are provided in Section 3.1.2.1.2 E "Information and training provided to the members of the Board and its committees".

PROCESS FOR SELECTING A NEW SUPERVISORY BOARD MEMBER



PROCESS FOR ELECTING MEMBERS REPRESENTING EMPLOYEES

Election by the employees of five members representing employees in accordance with Articles 7 to 9 of government order No. 2014-948 of 20 August 2014 (referring to Article 10-1 of law No. 90-568 of 2 July 1990 on the organisation of the public service mission of La Poste and on France Télécom).

PROCESS FOR APPOINTING THE REPRESENTATIVE OF THE FRENCH STATE

Appointment of the French State by the General Meeting and appointment of its representative by ministerial order.

PROCESS FOR APPOINTING A MEMBER OF CAISSE DES DÉPÔTS ET CONSIGNATIONS

Appointment by the General Meeting of a CDC member who serves on the Board of Directors of La Poste.

3. Corporate governance

Report of the Supervisory Board on corporate governance

D. Gender balance and diversity on the Supervisory Board

In accordance with its appointment and assessment policy, the Board is committed to achieving a balanced representation of men and women and a diverse range of knowledge, skills and experience on the Board and on its special committees.

This policy, which takes into account the specific features of La Banque Postale's governance, focuses on the balance of skills required on the Supervisory Board and the extent to which this balance is met by the profile of its members, taken as a whole, as illustrated by the map below (E).

As of 27 February 2023, four of the ten Supervisory Board members were women, representing 40%. The five members representing employees are not included for the purposes of calculating the gender balance in accordance with Article L.225-79, paragraph 3 of the French Commercial Code.

The 40% ratio complies with the 40% minimum ratio of women to men specified in Article L. 225-69-1 of the French Commercial Code.

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

For the implementation and monitoring of the appointment and assessment policy, the Supervisory Board (on the basis of the work of its Appointments and Governance Committee) regularly considers the desirable gender balance on the Supervisory Board and its special committees. To this end, at least once a year, the Appointments and Governance Committee assesses the structure, size, membership and effectiveness of the Board in relation to its roles and responsibilities, and recommends to the Board any improvements that it considers appropriate.

As of 27 February 2023, the average age of Supervisory Board members was 55 (with individual members' ages ranging from 37 to 66) and no member was aged over 70 (see Section 3.1.2.1.A "Summary presentation of the Supervisory Board as of 31 December 2022").

E. Knowledge, skills and experience of Supervisory Board members

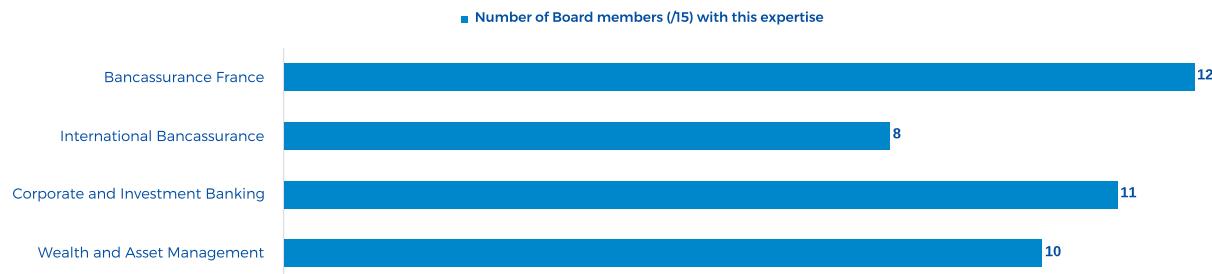
The Supervisory Board ensures that its members collectively have the knowledge, skills and experience required concerning banking and financial markets, legal and regulatory compliance issues applicable to the Company, its system of governance including internal control procedures, strategic plans and 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, climate risk monitoring issues and the broader issue of environmental, social and governance (ESG) risks.

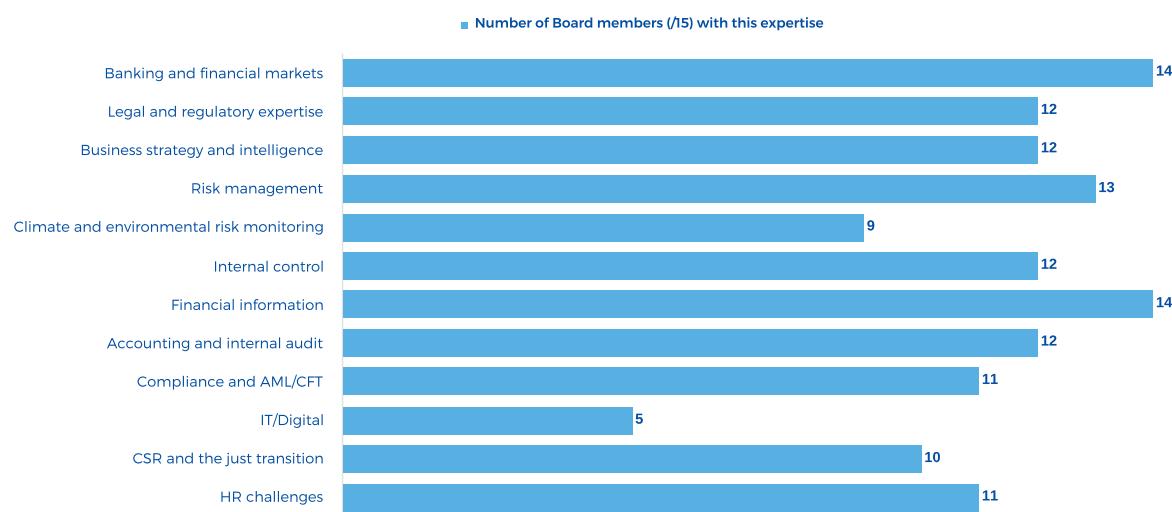
The members appointed to the special committees of the Supervisory Board must also have the appropriate skills and experience to fulfil the committees' remits.

To ensure that their profiles and experience are varied and complementary, particularly in order to comply with the main regulatory requirements, the Company has drawn up a collective skills map for Supervisory Board members. This map, presented below, summarises their main areas of expertise and experience.

Industry (business line) expertise of Board members



Professional expertise of Board members



3.

3. Corporate governance

Report of the Supervisory Board on corporate governance

F. Directorships and positions held by the members of the Supervisory Board during the year

The list of directorships and positions held by the members of the Company's Supervisory Board during the 2022 financial year has been prepared in accordance with Article L. 225-37-4 of the French Commercial Code.

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



Chairman of the Supervisory Board

First elected:

15 October 2013

Re-elected:

27 February 2023

Current term expires:

2028 AGM

Board Committees:

Member of the Appointments and Governance Committee

Business address:

La Poste
- 9 rue du Colonel Pierre Avia - 75015 Paris (France)

EXPERIENCE

Education: Graduate of IEP Paris (Sciences Po) - DEA post-graduate degree in Monetary and Financial Economics - Graduate of École Nationale d'Administration (ENA)

- Auditor, then counsel (*Maître des Requêtes*) at the Conseil d'État between 1984 and 1988.
- From 1986 to 1988: special advisor to the Chairman of French securities regulator Commission des Opérations de Bourse.
- 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 Compagnie Bancaire 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 Caisse Nationale des Caisses d'Epargne 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 La Poste Groupe, and Chairman of the Executive Board of La Banque Postale, between January 2011 and October 2013.
- Vice-Chairman of the Association Française des Banques between June 2012 and December 2013 and member of the Executive Committee of Fédération Bancaire Française between July 2012 and December 2013.
- Director since 1 August 2013 and Chairman and Chief Executive Officer of La Poste since 26 September 2013.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS

La Poste Groupe companies

- Chairman and Chief Executive Officer of La Poste (SA).
- Director of L'Envol, La Banque Postale's campus (non-profit).
- Permanent representative of La Poste on the Board of Directors of Poste Immo (SA).
- Acting Chairman of the Board of Directors of Geopost (SA).
- Member of the Strategy Committee of La Poste Silver (SAS).
- Director and member of the Remuneration and Nominations Committee of CNP Assurances (SA).

Companies outside La Poste Groupe

- Member of the Management Committee of Institut Montaigne.

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- Director of Sopassure (SA).
- Permanent representative of La Poste on the Board of Directors of Geopost (SA).
- Member of the Remuneration Committee of La Banque Postale.

Yves Brassart, born in 1960**Vice-Chairman of the Supervisory Board****First elected:** 24 April 2014**Re-elected:**

27 February 2023

Current term expires:

2028 AGM

Board Committees:

Member of the Financial Statements Committee, the Strategy and CSR Committee and the Remuneration Committee

Business address: La Poste - 9 rue du Colonel Pierre Avia - 75015 Paris (France)

EXPERIENCE

Education: Graduate of IEP Paris (Sciences Po), ENSPTT and EDHEC business school - DECS higher accounting diploma

- Yves has spent his entire career with La Poste Groupe since 1987. From 1987 to 1990, various positions in sales and marketing within La Poste Groupe's Mail Services Division, then Sales and Marketing Director for the Mail and Parcel Services Division from 1991 to 1993.
- From 1994 to 1999: Chief Financial Officer for La Poste Groupe'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 La Poste Groupe, then, since 7 September 2015, Executive Vice-President in charge of Finance and Development.

3.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS****La Poste Groupe companies**

- 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 and Investments Committee of La Poste Silver (formerly LP2) (SASU).
- Representative of La Poste, Chairman of La Poste Ventures (SASU).
- Director and member of the Strategy Committee of CNP Assurances

Companies outside La Poste Groupe

- 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.
- Member of the Risk Committee of La Banque Postale until 26 February 2023.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Anik Chaumartin, born in 1961



EXPERIENCE

Education: Graduate of ESCP Europe business school and qualified Chartered Accountant – Auditor

- 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.

Member of the Supervisory Board

First elected: 29 July 2021

Re-elected:

27 February 2023

Current term expires:

2028 AGM

Board Committees: Chair of the Financial Statements Committee, member of the Risk Committee and the Strategy and CSR Committee

Business address: -

OTHER CURRENT POSITIONS AND DIRECTORSHIPS

La Poste Groupe companies

- None.

Companies outside La Poste Groupe

- Independent director, ALD Automotive.
- Independent director, AIB Group^(*).
- Independent director, Saol Assurance Dac (since 13 October 2022) and Saol Assurance Holdings Ltd (since 17 January 2023).

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- Vice-President of the CNCC Banking Commission.
- President of the CNCC Banking Commission.
- Chair of the Strategy and CSR Committee of La Banque Postale until 26 February 2023.

Representative of the French State - May Gicquel, born in 1985**Representative of the French State, member of the Supervisory Board**

First appointed: by government order of 13 December 2022 published in the *Journal Officiel* of 16 December 2022

Re-elected:
27 February 2023

Current term expires:
2028 AGM

Board Committees:
Member of the Financial Statements Committee, the Appointments and Governance Committee, the Remuneration Committee, and the Strategy and CSR Committee

Business address: Ministry of the Economy, Finance and Recovery – Agence des participations de l'État
– 139 rue de Bercy Télédoc 228 – 75572 Paris Cedex 12 (France)

EXPERIENCE**Education:** École Polytechnique, École Nationale des Ponts et Chaussées**- Ministry of Finance**

- From 2010 to 2013: Assistant to the Head of the Sub-Saharan Africa and French Development Agency unit.
- From 2013 to 2015: Assistant to the Head of the Economic and Monetary Union unit.
- From 2015 to 2018: Head of the Multilateral Development and Climate Finance unit.
- From 2018 to 2022: Head of the French Economic Service in New York, Financial Advisor in the French Embassy in the United States.
- Since November 2022: Head of Transport Investments at the State Investments Agency (APE).

3.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS****La Poste Groupe companies**

- None.

Companies outside La Poste Groupe

- Permanent representative of the French State on the Board of Directors of ADP^(*) (SA) since 16 November 2022.
- Permanent representative of the French State, member of the Supervisory Board of Haropa Port (EPIC) since 9 December 2022.

- Member of the Board of the Global Environment Facility (2015-2018).
- Alternate member of the Board of the Green Climate Fund (2016-2018).
- Member of the Trust Fund Committee of the Clean Technology Fund (2015-2018).

3. Corporate governance

Report of the Supervisory Board on corporate governance

Sandrine Fagot-Revurat, born in 1972



EXPERIENCE

Education: AES degree (Economic and Social Administration, specialisation in Regional Management) – Specialisation in Human Resources from IFOCOP training centre

- 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 region.

Employee representative member of the Supervisory Board

First elected: 1 October 2018

Re-elected:

27 February 2023

Current term expires:

2028 AGM

Board Committees:

Member of the Risk Committee and the Appointments and Governance Committee

Business address: La Banque Postale BP 1839 - 40 Place Jean Moulin - 03000 Moulins (France)

OTHER CURRENT POSITIONS AND DIRECTORSHIPS

La Poste Groupe companies

- None.

Companies outside La Poste Groupe

- Member of the Moulins-sur-Allier Industrial Tribunal.
- Assessor for the Moulins Social Security Tribunal since 1 February 2021.

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- Member of the Compensation Committee of La Banque Postale until 26 February 2023.

Thierry Freslon, born in 1968**EXPERIENCE**

Education: Graduate of IEP Paris, Graduate of CFPB-HEC – CESB and CESA – Qualified Director of an Insurance or Mutual Company

- Thierry began his career in real estate firms and companies, notably as an accountant and treasurer, from 1990 to 1994.
- After joining La Poste Groupe in 1995, he held various positions, including Deputy Chief Accountant in the Group Treasury Department from 1996 to 1999.
- From 2000 to 2005: Manager of bank-related accounting, then central accounting at Efiposte.
- 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 La Poste Groupe non-profit. Seconded to manage a State agency (Housing).

Employee representative member of the Supervisory Board

First elected:
1 December 2015

Re-elected:
27 February 2023

Current term expires:
2028 AGM

Board Committees:
Member of the Strategy and CSR Committee

Business address: La Poste – 9 rue du Colonel Pierre Avia –
75757 Paris Cedex 15
(France)

3.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**La Poste Groupe companies**

- None.

Companies outside La Poste Groupe

- Director of UVVA (non-profit).
- Alternate director, member of the Bureau of the Board of Directors, member of the Commitment Committee, member of the Rental Management Committee and member of the Ethics and Remuneration Committee of Association Foncière Logement (non-profit)

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- Chairman of AVEA LA POSTE (non-profit).
- Member of the Financial Statements Committee and Risk Committee of La Banque Postale until 26 February 2023.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Babacar Kobar, born in 1970



EXPERIENCE

Education: Bachelor's degree in Mathematics (University of Paris 13), Master's degree and DESS in Applied Mathematics (University of Paris 6 Jussieu) and Master's degree in Market Finance and Capital Management (Conservatoire National des Arts et Métiers de Paris)

- From August 1997 to February 1998: front office research analyst at Mercury Capital Markets.
- From June 1998 to March 2001: sponsored projects analyst at CDC Ixis Asset Management.
- **La Poste**
- From June 2001 to March 2005: Financial Engineer in the Financial Customers Division.
- **Efiposte/La Banque Postale**
- From April 2005 to August 2007: Financial Engineer in the trading room.
- Since August 2007: Diversification Portfolio Manager in the Corporate and Investment Banking business line.

Employee representative member of the Supervisory Board

First elected:

27 February 2023

Current term expires:

2028 AGM

Board Committees:

Member of the Financial Statements Committee and the Strategy and CSR Committee

Business address:

La Banque Postale -
115 rue de Sèvres
75275 Paris Cedex 06
(France)

OTHER CURRENT POSITIONS AND DIRECTORSHIPS

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

La Poste Groupe companies

- None.

Companies outside La Poste Groupe

- None.

La Poste - Nicolas Routier, born in 1963

Permanent representative of La Poste, member of the Supervisory Board since 16 June 2020

First elected: 30 July 2015
(effective
1 September 2015)

Re-elected:
27 February 2023

Current term expires:
2028 AGM

Board Committees:
Member of the Strategy and CSR Committee

Business address: La Poste – 9 rue du Colonel Pierre Avia –
75015 Paris (France)

EXPERIENCE**Education:** Graduate of IEP Paris (Sciences Po) and ENSPTT – Degree in Economics

- Nicolas has spent his entire career with La Poste Groupe 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 département.
- 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 La Poste Groupe and Chief Executive Officer of the Mail and Parcel Services Division.
- From September 2015 to March 2021: Executive Vice-President of La Poste Groupe in charge of institutional strategy and regulation.
- Since March 2021: Executive Vice-President of La Poste Groupe in charge of public service and regulation.

3.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS****La Poste Groupe companies**

- Director of Geopost (SA).
- Director of Poste Immo (SA).
- Member of the Supervisory Committee of Véhiposte (SAS).

- Member of the Supervisory Board of La Banque Postale (SA).

Companies outside La Poste Groupe

- None.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Michel Madelain, born in 1956



Independent member of the Supervisory Board

First elected: 11 April 2018

Re-elected:

27 February 2023

Current term expires:

2028 AGM

Board Committees:

Chairman of the Strategy and CSR Committee, member of the Financial Statements Committee, the Risk Committee, the Appointments and Governance Committee and the Remuneration Committee

Business address: -

EXPERIENCE

Education: Master of Management (Northwestern University Graduate School of Management)

- Graduate of École Supérieure de Commerce de Rouen business school - Qualified Chartered Accountant

- From May 1980 to March 1994: Ernst & Young: Audit Partner from 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 and 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

La Poste Groupe companies

- None.

Companies outside La Poste Groupe

- 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(*)

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- 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.
- Chair of the Financial Statements Committee of La Banque Postale until 26 February 2023.

Steeve Maigne, born in 1969**EXPERIENCE****Education: Sales and finance**

- Steeve has spent all of his career with La Poste Groupe, 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 the La Poste Groupe 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.

Employee representative member of the Supervisory Board

First elected:
27 February 2008

Re-elected:
27 February 2023

Current term expires:
2028 AGM

Board Committees:
Member of the Financial Statements Committee and the Risk Committee

Business address: La Banque Postale – 115 rue de Sèvres – 75275 Paris Cedex 06 (France)

3.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS****La Poste Groupe companies**

- None.

Companies outside La Poste Groupe

- Member of the Instance Paritaire Régional de Pôle Emploi Paris Île-de-France and Île-de-France employment representative for the CFE-CGC trade union.
- 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.

- President of the Instance Paritaire Régional de Pôle Emploi Paris Île-de-France.

- Vice-President of the Instance Paritaire Régional de Pôle Emploi Paris Île-de-France.

- President of the Instance Paritaire Régional de Pôle Emploi Paris Île-de-France until 31 December 2022.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Sophie Renaudie, born in 1968



EXPERIENCE

Education: DEA post-graduate degree in Modelling and Quantitative Analysis

- 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 Efiposte.

Within La Banque Postale's Finance Department:

- From 2006 to 2009: Deputy Accounting Director.
- From 2009 to March 2016: ALM and Group Financial Communications Director.
- Since March 2016: Budget Control Director, La Poste Groupe.

Member of the Supervisory Board

First elected: 11 April 2018

Re-elected:

27 February 2023

Current term expires:

2028 AGM

Board Committees:

Member of the Risk Committee

Business address: La Poste – 9 rue du Colonel Pierre Avia – 75015 Paris (France)

OTHER CURRENT POSITIONS AND DIRECTORSHIPS

La Poste Groupe companies

- Member of the Supervisory Committee of Véhiposte (SAS).

Companies outside La Poste Groupe

- None.

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- 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).
- Member of the Financial Statements Committee and the Strategy and CSR Committee of La Banque Postale until 26 February 2023.

Emmanuel Rondeau, born in 1962**EXPERIENCE****Education:** Company Director certificate from Sciences PO-IFA - NEOMA Business School

- 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).

Independent member and Senior Independent Member of the Supervisory Board

First elected:
27 February 2018

Re-elected:
27 February 2023

Current term expires:
2028 AGM

Board Committees:

Chairman of the Risk Committee, member of the Appointments and Governance Committee, the Financial Statements Committee, the Remuneration Committee, and the Strategy and CSR Committees

Business address: -

3.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS****La Poste Groupe companies**

- None.

- Chair of the Appointments and Governance Committee of La Banque Postale until 26 February 2023.

Companies outside La Poste Groupe

- President of Arbrys Advisory (SASU).

3. Corporate governance

Report of the Supervisory Board on corporate governance

Antoine Saintoyant, born in 1977



Member of the Supervisory Board

First elected:
24 February 2021

Re-elected:
27 February 2023

Current term expires:
2028 AGM

Board Committees:
Member of the Risk Committee and the Strategy and CSR Committee

Business address: Caisse des Dépôts et Consignations -
56 rue de Lille, 75356 Paris 07 SP (France)

EXPERIENCE

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)

- 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

La Poste Groupe companies

- Director and member of the Strategy Committee of La Poste (SA)

Companies outside La Poste Groupe

- 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 Vice-Chairman of the Board of Directors, member of the Appointments and Remuneration Committee of Compagnie des Alpes^(*) (SA).
- Director, member of the Appointments and Remuneration Committee of Bpifrance (SA).
- Director, member of the Strategy and Investments Committee of EGIS (SA).
- Director of ICADE^(*) (SA).
- Director of Suez (SA) since 31 January 2022.

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- Director of Bpi France Participations (SAS) until 18 February 2022.
- Director of Bpi France Investissement (SA) until 18 February 2022.

Nefissa Sator, born in 1976**EXPERIENCE**

Education: Member of the American Academy of Actuaries (since 2015) – ERM expert / Chartered Enterprise Risk Analyst (since 2012) – Qualified actuary and certified member of the Institut des Actuaires (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)

Independent member of the Supervisory Board**First elected:**

26 February 2020

Re-elected:

27 February 2023

Current term expires:

2028 AGM

Board Committees: Chair of the Appointments and Governance Committee and the Remuneration Committee, member of the Strategy and CSR Committee, and the Risk Committee

Business address: SCOR [10 Lime Street] - London EC3M 7AA (UK)

- From March 2000 to October 2001: Consulting Actuary at Selectis Consulting.
- From November 2001 to January 2007: Head of the Death/Disability 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.
- From September 2013 to February 2016: Vice-President for the 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.

3.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS****La Poste Groupe companies**

- None.

– None.

Companies outside La Poste Groupe

- Member of the Board of the American Foundation for Paris School of Economics (AFPSE).

3. Corporate governance

Report of the Supervisory Board on corporate governance

Franck Sorin, born in 1974



EXPERIENCE

Education: DEUG A degree in Mathematics and Physics and DUT degree in Computer Engineering (University of Nantes), Financial Advisor training (DNF La Poste Greta), Banking diploma (CFPB Paris)

Banque Populaire

- From August to November 1996: Programmer and Data Analyst.

La Poste

- From November 1996 to January 2003: Distribution agent.

La Banque Postale

- From October 2003 to October 2004: Financial Advisor.
- From November 2004 to August 2008: Customer Advisor.
- From September 2008 to April 2017: Operational Banking Controller.
- Since May 2017: Deputy Territorial Control Director (DTC Île-de-France) in the Group Risk Department.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

La Poste Groupe companies

- None.

Companies outside La Poste Groupe

- None.

Members of the Supervisory Board who stepped down**In 2022****Representative of the French State - Stéphanie Pétard, born in 1979****Representative of the French State, member of the Supervisory Board**

First appointed: by government order of 27 July 2021 published in the *Journal Officiel* of 31 July 2021

Term expires:

12 December 2022

Board Committees:
Member of the Financial Statements Committee, the Risk Committee, the Strategy and CSR Committee, the Appointments and Governance Committee, and the Remuneration Committee

Business address: Ministry of the Economy, Finance and Recovery - Agence des participations de l'État
- 139 rue de Bercy Télédoc 228 - 75572 Paris Cedex 12 (France)

EXPERIENCE

Education: Chartered Accountant, DESS post-graduate degree in Risk Management from IGR-IAE Rennes – Graduate School of Management

- 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.
- From February 2018 to September 2022: Assistant to the Director of the Audit and Accounting Department at the State Investments Agency (APE).

3.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Between 1 January and 27 February 2023

Jean-Pierre Hakizimana, born in 1959

Employee representative member of the Supervisory Board

First elected:

27 February 2018

Current term expires:
26 February 2023

Board Committees:
Member of the Strategy and CSR Committee

Business address:
La Banque Postale – 115
rue de Sèvres – 75275 Paris
Cedex 06 (France)

EXPERIENCE

Education: Degree from ENSPTT – 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
Certificate of competence to serve on the Board of an insurance company or mutual insurance company

- From 1996 to 1998: Budget Controller. Head of Marketing in charge of development at France Télécom's Regional Department in Evry
- 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 Projects in the Marketing Department of the Retail Banking Division of La Banque Postale.
- From October 2021 to November 2022, Head of Participative and Innovative Approaches for La Banque Postale and cross-functional support for IT projects in the Customer Relations and Experience Department.
- Since November 2022: Head of Participative Approaches and the Customer-Employee Experience, in the Customer Relations and Experience Department of La Banque Postale

Thierry Viarouge, born in 1965

Employee representative member of the Supervisory Board

First elected:

27 February 2018

Current term expires:
26 February 2023

Board Committees:
Member of the Strategy and CSR Committee

Business address:
La Banque Postale – 115
rue de Sèvres – 75275 Paris
Cedex 06 (France)

EXPERIENCE

Education: Banking Management diploma from HEC-CESA – DESS post-graduate degree in Banking and Finance, University Paris V – DES graduate degree from Institut Technique de Banque

Certificate of competence to serve on the Board of an insurance company or mutual insurance company

- From 1985 to 1997: various positions with LCL:
 - 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.

Government Commissioner

By ministerial order of 24 October 2022, Alain Pithon was appointed Government Commissioner of La Banque Postale to replace Yves Ulmann.

Alain Pithon, born in 1965

**Government
Commissioner**
Appointed: by government order of 24 October 2022 published in the *Journal Officiel* of 1 November 2022
Business address: Ministry of the Economy, Finance and Recovery, 139 rue de Bercy - 75572 Paris Cedex 12 (France)

EXPERIENCE

Education: Graduate of Institut d'Études Politiques d'Aix-en-Provence - École Nationale d'Administration ("Valmy" year)

- From 1998 to 2000: Deputy Head of the French Treasury's Insurance Companies unit.
- From 2000 to 2002: Deputy Head of the French Treasury's Africa unit.
- From 2004 to 2006: Head of the Orange/La Poste/CNP Assurances unit of the State Investments Agency
- From 2007 to 2012: Deputy Chief Operating Officer of Association Française de la Gestion Financière.
- From 2012 to 2021: Finance and Administration Director of Paris Europlace.

3.

Yves Ulmann, born in 1959

**Government
Commissioner**
Appointed: by government order of 2 February 2018 published in the *Journal Officiel* of 8 February 2018
Term expired: 23 October 2022
Business address: Ministry of the Economy, Finance and Recovery, 139 rue de Bercy - 75572 Paris Cedex 12 (France)

EXPERIENCE

Education: Graduate of IEP Paris (Sciences Po) - École Nationale d'Administration (ENA) - Master's degree in Public Law

- 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.

3. Corporate governance

Report of the Supervisory Board on corporate governance

3.1.2.1.2 Role and procedures of the Supervisory Board

A. Provisions of the law and the Articles of Association concerning the Supervisory Board and Supervisory Board internal rules

The role and responsibilities of the Supervisory Board are defined by the law and the Articles of Association.

These descriptions of its role and responsibilities are completed by the Supervisory Board's internal rules which specify the Board's procedures and the conditions for preparing and organising its work. The internal rules are regularly updated to take into account changes in the applicable laws and regulations, new recommendations and changes in good corporate governance practices. The full text of the Supervisory Board's internal rules is available (in French only) on the Company's website (www.labanquepostale.com).

In accordance with its internal rules (Article 1), the Supervisory Board, assisted by its special committees, intervenes in particular on the following matters:

a) Strategic planning and projects

The Supervisory Board exercises oversight of the Executive Board's management. It oversees roll out of the strategy, and promotes long-term value creation, taking into account the social and environmental impact of the Company's activities.

Article 14 of the Articles of Association stipulates that certain transactions and decisions are subject to prior authorisation by the Supervisory Board:

- the approval of the strategic plan and of any significant changes thereto;
- investment and divestment decisions for amounts in excess of €50 million, in France and abroad (as described in the internal rules);
- 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 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.

b) Governance

- The Supervisory Board appoints the members of the Executive Board and decides on the appointment of members of the Supervisory Board between two General Meetings. It approves and regularly reviews the policy on the appointment and assessment of members of the management bodies.
- It periodically assesses the effectiveness of the governance arrangements and obtains assurance that corrective action has been taken to address any shortcomings.
- It obtains assurance that a code of conduct aimed, in particular, at preventing, detecting and managing conflicts of interest, corruption and influence peddling within the Company exists and is implemented.

- It ensures that the Executive Board implements a non-discrimination and diversity policy, including in terms of gender balance on the Company's executive bodies.

- It approves and implements 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.
- During one meeting each year, it reviews its membership, organisation and procedures.

c) Financial statements and financial communications

- The Supervisory Board examines 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 comply with the true and fair view principle.
- It obtains assurance concerning the integrity of financial information and reports, and of the internal control framework.
- It oversees the process for the publication and communication of financial and non-financial information, as well as the quality and reliability of said information.

d) Internal control and risk management

- The Supervisory Board approves and regularly reviews the risk appetite framework and the resulting overall exposure limits.
- It approves and monitors the implementation of the internal audit plan.
- It approves the information systems security strategy and monitors its implementation.
- It oversees 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 obtains assurance that risk reporting and disclosure procedures are in place and that the Company's risk culture is consistently implemented.

e) Remuneration

- The Supervisory Board determines the remuneration principles applied to members of the Executive Board and the resulting amounts, as well as the remuneration principles applied to risk takers.
- It allocates the total remuneration awarded to the Supervisory Board between its members.
- It adopts and regularly reviews the remuneration policy of the Company and La Banque Postale Group, and monitors the policy's implementation.
- It oversees and approves the process for identifying risk takers, and approves the lists of risk takers at Company and Group level, with the assistance of the Remuneration Committee and the control functions.
- It oversees the remuneration policies of subsidiaries that are subject to sector-specific rules, taking into account the provisions of the Group's overall remuneration policy.
- It reviews 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.

f) Recovery and resolution plan

- The Supervisory Board approves the recovery and resolution plan to be submitted to the supervisory authorities, following its review by the Risk Committee.

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

B. Supervisory Board Members' Charter

On 25 January 2006, the Supervisory Board of La Banque Postale adopted a charter for Board members describing their rights and obligations. An updated and expanded version of the charter was issued on 23 February 2022.

Upon taking office, each member of the Supervisory Board pledges to adhere to the charter and comply with its terms (as partially set out below) during his or her term of office.

EXTRACTS FROM THE SUPERVISORY BOARD MEMBERS' CHARTER

Article 3. Holding of office – 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.

Article 4.1 Personal involvement

"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.

Article 5. Duty to speak

"Every Board member shall have a duty to ask questions and express opinions arising from the fulfilment of their duties. Every Board member shall critically and constructively monitor and review the Company's strategy and the decisions of the Executive Board. 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. 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. In the event of a disagreement, they shall ensure that their position or proposals are expressly entered in the minutes of the discussions.

Article 6.1 Independence

"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.

The Supervisory Board Members' Charter is available (in French only) on the Company's website (www.labanquepostale.com).

C. 'Fit and proper' compliance of Supervisory Board members and conflicts of interest

Before a Supervisory Board member is elected or appointed, the Appointments and Governance Committee examines the candidate's profile (skills and experience) as well as his or her situation with regard to the rules on multiple directorships and possible conflicts of interest. The Committee obtains assurance that the candidate meets the fit and proper requirements, and has the experience and time needed to fulfil his or her duties. If a candidate is appointed by the Supervisory Board, on the favourable recommendation of the Appointments and Governance Committee, a Fit&Proper file is submitted to the European Central Bank ("ECB") for review.

- No convictions statement

To the best of La Banque Postale's knowledge, no member of the Supervisory Board has, in the last five years at least, been convicted of fraud, declared bankrupt or subject to a sequestration order, placed in receivership or liquidation, or been subject to an official public incrimination and/or sanction by a statutory or regulatory authority, or been disqualified by a court of law from acting as a member of

an administrative, management or supervisory body of an issuer or from becoming involved in the management or conduct of an issuer's business.

There is no service contract directly linking the members of the Supervisory Board to La Banque Postale or to any of its subsidiaries that grants specific benefits or that would be likely to call into question their independence or interfere with their decisions.

- Conflicts of interest

Before a new Supervisory Board member is elected or appointed, the situation of prospective candidates with regard to possible conflicts of interest is carefully examined in accordance with the policy on the appointment and assessment of members of the management bodies. The Appointments and Governance Committee is called on to obtain any persuasive evidence that may be available concerning the existence or absence of a conflict of interest.

At several of its meetings, the Supervisory Board considered 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.

3. Corporate governance

Report of the Supervisory Board on corporate governance

At its meeting of 23 February 2022, the Supervisory Board appointed a Senior Independent Member responsible for preventing and, if necessary, dealing with any potential conflict of interest involving one of its members, in particular in the context of the existing relationship between the Company and La Poste, its sole shareholder. The Senior Independent Member facilitated a formal

discussion of this relationship at the Supervisory Board meeting held on 14 December 2022.

In addition to the procedure for the prevention and management of conflicts of interest approved by the Board at its meeting of 27 April 2022, the Supervisory Board members' charter includes specific rules in this area:

EXTRACT FROM THE SUPERVISORY BOARD MEMBERS' CHARTER

Article 7. Potential conflicts of interest

"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.

In such cases, 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."

To the best of the Company's knowledge, there are no conflicts of interest between the duties of the Supervisory Board members and either the interests of La Banque Postale or their private interests. There are no situations that could affect the independent judgement, decisions and actions of the Board members concerned.

Availability, involvement and attendance

Each member is required to devote sufficient time to the fulfilment of his or her duties and to attend meetings of the Board and the Committee(s) of which he or she is a member, in line with the principle set out in Article 4 "Personal Involvement" of the Supervisory Board members'

charter. To this end, Board members must ensure that the number of directorships held and the related workloads leave them with sufficient time to devote to Supervisory Board business, in particular if they also hold executive positions.

The Appointments and Governance Committee assesses the availability of candidates for membership on the Board and monitors members' attendance rates at meetings of the Board and its Committees, as applicable. Board members are invited to inform the Chairman of the Board before accepting any new directorships.

Supervisory Board members' attendance rates in 2022

Board members	Supervisory Board attendance	Financial Statements Committee attendance	Risk Committee attendance	Appointments and Governance Committee attendance	Remuneration Committee attendance	Strategy and CSR Committee attendance
Philippe Wahl, Chairman	100%	N/A	N/A	100%	100%	N/A
Yves Brassart, Vice-Chairman	100%	100%	100%	N/A	100%	80%
Anik Chaumartin	100%	100%	100%	N/A	N/A	100%
Sandrine Fagot-Revurat	100%	N/A	N/A	88%	100%	N/A
Thierry Freslon	86%	100%	83%	N/A	N/A	N/A
May Cicquel (from 13 December 2022)	100%	(1)	N/A	100%	(1)	(1)
Jean-Pierre Hakizimana	86%	N/A	N/A	N/A	N/A	80%
Michel Madelain	86%	100%	92%	100%	100%	80%
Steeve Maigne	86%	100%	100%	N/A	N/A	N/A
Stéphanie Pétard (until 12 December 2022)	67%	71%	75%	43%	80%	80%
Sophie Renaudie	100%	86%	92%	N/A	N/A	100%
Emmanuel Rondeau, Senior Independent Member	100%	100%	100%	100%	100%	80%
Nicolas Routier	100%	N/A	N/A	N/A	N/A	N/A
Antoine Saintoyant	86%	N/A	92%	N/A	N/A	100%
Nefissa Sator	100%	N/A	100%	100%	100%	100%
Thierry Viarouge	100%	N/A	N/A	N/A	N/A	100%

The members shown in italics stood down from the Supervisory Board during 2022.

(1) No meetings held since her appointment.

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

3.

D. Supervisory Board members' independence

- Assessment of Supervisory Board members' independence

Since La Banque Postale was founded, its Supervisory Board has referred to the general definition and the criteria 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.

Each year, the independence of each Supervisory Board member is reviewed against these criteria by the Appointments and Governance Committee, which presents its findings to the Supervisory Board.

Independence issues are also discussed prior to the election or appointment of a new independent Board member.

At its meeting on 6 February 2023, having reviewed the Supervisory Board members' independence based on the recommendations of the Afep/Medef Code, the Appointments and Governance Committee confirmed its opinion that four members of the Board – Anik Chaumartin, Michel Madelain, Emmanuel Rondeau and Nefissa Sator – qualify as independent members.

As of 27 February 2023, four of the ten Supervisory Board members were independent, representing 40%. The five members representing employees are not included for the purposes of calculating the independence rate in accordance with Article 9.3 of the Afep/Medef Code.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Compliance with independence criteria by Board members

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 MADELAINE	May GICQUEL (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, in the past five years, (i) an employee or executive officer of the Company or a company consolidated by the Company; (ii) a director of a consolidated subsidiary	⊗	⊗	●	●	●	⊗	●	⊗	●	●
Criterion 2: no cross directorships	●	●	●	●	●	●	●	●	●	●
Criterion 3: no significant business relationships	●	●	●	●	●	●	●	●	●	●
Criterion 4: no close family ties with a corporate officer	●	●	●	●	●	●	●	●	●	●
Criterion 5: not to have been a statutory auditor of the Company during the past five (5) years	●	●	●	●	●	●	●	●	●	●
Criterion 6: no more than 12 years on the Board	●	●	●	●	●	●	●	●	●	●
Criterion 7: no variable remuneration for the 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) ● indicates that the independence criterion is met and ⊗ indicates that the independence criterion is not met

(2) I = independent NI = not independent

E. Information and training for the members of the Supervisory Board

- 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 special 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.

- Training of the members of the Supervisory Board and its committees

While the Supervisory Board is careful to ensure that the required expertise is represented on the Board (see Section 3.1.2.1 E "Knowledge, skills and experience of Supervisory Board members"), it also pays particular attention to developing the individual knowledge and skills of its members.

In line with the policy on the appointment and assessment of members of the management bodies (described in Section 3.1.2.1 C), an annual training plan was implemented for the first time in 2022 to ensure that the Supervisory Board members collectively have the necessary knowledge, skills and experience to understand all of La Banque Postale's businesses, including its main risk exposures, and to make them better equipped to

understand and challenge the Company's strategic direction and decisions.

In devising the training plan, particular attention was paid to the professional experience and skills acquired by each member of the Board. In line with identified development priorities, training initiatives are launched to inform and educate Board members about the selected topics and provide insight about how they fit into the Company's situation.

In 2022, **five training sessions** were organised, delivered by internal and, where appropriate, external speakers, on the following topics:

- **Resolution issues** (with a focus on capital requirements and eligible liabilities – MREL);
- **CSR and the just transition** (financial impacts of climate change, regulatory developments relating to responsible finance, integration of ESG risk into governance processes and strategic plans, La Banque Postale's climate commitments, particularly its carbon footprint and low-carbon strategy);
- **The fight against corruption and influence peddling – identifying and managing conflicts of interest;**
- **Financial conglomerates;** and
- **IFRS 17 – Insurance Contracts:** presentation, main accounting options, impacts on the Company's financial statements, project milestones.

At the end of each session, Board members were asked to fill out a post-training questionnaire to validate the knowledge acquired. The training participation rate in 2022 was 78%. Each session was recorded on video to allow Board members who were unable to attend to view it at a later date and allow participants to refresh their knowledge.

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).

In any event, 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, MOOCs, webinars, participation in the work of the French Institute of Directors, etc.).

In 2022, the assessment of the Board's membership confirmed that the members of the Supervisory Board have, 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. However, it was noted that it would be useful to strengthen the Board's collective IT and digital skills.

F. 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 seven times in 2022, with one unscheduled meeting held in addition to the six initially scheduled regular meetings. The number of meetings was in line with the average over the life of the current Supervisory Board, with 12 meetings held in 2021, nine in 2020, seven in 2019 and six in both 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, as well as specific requests made by the Board, when applicable. Several suggestions from the chairs of the Board committees were added to the agenda of Board meetings, particularly on information systems issues.

Board members receive a meeting invitation at least ten (10) days before the meeting. At least six (6) 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, Supervisory Board meetings last four and a half 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.

G. Assessment of the work of the Supervisory Board and its committees

At least once per year, the Supervisory Board devotes part of one of its meetings to analysing its procedures, and also carries out formal assessments on a regular basis. In addition, following a review of their activities over the past year, the members of the various committees discuss ways to improve their operating procedures.

In 2022, several suggestions resulting from discussions of the Supervisory Board's procedures in 2021 (meeting of 15 December 2021) were implemented. They included organisation (for the first time and on an annual basis) of a private discussion among Board members without the presence of management (executive sessions), communication by the chairs of the committees of a summary memo on the matters discussed during the committee's last meeting preceding the Board meeting, creation of a specific Board budget, systematic requirement for briefing files to include summary memos, etc.

At its meeting on 14 December 2022, the Supervisory Board reviewed its activities and the improvements made or decided since the last meeting. These included (i) confirmation of the frequency of meetings of the Supervisory Board (see above) and its committees (37 meetings were held in total in 2022, compared with 40 in 2021 and 32 in 2020), (ii) the reaffirmed engagement of Board members (evidenced by high meeting attendance rates), (iii) action to strengthen the Supervisory Board, including through the appointment of a Senior Independent Member (see Section 3.1 "Governance of La Banque Postale"), (iv) increase in the number of independent members from three to four, and (v) staggered elections of Supervisory Board members.

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3.1.2.1.3 Work of the Supervisory Board in 2022

In 2022, the Supervisory Board met seven times with a high average attendance rate of 93.3% (unchanged from 2021).

In addition to the Board members, the following people also attended meetings: the Government Commissioner, the Secretary of the Social and Economic Committee (SEC), the Executive Board members, the Deputy Managing Director (DMD) in charge of finance and strategy, the DMD in charge of risks, compliance, the administration 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 2022, the work carried out by the Supervisory Board focused primarily on the following issues:

- **Strategy:** approval and monitoring of strategic projects; clarification of conglomerate strategy; focus on emerging ESG and climate issues in the strategic plan; consideration of what it means to be a mission-led company;
- **Governance:** appointment of a new member of the Executive Board; revision of the internal rules of the Supervisory Board and its special committees; adoption of a policy for the appointment and assessment of Supervisory Board and Executive Board members and a procedure for preventing and managing conflicts of interest; appointment of a Senior Independent Member; recurring matters (remuneration of Executive Board members, succession plan updates, Supervisory Board procedures, etc.).

The Supervisory Board's work in 2022 also covered the following:

- **La Banque Postale's organisation structure and businesses:** review of current developments with the Chairman of the Executive Board; review - during each ordinary meeting - of data concerning the conglomerate and the Insurance business; quarterly business reviews; reviews of the annual financial statements of the Company and the Group; proposed appropriation of net

profit; the Executive Board's management report; the interim financial statements of the Group and the interim financial report; the budget and annual issuance programme; the results of the annual employee opinion survey, etc.

- **Business control and risk monitoring:** letters from supervisory authorities; risk appetite framework; risk map; internal audit plan and work of the internal auditors, etc.

In addition, at the Supervisory Board meeting on 22 February 2022, the Joint Supervisory Teams (JST) of the ACPR and the European Central Bank presented to the Board the main conclusions of the Supervisory Review and Evaluation Process (SREP) letter.

A Board seminar was held in June 2022, to discuss:

- a benchmarking review of La Banque Postale versus its main competitors;
- the private banking strategy;
- payment media.

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.

Activities of the Senior Independent Member in 2022

On 23 February 2022, the Supervisory Board appointed Emmanuel Rondeau, independent Board member since 27 February 2018, to hold the newly created position of Senior Independent Member.

The Senior Independent Member reports to the Supervisory Board once a year.

In 2022, the Senior Independent Member attended all seven meetings of the Supervisory Board and 36 of the 37 meetings of the five committees of which he is a member.

At the Board meeting of 22 February 2023, he presented his first report on his activities in 2022, which included (i) examining the independence of Board members with regard to the criteria set out in the Afep/Medef Code, and (ii) leading a discussion on the agreements governing operational and commercial relations between the Company and La Poste, its sole shareholder.

3.1.2.1.4 Work of the committees of the Supervisory Board in 2022



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 member.

The Government Commissioner attends the meetings of the committees.

Financial Statements Committee

The Financial Statements Committee met seven times in 2022 with an average attendance rate of 94%. Its responsibilities include:

- checking the clarity of financial information supplied by the Executive Board (by reviewing the draft financial statements of the Company and the Group prior to their presentation to the Supervisory Board) and assessing the appropriateness of the accounting methods used to prepare this information;
- overseeing the implementation of accounting policies by the Group;
- monitoring, in coordination with the Risk Committee, the effectiveness of the Group's internal quality control and risk management systems and its internal audit function with respect to the processes for preparing and processing accounting and financial information; and
- 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 2022, the Committee consisted of three independent members, one of whom chairs the meetings, two members of the Board representing La Poste Groupe, 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 financial statements and the choice of accounting options.

During 2022, its work focused primarily on the following issues:

- presentation of the annual financial statements of the Company and the Group, the Executive Board's management report and the CSR report;
- presentation of the interim financial statements of the Group and the interim business report;
- feedback from the Statutory Auditors' interim work and renewal of the Auditors' appointment;
- the 2022 statutory audit plan;
- detailed summary of the Statutory Auditors' audit of the financial statements;
- report on non-audit services provided by the Statutory Auditors;

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- private discussions with the Statutory Auditors without management being present;
- presentation of CNP Assurances' financial statements and the main challenges in 2022;
- status of the IFRS 17 project;
- follow-up of the internal auditors' recommendations on the scope of the financial statements and financial reporting;
- update on the 2023 internal audit plan covering the accounting function;
- Financial Statements Committee's 2023 work plan;
- work of the Financial Statements Committee, assessment of its procedures and amendment of its internal rules.

Risk Committee

The Risk Committee met 12 times in 2022 with an average attendance rate of 93%. Its responsibilities include:

- assessing the overall strategy and risk appetite as well as 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;
- regularly reviewing the AML-CFT policy, and the systems and procedures in place within the Group to ensure their effectiveness;
- 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 2022, the Committee consisted of four independent members, one of whom chairs the meetings, two members of the Board representing La Poste Groupe, 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, administration 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 the majority of the Committee's meetings in 2022.

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

During 2022, its work focused primarily on the following issues:

- review of the 2023 risk appetite framework (setting of risk guidelines, policies and limits; risk overviews and limit overruns);
- risk management systems of the Group's main business lines and subsidiaries (notably Retail Banking, Corporate and Investment Banking, Insurance (life/non-life subsidiaries), Asset Management and other subsidiaries);
- Group and operational risk maps;
- cost of risk;
- CNP Assurances' Own Risk and Solvency Assessment (ORSA);
- monitoring of the financial conglomerate and implementation of the CNP Assurances integration roadmap;
- annual internal control and risk management report, and AML-CFT annual internal control and risk management report;
- 2022 control plan, review of permanent control activities and results;
- compliance reports and review of compliance indicators;
- policy concerning the prevention and management of conflicts of interest involving Supervisory Board members;
- implementation of the anti-money laundering and financing of terrorism (AML-CFT) action plan, follow-up of AML-CFT remedial plans, and Know Your Customer (KYC) procedures;
- annual review of application of the Sapin II law;
- annual review of the code of conduct;
- review of business continuity plans and crisis management procedures;
- review of internal audit reports, follow-up of action plans to implement the auditors' recommendations and annual activity report;
- remuneration policies and annual review of risk takers;
- review of human resources in the risk, compliance and internal audit functions;
- monitoring of the impacts of the Ukraine crisis (macroeconomic scenarios, compliance system and risks);
- Pillar III and non-financial performance;
- 2022 Internal Liquidity Adequacy Assessment Process (ILAAP) and Internal Capital Adequacy Assessment Process (ICAAP);

- status reviews of European Central Bank audits and draft replies to follow-up letters;
- follow-up to the SREP letter;
- focus on risks: climate risks, low-frequency risks, model risks, updating of the Risk organisation charter, balance sheet management (interest rate/inflation sensitivity), risk culture, cyber security;
- focus on compliance: IS compliance tools, prevention and management of Supervisory Board members' conflicts of interest, fraud, regulatory training, customer protection, GDPR, etc.;
- 2023 audit plan;
- recovery and resolution plan update;
- work of the Risk Committee, assessment of its procedures and amendment of its internal rules.

The Committee was pleased with the efficient and diligent processing of its requests for information from the Company's teams. By 31 December 2022, the teams had responded to all of the 157 requests expressed in Committee meetings held during the current life of the Supervisory Board, including those expressed in 2018, 2019 and 2020 which have all been resolved.

Appointments and Governance Committee

The Appointments and Governance Committee met eight times in 2022 with an average attendance rate of 89%. Its responsibilities include:

- reviewing the profiles of individuals under consideration for a seat on the Board due to their independence vis-à-vis the Company or La Poste Groupe, or for appointment to the Executive Board. The Committee also gives its opinion concerning the proposed re-election of Board members;
- reviewing the situation of each Supervisory Board member in relation to Afep/Medef independence criteria;
- periodically assessing (at least once per year):
 - the structure, size, membership and efficiency of the Supervisory Board in relation to its roles and responsibilities, with any recommendations resulting from the Committee's assessment submitted to the Supervisory Board;
 - the knowledge, skills and experience of the Supervisory Board members, both individually and collectively, with the results of this assessment also reported 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;
- reviewing 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, the Committee noted that for almost all the members of the Development Committee, there are one or more candidates ready to step in, in the event of an emergency.

As of 31 December 2022, the Committee consisted of three independent members, 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 Chairman of the Executive Board may attend Committee meetings at the request of the Chair 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 human resources and by outside experts.

During 2022, its work focused primarily on the following issues:

- periodic review and assessment of the membership of the Board and its committees, with particular emphasis on the skills, experience and diversity of its members;
- annual review of Board members' independence;
- annual succession plan update;
- appointment of a new member to the Executive Board;
- appointment of a new Chief Compliance Officer;
- review of the procedure for the appointment and assessment of members of the Executive Board and Supervisory Board;
- review of the conflict-of-interest prevention and management policy applicable to members of the management bodies;
- review of the 2023 budgets of the Supervisory Board and its committees;
- reports on the work of the Committee in 2021;
- definition and implementation of the 2022 training plan for Supervisory Board members;
- work of the Appointments and Governance Committee, assessment of its procedures and amendment of its internal rules.

Remuneration Committee

The Remuneration Committee met five times in 2022 with an average attendance rate of 96%. Its responsibilities include:

- preparing decisions on remuneration and the remuneration principles to be adopted by the Board, in particular with regard to the members of the Executive Board as well as all risk takers of the Company;
- reviewing annually:
 - the principles underlying the remuneration policy of the Company and the Group, particularly with regard to environmental, social and governance objectives;
 - 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 government order of 3 November 2014 for submission to France's banking and insurance supervisor (ACPR);
 - the policy concerning the allocation of the Supervisory Board's remuneration among its members based on their services to the Board and its Committees;
 - examining pros and cons of setting up discretionary and statutory profit-sharing schemes for corporate officers and/or employees.

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As of 31 December 2022, the Committee consisted of three independent members, one of whom chairs the meetings, one member of the Board representing La Poste Groupe, the representative of the French State, and one 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.

During 2022, its work focused primarily on the following issues:

- the remuneration awarded to Supervisory Board members;
- the remuneration of Executive Board members (assessment of performance in relation to 2021 targets and determination of 2022 targets);
- the 2022 remuneration policy;
- risk takers;
- monitoring of subsidiaries' remuneration policies and their implementation;
- remuneration policy updates and the report prepared pursuant to Article 266 of the government order of 3 November 2014, as well as the annual report on the implementation of the remuneration policy;
- the work of the Remuneration Committee, assessment of its procedures and amendment of its internal rules.

Strategy and CSR Committee

The Strategy and CSR Committee met five times in 2022 with an average attendance rate of 90%. Its responsibilities include:

- examining the transactions requiring the prior authorisation of the Supervisory Board pursuant to the law or the Articles of Association of La Banque Postale;
- reviewing and monitoring the implementation of the Company's multi-year strategic plan, as well as its strategic projects and transactions;
- reviewing, at least once a year, the action taken by the Company in the area of corporate social responsibility and examining the non-financial information published by the Company;

- monitoring the activity of the Mission Committee.

As of 31 December 2022, the Committee consisted of four independent directors (one of whom chairs the meetings), two members of the Board representing La Poste Groupe, 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.

During 2022, its work focused primarily on the following issues:

- the Company's strategic and acquisition projects;
- the monitoring and implementation of the 2021-2030 strategic plan;
- the competitive dynamics of French banks;
- the presentation of CSR objectives, the SBTi-approved low-carbon pathway and the impact index;
- the transition to a mission-led company and the work of the Mission Committee;
- the work of the Strategy and CSR Committee, assessment of its procedures and amendment of its internal rules.

3.1.2.1.5 Supervisory Board comments on the report of the Executive Board and the 2022 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 2022 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.

3.1.2.2 Executive Board

EXECUTIVE BOARD MEMBERS



Philippe Heim
Chairman of
the Executive Board



Bertrand Cousin⁽¹⁾
Managing Director
of Corporate
& Investment Banking



Stéphane Dedeyan
Chief Executive Officer
of CNP Assurances



Perrine Kaltwasser⁽¹⁾
Managing Director
of Risks, Compliance
and Administration
of the Financial
Conglomerate



Marion Rouso⁽¹⁾
Managing Director
of Retail Banking

3.1.2.2.1 Membership of the Executive Board

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

In accordance with its Articles of Association, its Executive Board consists of at least two and no more than five members who are appointed by the Supervisory Board for a five-year term. They may be removed from office by the Supervisory Board or the General Meeting.

As of 27 February 2023, the Executive Board was composed of the following five (5) members appointed by the Supervisory Board:

- Philippe Heim, Chairman of the Executive Board and Executive Vice-President of the La Poste Groupe;
- Bertrand Cousin, member of the Executive Board and Managing Director⁽¹⁾ of Corporate and Investment Banking;
- Stéphane Dedeyan, member of the Executive Board and Chief Executive Officer of CNP Assurances;
- Perrine Kaltwasser, member of the Executive Board and Managing Director⁽¹⁾ of Risks, Compliance and Administration of the Financial Conglomerate; and
- Marion Rouso, member of the Executive Board and Managing Director⁽¹⁾ of Retail Banking.

A. Main changes in the membership of the Executive Board

At its meeting of 27 October 2022, on the recommendation of the Appointments and Governance Committee, the Supervisory Board decided to appoint Stéphane Dedeyan as a member of the Executive Board with immediate effect.

Since the end of the 2022 financial year and at the close of its 22 February 2023 meeting, on the recommendation of the Appointments and Governance Committee, the Supervisory Board decided to appoint Philippe Heim as the Chairman of the Executive Board.

On the proposal of Philippe Heim, the Supervisory Board, at its meeting of the same day, renewed the terms of the

office of the three (3) other members of the Executive Board of La Banque Postale: Bertrand Cousin, Stéphane Dedeyan and Marion Rouso. A fifth member of the Executive Board was also appointed at this meeting: Perrine Kaltwasser.

The term of office of the members of the Executive Board is five (5) years.

B. Method of appointing Executive Board members

In accordance with the policy for appointing and assessing members of the Company's management bodies, the Appointments and Governance Committee recommends and issues an opinion to the Supervisory Board on the candidates proposed for appointment to the Executive Board. The members of the Executive Board are appointed by the Board following a process led by the Appointments and Governance Committee. The Committee is assisted by the Human Resources Department and, where appropriate, an external firm of executive search consultants, with the aim of proposing a candidate to the Board after interviewing several men and women shortlisted for the position.

The Committee examines the profiles of the persons presented by the executive search firm as possible candidates for appointment to the Executive Board, draws up a shortlist of candidates and interviews the shortlisted candidates. It then issues an opinion and makes a recommendation to the Supervisory Board, which makes the final decision. Throughout the entire selection process, candidates considered for appointment must include at least one man and one woman, with the aim of building a gender-balanced Executive Board.

Concerning the Executive Board members other than the Chairman, applying the same procedure the Appointments and Governance Committee examines the profiles proposed by the Chairman of the Executive Board following preparatory work conducted with the executive search firm.

In addition, at least once a year, the Committee assesses the Executive Board on the basis of the annual objectives presented to the Supervisory Board.

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

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C. Directorships and positions held by members of the Executive Board during the year

Summary presentation of Executive Board members as of 31 December 2022

	Personal information			Experience		Position on the Executive Board			Years on the Executive Board as of the date of this report (rounded)	
	Age	Gender	Nationality	Number of shares	Number of directorships of listed companies	First appointed	Current term expires			
Philippe Heim Chairman of the Executive Board	54	M	French	N/A	0	1 September 2020	26 February 2023	2.5 years		
Bertrand Cousin Member of the Executive Board and Managing Director ^(I) of Corporate and Investment Banking	58	M	French	N/A	0	1 April 2021	26 February 2023	2 years		
Stéphane Dedeyan Member of the Executive Board and Chief Executive Officer of CNP Assurances	57	M	French	N/A	0	27 October 2022	26 February 2023	2 months		
Marion Rouso Member of the Executive Board and Managing Director ^(I) of Retail Banking	46	F	French	N/A	0	1 May 2022	26 February 2023	2 years		

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

Summary presentation of Executive Board members as of 27 February 2023

	Personal information			Experience		Position on the Executive Board			Years on the Executive Board as of the date of this report (rounded)	
	Age	Gender	Nationality	Number of shares	Number of directorships of listed companies	First appointed	Current term expires			
Philippe Heim Chairman of the Executive Board	54	M	French	N/A	0	1 September 2020	26 February 2028	2.5 years		
Bertrand Cousin Member of the Executive Board and Managing Director ^(I) of Corporate and Investment Banking	58	M	French	N/A	0	1 April 2021	26 February 2028	2 years		
Stéphane Dedeyan Member of the Executive Board and Chief Executive Officer of CNP Assurances	57	M	French	N/A	0	27 October 2022	26 February 2028	4 months		
Perrine Kaltwasser Member of the Executive Board and Managing Director ^(I) of Risks, Compliance and Administration of the Financial Conglomerate	42	F	French	N/A	0	27 February 2023	26 February 2028	-		
Marion Rouso Member of the Executive Board and Managing Director ^(I) of Retail Banking	46	F	French	N/A	0	1 May 2021	26 February 2028	2 years		

(I) 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



Chairman of the Executive Board

First appointed:
1 September 2020

Re-elected:
27 February 2023

Current term expires:
26 February 2028

Business address: La Banque Postale – 115 rue de Sèvres – 75275 Paris Cedex 06 (France)

EXPERIENCE

Education: Graduate of ESCP Europe business school – Degree in Moral and Political Philosophy from Sorbonne University – Graduate of IEP Paris (Sciences Po) and École Nationale d'Administration (ENA)

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.

La Banque Postale/La Poste:

- 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

La Poste Groupe companies

- 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 the Appointments and Remuneration Committees of Louvre Banque Privée (SA with an Executive Board and Supervisory Board).

Companies outside La Poste Groupe

- None.

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- Chairman of the Board of Directors of SOGECAPI.
- 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 then member of the Appointments and Remuneration Committee of Ostrum Asset Management (SA).
- Director of Poste Immo (SA).
- Director and member of the Remuneration Committee of La Banque Postale Assurances IARD (SA).

3.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Bertrand Cousin, born in 1964



Member of the Executive Board

First appointed: 1 April 2021

Re-elected:
27 February 2023

Current term expires:
26 February 2028

Business address:
La Banque Postale – 115
rue de Sèvres – 75275 Paris
Cedex 06 (France)

EXPERIENCE

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

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^(I) of Corporate and Investment Banking since 1 April 2021.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS

La Poste Groupe companies

- Member of the Supervisory Board of La Banque Postale Asset Management (SA with an Executive Board and a Supervisory Board).
- Director of La Banque Postale Asset Management Holding (SA).
- Director of CNP Assurances (SA) since 16 February 2022.
- Director of L'Envol, La Banque Postale's campus (non-profit).
- Director of Fondation La Poste.

Companies outside La Poste Groupe

- None.

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- 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) until 3 April 2022.
- Director and member of the Appointments and Remuneration Committee of Ostrum Asset Management (SA) until 13 May 2022.
- Member and Chairman of the Yellow Committee of La Banque Postale Asset Management Holding (SA) until 6 July 2022.

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

Stéphane Dedeyan, born in 1965**EXPERIENCE**

Education: Graduate of HEC business school, IAF (Institute of Actuaries), INSEAD - AVIRA cycle (Singapore)

Consultant at Eurosept then AT Kearney.**Athéna Assurances**

- From 1996 to 1999: in charge of building the CARENE captive brokerage division, which was transferred to AGF/Allianz when Athena was acquired.

Generali

- From 1999 to 2006: successively Occupational Risk Inspector at Generali Proximité, Director of the Companies and Partnerships Division, Commercial Director, and Deputy Managing Director.
- From 2006 to 2014: Managing Director of Generali Patrimoine and member of the Generali France Executive Committee.
- From January 2014 to January 2017: Chief Operating Officer of Generali France, in charge of all insurance businesses.
- From 2011 to 2017: Chairman of the Life and Health Insurance Commission of the French Insurance Federation (FFA).
- In 2018: advisor to start-ups and investment funds in their development strategy.

Groupe VYV

- From October 2018 to 2020 (Managing Director from February 2019).

CNP Assurances

- Since 16 April 2021: Chief Executive Officer.

La Banque Postale

- Since 16 April 2021: Member of the Executive Committee.
- Since 27 October 2022: Member of the Executive Board.

Member of the Executive Board

First elected:

27 October 2022

Re-elected:

27 February 2023

Current term expires:

26 February 2028

Business address: CNP Assurances, 4 promenade Cœur de Ville 92130 Issy-les-Moulineaux (France)

3.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS****La Poste Groupe companies**

- Member and Vice-Chairman of the Supervisory Board, member of the Appointments and Remuneration Committees of Louvre Banque Privée (SA).
- Member of the Strategy and Investments Committee of La Poste Silver (SAS).
- Chairman of the Board of Directors of Arial CNP Assurances (SA).
- Director of CNP Seguros Holding Brasil (Brazil).
- Director of Holding XS1 (Brazil).
- Vice-Chairman of the Board of Directors of XS5 Administradora de Consorcios (Brazil).
- Permanent representative of CNP Assurances, Chairman of Lyfe (SAS).
- Permanent representative of CNP Assurances, Chairman of Montparvie IV (SAS).
- Permanent representative of CNP Assurances, Chairman of Montparvie V (SAS).
- Permanent representative of CNP Assurances, Chairman of Sogestop L (SAS).
- Permanent representative of CNP Assurances, Chairman of Sogestop K (SAS).

Chief Executive Officer of VYV Invest (SAS).

- Chief Executive Officer of EGAS (SAS).
- Legal Manager of Groupe VYV (SCI).
- Chief Executive Officer of VYV Services (SAS).
- Chief Executive Officer of MGEN International Benefits (SAS).
- Chairman of TBNO Invest (SAS).

Companies outside La Poste Groupe

- Director and member of the CSR Committee of Suez (SA) since 31 January 2022.
- Member of the Supervisory Committee of Suez Holding (SAS).
- Chairman of the Board of Directors and member of the Strategy Committee of Fonds Stratégique de Participations (FSP) since 21 April 2022.

3. Corporate governance

Report of the Supervisory Board on corporate governance

Perrine Kaltwasser, born in 1980



Member of the Executive Board

First elected:

27 February 2023

Current term expires:

26 February 2028

Business address:

La Banque Postale -
115 rue de Sèvres - 75275
Paris Cedex 06 (France)

EXPERIENCE

Education: Ecole Polytechnique, ENSAE, IAF (Institute of Actuaries)

- 2004-2005: Project manager at the Financial Agency of the French Embassy in the United States.
- 2002-2009: Insurance auditor/inspector at the Autorité de contrôle des assurances et des mutuelles (now the Autorité de Contrôle Prudentiel et de Résolution).
- 2009-2011: Director of the European Insurance and Occupational Pensions Authority (EIOPA).
- 2011-2014: Department Head in the Mutual Funds and Investment Firms Supervision Directorate at the Autorité de Contrôle Prudentiel et de Résolution.
- 2014-2018: Division Head in the Directorate General, Micro-prudential Supervision of the European Central Bank (ECB).

La Banque Postale:

- 2018-2020: Director of Capital and Conglomerate Management and Deputy Director of ALM.
- 2020-2021: Director of Risks.
- 2021-2023: Deputy Managing Director in charge of Risks, Compliance and Administration of the Conglomerate.

Since 27 February 2023, Perrine Kaltwasser has been a member of the Executive Board and Managing Director⁽¹⁾ of Risks, Compliance and Administration of the Financial Conglomerate.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS

La Poste Groupe companies

- Permanent representative of La Banque Postale, Director and member of the Audit and Risk Committee of CNP Assurances (SA).
- Director of Poste Immo (SA) since 19 February 2022.

Companies outside La Poste Groupe

- Director of SFIL since 17 February 2023.

DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS

- Permanent representative of Sopassure, Director and member of the Audit and Risk Committee of CNP Assurances (SA)
- Director of Sopassure (SA).

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

Marion Rouso, born in 1976**Member of the Executive Board****First appointed:** 1 May 2021**Re-elected:**
27 February 2023**Current term expires:**
26 February 2028**Business address:** La Banque Postale – 115 rue de Sèvres – 75275 Paris Cedex 06 (France)**EXPERIENCE****Education:** Marion is a graduate of the ESCP business school and Stanford University.**BPCE group:**

- From 1999 to 2007: 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'Epargne 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 Consumer and Digital Division of La Poste Groupe since 1 May 2021.

OTHER CURRENT POSITIONS AND DIRECTORSHIPS**DIRECTORSHIPS THAT EXPIRED IN THE LAST FIVE YEARS****La Poste Groupe companies**

- Permanent representative of La Banque Postale on the Board of Directors of Ma French Bank (SA).
- 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).
- Permanent representative of La Banque Postale, member of the Supervisory Board of Louvre Banque Privée (SA with an Executive Board and a Supervisory Board).
- Member and Chair of the Board and member of the Strategy Committee of Transactis (SAS).

- Representative of Caisse d'Epargne Rhône Alpes as a director of Compagnie des Alpes.
- Representative of Banque Populaire Grand Ouest as a director of Natixis Assurance.
- Legal Manager of Wave Entreprendre (SARL).

Companies outside La Poste Groupe

- Director of Paylib (SAS).
- Director of the European Payment Initiative (non-profit).

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

3. Corporate governance

Report of the Supervisory Board on corporate governance

D. Executive Board members' compliance with "fit and proper" principles and conflicts of interest

Before appointing a member of the Executive Board, the Appointments and Governance Committee examines the candidate's profile (skills and experience) as well as his or her situation with regard to the rules on holding multiple directorships and possible conflicts of interest. The Committee obtains assurance that the candidate meets the fit and proper requirements, and has the experience and time needed to fulfil his or her duties. If a candidate is appointed by the Supervisory Board, on the favourable recommendation of the Appointments and Governance Committee, a Fit&Proper file is submitted to the European Central Bank (ECB) for review.

- No convictions statement

To the best of La Banque Postale's knowledge, no member of the Executive Board has, in the last five years at least, been convicted of fraud, declared bankrupt or subject to a sequestration order, placed in receivership or liquidation, or been subject to an official public incrimination and/or sanction by a statutory or regulatory authority, or been disqualified by a court of law from acting as a member of an administrative, management or supervisory body of an issuer or from becoming involved in the management or conduct of an issuer's business.

There is no service contract directly linking the members of the Executive Board to La Banque Postale or to any of its subsidiaries that grants specific benefits or that would be likely to interfere with their decisions.

- Conflicts of interest

Before a new Executive Board member is appointed, the situation of prospective candidates with regard to possible conflicts of interest is carefully examined in accordance with the policy on the appointment and assessment of members of the management bodies. The Appointments and Governance Committee is called on to obtain any persuasive evidence that may be available concerning the existence or absence of a conflict of interest.

To the best of the Company's knowledge, there are no conflicts of interest between the duties of the members of the Executive Board and 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.

- Availability

Each member is required to devote sufficient time to the fulfilment of his or her duties and to attend meetings of the Executive Board. To this end, Executive Board members must ensure that the number of directorships held and the related workloads leave them with sufficient time to devote to Executive Board business. The Appointments and Governance Committee assesses the availability of candidates for membership on the Executive Board and monitors members' attendance rates at meetings.

3.1.2.2 Role and operating procedures of the Executive Board

In accordance with La Banque Postale's Articles of Association, 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 General Meetings of Shareholders by French law and the Company's Articles of Association.

The Executive Board 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 company purpose (*raison d'être*), as defined in application of Article 1835 of the French Civil Code.

The Executive Board is bound by the restrictions on its powers set out in the Company's Articles of Association.

The Chairman of the Executive Board represents the Company in its dealings with third parties.

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 shareholder.

Lastly, the Executive Board presents 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 approves the financial statements of the Company, and, where applicable the consolidated financial statements of the Group and the related management report, and presents them to the Supervisory Board to be reviewed and checked. It proposes the appropriation of net profit for the past year. The Executive Board calls the General Meetings, sets their agenda and executes their decisions.

3.1.2.2.3 Internal committees of the Executive Board

In 2022, the Executive Board was supported by an Executive Committee, a Development Committee and several special committees.

The Executive Committee

As of the publication date of this report, the Executive Committee was made up of the five Executive Board members and ten heads of the business lines, corporate functions and control functions:

- Serge Bayard, Deputy Managing Director of Corporate and Investment Banking;
- 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 relations;
- Zakaria Moursli, Deputy Managing Director in charge of information systems, innovation, data and digital transformation;
- François Géronde, Chief Financial Officer;
- Thomas Guittet, Chief Risk Officer;
- Adrienne Horel-Pagès, Chief Sustainability Officer;
- Cécile Riffard-Bredillot, Chief Brand and Communication Officer;
- Guillaume de Roucy, Director of Human Resources at La Banque Postale and Financial Services Director at La Poste (since 9 May 2022);
- Pascale Moreau, Director of Markets and Financing (since 3 January 2023).

Nathalie Collin, Deputy Chief Executive Officer of La Poste Groupe and Chief Executive Officer of its Consumer and 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 50 managers from La Banque Postale Group.

3.

Special committees

Several committees have been set up to assist the Executive Board, each of which is chaired by a member of the Executive Board or the Executive Committee:

- 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-CFT and Compliance Committee;
- the Group Risk Management Committee;
- the Insurance Strategy Committee;
- the Group Cyber Strategy Committee;
- the IT Strategy Committee.

3.1.3 Gender balance and diversity initiatives

For many years, La Banque Postale has been pursuing a proactive gender balance strategy. This recognised strategy has been implemented through assertive action in the areas of remuneration, recruitment and the appointment of women to management bodies.

Back in 2008, it signed a series of agreements pledging its commitment to promote the employment of people with disabilities and offer equal opportunities to women and men, adding to its commitments in 2013 by signing the Diversity Charter aimed at fighting discrimination in employment and embracing diversity in terms of profiles, experience and skills.

La Banque Postale's commitment to diversity, inclusion and gender equality is also illustrated by the latest Company agreements, adopted in June and October 2020 (covering the period 2020-2022), and by the Company's performance as measured by its Gender Equality Index, which stood at 92/100 in 2023 (based on 2022 data).

Information on how La Banque Postale seeks to achieve a balanced representation of women and men on its Executive Committee and Development Committee

Convinced that gender equality is a major issue and one of the keys to success, La Banque Postale has been committed, since its creation in 2006, to boosting the representation of women within its management bodies.

This commitment is reflected by the fact that, in 2022, 39% of the members of La Banque Postale's Development Committee, used as an example of a management body in application of law No 2021-1774 of 24 December 2021, known as the "Rixain law", were women, a rate above the statutory objective of 30% set for 2026. The proportion of women in senior executive positions at La Banque Postale, calculated based on the composition of the Executive Committee, was 30% in 2022.

La Banque Postale thereby seeks to increase the proportion of women in senior executive positions and in its Executive Committee such that, by the time of publishing in 2029, it will have reached the minimum threshold set out by the Rixain law for these employment groups.

La Banque Postale has also set specific objectives and action plans:

- provide targeted support for women identified as having senior management potential, in the form of training, coaching or mentoring programmes;
- ensure the systematic presence of women in the succession plans of its key functions and monitor the proportion of women who are promoted at all levels of the organisation versus the proportion of men;
- create a community of women managers to share resources, ideas and initiatives, as well as a wider internal gender-balance network within La Poste Groupe called "Un.e" which, since its creation in 2019, has capitalised on observed best practices and initiatives throughout the Group through a volunteer network of internal ambassadors.

3. Corporate governance

Report of the Supervisory Board on corporate governance

3.1.4 Mission Committee

La Banque Postale's Mission Committee is an external body with 18 members, including 12 independent experts from the economic, financial and academic worlds, reflecting the diversity of civil society, two representatives of La Poste Groupe and CDC, and four representatives of La Banque Postale who are tasked with ensuring that the roadmap is consistent with the objectives specified in the Company's Articles of Association.

The Mission Committee ensures that the actions undertaken effectively contribute to meeting La Banque Postale's social and environmental objectives. It meets three times a year to monitor the execution of the mission and measure its results, under the supervision of an independent third party. It reports on its work to the Annual General Meeting.

Through its discussions, the Mission Committee aims to deepen La Banque Postale's sustainability strategy and in particular to:

- Monitor the mission in a changed macroeconomic environment
- Develop impact finance, in particular through its Impact Weighting Factor work
- Encourage the Group's employees to embrace mission-led company status
- Work on the transformation of La Banque Postale's offer
- Develop the Company's industry-specific policies.

A Sustainability Commission emanating from the Social and Economic Committee of La Banque Postale has been created and meets twice a year.

This Commission is made up of four representatives of the Mission Committee and four representatives designated by the Social and Economic Committee. The aim is to share the work of the Mission Committee and to receive feedback from the Commission members.

Membership of the Mission Committee

Chair

- Natacha Valla, Economist and Dean of the Sciences Po Paris School of Management and Innovation

External members

- Julien Blanchard, Chairman of the Executive Board, Hoffmann Green Cement Technologies
- Dominique Bourg, Philosopher
- Sandrine Bourtier Stref, Global Head of Corporate Social Responsibility and Social Impact, Sanofi
- Léa Faucheuix, Member of the non-profit organisation Pour un réveil écologique
- Charlotte Gardes, Economist, IMF
- Marie Georges, Sustainability Lead, Accenture
- Jean-Louis Kiehl, Chairman, Crésus
- Marie-Christine Korniloff, Director of Relations with the Business Community, WWF
- Benoît Leguet, Executive Director, Institute for Climate Economics (I4CE)
- Simon Létourneau, Co-founder and Chairman, Carbo
- Joël Tronchon, Europe Zone Sustainability Director, L'Oréal

Representatives of La Poste Groupe and Caisse des Dépôts

- Sarah Lacoche, Chief Financial Officer, Banque des territoires/Caisse des Dépôts et Consignations
- Nicolas Routier, Executive Vice-President in charge of Public Service and Regulation, La Poste Groupe

Representatives of La Banque Postale

- Philippe Heim, Chairman of the Executive Board of La Banque Postale
- Adrienne Horel-Pagès, Chief Sustainability Officer, La Banque Postale
- Philippe Boiral, Director, Financial Savings Development, La Banque Postale
- Anissa Papin, Head of Sustainability Communications, La Banque Postale

3.1.5 Additional information

Regulated agreements

The related-party agreements governed by Article L. 225-86 of the French Commercial Code are described in the Statutory Auditors' special report in Section 8.1 of this document.

Financial authorisations granted by the General Meeting and their use by the Executive Board in 2022

General Meeting	Purpose of the authorisation given to the Executive Board	Authorisation period	Limit	Use in 2022
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 Section 7.1 "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 provided directly below or referred to in this document (disclosures concerning other obligations):

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 of the French Commercial Code: none (see Section 7.1 "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 of the French Commercial Code: 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;

- 3.
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 Section 7.1 "Articles of Association";
 8. Powers of the Executive Board, in particular to issue or buy back shares: see Section 7.1 "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.

3. Corporate governance

Remuneration

3.2 Remuneration

3.2.1 Principles and rules for setting the remuneration of corporate officers

Based on the work of its 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

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

Fixed remuneration of members of the Executive Board

In 2022, the Chairman of the Executive Board, Philippe Heim, only received an annual fixed salary for his services, in the amount of €450,000 (excluding paid leave indemnities, family allowances and communication bonuses). Part of this salary, i.e., €90,000, was paid by La Poste pursuant to his employment contract as Director of La Poste Groupe's Financial Services Division. He is required to have this employment contract due to La Banque Postale's postal banking model.

Marion Rouso, Managing Director of Retail Banking, received an annual fixed salary of €431,950 (excluding paid leave indemnities, family allowances, communication bonuses and housing allowance). Part of this salary, i.e., €131,950, was 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.

Bertrand Cousin, Managing Director of Corporate and Investment Banking, received a fixed annual salary of €430,000.

Stéphane Dedeyan joined the Executive Board of La Banque Postale on 27 October 2022. He did not receive any fixed remuneration for this position in 2022. His remuneration as Chief Executive Officer of CNP Assurances is described in CNP Assurances' Universal Registration Document. It includes a fixed annual salary of €450,000.

On re-appointing the members of the Executive Board, the Supervisory Board, decided at its meeting on 22 February 2023:

- to increase the fixed annual salary of the Chairman of the Executive Board to €500,000 (excluding paid leave indemnities, family allowances and communication bonuses), including €90,000 paid by La Poste;
- to set at €430,000 the fixed annual salary of Perrine Kaltwasser, Managing Director of Risks, Compliance and Administration of the Financial Conglomerate, having joined the Executive Board of La Banque Postale as of 27 February 2023;
- to set at €50,000 the fixed annual salary of Stéphane Dedeyan as a member of the Executive Board of La Banque Postale, thus bringing his total fixed annual remuneration to €500,000 (including the fixed annual remuneration received for his role as Chief Executive Officer of CNP Assurances);
- to leave unchanged the fixed annual salaries of Marion Rouso, Managing Director of Retail Banking and Bertrand Cousin, Managing Director of Corporate and Investment Banking.

Variable remuneration of members of the Executive Board

2022 variable remuneration

The Chairman of the Executive Board did not receive any variable remuneration for 2022.

Marion Rouso, Bertrand Cousin and Stéphane Dedeyan each receive variable remuneration from La Banque Postale.

The maximum annual variable remuneration for 2022 for Marion Rouso and Bertrand Cousin was set at €20,000 by the Supervisory Board at its meeting of 4 March 2022.

At its meeting of 14 December 2022, the Supervisory Board set the maximum annual variable remuneration of Stéphane Dedeyan, in his capacity as member of the Executive Board of La Banque Postale, at €50,000.

The variable remuneration objectives set for the Executive Board members by the Supervisory Board for 2022 were based on:

- La Poste Groupe's overall performance in relation to its objectives, as assessed by La Poste Groupe's Executive Committee, weighted at 10%;
- non-financial objectives weighted at 40% and based for the most part on (i) the improvement in customer satisfaction rates (sub-weighting of 10%), (ii) implementation of changes in La Banque Postale's strategic model (sub-weighting of 6%), (iii) increases in the pace of transformation of the business lines (sub-weighting of 6%), (iv) La Banque Postale Group's risk management and compliance performance (sub-weighting of 10%) and (v) La Banque Postale's positioning as a leader in responsible finance (sub-weighting of 8%);

- financial objectives, weighted at 50%, comprising:
 - for La Banque Postale Group: financial performance criteria based on attributable net profit, the cost-income ratio and return on equity (sub-weighting of 30%);
 - for the banking businesses: financial performance criteria based on net banking income (NBI), attributable net profit and market share in the home loan, consumer finance, life insurance and local public sector finance markets (sub-weighting of 20%).

2023 variable remuneration

The annual variable remuneration for 2023 was set by the Supervisory Board of La Banque Postale at its meeting of 22 February 2023.

The maximum amount was set:

- for Philippe Heim, at 30% of his annual fixed salary;
- for Perrine Kaltwasser, Bertrand Cousin and Marion Rousso, at 14% of their total annual fixed remuneration;
- for Stéphane Dedeyan, in his capacity as member of the Executive Board of La Banque Postale, at 10% of his total annual fixed remuneration.

In an approach that aims to align the remuneration of executive corporate officers with the Group's long-term performance, to encourage sound and effective risk management, and to meet the regulatory requirements for the sector, once the annual variable remuneration exceeds €50,000, the payment of 50% of this remuneration is deferred for five years in equal parts.

In the event of failure to comply with the Group's risk management policy or of broader non-compliance, the Supervisory Board may decide to revise the deferred variable compensation downwards. Similarly, beneficiaries may be required to restitute 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.

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, except for Stéphane Dedeyan who receives remuneration from CNP Assurances.

Stéphane Dedeyan, in his capacity as Chief Executive Officer of CNP Assurances, is eligible for maximum annual variable remuneration of €100,000 for 2023, paid by CNP Assurances.

In accordance with La Banque Postale's remuneration policy and the applicable regulations, and in order to better align the long-term interests of CNP Assurances' Chief Executive Officer with those of La Banque Postale and CNP Assurances, the variable remuneration awarded to Stéphane Dedeyan by CNP Assurances is subject to the following vesting conditions:

- the deferred payment threshold will be assessed on the basis of the total annual variable remuneration awarded to Stéphane Dedeyan in respect of his positions within La Banque Postale and CNP Assurances;

- in accordance with the deferral mechanism applicable to corporate officers of La Banque Postale, which applies to the variable remuneration awarded to Stéphane Dedeyan by La Banque Postale, 50% of the variable remuneration will be deferred over five years on a straight-line basis;
- in accordance with the deferral mechanism applicable to corporate officers of CNP Assurances, which applies to the variable remuneration awarded to Stéphane Dedeyan by CNP Assurances, 40% of the variable remuneration will be deferred over three years at the rate of 20% the first year, 10% the second and 10% the third.

Other benefits or compensation

Philippe Heim, Bertrand Cousin, Marion Rousso and Perrine Kaltwasser are covered by health and death/disability insurance taken out by the Company 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. Stéphane Dedeyan is covered by health and death/disability insurance taken out by CNP Assurances for all CNP Assurances employees, as well as by the death/disability insurance taken out by La Banque Postale.

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

Compensation for loss of office

In accordance with the commitments approved by the Supervisory Board on 25 March 2021, Philippe Heim, Marion Rousso, Bertrand Cousin and Perrine Kaltwasser will be entitled to compensation for loss of office if they are removed from office for reasons 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.

3. Corporate governance

Remuneration

The Supervisory Board also authorised La Banque Postale to take out senior executive unemployment insurance (GSC) for the members of its Executive Board, based on the remuneration from the offices held and covering the risk of loss of office and to pay the related premiums.

The main features of the severance package approved by the Board of Directors of CNP Assurances for Stéphane Dedeyan, in his capacity as Chief Executive Officer of CNP Assurances, are as follows:

- no compensation for loss of office will be paid if he resigns or is dismissed for serious or gross misconduct;
- if he is removed from office before the end of his term, he will be entitled to compensation equal to 24 months of his gross fixed remuneration subject to performance conditions;
- if he is removed from office after serving between six months and two years, the payment of compensation will be subject to a performance condition based on the previous or current financial year depending on which year he served in the longest;
- if he is removed from office after serving more than two years, the payment of compensation will be subject to a performance condition set at an 80% achievement rate for objectives over the last two financial years.

The CNP Assurances senior executive unemployment insurance policy provides for the payment of a benefit equal to 70% of Stéphane Dedeyan's net taxable remuneration as Chief Executive Officer over a period of 12 months and then 24 months.

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 remuneration of the Chairman of the Supervisory Board, the Senior Independent Member⁽¹⁾ and the chairs of the Board's committees consists of a fixed fee. The other remuneration paid to the members concerned is calculated on the basis of their attendance rates at Supervisory Board and committee meetings.

At the General Meeting of 28 April 2021, the shareholder 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 Board and its special committees. The previous cap of €450,000 had been unchanged since 2006.

Since 2013, the remuneration is 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 2022

The remuneration awarded to the Chairman of the Supervisory Board for 2022 represented a flat amount of €20,000. The Senior Independent Member was awarded a fixed annual fee of €15,000 prorated over the period from 23 February 2022, in addition to the remuneration paid to him as a member of the Supervisory Board and as a member or chairman of the Board's special committees. The amount awarded to each member of the Supervisory Board was prorated to their attendance rate at Board meetings, up to a maximum of €18,000 per year.

The Chairs of the Financial Statements and Risk Committees received €16,000 each in recognition of their position, while the Chairs of the Appointments and Governance, Remuneration, and Strategy and CSR 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 and Governance Committee, Remuneration Committee, and Strategy and CSR Committees each received €1,700.

Pursuant to the internal rules of La Poste Groupe, the remuneration awarded to the Supervisory Board members representing La Poste Groupe 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 CDC group is paid to Caisse des Dépôts. The remuneration awarded to the representative of the French State is paid to the French Treasury.

(1) The Supervisory Board meeting of 23 February 2022 approved changes to its internal rules, including the appointment of a Senior Independent Member.

3.2.2 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 2021 and 2022

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

Members of the Supervisory Board	Gross amounts due for 2022		Gross amounts due for 2021	
	(€)	Recipient	(€)	Recipient
Philippe Wahl				
Awarded remuneration	20,000	La Poste	20,000	La Poste
Yves Brassart				
Awarded remuneration	71,292	La Poste	68,500	La Poste
La Poste				
Awarded remuneration	18,000	La Poste	18,000	La Poste
Nathalie Collin⁽¹⁾				
Awarded remuneration	-	-	1,500	La Poste
Sophie Renaudie				
Awarded remuneration	62,200	La Poste	57,400	La Poste
Antoine Saintoyant⁽²⁾				
Awarded remuneration	47,028	CDC	32,500	CDC
Olivier Sichel⁽¹⁾				
Awarded remuneration	-	-	3,400	CDC
French State				
Awarded remuneration	62,657	French State	71,700	French State
Nefissa Sator				
Awarded remuneration	83,800	Person concerned	88,600	Person concerned
Michel Madelain				
Awarded remuneration	98,129	Person concerned	102,300	Person concerned
Emmanuel Rondeau				
Awarded remuneration	125,622	Person concerned	117,200	Person concerned
Anik Chaumartin⁽²⁾				
Awarded remuneration	68,608	Person concerned	20,000	Person concerned
Sandrine Fagot-Revurat				
Awarded remuneration	0	-	0	-
Jean-Pierre Hakizimana				
Awarded remuneration	0	-	0	-
Thierry Freslon				
Awarded remuneration	0	-	0	-
Steeve Maigne				
Awarded remuneration	0	-	0	-
Thierry Viarouge				
Awarded remuneration	0	-	0	-
TOTAL	657,336		601,100	

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

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

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.

3. Corporate governance

Remuneration

Remuneration of employee representative members on the Supervisory Board

Supervisory Board members representing employees do not receive any remuneration for their services on the Board.

The total gross remuneration (including the variable component) paid to employee representatives on the Supervisory Board under their employment contracts amounted to €422,377 in 2022.

Remuneration of the members of the Executive Board for 2021 and 2022

Standardised tables complying with Afep/Medef and AMF recommendations

Table 1. Summary of the gross remuneration, stock options and shares awarded to Executive Board members

(in euros)	2021	2022
Philippe Heim (term of office began on 1 September 2020)		
Gross remuneration payable for the year (details in Table 2)	458,604	475,755
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	458,604	475,755
Marion Rouso (term of office began on 1 May 2021)		
Gross remuneration payable for the year (details in Table 2)	333,809	N/A
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	333,809	N/A
Bertrand Cousin (term of office began on 1 April 2021)		
Gross remuneration payable for the year (details in Table 2)	349,998	N/A
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	349,998	N/A
Stéphane Dedeyan (term of office began on 27 October 2022)		
Gross remuneration payable for the year (details in Table 2)	N/A	N/A
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	N/A	N/A
EXECUTIVE BOARD TOTAL	1,142,410	N/A
Other remuneration paid to Stéphane Dedeyan in his capacity as Chief Executive Officer of CNP Assurances	N/A	600,000

These figures do not include the variable remuneration awarded in 2023 for 2022, which was not available at the date of publication of this document.

Table 2. Summary of the gross remuneration awarded to Executive Board members

(in euros)	2021		2022	
	Amounts payable for the year	Amounts paid during the year	Amounts payable for the year	Amounts paid during the year
Philippe Heim (term of office began on 1 September 2020)				
Fixed remuneration ⁽¹⁾	451,233	451,233	451,551	451,551
Of which paid by La Banque Postale	360,000	360,000	360,000	360,000
Of which paid by La Poste	91,233	91,233	91,551	91,551
Annual variable remuneration	-	-	0	-
Long-term variable remuneration	-	-	-	-
Termination benefit	0	0	-	-
Awarded remuneration ⁽²⁾	0	0	-	-
Benefits in kind ⁽³⁾	7,370	7,370	24,204	24,204
Total	458,604	458,604	475,755	475,755
Marion Rousu (term of office began on 1 May 2021)				
Fixed remuneration ⁽¹⁾	317,724	317,724	478,671	478,671
Of which paid by La Banque Postale	200,000	200,000	300,000	300,000
Of which paid by La Poste	117,724	117,724	178,671	178,671
Annual variable remuneration	12,907	23,790	N/A	12,907
Of which paid by La Banque Postale	12,907	0	X	12,907
Of which paid by La Poste	0	23,790	-	-
Long-term variable remuneration	0	0	-	-
Termination benefit	0	0	-	-
Awarded remuneration ⁽²⁾	0	0	-	-
Benefits in kind ⁽³⁾	3,178	3,178	14,671	14,671
Total	333,809	344,692	N/A	506,249
Bertrand Cousin (term of office began on 1 April 2021)				
Fixed remuneration ⁽¹⁾	322,500	322,500	430,000	430,000
Annual variable remuneration	14,521	0	N/A	14,521
Long-term variable remuneration	0	0	-	-
Termination benefit	0	0	-	-
Awarded remuneration ⁽²⁾	0	0	-	-
Benefits in kind ⁽³⁾	12,977	12,977	18,468	18,468
Total	349,998	335,477	N/A	462,989
Stéphane Dedeyan (term of office began on 27 October 2022)⁽⁴⁾				
Fixed remuneration ⁽¹⁾	N/A	N/A	-	-
Annual variable remuneration	N/A	N/A	N/A	-
Long-term variable remuneration	N/A	N/A	-	-
Termination benefit	N/A	N/A	-	-
Awarded remuneration ⁽²⁾	N/A	N/A	-	-
Benefits in kind ⁽³⁾	N/A	N/A	-	-
Total	N/A	N/A	N/A	-
EXECUTIVE BOARD TOTAL	1,142,410	1,138,772	N/A	1,444,992
Other remuneration paid to Stéphane Dedeyan in his capacity as Chief Executive Officer of CNP Assurances ⁽⁴⁾	N/A	N/A	600,000	585,433

- (1) Fixed remuneration includes, for Philippe Heim, a paid leave indemnity, a family allowance, and a communication bonus; for Marion Rousu, a family allowance, a communication bonus, and a housing allowance; for Bertrand Cousin, solely his fixed salary.
- (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 Heim, Marion Rousu and Bertrand Cousin, a company car provided by La Banque Postale and senior executive unemployment insurance (GSC).
- (4) Stéphane Dedeyan received remuneration from CNP Assurances in his capacity as Chief Executive Officer of CNP Assurances for 2022, consisting of a fixed salary of €450,000 and annual variable remuneration of €150,000.

