Creditreform Bank Rating

BPCE SA (Group)

Creditreform Rating

Long-Term Issuer Rating: A-
Outlook: positive

Short-Term Rating: L2

Preferred Sen. Unsec. Debt: A-
Non-Preferred Sen. Unsec. Debt: BBB+
Tier 2 Capital: BB+
AT1 Capital: n.r.

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Rating Action:

Creditreform Rating affirms BPCE SA (Group) long-term issuer rating at 'A-' (Outlook: positive)

Creditreform Rating (CRA) affirms BPCE SA long-term issuer rating at 'A-' and the short-term rating at 'L2'. The rating outlook is still positive.
At the same time, we affirms BPCEs preferred senior unsecured debt instruments at 'A-', the non-preferred senior unsecured debt at 'BBB+', the Tier 2 capital at 'BB+'.

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

Key Rating Driver

CRA has revised the rating of BPCE SA and its bank capital and debt instruments as a result of its periodic monitoring process for the following reasons:

- Significant profit increase in 2021; G-SIB status with a substantial presence in France
- Improvement of almost all earnings ratios, but still below average
- Notable enhancement of asset write-down ratios; However, NPL and PPL ratios have barely changed and overall below average
- Improved capital ratios, which are now in line with the peer group average
- Based on the first Q1 figures, a further improvement in earnings is expected for 2022

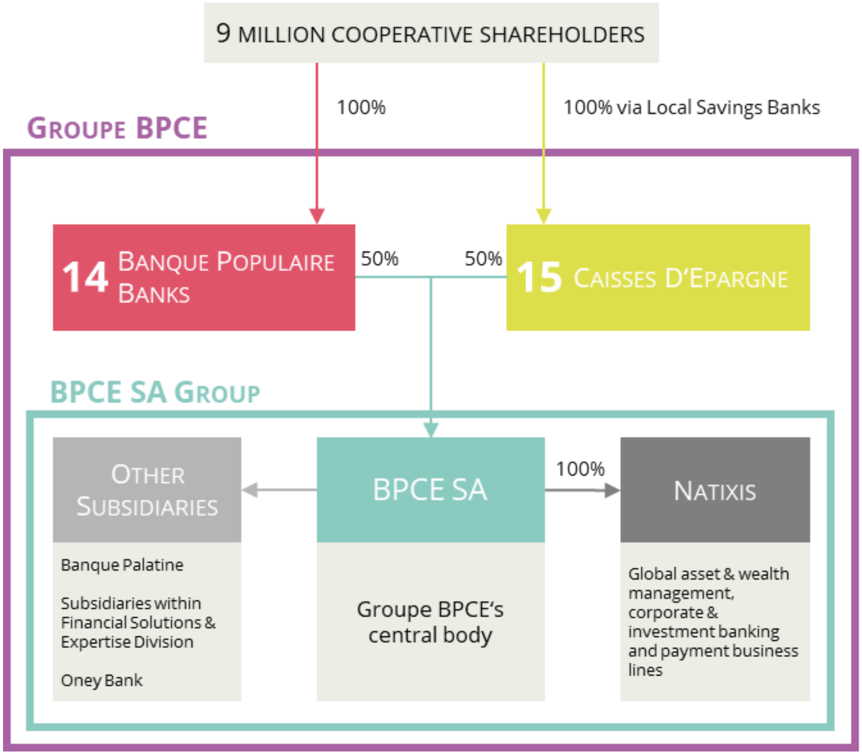
Company Overview

Groupe BPCE (hereinafter: Group) is the one of the largest banking groups in France and includes two independent cooperative banking networks. The banking group is the result of the merger of 15 Banque Populaire banks (BP) and 16 Caisses d'Epargne (CE) in 2009 (today 14 BP and 15 CE each). It serves over 36 million customers and employs over 100,000 people in more than 40 countries. The balance sheet total in 2021 was €1.5tn and has €1.245tn AUM.
Nine million cooperative shareholders own the constituent Banque Populaires and Caisses d'Epargne, while both banking networks hold 50% each of the central institute BPCE SA (hereinafter: BPCE SA or central institute), which in turn owns 100% of Natixis (after a tender offer and subsequent squeeze out of the remaining 29.3% between June and July 2021) and other subsidiaries such as Banque Palatine and Oney Bank. Groupe BPCE operates in two major business lines. "Retail Banking and related business lines" is operated under BP, CE, Banque Palatine and Oney Bank brands, while "Global Financial Services" is operated under Natixis brands.

