ANNUAL FINANCIAL REPORT 2024

GROUPE BPCE

BANQUE PALATINE

L'Art d'être Banquier

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ANNUAL FINANCIAL REPORT 2024

Jérome TERPEREAU **Didier MOATÉ**

For more than 240 years, Banque Palatine has cultivated the dual ambition of excellence by providing sustained support for the development of medium-sized companies and by offering the expert services of a demanding private bank to serve each of its customers. Its human scale - fewer than 1,100 employees - and its national distribution network - 26 business and private banking centres, and four "Palatine Premium" branches - make it a medium-sized bank, which understands and constantly adapts to all its customers' needs. It offers value-added expertise dedicated to accelerating the growth and performance of its customers: wealth, legal and tax engineering, investment advisory, global approach of wealth management services destined to business owners, corporate finance, specialised approach to real estate, trade finance, trading room, audiovisuel, etc.

Committed to a CSR approach, Banque Palatine supports its customers in their energy and ecological transition. It is also implementing an approach to reduce its environmental footprint and deploying an ambitious human resources policy.

As gender equality is a key component of its CSR policy, Banque Palatine is fully committed to gender equality in companies and in sport through its support for the Alice Milliat foundation and the Palatine Women Project, a mentoring scheme intended to support female athletes with an entrepreneurial project. This commitment is intended to leave a tangible legacy after the Paris 2024 Olympic and Paralympic Games of which the Bank is a Premium Partner.

Its slogan "The art of being a banker" illustrates Banque Palatine's desire to develop a local relational model based on excellent support for its 13,000 corporate customers and its 50,000 private customers. Wholly owned by Groupe BPCE, the bank benefits from the strength and financial guarantees of France's second largest banking group.

www.palatine.fr

STATEMENT FROM THE PERSON RESPONSIBLE

Mr Didier Moaté, Chief Executive Officer of Banque Palatine SA

Having taken every reasonable measure for this purpose, I declare that to the best of my knowledge, the information contained in this annual financial report is accurate and does not omit any material fact.

I declare that to the best of my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and that they provide a faithful presentation of the assets, financial position and income of the company and all the companies included in the consolidation, and that the management report appearing on page 4 presents an accurate picture of the business, income and financial position of the company and all the companies included in the consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

Chief Executive Officer

Done in Paris on 24 April 2025

BOARD OF DIRECTORS' MANAGEMENT REPORT

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1 Board of Directors’ management report

Economic environment

In 2024, the global economy once again demonstrated its resilience, managing to absorb the successive shocks that have occurred since the post-Covid period. However, the emergence of new risks such as the escalation of the conflict in the Middle East and the emergence of a populist wave around the world, has raised the spectre of geo-economic fragmentation.

Although a global recession was avoided, the global recovery remains fragile, as can be seen in the January 2025 update of the International Monetary Fund (IMF) economic outlook. The institution forecasts global growth of 3.2% in 2024, slightly down compared to growth in 2023 and lower than the average growth prevailing over the decade preceding the pandemic.

Global economic growth seems to be stabilising, however, with significant disparities between the various regions of the world. The growth rate of emerging economies is more favourable. Despite a struggling Chinese economy, which is expected to narrowly miss the growth target set by the government, annual growth in emerging economies is expected to stand at 4.2%. It is a more contrasting situation for advanced economies with annual growth expected to peak at 1.8%.

The United States is again a leading figure among the advanced economies. Recession, which was anticipated by the markets, has still not occurred and it even seems that the US Federal Reserve has won its bet of a soft landing for the US economy.

Economists have again been pleasantly surprised this year by the economy's greater-than-expected resilience, particularly with regard to household consumption expenditure and exports. The IMF therefore revised its growth forecasts upwards for 2024 to 2.8% compared to the 2.1% forecast at the beginning of the year. Gross Domestic Product (GDP) growth increased by 3.1% year-on-year in the third quarter according to the third estimate of the Bureau of Economic Analysis (BEA).

Indicators on the employment front, such as the unemployment rate or the creation of non-agricultural jobs, show a still buoyant labour market, even if a slowdown in this trend has been observed, a sign that the tension is less significant than it may have been in the past. The US unemployment rate stood at 4.1% in December.