3. Corporate governance

Remuneration

Rate of achievement of the 2022 targets determining the allocation of annual variable remuneration for the 2022 financial year to executive corporate officers

On 22 February 2023, the Supervisory Board, on the recommendation of the Remuneration Committee, evaluated the rate of achievement of the 2022 financial and non-financial targets by the members of the Executive Board as being 87.4%, on a basis of 90%:

	Weighting	2022 achievement rate
Overall performance targets of La Poste Groupe	10%	N/A
Financial targets		
– For La Banque Postale Group: Attributable net profit Cost-income ratio Return on equity	30%	35.6%
– For the banking businesses: Net banking income (NBI): Attributable net profit Market share in the home loan, consumer finance, life insurance and local public sector finance markets	20%	8.4%
Sub-total	50%	44.0%
Non-financial targets		
Improved customer satisfaction	10%	11.5%
Evolution of La Banque Postale's strategic model	6%	6.0%
Faster digital transformation of the business lines	6%	6.6%
Management of risks and compliance at La Banque Postale Group	10%	10.5%
La Banque Postale's positioning as a leader in responsible finance	8%	8.8%
Sub-total	40%	43.4%
TOTAL	100%	N/A

The rate of achievement of the objectives related to La Poste Groupe's overall performance, on a 10% basis, had not been determined at the date of publication of this document.

Table 3. Remuneration received by the members of La Banque Postale's Supervisory Board for their duties as Supervisory Board members

See Section 3.2.2.

Table 4. Stock options granted in 2022 to executive corporate officers by La Banque Postale and by any other Group companies

No stock options were granted to executive corporate officers in 2022.

Table 5. Stock options exercised in 2022 by executive corporate officers

Not applicable.

Table 6. Performance shares granted in 2022 to executive corporate officers

Not applicable.

Table 7. Performance shares that vested in 2022 for executive corporate officers

Not applicable.

Table 8. History of stock option grants

Not applicable.

Table 9. History of performance share grants

Not applicable.

Table 10. Summary of the multi-year variable remuneration of each executive corporate officer

Not applicable.

Table 11. Employment contracts, supplementary pension plans and compensation for executive corporate officers

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 Sept. 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
Stéphane Dedeyan Member of the Executive Board since 27 October 2022		X		X	X			X

3.

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 2022.

Supplementary pension arrangements made for the benefit of Executive Board members

As of 31 December 2022, La Banque Postale had made no supplementary pension arrangements for Executive Board members.

Remuneration of the members of the Development Committee

In 2022, the total gross remuneration (including the variable portion) paid to the members of the Development Committee, excluding members of the Executive Board, amounted to €14,631,944.

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.

3. Corporate governance

Remuneration

Remuneration principles implemented within La Banque Postale

La Banque Postale's remuneration policy is based on its values as a community bank, its accessible banking mission and its commitment to socially responsible investment.

The policy is designed to meet the following objectives:

- offer equal pay between men and women in the same or equivalent jobs, with the same seniority and the same or equivalent skills and responsibilities, in application of the principle of equal pay for work of equal value. More generally, the Group intends to fight against all forms of discrimination;
- ensure that employees receive fair pay for their work, based on their expertise, seniority and professional experience, taking into account market benchmarks and the need for internal consistency;
- ensure that employee behaviours are consistent with the Group's long-term objectives; and
- promote internal professional development and career advancement to encourage long-term commitment from employees.

The remuneration policy also seeks to reward sound and effective risk management, in line with the Group's risk control policy, and sets out principles designed to prevent conflicts of interest and protect the interests of La Banque Postale's customers, in line with Group policy in this area.

It complies strictly with the separate regulatory frameworks applicable to its different business lines, which include:

- texts applicable to credit institutions: the European Capital Requirements Directive (CRD V);
- texts applicable to investment firms: the European Investment Firms Directive (IFD);
- texts applicable to investment service providers: the European Markets in Financial Instruments Directive (MiFID II);
- texts applicable by asset management firms to alternative investment funds under the European Alternative Investment Fund Managers Directive (AIFM) and to fund managers under the European Undertakings for Collective Investment in Transferable Securities Directive (UCITS V);
- texts applicable to insurance companies: the European Solvency II Directive.

Compliance with these regulations involves, in particular, identifying those employees who have an impact on the risk profile of the Group or their entity through their job, the level of authority delegated to them or the level of their remuneration, referred to as "identified staff".

The scope of application of this requirement is defined jointly by the Human Resources Department, the Risk Department and the Compliance Department at both Group and entity level. The remuneration of identified staff is governed by an enhanced regulatory framework, which imposes rules on how their remuneration may be structured. The general principles are described below.

Remuneration Committee

In accordance with the provisions of the French Monetary and Financial Code (*Code monétaire et financier*) 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.

Its responsibilities and work in 2022 are described in Section 3.1.2.1.4.

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 2022.

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 components

Fixed remuneration

The fixed component of employees' remuneration is determined in recognition of their skills, experience, qualifications and engagement. It also takes into account the need for internal consistency and market pay rates. Substantially all of the remuneration package of all La Banque Postale employees consists of fixed remuneration.

Individual variable remuneration

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.

With the exception of Executive Board members, 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.

A balance is maintained between qualitative and quantitative criteria for all employees.

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

In addition, individual performance criteria take into account all the potential risk exposures of the Group entity concerned. 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.

Collective variable remuneration

Collective variable remuneration, in the form of statutory and discretionary profit-sharing schemes, is one of the preferred methods of giving employees a stake in the Group's results.

Most Group companies have either a company or group savings plan and a collective company retirement savings plan, for which employee contributions are matched by a capped contribution by their company.

Limits on guaranteed variable remuneration

Guaranteed variable remuneration is strictly limited to new hires and to a period not exceeding one year, and is subject to the condition that the Group remains on a sound and solid financial footing.

Identified staff

In accordance with its regulatory obligations, La Banque Postale has defined strict rules governing its remuneration policy for identified staff:

- The remuneration policy must encourage sound and efficient risk management: the amounts of variable remuneration and their allocation must not hamper the institution's ability to strengthen its capital base.
- The ratio of fixed-to-variable remuneration should be balanced: the variable component for a given employee of a credit institution or a financing company may not exceed 100% of his or her fixed remuneration.
- Part of the variable remuneration must be deferred (40% to 60%) in order to ensure a proper alignment of interests: beyond a defined threshold, variable remuneration is deferred over three, four or five years, depending on the regulations applicable to the employee's business sector.
- Risk-adjusted variable remuneration: 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.

Similarly, employees may be required to restitute 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 remuneration of identified staff, as defined in CRD V

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 year just ended 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 2022 was €37,554,473 (including the portion of the remuneration paid by La Poste to Philippe Heim and Marion Rouso).

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

4.

Business activity and results

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4. Business activity and results

Economic and financial environment

4.1 Economic and financial environment

A resilient global economy in 2022

In the first half of 2022, the global economy was affected by multiple negative headwinds, including the war in Ukraine, the spike in energy and many other commodity prices, which drove inflation to its highest level for 40 years, the rise in long-term interest rates and tighter Covid-19 restrictions in China in the spring. In this environment, the business outlook deteriorated in both the United States and Europe, leading to expectations of a sharp slowdown in the global economy. However, against all the odds, the world's economies have demonstrated a degree of resilience in recent months. In the third quarter of 2022, GDP growth was positive in the United States (up 0.8% versus the second quarter) and in the euro zone (up 0.3%), while in China, the temporary relaxation of Covid-19 restrictions triggered an economic rebound at the beginning of the summer. Several factors contributed to this economic resilience in the face of the negative headwinds mentioned above. In Europe, the improved health situation in the spring and summer of 2022 paved the way for a resurgence in tourism and more generally in service activities. In addition, European countries adopted various measures to support households and businesses during the energy crisis. These measures represented almost 4 points of GDP, with the German plan alone accounting for more than a third of the total. At the same time, the EU's post-Covid recovery plan remained in force (Italy, for example, drew down its full entitlement to investment funds in 2022). In the United States, households drew down the 'excess savings' accumulated during the Covid crisis and kept on spending. Broadly speaking, labour markets have been surprisingly resilient so far. In 2022, the unemployment rate in the United States was at its lowest since the 1960s, while the euro zone rate was lower than before the 2008 financial crisis.

However, the economic outlook darkened over the course of the year. Business climate indicators in the euro zone are at levels that in the past corresponded to periods of economic stagnation or even contraction, while in the United States, several indicators (house sales, demand for home loans) point to a reversal of the housing market, driven by a sharp rise in mortgage rates. China is also experiencing difficulties, partly as a result of the government's stop-and-go health policy, but above all due to problems in the real estate sector (housing starts between January and November 2022 were down 39% compared to the same period of the previous year).

Inflation is cooling after surging in the early part of 2022

Inflation rose very sharply in 2022. Consumer price inflation in the United States peaked at 9% year-on-year in June, before falling back to 7.1% in November. In the euro zone, year-on-year inflation reached 10.1% in November, with even more alarming rates (over 20%) in the Baltic States due to their dependence on Russian energy. This surge in inflation was due to the many tensions arising from the global economy's post-Covid revival and the rebound in commodity prices accentuated by the outbreak of war in Ukraine. Europe was particularly affected by the surge in gas prices following the reduction in supplies from Russia, which accounted for about 40% of the region's gas imports. At the same time, tight labour markets gradually drove up wages, more markedly in the United States than in the euro zone, although the increases were well below local inflation rates.

Further up the price formation chain there are signs that the situation is easing. Industrial and food commodity prices have come down from their spring peak, although they are still high compared to their pre-Covid levels. The Brent crude price fell back to around \$85 a barrel at the end of December from a peak of almost \$125 in early June. With an economic slowdown on the horizon, the worsening demand outlook weighed on commodity prices; however, the supply side outlook was encouraging (for example, for grain supplies). European wholesale gas prices, which had peaked at €350 per megawatt hour (MWh) at the end of August, fell back to below €80/MWh at the end of December due to lower demand, partly as a result of a fairly mild winter so far, and replenished European gas stocks. Companies' supply difficulties are also being resolved. Container shipping costs, which rose fivefold between mid-2020 and early 2022, have fallen in recent months and are now close to pre-Covid levels. Industrial producer prices have started to incorporate these different aspects. In the United States, they rose by just 8% year-on-year in October versus 22% in June, while in China they were down year-on-year in November, whereas they were up 18% in October 2021. These declines are beginning to filter through to euro zone import prices. They are also reflected in the zone's producer prices, which nevertheless remain high (the increase eased to 31% year-on-year in October after peaking at 43% in August), leading to a sharp deterioration of the zone's competitiveness.

In France, the tariff shield is helping to protect the economy

After a disappointing start to the year marred by a resurgence of Covid-19, the French economy returned to growth in the second quarter (up 0.5%) and more moderately in the third quarter (up 0.2%) with the lifting of Covid-19 restrictions. The tariff shield played an important role in helping France to outperform other euro zone countries. France's inflation rate was one of the lowest in the euro zone (7.1% year-on-year in November according to the harmonised index, 5.9% in December according to the national measure). This performance was attributable for the most part to the freezing of regulated gas tariffs from October 2021 and electricity tariffs from February 2022, and to the fuel rebate. In addition, household incomes were supported in the second half of 2022 by various measures to increase earnings (increase in the SMIC minimum wage and the index point used to determine civil service salaries) and numerous social benefits (including pensions). The pace of net job creation remained dynamic despite the very uncertain economic outlook. More than 430,000 private sector jobs were created between the third quarter of 2021 and the same period of 2022 and around 930,000 compared to the end of 2019. However, part of the increase was due to a surge in apprenticeship contracts, encouraged by government incentives. The household savings rate remained above its pre-Covid level in the third quarter of 2022, representing the cause and effect of low consumer spending. So far, the real estate market has not suffered too much from the rise in interest rates, but home loan originations are now beginning to decline. Corporate results announced in recent months have been uneven: margins rose sharply in the third quarter in the energy and transport services sectors compared with 2019, but they declined in the industrial (excluding energy), construction and market services (excluding transport)

sectors. However, with the easing of commodity prices, the difference in margin rates between the main economic sectors should narrow. Business failure rates moved closer to normal levels in 2022 after two atypical years.

Tighter monetary policies and sharply higher long-term interest rates

The central banks tightened their monetary policies in a bid to check spiralling inflation. In the United States, the Fed Funds rate, which had been kept at zero since the end of March 2020, was raised several times as from December 2021, to 4 1/4%-4 1/2% in December 2022, and the Federal Reserve also took steps to reduce its balance sheet. The ECB adopted a more wait-and-see attitude, believing that the inflationary shock came mainly from external factors that would be largely unaffected by monetary policy decisions. It nonetheless responded to spiralling inflation by raising its key rates in July 2022, lifting the refinancing rate to 2.5% in December. The increase in European short-term rates was reflected in interbank rates. The Ester (the rate at which major banks lend to each other for a period of one day) stood at 1.90% at the end of December versus -0.58% before the first ECB rate hike and the 3-month Euribor (the rate at which major banks lend to each other for a period of three months) stood at 2.15% versus -0.57% a year earlier. The good news is that financial investors have been convinced by the central banks' determined action and their medium-term inflation expectations have so far remained close to central bank targets.

Central bank decisions combined with the surge in inflation drove a rapid increase in government bond yields in 2022. The upward movement paused in the early summer and late autumn, but in each case the pause was short-lived. The US 10-year rate rose by 230 bps in 2022, to end the year at 3.83%. The recovery of long-term interest rates was even more spectacular in the euro zone. France's 10-year OAT rate, which was still in negative territory in the autumn of 2021, ended 2022 at 3.11%. The ECB's announcement in July that it was setting up a specific tool to combat financial fragmentation has nonetheless helped stabilise credit spreads between the main issuing countries in the euro zone since the summer.

Sharp decline in the stock markets

Economic uncertainty and rising long-term interest rates combined to drive down share prices in 2022. The CAC 40 ended the year at 6,474 points, down 9.5% over the year, after a 28.9% rise in 2021. The flagship US index, the S&P 500, fell more sharply than the European indices, losing 19.4% over the year. However, when measured in euros, the US index's underperformance was more restrained (down 14.4%).

Firm US dollar

The Federal Reserve's tighter monetary policy weakened the euro in the first part of 2022. The exchange rate bottomed out at \$0.96 to the euro at the end of September (versus \$1.13 at the end of 2021). However, the firm stance adopted by the ECB supported the euro in the latter part of the year and the exchange rate recovered to \$1.07 as of 30 December 2022.

4. Business activity and results

La Banque Postale Group business activity and results

4.2 La Banque Postale Group business activity and results

La Banque Postale delivers solid financial results in line with the strategic plan, in an uncertain environment.

Segment results

2022 net profit by business segment

(excluding the cost of equity for each segment)

(in € millions)	2022					Total
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	
NET BANKING INCOME	6,614	1,684	303	915	(1,197)	8,319
General operating expenses	(4,601)	(429)	(183)	(457)	(94)	(5,764)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(279)	(183)	(18)	(71)	(90)	(642)
GROSS OPERATING PROFIT	1,734	1,072	102	387	(1,381)	1,913
Cost of risk	(102)	(18)	0	(99)	4	(216)
OPERATING PROFIT	1,632	1,053	102	288	(1,377)	1,697
Share of profits of equity-accounted companies	4	24	0	-	-	28
Net gain or loss on other assets	(59)	(2)	61	-	28	29
Changes in the value of goodwill	6	17	-	-	-	23
PRE-TAX PROFIT	1,583	1,093	163	288	(1,349)	1,777
Income tax	(234)	(402)	(30)	(74)	313	(427)
NET PROFIT	1,349	690	133	213	(1,036)	1,350
Non-controlling interests	88	319	11	-	(128)	290
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	1,261	372	123	213	(908)	1,060

2021 net profit by business segment

(excluding the cost of equity for each segment)

(in € millions)	2021					Total
	Bancassurance France ^(*) (^{**})	International Bancassurance	Wealth and Asset Management ^(*)	Corporate and Investment Banking ^(**)	Corporate Centre ^(*)	
NET BANKING INCOME	6,307	1,215	296	981	(779)	8,020
General operating expenses	(4,572)	(305)	(176)	(423)	(93)	(5,569)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(246)	(160)	(14)	(52)	(174)	(646)
GROSS OPERATING PROFIT	1,489	750	106	506	(1,046)	1,805
Cost of risk	(159)	(3)	(1)	(103)	(1)	(268)
OPERATING PROFIT	1,329	747	104	403	(1,047)	1,537
Share of profits (losses) 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	1,382	783	115	403	(1,047)	1,636
Income tax	(279)	(298)	(31)	(115)	210	(514)
NET PROFIT	1,103	484	84	289	(837)	1,123
Non-controlling interests	476	321	11	-	(322)	486
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	627	163	73	289	(515)	636

(*) Reclassification of operating expenses between Bancassurance France, Wealth and Asset Management and Corporate Centre.

(**) Reclassification of professional customers in Bancassurance France instead of in Corporate and Investment Banking.

4. Business activity and results

La Banque Postale Group business activity and results

2022 consolidated income statement and business line income statement

(in € millions)	2021	2022	Change (reported)	2021 (1) business lines	2022 (1) business lines	Change (reported)	Change (like-for-like)
Net banking income	8,020	8,319	3.7%	8,799	9,516	+8.1%	+4.8% (*)
Operating expenses	(6,215)	(6,406)	3.1%	(5,946)	(6,222)	+4.7%	+2.0% (*)
Gross operating profit	1,805	1,913	6.0%	2,853	3,294	+15.4%	+10.5% (*)
Cost-income ratio	78.0%	77.5%	-0.6 pts	70.2% (**)	65.6% (*)	N/A	-4.6 pts
Cost of risk	(268)	(216)	-19.5%	(268)	(220)	-18.0%	-18.4%
Operating profit	1,537	1,697	+10.5%	2,586	3,074	+18.9%	+11.8%
Change in goodwill (and gains and losses on other assets)	1	52	N/A	1	24	N/A	N/A
Share of profits of equity-accounted companies	99	28	-71.4%	99	28	N/A	N/A
Pre-tax profit	1,636	1,777	+8.6%	2,685	3,127	+16.4%	+9.5%
Income tax	(514)	(427)	-16.8%	(726)	(741)	+2.0%	-6.0%
Net profit	(1,123)	1,350	+20.3%	1,959	2,386	+21.8%	+15.4%
Non-controlling interests	(486)	(290)	-40.3%	(809)	(418)	-48.3%	+15.8%
Attributable net profit	636	1,060	+66.6%	1,150	1,968	+71.1%	+15.2%
ATTRIBUTABLE NET PROFIT EXCLUDING CNP ASSURANCES PPA ADJUSTMENTS	1,005	1,846	83.6%				
Group RONE(***)	8.2%	14.4%	6.2 pts				

(*) Excluding registration duty on the portfolio of over 7,600 housing units acquired by CNP Assurances from CDC Habitat, based on a comparable scope of consolidation and at constant exchange rates.

(**) Restated to exclude amortisation of the Caixa/Santander distribution agreements, based on a comparable scope of consolidation and at constant exchange rates.

(***) RONE = Attributable net profit/Average risk-weighted assets capitalised at 14%, excluding PPA adjustments. Note: The 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.

La Banque Postale Group enjoyed strong business momentum in 2022.

Home loan originations totalled €15.1 billion, up by a very strong 19.2% on 2021. Consumer finance⁽²⁾ originations also increased, rising 10.6% to €2.6 billion. CIB originations came in at €23.4 billion, up 10.2%.

Life insurance premiums written by the Group amounted to €29.7 billion, an increase of €4.0 billion (up 15.6%), with unit-linked sales accounting for 49.5% of the total. Net new money invested in on- and off-balance sheet savings products totalled €3.4 billion.

In non-life insurance, the property and casualty business enjoyed continued growth in comprehensive home-owner insurance and motor insurance and delivered solid results despite weather-related insurance losses in first-half 2022. The non-life insurance penetration rate among La Banque Postale's customers rose by one point to 30%, in line with the 2025 target.

Business line net banking income amounted to €9,516 million, up 8.1% as reported and up 4.8%⁽³⁾ like-for-like vs. 2021. The increase was led by CNP Assurances' strong performance in international

markets and the robust commercial momentum enjoyed by the banking business in France.

Based on a comparable scope of consolidation and at constant exchange rates, fees and commissions rose slightly (up €19 million vs. 2021), while the net interest margin contracted by €181 million due in particular to the increase in regulated savings rates in 2022 (*Livret A*, *Livret de Développement Durable et Solidaire* and *Livret d'Epargne Populaire*).

Business line operating expenses for 2022 amounted to €6,222 million, with the contained 2.0% like-for-like increase⁽²⁾ vs. 2021 attesting to the Group's sound cost discipline in an inflationary environment and the cost-efficient management of its business development projects.

The positive jaw effect drove an improvement in the business lines' cost/income ratio to 65.6%⁽²⁾, a 4.6-point decrease vs. 2021⁽⁴⁾, that was in line with the strategic plan.

Business line gross operating profit amounted to €3,294 million, up 15.4% as reported and up 10.5% like-for-like⁽³⁾.

(1) Unaudited data.

(2) Personal loans and revolving lines of credit.

(3) Excluding registration duty on the portfolio of over 7,600 housing units acquired by CNP Assurances from CDC Habitat, based on a comparable scope of consolidation and at constant exchange rates.

(4) Restated to exclude amortisation of the Caixa/Santander distribution agreements, based on a comparable scope of consolidation and at constant exchange rates.

In last year's still uncertain environment, cost of risk amounted to €216 million (without any major loss events), representing a rate of 16 bps based on outstanding loans. This rate reflects:

- The high quality of the Group's Retail and CIB banking books;
- Its limited exposure to the corporate sectors hardest hit by the current crisis;
- La Banque Postale's conservative policy concerning loss allowances across all customer categories.

Outstanding non-performing loans were slightly higher than at the end of 2021 due to a known case being reclassified to Bucket 3, but were nevertheless still low at 0.8% of total outstanding loans. At 35.5%, the coverage rate was lower at 31 December 2022, due to the significant guarantees securing the above loan; excluding this loan, the coverage rate was stable at around 40%.

Business line attributable net profit rose by a very strong 71.1% to €1,968 million in 2022 from €1,150 million the year before.

Group RONE⁽¹⁾ stood at 14.4% at 31 December 2022, up 6.2 points vs. 31 December 2021 and ahead of the 8% target set for 2023.

4.3 La Banque Postale Group balance sheet and financial structure

Total assets at 31 December 2022 amounted to €746 billion compared with €772 billion at 31 December 2021.

Key indicators

	31 December 2021	31 December 2022	Change
Balance sheet			
Total assets (€bn)	772	746	-3.5%
Capital			
Total regulatory own funds (€bn)	21.6	17.6	-18.6%
Common Equity Tier 1 (CET1) ratio (post-dividend)	19.1%	14.7%	-4.4 pts
Leverage ratio	7.2%	5.6%	-1.6 pts
Business line RONE	8.2%	14.4%	+6.2 pts
Liquidity			
Loan-to-deposit ratio	82.2%	87.2%	+5.0 pts
Liquidity coverage ratio (LCR)	186%	147%	-39 pts
Net stable funding ratio (NSFR)	142%	129%	-13 pts

The Group's financial structure is robust, with total regulatory capital of €17.6 billion.

At 31 December 2022, its Common Equity Tier 1 (CET1) ratio stood at 14.7% vs. 19.1% at 31 December 2021, 6.3 points above the regulatory requirement of 8.40%.

The main factors underlying the change in the Group's capital adequacy ratio were as follows:

- Organic growth was self-financed for the second consecutive year.
- Attributable net profit net of the dividend accrual (0.6-pt positive impact) was sufficient to finance organic growth of risk-weighted assets (0.6-pt negative impact).
- Other comprehensive income had a 4.1-pt negative impact, linked to the significant changes in the financial markets observed throughout the year.

- The capital transactions carried out in the first half of 2022 (delisting of CNP Assurances, sale of interests in AEW and Ostrum) had no impact, as the goodwill generated by these transactions offset the growth in risk-weighted assets related to the transactions.

- Other regulatory effects⁽²⁾ had a negative impact of around 0.4 pts.

Solvency remained satisfactory, before the expected positive effect of the future application of IFRS 17.

The Tier 1 ratio stood at 16.3% and the total capital adequacy ratio was 19.0%.

Risk-weighted assets (RWA) amounted to €92.8 billion, vs. €91.1 billion at 31 December 2021.

The leverage ratio was 5.6%⁽³⁾, down 1.6 points vs. end-2021 due to sharp changes in other comprehensive income.

(1) RONE = Attributable net profit/Average risk-weighted assets capitalised at 14%; Excluding PPA reversal.

(2) Changes in scope of consolidation and changes in regulatory adjustments.

(3) Leverage ratio excluding 100% of savings centralised with Caisse des Dépôts.

4. Business activity and results

La Banque Postale Group balance sheet and financial structure

The Group's liquidity structure was similarly robust, with a loan-to-deposit ratio of 87.2% providing ample scope to fund business growth. Liquidity ratios remained high, with the LCR at 147% and the NSFR at 129% at 31 December 2022.

In 2022, La Banque Postale's credit ratings were reaffirmed by Fitch and Standard & Poor's and it was rated for the first time by Moody's:

- In December 2022, Fitch reaffirmed La Banque Postale's long- and short-term credit ratings of A and F1+, respectively, both with a Stable outlook.

- In November 2022, Standard & Poor's reaffirmed La Banque Postale's short- and long-term ratings of A+ and A-1 respectively; however, the agency revised its rating outlook from Stable to Negative in December 2022 following a similar revision of the rating outlook for France.

- In July 2022, Moody's awarded an A2 long-term rating and a P1 short-term rating to La Banque Postale, with a Stable outlook.

Ratings and outlooks

	Fitch	Moody's	Standard & Poor's
Long-term ratings	A	A2	A+
Outlook	Stable	Stable	Negative
Last updated	19 December 2022	26 July 2022	7 December 2022
Short-term ratings	F1+	P1	A-1

In 2022, La Banque Postale continued its bond issuance strategy in order to optimise its capital structure and increase the resources eligible for inclusion in its Minimum Requirement for own funds and Eligible Liabilities (MREL):

- On 9 February, the Group took advantage of favourable financial market conditions to carry out a €500 million Senior Non-Preferred Notes issue. The 6-year notes were placed at a final spread of 78 bps over the mid-swap rate.
- On 4 May, La Banque Postale, through its subsidiary La Banque Postale Home Loan SFH, successfully carried out an inaugural green covered bond issue to help finance energy transition projects. The €750 million worth of 8-year 1.625% covered bonds were placed at a final spread of 4 bps over the mid-swap rate. A total of 85 investors participated in the transaction, the majority of whom (66%) apply ESG screens. The €3.7 billion order book (a record for La Banque Postale) was 4.7 times oversubscribed.

- On 13 September, La Banque Postale successfully carried out an inaugural sterling-denominated Senior Non-Preferred Notes issue for £425 million. The notes have a 6-year life, with a first call after 5 years (6NC5). They were issued at a final spread of 260 bps over the gilts rate and a fixed interest rate of 5.625%. This transaction was La Banque Postale's first foreign currency debt issue. The order book totalled over £585 million when it was closed, with real money investors accounting for 86% of final allocations and US and UK investors accounting for 87%.

- On 5 December, La Banque Postale successfully carried out its third Tier 2 bond issue since 2020, for an amount of €500 million. The bonds have an 11 1/4-year life with a first call after 6 1/4 years (11.25NC6.25). They were issued at a final spread of 285 bps over the mid-swap rate and an interest rate of 5.50%. The 3.9x oversubscription rate and the quality of the order book, which closed at €1.95 billion, testified to investor interest in this issue, which attracted a large majority of real money investors.

4.4 Business activity and results by business line

4.4.1 Bancassurance France

(in € millions)	2021	2021 pro forma	2022	Change (reported)	Change (vs. 2021 pro forma on comparable scope basis)
Net banking income	6,222	6,307	6,614	+6.3%	+4.9%
Operating expenses	(4,649)	(4,818)	(4,880)	+5.0%	+1.3%
Gross operating profit	1,573	1,489	1,734	+10.2%	+16.6%
Cost-income ratio	75.0%	76.7%	74.1%	-1.0 pts	-2.7 pts
Cost of risk	(158)	(159)	(102)	N/A	-36.2%
Operating profit	1,415	1,329	1,632	+15.3%	+23.0%
Pre-tax profit	1,468	1,382	1,583	+7.9%	+14.7%
Attributable net profit	686	627	1,261	+83.7%	+25.2%

Pro forma: professional customers included in Bancassurance France since 1 January 2022.

Business performance

Business activity in 2022 was buoyant, with outstanding loans up 8.0% and stable savings deposits.

Total outstanding loans totalled €74.9 billion (up 8.0%), including €68.8 billion in home loans (up 8.0%) and €5.7 billion in consumer finance (up 7.1%).

Regulated savings deposits (*Livret A*, *Livret d'Epargne Populaire* and *Livret de Développement Durable et Solidaire*) were up 5.0% at €80.1 billion, including *Livret A* deposits up 3.8% at €63.6 billion.

Demand deposits were 2.0% higher, at €75.6 billion.

Overall, on-balance sheet savings deposits increased by 2.3% to €194.7 billion.

Partnering our customers in an economic environment shaped by high inflation, La Banque Postale distributes responsibly priced loans.

The housing market remained buoyant in 2022, helping to drive 21.2% growth in home loan originations to €14.2 billion. Consumer finance originations rose by 10.6% to €2.6 billion, with revolving credit originations up by a very strong 15.2%.

La Banque Postale closely supported its customers in last year's inflationary environment, providing them with credit at responsible interest rates and deploying practical measures to protect their purchasing power. As France's leading provider of banking services for vulnerable customers, La Banque Postale proposes specific services and offers to the 3.1 million customers in this category⁽¹⁾. In 2022, the Group launched several practical initiatives:

- Prices were frozen across all banking offers, effective from 2023.
- Fees for instant money transfers in France and Europe were waived for the Group's 20 million retail customers in France as from 1 January 2022.
- To help home buyers, La Banque Postale became the first bancassurer to announce that it was freezing its standard term creditor insurance rates and was also abolishing premium surcharges for borrowers representing a level 2 aggravated health risk as defined in the AERAS⁽²⁾ convention, in addition to applying the measures in favour of these borrowers contained in the Lemoine law;
- New guarantees at no extra cost for accident and health emergency insurance offers (distributed by the LBP Prévoyance and Assurances IARD subsidiaries)⁽³⁾.

Life insurance

Business activity slowed slightly in 2022, with technical reserves down 2.0% at €280.2 billion. However, unit-linked sales were satisfactory⁽⁴⁾, with new money up 2.6% at €4.9 billion. Unit-linked new money represented 31.7% of total new money, an increase of 2.1 points.

4.

(1) 1.7 million customers considered as financially vulnerable and 1.4 million customers eligible for accessible banking services.

(2) The AERAS Convention aims to facilitate access to insurance and loans for people who have or have had a serious health problem. Level 2 corresponds to a framework for pooling aggravated risks not covered under standard term creditor insurance contracts. The convention has been signed by the public authorities, the banking, finance, insurance and mutual insurance industry organisations and non-profits representing patients and consumers.

(3) These insurance contracts cover the possible consequences of school bullying or cyberbullying.

(4) Scope: products developed by CNP Assurances and other partners distributed by La Banque Postale networks and Louvre Banque Privée.

4. Business activity and results

Business activity and results by business line

Other insurance subsidiaries (P&C, death/diability and health)

Property & Casualty written premiums increased by 2.8% to €591 million, led by comprehensive home-owner insurance and motor insurance. Health written premiums were also higher, rising 3.4% to €92 million.

The Death/Disability business slowed in 2022.

The non-life insurance book was relatively stable, at 4.5 million policies as of 31 December 2022. The penetration rate among La Banque Postale's customers rose by 1 point to 30%, in line with the 2025 objective.

La Banque Postale's insurance subsidiaries continued to deliver robust underwriting results, reporting a 2.4-point year-on-year improvement in the combined ratio net of reinsurance to 85.9%.

Other significant events

Lastly, recognising that young people need support to make their social and professional lives a success, particularly in times of crisis, La Banque Postale launched a new, innovative and socially responsible offer: the Pass Jeune (Youth Pass) digital platform comprising 10 free non-banking services for 18- to 29-year olds. Examples of the services available include mock language exams, assistance in preparing for job interviews, a search engine

featuring over 300,000 job offers, and mock highway code theory tests. The service offer was an immediate success, with some 200,000 young people won over at end-2022.

In line with its strategic plan, La Banque Postale stepped up its diversification in the consumer finance market with the launch of Django, specialising in deferred and split payment solutions for consumer purchases of up to €6,000 with retailers and e-tailers. A total of 150 partner merchants signed up to Django, a wholly-owned subsidiary of LBP Consumer Finance, in 2022.

Financial results (vs. 2021 pro forma based on a comparable scope of consolidation)

Net banking income rose by 4.9% despite the impact of higher regulated savings rates and refinancing rates, reflecting dynamic business activity.

Operating expenses were kept under control, rising by just 1.3%.

On a comparable scope basis, the cost-income ratio improved by 2.7 points over the year to 74.1% with a positive jaw effect.

Without any major loss events, cost of risk fell sharply to €102 million (down 36.2%).

On a comparable scope basis, attributable net profit was 25.2% higher at €1,261 million.

4.4.2 International Bancassurance

(in € millions)	2021	2022	Change (reported)	Change (like-for-like)
Net banking income	1,215	1,684	+38.6%	+11.0%
Operating expenses	(465)	(612)	+31.6%	+0.7%
Gross operating profit	750	1,072	+42.9%	+17.3%
Cost-income ratio	38.3%	36.4%	-1.9 pts	-3.5 pts
Cost of risk	(3)	(18)	N/A	N/A
Operating profit	747	1,053	+41.0%	+15.6%
Pre-tax profit	783	1,093	+39.6%	+13.5%
Attributable net profit	163	372	x2.3	+17.8%

Outside France, CNP Assurances delivered a very good business performance and reported increased earnings, led by Brazil and Italy.

In Europe, CNP Assurances continued to develop its business model in Italy by restructuring the ownership of its subsidiaries, with:

- The acquisition by CNP Assurances of UniCredit's 49% stake in CNP Vita Assicura S.p.A. (CVA), increasing its stake in this entity to 100%;
- The sale of 6.5% of CNP UniCredit Vita S.p.A. ("CUV") to UniCredit, leaving CNP Assurances with a 51% controlling interest in CUV.

In the rest of Europe, CNP Assurances completed the sale of the entire capital of CNP Partners, its Spanish life insurance subsidiary, to Mediterráneo Vida. As part of its strategic development, CNP Assurances will continue to expand its term creditor insurance and personal risk insurance businesses through its Spanish branch⁽¹⁾.

In Brazil, CNP Assurances pursued its international development strategy by buying out Caixa Seguridade and Icatu's interests in five companies⁽²⁾ that distribute death/disability and health insurance, dental insurance, savings and consórcio products. This strategy is based on two distribution models:

- Open model distribution leveraging the new wholly-owned subsidiaries' existing partner networks;
- Exclusive distribution under the partnership agreements with Caixa Econômica Federal, led by Caixa Vida e Previdência for individual and group pension products, consumer finance term creditor insurance and death/disability insurance (agreement renewed until 2046) and Caixa Consórcio for consórcio business (agreement renewed until 2041).

(1) Corresponding to CNP Caución Sucursal En España and CNP Assurances Sucursal En España.

(2) CNP Seguros Participações em Saúde Ltda "Holding Saúde"; Seguros Previdência do Sul "Previsul"; Odonto Empresas Convênios Dentários Ltda "Odonto Empresa"; CNP Consórcio SA Administradora de Consórcios "CNP Consórcios"; CNP Capitalização SA "CNP Cap".

Business performance

In Europe, premium income rose significantly to €9.4 billion (up 78.0%), led by the acquisition of CNP Vita Assicura S.p.A (CVA), which contributed €4.4 billion to the top line.

Savings/Pensions premium income was sharply higher at €8.2 billion (up 93.8%), reflecting the robust performance of the new Italian subsidiary, CNP Vita Assicura S.p.A (CVA). At CNP UniCredit Vita (CUV), unit-linked sales represented a high 76.1% of total Savings/Pensions premiums.

Personal Risk/Protection premium income was up 13.3% at €1.2 billion. Growth was led by the acquisition of CNP Vita Assicura S.p.A. (CVA), which added €118 million to the total, and by the solid business performances of CNP UniCredit Vita (CUV) boosted by the success of the new personal risk range launched in 2021.

In Latin America, premium income totalled €7.3 billion, up 14.9%.

Savings/Pensions premium income totalled €5.9 billion, up 14.1%.

Personal Risk/Protection premium income was 18.3% higher at €1.4 billion. The Brazilian subsidiary Caixa Vida e Previdência (CVP) reported higher premium income from both the consumer credit life insurance (*prestamista*) and private pension plan (*previdência*) offerings, led by the success of the late-July 2022 campaign to promote the Pronampe product for micro-entrepreneurs and the related cross-selling initiatives.

Financial results (vs. 2021)

Net banking income rose by a strong 38.6% as reported (up 11.0% like-for-like), reflecting:

- The first-time consolidation of the Italian subsidiary CNP Vita Assicura S.p.A (CVA) in Europe and improved financial margins on Personal Risk/Protection business in the Europe excluding France region;
- The impact of higher Savings/Pensions business volumes at Caixa Vida e Previdência (CVP) in Brazil;
- The improved loss experience on consumer credit life insurance in Latin America.

Operating expenses increased by 31.6% as reported (up 0.7% like-for-like, for a sharply positive jaw effect) in an environment shaped by high inflation and rapid business growth at Caixa Vida e Previdência in Brazil (due in particular to the in-sourcing of resources and the faster pace of IT investments).

Cost of risk was kept under control, at €18 million.

Attributable net profit surged to €372 million (an amount 2.3 times higher than the 2021 figure, including like-for-like growth of 17.8%), with growth led by higher margins, favourable changes in the scope of consolidation and a favourable currency effect.

4.4.3 Corporate and Investment Banking

(in € millions)	2021	2021 pro forma	2022	Change (reported)	Change (vs. 2021 pro forma)
Net banking income	1,066	981	915	-14.2%	-6.7%
Operating expenses	(642)	(475)	(528)	-17.7%	+11.2%
Gross operating profit	424	506	387	-8.8%	-23.6%
Cost-income ratio	61.9%	49.9%	59.5%	-2.5 pts	+9.5 pts
Cost of risk	(106)	(103)	(99)	-6.6%	-3.7%
Operating profit	318	403	288	-9.5%	-28.7%
Pre-tax profit	318	403	288	-9.5%	-28.7%
Attributable net profit	227	289	213	-6.2%	-26.1%

Pro forma: professional customers included in Bancassurance France since 1 January 2022.

Highlights of 2022 in terms of business activity included a strong increase in financing for green and social projects and dynamic performances in asset and project finance with, in particular:

- Continued innovation with the launch of bilateral green and social loans (€1.4 billion, up 54.0% on 2021);
- 80% of asset and project finance originations correspond to green and social projects (1);
- Participation in the financing of France's first floating wind turbine.

Business performance

Total outstanding loans amounted to €43.8 billion, up 4.1% from 31 December 2021. Outstanding French local public sector loans (2) stood at €20.4 billion (up 0.7% vs. 2021), while outstanding loans to small- and intermediate-sized enterprises (SMEs/ISEs) were significantly higher, at €10.9 billion (up 14.5%).

Asset and Project Finance originations were sharply higher, rising by €909 million (up 39.4%), while factoring originations (purchased receivables) were up by a strong 21.4% at €20.8 billion.

(1) Renewable energy, essential public services and green mobility.

(2) Local authorities, healthcare establishments, public-private partnerships and social landlords.

4. Business activity and results

Business activity and results by business line

Demand deposits, including Livret passbooks⁽¹⁾ totalled €15.0 billion at end-2022, up 6.6%.

The Debt Capital Markets business enjoyed strong momentum, winning 22% of the market for the arrangement and private placement of French local public sector issues. This performance placed it at the very top of the 2022 league table for euro-denominated French local public sector issues⁽²⁾. In addition, CIB arranged and placed LBP Home Loan SFH's €750 million inaugural green covered bond issue.

Financial results (vs. pro forma 2021)

Net banking income was down 6.7%, reflecting narrower interest margins with the impact of a government cap on the interest rate (usury rate) charged to Local Public Sector customers and the effect of the early repayment of TLTRO borrowings.

Operating expenses increased by 11.2%, reflecting investments to increase the pace of growth of the CIB business.

Cost of risk remained low (down 3.7%) despite a known case being reclassified to Bucket 3, illustrating the quality of the corporate loan book.

Attributable net profit was down 26.1%.

4.4.4 Wealth Management and Asset Management

(in € millions)	2021	2022	Change (reported)	Change (like-for-like)
Net banking income	296	303	+2.3%	+2.3%
Operating expenses	(189)	(201)	+6.2%	+6.2%
Gross operating profit	107	102	-4.8%	-4.8%
Cost-income ratio	64.1%	66.5%	+2.5 pts	+2.5 pts
Cost of risk	(1)	0	-82.5%	-82.5%
Operating profit	106	102	-3.7%	-3.7%
Pre-tax profit	117	163	+39.8%	+53.4%
Attributable net profit	74	123	+66.2%	+93.1%

LOUVRE BANQUE PRIVÉE

La Banque Postale pursued its diversification in 2022, with the organisation of its wealth management business around BPE, renamed Louvre Banque Privée. The aim of this operation was to leverage the Group's recognised private banking expertise and uniquely deep regional network. Since 1 July 2022, this new model has been supporting the deployment of a range of products and services tailored to the needs of all of La Banque Postale Group's wealth management customers, both at Louvre Banque Privée and in the La Banque Postale network. The private banking business had €73 billion in assets under management at the end of December 2022. In its role as expertise centre, Louvre Banque Privée intends to open 100 new service desks by 2025. It also plans to increase its assets under management to €85 billion over the same period, of which 50% invested in unit-linked funds, while maintaining the discretionary asset management business's exclusive focus on SRI funds.

After the Silver Trophy received in 2021, Louvre Banque Privée won the Gold Positive Finance Trophy at the fourth edition of the Sommet du Patrimoine et de la Performance awards organised on 14 June 2022.

Business performance

Louvre Banque Privée's total assets under management amounted to €15.0 billion, up 6.5% vs. 31 December 2021.

The business continued to enjoy robust growth, with life insurance linked liabilities up 5.5% at €7.3 billion at 31 December 2022. All told, savings invested in life insurance products up 9.1% to €10.8 billion, lifted by a dynamic inflow of new money.

Assets under discretionary management rose by 2.7% to €8.3 billion. High margin business continued to grow, with new money of close to €1 billion invested in funds under discretionary management.

Outstanding home loans increased by 8.9% to €4.5 billion.

During the year, 13 new service desks were opened in post offices. As of 31 December 2022, Louvre Banque Privée products were distributed in 70 service desks and 27 private banking centres. The real estate subsidiary (LBP IC) continued to grow, with 592 property sales completed in 2022, up 26% compared to 2021.

(1) Including Livret A, Compte sur Livret and Livret B deposits.

(2) Source: Bloomberg - 31 December 2022.

ASSET MANAGEMENT

On 13 May 2022, La Banque Postale sold its 40% stake in AEW Europe and LBP Asset Management (LBP AM) sold its 45% stake in Ostrum AM to Natixis Investment Managers (Natixis IM), a subsidiary of the BPCE group. At the same time, the industrial asset management partnerships between LBP AM and Natixis IM were extended until the end of 2030. During the year, La Banque Postale increased its stake in LBP AM by acquiring the 5% interest held by Malakoff Humanis, which remains one of the Group's preferred partners.

True to its DNA as an SRI conviction manager and as part of its Net Zero Asset Management Initiative (NZAMI) commitments, LBP AM has announced its ambitions in terms of carbon neutral portfolios. It is aiming for 80% alignment of its total assets with a low-carbon target compatible with the objectives of the Paris Agreement by 2030, and 100% alignment by 2040.

Business performance

LBP AM and Tocqueville Finance reported assets under management of €56 billion, boosted by a very dynamic €2 billion net inflow of new money in a market shaped by substantial outflows due to geopolitical events. This performance marked the ninth consecutive quarter of net inflows. LBP AM also has 98 SRI-labelled open-ended funds⁽¹⁾ (100% of the range), representing €28 billion in assets under management at 31 December 2022, and is France's leading SRI asset manager.

In 2022, the financial and non-financial performances of LBP AM and Tocqueville were once again recognised:

- 75% of the flagship funds were awarded 4 or 5 Morningstar Globes and 8 funds were awarded 4 or 5 Morningstar Stars.
- Tocqueville Finance was ranked second in the 2022 Alpha League Table, with 19 funds.
- LBP AM was the first fund manager to be recognised in each of the last four years, with one to three funds in the top 5 of their category at the Climetrics Fund Awards, including three funds in 2022⁽²⁾.

LBP AM and Tocqueville Finance's dynamic business performance illustrated the close alignment of their offers with investors' needs. In November 2022, the subsidiaries announced the launch of the Tocqueville Biodiversity SRI fund, with a €120 million investment commitment from CNP Assurances. LBP AM also added a solidarity-based fund and four charity funds⁽³⁾ to its SRI offer, providing a practical solution for financing non-profit projects.

At the same time, the Real and Private Assets division, which celebrated its 10th anniversary with €6.7 billion invested since 2012, continued to raise funds for two of its strategies, classified under Article 9 of the SFDR: a first Impact Infrastructure Debt fund invested in energy transition projects and a Corporate Debt fund invested in companies throughout France. Lastly, in September 2022, LBP AM launched a project to enhance its expertise in private equity investing, with the aim of adding to the investment strategies offered to the Group and third-party investors.

Financial results

Net banking income rose by 2.3%, driven by the Wealth Management business, which increased the pace of savings diversification and recorded positive net new money of €1.9 billion, while also delivering a dynamic financing performance. The Asset Management business, which was affected by a very unfavourable market effect, recorded positive net new money of €2 billion.

Operating expenses rose by 6.2% due to the costs incurred to launch the private banking business.

Attributable net profit rose sharply (up 93.1% on a comparable scope basis) to €123 million, mainly reflecting capital gains on the sale of the Group's stakes in Ostrum AM and AEW Europe. Excluding these gains and the related scope effect, attributable net profit was stable.

4.

(1) 100% of open-ended funds have been awarded the French SRI label.

(2) Federis SRI Actions US, LBPAM SRI Actions Amérique, Federis SRI Euro.

(3) Tocqueville Silver Age SRI, LBPAM SRI Actions Environnement, LBPAM SRI Actions France, LBPAM SRI Actions Solidaire, LBPAM SRI Human Rights.

4. Business activity and results

Business activity and results by business line

4.4.5 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 (PPA) 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.

The results of the Corporate Centre are as follows:

(in € millions)	2021	2022	Change
Net banking loss	(779)	(1,197)	-418
PPA	(757)	(1,191)	-434
Management fees	(22)	(25)	-3
ALM gains	-	19	+19
Operating expenses	(270)	(180)	+90
PPA	(174)	(90)	+84
SRF and FGDR contributions	(96)	(93)	+3
Other	-	3	+3
Operating loss	(1,049)	(1,377)	-328
Goodwill	-	28	+28
Income tax benefit	212	313	+101
Net loss	(836)	(1,036)	-200
Non-controlling interests	322	128	-195
Attributable net loss	(514)	(908)	-394
PPA	(369)	(786)	-417
Other	(145)	(122)	+23

4.5 Analysis of the consolidated balance sheet

The consolidated balance sheet total stood at €745.6 billion at 31 December 2022, down €26.6 billion compared with 31 December 2021.

The main asset items in the balance sheet comprised:

- financial assets at fair value through profit or loss (€222.8 billion at 31 December 2022 versus €231.5 billion as reported at 31 December 2021). These include government paper and equivalents, bonds and other fixed-income securities and UCITS in the amount of €166.5 billion;
- financial assets at fair value through other comprehensive income (€194.8 billion at 31 December 2022 versus €228.5 billion as reported at 31 December 2021). These primarily include government paper and equivalents for €97.8 billion and bonds and other fixed-income securities for €96.5 billion;
- loans and advances to customers at amortised cost (€129.6 billion at 31 December 2022 versus €123.1 billion at 31 December 2021). 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 (€67.1 billion at 31 December 2022 versus €67.8 billion at 31 December 2021). This item consists for the most part of *Livret A* and LDD passbook savings account deposits centralised with Caisse des Dépôts for close to €65 billion.

The main liability items in the balance sheet, apart from equity of €23.3 billion, are:

- insurance company technical provisions and deferred participation for €383.6 billion (versus €414.4 billion at 31 December 2021), corresponding mainly to life insurance liabilities of €267.8 billion (of which life mathematical reserves for €254.7 billion) and financial liabilities with a discretionary participation feature for €101.3 billion (of which mathematical reserves for €91.9 billion);
- customer deposits for €235.4 billion (versus €235.0 billion as reported at 31 December 2021). This item comprises demand deposits for €83.0 billion and regulated savings accounts for €124.0 billion (including €67.4 billion in *Livret A* accounts, €29.1 billion in PEL/CEL home savings accounts and €27.5 billion in other regulated savings accounts);
- liabilities due to credit institutions for €26.4 billion (versus €30.4 billion at 31 December 2021). This item mainly includes securities and other assets sold under collateralised repurchase agreements for €17.2 billion versus €20.6 billion at 31 December 2021;
- debt securities for €29.0 billion (versus €21.7 billion at 31 December 2021).

La Banque Postale's ROA^(I) was 0.1% at 31 December 2022.

(I) Return on assets (attributable net profit/total assets).

4. Business activity and results

Additional information

4.6 Additional information

4.6.1 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 2022:

(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	16	-	-	-	-	602
Total amount of invoices concerned including VAT	1,554,996	3,325,153	3,558,693	838,575	1,772,137	9,494,558
Percentage of total amount of purchases for the year including VAT	0.04%	0.08%	0.09%	0.02%	0.04%	0.23%
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.

At 31 December 2021, 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	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.

4.6.2 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 €615,999.

4.6.3 Research and development, patents and licences

Research and development expenditure is not material.

4.6.4 Table of authorisations granted by the General Meeting of Shareholders and their use in 2022

General Meeting	Purpose of the authorisation given to the Executive Board	Delegation validity period	Limit	Use in 2022
None	None	None	None	None

4.6.5 La Banque Postale SA 2022 results and appropriation of profit

In 2022, La Banque Postale SA's net banking income was €5,322 million (compared to €4,918 million in 2021). The €404 million net increase primarily reflected:

- the €388 million increase in investment income from subsidiaries and affiliates;
- the €79 million contraction of the net interest margin, which was eroded by (i) the effect of higher interest rates on the Livret A and other regulated savings accounts (€780 million increase in interest expense), partly offset by the reduced cost of refinancing with CDC (€554 million decrease in interest expense) and higher interest rates on interbank loans, particularly overnight loans to the Banque de France (€164 million increase in interest income), and (ii) higher interest rates on new bond issues (€140 million increase in interest expense) and repurchase agreements (€102 million increase in interest expense) less the impact of higher interest rates on available-for-sale and investment securities (€65 million increase in interest income) and changes in reversals of provisions on PEL/CEL accounts (€62 million increase in interest income);
- the €264 million decline in gains on sales of available-for-sale securities, the €317 million decrease in provisions for impairment of derivatives and the €126 million effect of changes in unrealised gains and losses on the trading and available-for-sale portfolios;

General operating expenses amounted to €4,129 million, with the year-on-year stability masking contrasting changes. Payroll costs increased by €29 million, in line with the growth in employee numbers, while other operating expenses were reduced by nearly €50 million, related primarily to the service agreements with La Poste. Depreciation, amortisation and impairment rose by €44 million, primarily reflecting the increase in the asset base and faster amortisation of certain IT project costs in 2022.

Cost of risk amounted to €219 million, up €78 million compared with 2021. Provisions for property loans granted to customers increased by €10 million while provisions for corporate customers were up €69 million, of which €50 million for counterparties in default.

La Banque Postale ended the year with an operating profit of €752 million, versus €466 million in 2021. Gains and losses on non-current assets represented a net loss of €149.6 million, with €246.6 million in write-downs of equity investments partly offset by €70 million in capital gains on sales of equity investments. In 2021, gains and losses on non-current assets included a €716 million surplus on the merger between La Banque Postale SA and its subsidiary SF2. After taking into account an income tax expense of €0.7 million, La Banque Postale SA ended the year with net profit of €602 million versus €1,156 million in 2021.

Net profit for the year (in €)	602,084,047.77
- Allocation to the legal reserve	(30,104,202.39)
+ Retained earnings brought forward from prior year	173,537,533.21
TOTAL AVAILABLE FOR DISTRIBUTION	745,517,378.59

4. Business activity and results

Additional information

Proposed appropriation:

(in €)		
To the payment of a dividend		477,036,345.06
- To retained earnings		268,481,033.53
TOTAL		745,517,378.59

The proposed dividend is €5.94 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 2023 at the latest.

Dividends paid over the past three years

Financial year	Number of shares	Total payout	Dividend per share
2019	80,309,149	-	-
2020	80,309,149	€171,058,487.37	€2.13
2021	80,309,149	€1,541,935,660.80	€19.20

4.6.6 Information about acquisitions in 2022 of interests in French companies representing at least 5% of their capital

More than 5%

Unlisted company
More than 10%
None
More than 20%
Listed company
More than 33.3%
None
More than 50%
None
More than 66.6%
None

4.6.7 Investments

As announced on 28 October 2021, La Banque Postale filed a simplified tender offer for the shares of CNP Assurances with the French Financial Markets Authority (*Autorité des marchés financiers - AMF*) on 16 March 2022.

The offer was ruled to be acceptable by the AMF on 26 April 2022, and was considered in the interests of CNP Assurances, its shareholders and its employees by the Board of Directors of CNP Assurances.

As the non-controlling shareholders represented less than 10% of the share capital and voting rights of CNP Assurances following the offer, La Banque Postale implemented a mandatory squeeze-out procedure. At 31 December 2022, La Banque Postale therefore held 100% of the shares of CNP Assurances.

4.6.8 Internal control

The aim of internal control is to provide assurance concerning the effective management of the risks associated with all the systems implemented within La Banque Postale Group for the purpose of providing reasonable assurance as to the achievement of business, reporting and compliance objectives.

The internal control system is aligned with the nature and volume of La Banque Postale's operations. It covers all existing or potential risks of La Banque Postale Group entities, as defined in the Group risk appetite framework. The Group's internal control system 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;
- all activities conducted by La Banque Postale's business lines, its fully and jointly controlled subsidiaries, its equity-accounted associates and joint ventures and the Consumer and Digital Division entities working in the name and on behalf of La Banque Postale;
- all the products distributed by the Group;
- all outsourced critical and important services;
- all cross-functional units carrying out operational production activities (i.e., for risk monitoring, or for the production of regulatory reports for the banking and insurance supervisor and/or statutory financial reports).

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 (as amended) on internal control, as described in La Banque Postale Group's Internal Control Charter. This charter defines the organisation, responsibilities and scope of intervention of the various actors in charge of implementing the internal control system and ensuring its application.

4.6.8.1 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 Autorité de Contrôle Prudentiel et de Résolution (ACPR),
 - prudential supervision on a consolidated basis.
- the government order of 6 January 2021 on systems and internal controls related to AML, asset freezes and bans on the release or use of funds or economic resources.
- European Banking Authority internal governance guidelines of 2 July 2021 (EBA/GL/2021/05), applicable since December 2021;
- European Banking Authority guidelines dated February 2019 on outsourcing (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);
- European Banking Authority guidelines dated 29 May 2020 (EBA/GL/2020/06) on loan origination and monitoring.

As a financial conglomerate subject to the supplementary supervision provided for in the FICOD Directive and in accordance with banking and insurance sector regulations, La Banque Postale Group is required to monitor and take into consideration the specific characteristics of its various business lines, including in particular those of its insurance subsidiaries (notably CNP Assurances).

4. Business activity and results

Additional information

4.6.8.2 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 (as amended) regarding internal controls.



La Banque Postale Group uses the concept of lines of defence to represent its organisation in terms of risk management and best practices.

4.6.8.2.1 Permanent control

In accordance with the government order of 3 November 2014 (as amended) on internal control, the first and second lines of defence constitute the permanent control system.

First line of defence

Each Group entity has primary responsibility for managing the risks associated with its operations. 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 functions (risk management and compliance) constituting the second line of defence, acting on behalf of the Executive Board, are responsible for the organisation and efficient operation of the risk management system in a number of areas defined in their respective charters (Risk Management Department Charter and Group Compliance Department Charter) and for the system's compliance with the applicable laws and regulations.

- The Risk Organisation Charter

The Risk Organisation Charter of La Banque Postale Group, which was approved by the Executive Board in May 2022, 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 and effective;
- they are informed of the level of risk assumed by the Group, the emergence of any new risks or the occurrence of major incidents.

- Compliance Charter

The Compliance Charter is established by the Group Compliance Department and 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 (GCD), supported by the other La Banque Postale Group compliance units.

The relationship between the Permanent Control Department and the Group Compliance Department is described in a service contract which establishes the governance of exchanges between the two departments and their respective responsibilities with regard to controls, from the design of control procedures to the presentation of the results and the subsequent action plans. A specific version of this contract dealing with investment services has been prepared and communicated to France's securities regulator, the AMF. This specific contract provides for the appointment within the Permanent Control Department of a head of Investment Services controls

representing the second line of defence, who is the Retail Banking Customer Protection unit's main contact. This position is currently held by the head of the Permanent Control Department's Design, Steering and Reporting Unit.

In addition, in accordance with the Government order on internal control and asset freezes which came into effect on 1 March 2021, the Head of Permanent Control has been designated by the Executive Board as the person responsible for permanent controls over AML-CFT and asset freeze procedures.

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.

It 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 role and responsibilities are as follows:

- define and manage the risk management framework;
- define and manage the permanent control framework;
- produce risk reports for external stakeholders;
- warn the Bank's governance bodies of any instances of non-compliance with the risk appetite or any identified weaknesses in the risk monitoring system;
- deploy the necessary human resources (number and skill sets), as well as financial and IT resources to ensure effective leadership of the risk management and control framework.

These main roles and responsibilities are described in detail in the Risk Organisation Charter.



The Risk Organisation is shaped around the Group Risk Department's central functions (see organisation chart below) and the decentralised functions within the Group entities or working in the name and on behalf of La Banque Postale Group (La Poste Groupe's Consumer and Digital Division).

4. Business activity and results

Additional information

- Compliance Organisation

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 the Bank and its subsidiaries.

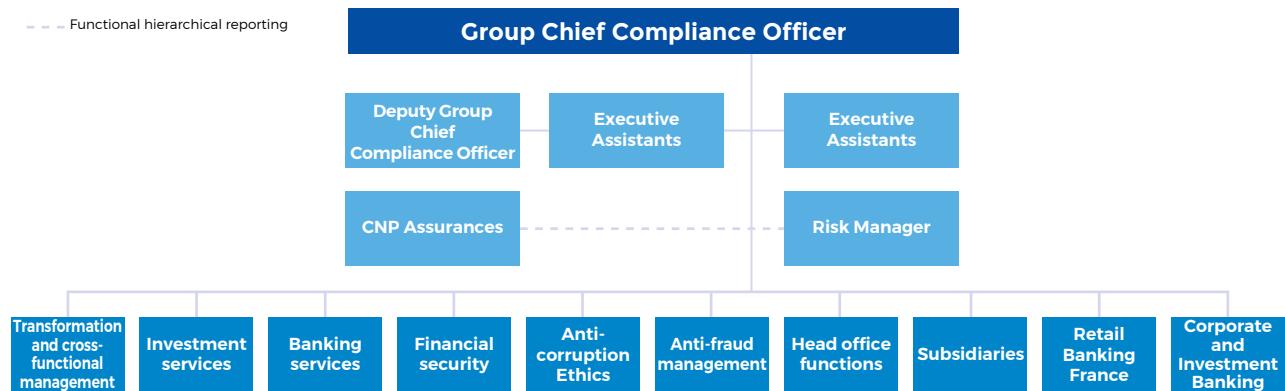
It is described in La Banque Postale Group's Compliance Charter.

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 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;
- ensuring that Compliance procedures and projects take account of the latest regulatory developments.



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.

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 departments and entities, including the two departments responsible for risk management.

The Internal Audit Department's activities form part of the framework created by the standards and regulations referred to above. They comply with the auditing profession's practice guidelines as presented in:

- The International Professional Practices Framework (IPPF);
- The professional internal auditing practices framework drawn up by Institut Français de l'Audit et du Contrôle Interne (the French branch of the IIA).

The Internal Audit Department's purpose is to provide the Executive Board and Supervisory Board with reasonable assurance concerning the effectiveness of risk management within the Group.

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.

Concerning the insurance subsidiaries, and in agreement with France's banking and insurance supervisor (ACPR) for the implementation of the Solvency II Directive, the internal audit key function is delegated by the subsidiary's Chief Executive Officer through the subsidiary's internal audit policy to the Insurance Division's internal audit function.

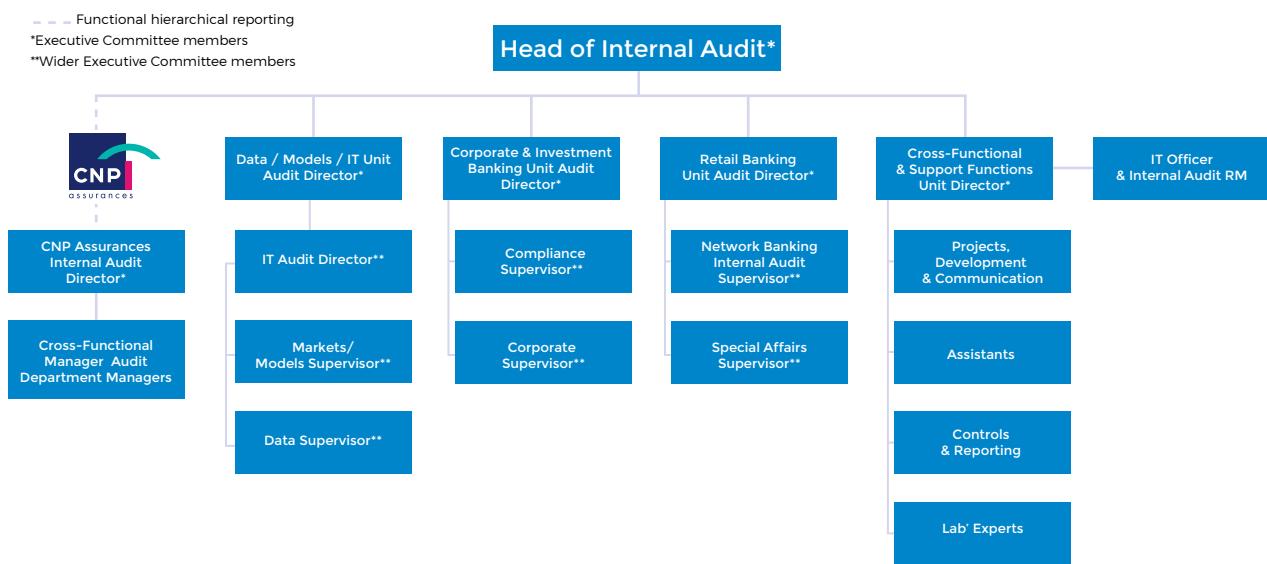
This responsibility is exercised by an employee who reports directly to the Head of Internal Audit and on a dotted-line basis to the Director of the Insurance Division.

The internal audit system is described in La Banque Postale Group's Internal Audit Charter, which is incorporated by reference in this document.

This 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 at the request 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.

Four audit units and one cross-business and support unit (see organisation chart below).

In addition, CNP Assurances' Head of Internal Audit reports on a dotted-line basis to La Banque Postale's Head of Internal Audit.



4.6.8.2.1 Control procedures performed as close as possible to the activities concerned

La Banque Postale has established a specific control process for transactions carried out within its network. The aim of this process is to control risks associated with the transactions executed in post offices, in coordination with La Poste Groupe's Consumer and Digital Division.

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 Regional Control Managers under the supervision of the Permanent Control unit of the Group Risk Department.

4.6.8.2.2 Top-level management structures dedicated to control procedures

- At Supervisory Board level

The Supervisory Board is presented in detail in Chapter 3 "Corporate governance" – Section 3.1.2 "Management and supervisory bodies".

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
- Risk Committee

These committees are described in detail in Chapter 3 "Corporate governance" – Section 3.1.2 "Management and supervisory bodies".

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-CFT) – 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:

- adopts and revises La Banque Postale Group's Risk Management Operational Policy (RMOP) and the associated operational limits;
- reviews the most sensitive risk areas (notably, loans on the watch list, loans to customers in difficulties and loans for which legal collection procedures have been launched) and monitors their coverage level (notably, provisions);
- reviews threats to La Banque Postale's balance sheet structure, results, or management ratios (capital, liquidity, etc.) and informs the Executive Board;

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).

4. Business activity and results

Additional information

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 Retail Customers and Digital Services Division (BGPN) 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 La Banque Postale Group's risk and control functions (including CNP Assurances) at 31 December 2022

Risk Management Organisation (excluding Permanent Control function)	813
Permanent Control function	363
Total Risk Organisation	1,176
Compliance	401
Internal Audit	184
TOTAL	1,761

4.6.8.3 Work of the Group Risk, Compliance and Internal Audit Departments in 2022

Group Risk Department (GRD)

Significant developments in the area of risk management in 2022 were as follows:

- Governance systems were strengthened and aligned more closely with the strategic priorities of the 2030 plan. In this regard, La Banque Postale increased its stake in CNP Assurances to 100%, following the June 2022 public tender offer, and appointed CNP Assurances' Chief Executive Officer to the Executive Board of La Banque Postale.
- Changes in the economic and financial environment, shaped by interest rate hikes and inflationary pressures, had an impact on La Banque Postale Group's business (transfers between savings products, including withdrawals from demand deposits and increased life insurance surrender risk, balance sheet management of changes in the Livret A rate, risk of deteriorating asset quality).
- Work was pursued on the eight priority areas identified for the operational rollout of the 2030 Strategic Plan to the Risk Management Organisation.
- The Group Risk Department continued its work to ensure the top-down consistency of the entire risk

management system, based on:

- a Risk Appetite Statement (RAS), validated by the Supervisory Board on 14 December 2022, along with the Risk Appetite Dashboard (RAD), which has evolved in line with the budget exercise and cross-functional exercises (ST, ICAAP, ILAAP, ORSA and PPR);
- a Group Risk Management Operational Policy (RMOP) which was presented for consultation to the GRMC on 11 January 2023 and will be approved by the Executive Board on 6 February 2023, to support the roll-down of the 2023 RAS.

The Group Risk Management Operational Policy's rules and principles are reviewed annually but may be amended by the GRMC at any time (especially as regards exposure limits) as required.

An RMOP Dashboard enables the GRMC to monitor compliance with consolidated RMOP limits at its monthly meetings.

- Risk Management Rules validated by the Group Risk Department, which support the operational rollout of the RMOP.

Internal Audit Department

- 46 internal audits were performed in 2022, representing 87% of the programme:
 - 46 of the 53 audits originally scheduled were carried out;
 - 2 additional audits were performed;
 - 7 scheduled audits were cancelled or postponed;
 - in addition, 21 audits were performed by CNP Assurances' internal auditors.
- Main areas covered:
 - Network: marketing of banking products in the sales area, fiduciary/cash management (+ ATM) services, leadership and management of banking activities in the *Relais Partenaires*, etc.;
 - Compliance/Financial security: management of conflicts of interest – banking secrecy, Agence Française Anticorruption (AFA) and general approach to preventing bribery and corruption, governance of "substantial modifications" of agreements between La Poste and La Banque Postale, etc.;
 - IS risks: design authority/governance and solution selection process, SUCRI: lot 2 (CIB), SUCR 2 (Transfers/Direct Debits);
 - Payment media: PCI EWL (Certicode +), payment audits/corporate customers, Transactis (SocGen engagements) – Instant payment and Sopra Partnership, etc.;
 - Finance: budget control, purchasing process, IFRS 9, etc.;
 - Risks: Stress tests, Resolution plan, internal corporate credit risk models (continued), La Banque Postale Group overall insurance process, etc.;
 - Corporate: cross-functional audit of DEDT business centres, internal corporate credit risk models (continued), CIB IS (Calypso, Cassiopée, etc.);
 - Subsidiaries (excluding insurance): complaints process – La Banque Postale and subsidiaries, LBP AM / TFSA: management fee model, LBP AM / TFSA: AML-CFT processes covering assets and follow-up of AML-CFT audits covering liabilities/customers, etc.;
 - CNP Assurances (and insurance subsidiaries): LBPAI – IS process audit (Run), life and non-life insurance AML-CFT processes, Docapost Assurance, etc.

Regional and Paris-specific audits and around 100/130 investigations were carried out in 2022.

The results of these audits were reported at the meetings of the Supervisory Board's Risk Committee held during and in respect of 2022.

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. In 2022, no IIAC audits were carried out concerning La Banque Postale entities.

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 2023⁽²⁾, 3,992 action plans had been drawn up, of which 3,095 had been fully implemented, 405 were in progress and 405 were behind schedule.

Group Compliance Department

The Group Compliance Department is responsible for defining the compliance risk management framework. Compliance risk is defined in the Group Compliance Charter.

The Group Compliance Department adjusted its organisation in 2022 in line with changes in the La Banque Postale Group. It is now organised around (i) units specialised in specific areas such as financial security, fraud, anti-corruption and ethics, and banking and investment services compliance, and (ii) business line departments (CIB, Retail Banking, Subsidiaries, Corporate Centre). The new organisation is supported by the Transformation Department, which manages all of the Compliance computer applications. The Group Compliance Department also runs the KYC and Regulatory Training programmes, as well as overseeing compliance issues at CNP Assurances and across all La Banque Postale Group subsidiaries.

The Group Compliance Department advises on compliance issues through the following activities:

- analysis of regulatory changes and execution of compliance projects;
- identification and assessment of compliance and reputational risks, and deployment of appropriate risk management systems (procedures, controls, training, etc.);
- drafting of a formal set of compliance procedures at 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;
- opinions and advice on compliance issues, and management of the whistleblowing system;
- training of employees and raising of their awareness of compliance issues.

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.

In 2022, the Compliance Department overhauled its organisation and increased its staffing levels. The anti-money laundering team flagged up 7,878 suspicious transactions. The sanctions/embargoes system was adapted to comply with the new requirements resulting from the Russia-Ukraine conflict. The Department's programme to considerably improve its Know-Your-Customer (KYC) procedures was pursued according to plan in 2022. In the area of anti-corruption measures, the Department completed its risk-mapping exercise and strengthened the procedural framework. With regard to banking services compliance, the Department participated in the launch of 30 new products. In the investment services area, its efforts in 2022 focused on DCI, market abuse and the management of high-risk and very-high-risk customer lists. Lastly, fraud prevention and management initiatives helped to reduce the level of fraud compared with 2021.

(1) BNP Paribas, Société Générale, Crédit Agricole SA, BPCE, Crédit Mutuel Alliance Fédérale, La Banque Postale, Caisse des dépôts and HSBC France.
(2) AGIR extract dated 1 January 2023 (data at 31 December 2022).

4. Business activity and results

Additional information

4.6.8.4 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 Department is responsible for preparing the financial statements of the Bank and certain Group subsidiaries, as well as the consolidated financial statements of La Banque Postale Group.

To fulfil this responsibility and produce high quality information that complies with the applicable regulations, the Accounting Department draws on the support of a team tasked with determining the international financial reporting standards (IFRS) applicable to the Group and the generally accepted accounting principles (French GAAP) applicable to La Banque Postale and the outsourcing subsidiaries for their individual financial statements. 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.

The Accounting Department, through its control teams, also monitors production of the financial statements, manages accounting procedure manuals, determines the trajectory for transforming the accounting information system and contributes to implementing the accounting impacts of regulatory changes and the Bank's projects.

La Banque Postale's accounting organisation comprises the Accounting Department and the accounting teams that report to the Bank's business lines. It includes the Corporate and Investment Banking (CIB) Department's accounting team, which is responsible for recording capital markets transactions in the accounts. General resources accounting is outsourced to La Poste Groupe's National Accounting Department. 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 Department coordinates the evidencing and review programmes implemented by all of La Banque Postale's operational accounting departments. 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 Department supplements this work by performing a series of control procedures, consisting of recurrent cross-functional controls designed to provide assurance concerning the quality and completeness of the work carried out in the operating units. 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. This work is performed by a dedicated accounts review team.

The reviews are organised around the following main activities:

- capital markets activities;
- deposit and savings account keeping activities;
- lending activities;
- electronic money;
- consolidation.

The activities are broken down into review cycles. A monthly executive summary is prepared for each cycle, 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 line units 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 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 permanent control 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 annual financial statements, and allow for a dry run by the contributors. 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 Department closely coordinates the contributions of the Corporate and Investment Banking Department teams responsible for the reporting process, by organising monitoring meetings and establishing formal reporting formats for control deliverables. This system is intended to:

- provide the expected timelines 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 meetings 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 co-ordinates the consolidation of the companies that make up La Banque Postale Group by issuing consolidation instructions.

The process for producing the consolidated financial statements 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;
- controls organised according to a specific programme and control summaries, to permit a risk-based approach;
- 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 accounting controls within their organisation.

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 management reports and executive summaries on the business and its profitability for Management and the Shareholder;
- 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 monthly 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 reporting function

La Banque Postale's financial communications are handled by the Financial Communication and Investor Relations unit of the Group Finance and Strategy Department.

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, in conjunction 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.

The Statutory Auditors are involved in validating and reviewing annual and interim results releases before they are presented to the Financial Statements Committee and the Supervisory Board for approval.

4. Business activity and results

Additional information

4.6.9 Information about business locations and activities at 31 December 2022

Article L. 511-45 of the French Monetary and Financial Code requires that credit institutions publish information for the financial year ended 31 December 2022 concerning the business locations and activities included in their scope of consolidation, in each State or territory.

Locations by country at 31 December 2022

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

CNP Retraite

Coentreprise de Transport d'Electricité

EasyBourse

Ecurieuil Profil 90

Ecurieuil 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

MFPévoyance SA

Montparvie V

OPCI AEP247

OPCI AEW Imcom 1

OPCI MTP Invest

OPCI Raspail

Outlet Invest

SAS Alleray

SCI Lamartine

SCP Lamartine Euros

SCP Lamartine Monitoring Holding

SICAC

SOFIAP

Sogestop K

Univers CNP 1 FCP

Vivacio ISR Actions

Corporate and Investment Banking

FCT Elise 2012

La Banque Postale Collectivités Locales

La Banque Postale Leasing & Factoring

Wealth and Asset Management

AEW Europe SA⁽¹⁾

La Banque Postale Asset Management

La Banque Postale Asset Management Holding

Louvre Banque Privée Immobilier Conseil

Louvre Banque Privée

Ostrum Asset Management⁽¹⁷⁾

Tocqueville Finance SA

Corporate Centre

115k

Multisector

La Banque Postale Home Loan SFH

SCI CRSF DOM*

SCI CRSF Métropole

SCI Tertiaire Saint Romain

Cyprus

International Bancassurance

CNP Asfalitiki

CNP Cyprialive

CNP Cyprus Insurance Holdings

CNP Cyprus Properties

CNP Cyprus Tower Ltd

Spain

International Bancassurance

CNP Partners⁽¹⁷⁾

Greece

International Bancassurance

CNP Praktoriaki

CNP Zois

(1) Companies deconsolidated in 2022.

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/fines determinados
Credicoop Compañía de Seguros de Retiro SA
Provincia Seguros de Vida SA

Brazil

International Bancassurance

Caixa Seguradora Especializada em Saúde SA
Caixa Seguradora SA
Caixa Vida e Previdência
CNP Assurances Latam Holding Ltda
CNP Assurances Participações Ltda
CNP Capitalização SA
CNP Consórcio SA Administradora de Consórcios
CNP Participações Securitarias Brasil Ltda
CNP Seguros Holding Brasil SA
CNP Seguros Participações em Saúde Ltda
Companhia de Seguros Previdencia Do Sul-Previsul
Fundo De Investimento Imobiliario Renda Corporativa Angico - FII
Holding XS1 SA
Odonto Empresas Convênios Dentários Ltda
OPCVM Caixa Seguradora SA
OPCVM Caixa Vida e Previdência
OPCVM CNP Capitalização SA
OPCVM CNP Consórcio SA
OPCVM Holding Caixa Seguros Holding SA
Wiz Soluções e Corretagem de Seguros SA
XS2 Vida e Previdência SA
XS5 Administradora de consorcios SA
Youse Tecnologia e Assistencia EM Seguros Ltda

4. Business activity and results

Additional information

Data by country – 2022

Region	31 December 2022			
	Net banking income (in € millions)	Profit before tax (in € millions)	Income tax (in € millions)	Average headcount (full-time equivalents)
France	6,820	949	(124)	9,370
Monaco	3	1	0	8
Saint-Martin	4	2	0	5
Other EU countries	569	290	(59)	816
Cyprus	59	27	(4)	305
Spain	15	(6)	(1)	156
Greece	0	(1)	0	17
Ireland	131	72	(10)	115
Italy	357	197	(46)	195
Luxembourg	7	1	0	28
Central and South America	923	535	(245)	1,528
Argentina	22	34	(1)	106
Brazil	902	502	(244)	1,423
TOTAL	8,319	1,777	(427)	11,726

4.6.10 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. In its report delivered in August 2021 the Committee stated that it had not discovered any evidence of a public order offence or possible unlawful acts. However, its findings concerning certain elements of the investigation were inconclusive. Based on this report, in November 2021 the Board of Directors of CNP Seguros Holding Brasil decided to retain the services of an independent firm of forensic accountants to finish the internal investigation. Their report, delivered in February 2022, confirmed that no public order offence had been identified. The matter prompted CNP Seguros Holding Brasil to considerably accelerate the deployment of measures to strengthen its audit, control and

compliance systems and resources. In the absence of any new information, the matter is now closed. However, the police investigation is still ongoing.

Concerning 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 was reimbursed to it. The Competition Authority lodged an appeal on 31 December 2021 but this is without suspensive effect. La Banque Postale has therefore set aside a provision to cover this risk, for the same amount of €32.8 million.

There are no other administrative, 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. Legal risks pertaining to La Banque Postale's subsidiary CNP Assurances are presented in CNP Assurances' 2022 Universal Registration Document.

4.7 Post-balance sheet events

In September 2022, CNP Assurances announced that it would pursue its international development strategy by **buying out Caixa Seguridade and Icatu's interests** in **five companies** that distribute death/disability and health insurance, dental insurance, savings and consórcio products.

The transactions primarily concern Caixa Seguridade's 48.25% interests in the following four entities, which are held through CNP Seguros Holding Brasil (CSH), the joint holding company between CNP Assurances and Caixa Seguridade⁽¹⁾:

- 1. CNP Seguros Participações em Saúde Ltda "Holding Saúde" (transaction announced on 30 January 2023)
- 2. Seguros Previdência do Sul "Previsul" (transaction announced on 30 January 2023)

- 3. Odonto Empresas Convênios Dentários Ltda "Odonto Empresa" (operation announced on 23 December 2022)
- 4. CNP Consórcio SA Administradora de Consórcios "CNP Consórcios" (transaction announced on 17 November 2022).

They also concern Caixa Seguridade's 24.61% interest held through CSH and Icatu's 49% direct interest⁽²⁾ in the following company:

- 5. CNP Capitalização SA "CNP Cap" (transaction announced on 31 January 2023).

The total amount of the transaction, i.e., BRL 907 million⁽³⁾, was financed by CNP Assurances using its own resources.

4.8 Information on the Statutory Auditors

Statutory Auditors of La Banque Postale	First appointed	Expiry date of the term
Mazars (member of Compagnie régionale des commissaires aux comptes de Versailles) 61, rue Henri Regnault 92400 Courbevoie - France Represented by Charles de Boisriou and Jean-Claude Pauly Alternate auditor: -	27 April 2022	General Meeting of Shareholders called in 2028 to approve the financial statements for the year ending 31 December 2027
KPMG SA (member of Compagnie régionale des commissaires aux comptes de Versailles) Tour Eqho 2, avenue Gambetta CS60055 92066 Paris La Défense Represented by Xavier De Coninck and Pierre Planchon Alternate auditor: KPMG SA	27 May 2010	General Meeting of Shareholders called in 2028 to approve the financial statements for the year ending 31 December 2027

Furthermore, as regards the audit of the previous financial statements:

2021

PricewaterhouseCoopers Audit

63, rue de Villiers 92200 Neuilly-sur-Seine

Represented by Agnès Hussherr and Jérôme-Eric Gras

KPMG SA

2, avenue Gambetta CS60055 92066 Paris – La Défense

Represented by Xavier de Coninck and Pierre Planchon

2020

PricewaterhouseCoopers Audit

63, rue de Villiers 92200 Neuilly-sur-Seine

Represented by Agnès Hussherr and Jérôme-Éric Gras

KPMG SA

2, avenue Gambetta CS60055 92066 Paris – La Défense

Represented by Marie-Christine Jolys and Pierre Planchon

(1) At 30 September 2022, CNP Assurances already held 51.75% of these four entities through CSH. These interests were transferred from CSH to another CNP Group entity, allowing CNP Assurances to indirectly own 100% of their capital.

(2) CNP Assurances already owned 26.39% of CNP Capitalização SA at 30 September 2022 through CSH. This interest was transferred from CSH to another CNP Group entity, allowing CNP Assurances to indirectly own 100% of its capital.

(3) €174.5 million at the 13 September 2022 exchange rate.

4. Business activity and results

Alternative performance measures (APM) - Article 223-1 of the AMF General Regulation

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 2022:

Non-Audit Services performed on behalf of La Banque Postale SA

- Mazars SA

- Comfort letter for a debt issue (December 2022);
- 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 TLTRO III, for the period from 31 October 2020 to 31 December 2021, on behalf of La Banque Postale.

- Mazars SAS

- Extension of assistance with the 2022 climate stress test exercise and the preparation of the 2023 EBA stress test exercise;
- Centralised risk base automation;
- "SPARC" contribution;
- Engagement concerning changes in solvency regulations;
- SA-CCR engagement - This document presents the Basel Committee's formulation for its Standardised Approach (SA-CCR) for measuring exposure at default (EAD) for counterparty credit risk (CCR);
- Pillar 3 ESG engagement;
- RWA reporting;
- Banking Book Trading Book audits;
- Taxonomy;
- SPARC - iMX (IT) integration for factoring transactions;
- Cassiopea (IT project) - Integration of medium/long term loan management;
- EPA&PJT - Changing needs tracking in a backlog;
- Argos -Technical obsolescence;
- CIB Projects - Regulatory compliance;
- CIB Banking Book/Trading Book - CRR II compliance;
- Finrep fast close;

- VDS (Valuation Data Set) resolution – Dry run and framing of the tactical solution;

- Organisation of conglomerate report production.

- Non-audit services performed on behalf of CNP Assurances and its subsidiaries

- Comfort letter regarding the updating of the Base Prospectus for CNP Assurances' debt issuance programme (December 2022) and comfort letter concerning a debt issue (January 2022);
- Report by an independent third party on CNP Assurances' Non-Financial Statement;
- Tax compliance. Tax authority request concerning CNP Zois: tax certificate issued for CNP Zois (local regulatory request)

- KPMG SA

- Comfort letter regarding the updating of the Base Prospectus for La Banque Postale SA's debt issuance programme (April 2022) and two comfort letters concerning the issues carried out in February 2022 and December 2022;
- 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, for the period from 1 October 2020 to 31 December 2020, on behalf of La Banque Postale;
- Agreed-upon procedures report concerning certain data used for the calculation of Single Resolution Fund contributions by La Banque Postale, Louvre Banque Privée and La Banque Postale Home Loan SFH;
- Report by an independent third party on La Banque Postale SA's Non-Financial Statement;
- Green bond certification for La Banque Postale SA;
- Limited review or agreed-upon procedures covering the insurance companies' SFCRs;
- Review of Solvency II projection model for La Banque Postale Prévoyance.

4.9 Alternative performance measures (APM) – Article 223-1 of the AMF General Regulation

APM	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

5.

Financial statements at 31 December 2022

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5. Financial statements at 31 December 2022

Consolidated financial statements

5.1 Consolidated financial statements

Consolidated statement of income

(in € millions)	Notes	2022	2021
Interest income	5.1	8,411	5,825
Interest expense	5.1	(2,947)	(1,879)
Fee and commission income	5.2	2,216	2,218
Fee and commission expense	5.2	(3,652)	(3,461)
Net gain or loss on financial instruments at fair value through profit or loss	5.3	(9,358)	13,969
Net gain or loss on financial instruments at fair value through other comprehensive income	5.4	(2,694)	(1,208)
Net gain or loss on derecognised financial assets at amortised cost	5.5	18	-
Income from other activities	5.6	38,021	33,497
Expenses from other activities	5.6	(22,396)	(39,867)
Impact of the overlay approach (gross impact)	6.3	700	(1,074)
NET BANKING INCOME		8,319	8,020
General operating expenses	5.7	(5,764)	(5,569)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(642)	(646)
GROSS OPERATING PROFIT		1,913	1,805
Cost of risk	5.8	(216)	(268)
OPERATING PROFIT		1,697	1,537
Share of profits of equity-accounted companies	4.10	28	99
Net gain or loss on other assets	5.9	29	1
Changes in the value of goodwill	5.10	23	-
PRE-TAX PROFIT		1,777	1,636
Income tax	5.11	(427)	(514)
NET PROFIT		1,350	1,123
Non-controlling interests		290	486
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		1,060	636

Net profit (loss) relating to the insurance joint ventures is presented net of deferred participation in net banking income as from 2022, whereas it was presented in "Share of profits of equity-accounted companies" until 31 December 2021. The amount reclassified to net banking income in 2022 is shown in Note 4.10 "Investments in equity-accounted companies".

Consolidated balance sheet

(in € millions)	Notes	31 Dec. 2022	31 Dec. 2021
Cash, central banks	4.1	39,355	50,812
Financial assets at fair value through profit or loss	4.2	222,756	231,502
Hedging derivatives	4.3	1,139	1,022
Financial assets at fair value through OCI	4.4	194,800	228,513
Securities at amortised cost	4.5	27,193	23,480
Loans and advances to credit institutions at amortised cost	4.6	67,095	67,840
Loans and advances to customers at amortised cost	4.7	129,645	123,152
Revaluation differences on portfolios hedged against interest rate risks		721	101
Current tax assets	4.8	673	669
Deferred tax assets	4.8	2,261	549
Accruals and other assets	4.9	36,008	33,415
Non-current assets held for sale		-	178
Deferred participation	4.18	9,692	-
Investments in equity-accounted companies	4.10	1,108	948
Investment property	4.11	6,280	3,393
Property, plant and equipment	4.12	1,308	1,254
Intangible assets	4.12	5,454	5,326
Goodwill	4.13	156	156
TOTAL ASSETS		745,644	772,310
Financial liabilities at fair value through profit or loss	4.2	13,393	4,335
Hedging derivatives	4.3	2,371	333
Liabilities due to credit institutions	4.14	26,445	30,393
Customer deposits	4.15	233,363	235,038
Debt securities	4.16	29,052	21,693
Revaluation differences on portfolios hedged against interest rate risks		294	422
Current tax liabilities	4.8	107	166
Deferred tax liabilities	4.8	804	1,205
Accruals and other liabilities	4.17	22,784	21,364
Insurance company technical provisions and shadow accounting reserves	4.18	383,656	414,398
Provisions	4.19	970	1,075
Subordinated debt	4.20	9,099	10,110
EQUITY	4.21	23,308	31,779
Non-controlling interests		6,247	10,208
Equity attributable to owners of the parent		17,061	21,571
Share capital		6,585	6,585
Reserves and retained earnings		12,995	13,505
Gains and losses recognised directly in equity		(3,580)	844
Profit attributable to owners of the parent		1,060	636
TOTAL LIABILITIES AND EQUITY		745,644	772,310

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5. Financial statements at 31 December 2022

Consolidated financial statements

Consolidated statement of net profit and gains and losses recognised directly in equity

(in € millions)	2022	2021
NET PROFIT	1,350	1,123
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Translation adjustments	581	51
Remeasurement of financial assets at fair value through OCI	(6,293)	(952)
Revaluation difference for the year	(8,982)	(2,170)
Reclassified to profit or loss	2,689	1,218
Remeasurement of derivatives that hedge items that may be reclassified to profit or loss	118	38
Revaluation difference for the year	188	106
Reclassified to profit or loss	(69)	(67)
Impact of the overlay approach	(700)	1,074
Share of gains and losses of equity-accounted companies recognised directly in equity that may be reclassified to profit or loss*	(24)	(2)
Deferred taxes	1,860	233
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Actuarial gains and losses on defined-benefit obligations	50	(17)
Remeasurement of own credit risk on financial liabilities designated as at fair value through profit or loss	4	(2)
Remeasurement of equity instruments at fair value through other comprehensive income (excluding instruments sold during the year)	15	(35)
Share of gains and losses of equity-accounted companies recognised directly in equity that may be reclassified to profit or loss*	57	2
Other movements	-	-
Deferred taxes	(14)	2
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	(4,345)	393
NET PROFIT AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY NET OF TAXES	(2,995)	1,516
Of which net profit and gains and losses recognised directly in equity attributable to owners of the parent	(3,365)	1,036
Of which net profit and gains and losses recognised directly in equity attributable to non-controlling interests	370	480

* 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					Non-controlling interests	Total consolidated equity
						Actuarial gains and losses	Translation reserves ⁽²⁾	Changes in fair value of financial instruments	Attributable net profit	Attributable equity		
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)	(0)	(0)	(0)
Dividends	-	-	(171)	-	-	-	-	-	-	(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
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	-	-	-	431	0	(19)	(98)	269	-	583	(3,044)	(2,462)
Other movements	-	-	(193)	202	-	-	-	(1)	-	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
Appropriation of 2021 net profit	-	-	1,156	(519)	-	-	-	-	(636)	-	-	-
Dividends	-	-	(1,542)	-	-	-	-	-	-	(1,542)	(365)	(1,907)
Issuance of shares	-	-	-	-	-	-	-	-	-	-	4	4
Remuneration of subordinated notes (equity instruments)	-	-	-	(121)	-	-	-	-	-	(121)	-	(121)
Sub-total – transactions with owners	-	-	(386)	(641)	-	-	-	-	(636)	(1,663)	(360)	(2,023)
Changes in gains and losses recognised directly in equity	-	-	-	-	-	37	219	(4,452)	-	(4,196)	(173)	(4,369)
2022 net profit	-	-	-	-	-	-	-	-	1,060	1,060	290	1,350
Sub-total	-	-	-	-	-	37	219	(4,452)	1,060	(3,136)	118	(3,019)
Share in the changes in equity of equity-accounted companies	-	(0)	-	1	-	47	(7)	(18)	-	23	8	31
Effect of acquisitions and disposals on non-controlling interests ⁽³⁾	-	-	-	555	0	(25)	(88)	(137)	-	305	(3,727)	(3,422)
Other movements	-	-	-	(40)	-	(0)	-	(0)	(0)	(40)	1	(39)
IFRS EQUITY AT 31 DECEMBER 2022	6,585	246	820	10,441	1,488	(86)	(312)	(3,181)	1,060	17,061	6,247	23,308

(1) At 31 December 2022, La Banque Postale's capital consisted of 80,309,149 shares with a par value of €82.