In February 2021, the Group announced its intention to simplify the Group structure and acquire the remaining 29.3% of Natixis in a simplified takeover bid. The tender process ran from the beginning of June to the beginning of July this year. By the end of the process, BPCE SA held 91.8% of Natixis. The remaining shares were brought under control through an announced squeeze out, and the remaining shareholders were compensated on the same terms.

The current group structure of Groupe BPCE, the Banque Populaire Banks and Caisses d'Epargne and BPCE SA Group is as follows:

Chart 1: Group Structure of Groupe BPCE | Source: Website of BPCE, own illustration



In July 2021, BPCE unveiled its new BPCE 2024 business plan with the tagline "More United, More Useful, More Robust." This is accompanied by three strategic priorities and key principles, including a focus on climate change and a simplification/efficiency increase of the organization. The plan follows its predecessor TEC2020, which drove the transformation and consolidation of the group. Key financial targets of the new plan are net banking income growth of approximately 3.5% per year and savings of almost €800 million per year. Transformation costs of €900 million are expected over the life of the plan. As of 2024, the Group is targeting, among other things, net banking income of approximately €25.5bn (currently approximately €25.7bn), a cost income ratio of below 65% (currently 69%), net profit of more than €5bn (currently €4bn) and a Common Equity Tier 1 ratio of more than 15.5% (15.8%).

BPCE SA is defined as a central institution by the French Banking Law. Among other things, BPCE SA represents the interests of its respective affiliates vis-à-vis the regulatory authorities, organizes deposit insurance and the smooth running of the group institutions. As a holding company, BPCE SA acts as the head of the group and defines the business strategy. In accordance with articles L511-31 and L512-107-6 of the French Monetary and Financial Code, a guarantee and solidarity mechanism has been set up to guarantee the liquidity and capital adequacy of the Group and its members and to organize financial support within the Group. BPCE SA is charged with exhausting all possibilities to ensure the capital adequacy of the group of networks and also to set up internal financing mechanisms. For this purpose, three different funds exist. Two funds are provided by each of the networks (Banque Populaire and Caisse d'epargne), each with

€450 million, and a mutual guarantee fund of €172 million for both networks, which means that the emergency funds currently provide almost €1.1bn. The three funds must also not fall short of 0.15% of RWA or exceed 0.3% of RWA. As of 2021 (RWA: €441bn), these lower and upper limits would amount to just under €0.66bn and €1.3bn respectively. In addition, if necessary, BPCE SA is required to mobilize up to all the affiliates' liquid assets and equity. The Management Board of BPCE SA has all authority to mobilize the resources of the contributors without delay and in the agreed order based on prior authorization.

In the Institutional Support Assessment, Creditreform Rating examines the extent to which an existing cross-guarantee system or IPS can have an influence on BPCE's rating. As a result, Creditreform Rating comes to the conclusion that in the case of BPCE's long-term issuer (LT issuer) rating, there is a strong connection between Groupe BPCE and BPCE SA due to its role as central institution and the mandated support required by law to ensure the liquidity and solvency of the affiliated group entities. This enables additional notching. In the opinion of Creditreform Rating, a stand-alone rating of BPCE is thus not appropriate due to its affiliation with Groupe BPCE.

Rating Considerations and Rationale

Creditreform Rating affirms the unsolicited long-term issuer rating of BPCE SA at A- and the outlook at positive. The affirmation of the outlook and the Credit rating are a result of the higher operating income in 2021 and the ambitious new business plan. Further growth in the main business areas of the BPCE Group will be strongly dependent on the economic development in France. In this context, the BPCE Group will benefit from its many sources of income.