Other indicators which have shown the strength of the US economy this year, are the leading Purchasing Managers Index (PMI) or ISM indexes, which measure business growth. The PMI Composite index of overall activity reached 55.4 points at the end of the year, thanks in particular to extremely positive activity in the services sector. The index in this sector reached its highest level for 33 months in December at 56.8 points.

The economic situation in the Eurozone is much less buoyant.

The two drivers, France and Germany, are operating at reduced capacity at present. Germany is suffering from the crisis of its economic model in addition to a political crisis. According to the publication of the German National Institute of Statistics (Destatis), the country is in recession for the second consecutive year with a Gross Domestic Product (GDP) in 2024 down by 0.2%.

As for France, it was plunged into political uncertainty in June with the decision to dissolve the National Assembly. Early legislative elections followed, which did not result in a clear majority. The second half of the year was therefore unstable politically, culminating in the passing of a motion of censure in early December on the vote of the 2025 Social Security budget, thus bringing down the government that had been in office for barely three months.

Economic operators, households and businesses are adopting a wait-and-see attitude in this climate of uncertainty, which is likely to weigh on future growth.

GDP is expected to stand at +1.1% in 2024, as indicated by INSEE's (French National Institute of Economic and Statistical Information) first estimate on the French national accounts for 2024, thanks in particular to a third quarter that benefited from the impact of the Olympic Games.

The excellent performance of the Spanish economy stands out, which benefited from the dynamic momentum of its tourism sector as well as strong domestic demand. The country is also seeing a significant improvement in its public finances. According to the *Instituto Nacional de Estadistica*, growth is expected to be +3.2% over the year.

Growth for the Eurozone as a whole is expected to be less than 1%, based on the IMF’s January 2025 economic forecast update, which expects growth of 0.8%.

An abundance of activity indicators point to a sluggish level of activity in the Eurozone. The PMI Composite index hovered around the 50-point level throughout the year without taking a clear step in either direction. This is the level that separates a zone in which activity is expanding from one in which it is contracting. It stood at 49.6 points at the end of the year. The weakness of manufacturing activity is still notable, with an index which has been in contraction territory for more than two years.

The European Commission's indicator, which measures economic confidence via a survey of economic agents, is changing below its long-term average, with a downturn in the second half of the year.

However, the job market in the Eurozone remained favourable this year with a positive trend in job creation. The unemployment rate was down over the year to 6.3% in December, compared to 6.5% a year earlier.

In a context of falling interest rates for the main central banks, the performance of global stock market indices was clearly positive this year, with the exception of the French index, which was constrained by the domestic political context.

US equity markets again led the year's stock market performance.

Stock market indices across the Atlantic posted double-digit growth, such as the Nasdaq Composite, which recorded the strongest growth at more than 28%. The S&P 500 gained slightly more than 23% over the year to 5,882 points. For the world’s oldest stock market index, the Dow Jones Industrial Average, the performance was nearly 13%.

In Germany, the DAX recorded a remarkable increase of just under 19% in 2024, reaching a level close to the symbolic threshold of 20,000 points. The Eurostoxx 50 increased by 8.3% and closed 2024 at 4,896 points.

In France, the flagship index of the Paris market, the CAC40, suffered from the troubled political context and resulting uncertainties, posting a decidedly lacklustre performance compared to its peers. It closed the year at 7,381 points, a decline of more than 2% over the year.

On the commodities market, the price of a barrel of Brent, like its US counterpart WTI, remained relatively stable during 2024 despite a turbulent geopolitical context. Faced with declining demand, the member countries of the intergovernmental organisation (OPEC) maintained their production reduction target. A barrel of Brent fell 3.1% while WTI ended up +0.1% at just under US$72 per barrel.

For crypto-assets, 2024 will be marked as the year Bitcoin crossed the symbolic threshold of US$100,000. The price of the Queen of cryptos soared at the end of 2024, buoyed by the election of Donald Trump and the promise of deregulation.