(2) Translation reserves concern consolidated foreign subsidiaries of the CNP Assurances group.

(3) The effect of acquisitions and disposals on non-controlling interests corresponds mainly to the simplified tender offer for CNP Assurances shares launched on 2 May 2022 and other pre-offer transactions (see Note 1.1.2 "Structural transactions and changes in the scope of consolidation").

5. Financial statements at 31 December 2022

Consolidated financial statements

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)	2022	2021
Pre-tax profit	1,777	1,636
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	997	1,006
– Changes in goodwill and impairment of other non-current assets	36	19
+/- Net changes in provisions and impairment charges	(111)	270
+/- Net changes in insurance technical provisions	(9,403)	11,075
+/- Share of profits/losses of equity-accounted companies	(114)	(99)
+/- Net losses/gains on investing activities	2,664	1,212
+/- Other movements	11,253	855
= Total of non-cash items included in pre-tax profit and other adjustments	5,322	14,338
+/- Net cash from/used in transactions with credit institutions	(4,792)	2,759
+/- Net cash from/used in customer transactions	(11,358)	6,167
+/- Net cash from/used in other transactions impacting financial assets or liabilities	9,699	(11,681)
+/- Net cash from/used in other transactions impacting non-financial assets or liabilities	(4,691)	(3,418)
- Taxes paid	(836)	(401)
Net increase (decrease) in assets and liabilities from operating activities	(11,977)	(6,574)
NET CASH FROM/USED IN OPERATING ACTIVITIES (A)	(4,878)	9,400
+/- Net cash from/used in sales and purchases of financial assets and equity investments	(2,385)	(491)
+/- Net cash from/used in sales and purchases of investment property	(951)	(307)
+/- Net cash from/used in sales and purchases of property, plant and equipment and intangible assets	(472)	(443)
NET CASH FROM/USED IN INVESTING ACTIVITIES (B)	(3,809)	(1,241)
+/- Net cash from/used in transactions with owners	(2,571)	(391)
+/- Other cash flows from/used in financing activities	(814)	(11)
NET CASH FROM/USED IN FINANCING ACTIVITIES (C)	(3,385)	(402)
Effect of changes in exchange rates on cash and cash equivalents (D)	(23)	2
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	(12,095)	7,759
Opening 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
Closing cash and cash equivalents	39,922	52,017
Cash, central banks (assets and liabilities)	39,355	50,812
Accounts (assets and liabilities) with credit institutions and interbank overnight loans and borrowings	567	1,205
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,095)	7,759

5.2 Notes to the consolidated financial statements

Note 1 Legal and financial framework

1.1 Significant events of the period

1.1.1 Credit risk

Information on changes in credit risk loss allowances and the cost of risk related to retail and corporate customers (macroeconomic developments, monitoring of COVID-19 and government-backed loans, changes in models, etc.) is provided in Note 3.1 "Credit risk".

1.1.2 Structural transactions and changes in the scope of consolidation

Changes in CNP Assurances' ownership structure

As announced on 28 October 2021, La Banque Postale filed a simplified tender offer for the shares of CNP Assurances with the French Financial Markets Authority (*Autorité des marchés financiers - AMF*) on 16 March 2022.

The offer was declared compliant by the AMF on 26 April 2022. It was open from 2 May 2022 to 31 May 2022 inclusive, at a price of €20.90 per share (€1 dividend coupon detached), representing a premium of 36% over the pre-announcement share price. The offer was considered in the interests of CNP Assurances, its shareholders and its employees by the Board of Directors of CNP Assurances.

As the non-controlling shareholders represented less than 10% of the share capital and voting rights of CNP Assurances following the offer, La Banque Postale implemented a mandatory squeeze-out procedure. At 31 December 2022, La Banque Postale therefore held 100% of the shares of CNP Assurances. CNP Assurances' full-year earnings are attributed to La Banque Postale according to the timing of the acquisition of CNP's capital during the period.

In accordance with IFRS 10, the acquisition of shares from the non-controlling shareholders of CNP Assurances has no impact on the control of the company already held by La Banque Postale. In the consolidated financial statements, the corresponding non-controlling interest in equity 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 €387 million. The transaction led to a decrease of €3,462 million in non-controlling interests.

CNP Assurances acquires a portfolio of over 7,600 housing units from CDC Habitat

On 9 March 2022, CNP Assurances acquired from CDC Habitat a portfolio of over 7,600 affordable housing units of high environmental quality worth €2.4 billion. This portfolio

is carried in the books of Lamartine, a residential property fund created for this transaction and managed by AMPERE Gestion, a subsidiary of CDC Habitat. Lamartine is 85%-owned by CNP Assurances and 15%-owned by CDC Habitat. It has been fully consolidated as from 30 June 2022.

Changes in interests in AEW Europe SA and Ostrum Asset Management

On 13 May 2022, La Banque Postale and the BPCE group announced the completion by Natixis Investment Managers of the acquisition of the non-controlling interests held by La Banque Postale in AEW Europe SA (40%) and Ostrum Asset Management (45%). They also announced that they had extended their industrial partnerships in asset management until the end of 2030. Following these operations, Natixis IM holds 100% of the capital of the management companies AEW Europe SA and Ostrum Asset Management.

These two stakes are therefore presented on the line "Non-current assets held for sale" in the consolidated balance sheet at 31 December 2021. The impact of these disposals on pre-tax profit is €59.8 million at 31 December 2022.

CNP Assurances pursues its international growth strategy and completes two transactions with UniCredit to rationalise the organisation of its Italian operations

Following its acquisition of Aviva's life insurance businesses in Italy in 2021, CNP Assurances pressed ahead with its international growth strategy with the completion on 26 October 2022 of the following two transactions with UniCredit, its historical partner:

- acquisition of UniCredit's 49% stake in CNP Vita Assicura S.p.A. for €501 million, enabling CNP Assurances to increase its stake in CNP Vita Assicura S.p.A to 100%;
- sale of 6.5% of CNP UniCredit Vita S.p.A. to UniCredit for €70 million, with CNP Assurances keeping a controlling stake of 51% in CNP UniCredit Vita S.p.A.

This transaction allows CNP Assurances to rationalise the organisation of its Italian operations and pursue its development in the country.

The €501 million acquisition price for 49% of CNP Vita Assicura S.p.A was financed by CNP Assurances using its own resources.

The two transactions had a €431 million negative impact on consolidated equity, including a €51 million reduction in equity attributable to owners of the parent and a €381 million reduction in non-controlling interests.

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CNP Assurances acquires Swiss Life's minority stake in Assuriance, a holding company of Filassistance International

Further to approval by France's banking and insurance supervisor (Autorité de Contrôle Prudentiel et de Résolution - ACPR) on 28 November 2022, and in accordance with the provisions of the shareholders' agreement, CNP Assurances acquired Swiss Life's 34% equity stake in Assuriance, the holding company of Filassistance International, for €12.5 million. It made CNP Assurances the sole shareholder of Assuriance, which was previously 66%-owned.

Assuriance and Filassistance International are now fully consolidated by CNP Assurances.

The acquisition includes a commitment to continue the partnership between Swiss Life France and Filassistance International.

CNP Assurances poised to acquire exclusive control of five companies in Brazil, marking another step forward in its international multi-partner development strategy

CNP Assurances has pursued its international development strategy by buying out all of Caixa Seguridade and Icatu's interests in five companies that distribute death/disability and health insurance, dental insurance, savings and consórcio products.

The transaction enables CNP Assurances to build on its position as Brazil's third largest insurer, based on two different distribution models:

- open model distribution leveraging the new wholly-owned subsidiaries' existing partner networks;
- exclusive distribution under the partnership agreements with Caixa Econômica Federal, led by Caixa Vida e Previdência for individual and group pension products, consumer finance term creditor insurance and death/disability insurance (agreement renewed until 2046) and Caixa Consórcio for consórcio business (agreement renewed until 2041).

Caixa Seguridade's 48.25% stakes in CNP Consórcio S.A. entities Administradora de Consórcios "CNP Consórcios" and Odonto Empresas Convênios Dentários Ltda. "Odonto Empresa" were acquired by CNP Assurances in November and December 2022. The acquisitions, for a total of €77 million, had the effect of reducing equity attributable to owners of the parent by €38 million and reducing non-controlling interests by €39 million.

The buyout of Caixa Seguridade and Icatu's interests in CNP Seguros Participações em Saúde Ltda "Holding Saúde", Seguros Previdência do Sul "Previsul" and CNP Capitalização S.A. "CNP Cap" was completed in January 2023, raising CNP Assurances' interest in the three companies to 100%.

These acquisitions were financed by CNP Assurances using its own resources.

CNP Assurances completes the sale of CNP Partners to Mediterráneo Vida

On 29 December 2022, CNP Assurances completed the sale of its Spanish life insurance subsidiary CNP Partners to Mediterráneo Vida for €126.3 million.

CNP Partners is a life insurance company mainly dedicated to traditional savings products in Spain and Italy in an open model. At 31 December 2021, its premium income and net profit represented 0.75% and 0.01% respectively of the CNP Assurances Group's total.

1.1.3 Notes issues and redemptions

Subordinated notes issues and redemptions

On 27 January 2022, CNP Assurances carried out a €500 million Restricted Tier 3 issue. The seven-year notes due 27 January 2029 pay fixed interest at 1.25%. They qualify as debt based on IFRS criteria.

In October 2022, CNP Assurances redeemed €1 billion worth of 1.875% notes issued in October 2016.

On 19 November 2022, La Banque Postale called the €750 million worth of 2.75% bonds issued in November 2015.

On 5 December 2022, La Banque Postale issued €500 million worth of Tier 2 subordinated notes due March 2034 paying interest at 5.5% until 5 March 2029. They qualify as debt based on IFRS criteria.

Green bond issues

La Banque Postale Home Loan SFH, a La Banque Postale subsidiary dedicated to refinancing home loans granted by its network in France, placed its first green covered bond issue on 4 May 2022. A total of €750 million worth of 8-year covered bonds were issued with a final spread of MS +4 bps and a coupon of 1.625%.

The Lamartine residential property fund raised €850 million through two green bond issues in April and July 2022. The issues form part of the financing strategy defined with CNP Assurances and CDC Habitat, the fund's two investors. They consisted of:

- an inaugural issue on 8 April 2022 of €500 million worth of 10-year 2.875% bonds;
- a second issue on 12 July 2022 of €350 million worth of 6-year 3.625% bonds.

The issues were initiated by AMPERE Gestion, a subsidiary of CDC Habitat and manager of the fund.

These issues qualify as debt based on IFRS criteria.

Inaugural sterling-denominated Senior Non-Preferred Notes issue

On 13 September 2022, La Banque Postale carried out an inaugural sterling-denominated Senior Non-Preferred Notes issue for £425 million. The notes have a six-year life, with a first call after five years. They were issued at a final spread of 260 bps over the gilts rate and a fixed interest rate of 5.625%. This is the first benchmark issuance from La Banque Postale in a foreign currency. They qualify as debt based on IFRS criteria.

1.1.4 IBOR reform

The beginning of 2022 marked an important step in the process of replacing interbank offered rates (IBOR) with alternative reference rates (ARRs).

Since 1 January 2022, all new variable-rate transactions have been carried out on the basis of the new ARRs, barring exceptional cases defined by the authorities for USD LIBOR. Furthermore, the GBP and JPY LIBOR settings (one-, three- and six-month maturities) are no longer

supplied by banks and are now published on a "synthetic" basis solely for the purpose of managing the transition to the new rates.

The European EONIA index was last published on 3 January 2022.

As there have been no announcements regarding a forthcoming replacement of the EURIBOR index, the latter has been excluded from the quantitative data provided.

At 31 December 2022, La Banque Postale Group was exposed to USD LIBOR as follows:

- a nominal amount of €992 million on derivatives;
- a carrying amount of €198 million on financial assets and of €523 million on financial liabilities.

Publication of the USD LIBOR rates (overnight, one-, three-, six- and 12-month maturities), in the format supplied by banks, must be discontinued as from the end of June 2023. La Banque Postale Group intends to migrate the contracts concerned by this date at the latest.

1.2 Post-balance sheet events

Inaugural Tier 2 sustainable subordinated notes issue

On 11 January 2023, CNP Assurances carried out an inaugural €500 million Tier 2 sustainable subordinated notes issue. The notes pay interest at a fixed rate of 5.25% until 18 July 2033 and then at a floating rate until maturity on 18 July 2053.

They qualify as debt based on IFRS criteria.

Social covered bond issue

On 31 January 2023, La Banque Postale Home Loan SFH, a subsidiary of La Banque Postale, carried out a social covered bond issue, the proceeds of which will be used to finance low-income home loans (prêts d'accession sociale). A total of €1,250 million worth of 8-year covered bonds were issued with a final spread of MS +27 bps and a fixed interest rate of 3.0%.

They qualify as debt based on IFRS criteria.

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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 Standards 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. As of 1 January 2023, recommendation 2022-01 of 8 April 2022 will cancel and replace recommendation 2017-02 of 2 June 2017. This new recommendation is designed to ensure that insurance activities in the financial statements of banks are presented in line with the first-time application of IFRS 17.

2.2 Standards, interpretations or amendments applied by the Group from 1 January 2022

Compared with the consolidated financial statements for the year ended 31 December 2021, the following standards, interpretations and amendments applicable in the European Union from 1 January 2022 have been adopted by the Group:

Standard, interpretation or amendment	Date adopted by the EU
Amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract	28 June 2021
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use	28 June 2021
Amendment to IFRS 3 – Business Combinations – Reference to the Conceptual Framework	28 June 2021
IFRS annual improvements, 2018-2020 cycles:	
Amendment to IAS 41 – Agriculture – Taxation in Fair Value Measurements	
Amendment to IFRS 1 – First-time Adoption of IFRS – Subsidiary as a First-time Adopter	
Amendment to IFRS 9 – Financial Instruments – Derecognition of Financial Liabilities – Fees in the '10 per cent' Test	
Amendment to IFRS 16 – Leases – Illustrative Examples of Rent Concessions	28 June 2021
IFRS IC Interpretation – TLTRO III Transactions (IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosures)	N/A
IFRS IC Interpretation – Demand Deposits with Restrictions on Use (IFRS 9)	N/A
IFRS IC Interpretation – Principal vs Agent: Software Reseller (IFRS 15)	N/A
IFRS IC Interpretation – Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17)	N/A
IFRS IC Interpretation – Negative Low Emission Vehicle Credits (IAS 37)	N/A
IFRS IC Interpretation – Special Purpose Acquisition Companies – Classification of Public Shares as Financial Liabilities or Equity (IAS 32)	N/A
IFRS IC Interpretation – Multi-Currency Groups of Insurance Contracts (IFRS 17)	N/A
IFRS IC Interpretation – Special Purpose Acquisition Companies – Accounting for Warrants at Acquisition (IAS 32)	N/A
IFRS IC Interpretation – Waived Rental Payments (IFRS 9 and IFRS 16)	N/A

The amendment to IFRS 3 – References to the Conceptual Framework, amends a reference to the conceptual framework but has no impact for the Group.

The amendment to IAS 16 – Proceeds Before Intended Use clarifies the accounting treatment of the net proceeds received from selling an item of property, plant and equipment while the asset is being prepared for its intended use. They are to be recognised in net profit (and not as a deduction from the cost of the item of property, plant and equipment before it is ready for use). The Group does not carry out any such sales and is not concerned by this amendment.

The amendment to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract clarifies that the cost of fulfilling a contract should include both the incremental costs of fulfilling that contract (i.e., the costs that would have been avoided if the entity had not obtained the contract) and an allocation of all contract fulfilment costs (including for the contract under consideration). The Group is not concerned by onerous contracts.

The amendment to IFRS 1 – Subsidiary as a First-time Adopter establishes that a subsidiary adopting IFRSs after its parent and applying paragraph D16(a) will be able to measure cumulative translation differences using the amounts reported by its parent, as from the parent's date of transition.

Under IFRS 9, a financial liability is derecognised either when it is extinguished or when the terms of that liability are substantially modified. To determine whether a modification is substantial, both a quantitative and a qualitative assessment are required. The quantitative assessment is satisfied (i.e., the terms of the liability are substantially different) if the present value of the cash flows (including fees) under the new terms is at least 10% different from the present value of the cash flows of the original financial liability. The amendment to IFRS 9 – Derecognition of a Financial Liability: Fees Included in the '10 per cent' Test clarifies that the fees to be included in the 10% test are only fees paid, net of fees received, between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf. Fees relating to counterparties other than the entity

and the lender are therefore excluded from the test.

The amendment to IFRS 16 – Lease Incentives amends illustrative example 13 of IFRS 16 – Leases by removing from the example the illustration of the reimbursement by the lessor of leasehold improvements made by the lessee. This amendment has no impact on the Group's current practices.

The International Accounting Standards Board (IASB) has endorsed final decisions of the Interpretations Committee (IFRS IC), some of which may affect the Group:

- In April 2021, the IASB endorsed the March 2021 final decision of the Interpretations Committee on the accounting treatment of configuration and customisation costs in a cloud-computing arrangement by clarifying the criteria for capitalising the costs of such arrangements. This decision does not change the Group's practices.

- At its March 2022 meeting, the IASB endorsed the February 2022 final decision of the IFRS IC on the accounting treatment of TLTRO III transactions. The main questions concerned the application of IAS 20 and how to reflect the achievement of loan distribution targets in the initial determination of the effective interest rate and in subsequent revisions to cash flow projections. The IFRS IC did not provide a view on whether the criteria of IAS 20 were met in the specific case of TLTRO III transactions, leaving it to each institution to perform its own analysis based on the facts and circumstances. Concerning the question of how to reflect the conditionality linked to the banks' lending behaviour and subsequent ECB rate changes in the effective interest rate, the IFRS IC considered that this question was part of a broader issue that should be addressed in the IFRS 9 Post-Implementation Review and that the Committee was not in a position to provide a view on the matter. The Committee emphasised that subsequent changes in cash flows should be accounted for in accordance with IFRS 9. This decision does not lead to any change in the Group's practices, but the Group remains attentive to any clarifications that may result from the review.

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 2022. 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 ⁽¹⁾
IFRS 17 – Insurance Contracts	19 November 2021	1 January 2023
Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	8 September 2022	1 January 2023
Amendment to IAS 1 – Presentation of Financial Statements: Disclosure of Accounting Policies	2 March 2022	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	2 March 2022	1 January 2023
Amendments to IAS 12 – Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	11 August 2022	1 January 2023

(1) Subject to adoption by the European Union. Applicable in accounting periods beginning on or after the date indicated.

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IFRS 17 – Insurance Contracts was published on 18 May 2017, and an amended version was published on 25 June 2020. IFRS 17 was adopted by the European Union (EU) on 19 November 2021. It replaces IFRS 4 for annual reporting periods beginning on or after 1 January 2023 (with comparative information for 2022 to be presented on the same basis). IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

IFRS 17 will apply to:

- written insurance and reinsurance contracts;
- all reinsurance contracts giving rise to a significant insurance risk;
- investment contracts with a discretionary participation feature.

The new standard requires the insurance component of each contract to be recognised separately from the other components, such as:

- certain embedded derivatives;
- separate investment components;
- other performance obligations, for example a promise to transfer non-insurance goods or services.

These components will be recognised and measured separately in accordance with the standard that would apply to them if they were separate contracts.

Each group of insurance contracts in force at the transition date will be recognised and measured as if IFRS 17 had always been applied. There are three types of transition methods under IFRS 17:

- The Fair Value Approach (FVA), whereby insurance contracts are measured at fair value at the transition date. This approach will be applied to the majority of insurance contracts written by La Banque Postale Group, particularly savings and pensions contracts.
- The Full Retrospective Approach (FRA), whereby all accounting components of insurance contracts are recalculated from the contracts' inception. This approach will be applied for La Banque Postale Assurances' non-life policies and for certain cohorts of CNP Assurances contracts for which the necessary data is available.
- the Modified Retrospective Approach (MRA), a simplified version of the FRA that avoids the additional cost of producing historical contract data. This approach will be used for La Banque Postale Prévoyance.

In the IFRS 17 financial statements, the liability recognised when an insurance contract is written will be measured using the Building Block Approach (BBA), based on the following blocks:

- discounted present value of future cash flows that relate directly to the fulfilment of the contractual obligations (fulfilment cash flows);
- a non-financial risk adjustment reflecting the uncertainty about the amount and timing of these cash flows;
- a Contractual Service Margin (CSM).

The CSM represents the unearned profit of the group of insurance contracts that the entity will recognise as it provides services in the future. It is included on the liabilities side of the balance sheet and recognised in income as the services are provided (coverage units). If the group of insurance contracts is expected to generate a loss, rather than recording a negative CSM, the expected loss is

recognised immediately in profit or loss when the contracts are written (onerous contract).

A second model – the Variable Fee Approach (VFA) – is applicable to insurance contracts with direct participation features that contain the following conditions:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay the policyholder an amount equal to a substantial share of the fair value of returns from the underlying items;
- a substantial proportion of the cash flows the entity expects to pay to the policyholder are expected to vary in line with changes in the fair value of the underlying items.

The Variable Fee Approach is similar to the default BBA, with the difference that the CSM absorbs not only technical shocks but also financial shocks.

In addition to the General Model (BBA), IFRS 17 also includes an optional simplified measurement approach – the Premium Allocation Approach (PAA) – which may be applied to:

- all insurance contracts, provided that the PAA produces a measurement of the liability that would not be materially different from that produced applying the BBA;
- contracts with a short duration (coverage period of one year or less).

For the purpose of applying the PAA, the initial liability corresponds solely to the premiums received at initial recognition (without any contractual service margin). Acquisition costs may be deferred in assets or recognised immediately as an expense.

The Group's insurance entities will use the three models.

Under IFRS 17, insurance liabilities will be measured at a more granular level. Specifically, they will be divided into portfolios, as follows:

- The first step will be to define a portfolio of contracts constituting an annual cohort (a group of contracts managed together, covering the same risks).
- Second, each portfolio will be divided into three accounting groups when the contracts are initially recognised, for the calculation and tracking of the CSM. The groups are as follows:
 - contracts that are onerous at initial recognition,
 - contracts that at initial recognition have no significant possibility of becoming onerous,
 - other contracts.

IFRS 17 stipulates that a cohort may not include contracts written more than one year apart. To avoid the economic reality of insurance contracts involving intergenerational pooling of risks (savings contracts, pension contracts, etc.) not being properly reflected in the financial statements, the EU has introduced an optional exemption from the application of this annual cohort requirement. CNP Assurances and La Banque Postale Group have both opted to apply this exemption.

For contracts measured using the building block, variable fee and premium allocation approaches, IFRS 17 offers companies the option of recognising the effect of changes in financial assumptions in profit or loss or alternatively in other comprehensive income in order to reduce their earnings volatility. La Banque Postale Group has chosen to apply this option.

The yield curve used to discount future cash flows is determined in a similar manner to that applied under the Solvency II framework, based on a risk-free rate and an illiquidity premium that varies according to the group of contracts concerned.

The concurrent adoption of IFRS 9 and IFRS 17 by the insurance business will have no impact at La Banque Postale Group level except for the following two changes:

- the overlay approach will no longer be applied;
- companies will have the option of measuring equity instruments available for sale at fair value through other comprehensive income not reclassifiable to profit or loss.

Concerning the presentation of La Banque Postale Group's consolidated financial statements, from 1 January 2023, recommendation no. 2022-01 of 8 April 2022 relating to the format of the IFRS consolidated financial statements of banking institutions cancels and replaces recommendation no. 2017-02 of 2 June 2017. This new recommendation is designed to ensure that insurance activities in the financial statements of banks are presented in line with the first-time application of IFRS 17. As provided for in the recommendation, La Banque Postale Group has opted to present its insurance investments based on the same categories as the investment portfolios of the banking business.

The effects of applying IFRS 17 have been analysed and have been the subject of a Group level IFRS implementation project.

In 2022, La Banque Postale's IFRS 17 implementation project mainly involved:

- continuing to assess how best to present the insurance business in the banking group's consolidated financial statements;
- stabilising the main methodological options (accounting models, yield curve, risk adjustment, etc.);
- continuing to design target accounts production processes;
- carrying out preliminary work to prepare for the production and compilation of the opening and

comparable prior period IFRS 17 balance sheet.

Application of IFRS 17 will have a significant impact on La Banque Postale Group's consolidated financial statements:

- it modifies the presentation of the balance sheet and the notes;
- the consolidated income statement will be renamed the statement of financial performance and will comprise two key indicators:
 - issued insurance contracts and the expenses associated with issued insurance contracts, including:
 - amortisation of the CSM,
 - amortisation of the risk adjustment,
 - experience variances (i.e., the difference between expected claims and expenses and actual claims and expenses). (Note that costs attributable to insurance contracts were reported under income and expenses from other activities in the previous presentation),
 - the impact of onerous contracts,
 - insurance and reinsurance finance expenses (income from insurance investments is reported on the same line as income from banking investments);
- it will also lead to a major reorganisation of management processes, including statutory accounting, account closing, management accounting and internal and external reporting systems;
- actuarial modelling tools are also affected;
- in addition, the internal organisation of accounting processes will be adjusted, with the introduction of new measurement, consolidation and reporting processes currently in progress.

Concerning the expected financial impacts, application of IFRS 17 to CNP Assurances and its subsidiaries from 1 January 2022 could lead to an increase of around €1.3 billion in La Banque Postale Group's equity at that date, of which €0.8 billion attributable to owners of the parent and €0.5 billion attributable to non-controlling interests.

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, and insurance technical reserves. 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);

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- 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 enable uncertainties associated with climate risk to be factored into the 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. In February 2022, Russia invaded Ukrainian territory, causing massive loss of life, considerable economic costs and severe macroeconomic disruption. The main impacts of the degraded macroeconomic environment on credit risk are described 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 2022. 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 of a structured entity 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.

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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.

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.

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.

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 from 1 January 2023, the subsidiaries continued to apply IFRS 4 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.

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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 Louvre Banque Privée (formerly BPE), Louvre Banque Privée Immobilier Conseil (formerly La Banque Postale Immobilier Conseil), La Banque Postale Asset Management, Tocqueville Finance and two equity-accounted associates - AEW Europe SA and Ostrum Asset Management - up to the date of their sale in May 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 (FCDR) 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

A non-derivative debt instrument is a contractual obligation of the issuer to deliver cash or another financial asset or to exchange financial assets or liabilities with another entity on terms that are potentially unfavourable to the issuer.

An equity instrument is a contract that evidences a residual interest in the net assets of an entity, without any contractual obligation of the issuer to deliver cash or to exchange financial assets or liabilities with another entity on terms that are potentially unfavourable to the issuer.

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 instruments must be reclassified in the opening financial statements for the first reporting period beginning on or after the effective date of the change in the business model (i.e., at 1 July or 1 January).

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:

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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. 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.

Accrued or earned income is recognised in the income statement under "Interest income" at the effective interest rate.

At the reporting date, financial instruments in this category are measured in the balance sheet at fair value and changes in fair value excluding revenue are recorded in other comprehensive income reclassifiable to profit or loss, except for exchange differences on foreign currency monetary assets, which are recorded directly in profit or loss. In accordance with the credit risk impairment model, changes in expected credit losses on these instruments are reclassified to profit or loss under cost of risk, with a contra-entry to equity (recyclable reserves).

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 consolidated 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.

This category also includes derivatives and other financial assets held for trading, i.e., assets acquired or issued with the intention of reselling them in the short term, and more generally, all financial assets not held under a "hold to collect" or "hold to collect and sell" business model. In the case of La Banque Postale, it notably includes loans to local authorities eligible for Caffil 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.

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 method used to determine loss allowances has been adjusted to take into account the uncertainties arising from the macroeconomic crisis that has followed the Covid-19 crisis which began in 2020. The adjustments are described in Note 3.1.3 "Impact of the macroeconomic 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, should 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 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 loan portfolio

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, except in the case of restructured loans for which a 12-month probationary period applies before they are removed from Bucket 3.

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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 in default, loss allowance, exposure, 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 modification of a restructured loan's terms is not considered substantial if the contractual rights to the cash flows are retained. In this case, the original loan is maintained on the balance sheet but its carrying amount is adjusted by applying a discount to accrued interest. The discount is recorded in cost of risk in the income statement and as a deduction from the carrying amount of the loan in the balance sheet. 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 but are maintained in the balance sheet under their original classification, and a liability is recognised for the obligation to return the cash received. The financial liability is recognised at amortised cost, with the exception of transactions entered into as part of trading activities, which are recognised as liabilities at fair value through profit or loss.

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. The receivable is carried in loans and receivables for its nominal amount, except for transactions entered into as part of trading activities, which are recognised in financial assets at fair value through profit or loss.

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.

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.

(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).

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, cash flow hedges or a hedge of a net investment in a foreign operation, 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.

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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 expense on the derivative is recognised in "Interest income and expense" in the income statement at the same time as the interest income or 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 or over the period until the hedged item no longer exists.

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. The gain or loss recognised in the income statement on disposal of the hedged item takes into account the fair value adjustments to the hedged item accumulated in the balance sheet prior to its disposal.

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 highly probable future transactions. Cash flow hedges are mainly used to hedge the possible

variability of future cash flows 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 expense 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 or 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 or liabilities 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 the Group (i) 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. 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: 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.).

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: 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:

- 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: instruments valued using 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 Guaranteee 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 can be accounted for in accordance with either IFRS 4 - Insurance Contracts (replaced by IFRS17, which is applicable for annual reporting periods beginning on or after 1 January 2023) or IFRS 9, provided that the issuer has already considered that these instruments were insurance contracts in the past. The Group has opted to account for its financial guarantee commitments in accordance with IFRS 9.

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.

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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 for all leases on physical assets, except where the assets have a low unit value and the remaining term of the lease is less than 12 months.

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.

Leases of intangible assets are not excluded from the scope of IFRS 16; however the lessee has the option of not applying the requirements of IFRS 16 to them. The Group has chosen to apply this exemption. 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 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 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.

The Value of In-Force business corresponding to purchased insurance portfolios is generally amortised by the effective interest method over the portfolios' remaining life.

2.6.4 Investment property

Investment property is property (land or building) held to earn rental income 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.

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.

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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 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.

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 provided 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. They therefore fall within the scope of IFRS 9.

2.6.10 Cost of risk

The 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.

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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/TFOO-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, with actuarial assessments 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 2022 and 2021 actuarial valuations, based on interest rates for investment grade corporate bonds, are as follows:

Duration of the obligation

2022 discount rate (euro zone)

5 years 10 years 15 years 20 years

3.7% 3.7% 3.8% 3.7%

2021 discount rate (euro zone)

0.26% 0.57% 0.99% 1.01%

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 Credit risk and exposure

3.1 Credit risk

The macroeconomic conditions in which La Banque Postale Group operates changed considerably in 2022 compared to the environment at the end of 2021. While economists had predicted that the waning of the COVID-19 pandemic would be followed by several years of sustained economic recovery (accompanied by accommodative monetary policies and promotion of the environmental transition), the outbreak of armed conflict in Europe between Ukraine and Russia in first-quarter 2022 has plunged the global economy back into uncertainty. The measures taken to hedge credit risk are intended to reflect this environment.

The information presented in this note also factors in these developments.

3.1.1 Developments in the geopolitical and macroeconomic environment

The invasion of Ukrainian territory by Russian troops on 24 February 2022 led to significant pressure on agricultural raw materials and energy prices. Straight away, investors became more risk averse and began to question the robustness of the global recovery. This situation exacerbated the inflationary pressures that were already present in the post-pandemic environment due to the recovery in economic activity accompanied by a digital revolution, pent-up demand following periods of forced saving during successive lockdowns, and severe supply chain problems.

The main central banks responded to this inflationary environment by announcing interest rate hikes, calibrated in each case with their local macroeconomic and budgetary situation.

The impacts of this situation for La Banque Postale are as follows:

- Fairly limited impact in terms of the risk arising directly from the Ukraine-Russia conflict: La Banque Postale's loan book has no exposure to Ukraine and Russia. Its subsidiary CNP Assurances has minor exposure. The main area for attention in terms of the loan book results from 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.
- Note: Measures were taken immediately by the Group Compliance Department at the outbreak of the conflict to identify and closely monitor the accounts, assets and transactions of retail and corporate customers subject to sanctions. These measures are still in force today.
- A potentially significant (albeit not yet visible to date) deterioration in the credit quality of loan books due to the negative external impacts of the conflict, namely the sharp increase in inflation and its impact on the broader interest rate environment and the rest of the macroeconomy.

The potential impacts of this deterioration in the macroeconomic environment can be summed up 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 continued to adopt a conservative approach to determining non-performing loan provisions at 31 December. All the existing measures concerning industry risk provisions (some of which relate to sectors even more at risk in the current environment) were maintained in the most sensitive sectors, namely the Private Passenger Transport industry – with a particular focus on Airlines – the Automotive industry, Tourism and Hospitality, Retail, Commercial Property and, above all, Agriculture, with a measure in place since 30 June 2022 to anticipate possible raw materials shortages following the outbreak of the Russia-Ukraine conflict. In addition, Group Risk Management decided to record general provisions at 31 December 2022 on leveraged exposures with the lowest credit quality ratings.
- **Retail customers:** job stability and the stability of savings and disposable incomes net of inflation represent structural factors taken into account to assess the credit risk represented by retail customers who have obtained loans from the Bank. Government support packages, price freezes and the French unemployment system all help to delay or even offset the occurrence of this risk, but La Banque Postale's customers with low incomes are nonetheless expected to experience difficulties, as they are particularly vulnerable to sharp price increases on basic and everyday consumer products. La Banque Postale has set aside provisions for a category that it considers to be vulnerable in the current inflationary environment and particularly exposed to the macroeconomic impact of the current monetary policy reaction to rising inflation. The customers concerned have very limited savings with the Bank or very small disposable incomes.

3.1.2 COVID-19 impacts

Like all credit institutions, La Banque Postale has been dealing with the economic and operational consequences of the COVID-19 pandemic since the beginning of 2020.

Between March 2020, when the World Health Organisation declared that the COVID-19 epidemic had become a pandemic, and the date when this document was prepared, France experienced seven 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 these periods.

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Several practical initiatives were organised around exceptional government measures to support corporate and retail customers, and remained in place at 31 December 2022:

- distribution of government-backed loans ("PGE"): at 31 December 2022, these loans represented a residual outstanding amount of €844 million (of which €718 million due in more than two years);
- distribution of stimulus loans ("PPR"): these loans were granted by La Banque Postale and other French banks between April 2021 and June 2022. In 2022, 21 loans were contracted for a total amount of €5.9 million. The loans represented a residual outstanding amount of €11.5 million at 31 December 2022.

As of the date of preparation of this report, the epidemic appears to have been brought under control. Although new waves of COVID-19 infections, including its variants, have been observed, they are far less dangerous thanks to the high level of vaccination coverage and they no longer act as a serious brake on economic growth in developed countries.

However, the World Health Organisation is still very cautious when it comes to predicting the end of the pandemic, and a new outbreak of the virus, with dangerous variants, would increase the uncertainties and potential difficulties for the Bank's clients, as mentioned in the paragraph on developments in the geopolitical and macroeconomic environment.

3.1.3 Impact of the macroeconomic crisis on the measurement of credit risk

After gradually returning to a normal level in 2021 with cost of risk at €268 million, cost of risk stood at €216 million in 2022, with the loss ratio largely unchanged, reflecting:

- the high quality of the Group's assets in Retail and CIB banking books;
- limited exposure to the corporate sectors hardest hit by the crisis;
- La Banque Postale's conservative policy concerning loss allowances across all customer categories.

Outstanding non-performing loans rose slightly compared to 2021, due to a loan to a Paris bank being reclassified to Bucket 3 (NPL rate of 0.76%). Due to the size of this non-performing loan, the overall NPL coverage rate declined to 35% at 31 December 2022.

The classification and provisioning of the Group's exposures at 31 December 2022 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-specific measures, etc.).

At 31 December 2022, La Banque Postale updated the macroeconomic scenarios and related risk parameters used to determine statistical provisions. The impact on credit risk assessments of the uncertainty caused by the crisis (and its macroeconomic consequences) is reflected in La Banque Postale's financial statements through management measures adapted to each major customer segment. These measures were taken by the Group Risk Department after reviewing the entire loan book.

Corporate customers

2022 cost of risk for Corporate and Investment Banking customers results from:

- La Banque Postale's exposure monitoring process based on 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;
- statistical provisions recorded on the rest of the performing loan book not subject to individual or collective provisions.

After observing the effects of the crisis, La Banque Postale chose to maintain or step up the policy adopted in late 2020 concerning general loss allowances and to extend the policy into 2021 and 2022. Sector-specific loss allowances were recorded on exposures in the following sectors at 31 December 2022:

- 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 other than city centre locations;
- Agriculture (sector added at 30 June 2022) in order to anticipate the likely difficulties to come for certain customers affected by the raw materials shortages and disruptions to their supply chains since the start of the armed conflict between Russia and Ukraine.
- Leveraged transactions (as defined in European Banking Authority guidelines) with a downgraded rating, and LBOs, in order to anticipate possible inflation-related cash flow difficulties (category added at 31 December 2022).

The related exposures were reclassified to IFRS 9 "Bucket 2" as La Banque Postale considered that there had been a significant deterioration in their credit risk since they were added to the loan book.

In 2022, the Corporate and Investment Banking cost of risk amounted to €108 million, reflecting:

- additional allocations to provisions relating primarily to the natural deterioration of the loan book and the downgrades applied to certain specific exposures (including provisioning decisions made by the WatchList/Special Cases committees);
- monitoring measures implemented in anticipation of certain potential macroeconomic downturns, with industry provisions recorded as part of the alignment of industry provisioning methodologies across all industries concerned (addition of agriculture, removal of shipping and reduction for some other sectors due to a base effect and improved credit scores), and provisions also set aside for leveraged transactions;
- the use of updated parameters for provisioning models, and updated macroeconomic scenarios with adjusted weightings across all customer segments to which the Bank is exposed;
- revised thresholds were applied to determine whether an asset has been subject to a significant increase in credit risk.

Retail customers

In 2022, the following adjustments were made to reflect the impact of the crisis on the loan book's retail customers:

- the reclassification as sound of retail credit exposures in the Caribbean region, due to the improvement in the health, economic and labour environment;
- The provision set aside in 2021 to cover the rating migration risk on the performing loan book was gradually reversed, as part of a prospective approach designed to prepare for a possible return to a distribution more representative of the loan book's structural composition;
- the overlay (multiplying factor) for calculating loss given default (LGD) for home loans guaranteed by sureties was maintained;
- loans to customers that the Bank considers to be vulnerable in the current inflationary environment and particularly exposed to the macroeconomic impact of the current monetary policy reaction to rising inflation were reclassified to Bucket 2. The customers concerned have very limited savings with the Bank or very small disposable incomes;
- the parameters used for provisioning models were updated, as were the macroeconomic scenarios and their weighting across all customer segments to which the Bank is exposed;
- revised thresholds were applied to determine whether an asset has been subject to a significant increase in credit risk.

Taking these factors into account, the cost of risk for retail customers in 2022 amounts to €96 million (excluding online banking), of which €48 million relates to the consumer credit business and €35 million to the home loan business.

3.1.4 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 6 of the Universal Registration Document.

La Banque Postale does not currently take climate risk into account for the calculation of its Expected Credit Losses (ECL). As explained in Chapter 2 of this Universal Registration Document, at 31 December 2022, La Banque Postale's exposure to carbon-intensive sectors is very limited, with virtually no exposure to fossil fuels (€2.3 million) due to a prudent management policy that gives priority to financing the renewable energy sector (€2,228 million).

Work will be undertaken in the coming years, once the relevant databases and observations have been compiled, to incorporate climate risk in the parameters used to model ECLs. The Group Risk Department currently prefers to quantify this risk and take it into account in the financial statements using other methods such as economic capital measurements that better correspond to the time horizon for the occurrence of this type of risk.

3.1.5 Significant increase in credit risk

3.1.5.1 Principles

La Banque Postale defines six 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:

The credit quality of an asset is measured at the outset, i.e., it is a relative assessment applied at the level of the commitment. The ECL is measured on initial recognition of the asset and again at each reporting date to determine the asset's bucket classification.

A financial instrument is classified as credit impaired (Bucket 2) when its credit quality has significantly decreased since initial recognition in the balance sheet or as an off-balance sheet commitment.

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Effective from 2022, based on the recommendations of the European supervisor, the increase in credit risk is considered significant when the Probability of Default TTC⁽¹⁾ associated with the customer's credit score used in the provisioning process has been multiplied by 3 since the loan was recorded in the portfolio.

Principle 2 - Monitoring of credit quality with the addition of a backstop:

As well as the relative credit quality, the absolute credit quality of a financial instrument is also monitored. The approach defined by the Group therefore combines a relative threshold and an absolute threshold.

The absolute threshold is based on two indicators:

- credit score or rating: this is the absolute threshold at which a significant increase in credit risk is considered as having occurred; it is fixed by type of asset;
- past-due payments: contractual payments that are more than 30 days past due⁽²⁾.

Principle 3 - Use of a 12-month indicator for individual (retail) customers:

Assessment of a significant increase in credit risk implies assessing at each reporting date the probability of a default over the remaining life of the asset.

Rather than basing the assessment on the lifetime probability of default, IFRS 9 allows for the use of a 12-month risk of default if it is an appropriately documented reasonable approximation of the lifetime risk.

Principle 4 - Application of the low credit risk exemption:

In determining whether a financial instrument represents a low credit risk, La Banque Postale may use its internal credit score or another rating that meets a universally accepted definition of "low credit risk" and takes into account the risks and the type of financial instrument being assessed. For example, a financial instrument rated investment grade (BBB or better) by a recognised credit rating agency could be considered to represent a low credit risk.

La Banque Postale Group uses this exemption only at CNP Assurances.

Principle 5 - Consideration of qualitative information:

- Non-retail loan book: in addition to quantitative and automated analyses based on changes in the probability of default, a specific qualitative analysis may be carried out by the WatchList Committee or based on independent analyses. This additional analysis will serve to confirm or reject the existence of a significant increase in credit risk determined by the credit score indicator and the reclassification to Bucket 2.
- Retail loan book: the presumption of Bucket 2 status may be supported by additional independent analyses, particularly in the case of vulnerable customers.
- Restructured loans: a restructured exposure is considered as a "credit impaired/Bucket 2" asset after a 12-month probationary period in default status. La Banque Postale considers that a restructured asset is credit impaired for a minimum period of 24 months. At

the end of this period, Regulation 680/2014 allows the restructured status to be forgotten as long as all the regulatory criteria are met.

Although the unit of account under IFRS 9 is the contract, and each contract is recognised separately, the standard allows additional analyses to be performed on groups of contracts when a significant increase in credit risk has been identified.

This approach makes it possible, for example, to integrate information on the increase in credit risk of a group of loans with a common characteristic (same industry, same geographical area, etc.).

It also ensures that all relevant information is taken into account in the process even if it is not yet available for individual contracts (i.e., it is not yet known which contract in the loan book will be affected). For the implementation of an approach based on a group of contracts, instruments are grouped on the basis of common credit risk characteristics (same type of collateral, same generation, same industry, same geographical area, etc.).

Principle 6 - Transfer to Bucket 2 before default:

Assets exposed to a significant increase in credit risk must be identified before they default. A loan should not be transferred directly from performing (Bucket 1) to in default (Bucket 3).

Exceptionally, some commitments can be exempt from being classified as credit impaired/moved to Bucket 2 before they are recorded in default.

Application of some of these principles requires the use of credit scoring models. La Banque Postale currently monitors credit risk at the individual contract level using credit scoring models generally applied to 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 credit score.

In order to measure an increase in the credit risk, La Banque Postale uses a credit scoring system derived from:

- internal credit scoring models, or
- a database that collects, keeps and uses the external credit ratings awarded to the borrower concerned.

Consequently, the Bank's risk monitoring systems collect data on the ratings at the commencement of the contracts and keep them in order to determine any significant increase in credit risk, as well as the last known rating in order to fulfil the first principle.

When the Bank does not have rating models or systems for gathering ratings (and thus does not use ratings as data on entry into the portfolio) it can use other types of measurement. For loan books that have an internal credit score and/or external rating, the existence of a significant increase in credit risk is assessed primarily on the basis of the credit score or rating, and secondly by reference to any appropriate quantitative and/or qualitative analyses prepared by the business line concerned, especially where the increase in credit risk is due to an unjustified change in the credit score/rating.

(1) TTC: Through The Cycle, corresponding to the value of a parameter averaged over a macroeconomic cycle

(2) See IFRS 9, paragraph 5.5.11.

3.1.5.2 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 deep 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.

Moving restructured assets out of "default" status is subject to a regulatory probationary period.

3.1.6 Provisioning – the expected credit losses (ECL) approach

3.1.6.1 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 the exposure and all available information. This methodology is described in Note 2 (Provisioning methods for Bucket 1 and Bucket 2).

12-month expected credit losses (ECL12 months):

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.

ECL12 months represents the portion of the lifetime cash shortfalls that will result if a default occurs in the 12 months.

This formula applies to all commitments classified in Bucket 1.

Lifetime expected credit losses (ECLlifetime)

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.

3.1.6.2 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.

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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 an internal 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.

The forward-looking expected credit loss takes into account the impact of changes in macroeconomic conditions.

The Group uses three scenarios to integrate forward looking estimates: a central scenario, a favourable alternative scenario and an unfavourable alternative scenario.

These scenarios are defined by the Economic Research unit of the Strategic Management Department, based on scenarios determined by the Caisse des Dépôts et Consignations.

The economic forecast horizon used is three years:

- 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 9 scenarios to quantify the risk of losses in a highly adverse environment that is very unlikely to occur, but rather to use generally plausible scenarios whose probability of occurrence is within one standard deviation of the occurrence of the central scenario;
- the scenarios are not necessarily designed to have a strong impact on the specific credit component: unfavourable scenarios with a high probability of occurrence may be used even though their main impact is on the interest rate component;
- 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 the Group's Economic Research unit.

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 2022⁽¹⁾, La Banque Postale used the following scenarios to calculate its loss allowances under IFRS 9:

- Central scenario: The growth and inflation scenario adopted for France includes a deterioration in the macroeconomic and geopolitical environment (severely reduced consumer purchasing power, loss of business confidence). It puts growth at a level close to France's estimated potential growth, and assumes that the inflation rate will be higher than under the Banque de France's unfavourable scenario for 2022. Internationally, particularly in the United States and Europe (euro zone, United Kingdom), the multi-year CDP profile would be broadly similar to the projected profile for France, even though the short-term negative impact of the conflict in Ukraine would be more severe in Europe than in the United States. In the housing market, recent trends in the market for existing homes should continue, despite probable mortgage rate hikes; notwithstanding the increases, the rates would still be very attractive to homebuyers and the market should continue to benefit from sustained demand driving higher prices. Homebuyers' reduced borrowing capacity would be likely to drive a fairly sharp net decline in transaction volumes from 2023 onwards, although the number of sales should continue to top one million units. The lower transaction volumes would ease the pressure on prices, which should rise at a more moderate rate in the

(1) Scenarios used since November 2022 to calculate loss allowances for the entire bank portfolio, that will not be adjusted until end-2023 unless there is a serious mismatch between these scenarios and the actual macroeconomic situation observed in first-half 2023.

medium term, due in particular to demographic factors and higher interest rates although average rates would still be lower than in the first ten years of the millennium. The unemployment rate would be lower in this scenario than for the previous trajectory. Concerning financial variables, it is expected that ECB and Federal Reserve policy rates would gradually increase. Long-term rates should rise over the projection period at

a faster rate than was expected under the previous scenario. Concerning the stock markets, the forward-looking yield on an investment in the CAC 40 would still be below the historical average.

This scenario has been developed by Caisse des Dépôts et Consignations and its projections in relation to certain variables are provided below:

Variables	Scenario at 31 December 2022					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	2.5	0.3	1.0	1.2	1.2	1.2
Euro zone unemployment rate (average annual rate)	6.7	7.1	7.3	7.2	7.1	7.0
10-year OAT (average annual rate)	1.6	2.5	2.4	2.3	2.1	1.9
Inflation France (change)	5.3	4.5	2.5	2.0	1.8	1.8

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
Euro zone 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

- Unfavourable scenario: This scenario corresponds to a stressed inflationary scenario which illustrates a "euro zone sovereign debt crisis" type configuration, with a sharply higher risk premium in the crisis year, a steeper yield curve, an economic recession and a precipitous fall in stock market prices. Long-term rates would rise significantly and remain high in the long term and energy-related inflationary pressures would last longer than in the central scenario. Prices and interest rates would come under increasing pressure, leading to a

greater shock to both the real economy and financial markets. A possible source of this additional stress could be a worsening of the current energy crisis, particularly if gas supplies become harder to obtain.

This scenario was initially developed by Caisse des Dépôts et Consignations and has been adjusted by La Banque Postale's Economic Research Department. Its projections in relation to certain variables are provided below:

Variables	Scenario at 31 December 2022					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	2.5	-1.5	-1	-0.5	0.6	0.6
Euro zone unemployment rate (average annual rate)	6.7	7.5	8.5	9.5	9.0	8.5
10-year OAT (average annual rate)	1.6	4.0	5.0	4.4	4.0	4.0
Inflation France (change)	5.3	7.0	5.0	3.0	2.0	3.0

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
Euro zone 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

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- **Favourable scenario:** In this scenario, it is assumed that the price of oil and other commodities will fall from 2023 onwards, i.e., earlier than in the central scenario, helping to ease energy-related inflationary pressures. The less severe loss of consumer purchasing power would lead to more sustained growth, especially in the short term. Macroeconomic conditions throughout the world would be more favourable than in the central scenario, driving more dynamic world trade. Consumer and business confidence would recover rapidly with a positive impact on investment flows. The scenario also assumes that value chain tensions would ease more quickly than in the central scenario. This situation could

drive a rebound in some sectors. Lastly, as in the central scenario, the health situation would improve; however, in this scenario the bottlenecks that appeared with the global economic recovery would be absorbed more quickly, supporting a rebound in some sectors such as tourism. In an environment shaped by more limited inflationary pressures than in the central scenario, the central banks would not tighten their monetary policy despite slightly stronger economic growth.

This scenario is proposed by the Group's Economic Research unit. Its projections in relation to certain variables are provided below:

Variables	Scenario at 31 December 2022					
	T0	Y+1	Y+2	Y+3	Y+4	Y+5
French GDP (annual rate of growth)	2.5	1.0	1.8	1.4	1.3	1.3
Euro zone unemployment rate (average annual rate)	6.7	7.0	6.8	6.6	6.6	6.5
10-year OAT (average annual rate)	1.6	2.5	2.4	2.3	2.1	1.9
Inflation France (change)	5.3	3.8	2.8	2.1	1.8	3.8

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
Euro zone 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

The probability of each of these scenarios occurring is shown in the following table:

Scenarios	Scenarios 2021	Scenarios 2022
		Scenarios 2022
Central	65%	60%
Unfavourable	20%	30%
Favourable	15%	10%

La Banque Postale decided not to use the scenarios developed by the ECB to reflect the fact that its portfolio is concentrated in France, and instead decided to draw on the expertise of Groupe Caisse des Dépôts et Consignations-La Banque Postale.

Sensitivity analysis of expected losses to macroeconomic scenarios:

Analyses were conducted to gauge the sensitivity of statistical ECL to changes in credit risk on corporate and retail loans (excluding specific loss allowances on corporate loans based on informed judgement).

These analyses showed that the retail loan book is not particularly sensitive to macroeconomic scenarios, with

changes in scenario weightings leading to a change in expected credit losses of between -5% and +5%.

The sensitivity of statistical ECL for corporate customers is slightly greater, with an adverse scenario weighted at 100% leading to a roughly 18% increase in loss allowances and a favourable scenario weighted at 100% leading to a 19% reduction in loss allowances, primarily led by large corporates.

3.1.7 Operational deployment

Loss allowances are calculated centrally for the entire Group by the Group Risks Department teams.

3.2 Exposure to credit risk

a. Change in carrying amounts and allowances for credit losses over the period

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

			31 Dec. 2022	
(in € millions)	Notes	Gross carrying amount	Allowance for credit losses	Net carrying amount
Securities at amortised cost	4.5	27,248	(54)	27,193
Loans and advances to credit institutions at amortised cost	4.6	67,096	0	67,095
Loans and advances to customers at amortised cost	4.7	131,104	(1,460)	129,645
TOTAL FINANCIAL ASSETS AT AMORTISED COST		225,448	(1,514)	223,933

			31 Dec. 2021	
(in € millions)	Notes	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

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	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 2021	205,649	(189)	8,586	(532)	1,627	(669)	215,861	(1,390)	214,472
Transfers of assets during their lifetime from one bucket to another	(16,010)	29	15,462	(79)	548	(107)	-	(156)	(156)
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(17,556)	29	17,556	(170)			-	(141)	(141)
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	1,953	(4)	(1,953)	64			-	60	60
Transfers from 12-month ECL (Bucket 1) to Credit-impaired Lifetime ECL (Bucket 3)	(526)	5			526	(91)	-	(86)	(86)
Transfers from Lifetime ECL (Bucket 2) to Credit-impaired Lifetime ECL (Bucket 3)			(244)	27	244	(68)	-	(41)	(41)
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	119	(1)			(119)	17	-	16	16
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)			103	1	(103)	35	-	36	36
TOTAL AFTER TRANSFERS	189,639	(159)	24,048	(610)	2,174	(775)	215,861	(1,545)	214,316
Changes in gross carrying amounts and allowances for credit losses	8,327	37	1,378	5	(59)	(11)	9,647	31	9,678
New production, purchase, issuance, origination, etc.	83,734	(80)	4,894	(210)	770	(178)	89,399	(468)	88,930
Derecognition: disposal, repayment, maturity, etc.	(75,353)	118	(3,516)	215	(734)	99	(79,603)	432	(79,170)
Write-offs	-	-	-	-	(86)	67	(86)	67	(19)
Modification of cash flows not resulting in derecognition	-	-	-	-	(9)	-	(9)	-	(9)
Change in credit risk parameters over the period	-	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Changes in scope of consolidation	(75)	-	-	-	-	-	(75)	-	(75)
Other	20	(1)	0	0	0	1	20	0	20
TOTAL	197,966	(123)	25,427	(605)	2,116	(786)	225,508	(1,514)	223,994
Impacts of changes in fair value of micro-hedged instruments	(61)	-	-	-	-	-	(61)	-	(61)
AT 31 DECEMBER 2022	197,905	(123)	25,427	(605)	2,116	(786)	225,448	(1,514)	223,933

Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	Notes	31 Dec. 2022	
		Fair value	Of which allowance for credit losses
Debt instruments at fair value through other comprehensive income	4.4	194,315	(310)
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS		194,315	(310)

(in € millions)	Notes	31 Dec. 2021	
		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)

(in € millions)	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
AT 31 DECEMBER 2021	227,742	(456)	379	(9)	-	-	228,121	(465)
Transfers of assets during their lifetime from one bucket to another	10	0	(10)	0	-	-	0	0
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(303)	2	303	(2)				
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	313	(2)	(313)	3			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	227,751	(455)	370	(9)	-	-	228,121	(464)
Changes in gross carrying amounts and allowances for credit losses	(33,716)	158	(90)	(3)	-	-	(33,806)	154
New production, purchase, issuance, origination, etc.	56,982	-	103	-	-	-	57,085	-
Derecognition: disposal, repayment, maturity, etc.	(53,068)	-	(187)	-	-	-	(53,255)	-
Write-offs	-	-	-	-	-	-	-	-
Modification of cash flows not resulting in derecognition	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-
Changes in scope of consolidation	(978)	-	-	-	-	-	(978)	-
Other	(36,652)	158	(7)	(3)	-	-	(36,659)	154
AT 31 DECEMBER 2022	194,036	(298)	280	(12)	-	-	194,315	(310)

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Notes to the consolidated financial statements

Off-balance sheet (financing commitments and guarantee contracts)

			31 Dec. 2022	
(in € millions)	Notes	Gross carrying amount	Allowance for credit losses	Net carrying amount
Financing commitments and guarantee contracts	8	30,363		
Loss allowance for financing commitments and guarantee contracts	4.19		(122)	
TOTAL FINANCING COMMITMENTS AND GUARANTEE CONTRACTS		30,363	(122)	30,242

			31 Dec. 2021	
(in € millions)	Notes	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

	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 2021	30,448	(52)	907	(40)	33	(5)	31,389	(97)	31,292
Transfers of assets during their lifetime from one bucket to another	(3,103)	6	3,086	(3)	17	(6)	-	(2)	(2)
Transfers from 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(3,223)	7	3,223	(12)			0	(5)	(5)
Transfers back from Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	126	(1)	(126)	4			0	4	4
Transfers from 12-month ECL (Bucket 1) to Credit-impaired Lifetime ECL (Bucket 3)	(10)	0			10	(1)		(1)	(1)
Transfers from Lifetime ECL (Bucket 2) to Credit-impaired Lifetime ECL (Bucket 3)			(14)	5	14	(6)		(1)	(1)
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	4	0			(4)	0		0	0
Transfers back from Credit-impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)			3	0	(3)	0		0	0
TOTAL AFTER TRANSFERS	27,345	(45)	3,993	(42)	50	(11)	31,389	(99)	31,290
Changes in gross carrying amounts and allowances for credit losses	(636)	11	(388)	(34)	(1)	1	(1,026)	(22)	(1,048)
New production, purchase, issuance, origination, etc.	16,504	(29)	1,693	(80)	21	(3)	18,217	(111)	18,105
Derecognition: disposal, repayment, maturity, etc.	(17,140)	40	(2,081)	46	(21)	3	(19,242)	89	(19,153)
Write-offs					-	-	-	-	-
Modification of cash flows not resulting in derecognition	-	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Other	0	0	-	-	0	-	0	0	0
AT 31 DECEMBER 2022	26,709	(34)	3,605	(76)	49	(11)	30,363	(122)	30,242

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) Financial instruments	31 Dec. 2022		
	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 at amortised cost	83	(9)	75
TOTAL MODIFIED FINANCIAL ASSETS	83	(9)	75

(in € millions) Financial instruments	31 Dec. 2021		
	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 at amortised cost	107	(10)	97
TOTAL MODIFIED FINANCIAL ASSETS	107	(10)	97

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 Dec. 2022	
	Transfer to Bucket 1	
Financial instruments		
Loans and advances to customers at amortised cost	7	
TOTAL MODIFIED FINANCIAL ASSETS	7	

(in € millions)	31 Dec. 2021	
	Transfer to Bucket 1	
Financial instruments		
Loans and advances to customers at amortised cost	10	
TOTAL MODIFIED FINANCIAL ASSETS	10	

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Maximum exposure to credit risk

(in € millions)	31 Dec. 2022		
	Net maximum exposure to credit risk	Collateral and other credit enhancements	Unsecured
Financial assets at fair value through profit or loss (excluding equity instruments and assets backing unit-linked contracts)	108,011	13,706	94,306
Financial assets held for trading	13,987	13,706	281
Financial assets designated as at fair value through profit or loss	5,235	-	5,235
Non-SPPI financial assets at fair value	88,789	-	88,789
Hedging derivatives	1,139	1,139	-
Financial assets at fair value through OCI reclassifiable to profit or loss	194,315	20	194,295
Debt securities	194,315	20	194,295
Financial assets at amortised cost	223,933	83,319	140,614
Loans and advances to credit institutions	67,095	153	66,943
Loans and advances to customers	129,645	83,167	46,478
Debt securities	27,193	-	27,193
Off-balance sheet (financing commitments and guarantee contracts)	30,242	1,241	29,001
Financing commitments given	28,031	1,240	26,791
Guarantee commitments given	2,211	1	2,210
MAXIMUM EXPOSURE TO CREDIT RISK	557,640	99,425	458,215

(in € millions)	31 Dec. 2021		
	Net maximum exposure to credit risk	Collateral and other credit enhancements	Unsecured
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

b. Concentrations of credit risk

Concentration of credit risk by economic agent

Financial assets at amortised cost

(in € millions)	31 Dec. 2022			
	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
Retail*	59,871	20,278	1,088	81,237
Government	98,862	121	107	99,089
Central banks	-	-	-	-
Credit institutions	2,867	0	0	2,867
Finance companies	7,301	450	15	7,765
Non-financial sector companies	29,005	4,578	907	34,489
Loss allowances	(123)	(605)	(786)	(1,514)
TOTAL CARRYING AMOUNT	197,783	24,821	1,330	223,933

* 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 Dec. 2021			
	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
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
Loss allowances	(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.

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Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31 Dec. 2022			
	Fair value			
	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
Retail	-	-	-	-
Government	101,830	20	-	101,850
Central banks	3,439	-	-	3,439
Credit institutions	44,159	3	-	44,162
Finance companies	6,277	70	-	6,347
Non-financial sector companies	38,331	186	-	38,517
TOTAL FAIR VALUE	194,036	280	-	194,315
Of which loss allowances	(298)	(12)	-	(310)

(in € millions)	31 Dec. 2021			
	Fair value			
	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
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
Of which loss allowances	(456)	(9)	-	(465)

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	31 Dec. 2022			
	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
Retail	9,295	2,040	27	11,363
Government	5,176	16	-	5,192
Central banks	1	-	-	1
Credit institutions	2,199	115	-	2,314
Finance companies	1,835	134	1	1,970
Non-financial sector companies	8,203	1,299	21	9,524
Provisions*	(34)	(76)	(11)	(122)
TOTAL	26,675	3,528	39	30,242

* Expected or incurred losses on off-balance sheet commitments are covered by loss allowances recorded in liabilities.

(in € millions)	31 Dec. 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
Retail	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
Provisions*	(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.

Exposure to credit risk – Retail

Financial assets at amortised cost

(in € millions)	31 Dec. 2022			
	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
PD < 1%	53,341	11,915	-	65,256
1% < PD < 3%	5,538	4,477	-	10,015
3% < PD < 10%	967	2,825	-	3,792
PD > 10%	25	1,061	-	1,087
Doubtful loans (subject to legal collection procedures)	0	-	1,088	1,088
TOTAL	59,871	20,278	1,088	81,237

(in € millions)	31 Dec. 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
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 loans (subject to legal collection procedures)	0	-	1,049	1,049
TOTAL	70,081	4,725	1,049	75,855

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Notes to the consolidated financial statements

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	31 Dec. 2022			
	Commitment amount			
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
PD < 1%	8,165	1,448	-	9,614
1% < PD < 3%	823	339	-	1,162
3% < PD < 10%	186	154	-	340
PD > 10%	121	99	-	220
Doubtful loans (subject to legal collection procedures)	0	-	27	27
TOTAL	9,295	2,040	27	11,363

(in € millions)	31 Dec. 2021			
	Commitment amount			
	Commitments subject to 12-month ECL (Bucket 1)	Commitments subject to lifetime ECL (Bucket 2)	Credit-impaired commitments (Bucket 3)	Total
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 loans (subject to legal collection procedures)	0	-	22	22
TOTAL	11,425	352	22	11,799

Exposure to credit risk – Corporate Financial assets at amortised cost

(in € millions)	31 Dec. 2022			
	Gross carrying amount			
	Assets subject to 12-month ECL (Bucket 1)	Assets subject to lifetime ECL (Bucket 2)	Credit-impaired assets (Bucket 3)	Total
AAA	2,493	76	-	2,569
AA	1,145	-	-	1,145
A	5,179	364	-	5,542
Other	27,489	4,589	921	32,999
TOTAL	36,306	5,028	921	42,255

(in € millions)	31 Dec. 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
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

Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31 Dec. 2022			
	Fair value			
	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
AAA	2,228	18	-	2,246
AA	6,665	16	-	6,681
A	17,575	41	-	17,616
Other	18,140	180	-	18,321
TOTAL	44,608	256	-	44,864

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(in € millions)	31 Dec. 2021			
	Fair value			
	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
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

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	31 Dec. 2022			
	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
AAA	917	17	-	934
AA	234	-	-	234
A	1,849	352	-	2,200
Other	7,039	1,065	22	8,126
TOTAL	10,039	1,433	22	11,494

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Notes to the consolidated financial statements

(in € millions)	31 Dec. 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
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

Exposure to credit risk – Government and central banks

Financial assets at amortised cost

(in € millions)	31 Dec. 2022			
	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
AAA	2,887	-	-	2,887
AA	83,265	-	-	83,265
A	3,677	4	-	3,681
Other	9,033	117	107	9,256
TOTAL	98,862	121	107	99,089

(in € millions)	31 Dec. 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
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

Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31 Dec. 2022			
	Fair value			
	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
AAA	6,721	-	-	6,721
AA	71,255	-	-	71,255
A	4,297	-	-	4,297
Other	22,995	20	-	23,015
TOTAL	105,269	20	-	105,289

(in € millions)	31 Dec. 2021			
	Fair value			
	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
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

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	31 Dec. 2022			
	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
AAA	437	-	-	437
AA	305	-	-	305
A	413	-	-	413
Other	4,021	16	-	4,037
TOTAL	5,177	16	-	5,192

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

(in € millions)	31 Dec. 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
AAA	375	-	-	375
AA	150	-	-	150
A	473	-	-	473
Other	4,969	3	-	4,971
TOTAL	5,966	3	-	5,969

Exposure to credit risk – Credit institutions

Financial assets at amortised cost

(in € millions)	31 Dec. 2022			
	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
AAA	352	-	-	352
AA	95	-	-	95
A	1,344	-	-	1,344
Other	1,077	0	0	1,077
TOTAL	2,867	0	0	2,867

(in € millions)	31 Dec. 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
AAA	116	-	-	116
AA	472	-	-	472
A	992	-	-	992
Other	1,176	50	0	1,226
TOTAL	2,756	50	0	2,806

Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31 Dec. 2022			
	Fair value			
	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
AAA	5,075	-	-	5,075
AA	6,130	-	-	6,130
A	26,231	-	-	26,231
Other	6,722	3	-	6,726
TOTAL	44,159	3	-	44,162

(in € millions)	31 Dec. 2021			
	Fair value			
	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
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

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	31 Dec. 2022			
	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
AAA	256	9	-	265
AA	1,168	-	-	1,168
A	232	72	-	303
Other	543	35	-	578
TOTAL	2,199	115	-	2,314

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

(in € millions)	31 Dec. 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

Concentration of credit risk by geographical region

Financial assets at amortised cost

(in € millions)	31 Dec. 2022			
	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)	
France (incl. overseas departments and territories)	182,691	24,788	2,039	209,518
Other EU countries	14,239	208	50	14,498
Other European countries	299	84	3	387
Other	675	346	24	1,046
Loss allowances	(123)	(605)	(786)	(1,514)
TOTAL	197,783	24,821	1,330	223,933

(in € millions)	31 Dec. 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)	
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
Loss allowances	(189)	(532)	(669)	(1,390)
TOTAL	205,460	8,054	958	214,472

Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31 Dec. 2022			
	Fair value			
	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
France (incl. overseas departments and territories)	88,927	36	-	88,963
Other EU countries	62,012	147	-	62,159
Other European countries	8,054	20	-	8,075
Other	35,043	76	-	35,118
TOTAL	194,036	280	-	194,315
Of which loss allowances	(298)	(12)	-	(310)

(in € millions)	31 Dec. 2021			
	Fair value			
	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
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
Of which loss allowances	(456)	(9)	-	(465)

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

Off-balance sheet (financing commitments and guarantee contracts)

(in € millions)	31 Dec. 2022			
	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
France (incl. overseas departments and territories)	25,803	3,444	49	29,296
Other EU countries	773	157	0	930
Other European countries	121	2	0	123
Other	12	2	0	14
Provisions*	(34)	(76)	(11)	(122)
TOTAL	26,675	3,528	39	30,242

* Expected or incurred losses on off-balance sheet commitments are covered by loss allowances recorded in liabilities.

(in € millions)	31 Dec. 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
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
Provisions*	(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.

3.3 Market risk

Derivatives transactions: analysis by remaining life

The breakdown of the market value of derivatives by remaining life is presented below.

Hedging derivatives

(in € millions)	31 Dec. 2022							
	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			
Interest rate instruments	110	746	155	1,011	37	686	1,626	2,350
- Interest rate swaps	110	746	155	1,011	37	686	1,626	2,350
Forex instruments	-	-	127	127	-	-	22	22
- Currency futures	-	-	127	127	-	-	22	22
TOTAL FAIR VALUE OF HEDGING DERIVATIVES	110	746	283	1,139	37	686	1,648	2,371

	31 Dec. 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)								
Interest rate instruments	13	658	295	967	21	176	85	282
– Interest rate swaps	13	658	295	967	21	176	85	282
Forex instruments	-	-	55	55	-	-	51	51
– Currency futures	-	-	55	55	-	-	51	51
TOTAL FAIR VALUE OF HEDGING DERIVATIVES	13	658	351	1,022	21	176	136	333

Trading derivatives

	31 Dec. 2022							
	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)								
Interest rate instruments	133	3,462	2,425	6,020	609	916	1,740	3,265
– Interest rate swaps	99	659	1,808	2,566	101	560	1,574	2,234
– Options, caps, floors, collars	34	2,803	617	3,454	41	336	166	544
– Other interest rate instruments	0	-	-	0	467	20	-	487
Forex instruments	18	18	105	140	343	295	314	951
– Currency futures	18	18	105	140	343	295	314	951
Credit instruments	-	-	1	1	-	-	1	1
Equity and index instruments	154	477	15	646	10	246	-	256
Other instruments	-	-	-	-	1	3	-	4
TOTAL FAIR VALUE OF TRADING DERIVATIVES	304	3,957	2,545	6,807	963	1,459	2,055	4,477

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	31 Dec. 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)								
Interest rate instruments	41	558	695	1,295	33	349	408	791
– Interest rate swaps	9	215	462	686	7	159	314	480
– Options, caps, floors, collars	33	343	233	608	26	191	94	311
– Other interest rate instruments	-	-	-	-	-	-	-	-
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

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3.4 Hedge accounting

3.4.1 General framework of the risk management strategy

3.4.1.1 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.

3.4.1.2 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 (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 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.

3.4.1.3 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)

3.4.1.4 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 items	Derivatives	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
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

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.

3.4.1.5 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 ESTR curve for the derivatives. The use of two different discount curves creates a slight hedge ineffectiveness that will become greater when the ESTR-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 ESTR) but a pre-set rate (like Euribor)).

ESTR hedges: these hedges are valued using an ESTR discount curve for both the securities and the derivatives. The mathematical hedge is thus perfect between the security and the swap (security discounted using ESTR with adjustment of the credit component and swap discounted using ESTR), 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 (macro) hedges: the sources of ineffectiveness consist mainly of the disappearance of the underlying.

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Notes to the consolidated financial statements

3.4.1.6 Hedging ratio

The hedging ratio (quantity of hedged items/quantity of hedging instruments) is used by 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.

3.4.1.7 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 ESTR swaps are 100% effective in micro-hedging, the method consists of creating an ESTR 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:

	31 Dec. 2022		
(in € millions)	Assets	Liabilities	Notional amount*
Interest rate instruments	1,011	2,350	55,471
- Interest rate swaps	1,011	2,350	55,471
- Interest rate options, caps, floors, collars	-	-	-
Forex instruments	9	22	589
- Currency futures	9	22	589
Other instruments	-	-	-
TOTAL FAIR VALUE HEDGING DERIVATIVES	1,020	2,371	56,060
Interest rate instruments	-	-	-
- Interest rate swaps	-	-	-
Forex instruments	118	-	1,125
- Currency futures	118	-	1,125
Other instruments	-	-	-
TOTAL CASH FLOW HEDGING DERIVATIVES	118	-	1,125
TOTAL HEDGING DERIVATIVES	1,139	2,371	57,185

* 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:

(in € millions)

Notional amounts of FVH derivatives by maturity	2 years	>2 years
USD Libor	668	324

These notional amounts of hedging derivatives are analysed before and after the two-year maturity, which is the period between 1 January 2023 and 31 December 2024.

	31 Dec. 2021		
(in € millions)	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	-	-	-
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

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 Dec. 2022			
	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Interest rate instruments	16,029	24,948	14,495	55,471
- Interest rate swaps	16,029	24,948	14,495	55,471
- Options, caps, floors, collars	-	-	-	-
Forex instruments	-	-	589	589
Currency futures	-	-	589	589
Other instruments	-	-	-	-
TOTAL NOTIONAL AMOUNT OF FAIR VALUE HEDGING DERIVATIVES	16,029	24,948	15,084	56,060
Interest rate instruments	-	-	-	-
Forex instruments	-	-	1,125	1,125
- Currency futures	-	-	1,125	1,125
Other instruments	-	-	-	-
TOTAL NOTIONAL AMOUNT OF CASH FLOW HEDGING DERIVATIVES	-	-	1,125	1,125
TOTAL NOTIONAL AMOUNT OF HEDGING DERIVATIVES	16,029	24,948	16,209	57,185

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

	31 Dec. 2021			
(in € millions)	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
- 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

Fair value hedges

Hedged items

Fair value hedges

(in € millions)	31 Dec. 2022			
	Existing hedges		Discontinued hedges	
	Carrying amount	including hedging-related cumulative change in fair value	Deferred cumulative hedging-related change in fair value	Hedging-related changes in fair value (incl. hedges discontinued during the year)
ASSETS				
Interest rate	9,237	(581)	-	(574)
Forex	395	(1)	-	(1)
Other	-	-	-	-
Financial instruments at fair value through OCI	9,632	(583)	-	(575)
Interest rate	1,229	(98)	-	(101)
Forex	-	-	-	-
Other	-	-	-	-
Financial instruments at amortised cost	1,229	(98)	-	(101)
LIABILITIES				
Interest rate	15,738	(1,631)	-	(1,888)
Forex	-	-	-	-
Other	-	-	-	-
Financial instruments at amortised cost	15,738	(1,631)	-	(1,888)

(in € millions)	31 Dec. 2021			
	Existing hedges		Discontinued hedges	
	Carrying amount	including hedging-related cumulative change in fair value	Deferred cumulative hedging-related change in fair value	Hedging-related changes in fair value (incl. hedges discontinued during the year)
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)

Portfolio fair value hedges

(in € millions)	31 Dec. 2022		31 Dec. 2021	
	Carrying amount	Cumulative fair value adjustments*	Carrying amount	Cumulative fair value adjustments*
Debt instruments at amortised cost	9,849	721	11,585	101
Total assets	9,849	721	11,585	101
Debt instruments at amortised cost	16,689	294	14,079	422
Total liabilities	16,689	294	14,079	422
TOTAL FAIR VALUE HEDGES OF INTEREST RATE RISKS ON A PORTFOLIO OF FINANCIAL INSTRUMENTS	26,538	1,015	25,664	522

* Change in fair value attributable to the hedged risk only and used to determine the effective portion of the fair value of the hedging instrument. The change excludes accrued interest.

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Notes to the consolidated financial statements

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".

(in € millions)	31 Dec. 2022		
	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
Interest rate	(1,976)	1,950	(26)
Forex	(12)	13	1
Other	-	-	-
TOTAL	(1,988)	1,963	(25)

(in € millions)	31 Dec. 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
Interest rate	(130)	125	(5)
Forex	1	(1)	0
Other	-	-	-
TOTAL	(129)	124	(5)

Cash flow hedges

Hedged items

(in € millions)	31 Dec. 2022		
	Existing hedges	Discontinued hedges	
		Cumulative hedging-related change in fair value	Deferred cumulative hedging-related change in fair value
ASSETS			Hedging-related changes in fair value (incl. hedges discontinued during the year)
Interest rate	-	75	75
Forex	67	-	47
Other	-	-	-
TOTAL	67	75	122

(in € millions)	31 Dec. 2021		
	Existing hedges		Discontinued hedges
	Cumulative hedging-related change in fair value	Deferred cumulative hedging-related change in fair value	Hedging-related changes in fair value (incl. hedges discontinued during the year)
Interest rate	-	27	0
Forex	-	20	42
Other	-	-	-
TOTAL	-	47	42

Cash flow hedging gains and losses

(in € millions)	31 Dec. 2022		
	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 gains/losses
Interest rate	-	-	-
Forex	188	(66)	-
Other	-	-	-
TOTAL	188	(66)	-

(in € millions)	31 Dec. 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 gains/losses
Interest rate	-	(4)	-
Forex	106	(64)	-
Other	-	-	-
TOTAL	106	(67)	-

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

Note 4 Notes to the balance sheet

4.1 Cash, central banks

(in € millions)	31 Dec. 2022	31 Dec. 2021
Cash	1,004	1,116
Central banks*	38,351	49,696
CASH, CENTRAL BANKS	39,355	50,812

* Including a Bucket 1 loss allowance of €(0.3) million at 31 December 2022 versus €(1.7) million at 31 December 2021.

4.2 Financial assets at fair value through profit or loss

(in € millions)	31 Dec. 2022				
	Financial assets held for trading	Designated as at fair value	Non-SPPI fair value and equity instruments	Assets backing unit-linked contracts	TOTAL
Derivative instruments	6,807				6,807
- Interest rate	6,020				6,020
- Foreign exchange	140				140
- Credit	1				1
- Equity and index	646				646
Debt instruments	59	5,235	83,433	77,726	166,452
- Government paper and equivalents	18	3,326	666	19,924	23,934
- Bonds and other fixed-income securities	40	1,909	21,726	10,962	34,637
- UCITS	-	-	61,041	46,839	107,881
Equity instruments	-	-	34,086	2,933	37,019
- Equities and other variable-income securities	-		34,086	2,933	37,019
Loans and advances	1,533	-	5,356		6,889
- Credit institutions	-	-	-		-
- Customers	1,533	-	5,356		6,889
Securities and other assets purchased under collateralised reverse repurchase agreements	5,589	-	-	-	5,589
- Credit institutions	2	-	-		2
- Customers	5,586	-	-		5,586
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	13,987	5,235	122,875	80,659	222,756
Derivative instruments	4,477				4,477
- Interest rate	3,265				3,265
- Foreign exchange	951				951
- Credit	1				1
- Equity and index	256				256
- Other	4				4
Debt securities		2,443			2,443
Securities and other assets sold under collateralised repurchase agreements	6,473	-	-	-	6,473
- Credit institutions	5,699	-	-		5,699
- Customers	774	-	-		774
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	10,950	2,443	-	-	13,393

(in € millions)	31 Dec. 2021				
	Financial assets held for trading	Designated as at fair value	Non-SPPI fair value and equity instruments	Assets backing unit-linked contracts	TOTAL
Derivative instruments	2,303				2,303
- Interest rate	1,295				1,295
- Foreign exchange	188				188
- Credit	2				2
- Equity and index	818				818
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
Securities and other assets purchased under collateralised reverse repurchase agreements					
- Credit institutions	-	-	-	-	-
- Customers	-	-	-	-	-
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
Securities and other assets sold under collateralised repurchase agreements					
- Credit institutions	-	-	-	-	-
- Customers	-	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	2,288	2,047			4,335

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

Derivatives held for trading

	31 Dec. 2022		
(in € millions)	Assets	Liabilities	Notional amount
Interest rate instruments	6,020	3,265	264,938
- Futures	-	-	4,244
- Interest rate swaps	2,566	2,234	85,980
- Options, caps, floors, collars	3,454	544	173,164
- Other interest rate instruments	0	487	1,550
Forex instruments	140	951	10,906
- Currency futures	140	951	10,573
- Currency options	-	-	333
Credit instruments	1	1	281
Equity and index instruments	646	256	21,083
Other instruments	-	4	677
TOTAL DERIVATIVES HELD FOR TRADING AT FAIR VALUE THROUGH PROFIT OR LOSS	6,807	4,477	297,885

31 Dec. 2021

(in € millions)	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
- Other interest rate instruments	-	-	-
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

4.3 Hedging derivatives

Detailed information is provided in Note 3.4 "Hedge accounting".

4.4 Financial assets at fair value through other comprehensive income

(in € millions)	31 Dec. 2022							
	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				485				
Equity instruments				485				
Equities and other variable-income securities				217				
Other securities held as long-term investments				1				
Investments in non-consolidated companies				267				
Financial assets at fair value through OCI reclassifiable to profit or loss	194,036	280	-	194,315	(298)	(12)	-	(310)
Debt instruments	194,036	280	-	194,315	(298)	(12)	-	(310)
Government paper and equivalents	97,809	-	-	97,809	(121)	-	-	(121)
Bonds and other fixed-income securities	96,227	280	-	96,506	(177)	(12)	-	(189)
Loans and advances to credit institutions	-	-	-	-	-	-	-	-
Loans and advances to customers	-	-	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI				194,800				(310)

(in € millions)	31 Dec. 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)

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5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

Financial assets at fair value through OCI not reclassifiable to profit or loss

(in € millions)	31 Dec. 2022	
	Fair value	Unrealised gains/losses
Equities, other variable-income securities and other securities held as long-term investments	218	0
Investments in non-consolidated companies	267	(4)
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI NOT RECLASSIFIABLE TO PROFIT OR LOSS	485	(4)
Tax		0
Gains and losses recognised directly in OCI on financial assets at fair value through OCI not reclassifiable to profit or loss (net of tax)		(4)

(in € millions)	31 Dec. 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)

Investments in financial assets at fair value through OCI not reclassifiable to profit or loss that were derecognised during the period

(in € millions)	31 Dec. 2022	
	Fair value at the date of derecognition	Cumulative realised gains/losses*
Equities and other variable-income securities	-	-
Investments in non-consolidated companies	-	-
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI NOT RECLASSIFIABLE TO PROFIT OR LOSS	-	-
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)		-

* Realised gains and losses are transferred to consolidated reserves at the time of derecognition of the instrument in question.

(in € millions)	31 Dec. 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.

Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31 Dec. 2022	
	Fair value	Unrealised gains/losses
Government paper and equivalents	97,809	
Bonds	96,506	
Total debt instruments	194,315	(38,108)
Total loans and receivables		-
CARRYING AMOUNT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS	194,315	(38,108)
Tax		10,286
Gains and losses recognised directly in OCI on financial assets at fair value through OCI reclassifiable to profit or loss (net of tax)		(27,822)

(in € millions)	31 Dec. 2021	
	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)

4.5 Securities at amortised cost

(in € millions)	31 Dec. 2022						Net carrying amount	
	Gross carrying amount			Loss allowances				
	B1	B2	B3	B1	B2	B3		
Government paper and equivalents	25,173	10	-	(4)	0	-	25,179	
Bonds and other fixed-income securities	1,915	114	30	(11)	(14)	(25)	2,009	
Subordinated securities	5	-	-	-	-	-	5	
SECURITIES AT AMORTISED COST	27,093	125	30	(15)	(15)	(25)	27,193	

(in € millions)	31 Dec. 2021						Net carrying amount	
	Gross carrying amount			Loss allowances				
	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	

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4.6 Loans and advances to credit institutions

(in € millions)	31 Dec. 2022						Net carrying amount	
	Gross carrying amount			Loss allowances				
	B1	B2	B3	B1	B2	B3		
Demand deposits with credit institutions	1,898	-	-	0	-	-	1,898	
Current accounts in debit	1,891	-	-	0	-	-	1,891	
Overnight accounts and loans	-	-	-	-	-	-	-	
Suspense accounts	7	-	-	-	-	-	7	
Term loans and advances to credit institutions	65,119	0	-	0	-	-	65,119	
Loans and advances	16	0	-	0	-	-	16	
Deposits centralised with Caisse des Dépôts	64,850	-	-	0	-	-	64,850	
Securities and other assets purchased under collateralised reverse repurchase agreements	252	-	-	0	-	-	252	
Subordinated loans	78	-	-	0	-	-	78	
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	67,096	0	-	0	-	-	67,095	

(in € millions)	31 Dec. 2021						Net carrying amount	
	Gross carrying amount			Loss allowances				
	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	

4.7 Loans and advances to customers

(in € millions)	31 Dec. 2022						
	Gross carrying amount			Loss allowances			Net carrying amount
	B1	B2	B3	B1	B2	B3	
Loans and advances to customers repayable on demand	4,269	390	286	(11)	(19)	(98)	4,816
Retail current accounts in debit	450	58	89	(3)	(4)	(75)	515
Corporate current accounts in debit	305	95	40	(1)	(1)	(17)	420
Factoring accounts	3,416	228	152	(7)	(14)	(5)	3,770
Suspense accounts	51	-	0	-	-	0	51
Other loans and advances to customers repayable on demand	47	10	5	-	-	0	61
Term loans and advances to customers	96,268	24,510	1,643	(88)	(558)	(621)	121,153
Corporate	28,840	4,300	629	(51)	(318)	(158)	33,242
Short-term credit facilities	6,951	1,056	358	(11)	(42)	(94)	8,218
Real estate loans	12,571	1,544	189	(16)	(48)	(45)	14,195
Equipment loans	6,808	856	36	(9)	(85)	(7)	7,599
Loans to financial sector customers	786	336	0	(3)	(40)	0	1,078
Other loans	1,724	508	46	(11)	(103)	(12)	2,152
Retail	62,273	20,210	1,013	(37)	(240)	(463)	82,756
Short-term credit facilities	2,826	2,762	379	(13)	(81)	(240)	5,633
Home loans	59,447	17,449	635	(25)	(159)	(223)	77,123
Securities and other assets purchased under collateralised reverse repurchase agreements	5,155	-	-	0	-	-	5,155
Subordinated loans to customers	10	1	0	0	0	-	10
Finance lease transactions	3,171	401	158	(8)	(14)	(42)	3,666
Equipment leasing	1,630	245	69	(6)	(7)	(13)	1,918
Real estate leasing	1,541	156	89	(2)	(6)	(30)	1,747
LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST	103,717	25,302	2,086	(108)	(591)	(761)	129,645

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5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

	31 Dec. 2021						
(in € millions)	Gross carrying amount			Loss allowances			Net carrying amount
	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

4.8 Current and deferred tax assets and liabilities

(in € millions)	31 Dec. 2022	31 Dec. 2021
Deferred tax assets	2,261	549
Current tax assets	673	669
TAX ASSETS	2,933	1,218
Deferred tax liabilities	804	1,205
Current tax liabilities	107	166
TAX LIABILITIES	911	1,371

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. €123 million in deferred taxes have been recognised in respect of losses generated in 2022, recoverable over the next five years, based on projected taxable profit. In addition, unrecognised deferred tax assets on tax loss carryforwards amount to €83 million.

Breakdown of deferred tax assets by type

(in € millions)	31 Dec. 2021	Profit or loss	Equity	Other	Changes in scope of consolidation	31 Dec. 2022
PEL/CEL home loan provision:	48	(21)	-		-	27
Provisions for retirement commitments	10	(1)	-	(1)	-	8
Other non-deductible provisions	269	50	-	(2)	-	317
Other sources of temporary differences	748	182	21	(368)	3	586
DEFERRED TAXES ARISING FROM TEMPORARY DIFFERENCES	1,075	211	21	(370)	3	939
IFRS adjustments	(1,731)	135	1,781	342	(9)	518
NET DEFERRED TAXES	(656)	346	1,802	(28)	(6)	1,457

4.9 Accruals and other assets

(in € millions)	31 Dec. 2022	31 Dec. 2021
Prepaid expenses and accrued income	1,341	993
Collection accounts	71	15
Other accruals	830	884
Accruals	2,241	1,891
Sundry debtors	7,311	5,086
Securities settlement accounts	1	3
Loss allowances	(68)	(61)
Other assets	7,244	5,027
Reinsurance companies' share of technical provisions	20,793	21,392
Insurance and reinsurance receivables	3,087	2,804
Loans and advances	214	232
Miscellaneous insurance assets	2,428	2,069
Other insurance assets	26,522	26,496
ACCRUALS AND OTHER ASSETS	36,008	33,415

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

4.10 Investments in equity-accounted companies

(in € millions)	31 Dec. 2022				
	Sector	% interest	Equity-accounted value	Contribution to LBP Group net profit	Contribution to LBP Group OCI
Arial CNP Assurances	Bancassurance France	40.00%	161	1	(7)
Other joint ventures	-		88	27	(8)
Joint ventures			249	28	(14)
Holding d'Infrastructures Gazières	Bancassurance France	52.97%	859	86	48
Insurance joint venture⁽¹⁾			859	86	48
Ostrum Asset Management	Wealth and Asset Management	-	-	-	0
AEW Europe SA	Wealth and Asset Management	-	-	0	0
Joint ventures and associates sold during the period⁽²⁾			-	0	0
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES			1,108	114	33

(1) Insurance joint venture held under contracts with participating features, whose contribution to net profit has been presented net of deferred participation within net banking income in the income statement since first-half 2022. The amount reclassified to net banking income in 2022 was €86 million.