Profitability

BPCE SA was able to increase its profitability significantly towards 2020, recovering from the Corona crisis, as well as increasing its profitability to the ordinary fiscal year 2019. Operating income rose from €10.5bn to €12.5bn, where net interest income, net insurance income and net fee & commission income have improved considerably. The former is explained by a sharp decrease in interest expenses. With regard to the second and third source of income, an increase of income of investments and an increase in Trust Management Services were the key driver. Moreover, the bank enhanced his Net Profit dramatically from €0.3bn in 2020 to €1.5bn in 2021, which was mainly due to the massive decrease in impairment/cost of risk from €1.2bn in 2020 to €0.4bn in 2021 and the decrease of non-recurring expenses with regard to realized disposals compared to 2020. With regard to its earnings ratios, BPCE SA improved except of one, all of them. The sharpest increases is apparent in the ROE and RORWA, where ROE improved from 1.2% in 2020 to 5.6% in 2021 due to the massive increase in net profit and RORWA from 0.2% in 2020 to 0.8% in 2021, which is attributable to a simultaneous decrease in risky weighted assets and the up rise of net profits. On the other hand, CIR and ROA just improved slightly. In addition, it should be noted that the income ratios of the SA are generally below average. The income ratios of the entire group are much better than those of SA and could also improve significantly in 2021. However, the group's income figures are also slightly below average. Based on the first quarterly figures in 2022, we assume a further improvement in the earnings ratios.

Asset Situation and Asset Quality

In a risk environment that is recovering slightly from the covid crisis on BPCE SA markets, asset quality has generally improved. The bank's NPL ratio (stage 3 loans over net loans to customer) dropped from 4.9% to 4.5%, which is even below to pre covid and displays an average ratio. Furthermore, the potential problem loan ratio (stage 2 loans over net loans to customers) deteriorated moderately from 17.7% to 16% while the ratio of Reserves over NPL increased marginally to 40.4%, but does not reach the level of the pre covid year 2019 with 41.1%. The share of Stage 2 loans in total lending volumes thus remains high. Moreover, with the onset of the economic recovery in France, which accounts for around 88 percent of BPCE SA asset exposure, the bank was able to reduce its asset write-downs significantly, achieving an above average ratio. With respect to its RWA ratio and total assets, it can be stated that latter increases steadily since 2019 up to €923bn in 2021 and its RWA ratio decreased significantly to 18.7% due to the enhancement of the total assets, but also because of the decline of the bank´s total RWA. Overall, the banks RWA ratio, which exhibits a better result than in 2019, is remarkable and above average. The asset quality of the group is also good, based on the first quarterly figures of 2022 we see a further slight improvement in asset quality, despite the Ukraine war.

Refinancing, Capital Quality and Liquidity

For the equity ratios, we largely refer to the Group, as these are more meaningful. Basically, both CET1 and Tier 2 capital increased, whereby the increase in CET1 was disproportionately lower than the increase in risk-weighted assets. Accordingly, the CET1 ratio and Tier 1 (there is no AT1 capital) have slightly deteriorated, whereas the total capital ratio has slightly improved. Overall, the capital ratios are in an average valuation range. For 2022, we continue to assume no significant change in the capital ratios and expect the capital ratios to be in line with the target range for 2024.

Environmental, Social and Governance (ESG) Score Card

Creditreform Bank Rating
Environmental, Social and Governance (ESG) Score Card
BPCE SA (50 Avenue Pierre Mendes, 75201 Paris, Cedex 13)

Groupe BPCE has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated neutral, due in part to the only average performance of the Group in recent years, as well as failed investments and joint-ventures.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating drivers. Green Financing / Promoting and Corporate Behaviour are rated positive and neutral respectively. Green Financing activity has recently ramped up, and there are no known large scandals in the recent years bar a higher number of general lawsuits which are expected for a banking group of this size in the latter.

ESG Score

3,6 / 5

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

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

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

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

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

Outlook

The outlook of the Long-Term Issuer Rating of BPCE SA is ‘positive’. In the medium term, CRA expects a continued revenue growth and an increase in profitability. In the medium to long term, rising interest rates will lead to increasing profitability for BPCE's substantial lending business. Asset quality and capital ratios (due to RWAs) will strongly depend on the economic development in France. In the short term rising consumer prices could lead to higher PPLs and NPLs of BPCEs loan book. If asset quality remains high, we plan to upgrade the long-term issuer rating.