The persistence of geopolitical (conflicts in the Near and Middle East, in Ukraine) or political tensions (American election, dissolution of the French National Assembly) coupled with growing demand from central banks, particularly the main emerging countries, which want to “de-dollarise”, resulted in a rise in the price of gold to more than US$2,600 per ounce at the end of the year.

Interest rate trends

After several years of fighting galloping inflation, which had reached a high of nearly 10% in the United States and was even higher in the Eurozone, 2024 was the year when turning points were reached for the major central banks.

A year of transition during which central bankers began to ease key rates, made possible by the disinflation phase that continued this year in most regions.

Inflation in the Eurozone stood at 2.4% in December, 0.5 percentage points lower than its December 2023 level. It should be noted that an unfavourable base effect, particularly on energy, resulted in an upward trend in overall inflation in the last quarter. However, after restating for volatile items, it is clear that inflation has indeed been reduced. Concerning the continuation of the disinflation trend, it should be noted that inflation in the price of services has been stable at 4% for the past year.

In this context, the European Central Bank (ECB) initiated the normalisation of its monetary policy at its meeting in June with a first cut in key rates of 25 basis points. The movement continued at its meetings in September, October and December. The deposit rate was thus reduced by 100 basis points over the full year to stand at 3% at the end of the year. In March, the Governing Council also issued a report on the review of the operational framework for the implementation of monetary policy. As such, the difference between the deposit rate and the main refinancing rate was reduced by 35 basis points in order to promote the transmission of the Council's decisions in the money market.

At 31 December, the main refinancing rate was therefore 3.15% and the marginal lending facility rate was 3.40%.

As regards the ECB's balance sheet, it continues to be reduced at a measured and predictable pace, as the Governing Council has ended the reinvestment of the principal from maturing securities under the APP (Asset Purchase Programme), as well as those from the PEPP (Pandemic Emergency Purchase Programme) portfolio since December.

The President of the ECB, Christine Lagarde, expressed confidence at the final meeting of the year in achieving the medium-term target of 2% for the future trajectory of European inflation. Disinflation is “on track” according to Ms Lagarde. At this stage, the underlying inflation measures point to a return to 2% in the near future.

In the United States, the US Federal Reserve (FED) waited a little longer than the ECB before initiating a rate cut but the cut was larger than its European counterpart's, with an initial reduction of 50 basis points in September.

However, the total for the year was similar, with a downward trend totalling 100 basis points. At the end of the year, the Fed Funds were in the [4.25%; 4.50%] bracket.

On the other hand, the US Governing Council has been more cautious about the trajectory of future reductions.

The US election which captured the world's attention in November and resulted in Donald Trump's victory leaves many questions unanswered. The newly elected President's programme contains measures that are inflationary. It remains to be seen to what extent they will be implemented.

As such, the members of the Federal Reserve are anticipating only two rate cuts of 25 basis points each in 2025, compared to four previously.

In this context of lower key rates, the movement was reflected in the money markets and in particular short-term rates.

In Europe, the benchmark rate for overnight transactions, the €ster, fell by 98 basis points to 2.91% at the end of the year compared with 3.88% a year earlier. The three-month Euribor was down by 119 basis points and ended the year at 2.71%, close to its lowest point of the year.

The inversion of the euro long yield curve that prevailed at the end of 2023 is no longer relevant. In September, the yield curve reversed. The curve has therefore steepened over the year, particularly due to the more significant drop in short-term maturity rates.

The 2-year Swap rate fell by 58 basis points, standing at 2.13% on 31 December, while the 10-year Swap rate fell by 11 basis points to 2.35%.

In the United States, the revision of interest rate cut forecasts by FED members at the end of the year contributed to the flattening of the US yield curve. The 2-year Swap rate closed the year at 4.08% and the 10-year rate at 4.07%.

Regarding sovereign debt, the political situation in France weighed on French government OAT (medium and long-term treasury securities) yields. The rate spread between the yield on French and German debt, which is the measure generally scrutinised by investors to monitor the specific French risk, thus surged to stand at 83 bps at the end of the year. It was 33 bps lower prior to the announcement of the dissolution of the French National Assembly, at 50 bps. The 10-year yield on French debt thus stood at 3.19% compared to 2.36% for the yield on German debt of the same maturity. Conversely, the perception of risk for Portugal, Spain and Italy has improved. The US 10-year ended the year at 4.57%.