(2) AEW Europe SA and Ostrum Asset Management were sold on 13 May 2022 (see Note 1.1 "Significant events of the period").

(in € millions)	31 Dec. 2021				
	Sector	% interest	Equity-accounted value	Contribution to LBP Group net profit	Contribution to LBP Group OCI
Arial CNP Assurances	Bancassurance France	31.58%	47	1	(1)
CNP Vita Assicura*	International Bancassurance	40.26%	-	70	-
CNP Vita Assicurazione*	International Bancassurance	78.95%	-	(35)	-
Other joint ventures	-		97	5	0
Joint ventures			145	42	(1)
Holding d'Infrastructures Gazières	Bancassurance France	41.84%	803	46	1
Insurance joint venture			803	46	1
Ostrum Asset Management	Wealth and Asset Management	31.50%	115	0	0
AEW Europe SA	Wealth and Asset Management	40.00%	64	10	0
Joint ventures and associates held for sale			178	10	0
INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES			1,126	99	0

* 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.

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.

(in € millions)	31 Dec. 2022				
	Sector	% interest	Total assets	Total equity	Net profit
Joint ventures					
Arial CNP Assurances	Bancassurance France	40.00%	18,206	403	2
Holding d'Infrastructures Gazières	Bancassurance France	52.97%	2,707	1,622	162
Joint ventures and associates sold during the period*					
AEW Europe SA	Wealth and Asset Management	0.00%	-	-	-
Ostrum Asset Management	Wealth and Asset Management	0.00%	-	-	-

* AEW Europe SA and Ostrum Asset Management were sold on 13 May 2022 (see Note 1.1 "Significant events of the period").

(in € millions)	31 Dec. 2021				
	Sector	% interest	Total assets	Total equity	Net profit
Joint ventures					
Arial CNP Assurances	Bancassurance France	31.58%	24,583	119	3
Holding d'Infrastructures Gazières	Bancassurance France	41.84%	2,597	1,515	85
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

4.11 Investment property

(in € millions)	31 Dec. 2022							
	Opening balance	Acquisitions /Charges	Disposals/ Reversals	Fair value adjustments	Translation adjustments	Changes in scope of consolidation	Other movements	Closing balance
Gross carrying amount	1,597	225	(34)	-	3	1,873	139	3,802
Depreciation and impairment	(253)	(40)	1	-	(1)	(1)	-	(294)
Investment property at amortised cost	1,344	184	(33)	-	2	1,872	139	3,508
Investment property at fair value	2,050	726	(36)	31	-	-	-	2,772
TOTAL INVESTMENT PROPERTY	3,393	911	(68)	31	2	1,872	139	6,280

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

4.12 Property, plant and equipment and intangible assets

(in € millions)	31 Dec. 2022			31 Dec. 2021		
	Gross carrying amount	Depreciation and impairment	Net carrying amount	Gross carrying amount	Depreciation and impairment	Net carrying amount
Land	387	(2)	385	200	(2)	198
Buildings	1,422	(684)	738	1,177	(694)	484
Technical installations, equipment	83	(54)	29	82	(37)	44
Computer equipment	9	(8)	1	8	(7)	1
Assets in progress	10	-	10	399	-	399
Other	861	(716)	145	861	(732)	129
Property, plant and equipment	2,772	(1,464)	1,308	2,727	(1,472)	1,254
Software licences and development costs	2,546	(1,820)	726	2,249	(1,616)	633
Assets in progress	152	-	152	187	-	187
Distribution agreements	3,831	(432)	3,399	3,465	(260)	3,204
Acquired in-force business	2,023	(1,323)	700	1,585	(829)	756
Contractual customer relationships	773	(327)	446	730	(222)	508
Other intangible assets	88	(57)	31	87	(51)	37
Intangible assets	9,413	(3,959)	5,454	8,304	(2,978)	5,326
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	12,184	(5,422)	6,762	11,030	(4,450)	6,580

Changes in property, plant and equipment and intangible assets

(in € millions)	31 Dec. 2021	Acquisitions/Charges	Disposals/Reversals	Changes in scope of consolidation	Translation adjustments	Other movements	31 Dec. 2022
Gross carrying amount	2,727	376	(156)	(22)	6	(159)	2,772
Depreciation and impairment	(1,472)	(164)	150	6	(2)	19	(1,464)
Property, plant and equipment	1,254	213	(7)	(17)	4	(140)	1,308
Gross carrying amount	1,585	-	-	36	241	161	2,023
Depreciation and impairment	(829)	(375)	0	(2)	(47)	(69)	(1,323)
Acquired in-force insurance business*	756	(375)	0	34	193	92	700
Gross carrying amount	6,718	287	(24)	(11)	419	0	7,390
Depreciation and impairment	(2,149)	(480)	16	4	(31)	3	(2,636)
Other intangible assets	4,570	(192)	(8)	(7)	388	4	4,754
o/w							
- Gross carrying amount	3,465	-	-	-	367	-	3,831
- Depreciation and impairment	(260)	(162)	-	-	(10)	0	(432)
Distribution agreements	3,204	(162)	-	-	357	0	3,399
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	6,580	(355)	(14)	10	585	(45)	6,762

* 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)	31 Dec. 2022	31 Dec. 2021
CARRYING AMOUNT AT BEGINNING OF PERIOD	156	156
Goodwill arising on acquisitions for the period	36	-
Disposals	-	-
Impairment for the period	-	-
Other movements	(35)	0
CARRYING AMOUNT AT END OF PERIOD	156	156

Analysis of goodwill

(in € millions)	31 Dec. 2022	31 Dec. 2021
Tocqueville Finance	27	27
La Banque Postale Asset Management	34	34
La Banque Postale Prévoyance	59	94
EasyBourse	5	5
SCI Lamartine	36	-
Total gross goodwill	161	160
Impairment	(5)	(5)
TOTAL NET GOODWILL	156	156

4.14 Liabilities due to credit institutions

(in € millions)	31 Dec. 2022	31 Dec. 2021
Current accounts in credit	1,324	1,057
Overnight accounts and borrowings	0	-
Other amounts due	3	8
Demand deposits from credit institutions	1,326	1,065
Term deposits	7,960	8,752
Securities and other assets sold under collateralised repurchase agreements	17,159	20,576
Term liabilities due to credit institutions	25,119	29,328
LIABILITIES DUE TO CREDIT INSTITUTIONS	26,445	30,393

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5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

4.15 Customer deposits

(in € millions)	31 Dec. 2022	31 Dec. 2021
Livret A	67,459	65,254
PEL/CEL home savings plans and accounts	29,068	30,624
Other regulated savings accounts	27,515	25,087
Regulated savings accounts	124,042	120,965
Current accounts in credit	83,006	85,436
Overnight accounts and borrowings	2,280	3,314
Other amounts due	1,332	1,040
Customer demand deposits	86,618	89,790
Term deposits	1,305	753
Term deposit accounts in credit	533	35
Securities sold under collateralised term repurchase agreements	20,864	23,495
Customer term deposits	22,702	24,283
CUSTOMER DEPOSITS	233,363	235,038

4.16 Debt securities

(in € millions)	31 Dec. 2022	31 Dec. 2021
Certificates of deposit and commercial paper	13,397	7,863
Bonds*	15,655	13,830
Other debt securities	0	0
DEBT SECURITIES	29,052	21,693

* Including €9.9 billion of covered bonds at 31 December 2022 issued by La Banque Postale Home Loan SFH (€8.7 billion at 31 December 2021).

4.17 Accruals and other liabilities

(in € millions)	31 Dec. 2022	31 Dec. 2021
Accrued expenses and deferred income	2,173	2,126
Other accruals	681	1,558
Accruals	2,854	3,684
Securities-related liabilities	77	95
Guarantee deposits received	2,342	1,036
Other payables	4,242	3,321
Securities settlement accounts	8	6
Other liabilities	6,669	4,459
Insurance and reinsurance payables	13,028	13,001
Other insurance liabilities	233	220
Other insurance liabilities	13,261	13,221
ACCRUALS AND OTHER LIABILITIES	22,784	21,364

4.18 Insurance company technical provisions and shadow accounting reserves

(in € millions)	31 Dec. 2022			31 Dec. 2021		
	Before reinsurance	Net of Reinsurance	Net of reinsurance	Before reinsurance	Reinsurance	Net of reinsurance
Non-life insurance	9,816	932	8,884	9,627	869	8,757
Life insurance	267,765	16,615	251,150	261,941	17,050	244,891
of which life insurance mathematical reserves	254,735	16,287	238,448	248,849	16,656	232,194
Financial instruments with DPF	101,296	2,996	98,300	107,284	3,195	104,089
of which mathematical reserves	91,938	2,733	89,205	97,942	2,942	95,000
Financial instruments without DPF	3,110	250	2,860	3,713	278	3,434
TECHNICAL PROVISIONS	381,987	20,793	361,194	382,564	21,392	361,172

(in € millions)	31 Dec. 2022			31 Dec. 2021		
	Before reinsurance	Net of Reinsurance	Net of reinsurance	Before reinsurance	Reinsurance	Net of reinsurance
Deferred participation reserve	1,669	-	1,669	31,834	-	31,834
SHADOW ACCOUNTING RESERVES - LIABILITIES	1,669	-	1,669	31,834	-	31,834
TOTAL TECHNICAL PROVISIONS AND SHADOW ACCOUNTING RESERVES - LIABILITIES	383,656	20,793	362,863	414,398	21,392	393,006

(in € millions)	31 Dec. 2022			31 Dec. 2021		
	Before reinsurance	Net of Reinsurance	Net of reinsurance	Before reinsurance	Reinsurance	Net of reinsurance
Deferred participation reserve	9,692	-	9,692	-	-	-
SHADOW ACCOUNTING RESERVES - ASSETS	9,692	-	9,692	-	-	-

The deferred participation reserve results from the use of shadow accounting. It represents the life insurance policyholders' share of unrealised gains and losses and loss allowances recognised on assets whose yields determine the yield paid to policyholders.

5.

Mathematical reserves

(in € millions)	31 Dec. 2022		
	Before reinsurance	Reinsurance	Net of reinsurance
MATHEMATICAL RESERVES AT THE BEGINNING OF THE PERIOD	346,791	19,597	327,194
Premiums	31,553	537	31,016
Extinguished liabilities (benefit payments)	(30,231)	(1,150)	(29,081)
Locked-in gains	8,278	375	7,903
Change in value of linked liabilities	(7,060)	(219)	(6,842)
Changes in scope of in-force business	(6)	0	(6)
Outstanding fees	(1,978)	(69)	(1,909)
Surpluses/deficits	0	-	0
Translation adjustments	1,906	0	1,906
Deconsolidated entities	(1,868)	-	(1,868)
Changes in assumptions	6	(20)	26
Other	(718)	(32)	(686)
MATHEMATICAL RESERVES AT THE END OF THE PERIOD	346,673	19,020	327,653

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

Deferred participation reserve

(in € millions)	31 Dec. 2022			31 Dec. 2021		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Deferred participation on remeasurement of assets at fair value through profit and loss	(2,221)	1,519	(702)	-	9,546	9,546
Deferred participation on remeasurements of assets at fair value through OCI	32,080	114	32,194	-	(368)	(368)
Other deferred participation	(20,167)	37	(20,131)	-	22,655	22,655
TOTAL DEFERRED PARTICIPATION	9,692	1,669	11,361	-	31,834	31,834

Insurance risk management is explained in Section 6.7 "Insurance risks and additional monitoring of the conglomerate".

4.19 Provisions

(in € millions)	31 Dec. 2021	Charges	Reversals (utilisations)	Reversals (surplus)	Changes in scope of consolidation	Translation adjustments	Other	31 Dec. 2022
Provisions for employee benefit liabilities	365	24	(31)	0	1	-	(50)	309
Provisions for PEL/CEL home loan commitments	186	-	-	(80)	-	-	-	106
Accrued payroll costs and provisions for employee claims	12	12	(7)	(3)	-	-	-	14
Provisions for guarantee commitments	5	38	(35)	-	-	-	-	7
Provisions for financing commitments	92	76	(54)	-	-	-	0	114
Other provisions for liabilities and charges	415	66	(47)	(41)	(3)	16	14	419
PROVISIONS	1,075	217	(174)	(124)	(3)	16	(36)	970

(in € millions)	31 Dec. 2020	Charges	Reversals (utilisations)	Reversals (surplus)	Changes in scope of consolidation	Translation adjustments	Other	31 Dec. 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

Information about PEL/CEL home savings plans and accounts

PEL/CEL new money

(in € millions)	31 Dec. 2022	31 Dec. 2021	
Less than 4 years	973		994
4 to 10 years	11,834		14,234
Beyond 10 years	11,930		11,065
Total PEL Home Savings Plans	24,737		26,293
Total CEL Home Savings Accounts		4,331	4,331
TOTAL PEL/CEL NEW MONEY	29,068		30,624

Loans granted in respect of PEL and CEL accounts

(in € millions)	31 Dec. 2022	31 Dec. 2021
PEL home loans	5	8
CEL home loans	27	43
LOANS GRANTED IN RESPECT OF PEL AND CEL ACCOUNTS	31	52

PEL/CEL Provisions

(in € millions)	31 Dec. 2022	31 Dec. 2021
Less than 4 years	0	2
4 to 10 years	1	4
Beyond 10 years	21	125
Total PEL Home Savings Plans	22	131
Total CEL Home Savings Accounts	84	55
TOTAL PEL/CEL PROVISIONS	106	186

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)	31 Dec. 2022				Total obligations
	Post-employment benefits	Long-service awards, jubilees and other long-term benefits	Part-time retirement plan	-	
OBLIGATIONS AT BEGINNING OF PERIOD	292	73	-	-	365
Current service cost	13	4	-	-	18
Interest cost	7	0	-	-	6
Benefits paid	(21)	(9)	-	-	(30)
Actuarial gains and losses (changes in demographic and financial assumptions)	(57)	0	-	-	(57)
Actuarial gains and losses (experience adjustments)	7	0	-	-	7
Changes in scope of consolidation	1	0	-	-	1
Translation adjustments	-	-	-	-	-
Other items	0	0	-	-	0
OBLIGATIONS AT END OF PERIOD	242	67	-	-	309

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 €9 million in the Group's post-employment benefit obligations.

Changes in actuarial gains and losses in post-employment benefit provisions

(in € millions)	31 Dec. 2022
ACTUARIAL (GAINS) LOSSES AT BEGINNING OF PERIOD	177
Actuarial gains and losses - changes in demographic assumptions	(2)
Actuarial gains and losses - changes in financial assumptions	(55)
Actuarial gains and losses - experience adjustments	7
Actuarial gains and losses - other adjustments	-
ACTUARIAL (GAINS) LOSSES AT END OF PERIOD	126

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

4.20 Subordinated debt

(in € millions)	31 Dec. 2022	31 Dec. 2021
Subordinated debt	9,099	10,110
TOTAL	9,099	10,110

The balance sheet value, after hedging and including accrued interest, breaks down as follows:

(in € millions)	Date of issue	Maturity date	Amount in Interest rate issue currency	Currency	31 Dec. 2022	31 Dec. 2021
Redeemable subordinated notes						
La Banque Postale	19.11.2015	19.11.2027	2.750%	750	EUR	-
La Banque Postale	09.06.2016	09.06.2028	3.000%	500	EUR	445
La Banque Postale	05.10.2016	05.10.2028	2.250%	100	EUR	85
La Banque Postale	16.01.2017	09.06.2028	3.000%	150	EUR	134
La Banque Postale	26.10.2020	26.01.2031	0.875%	500	EUR	453
La Banque Postale	02.02.2021	02.08.2032	0.750%	500	EUR	426
La Banque Postale	27.04.2021	02.08.2032	0.750%	250	EUR	213
La Banque Postale	05.12.2022	05.03.2034	5.500%	500	EUR	486
CNP Assurances	24.06.2003	23.06.2023	4.7825% until 2013, then 3-month Euribor +200 bps from 24 June 2013	200	EUR	202
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	547
CNP Assurances	10.12.2015	10.06.2047	4.5% until June 2027, then 3-month Euribor +460 bps	750	EUR	867
CNP Assurances	22.01.2016	22.01.2049	6% until Jan. 2049	500	USD	528
CNP Assurances	20.10.2016	20.10.2022	1.875% until Oct. 2022	-	EUR	-
CNP Assurances	05.02.2019	05.02.2029	2.75% until Feb. 2029	500	EUR	567
CNP Assurances	27.11.2019	27.07.2050	2.00% until June 2030, then 3-month Euribor +300 bps	750	EUR	776
CNP Assurances	10.12.2019	15.01.2027	0.80% until Jan. 2027	250	EUR	254
CNP Assurances	30.06.2020	30.09.2051	2.5% until June 2031, then 3-month Euribor +365 bps	750	EUR	759
CNP Assurances	08.12.2020	08.03.2028	0.375% until Mar. 2028	500	EUR	502
CNP Assurances	12.10.2021	12.10.2053	1.875% until Oct. 2033, then 3-month Euribor +270 bps	500	EUR	502
CNP Assurances	27.01.2022	27.01.2029	1.25% until Jan. 2029	500	EUR	509
Perpetual subordinated notes					845	804
CNP Assurances	15.11.2004		4.93% until 2016, then 3-month Euribor +160 bps from 15 Nov. 2016	90	EUR	89
CNP Assurances	15.11.2004		3-month Euribor +70 bps until 2016, then 3-month Euribor +160 bps	93	EUR	92
CNP Assurances	07.04.2021		4.875% until April 2031, then 5-year CMT +318.3 bps	700	USD	664
SUBORDINATED DEBT					9,099	10,110

4.21 Equity

Composition of share capital

La Banque Postale's share capital amounted to €6,585 million at 31 December 2022, 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 Dec. 2022	31 Dec. 2021
La Banque Postale	20.11.2019	3.875%	750	EUR	744	744
La Banque Postale	29.09.2021	3.000%	750	EUR	744	744
PERPETUAL SUBORDINATED NOTES CLASSIFIED IN EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					1,488	1,488

Perpetual subordinated notes issued by subsidiaries classified in non-controlling interests

(in € millions)	Date of issue	Interest rate	Issue amount	Currency	31 Dec. 2022	31 Dec. 2021
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 Mar. 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

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

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 6 of the Universal Registration Document, in section 6.5 "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 Dec. 2022					
	Less than 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years	Indefinite	Total
ASSETS						
Cash, central banks	39,355	-	-	-	-	39,355
Financial assets at fair value through profit or loss	10,624	11,657	28,398	17,315	154,762	222,756
Hedging derivatives – Assets	15	95	746	283	-	1,139
Financial assets at fair value through OCI	5,715	21,267	60,818	106,515	485	194,800
Securities at amortised cost	466	2,155	2,175	22,398	-	27,193
Loans and advances to credit institutions	66,615	39	258	184	-	67,095
Loans and advances to customers	7,579	12,143	36,501	69,903	3,519	129,645
Revaluation differences on portfolios hedged against interest rate risks – Assets	-	-	-	-	721	721
ASSETS BY REMAINING PERIODS TO MATURITY	130,370	47,355	128,896	216,597	159,487	682,705
LIABILITIES						
Central banks	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	6,143	1,295	2,253	3,356	345	13,393
Hedging derivatives – Liabilities	3	34	686	1,648	-	2,371
Liabilities due to credit institutions	24,114	847	1,008	475	-	26,445
Customer deposits	215,667	132	4	-	17,559	233,363
Debt securities	10,935	3,208	5,009	9,900	-	29,052
Subordinated debt	20	296	252	7,687	845	9,099
Revaluation differences on portfolios hedged against interest rate risks – Liabilities	-	-	-	-	294	294
LIABILITIES BY REMAINING PERIODS TO MATURITY	256,882	5,813	9,213	23,065	19,043	314,016
COMMITMENTS GIVEN						
Financing commitments given	15,361	4,220	6,348	2,216	-	28,145
Guarantee commitments given	1,801	160	115	17	125	2,218
COMMITMENTS GIVEN BY REMAINING PERIODS	17,163	4,380	6,463	2,233	125	30,363

(in € millions)	31 Dec. 2021					
	Less than 3 months	3 months to 1 year	1 to 5 years	Beyond 5 years	Indefinite	Total
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
Guarantee commitments given	2,065	88	294	1	-	2,448
COMMITMENTS GIVEN BY REMAINING PERIODS	16,958	5,862	6,122	2,447	-	31,389

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

4.23 Transferred assets not derecognised in their entirety

(in € millions)	Transferred assets not derecognised in their entirety												
	Transferred assets still recognised in full											Transferred assets recognised to the extent of continuing involvement of the entity	
	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)	Of which repurchase transactions	Of which other	Fair value	Total carrying amount of the initial assets before their transfer	Carrying amount still recognised (continuing involvement)	Carrying amount of the associated liabilities
Transferred financial assets - Fair value through profit or loss (held for trading)	3	-	3	-	3	3	-	3	-	3	-	-	-
Debt securities	3	-	3	-	3	3	-	3	-	3	-	-	-
Transferred financial assets - Fair value through profit or loss under the fair value option	1	-	1	-	1	2	-	2	-	2	-	-	-
Debt securities	1	-	1	-	1	2	-	2	-	2	-	-	-
Transferred financial assets - Fair value through profit or loss not meeting the SPPI criteria	1	-	1	-	1	-	-	-	-	-	-	-	-
Debt securities	1	-	1	-	1	-	-	-	-	-	-	-	-
Transferred financial assets - Fair value through OCI	15,862	-	14,853	1,009	15,862	18,287	-	18,287	-	18,287	-	-	-
Debt instruments	15,862	-	14,853	1,009	15,862	18,287	-	18,287	-	18,287	-	-	-
Instruments at amortised cost	23,748	-	20,682	-	20,243	18,231	-	18,231	-	18,225	-	-	-
Debt securities	23,748	-	20,682	-	20,243	18,231	-	18,231	-	18,225	-	-	-
TOTAL TRANSFERRED FINANCIAL ASSETS	39,615	-	35,540	1,009	36,110	36,523	-	36,523	-	36,516	-	-	-

4.24 Sovereign exposure

The breakdown of direct and indirect sovereign exposures is as follows:

Sovereign exposures at 31 December 2022

(in € millions)	31 Dec. 2022						
	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	5,763	434	6,197	-	-	6,197	2.6%
Austria	780	50	829	-	-	829	0.3%
Belgium	6,572	246	6,818	1,628	-	8,446	3.5%
Spain	12,683	93	12,776	-	-	12,776	5.3%
France	148,035	3,870	151,905	9,660	1,609	163,174	68.0%
United Kingdom	-	1	1	582	-	584	0.2%
Ireland	69	7	76	183	-	259	0.1%
Italy	13,074	402	13,475	-	-	13,475	5.6%
Netherlands	300	79	380	-	-	380	0.2%
Poland	215	23	238	-	-	238	0.1%
Portugal	2,158	77	2,235	594	-	2,829	1.2%
Romania	124	1	125	-	-	125	0.1%
Other European countries	259	56	315	-	-	315	0.1%
Supranational	5,780	928	6,708	91	-	6,798	2.8%
Total Europe	195,812	6,266	202,078	12,738	1,609	216,424	90.3%
Brazil	2,809	19,315	22,124	-	-	22,124	9.2%
Canada	665	1	665	-	-	665	0.3%
Mexico	101	1	102	-	-	102	0.0%
Other	446	34	480	-	-	480	0.2%
Total Rest of World	4,021	19,351	23,372	-	-	23,372	9.7%
TOTAL	199,833	25,617	225,450	12,738	1,609	239,796	100.0%

Identification based on the scope defined by the European Banking Authority.

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.

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

Sovereign exposures at 31 December 2021

(in € millions)	31 Dec. 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%
United Kingdom	-	3	3	-	1	3	0.0%
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	59	276	-	-	276	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%
Mexico	108	-	108	-	-	108	0.0%
Other	544	56	600	-	-	600	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 European Banking Authority.

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.

Note 5 Notes to the income statement

5.1 Interest income and expense

(in € millions)	2022	Of which negative interest	2021	Of which negative interest
On financial assets at amortised cost	4,400	213	3,684	354
Transactions with credit institutions	1,786	144	1,114	246
Customer transactions	2,197	49	2,144	83
Finance lease transactions	54	-	45	-
On securities at amortised cost	363	20	381	25
On financial assets at fair value through OCI reclassifiable to profit or loss	3,622	-	1,763	-
Transactions with credit institutions	-	-	-	-
Customer transactions	-	-	-	-
Debt securities	3,622	-	1,763	-
Accrued interest on hedging instruments	389	-	378	-
Other interest income	-	-	-	-
Interest income	8,411	213	5,825	354
On financial liabilities at amortised cost	(2,777)	(36)	(1,707)	(63)
Transactions with credit institutions	(226)	(13)	(223)	(20)
Customer transactions	(2,077)	(23)	(1,166)	(42)
On debt securities and subordinated debt	(474)	-	(318)	-
Accrued interest on hedging instruments	(170)	-	(173)	-
Other interest expense	-	-	-	-
Interest expense	(2,947)	(36)	(1,879)	(63)
INTEREST INCOME AND EXPENSE	5,464		3,946	

The amount of interest and remuneration received in respect of centralised *Livret A*, *Livret de Développement Durable* and *Livret d'Epargne Populaire* savings deposits amounted to €1,431 million at 31 December 2022, compared with €875 million at 31 December 2021.

In 2019, the European Central Bank (ECB) launched a third round of Targeted Longer-Term Refinancing Operations (TLTROs) to maintain favourable credit conditions in the euro zone. La Banque Postale drew down its entire €7.3 billion TLTRO-III allocation in three tranches between December 2019 and March 2021. The maturity of each of the tranches is three years, with an early repayment option. At 31 December 2022, the total amount outstanding was €5.8 billion, following the expiry of a €1.3 billion tranche and the partial early repayment of another tranche for €0.2 billion.

The interest rate over the entire period of the operation is based on a formula that tracks eligible lending volumes. Depending on their performance, banks may qualify for a subsidised interest rate. In this case, interest is calculated at a weighted average rate by spreading the reduction over the expected life of the drawdowns concerned. 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 €17.6 million for the Group at 31 December 2022.

The terms of the TLTRO III have been revised several times, most recently in October 2022 when interest rates were adjusted with effect from 23 November 2022 and additional voluntary early repayment dates were proposed. From 23 November 2022 until the expiry or early repayment date of each outstanding TLTRO III tranche, the tranche's interest rate will be indexed to the average of the ECB policy rates applicable over this period (and no longer over the life of the instrument). This new amendment is considered as a non-substantial change, with a prospective rate adjustment determined by projecting the known rate and an adjustment to the carrying amount for the amount of accrued interest for the period.

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

5.2 Fee and commission income and expense

(in € millions)	2022		2021	
	Income	Expenses	Income	Expenses
Fees on cash and interbank transactions	62	(12)	85	(7)
Fees and commissions on customer transactions	1,136	(6)	1,102	(4)
Financial services fees	572	(186)	566	(193)
Fees and commissions on securities transactions	361	(246)	362	(299)
Fees and commissions on financial instruments	-	0	-	0
Insurance fees and commissions	5	(3,198)	16	(2,954)
Other fees and commissions	81	(3)	86	(3)
Fee and commission income and expense	2,216	(3,652)	2,218	(3,461)
NET FEES AND COMMISSIONS	(1,436)		(1,243)	

5.3 Net gain or loss on financial instruments at fair value through profit or loss

(in € millions)	2022	2021
Dividends received	1,578	1,399
Unrealised or realised gains or losses on financial assets and liabilities through profit or loss	(10,911)	12,576
Unrealised or realised gains or losses on assets and liabilities held for trading	2,011	(541)
Unrealised or realised gains or losses on debt instruments not meeting SPPI criteria	(7,876)	8,149
Unrealised or realised gains or losses on assets and liabilities designated as at fair value through profit or loss	(1)	79
Unrealised or realised gains or losses on assets backing unit-linked contracts	(5,044)	4,888
Hedging gains and losses	(25)	(5)
NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	(9,358)	13,969

Hedging gains and losses break down as follows:

(in € millions)	2022		
	Gains	Losses	Net
Fair value hedges	2,203	(2,229)	(26)
Changes in fair value of hedged items attributable to the hedged risks	1,879	(666)	1,213
Changes in fair value of hedging derivatives (including hedge termination)	324	(1,563)	(1,239)
Fair value hedges of interest rate risks on a portfolio of financial instruments	781	(781)	1
Changes in fair value of hedged items	781	(32)	750
Changes in fair value of hedging derivatives	-	(749)	(749)
NET HEDGING GAIN OR LOSS	2,984	(3,009)	(25)

(in € thousands)	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
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)
NET HEDGING GAIN OR LOSS	892	(897)	(5)

5.4 Net gain or loss on financial instruments at fair value through other comprehensive income

(in € millions)	2022		2021
	2022	2021	2021
Dividend income from equity instruments at fair value through OCI not reclassifiable to profit or loss	13	10	10
Gains or losses on disposals of financial assets at fair value through OCI reclassifiable to profit or loss	(2,707)	(1,218)	(1,218)
On debt securities	(2,707)	(1,218)	(1,218)
On loans and advances	-	-	-
Gains or losses on the sale or termination of fair value hedges of debt instruments	0	0	0
NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	(2,694)	(1,208)	(1,208)

5.5 Gains and losses on derecognition of debt instruments at amortised cost

(in € millions)	2022		2021	
	Income	Expenses	Income	Expenses
Gains and losses on derecognition events	18	-	-	-
Debt instruments	18	-	-	-
NET GAIN OR LOSS ON DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST	18	-	-	-

5.

5. Financial statements at 31 December 2022

Notes to the consolidated financial statements

5.6 Income and expenses from other activities

(in € millions)	2022		2021	
	Income	Expenses	Income	Expenses
Ceded income, re-invoiced expenses, expense transfers	30	-	21	-
Other operating income and expenses	451	(497)	476	(362)
Accruals for other operating expenses	48	(42)	53	(83)
Income and expenses from insurance and reinsurance activities	37,492	(21,858)	32,947	(39,422)
Income and expenses from other activities	38,021	(22,396)	33,497	(39,867)
NET INCOME (EXPENSE) FROM OTHER ACTIVITIES	15,625		(6,370)	

5.7 General operating expenses

(in € millions)	2022		2021	
			(1,530)	(1,227)
Payroll costs				
Taxes other than on income*			(240)	(203)
External services			(3,760)	(3,720)
Other expenses			(435)	(420)
Other general operating expenses			(4,434)	(4,343)
GENERAL OPERATING EXPENSES			(5,764)	(5,569)

* Including contributions to banking and insurance supervisory costs.

Average number of employees during the period

	2022		2021	
Managers			7,686	7,180
Other employees			4,041	4,043
TOTAL			11,726	11,223

5.8 Cost of risk

(in € millions)	2022				2021			
	B1	B2	B3	Total	B1	B2	B3	Total
Financial assets at amortised cost	67	(74)	(190)	(198)	(15)	(82)	(127)	(224)
Financial assets at fair value through OCI	160	(3)		157	(94)	2		(92)
Provisions for off-balance sheet items	18	(37)	(1)	(20)	(6)	10	(2)	2
Net charges to loss allowances	244	(114)	(191)	(60)	(115)	(70)	(129)	(314)
Recoveries on impaired assets covered by allowances				12				8
Credit losses not covered by allowances				(19)				(5)
Other losses or income*				(148)				43
COST OF RISK				(216)				(268)

* Including movements on the insurance subsidiaries' deferred policyholders' surplus reserve.

The impact of macroeconomic developments, COVID-19, government-backed loans ("PGE") and changes in models are detailed in Note 3.1 "Credit risk".

5.9 Gains and losses on other assets

(in € millions)	2022	2021
Gains and losses on disposals of intangible assets and property, plant and equipment	1	1
Gains and losses on disposals and remeasurement of consolidated securities	28	0
NET GAIN OR LOSS ON OTHER ASSETS	29	1

Gains and losses on the sale of consolidated securities in 2022 correspond to the capital gain on the disposal of AEW Europe SA and Ostrum Asset Management on 13 May 2022, and to the loss on the disposal of CNP Partners (see Note 1.1 "Significant events of the period").

5.10 Changes in the value of goodwill

(in € millions)	2022	2021
Badwill recognised in the income statement	23	-
CHANGES IN THE VALUE OF GOODWILL	23	-

5.11 Income tax

(in € millions)	2022	2021
Current tax	(773)	(850)
Deferred taxes	345	336
INCOME TAX	(427)	(514)

Tax proof

(in € millions)	2022	2021		
Attributable net profit	1,060	636		
Non-controlling interests	290	486		
Share of profits of equity-accounted companies	(114)	(99)		
Income tax expense	427	514		
Pre-tax profit	1,663	1,538		
Theoretical income tax expense	(430)	25.83%	(437)	28.41%
Effect of permanent differences	81	-4.87%	5	-0.30%
Effect of differences in tax rates	(86)	5.17%	(74)	4.82%
Effect of tax on distributed earnings	2	-0.14%	(20)	1.28%
Other effects	5	-0.30%	12	-0.78%
RECOGNISED INCOME TAX EXPENSE	(427)	25.69%	(514)	33.42%

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Note 6 Insurance activities

6.1 Insurance investments

(in € millions)	31 Dec. 2022	31 Dec. 2021
Financial assets at fair value through profit or loss (a)	212,096	226,403
Hedging derivatives	118	55
Financial assets at fair value through OCI reclassifiable to profit or loss (b)	182,437	216,584
Securities at amortised cost	96	84
Investment property	6,280	3,393
Investments in equity-accounted companies	1,108	948
INSURANCE INVESTMENTS	402,135	447,467

(a) Financial assets at fair value through profit or loss

(in € millions)	31 Dec. 2022	31 Dec. 2021
Debt instruments	171,449	180,952
Government paper and equivalents	3,992	4,316
Bonds and other fixed-income securities	23,592	20,439
UCITS	60,782	76,849
Assets backing unit-linked contracts	77,726	73,742
Loans and advances	5,356	5,607
Equity instruments	36,946	44,038
Equities and other variable-income securities	34,012	39,301
Assets backing unit-linked contracts	2,933	4,737
Derivative instruments	3,702	1,413
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	212,096	226,403

(b) Financial assets at fair value through OCI reclassifiable to profit or loss

(in € millions)	31 Dec. 2022		
	Fair value	Of which loss allowances	Unrealised gains/losses
Government paper and equivalents	97,190	(121)	(24,808)
Bonds and other fixed-income securities	85,247	(175)	(13,264)
Total debt instruments	182,437	(296)	(38,071)
FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI RECLASSIFIABLE TO PROFIT OR LOSS	182,437	(296)	(38,071)
Tax			10,277
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			(27,795)

	31 Dec. 2021		
(in € millions)	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)

6.2 Insurance income statement

(in € millions)	2022	2021
Written premiums	37,140	32,849
Change in unearned premiums	(54)	(176)
Earned premiums	37,086	32,673
Revenue from other activities	82	90
Other operating income	2	14
Investment income net of expenses	5,697	5,289
Gains and losses on disposals of investments	(2,973)	(1,209)
Change in fair value of investments recognised at fair value through profit or loss	(11,253)	10,457
Change in impairment losses on investments	128	(68)
Impact of the overlay approach	700	(1,074)
Investment income net of expenses	(7,701)	13,396
Total revenue	29,470	46,173
Claims and benefits expenses	(21,572)	(39,215)
Ceded expenses and income	93	205
Income and expenses from other activities	(15)	5
Acquisition costs	(4,313)	(4,013)
Amortisation of value of In-Force business, distribution agreements and contractual customer relationships	(580)	(552)
Administrative costs	(362)	(285)
Other operating income and expenses	(614)	(489)
Total other income and expenses, net	(27,364)	(44,345)
Recurring operating profit	2,106	1,828
Non-recurring operating income and expenses, net	(48)	(4)
Operating profit	2,058	1,823
Finance costs	(121)	(99)
Changes in value of intangible assets	(47)	(122)
Share of profits of equity-accounted companies	28	88
Changes in the value of goodwill	23	-
Income tax	(432)	(469)
CONSOLIDATED NET PROFIT	1,509	1,222
NON-CONTROLLING INTERESTS	279	474
ATTRIBUTABLE NET PROFIT	1,230	748

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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 Dec. 2022				31 Dec. 2021			
	Carrying amount	Gross overlay impact	Deferred tax	Net overlay impact	Carrying amount	Gross overlay impact	Deferred tax	Net overlay impact
UCITS	45,527	(438)	112	(326)	46,963	130	(32)	99
Equities and other variable-income securities	31,847	(180)	87	(92)	33,598	943	(56)	887
Bonds	8,508	(83)	37	(47)	6,160	(9)	2	(6)
Other financial assets	13,310	1	38	39	18,559	9	36	45
TOTAL	99,192	(700)	274	(426)	105,281	1,074	(50)	1,024

The impact on the income statement of applying the overlay approach is presented below:

(in € millions)	2022			2021		
	IAS 39	IFRS 9	Overlay impact	IAS 39	IFRS 9	Overlay impact
Net banking income excluding overlay	(91)	(791)		51	1,125	
Overlay impact			700			(1,074)
Net banking income	(91)	(791)	700	51	1,125	(1,074)
Deferred taxes	23	297	(274)	(25)	(75)	50
NET PROFIT	(68)	(494)	426	26	1,050	(1,024)

Note 7 IFRS 16

Right-of-use assets

(in € millions)	31 Dec. 2022	31 Dec. 2021
Right-of-use assets	278	166
Property, plant and equipment excluding right-of-use assets	1,030	1,088
PROPERTY, PLANT AND EQUIPMENT	1,308	1,254

Breakdown of right-of-use assets (net values)

(in € millions)	2022				
	Amount at 31 December 2021	New leases	Depreciation	Lease modifications	Amount at 31 December 2022
Buildings	118	172	(43)	(2)	246
Vehicles	5	2	(3)	0	5
Other	43	2	(17)	0	27
RIGHT-OF-USE ASSETS	166	176	(64)	(2)	278

Lease liabilities

(in € millions)	31 Dec. 2022	31 Dec. 2021
Lease liabilities	286	176
Accruals and other liabilities, excluding lease liabilities	22,497	21,188
ACCRUALS AND OTHER LIABILITIES	22,784	21,364

Analysis of lease liabilities by residual maturity

(in € millions)	31 Dec. 2022	31 Dec. 2021
Less than 1 year	60	55
Between 1 and 5 years	148	98
Beyond 5 years	78	23
LEASE LIABILITIES	286	176

Changes in lease liabilities

(in € millions)	
Amount at 31 December 2021	176
Increase in lease liabilities from new leases	176
Lease payments	(67)
Lease modifications	0
Amount at 31 December 2022	286

Income statement effect of applying IFRS 16

(in € millions)	2022	2021
Interest expense		
Interest expense on lease liabilities	(2)	0
General operating expenses		
Income from sub-leasing right-of-use assets	0	1
Gains or losses from sale-and-leaseback transactions	-	-
Rent: short-term leases	(2)	(4)
Rent: leases on low-value assets	0	(1)
Variable lease payments not taken into account for the measurement of lease liabilities	(3)	(1)
Non-deductible VAT on lease payments	(18)	(17)
Other	(37)	(42)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		
Depreciation of right-of-use assets	(64)	(58)
LEASE COSTS	(125)	(122)

Finance leases (Group as lessor)

(in € millions)	31 Dec. 2022	31 Dec. 2021
GROSS INVESTMENT	3,882	3,635
Gross investment recoverable within one year	824	736
Gross investment recoverable in one to five years	1,977	1,797
Gross investment recoverable beyond five years	1,081	1,101
DISCOUNTED PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE	3,342	3,089
Discounted present value of minimum lease payments receivable within one year	776	644
Discounted present value of minimum lease payments receivable in one to five years	1,817	1,658
Discounted present value of minimum lease payments receivable beyond five years	750	786
UNEARNED INTEREST INCOME	152	127
UNGUARANTEED RESIDUAL VALUES ACCRUING TO THE LESSOR	387	420

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Net profit on finance leases (Group as lessor)

(in € millions)	2022	2021
Profit/loss on sales	2	1
Interest income on net investment	51	43

Note 8 Commitments given and received

Contractual value of commitments given and received:

(in € millions)	31 Dec. 2022	31 Dec. 2021
FINANCING COMMITMENTS		
Given to credit institutions	1,296	1,949
Given to customers	26,849	26,992
Total financing commitments given	28,145	28,941
Received from credit institutions	14,783	17,185
Received from customers	1,728	400
Total financing commitments received	16,511	17,585
GUARANTEE COMMITMENTS		
Given to credit institutions	1,019	1,123
Given to customers*	1,199	1,324
Total guarantee commitments given	2,218	2,448
Received from credit institutions	40,713	36,937
Received from customers	7,746	6,980
Total guarantee commitments received	48,458	43,917
SECURITIES COMMITMENTS		
Securities to be delivered	15,432	17,438
Total securities commitments given	15,432	17,438
Securities to be received	179	216
Total securities commitments received	179	216
OTHER COMMITMENTS		
Total other commitments given	54,333	51,044
Total other commitments received	23,666	27,297

* 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 is calculated by reference to the share of outstanding Crédit Logement loans distributed by La Banque Postale, was €168 million at 31 December 2022 (€184 million at 31 December 2021).

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 €8,825 million commitment has been given in exchange for a 3G financing commitment received from Banque de France (€1,795 million) and drawdowns of the TLTRO-III allocation from the ECB (€5,753 million).

Other commitments also include €25,277 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 Dec. 2022				
	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	27,193	23,491	22,197	948	346
Demand deposits with credit institutions	1,898	1,898	-	1,702	196
Term loans and advances to credit institutions	65,119	65,154	-	65,035	119
Subordinated loans to credit institutions	78	78	-	78	-
Loans and advances to credit institutions	67,095	67,131	-	66,816	315
Loans and advances to customers repayable on demand	4,816	4,816	-	4,509	307
Term loans and advances to customers	121,153	111,645	-	98,120	13,525
Finance leases	3,666	4,546	-	4,546	-
Subordinated loans to customers	10	10	-	10	-
Loans and advances to customers	129,645	121,017	-	107,185	13,832
Investment property at amortised cost	3,508	4,200	-	4,200	-
LIABILITIES					
Demand deposits from credit institutions	1,326	1,326	-	1,326	0
Term liabilities due to credit institutions	25,119	25,133	-	25,095	38
Liabilities due to credit institutions	26,445	26,459	-	26,421	38
Customer demand deposits	210,661	210,661	-	208,939	1,722
Customer term deposits	22,702	22,600	-	22,594	6
Customer deposits	233,363	233,260	-	231,532	1,728
Debt securities	29,052	30,407	11,996	18,411	0
Subordinated debt	9,099	8,009	2,155	5,853	-

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(in € millions)	31 Dec. 2021				
	Fair value hierarchy				
	Balance sheet amount	Fair value	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	-

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 *Livretjeune* 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)	Fair value	31 Dec. 2022		
		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)
FINANCIAL ASSETS				
Financial assets held for trading	13,987	40	13,887	61
Financial assets designated as at fair value through profit or loss	5,235	4,573	125	537
Financial assets at fair value not meeting the SPPI criteria	122,875	78,385	25,091	19,399
Assets backing unit-linked contracts	80,659	75,124	5,137	398
Financial assets at fair value through profit or loss	222,756	158,121	44,240	20,395
Fair value hedging derivatives	1,020	-	1,020	-
Cash flow hedging derivatives	118	-	118	-
Hedging derivatives	1,139	-	1,139	-
Financial assets at fair value through OCI not reclassifiable to profit or loss	485	-	0	485
Financial assets at fair value through OCI reclassifiable to profit or loss	194,315	186,121	3,934	4,260
Financial assets at fair value through OCI	194,800	186,121	3,934	4,260
Investment property at fair value	2,772	-	2,772	-
FINANCIAL LIABILITIES				
Financial liabilities held for trading	10,950	-	10,950	-
Financial liabilities designated as at fair value	2,443	345	2,098	-
Financial liabilities at fair value through profit or loss	13,393	345	13,048	-
Fair value hedging derivatives	2,371	-	2,371	-
Cash flow hedging derivatives	-	-	-	-
Hedging derivatives	2,371	-	2,371	-

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(in € millions)	31 Dec. 2021			
	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)
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	-	0	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	2,702
Investment property at fair value	2,050	-	2,050	-
FINANCIAL LIABILITIES				
Financial liabilities held for trading	2,288	-	2,288	-
Financial liabilities 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	-

Change in fair value based on level 3 inputs: reconciliation of opening and closing balances

(in € millions)	31 Dec. 2022		
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
OPENING	18,476	3,093	21,570
Total gains and losses recorded in profit or loss	572	-	572
Total gains and losses recorded in other comprehensive income	-	(1,198)	(1,198)
Purchases	4,917	2,965	7,882
Sales	(1,178)	(56)	(1,233)
Issues	-	-	-
Redemptions	(1,615)	(167)	(1,782)
Transfer to or from level 3	(821)	136	(685)
Changes in scope of consolidation	0	2	3
Other movements	43	(30)	13
CLOSING	20,395	4,745	25,140

(in € millions)	31 Dec. 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.

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.

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Financial assets and liabilities offset in 2022

(in € millions)	31 Dec. 2022						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross carrying amount of financial assets	Liabilities offset in the financial statements	Net financial asset	Financial instruments	Collateral received	Financial instruments received as collateral	Net carrying amount
Financial instruments at fair value through profit or loss	223,895	-	223,895	4,828	2,927	-	216,140
Of which repo transactions	5,589	-	5,589	-	-	-	5,589
Of which financial derivatives (including hedging derivatives)	7,946	-	7,946	4,828	2,927	-	191
Loans and receivables due from credit institutions and customers	198,113	1,373	196,740	101	246	1,426	194,966
Of which repo transactions	6,780	1,373	5,407	101	246	1,426	3,634
Accruals and other assets	36,008	-	36,008	8	-	-	36,000
Of which guarantee deposits	8	-	8	8	-	-	-
Other financial assets not offset	289,002	-	289,002	-	-	-	289,002
TOTAL ASSETS	747,018	1,373	745,644	4,937	3,174	1,426	736,107

(in € millions)	31 Dec. 2022						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	(f) = (c) - (d) - (e)
	Gross value of financial assets offset in the financial statements	Gross carrying amount of financial liabilities	Net liability	Financial instruments	Collateral given	Financial instruments given as collateral	Net carrying amount
Financial instruments at fair value through profit or loss	15,764	-	15,764	4,828	806	-	10,130
Of which financial derivatives (including hedging derivatives)	6,848	-	6,848	4,828	806	-	1,214
Liabilities due to credit institutions and customers	261,181	1,373	259,807	101	950	18,941	239,816
Of which reverse repo transactions	39,396	1,373	38,022	101	950	18,941	18,031
Other financial liabilities not offset	446,765	-	446,765	-	-	-	446,765
TOTAL LIABILITIES	723,710	1,373	722,336	4,929	1,756	18,941	696,711

Financial assets and liabilities offset in 2021

(in € millions)	31 Dec. 2021						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	
	Gross carrying amount of financial assets	Gross carrying amount of financial liabilities offset in the financial statements	Net financial asset	Financial instruments	Collateral received	Financial instruments received as collateral	
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

(in € millions)	31 Dec. 2021						
	(a)	(b)	(c) = (a) - (b)	(d)		(e)	
	Gross carrying amount of financial liabilities	Gross value of financial assets offset in the financial statements	Net liability	Financial instruments	Collateral given	Financial instruments given as collateral	
Financial instruments at fair value through profit or loss	4,667	-	4,667	2,237	338	-	2,093
Of which financial derivatives (including 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

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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.

La Banque Postale Group's operating segments correspond to four business lines and the Corporate Centre:

- **Bancassurance France**, mainly comprising La Banque Postale's retail banking and corporate clients businesses, 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 Louvre Banque Privée (formerly BPE), Louvre Banque Privée Immobilier Conseil, La Banque Postale Asset Management, Tocqueville Finance SA and two equity-accounted associates - AEW Europe SA and

Ostrum Asset Management. The latter two entities were sold on 13 May 2022 (see Note 1.1 "Significant events of the period").

- **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.

11.1 Results by business segment

2022 net profit by business segment (excluding the cost of equity for each segment)

(in € millions)	2022					
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	Total
NET BANKING INCOME (LOSS)	6,614	1,684	303	915	(1,197)	8,319
General operating expenses	(4,601)	(429)	(183)	(457)	(94)	(5,764)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(279)	(183)	(18)	(71)	(90)	(642)
GROSS OPERATING PROFIT (LOSS)	1,734	1,072	102	387	(1,381)	1,913
Cost of risk	(102)	(18)	0	(99)	4	(216)
OPERATING PROFIT (LOSS)	1,632	1,053	102	288	(1,377)	1,697
Share of profits of equity-accounted companies	4	24	0	-	-	28
Net gain or loss on other assets	(59)	(2)	61	-	28	29
Changes in the value of goodwill	6	17	-	-	-	23
PRE-TAX PROFIT (LOSS)	1,583	1,093	163	288	(1,349)	1,777
Income tax	(234)	(402)	(30)	(74)	313	(427)
NET PROFIT (LOSS)	1,349	690	133	213	(1,036)	1,350
Non-controlling interests	88	319	11	-	(128)	290
NET PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT	1,261	372	123	213	(908)	1,060

2021 net profit by business segment (excluding the cost of equity for each segment)

(in € millions)	2021					Total
	Bancassurance France(*)	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking(*)	Corporate Centre	
NET BANKING INCOME (LOSS)	6,307	1,215	296	981	(779)	8,020
General operating expenses	(4,572)	(305)	(176)	(423)	(93)	(5,569)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(246)	(160)	(14)	(52)	(174)	(646)
GROSS OPERATING PROFIT (LOSS)	1,489	750	106	506	(1,046)	1,805
Cost of risk	(159)	(3)	(1)	(103)	(1)	(268)
OPERATING PROFIT (LOSS)	1,329	747	104	403	(1,047)	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)	1,382	783	115	403	(1,047)	1,636
Income tax	(279)	(298)	(31)	(115)	210	(514)
NET PROFIT (LOSS)	1,103	484	84	289	(837)	1,123
Non-controlling interests	476	321	11	-	(322)	486
ATTRIBUTABLE NET PROFIT (LOSS)	627	163	73	289	(515)	636

* Corporate and Investment Banking commercial banking clients reclassified to Bancassurance France.

The contributions of the Retail Banking and Insurance businesses to the results of the Bancassurance France operating segment are presented below:

(in € millions)	2022			2021		
	Retail Banking	Insurance	Total Bancassurance France	Retail Banking*	Insurance*	Total Bancassurance France
NET BANKING INCOME	3,574	3,040	6,614	3,676	2,631	6,307
General operating expenses	(3,677)	(925)	(4,601)	(3,708)	(864)	(4,572)
Net depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(226)	(53)	(279)	(199)	(47)	(246)
GROSS OPERATING PROFIT (LOSS)	(329)	2,063	1,734	(230)	1,719	1,489
Cost of risk	(124)	22	(102)	(155)	(4)	(159)
OPERATING PROFIT (LOSS)	(453)	2,085	1,632	(385)	1,715	1,329
Share of profits of equity-accounted companies	-	4	4	-	51	51
Net gain or loss on other assets	1	(59)	(59)	1	1	2
Changes in the value of goodwill	-	6	6	-	-	-
PRE-TAX PROFIT (LOSS)	(452)	2,036	1,583	(385)	1,767	1,382
Income tax	118	(352)	(234)	108	(387)	(279)
NET PROFIT (LOSS)	(334)	1,683	1,349	(277)	1,380	1,103
Non-controlling interests	1	88	88	(1)	477	476
ATTRIBUTABLE NET PROFIT (LOSS)	(335)	1,596	1,261	(276)	903	627

* The allocation of 2021 general operating expenses between Retail Banking and Insurance has been revised to reflect the method used in 2022.

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11.2 Balance sheet items by business segment

Balance sheet items by business segment at 31 December 2022

(in € millions)	31 Dec. 2022					Total
	Bancassurance France	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking	Corporate Centre	
SEGMENT ASSETS	531,171	77,578	5,201	128,250	3,444	745,644
SEGMENT LIABILITIES⁽¹⁾	556,290	74,244	5,112	83,774	2,917	722,337

(1) Segment liabilities correspond to debt and payables (i.e., total liabilities excluding equity).

Balance sheet items by business segment at 31 December 2021

(in € millions)	31 Dec. 2021					Total
	Bancassurance France ⁽²⁾	International Bancassurance	Wealth and Asset Management	Corporate and Investment Banking ⁽²⁾	Corporate Centre	
SEGMENT ASSETS	560,430	74,132	4,960	130,894	1,894	772,310
SEGMENT LIABILITIES⁽¹⁾	585,986	70,603	4,789	77,719	1,434	740,531

(1) Segment liabilities correspond to debt and payables (i.e., total liabilities excluding equity).

(2) Segment information at 31 December 2021 has been restated in order to reclassify professional customers from "Corporate and Investment Banking" to "Bancassurance France".

11.3 Results by geographic segment

2022 results by geographic segment

(in € millions)	31 Dec. 2022				TOTAL
	France	Europe excl. France	Latin America		
NET BANKING INCOME	6,827	569	923	8,319	
SEGMENT ASSETS	661,583	52,582	31,478	745,644	

2021 results by geographic segment

(in € millions)	31 Dec. 2021				TOTAL
	France	Europe excl. France	Latin America		
NET BANKING INCOME	6,968	366	686	8,020	
SEGMENT ASSETS	692,737	55,257	24,316	772,310	

Note 12 Related-party disclosures

The parties related to La Banque Postale Group include the main managers and the companies consolidated by La Poste and Caisse des dépôts 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.

	31 Dec. 2022			
	With CDC Group entities ⁽¹⁾	With La Poste Groupe ⁽²⁾	With La Banque Postale Group entities	
			Proportional consolidation	Equity accounted
(in € millions)				
Interest	1,544	1	-	0
Fees and commissions	64	16	-	(31)
Net gain or loss on financial instruments at fair value through profit or loss	1	(37)	-	64
Income from other activities	2	37	-	-
Expenses from other activities	-	(23)	-	(235)
Net banking income (expense) from transactions with related parties	1,611	(6)	-	(201)
General operating expense transactions with related parties	(14)	(2,798)	-	12
Financial assets at fair value through profit or loss	1,362	3	-	-
Financial assets at fair value through OCI	2,575	-	-	-
Loans and advances to customers at amortised cost	65,199	17	-	-
Other assets	144	213	-	29
Assets with related parties	69,280	233	-	29
Payables	464	82	0	-
Other financial liabilities	10	31	-	-
Other liabilities	32	106	0	4,614
Liabilities with related parties	506	220	0	4,614
Commitments given	1,608	1,050	-	-
Commitments received	76	-	-	-

(1) Corresponding for the most part to transactions with the savings funds managed by Caisse des Dépôts.

(2) Almost exclusively transactions with La Poste.

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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 Apart from Stéphane Dedeyan, who is paid by CNP Assurances for his services as the company's Chief Executive Officer, members of the Executive Board do not receive any remuneration 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.

Philippe Heim is paid a salary by La Poste for his position as head of the La Poste Financial Services Division (Financial Centres) and Marion Rouso is paid a salary by La Poste for

her position as Deputy Chief Executive Officer of the Consumer and Digital Division.

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 €1.445 million as at 31 December 2022 and €1.958 million at 31 December 2021.

The following table shows the remuneration paid to members of the Development Committee, excluding the amounts paid to them as members of the Executive Board and excluding post-employment benefits paid by La Poste and CNP Assurances:

(in € millions)	2022	2021
Remuneration and benefits in kind	14.63	9.38
Post-employment benefits	0.96	1.15
TOTAL	15.59	10.53

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 2022 financial year

(in € millions, excluding taxes)	2022			
	Amount		%	
	Mazars	KPMG	Mazars	KPMG
Statutory audit of the Company and consolidated financial statements	4.58	95%	4.92	92%
Parent company	0.52	11%	0.68	13%
Subsidiaries	4.07	84%	4.24	80%
Services other than the statutory audit of the financial statements	0.24	5%	0.40	8%
Parent company	-	0%	0.18	3%
Subsidiaries	0.24	5%	0.23	4%
TOTAL	4.83	100%	5.32	100%

Note 14 Scope of consolidation

Companies	Registered office: City - Country	31 Dec. 2022			31 Dec. 2021		
		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	100.00	FULL	100.00	78.95
AEP4 SCI	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
Arial CNP Assurances	Mons-en-Baroeul - France	EQUITY	40.00	40.00	EQUITY	40.00	31.58
Assurbail Patrimoine	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
Assurimmeuble	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
Assurance ⁽²⁾	Paris - France	FULL	100.00	100.00	EQUITY	66.00	52.11
CIMO	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
CNP Assur Trésorerie Plus	Paris - France	FULL	99.09	99.09	FULL	98.12	77.46
CNP Assurances ⁽³⁾	Paris - France	FULL	100.00	100.00	FULL	82.12	78.95
CNP Caution	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
CNP Immobilier	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
CNP OSTRUM ISR OBLL 12 MOIS	Paris - France	FULL	98.98	98.98	FULL	98.59	77.84
CNP Retraite ⁽⁴⁾	Paris - France	FULL	100.00	100.00	NC	-	-
Coentreprise de Transport d'Electricité ⁽⁵⁾	Paris - France	FVTPL	20.00	20.00	FVTPL	20.00	15.79
EasyBourse	Paris - France	FULL	100.00	100.00	FULL	100.00	100.00
Écureuil Profil 90	Paris - France	FULL	56.22	56.22	FULL	56.86	44.89
Écureuil Vie Développement	Paris - France	EQUITY	49.00	49.00	EQUITY	49.00	38.69
Filassistance International ⁽²⁾	Paris - France	FULL	100.00	100.00	EQUITY	66.00	52.11
Holding d'Infrastructures Gazières	Paris - France	EQUITY	52.97	52.97	EQUITY	53.00	41.84
Infra-Invest France	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
Infra Invest Holding	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
Issy Cœur de Ville (ICV)	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
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	100.00	FULL	100.00	78.95
Ma French Bank	Paris - France	FULL	100.00	100.00	FULL	100.00	100.00
MFPrévoyance SA	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
Montparvieu V	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
OPCI AEW Imcom 1	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95

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Companies	Registered office: City - Country	31 Dec. 2022			31 Dec. 2021		
		Method ⁽¹⁾	% voting rights	% interest	Method	% voting rights	% interest
OPCI MTP Invest	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
OPCI Raspail	Paris - France	FULL	99.94	99.94	FULL	100.00	78.95
Outlet Invest	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
SAS Alleray	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
SCI Lamartine ⁽⁴⁾	Paris - France	FULL	85.00	85.00	NC	-	-
SCP Lamartine Euros ⁽⁴⁾	Paris - France	FULL	100.00	100.00	NC	-	-
SCP Lamartine Monitoring Holding ⁽⁴⁾	Paris - France	FULL	100.00	100.00	NC	-	-
SICAC	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
SOFIAP	Paris - France	FULL	66.00	66.00	FULL	66.00	66.00
Sogestop K	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
Univers CNP1 FCP	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
Vivacio ISR Actions	Paris - France	FULL	100.00	100.00	FULL	100.00	78.95
INTERNATIONAL BANCASSURANCE							
Caixa Seguradora Especializada em Saúde SA	São Paulo - Brazil	FULL	100.00	51.75	FULL	100.00	40.86
Caixa Seguradora SA	Brasilia - Brazil	FULL	100.00	51.75	FULL	100.00	40.86
Caixa Vida e Previdência	Brasilia - Brazil	FULL	100.00	40.00	FULL	100.00	31.58
CNP Asfalistiki	Nicosia - Cyprus	FULL	100.00	100.00	FULL	100.00	78.95
CNP Assurances Compañía de Seguros	Buenos Aires - Argentina	FULL	76.47	76.47	FULL	76.47	60.37
CNP Assurances Latam Holding Ltda	Brasilia - Brazil	FULL	100.00	100.00	FULL	100.00	78.95
CNP Assurances Participações Ltda	Brasilia - Brazil	FULL	100.00	100.00	FULL	100.00	78.95
CNP Capitalização SA	Brasilia - Brazil	FULL	51.00	26.39	FULL	51.00	20.84
CNP Consorcio SA Administradora de Consórcios ⁽⁶⁾	Brasilia - Brazil	FULL	100.00	100.00	FULL	100.00	40.86
CNP Cyprialive	Nicosia - Cyprus	FULL	100.00	100.00	FULL	100.00	78.95
CNP Cyprus Insurance Holdings	Nicosia - Cyprus	FULL	100.00	100.00	FULL	100.00	78.95
CNP Cyprus Properties	Nicosia - Cyprus	FULL	100.00	100.00	FULL	100.00	78.95
CNP Cyprus Tower Ltd	Nicosia - Cyprus	FULL	100.00	100.00	FULL	100.00	78.95
CNP Europe Life	Dublin - Ireland	FULL	100.00	100.00	FULL	100.00	78.95
CNP Luxembourg	Luxembourg - Luxembourg	FULL	100.00	100.00	FULL	100.00	78.95
CNP Participações Securitarias Brasil Ltda	Brasilia - Brazil	FULL	100.00	51.75	FULL	100.00	40.86
CNP Partners ⁽⁷⁾	Madrid - Spain	NC	-	-	FULL	100.00	78.95
CNP Praktoriaki	Athens - Greece	FULL	100.00	100.00	FULL	100.00	78.95
CNP SA de Capitalización y Ahorro p/ fines determinados	Buenos Aires - Argentina	FULL	65.38	50.00	FULL	65.38	39.47
CNP Santander Insurance Europe Ltd	Dublin - Ireland	FULL	51.00	51.00	FULL	51.00	40.26
CNP Santander Insurance Life Ltd	Dublin - Ireland	FULL	51.00	51.00	FULL	51.00	40.26
CNP Santander Insurance Services Ireland Ltd	Dublin - Ireland	FULL	51.00	51.00	FULL	51.00	40.26
CNP Seguros Holding Brasil SA	Brasilia - Brazil	FULL	51.75	51.75	FULL	51.75	40.86
CNP Seguros Participações em Saúde Ltda ⁽⁸⁾	Brasilia - Brazil	FULL	51.75	51.75	FULL	100.00	40.86
CNP UniCredit Vita	Milan - Italy	FULL	51.00	51.00	FULL	57.50	45.40
CNP Vita Assicura	Milan - Italy	FULL	100.00	100.00	FULL	51.00	40.26
CNP Vita Assicurazione	Milan - Italy	FULL	100.00	100.00	FULL	100.00	78.95
CNP Zois	Athens - Greece	FULL	100.00	100.00	FULL	100.00	78.95
Companhia de Seguros Previdencia Do Sul-Previsul	São Paulo - Brazil	FULL	100.00	51.75	FULL	100.00	40.86
Credicoop Compañía de Seguros de Retiro SA ⁽⁴⁾	Buenos Aires - Argentina	EQUITY	29.82	29.82	NC	-	-
Fundo De Investimento Imobiliário Renda Corporativa Angico - FII	São Paulo - Brazil	FULL	100.00	48.81	FULL	100.00	38.54
Holding XS1 SA	Brasilia - Brazil	FULL	51.00	40.00	FULL	51.00	31.58
Infra-Invest	Luxembourg - Luxembourg	FULL	100.00	100.00	FULL	100.00	78.95
Odonto Empresas Convênios Dentários Ltda	São Paulo - Brazil	FULL	100.00	100.00	FULL	100.00	40.86
OPCVM Caixa Seguradora SA	Brasilia - Brazil	FULL	100.00	51.75	FULL	100.00	40.86

Companies	Registered office: City - Country	31 Dec. 2022			31 Dec. 2021		
		Method ⁽¹⁾	% voting rights	% interest	Method	% voting rights	% interest
OPCVM Caixa Vida e Previdência	Brasilia - Brazil	FULL	100.00	40.00	FULL	100.00	31.58
OPCVM CNP Capitalizacao SA ⁽⁹⁾	Brasilia - Brazil	FULL	100.00	26.39	FULL	100.00	20.84
OPCVM CNP Consórcio SA ⁽¹⁰⁾	Brasilia - Brazil	FULL	100.00	100.00	FULL	100.00	40.86
OPCVM Holding Caixa Seguros Holding SA	Brasilia - Brazil	FULL	100.00	51.75	FULL	100.00	40.86
Provincia Seguros de Vida SA ⁽⁴⁾	Buenos Aires - Argentina	EQUITY	40.00	40.00	NC	-	-
Wiz Soluções e Corretagem de Seguros SA	Brasilia - Brazil	EQUITY	25.00	12.94	EQUITY	25.00	10.22
XS2 Vida e Previdência SA	Brasilia - Brazil	FULL	100.00	40.00	FULL	100.00	31.58
XS5 Administradora de consorcios SA	Brasilia - Brazil	EQUITY	50.01	25.00	EQUITY	50.01	19.74
Youse Tecnologia e Assistencia EM Seguros Ltda ⁽¹¹⁾	Brasilia - Brazil	FULL	100.00	51.75	FULL	100.00	40.86
WEALTH AND ASSET MANAGEMENT							
AEW Europe SA ⁽⁷⁾	Paris - France	NC	-	-	EQUITY	40.00	40.00
La Banque Postale Asset Management	Paris - France	FULL	100.00	75.00	FULL	100.00	70.00
La Banque Postale Asset Management Holding	Paris - France	FULL	75.00	75.00	FULL	70.00	70.00
Louvre Banque Privée Immobilier Conseil ⁽¹²⁾	Paris - France	FULL	100.00	100.00	FULL	100.00	100.00
Louvre Banque Privée ⁽¹³⁾	Paris - France	FULL	100.00	100.00	FULL	100.00	100.00
Ostrum Asset Management ⁽⁷⁾	Paris - France	NC	-	-	EQUITY	45.00	31.50
Tocqueville Finance SA	Paris - France	FULL	100.00	75.00	FULL	99.90	69.93
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
CORPORATE CENTRE							
115 K ⁽⁴⁾	Paris - France	FULL	100.00	100.00	NC	-	-
MULTI-SECTOR							
La Banque Postale Home Loan SFH	Paris - France	FULL	100.00	100.00	FULL	100.00	100.00
SCI CRSF DOM ⁽⁷⁾⁽¹⁴⁾	Paris - France	NC	-	-	FULL	99.94	99.94
SCI CRSF Métropole ⁽¹⁴⁾	Paris - France	FULL	100.00	100.00	FULL	100.00	100.00
SCI Tertiaire Saint Romain ⁽¹⁴⁾	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) The increases in the percentage interests and voting rights in Assuriance and Filassistance International, leading to a change of consolidation method, result from the buyout of non-controlling interests.

(3) Upon completion of the simplified tender offer for CNP Assurances shares launched on 2 May 2022, La Banque Postale Group's interest in CNP Assurances was 100%, compared with 78.95% at 31 December 2021 (see Note 1.1 "Significant events of the period").

(4) Companies consolidated for the first time in 2022.

(5) 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.

(6) Caixa Consórcios SA Administradora de Consórcio is now called CNP Consórcio SA Administradora de Consórcios.

(7) Companies deconsolidated in 2022.

(8) Caixa Seguros Participações em Saúde Ltda is now called CNP Seguros Participações em Saúde Ltda.

(9) OPCVM Caixa Capitalização SA is now called OPCVM CNP Capitalizacao SA.

(10) OPCVM Caixa Consórcios is now called OPCVM CNP Consórcio SA.

(11) Caixa Seguros Assessoria e Consultoria Ltda is now called Youse Tecnologia e Assistencia EM Seguros Ltda.

(12) Formerly La Banque Postale Immobilier Conseil.

(13) BPE is now called Louvre Banque Privée.

(14) Non-trading property company that owns La Banque Postale's owner-occupied property.

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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%
201 Investments	Paris - France	100.00%
Alpinvest Feeder (Euro) V C.V.	Amsterdam - Netherlands	99.98%
270 Investments	Issy-les-Moulineaux - France	100.00%
ARDIAN EXPANSION FUND V SKY CO-INVEST_PART A	Paris - France	100.00%
Assurécuréuil Pierre	Paris - France	99.99%
Assurécuréuil Pierre 2	Paris - France	100.00%
Assurécuréuil Pierre 5	Paris - France	100.00%
Assurécuréuil Pierre 7	Paris - France	99.99%
Auxiliaire de Transaction Immobilières	Paris - France	100.00%
Avenir Santé	Paris - France	100.00%
Axe France	Paris - France	50.00%
Baudry Ponthieu	Paris - France	99.91%
Bercy Crystal	Paris - France	100.00%
CANOPEE	Paris - France	99.97%
Cartera Pbtamsi	Madrid - Spain	100.00%
CBPE CAPITAL VIII SPECIAL INVESTORS	London - United Kingdom	100.00%
Cicoge	Paris - France	100.00%
CL (Mesa Geitonia) Properties Ltd	Nicosia - Cyprus	100.00%
CL ARCHANGELOS ANAPTYXIS LTD	Nicosia - Cyprus	100.00%
CL ARCHANGELOS PROPERTIES LTD	Nicosia - Cyprus	100.00%
CNP INFRASTRUCTURES DURABLES	Paris - France	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 UC IMMO	Paris - France	100.00%
CNP Vita SCARL	Milan - Italy	100.00%
CŒUR MÉDITERRANÉE	Paris - France	70.00%
Cottages du Bois aux Daims	Paris - France	100.00%
CRE DEBT SICAV FPS - CRE SENIOR 16 Part A	Puteaux - France	100.00%
DIWISE	Paris - France	100.00%
Django	Paris - France	100.00%
Domaine de Lancosme	Vendœuvres - France	80.00%
Domiserve	Montrouge - France	100.00%
Écureuil Vie Investment	Issy-les-Moulineaux - France	100.00%
EIG Energy Transition fund S.C.S.p.	Luxembourg - Luxembourg	55.56%
ÉOLE RAMBOUILLET	Paris - France	100.00%
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%
Forestière Cdc	Paris - France	50.00%
FPIP	Paris - France	100.00%

Companies	Registered office: City - Country	% interest
FSN CAPITAL IV (B) LP.	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%
GROUPEMENT DE PARTENARIATS ADMINISTRATIFS (G.P.A.)	Malakoff - France	80.00%
Habimmo	Paris – France	99.99%
Holdipierre	Paris – France	100.00%
Immaucam	Paris – France	80.00%
INFRA LOAN INVEST COMPARTMENT	Paris – France	100.00%
INFRA-INVEST 2	Luxembourg – Luxembourg	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 REAL ESTATE DEBT FUND 2	Paris – France	50.00%
LBPAM EUROPEAN REAL ESTATE DEBT FUND 3	Paris – France	69.10%
LBPAM FCT EUROPEAN DEBT FUNDS COMPARTIMENT MONTPARNASSÉ INFRASTRUCTURE DEBT	Paris – France	100.00%
LBPAM FCT EUROPEAN DEBT FUNDS COMPARTIMENT MONTPARNASSÉ REAL ESTATE DEBT	Paris – France	100.00%
LBPAM Infrastructure September 2030 Part	Paris – France	100.00%
LBPAM PRIVATE DEBT SCS RAIF - LBPAM INFRASTRUCTURE DEBT CLIMATE IMPACT FUND	Paris – France	75.34%
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%
Lux Gare	Luxembourg – Luxembourg	100.00%
Lyfe	Paris – France	100.00%
Meridiam Infra Invest SLP	Paris – France	94.98%
MERIDIAM INFRA-INVEST II	Paris – France	100.00%
MONTAGU IV (SCOTS FEEDER)	London – United Kingdom	100.00%
MONTPARNASSÉ DEBT FUND 2 – COMPARTIMENT INFRASTRUCTURE	Paris – France	100.00%
MONTPARNASSÉ DEBT FUND 2 – COMPARTIMENT REAL ESTATE	Paris – France	100.00%
MONTPARVIE IV	Issy-les-Moulineaux – France	100.00%
MONTPER ENTERPRISES LIMITED	Nicosia – Cyprus	100.00%
NATIXIS FCT MONTPARNASSÉ DETTE PRIVEE COMPARTIMENT MONTPARNASSÉ 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	Issy-les-Moulineaux – France	100.00%
OREA	Paris – France	100.00%

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Companies	Registered office: City - Country	% interest
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%
PURPLE PROTECTED ASSET COMPARTMENT PPA-S100	Paris - France	60.00%
Pyramides 1	Paris - France	100.00%
Residavout	Paris - France	100.00%
Residential	Paris - France	100.00%
RSS IMMO	Paris - France	99.98%
Rue du Bac	Paris - France	50.00%
SA Le Marquis	Paris - France	60.00%
Saphirrimo	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 PARIS-LONDRES	Paris - France	100.00%
SAS Pyramides 2	Paris - France	100.00%
SAS Richelieu Vivienne	Paris - France	50.00%
SCHRODER COMPARTMENT IALA	Pantin - France	100.00%
SCI Assurécurail Pierre 8	Paris - France	100.00%
SCI CRSF DOM	Paris - France	100.00%
SCI de la CNP	Paris - France	100.00%
SCI ÉLÉMENTS BERLIN OFFICE	Paris - France	99.00%
SCI ÉLÉMENTS 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%
SCP LAMARTINE UC	Paris - France	99.90%
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	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 Seguradora SA	Brasilia - 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;
- 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 assets or 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.

(in € millions)	31 Dec. 2022								
	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
CNP Assurances group	0%	0%	275	6,168	328	453,092	20,806	3,221	1,371
Other entities			15	79	36				
TOTAL			290	6,247	365				

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.

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15.1.4 Partnerships and associates

Significant partnerships

At 31 December 2022, the Group had two significant partnerships: Arial CNP Assurances and Holding d'Infrastructures Gazières.

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.

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:

	31 Dec. 2022		
(in € millions)	Securitisation	Mutual funds	Other
Financial assets at fair value through profit or loss	6,810	99,920	423
Financial assets at fair value through OCI	1,386	-	87
Financial assets at amortised cost	-	203	3,211
Total recognised assets in non-consolidated structured entities	8,197	100,123	3,720
Financial liabilities at fair value through profit or loss	-	-	351
Total recognised liabilities in non-consolidated structured entities	-	-	351
Financing commitments given	-	-	866
Maximum loss exposure	8,197	100,123	4,586
Net loss exposure	8,197	100,123	4,586

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 €104 million for the year ended 31 December 2022 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						
COSMIAN TECH	Paris - France	12.24%	EUR	0.20	(0.89)	31 Dec. 2021
EPI Company SE	St-Jans-Molenbeek - Belgium	4.76%	EUR	NC	NC	NC
Green Lantern	Paris - France	16.46%	EUR	0.81	(0.05)	31 Dec. 2021
Mandarine Gestion	Paris - France	11.82%	EUR	49.27	13.71	31 Dec. 2021
Paylib	La Garenne Colombes - France	16.67%	EUR	3.45	0.31	31 Dec. 2021
SG FGAS	Paris - France	14.30%	EUR	1.03	-	31 Dec. 2021
SOLFIZ	Nantes - France	20.00%	EUR	0.23	0.03	30 Sept. 2022
Assurance ⁽¹⁾						
Adagia Capital Europe - Sharp 1 S.L.P.	Paris - France	10.91%	EUR	NC	NC	NC
AEAM Dutch Mortgage Fund 2	The Hague - Netherlands	24.86%	EUR	NC	NC	NC
Allianz Euro Core Infrastructure Debt Fund SCSP	Paris - France	21.50%	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	19.66%	EUR	NC	NC	NC
Amundi LCL Senior Secured Midcap Loans	Paris - France	18.35%	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	15.56%	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	36.24%	EUR	NC	NC	NC
Certivia SICAV	Neuilly-sur-Seine - France	13.33%	EUR	82.13	(1.64)	31 Dec. 2022 ⁽²⁾
CIC Debt Fund 4	Paris - France	17.43%	EUR	NC	NC	NC
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	(15.72)	(0.01)	31 Dec. 2022
DBAG Fund VI Feeder GmbH & Co KG	Frankfurt am Main - Germany	26.56%	EUR	NC	NC	NC
Defense CB3	Paris - France	25.00%	EUR	97.07	(9.36)	31 Dec. 2022 ⁽²⁾
Elaia DV4 Fund	Paris - France	10.00%	EUR	NC	NC	NC

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(in € millions)	Registered office: City - Country	% interest	Currency	Last published equity	Last published net profit/(loss)	Date of most recent financial statements
FCT Tikehau Novo 2020	Paris - France	14.98%	EUR	NC	NC	NC
Foncière Écureuil II	Paris - France	21.77%	EUR	25.86	(0.79)	31 Dec. 2022 ⁽²⁾
Fonds de Fonds Growth	Maison-Alfort - France	20.00%	EUR	NC	NC	NC
Fonds de Fonds Obligations Relance France	Paris - France	17.00%	EUR	NC	NC	NC
Fonds de Prêts Participatifs Relance	Saint-Denis - France	12.65%	EUR	NC	NC	NC
Fonds NOV Impact Actions NC Assureurs - CDC Relance	Paris - France	16.13%	EUR	NC	NC	NC
Fonds NOV Santé Actions NC Assureurs - CDC Relance Durable France	Paris - France	10.13%	EUR	NC	NC	NC
Fonds NOV Santé Dette Non Cotée Assureurs	Paris - France	17.27%	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	29.37	0.48	31 Dec. 2021
Hemisphere Holding	Paris - France	20.00%	EUR	46.38	3.18	31 Dec. 2021
Infrastructure Finance SCS SIF - Compartment European Infra Senior 1	Luxembourg - Luxembourg	10.58%	EUR	NC	NC	NC
LAC I SLP	Maison-Alfort - France	16.50%	EUR	NC	NC	NC
Latour Co-Invest Funecap	Paris - France	10.40%	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 Mid Cap Senior Debt	Paris - France	33.33%	EUR	NC	NC	NC
LBPAM PRIVATE DEBT SCS RAIF - LBPAM EUROPEAN RESPONSIBLE INFRASTRUCTURE DEBT FUND	Paris - France	46.66%	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
Meridiam Infrastructure	Luxembourg - Luxembourg	18.42%	EUR	1,380.13	266.42	31 Dec. 2021
MXVI	Lyon - France	21.91%	EUR	NC	NC	NC
NN Dutch Residential Mortgage Fund	Paris - France	10.17%	EUR	NC	NC	NC
Office CB 21	Neuilly-sur-Seine - France	25.00%	EUR	337.66	9.26	31 Dec. 2021
OPC 1	Paris - France	19.67%	EUR	28.66	4.82	30 Sept. 2022
OPC 2	Paris - France	42.15%	EUR	65.97	35.84	30 Sept. 2022
Partech Growth	Paris - France	14.40%	EUR	NC	NC	NC
PBW II Real Estate Fund	Luxembourg - Luxembourg	14.57%	EUR	1.03	(0.05)	30 Sept. 2022
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
SCPI Pierre Plus	Paris - France	10.55%	EUR	NC	NC	NC
Senior European Loan Fund 1	Luxembourg - Luxembourg	46.40%	EUR	13.91	0.19	30 Sept. 2022
Senior European Loan Fund 2	Luxembourg - Luxembourg	31.88%	EUR	259.43	2.90	30 Sept. 2022
Senior European Loan Fund 3	Luxembourg - Luxembourg	27.36%	EUR	192.29	1.45	30 Sept. 2022
SCD Pharma Co-Invest S.L.P.	Paris - France	23.81%	EUR	NC	NC	NC
Silverstone	Neuilly-sur-Seine - France	19.61%	EUR	75.48	(0.05)	31 Dec. 2022 ⁽²⁾
Société du Centre Commercial de la Défense (SCCD)	Paris - France	22.00%	EUR	80.87	57.46	31 Dec. 2021
Sofinnova Crossover I S.L.P.	Paris - France	17.99%	EUR	NC	NC	NC
Sofiproteol Dette Privee	Paris - France	14.63%	EUR	NC	NC	NC
Sunlight	Neuilly-sur-Seine - France	46.98%	EUR	165.66	0.16	31 Dec. 2022 ⁽²⁾
Tikehau Impact Lending	Paris - France	14.93%	EUR	NC	NC	NC
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

La Banque Postale

French limited company (*société anonyme*) with an Executive Board

Registered in Paris under no. 421 100 645

(For the year ended 31 December 2022)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of the La Banque Postale for the year ended 31 December 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the 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 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatements 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.

5. Financial statements at 31 December 2022

Statutory Auditors' report on the consolidated financial statements

Provisions for credit risks

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 for expected credit losses (ECL) on performing loans (Bucket 1), deteriorated loans (Bucket 2) and defaulted loans (Bucket 3).

The rules for recognising impairment for 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 impairments recognised for expected credit losses (on loans in Buckets 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.).

In addition, as indicated in Note 3.1.3 to the consolidated financial statements, the amount of Bucket 2 outstanding loans and the related provisions were affected by the specific monitoring measures put in place by La Banque Postale relating to:

- counterparties or business sectors considered to present indicators of deteriorated credit risk, for corporate customers;
- customers considered to be vulnerable due to the impact of the inflationary environment, for retail customers.

Defaulted loans (Bucket 3) are impaired on an individual or statistical basis. This impairment is calculated by management based on estimated future recoverable cash flows, taking into account the guarantees available for each loan concerned.

When calculating the amount of the provisions recognised, a judgement-based assessment is used to classify exposure (Bucket 2 or 3), to determine future recoverable cash flows and to calculate sector-specific provisions, the judgement being especially complex as the impacts of the current crisis are uncertain.

Given the importance of this judgement in the process for determining the provisions recognised and the credit risk deterioration expected as a result of the current inflationary environment, we considered the estimates of expected credit losses on loans to customers at 31 December 2022 to be a key audit matter.

At 31 December 2022, outstanding loans and receivables – customers amounted to €131.1 billion, and the associated provisions totalled €1.6 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 "Credit risk" and 3.2 "Exposure to credit risk".

Our response

Provisions for Bucket 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 correct calibration of the parameters used to calculate impairment at 31 December 2022;
- we assessed how the macroeconomic environment during the year was taken into account in the model-based provisioning and in the calculation of sector-specific provisions;
- we reviewed the documentation underlying the estimation of the sector-specific provisions.

Based on a sample of credit files relating to corporate customers, classified in Bucket 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 Bucket 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 also included assessing the quality of the system monitoring sensitive, 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, we examined the appropriateness of the disclosures provided in the notes to the consolidated 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. At 31 December 2022, technical insurance reserves, net of reinsurance, amounted to €361.2 billion.

These reserves include a reserve for escalating risks which is recorded 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.

We deemed this risk to be a key audit matter in view of the sensitivity of the calculation of the escalating risks reserve for long-term care and term creditor policies to the choice of the following key assumptions, which require a significant degree of judgement from management:

- the discount rate used on the long-term care risk;
- the experience-based tables prepared according to observations and analyses established on the basis of portfolio data;
- policyholder surrender behaviour.

The accounting rules and methods applicable to the technical provisions of insurance companies are described in the paragraphs "Consolidation of the insurance business" and "Technical provisions and mathematical reserves" of Note "2.5.3 Consolidation rules", and the figures are detailed in Note 4.18 "Insurance company technical provisions and shadow accounting reserves" to the consolidated financial statements.

Our response

We examined the procedures by which the methodology for determining the escalating risks reserve is implemented. We carried out the following procedures with the guidance of our internal experts in risks and models:

- We examined the mathematical design of the actuarial model to verify that it did not contain any material misstatement that could distort the calculation result, in particular by recalculating the reserves.
- We assessed the consistency of the key assumptions used to determine the reserve. This included in particular:
 - determining homogeneous risk classes (within which the offsetting of positive and negative escalating risks reserves calculated on a case-by-case basis is possible) linked to the segmentation used for pricing;
 - the principles and methodologies for determining the discount rate;
 - the principles and methodologies for determining the surrender rate and the related sensitivity tests;
 - the principles and methodologies for determining the experience-based tables;
 - the principles for determining escalating risk reserve coefficients and their proper application for case-by-case calculations.

Measurement of level 3 unlisted financial assets

Description of risk

La Banque Postale has financial assets recorded at fair value (through profit or loss or equity) in its balance sheet under level 3 of the fair value hierarchy for a total amount of €25.1 billion, as detailed in Note 9.2 to the consolidated financial statements. The bulk of these assets are held by CNP Assurances.

Financial investments classified as financial assets at fair value through equity are measured at fair value at the end of the reporting period. Changes in fair value are recognised directly in equity.

Financial assets classified as at fair value through profit or loss are measured at fair value at the end of the reporting period. Fair value adjustments are recorded directly in profit or loss.

Fair value adjustments are recorded taking into account deferred taxes and, in the case of assets carried by CNP Assurances, the rights of policyholders.

5. Financial statements at 31 December 2022

Statutory Auditors' report on the consolidated financial statements

Level 3 in the fair value hierarchy under IFRS 13 includes all assets whose valuation is based on unobservable market data. Fair value may be based on internal valuation models derived from standard models or from external agents providing a valuation without reference to an active market.

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.

The accounting rules and methods applicable to level 3 financial asset portfolios and the methods for determining their fair value are described respectively in paragraph 2.6.1.6 "Determining fair value or market value" of Note 2.6 "Presentation and measurement rules" and in Note 9.2 "Fair value hierarchy of financial assets and liabilities recognised in the balance sheet" to the consolidated financial statements.

Our response

We performed the following procedures:

- We assessed the control system associated with the valuation process, particularly by verifying that controls put in place by management exist and effectively implemented.
- We verified that the estimates of these values determined by management are based on an appropriate justification of the measurement method and of the figures used.
- We obtained 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.
- We worked with our internal experts in risks and models to perform an independent calculation and a sensitivity analysis on a sample of structured securities.
- We reviewed and justified changes in classification between the three fair value levels.
- We also reviewed the financial information required under IFRS 7 in the notes to the consolidated financial statements.

Specific verifications

In accordance with the professional standards applicable in France, we also carried out the specific verifications required by the legal and regulatory texts of the information relating to the group given in the management report of 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

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the responsibility of the Chairman of the Executive Board, 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.

Due to the technical limitations inherent to block tagging the consolidated financial statements in the European single electronic reporting format, the content of some of the tags in the notes may not be rendered identically to the accompanying consolidated financial statements.

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 by the General Meetings of Shareholders held on 27 May 2010 for KPMG S.A. and on 27 April 2022 for Mazars.

At 31 December 2022, KPMG S.A. was in the 13th consecutive year of its engagement, and Mazars was in the first year.

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.

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 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 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.

5. Financial statements at 31 December 2022

Statutory Auditors' report on the consolidated financial statements

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 EU Regulation 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.

The Statutory Auditors

Mazars

Charles de Boisriou
Partner

Jean-Claude Pauly
Partner

Courbevoie, 16 March 2023

KPMG SA

Paris-La Défense, 16 March 2023

Xavier de Coninck
Partner

Pierre Planchon
Partner

5.4 Parent company financial statements

5.4.1 Parent company balance sheet

(in € thousands)	Notes	31 Dec. 2022	31 Dec. 2021
ASSETS			
Cash, central banks		39,355,325	50,812,385
Government paper and equivalents	3.5	25,536,281	22,524,264
Loans and advances to credit institutions	3.1	20,114,824	20,228,464
Customer transactions	3.3	109,875,516	100,325,906
Bonds and other fixed-income securities	3.5	26,526,162	25,827,461
Equities and other variable-income securities	3.5	151,264	251,952
Equity investments and other long-term securities	3.8	497,484	423,335
Investments in subsidiaries and associates	3.8	10,962,007	7,923,366
Intangible assets	3.9	673,064	645,257
Property, plant and equipment	3.9	508,642	498,845
Other assets	3.10	3,178,952	1,894,028
Accruals	3.10	1,719,213	1,341,200
TOTAL		239,098,734	232,696,463
LIABILITIES			
Liabilities due to credit institutions	3.2	52,629,595	48,712,164
Customer transactions	3.4	148,683,350	152,005,889
Debt securities	3.7	21,714,168	14,131,713
Other liabilities	3.11	1,697,869	1,885,753
Accruals	3.11	1,676,125	1,755,328
Provisions	3.12	434,631	753,525
Subordinated debt	3.14	4,006,205	4,255,448
Fund for general banking risks (FGBR)		22,000	22,000
Shareholders' equity (excluding FGBR)	3.16	8,234,792	9,174,644
- Issued capital		6,585,350	6,585,350
- Share premium account		246,116	246,116
- Reserves		627,704	569,923
- Revaluation differences			
- Regulated provisions and investment grants			
- Retained earnings		173,538	617,632
- Net profit for the period		602,084	1,155,622
TOTAL		239,098,734	232,696,463

5.