Scenario Analysis

Best-case scenario: A

Worst-case scenario: BBB+

Please note:

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

In a scenario analysis, the bank is able to reach an “A“ rating in the “best case” scenario and an “BBB+” rating in the "worst case" scenario. The ratings of bank capital and senior unsecured debt would behave similarly based on our rating mechanism. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade BPCE SA’s long-term issuer credit rating and its bank capital and debt instruments if we see that BPCE is able to continue to grow in the lending business while maintaining the same NPLs and write-off ratios. The growth in customer business should also lead to higher profitability. In addition, a significant improvement of BPCE cost structure might lead to an upgrade as well.

By contrast, a downgrade of the SA’s long-term issuer credit rating and its bank capital and debt instruments is likely if we see a lasting decline of BPCE’s profitability and a reduction of the banks’ capital ratios. In particular, we will observe the ongoing Economic development in France and the impact on BPCE’s asset quality and its business activities in general.

CRA's rating actions at a glance

BPCE SA (Group):

- Long-Term Issuer Rating affirmed at 'A-', positive outlook
- Short-term rating affirmed at 'L2'
- Preferred senior unsecured debt reclassified to preferred senior unsecured debt and affirmed at 'A-'
- Non-preferred senior unsecured debt affirmed at 'BBB+'
- Tier 2 capital affirmed at 'BB+'
- AT1 capital set to 'n.r.'

Ratings Detail

Bank ratings

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

LT Issuer / Outlook / Short-Term **A- / positive / L2**

Bank Capital and Debt Instruments Ratings

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

Preferred senior unsecured debt (PSU):	**A-**
Non-preferred senior unsecured debt (NPS):	**BBB+**
Tier 2 (T2):	**BB+**
Additional Tier 1 (AT1):	**n.r.**

Rating History

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

Figure 1: Rating History

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

Appendix

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

Income Statement (EUR m)	2021	%	2020	%	2019	%	2018
Income							
Net Interest Income	2.194	+23,9	1.771	+25,0	1.417	-4,6	1.486
Net Fee & Commission Income	4.450	+20,5	3.692	-8,5	4.037	+0,6	4.013
Net Insurance Income	2.692	+14,6	2.350	-25,0	3.132	+6,7	2.934
Net Trading & Fair Value Income	1.572	+38,5	1.135	-39,4	1.872	+7,6	1.740
Equity Accounted Results	90	-43,4	159	-31,2	231	-6,9	248
Dividends from Equity Instruments	128	> +100	59	-37,2	94	+40,3	67
Other Income	1.457	+9,3	1.333	+1,9	1.308	+2,0	1.282
Operating Income	**12.583**	**+19,8**	**10.499**	**-13,2**	**12.091**	**+2,7**	**11.770**
Expense							
Depreciation and Amortisation	604	-2,3	618	-8,8	678	+76,1	385
Personnel Expense	5.630	+20,0	4.690	-9,7	5.194	-0,5	5.221
Tech & Communications Expense	-	-	-	-	-	-	-
Marketing and Promotion Expense	-	-	-	-	-	-	-
Other Provisions	-	-	-	-	-	-	-
Other Expense	3.557	+11,9	3.179	-14,1	3.702	-5,3	3.910
Operating Expense	**9.791**	**+15,4**	**8.487**	**-11,4**	**9.574**	**+0,6**	**9.516**
Operating Profit & Impairment							
Operating Profit	**2.792**	**+38,8**	**2.012**	**-20,1**	**2.517**	**+11,7**	**2.254**
Cost of Risk / Impairment	430	-64,3	1.204	> +100	587	+46,0	402
Net Income							
Non-Recurring Income	1	-	0	-100,0	8	+33,3	6
Non-Recurring Expense	70	-77,3	308	> +100	15	> +100	2
Pre-tax Profit	**2.293**	**> +100**	**500**	**-74,0**	**1.923**	**+3,6**	**1.856**
Income Tax Expense	838	> +100	189	-68,2	594	+52,7	389
Discontinued Operations	-	-	-	-	-	-	-
Net Profit	**1.455**	**> +100**	**311**	**-76,6**	**1.329**	**-9,4**	**1.467**
Attributable to minority interest (non-controlling interest)	270	+98,5	136	-80,5	698	-10,7	782
Attributable to owners of the parent	1.185	> +100	176	-72,1	631	-7,9	685