Key figures of Banque Palatine (in consolidated figures)

Ratings as of 31 December 2024

	Moody's	Fitch Ratings
Short-term rating	P-1	F1
Long-term rating	A1	A+
Outlook	Stable	Stable

Financial structure

in millions of euros	31/12/2024	31/12/2023
Equity attributable to equity holders of the parent	1,180.8	1,157.8
Equity tier 1	1,340.4	1,314.9

Prudential ratios

	31/12/2024	31/12/2023
Core Tier 1 ratio	9.25%	9.12%
Tier 1 ratio	10.19%	10.05%
Total capital adequacy ratio	12.62%	12.27%

Consolidated income statement

in millions of euros	31/12/2024	31/12/2023
Net banking income	377.3	384.2
Gross operating income	163.3	160.7
Net income	80.2	100.7
Cost/income ratio	56.72%	58.18%

Activity

in millions of euros	31/12/2024	31/12/2023
Total assets	19,187.3	18,766.4
Customer loans	11,982.4	11,797.3

Cost of risk

in millions of euros	31/12/2024	31/12/2023
Cost of risk	62.3	33.1

Highlights

Groupe BPCE highlights

2024 was marked by the launch of the VISION 2030 strategic project, which marks the beginning of a new chapter in Groupe BPCE’s history. VISION 2030 maps out the main strategic priorities of the Group and its business lines between now and 2030 based on three pillars:

- forging our growth for the long term.
- giving our customers confidence in their future.
- expressing our cooperative values in all regions.

The Group's new growth model is being implemented in three major geographical circles and is based on organic growth, acquisitions and partnerships:

- in France, to become the bank for one in four French people and the leading bank for professionals and companies.
- in Europe, to become a leader in financial services.
- worldwide, to become a key player in the service of more sustainable business models.

In all its business lines, the Group is committed to the impact revolution, supporting all its customers through the strength of its local solutions: the impact concerns everyone.

VISION 2030 includes commercial, financial and non-financial targets for 2026.

Several structuring operations were performed in 2024 that were totally consistent with these strategic goals.

In April, the Group signed a memorandum of understanding with Société Générale to acquire the activities of Société Générale Equipment Finance (SGEF), a subsidiary specialising in the leasing of capital goods. This acquisition project, which is the Group's largest external growth operation since its creation, will make it the European leader in capital goods leasing, with total outstandings of more than €30 billion and significant market shares in each of the main European markets. In March 2025, the project culminated, on schedule, in the creation of BPCE Equipment Solutions.

Still in the leasing business, BPCE Lease and the European Investment Bank signed a financial partnership with a budget of €300 million, a first in France. This operation will enable Groupe BPCE to develop the financing of mobility, energy efficiency and renewable energy production projects for the self-consumption of its professional, SME and medium-sized corporate customers.

Another highlight, in June Groupe BPCE announced a project to create a strategic payments partnership with BNP Paribas (see below).

The strategy of developing new partnerships materialised in 2024 with two major initiatives. First, Banque Populaire and Caisse d'Epargne announced the launch of a new exclusive remote protection offer with Verisure. This offer, which is also aimed at professionals for their premises, has been deployed in six of the Group’s banks. It includes equipment rental and 24/7 surveillance services. Groupe BPCE, with Banque Populaire and Caisse d'Epargne, and Oney then established a partnership with Leroy Merlin to offer their customers a turnkey solution (see below).

One of the Group's priorities is addressing the immediate needs of its customers, and it has launched initiatives in favour of housing. Banque Populaire and Caisse d'Epargne, which are the leading financiers of residential property in France, have introduced an innovative scheme to facilitate home ownership for first-time buyers under the age of 36, enabling them to borrow more to purchase their main residence and to postpone capital repayments for up to 10 to 20% of the total amount financed.