5. Financial statements at 31 December 2022

Parent company financial statements

5.4.2 Parent company income statement

(in € thousands)	Notes	2022	2021
Interest income			
- cash and interbank transactions	4.7	1,901,795	1,199,462
- customer transactions	4.7	1,540,208	1,396,876
- bonds and other fixed-income securities	4.7	674,642	607,737
- other interest income	4.7	219,017	225,167
Interest expense			
- cash and interbank transactions	4.7	(372,946)	(336,334)
- customer transactions	4.7	(2,005,858)	(1,188,387)
- bonds and other fixed-income securities	4.7	(417,195)	(280,547)
- other interest expense	4.7	(56,929)	(62,500)
Income from variable-income securities	4.2	1,384,766	1,020,664
Fee and commission income	4.3	2,646,932	2,636,910
Fee and commission expense	4.3	(261,217)	(250,210)
Gains or losses on trading portfolio transactions	4.4	571,370	3,838
Gains or losses on available-for-sale portfolio transactions	4.5	(456,204)	(14,727)
Other banking income	4.6	46,287	71,963
Other banking expenses	4.6	(92,280)	(111,740)
Net banking income		5,322,389	4,918,173
General operating expenses			
- Payroll costs	4.7	(504,196)	(474,728)
- Other general operating expenses	4.7	(3,777,606)	(3,826,344)
- Re-invoicing		152,425	166,848
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	4.10	(221,159)	(177,059)
Gross operating profit		971,852	606,889
Cost of risk	4.11	(219,380)	(140,681)
Operating profit		752,471	466,208
Gains or losses on non-current assets	4.12	(149,653)	684,549
Pre-tax profit		602,818	1,150,757
Non-recurring items		-	-
Income tax benefit (expense)	4.13	(734)	4,865
Net allocations to the Fund for general banking risks (FCBR) and regulated provisions		-	-
Net profit		602,084	1,155,622
Parent company earnings per share (in €)		7.50	14.39
Parent company diluted earnings per share (in €)		7.50	14.39

5.4.3 Parent company off-balance sheet items

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Financing commitments, financial guarantees and securities commitments		
– Financing commitments given		
– To credit institutions	1,829,901	1,913,254
– To customers	24,033,418	24,892,881
– Financial guarantees given		
– To credit institutions ⁽¹⁾	1,046,363	1,123,439
– To customers	3,791,646	4,819,296
– Securities commitments		
– Securities to be delivered ⁽²⁾	15,444,092	17,414,976
Financing commitments, financial guarantees and securities commitments		
– Financing commitments received		
– From credit institutions	14,783,054	17,185,354
– From customers ⁽²⁾	1,736,817	399,841
– Financial guarantees received		
– From credit institutions ⁽³⁾	36,264,938	32,593,144
– From customers	7,174,368	6,751,137
– Securities commitments		
– Securities to be received	165,333	193,931
Other commitments given and received		
– Other commitments given ⁽⁴⁾	34,752,139	33,354,318
– Other commitments received	264,160	49

Off-balance sheet commitments relating to spot and forward foreign exchange transactions and to foreign currency lending and borrowing transactions are described in Note 3.17.

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 €168.2 million at 31 December 2022.

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 include €36,140 million in 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 (€8,825 million), and for guarantees received from Crédit Logement (€146.3 million). In addition, part of the portfolio of home loans has been pledged to its home loans subsidiary, LBP Home Loan SFH (€25,277 million).

5. Financial statements at 31 December 2022

Parent company financial statements

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

There were no changes in accounting methods in the year just ended. The regulations of the French national accounting authority (ANC) that came into effect in 2022 had no impact on the financial statements.

2 Comparability of financial years

For the balance sheet, income statement and off-balance sheet statement, the data shown for the 2022 financial year is comparable to that for the previous financial year.

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.

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 on 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.

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.

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 the arrears have been settled and no contractual 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. 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 modification loss is recognised in interest margin over the remaining life of the loan by the yield-to-maturity method.

- Retail Banking customers

The restructured counterparty is removed from doubtful status after a probationary period of 12 months; it is then classified as credit impaired for at least 24 months, before being returned to performing status if no further restructuring or material payment incident has occurred.

- 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 material 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 credit impaired

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 credit impaired, 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 credit impaired 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).

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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 credit impaired.

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 credit impaired 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 credit impaired (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.

Unauthorised overdrafts

Loss allowances for unauthorised overdrafts concern both active and closed accounts. Unauthorised overdrafts are reviewed monthly and the classification decision depends on 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.

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.

(1) The backstop is defined as the point beyond which the credit quality of a financial asset is considered to have significantly deteriorated.

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.

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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.

Collateralised repurchase and reverse repurchase agreements

Securities sold under collateralised repurchase agreements are maintained in the balance sheet under their original classification. They are given as collateral for the sums lent to the Group, which are recorded as a liability under "Customer deposits" or "Liabilities due to credit institutions".

Symmetrically, securities received under collateralised reverse repurchase agreements are not recorded in the Group's balance sheet and the right to recover the sums lent to the counterparty is recognised as an asset under "Loans and advances to customers" or "Loans and advances to credit institutions".

Interest on the underlying debt or loan is recorded in the income statement on an accruals basis.

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 LDDS regulated savings accounts, and in Article R. 221-58 of the Code for LEP 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.

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.

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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 5 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 the Group'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 performance obligation (service) is provided over time, the fee is recognised over the service period (payment media processing fees);
- fees corresponding in substance to interest are recorded under "Interest income" or "Interest expense";
- 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);

14 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.

15 Income tax

Only current taxes are recorded in the parent company financial statements. The tax expense shown in the income statement corresponds to the income tax payable for 2022.

The standard tax rate is 25%, plus a 3.3% surtax, giving an effective tax rate of 25.83%.

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 2 Significant events of the period

2.1 Changes in CNP Assurances' ownership structure

As announced on 28 October 2021, La Banque Postale filed a simplified tender offer for the shares of CNP Assurances with the French Financial Markets Authority (*Autorité des marchés financiers – AMF*) on 16 March 2022.

The offer was declared compliant by the AMF on 26 April 2022. It was open from 2 May 2022 to 31 May 2022 inclusive, at a price of €20.90 per share (€1 dividend coupon detached), representing a premium of 36% over the

pre-announcement share price. The offer was considered in the interests of CNP Assurances, its shareholders and its employees by the Board of Directors of CNP Assurances.

As the non-controlling shareholders represented less than 10% of the share capital and voting rights of CNP Assurances following the offer, La Banque Postale implemented a mandatory squeeze-out procedure. At 31 December 2022, La Banque Postale therefore held 100% of the shares of CNP Assurances.

2.2 Subordinated notes issues and redemptions

On 5 December 2022, La Banque Postale issued €500 million worth of Tier 2 subordinated notes due March 2034 paying interest at 5.5% until 5 March 2029. They

qualify as debt based on IFRS criteria.

On 19 November 2022, La Banque Postale called the €750 million worth of 2.75% bonds issued in November 2015.

2.3 Inaugural sterling-denominated Senior Non-Preferred Notes issue

On 13 September 2022, La Banque Postale carried out an inaugural sterling-denominated Senior Non-Preferred Notes issue for £425 million. The notes have a six-year life, with a first call after five years. They were issued at a final

spread of 260 bps over the gilts rate and a fixed interest rate of 5.625%. This is the first benchmark issuance from La Banque Postale in a foreign currency.

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2.4 Credit risk and impact of the COVID-19 crisis

The macroeconomic conditions in which La Banque Postale operates changed considerably in 2022 compared to the environment at the end of 2021. While economists had predicted that the waning of the COVID-19 pandemic would be followed by several years of sustained economic recovery (accompanied by accommodative monetary policies and promotion of the environmental transition), the outbreak of armed conflict in Europe between Ukraine and Russia in first-quarter 2022 has plunged the global economy back into uncertainty. The measures taken to hedge credit risk are intended to reflect this environment.

The information presented in this note also factors in these developments.

The invasion of Ukrainian territory by Russian troops on 24 February 2022 led to significant pressure on agricultural raw materials and energy prices. Straight away, investors became more risk averse and began to question the robustness of the global recovery. This situation exacerbated the inflationary pressures that were already present in the post-pandemic environment due to the recovery in economic activity accompanied by a digital revolution, pent-up demand following periods of forced saving during successive lockdowns, and severe supply chain problems.

The main central banks responded to this inflationary environment by announcing interest rate hikes, calibrated in each case with their local macroeconomic and budgetary situation.

The impacts of this situation for La Banque Postale are as follows:

- Fairly limited impact in terms of the risk arising directly from the Ukraine-Russia conflict: La Banque Postale's loan book has no exposure to Ukraine and Russia. The main area for attention in terms of the loan book results from 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.
- It should be noted that measures were taken immediately by the Group Compliance Department at the outbreak of the conflict to identify and closely monitor the accounts, assets and transactions of retail and corporate customers subject to sanctions. These measures are still in force today.
- A potentially significant (albeit not yet visible to date) deterioration in the credit quality of loan books due to the negative external impacts of the conflict, namely the sharp increase in inflation and its impact on the broader interest rate environment and the rest of the macroeconomy.

The potential impacts of this deterioration in the macroeconomic environment can be summed up 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 continued to adopt a conservative approach to

determining non-performing loan provisions at 31 December. All the existing measures concerning industry risk provisions were maintained in the most sensitive sectors, comprising the Private Passenger Transport industry – with a particular focus on Airlines – the Automotive industry, Tourism and Hospitality, Retail, Commercial Property and, above all, Agriculture to anticipate possible raw materials shortages following the outbreak of the Russia-Ukraine conflict (measure in place since the first half of 2022). In addition, Group Risk Management decided to record general provisions at 31 December 2022 on leveraged exposures with the lowest credit quality ratings.

- **Retail customers:** job stability and the stability of savings and disposable incomes net of inflation represent structural factors taken into account to assess the credit risk represented by retail customers who have obtained loans from the Bank. Government support packages, price freezes and the French unemployment system all help to delay or even offset the occurrence of this risk, but La Banque Postale's customers with low incomes are nonetheless expected to experience difficulties, as they are particularly vulnerable to sharp price increases on basic and everyday consumer products. For this reason, La Banque Postale set aside provisions covering part of the inflation risk for vulnerable customers with consumer loans or low income homebuyer loans (prêts d'accession sociale).

2.4.1 COVID-19 impacts

Like all credit institutions, La Banque Postale has been dealing with the economic and operational consequences of the COVID-19 pandemic since the beginning of 2020.

Between March 2020, when the World Health Organisation declared that the COVID-19 epidemic had become a pandemic, and the date when this document was prepared, France experienced seven 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 these periods.

Several practical initiatives were organised around exceptional government measures to support corporate and retail customers, and remained in place at 31 December 2022:

- distribution of government-backed loans ("PGE"): at 31 December 2022, these loans represented a residual outstanding amount of €844 million (of which €718 million due in more than two years);
- distribution of stimulus loans ("PPR"): these loans were granted by La Banque Postale and other French banks between April 2021 and June 2022. In 2022, 21 loans were contracted for a total amount of €5.9 million. The loans represented a residual outstanding amount of €11.5 million at 31 December 2022.

As of the date of preparation of this report, the epidemic appears to have been brought under control. Although new waves of COVID-19 infections, including its variants, have been observed, they are far less dangerous thanks to the high level of vaccination coverage and they no longer act as a serious brake on economic growth in developed countries.

However, the World Health Organisation is still very cautious when it comes to predicting the end of the pandemic, and a new outbreak of the virus, with dangerous variants, would increase the uncertainties and potential difficulties for the Bank's clients, as mentioned in the paragraph on developments in the geopolitical and macroeconomic environment.

2.4.2 Impact of the macroeconomic crisis on the measurement of credit risk

Cost of risk was €219 million in 2022, without any major loss events, reflecting:

- the high quality of assets in Retail and CIB banking books;
- limited exposure to the corporate sectors hardest hit by the crisis;
- La Banque Postale's conservative policy concerning loss allowances across all customer categories.

The classification and provisioning of the Group's exposures at 31 December 2022 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-specific measures, etc.).

At 31 December 2022, La Banque Postale updated the macroeconomic scenarios and related risk parameters used to determine statistical provisions. The impact on credit risk assessments of the uncertainty caused by the crisis (and its macroeconomic consequences) is reflected in La Banque Postale's financial statements through management measures adapted to each major customer segment. These measures were taken by the Group Risk Department after reviewing the entire loan book.

Corporate customers

2022 cost of risk for Corporate and Investment Banking customers results from:

- La Banque Postale's exposure monitoring process, which results in several individual allocations to provisions amplified by the geopolitical and macroeconomic environment, or by specific situations;
- specific provisioning decisions 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 crisis, La Banque Postale chose to maintain or step up the policy adopted in late 2020 concerning general loss allowances and to extend the policy into 2021 and 2022. Sector-specific loss allowances were recorded on exposures in the following sectors at 31 December 2022:

- 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 other than city centre locations;
- Agriculture (sector added in first-half 2022) in order to anticipate the likely difficulties to come for certain customers affected by the raw materials shortages and disruptions to their supply chains since the start of the armed conflict between Russia and Ukraine;
- leveraged transactions (as defined in European Banking Authority guidelines) with a downgraded rating, and LBOs, in order to anticipate possible inflation-related cash flow difficulties (category added at 31 December 2022).

Retail customers

In 2022, the following adjustments were made to reflect the impact of the crisis on the loan book's retail customers:

- the reclassification as sound of retail credit exposures in the Caribbean region, due to the improvement in the health, economic and labour environment;
- the overlay (multiplying factor) for calculating loss given default (LCD) for home loans guaranteed by sureties was maintained;
- loans to customers that the Bank considers to be vulnerable in the current inflationary environment and particularly exposed to the macroeconomic impact of the current monetary policy reaction to rising inflation were reclassified as "credit impaired". The customers concerned have very limited savings with the Bank or very small disposable incomes;
- the parameters used for provisioning models were updated, as were the macroeconomic scenarios and their weighting across all customer segments to which the Bank is exposed;
- revised thresholds were applied to determine whether an asset has been subject to a significant increase in credit risk.

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Note 3 Notes to the balance sheet

3.1 Loans and advances to credit institutions

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Current accounts in debit	78,886	165,381
Overnight accounts and loans	-	-
Securities received under collateralised reverse repurchase agreements	421,216	336,830
Suspense accounts	4,206	474
Non-performing loans and advances	-	-
Accrued interest	-	3
Gross total	504,307	502,689
Loss allowances	-	-
Loans and advances to credit institutions repayable on demand	504,307	502,689
Term accounts and loans ⁽¹⁾	19,502,242	19,642,210
Securities received under collateralised reverse repurchase agreements	-	-
Subordinated loans ⁽²⁾	78,100	78,100
Non-performing loans and advances	-	-
Accrued interest	30,176	5,465
Gross total	19,610,518	19,725,776
Loss allowances	-	-
Term loans and advances to credit institutions	19,610,518	19,725,776
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	20,114,824	20,228,464

(1) Of which loans to subsidiaries of La Banque Postale Group: €19,489,488 thousand

(2) These are subordinated loans granted to Crédit Logement to enable the company to comply with its regulatory capital requirements

3.2 Liabilities due to credit institutions

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Current accounts in credit ⁽¹⁾	1,456,031	1,373,242
Overnight accounts and borrowings	-	-
Overnight repos	-	-
Securities sold under collateralised repurchase agreements	-	-
Other amounts due	64	1,913
Accrued expenses	-	-
Demand deposits from credit institutions	1,456,095	1,375,155
Term deposits ⁽²⁾	28,174,454	26,819,817
Assets sold under repurchase agreements	-	-
Securities sold under collateralised repurchase agreements	22,993,865	20,605,937
Accrued expenses	5,181	(88,745)
Term liabilities due to credit institutions	51,173,500	47,337,009
LIABILITIES DUE TO CREDIT INSTITUTIONS	52,629,595	48,712,164

(1) Of which with La Banque Postale Group subsidiaries: €831,672 thousand at 31 December 2022 and €504,483 thousand at 31 December 2021

(2) Of which with La Banque Postale Group subsidiaries: €19,982,763 thousand at 31 December 2022 and €17,988,817 thousand at 31 December 2021

3.3 Loans and advances to customers

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Trade receivables	-	-
Current accounts in debit ⁽¹⁾	786,253	870,530
Loans to financial sector customers	1,093,427	492,445
Other customer loans	98,933,078	91,800,643
- of which short-term credit facilities ⁽³⁾	8,226,796	7,409,629
- of which home loans ⁽³⁾	79,576,631	73,113,336
- of which export credits	17,616	18,922
- of which other loans ⁽³⁾	11,112,035	11,258,755
- of which lease receivables	-	-
- of which loans to financial sector customers	-	-
Suspense accounts ⁽²⁾	51,014	69,974
Securities received under collateralised reverse repurchase agreements	9,887,826	7,812,778
Subordinated loans	10,690	5,207
Loans and advances to customers before allowances	110,762,289	101,051,577
Allowances for credit losses		
- On current accounts in debit	(93,657)	(77,584)
- On customer loans	(793,115)	(648,087)
CUSTOMER TRANSACTIONS	109,875,516	100,325,906
Of which accrued interest	202,167	158,419
Of which non-performing loans and advances	829,507	537,135
Of which gross irrecoverable loans and advances	404,846	398,747
of which credit impaired restructured loans	211,876	241,316

(1) Of which with La Banque Postale Group subsidiaries: €53,526 thousand at 31 December 2022 and €68,186 thousand at 31 December 2021

(2) This item primarily represents receivables relating to discretionary transactions

(3) The breakdown of outstanding loans at 31 December 2021 has been modified

Home loans included €66.7 billion in retail loans at 31 December 2022, compared with €61.7 billion at 31 December 2021

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3.4 Customer deposits

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Regulated demand savings accounts	97,986,436	93,226,871
Regulated term savings accounts	25,236,323	26,925,552
Accrued expenses		
Regulated savings accounts	123,222,759	120,152,423
Savings deposits centralised with the CDC and recognised in assets	(64,732,426)	(64,932,654)
Regulated savings accounts net of amounts centralised with the CDC	58,490,333	55,219,769
Current accounts in credit ⁽¹⁾	81,458,043	84,849,985
Accrued expenses	16,948	6,509
Customer current accounts in credit	81,474,991	84,856,494
Borrowings from financial-sector customers	3,684,901	4,067,416
Term deposit accounts in credit	525,399	
Assets sold under repurchase agreements		
Securities and other assets sold under collateralised repurchase agreements	4,066,788	7,584,798
Other amounts payable to customers	432,434	282,963
Accrued expenses	8,504	(5,552)
Other liabilities due to customers	8,718,026	11,929,626
CUSTOMER TRANSACTIONS	148,683,350	152,005,889

(1) Of which with La Banque Postale Group subsidiaries: €152,762 thousand at 31 December 2022 and €694,987 thousand at 31 December 2021

3.5 Financial transactions – Breakdown by category

(in € thousands)	31 Dec. 2022				
	Securities				
	Held-for-trading ⁽¹⁾	Available-for-sale	Held-to-maturity	Portfolio	Total
GOVERNMENT PAPER AND EQUIVALENTS					
Redemption price	177,457	707,011	23,849,861	-	24,734,328
Unamortised premiums/discounts	-	338	339,355	-	339,693
Accrued interest	-	1,259	549,084	-	550,342
Loss allowances	-	(1,167)	(86,916)	-	(88,083)
Net carrying amount	177,457	707,441	24,651,383	-	25,536,281
Of which loaned securities			3,065,965	-	3,065,965
Of which listed securities	18,195	707,430	24,651,383	-	25,377,008
BONDS AND OTHER FIXED-INCOME SECURITIES					
Redemption price	42,114	17,175,887	9,766,671	-	26,984,672
Unamortised premiums/discounts	-	(59,198)	24,970	-	(34,228)
Accrued interest	-	80,542	13,382	-	93,924
Loss allowances	-	(518,206)	-	-	(518,206)
Net carrying amount	42,114	16,679,025	9,805,023	-	26,526,162
Of which loaned securities				-	-
Of which listed securities	22,147	15,584,516	9,805,023	-	25,411,686
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES					
Gross carrying amount	-	129,452	-	35,710	165,162
Accrued income	-	-	-	-	-
Loss allowances	-	(13,898)	-	-	(13,898)
Net carrying amount	-	115,554	-	35,710	151,264
Of which loaned securities				-	-
Of which listed securities		6,724		1,603	8,327
NET TOTAL BY PORTFOLIO TYPE	219,570	17,502,020	34,456,406	35,710	52,213,707

(1) 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 3.19.2

In the exceptional context of the very rapid and steep interest rate hikes observed since the beginning of December 2021 and the major inflationary pressures, La Banque Postale transferred €3.3 billion worth of investments (excluding accrued interest) from the available-for-sale portfolio to the held-to-maturity portfolio. If the securities had not been transferred, an impairment loss of €0.9 billion would have been recorded.

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(in € thousands)	31 Dec. 2021				
	Securities				
	Held-for-trading ⁽¹⁾	Available-for-sale	Held-to-maturity	Portfolio	Total
GOVERNMENT PAPER AND EQUIVALENTS*					
Redemption price	-	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
Loss allowances	-	(93,815)	-	-	(93,815)
Net carrying amount	-	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
Loss allowances	-	(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 interest	-	-	-	-	-
Loss allowances	-	(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

(1) The balance sheet value of trading securities corresponds to their market value.

During 2021, no available-for-sale securities were transferred to held-to-maturity portfolios.

3.6 Market value of securities

(in € thousands)	Available-for-sale securities		Held-to-maturity securities		Portfolio securities	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
GOVERNMENT PAPER AND EQUIVALENTS						
Net carrying amount ⁽¹⁾	707,441	5,420,233	24,651,383	17,104,031		
Market value	658,796	5,538,903	20,659,646	17,868,804		
BONDS AND OTHER FIXED-INCOME SECURITIES						
Net carrying amount ⁽¹⁾	16,679,025	15,772,013	9,805,023	8,613,266		
Market value	16,305,680	15,785,959	8,651,753	8,538,778		
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES						
Net carrying amount	115,554	209,647			35,710	42,305
Market value and/or value in use for portfolio securities	165,911	289,355			55,750	71,597

(1) Impairment losses are calculated taking into account unrealised gains and losses on any financial instruments designated as hedges of available-for-sale securities.

3.7 Debt securities

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Short-term notes	-	-
Accrued interest	-	-
Short-term notes	-	-
Interbank securities	-	-
Certificates of deposit	13,408,372	7,861,937
BMTN medium-term notes and TCN money markets	-	-
Accrued interest	(11,257)	860
Interbank securities and money market securities	13,397,115	7,862,797
Bonds	6,193,117	4,826,712
Issue premiums	(39,289)	(21,082)
Accrued interest	39,581	22,326
Bonds	6,193,408	4,827,957
Other debt securities	2,122,845	1,440,899
Accrued interest	799	60
Other debt securities	2,123,644	1,440,960
DEBT SECURITIES	21,714,168	14,131,713

3.8 Investments in related companies, long-term equity interests and other long-term securities

(in € thousands)	31 Dec. 2022			31 Dec. 2021				
	Gross carrying amount of securities	Advances	Impairments	Net carrying amount of securities	Gross carrying amount of securities	Advances	Impairments	Net carrying amount of securities
Listed companies	-	-	-	-	5,654,601	-	-	5,654,601
Unlisted companies	11,220,225	-	(258,218)	10,962,007	2,269,194	-	(430)	2,268,764
Investments in subsidiaries and associates	11,220,225	-	(258,218)	10,962,007	7,923,795	-	(430)	7,923,365
Listed companies	-	-	-	-	-	-	-	-
Unlisted companies	557,263	-	(59,779)	497,484	494,254	-	(70,919)	423,335
Equity interests and other long-term securities	557,263	-	(59,779)	497,484	494,254	-	(70,919)	423,335

CNP Assurances was delisted on 20 June 2022.

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3.9 Property, plant and equipment and intangible assets

(in € thousands)	1 Jan. 2022		Year-on-year change		31 Dec. 2022			31 Dec. 2021		
	Gross carrying amount	Purchases	Transfers	Disposals	Gross carrying amount and impairment	Accumulated depreciation, amortisation and impairment	Net carrying amount	Gross carrying amount	Accumulated depreciation, amortisation and impairment	Net carrying amount
Land	-	-	-	-	-	-	-	-	-	-
Buildings ⁽¹⁾	375,743				375,743	-	375,743	375,743	-	375,743
Other operating fixed assets	690,991	60,304		(74,735)	676,560	(543,662)	132,898	690,991	(567,889)	123,102
Property, plant and equipment	1,066,735	60,304		(74,735)	1,052,304	(543,662)	508,642	1,066,735	(567,889)	498,845
Set-up costs	-	-	-	-	-	-	-	-	-	-
Franchises, licenses, and patents	380,488	17,559		(2,080)	395,967	(353,335)	42,632	380,488	(326,413)	54,075
Other intangible assets	1,506,987	180,902		(15,545)	1,672,344	(1,041,912)	630,431	1,506,987	(915,805)	591,182
Intangible assets	1,887,475	198,461		(17,625)	2,068,311	(1,395,247)	673,064	1,887,475	(1,242,218)	645,257
PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS	2,954,209	258,765		(92,360)	3,120,614	(1,938,909)	1,181,706	2,954,209	(1,810,107)	1,144,102

(1) 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).

3.10 Accruals and other assets

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Prepaid expenses	30,096	37,059
Accrued income from derivatives	231,281	337,723
Other accrued income	537,665	532,220
Revaluation of derivatives and foreign exchange instruments	195,856	(8)
Collection accounts	56,094	6,627
Other accruals	668,220	427,578
Accruals	1,719,213	1,341,200
Purchased options	523,895	90,522
Collective management of Livrets de développement durable	-	-
Guarantee deposits paid ⁽¹⁾	1,916,884	1,088,772
Securities settlement accounts	820	2,262
Accrued interest	2,640	857
Other assets ⁽²⁾	736,755	728,812
Loss allowances	(2,042)	(17,197)
OTHER ASSETS	3,178,952	1,894,028
ACCRUALS AND OTHER ASSETS	4,898,165	3,235,228

(1) Including €25,000 thousand with subsidiaries

(2) Of which with La Banque Postale Group subsidiaries: €66,552 thousand at 31 December 2022 and €111,668 thousand at 31 December 2021

3.11 Accruals and other liabilities

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Deferred income	424,845	416,588
Accrued expenses on derivatives	225,496	240,303
Revaluation of derivatives and foreign exchange instruments		341
Other accruals ⁽¹⁾	1,025,784	1,098,096
Accruals	1,676,125	1,755,328
Written options	585,719	83,258
Securities-related liabilities		
Other payables ⁽²⁾	1,103,469	1,794,631
Securities settlement accounts	6,939	6,216
Accrued expenses	1,743	1,648
OTHER LIABILITIES	1,697,869	1,885,753
ACCRUALS AND OTHER LIABILITIES	3,373,994	3,641,080

(1) This item primarily represents accruals for the Financial Centres' payment media transactions

(2) Of which with La Banque Postale Group subsidiaries: €375,818 thousand at 31 December 2022 and €174,673 thousand at 31 December 2021

3.12 Provisions for liabilities and charges

(in € thousands)	31 Dec. 2021	Charges	Utilisations	Reversals of unused provisions	Other movements	31 Dec. 2022
Provisions for post-employment benefits and other employee-related commitments	34,958	4,600	(4,000)	(5,985)		29,573
PEL/CEL home savings provisions	185,600		-	(80,300)		105,300
Other provisions	434,625	100,055	(7,402)	(337,039)	573	190,812
Provisions (excluding counterparty risk)	655,183	104,655	(11,402)	(423,324)	573	325,685
Signature commitments	-					
Provisions for guarantee commitments	51,362	3,577		(24,623)		30,316
Provisions for financing commitments	46,981	66,321		(34,638)	(34)	78,630
PROVISIONS FOR COUNTERPARTY RISK RECORDED IN LIABILITIES	98,343	69,898	-	(59,261)	(34)	108,946
PROVISIONS	753,526	174,553	(11,402)	(482,585)	539	434,631

5.

3.13 Home savings optionality

Generation (in € millions)	Deposits collected	Loans granted in respect of PEL and CEL accounts	2022 provision	2021 provision	Change
More than 10 years	11,915		21	125	(104)
4-10 years	11,813		1	4	(3)
Less than 4 years	972			2	(2)
Total home savings plans (PEL)	24,700	5	22	131	(109)
Total home savings accounts (CEL)	4,326	27	83	55	28
TOTAL	29,026	32	105	186	(81)

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3.14 Subordinated debt

(in € thousands)	Date of issue	Maturity	Rate	Issue currency	31 Dec. 2022	31 Dec. 2021
Redeemable subordinated debt	19.11.2015	19.11.2027	2.750%	EUR		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	02.02.2021	02.08.2032	0.750%	EUR	500,000	500,000
Redeemable subordinated debt	27.04.2021	02.08.2032	0.750%	EUR	250,000	250,000
Redeemable subordinated debt ⁽¹⁾	05.12.2022	05.03.2034	5.50%	EUR	500,000	
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	750,000
Interest					6,205	5,448
TOTAL					4,006,205	4,255,448

(1) La Banque Postale issued €500 million worth of Additional Tier 2 subordinated notes on 5 December 2022.

(2) La Banque Postale carried out its second Additional Tier 1 issue on 29 September 2021, in the amount of €750 million.

3.15 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	More than 5 years	31 Dec. 2022
ASSETS						
Loans and advances to credit institutions	30,176	2,346,644	3,947,605	8,601,002	5,189,397	20,114,824
Loans and advances to customers	203,496	8,712,265	11,825,199	28,207,716	60,926,840	109,875,516
Security portfolios (trading, available-for-sale, held-to-maturity)	217,183	217,696	3,489,168	16,664,079	31,474,317	52,062,443
Government paper and equivalents	138,305	87,127	1,572,589	1,924,361	21,813,899	25,536,281
Bonds and other fixed-income securities	78,878	130,569	1,916,579	14,739,718	9,660,418	26,526,162
LIABILITIES						
Liabilities due to credit institutions	(31,916)	30,678,353	1,980,634	9,721,271	10,281,253	52,629,595
Customer deposits	1,943	148,551,045	126,149	4,213	-	148,683,350
Debt securities	(10,166)	10,448,857	3,207,425	3,179,602	4,888,450	21,714,168
Bonds	292	170,317	112,507	2,394,362	3,515,931	6,193,409
Interbank securities and money market securities	(11,257)	10,278,540	3,094,918	27,304	7,610	13,397,115
Other debt securities	799	-	-	757,936	1,364,909	2,123,644
Subordinated debt	25,678	(19,473)	-	750,000	3,250,000	4,006,205
OFF-BALANCE SHEET						
Financing commitments given	-	15,056,990	3,880,823	5,119,420	1,806,085	25,863,319
Guarantee commitments given	-	4,216,899	350,752	233,718	36,640	4,838,009

3.16 Shareholders' equity

(in € thousands)	Fund for general banking risks	Share capital	Additional paid-in capital	Legal reserves	Other reserves and retained earnings	Net profit	Shareholders' equity (excluding shareholders FGBR)	Total shareholders' equity
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)
Other movements					11,548		11,548	11,548
2021 net profit						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
Appropriation of 2021 net profit					57,781	1,097,841	(1,155,622)	-
Prior year dividend						(1,541,936)		(1,541,936)
Other movements							-	-
2022 net profit						602,084	602,084	602,084
Equity at 31 December 2022	22,000	6,585,350	246,115	318,223	483,021	602,084	8,234,792	8,256,792

3.17 Foreign exchange transactions

(in € thousands)	31 Dec. 2022	31 Dec. 2021
Spot transactions:		
euros purchased and not yet received	355,885	648
foreign currency purchased and not yet received	46,886	1,512
Lending/borrowing transactions:		
Forward foreign exchange transactions:		
euros receivable against currencies to be delivered	1,254,819	890,573
currencies receivable against euros to be delivered	5,679,137	4,198,322
Accrued swap points:		
to be received	29,682	12,810
to be paid	6,389	2,023

5. Financial statements at 31 December 2022

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3.18 Derivatives transactions

(in € thousands)	31 Dec. 2022					
	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	94,898,994	79,368	29,150,968	206,750	28,702,129	(935,545)
Organised markets	4,309,888	10,349				
Interest rate futures	4,309,888	10,349				
Other contracts						
OTC	90,589,106	69,019	29,150,968	206,750	28,702,129	(935,545)
Interest rate swaps	84,322,506	150,715	29,150,968	206,750	28,113,123	(935,545)
FRA						
Other contracts	6,266,600	(81,696)				589,006
OPTIONS	42,888,810	13,763				
Organised markets						
Interest rate options						
Other options						
OTC	42,888,810	13,763				
Caps, floors	41,263,886	(69,442)				
Swaptions	893,841	6,534				
Currency options	332,845					
Credit derivatives	321,568					
Other options	76,671	76,671				

In 2022, La Banque Postale reclassified derivative portfolios from Isolated Open Positions to Specialised Management.

Reclassified notional amounts:
 Interest rate swaps: €33.1 billion;
 Swaptions – Purchases: €0.3 billion;
 Swaptions – Sales: €0.1 billion;
 Caps and floors – Purchases: €14.6 billion;
 Caps and floors – Sales: €13.9 billion.

(in € thousands)	31 Dec. 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.

3.19 Financial instruments by remaining term

(in € thousands)	31 Dec. 2022				31 Dec. 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
FUTURES AND FORWARDS	69,420,134	45,147,145	38,184,813	152,752,092	37,054,214	48,957,829	26,680,936	112,692,979
Interest rate futures	3,659,888	650,000		4,309,888	1,872,391			1,872,391
Index futures								
Interest rate swaps	60,072,123	43,841,697	37,672,777	141,586,597	31,246,942	47,843,969	26,589,442	105,680,353
FRA								
Other contracts	5,688,123	655,448	512,036	6,855,607	3,934,881	1,113,860	91,494	5,140,235
OPTIONS	6,550,950	23,140,416	13,197,446	42,888,812	7,078,193	22,334,710	6,678,684	36,091,587
Caps, floors	5,889,264	22,320,348	13,054,275	41,263,887	6,744,638	21,224,805	6,560,963	34,530,406
Swaptions	328,841	501,000	64,000	893,841	280,000	390,000	30,000	700,000
Currency options	332,845			332,845	53,555	3,528		57,083
Credit derivatives		319,068	2,500	321,568		716,377		716,377
Other options			76,671	76,671			87,721	87,721

3.19.1 Breakdown of exposures by counterparty risk

(in € thousands)	Gross performing loans	Gross non- performing loans	Gross irrecoverable loans	Gross 31 Dec. 2022	Gross 31 Dec. 2021
	31 Dec. 2021	Charges	Reversals (utilisations)	Other movements	31 Dec. 2022
Loans and advances to credit institutions	20,114,824	-	-	20,114,824	20,228,464
Loans and advances to customers	109,527,936	829,507	404,846	110,762,289	101,051,577
Bonds and other fixed-income securities	26,526,162			26,526,162	25,827,461
Government paper	25,624,363			25,624,363	22,618,079
Financing commitments and guarantee contracts	30,657,827	33,230	10,270	30,701,327	32,748,869
TOTAL	212,451,112	862,738	415,115	213,728,965	202,474,450

3.19.2 Provisions for counterparty risk and loss allowances

(in € thousands)	31 Dec. 2021	Charges	Reversals (utilisations)	Other movements	31 Dec. 2022
	31 Dec. 2021	Charges	Reversals (utilisations)	Other movements	31 Dec. 2022
Loans and advances to credit institutions	-	-	-	-	-
Loans and advances to customers	725,671	807,852	(646,750)		886,773
Bonds and other fixed-income securities	-	-	-	-	-
Government paper	-	-	-	-	-
Other assets	17,197	227	(15,382)		2,042
TOTAL LOSS ALLOWANCES DEDUCTED FROM ASSETS⁽¹⁾	742,868	808,079	(662,132)	-	888,815
Loss allowance for financing commitments and guarantee contracts	98,343	69,897	(59,294)		108,946
Other allowances for counterparty risk	-	-	-	-	-
Provisions for counterparty risk recorded in liabilities	98,343	69,897	(59,294)	-	108,946
TOTAL PROVISIONS FOR COUNTERPARTY RISK	841,211	877,977	(721,426)	-	997,761
Gross performing loans	359,562	382,917	(293,492)		448,988
Gross non-performing loans	103,742	156,209	(129,739)		130,210
Gross irrecoverable loans	279,565	269,596	(239,545)		309,617

(1) Provisions for counterparty risk recorded in liabilities

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Note 4 Notes to the income statement

4.1 Interest income and expense

(in € thousands)	2022	2021
Interest income from interbank transactions	1,901,795	1,199,462
Interest income from customer transactions	1,540,208	1,396,876
Interest income from bonds and other fixed-income securities	674,642	607,737
Interest income from investments in subordinated debt	-	-
Other interest income	219,017	225,167
INTEREST INCOME	4,335,662	3,429,243
Interest expense on interbank transactions	(372,946)	(336,334)
Interest expense on customer transactions	(2,005,858)	(1,188,387)
Interest expense on bonds and other fixed-income securities	(301,419)	(181,851)
Interest expense on subordinated debt	(115,775)	(98,696)
Other interest expense	(56,929)	(62,500)
INTEREST EXPENSE	(2,852,928)	(1,867,768)

4.2 Income from variable-income securities

(in € thousands)	2022	2021
Income from equities and other variable-income securities	20,230	36,798
Income from portfolio securities	4,767	11,746
Income from long-term equity interests	1,359,769	972,121
INCOME FROM VARIABLE-INCOME SECURITIES	1,384,766	1,020,664

4.3 Fees and commissions

(in € thousands)	2022		2021	
	Income	Expenses	Income	Expenses
Cash and interbank transactions	61,831	(12,345)	85,399	(7,048)
Customer transactions	1,293,055	(77,767)	1,239,513	(64,106)
Securities transactions	-	(6,738)	-	(5,099)
Derivatives transactions	-	(488)	6	(366)
Provision of financial services	1,263,894	(163,879)	1,274,205	(173,591)
Foreign exchange transactions	-	-	-	-
Other fees and commissions	28,153	-	37,788	-
FEES AND COMMISSIONS	2,646,932	(261,217)	2,636,910	(250,210)

4.4 Gains or losses on trading portfolio transactions

(in € thousands)	2022	2021
Gain (loss) on trading portfolio transactions	(5,139)	(5,885)
Gain (loss) on foreign exchange instrument transactions	213,320	(90,747)
Gain (loss) on derivatives transactions	363,190	100,470
GAINS OR LOSSES ON TRADING PORTFOLIO TRANSACTIONS	571,370	3,838

4.5 Gains or losses on available-for-sale portfolio transactions

(in € thousands)	2022	2021
Gain (loss) on disposal of available-for-sale securities	(33,061)	237,548
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	(430,154)	(252,309)
Gains or losses on available-for-sale securities transactions	(463,214)	(14,761)
Gain (loss) on disposals of portfolio securities	-	-
Impairment/reversals of impairment on portfolio securities	7,011	34
Gains or losses on portfolio securities transactions	7,011	34
GAINS OR LOSSES ON AVAILABLE-FOR-SALE PORTFOLIO TRANSACTIONS	(456,204)	(14,727)

4.6 Other banking income and expenses

(in € thousands)	2022		2021	
	Income	Expenses	Income	Expenses
Re-invoiced expenses, retroceded income, and transfers of expenses	31,416	-	21,855	-
Other operating income and expenses	7,572	(78,568)	42,384	(65,054)
Provisions/reversals recorded in other operating income and expenses	7,299	(13,712)	7,723	(46,687)
Other banking income and expenses	46,287	(92,280)	71,963	(111,740)
NET BANKING INCOME AND EXPENSES	(45,993)		(39,778)	

5.

5. Financial statements at 31 December 2022

Parent company financial statements

4.7 General operating expenses

(in € thousands)	2022	2021
Wages and salaries	(302,935)	(278,389)
Pensions	(6,806)	(14,809)
Payroll taxes	(123,312)	(115,882)
Discretionary and statutory profit sharing	(17,183)	(13,210)
Payroll-based taxes	(39,850)	(36,606)
Other expenses	(14,109)	(15,833)
PAYROLL COSTS	(504,196)	(474,728)
Taxes other than on income	(41,327)	(29,249)
Rents and rental expenses	(140,203)	(141,821)
Fees	(165,898)	(146,733)
Other operating expenses	(3,430,180)	(3,508,541)
OTHER GENERAL OPERATING EXPENSES	(3,777,608)	(3,826,344)
GENERAL OPERATING EXPENSES	(4,281,804)	(4,301,073)

Remuneration paid in 2022 to the members of the Executive Board amounted to €1,445 thousand.

As of 31 December 2022, 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.

4.8 Headcount

	2022	2021
Civil servant staff	414	431
Contract staff	3,378	3,071
TOTAL HEADCOUNT⁽¹⁾	3,792	3,502
Management grade	3,354	3,134
Non-management grade	438	368
TOTAL HEADCOUNT⁽¹⁾	3,792	3,502

(1) Headcount expressed in annual full-time equivalent employees at year-end

4.9 Depreciation, amortisation and impairment

(in € thousands)	2022	2021
Depreciation and amortisation of operating assets	(217,519)	(284,953)
Of which depreciation of property, plant and equipment	(49,952)	(50,950)
Of which amortisation of intangible operating assets	(167,567)	(234,003)
Reversals of depreciation and amortisation of operating assets	-	-
Net depreciation and amortisation	(217,519)	(284,953)
Impairment of operating assets	(3,640)	(3,640)
Reversals of impairment losses on operating assets	-	111,534
Net impairment losses	(3,640)	107,894
NET DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	(221,159)	(177,059)

4.10 Cost of risk

(in € thousands)	2022	2021
CHARGES TO ALLOWANCES AND PROVISIONS ON		
Loans and advances to credit institutions and customers	(887,020)	(703,609)
Signature commitments ^(l)	-	-
Securities	-	6,218
Sundry debtors	(1,243)	(3,544)
CHARGES TO ALLOWANCES	(888,263)	(700,935)
Reversals of allowances and provisions on		
Loans and advances to credit institutions and customers	707,103	595,192
Signature commitments ^(l)	-	-
Securities	-	-
Sundry debtors	1,630	6,883
REVERSALS OF ALLOWANCES	708,733	602,075
Losses and recoveries		
Losses on signature commitments	-	-
Credit losses covered by allowances	(22,833)	(23,928)
Credit losses not covered by allowances	(22,995)	(21,052)
Recoveries on loans written down in full	5,977	3,159
LOSSES AND RECOVERIES	(39,851)	(41,822)
COST OF RISK	(219,380)	(140,681)

(l) Changes in allowances relating to a counterparty risk are described in Note 3.19.2

4.11 Gains or losses on non-current assets

(in € thousands)	2022	2021
Gains or losses on disposals of property, plant and equipment	65	24
GAINS OR LOSSES ON DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS		
	65	24
Gains or losses on disposals of held-to-maturity securities and other long-term securities	96,930	716,124
Impairment/reversals of impairment	(246,648)	(31,599)
Gains or losses on disposals of held-to-maturity securities and other long-term securities	(246,648)	(31,599)
GAINS OR LOSSES ON TRANSACTIONS INVOLVING LONG-TERM EQUITY SECURITIES AND OTHER LONG-TERM SECURITIES	(149,718)	684,525
GAINS OR LOSSES ON NON-CURRENT ASSETS	(149,653)	684,549

5.

4.12 Income tax

(in € thousands)	2022	2021
Income tax	(734)	4,865
INCOME TAX EXPENSE		
	(734)	4,865
Tax loss carryforwards	809,340	338,519

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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 to La Banque Postale amounted to €2,725 million in 2022.

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 511-45 of the French General Tax Code and the Ministry of the Economy order dated 6 October 2009.

Note 7 Information concerning the subsidiaries and long-term equity interests held by La Banque Postale at 31 December 2022

Company / SIREN / Registered office	Carrying amount of securities held								Notes		
	Share capital	Reserves and retained earnings before net profit	% of capital held	Gross		Loans and advances granted by the company and not yet repaid	Amount of sureties and guarantees given by the Company	Last published net revenue	Last published net profit in the current (loss) financial year	Dividends received by the Company	Business review
				Gross	Net						
SCI Tertiaire Saint Romain 478 301 286 115, rue de Sèvres – 75275 Paris Cedex 06, France	64.002	7.567	100%	117.000	117.000	35.103		14,523	6.708	6.707	Property leasing
SCI CRSF MÉTROPOLE 445 061 369 115, rue de Sèvres – 75275 Paris Cedex 06, France	256.412	16.062	100%	256.412	256.412	-	-	43.314	10.896	10.897	Property leasing
SCI CRSF DOM 445 047 442 115, rue de Sèvres – 75275 Paris Cedex 06, France	2.333	1.271	100%	2.332	2.332	-	-	593	162	-	Property leasing
Louvre Banque Privée 384 282 968 62 rue du Louvre – 75002 Paris, France	144.463	14.077	100%	238.624	238.624	3.570.506	30.692	137.515	37.132	35.875	Banking
LBP Home Loan SFH 522 047 570 115, rue de Sèvres – 75275 Paris Cedex 06, France	244.000	5.268	100%	244.004	244.004	25.000	25.276.658	4.810	473	-	Financial advisor
Ma French Bank 828 624 759 115, rue de Sèvres – 75275 Paris Cedex 06, France	258.000	(124.558)	100%	452.369	191.151	-	-	8.752	(69.811)	-	Banking
Domiserve 797 829 983 106 avenue Marx Dormoy – 92120 Montrouge, France	50	1.458	100%	15.000	15.000	-	-	903	573	-	Personal service vouchers
La Banque Postale Leasing & Factoring 514 613 207 115, rue de Sèvres – 75275 Paris Cedex 06, France	275.000	(92.019)	100%	275.000	275.000	8.072.371	2.601.034	82.197	22.135	-	Finance company
SOFIAP 391 844 214 7 rue Pierre Levée – 75011 Paris, France	68.138	34.330	66%	43.054	43.054	2.245.720	150.000	20.898	3.064	-	Finance company
Esyness 522 058 544 115, rue de Sèvres – 75275 Paris Cedex 06, France	16.060	(5.193)	100%	25.200	18.814	-	-	689	(4.664)	-	Financial advisor
LBP Prévoyance 419 901 269 30 Bd Gallieni – 92130 Issy-les-Moulineaux, France	5.202	257.913	100%	344.135	344.135	-	533.540	52.841	123.590	-	Insurance company
KissKiss BankBank 512 211 004 34 rue de Paradis – 75010 Paris, France	24.605	(7.303)	100%	68.700	17.490	8.627	-	2.815	(5.878)	-	Crowdfunding company
Transactis 479 874 257 Imm. le Delta – 1/3 bd des Bouvets – 92000 Nanterre, France	23.148	61	50%	23.474	23.474	26	-	147.867	280	-	Financial services – Holding company
LBP Consumer Finance 487 779 035 1-3 avenue François Mitterrand 93200 Saint Denis, France	2.200	773.113	100%	377.451	377.451	5.626.000	-	300.968	106.891	481.936	Loan distribution

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Parent company financial statements

Company / SIREN / Registered office	Carrying amount of securities held							Notes		
	Share capital	Reserves and retained earnings before appropriation of net profit	% of capital held	Gross	Net	Loans and advances granted by the company and not yet repaid	Amount of sureties and guarantees given by the Company	Last published net revenue	Last published net profit in the current (loss) financial year	Dividends received by the Company
LBP IARD 493 253 652 30 Bd Gallieni, 92130 Issy-les-Moulineaux, France	146,952	41,896	100%	352,334	352,334	-	-	419,792	56,333	9,548
CNP Assurances 341 737 062 4, Place Raoul Dautry - 75015 Paris, France	686,618	12,231,683	100%	8,710,888	8,710,888	-	-	1,657,329	1,191,373	585,329
EasyBourse 484 014 410 115, rue de Sèvres - 75275 Paris Cedex 06, France	7,000	825	100%	26,360	26,360	503	-	14,115	1,601	-
LBP Conseil en Assurances 632 029 302 30 Bd Gallieni - 92130 Issy-les-Moulineaux, France	117	1,007	100%	5,336	5,336	-	-	21,782	13,259	13,259
LBP Asset Management Holding 879 555 183 34 rue de la Federation - 75015 Paris, France	7,274	274,467	75%	119,289	119,289	16,652	-	32,191	79,026	Holding company

Note 8 La Banque Postale – Five-year financial summary

(in euros)	2018	2019	2020	2021	2022
Financial condition					
Share capital	4,046,407,595	4,631,654,325	6,585,350,218	6,585,350,218	6,585,350,218
Number of shares	35,186,153	40,275,255	80,309,149	80,309,149	80,309,149
Comprehensive income					
Revenue ⁽¹⁾	6,909,831,901	6,564,988,235	6,179,830,956	7,166,494,815	8,532,516,879
Profit before tax, depreciation, amortisation and provisions	550,101,422	508,222,820	303,001,243	648,355,268	452,771,845
Income tax	(5,107,654)	(140,976,863)	(70,486,952)	(4,865,451)	(734,226)
Earnings per share after tax, depreciation, amortisation and provisions	124,893,058	288,928,951	(409,951,293)	1,155,622,315	602,084,048
Distributed income (proposed)	326,527,500	351,200,224	171,058,487	1,541,935,661	476,233,254
Per share data					
Earnings per share after tax, before depreciation, amortisation and provisions	15.49	9.12	2.90	8.01	5.63
Earnings per share after tax, depreciation, amortisation and provisions	3.55	7.17	(5.10)	14.39	7.50
Dividend per share (proposed)	9.28	8.72	2.13	19.20	5.93
Employee data					
Average headcount	2,957	3,169	3,292	3,491	3,675
Total payroll	196,013,751	212,626,297	226,761,694	247,186,567	266,659,423
Amounts paid for employee benefits (social security, welfare organisations, etc.)	96,949,126	112,332,165	118,968,438	131,714,418	137,420,877

(1) Total banking income (including profits or losses from financial transactions for their net amount).

5.5 Statutory Auditors' report on the financial statements

La Banque Postale

French limited company (*société anonyme*) with an Executive Board

Registered in Paris under no. 421 100 645

(For the year ended 31 December 2022)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the 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 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatements 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 doubtful loans and commitments as well as non-doubtful loans and commitments that present a credit risk indicator related to a significant deterioration since they were granted or to a particularly vulnerable situation.

In addition, as indicated in Note 2.4.2 to the financial statements, the amount of sensitive outstanding loans and the related provisions have been impacted by the specific monitoring measures put in place by La Banque Postale regarding:

- counterparties or business sectors considered to present indicators of deteriorated credit risk, for corporate customers;
- customers considered to be vulnerable due to the impact of the inflationary environment, for retail customers.

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 the provisions recognised and the credit risk deterioration expected as a result of the current inflationary environment, we considered the estimates of expected credit losses on loans to customers at 31 December 2022 to be a key audit matter.

At 31 December 2022, gross outstanding loans to customers amounted to €110.8 billion, including €1.2 billion in gross doubtful loans, and the provisions for doubtful receivables and for receivables deemed sensitive totalled €887 million as indicated in Notes 3.3, 3.19.1 and 3.19.2 to the financial statements. Financing commitments and guarantee contracts granted to customers totalled €27.8 billion, and the related provisions totalled €109 million. The principles for establishing credit risk provisions are detailed in Section 2 "Loans and advances to credit institutions and customers – Signature commitments" of Note 1 "Accounting principles and methods" of the notes to the financial statements.

Our response

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 2022;
- We assessed how the main economic impacts of the macroeconomic situation in updating impairment models and parameters were taken into account, as well as the additional measures for identifying sensitive loan 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 provisions.

We analysed the changes in credit impaired and doubtful outstanding loans in the year, as well as changes in their coverage by means of impairment.

Lastly, we 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.

5. Financial statements at 31 December 2022

Statutory Auditors' report on the financial statements

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 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 responsibility of the Chairman of the Executive Board, 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 by the General Meetings of Shareholders held on 27 May 2010 for KPMG S.A. and on 27 April 2022 for Mazars.

At 31 December 2022, KPMG S.A. was in the 13th consecutive year of its engagement and Mazars was in the first year.

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.

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 EU Regulation No 537-2014 confirming our independence within the meaning of the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the 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.

5.

The Statutory Auditors

Mazars

Charles de Boisriou
Partner

Courbevoie, 16 March 2023

KPMG SA

Jean-Claude Pauly
Partner

Paris-La Défense, 16 March 2023

Xavier de Coninck
Partner

Pierre Planchon
Partner

5. Financial statements at 31 December 2022

6.

Risk factors – La Banque Postale Group Pillar III information

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6. Risk factors – La Banque Postale Group Pillar III information

Summary of risks

6.1 Summary of risks

The objective of this chapter is to present the main risks to which La Banque Postale is exposed in conducting its business activities and to provide information on its risk management and capital.

Its purpose is to meet:

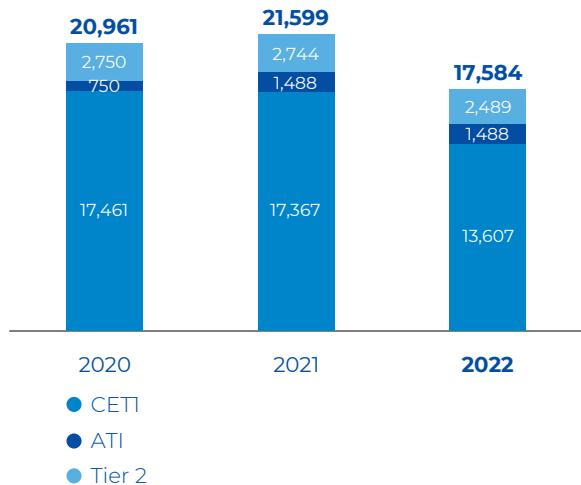
- the reporting obligations of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation), as amended by Regulation (EU) No 2019/876 (CRR II);
- European Banking Authority (EBA) guidelines on disclosure requirements under Part 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).

6.1.1 Key figures

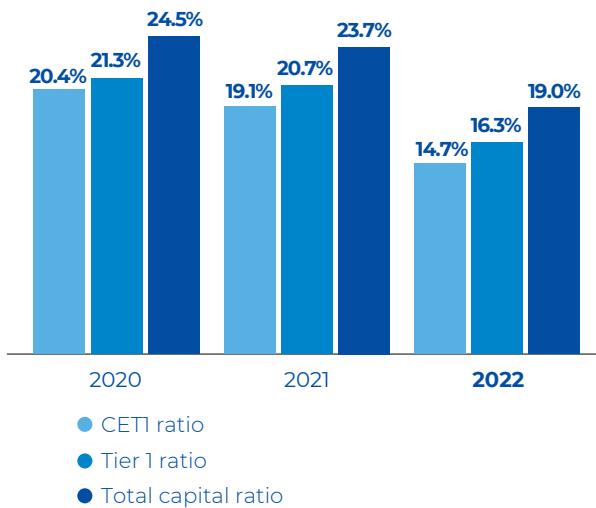
Change in prudential own funds

In € millions



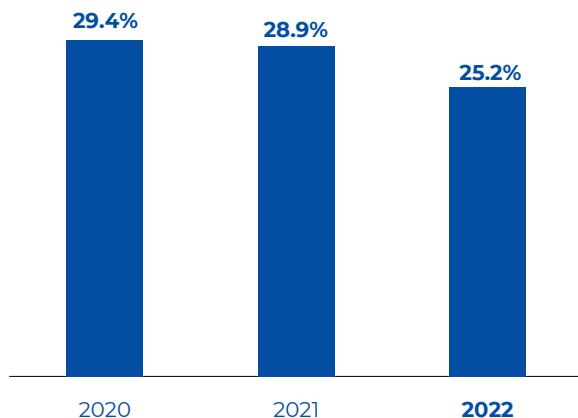
Change in capital ratios

As a % of own funds (based on SREP requirements issued by the ECB)



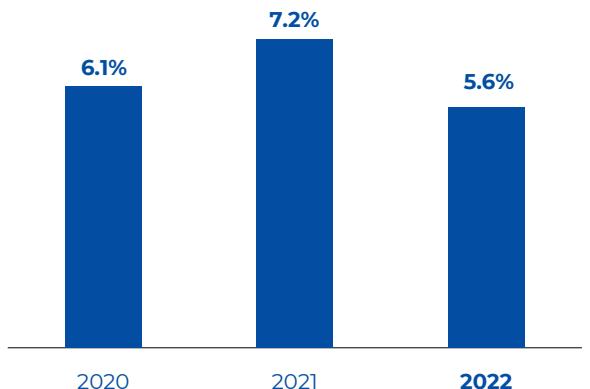
Change in TREA MREL ratio

As a % of RWA



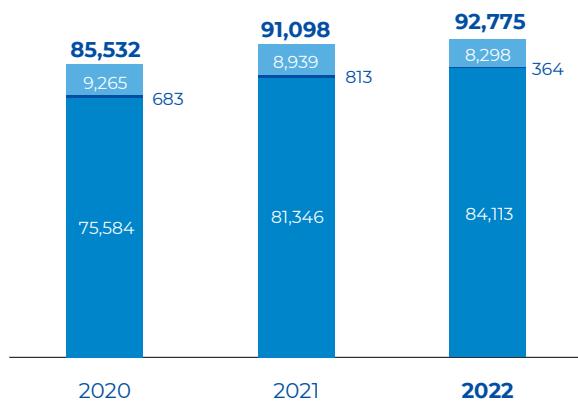
Change in Leverage Ratio

As a % of Tier 1 capital



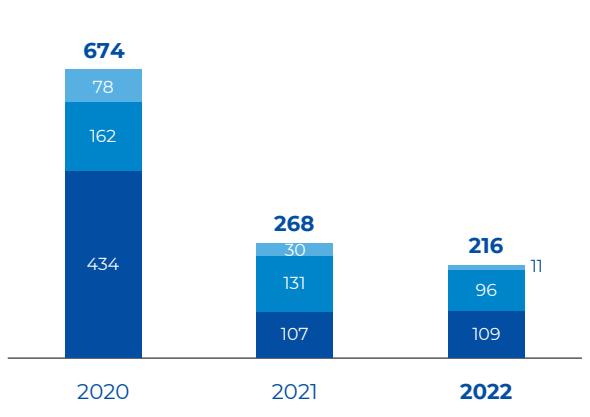
Change in risk-weighted assets (RWA)

In € millions



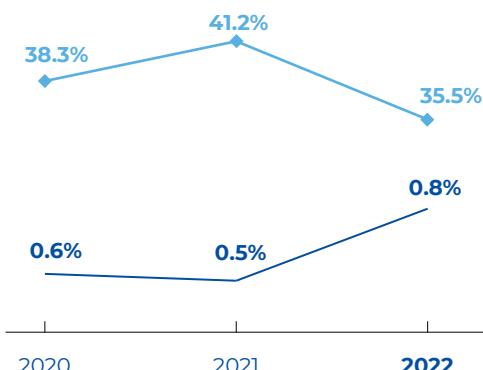
Change in cost of risk

In € millions



Change in the non-performing loan and coverage rates

6.



— NPE rate as a % of gross outstanding loans to customers
—◆ Coverage rate of defaulted loans

6. Risk factors – La Banque Postale Group Pillar III information

Summary of risks

Key metrics (EU KMI)

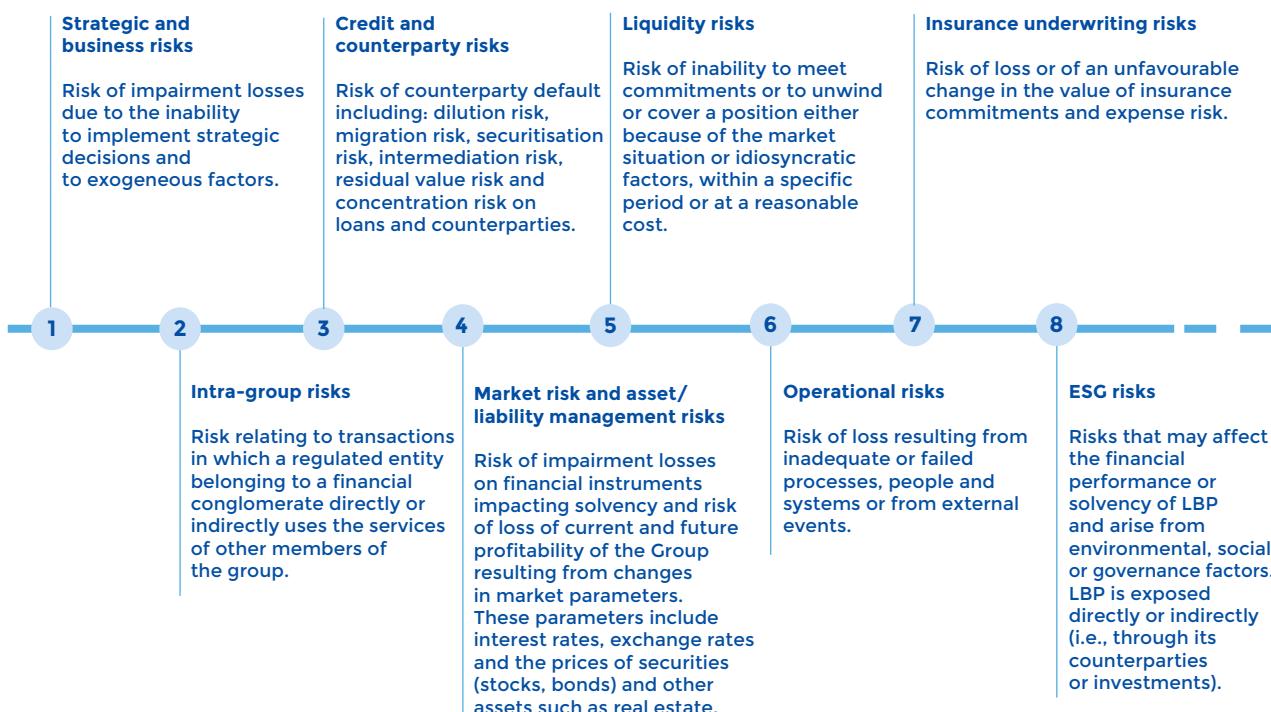
(in € millions)	a	b	c	d	e
	Q	Q-1	Q-2	Q-3	Q-4
	31 Dec. 2022	30 Sep. 2022	30 Jun. 2022	31 Mar. 2022	31 Dec. 2021
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	13,608	13,365	14,583	16,299	17,367
2 Tier 1 capital	15,096	14,853	16,071	17,787	18,855
3 Total capital	17,585	16,848	18,817	20,532	21,599
Risk-weighted exposure amounts					
4 Total risk exposure amount	92,775	91,288	90,177	92,444	91,098
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 (CET1) ratio (%)	14.67%	14.64%	16.17%	17.63%	19.06%
6 Tier 1 ratio (%)	16.27%	16.27%	17.82%	19.24%	20.70%
7 Total capital ratio (%)	18.95%	18.46%	20.87%	22.21%	23.71%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.13%	1.13%	1.13%	1.13%	1.13%
EU 7b of which: to be made up of CET1 capital (percentage points)	37.50	37.50	37.50	37.50	37.50
EU 7c of which: to be made up of Tier 1 capital (percentage points)	50.00	50.00	50.00	50.00	50.00
EU 7d Total SREP own funds requirements (%)	10.00%	10.00%	10.00%	10.00%	10.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9 Institution-specific countercyclical capital buffer (%)	0.02%	0.00%	0.00%	0.00%	0.00%
EU 9a Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10 Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a Other Systemically Important Institution buffer (%)	0.25%	0.25%	0.25%	0.25%	0.25%
11 Combined buffer requirement (%)	2.77%	2.75%	2.75%	2.75%	2.75%
EU 11a Overall capital requirements (%)	12.77%	12.76%	12.75%	12.75%	12.75%
12 CET1 available after meeting the total SREP own funds requirements (%)	8,137	7,719	9,308	10,854	12,023
Leverage ratio					
13 Total leverage ratio exposure measure	269,633	283,257	270,417	279,466	263,617
14 Leverage ratio (%)	5.60%	5.24%	5.94%	6.36%	7.15%
Additional own funds requirements to address risks of excessive leverage (as a percentage of total leverage ratio exposure measure)					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	3%	3%	3%	3%	3%
EU 14b of which: to be made up of CET1 capital (percentage points)	0%	0%	0%	0%	0%
EU 14c Total SREP leverage ratio requirements (%)	3%	3%	3%	3%	3%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
EU 14e Overall leverage ratio requirement (%)	3%	3%	3%	3%	3%
Liquidity Coverage Ratio (LCR)					
15 Total high-quality liquid assets (HQLA) (Weighted value – average)	52,705	54,826	57,805	58,895	56,841
EU 16a Cash outflows – Total weighted value	39,705	39,075	39,092	37,392	35,323
EU 16b Cash inflows – Total weighted value	7,884	7,543	7,324	7,364	7,454
16 Total net cash outflows (adjusted value)	31,821	31,531	31,768	30,028	27,869
17 Liquidity coverage ratio (%)	166%	174%	183%	197%	205%
Net Stable Funding Ratio (NSFR)					
18 Total available stable funding	168,181	165,151	167,893	169,720	171,210
19 Total required stable funding	130,265	128,274	127,576	126,600	120,744
20 NSFR ratio (%)	129%	129%	132%	134%	142%

6.1.2 Risk taxonomy

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 taxonomy is used for internal management purposes and is consistent with the risk factors outlined in the rest of this chapter.

The risk taxonomy comprises eight main risk families



6. Risk factors – La Banque Postale Group Pillar III information

Summary of risks

6.1.3 Principal structural risk factors

La Banque Postale is a credit institution and the parent company of a financial conglomerate operating in the banking, 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 Group 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 Group's operations;
- La Banque Postale Group'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.

6.1.3.1 Risks related to the macroeconomic environment

During 2022, the macro-economic conditions in which La Banque Postale Group operates changed considerably compared to the environment at the end of 2021. While economists had predicted that the waning of the COVID-19 pandemic would be followed by several years of sustained economic recovery (accompanied by accommodative monetary policies and promotion of the environmental transition), the outbreak of armed conflict in Europe between Ukraine and Russia in first-quarter 2022 has plunged the global economy back into uncertainty.

The invasion of Ukrainian territory on 24 February 2022 immediately led to significant pressure on agricultural raw materials (food crisis) and energy prices. Straight away, investors became more risk averse and began to question the robustness of the global recovery. The situation exacerbated the inflationary pressures that were already present in the post-pandemic environment, due to the recovery in economic activity accompanied by a digital revolution, pent-up demand following periods of forced saving during successive lockdowns, and severe supply chain problems.

The main central banks responded to this inflationary environment by taking measures to increase interest rates, calibrated in each case with their local macro-economic and budgetary situation.

These developments led La Banque Postale to extensively revise its risk assessments during the year.

Throughout 2022, it kept a very close watch on the events opposing Ukraine and Russia and the possible consequences of this crisis on the Group as a whole.

In the first half of the year, a system coordinated at several levels (La Poste Groupe and La Banque Postale Group) has been put 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 persons 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 2022 Universal Registration Document.

The main areas of concern for the Group are:

- 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
- second, the macro-economic impact of what is becoming a lasting conflict (uncertainty, slower growth, exacerbated inflationary environment, etc.) and the repercussions for the Group's earnings (originations, expenses, cost of risk).

1. 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, the rest of 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 customers and legal entities.

In Brazil, the main areas of vigilance concern:

- the economic difficulties experienced by China, which has become an important market;
- the growing frequency of droughts, which could weaken an economy that relies on the agribusiness as a key growth driver;
- the risk of a growing budget deficit (expected in 2023) due to an increase in routine government spending and higher interest payments on government debt;
- underdiversification of the energy mix (with hydroelectric power accounting for 2/3 of electricity supplies), leading to an increased risk of price volatility.

In Italy, the risk factors are:

- rising interest rates, which are increasing the pressure on the country's public finances (with the debt/GDP ratio at 150%) and making it even harder to balance the government budget;
- the country's dependence on gas (16% of its energy mix), which has a double effect: a price effect due to rising gas prices and a volume effect due to limited supplies;
- structural difficulties that are holding back economic growth (an ageing population and shrinking workforce; a productivity deficit and a loss of competitiveness).

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.

While the integration of CNP Assurances has had a favourable impact on La Banque Postale's solvency, it 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 prudential 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 capital ratio to changes in the financial markets. Consequently, a further financial market shock could adversely affect the Group's capital ratio.

As of the date of this document, the main risk factor for the Group following the outbreak of armed conflict between Russia and Ukraine concerns a possible deterioration in economic and financial market conditions.

At the time of writing, country risk surveys for the main countries point to a recession risk in the short term, particularly in France⁽¹⁾ (with demand weakened by the fall in purchasing power, and with economic activity and the labour market supported by fiscal measures based on an accommodative energy policy). The initial sharp rise in energy prices spread to the prices of all goods and services, keeping inflation rates high. This in turn led to wage inflation, which was all the more difficult to control due to the widespread recruitment difficulties. The magnitude and frequency of interest rate hikes continued to depend on published inflation data (with euro zone inflation peaking at over 10% in October 2022). Alongside its interest rate policy, the European Central Bank (ECB) also announced that it was tightening the terms of the TLTRO III bank funding operation, putting further pressure on the banks' cost of borrowing from the central bank and affecting money market liquidity.

According to the ECB's latest central scenario (published in December 2022) the outlook for the euro zone has deteriorated somewhat, with weaker growth and more persistent higher-than-expected inflation compared to previous quarterly projections. According to the ECB's current and historical projections published in December 2022, euro zone GDP growth in 2022 was around 3.4%, a rate 1.8-points below the 2021 growth rate, in an environment shaped by the ongoing energy crisis, high inflation, elevated uncertainty, the global slowdown and tighter financing conditions.

ECB estimates put European inflation at 8.4% at the end of 2022 (compared to 2.6% at the end of 2021). According to the ECB experts who prepared the projections, inflation has broadened across all components of the Harmonised

Index of Consumer Prices (HICP), despite sharp declines in wholesale gas and electricity prices, weakening demand, easing supply bottlenecks and government measures to contain energy inflation.

The situation is not expected to ease until next year, with the inflation rate looking set to decline to 6.3% in 2023 and 3.4% in 2024.

The potential impacts of a sudden deterioration in the macro-economic environment can be summed up 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. To address these factors, La Banque Postale continued to adopt a prudent approach to determining provisions at 31 December. All the existing measures concerning industry risk provisions (some of which relate to sectors even more at risk in the current environment) were maintained in the most sensitive sectors, namely the Private Passenger Transport industry – with a particular focus on Airlines – the Automotive industry, Tourism and Hospitality, Retail, Commercial Property, and above all Agriculture, with a measure in place since 30 June 2022 to anticipate possible raw materials shortages following the outbreak of the Russia-Ukraine conflict. In addition, at 31 December 2022, the Group Risk Department decided to record statistical provisions on leveraged exposures with the lowest credit quality ratings.

- **Retail customers:** job stability and the stability of savings and disposable incomes net of inflation represent structural factors taken into account to assess the credit risk represented by retail customers who have obtained loans from the Bank. Government support packages, price freezes and the French unemployment system all help to delay or even offset the occurrence of this risk, but La Banque Postale's customers with low incomes are nonetheless expected to experience difficulties, as they are particularly vulnerable to sharp price increases on basic and everyday consumer products. For this reason, La Banque Postale set aside provisions covering part of the inflation risk for vulnerable customers with consumer loans or home loans (including low income homebuyer loans – Prêts à l'Accession Sociale)⁽²⁾;

- **Commercial impact:** as well as the impact on customers' ability to fulfil their repayment obligations and the related credit risk, the crisis has also affected La Banque Postale's ability to meet its commercial targets, particularly in Retail Banking. Consequently, over and above its impact on the cost of risk, the economic crisis could negatively impact La Banque Postale's revenue and therefore its profitability. However, after 2023, which is considered a transition year, the recovery of interest rates from the negative territory occupied since 2014 will relieve the medium and long-term pressure on banking and insurance margins by allowing loans and investments to be rolled over at interest rates that exceed the rates paid on demand deposits (which constitute the Bank's main source of financing).

- **Valuation of financial instruments carried at fair value through equity:** the financial crisis had an "instant" impact on the valuation of instruments that are not recognised at amortised cost. This effect has been recognised in the financial statements, as well as in

(1) The consensus forecast now points to a roughly 0.2% sequential decline in GDP in the fourth quarter of 2022, leading to annual growth of 2.5% in 2022, and then annual growth of just 0.2% in 2023 (Consensus Forecasts and Bloomberg).

(2) Home savings scheme available to people on low incomes, subject to income conditions. Its interest rate is capped (source: Service Public).

6. Risk factors - La Banque Postale Group Pillar III information

Summary of risks

La Banque Postale's consolidated capital ratio. If the crisis were to deepen, this could have a more significant impact on the Group's capital ratio. However, application of IFRS 17 will reduce the sensitivity of the capital ratio to financial market developments and volatility.

The situation in the financial markets deteriorated considerably in 2022, after an exceptional year in 2021 when the CAC 40 delivered its best performance since 1999, gaining 29% to end the year at 7,153 points. By contrast, the CAC 40 lost 9.5% in 2022, closing at 6,473 points on 30 December 2022, while the Eurostoxx index closed at 3,793 points, a fall of almost 12% over the year.

During 2022, the central banks responded to inflationary pressures by tightening their monetary policies (until early February 2023 in the most recent cases). The Federal Reserve raised its benchmark rate by 450 bps to 4.75%. For its part, the ECB increased its deposit rate by 300 bps to 2.50%, with a knock-on effect on the refinancing rate and marginal lending facility rate, which increased to 3.00% and 3.25% respectively.

Against this backdrop of rising central bank rates and general uncertainty, there was a surge in interest rates on both sovereign and corporate debt. After standing at less than 0% since mid-2019, France's 10-year OAT rate rose sharply in 2022 to 3.11% at the year end.

In a still uncertain environment, cost of risk amounted to €216 million for 2022 (without any major loss events), representing a rate of 16 bps based on outstanding loans. This rate reflects:

- the high quality of the Group's assets in Retail and CIB banking books;
- limited exposure to the corporate sectors hardest hit by the crisis;
- La Banque Postale's conservative policy concerning loss allowances across all customer categories.

Outstanding non-performing loans were slightly higher than at the end of 2021 due to a loan to a Paris bank being reclassified to Bucket 3, but were nevertheless still low at 0.8% of total outstanding loans. At 35.5%, the coverage rate was lower at 31 December 2022, due to the significant guarantees securing the above loan; excluding this loan, the coverage rate was stable at around 40%.

2. The crisis resulting from the global health situation (COVID-19) in the years 2019-2021 has led to a number of disruptions and generated uncertainties to which the La Banque Postale Group could continue to be exposed

Like all credit institutions throughout the world, La Banque Postale has been dealing with the economic and operational consequences of the COVID-19 pandemic since the beginning of 2020.

During an initial phase in 2020 and early 2021, a particularly virulent strain of the virus spread rapidly, causing considerable disruption to the global economy, placing health systems under extreme pressure and forcing governments to introduce restrictive measures followed by numerous public policy initiatives to support national economies. Since then, the pandemic seems to have entered a second phase. The health situation has gradually returned to normal, albeit with new waves of COVID-19 infections occurring from time to time. The variants observed during this new phase are significantly less dangerous and cause considerably less disruption to the economy thanks to the deployment of mass vaccination strategies on a global scale over the last two years.

The World Health Organization (WHO) Emergency Committee on COVID-19, which met at the end of January 2023, concluded that the current situation still constitutes a global emergency, although the epidemic has probably reached "an inflection point". The Director General still has serious concerns about the situation in many countries and the number of deaths, in an environment where some fragile health systems are struggling to cope with each wave of COVID-19 infections (especially the care of other non-COVID patients) and have not yet developed plans to cope with equivalent health emergencies in the future.

As a result, although the economic uncertainty associated with a possible resurgence of the epidemic is currently more limited, it is still very real, especially in some parts of the world:

- Some emerging countries were severely affected by the uncertainty resulting from the health crisis and related lockdowns, while also experiencing a flight of capital.
- Some countries have lower vaccine coverage and efficacy than in the West (particularly China, which has experienced a resurgence of the epidemic).

The effects on the different economic sectors have varied. In some sectors, growth has not yet recovered to pre-crisis levels (for example, the automotive, air transport/aviation and cultural sectors, due to declines in consumer durables purchases and mass tourism, and the growth in home working and online shopping).

The economic policy responses have been massive, with governments resorting to deficit spending to support household and business incomes, and central banks stepping up their quantitative easing programmes to help finance these deficits. In France, the measures in place since 2020, such as government-backed loan ("PGE") schemes, reductions in personnel costs for companies (through furlough schemes, exemptions from social security contributions, etc.), and various stimulus packages have been instrumental in helping to stabilise the economy and their gradual withdrawal as the pandemic subsides do not seem, at present, to be causing a wave of bankruptcies. Although unemployment has fallen sharply, this trend is not expected to continue (or at least not at the same rate) and jobless rates vary considerably depending on the age group.

On a strictly operational level, La Banque Postale has demonstrated its ability to adapt to a possible strong resurgence of the epidemic and ensure continuity of service. 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.

The crisis brought into sharp focus the effects of off-shoring and the impact of our lifestyles on the climate, leading to new or revived geopolitical tensions.

3. Several political and geopolitical uncertainties could negatively affect La Banque Postale's business activity, profitability and financial position

The Group is exposed to other political and geopolitical risk factors, in addition to the economic and financial impacts of the armed conflict between Russia and Ukraine and the COVID-19 health crisis. Likely difficulties relating to UK-EU post-Brexit trade agreements, escalating trade wars, notably between the United States and China, and tension between these two global powers over Taiwan, are sources of uncertainty which may have an impact on international trade. This in turn could affect demand for credit among European borrowers – including La Banque Postale's corporate customers – and their ability to fulfil their repayment obligations.

The integration of CNP Assurances also gives La Banque Postale Group a higher level of international exposure. In 2022, CNP Assurances grew or expanded its businesses outside France:

- A partnership agreement was signed between CNP Assurances and Santander Consumer Banque for the launch of new term creditor insurance offers for carbuyers.
- CNP Assurances bought out Swiss Life's minority interest in Assurance to become the sole shareholder, and made a commitment to continue the partnership between Swiss Life and Filassistance International.
- An agreement was signed with UniCredit (CNP Assurances' historical partner) covering (i) the acquisition of UniCredit's 49% stake in CNP Vita Assicura, bringing CNP Assurances' stake to 100%, and (ii) the sale of 6.5% of CNP UniCredit Vita to UniCredit, with CNP Assurances retaining a 51% majority stake in the company. This transaction allows CNP Assurances to continue growing its business in Italy.
- In Brazil, CNP Assurances acquired Caixa Seguridade and Icatu's interests in five companies that distribute

death/disability and health insurance, dental insurance, savings and consórcio products, becoming their sole shareholder.

- In Argentina, on 27 October 2022, CNP Seguros renewed its distribution partnership with Banco Credicoop, Argentina's fifth largest bank and Latin America's leading cooperative bank. The partnership was first set up 27 years ago and has now been extended for a further ten years until 2032.

In 2022, the contribution of international operations to net banking income increased to 18% (compared to 14% in 2021). 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.

4. The sudden rise in interest rates could be a source of concern for the La Banque Postale Group

The pace of interest rate hikes could be a source of concern for La Banque Postale Group for the following reasons:

- Because of the possible impact on depositor and policyholder behaviours, inflation may erode customers' savings capacity, reducing the volume of deposits and the flow of new money. Moreover, higher interest rates, especially on the *Livret A* passbook savings account, increase the risk of customers withdrawing their deposits or surrendering their life insurance policies, in order to reinvest the funds in products offering higher yields. The banking and insurance businesses both have large liquidity buffers to cover with this risk. They could, however, be forced to sell assets at a loss to fulfil their obligations in the event of a massive wave of withdrawals or surrenders.
- The Group's CETI ratio and other capital ratios are highly sensitive to rising interest rates, which reduce the value of bonds in the portfolio (as explained above).
- In the short term, the interest rate hikes are not passed on immediately in the rates charged to customers. Added to that, the official cap on the interest rate that may be charged on loans (the usury rate) limits the Bank's pricing flexibility.
- In addition, the Bank's net interest margin is directly affected by rising inflation through the application of the *Livret A* interest rate formula.
- Lastly, the abrupt change in the interest rate environment has not yet had a significant impact on La Banque Postale Group's lending activities (non-performing loans have remained stable), but the macroeconomic situation (particularly the inflation effect) could have an impact on non-performing loan provisions.

6. Risk factors - La Banque Postale Group Pillar III information

Summary of risks

6.1.3.2 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 government order No 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 competencies 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 2022, 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 €2,489 million, while that of senior non-preferred debt with maturity of over one year was €4,059 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 2022 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 capital 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 already changed in a way that was favourable to La Banque Postale in 2021, as it was allowed to exclude 100% of centralised savings.
- 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 6.5.1.3 "Liquidity risk").

- The review of the major risks calculations: the requirements for major risks 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.

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.

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 2022, market RWA accounted for 0.4% of La Banque Postale Group's total RWA, i.e., €364 million for total RWA of €92,775 million.

At the same time as these CRR II/CRD V-related provisions came into effect, the European Commission published on 27 October 2021 its draft CRR III/CRD VI banking package, aimed at transposing into European law the last phase of the Basel reforms. As part of the European legislative process, the Council adopted a draft text in November 2022 and the European Parliament voted its position at a meeting of the ECON Committee in January 2023. This will allow the trilogue to start and should lead to a final new regulation. Most of the provisions should become applicable on 1 January 2025.

La Banque Postale Group launched its compliance project at the beginning of 2022. A gap analysis and an impact diagnosis were performed and the scope of the various sub-projects was determined. Work will continue into 2023 to implement the various changes. At this stage of the text and the work, the expected financial impacts should be limited.

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 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 2022, 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 Group companies. The report issued by this Committee in August 2021 did not identify any evidence of a breach of public order or possible unlawful acts. However, it was not conclusive on certain parts of the investigation. Therefore, in November 2021, CNP Seguros Holding Brasil's Board of Directors decided to use the services of an independent audit firm to conclude the internal investigation. The findings were determined in February 2022. It was confirmed that no violation of public order had been identified. The matter has led the company to considerably reinforce its audit, control and compliance systems and resources. According to the information currently available, the matter is closed. However, the police investigation is still ongoing.

- 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 was reimbursed to it. The Competition Authority lodged an appeal on 31 December 2021 but this is without suspensive effect. La Banque Postale has therefore set aside a provision to cover this risk, for the same amount of €32.8 million.

At 31 December 2022, the amount of the provision for legal risk ⁽¹⁾ was €41.2 million for La Banque Postale SA.

For more information, see Section 6.9.1 "Legal and tax risks" below.

⁽¹⁾ Concerning customers and excluding the EIC case.

6. Risk factors – La Banque Postale Group Pillar III information

Summary of risks

6.1.3.3 La Banque Postale's operations risks

La Banque Postale is exposed to different types of risks: customer insolvency risks, financial risks (market volatility, refinancing risk, liquidity risk), operational risks and non-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 defined by the amended government order of 3 November 2014 on internal control as the risk incurred in the event of default by a counterparty or counterparties, considered as a same group of related customers.

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 2022, La Banque Postale (excluding CNP Assurances) was exposed to credit risk in the amount of €95.5 billion for retail customers, €65.5 billion for governments (sovereign category), €34.1 billion for companies, €26 billion for the local public sector (in particular local authorities and hospitals) and €18.5 billion for banks, mostly through short-term and collateralised transactions.

9. The volatility of financial markets could have a negative impact on La Banque Postale's investment activities

In accordance with Regulation (EU) No 575/2013 of 26 June 2013 (CRR) as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR 2), market risk is the risk that financial instruments held in the 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 Value at Risk (VaR) model to quantify its potential exposure. It also performs stress tests to capture severe but plausible shocks outside the VaR distribution of possible losses. For details of changes in La Banque Postale's VaR in 2022, see Section 6.5.2.8 "Changes in the main risk indicators for the trading desk" below.

The size of La Banque Postale's trading book as defined by CRR prudential regulations was €24,447 million at 31 December 2022.

The carrying amount (SRAB ratio) stood at €12,138 million at end-2022.

Financial market volatility could have an adverse effect on the cost of La Banque Postale's refinancing operations or its access to the market (in the event of reduced investor take-up of new bond issues).

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 amended) on internal control 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 (for €2.6 billion in 2022) 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 2022, La Banque Postale Home Loan SFH issued €2.75 billion worth of covered bonds, of which €1 billion worth were retained and recorded in the Group's balance sheet. If La Banque Postale were unable to access the secured and/or unsecured debt market under 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-to-deposit ratio at 31 December 2022 was 87.2%. The need to turn to the interbank market is, therefore, limited for La Banque Postale.

At 31 December 2022, La Banque Postale's LCR was 147% and its NSFR was 129%.

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, Standard & Poor's and now Moody's (the three 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 investors. La Banque Postale believes that its exposure to the risk of a rating downgrade is limited to its short- and medium-term ratings.

In 2022, La Banque Postale's credit ratings were reaffirmed by Fitch and Standard & Poor's and it was rated for the first time by Moody's:

- In July 2022, Moody's awarded a long-term rating of A2 and a short-term rating of P1 to La Banque Postale, with a Stable outlook.
- In November 2022, Standard & Poor's reaffirmed La Banque Postale's long- and short-term ratings of A+ and A-1, respectively; however, the agency revised its rating outlook from Stable to Negative following a similar revision of the rating outlook for France.
- In December 2022, Fitch reaffirmed La Banque Postale's long- and short-term credit ratings of A and F1+, respectively, both with a Stable outlook.

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 2022, the Bancassurance France and International Bancassurance business lines contributed 70% and 18% 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 as well as its results and financial position. A sharp rise in interest rates, such as that seen in 2022, could make life insurance products invested in traditional savings funds less attractive than other savings vehicles and encourage customers to transfer significant amounts to other funds. A sudden drop in interest rates could affect La Banque Postale's ability to provide an attractive return to its customers and to pay the guaranteed yield offered on life insurance policies.

Concerning CNP Assurances, the rapid increase in interest rates in response to rising inflation should boost yields on its bond portfolios and consolidate its already strong capital ratio in the short term. Persistent inflation, a probable economic slowdown and wider credit spreads in the euro zone would need to be closely monitored, but should not significantly affect CNP Assurances' risk profile.

In France, the decline in CNP Assurances' savings and pensions new money in 2022 was due to the lower flow of new money into traditional savings products, partly offset by a 2.4% increase in unit-linked sales. At La Banque Postale, insurance new money was stable, with the share of unit-linked products up 2.2 percentage points to 31.5%.

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 La Banque Postale Group.

Business growth was mainly driven by property and casualty insurance, but also by health insurance. The 2.8% increase in property and casualty premiums was in line with the growth in the comprehensive homeowner insurance and auto insurance books. Health insurance premiums were up by 3%, while death/disability premiums contracted compared to 2021. La Banque Postale's P&C, death/disability and health insurance subsidiaries continued to deliver robust underwriting results, reporting a 3.2-point improvement compared to the prior year in the combined ratio net of reinsurance to 86.5%.

6. Risk factors - La Banque Postale Group Pillar III information

Summary of risks

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 6.7 "Insurance risks and additional monitoring of the conglomerate".

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, internal and external fraud risks, legal risks, non-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 for 2022, in a period of rising market insurance rates. The renewed policy is based on risk assessments that are consistent with the scenarios used for modelling purposes in 2020. These scenarios were updated in 2022 in preparation for the renewal of the cyber insurance policy in 2023.

The risk of external fraud remained a major focus of attention for La Banque Postale in 2022 despite a decrease in the corresponding losses compared to 2021 as a result of the lower incidence of online banking fraud.

The incidence of electronic payment fraud in particular continued to grow and accounted for almost half of the Bank's external fraud losses. In response to the constant threats – which are faced by the entire French banking sector – La Banque Postale continuously strengthens its system for managing this risk, and additional action plans are being deployed.

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 (as amended) on internal control 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. A specific system was deployed in 2022 to manage risks related to contracts for the distribution of banking and insurance products.

Lastly, the occurrence of unforeseen events or disasters, such as natural disasters (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 pandemic by increasing remote working capacity and process digitisation. The crisis management system was updated in 2022 based on activities over the past year.

At 31 December 2022, operational RWA were limited, amounting to just €8,298 million or 8.9% 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

The Group's governance system ensures top-down compliance with the applicable laws and regulations from the highest to the lowest levels of the organisation. It also provides a guarantee of sound and independent management of all of the Group's risk exposures.

The two-tier governance structure guarantees an appropriate separation of powers, with the Executive Board responsible for achieving the objectives agreed with the Supervisory Board and for the day-to-day management of the Group, and the Supervisory Board⁽¹⁾ responsible for overseeing the Executive Board's actions.

The Executive Board sets the fundamental principles related to risk management (strategic guidelines, values, risk appetite, governance, internal control framework). 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 Group Compliance Department. The internal control system is aligned with the nature and volume of La Banque Postale's operations and its risk exposures. It covers all existing or potential risks of La Banque Postale Group entities, as defined in the Group risk appetite framework.

The risk management system is based on three lines of defence that constitute the internal control framework, in compliance with the French government order of 3 November 2014 (as amended) on internal control. For more information, see Section 6.3.2 "Internal control".

The regulator could increase the minimum CETI capital holding requirement, in the event of serious breaches, 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 solvency ratios, including its LCR (147% at 31 December 2022), its leverage ratio (5.6% at 31 December 2022), its total capital ratio (19% at 31 December 2022) and its NSFR (129% at 31 December 2022).

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 4.6.10 "Other legal information" in the 2022 Universal Registration Document.

15. La Banque Postale's business activity exposes it to non-compliance risk

La Banque Postale is exposed to non-compliance risk, defined by the above-cited decree of 3 November 2014 (as amended) on internal control 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, La Poste Groupe'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 Group Compliance Department is organised around seven pillars:

- Regulatory oversight: the Group Compliance Department relies on the Legal Department's regulatory oversight processes (see Section 6.9.2.9 "Regulatory monitoring");
- 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;

(1) The Capital Requirements Directive (CRD V) and the legislation transposing it into French law stipulate that an institution shall be governed by a management body, consisting of the effective managers, and a supervisory body. The supervisory body may not be chaired by or composed of members with executive responsibilities within the institution.

6. Risk factors - La Banque Postale Group Pillar III information

Summary of risks

- 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 6.9.2.8 "Training";
- Compliance advice and opinions: the Group 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 Group Risk Management Committee (GRMC) and the Supervisory Board Risk Committee.

The Group Compliance Department is organised around business line Compliance Departments (CIB, Retail Banking, Head Office departments and subsidiaries, with the subsidiaries' Compliance Managers reporting to the Group Compliance Department). These departments are supported by Compliance units organised by topic (financial security, financial services, banking services, anti-corruption/ethics, fraud). All of these units report to the Group's Chief Compliance Officer.

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'Etat*). Since then, the deficiencies described in this decision have been resolved.

For more information on compliance risks, see Section 6.9.2 "Non-compliance risks".

6.1.3.4 La Banque Postale Group'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 community engagement platform, and (iii) to place the employee experience at the centre of the strategic plan and make employees La Banque Postale's foremost ambassadors.