Figure 3: Group key earnings figures| Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	%	2019	%	2018
Cost Income Ratio (CIR)	77,81	-3,02	80,84	+1,65	79,18	-1,67	80,85
Cost Income Ratio ex. Trading (CIRex)	88,92	-1,71	90,63	-3,05	93,69	-1,19	94,88
Return on Assets (ROA)	0,16	+0,12	0,04	-0,14	0,17	-0,02	0,20
Return on Equity (ROE)	5,59	+4,38	1,20	-3,59	4,80	-0,71	5,50
Return on Assets before Taxes (ROAbT)	0,25	+0,19	0,06	-0,19	0,25	+0,00	0,25
Return on Equity before Taxes (ROEbT)	8,81	+6,87	1,94	-5,01	6,94	-0,02	6,96
Return on Risk-Weighted Assets (RORWA)	0,84	+0,67	0,17	-0,58	0,75	+0,37	0,37
Return on Risk-Weighted Assets before Taxes (RORWAbT)	1,33	+1,06	0,28	-0,81	1,08	+0,61	0,47
Net Interest Margin (NIM)	0,49	+0,08	0,41	-0,11	0,52	-0,00	0,53
Pre-Impairment Operating Profit / Assets	0,30	+0,07	0,24	-0,09	0,33	+0,03	0,30
Cost of Funds (COF)	1,08	-0,24	1,31	-0,35	1,66	+0,07	1,59
Change in %- Points							

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

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

Assets (EUR m)	2021	%	2020	%	2019	%	2018
Cash and Balances with Central Banks	182.053	+22,4	148.709	> +100	72.602	+8,9	66.656
Net Loans to Banks	195.037	+30,6	149.322	+16,3	128.383	+0,1	128.264
Net Loans to Customers	170.870	+0,7	169.684	-4,6	177.817	+1,2	175.655
Total Securities	93.419	+4,6	89.272	+1,6	87.858	+24,2	70.747
Total Derivative Assets	57.194	-4,0	59.605	+3,7	57.487	-5,3	60.713
Other Financial Assets	76.255	-15,7	90.448	-14,6	105.916	-4,1	110.446
Financial Assets	**774.828**	**+9,6**	**707.040**	**+12,2**	**630.063**	**+2,9**	**612.481**
Equity Accounted Investments	916	-77,7	4.102	+8,8	3.769	+7,0	3.523
Other Investments	62	-4,6	65	-11,0	73	-24,0	96
Insurance Assets	127.578	+8,9	117.104	+4,8	111.787	+8,2	103.281
Non-current Assets & Discontinued Ops	2.093	-19,5	2.599	> +100	578	-90,6	6.167
Tangible and Intangible Assets	7.162	+5,5	6.788	-7,5	7.340	+23,4	5.946
Tax Assets	2.071	-16,8	2.490	-8,9	2.732	+15,6	2.363
Total Other Assets	8.278	-5,4	8.753	+2,4	8.550	-51,7	17.705
Total Assets	**922.988**	**+8,7**	**848.941**	**+11,0**	**764.892**	**+1,8**	**751.562**

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

Asset Ratios (%)	2021	%	2020	%	2019	%	2018
Net Loans/ Assets	18,51	-1,48	19,99	-3,26	23,25	-0,12	23,37
Risk-weighted Assets/ Assets	18,66	-2,66	21,32	-1,91	23,23	-28,98	52,21
NPLs*/ Net Loans to Customers	4,54	-0,40	4,93	+0,36	4,57	+0,11	4,47
NPLs*/ Risk-weighted Assets	4,43	-0,16	4,59	+0,06	4,53	+2,53	2,00
Potential Problem Loans**/ Net Loans to Customers	16,05	-1,64	17,69	-0,41	18,11	-2,11	20,22
Reserves/ NPLs*	40,42	+0,59	39,83	-1,29	41,12	+2,56	38,56
Reserves/ Net Loans	1,83	-0,13	1,96	+0,08	1,88	+0,16	1,72
Cost of Risk/ Net Loans	0,25	-0,46	0,71	+0,38	0,33	+0,10	0,23
Cost of Risk/ Risk-weighted Assets	0,25	-0,42	0,67	+0,33	0,33	+0,23	0,10
Cost of Risk/ Total Assets	0,05	-0,10	0,14		0,08		0,05

Change in %- Points

* NPLs are represented by Stage 3 Loans where available.
** Potential Problem Loans are Stage 2 Loans where available.