Groupe BPCE which is committed to the environmental transition supported Verkor in the financing of its electric vehicle battery gigafactory in Dunkirk. The Group was notably the senior mandated lead arranger. With a capacity of 16 Gwh, the gigafactory will be operational in 2025 and will produce low-carbon batteries, with one of the lowest environmental footprints in the world.

In the same vein, the European Investment Bank, the European Investment Fund and Groupe BPCE are strengthening their partnership to support the financing of innovation and the energy transition of SMEs and medium-sized companies in France. Two financing initiatives were signed for the Banques Populaires and the Caisses d’Epargne in order to further support SMEs and medium-sized companies in their innovation, research and energy transition projects, with a total budget of more than €1 billion.

With the launch of the CATVair and CATVert term accounts, the Banques Populaires and the Caisses d’Epargne offer their customers the opportunity to become players in the energy transition in their regions through their savings. Each euro collected through this new range of green bank savings contributes to the financing of projects that contribute to the energy and environmental transition. Groupe BPCE, a member of the Net Zero Banking Alliance (NZBA), published its new decarbonisation commitments in five new industrial sectors (aluminium, aviation, commercial real estate, residential real estate, and agriculture) and announced an extension of the scope of its objectives in three sectors (automotive, steel, and cement). The Group now aims to decarbonise the 11 sectors with the highest carbon emissions.

Lastly, Groupe BPCE will remain the leading Premium Partner of the Paris 2024 Olympic and Paralympic Games, which aroused enthusiasm worldwide. It made a decisive contribution to their success through the financing of key infrastructures, the design of the biggest ticket office in the world and support for 252 athletes and para-athletes. The Banques Populaires and Caisses d'Epargne, with a nationwide presence, were also official sponsors of the Olympic and Paralympic Torch Relay, which attracted more than 8.5 million people along the route.

The activity of the two networks, Banque Populaire and Caisse d'Epargne, was sustained, winning 846,000 new customers. The two networks have launched new and innovative services in areas identified as priorities in VISION 2030, to meet the needs and concerns of their customers, in particular housing and health.

Concerning the activity of the Banque Populaire banks:

Banque Populaire strengthened its commitment to three key customer groups in particular: entrepreneurs, healthcare professionals and farmers and winemakers. It also rolled out a new strategy for young people.

It now offers entrepreneurs a responsible incentive scheme that is unprecedented in France. Created in collaboration with Natixis Interépargne, it allows all employees to share in the company's profits and to increase the profit-sharing bonus based on the attainment of CSR criteria.

It also launched a comprehensive and innovative offer for young entrepreneurs, combining the opening of a personal and a business bank account at a competitive rate, with dedicated advice and non-banking services.

Lastly, Banque Populaire reaffirmed its commitment to innovative companies through three key initiatives: the signature of a partnership with the Start Industrie association and two new financing agreements with the European Investment Bank and the European Investment Fund. Banque Populaire is therefore strengthening its position with innovation-based companies, particularly through its Next Innov division.

Banque Populaire has launched two schemes for healthcare professionals: NEXTSANTE, a dedicated advice and expertise platform, and dedicated financing in partnership with the European Investment Bank, to simplify setting up. A budget of €150 million has therefore been made available to facilitate the installation of healthcare professionals and thus improve access to patient care.

Banque Populaire has also teamed up with France Biotech, the association of entrepreneurs in health innovation, as an exclusive private banking partner, to encourage the development and sustainability of the network of companies, start-ups and SMEs that innovate daily in the French healthcare sector.

Finally, Bank Populaire is helping to address the major societal issue of medical service desertification by supporting the establishment of new practitioners through the Zero Medical Desert Loan.

The Banques Populaires have launched several measures for farmers to help them cope with cash flow difficulties. Each farming customer is entitled to a personalised review of their situation in order to identify the most appropriate solutions (provision of exceptional short-term financing at a preferential rate for a maximum period of 18 months; rescheduling of existing loans or even debt restructuring; limits on the use of personal guarantees, etc.).

Finally, the Banques Populaires have rolled out their new strategy aimed at young people, based on three key initiatives: the launch of the young entrepreneurs package, the introduction of free international transactions, and the launch of the Nathan educational support service for their customers' children.