Three main levers will drive the development project: (i) consolidate the Retail Banking base, (ii) increase the pace of business model diversification and (iii) 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.

Capitalising on this strategic foundation, La Banque Postale has announced plans to accelerate implementation of the roadmap as from 2023, in two phases: (i) one phase covering the period 2023-2026 during which the focus will be on raising the Group's fundamentals (IT, service quality, projects/business processes) to the highest level and (ii) a second phase covering the period 2023-2030, during which a high value-added, synergy-rich bancassurance model will be ramped up and new business models will emerge that are more open (BtoC, BtoB and BtoBtoC) and more holistically customer-centric. Three accelerators will drive faster transformation of the business lines and models: (i) a customer and operational performance accelerator, (ii) a sustainable finance, independence and regional development accelerator and (iii) an innovation and business model refocusing accelerator.

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 an adverse effect 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. In an environment shaped by soaring inflation, increased pressure on the resources needed to secure certain key processes (volume of resignations and significant competition for certain profiles) across all the Group's significant entities may have an unfavourable effect on commercial activity, which in turn may affect La Banque Postale's results and 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 co-workers. 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 the Impact Weighting Factor, 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 primarily give rise to reputational risks, which could have an adverse effect on the Group's business and possibly lead to a legal risk. The commitments 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 an adverse effect 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 was carried out in a number of concomitant steps on 4 March 2020:

- The French State and Caisse des Dépôts 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 Caisse des Dépôts to La Banque Postale, in exchange for newly issued La Banque Postale shares;
- Caisse des Dépôts 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 Caisse des Dépôts (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.

In December 2021, La Banque Postale bought out Groupe BPCE's 16.1% interest in CNP Assurances for €2.4 billion⁽¹⁾.

During the first half of 2022, La Banque Postale pursued the integration of CNP Assurances. Following the simplified tender offer and squeeze-out procedure, since 20 June 2022, CNP Assurances has been a 100%-owned subsidiary

of the Group. This transaction completes the process of creating one of Europe's leading bancassurers within the major State-owned financial group, allowing CNP Assurances to pursue its development as part of a bancassurance group bringing together two major players with significant customer and policyholder bases: 20 million Retail Banking customers in France and 44 million CNP Assurances customers⁽²⁾.

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' executive 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.

After major work on making certain key processes more fluid, the industrialisation and automation phase of the CNP Assurances integration project is currently in progress. Given the size and organisational complexity of CNP Assurances' business, the risks associated with the integration of its activities in La Banque Postale are material, despite the above-described risk management system.

There are also risks associated with the process to integrate the LBP Assurances subsidiaries in La Banque Postale's insurance sub-group and strengthen the related risk organisation.

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. 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.

(1) €21.90 per CNP Assurances share (including the dividend), raising La Banque Postale's stake in CNP Assurances to 78.9% post-acquisition.

(2) Excluding the 3.3 million customers of the La Banque Postale network and including French customers of partner networks.

6. Risk factors – La Banque Postale Group Pillar III information

Summary of risks

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.

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.

Climate risk and other ESG risks are gradually being integrated and taken into account in La Banque Postale's

existing risk factors, supported by dedicated risk management processes. 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.

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. This system was assessed by the European supervisor as "generally compliant" with the requirements set out in the Climate Risk Management Principles published by the ECB in November 2020.

6.2 Capital management and capital adequacy

6.2.1 Regulatory framework

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, in particular by Directive (EU) No 2019/878 (CRD V) and Regulation (EU) No 2019/876 (CRR II). The effective dates 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").

The regulatory framework is organised around three pillars:

- Pillar I sets out the minimum capital requirements to ensure adequate coverage of different risk exposures.
- Pillar II applies in addition to, and covers risks which are underestimated or not covered by, the Pillar I minimum capital requirement. The bank's estimate of its Pillar II requirement, based on its measurement and monitoring of all risk exposures and the related capital requirements, is compared to the supervisors' assessment of its risk profile during the Supervisory Review and Evaluation Process (SERP). Based on the SERP results, the supervisors may adjust their capital requirement and recommendations, if this is considered necessary.
- Pillar III sets standards for financial disclosures to create market discipline. The disclosure requirements concern the amount of capital, the bank's risk profile and its capital adequacy ratios.

Banks are required to disclose three different capital adequacy ratios based on risk-weighted assets:

- Common Equity Tier 1 (CET1) ratio;
- Tier 1 ratio, comprising Common Equity Tier 1 (CET1) capital and Additional Tier 1 capital (AT1);
- Total capital ratio, corresponding to Tier 1 capital plus Tier 2 capital.

Capital requirements include the following capital buffers which are intended to absorb losses in the event of difficulties: They include:

- A CET1 capital conservation buffer that is designed to conserve a bank's capital by absorbing significant losses if necessary.
- A countercyclical capital buffer that is designed to counter procyclicality in the financial system. It allows banks to accumulate capital during periods of rapid growth in their loan books, in order to create a buffer that can be used during a cyclical downturn.
- A buffer for other systemically important banks that is designed to take into account the size of the bank.
- Any capital requirement uplift notified by the supervisor following the Pillar II SREP.

Since the second Capital Requirements Regulation (CRR II) came into effect in June 2021, banks are required to disclose their leverage ratio in addition to their capital adequacy ratio based on risk-weighted assets. The leverage ratio corresponds to the ratio between the bank's own funds and its total exposure (on- and off-balance sheet).

La Banque Postale is also subject to the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) arising from the banking recovery and resolution framework, defined in particular by Directive (EU) No 2014/59/EU and Regulation (EU) No 806/2014 and their respective amendments. The MREL is notified by the resolution authority and includes:

- a requirement concerning eligible liabilities;
- a specific requirement concerning eligible subordinated debt instruments.

6.2.2 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, if necessary;
- the full consolidation method for all other entities that are fully consolidated for IFRS reporting purposes.

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

Outline of the differences in the scopes of consolidation (entity by entity) (EU LI3)

Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Method of regulatory consolidation		Description of the entity
				Equity method	Deducted	
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
Assurance	Full consolidation			Assurance		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
CNP Retraite	Full consolidation			CNP Retraite		Bancassurance France
Coentreprise de Transport d'Electricité	FVTPL			Coentreprise de Transport d'Electricité		Bancassurance France
Ecureuil Profil 90	Full consolidation			Ecureuil Profil 90		Bancassurance France
Filassistance International	Full consolidation			Filassistance International		Bancassurance France
Infra-Invest France	Full consolidation			Infra-Invest France		Bancassurance France
Infra-Invest Holding	Full consolidation			Infra-Invest Holding		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
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 Alleray	Full consolidation			SAS Alleray		Bancassurance France
SCI Lamartine	Full consolidation			SCI Lamartine		Bancassurance France
SCP Lamartine Euros	Full consolidation			SCP Lamartine Euros		Bancassurance France
SCP Lamartine Monitoring Holding	Full consolidation			SCP Lamartine Monitoring Holding		Bancassurance France
SICAC	Full consolidation			SICAC		Bancassurance France
Sogestop K	Full consolidation			Sogestop K		Bancassurance France
Univers CNP1 FCP	Full consolidation			Univers CNP1 FCP		Bancassurance France
Vivacio ISR Actions	Full consolidation			Vivacio ISR Actions		Bancassurance France
Caixa Seguradora Especializada em Saúde SA	Full consolidation			Caixa Seguradora Especializada em Saúde SA		International Bancassurance
Caixa Seguradora SA	Full consolidation			Caixa Seguradora SA		International Bancassurance
Caixa Vida e Previdência	Full consolidation			Caixa Vida e Previdência		International Bancassurance
CNP Asfalistikí	Full consolidation			CNP Asfalistikí		International Bancassurance
CNP Assurances Compañía de Seguros	Full consolidation			CNP Assurances Compañía de Seguros		International Bancassurance
CNP Assurances Latam Holding Ltda	Full consolidation			CNP Assurances Latam Holding Ltda		International Bancassurance

Risk factors - La Banque Postale Group Pillar III information
Capital management and capital adequacy

Name of the entity	Method of regulatory consolidation				
	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method deducted	Description of the entity
CNP Assurances Participações Ltda	Full consolidation		CNP Assurances Participações Ltda		International Bancassurance
CNP Capitalização SA	Full consolidation		CNP Capitalização SA		International Bancassurance
CNP Consórcio SA Administradora de Consórcios	Full consolidation		CNP Consórcio SA Administradora de Consórcios		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
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 Participações Securitárias Brasil Ltda	Full consolidation		CNP Participações Securitárias Brasil Ltda		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 Seguros Holding Brasil SA	Full consolidation		CNP Seguros Holding Brasil SA		International Bancassurance
CNP Seguros Participações em Saúde Ltda	Full consolidation		CNP Seguros Participações em Saúde Ltda		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 Imobiliário Renda Corporativa Angico - FII	Full consolidation		Fundo De Investimento Imobiliário Renda Corporativa Angico - FII		International Bancassurance
Holding XS1 SA	Full consolidation		Holding XS1 SA		International Bancassurance
Infra-Invest	Full consolidation		Infra-Invest		International Bancassurance
Odonto Empresas Convénios Dentários Ltda	Full consolidation		Odonto Empresas Convénios Dentários Ltda		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 CNP Capitalização SA	Full consolidation		OPCVM CNP Capitalização SA		International Bancassurance
OPCVM CNP Consórcio SA	Full consolidation		OPCVM CNP Consórcio SA		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
Youse Tecnologia e Assistência EM Seguros Ltda	Full consolidation		Youse Tecnologia e Assistência EM Seguros Ltda		International Bancassurance

6.

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (EU LII)

(in € millions)	a	b	c	d	e	f	g
	Carrying values of items						
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
BREAKDOWN BY ASSET CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS							
1 Cash, central banks	39,355	39,355	39,355	0	0	0	0
2 Financial assets at fair value through profit or loss	222,756	12,139	2,121	1,150	0	61	0
3 Hedging derivatives	1,139	1,020	0	8	0	0	0
4 Financial assets at fair value through OCI	194,800	12,364	11,251	0	1,120	0	0
5 Securities at amortised cost	27,193	27,097	27,180	0	4	0	0
6 Loans and advances to credit institutions at amortised cost	67,095	65,594	65,529	1,027	0	0	0
7 Loans and advances to customers at amortised cost	129,645	127,369	125,309	319	0	0	0
8 Revaluation differences on portfolios hedged against interest rate risk	721	721	721	0	0	0	0
9 Current tax assets	673	140	140	0	0	0	0
10 Deferred tax assets	2,261	551	326	0	0	0	225
11 Accruals and other assets	36,008	4,540	2,387	3,635	0	0	0
12 Non-current assets held for sale	0	0	0	0	0	0	0
13 Deferred participation	9,692	0	0	0	0	0	0
14 Investments in equity-accounted companies	1,108	15,234	15,234	0	0	0	0
15 Investment property	6,280	0	0	0	0	0	0
16 Property, plant and equipment	1,308	840	840	0	0	0	0
17 Intangible assets	5,454	750	281	0	0	0	589
18 Goodwill	156	120					
19 TOTAL ASSETS	745,644	307,834	290,674	6,138	1,124	61	814

	(in € millions)	a	b	c	d	e	f	g
		Carrying values of items						
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
BREAKDOWN BY LIABILITY CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS								
1	Central banks	0	0	0	0	0	0	0
	Financial liabilities at fair value through profit or loss							
2		13,393	11,499	0	0	0	0	0
3	Hedging derivatives	2,371	2,371	0	0	0	0	0
4	Debt securities	29,052	28,207	0	0	0	0	0
	Liabilities due to credit institutions							
5		26,445	25,765	0	0	0	0	0
6	Customer deposits	233,363	216,145	0	0	0	0	0
	Revaluation differences on portfolios hedged against interest rate risk							
7		294	294	0	0	0	0	0
8	Current tax liabilities	107	3	0	0	0	0	0
9	Deferred tax liabilities	804	107	0	0	0	0	0
	Accruals and other liabilities							
10		22,784	3,650	0	0	0	0	0
11	Non-current assets held for sale	0	0	0	0	0	0	0
	Insurance company technical provisions and shadow accounting reserves							
12		383,656	0	0	0	0	0	0
13	Provisions	970	411	0	0	0	0	0
14	Subordinated debt	9,099	2,243	0	0	0	0	0
15	Minority interests	6,247	79	0	0	0	0	0
	Equity attributable to owners of the parent							
16		17,061	17,061	0	0	0	0	0
17	TOTAL LIABILITIES AND EQUITY	745,644	307,834	0	0	0	0	0

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

Main sources of differences between regulatory exposure amounts and carrying values in financial statements (EU LI2)

(in € millions)	Total	a	b	c	d	e
		Items subject to				
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework	
Assets carrying value amount under the scope of prudential consolidation (as per template EU LII)						
1	307,834	290,674	6,138	1,124	61	
Liabilities carrying value amount under the scope of prudential consolidation (as per template EU LII)						
2	0	0	0	0	0	0
Total net amount under the scope of prudential consolidation						
3	297,998	290,674	6,138	1,124	61	
Off-balance sheet amounts						
4	30,616	30,576	0	40	0	
5	Differences in valuations	0	0	0	0	0
6	Differences due to different netting rules, other than those already included in row 2	0	0	0	0	0
7	Differences due to consideration of provisions	1,554	1,552	1	0	0
8	Differences due to the use of credit risk mitigation techniques (CRMs)	1,553	1,010	0	543	0
9	Differences due to credit conversion factors	13,473	13,441	0	32	0
10	Differences due to securitisation with risk transfer	0	0	0	0	0
11	Other differences	27	25	0	0	2
EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES						
12	312,009	305,221	1,123	5,604	61	

Loans and advances to credit institutions include exposures on savings centralised with Caisse des Dépôts et Consignations (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 including:

- valuation differences for a negative €11 billion, including the impact of the SA-CCR calculation on derivatives and differences related to the valuation of repos;

- loss allowances for a negative €1.6 billion;
- the impact of applying credit risk mitigation techniques for a negative €1.6 billion;
- the impact of credit conversion factors on off-balance sheet items for a negative €13.5 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 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 derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 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, Louvre Banque Privée, Ma French Bank and La Banque Postale 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.

6.2.3 Breakdown of prudential 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 following items:

- the proposed dividend (45% of Group share of net income);
- regulatory adjustments that apply:
 - deductions of goodwill and intangible assets (net of related tax liabilities and excluding conservatively valued software assets);
 - prudential filters (fair value reserves related to gains or losses on cash flow hedges, Additional Valuation Adjustments, 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 June and October 2016, the January 2017 tap on the June 2016 notes, and the subordinated notes issued in October 2020, January 2021 and December 2022. A tap on the January 2021 notes was issued in April 2021.

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

Reconciliation of prudential own funds to balance sheet in the audited financial statements (EU CC2)

	a	b	c
	Balance sheet in the published financial statements	Under regulatory scope of consolidation	Reference
In € millions	31 Dec. 2022	31 Dec. 2022	
ASSETS - BREAKDOWN BY ASSET CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
1 Cash, central banks	39,355	39,355	
2 Financial assets at fair value through profit or loss	222,756	12,139	4.1
3 Hedging derivatives	1,139	1,020	
4 Financial assets at fair value through OCI	194,800	12,364	4.2
5 Securities at amortised cost	27,193	27,097	4.3
6 Loans and advances to credit institutions at amortised cost	67,095	65,594	4.4
7 Loans and advances to customers measured at amortised cost	129,645	127,369	4.5
Revaluation differences on portfolios hedged against interest rate risk	721	721	
9 Current tax assets	6	140	
10 Deferred tax assets	2,261	551	
11 Accruals and other assets	36,008	4,540	4.6
12 Non-current assets held for sale	-	-	4.7
13 Deferred participation	9,692	-	4.13
14 Investments in equity-accounted companies	1,108	15,234	4.8
15 Investment property	6,280	-	
16 Property, plant and equipment	1,308	840	
17 Intangible assets	5,454	750	
18 Goodwill	156	120	4.9
19 TOTAL ASSETS	745,644	307,834	
LIABILITIES - BREAKDOWN BY LIABILITY CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
1 Financial liabilities at fair value through profit or loss	13,393	11,499	
2 Hedging derivatives	2,371	2,371	
3 Liabilities due to credit institutions	26,445	25,765	
4 Customer deposits	233,363	216,145	
5 Debt securities	29,052	28,207	
Revaluation differences on portfolios hedged against interest rate risk	294	294	
7 Current tax liabilities	107	3	
8 Deferred tax liabilities	804	107	
9 Accruals and other liabilities	22,784	3,649	
10 Liabilities related to non-current assets held for sale	-	-	
11 Insurance company technical provisions and shadow accounting reserves	383,656	-	
12 Provisions	970	411	
13 Subordinated debt	9,099	2,243	
14 TOTAL LIABILITIES	722,336	290,694	
EQUITY			
1 Minority interests	6,247	79	
2 Equity attributable to owners of the parent	17,061	17,061	
3 Share capital	6,585	6,585	
4 Reserves and retained earnings	12,995	12,995	
5 Gains and losses recognised directly in equity	(3,580)	(3,580)	
6 Net profit/(loss) for the period	1,060	1,060	
7 TOTAL SHAREHOLDERS' EQUITY	23,308	17,140	

Composition of prudential own funds (EU CCI)

(in € millions)	(a) Amounts	(b) 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		
1 Capital instruments and related share premium accounts	6,831	
of which: Instrument type 1	6,831	
of which: Instrument type 2	0	
of which: Instrument type 3	0	
2 Retained earnings	172	
3 Accumulated other comprehensive income (and other reserves)	7,509	
EU-3a Funds for general banking risk	0	
4 Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0	
5 Minority interests (amount allowed in consolidated CET1)	0	
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	584	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	15,097	
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS		
7 Additional value adjustments (negative amount)	(348)	
8 Intangible assets (net of related tax liability) (negative amount)	(589)	
9 Not applicable	0	
10 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)	(225)	
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(124)	
12 Negative amounts resulting from the calculation of expected loss amounts	0	
13 Any increase in equity that results from securitised assets (negative amount)	0	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	
15 Defined benefit pension fund assets (negative amount)	0	
16 Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	0	
17 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)	0	
18 Direct, indirect and synthetic holdings by the institution 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)	0	
19 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 (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
20 Not applicable	0	
EU-20a Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	0	
EU-20b of which: qualifying holdings outside the financial sector (negative amount)	0	
EU-20c of which: securitisation positions (negative amount)	0	
EU-20d of which: free deliveries (negative amount)	0	
21 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)	0	

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	(in € millions)		
22	Amount exceeding the 17.65% threshold (negative amount)	0	
	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		
23		0	
24	Not applicable	0	
25	of which: deferred tax assets arising from temporary differences	0	
EU-25a	Losses for the current financial year (negative amount)	0	
	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)		
EU-25b		0	
26	Not applicable	0	
27	Qualifying ATI deductions that exceed the ATI items of the institution (negative amount)	0	
27a	Other regulatory adjustments	(203)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,489)	
29	Common Equity Tier 1 (CET1) capital	13,608	
	ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS		
30	Additional Tier 1 (AT1) capital: instruments	1,488	
31	of which: classified as equity under applicable accounting standards	1,488	
32	of which: classified as liabilities under applicable accounting standards	0	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	0	
EU-33a	Amount of qualifying items referred to in Article 494a (1) CRR subject to phase out from AT1	0	
EU-33b	Amount of qualifying items referred to in Article 494b (1) CRR subject to phase out from AT1	0	
34	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	0	
35	of which: instruments issued by subsidiaries subject to phase out	0	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	1,488	
	ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0	
38	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)	0	
39	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)	0	
40	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)	0	
41	Not applicable	0	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0	
42a	Other regulatory adjustments to AT1 capital	0	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0	
44	Additional Tier 1 (AT1) capital	1,488	
45	Tier 1 capital (T1 = CET1 + AT1)	15,096	
	TIER 2 (T2) CAPITAL: INSTRUMENTS		
46	Capital instruments and related share premium accounts	2,489	
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 in accordance with Article 486 (4) CRR	0	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	0	
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	0	
	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	0	
48		0	
49	of which: instruments issued by subsidiaries subject to phase out	0	
50	Credit risk adjustments	0	
51	Tier 2 (T2) capital before regulatory adjustments	2,489	
	TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS		

	(a)	(b)
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
(in € millions)		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0
53	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)	0
54	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)	0
54a	Not applicable	0
	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)	0
55	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0
56	Not applicable	0
EU-56a	Other regulatory adjustments to T2 capital	0
57	Total regulatory adjustments to Tier 2 (T2) capital	0
58	Tier 2 (T2) capital	2,489
59	Total capital (TC = TI + T2)	17,585
60	Total risk exposure amount	92,775
	Capital ratios and requirements including buffers	
61	Common Equity Tier 1 capital	14.7%
62	Tier 1 capital	16.3%
63	Total capital	19.0%
64	Institution CET1 overall capital requirements	8.4%
65	of which: capital conservation buffer requirement	2.5%
66	of which: countercyclical buffer requirement	0.0%
67	of which: systemic risk buffer requirement	0.0%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.3%
EU-67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage	1.1%
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	8.8%
	National minima (if different from Basel III)	
69	Not applicable	
70	Not applicable	
71	Not applicable	
	Amounts below the thresholds for deduction (before risk weighting)	
72	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)	427
73	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)	115
74	Not applicable	0
75	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)	326
	Applicable caps on the inclusion of provisions in Tier 2	
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to application of the cap)	0

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	(in € millions)		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	1,048	
		0	
		0	
		0	
78	Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings-based approach (prior to application of the cap)	0	
79	Cap for inclusion of credit risk adjustments in T2 under the internal ratings based approach	0	
	CAPITAL INSTRUMENTS SUBJECT TO PHASE OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JANUARY 2014 AND 1 JANUARY 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	
82	Current cap on AT1 instruments subject to phase out arrangements	0	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	
84	Current cap on T2 instruments subject to phase out arrangements	0	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	

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 prudential own funds instruments and eligible liabilities instruments (EU CCA)

		a		
1	Issuer	La Banque Postale	La Banque Postale	La Banque Postale
2	ISIN	FR0013181898	FR0013207354	FR0013181898
2a	Public or private placement	Public	Public	Public
3	Governing law(s) of the instrument	French law	French law	French law
3a	Contractual recognition of write down and conversion powers of resolution authorities	No	No	No
REGULATORY TREATMENT				
4	Current treatment taking into account, where applicable, transitional CCR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible at solo/(sub-) consolidated/solo and (sub-) consolidated level	Consolidated	Consolidated	Consolidated
7	Instrument type	Tier 2 subordinated securities (Art. 63)	Tier 2 subordinated securities (Art. 63)	Tier 2 subordinated securities (Art. 63)
8	Amount recognised in regulatory capital or eligible liabilities (currency in thousands, as of most recent reporting date)	500,000	100,000	150,000
9	Nominal amount of instrument (in %)	100	100	100
EU-9a	Issue price (in %)	99.97	99.593	101.51
EU-9b	Redemption price (in %)	100	100	100
10	Accounting classification	Liabilities at amortised cost	Liabilities at amortised cost	Liabilities at amortised cost
11	Original date of issuance	09.06.2016	05.10.2016	16.01.2017
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	09.06.2028	05.10.2028	09.06.2028
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	Not applicable
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable
COUPONS/DIVIDENDS				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed
18	Coupon rate and any related index	3.00%	2.25%	3.00%
19	Existence of a dividend stopper	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable
34a	Type of subordination (only for eligible liabilities)	Not applicable	Not applicable	Not applicable
EU-34b	Ranking of the instrument in normal insolvency proceedings	Not applicable	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation	Not applicable	Not applicable	Not applicable
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable
EU-37a	Link to the full term and conditions of the instrument (signposting)	Not applicable	Not applicable	Not applicable

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

		a		
1	Issuer	La Banque Postale	La Banque Postale	La Banque Postale
2	ISIN	FR0013461795	FR00140009W6	FR0014005O90
2a	Public or private placement	Public	Public	Public
3	Governing law(s) of the instrument	French law	French law	French law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes
REGULATORY TREATMENT				
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1 (AT1) capital	Tier 2 capital	Additional Tier 1 (AT1) capital
5	Post-transitional CRR rules	Additional Tier 1 (AT1) capital	Tier 2 capital	Additional Tier 1 (AT1) capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated	Consolidated	Consolidated
7	Instrument type	Tier 1 deeply subordinated securities (Art. 52)	Tier 2 subordinated securities (Art. 63)	Tier 1 deeply subordinated securities (Art. 52)
8	Amount recognised in regulatory capital or eligible funds (currency in thousands, as of most recent reporting date)	750,000	500,000	750,000
9	Nominal amount of instrument (in %)	100	100	100
EU-9a	Issue price (in %)	100	99.868	100
EU-9b	Redemption price (in %)	100	100	100
10	Accounting classification	Equity	Liabilities at amortised cost	Equity
11	Original date of issuance	20/11/2019	26/10/2020	29/09/2021
12	Perpetual or dated	Perpetual	Dated	Perpetual
13	Original maturity date	No maturity	26/01/2031	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	20/05/2026	26/10/2025	20/11/2028
16	Subsequent call dates, if applicable	Until 20/11/2026 (inclusive) and each subsequent interest payment date (inclusive)	Until 26/01/2026 (inclusive)	Until 20/05/2029 (inclusive)

		a
COUPONS/DIVIDENDS		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	3.875%
19	Existence of a dividend stopper	Yes
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down features	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
34a	Type of subordination (only for eligible liabilities)	Not applicable
EU-34b	Ranking of the instrument in normal insolvency proceedings	Not applicable
35	Position in subordination hierarchy in liquidation	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable
EU-37a	Link to the full term and conditions of the instrument (signposting)	Not applicable

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

		a		
1	Issuer	La Banque Postale	La Banque Postale	La Banque Postale
2	ISIN	FR0014001R34	FR0014001R34	FR001400DLD4
2a	Public or private placement	Public	Public	Public
3	Governing law(s) of the instrument	French law	French law	French law
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes
REGULATORY TREATMENT				
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated	Consolidated	Consolidated
7	Instrument type	Tier 2 subordinated securities (Art. 63)	Tier 2 subordinated securities (Art. 63)	Tier 2 subordinated securities (Art. 63)
8	Amount recognised in regulatory capital or eligible funds (currency in thousands, as of most recent reporting date)	500,000	250,000	500,000
9	Nominal amount of instrument (in %)	100	100	100
EU-9a	Issue price (in %)	99.39	97.99	99.89
EU-9b	Redemption price (in %)	100	100	100
10	Accounting classification	Liabilities at amortised cost	Liabilities at amortised cost	Liabilities at amortised cost
11	Original date of issuance	02/02/2021	27/04/2021	05/12/2022
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	02/08/2032	02/08/2032	05/03/2034
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	03/05/2027	03/05/2027	05/12/2028
16	Subsequent call dates, if applicable	Until 02/08/2027 (inclusive)	Until 02/08/2027 (inclusive)	Until 05/03/2029 (inclusive)
COUPONS/DIVIDENDS				
17	Fixed or floating dividend/coupon	Floating	Floating	Floating
18	Coupon rate and any related index	0.750%	0.750%	5.500%
19	Existence of a dividend stopper	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable
34a	Type of subordination (only for eligible liabilities)	Not applicable	Not applicable	Not applicable
EU-34b	Ranking of the instrument in normal insolvency proceedings	Not applicable	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation	Not applicable	Not applicable	Not applicable
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable
EU-37a	Link to the full term and conditions of the instrument (signposting)	Not applicable	Not applicable	Not applicable

6.2.4 Risk-weighted assets and capital requirements

6.2.4.1 Summary of risk-weighted assets

The standardised approach is used to quantify the capital requirements under Pillar I for:

- credit risk (including credit valuation adjustment (CVA) 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 €92.8 billion at 31 December 2022 (compared to €91.1 billion at 31 December 2021), an increase of 1.8%.

- Credit risk-weighted assets (including exposures in respect of counterparty risk) represented €84.1 billion at 31 December 2022, up 3.4% compared to 31 December 2021.
- Market risk-weighted assets were down by €0.5 billion compared to 31 December 2021, amounting to €0.4 billion at 31 December 2022.
- Operational risk-weighted assets represented €8.3 billion at 31 December 2022, down 7.2% compared to 31 December 2021.

Risk-weighted assets by type of risk



CVA: Credit Value Adjustment

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

Overview of total risk exposure amounts (RWA) (EU OVI)

	(in € thousands)	a	b	c
		Total risk exposure amounts (TREA)		Total own funds requirements
		31 Dec. 2022	31 Dec. 2021	31 Dec. 2022
1	Credit risk (excluding CCR)	82,692	79,363	6,615
2	Of which the standardised approach	82,692	79,363	6,615
3	Of which the foundation IRB (F-IRB) approach	0	0	0
4	Of which slotting approach	0	0	0
EU 4a	Of which equities under the simple risk weighted approach	0	0	0
5	Of which the advanced IRB (A-IRB) approach	0	0	0
6	Counterparty credit risk - CCR	1,235	1,807	99
7	Of which the standardised approach	961	913	77
8	Of which internal model method (IMM)	0	0	0
EU 8a	Of which exposures to a CCP	25	6	2
EU 8b	Of which credit valuation adjustment (CVA)	256	303	20
9	Of which other CCR	(8)	584	(1)
10	Not applicable	0	0	0
11	Not applicable	0	0	0
12	Not applicable	0	0	0
13	Not applicable	0	0	0
14	Not applicable	0	0	0
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	187	176	15
17	Of which SEC-IRBA approach	0	0	0
18	Of which SEC-ERBA (including IAA)	187	176	15
19	Of which SEC-SA approach	0	0	0
EU 19a	Of which 1,250%/deduction	0	0	0
20	Position, foreign exchange and commodities risks (Market Risk)	364	813	29
21	Of which the standardised approach	364	813	29
22	Of which IMA	0	0	0
EU 22a	Large exposures	0	0	0
23	Operational risk	8,298	8,939	664
EU 23a	Of which basic indicator approach	0	0	0
EU 23b	Of which standardised approach	8,298	8,939	664
EU 23c	Of which advanced measurement approach	0	0	0
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	814	793	65
25	Not applicable	0	0	0
26	Not applicable	0	0	0
27	Not applicable	0	0	0
28	Not applicable	0	0	0
29	TOTAL	92,775	91,098	7,422

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 INST)

		a	b
	(in € millions)	Exposure value	Risk exposure amount
1	Own funds instruments held in insurance or reinsurance undertakings or insurance holding company not deducted from own funds	15,234	15,234

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 weighs them in compliance with Article 133.

6.2.4.2 Prudential 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) on a consolidated basis. This is unchanged from 2022 and continues to apply from 1 January 2023. 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%). La Banque Postale meets this requirement in the proportions set out in Article 104a(4) of the Capital Requirements Directive (CRD V) (1.125% of CET1 capital and 1.5% of Tier 1 capital).

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;
- 0.02% for the countercyclical buffer.

The countercyclical buffer requirement takes into account the decision to set the countercyclical buffer applicable to relevant exposures located in France at zero as from 2 April 2020. While most of the relevant authorities have applied similar decisions, buffer requirements have been maintained in several jurisdictions: Bulgaria, Luxembourg, Norway, Czech Republic, the United Kingdom, Slovakia and Hong Kong.

La Banque Postale's specific countercyclical buffer rate was 0.02% at 31 December 2022.

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 12.77% (10% plus 2.77% for the combined buffer requirements).

Breakdown of CET1 capital requirement

	31 Dec. 2022	31 Dec. 2021
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	0.02%	0.005%
Minimum CET1 ratio requirement	8.395%	8.380%

The overall capital requirement amounts to 12.77%, 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).

6. Risk factors - La Banque Postale Group Pillar III information

Capital management and capital adequacy

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (EU CCyB1)

(in € millions)	a	b	c	d	e	f	g	h	i	j	k	l	m	
	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 SA	Value of trading book exposures for internal models	Securitisation exposures	Exposure value for non-trading book	Total exposure value	Relevant credit risk	Relevant credit risk	Relevant credit risk exposures - Securitisation positions in the non-trading book	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
BREAKDOWN BY COUNTRY:														
010 ANDORRA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
UNITED ARAB EMIRATES	10	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
ARGENTINA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
AUSTRIA	0	0	0	0	31	0	0	0	0	0	0	0,0%	0,0%	
AUSTRALIA	33	0	0	0	0	1	1	0	0	0	0	0,0%	0,0%	
BANGLADESH	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
BELGIUM	143	0	0	0	0	9	9	0	0	0	0	0,0%	0,0%	
BURKINA FASO	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
BULGARIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
BENIN	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
BRAZIL	6	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
CANADA	1,092	0	0	0	0	10	10	0	0	0	0	0,0%	0,0%	
DEMOCRATIC REPUBLIC OF THE CONGO	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
SWITZERLAND	71	0	0	0	0	4	4	0	0	0	0	0,0%	0,0%	
COTE D'IVOIRE	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
CHILE	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
CAMEROON	1	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
CHINA	4	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
COLOMBIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
CZECH REPUBLIC	0	0	0	0	0	0	0	0	0	0	0	1,5%	0,0%	
GERMANY	338	0	0	0	104	26	23	0	3	0	0	0,0%	0,0%	
DJIBOUTI	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
DENMARK	0	0	0	0	0	0	0	0	0	0	0	2,0%	0,0%	
ALGERIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
SPAIN	248	0	0	0	254	12	8	0	4	0	0	0,0%	0,0%	
FINLAND	20	0	0	0	41	2	1	0	0	0	0	0,0%	0,0%	
FRANCE	95,502	0	22	0	431	5,582	5,578	0	5	0	0	0,0%	0,0%	
GABON	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
UNITED KINGDOM	1,667	0	0	0	39	85	85	0	0	0	0	1,0%	0,0%	
GAMBIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
GUINEA-BISSAU	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
HONG KONG	4	0	0	0	0	0	0	0	0	0	0	1,0%	0,0%	
HAITI	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
INDONESIA	1	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
IRELAND	102	0	0	0	26	10	10	0	0	0	0	0,0%	0,0%	
ISRAEL	2	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
INDIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
ICELAND	0	0	0	0	0	0	0	0	0	0	0	2,0%	0,0%	
ITALY	239	0	0	0	0	19	19	0	0	0	0	0,0%	0,0%	
JERSEY	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
JAPAN	326	0	0	0	0	20	20	0	0	0	0	0,0%	0,0%	
KENYA	1	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
COMOROS	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	

Risk factors - La Banque Postale Group Pillar III information
Capital management and capital adequacy

(in € millions)	a	b	c	d	e	f	g	h	i	j	k	l	m	
	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 SA	Value of trading book exposures for internal models	Securitisation exposures	Exposure value for book	Total exposures	Relevant credit risk	Relevant credit risk	Relevant credit risk exposures - Securitisation positions in the book	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
REPUBLIC OF KOREA	144	0	0	0	0	1	1	0	0	0	0	0,0%	0,0%	
KUWEIT	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
LEBANON	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
SRI LANKA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
LUXEMBOURG	628	0	0	0	36	54	52	0	1	0	0	0,0%	0,0%	
MOROCCO	2	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
MONACO	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
MADAGASCAR	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
MALI	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
MONTSERRAT	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
MAURITIUS	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
MEXICO	2	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
MALAYSIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
NETHERLANDS	2,171	0	0	0	153	71	70	0	1	0	0	0,0%	0,0%	
NORWAY	114	0	0	0	0	2	2	0	0	0	0	2,0%	0,0%	
OTHER	0	0	31	0	0	0	0	0	0	0	0	0,0%	0,0%	
PORTUGAL	64	0	0	0	10	6	5	0	0	0	0	0,0%	0,0%	
REUNION	1	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
RUSSIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
RWANDA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
SAUDI ARABIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
SWEDEN	91	0	0	0	0	4	4	0	0	0	0	0,0%	0,0%	
SINGAPORE	3	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
SENEGAL	1	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
SYRIA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
CHAD	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
TOGO	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
THAILAND	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
TUNISIA	2	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
TURKEY	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
TRINIDAD AND TOBAGO	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
UKRAINE	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
UGANDA	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
UNITED STATES OF AMERICA	259	0	0	0	0	20	20	0	0	0	0	0,0%	0,0%	
U.S. VIRGIN ISLANDS	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
VIETNAM	0	0	0	0	0	0	0	0	0	0	0	0,0%	0,0%	
020 TOTAL	103,294	0	53	0	1,124	5,940	5,925	0	15	0	0	0,0%	0,0%	

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

Amount of institution-specific countercyclical capital buffer (EU CCyB2)

	a
1 Total risk exposure amount	92,775
2 Institution-specific countercyclical capital buffer rate	0.02%
3 Institution-specific countercyclical capital buffer requirement	19

6.2.5 Capital ratios

At 31 December 2022, La Banque Postale's Common Equity Tier 1 (CET1) ratio stood at 14.7% vs. 19.1% at 31 December 2021, 6.3 points above the regulatory requirement of 8.395%.

Attributable net profit (up 120 bps), net of the dividend accrual (45% payout), was sufficient to finance organic growth of risk-weighted assets, contributing to the self-financing of La Banque Postale's organic growth.

The CET1 ratio declined by 440 bps, of which 410 bps stemmed from the impacts of stock market and interest rate volatility on the value of financial instruments at fair value through other comprehensive income.

The Tier 1 ratio stood at 16.3%. The total capital ratio of 19.0% (down 4.7 points from 31 December 2021)

Provided headroom of 6.2 points vs. the Group's Total Capital Requirement of 12.77%.

(%)	31 Dec. 2022	31 Dec. 2021
Common Equity Tier 1 (CET1) ratio	14.7%	19.1%
Tier 1 capital ratio	16.3%	20.7%
Solvency ratio	19.0%	23.7%

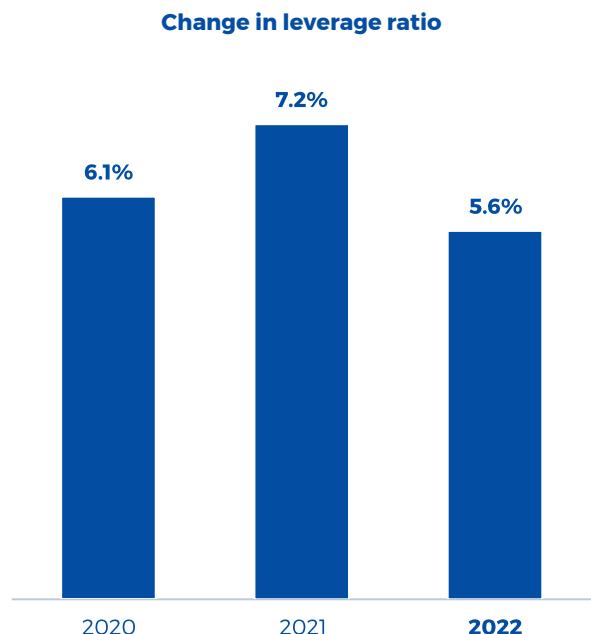
6.2.6 Leverage ratio

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 been a regulatory requirement since 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, 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).

At 31 December 2022, the leverage ratio was 5.6%.



Summary reconciliation of accounting assets and leverage ratio exposures (EU LR1)

	(in € millions)	a	Applicable amount
1 TOTAL ASSETS AS PER PUBLISHED FINANCIAL STATEMENTS			745,644
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation			(437,810)
3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)			0
4 (Adjustment for temporary exemption of exposures to central banks (if applicable))			0
5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)			0
6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting			0
7 Adjustment for eligible cash pooling transactions			0
8 Adjustment for derivative financial instruments			(6,807)
9 Adjustment for securities financing transactions (SFTs)			2,210
10 Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)			17,068
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)			0
EU-11a (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)			0
EU-11b (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)			(63,831)
12 Other adjustments			13,759
13 TOTAL EXPOSURE MEASURE			269,633

Leverage ratio - common disclosure (EU LR2)

		a	b
		CRR leverage ratio exposures	
	(in € millions)	31 Dec. 2022	31 Dec. 2021
On-balance sheet exposures (excluding derivatives and SFTs)			
1	- On-balance sheet items (excluding derivatives, SFTs, but including collateral)	304,260	300,509
2	- Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	315	215
3	- (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(1,159)	(161)
4	- (Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	- (General credit risk adjustments to on-balance sheet items)	0	0
6	- (Asset amounts deducted in determining Tier 1 capital)	(1,364)	(1,080)
7	TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)	302,052	299,483
Derivative exposures			
8	- Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)	276	323
EU-8a	- Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0	0
9	- Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	825	619
EU-9a	- Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	0	0
EU-9b	- Exposure determined under Original Exposure Method	0	0
10	- (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0	0
EU-10a	- (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0	0

6.

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

		a	b
		CRR leverage ratio exposures	
(in € millions)		31 Dec. 2022	31 Dec. 2021
EU-10b	- (Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	0	0
11	- Adjusted effective notional amount of written credit derivatives	179	132
12	- (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(141)	(132)
13	TOTAL DERIVATIVES EXPOSURES	1,139	942
	Securities financing transaction (SFT) exposures		
14	- Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	12,369	9,228
15	- (Netted amounts of cash payables and cash receivables of gross SFT assets)	(736)	906
16	- Counterparty credit risk exposure for SFT assets	1,573	1,316
EU-16a	- Derogation for SFTs: counterparty credit risk exposure in accordance with Article 429e (5) and Article 222 of the CRR	0	0
17	- Agent transaction exposures	0	0
EU-17a	- (Exempted CCP leg of client-cleared SFT exposure)	0	0
18	TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES	13,206	11,451
	Other off-balance sheet exposures		
19	- Off-balance sheet exposures at gross notional amount	100,128	101,807
20	- (Adjustments for conversion to credit equivalent amounts)	(83,060)	(85,463)
21	- (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0	0
22	OFF-BALANCE SHEET EXPOSURES	17,068	16,344
	Excluded exposures		
EU-22a	- (Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)	0	0
EU-22b	- (Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	(63,831)	(64,602)
EU-22c	- (Excluded exposures of public development banks – Public sector investments)	0	0
EU-22d	- (Excluded exposures of public development banks (or units): – Promotional loans	0	0
EU-22e	- (Excluded passing-through promotional loan exposures by non-public development banks (or units):	0	0
EU-22f	- (Excluded guaranteed parts of exposures arising from export credits)	0	0
EU-22g	- (Excluded excess collateral deposited at triparty agents)	0	0
EU-22h	- (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a (1) CRR)	0	0
EU-22i	- (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a (1) CRR)	0	0
EU-22j	- (Reduction of the exposure value of pre-financing or intermediate loans)	0	0
EU-22K	(TOTAL EXEMPTED EXPOSURES)	(63,831)	(64,602)
	Capital and total exposure measure		
23	- Tier 1 capital	15,096	18,855
24	TOTAL EXPOSURE MEASURE	269,633	263,617
	Leverage ratio		
25	- Leverage ratio (%)	5.60%	7.15%
EU-25	- Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.60%	7.15%
25a	- Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.60%	7.15%
26	- Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26	- Additional own funds requirements to address the risk of excessive leverage (%)	0,00%	0,00%
EU-26b	- of which: to be made up of CET1 capital	0,00%	0,00%
27	Leverage ratio buffer requirement (%)	0,00%	0,00%
EU-27	- Overall leverage ratio requirement (%)	3.00%	3.00%

		a	b
		CRR leverage ratio exposures	
	(in € millions)	31 Dec. 2022	31 Dec. 2021
Choice on transitional arrangements and relevant exposures			
28	- 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	21,861	18,725
29	- Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	11,633	10,135
30	- 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)	279,861	272,208
30a	- 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)	279,861	272,208
31	- 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%
31a	- 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)

		a
		CRR leverage ratio exposures
(in € millions)		
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	239,546
EU-2	Trading book exposures	38
EU-3	Banking book exposures, of which:	239,508
EU-4	Covered bonds	1,865
EU-5	Exposures treated as sovereign	68,038
EU-6	Exposure to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	6,808
EU-7	Institutions	7,455
EU-8	Secured by mortgages of immovable properties	29,787
EU-9	Retail exposures	59,430
EU-10	Corporate	45,338
EU-11	Exposures in default	1,274
EU-12	Other exposures (particularly equity, securitisations and other non-credit obligation assets)	19,513

6. Risk factors – La Banque Postale Group Pillar III information

Capital management and capital adequacy

6.2.7 MREL ratio

The Minimum Requirement for Own Funds and Eligible Liabilities (MREL) corresponds to (i) the minimum amount of own funds and eligible liabilities in relation to risk-weighted assets (RWA) or the total risk exposure amount (TREA) and (ii) the leverage ratio exposure (LRE). Eligible liabilities include subordinated (senior non-preferred) and non-subordinated (senior preferred) instruments.

La Banque Postale's annual MREL requirement is set by the Single Resolution Board. As part of the late-2022 procedure to compare La Banque Postale's MREL estimates with those of the supervisor, the Bank reviewed

the MREL that would be notified to it at the beginning of 2023. This MREL, which will apply from 1 January 2024, consists of:

- a TREA coverage requirement of 21.97%, of which 19.21% to be covered by subordinated instruments, as the capital used to meet the overall capital buffer requirement cannot be reused to meet this requirement;
- an LRE coverage requirement of 7.59%, to be covered in full by subordinated instruments.

At 31 December 2022, La Banque Postale's MREL ratio corresponded to 25.2% of RWA and 8.7% of LRE.

6.2.8 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 the management body 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 at least annually 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)

(a)	Approach to assessing the adequacy of the internal capital	<p>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.</p> <p>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.</p> <p>The internal capital requirement generated by the Group's main risks is assessed using proprietary methods.</p>
(b)	Result of the institution's internal capital adequacy assessment process	<p>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.</p>

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 and is the subject of an internal limit in the Risk Appetite Statement (RAS). It is monitored by the Group Risk Management Committee and the ALM Committee.

Since the CRD V legislative package (CRR II and CRD V) came into effect, banks may be required to have additional capital if their exposure to leverage risk is too great. The amount of additional capital is decided by the authorities after assessing the leverage ratio coverage rate, the risk factors not taken into account in the ratio and changes in the ratio over time. La Banque Postale has not been notified of any additional Pillar II requirements concerning the leverage ratio (P2R-LR).

Indicators of global systemic importance

	31 Dec. 2022
Size	Total assets 307,834
Importance (including substitutability/ financial system infrastructure)	Value of domestic payment transactions 200,850
	Private sector deposits from depositors in the EU 206,196
	Private sector loans to recipients in the EU 112,679
Complexity/cross-border activity	Value of OTC derivatives (notional) 188,043
	Cross-jurisdictional liabilities 10,780
	Cross-jurisdictional claims 23,602
Interconnectedness	Intra financial system liabilities 42,772
	Intra financial system assets 55,419
	Debt securities outstanding 32,547

6. Risk factors – La Banque Postale Group Pillar III information

Risk management mechanism

6.3 Risk management mechanism

6.3.1 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 order of 3 November 2014 on internal control, and by the European Banking Authority's internal governance guidelines 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 Group 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 Single Resolution Board (SRB) and the national resolution authorities (*Autorité de Contrôle Prudentiel et de Résolution - ACPR*).

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 French Financial Markets Authority (*Autorité des Marchés Financiers - 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.

Application of the CRD and the CRR

La Banque Postale applies the Basel agreements (Basel III) as approved in November 2010 and transposed into European law in Directive (EU) No 2013/36 (CRD IV) and Regulation (EU) No 575/2013 of 26 June 2013 (CRR), supplemented in June 2019 by Directive (EU) No 2019/878 (CRD V) and Regulation (EU) No 2019/876 (CRR II). These directives and regulations set out:

- capital instrument eligibility rules;
- capital requirement levels including different buffers (systemic risk, etc.);
- capital requirement calculation rules for credit risk, counterparty risk, operational risk and market risk.

CRR II and CRD V, the main provisions of which have been applicable since June 2021, have extensively revised the rules concerning credit, counterparty and market risk. In particular, they have introduced:

- a new Basel methodology for determining prudential exposure for derivatives under the standardised approach (SA-CCR);
- thresholds and rules for the measurement of leverage taken into account for the calculation of risk-based capital requirements (leverage ratio);
- thresholds and calculation rules for large exposures based on Tier 1 capital instead of eligible own funds;
- thresholds and calculation rules for the Net Stable Funding Ratio (NSFR);
- new requirements concerning Environmental, Social and Governance (ESG) risks (mainly new disclosure requirements);
- a revised market risk framework, including a definition of the trading book/banking book boundary (Fundamental Review of the Trading Book – FRTB).

Several Level 2 texts have been added to the Banking Package. 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.

La Banque Postale is subject to all of these regulations and it therefore calibrates its indicators and sets the related limits in accordance with regulatory requirements.

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 material risk driver) and large exposures (EBA/GL/2021/09 specifying the criteria to assess the exceptional cases when institutions exceed the large exposure limits and EBA/RTS/2022/06 on criteria for the identification of shadow banking entities). 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 "Application of regulations concerning ESG risks" below).

The overall framework is gradually being put in place taking the regulations into consideration. Other EU regulatory 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.

Application of the EMIR regulation (amended by EMIR Refit No 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 transitioned from Eonia to €ESTER⁽¹⁾ and has set up the necessary organisation to adjust to the future abolition of IBORs.

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 orders of 3 November 2014⁽²⁾

The governance and internal control implemented by La Banque Postale is governed by the 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);
- additional 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 orders dated 3 November 2014.

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 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 French Financial Markets Authority (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 mechanism 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.

(1) Euro Short Term Rate (€STR).

(2) The order of 3 November 2014 on internal control transposed the European Directive (CRD) into French law.

6. Risk factors – La Banque Postale Group Pillar III information

Risk management mechanism

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 and the Russia-Ukraine conflict

In addition to the regulatory framework described above, a number of measures were published and/or adopted by the supervisory authorities in order to mitigate the impacts of the COVID-19 pandemic. These included:

- optional temporary exemption from complying with Pillar II Guidance (P2G), the capital conservation buffer and the LCR (these exemptions will expire on 1 January 2023);
- optional exclusion of central bank exposures from the leverage ratio (this option expired on 1 April 2022);
- lowering of the counter-cyclical buffer to 0% for French exposures (measure expiring on 7 April 2023, when a rate of 0.5% will apply);
- providing for specific provisions regarding exposures subject to moratorium measures;
- government-backed stimulus loan and bond programmes (*Prêts Participatifs Relance and Obligations Relance*) that will expire on 31 December 2023;

6.3.2 Internal control

The aim of internal control is to provide assurance concerning the effective management of the risks associated with all the systems implemented within La Banque Postale Group for the purpose of providing reasonable assurance as to the achievement of business, reporting and compliance objectives.

The internal control system is aligned with the nature and volume of La Banque Postale's operations. It covers all existing or potential risks of La Banque Postale Group entities, as defined in the Group risk appetite framework. The Group's internal control system 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;
- all activities conducted by La Banque Postale's business lines, its fully and jointly controlled subsidiaries, its equity-accounted associates and joint ventures and the Consumer and Digital Division entities working in the name and on behalf of La Banque Postale;
- all the products distributed by the Group;
- all outsourced critical and important services;
- all cross-functional units carrying out operational production activities (i.e., for risk monitoring, or for the production of regulatory reports for the banking and insurance supervisor and/or statutory financial reports).

The risk management system and its structure are based on three lines of defence that constitute the internal

- a new government-backed stimulus loan programme (Resilience) that expired on 31 December 2022.

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.

La Banque Postale is carefully examining the texts that are at the consultation stage and taking action to comply with them. Other proposed regulatory texts that are currently being finalised are also being examined in detail. They include:

- the Taxonomy Regulation No 2020/852 and the related Delegated Regulation No 2021/2139 (climate) and Delegated Regulation No 2021/2178 (disclosures);
- Implementing Regulation (EU) 2022/2453 published in the Official Journal of the European Union on 19 December 2022, which describes the Pillar III disclosure requirements for ESG risk.

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 completed an annual self-assessment questionnaire in the first quarter of 2022 and it will also participate in the ECB's climate stress test to be conducted in the first half of 2022.

control framework. It complies with the order of 3 November 2014 (as amended) on internal control, as described in La Banque Postale Group's Internal Control Charter. This charter defines the organisation, responsibilities and scope of intervention of the various actors in charge of implementing the internal control system and ensuring its application.

- This means that the operational, corporate and support functions all contribute to the first line of defence.
- The second line of defence is provided by the Risk Department, which is responsible for risk management, and the Compliance Department, which is responsible for verifying La Banque Postale Group's compliance with all applicable laws, rules and regulations.
- The Internal Audit Department provides the third line of defence by performing periodic internal audits of all of La Banque Postale Group's departments and entities.

The first and second lines of defence constitute the permanent control system provided for in the order of 3 November 2014 (as amended) on internal control. The second line of defence is provided by the Risk Department and the Compliance Department.

Organisation of permanent control and internal audit is based on the following charters, which are part of La Banque Postale Group's Internal Control Charter:

- The Risk Organisation Charter
- The Group Compliance Department Charter
- The Periodic Control Charter



6.3.3 Governance

6.3.3.1 Risk culture

The regulations require credit institutions to define and implement a risk management system through the development and application of a standard framework. However, for risks to be managed efficiently and effectively, all employees must be familiar with the framework and adopt the appropriate practices and reflexes. This is what is meant by the risk culture, which is an integral part of our corporate culture.

The risk culture helps to ensure the Group's healthy and sustainable growth. The development of an effective risk culture is one of the critical success factors for achieving the Group's 2030 targets. The culture is built around four operational pillars and 11 sub-pillars:

- **Leadership or 'tone from the top':** the risk culture links the organisational culture to the tone adopted by leaders and the actions of employees (tone and messages conveyed by leaders, internal and external communication).
- **Organisation:** the risk culture also involves applying the codes and procedures laid down by the organisation to ensure that employees are constantly risk-aware as they go about their activities (committees, segregation of tasks between functions, overall organisation, training, document management).
- **Risk management system:** comprising the Risk Appetite Statement, charters, internal rules, the code of conduct governing the Bank's day-to-day activities, and all the different risk committees: the effectiveness of the risk culture depends on all employees understanding the challenges of risk management and the related procedures, particularly in the event of an incident (framework and incident reporting, accountability).

- **Incentives:** career management plans and the remuneration policy, but also disciplinary measures in the event of misconduct, help to reinforce the desired behaviour (variable pay, career management plans, whistleblowing rights, disciplinary measures). In a demanding regulatory and economic environment, the Group is committed to continuing to promote the risk culture at all levels of the organisation. Enhancements to the risk governance and control framework contribute to strengthening the risk management system.

6.3.3.2 The Group's risk governance and management bodies

The system for governance and oversight of the Group's risks is underpinned by a group of committees, which enable it to comply - from the highest levels of responsibility down - with the applicable laws and regulations, while ensuring that all of its risks are managed in a healthy and independent manner.

The two-tier governance structure guarantees an appropriate separation of powers, with the Executive Board responsible for achieving the objectives agreed with the Supervisory Board and for the day-to-day management of the Group, and the Supervisory Board responsible for overseeing the Executive Board's actions.

As described below, these committees:

- report to La Banque Postale's management via its management bodies on whether risks are being appropriately managed;
- provide the Risk Organisation with the bodies it requires to manage risks at a more operational level.

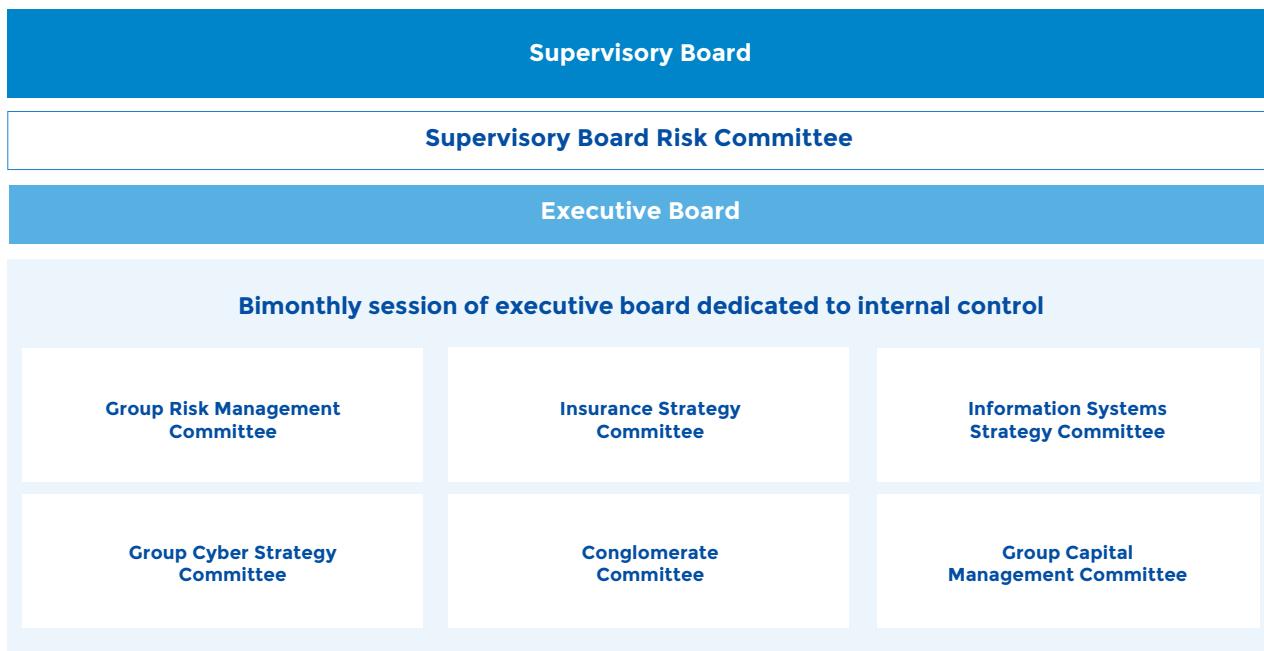
6. Risk factors – La Banque Postale Group Pillar III information

Risk management mechanism

At the level of the management bodies (Supervisory Board and Executive Board)

To fulfil their responsibilities, La Banque Postale's two governance bodies (Supervisory Board and Executive Board) are supported by the following committees:

The Committees of the Supervisory and Executive Boards are presented in more detail in Chapter 3 – "Corporate governance" – Section 3.1.2 "Management and supervisory bodies".



At the level of the Group Risk Department

The Risk Organisation has set up a number of operational committees tasked with overseeing the Group's risks. The Group Risk Department may also attend meetings of the subsidiaries' Internal Audit and Risk committees but is not a member of these committees.

The main committees of the centralised risk function are listed below. These committees are described in detail (role and responsibilities, chair, secretary, meeting frequency) in Section 4.6.8 "Internal control" of this document.

Credit risks	Operational risks
<ul style="list-style-type: none">▪ Group Retail Credit Risk Committee▪ Executive Board Commitments Committee▪ Credit and Investment Risk Committee▪ Insurance Investment and Acceptance Committee▪ Syndication Monitoring Committee▪ Large Exposures Committee▪ Watchlist Committee▪ Loan Provisions Validation Committee▪ Home Loan and current account for retail customers litigation committee	<ul style="list-style-type: none">▪ Operational Risks Provisions Committee▪ Cyber-security Strategic Plan Management Committee▪ Risk and Compliance Committees (RCC) – or Risk Management Committees (RMC) for subsidiaries or Operational Risks and Internal Control Committee (CROCI) for CNP Assurances
Financial risks	Insurance risks
<ul style="list-style-type: none">▪ Market Risks Committee	<ul style="list-style-type: none">▪ Insurance Risks Committee▪ CNP Assurances Group Risk Committee
Cross-functional risks	
<ul style="list-style-type: none">▪ Risk Management Rules Validation Committee▪ Capital Ratio Validation Committee▪ Capital Ratio and Conglomerate Reports Validation Committee▪ Model Risk Management Committee▪ Stress Test Operational Committee	<ul style="list-style-type: none">▪ Subsidiary Risk Management Committee▪ Business Line Risk and Compliance Committee▪ Product Review Committee▪ Product Monitoring Committee

6.3.4 Risk mapping

The risk mapping process is organised around two elements: a taxonomy and a risk rating system:

- the risk taxonomy is the detailed list of the risks to which the Group is exposed (see Section 6.1.2 "Risk identification");
- the risk rating system consists of rating risks based on expert or quantified assessments, projections or past experience, gross or net exposures, and the level of criticality.

The Group has a risk map that scores all of these risks and enables it to comply with the applicable regulatory requirements (order of 3 November 2014, as amended, 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.).

Following on from the exercise carried out at the end of 2021, this process has continued to be strengthened. The updated risk map places greater weight on the

conglomerate dimension and the matters for attention raised by the ECB in 2021 for operational risks (concerning IT project management and distribution agreements).

The risk factors are broken down into eight families.

The 2023 risk map was approved by La Banque Postale Group's Executive Board on 19 September 2022. The main changes include:

- improved definition of certain strategic and business risks;
- removal of outsourcing risk, which is covered by the Operational Risk category;
- integration of basis spread risk monitoring in the basis risk category;
- changes in operational risks, mainly concerning process execution and management risks, IT project management, distribution agreement monitoring and outsourcing risks;
- extension of governance risk review processes to cover all the Group's activities.

6.3.5 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 an risk-appetite overrun;
- 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.

6. Risk factors - La Banque Postale Group Pillar III information

Risk management mechanism

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 Framework in 2022

In 2022, the Group Risk Department continued its work to vertically align the entire risk management system based on a **Risk Appetite Statement (RAS)** approved by the Supervisory Board in December 2022, along with the **Risk Appetite Dashboard (RAD)**, which evolved in line with the budget exercise.

In the revised RAS for 2023, increased emphasis is placed on the conglomerate dimension, high-level coverage of the major and critical risks already identified within the eight major risk categories has been maintained, new indicators have been added to limit "critical" or "major" risks that were previously kept under observation or whose level has been raised, and other indicators have been introduced to monitor the insurance business risk appetite in the LBP RAS (notably CNP Assurances subsidiaries in Italy and Brazil).

- the updated **Group Risk Management Operational Policy (RMOP)** which was approved by the Executive Board in February 2023 and will support the roll-down of the 2023 RAS.
- In addition to the RMOP, an RMOP Dashboard enables monthly monitoring of compliance with the RMOP levels in a consolidated manner by the GRMC;
- risk management rules validated by the Group Risk Department's Risk Management Rules Validation Committee (RMRVC), for the implementation of the RMOP; and
- operational and organisational roll-out of the Risk Organisation Charter, especially for lending activities, financial risk management and permanent controls.

6.3.6 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.

6.3.6.1 Cross-functional system of risk management

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 (RMRVC). 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.

In order to better respond to internal and external quality and consistency issues within and between reporting periods (BCBS 239), as well as productivity and timeliness issues, a new Risk-Finance Department was set up in November 2021, comprising the Group Finance and Group Risk Departments' regulatory reporting organisations. Its director, who is responsible for the production of risk and financial regulatory reports for La Banque Postale Group, reports directly to the Group Chief Financial Officer and on a dotted-line basis to the Group Chief Risk Officer.

More specifically concerning BCBS 239, following a detailed analysis of governance and BCBS 239 Pillar I reporting processes based on the 11 BCBS 239 principles, a list of gaps was identified and an action plan was drawn up with the reporting organisations. 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 La Banque Postale Group.

6.3.6.2 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-CFT, 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.

6. Risk factors - La Banque Postale Group Pillar III information

Risk management mechanism

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 macro-economic 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 des 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 Caisse des Dépôts groups.

6.3.6.3 Credit risk systems

The Credit Risk Department (CRD) is 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.

This department has regional teams. The description of the credit risk management system is provided in Section 6.4 "Credit and counterparty risk" below.

6.3.6.4 Financial risk system

The Financial Risk Department 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 6.5 "Financial risks" below.

6.3.6.5 Operational risk system

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.

As part of monitoring all types of risks associated with operations (volume V of the amended order on internal control of 3 November 2014), the main roles of the Operational Risk Department 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 Risk 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.

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 (RMOP) and the La Banque Postale Group Risk Organisation Charter.

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.

Operational risk management for CNP Assurances group 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 CNP Assurances' operational risks.

The operational risk map is based on a conglomerate vision, taking into account the operational risks of CNP Assurances and its subsidiaries.

The operational risk management system is provided in Section 6.6 "Operational risks" below.

6.3.6.6 Non-compliance risk system

A description of the risk management system is provided in Section 6.8.2 "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.

6.3.6.7 Insurance risk system

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 in Section 6.7 "Insurance risks and additional monitoring of the conglomerate" below.

6.3.6.8 ESG risk management system

In addition to all the work carried out by La Banque Postale in the area of CSR since its creation, and following the signing 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 Bank level by the Sustainability Department and all the business lines, are reflected immediately in La Banque Postale's risk management system. The Group treats Environmental, Social and Governance (ESG) risk as a risk area in its own right, but also as a risk factor for existing risk areas (credit, operational, market, etc.).

From a regulatory standpoint, ESG risks correspond to the negative impact of ESG factors on the financial performance or solvency of a financial institution due to the current or prospective effects of these factors on the institution's counterparties or assets. ESG risks correspond to the risk of losses generated by climate and environmental events, social and societal developments or governance failures affecting La Banque Postale's internal operations or its businesses.

6. Risk factors - La Banque Postale Group Pillar III information

Risk management mechanism

ESG risk management is based on a national and European regulatory framework that is in the process of being developed. The ECB Guide on Climate-Related and Environmental Risks published in November 2020 outlines the ECB's understanding of the safe and prudent management of climate-related and environmental risks under the current prudential framework. It is supported by the European Banking Authority's Report on ESG Risk Management and Supervision dated June 2021.

Following its designation as a mission-led company in February 2022, La Banque Postale has embedded ESG principles more deeply in its governance. Its Articles of Association now include environmental and social objectives to support the just transition and help mitigate ESG risks.

The Supervisory Board and Executive Board place considerable emphasis on ESG factors when it comes to defining La Banque Postale's strategy, operating objectives and risk management processes. The Executive Board and the Supervisory Board receive regular briefings on La Banque Postale's ESG risk exposures and take these issues into account in their decisions. Finally, monthly reports are sent to the Executive Committee and the Group Risk Management Committee (GRMC).

The Sustainability Department, which reports directly to the Chairman of the Executive Board, is responsible for overseeing the operational rollout of the strategic plan's ESG aspects. The head of the department sits on the Executive Committee and is a member of La Banque Postale's existing bodies. The department helps to ensure that ESG factors are fully taken into account by La Banque Postale's various entities.

Since 2021, ESG risks have been incorporated into La Banque Postale's risk governance processes. In order to encourage their inclusion in all of the Group's risk control and management systems and ensure that they are managed efficiently, they are covered by the existing organisations and bodies, rather than by dedicated bodies. The principles applicable to the Group's risk appetite system are therefore also applicable to the management of ESG risks.

ESG risks are controlled in the same way as other risks. Further information is provided on the ESG risk system in Section 6.8 "ESG risks" of this document.

6.3.6.9 Permanent control system

The Permanent Control Department reports to the Group Risk Department. It is responsible for the operational management of second-tier controls for the risks identified in the La Banque Postale conglomerate risk map (including non-compliance risks).

The Permanent Control Department – working with the internal control teams in the subsidiaries who constitute the second line of defence and the risk management units in La Banque Postale's corporate departments – is responsible for performing second-tier controls of the Group Risk Management Department's centralised functions. In this capacity, it is responsible for:

- ensuring that the first-tier controls are performed periodically by the entities in accordance with their

defined control plan;

- identifying and validating the sensitive processes that must be subject to second-tier controls, independently of the operational teams;
- monitoring 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 permanent control tool 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 the control teams representing the second line of defence in La Banque Postale Group subsidiaries and departments the objectives 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 and the Supervisory Board Risk Committee – as well as for regulators and supervisory authorities.

The Head of the Permanent Control Department reports directly to the Group 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 order of 6 January 2021 related to anti-money laundering and the financing of terrorism (AML-CFT), 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 designated by the Executive Board as the Head of permanent control of AML-CFT and Asset Freeze processes, with full straight- and dotted-line authority over the 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 corporate 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 controllers in the Payments Department's Customer Relationship and Expertise Centres, the Marketing Department and the Remote Banking unit (in coordination with the Operational Risk Management Department covering the La Poste Network's Consumer and Digital Division and the Customer Relationship and Expertise Department, the head of which reports directly to the Group Chief Risk Officer);
- the controllers in the Banking and Insurance IT Department, who work in coordination with the Risk Management Department (IT & Innovation RMD);
- the controllers in La Banque Postale's corporate departments, in coordination with the Corporate and Investment Banking (CIB), Finance Department (FD), Marketing Department (MKD) and Human Resources Department (HR) risk management units;
- 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 Group 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, work is now in progress for the convergence of the La Banque Postale and CNP Assurances permanent control systems. This process consists of gradually rolling down La Banque Postale's generic controls to CNP Assurances, particularly controls covering 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, deployment of a new Control Organisation is currently being finalised. At the same time, the Risk Organisation teams at CNP Assurances are performing independent reliability tests for risk rating purposes. Integration of the subsidiaries in La Banque Postale Group's control system is also ongoing. A review of the main international subsidiaries is planned with a view to enhancing existing first- and second-tier controls.

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, in order to have a formal control plan that includes all control programmes covering the distribution networks, customer relationship and expertise centres, IT, investment services, head office and the subsidiaries.

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

6.4 Credit and counterparty risks

6.4.1 Organisation of credit and counterparty risk management

The Group Risk Department reports to the Group Risk Management Committee (GRMC) on the drafting and implementation of measures for monitoring and managing Retail Banking and Corporate Banking credit risks in accordance with the government order of 3 November 2014 on internal control (as amended).

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 rolled down by type of product and customer take into consideration developments in La Banque Postale's business. These rules are approved by the Risk Management Rules Validation Committee (RMRVC).

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 on internal control (as amended). 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 operational teams. 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.

6.4.2 Quantitative credit risk information

6.4.2.1 Retail customer credit risk

In terms of financing to retail customers, the activities conducted by La Banque Postale Group that give rise to a credit risk include:

- home loans to individuals and to high-net-worth Limited Property Investment Partnerships (SCIs) (La Banque Postale and its subsidiaries Louvre Banque Privée and SOFIAP);
- overdrafts and means of payment for retail banking customers (La Banque Postale and its subsidiary Louvre Banque Privée);
- consumer credit (La Banque Postale Consumer Finance and Louvre Banque Privée);
- 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, Louvre Banque Privée and SOFIAP.

It develops the rules for granting and committing to loans.

The 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 loan recovery rules, working with the Legal Department and Customer Relations and Experience Department, and for non-performing loan provisions, working 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, Louvre Banque Privée and SOFIAP report to the Head of Subsidiaries' Risk.

6.4.2.2 Credit risk on corporate loans

Since 1 January 2022, La Banque Postale's corporate financing and investment activities have been conducted by the Corporate and Investment Bank (CIB) and its leasing and factoring subsidiary (La Banque Postale Leasing & Factoring – LBP L&F). As part of its commercial activity to finance the economy, La Banque Postale serves the following customer segments: Corporates, Non-Profits, Large Corporates, and the Local Public Sector (local authorities, public hospitals, social landlords).

La Banque Postale, through CIB, also conducts or participates in asset and project finance activities, private placements and capital markets transactions. It manages the following financial instruments: debt securities, UCITS, securitisation funds, derivatives (swaps, caps and floors, options, foreign currency futures, credit derivatives, currency derivatives), repurchase/reverse repurchase transactions, total return swaps and securitisations (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.).

The Retail Banking business line took over responsibility for serving professional customers with effect from 1 January 2022.

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 corporate 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.

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 Group Risk Management Committee also validates a list of approved countries.

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;
 - geographical limits, used to monitor the portfolio's exposure to concentration risk; these limits have been revised to reflect the inclusion of the insurance business.

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

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 corporate portfolio:

- two concentration limits: the weight of the first sector and the weight of the first three sectors;
- a gross exposure limit by business sector;
- a limit on the size of the corporate portfolio, set at €40 billion with an internal alert triggered at €35 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 Tier 1 capital by a coefficient determined by reference to the originating entity, the type of customer and the type of transaction. The limit system was expanded in 2022 with the introduction of conglomerate-level country limits.

The Group Risk Department is responsible for:

- operational application of the limits;
- deploying adequate attribution tools; and
- monitoring internal scores and limits.

6.4.3 Exposure to credit risk

6.4.3.1 Overview of credit risk exposure

Total and average net exposures (EU CRB-B)

	a	b
	Net book value of exposures at the end of the financial period	Average net exposures during the financial period
(in € millions)		
1 Central governments and central banks	0	0
2 Institutions	0	0
3 Corporate	0	0
4 – of which Specialised financing	0	0
5 – of which SMEs	0	0
6 Retail	0	0
7 – Exposures secured by real estate	0	0
8 SME	0	0
9 Non-SME	0	0
10 – Eligible renewable exposures	0	0
11 – Other – retail customers	0	0
12 SME	0	0
13 Non-SME	0	0
14 Equity	0	0
15 Total IRB approach	0	0
16 Central governments and central banks	142,899	147,605
17 Regional governments and local authorities	11,358	11,937
18 Public sector entities	1,251	1,307
19 Multilateral development banks	10	4
20 International organisations	8	8
21 Institutions	48,621	46,892
22 Corporate	37,050	34,703
23 – of which SMEs	6,700	6,397
24 Retail	21,224	22,181
25 – of which SMEs	1,933	1,777
26 Exposures secured by mortgages on immovable property	31,184	30,231
27 – of which SMEs	5,816	5,419
28 Exposures in default	925	530
29 Exposures to associated with particularly high risk	766	731
30 Covered bonds	1,865	1,594
Exposures to institutions and corporates with a short-term credit evaluation	555	422
31 Undertakings for Collective Investment in Transferable Securities (UCITS)	406	447
33 Equity exposure	16,371	16,577
34 Other exposures	5,208	4,655
35 Total standardised approach	319,700	319,822
36 TOTAL	319,700	319,822

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 2022, La Banque Postale's

portfolio consisted of 45% exposure to central governments and central banks, including the credit exposure of the Bank to the Caisse des Dépôts as a result of the centralisation of "regulated" savings (Livre A, LEP, LDPS, etc.).

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

The other main exposures in the portfolio primarily concern La Banque Postale's traditional core business, with €21 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 (€38 billion). The exposures secured by real estate include the Dutch home mortgage portfolios in the amount of €2.7 billion.

Geographical breakdown of exposures (EU CRB-C)

(in € millions)	a	b	c	d	e	f	h	i	j	k	l	m	n
	Net value												
	Eurozone	Country France	Country Germany	Country Other	Americas	Country United States	Country Canada	Country Other	Asia	Japan	Country Other	Other geographical areas	Total
1 Central governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Corporate	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Retail	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Equity	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Total IRB approach	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Central governments and central banks	142,429	133,446	1,403	7,580	245	5	240	0	200	92	108	25	142,899
8 Regional governments and local authorities	11,317	11,317	0	0	40	2	38	0	0	0	0	0	11,358
9 Public sector entities	1,251	1,251	0	0	0	0	0	0	0	0	0	0	1,251
10 Multilateral development banks	0	0	0	0	0	0	0	0	10	10	0	0	10
11 International organisations	8	7	0	1	0	0	0	0	0	0	0	0	8
12 Institutions	46,731	44,790	152	1,789	1,789	1,716	73	0	89	72	18	13	48,621
13 Corporate	36,298	33,203	474	2,621	667	665	2	0	46	41	5	39	37,050
14 Retail	21,208	21,126	0	81	4	2	0	1	3	0	3	10	21,224
Secured by mortgages on immovable property	31,149	28,422	1	2,727	15	8	0	7	10	0	10	9	31,184
15 Exposures in default	913	899	0	14	0	0	0	0	12	12	0	0	925
16 Exposures associated with particularly high risk	766	546	0	220	0	0	0	0	0	0	0	0	766
17 Covered bonds	716	420	0	296	895	0	895	0	229	85	144	23	1,865
18 Institutions and corporates with a short-term credit assessment	370	236	0	133	185	0	185	0	0	0	0	0	555
Undertakings for Collective Investment in Transferable Securities (UCITS)	406	352	0	54	0	0	0	0	0	0	0	0	406
20 Equity	16,293	16,191	0	102	68	68	0	0	0	0	0	9	16,371
21 Other items	5,208	5,208	0	0	0	0	0	0	0	0	0	0	5,208
22 Total standardised approach	315,063	297,415	2,030	15,618	3,909	2,466	1,435	8	599	311	288	128	319,700
23 TOTAL	315,063	297,415	2,030	15,618	3,909	2,466	1,435	8	599	311	288	128	319,700

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 2022, La Banque Postale's credit portfolio remained highly concentrated in the French domestic

market (93% 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 (98.5% of total exposure for €315 billion) and primarily concerns eurozone sovereign debt, the debt securities of European banks and large corporates, and Dutch home loan portfolios.

Maturity of exposures (EU CR1-A)

(in € millions)	a	b	c	d	e	f
	Net exposure value					
	On demand	>=1 year	>1 year <= 5 years	>5 years	No stated maturity	Total
1 Loans and advances	108,474	10,471	21,016	119,892	0	259,853
2 Debt securities	37	3,133	26,739	24,211	0	54,119
3 TOTAL	108,512	13,604	47,754	144,102	0	313,972

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 2022, 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 Caisse des Dépôts. Consequently, 34.6% of La Banque Postale's exposure to central governments and banks is considered to be "on request".

6.4.3.2 Breakdown of exposures in default

Credit quality of loans and advances to non-financial sector companies by industry (EU CQ5)

(in € millions)	a	b	c	d	e	f
	Gross carrying amount					
		of which non-performing	of which defaulted	of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010 Agriculture, forestry and fishing	38	-	-	38	(1)	-
020 Mining and quarrying	12	-	-	12	-	-
030 Manufacturing	975	89	89	975	(27)	-
Electricity, gas, steam and air conditioning supply	1,235	3	3	1,235	(18)	-
050 Water supply	186	-	-	186	-	-
060 Construction	1,497	20	20	1,497	(13)	-
070 Wholesale and retail trade	1,768	48	48	1,768	(40)	-
080 Transport and storage	1,221	21	21	1,221	(31)	-
Accommodation and food service activities	360	52	52	360	(24)	-
100 Information and communication	782	7	7	782	(8)	-
110 Financial and insurance activities	2,240	38	38	2,240	(105)	-
120 Real estate activities	19,254	236	236	19,254	(142)	-
130 Professional, scientific and technical activities	2,800	282	282	2,800	(124)	-
140 Administrative and support service activities	1,229	60	60	1,229	(30)	-
150 Public administration and defence, compulsory social security	145	-	-	145	-	-
160 Education	118	2	2	118	(1)	-
170 Human health services and social work activities	244	9	9	244	(2)	-
180 Arts, entertainment and recreation	146	5	5	146	(7)	-
190 Other services	54	1	1	54	(1)	-
200 TOTAL	34,303	873	873	34,303	(574)	-

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

Quality of non-performing exposures by geography (EU CQ4)

010	ON-BALANCE SHEET EXPOSURES	a	b	c	d	e	f	g
		Gross carrying amount/nominal amount				Accumulated impairment	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		of which defaulted	of which subject to impairment			
020	France	210,308	2,038	2,038	210,060	(1,462)	-	-
030	Italy	849	-	-	849	(1)	-	-
040	Japan	594	22	22	594	(27)	-	-
050	Germany	2,071	2	2	2,071	(5)	-	-
060	Spain	4,855	1	1	4,855	(4)	-	-
070	United Kingdom	1,437	1	1	1,437	-	-	-
080	United States	1,956	-	-	1,956	(4)	-	-
090	Netherlands	4,474	9	9	4,474	(6)	-	-
100	Belgium	1,611	1	1	1,611	(1)	-	-
110	Switzerland	399	2	2	399	(1)	-	-
120	Luxembourg	787	1	1	734	(4)	-	-
130	Canada	1,408	-	-	1,408	-	-	-
140	Ireland	296	36	36	296	(2)	-	-
150	Qatar	1	-	-	1	-	-	-
160	Sweden	103	-	-	103	(6)	-	-
170	Portugal	1,516	1	1	1,516	(2)	-	-
180	Austria	4	-	-	4	-	-	-
190	Norway	123	-	-	123	-	-	-
200	Egypt	-	-	-	-	-	-	-
210	Israel	29	-	-	29	-	-	-
220	Cayman Islands	-	-	-	-	-	-	-
230	Panama	-	-	-	-	-	-	-
240	Russia	-	-	-	-	-	-	-
250	Ukraine	-	-	-	-	-	-	-
260	Other	549	2	2	549	(1)	-	-
270	OFF-BALANCE SHEET EXPOSURES	62,042	49	49		120		
280	France	60,952	49	49		114		
290	Italy	39	-	-		-		
300	Japan	-	-	-		-		
310	Germany	177	-	-		-		
320	Spain	5	-	-		-		
330	United Kingdom	86	-	-		-		
340	United States	3	-	-		-		
350	Netherlands	314	-	-		5		
360	Belgium	26	-	-		1		
370	Switzerland	37	-	-		-		
380	Luxembourg	357	-	-		-		
390	Canada	2	-	-		-		
400	Ireland	-	-	-		-		
410	Qatar	-	-	-		-		
420	Sweden	-	-	-		-		
430	Portugal	29	-	-		-		
440	Austria	-	-	-		-		
450	Norway	1	-	-		-		
460	Egypt	-	-	-		-		
470	Israel	1	-	-		-		
480	Cayman Islands	-	-	-		-		
490	Panama	-	-	-		-		
500	Russia	-	-	-		-		
510	Ukraine	-	-	-		-		
520	Other	13	-	-		-		
530	TOTAL	295,412	2,165	2,165	233,069	(1,526)	120	

6.4.4 Credit risk-weighted assets

Standard approach (EU CR5)

Exposure classes (in € millions)	a	b	c	d	e	f	g
	Risk weight						
	0%	2%	4%	10%	20%	35%	50%
1 Central governments or central banks	75,049	0	0	0	25	0	0
2 Regional governments or local authorities	301	0	0	0	10,667	0	0
3 Public sector entities	67,605	0	0	0	1,223	0	13
4 Multilateral development banks	10	0	0	0	0	0	0
5 International organisations	7	0	0	0	0	0	0
6 Institutions	3	3,458	0	0	42,176	0	6,746
7 Corporates	0	0	0	0	4,628	0	9,421
8 Retail exposures	0	0	0	0	0	0	0
9 Exposures secured by mortgages on immovable property	0	0	0	0	0	24,535	5,200
10 Exposures in default	0	0	0	0	0	0	0
11 Exposures associated with a particularly high risk	0	0	0	0	0	0	0
12 Covered bonds	0	0	0	1,865	0	0	0
Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	411	0	49
13 Units or shares in collective investment undertakings	0	0	0	0	0	0	0
15 Equity exposures	0	0	0	0	0	0	0
16 Other items	1,004	0	0	0	0	0	0
17 TOTAL	143,978	3,458	0	1,865	59,130	24,535	21,429

Exposure classes (in € millions)	h	i	j	k	l	m	n	o	p	q
	Risk weight								Total	Of which unrated
	70%	75%	100%	150%	250%	370%	1,250%	Other		
1 Central governments or central banks	0	0	0	0	0	0	0	0	75,073	0
2 Regional governments or local authorities	0	0	0	0	0	0	0	0	10,968	0
3 Public sector entities	0	0	5	0	0	0	0	0	68,846	0
4 Multilateral development banks	0	0	0	0	0	0	0	0	10	0
5 International organisations	0	0	0	0	0	0	0	0	7	0
6 Institutions	0	0	40	0	0	0	0	0	52,424	0
7 Corporates	0	0	17,284	1,144	0	0	0	0	32,477	0
8 Retail exposures	0	14,530	0	0	0	0	0	0	14,530	0
Exposures secured by mortgages on immovable property	0	23	564	0	0	0	0	0	30,322	0
9 Exposures in default	0	0	573	293	0	0	0	0	866	0
Exposures associated with a particularly high risk	0	0	0	692	0	0	0	0	692	0
12 Covered bonds	0	0	0	0	0	0	0	0	1,865	0
Exposures to institutions and corporates with a short-term credit assessment	0	0	108	0	0	0	0	0	569	0
Units or shares in collective investment undertakings	0	0	0	23	0	0	11	372	406	0
15 Equity exposures	0	0	15,922	0	449	0	0	0	16,371	0
16 Other items	0	0	4,192	0	0	0	0	0	5,196	0
17 TOTAL	0	14,553	38,688	2,152	449	0	11	372	310,621	0

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

6.4.5 Exposures in default, forborne exposures and adjustments for credit risk

La Banque Postale is not required to submit the following reports as its data are below the reporting threshold:

- Changes in the stock of non-performing loans and advances (EU CR2);
- Changes in the stock of non-performing loans and advances and related net accumulated recoveries (EU CR2-A).

Credit quality of forborne exposures (EU CQ1)

(in € millions)	Performing forborne	of which defaulted	of which impaired	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		On non- performing forborne exposures	Collateral received and financial guarantees received on forborne exposures	of which collateral and financial guarantees received on non- performing exposures with forbearance measures			
				Non-performing forborne							
				e	f						
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-			
010 Loans and advances	344	391	391	391	(8)	(199)	354	107			
020 Central banks	-	-	-	-	-	-	-	-			
030 General governments	-	-	-	-	-	-	-	-			
040 Credit institutions	-	-	-	-	-	-	-	-			
050 Other financial corporations	-	-	-	-	-	-	-	-			
060 Non-financial corporations	86	94	94	94	(4)	(35)	45	30			
070 Households	258	297	297	297	(4)	(165)	309	77			
080 Debt securities	-	-	-	-	-	-	-	-			
090 Loan commitments given	-	8	8	8	-	-	-	-			
100 TOTAL	344	399	399	399	(8)	(199)	354	107			

Credit quality of performing and non-performing exposures by past due days (EU CQ3)

	a	b	c	d	e	f	g	h	i	j	k	l	
	Gross carrying amount/nominal amount												
	Performing exposures				Non-performing exposures								
(in € millions)	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	Past due ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	of which defaulted		
005 Cash balances at central banks and other demand deposits	38,740	38,740	-	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	191,947	191,730	218	2,086	1,524	145	134	132	72	25	53	2,086	
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
030 General governments	72,858	72,824	35	116	115	-	1	-	-	-	-	116	
040 Credit institutions	272	272	-	-	-	-	-	-	-	-	-	-	
Other financial corporations	4,480	4,479	-	15	-	14	-	-	-	-	-	15	
060 Non-financial corporations	33,430	33,349	81	873	687	39	47	80	16	1	3	873	
070 Of which SMEs	9,308	9,292	17	268	176	21	43	16	12	-	-	268	
080 Households	80,907	80,806	101	1,082	722	92	86	52	56	24	50	1,082	
090 Debt securities	39,314	39,314	-	30	30	-	-	-	-	-	-	30	
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
110 General governments	26,087	26,087	-	-	-	-	-	-	-	-	-	-	
120 Credit institutions	9,810	9,810	-	-	-	-	-	-	-	-	-	-	
Other financial corporations	2,750	2,750	-	-	-	-	-	-	-	-	-	-	
140 Non-financial corporations	666	666	-	30	30	-	-	-	-	-	-	30	
150 Off-balance sheet exposures	65,149	-	-	49	-	-	-	-	-	-	-	49	
160 Central banks	8,825	-	-	-	-	-	-	-	-	-	-	-	
170 General governments	5,044	-	-	-	-	-	-	-	-	-	-	-	
180 Credit institutions	26,465	-	-	-	-	-	-	-	-	-	-	-	
Other financial corporations	3,477	-	-	1	-	-	-	-	-	-	-	1	
200 Non-financial corporations	9,683	-	-	24	-	-	-	-	-	-	-	24	
210 Households	11,655	-	-	25	-	-	-	-	-	-	-	25	
220 TOTAL	296,411	231,044	218	2,165	1,554	145	134	132	72	25	53	2,165	

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

Performing and non-performing exposures and related provisions (EU CR1)

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	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					
(in € millions)	Of which Bucket 1	o/w Bucket 2	Of which Bucket 2	Of which Bucket 3	Of which Bucket 1	Of which Bucket 2	Of which Bucket 1	Of which Bucket 2	Of which Bucket 2	Of which Bucket 3	Accumulated partial write-off	On performing exposures	On non-performing exposures	On non-performing exposures	
Cash balances at central banks and other demand deposits	38,740	38,740	-	-	-	-	(0)	(0)	-	-	-	-	-	-	
005															
010 Loans and advances	191,947	166,645	25,302	2,086	-	2,086	(699)	(108)	(591)	(761)	-	(761)	(761)	77,461	
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	512	
030 General governments	72,858	72,764	95	116	-	116	(4)	(4)	(1)	(16)	-	(16)	(16)	410	
040 Credit institutions	272	272	-	-	-	-	(0)	(0)	-	-	-	-	-	26	
050 Other financial corporations	4,480	4,089	390	15	-	15	(45)	(4)	(41)	(0)	-	(0)	(0)	42	
060 Non-financial corporations	33,430	28,996	4,435	873	-	873	(358)	(59)	(299)	(216)	-	(216)	(216)	12,926	
070 Of which SMEs	9,308	8,098	1,210	268	-	268	(95)	(34)	(61)	(73)	-	(73)	(73)	4,645	
080 Households	80,907	60,525	20,382	1,082	-	1,082	(291)	(41)	(250)	(529)	-	(529)	(529)	64,056	
090 Debt securities	39,314	38,717	296	30	-	30	(43)	(16)	(26)	(25)	-	(25)	(25)	-	
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
110 General governments	26,087	26,045	-	-	-	-	(4)	(4)	-	-	-	-	-	-	
120 Credit institutions	9,810	9,807	3	-	-	-	(0)	(0)	(0)	-	-	-	-	-	
130 Other financial corporations	2,750	2,359	132	-	-	-	(21)	(10)	(11)	-	-	-	-	-	
140 Non-financial corporations	666	506	160	30	-	30	(18)	(2)	(16)	(25)	-	(25)	(25)	-	
150 Off-balance sheet exposures	65,149	61,544	3,605	49	-	49	111	34	76	11	-	11	-	992	
160 Central banks	8,825	8,825	-	-	-	-	-	-	-	-	-	-	-	-	
170 General governments	5,044	5,044	-	-	-	-	3	3	-	-	-	-	-	100	
180 Credit institutions	26,465	26,465	-	-	-	-	-	-	-	-	-	-	-	-	
190 Other financial corporations	3,477	3,233	243	1	-	1	13	3	10	-	-	-	-	-	
200 Non-financial corporations	9,683	8,369	1,314	24	-	24	61	12	50	9	-	9	-	832	
210 Households	11,655	9,607	2,048	25	-	25	34	17	17	2	-	2	-	60	
220 TOTAL	296,411	266,906	29,203	2,165	-	2,165	(631)	(90)	(541)	(775)	-	(775)	(786)	78,453	
														512	

Changes in La Banque Postale Group's retail customer exposures under Bucket 2 at 31 December 2022

On LBP's retail credit portfolio, the main highlight of 2022 is the significant increase in Bucket 2 exposures, which now represent €21.6 billion and 24% of outstandings. This change is chiefly attributable to two factors:

- The implementation of a significant risk deterioration based on a 3-fold probability of default multiplier (ECB request);
- The implementation of preventive risk provisioning measures for customers likely to be affected by the inflationary environment for LBP;
- Consumer credit customers (LBP CF) with less than 300 euros left to live on;

- Home loan customers who have no savings in LBP's books (and therefore potentially in difficulty in meeting their loan repayments). This measure was first integrated on SSP loans in H1, before being generalised in H2;

- It should be noted that this measure, which reflects a significant deterioration in anticipated risk, is accompanied, as provided for in the Group's methodology in force since 2019, by a downgrading to Bucket 2 of the exposures concerned** (which does not necessarily lead to significant provisions due to low LGD levels).