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

Liabilities (EUR m)	2021	%	2020	%	2019	%	2018
Total Deposits from Banks	254.250	+27,6	199.224	+87,6	106.199	+1,8	104.337
Total Deposits from Customers	49.270	+7,0	46.059	+1,8	45.266	-26,0	61.203
Total Debt	262.608	+3,9	252.689	-5,9	268.608	+8,9	246.653
Derivative Liabilities	52.131	+0,9	51.643	-1,6	52.494	-11,0	58.984
Securities Sold, not yet Purchased	-	-	-	-	-	-	-
Other Financial Liabilities	143.397	-2,9	147.608	+3,2	142.968	+8,1	132.211
Total Financial Liabilities	**761.656**	**+9,2**	**697.223**	**+13,3**	**615.535**	**+2,0**	**603.388**
Insurance Liabilities	116.863	+9,3	106.918	+3,8	102.982	+12,3	91.690
Non-current Liabilities & Discontinued Ops	1.823	-6,3	1.945	> +100	528	-89,4	4.975
Tax Liabilities	2.201	+20,1	1.832	-18,3	2.243	+50,7	1.488
Provisions	2.369	-10,2	2.637	-0,8	2.659	-12,8	3.048
Total Other Liabilities	12.042	-4,2	12.566	-5,2	13.253	-34,8	20.321
Total Liabilities	**896.954**	**+9,0**	**823.121**	**+11,7**	**737.200**	**+1,7**	**724.910**
Total Equity	**26.034**	**+0,8**	**25.820**	**-6,8**	**27.692**	**+3,9**	**26.652**
Total Liabilities and Equity	**922.988**	**+8,7**	**848.941**	**+11,0**	**764.892**	**+1,8**	**751.562**

Figure 7: Development of capital ratios and liquidity | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	%	2019	%	2018
Total Equity/ Total Assets	2,82	-0,22	3,04	-0,58	3,62	+0,07	3,55
Leverage Ratio	-	-	-	-	-	-	-
Common Equity Tier 1 Ratio (CET1)*	15,80	-0,19	15,99	+4,79	11,20	+0,30	10,90
Tier 1 Ratio (CET1 + AT1)*	15,80	-0,20	16,00	+4,80	11,20	+0,30	10,90
Total Capital Ratio (CET1 + AT1 + T2)*	18,74	+0,60	18,14	-0,46	18,60	-0,50	19,10
SREP/ CET1 Minimum Capital Requirements	-	-	-	-	-	-	-
MREL / TLAC Ratio	-	-	-	-	-	-	-
Net Loans/ Deposits (LTD)	346,80	-21,60	368,41	-24,42	392,83	+105,82	287,00
Net Stable Funding Ratio (NSFR)	-	-	-	-	-	-	-
Liquidity Coverage Ratio (LCR)		+0,00		-	-	-	-
Change in %- Points							

Regulatory

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

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

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

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for bank ratings (v3.1), the methodology for the rating of bank capital and unsecured debt instruments (v2.1), the methodology for the rating of Government-Related Banks (v2.0) the methodology for the rating of Institutional Protection Scheme Banks (v1.0) as well as the rating methodology for Environmental, Social and Governance Score for Banks (v1.0) in conjunction with Creditreform's basic document Rating Criteria and Definitions (v1.3).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 20 May 2022, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to BPCE SA (Group), and the preliminary rating report was made available to the bank. There was no change in the rating score.

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

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. Rating Endorsement Status:

The rating of BPCE SA (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

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

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

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

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available in the rating report or the „Basic data" information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

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