Concerning the Caisses d’Epargne's activity:

Caisse d'Epargne launched multiple innovative initiatives to meet the needs of all its customers.

WiTwo specific housing programmes were launched to help first-time buyers purchase their main residence: Grandioz, an adjustable loan that enables borrowers to gain up to 10% borrowing capacity with lower initial monthly repayments, and the Real Solidary ease, which makes home ownership 25% to 40% more affordable on average by separating the land and the building and applying a reduced VAT rate.

To further strengthen the support provided to customers purchasing their home, Caisse d'Epargne has launched the Proprioz loan, which, with a repayment deferral of 10 to 20%, allows customers to borrow more without increasing the initial monthly payment.

Caisse d'Epargne has launched new dedicated financing solutions, including ECO PTZ Copropriétés, in order to address the major challenge of energy renovation in condominium buildings. Caisse d’Epargne also launched the first ecological transition barometer for the general public, professionals, companies and local authorities. Caisse d'Epargne announced on this occasion that it would be earmarking €3.4 billion to the ecological transition in the regions in 2024. At the same time, the Caisses d'Epargne conducted almost 15,000 strategic ESG interviews. These interviews with corporate customers focus on their maturity in relation to ESG issues thus enabling better support for their actions.

Several schemes have been introduced for entrepreneurs. An offer dedicated to micro-entrepreneurs is being rolled out in the 15 Caisses d’Epargne. It allows them to apply for their online business account in less than ten minutes, to access the principal services via a single professional/personal app, and to receive the expert advice of a dedicated advisor. Caisse d'Epargne has also joined forces with the French fintech iPaidThat to develop a solution dedicated to accounting and financial management as well as electronic invoicing for businesses. Lastly, Caisse d'Epargne announced the launch of a private debt fund of €535 million to finance the development of French medium-sized companies in the French regions.

Always keen to work alongside healthcare professionals, Caisse d'Epargne signed a partnership with the European Investment Bank. In this context, a budget of €150 million in subsidised loans will support healthcare professionals in setting up new facilities and their business development projects throughout the country. Caisse d'Epargne also offers a "multi-level loan" with progressive monthly instalments, an equipment leasing offer for state-of-the-art medical equipment and a solution for third-party payment management and cash flow optimisation, through its partner Santé Pros. Lastly, Caisse d’Epargne launched SantExpert, a dedicated online space for healthcare professionals, providing news on their sector, useful tools and practical information.

BPCE Assurances saw strong activity in 2024:

In personal insurance, gross inflows totalled €15.1 billion in savings, up 17% compared to the previous year. Two new bond issues by Groupe BPCE and Natixis were launched in the first and second quarters. These launches were a commercial success: €3.7 billion in life insurance were collected by the Banque Populaire and Caisse d'Epargne networks. The borrower insurance (ADE) offer has evolved in two ways: firstly with the addition of a new "Family Assistance" cover, which, when an insured family is faced with the illness, disability or a serious accident to one of their children, can help the household's economic situation by covering part of their loan repayments; secondly, people who have survived breast cancer and who are in remission can now take out a loan insurance policy for a property or business project, without additional premiums or exclusions, even partial, and without having to wait for the statutory five-year period.

There was a good level of customer growth in the non-life insurance business, both in the private (+2%) and professional (+6%) markets. More specifically, in the Caisses d'Epargne network, 35% of customers now have Non-life/Providence insurance solutions.

The year was marked by several highlights:

- the deployment of non-life insurance products in the SBE's networks (a joint subsidiary of BRED Banque Populaire and Banque Populaire Val de France), Crédit Coopératif and BRED Banque Populaire, including in French overseas departments,
- the launch of a pilot to test a new distribution model for the health product in six customer relationship centres,
- lastly, the introduction of the Sightcall video assistance solution in the MRH (multi-risk home) and AUTO scope, which enables managers to assist their policyholders during the reporting and management of a claim. The policyholder can show the damage in real time and be guided remotely, thus simplifying the interactions and the identification of the claim. This solution enabled BPCE Assurances IARD to win the 2024 *Argus d'Or* award for claims management.