The sharp increase in Bucket 2 exposures does not, therefore, reflect an observed deterioration in the credit quality of the LBP Group's retail portfolio, but rather a prudent approach, and past provisions are intended to be amortised gradually, in line with the amortisation of the portfolio and the evolution of the Bank's models.

Over the same period, the Group Risk Department updated all its models and scenarios used in the provisioning process, removing the exceptional adjustments related to the COVID-19 pandemic.

Ultimately, as the provisioning decisions taken and the adjustment of the models have opposite effects, if the volume of exposures in Bucket 2 has increased considerably on retail customers in 2022 (up €16 billion), the share of performing exposures (Bucket 1 + Bucket 2) is stable between 2022 and 2021 (98.8%), with an identical risk coverage rate (respectively 0.36% and 0.39% of performing assets), materialising the absence of deterioration in the portfolio observed elsewhere in Bucket 3 (stability of the default rate at 1.23% excluding centralisation and Banque de France outstandings).

The evolution of non-performing exposures is indicated in this document in section 6.1.3.1 - Risk Factors 1.

6.4.6 Information about exposures subject to legislative and non-legislative moratoriums, 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 moratoriums of up to six months and waiver of late payment penalties and incidental charges;
- distribution of state guaranteed loans (*Prêts Garantis par l'État - PGE*);
- distribution of state guaranteed stimulus loans (*Prêts Participatifs de Relance - PPR*).

6.4.6.1 Moratoriums

La Banque Postale offered support to its retail, 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 moratoriums 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 arrangements for retail customers

Moratoriums granted to retail customers concerned home loans and consumer credit.

For consumer credit, the moratoriums were mainly set up at the customer's request under a contractual agreement.

For home loans, moratoriums 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 moratoriums 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.

Moratoriums were discontinued at the end of June 2021.

All told, non-contractual moratoriums were granted on loans representing total outstanding principal of €1,464.2 million. As of 31 December 2022, no more loans were subject to moratoriums. Loans classified as in default at the end of the moratorium represented just €46.6 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 moratorium was also waived by La Banque Postale.

For major and/or structured loans (key accounts, real estate, BFI customers, etc.), moratorium requests were handled on a case-by-case basis. The compulsory criteria applied for each moratorium were that the term had to be six months or less and the accrued interest was not waived.

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

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, moratoriums 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 moratoriums were granted for periods over 12 months.

No moratoriums were granted in late-2020 or in first-quarter 2021 further to the decision published on 2 December 2020 authorising moratoriums through 31 March 2021 on loans granted prior to 2 December 2020.

and on loans already eligible for a moratorium of up to nine months through 30 September 2020.

Business loan recovery efforts were stepped up in 2020 to enhance risk identification and oversight of the portfolio affected by the COVID-19 crisis.

Since the measures were introduced, moratoriums 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 2022, 99.5% of moratoriums (by amount) had expired. The default rate and specific loss allowance rate on these loans were limited. Loans still subject to moratoriums at 31 December 2022 amounted to €9.1 million. These moratoriums will expire in more than one year.

Information on loans and advances subject to legislative and non-legislative moratorium

	Gross carrying amount					
	Performing exposures			Non-performing exposures		
		of which: Exposures with a forbearance measure	of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		of which: Exposures with a forbearance measure	of which: Unlikely to pay that are not past-due or past-due <= 90 days
Loans and advances subject to moratorium	9,146,381	9,146,381	-	9,146,381	-	-
of which: Households	-	-	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-	-	-
of which: Non-financial corporations	9,146,381	9,146,381	-	9,146,381	-	-
of which: SMEs and ISEs	-	-	-	-	-	-
of which: Secured by commercial immovable property	-	-	-	-	-	-

	Accumulated impairment and accumulated negative changes in fair value due to credit risk						Gross carrying amount	
	Performing exposures			Non-performing exposures				
		of which: Exposures with a forbearance measure	of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		of which: Exposures with a forbearance measure	of which: Unlikely to pay that are not past-due or past-due <= 90 days		
Loans and advances subject to moratorium	(2,299,338)	(2,299,338)	-	(2,299,338)	-	-	-	
of which: Households	-	-	-	-	-	-	-	
of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	
of which: Non-financial corporations	(2,299,338)	(2,299,338)	-	(2,299,338)	-	-	-	
of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-	
of which: Secured by commercial immovable property	-	-	-	-	-	-	-	

Breakdown of loans and advances subject to legislative and non-legislative moratoriums, by residual maturity of the moratorium

	Number of obligors	of which: Legislative moratorium	Gross carrying amount		Remaining term of moratorium				
			of which: Expired	<= 3 months	> 3 months		> 6 months		
					<= 6 months	<= 9 months	> 9 months	<= 12 months	> 1 year
Loans and advances for which moratorium was offered	22,240	-							
Loans and advances subject to moratorium (granted)	21,514	3,200,895,353	9,146,381	3,191,748,971	-	-	-	-	9,146,381
of which: Households		1,464,211,774	-	1,464,211,774	-	-	-	-	-
of which: Collateralised by residential immovable property		1,460,202,971	-	1,460,202,971	-	-	-	-	-
of which: Non-financial corporations		1,599,083,623	9,146,381	1,589,937,242	-	-	-	-	9,146,381
of which: Small and Medium-sized Enterprises		478,841,529	-	478,841,529	-	-	-	-	-
of which: Collateralised by commercial immovable property		691,464,521	-	691,464,521	-	-	-	-	-

6.4.6.2 State guaranteed loans

On 16 March 2020, the French government announced that it was setting up a state guaranteed loan scheme to help businesses ride out the COVID-19 economic and health crisis. These state guaranteed 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 state guaranteed loans at 31 December 2022 amounted to €840 million, of which 17.8% for professional customers and micro-enterprises and 82.2% 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 state guaranteed 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	Government guarantees received	Reclassification to non-performing exposures
New state guaranteed loans and advances	839,744,021	-		756,029,421	29,910,788
of which: Households	-				-
of which: Collateralised by residential immovable property	-				-
of which: Non-financial corporations	594,606,412	-		535,145,771	11,910,440
of which: SMEs	256,127,169				6,906,217
of which: Collateralised by commercial immovable property	11,680,938				-

6. Risk factors - La Banque Postale Group Pillar III information

Credit and counterparty risks

6.4.6.3 State guaranteed stimulus loans (PPR)

The state guaranteed stimulus loan system (*Prêts Participatifs de Relance* – PPR, originally called *Prêts Participatifs Soutenus par l'Etat* – 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 31 December 2023.

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 state guaranteed fund. The 10% retained by La Banque Postale is unsecured.

As of 31 December 2022, €11.5 million worth of PPR loans had been granted to 43 counterparties. Due to deferred repayment facility, the total amount of the loans (€11.5 million) was still outstanding at 31 December 2022.

6.4.7 Credit risk mitigation techniques

6.4.7.1 Credit risk mitigation system

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 home 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 La Banque Postale Group's Risk Management Policy, namely:

- a first (or equivalent) mortgage security: dedicated legal moneylender's mortgage, 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, under the CRR the following prudential treatment is applied to FGAS-guaranteed loans for institutions that use the standardised approach to measure credit risk: for post-2007 generations, 50% of the guarantees received from the State can be taken into account provided that the loss experience is 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 corporate 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.

6.4.7.2 Quantitative information on credit risk mitigation techniques

Overview of CRA techniques: information to be published on the use of CRA techniques (EU CR3)

		Unsecured carrying amount	Secured carrying amount				
			of which secured by collateral	of which secured by financial guarantees			
						of which secured by credit derivatives	
		(in € millions)	a	b	c	d	e
1	Loans and advances	154,801	77,973	33,350	44,623		-
2	Debt securities	39,344	-	-	-		-
3	Total	194,145	77,973	33,350	44,623		-
4	of which non-performing exposures	1,604	512	217	295		-
EU-5	of which defaulted						

Unsecured exposures include exposures to savings centralised with Caisse des Dépôts.

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

Standardised approach – Credit risk exposure and CRM effects (EU CR4)

(in € millions)		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWAs density (%)
Exposure classes							
1	Central governments or central banks	64,910	41	75,048	26	5	0,0%
2	Regional governments or local authorities	5,956	2,666	8,967	1,863	2,101	19.4%
3	Public sector entities	67,798	1,571	67,891	954	256	0.4%
4	Multilateral development banks	9	0	10	0	0	0,0%
5	International organisations	6	2	6	1	0	0,0%
6	Institutions	7,248	2,010	45,098	2,799	11,868	24.8%
7	Corporates	27,900	11,970	24,774	6,995	22,795	71.8%
8	Retail	59,407	11,322	11,474	3,056	10,676	73.5%
9	Secured by mortgages on immovable property	29,781	609	29,716	605	11,360	37.5%
10	Exposures in default	1,249	43	847	19	1,013	116.9%
11	Exposures associated with a particularly high risk	567	205	561	129	1,039	150.5%
12	Covered bonds	1,865	0	1,865	0	186	10.0%
13	Institutions and corporates with a short-term credit assessment	555	0	555	0	215	38.8%
14	Collective investment undertakings	353	53	353	53	901	222.0%
15	Equity	16,371	0	16,371	0	17,045	104.1%
16	Other items	5,187	19	5,187	10	4,192	80.7%
17	TOTAL	289,159	30,512	288,722	16,509	83,653	27.4%

At 31 December 2022, the average weighting (RWA density) of La Banque Postale's credit portfolio was 27.4% 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.

6.4.8 Use of external credit scoring agencies

La Banque Postale calls on external credit scoring agencies for its corporate lending activities. In 2022, four credit scoring agencies were selected by La Banque Postale to determine external counterparty credit scores: Standard & Poor's, Moody's, Fitch and FIBEN (*Fichier Bancaire des ENtreprises*, managed by the Banque de France).

These four agencies are consulted in order to determine a

counterparty's credit quality. In accordance with current regulations, the score used to assess credit risk is the second most unfavourable score 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.

6.4.9 Counterparty risk

6.4.9.1 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.

Counterparty risks are subject to limits and are periodically reviewed by the Credit Risk Department.

6.4.9.2 Exposure to counterparty risk

Analysis of CCR exposure by approach (EU CCR1)

	a (in € millions)	b Replacement cost (RC)	c Potential future exposure (PFE)	d EEPE	e Alpha used for computing regulatory exposure value	f Exposure value pre-CRM	g Exposure value post-CRM	h Exposure value	RWEA
EU1	EU – Original Exposure Method (for derivatives)	0	0		1	0	0	0	0
EU2	EU – Simplified SA-CCR (for derivatives)	0	0		1	0	0	0	0
1	SA-CCR (for derivatives)	123	337		1	1,209	644	644	280
2	IMM (for derivatives and SFTs)			0	0	0	0	0	0
2a	of which securities financing transactions netting sets			0		0	0	0	0
2b	of which derivatives and long settlement transactions netting sets			0		0	0	0	0
2c	of which from contractual cross-product netting sets			0		0	0	0	0
3	Financial collateral simple method (for SFTs)					0	0	0	0
4	Financial collateral comprehensive method (for SFTs)					1,830	1,287	1,287	612
5	VaR for SFTs					0	0	0	0
6	TOTAL					3,039	1,931	1,931	892

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

Standardised approach – CCR exposures by regulatory exposure class and risk weights (EU CCR3)

(in € millions)	a	b	c	d	e	f	g	h	i	j	k	l	Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other		
Exposure classes													
1 Central governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Regional governments and local authorities	0	0	0	0	138	0	0	0	0	0	0	0	138
3 Public sector entities	1	0	0	0	0	0	0	0	0	0	0	0	1
4 Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0	0
5 International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Institutions	0	3,458	0	0	167	935	0	0	0	0	0	0	4,559
7 Corporate	0	0	0	0	131	485	0	0	81	18	0	0	715
8 Retail	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Institutions and corporates with a short-term credit assessment	0	0	0	0	14	0	0	0	0	0	0	0	14
10 Other items	0	0	0	0	0	0	0	0	0	2	0	0	2
11 TOTAL EXPOSURE VALUE	1	3,458	0	0	450	1,420	0	0	81	20	0	5,429	

For the purposes of this report, exposures to central counterparties are reported under “Institutions”.

Exposures to CCPs (EU CCR8)

(in € millions)	a	b	Exposure value	RWEA
1 Exposure to qualifying central counterparties (total)				25
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:			376	8
3 (i) OTC derivatives			32	1
4 (ii) Exchange traded derivatives			0	0
5 (iii) SFTs			343	7
6 (iv) Netting sets where cross-product netting has been approved			0	0
7 Segregated initial margin			3,082	
8 Non-segregated initial margin			0	0
9 Pre-funded default fund contributions			207	18
10 Unfunded default fund contributions			0	0
11 Exposure to non-QCCPs (total)			0	
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which:			0	0
13 (i) OTC derivatives			0	0
14 (ii) Exchange traded derivatives			0	0
15 (iii) SFTs			0	0
16 (iv) Netting sets where cross-product netting has been approved			0	0
17 Segregated initial margin			0	
18 Non-segregated initial margin			0	0
19 Pre-funded default fund contributions			0	0
20 Unfunded default fund contributions			0	0

Composition of collateral for CCR exposures (EU CCR5)

	a	b	c	d	e	f	g	h
	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	
(in € millions)	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash - domestic currency	0	0	0	0	0	530	0	0
2 Cash - other currencies	0	0	0	0	0	0	0	0
3 Domestic sovereign debt	0	0	0	0	0	0	0	0
4 Other sovereign debt	0	0	0	0	0	0	3,082	27,184
5 Government agency debt	0	0	0	0	0	0	0	22
6 Corporate bonds	0	0	0	0	0	0	0	48
7 Equity	0	0	0	0	0	626	0	0
8 Other collateral	0	0	0	0	0	9,853	0	1,243
9 TOTAL	0	0	0	0	0	11,009	3,082	28,497

Credit derivatives exposures (EU CCR6)

(in € millions)	a	b
	Protection bought	Protection sold
Notional amounts		
1 Single-name credit default swaps	54	67
2 Index credit default swaps	141	141
3 Total return swaps	0	0
4 Credit options	0	0
5 Other credit derivatives	0	0
6 Total notinals	194	208
Fair values		
8 Positive fair value (asset)	1	1
9 Negative fair value (liability)	(2)	(3)

6.4.10 Securitisation

La Banque Postale has €1,123 million in exposure to securitisations at 31 December 2022, 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.

6. Risk factors – La Banque Postale Group Pillar III information

Credit and counterparty risks

Securitisation exposures in the trading book (EU SEC2)

(in € millions)	a	b	c	d	e	f	g	h	i	j	k	l
	Institution acting as originator				Institution acting as sponsor				Institution acting as investor			
	Classic		Sub- total		Classic		Synthe- tics		Classic		Synthe- tics	
	STS	Non -STS	Synthe- tics	Sub- total	STS	Non -STS	Synthe- tics	Sub- total	STS	Non -STS	Synthe- tics	Sub- total
1 Total exposure									1,081	-STS 42		1,123
2 Retail (total)									644	42		686
3 Residential mortgage									0	29		29
4 Credit card debt									81	0		81
5 Other retail exposures									563	13		577
6 Re-securitisations									0	0		0
7 Wholesale (total)									437	0		437
8 Loans to corporates									0	0		0
9 Commercial mortgage									437	0		437
10 Lease and receivables									0	0		0
11 Other wholesale									0	0		0
12 Re-securitisations									0	0		0

6.4.11 Large exposures

At 30 June 2022, in line with Article 400 (2)(k) of the Capital Requirements Regulation (CRR), as amended by CRR II, and following publication in the Official Journal of the European Union on 30 March 2022 of ECB Regulation No 2022/504 amending ECB Regulation No 2016/455

concerning the exercise of options and discretionary powers, home loans backed by a Crédit Logement guarantee are not taken into account for determination of Large Exposures limited to 25% of Tier 1 capital.

6.4.12 Quantitative counterparty credit risk information

Transactions subject to own funds requirements for CVA risk (EU CCR2)

(in € millions)	a	b	
		Exposure value	RWEA
1 Total transactions subject to the advanced method		0	0
2 (i) VaR component (including the 3× multiplier)			0
3 (ii) Stressed VaR component (including the 3× multiplier)			0
4 Transactions subject to the standardised method		1,105	256
EU4 Transactions subject to the alternative approach (based on the original exposure method)		0	0
5 TOTAL TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK		1,105	256

6.5 Financial risks

Financial risks are presented in two parts in this section:

- Overall financial risks, covering interest rate risk related to banking mismatches, currency risk and liquidity 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.

6.5.1 Structural banking portfolio interest rate, liquidity and currency risk

6.5.1.1 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 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);
- examine the static and dynamic interest rate position and validate the hedging strategy through mandates given to the Chief Financial Officer;
- examine the implementation of significant models and their impact on management indicators;
- validate the internal transfer pricing procedure;
- monitor the progress of action plans implementing the recommendations of the internal and external auditors.

- review the annual budgets allocated to the delegated management of investment portfolios;
- review updated alert thresholds and exposure limits to be submitted to the GRMC for approval;
- 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.

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.

Business Line Balance Sheet Management Committee

The role of this committee, which comprises representatives of the Balance Sheet Management Department and the business lines (Corporate and Investment Banking, Retail Banking), is to break down ALM indicators by business line and to propose strategies to optimise La Banque Postale's liabilities.

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:

- monitor interest rate, liquidity and currency risk indicators; anticipate future changes based on marketing strategies and observed customer behaviour;
- periodically examine customer behaviour models and formally validate the associated runoff assumptions;
- decide on the investments, financial market issues and hedging programmes to be authorised pursuant to the ALM policy;

Group Risk Management Committee (CPRG)

This Committee of the Executive Board, chaired by the Group Chief Risk Officer, validates the entire risk management system through alert thresholds and limits. It authorises and validates the instruments used for financial management (ALM, trading room) purposes. Actual positions versus the limits set for ALM indicators are reported at each meeting of the Committee. Any overruns are flagged up and details are provided of the related action plan to bring the position back within the previously approved limit.

6. Risk factors - La Banque Postale Group Pillar III information

Financial risks

Model Risk Management Committee (MRMC)

The role of this Committee is to validate the significant models used by the Group, especially run-off models for certain products without contractual maturities or including options, that are used in the calculation of ALM indicators.

Risk Management Rules Validation Committee (RMRVC)

This Committee is responsible for approving La Banque Postale Group's risk management rules. It is a sub-committee of the GRMC. Its role includes validating the identification of ALM risks, the assessment of their materiality, and the rules for measuring and monitoring these risks.

ALM Operational Risk Committee (ORCA)

This Committee reports the results of controls corresponding to the second line of defence carried out by the Financial Risk Department, which may lead to requests for changes to ensure compliance with risk measurement and limitation rules.

6.5.1.2 Banking portfolio interest rate risk

The unit responsible for supervising and managing overall interest rate risk is the Balance Sheet Risk Department (FRD-BR) within the FRD, which reports to La Banque Postale's Group Risk Department.

The department has several goals:

- to map risks, assess the risk management system and propose limits in line with La Banque Postale's risk appetite;
- to provide periodic monitoring of the indicators used to manage La Banque Postale's overall consolidated interest rate risk and that of its banking and insurance 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, Estr, 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 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.

Trading room bond portfolio transactions do not fall within the scope of overall interest rate risk management 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.

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 average fixed-rate liabilities and average fixed-rate assets, including the effects of off-balance sheet items, by maturity.

Interest rate gap by maturity at 31 December 2022

(Negative amount = Surplus uses at fixed rates)

(in € millions)	Average spot gaps			
	0 to 1 years	1 to 5 years	5 to 10 years	>10 years
Uses		(189,195)	(124,625)	(66,504)
Resources		190,545	122,955	62,258
Off-balance sheet		(7,968)	(8,287)	(1,983)
Interest rate gap at 31 Dec. 2022		(6,618)	(9,916)	(6,228)
Interest rate gap at 31 Dec. 2021		2,564	8,694	3,197
Adjustments		(9,182)	(18,609)	(9,425)
				(790)

La Banque Postale's interest rate position changed significantly in 2022. As interest rates rose, the Group invested in fixed rate assets, reducing the long-term mismatch with fixed rate liabilities (demand deposits) built up during the Covid period.

Revisions of certain models or agreements in 2022 also modified the interest rate position. The presentation of regulated savings indexed to the *Livret A* rate was changed, to distinguish between the inflation component, which was historically presented as fixed rate, and the short-term rate component. The impact of this new presentation on the fixed rate gap was approximately €10 billion.

EVE (Economic Value of Equity) sensitivity

EVE sensitivity corresponds to the change in economic value resulting from different shock scenarios. It is calculated statically from the contractual maturities of existing balance sheet items, taking into account

behavioural models and run-off conventions for items without contractual maturities. The 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 post-shock 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 December 2022

(in € millions)	(200)	200	Flattening	Steepening	Increase in short-term rates	Decrease in short-term rates
EVE sensitivity at 31 Dec. 2021	(100)	(769)	(117)	43	(111)	(29)
EVE sensitivity vs. TI capital at 31 Dec. 2021	-0.52%	-4.00%	-0.92%	+0.22%	-0.57%	-0.15%
EVE sensitivity at 31 Dec. 2022	1,683	(1,715)	261	(524)	(201)	348
EVE sensitivity vs TI capital at 31 Dec. 2022	+11.33%	-11.55%	+1.76%	-3.53%	-1.35%	+2.34%

The least favourable interest rate scenario for La Banque Postale is a 200 bps parallel increase in the yield curve (€1,715 million reduction in EVE, representing -11.55% EVE sensitivity vs. Tier 1 capital). This compares to a regulatory limit of -15% (with an internal alert triggered at -13%).

2022 saw an increase in EVE sensitivity to a 200-bps rise in interest rates, mainly due to the Group's fixed-rate and inflation-indexed investments.

6. Risk factors - La Banque Postale Group Pillar III information

Financial risks

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 behavioural models and floating rate transactions 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 post-shock 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 2022

(in € millions)	31 Dec. 2021	31 Dec. 2022
Translation +1	109	48
Translation -1	(86)	(67)
Steepening	53	60
Flattening	182	(48)
Increase in short-term rates	307	(9)
Decrease in long-term rates	(58)	(3)

The least favourable scenario at one year for La Banque Postale is a 100-bps decrease in interest rates, which would lead to a €67 million fall in the net interest margin, representing around 4.3% of total net interest margin over a rolling 12-month period.

6.5.1.3 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.

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;
- proven access to capital markets and money markets.

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 adopted a conservative approach to assessing its liquidity positions.

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 risk indicators associated with regulatory or internal limits, published at monthly intervals;
- daily monitoring of changes in the buffer consisting of unencumbered high-quality liquid securities and a proxy LCR;
- a financing plan which ensures the equilibrium of La Banque Postale's refinancing position on an ex-ante basis in its budget planning universe;
- twice-yearly market access tests to verify market access in different currencies and actual liquidity tests on securities;

- 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; and
- measure La Banque Postale's room for manoeuvre via a stress test system in the context of historically high stress.

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

The main indicators of liquidity risk are presented below.

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 global crisis scenario.

Under banking regulations, LCR must be greater than 100%. La Banque Postale's internal LCR target is higher than this (with an alert threshold of 120% and a limit of 110%) and its actual LCR at 31 December 2022 was significantly above the minimum level, at 147%.

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. In order to ensure that a sufficient liquidity cushion is available at all times using a daily internal liquidity risk metric, an LCR proxy is calculated daily.

Quantitative information of LCR (EU LIQ1)

	a	b	c	d	e				f				g				h								
					Total unweighted value (average)				Total weighted value (average)				31 Dec. 2022				30 Sep. 2022				30 Jun. 2022				
EU1a					31 Dec. 2022	30 Sep. 2022	30 Jun. 2022	31 Mar. 2022	31 Dec. 2022	30 Sep. 2022	30 Jun. 2022	31 Mar. 2022	31 Dec. 2022	30 Sep. 2022	30 Jun. 2022	31 Mar. 2022	31 Dec. 2022	30 Sep. 2022	30 Jun. 2022	31 Mar. 2022					
EU1b	Number of data points used in the calculation of averages																								
HIGH-QUALITY LIQUID ASSETS (HQLA)																									
1	Total high-quality liquid assets (HQLA)																								
CASH OUTFLOWS																									
2	Retail deposits and deposits from small business customers, of which:	198,063	196,744	195,402	194,116	12,871	12,770	12,655	12,538																
3	Stable deposits	142,187	141,543	141,124	140,825	7,109	7,077	7,056	7,041																
4	Less stable deposits	55,847	55,174	54,250	53,253	5,759	5,690	5,596	5,494																
5	Unsecured wholesale funding	18,683	18,511	18,534	17,403	11,184	10,898	11,173	10,477																
6	Operational deposits (all counterparties) and deposits in cooperative bank networks	0	0	0	0	0	0	0	0																
7	Non-operational deposits (all counterparties)	14,184	14,609	14,259	13,522	6,685	6,997	6,898	6,596																
8	Unsecured debt	4,499	3,902	4,275	3,882	4,499	3,902	4,275	3,882																
9	Secured wholesale funding									2,730	2,644	2,303	1,654												
10	Additional requirements	25,554	26,042	25,865	25,213	4,384	4,699	4,896	4,544																
11	Outflows related to derivative exposures and other collateral requirements	1,977	2,207	2,408	2,072	1,977	2,207	2,408	2,072																
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0																
13	Credit and liquidity facilities	23,577	23,835	23,457	23,142	2,406	2,492	2,488	2,473																
14	Other contractual funding obligations	6,580	6,447	6,593	6,799	6,579	6,447	6,593	6,799																
15	Other contingent funding obligations	2,127	1,839	1,710	1,605	1,958	1,617	1,472	1,378																
16	TOTAL CASH OUTFLOWS									39,705	39,075	39,092	37,392												

6. Risk factors - La Banque Postale Group Pillar III information

Financial risks

	a	b	c	d	e	f	g	h
	Total unweighted value (average)				Total weighted value (average)			
EU1a	31 Dec. 2022	30 Sep. 2022	30 Jun. 2022	31 Mar. 2022	31 Dec. 2022	30 Sep. 2022	30 Jun. 2022	31 Mar. 2022
CASH INFLOWS								
17 Secured lending (e.g., reverse repos)	5,782	6,686	7,339	8,034	119	108	98	90
18 Inflows from fully performing exposures	2,118	1,820	1,724	1,695	1,370	1,225	1,162	1,140
19 Other cash inflows	65,597	65,529	65,763	66,474	6,396	6,210	6,064	6,133
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					0	0	0	0
(Excess of cash inflows from a related specialised credit institution)					0	0	0	0
20 TOTAL CASH INFLOWS	73,496	74,036	74,825	76,203	7,884	7,543	7,324	7,364
EU-20a Fully exempt cash inflows	0	0	0	0	0	0	0	0
EU-20b Inflows subject to 90% cap	0	0	0	0	0	0	0	0
EU-20c Inflows subject to 75% cap	73,496	74,036	74,825	76,203	7,884	7,543	7,324	7,364
TOTAL ADJUSTED VALUE								
21 LIQUIDITY BUFFER					52,705	54,826	57,805	58,895
22 TOTAL NET CASH OUTFLOW					31,821	31,531	31,768	30,028
23 LIQUIDITY COVERAGE RATIO					166%	174%	183%	197%

The Group' weighted average LCR decreased by 39 points in 2022, to 166% at 31 December 2022 from 205% at 31 December 2021. Reported LCR decreased by 39 points over the year, to 147% at 31 December 2022 versus 186% at 31 December 2021. The €11.9 billion decrease⁽¹⁾ compared to 2021) is mainly explained by the decrease in excess liquidity (high quality assets - HQLA) with the Banque de France in the liquid asset buffer.

Survival horizon

This indicator measures the number of days during which La Banque Postale would be able to meet its payment obligations in a crisis situation, solely by using its liquidity buffers and assuming that it continues to operate normally (i.e., without extraordinary management action such as a lending freeze).

It is determined based on stressed dynamic gaps calculated for each crisis scenario (systemic, specific to La Banque Postale or both) and corresponds to the horizon observed under the least favourable scenario for La Banque Postale.

The survival horizon is expressed as a number of months (up to a maximum of six months, which corresponds to the crisis scenario horizon), plus the observed liquidity surplus or shortfall corresponding to the horizons set for risk management purposes.

Liquidity gap

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.

(1) Including restatement of the mandatory reserve.

Long-term static liquidity gap at 31 December 2022

Average spot gaps

(in € millions)	1 year	3 years	5 years
Uses	(193,626)	(141,072)	(101,082)
Resources	213,099	171,243	131,109
Off-balance sheet	32	29	5
Liquidity gap at 31 December 2022	19,505	30,199	30,032
Liquidity gap at 31 December 2021	26,790	28,417	26,482
Adjustments	(7,284)	1,782	3,550

The liquidity gap (excess of liabilities over assets) increased slightly in 2022, due to liability model changes (longer run-off assumptions for savings products).

Net Stable Funding Ratio (NSFR)

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 liabilities that is not

due within the relevant time horizon, i.e. 1 year in the NSFR framework. The amount of Required Stable Funding (RSF) of an institution depends on the liquidity characteristics and residual maturity of its assets (and off-balance sheet positions).

At 31 December 2022, as part of the regulatory liquidity exercises carried out for the ECB, the NSFR liquidity ratio was 129%.

Net Stable Funding Ratio (EU LIQ2)

(in currency amounts)	a	b	c	d	e
					Unweighted value by residual maturity
	No maturity	< 6 months	6 months to <1 year	≥ 1 year	Weighted value
AVAILABLE STABLE FUNDING (ASF) ITEMS					
1 Capital items and instruments	15,096	0	0	2,489	17,585
2 Own funds	15,096	0	0	2,489	17,585
3 Other capital instruments	0	0	0	0	0
4 Retail deposits	134,515	0	0	2	125,109
5 Stable deposits	80,866	0	0	0	76,823
6 Less stable deposits	53,648	0	0	2	48,285
7 Wholesale funding	61,438	1,461	0	18,782	25,488
8 Operational deposits	0	0	0	0	0
9 Other wholesale funding	61,438	1,461	0	18,782	25,488
10 Interdependent liabilities	64,854	0	0	0	0
11 Other liabilities	534	8,664	0	0	0
12 NSFR derivative liabilities	534	0	0	0	0
13 All other liabilities and capital instruments not included in the above categories	8,664	0	0	0	0
14 TOTAL AVAILABLE STABLE FUNDING (ASF)					168,181

6. Risk factors - La Banque Postale Group Pillar III information

Financial risks

(in currency amounts)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	Total high-quality liquid assets (HQLA)					1,273
EU-15a	Assets encumbered for one year or more in cover pool	0	0	0	0	0
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	14,418	7,009	138,286	114,593	
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>	6,047	2,984	0	1,492	
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>	160	4	289	309	
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>	7,779	3,046	36,458	30,408	
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	6,879	2,655	29,971	24,248	
22	<i>Performing residential mortgages, of which:</i>	84	259	76,384	59,421	
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	80	248	72,225	55,825	
24	<i>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</i>	348	716	25,154	22,963	
25	Interdependent assets	64,854	0	0	0	
26	Other assets	5,820	19	9,396	11,682	
27	Physical traded commodities			0	0	
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		315		268	
29	NSFR derivative assets		0		0	
30	NSFR derivative liabilities before deduction of variation margin posted		1,779		89	
31	All other assets not included in the above categories	3,726	19	9,396	11,325	
32	Off-balance sheet items	2,054	2,584	48,785	2,717	
33	TOTAL RSF					130,265
34	NET STABLE FUNDING RATIO (%)					12,910.7%

Liquidity reserve

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);

- ECB-eligible securities with a satisfactory rating;
- retained covered bonds and covered bonds issued by La Banque Postale through its subsidiary La Banque Postale Home Loan SFH.

Liquidity reserve

(in € millions)	31 Dec. 2022
Cash and central banks	37,360
ECB-eligible securities rated at least BBB-	5,872
TOTAL LIQUIDITY RESERVE	43,232

La Banque Postale is potentially also in a position to issue €7 billion worth of covered bonds eligible for central bank refinancing in accordance with the authorisations given in its financing plan, by collateralising its home loans.

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 Corporate and Investment Banking 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 alert) 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 selected indicators and the proposed actions 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.

Ability to access external financing

In line with the ALM Committee and the GRMC's healthy and 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.

6. Risk factors - La Banque Postale Group Pillar III information

Financial risks

6.5.1.4 Encumbered and unencumbered assets

Encumbered and unencumbered assets (EU AE1)

	(in € thousands)	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	
		010	030	040	050	060	080	090	100
010	Assets of the disclosing institution	115,780,342	22,994,452			195,283,474	4,275,349		
030	Equity instruments	188,517	-	-	-	300,285	-	300,285	-
040	Debt securities	24,786,816	22,994,452	21,881,180	20,059,381	14,247,762	4,275,349	14,234,435	4,326,178
050	of which covered bonds	446,583	446,583	440,653	413,597	1,323,118	1,078,050	1,262,572	1,022,361
060	of which securitisations	-	-	-	-	1,171,193	546,578	1,166,046	544,843
070	of which issued by general governments	21,724,522	21,718,770	19,252,959	19,207,501	3,896,155	2,103,330	4,161,040	2,170,893
080	of which issued by financial corporations	2,361,865	799,813	2,354,715	745,998	10,052,585	1,898,507	9,812,821	1,878,408
090	of which issued by non-financial corporations	273,495	247,063	273,506	105,883	736,084	219,541	727,114	219,170
120	Other assets	91,682,599	-			181,577,387	-		

Collateral received and own debt securities issued (EU AE2)

	(in € thousands)	Unencumbered			
		Fair value of encumbered collateral received or own debt securities issued		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	
010	030	040	060		
130	Collateral received by the reporting entity	7,839,023	7,839,023	2,144,799	2,144,799
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	7,839,023	7,839,023	2,144,799	2,144,799
170	of which covered bonds	-	-	-	-
180	of which securitisations	-	-	293,783	293,783
190	of which issued by general governments	7,542,216	7,542,216	1,566,647	1,566,647
200	of which issued by financial corporations	199,200	199,200	314,159	314,159
210	of which issued by non-financial corporations	96,443	96,443	117,056	117,056
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own guaranteed bonds and securitisations issued and not yet pledged	-	-	-	-
TOTAL ASSETS AND/OR COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED		123,733,366	31,772,846		
250					

Sources of encumbrance (EU AE3)

	010	030
	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)		
010 Carrying amount of selected financial liabilities	124,599,829,052	122,557,346,128

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.

6.5.1.5 Overall foreign exchange risk

The operational foreign exchange risk, related in particular to bank transfers and financial activities, is moderate.

La Banque Postale's banking balance sheet 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 foreign exchange risk arising from the outcome of these transactions is reflected in the book foreign exchange position, which is reported daily. These positions are subject to limits in order to reduce the related risks by clearing them at least once a month with the Treasury Department.

The retail bank's foreign currency operations, which mainly involve international fund transfers, are fairly small.

At 31 December 2022, La Banque Postale's currency position represented €82 million, of which around 89% denominated in USD.

6.5.2 Market risks

6.5.2.1 Organisation and governance

Financial Risk Department (FRD, 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 FRD, 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 Financial Risk Department, under the responsibility of the Group Risk Department, reports to the Group Risk Management Committee for the creation 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 (RAS) 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.

6.5.2.2 Market risks 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:
 - CNP Assurances
 - La Banque Postale Prévoyance,
 - La Banque Postale Assurances IARD,
 - La Banque Postale Assurance Santé,
- 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.

6.5.2.3 Role of the Financial Risk Department (FRD)

Within the FRD, the Market Risk unit is responsible for four main areas.

6. Risk factors - La Banque Postale Group Pillar III information

Financial risks

Limits and authorisations

Loss risks are managed by commitment or exposure limits and by a list of authorised financial products. The FRD 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 FRD. One potential source of losses arises from the incorrect valuation of the price of financial assets in the portfolio. The Financial Risk Department therefore strives to ensure that the value of these assets represents fair market value with the lowest possible degree of uncertainty. To that end, the FRD:

- 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 Financial Risk Department must be able to provide an accurate account of the risks to which La Banque Postale is exposed. Consequently, the Financial Risk Department is 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 Financial Risk Department's Market Risk unit draws up a control plan to ensure the successful execution of its role and responsibilities and guarantee the quality of the data produced.

6.5.2.4 Market risk indicators

Sensitivity

Sensitivity measures the exposure of La Banque Postale's portfolio to a change in risk factors.

The Financial Risk Department 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 at fair value 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 VaR, 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. The Group needs to be able to estimate potential losses in exceptional market conditions (terrorist attack, collapse of a major group, etc.). It therefore implements 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 and credit markets. The crisis scenarios used in the models mainly affect yield curves and credit spreads; other parameters are also taken into account but their impact is limited.

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 period of at least 10 years with a confidence level of 99.5%.

6.5.2.5 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 set 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.

They may also be reviewed at other times, at the request of the Front Office or at the discretion of the Financial Risk Department.

Limit overruns

Limit overruns that are required to be reported to the Supervisory Board or Executive Board are managed via an alert procedure. This procedure is 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.

Limit overruns (including limits set by the Group Risk Department that last for periods of three days or more) are reported at the monthly GRMC meetings. Limit overruns lasting for less than three days are also reported each month to the Market Risk Committee.

6.5.2.6 Financial instruments and currencies authorised for trading

The FRD draws up a list of authorised products and currencies approved by the Market Risk Committee.

The FRD 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. The instruments include but are not limited to:

- bonds;
- interest rate derivatives;
- UCITS;
- credit default swaps;
- structured EMTNs;
- transactions on listed markets (essentially interest rate/sovereign bond futures).

6.5.2.7 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.

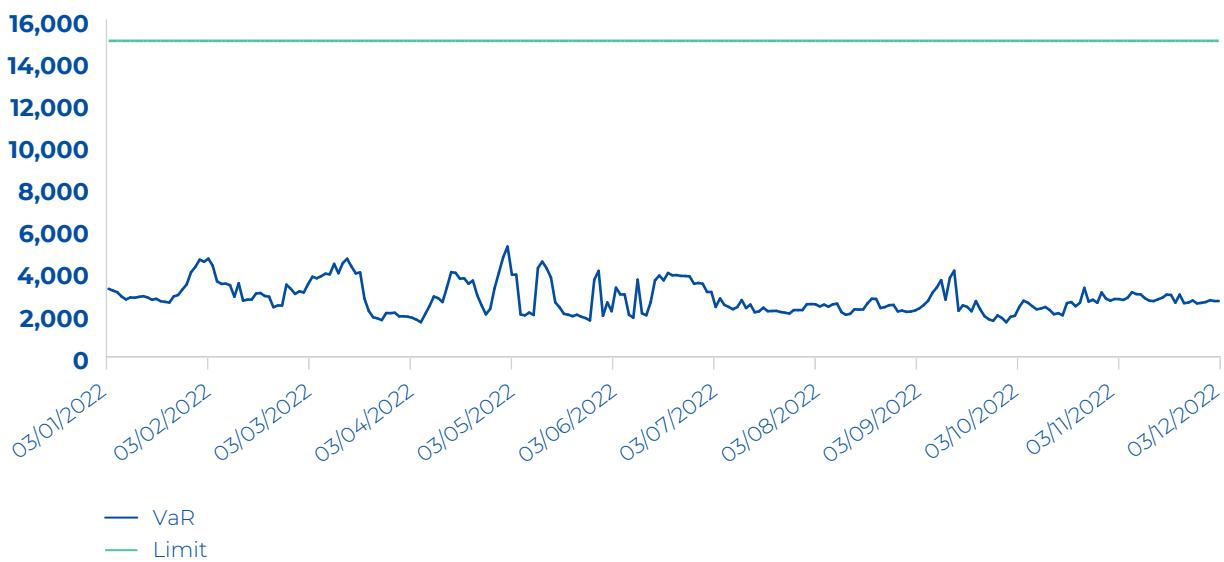
In terms of market risk management, La Banque Postale is primarily exposed to interest rate, credit spread and equities risks. Currency risks, particularly related to international mandates and financial activities, along with volatility risks, are moderate.

6. Risk factors - La Banque Postale Group Pillar III information

Financial risks

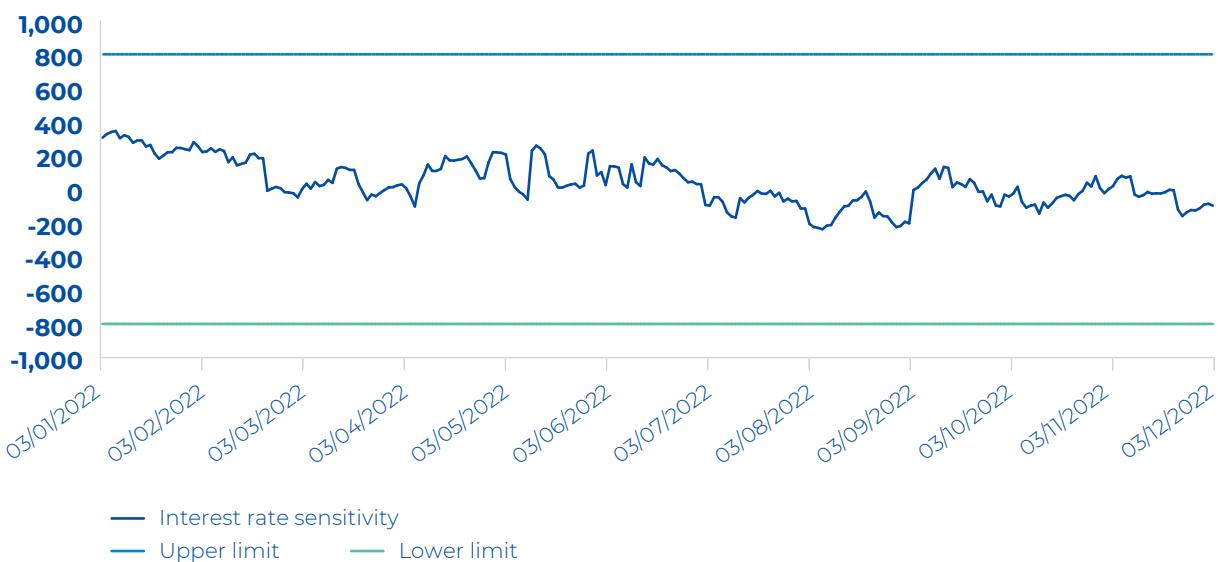
6.5.2.8 Changes in the main risk indicators for the trading desk

Trading book VaR (in € millions)



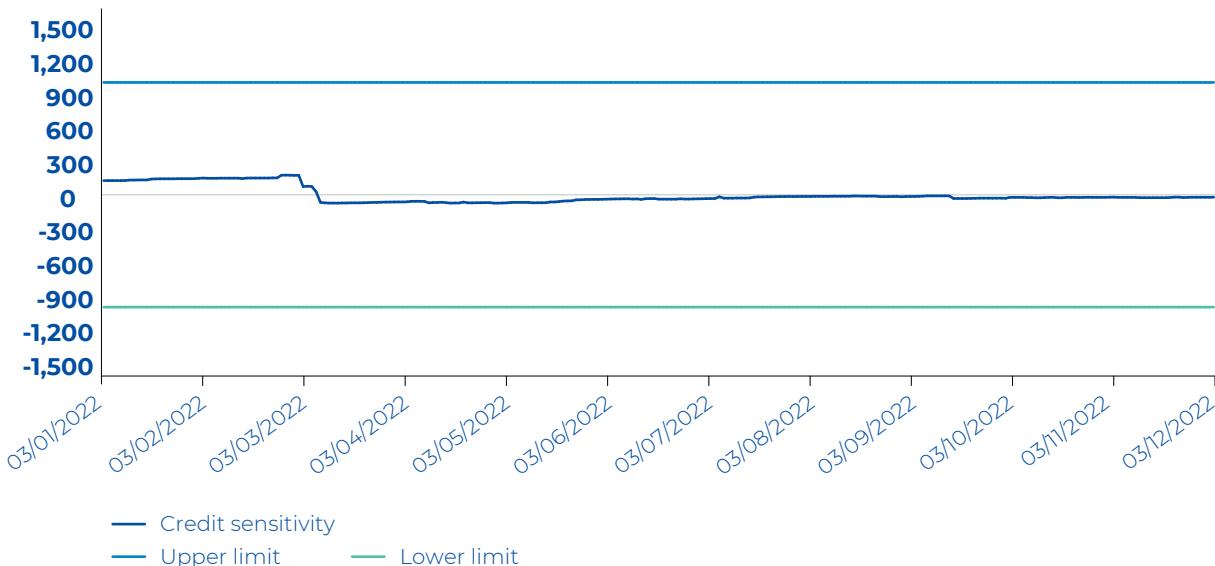
The VaR of the trading book measured at fair value through profit or loss ranged from €1.6 million to €5.2 million in 2022. The changes observed during the period were mainly attributable to adjustments to interest rate hedges.

Sensitivity of the trading book to changes in interest rates (in € thousands/bp)



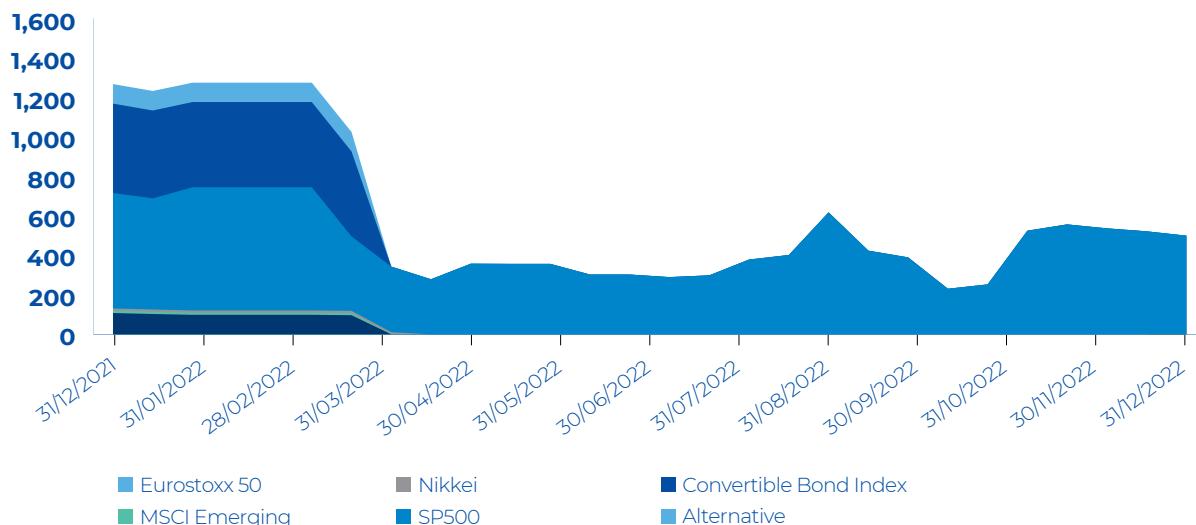
At the end of 2022, the trading book's sensitivity to changes in interest rates was slightly negative and remains well within the authorised limits (+/- €800,000/bp).

Sensitivity of the trading book to changes in credit spread (in € thousands/bp)



The sensitivity of the trading book to changes in credit spread was close to €0/bp in 2022, well within the authorised limit.

Sensitivity of the trading book in stock market indices (in € thousands/%)

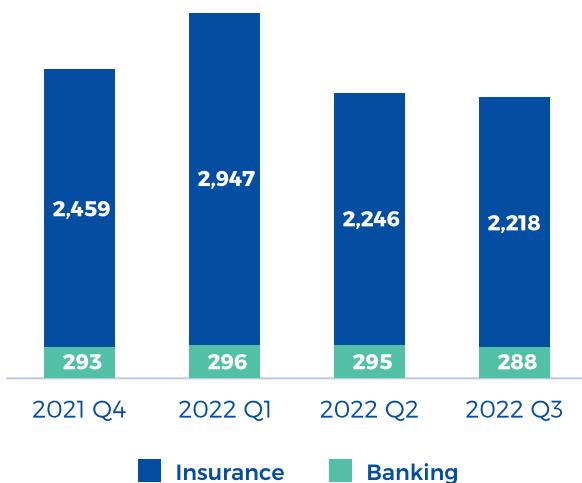


The trading book's sensitivity to changes in stock market indices decreased significantly following the Group's disposal of its UCITS positions. The Group's exposure to the Visa share price (included in the S&P 500 index) remains the only significant position.

6. Risk factors – La Banque Postale Group Pillar III information

Financial risks

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 17 February 2020 to 14 May 2020. The impacts were significantly greater for the insurance division, especially for the CNP Assurances subsidiary.

The impact of the stress test decreased from the second quarter of 2022 onwards due to the recognition of deferred tax assets 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 at 31 December 2022

(in € millions/% or /bp)	Banking	Insurance	Group
Interest rate risk (€m/bp)	(0.23)	(13.83)	(14.06)
Spread risk (€m/bp)	(2.87)	(17.47)	(20.34)
Equity risk (€m/%)	4.46	43.77	48.23
Foreign exchange risk (€m/%)	(0.56)	(22.10)	(22.66)
Real estate risk (€m/%)	(0.56)	(16.84)	(17.40)

The Group's sensitivity to market risks is focused to a significant extent on the insurance business.

6.5.2.9 Capital requirements for market risk and for Credit Value Adjustments

Market risk under the standardised approach (EU MR1)

	a	RWEAs
(in € millions)		
Outright products		
1 Interest rate risk (general and specific)	239	
2 Equity risk (general and specific)	31	
3 Foreign exchange risk	92	
4 Commodity risk	0	
Options		
5 Simplified approach	0	
6 Delta-plus approach	2	
7 Scenario approach	0	
8 Securitisation (specific risk)	0	
9 TOTAL	364	

6.5.2.10 Other quantitative information

Prudent valuation adjustments (PVAs) (EU PVI)

	a	b	c	d	e
	Risk category				
Category level AVA	Equity	Interest rates	Foreign exchange	Credit	Commodities
1 Market price uncertainty	63,089	4,293,988	376	2,787,114	-
2 Not applicable					
3 Close-out cost	410,824	10,159,919	1,825	218,416	-
4 Concentrated positions	193,425	-	-	80,382,280	-
5 Early termination	-	-	-	-	-
6 Model risk	-	5,520	-	-	-
7 Operational risk	47,391	1,445,391	220	300,553	-
8 Not applicable					
9 Not applicable					
10 Future administrative costs	-	-	-	-	-
11 Not applicable					
TOTAL ADDITIONAL VALUATION					
12 ADJUSTMENTS (AVA)					

6. Risk factors - La Banque Postale Group Pillar III information

Financial risks

	EU e1	EU e2	f	g	h
	Category level AVA - Valuation uncertainty				
	Category level AVA	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post diversification	of which: Total core approach in the trading book of which: Total core approach in the banking book
1	Market price uncertainty	2,067,579	866,046	5,039,097	2,357,879 2,681,218
2	Not applicable				
3	Close-out cost	284,138	710,368	5,892,745	1,438,596 4,454,149
4	Concentrated positions	N/A	N/A	80,575,704	233,065 80,342,640
5	Early termination	N/A	N/A	-	- -
6	Model risk	277,109	1,194,029	738,329	738,329 -
7	Operational risk	N/A	N/A	1,793,555	379,647 1,413,908
8	Not applicable				
9	Not applicable				
10	Future administrative costs	N/A	N/A	-	- -
11	Not applicable				
TOTAL ADDITIONAL VALUATION ADJUSTMENTS (AVA)				347,737,041	5,147,516 342,589,525
12					

6.5.3 Equity exposures in the non-trading book

(in € millions)	a Risk-weighted assets
Equity investments	16,375
Subordinated securities	267
Other	0
TOTAL EQUITY RISK	16,609

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 "4.4 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 2022 consolidated financial statements.

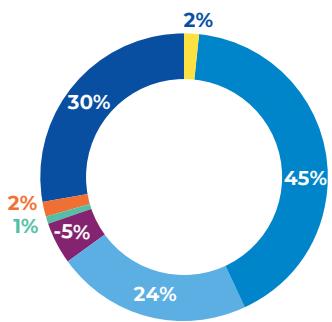
6.6 Operational risks

6.6.1 Key figures

In 2022, revised net losses relating to operational risks totalled €80.2 million, including operational losses incurred by CNP Assurances. From a prudential perspective (losses in excess of €5,000, excluding the insurance business), these revised net losses totalled €40 million.

The significant incident threshold, as defined in Article 98 of the government order of 3 November 2014 on internal control (as amended), was not exceeded at 31 December 2022.

Incidents associated with operational risk, by value (average from 2018 to 2022, %)



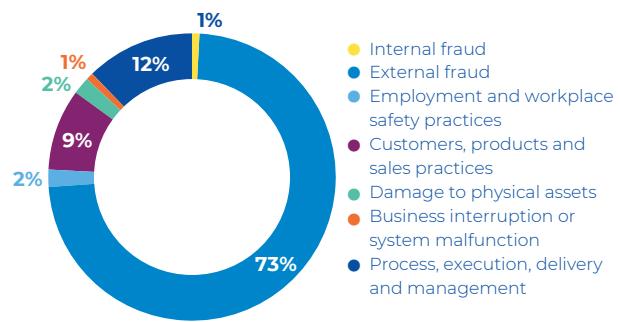
The negative value of the "Customers, products and business practices" incident category is attributable to significant provision reversals in 2018 (gross losses of €18 million).

The "External fraud" family continues to represent La Banque Postale Group's main risk exposure, accounting for 45% of gross losses. However, following the corrective measures initiated by La Banque Postale two years ago, a significant change is expected this year, with a reduction in external fraud-related gross and net losses (from both a prudential and business line perspective). From a business line perspective, both gross and net losses are down by around 7%.

The "Process execution, delivery and management" category is still the Group's second largest exposure in value (30%) and volume (12%) terms. This category of risks is mainly associated with single high-impact incidents in 2020 and 2022.

The following data represent five-year average gross losses from a prudential perspective and the corresponding volumes (losses relating to operational risks in excess of €5,000, excluding the insurance business).

Incidents associated with operational risk, by number (average from 2018 to 2022, %)



The third largest exposure relates to the "Employment practices and occupational health and safety" family due to the sharp rise in the inclusion of losses resulting from the COVID-19 health crisis in 2020. The amounts related to this family have returned to a level more in keeping with the Group's historical experience over the last two years.

6. Risk factors – La Banque Postale Group Pillar III information

Operational risks

Breakdown by business line (by average value from 2018 to 2022)

Business financing	0%
Trading and sales	0%
Retail brokering	1%
Commercial banking	19%
Retail Banking	43%
Payment and settlement	25%
Agency services	0%
Asset Management	3%
Corporate items	9%

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.

6.6.2 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".

6.6.3 Scope of application

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.

Work on integrating CNP Assurances into La Banque Postale Group's operational risk management system is continuing in 2023, focusing in particular on:

- increased convergence of operational risk management methods (taking into account each entity's Risk

Management Systems and defining a target risk rating for CNP Assurances) and permanent control methods;

- convergence of CNP Assurances and La Banque Postale outsourcing arrangements (including distribution agreements);
- alignment of business continuity arrangements and organisation of crisis management procedures;
- alignment of CNP Assurances and La Banque Postale information systems security processes;
- identification of joint operational risk scenarios;
- integration of operational risk monitoring indicators in La Banque Postale Group's GRMC dashboard.

In addition, for the third year in a row, the conglomerate's operational risk map includes CNP Assurances.

6.6.4 Governance

6.6.4.1 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 amended government order on internal control of 3 November 2014), the main roles of the Operational Risk Department 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;
- ensure proper compliance, within La Banque Postale Group, with the rules, standards and methods defined in terms of the management of operational risks.

6.6.4.2 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.

6.6.4.3 Governing bodies

The Operational Risk Department participates, as needed, in meetings of the GRMC. The main responsibilities of this Committee 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 operational risk 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 at least once a 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.

6.6.5 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.

6. Risk factors - La Banque Postale Group Pillar III information

Operational risks

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.

6.6.5.1 Information systems security

A risk-based approach to Information Systems Security (ISS)

All criminal activity targeting or using a computer, computer network or networked device, such as sabotage, data exfiltration, fraud or cybercrime, has many aspects. While all organisations are now exposed to cyber risk, the banking sector is more exposed to cyber security risk.

Cyber risk is defined as any risk of financial loss, business interruption or damage to the company's reputation arising from failure of information systems or human error impacting information system security.

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. To this end, La Banque Postale has adopted a multi-year 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 security hygiene measures;
- instilling a cyber-security culture through risk awareness programmes adapted to employees' different profiles;
- deploying a risk-based cyber-security 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.

La Banque Postale is deploying the resources needed to achieve its goals, by allocating a significant budget to the fight against cybercrime, in line with banking industry standards.

6.6.5.2 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 five 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;
- unavailability of the critical or important service provider(s);
- malicious attack on information systems and/or computer data.

The Resilience and Protection Department (DRO/DRP) has developed a 3-year roadmap to enhance the Group's operational resilience. In 2022, priority was given to updating the reference framework and launching or supporting structural projects such as the definition of critical processes and development of regional business recovery plans. In 2023 and 2024, the DRP will invest in leading and upskilling its organisation in order to guarantee seamless operational implementation.

The DRP is also responsible for the Group's crisis management system through the Major Events Reporting Unit (MERU). 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 La Poste Groupe and Caisse des Dépôts et Consignations.

The crisis management system was also updated in 2022. It includes developments that have been shown to be relevant. Recent events have demonstrated the robustness of the existing system.

6.6.5.3 Risks related to outsourcing

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, revised in 2022, 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:

- (i) outsourced essential services (OES) within the meaning of the government order of 3 November 2014 on internal control (as amended) ("banking OES") or the General Rules of France's securities supervisor, AMF ("asset management OES"); (ii) outsourced important or critical services (OICS) within the meaning of Article L.354-3 of the Insurance Code ("insurance OICS"); and
- (iii) 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 and comprehensive permanent control system that applies to all outsourced Critical or Important Services (CISs) identified by each La Banque Postale 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.

La Banque Postale is continuing its work to improve oversight of intra-group services. The OICSS (including CNP Assurances) have been identified, brought into contractual compliance and placed under formalized management.

Plans for 2023 include monitoring deployment of the framework (indicators, controls) and its operational fit with the processes of the entities involved in outsourcing (purchasing, legal, IT, etc.).

The management system for externally outsourced core business services will be strengthened and deployment of the system for intra-group services will be finalised.

6.6.6 Calculation of capital requirements for 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.

Operational risk own funds requirement and risk-weighted exposure amounts (EU OR1)

Data at 31 December 2022

	Banking activities (in € millions)	Relevant indicator			Own funds requirements	Risk -weighted exposure amount
		a	b	c		
	Banking activities subject to basic indicator approach (BIA)	Year-3	Year-2	Year-1		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardised (TSA)/ alternative standardised (ASA) approaches	5,142	4,932	4,822	664	8,298
3	Subject to standardised approach (TSA)	5,142	4,932	4,822		
4	Subject to alternative standardised approach (ASA)					
5	Banking activities subject to advanced measurement approaches (AMA)					

6. Risk factors – La Banque Postale Group Pillar III information

Insurance risks and additional monitoring of the conglomerate

6.7 Insurance risks and additional monitoring of the conglomerate

6.7.1 Insurance risks

Insurance is the largest business line 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: La Banque Postale Assurances IARD (LBPAI), La Banque Postale Prévoyance (LBPP) and La Banque Postale Assurance Santé (LBPAS).

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, both in France and internationally.

6.7.1.1 Insurance risk management

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. The risk limits are set in line with the risk appetite of each subsidiary and approved by their Board of Directors. They provide a strict framework for risk management and risk selection.

Since La Banque Postale took control, CNP Assurances has been fully involved in the definition and operational implementation of the general risk management framework, through its current work on reconciling

standards, methods and tools, as well as through organisational measures (CNP Assurances' Risk Department reports on a dotted-line basis to La Banque Postale Group's Chief Risk Officer) and other measures (such as setting a framework for insurance investments).

Until the end of 2022, the Insurance Division's Risk Department was responsible for implementing the risk management, control and oversight system for the subsidiaries in La Banque Postale's legacy insurance subsidiaries, on behalf of La Banque Postale Group's Risk Management Department. Organisational changes will take place during 2023.

These insurance risk management procedures allow the Group to have, at the level of the Insurance business line, a sub-consolidated vision of the risks taken and potential risks, and to ensure that they are compatible with the Group's risk appetite at all times. Equally, this mechanism makes such monitoring possible on a consolidated basis at the level of the Group.

6.7.1.2 Risk taxonomy

The La Banque Postale's insurance business risks are classified in eight risk families aligned with the risk classification in Solvency II and the conglomerate risk map:

- strategic and business risks (including solvency risk);
- credit and counterparty risks;
- market risk and asset/liability management risks;
- liquidity risk;
- operational (including non-compliance risks);
- insurance technical risks;
- ESG risks
- intra-group risks;

Some risks common to the whole Group are described elsewhere in this chapter (as well as in CNP Assurances' Universal Registration Document) and are not included in this section on the insurance companies. These are:

- operational risks (outsourcing risks, information and data protection risks, non-cyber IT risks, cyber risk) – see

Section 6.6 "Operational risks" of this document and Section 2.1.4 of CNP Assurances' Universal Registration Document;

- product and customer interaction compliance risks (financial security and AML-CFT) – see Section 6.9.2 "Non-compliance risks" of this document and Section 2.1.4 of CNP Assurances' Universal Registration Document;
- strategic and business risks, covering in particular partnership risk and country risk – see Sections 6.1.3.1 (risks related to the macroeconomic environment) and 6.1.3.4 (La Banque Postale's business risks) of this document and Section 2.1.5 of CNP Assurances' Universal Registration Document;
- ESG risks, corresponding to exposures arising from the companies' investment, insurance and operating activities – see Section 6.8 of this document and Section 2.1.6 of CNP Assurances' Universal Registration Document.

The risks resulting from changes in banking regulations are described in Section 6.1.3.2 (risks related to the legislative and regulatory framework). In the specific case of the insurance business, the new accounting standards – IFRS 17 (replacing IFRS 4 from 2023) and IFRS 9 – may lead to changes in the presentation of the business's quarterly results indicators and may also affect the investment strategy. The objective of IFRS 17 is to harmonise the measurement of insurance liabilities and to improve consistency with other IFRSs. The new standards are applicable to insurance and reinsurance contracts, and to investment contracts with a discretionary participation feature.

6.7.1.3 Insurance technical risks

The insurance activities of La Banque Postale Group's insurance companies expose them to specific technical risks corresponding to the risk of losses or an unfavourable change in the value of insurance liabilities and the risk of a change in expenses. Insurance technical risks include:

a) life/long-term health underwriting risk:

- life catastrophe risk;
- termination (surrender) risk;
- mortality risk;
- longevity risk;
- morbidity risk;
- revision risk;

b) non-life underwriting risk:

- pricing and reserve risk;
- termination (surrender) risk;
- catastrophe risk;

c) health risk (excluding long-term);

d) expense risk.

Depending on the category, these risks evolve in response to macroeconomic developments, the characteristics of the insured portfolios, changes in customer behaviour, climate changes, the occurrence of accidents and public health or regulatory decisions (including application of France's Lemoine law which has increased the term creditor insurance business's exposure to surrender risk).

Surrender risk

The new economic environment, shaped by rising inflation and higher interest rates, led to a change in exposure to interest rate risk, with the balance sheet becoming more exposed to the risk of rate increases than rate cuts,

potentially leading to higher-than-expected surrenders. The policyholder dividend policy was adapted to the new economic environment in order to be in line with market expectations, protect the flow of new money and limit the surrender risk. Surrender risk monitoring was stepped up within a framework that ensures that any creeping rise in surrender rates is quickly flagged up.

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 €282 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⁽¹⁾, 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. Integration of the new subsidiaries in Italy increased the insurance business's local exposure to surrender risk. In Brazil, death/disability insurance products and products associated with home loans and consumer finance also give rise to a significant cancellation risk.

No significant change in surrender rates was observed at 31 December 2022. In the main geographical areas, term creditor insurance and savings surrenders were stable vs. 2021.

⁽¹⁾ Argus de l'Assurance "Classification of term creditor insurance: bancassurers" (2021 data, in €m). September 2022, based on premium income before reinsurance in France.

6. Risk factors - La Banque Postale Group Pillar III information

Insurance risks and additional monitoring of the conglomerate

6.7.1.4 Other risks related to the business of each insurance company

6.7.1.4.1 CNP Assurances

Financial risks continue to represent CNP Assurances' most significant exposure. Monitoring procedures for this risk were stepped up following the emergence of the COVID-19 crisis in 2020.

a) 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 relating to 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 2022, CNP Assurances had €262 billion worth of insurance and financial liabilities with a capital guarantee in France and the Europe excluding France region, representing 95% of average technical provisions excluding linked liabilities. The fixed-income portfolio (excluding unit-linked assets) represented 76% of CNP Assurances' assets and a carrying amount (under IFRS) of nearly €236 billion.

There are two main interest rate risks:

- Reinvestment or downside risk: the risk that future investment yields will fall short of the insurer's expectations. This risk occurs when interest rates fall, leading to a decline in investment yields. It is all the greater when the maturity of assets is shorter than the maturity of liabilities. 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.
- Liquidation or upside risk: the risk of having to sell bonds at a loss compared to their purchase price. If obligations to policyholders mature before the bonds in the portfolio are redeemed (maturity of assets is longer than the maturity of liabilities), the insurer may be forced to sell the bonds. If interest rates have risen, then the market price of the bonds in the portfolio will be less than their purchase price and the insurer will incur a financial loss.

The low interest rate environment continued to prevail until February 2022. While this environment lasted, interest and redemption proceeds were reinvested at a lower rate, leading to a gradual erosion of CNP Assurances' bond portfolio yields. In light of its exposure to falling interest rates (maturity of assets shorter than the maturity of

liabilities), the reduction in the benchmark interest rates used to prepare the economic balance sheet led to a decrease in economic own funds, exposing the Group to a decline in its SCR coverage ratio under Solvency II.

Over the course of 2022, CNP Assurances' sensitivity to interest rates (as they affected its SCR coverage ratio) narrowed significantly, coming close to being neutral. This was mainly due to the rise in interest rates combined with the nature of CNP Assurances' life insurance business.

A 50-basis point decline in European interest rates would result in a 4-point increase in the consolidated SCR coverage ratio, which stood at 230% at 31 December 2022.

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 17% of CNP Assurances' asset portfolio at 31 December 2022 (IFRS carrying amount of €52 billion excluding unit-linked portfolios). More than 75% 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 €1.5 billion at 31 December 2022.

Unfavourable changes in stock market parameters (price, volatility, etc.) represent a risk of loss for the company.

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 €382.5 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.

In 2022, revenue from the own-funds portfolio amounted to €797 million, a decline of 5.1% that was due to the bond sales carried out to improve the portfolio yield, partly offset by profit-taking on the equity portfolio.

A 25% fall in equity prices would result in a 20-point reduction in the consolidated SCR coverage ratio, which stood at 230% at 31 December 2022.

The Group has a long-standing hedging programme designed notably to limit the impact of a fall in equity prices. The cumulative notional amount of options held in the hedging portfolio at 31 December 2022 was €10.4 billion, including the €1.5 billion notional amount of options hedging the equity portfolio against a possible fall in stock market prices.

Other information concerning financial risks at 31 December 2022

Payment projections by maturity at 31 December 2022

(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)	28,287.2	82,478.8	67,774.4	44,821.8	128,343.2

Projected future cash flows - Insurance at 31 December 2022

Intended holding period (in € millions)	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
Assets at fair value through profit or loss	12,173	4,492	4,365	4,935
Liquidity risk - Assets designated as at fair value through profit or loss (excl. unit-linked portfolios)	688	2,927	1,033	400
Assets at fair value through OCI to be reclassified subsequently to profit or loss	27,270	58,470	72,928	62,917
Assets at amortised cost	1	3	83	12
TOTAL - LIQUIDITY RISK - FUTURE CASH FLOWS	40,132	65,892	78,409	68,263

Contracts with an immediate surrender option at 31 December 2022

(in € millions)	31 Dec. 2022
Contracts with immediate surrender option	285,257
Contracts with no immediate surrender option	94,003

Credit risk on reinsured business at 31 December 2022

Ceded reserves		31 Dec. 2022
Rating		Amount
	(in € millions)	%
AAA		0.0%
AA+		0.02%
AA		0.0%
AA-	36.3	0.18%
A+	19,378.9	95.02%
A	710.8	3.49%
A-	7.8	0.04%
BBB+	27.5	0.14%
BBB		0.0%
Unrated	228.0	1.12%
TOTAL	20,394.2	100.0%

b) 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

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 have an impact on CNP Assurances' own funds.

Following the war in Ukraine, soaring inflation and higher interest rates caused spreads to widen significantly in 2022, as central banks tightened their monetary policies amidst growing recession risks and concerns about the sustainability of government debt in some countries, especially Italy.

A 50-point increase in sovereign spreads would result in a 13-point reduction in the consolidated SCR coverage ratio, which stood at 230% at 31 December 2022.

Default risk can also be measured by the spread and counterparty risk SCRs, representing an impact of 21 points and 6 points respectively at 31 December 2022.

6. Risk factors - La Banque Postale Group Pillar III information

Insurance risks and additional monitoring of the conglomerate

Corporate bonds

As a long-term investor, the CNP Assurances group holds around €100 billion worth of corporate bonds in its asset portfolio (based on market value), representing over 52% of the fixed-income portfolio (excluding unit-linked portfolios) at 31 December 2022. 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 26% (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 2022, the credit portfolio was affected by a significant increase in spreads due to concerns about the war in Ukraine, the negative impact of rising interest rates and

inflation on the credit profiles of issuers and the greater risk of recession. There were no significant rating downgrades in the credit portfolio, reflecting the issuers' good credit quality and the investment focus on A-rated issuers. Exposures to the sectors considered most at risk since the COVID-19 crisis and the start of the Ukraine war remained very moderate.

To measure the impact of credit risk more accurately, a new sensitivity test was introduced in 2020, whereby a full rating downgrade is applied to 20% of the bond portfolio. At 31 December 2022, sensitivity to this input remained 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 2022. At 31 December 2022, the notional amount of hedges to protect the fixed-income portfolio against an increase in corporate spreads was €1.5 billion.

Breakdown of the bond portfolio by issuer rating

Rating (in € millions)	Bond portfolio at market value	%
AAA	12,985.3	5.4%
AA	88,257.1	37%
A	56,443.0	23.6%
BBB	50,975.8	21.3%
< BBB	25,289.7	10.6%
Unrated	4,905	2.2%
Total	238,856	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 35% of insurance assets excluding unit-linked portfolios at the end of 2022. The majority of the investments are made in relatively stable regions: 47% in France and 18% in Europe (countries with a rating between AAA and A).

Exposure to credit and counterparty concentration risk is reviewed every month on a consolidated basis at the level of La Banque Postale Group.

6.7.14.2 La Banque Postale's Insurance Division

These amounts concern La Banque Postale Prévoyance, La Banque Postale Assurances IARD and La Banque Postale Assurance Santé.

Market risk

Assets at cost, excluding unit-linked portfolios (IFRS, in € millions)	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	30 June 2022	31 Dec. 2022
Bonds and other fixed-income securities	2,034	2,217	2,417	2,399	2,464
Equities and other variable-income securities	93	74	63	58	36
Investment property and property funds	0	0	0	0	0
Property-related loans and receivables	0	0	0	0	0
Derivative instruments	0	0	0	0	0
Other loans and receivables	0	0	0	0	0
Total	2,127	2,292	2,480	2,457	2,499

The insurance subsidiaries are exposed to the following market risks:

- interest rate risk;
- equities risk;
- credit spread risk;
- foreign exchange risk;
- concentration risk on underlyings;
- liquidity risk;
- volatility risk;
- unlisted securities valuation 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 2022

(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)	150.4	538.3	352.4	308.6	730.6

Future cash flow projections - Insurance Division assets at 31 December 2022

Intended holding period (in € millions)	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Available-for-sale financial assets	478.9	707.2	946.7	306.7
Assets held for trading and measured at fair value through other comprehensive income	52.2	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 2022

(in € millions)	30 June 2022	31 Dec. 2022
Contracts with immediate surrender option	806.4	802.1
Contracts with no immediate surrender option	1,093.8	1,101.6

6. Risk factors - La Banque Postale Group Pillar III information

Insurance risks and additional monitoring of the conglomerate

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 2022

Rating	(in € millions)	Amount	%
AAA		0	0.0%
AA+		0	0.0%
AA		46	9.9%
AA-		0	0.0%
A+		0	0.0%
A		408	88.9%
A-		0	0.0%
BBB		0	0.0%
Unrated		5	1.1%
TOTAL		459	100.0%

Credit risk on sovereign debt and equivalents at 31 December 2022

Rating (in € millions)	Bond portfolio at market value	%
AAA	187.3	18.7%
AA	696.8	69.6%
A	86.4	8.6%
BBB	31.2	3.1%
< BBB	0.0	0.0%
TOTAL	1,001.8	100.0%

These amounts concern La Banque Postale Prévoyance, La Banque Postale Assurances IARD and La Banque Postale Assurance Santé.

Analysis of the Insurance Division asset portfolio at 31 December 2022

Assets at cost, excluding unit-linked portfolios (IFRS, in € millions)	31 Dec. 2021	31 Dec. 2022	Year-on-year change
Bonds and other fixed-income securities	2,417	2,464	47
Equities and other variable-income securities	63	36	(27)
UCITS	310	321	11
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	2,790	2,821	31

These amounts concern La Banque Postale Prévoyance, La Banque Postale Assurances IARD and La Banque Postale Assurance Santé.

Analysis of the Insurance Division bond portfolio by rating at 31 December 2022

Rating	Bond portfolio at market value (in € millions)	%
AAA	214.2	9.9%
AA	878.7	40.7%
A	725.8	33.7%
BBB	337.6	15.7%
< BBB	0.0	0.0%
TOTAL	2,156.3	100.0%

6.7.2 Additional monitoring of the conglomerate

Qualifying as a financial conglomerate, La Banque Postale Group 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.

The capital of the conglomerate meets the regulatory requirements for banking and insurance activities. The conglomerate ratio was 138% at 30 June 2022.

6.7.2.1 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 2022. 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' 2022 Universal Registration Document.

6.7.2.2 Additional supervision obligations applicable to La Banque Postale Group

In accordance with the Financial Conglomerates Directive ("FICOD"), La Banque Postale Group is subject to additional supervision in the following areas:

- capital adequacy of the conglomerate;
- concentration risk supervision;
- intra-group positions;
- appropriateness of the internal control system and risk management procedures.

6. Risk factors – La Banque Postale Group Pillar III information

Insurance risks and additional monitoring of the conglomerate

6.7.2.2.1 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.

The capital of the financial conglomerate meets the solvency requirements for banking and insurance activities. The conglomerate's ratio was 138% at 30 June 2022.

(in € millions)	30 June 2022 (1)	31 Dec. 2021	30 June 2021
Financial conglomerate's additional capital requirement (amount)	25,973	24,305	21,100
Capital adequacy ratio of the financial conglomerate (in %)	138%	151%	159%

6.7.2.2.2 Monitoring of concentration risk

La Banque Postale must ensure that its information is complete and comprehensive to provide oversight of concentration risk.

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 Conglomer reporting system that is specific to financial conglomerates. La Banque Postale monitors the concentration risk that may arise on the conglomerate entities' exposures to a given counterparty, using a specific conglomerate risk management system that is part of the Conglomer reporting system.

6.7.2.2.3 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.

(1) The capital adequacy ratio of the financial conglomerate as of 31 December 2022 will be available in the 2023 amendment to the Universal Registration Document.

6.8 Environmental, social and governance (ESG) risks

6.8.1 Definition and identification of ESG risks

6.8.1.1 General definitions

ESG factors include all **environmental, social and governance issues** that may have a negative or positive impact on the financial performance or solvency of a company, entity, sovereign or individual.

From a regulatory standpoint, ESG risks correspond to the negative impact of ESG factors on the financial performance or solvency of a financial institution due to the current or prospective effects of these factors on the institution's counterparties or assets. ESG risks correspond to the risk of losses generated by climate and environmental events, social and societal developments or governance failures affecting La Banque Postale's internal operations or its businesses.

ESG risks management is based on a national and European regulatory framework that is in the process of being developed. The European Central Bank (ECB) Guide on Climate-Related and Environmental Risks published in November 2020 outlines the ECB's understanding of the safe and prudent management of climate-related and environmental risks under the current prudential framework. It is supported by the European Banking Authority (EBA) Report on ESG Risks Management and Supervision dated June 2021.

In addition to this regulatory framework, financial institutions are subject to two main reporting requirements:

- The European Green Taxonomy Regulation (EU) 2020/852/EU of 18 June 2020, which is designed to facilitate sustainable investment by defining a common classification system for sustainable economic activities. The related transparency requirements and environmental objectives are set out in a series of delegated regulations. La Banque Postale has calculated its green asset ratio (see Section 6.8.9 "Assets used to calculate the green asset ratio").
- Implementing Regulation (EU) 2022/2453 published in the Official Journal of the European Union on 19 December 2022, which describes the Pillar III disclosure requirements for ESG risks. La Banque Postale has chosen to be subject to this regulation for the first time in 2022, with the publication of this qualitative information accompanied by a quantitative analysis of physical and transition risks (see Sections 6.8.7 "Indicators of climate change transition risk", 6.8.8 "Indicators of climate change physical risk" and 6.8.10 "Other climate change mitigation measures not covered by the European Green Taxonomy").

In addition to European regulations, French regulations also cover social and governance issues. They consist mainly of regulations on business ethics (duty of care, Sapin II law, etc.) and the Code of Corporate Governance for listed companies published in 2020 by the Association Française des Entreprises Privées (AFEP).

ESG risks may be identified as a risk category in its own right or as a factor affecting traditional risk categories (credit risk, market risk, operational risk, liquidity risk, etc.) through different transmission channels. For example, ESG risks may:

- adversely affect borrowers' ability to fulfil their payment obligations and the debt recovery rate (impact on credit risk), as well as the value of assets lodged as collateral;
- increase the volatility of asset values (stranded assets) (impact on market risk);
- increase a bank's legal and reputational risk and directly affect its physical assets and operations (impact on operational risk);
- lead to customer withdrawals following the occurrence of a damaging ESG event or reputational event or in order to finance repairs or compensation (impact on liquidity risk);
- prompt the Bank to rethink its business and the allocation of the various classes of assets in the portfolio (impact on business model risk).

The chains of transmission should therefore be differentiated according to the asset class concerned:

- For a portfolio of real estate assets, ESG risks may lead to increased expenditure to bring the properties in line with the latest standards (transition risk) or to adapt and maintain the properties (physical risk).
- For a corporate loan book, ESG risks may disrupt customers' production operations (physical risk) or drive up their operating expenses in the case of companies with energy-intensive or carbon-intensive business models (transition risk).
- For a sovereign loan book, ESG risks may lead to lower tax revenues for the customer due to supply chain blockages (physical risk) or increased capital expenditure to bring existing infrastructure into line with the latest standards (transition risk).
- For a portfolio of local public sector loans, ESG risks may lead to an increase in customers' operating expenses and erode the profitability of companies doing business in the territory (transition risk and physical risk).

More generally, ESG risks are analysed according to the double materiality principle:

- Financial materiality, corresponding to the impact of ESG risks on financial institutions (outside-in approach).
- Environmental and social materiality, corresponding to the financial institutions' impact on ESG factors (inside-out approach).

6. Risk factors - La Banque Postale Group Pillar III information

Environmental, social and governance (ESG) risks

6.8.1.2 The different types of risks

6.8.1.2.1 Environmental risks

Climate change and environmental degradation affect economic activities and threaten financial stability. The related **environmental risk** may result in losses arising from the impact of these changes on La Banque Postale's counterparties or its invested assets. Environmental risk generally comprises two types of risk:

- **Physical risk**, which is the risk of losses resulting from the effects of environmental degradation. These effects may be due, for example, to the increased occurrence of extreme weather events, air pollution, water pollution, water stress, biodiversity loss and deforestation. Physical risk may be described as:
 - acute when it results from extreme events (drought, floods, storms), or
 - chronic when it results from gradual changes (rising temperatures, rising sea levels, water stress, biodiversity loss, land use change, habitat destruction, resource scarcity).
- **Transition risk**, which can be defined as the risk of losses resulting from the process of adapting activities to support a more environmentally sustainable economy. These risks may arise, for example, from the relatively abrupt adoption of environmental policies, technological progress or changes in market sentiment and preferences.

A distinction is also made between climate risk and nature risk.

6.8.1.2.1.1 Climate risk

Climate change refers to variations in temperature and weather conditions over the long term. Their causes may be natural or man-made. Since the 19th century, observed climate change has been directly linked to human activity and the massive use of fossil fuels (coal, oil and gas), which are highly emissive.

The main consequences of climate change as currently observed are droughts, floods, water shortages, fires, melting ice caps, rising sea levels, storms and declining biodiversity.

Climate change leads to structural changes, which in turn affect economic activity and the financial system:

- Physical climate risk corresponds to the financial effects of climate change (increased occurrence of extreme weather events and gradual climate change). The effects may be direct (loss of productivity, damage to physical assets) or indirect (impact on supply chains).

- Transition climate risk corresponds to the direct or indirect financial loss that may be incurred by La Banque Postale as it transitions to a low-carbon business model (abrupt change in the climate-related regulatory framework, technological advances, market developments).

A common indicator of climate risk is the emergence of stranded assets in portfolios. Stranded assets are assets that may fall in value or generate a lower-than-expected return at some time prior to the end of their economic life due to regulatory, technological or market developments that are in turn linked to the occurrence of a physical or transition climate risk.

La Banque Postale has identified several asset classes that may become stranded assets in the medium to long term:

- loans and investments already in La Banque Postale's portfolios that are not aligned with current sector policies;
- financing of projects or counterparties whose activity is significantly threatened by the occurrence of a physical or transition risk.

6.8.1.2.1.2 Nature risk

According to the Taskforce on Nature-related Financial Disclosures, or TNFD⁽¹⁾, nature can be defined through a construct of four realms – Land, Ocean, Freshwater and Atmosphere. It consists of environmental assets, i.e., living and non-living natural resources (forests, wetlands, agricultural areas, etc.) that provide the ecosystem services that benefit businesses, and biodiversity, which is an essential feature of nature and key to maintaining the quality, resilience and quantity of ecosystem assets and providing the ecosystem services on which businesses and society depend.

Nature risks are the potential threats to an organisation that result from its dependence and impact on nature. They are analysed according to the double materiality principle, distinguishing between:

- Dependency risk: an organisation may be more or less dependent on one or more ecosystem services for the operation of its business processes. Any deterioration of these ecosystem services would expose the organisation to risk. This risk may be linked to a physical risk.
- Impact risk: an organisation's activity may cause changes in the state of natural capital. These changes may be positive or negative and direct, indirect or cumulative. They may be linked to a transition risk.

(1) The Taskforce on Nature-related Financial Disclosures (TNFD) is a working group launched in July 2020 to help companies and financial institutions measure, monitor and disclose their nature-related risks. Four partner and co-founding organisations are leading the initiative: the United Nations Development Programme (UNDP), the United Nations Environment Finance Initiative (UNEP FI), the World Wildlife Fund and Global Canopy.

In the case of biodiversity, the following systemic risks exist alongside physical and transition risks:

- Risk of ecosystem collapse: risk of a critical natural system ceasing to function (tipping point reached, causing ecosystem collapse at the geographical or sector level);
- Global risk: risk associated with the fundamental impacts of nature loss on the levels of transition risk and physical risk in one or more portfolios;
- Contagion risk: risk of financial difficulties experienced by one or more financial institutions due to nature risks spreading to the entire financial system.

6.8.1.2.2 Labour and societal risks

La Banque Postale is also exposed to risks arising from labour and societal issues.

The EBA defines labour factors as all employee-related issues that may positively or negatively affect the financial performance or solvency of an entity, a sovereign or an individual. There are many labour factors. They may concern the rights, well-being and interests of individuals and communities, or inequality, health, inclusion, labour relations, occupational health and safety, human capital and community issues. Labour risk is the risk of a negative financial impact on La Banque Postale stemming from the current or prospective impacts of employee-related factors on its counterparties or invested assets. In relation to La Banque Postale's businesses, labour risk may refer to the failure of the Group's practices in terms of employment, employee health and safety or the protection of personal data.

Societal risk is the risk of financial losses arising from more or less rapid regulatory changes introduced in response to social injustice, changes in consumer behaviour or market developments.

6.8.2 ESG risk governance

ESG organisational structure/risk management

Following its designation as a mission-led company in February 2022, La Banque Postale has embedded ESG principles more deeply in its governance. Its Articles of Association now include environmental and social objectives to support the just transition and help mitigate ESG risks.

The Supervisory Board and Executive Board place considerable emphasis on ESG factors when it comes to defining La Banque Postale's strategy, operating objectives and risk management processes. The Executive Board and the Supervisory Board receive regular briefings on La Banque Postale's ESG risks exposures and take these issues into account in their decisions. Lastly, regular reports are sent to the Executive Committee and the Group Risk Management Committee (GRMC).

The Sustainability Department, which reports directly to the Chairman of the Executive Board, is responsible for overseeing the operational rollout of the strategic plan's ESG aspects. The head of the department sits on the Executive Committee and is a member of La Banque Postale's existing bodies. The department helps to ensure that ESG factors are fully taken into account by La Banque Postale's various entities.

6.8.1.2.3 Governance risks

The EBA defines governance factors as all issues relating to measures, rules, decision-making bodies, information and supervisory processes that may have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual. Governance factors cover governance practices (leadership and executive compensation, audits, internal controls, tax avoidance, board independence, shareholder rights, corruption and other compliance issues), as well as how companies or entities incorporate environmental and social factors into their policies and procedures. Governance risk is the risk of any negative financial impact on La Banque Postale stemming from the current or prospective impacts of governance factors on its counterparties or invested assets. In relation to La Banque Postale's businesses, governance risk concerns the risk of financial losses and/or reputational damage resulting from the failure of the rules and procedures to manage, administer and control the Group in accordance with sound governance 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 risk of damage to La Banque Postale's reputation as a result of its involvement in social conflicts or environmental controversies.

Since 2020, ESG risks have been incorporated into La Banque Postale's risk governance and a department created for managing and coordinating all ESG-based initiatives. In order to encourage their inclusion in all of the Group's risk control and management systems and ensure that they are managed efficiently, they are covered by the existing organisations and bodies, rather than by dedicated bodies. The principles applicable to the Group's risk appetite system are therefore also applicable to the management of ESG risks.

ESG risks are controlled in the same way as other risks, as follows:

- Based on applicable regulations and external and internal sources of expertise the Sustainability Department (part of the Group Risk Department) defines the ESG Risks Management Policy and specific ESG Risks Management Rules and submits this framework for approval to the Executive Board and the Supervisory Board.

6. Risk factors - La Banque Postale Group Pillar III information

Environmental, social and governance (ESG) risks

- All the documentation, standards and methods produced within La Banque Postale to identify, measure and manage ESG risks are subject to the Risk organisation's validation process (Group Risk Steering Committee, Risk Management Rules Validation Committee, etc.).
- The ESG Risks 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. It coordinates and harmonises work on the risk management system with the subsidiaries and within the Group.

The Group Compliance Department (GCD) helps to monitor Social and Governance risks, in particular by identifying and assessing compliance and reputational risks, setting up risk management systems, producing Compliance procedure manuals and performing compliance checks. The GCD is also in charge of La Banque Postale Group's compliance system, the objective of which

is to guarantee compliance with regulations covering money laundering and the financing of terrorism; fraud, bribery and corruption; customer protection; the provision of investment services and mandatory regulatory training.

In addition to the various departments responsible for identifying and managing ESG risks, all Group employees are made aware of these issues, including senior management. Several training courses are offered, including modules on climate and environmental risks developed by the Group Risk Department, the "Climate Fresk" created for all employees to provide them with a better understanding of climate change and its impact on the Group, and specific training courses developed for the sales teams.

The subsidiaries' ESG risks management frameworks are aligned with that of La Banque Postale, and are adjusted to take account of the specific features of their businesses. The subsidiaries contribute to the Group's consolidated reporting system and help to harmonise the process. Group steering committees are set up for specific factors such as implementation of the European Green Taxonomy.

6.8.3 Risk identification

ESG risks raise unprecedented challenges and issues for all participants in the financial system. Controlling ESG risks is a key priority for La Banque Postale, in line with its strong commitment to the just transition. The first step in developing and deploying an effective risk management framework consists of identifying the risks.

ESG risks are identified by closely examining all aspects of La Banque Postale's external environment (regulatory, legislative, economic, etc.), its business portfolio and its internal processes (lending, investing, etc.), as well as its strategic objectives which take into account the views of non-governmental organisations specialised in ESG issues and of society as a whole.

In particular, the climate risk factor must be identified before lending decisions are made, in order to anticipate the possible effects of climate change on the future of the business, customer solvency or mortgages or other forms of loan collateral. La Banque Postale's lending commitments are designed to steer financing towards sectors and activities that are less exposed to ESG risks. For example, in order to increase the asset portfolio's resilience to transition risk, La Banque Postale is helping to finance the energy transition, focusing exclusively on renewable energy projects and imposing an outright ban on the financing of new fossil fuel projects.

Links between the different types of risks

The incorporation of ESG risks into existing risk factors is supported by dedicated risk management systems:

- **Strategic risk:** ESG factors have been identified as a major issue for La Banque Postale and have been incorporated directly into its current strategic plan (in the sustainability dimension). Separating out ESG risks in a dedicated category of the risk map serves to highlight their priority status.

- **Operational risk:** La Banque Postale has identified a strong correlation between ESG risks and operational risks. The Group's ESG risks map is based to a large extent on the existing operational risk management 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) and social risk (consideration of HR issues). ESG risks mapping is also based on the systems in place for managing compliance and reputational risks, as well as on the new product approval process.

- **Credit risk:** La Banque Postale is continuing to incorporate ESG risks factors into its credit risk management system. Significant efforts have been made to ensure that ESG factors and, more broadly, an environmental, regional and inclusion impact rating, are taken into account in the loan approval process. For example, energy performance diagnoses are included in the criteria for granting home loans and new loans to companies in the fossil fuel (coal, oil and gas) and aviation sectors are subject to strict criteria. A training programme for all credit risk analysts is also being developed. The aim is to enable credit analysts to add a dimension to their classical financial research, by giving them the knowledge needed to perform a critical analysis of ESG issues.

- **Market risk:** La Banque Postale's sector risk management policies are taken into account in the investment process and the carbon footprint/intensity of the trading portfolios is calculated quarterly to control their exposure to transition risk.
- **Liquidity risk:** at this stage, La Banque Postale's liquidity profile and the Internal Liquidity Adequacy Assessment Process (ILAAP) developed to control this risk should ensure that it can 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 liquidity buffer is correctly calibrated to absorb climate risk, given the severity of the scenarios used for modelling purposes.

ESG risks map

ESG risks are identified and broken down in La Banque Postale Group's risk map in order to provide an overall view and ensure that all ESG risks are comprehensively managed. The ESG risks map is updated annually to assess its criticality using a common rule applied to all risk categories across the Group. Criticality is determined by combining impact and frequency measurements. It is assessed on a scale of 1 to 4 (minor, moderate, major and critical).

In 2022, the risk-mapping process was upgraded to better incorporate the social, societal and governance dimensions of ESG risks. Given the now-visible and measurable effects of climate change, regulatory expectations in this area and the Group's commitment to setting an example, the criticality of this risk category has been upgraded to "major".

The risk-mapping process has been harmonised at the conglomerate level in order to include the risks associated with insurance activities.

ESG risks is presented as a separate category in the Group's risk map; it includes the following risks:

Risk families	Risks identified	Risk handling	Tracking indicators (I)
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		
1. Environmental risks	Financial risks resulting from climate events and an increase in external constraints linked to the environment, impacting La Banque Postale directly and indirectly through its exposures		
1.1 Climate and physical environment risks	Risks that refer to the financial effects of climate change (such as increased extreme weather events and gradual climate change) and environmental degradation (such as air, water and land pollution, water stress, biodiversity loss and deforestation)	2.3.2.1 Support for energy renovation 2.3.2.6 Opening up access to carbon footprint calculations using Carbo 2.3.8 Promoting the emergence of a circular economy 2.4.1.1 Commitment to combat climate change 2.4.1.2 Commitment to fostering biodiversity 2.4.1.3 Implementing strict exclusion policies 2.4.1.4 Reducing La Banque Postale's environmental footprint 2.4.1.5 Committed procurement policy for suppliers	Exposure of the home loan book to physical risks (flooding and drought)*

(I) Indicators used in La Banque Postale's risk map.

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Environmental, social and governance (ESG) risks

Risk families	Risks identified	Risk handling	Tracking indicators (I)
1.2 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.	2.2.2.4 Training employees in CSR and sustainable finance 2.3.2.1 Support for energy renovation 2.3.2.6 Opening up access to carbon footprint calculations using Carbo 2.3.8 Promoting the emergence of a circular economy 2.4.1.1 Commitment to combat climate change 2.4.1.2 Commitment to fostering biodiversity 2.4.1.3 Implementing strict exclusion policies 2.4.1.4 Reducing La Banque Postale's environmental footprint 2.4.1.5 Committed procurement policy for suppliers 2.4.4.1 Dialogue with stakeholders	Reduction in scope 1 and 2 GHG emissions Level of portfolio alignment with the SBTi pathway Net exposure to fossil fuels Results of the European Central Bank (ECB) Climate Stress Test
2 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		
2.1 Labour risks (employment and employee health and safety practices)	HR risk relating to the failure of the Group's employment and employee health and safety practices	2.2.4.1 Supporting career development 2.2.4.2 Nurturing positive social dialogue to drive transformation 2.2.4.3 Promoting quality of life at work 2.2.4.4 New work practices and the employee experience	Number of positions with a vacancy period of more than four months* Gender Equality Index* Absenteeism rate Proportion of employees trained on psycho-social risks* Employee turnover rate
2.2 Societal risk (customers and suppliers)	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	2.3.3.1 La Banque Postale's accessible banking mission 2.3.5.3 Listening to customers 2.3.4 Assistance to people experiencing financial difficulties 2.3.4.1 Combating banking exclusion with public and non-profit groups 2.3.4.2 L'Appui, the budget assistance platform for customers experiencing financial difficulties 2.4.1.5 Responsible and Ethical Purchasing Charter 2.4.5.2 Preventing tax evasion 2.4.5.3 Protecting personal data and strengthening cybersecurity	Contract compliance rate (inclusion of Duty of Care appendices) Number of supplier contracts covered by the Responsible Purchasing Charter

(I) Indicators used in La Banque Postale's risk map.

Risk families	Risks identified	Risk handling	Tracking indicators (I)
2.2 Societal risk (products and services)	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.	2.2.3 Integrating impact assessments into the bancassurance activities 2.3.2 A range of products that allows customers to play a role in the just transition 2.3.1 Inclusion of ESG criteria in product and service design 2.3.3.1 La Banque Postale's accessible banking mission 2.3.5.3 Listening to customers 2.3.4 Assistance to people experiencing financial difficulties 2.3.4.2 L'Appui, the budget assistance platform for customers experiencing financial difficulties 2.4.1.5.1 Responsible and Ethical Purchasing Charter 2.4.5.2 Preventing tax evasion 2.4.5.3 Protecting personal data and strengthening cybersecurity	Percentage of offers labelled "Socially Responsible"
3. Governance risks	Risks of financial loss and/or reputational damage for La Banque Postale linked to the failure of the rules and procedures implemented to soundly manage, administer and control the environmental and social aspects of the Group's business		
3.1 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	2.1.3 Mission-led company governance 2.2.2.3 Sustainability governance to support the impact culture 2.2.3 Integrating impact assessments into the Bank's activities 2.3.1 Integrating ESG issues into the bancassurance business 2.4.2.3.2 Gender equality	Percentage of women managers and strategic executives, percentage of women on the Executive Committee and the Supervisory Board*
3.2 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	2.2.2.3 Sustainability governance to support the impact culture 2.4.4.1.3 Regular dialogue with non-financial ratings agencies	Proportion of commitments under supervision and control
3.3 Reputational risk	Risk of damage to La Banque Postale's reputation following its involvement in social conflicts or environmental controversies	2.2.3 Integrating impact assessments into the Bank's activities 2.3.1.4.1 Integrating ESG issues into LBP AM's asset management business 2.4.1.3 Implementing strict exclusion policies	Operational risk ratings**
3.4 Compliance risk (Ethics)		2.4.1.3.1 Responsible financing and investment charter 2.4.1.5.3 Sapin II compliance and duty of care 2.4.5.1 Ethics: better risk management for business 2.4.5.2 Preventing tax evasion	Operational risk ratings**

* Indicators integrated into La Banque Postale's risk appetite system

** The risk rating is calculated at the level of operational risks, not ESG risks.

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6.8.4 Measuring and monitoring the balance sheet impact of ESG risks

6.8.4.1 Measuring exposure to ESG risks

In order to manage ESG risks, La Banque Postale has defined several metrics at different levels of the organisation, covering both its operational scope and its banking businesses.

The non-financial rating indicator has been incorporated into the risk appetite system since 2021. As the Bank's objective is to remain a 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.

The impacts of climate change and any failure to manage the related risks may generate a reputational risk for La Banque Postale. This risk is addressed at Group level as part of the operational risk-mapping process. It includes the risks associated with all actions that may have a direct or indirect impact on the Group's reputation among the public, its shareholders, supervisors or the market.

In addition to these Group level ESG risks indicators, La Banque Postale has developed specific indicators for monitoring climate risks and social and societal risks. These indicators are calculated based on methodologies defined by La Banque Postale as informed by applicable regulations, best market practices and available data. Estimates have been calibrated to optimise the coverage of certain banking books when data is lacking or is of poor quality. The methodologies, data and assumptions used are subject to a process of continuous improvement, with the aim of achieving the most accurate calculations and assessments possible.

These indicators are presented below.

6.8.4.2 Measuring exposure to environmental and climate risks

6.8.4.2.1 Physical risk

Climate change exposes La Banque Postale to physical risks, both directly as a company, and indirectly through the counterparties (companies and individuals) that it finances.

Two indicators are used to monitor these risks:

- **Exposure of La Banque Postale's buildings to the risk of flooding under a once-a-century flood scenario:** this indicator, monitored as part of the Group's operational risk-mapping process, measures the exposure of La Banque Postale's main buildings to the risk of flooding under a once-in-a-century flood scenario. Models are used to assess this physical risk more effectively and

ensure that La Banque Postale will not be exposed to any business continuity risk.

- **Exposure of Real Estate Financing to physical risks (flooding):** this indicator measures the exposure of the buildings financed by the Group to the risk of flooding (corporate home loans and home loans), identifies the assets most at risk and defines the management strategy to be adopted if necessary. **96% of residential home loan books are in France. In 2021, 3.4%⁽¹⁾ of the assets were subject to the risk of flooding, of which 52% were assets located in Île-de-France, and 6% in the Indre et Loire region.**

A more general measurement of the Bank's exposure to physical risks (floods, forest fires, cyclones/hurricanes, rising sea levels, water stress, drought/heat waves) from its lending activities was carried out for corporate and home loans (see Section 6.8.8 "Indicators of climate change physical risk").

6.8.4.2.2 Transition risk

La Banque Postale uses five indicators to measure its exposure to transition risk:

- **Level of alignment with the SBTi low-carbon pathway:** La Banque Postale is committed to reducing its direct and indirect greenhouse gas emissions by 2030, in line with its SBTi pathway commitments. The gap between the expected pathway and the actual reduction achieved by La Banque Postale is measured annually.

- **Financed emissions:** this indicator measures the proportion of greenhouse gas emissions financed by La Banque Postale. The methodology uses data published by La Banque Postale's customers and external data providers, and sector estimates based in particular on the emissions factors produced by the International Partnership for Carbon Accounting Financials (PCAF) initiative. In 2021, financed emissions calculated for La Banque Postale's corporate and home loan books (**approximately 91% of the banking book was covered by the indicator in 2022**) represented **10,288 ktCO₂⁽²⁾**.

- **Carbon intensity:** La Banque Postale measures the carbon intensity (scopes 1 and 2) of its corporate and investment banking portfolios in order to quantify the impact of each transaction (bond management) and guide business decisions in light of their climate impact. In 2022, the carbon intensity of La Banque Postale's corporate and investment banking portfolios amounted to 352 tCO₂/€m for the non-financial corporate loan book and 16 tCO₂/€m for the financial corporate loan book.

(1) 2022 data unavailable at publication of this document.

(2) 2022 data unavailable at publication of this document.

- **Sector-specific exposures:** La Banque Postale assesses its net position in the coal, oil and gas sectors in accordance with its climate policies for these sectors. Gross exposure corresponds to La Banque Postale's outstanding loans to companies on the reference lists in the identified sectors. Net exposure corresponds to gross exposure adjusted for the exceptions mentioned in the relevant sector-specific policies (for the coal sector: adoption of a credible, detailed public coal exit strategy per asset, in line with the objectives of the Paris Agreement; for the oil and gas sector: adoption of a robust transition plan for exiting the oil and gas sector before 2040 (e.g., SBT commitments)). La Banque Postale is committed to having zero net exposure to the fossil fuel sector by 2030. In 2022, La Banque Postale had already almost met this objective, with its net exposure to fossil fuels representing 0.01% of its corporate loan book.

- **European Green Taxonomy green asset ratio:** By calculating its taxonomy eligibility ratio under the European Green Taxonomy, La Banque Postale ensures that its lending and investing activities contribute to the climate transition and that green assets represent a sufficiently large proportion of the Group's total assets to fulfil its commitments and strategic objectives. Work is in progress to align La Banque Postale's portfolios with the Taxonomy. In 2022, La Banque Postale's taxonomy eligibility ratio was 53% (50% under the "mandatory" approach and 3% under the "voluntary" approach, i.e., 53% in total) – see Section 6.8.9 "Assets used to calculate the green asset ratio".

All of these indicators are included in a dashboard and regularly reported to the Group Risk Management Committee.

6.8.4.3 Measuring exposure to social and societal risks

La Banque Postale ensures that it meets its commitments to customers and employees, notably by including a certain number of social and societal indicators in its risk appetite system. These risk factors are closely linked to the Bank's operational and compliance risk management systems:

- Social risks are covered for the most part by the "employment practices and occupational health and safety" operational risk family.
- Societal risks are closely linked to the "customer, product and sales practices" operational risk family, which also includes compliance risks.

La Banque Postale includes the following indicators in its risk appetite system:

- **Customer satisfaction score:** this is calculated as part of the "*La Voie du Client*" customer pathway process and is used to compare La Banque Postale's performance with that of other market players. This indicator is integrated into the strategic and business risk monitoring system. **In 2022, the average global satisfaction score for La Banque Postale is 7.4/10, with an NPS of 6 in fourth-quarter 2022, which is 5 points higher than in 2021.**
- **Gender Equality Index:** this indicator enables La Banque Postale to measure its performance in relation to its gender equality objectives. It is calculated by taking into account the gender pay gap, the gender gap in individual pay increases, the gender 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 highest paid employees (see Section 2.4.2 – "Equal opportunities within the Bank, through broad initiatives on inclusion").

In 2022, La Banque Postale scored 92/100 on its Gender Equality Index. In order to provide attractive career development opportunities for both men and women, enhance the internal social climate and offer employees a better work-life balance, since 2022 social and societal risks have been addressed in more detail in La Banque Postale's Risk Management Operational Policy.

6.8.4.4 Measuring exposure to governance risks

Governance risk has also been incorporated into La Banque Postale's risk appetite system. Governance risk is closely linked to the "customers, products and sales practices" operational risks family, which also includes compliance risk, and is therefore covered by the operational and compliance risk management framework.

La Banque Postale includes the following indicators in its risk appetite system:

- **Proportion of women on the Executive Committee and the Supervisory Board:** La Banque Postale is committed to promoting gender parity within its teams and at senior management level. An indicator measuring the proportion of women among the members of the Executive Committee and the Supervisory Board has been defined to facilitate monitoring of this commitment (see Section 2.4.2 "Equal opportunities within the Bank, through broad initiatives on inclusion"). The indicator is calculated annually. **In 2022, women represented 33% of the Executive Committee and 40% of the Supervisory Board.**

- **Percentage of offers labelled "Socially Responsible":** an offer is labelled as "Socially Responsible" if it fulfils a minimum number of criteria on the ESG checklist developed by La Banque Postale in order to classify offers proposed to its customers. This checklist ensures that all new products are screened for ESG risks and impacts. **From September 2021, 59% of offers were labelled "Socially Responsible". In 2022, 64% carried the label.**

Governance risk has also been addressed in La Banque Postale's Risk Management Operational Policy since 2022.

6.8.4.5 Incorporation of short, medium and long-term effects of environmental and social factors and associated risks into the Group's risk management framework

An ESG Risks Management Policy has been defined by the Group Risk Department in order to monitor these risks over different time horizons. In accordance with the double materiality principle, the objective is twofold: to control the impact of climate change on La Banque Postale's businesses and to control La Banque Postale's impact and that of its businesses on the environment and the transition to a more sustainable economy. Remedial plans are defined to control identified potential impacts. The measurement and assessment of ESG risks is based on existing measurement systems, depending on the quantified risk, but also on dedicated systems.

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These may take the form of sector-specific policies, reviews and adjustments of La Banque Postale's internal processes, or stronger control and monitoring arrangements. For example, La Banque Postale has defined policies for exiting the coal, oil and gas sectors by 2030, while the aviation policy adopted in 2022 will define the Bank's financing and investment policy in this key transition sector.

As well as defining these sector-specific policies, La Banque Postale participated in the two climate stress test exercises conducted respectively by France's banking supervisor (*Autorité de contrôle prudentiel et de résolution* - ACPR), in 2020 and by the ECB in the first half of 2022. These exercises highlighted the impacts of the risks concerned over different time horizons (short and long term).

The pilot climate stress test exercise conducted by the ACPR between July 2020 and April 2021 provided La Banque Postale with its first opportunity to measure the Group's transition risk and physical risk by economic sector and over a long period (30 years). The objective was to raise awareness of climate risk among financial institutions and – for the first time – to measure their vulnerability to this risk (impact on credit risk, market risk and sovereign risk).

This exercise was followed up and complemented by the 2022 stress tests conducted by the ECB to assess European banks' preparedness for the occurrence of climate risks through a qualitative questionnaire, quantitative reporting and a scenario analysis exercise. La Banque Postale was assessed on its internal stress-testing system, its exposure to carbon-intensive sectors (measured in terms of revenue) and its ability to cope with climate shocks according to several scenarios (NCFs transition scenarios, severe drought and flooding).

Based on the results of these exercises, La Banque Postale's overall performance is in line with the average for euro zone banks. Its portfolio's exposure to the most carbon-intensive sectors is limited and its concentration on the most carbon-intensive firms is low. The crisis simulation exercise provided an opportunity to collect additional data on climate risk exposure under different time horizons and scenarios.

An internal stress testing framework has been developed by leveraging the experience acquired during these exercises and gradually adapting the exercises to the specific context of La Banque Postale and its commitments.

The stress test data, combined with the ESG risks management work, provide a basis for discussions on the integration of ESG factors into La Banque Postale's internal capital adequacy assessment process (ICAAP).

6.8.4.6 Activities, commitments and exposures that help to mitigate social and environmental risks

All of La Banque Postale's businesses are conducted in strict compliance with the Sustainable Finance strategy defined at Group level in order to ensure that social and environmental risks are mitigated. As a mission-led company, La Banque Postale is committed to:

- transforming the bancassurance model by leveraging its environmental, social and regional impact culture;
- developing and promoting products and services that meet environmental, social and regional challenges;
- advancing best practices and regulatory standards in the bancassurance sector through the Bank's best-in-class actions.

La Banque Postale's corporate purpose, as defined in its Articles of Association, includes a commitment to take into account the social and environmental impacts of its businesses. Several indicators have been or are in the process of being developed to enable the Mission Committee to regularly monitor performance in relation to this commitment (see Section 2.1 "La Banque Postale becomes a mission-led company").

6.8.5 Incorporation of ESG risks into the banking model

6.8.5.1 Internal strategy for taking ESG issues into account

Remedial plans are drawn up to control the potential short, medium- and long-term impact of identified risks on La Banque Postale's business. These remedial plans may take the form of sector-specific risk management policies,

reviews and adjustments of the Bank's internal processes, or stronger control and monitoring mechanisms.

For example, La Banque Postale has specific policies for the coal and oil and gas sectors.

COAL POLICY	OIL & GAS POLICY
<p>The objective of La Banque Postale's Coal Policy is to define the principles to be applied in order to fulfil its commitment to completely exit the coal sector by 2030.</p> <p>La Banque Postale undertakes not to finance/invest in coal mining companies, coal plant operators and other coal-related businesses – and to divest its interests in any such businesses – in accordance with the criteria described in the Risk Management Policy – Coal Sector. An exception applies if any company concerned has adopted a credible public coal exit strategy, presented asset by asset, that is consistent with the goals of the Paris Agreement.</p>	<p>The objective of La Banque Postale's Oil and Gas Policy is to define the principles applicable at the level of the Group to fulfil its commitment to exit the oil and gas sectors by 2030. The commitment concerns companies that do not have a robust transition plan to exit these sectors before 2040.</p> <p>To fulfil this commitment, La Banque Postale undertakes, in accordance with the criteria set out in the Policy:</p> <ul style="list-style-type: none"> ▪ Not to finance any energy projects based on oil and gas; ▪ To no longer provide financial services (credits, account keeping, payment media, factoring facilities, etc.) and to manage any existing loans and services on a run-off basis; ▪ Not to invest and to divest any interests in these companies by 2030 at the latest.

La Banque Postale also incorporates climate and environmental risks into its strategy and model through its numerous commitments, such as the Principles for Responsible Banking (PRB), Finance for Biodiversity Pledge and its low-carbon pathways. It is the first European bank and one of the first three in the world to have adopted SBTi-approved pathways for aligning its portfolios with the Paris Agreement. These pathways enable the Bank to identify its most carbon-intensive exposures and to deploy action plans. More specifically, approval of these pathways represents a commitment by La Banque Postale to:

- reduce its scope 1 & 2 GHG emissions over the period 2019-2030 (emissions from the Bank's vehicle fleet and some buildings);
- continue to source 100% of its electricity from renewable sources;
- reduce indirect scope 3 GHG emissions (mainly related to the home loan book);
- continue to only finance energy projects based on renewable energy;
- 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) (according to the "Temperature Scoring" method developed by the SBTi);
- align the temperature of its long-term corporate loan book 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 (Scopes 1, 2 and 3) (see Section 2.4.1.1.2 "Pathways to reducing greenhouse gas emissions").

Remuneration policy is another lever for taking social and environmental risks into account in the Bank's model. La Banque Postale is committed to offering a fair remuneration scheme that gives all employees a stake in the Bank's performance and its contribution to sustainable development. A budget has been allocated to reducing the pay gap between men and women in comparable professional roles (see Section 2.4.2.3.2 "Gender equality"). In addition, since 2021, the profit-sharing paid to employees has been calculated using a method that takes into account La Banque Postale's non-financial rating (for 25%).

6.8.5.2 A range of products and tools that take ESG issues into account

In order to achieve these ambitious objectives, the Sustainability Department, supported by the Group Risk Department, is responsible for steering the operational implementation of the strategic plan's overall sustainability aspects and specific ESG aspects, by helping the business lines to deploy an appropriate offer.

La Banque Postale is developing new banking tools and products, building a sustainable offer that spans all banking products in order to help customers move towards the just transition (see Section 2.3 "Develop and promote products and services that meet social and regional challenges"). The offers are being eco-designed with the help of specific indicators. The ESG checklist ensures that ESG issues are taken into account in the design of all the Bank's products. The checklist is a mandatory document to be presented to the Product Review Committee for all new products, which measures how the offer helps customers move towards the just transition (by reducing inequalities, promoting a more virtuous eco-system, measuring positive and contributory impacts, making customers more socially responsible).

Use of the Impact Weighting Factor (*Indice d'impact global - IIG*) currently under development will strengthen analysis of the environmental and social impact of the Group's loans. The IIG will be used to inform banking advisors about these impacts when granting loans to individuals and companies (see Section 2.3 "Develop and promote products and services that meet environmental, social and regional challenges").

Lastly, a carbon impact measurement tool developed in partnership with the start-up Carbo and incubated by Platform58 is now offered to all customers, allowing them to measure the impact of their transactions and purchase carbon offsets, if appropriate, through the Carbo app and the online bank.

With regard to the product line-up, La Banque Postale has developed a comprehensive range of financing solutions for home insulation projects. These include *Prêt Avance Rénovation*, which combines climate action with social inclusion, and an impact consumer finance solution, the first of its kind on the market, which offsets the use of the goods. La Banque Postale also offers solidarity savings products that allow customers to use their savings to

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finance non-profits or social economy enterprises.

For companies or local authorities, La Banque Postale offers green loans dedicated to environmental projects and impact loans whose interest rate is indexed to non-financial performance.

Lastly, the Group's asset management company, La Banque Postale Asset Management, offers socially responsible investment (SRI) options to investors seeking to combine sustainable development with an attractive return, developing its own methodology known as GReaT (see Section 2.3 "Develop and promote products and services that meet environmental, social and regional challenges").

6.8.6 ESG risks monitoring and reporting

6.8.6.1 Risk monitoring

Internal control and monitoring of ESG risks within La Banque Postale is based on the three lines of defence model.

First line of defence

Primary responsibility for ESG risks management lies with the Group entities, whose managers are responsible for implementing a risk management system that complies with internal and external requirements. At the same time, each employee provides assurance that risks are properly managed at their level through their knowledge, experience, judgement and compliance with their entity's rules. The Sustainability Department, supported by the Group Risk Department, is also responsible for steering the operational implementation of the ESG aspects of the strategic plan. As a result, the business lines' operational departments and the ESG experts constitute the first line of defence.

Second line of defence

The Group Risk Department's ESG Risks unit verifies the proper implementation of the level 2 ESG risks management framework, 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. It also oversees the coordination and harmonisation of work on the risk management system with the subsidiaries and within the Group. The Group Compliance Department (GCD) supports the monitoring of Social and Governance risks (please refer to part 2 on governance for more details).

Third line of defence

The Internal Audit Department acts as the last line of defence by performing periodic controls on all of the Group's entities. The system is described in La Banque Postale Group's Periodic Controls Charter. ESG risks are an integral part of the Internal Audit Department's audit programme.

6.8.6.2 Reporting

ESG risks are included in the commitments covered by the La Banque Postale's risk appetite system and are therefore reported internally on the dashboard submitted to the Group Risk Management Committee. These internal reports provide information on La Banque Postale's exposure to physical and transition risks based on internal indicators. In addition, La Banque Postale's portfolios are analysed to assess and manage the Bank's exposure to ESG risks on a consolidated basis. Lastly, specific analyses of the Bank's portfolios may be carried out from time to time in response to specific information needs.

In addition, external publications are communicated by La Banque Postale in accordance with regulatory requirements to guarantee the transparency of information about its activities and its exposure to ESG risks. La Banque Postale also participates in market exercises conducted by the supervisory bodies and also by the banking sector (stress tests, portfolio alignment measurement exercises, etc.), and reports the results as required.

Access to data is crucial for all of these reports and La Banque Postale relies for these exercises on various external suppliers to provide sufficiently detailed and reliable information. An ESG platform project has been launched to centralise all ESG-related data and ensure that it is used consistently.

6.8.7 Indicators of climate change transition risk

This section covers the tables required under Pillar III ESG disclosures. The format and content of the tables correspond to the templates for ESG disclosures set by the regulator. The information presented was based on the Bank's own interpretation of the regulations, but was also benchmarked against the French financial markets in order to strive for maximum consistency regarding the data included and thereby promote transparency and comparability between different institutions.

To meet all such requirements, the Bank was compelled to make estimates and assumptions in order to compensate for the lack of data and the absence of common standards for certain concepts. The methodology used is explained and any estimates used have been specified for each of the following tables.

6.8.7.1 Credit quality of exposures by sector, emissions and residual maturity

The purpose of this table is to assess La Banque Postale's transition risk exposure to non-financial companies. They provide information about loans and advances, and debt and equity instruments. The main points analysed are firstly the quality of the portfolio and the proportion of companies that would be excluded from the Paris-aligned Benchmark.

Environmentally sustainable exposures (column c) and financed greenhouse gas emissions (columns i, j, and k) will be reported later in line with the transition phase, in accordance with the regulation.

Companies excluded from the Paris-aligned Benchmark

In particular, these reports aim first of all to highlight La Banque Postale's exposure to companies whose activity is not compatible with the Paris Agreement (excluded from

the Paris-aligned Benchmark), based on data on the contribution to sector revenue of non-financial companies as specified by points (d) to (g) of Article 12.1 and Article 12.2 of the Climate Benchmark Standards Regulation (Delegated Regulation (EU) 2020/1818)⁽¹⁾.

Due to the absence of a reference list or precise data that would allow these companies to be clearly identified, La Banque Postale has developed a methodology that comes close to meeting this objective and is identifying these companies in two stages:

- The first stage consists of identifying the companies whose business is mentioned in the delegated regulation, based on its sector identifier (NACE code) and on the companies listed in the "Global Oil & Gas Exit List" (GOGEL)⁽²⁾ or the "Global Coal Exit List" (GCEL)⁽³⁾ published by the NGO Urgewald. The sectors identified are: extraction, distribution and refining of hard coal and lignite; extraction, distribution and refining of oil fuels; extraction, manufacturing and distribution of gaseous fuels; and electricity generation.
- The second stage consists of excluding from the pre-selected companies those companies with a low-carbon pathway approved by the Science Based Target (SBTi) initiative, or whose main activity is the production of electricity from renewable energy sources.

Under this methodology, the total exposure to companies excluded from the Paris-aligned Benchmark represents €573 million, of which €415 million corresponding to the financing of activities related to the energy transition (renewable energies).

Lastly, La Banque Postale is preparing to calculate greenhouse gas emissions at the level of granularity required by this reporting system in accordance with the regulatory timeline. It will not only use emissions data published by its counterparties but also emissions estimates, in order to cover the portfolio concerned by the analysis as completely as possible.

(1) Delegated Regulation (EU) 2020/1818, Art. 12.
(2) <https://gogel.org/>
(3) <https://www.coalexit.org/>

6. Risk factors – La Banque Postale Group Pillar III information

Environmental, social and governance (ESG) risks

Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity (Template 1) 1/2

Sector/Subsector	a	b	c	d	e
	Gross carrying amount (in € millions)				
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures
1 Exposures towards sectors that highly contribute to climate change	21,200	469		2,604	306
2 A - Agriculture, forestry and fishing	24	-		5	0
3 B - Mining and quarrying	13	0		0	-
4 B.05 - Mining of coal and lignite	-	-		-	-
5 B.06 - Extraction of crude petroleum and natural gas	0	0		-	-
6 B.07 - Mining of metal ores	0	-		-	-
7 B.08 - Other mining and quarrying	13	-		0	-
8 B.09 - Mining support service activities	0	-		-	-
9 C - Manufacturing	1,354	8		238	66
10 C.10 - Manufacture of food products	186	0		10	3
11 C.11 - Manufacture of beverages	106	-		0	1
12 C.12 - Manufacture of tobacco products	-	-		-	-
13 C.13 - Manufacture of textiles	6	-		-	0
14 C.14 - Manufacture of wearing apparel	28	-		0	-
15 C.15 - Manufacture of leather and related products	2	-		0	-
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	30	-		2	0
17 C.17 - Manufacture of paper and paper products	39	-		3	0
18 C.18 - Printing and reproduction of recorded media	45	-		30	0
19 C.19 - Manufacture of coke and refined petroleum products	1	1		0	-
20 C.20 - Manufacture of chemicals and chemical products	38	1		2	-
21 C.21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations	67	-		0	10
22 C.22 - Manufacture of rubber and plastic products	46	6		8	1
23 C.23 - Manufacture of other non-metallic mineral products	36	-		1	0
24 C.24 - Manufacture of basic metals	19	-		0	14
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	89	-		8	15
26 C.26 - Manufacture of computer, electronic and optical products	50	-		11	-
27 C.27 - Manufacture of electrical equipment	17	0		2	0
28 C.28 - Manufacture of machinery and equipment n.e.c	75	-		12	2
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	249	-		140	15
30 C.30 - Manufacture of other transport equipment	88	-		0	1
31 C.31 - Manufacture of furniture	8	-		-	0
32 C.32 - Other manufacturing	38	0		1	0
33 C.33 - Repair and installation of machinery and equipment	88	0		7	0
34 D - Electricity, gas, steam and air conditioning supply	1,937	379		331	3
35 D35.1 - Electric power generation, transmission and distribution	1,007	290		169	3
36 D35.11 - Production of electricity	955	284		169	0
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	175	15		3	-
38 D35.3 - Steam and air conditioning supply	33	6		-	-

* In accordance with the Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks – Climate Benchmark Standards Regulation – Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

Risk factors - La Banque Postale Group Pillar III information
 Environmental, social and governance (ESG) risks

f	g	h	i	j	k	l	m	n	o	p	
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (in € millions)			Financed GHG emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tonnes of CO2 equivalent)								
					GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 years	> 10 years	<= 20 years	> 20 years	Weighted average maturity
	Of which stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions							
(272)	(164)	(79)				17	5	1	0	5.2	
(l)	0	0				11	2	-	0	4.6	
0	0	-				-	-	-	-	-	
-	-	-				0	-	-	0	-	
-	-	-				0	-	-	0	4.0	
0	-	-				11	2	-	0	4.6	
0	0	-				0	-	-	0	5.0	
-	-	-				0	-	-	0	5.0	
(31)	(9)	(19)			1,068	185	81	19	3.7		
(2)	0	(1)			130	45	8	3	4.5		
0	0	0			74	30	0	2	3.6		
-	-	-			-	-	-	-	-		
0	-	0			3	3	-	0	5.0		
0	0	-			28	0	-	0	2.0		
0	0	-			1	1	-	0	3.9		
0	0	0			20	8	2	0	4.9		
0	0	0			30	8	-	1	3.1		
0	0	0			44	0	-	1	1.3		
0	0	-			1	-	-	0	2.1		
(l)	0	-			33	4	-	1	2.7		
(5)	0	(5)			53	11	1	1	2.6		
(l)	0	0			34	12	-	1	3.6		
0	0	0			25	10	-	1	3.6		
(2)	0	(2)			18	1	-	0	3.7		
(5)	0	(5)			77	10	1	1	3.4		
(l)	(l)	-			36	10	3	1	3.9		
0	0	0			15	0	2	0	4.0		
(2)	0	(1)			40	2	32	1	7.7		
(9)	(6)	(2)			234	12	-	4	2.7		
0	0	0			86	0	-	1	2.4		
0	-	0			8	0	-	0	2.5		
0	0	0			37	1	-	1	1.4		
0	0	0			43	12	31	1	7.2		
(42)	(37)	0			593	408	715	221	10.2		
(8)	(5)	0			333	163	365	145	10.2		
(8)	(5)	0			302	151	360	141	10.5		
0	0	-			157	-	15	3	3.1		
0	-	-			7	1	25	1	13.0		

6.

6. Risk factors - La Banque Postale Group Pillar III information

Environmental, social and governance (ESG) risks

Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity (Template 1) 2/2

Sector/Subsector	a	b	c	d	e
	Gross carrying amount (in € millions)				
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Regulation (EU) 2020/1818	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	
39 E - Water supply; sewerage, waste management and remediation activities	260	0		11	0
40 F - Construction	1,480	12		139	9
41 F.41 - Construction of buildings	727	-		120	2
42 F.42 - Civil engineering	538	11		7	1
43 F.43 - Specialised construction activities	210	1		12	6
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,915	40		320	32
45 H - Transportation and storage	1,683	1		505	57
46 H.49 - Land transport and transport via pipelines	772	1		65	3
47 H.50 - Water transport	61	-		58	0
48 H.51 - Air transport	376	0		316	54
49 H.52 - Warehousing and support activities for transportation	441	0		64	0
50 H.53 - Postal and courier activities	33	-		1	-
51 I - Accommodation and food service activities	283	-		122	27
52 L - Real estate activities	12,252	29		932	112
Exposures towards sectors other than those that highly contribute to climate change*					
53	8,547	104		1,572	355
54 K - Financial and insurance activities	3,201	33		723	35
55 Exposures to other sectors [NACE codes J, M - U]	5,346	71		849	321
56 TOTAL	35,051	573		4,176	661

* In accordance with the Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks - Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

Risk factors - La Banque Postale Group Pillar III information
 Environmental, social and governance (ESG) risks

f	g	h	i	j	k	l	m	n	o	p
Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (in € millions)			Financed GHG emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tonnes of CO2 equivalent)							
					GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 years	>10 years	<= 20 years	Weighted average maturity
Of which stage non-performing exposures	Of which 2 exposures	Of which Scope 3 financed emissions								
0	0	0				66	63	64	67	13.1
(9)	(4)	(2)				1,050	191	134	105	6.0
(6)	(3)	(1)				450	77	106	94	8.2
(1)	0	0				407	101	22	8	4.0
(2)	0	(1)				193	13	0	3	3.2
(40)	(22)	(14)				1,450	378	60	27	4.0
(50)	(45)	(2)				732	533	325	92	7.4
(15)	(12)	(1)				447	157	141	27	6.5
0	0	0				22	38	-	1	6.0
(30)	(28)	(1)				107	207	57	5	6.9
(5)	(4)	0				124	131	127	59	10.1
0	0	-				32	-	-	0	2.0
(19)	(10)	(8)				130	48	65	39	9.6
(80)	(36)	(33)				4,108	1,585	3,901	2,657	12.2
(296)	(157)	(116)				5,422	1,615	971	539	5.9
(125)	(93)	(23)				2,159	670	235	136	4.6
(171)	(64)	(93)				3,263	945	735	403	6.6
(567)	(321)	(195)				14,647	5,014	6,319	7,638	8.8

6.

6. Risk factors - La Banque Postale Group Pillar III information

Environmental, social and governance (ESG) risks

6.8.7.2 Energy efficiency of real estate financing

The purpose of this table is to assess the exposure of La Banque Postale's real estate financing portfolios to transition risk. The analysis here is based on energy performance labels and the energy consumption of each property.

This table covers all real estate financing granted by La Banque Postale to individual and business customers. In order to reflect the specific features of the real estate finance market in France and to ensure consistency of treatment with European Green Taxonomy reporting data, the Bank decided to go beyond EBA requirements and to consider real estate financing regardless of the type of collateral or guarantee (including loans guaranteed by Crédit Logement). This represents a total of around €84 billion for La Banque Postale.

Energy performance labels were obtained from two different data sources:

- some energy performance labels were obtained when home loans were granted or recovered by performing reconciliations with the ADEME energy performance diagnosis database;
- other energy performance labels were obtained from a data provider and estimated using machine learning techniques.

All actual, reconciled or estimated energy performance data correspond to the Residential Property energy performance diagnosis standards in force before 1 July 2021. Work will be carried out to perform the analysis based on the new methodology.

At 31 December 2022, energy performance labels were:

- obtained for 39% of residential property;
- estimated for 42% of residential property and 40% of commercial property.

In all cases, the buildings' energy use expressed in kWh/year was estimated from collected energy performance diagnoses or estimated.

Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral (Template 2)

Counterparty sector																Total gross carrying amount (in € millions)										Without EPC label of collateral	Of which level of energy efficiency (EP score in kWh/sq.m of collateral) estimated							
																Level of energy efficiency (EP score in kWh/sq.m of collateral)						Level of energy efficiency (EPC label of collateral)												
																0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G						
1	Total EU area		84,423	4,443	33,015	17,023	3,932	101	1,262	854	1,616	6,247	11,289	6,298	1,837	850	55,431											53%						
	Of which Loans collateralised by commercial immovable property		7,037	214	1,549	657	189	-	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,037	40%							
2	Of which Loans collateralised by residential immovable property		77,386	4,228	31,465	16,366	3,743	101	1,056	854	1,616	6,247	11,289	6,298	1,837	850	48,395													55%				
3	Of which Collateral obtained by taking possession: residential and commercial immovable properties		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								
4	Of which Level of energy efficiency (EP score in kWh/sq.m of collateral) estimated		84,423	4,443	33,015	17,023	3,932	101	1,262															32,192										
5	Total non-EU area		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
6	Of which Loans collateralised by commercial immovable property		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
7	Of which Loans collateralised by residential immovable property		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
8	Of which Collateral obtained by taking possession: residential and commercial immovable properties		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
9	Of which Level of energy efficiency (EP score in kWh/sq.m of collateral) estimated		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
10	Of which Loans collateralised by commercial immovable property		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						

6.8.7.3 Sector-specific low-carbon pathways

La Banque Postale became a founding member of the Net Zero Banking Alliance (NZBA) in April 2021 and has already calculated low-carbon pathways for several sectors identified as priorities (real estate, transport, energy).

To date, the calculation approaches do not enable the reporting to be completed in accordance with EBA requirements, in particular with regard to the timescale of these pathways. Work will be carried out to enable the reports to be produced in accordance with the regulatory timeline (30 June 2024). The pathways are nonetheless presented in detail in Chapter 2 of this document.

6.8.7.4 Exposure to the world's top 20 polluters

The purpose of these reports is to identify La Banque Postale's exposure to the world's top 20 carbon-intensive firms. These reports cover non-financial companies financed by La Banque Postale. They provide information about loans and advances, and debt and equity instruments. In total, the scope covered represents approximately €35 billion.

As no shared or benchmark list is currently available to identify the top 20 companies concerned, the list proposed by the Climate Accountability Institute⁽¹⁾ was used by La Banque Postale for the year ended 31 December 2022.

On the basis of this list, one company has been identified in La Banque Postale's portfolio, for a total amount of €65 million, representing 0.2% of the assets covered by the analysis. 96% of this amount corresponds to activities classified as "environmentally sustainable" (financing of the energy transition and renewable energy projects). The proposed definition of "sustainable" in this reporting framework will be aligned with that set out in the European Green Taxonomy as soon as this analysis has been completed at La Banque Postale level.

Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms (Template 4)

(in € millions)

a	b	c	d	e
Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)**	Weighted average maturity	Number of top 20 polluting firms included
1	65	0.2%	63	9.8

* For counterparties among the top 20 carbon emitting companies in the world

** Financing of the energy transition and renewable energy projects

6.8.8 Indicators of climate change physical risk

For Pillar III ESG reporting purposes, the analyses underpinning the assessment of physical risk cover La Banque Postale's corporate loan book and home loan books (residential and commercial real estate).

In light of IPCC recommendations on physical risks to infrastructure⁽²⁾, the physical risk categories considered for these reports are as follows:

Extreme events	Chronic physical risks
Flooding	Rising sea levels
Forest fires	Water stress
Cyclones / Hurricanes	Drought

(1) <https://climateaccountability.org/>

(2) IPCC. 2022. Climate Change 2022: Impacts, Adaptation and Vulnerability, Chapter 16: key risks across sectors and regions, 16.5.2.3.3 Risk to critical physical infrastructure and networks (RKR-C).

6. Risk factors - La Banque Postale Group Pillar III information

Environmental, social and governance (ESG) risks

La Banque Postale relied on external data to assess the physical risk:

- For its non-financial corporate lending scope:
 - 7% of the loan book was covered by physical risk data at company level, with an analysis of all assets combined with the company's economic activities across the value chain (large groups).
 - 19% was analysed on the basis of a physical risk score proxy at sector level.
- For the real estate lending scope, the analysis was carried out based on physical risk scores at NUTS3 level

(equivalent to the "département" level in France), covering:

- 91% of the residential real estate book,
- 77% of the commercial real estate book.

At 31 December 2022, La Banque Postale is subject to physical risk on:

- 4% of its exposures to non-financial companies;
- 28% of its exposures to residential property;
- 9% of its exposures to commercial property.

Banking book - Climate change physical risk: Exposures subject to physical risk (Template 5)

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount (in € millions)														
	of which exposures sensitive to impact from climate change physical events														
	Breakdown by maturity bucket														
	> 5 years ≤ 5 years	> 10 years ≤ 10 years	> 20 years ≤ 20 years	> 20 years	Weighted average maturity		Impact from chronic climate change events	Impact from acute climate change events	Impact from both chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
A - Agriculture, forestry and fishing	24	0	-	-	-	1.7	0	0	0	-	-	-	-	-	-
B - Mining and quarrying	13	0	-	-	-	4.2	0	-	-	-	-	0	-	-	-
C - Manufacturing	1,354	87	55	3	-	4.9	145	0	0	4	2	(1)	0	(1)	
D - Electricity, gas, steam and air conditioning supply	1,937	256	52	46	-	4.7	354	3	3	33	-	(8)	(8)	-	
E - Water supply; sewerage, waste management and remediation activities	260	17	16	-	-	4.7	33	-	-	-	-	0	-	-	
F - Construction	1,480	1	-	-	-	1.0	1	-	-	-	-	0	-	-	
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,915	55	14	-	-	4.0	63	23	17	14	1	(1)	0	0	
H - Transportation and storage	1,683	110	86	66	-	6.9	260	3	-	139	1	(19)	(19)	0	
L - Real estate activities	12,252	1	-	-	-	2.0	1	-	-	1	-	0	0	-	
Loans collateralised by residential immovable property	77,386	2,169	2,949	11,109	5,608	15.3	16,219	6,901	1,285	4,868	186	(108)	(43)	(58)	
Loans collateralised by commercial immovable property	7,037	160	169	288	-	9.1	527	96	5	128	23	(12)	(2)	(9)	
Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

6.8.9 Assets used to calculate the green asset ratio

6.8.9.1 Context of the European Green Taxonomy

Article 8 of the European Green Taxonomy Regulation (Regulation (EU) 2020/852 of 18 June 2020) provides for the publication of indicators on the contribution of the investments underlying financial products 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, (vi) protection and restoration of biodiversity and ecosystems.

Delegated Regulation (EU) 2021/2178 of 6 July 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 is adhering to this timeline for its activities that have been identified as Taxonomy-eligible and will draw upon all the information issued by counterparties subject to this regulation to analyse the alignment of the activities financed in its portfolios. To calculate the European Green Taxonomy alignment ratios, La Banque Postale will:

- collect from its customers the data necessary for the analysis when available;
- identify its customers' alignment ratios where they are publicly available either directly in the customer's intentional documentation or from reference data providers;
- establish a methodology to estimate, on a voluntary basis, the degree of alignment of financing and investments not covered by the data collected.

La Banque Postale helps its customers to better understand and take into account the European Green Taxonomy through dedicated products that are based on Taxonomy principles.

6.8.9.2 La Banque Postale Group indicators

At 31 December 2022, La Banque Postale Group analysed the proportion of its loans and investments identified as eligible with regard to the environmental objectives of climate change mitigation and adaptation in accordance with European Taxonomy criteria. The results of this analysis, together with all the qualitative disclosures required by Annex XI, are described in this section.

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 and the estimates that have been made to compensate for the unavailability of actual data to assess the degree of eligibility of certain assets, the information published by La Banque Postale 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 Non-Financial Reporting Directive (NFRD), households and local governments financing. 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 book.

Overview of the calculation process

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 green asset ratio. This ratio therefore concerns exposures to households and financial and non-financial companies for which a ratio has been published, or for which the financing is for a Taxonomy-eligible asset or project.

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.

6. Risk factors - La Banque Postale Group Pillar III information

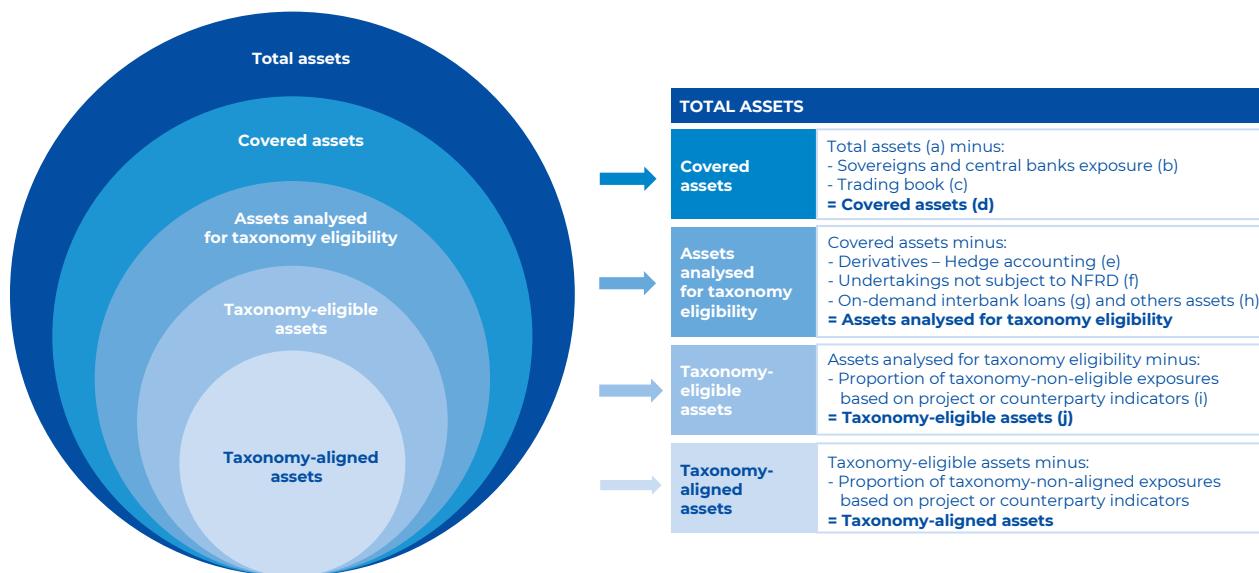
Environmental, social and governance (ESG) risks

The following principles have been applied for the exposure eligibility analysis (changes compared to the year ended 31 December 2021 are shown in *italics*):

Type of counterparty	Principle applied	Mandatory ratio	Voluntary ratio
Households	The following products are considered eligible: home loans, home insulation loans and motor vehicle financing granted after 1 January 2022.	✓	
Non-financial counterparties	Taxonomy-eligible activities are determined by cross-referencing the companies' NACE codes with the activities listed in the technical criteria of the Taxonomy Regulation, or		✓
	<i>By determining whether the activity is eligible in the case of specialised financing</i>	✓	
	<i>Or by obtaining their green asset ratio if available.</i>	✓	
Financial counterparties	All exposures to financial counterparties subject to the NFRD are considered partially eligible if no information is available or <i>if a voluntary green asset ratio has been obtained, and</i>		✓
	<i>When a mandatory green asset ratio is available.</i>	✓	

On this basis, the proportion of La Banque Postale Group's exposures related to eligible and non-eligible activities represents 50% and 2%, respectively, of total covered assets under the "mandatory" approach and 3% and 28% under the "voluntary" approach, for a combined total of 53% and 30% respectively.

Methodology for calculating the Taxonomy alignment ratio



	2021	Mandatory		Voluntary		Total			
		2022 (revenue)	2022 (capex)	2021	2022 (revenue)	2022 (capex)	2021	2022 (revenue)	2022 (capex)
Exposure indicators as a percentage (climate change mitigation and adaptation criteria)									
Proportion of exposures related to eligible activities compared to total covered assets	j / d	33%	50%	50%	18%	3%	3%	52%	53%
Proportion of exposures related to non-eligible activities compared to total covered assets	i / d	3%	2%	2%	7%	28%	28%	10%	30%
Proportion of items excluded from the numerator(*)	(e+f+g+h) / d							38%	17%
								17%	

(*) Exposures to counterparties not subject to the NFRD, derivatives, cash and cash equivalents, on-demand interbank loans, other assets.

(*) Exposures to counterparties not subject to the NFRD, derivatives, cash and cash equivalents, on-demand interbank loans and other assets.

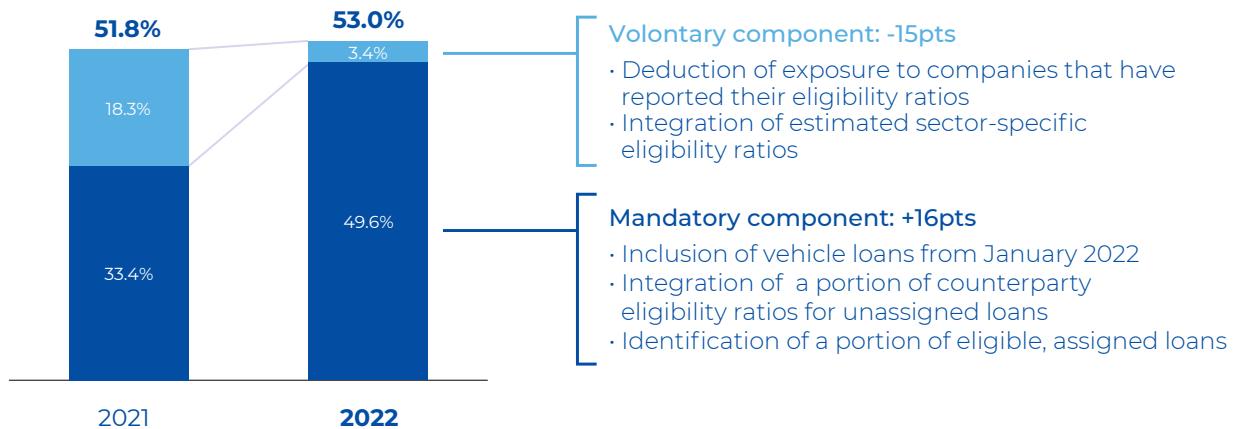
	Mandatory	Voluntary			Total	
		2021	2022 (revenue)	2022 (capex)	2021	2022 (revenue)
Exposure indicators in absolute terms (climate change mitigation and adaptation criteria)	2021	2022 (revenue)	2022 (capex)	2021	2022 (revenue)	2022 (capex)
Exposures related to eligible activities included in total covered assets (in € millions)	j	69,951	82,062	82,490	38,372	5,602
Exposures related to non-eligible activities included in total covered assets (in € millions)	i	6,730	3,365	3,423	15,122	46,272
Items excluded from the numerator (in € millions)	e+f+g+h					
					79,068	28,172
						28,172

La Banque Postale's green asset ratio is fairly stable. Note that:

- The green asset ratio decreased for the voluntary scope and increased for the mandatory scope. This is explained by the fact that the Bank collected green asset ratios published by counterparties previously considered as 100% eligible on the basis of their main business.

- The total amount of eligible assets decreased owing to (i) the use of estimated industry eligibility ratios in order to approximate as far as possible the actual future amounts for the voluntary scope and (ii) the eligibility ratios published by counterparties.

Changes in Taxonomy eligibility ratio*



In addition, the proportion of items excluded from the total assets at 31 December 2021 and at 31 December 2022, as required by the Article 8 Delegated Act, are presented below:

Exposure indicators as a percentage (climate change mitigation and adaptation criteria)	2021	2022
Percentage of exposures to central governments, central banks and supranationals	b / a	30%
Trading book as a percentage of total assets	c / a	1%
On-demand interbank loan book as a percentage of total assets	g / a	0%
Derivatives portfolio (hedging instruments) as a percentage of total assets	e / a	0%
Percentage of loans to companies that are not required to disclose non-financial information under Article 19 bis or 29 bis of Directive 2013/34/EU	f / a	7%
		6%

6. Risk factors - La Banque Postale Group Pillar III information

Environmental, social and governance (ESG) risks

They correspond to the following amounts:

Exposure indicators in absolute terms (climate change mitigation and adaptation criteria)		2021	2022
Exposures to central governments, central banks and supranationals (in € millions)	b	92,243	130,597
Trading book included in total assets (in € millions)	c	2,125	11,764
On-demand interbank loan book included in total assets (in € millions)	g	475	389
Derivatives portfolio (hedging instruments) included total assets (in € millions)	e	224	1,020
Loans to companies that are not required to disclose non-financial information under Article 19 bis or 29 bis of Directive 2013/34/EU (in € millions)	f	15,022	17,462

La Banque Postale is working to align its strategy with the Taxonomy through initiatives at various levels, such as adapting the offer (alignment of the green loan framework with the Taxonomy, implementation of a Taxonomy reference framework), deploying IT processes (data collection and adaptation of tools) and developing reporting systems (data collection and transparency).

In accordance with the requirements of the EU Taxonomy Climate Complementary Delegated Act regarding technical screening criteria under the Taxonomy, La Banque Postale analysed its exposure to the gas and nuclear industries. The results are presented in the following table:

Nuclear and fossil gas related activities (Template 1)

Nuclear energy related activities

- | | | |
|---|--|-----|
| 1 | The undertaking carries out, funds or has exposures to the research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | Yes |
| 2 | The undertaking carries out, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | Yes |
| 3 | The undertaking carries out, funds or has exposures to the safe operation of existing nuclear installations that produce electricity or process heat, including for the purpose of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | Yes |

Fossil gas related activities

- | | | |
|---|---|-----|
| 4 | The undertaking carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | Yes |
| 5 | The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cool and electricity using fossil gaseous fuels. | Yes |
| 6 | The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | Yes |

La Banque Postale is exposed to gas and nuclear activities through non-dedicated financing to companies in these sectors. The main companies financed in this regard are committed to the low-carbon pathways of the Science Based Targets initiative (SBTi).

In addition to this qualitative table, Delegated Regulation 2022/1214 on nuclear and fossil gas activities also provides for the publication of quantitative indicators detailing Taxonomy alignment of the Bank's exposures to these activities. In the absence of detailed information published by counterparties on these activities and in keeping with the planned transition period for Taxonomy alignment analysis, the Bank will publish this information when it becomes available.

6.8.9.3 Insurance activities

Insurance activities are included in the Group indicators through the equity-accounted shares of subsidiaries. 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 non-life gross premiums;
- proportion of Taxonomy-eligible investments (for CNP Assurances only).

6.8.9.3.1 Non-life insurance

For non-life insurance, gross premiums written of business lines that can provide explicit insurance coverage against climate hazards were considered eligible for the Taxonomy. They relate to the following three lines of business, in accordance with the position adopted by the French Insurance Federation: a) fire and other property insurance; b) other motor vehicle insurance; and c) marine, aviation and transport insurance.

	2021	2022		
Underwriting indicators for the non-life insurance business (climate change adaptation criteria)	(€ billions)	as a %	(€ billions)	as a %
Non-life gross premiums written	2.31	100%	2.4	100%
Eligible gross premiums written of business lines that can provide explicit insurance cover against climate hazards	0.40	17%	0.44	18%

6.8.9.3.2 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. The regulatory reporting published below is based on the following principles:

- outstanding investments correspond to investments held by insurance activities net of derivatives with a negative fair value as well as cash and cash equivalents, as presented in the CNP Assurances group's IFRS consolidated balance sheet, plus any unrealised gains calculated in accordance with IFRS on investment property and held-to-maturity (HTM) securities;
- sovereign bonds, including green or sustainable bonds, are not considered eligible for the Taxonomy;

- the list of companies required or not required to disclose non-financial information is provided by the ISS ESG service provider on the basis of company characteristics (i.e., European, listed, public interest, number of employees, revenue, balance sheet);

- to simplify, companies held by the CNP Assurances group via unlisted assets (infrastructure funds, private equity funds) are not required to publish non-financial information.

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)	2021		% of outstanding investments		2022		% of outstanding investments	
	(€ billions)	Premium income	Investment outlay	Premium income	Investment outlay	(€ billions)	Premium income	Investment outlay
Outstanding investments	445			100%		400		100%
Proportion of investments – excluding sovereign debt and derivative products – in taxonomy-eligible economic activities	21	21	5	5	31	37	8	9
Proportion of investments – excluding sovereign debt and derivative products – in non-eligible economic activities	0	0	0	0	54	49	14	12

6. Risk factors - La Banque Postale Group Pillar III information

Environmental, social and governance (ESG) risks

6.8.10 Other climate change mitigation measures not covered by the European Green Taxonomy

The purpose of this table is to present the initiatives launched by La Banque Postale in response to climate change that are not covered by the European Green Taxonomy. These initiatives concern the bond portfolios and the corporate and retail loan books that contribute to mitigating transitional and physical climate risk.

The Taxonomy alignment of La Banque Postale's assets is currently being analysed, in accordance with the deadline set by the regulator (31 December 2023). For 2022, this table covers assets which the Bank has internally classified as green or sustainable for other purposes (Green bond

framework, green products, Banque de France regulatory reporting on the use of regulated savings, etc.). The first half of the table lists green bonds acquired from third parties, while the second half lists lending associated with products such as Eco-PTZ housing loans and energy renovation loans, the financing of renewable energy projects and green car loans. La Banque Postale also lists in this table its financing for properties that comply with Thermal Regulation 2012. The green or sustainable products offered by the Bank to its customers are described in Chapter 2 of this document on non-financial disclosures.

Other climate change mitigating actions that are not covered in the EU 2020/852 Taxonomy (Template 10)

a	b	c	d	e	f
Type of financial instrument	Type of counterparty	Gross carrying amount (in € millions)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1 Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	105	Yes	-	Green and sustainability-linked bonds
2	Non-financial corporations	25	Yes	-	Green bonds
3	Of which Loans collateralised by commercial immovable property		Yes	-	
4	Other counterparties	323	Yes	-	Green bonds issued by sovereigns
5	Financial corporations	45	Yes	-	
6	Non-financial corporations	2,682	Yes	-	Financing of renewable energy assets and projects, green loans
7	Of which Loans collateralised by commercial immovable property	135	Yes	-	
8 Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Households	11,380	Yes	-	Green car loans Eco PTZ loan, new home loan or RT2012 construction loan (post 2014)
9	Of which Residential immovable property	11,120	Yes	-	Green renovation, energy transition
10	Of which building renovation loans	193	Yes	-	consumer finance
11	Other counterparties	4	Yes	-	

6.9 Other risks

6.9.1 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 2022, the Group's exposure to legal risks was affected by the following 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 Group companies. The report issued by this Committee in August 2021 did not identify any evidence of a breach of public order or possible unlawful acts. However, it was not conclusive on certain parts of the investigation.

Therefore, in November 2021, CNP Seguros Holding Brasil's Board of Directors decided to use the services of an independent audit firm to conclude the internal investigation. The findings were determined in February 2022. It was confirmed that no violation of public order had been identified. The matter has led the company to considerably reinforce its audit, control and compliance systems and resources. According to the information currently available, the matter is closed. However, the police investigation is still ongoing:

- 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 was reimbursed to it. The Competition Authority lodged an appeal on 31 December 2021 but this is without suspensive effect. La Banque Postale has therefore set aside a provision to cover this risk, for the same amount of €32.8 million.

There are no other administrative, 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 2022 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 Prudential Technical Accounting Committee;
- the Retail Banking, Asset Management and Financial Markets Regulatory Oversight Committee;
- the Cross-Entity Savings Committee.

At 31 December 2022, there were no significant events that could give rise to a material tax risk at the level of La Banque Postale Group.

6. Risk factors - La Banque Postale Group Pillar III information

Other risks

6.9.2 Non-compliance risks

Non-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 French Prudential Supervision and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* - ACPR) for banking and insurance businesses, the French Monetary and Financial authority (*Autorité des Marchés Financiers* - AMF) for investment services and the French Anti-Corruption Agency (*Agence Française Anticorruption* - AFA) for 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. It is supported by the Business Line Compliance Officers (CIB, Retail Banking, Head Office functions, Subsidiaries).

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.

This risk is considered to be an integral part of the operational risk family and therefore is managed as such.

6.9.2.1 Overview of the Group Compliance Department

The Group Compliance Department is responsible for:

- ensuring that compliance procedures and projects take account of the latest regulatory developments;
- 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.

To this end, the Group Compliance Department is organised around business line Compliance Departments (CIB, Retail Banking, Head Office functions, Subsidiaries). These departments are supported by Compliance units organised by topic (financial security, financial services, banking services, anti-corruption/ethics, fraud). All of these units report to the Group's Chief Compliance Officer.

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 three areas:

1. Expert departments covering financial security (see Section 6.9.2.3), fraud prevention (see Section 6.9.2.4), customer protection (see Section 6.9.2.5), investment services compliance (see Section 6.9.2.6). Since 2020, La Banque Postale has also had an 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.

2. Business line Compliance Departments, each covering one of La Banque Postale Group's business areas: CIB, Retail Banking, Head Office functions, Subsidiaries. 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.

For example, Retail Banking Compliance covers: The La Poste Network Banking Services Department and the Customer Relationship and Experience Department. Compliance activity is developing around:

- 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 and periodic controls and analyses of incident reports, they define and implement corrective 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 "*Cuichet 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 Subsidiary Compliance Officer, whose main role is to lead the Compliance organisation and relations with the subsidiaries, is the contact person for the subsidiaries' Compliance Managers concerning the organisation and management of compliance issues (regulatory reporting, compliance risk mapping, monitoring of compliance projects, etc.). The Compliance Officer responsible for the subsidiaries also leads meetings of the Compliance organisation's committees. He/she is supported by 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. 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.

1. The Transformation Department (see Section 6.9.2.7).

Lastly, the Group Compliance Department also leads the following two programmes:

- KYC programme: in 2020, La Banque Postale launched the KYC Retail 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 6.9.2.8).

The Group Compliance Department had 401 employees at end-2022 (including CNP Assurances).

To identify and control compliance risk, the Group Compliance Department is organised around seven pillars:

1. Regulatory oversight: the Group Compliance Department is supported by the Legal Department's regulatory oversight processes (see Section 6.9.2.9 "Regulatory monitoring");
2. Compliance risk assessments: the Group 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;
3. 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;
4. Training and awareness-raising: this subject is discussed in Section 4.9.2.8 "Training";
5. Compliance advice and opinions: the Group 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;
6. Control: the Group Compliance Department has signed a service agreement with the Permanent Control Department;
7. Reporting: compliance issues are periodically presented to the Executive Board, the Group Risk Management Committee (GRMC) and the Supervisory Board Risk Committee.

6. Risk factors - La Banque Postale Group Pillar III information

Other risks

6.9.2.2 Ethics and anti-corruption

Anti-corruption

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 pre-identified by the Group Compliance Department and the Operational Risk Department, the head office departments and subsidiaries specify, complement and 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. The mapping of corruption and influence peddling risks for La Banque Postale Group aims to identify the main areas of risk (gross risks) and the existing control mechanisms, in order to identify and rate the residual risks. Where appropriate, countrywide action plans are put in place.

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/Caisse des Dépôts/La Poste auditors, etc.).

This Committee is chaired by the Anti-Bribery and Corruption and Ethics 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. Since the beginning of 2022, the Anti-Corruption Committee meets every four months.

The work of the committee is regularly monitored by the Executive Board and Supervisory Board. To this end, a status report on the main action plans is presented periodically to the two Boards.

During 2022, La Banque Postale's body of compliance standards on this subject was expanded with the publication and dissemination within the Group of the Third Party Assessment Policy.

In addition, training and awareness-raising sessions were held for the employees concerned. Two e-learning training sessions 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 corruption risk.

Ethics

The Ethical Code of Conduct, 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 Code of Conduct was updated in 2021 and distributed to all employees. In addition, the public version of the Code of Conduct has been published on La Banque Postale's institutional website. La Banque Postale's Code of Conduct is a key

reference document to guide actions and decisions in compliance with the principles of probity. 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 and Anti-Corruption 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 deals with current ethical and anti-corruption issues and various projects.

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 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.

The Risk Assessments are incorporated in the Compliance Risk Assessment.

Finally, a register of conflicts of interest, shared by the Chief Compliance and Ethics Officers, is used to:

- collect information about actual instances of conflicts of interest;
- analyse them (this task is performed by the Chief Ethics Officer, the Investment Services Compliance Department or the Banking Services Compliance Department depending on the nature of the conflict and the activity in question);
- manage corrective action and ensure the traceability of the system.

The Approval Manager application deployed in April 2022 is used to 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 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 La Banque Postale, 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.
- 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.

6.9.2.3 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.

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.

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 Group's Chief Compliance Officer on behalf of the Executive Board. These customers are then subject to increased vigilance.

6.9.2.4 Anti-fraud framework

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 retail customers 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.

6. Risk factors - La Banque Postale Group Pillar III information

Other risks

6.9.2.5 Customer interest protection (CIP)

The Banking Services Compliance Department defines La Banque Postale Group's standards and helps to identify, manage and monitor compliance risks 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, amended by the government order of 25 February 2021, 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 designed or distributed by La Banque Postale that have changed significantly.

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 conducts 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 still closely monitors the quality of its communications with its customers. The Banking Services Compliance Department reviews all marketing and advertising documentation with the Legal Department. 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 Banking Services Compliance Department also supports 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 all other customer complaints.

6.9.2.6 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 first-half 2022 included:

- reinforcement of controls and training related to the Market Abuse Regulation and Market Abuse Directive;
- improvements to the identification and assessment of compliance risks related to the provision of investment services.

6.9.2.7 Transformation Department

The Transformation Department is responsible for the Group Compliance Department's projects and tools. To strengthen AMF-CFT risk systems, it pursues development work on the proprietary Big Data and artificial intelligence-based ComplIANCE 2.0 application.

6.9.2.8 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.

La Banque Postale has a Regulatory Training Programme led by a Process Owner from the Group Compliance Department, bringing together players from its École de la Banque et du Réseau banking school, its Human Resources Department and its business lines.

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.

6.9.2.9 Regulatory monitoring

The Legal Department's regulatory monitoring 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 Management Committee;
- the Accounting, Prudential and Governance Regulatory Management Committee;
- the Insurance Regulatory Management Committee;
- the Digital Regulatory Management Committee.

6. Risk factors – La Banque Postale Group Pillar III information

Remuneration policy

6.10 Remuneration policy

Information about the Group's remuneration policy is provided in Chapter 3 of this Universal Registration Document, in Section 3.2 "Remuneration".

In accordance with Regulation (EU) No 2019/876 (CRR2), certain quantitative information in relation to the remuneration policy is also provided in the tables below. These figures do not include the variable remuneration awarded in 2023 in respect of the 2022 financial year, as this data was unavailable at the date of publication of this document.

Remuneration awarded for the financial year (EU REM1)

		a Supervisory function	b Management function	c Other senior management	d Other identified staff
	(in €)				
1	Fixed remuneration	Number of identified staff	15	4	42
2		Total fixed remuneration	379,093	1,880,521	9,568,813
3		of which: cash-based	0	0	0
4		of which: shares or equivalent ownership interests	0	0	0
		of which: share-linked instruments or equivalent non-cash instruments	0	0	0
EU-4a		of which: other instruments	0	0	0
5		Not applicable			
7		of which: other forms	0	0	0
9	Variable remuneration	Number of identified staff	15	4	42
10		Total variable remuneration	N/A	N/A	N/A
11		of which: cash-based	N/A	N/A	N/A
12		of which: deferred	N/A	N/A	N/A
EU-13a		of which: shares or equivalent ownership interests	0	0	0
EU-14a		of which: deferred	0	0	0
		of which: share-linked instruments or equivalent non-cash instruments	0	0	0
EU-13b		of which: deferred	0	0	0
EU-14b		of which: other instruments	0	0	0
EU-14x		of which: deferred	0	0	0
EU-14y		of which: other forms	0	0	0
15		of which: deferred	0	0	0
16		of which: other forms	0	0	0
17	TOTAL REMUNERATION		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)

		a	b	c	d
	(in €)	Supervisory function	Management function	Other senior management	Other identified staff
GUARANTEED VARIABLE REMUNERATION AWARDS					
1	Number of identified staff	0	0	3	5
2	Total amount	0	0	316,000	323,666
3	of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0	0	316,000	323,666
SEVERANCE PAYMENTS AWARDED IN PREVIOUS PERIODS, THAT HAVE BEEN PAID OUT DURING THE FINANCIAL YEAR					
4	Number of identified staff	0	0	0	0
5	Total amount	0	0	0	0
SEVERANCE PAYMENTS AWARDED DURING THE FINANCIAL YEAR					
6	Number of identified staff	0	0	3	2
7	Total amount	0	0	1,575,075	274,350
8	of which: paid during the financial year	0	0	1,575,075	274,350
9	of which: deferred	0	0	0	0
11	of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0	0	1,575,075	274,350
12	of which: highest payment that has been awarded to a single person	0	0	632,065	151,000

6. Risk factors – La Banque Postale Group Pillar III information

Remuneration policy

Deferred remuneration (EU REM3)

Deferred and retained remuneration (in €)	a Total amount of deferred remuneration awarded for previous performance periods	b Of which due to vest in the 2022 financial year	c Of which vesting in subsequent financial years	d Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the 2022 financial year	e Amount of performance adjustment made in the financial year on deferred remuneration that was due to vest in future performance years	f Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e., changes of value of deferred remuneration due to the changes of prices of instruments)	EU-g Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	EU-h Total amount of deferred compensation awarded for previous performance periods that has vested but is subject to retention periods
1 SUPERVISORY FUNCTION	0							
2 of which: cash-based	0						0	
3 of which: shares or equivalent ownership interests	0							
4 of which: share-linked instruments or equivalent non-cash instruments	0							
5 of which: other instruments	0							
6 of which: other forms	0							
7 MANAGEMENT FUNCTION	0							
8 of which: cash-based	41,650	0	41,650					
9 of which: shares or equivalent ownership interests	0							
10 of which: share-linked instruments or equivalent non-cash instruments	0							
11 of which: other instruments	0							
12 of which: other forms	0							
13 OTHER SENIOR MANAGEMENT	0							
14 of which: cash-based	1,028,858	105,600	923,258				105,600	
15 of which: shares or equivalent ownership interests	0							
16 of which: share-linked instruments or equivalent non-cash instruments	0							
17 of which: other instruments	0							
18 of which: other forms	0							
19 OTHER IDENTIFIED STAFF	0							
20 of which: cash-based	377,248	0	377,248					
21 of which: shares or equivalent ownership interests	0							
22 of which: share-linked instruments or equivalent non-cash instruments	0							
23 of which: other instruments	0							
24 of which: other forms	0							
25 TOTAL AMOUNT	1,447,756	105,600	1,342,156	0	0	0	105,600	0

Remuneration of EUR 1 million or more per year (EU REM4)

	(in units, €)	a Identified staff members remunerated at €1 million or more per financial year*
1	1,000,000 to below 1,500,000	0
2	1,500,000 to below 2,000,000	0
3	2,000,000 to below 2,500,000	0
4	2,500,000 to below 3,000,000	0
5	3,000,000 to below 3,500,000	0
6	3,500,000 to below 4,000,000	0
7	4,000,000 to below 4,500,000	0
8	4,500,000 to below 5,000,000	0
9	5,000,000 to below 6,000,000	0
10	6,000,000 to below 7,000,000	0
11	7,000,000 to below 8,000,000	0

* Identified as high income in accordance with Article 450(i) of the RRC.

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM5)

(in €)	Supervisory function	Management function	Total	a	b	c	d	e	f	g	h	i	j
				Management body remuneration			Business area						
				Investment Banking	Retail Banking Management	Asset Management	Corporate functions	Independent internal control functions	Other	Total			
1 Total number of identified staff	15	4	19	37	62	2	24	51	2	197			
of which: members of the supervisory or management function	15	4	19	0	0	0	0	0	0	19			
of which: other senior management	0	0	0	7	13	1	12	7	2	42			
of which: other identified staff	0	0	0	30	49	1	12	44	0	136			
5 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	379,093	1,880,521	2,259,614	5,948,551	8,786,107	611,481	4,563,232	6,576,463	521,938	29,267,385			

6. Risk factors – La Banque Postale Group Pillar III information

Pillar III correlation table

6.11 Pillar III correlation table

CRR Article	Subject	Chapter 6 – Risk factors	Section
431	Disclosure requirements and policy	Responsibility for the Universal Registration Document	8.2
435	Risk management objectives and policies	Risk management system	6.3
436	Scope of application	Scope of application	6.2.2
437	Own funds	Regulatory own funds	6.2.4.2
438	Capital requirements	Regulatory framework	6.2.1
439	Exposure to counterparty credit risk	Exposure to credit risk	6.4.3
440	Capital buffers	Regulatory framework	6.2.1
441	Indicators of global systemic importance	Indicators of global systemic importance	6.2.9
442	Credit risk adjustments	Breakdown of exposures in default	6.4.3.2
443	Unencumbered assets	Encumbered/unencumbered assets	6.5.1.4
444	Use of external ratings agencies	Use of external credit rating agencies	6.4.8
445	Exposure to market risk	Market risk	6.5.2
446	Operational risk	Operational risks	6.6
447	Exposures in equities not included in the trading book	Exposures in equities not included in the trading book	6.5.3
448	Exposures to interest rate risk on positions not included in the trading book	Banking portfolio interest rate risk	6.5.1.2
449	Exposures to securitisation positions	Securitisation	6.4.10
450	Remuneration policy		6.10
451	Leverage	Leverage ratio	6.2.6
452	Use of the NI approach for credit risk	N/A	N/A
453	Use of credit risk mitigation techniques	Credit risk mitigation techniques	6.4.7
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
449 bis	Non-financial risks	Environmental, social and governance risks	6.8

7.

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7. Legal information

Articles of Association

7.1 Articles of Association

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 (corporate purpose)

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 bancassurance offer products and services that meet environmental, social and regional challenges;

- advance best practices and regulations in the banking and insurance sector through our exemplary actions.

Article 2. Scope

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 an Executive Board and a Supervisory Board", 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 15 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; or
- 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;

7. Legal information

Articles of Association

- 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* (company purpose), 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 proposes the appropriation of net profit 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

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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.

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 elected 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 elected from among private individuals or companies by the Ordinary General Meeting.

The General Meeting may remove any member of the Supervisory Board it has elected 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.

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.

19.2 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 election.

19.3 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.

19.4 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 elected to the Supervisory Board or remain on the Supervisory Board if they are subject to a court order that results in them being prohibited from running or directing any firm or company.

19.5 Supervisory Board membership for legal entities

A legal entity may be elected as a member of the Supervisory Board. The legal entity is required to appoint a Permanent Representative at the time it is elected.

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.

19.6 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 election 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 Supervisory Board members

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

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

Their term of office expires at the close of the Annual General Meeting called to approve the financial statements for the previous financial year.

Members of the Supervisory Board may be re-elected.

No private individual or representative of a legal entity aged over 70 may be appointed, elected or re-elected 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 70, the oldest member of the Supervisory Board shall automatically be deemed to have resigned.

Article 22. Vacancy - Appointment - 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 appointment 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.

The replacement will sit only for the duration of the remaining term of office.

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 elect 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.

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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.

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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'Etat*) 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 profit

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 to 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 on 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 of 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.

7. Legal information

Documents available to the public

7.2 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 La Banque Postale's registered office.

7.3 Significant changes

There have been no significant changes in the Group's financial 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 16 March 2023.

7.4 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).

7.5 Situation of dependency

Not applicable.

7.6 Regulation

7.6.1 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 owned by La Banque Postale, is supervised by the ACPR.

Following the announcement on 28 October 2021 by La Banque Postale of its intention to acquire the CNP Assurances shares held by Groupe BPCE (which it did on 16 December 2021) and to file a simplified tender offer for CNP Assurances' minority shareholders, on 7 June 2022 the AMF confirmed the implementation of the squeeze-out procedure for CNP Assurances shares.

On 20 June 2022, the compulsory purchase of CNP Assurances shares not yet held by La Banque Postale was triggered, resulting in the delisting of the CNP Assurances share.

CNP Assurances is now wholly owned by La Banque Postale and therefore its shares are no longer listed on the market.

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 110 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. Legal information

Regulation

7.6.2 Mission to ensure accessible banking

France's lawmakers entrusted La Poste with a general interest mission to ensure accessible 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 accessible banking 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 accessible banking 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, Caisse 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 that are social security payments made by public authorities and social security bodies, and payments of civil servants' 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 electronic communications operators' invoices⁽⁷⁾,

- 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 disabilities, are marginalised with respect to "traditional" banking use. By the end of 2022, 1.4 million people had benefited from the accessible banking mission. At the end of 2022, nearly 50% of La Banque Postale's *Livret A* accounts held by retail customers, i.e., about 6.9 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 management costs because they are among the most used savings accounts, accounting for 45.4% 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 annual "compensation in proportion to the public economic interest service role which is entrusted to it"⁽⁸⁾. This compensation is set, for the period 2021-2026, by a ministerial order⁽⁹⁾ issued by the French Ministry of the Economy, Finance and Recovery in accordance with Article R.221-8-1 of the French Monetary and Financial Code.

(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 accessible banking through the *Livret A*. The Commission considered that the public

financing granted by France to La Banque Postale from 2021 to 2026, intended to improve banking accessibility, is compliant with EU regulations on State aid.

(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) The order of 18 January 2022 extended the list of essential operations to include services provided by electronic communications operators that have an identifier with Arcep.

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

(9) Government order of 9 August 2021.

7.6.3 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 2022;
- the number of accounts inventoried and the estimated assets at the end of 2022.

Savings accounts, including the *Livret A*, account for the majority of dormant La Banque Postale SA bank accounts.

	Dormant bank accounts closed in 2022	Dormant bank accounts at the end of 2022
Number of bank accounts		
La Banque Postale SA and its Subsidiaries	384,449	1,870,027
of which La Banque Postale SA	384,148	1,812,045
of which EasyBourse	-	342
of which La Banque Postale Épargne Salariale	301	2,730
of which Ma French Bank	-	54,910
Savings deposits (in € thousands)		
La Banque Postale SA and its Subsidiaries	481,709	1,526,657
of which La Banque Postale SA	158,447	1,513,354
of which EasyBourse	-	9,234
of which La Banque Postale Épargne Salariale	323,262	7,415
of which Ma French Bank	-	4,069

7.7 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.

(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 accounts (*Livret A*, for example) and time deposit accounts as well as for ordinary securities accounts, PEA/PEA for SMEs/ISEs. A 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 Louvre Banque Privée.

7. Legal information

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Additional information

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8. Additional information

Statutory Auditors' special report on related-party agreements

8.1 Statutory Auditors' special report on related-party agreements

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 Auditors 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

Agreements authorised and entered into during the year

In accordance with Article L. 225-40 of the French Commercial Code, we were informed of the following agreements entered into during the year that were authorised in advance by the Supervisory Board.

1. Framework agreement between BPCE, Natixis Investment Managers, Natixis Investment Managers International, AEW Europe, AEW, Ostrum, La Banque Postale Asset Management, La Banque Postale Asset Management Holding and La Banque Postale

Nature and purpose

This agreement provides for the sale of the stakes in AEW Europe and Ostrum held respectively by La Banque Postale and La Banque Postale Asset Management Holding to Natixis Investment Managers and the extension of the commercial agreements between the two groups in terms of asset management.

It was authorised by the Supervisory Board on 27 April 2022 and signed on 13 May 2022.

Rationale

This framework agreement was entered into as part of the reorganisation of shareholdings between La Banque Postale and Groupe BPCE. It serves to strengthen the commercial ties between the parties to the agreement. It puts an end to the Yellow Protocol put in place two years earlier as part of the restructuring of La Banque Postale Group's asset management division and the operational merger of its activities with those of the BPCE Group.

Terms and conditions

Each of the two stakes was sold on 13 May at a price of €120 million.

Persons concerned

Philippe Heim, Chairman of the Executive Board of La Banque Postale, Bertrand Cousin, member of the Executive Board of La Banque Postale and director of Ostrum, and La Banque Postale, represented by Pierre de Burhen, director of AEW.

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.

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 signing of a Framework Memorandum of Understanding between La Banque Postale, 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 concerning 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 of all health insurance activities.

The term of the agreement is 15 years, renewable each five-year period.

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 in the overseas departments, without prejudice to the possibility that LBPAS may distribute 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 signed 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 €9.8 million for the financial year ended 31 December 2022.

Paris La Défense, 16 March 2023

Courbevoie, 16 March 2023

KPMG S.A.

Mazars

Xavier de Coninck
Partner

Pierre Planchon
Partner

Charles De Boisriou
Partner

Jean-Claude Pauly
Partner

8. Additional information

Person responsible for the Universal Registration Document

8.2 Person responsible for the Universal Registration Document

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 2023

Philippe Heim

Chairman of the Executive Board

8.3 Cross-reference tables

8.3.1. 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	Section number
1. PERSONS RESPONSIBLE	
1.1. Person responsible for the Universal Registration Document	8.2
1.2. Declaration by the person responsible for the Universal Registration Document	8.2
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	Introduction
2. STATUTORY AUDITORS	4.8
3. RISK FACTORS	6.1.3
4. INFORMATION ABOUT THE ISSUER	Introduction
5. BUSINESS OVERVIEW	
5.1. Principal activities	1.5
5.2. Principal markets	1.5
5.3. Company background and development	1.2
5.4. Strategy and objectives	Introduction; 1.5
5.5. Potential dependency	7.5
5.6. The basis for any statements made by the issuer regarding its competitive position	4.2; 4.3; 4.4
5.7. Investments	4.6.7
6. ORGANISATIONAL STRUCTURE	
6.1. Brief description of the Group/Diagram of the organisational structure	1.3.1; 1.3.2
6.2. List of significant subsidiaries	1.3.1
7. OPERATING AND FINANCIAL REVIEW	
7.1. Financial condition	4.2-4.5; 5.1
7.2. Operating results	4.2-4.5; 5.1
8. CAPITAL RESOURCES	
8.1. Issuer's capital resources	Introduction; 1.1.3; 5.1; 5.2 (Note 4.21)
8.2. Sources and amounts of cash flows	5.1
8.3. Borrowing requirements and funding structure	4.3; 6.5.1.3
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	6.1.3.2; 6.3.1; 7.6
10. TREND INFORMATION	
10.1. Most significant recent trends	4.1; 6.1.3.1
10.2. Known trends that are likely to have a material effect on the issuer's prospects	4.1; 6.1.3.1
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	3.1
12.2. Administrative and management bodies' conflicts of interests	3.1.2.1.2; 3.1.2.2.1

8. Additional information

Cross-reference tables

Disclosures required under Annex I of Regulation (EU) No 2017/1129	Section number
13. REMUNERATION AND BENEFITS	
13.1. Amount of remuneration paid and benefits in kind granted	3.2; 6.10
13.2. Total amounts set aside or accrued to provide for pension, retirement or similar benefits	3.2
14. BOARD PRACTICES	
14.1. Date of expiration of the current terms of office	3.1.2.1; 3.1.2.2.1
14.2. Members of the administrative bodies' service contracts	8.1
14.3. Information about the Audit Committee and Remuneration Committee	3.1.2.1.1
14.4. Statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer	3.1.1
14.5. Potential material impacts on the corporate governance	3.1.5
15. EMPLOYEES	
15.1. Number of employees	1.3.2; 2.5.2.1
15.2. Shareholdings and stock options	N/A
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	1.1.1-1.1.3
16.2. Different voting rights of major shareholders	N/A
16.3. Control of the issuer	1.1.1-1.1.3
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	7.4
17. RELATED PARTY TRANSACTIONS	5.2 (Note 12)
18. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
18.1. Historical financial information, including financial statements	Introduction; 4.2. 4.5; 5.1 -5.2. 5.4
18.2. Interim and other financial information	N/A
18.3. Auditing of historical annual financial information	5.3; 5.5
18.4. Pro forma financial information	5.2 (Note 11.1)
18.5. Dividend policy	1.1.4; 4.6.5; 7.1 (Title V)
18.6. Legal and arbitration proceedings	4.6.10; 6.1.3.2; 6.9.1
18.7. Significant change in the issuer's financial position	7.3
19. ADDITIONAL INFORMATION	
19.1. Share capital	Introduction; 1.1.3; 5.1; 5.2 (Note 4.21)
19.2. Memorandum and Articles of Association	7.1
20. MATERIAL CONTRACTS	7.4
21. DOCUMENTS AVAILABLE	7.2

8.3.2 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	Section number
1. Parent company financial statements	5.4
2. Consolidated financial statements	5.1; 5.2
3. Management report (minimum disclosures as defined in Article 222-3 of the AMF General Regulation)	See management report cross-reference table, section 8.3.2
4. Declaration by the persons responsible for the annual financial report	8.2
5. Statutory Auditors' reports on the parent company and consolidated financial statements	5.5; 5.3

8. Additional information

Cross-reference tables

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	Section 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>)	4.2
1.2. Key financial performance indicators	Article L. 225-100-1, I., 2° of the French Commercial Code	4.2
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	2.5
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	4.7
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	1.1
1.6. Existing branches	Article L. 232-1, II of the French Commercial Code	1.3; 4.6.9; 5.2 (Note 14)
1.7. Significant shareholdings in companies with their registered office in France	Article L. 233-6, paragraph 1 of the French Commercial Code	4.6.6
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	1.6
1.10. Research and development activity	Articles L. 232-1, II. and L. 233-26 of the French Commercial Code	4.6.3
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	5.4 (Note 8)
1.12. Information on payment deadlines for suppliers and clients	Article D. 441-4 of the French Commercial Code	4.6.1
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 (<i>Code monétaire et financier</i>)	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	6.1.3
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	6.8
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	4.6.8; 6.3
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	6.5
2.5. Anti-bribery and corruption system	French law No 2016-1691 of 9 December 2016 ("Sapin II")	6.9.2.2
2.6. Duty of care plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	6.9.2.2

Management report	Legislative reference	Section number
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	3.2.1; 6.10
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	3.2.2
3.3. Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I., 2° of the French Commercial Code	3.2.1
3.4. Possibility to request repayment of variable remuneration	Article L. 22-10-9, I., 3° of the French Commercial Code	3.2.1
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	3.2.1; 3.2.2
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	2.5
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	3.2.1; 3.2.2
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	Article L. 22-10-57 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	3.1.2
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	8.1
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	3.1.5; 4.6.4
3.18. General management procedures	Article L. 225-37-4, 4° of the French Commercial Code	3.1.2.2; 7.1
3.19. Composition, preparation and organisation of the work of the Board	Article L. 22-10-10, 1° of the French Commercial Code	3.1.2
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	3.1.2.1.1
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	3.1.1

8. Additional information

Cross-reference tables

Management report	Legislative reference	Section number
3.23. Specific conditions for shareholder participation in the General Meeting	Article L. 22-10-10, 5° of the French Commercial Code	3.1.5; 4.6.4
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	3.1.2.2
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	1.1.3; 4.6
4.2. Purchase and sale of treasury stock	Articles L. 225-211 and R. 225-160 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, II. 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>)	1.14; 4.6.5
5. Non-Financial Statement (NFS)		
5. Non-Financial Statement (NFS)		2.7 NFS Concordance Table
6. Other information		
6.1. Additional tax information	Articles 223 quater and 223 quinque of the French General Tax Code	4.6.2; 5.2 (Note 2.6.11); 6.9.1
6.2. Injunctions or penalties for anti-competitive practices	Article L. 464-2 of the French Commercial Code	6.1.3.2; 6.9.2

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 2021, together with the Statutory Auditors' reports on the consolidated financial statements and parent company financial statements, which appear on pages 232-237 and 369-371, respectively, of the 2021 Universal Registration Document filed with the AMF on 22 March 2022 under No D.22-0130;
- 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.

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Limited Company with an Executive Board and Supervisory Board with capital of € 6,585,350,218
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