NB: the Compagnie Européenne de Garanties et Cautions (CEGC) joined forces with BPCE Assurances on 1 January 2025. It offers a wide range of financial guarantees in all of the Group’s markets.

2024 was marked by several structuring transactions for the Digital & Payments division.

BPCE and BNP Paribas announced their project to create a European player in payment processing, to equip themselves with the best technology in terms of payment processing for cardholders and merchants. This processor aims to handle all card payments in Europe from BNP Paribas and Groupe BPCE, accounting for 17 billion transactions, and could also be opened to other banks. It will therefore become the number one processor in France, and both groups are aiming for it to be in the Top 3 processors in Europe. In February 2025, BNP Paribas and BPCE finalised, on schedule, their agreement to create Estreem, the new French leader in payment processing.

In 2024, the European Payments Initiative (EPI) announced the launch of Wero, the European instant account-to-account payment solution. With Wero, Groupe BPCE now offers all Banque Populaire and Caisse d’Épargne customers a new instant account-to-account payment solution that meets new expectations. The Group, a pioneer in this field, had successfully completed the first cross-border transactions of this instant payment as early as December 2023.

Groupe BPCE and Oney have partnered with Leroy Merlin to support the customers of the Banques Populaires and the Caisses d’Epargne in their energy renovation projects, from financing to completion of the works. Customers benefit from a turnkey programme, with a global and integrated solution, and a complete range of financial solutions including the Eco-loan at a Zero Interest Rate.

New functionalities were offered to customers of the Banque Populaire and Caisse d'Epargne networks and a winning mobile strategy led to a significant increase in active mobile customers. The applications show a growing use by individual customers, professionals and companies and they continue to receive very high scores. The digital NPS of customer areas reached a record level (+53 in the third quarter of 2024).

Lastly, in July 2024, the Group acquired iPaidThat, a specialist and leading player in invoicing and business activity management. The integration of iPaidThat into the Digital & Payments division accelerates the development of these solutions and significantly enriches the digital experience offered to the Group's professional and corporate customers.

The Digital & Payments division has confirmed its vitality by undertaking several innovative projects:

- the launch of the "Tap to Pay" offer for customers of the Banques Populaires and Caisses d'Epargne equipped with Android smartphones. This service, which allows users to accept contactless payments via their smartphone or tablet, can be used on the main payment schemes. Groupe BPCE thus became the first banking player in France to offer this new generation payment solution for the market's two main operating systems on the market;
- access to the SwatchPAY! contactless payment solution. Banque Populaire and Caisse d'Épargne customers were the first in France to be able to make their purchases safely with a simple movement of the wrist, thanks to their watch equipped with contactless payment technology;
- Groupe BPCE has become a partner with Garmin, the world's leading supplier of navigation products and one of the first manufacturers of connected sports watches to integrate contactless payment;
- lastly, the "AI for all" programme was rolled out with the launch of the MaiA generative AI tool which already had 26,000 user employees in the Group in December and for which the target is 50% employee adopters by 2026;
- the Digital & Payments division, with its Payplug entity, handled the processing of all 3 million ticket transactions (from more than 170 countries) for the Paris 2024 Olympic and Paralympic Games of which Groupe BPCE was the Premium Partner. The acceptance rate reached 98%, well above the standard of 92%. Alongside this, Visa (official supplier to the International Olympic Committee) appointed BPCE Digital & Payments to handle payments at the Paris 2024 venues during the 29 days of competition.

Supported by solid fundamentals, the Financial Solutions & Expertise (FSE) division reported a dynamic level of business activity in 2024.

With total outstandings of €37.1 billion in 2024, BPCE Financement strengthened its position as the leading player in consumer loans in France with a market share of 18.07%.

Following record production in 2023, BPCE Lease once again recorded a significant increase in new loan production of +5%. Several areas even outperformed, such as equipment leasing (+10%), renewable energy financing (+17%) and long-term leasing (LLD) (+22%).

The year was marked by a number of highlights, including the takeover of the new Banque Populaire Rives de Paris production on a commissioner basis, the acquisition of a majority stake in SIMPEL and the launch of the project to take over Société Générale Equipment Finance's (SGEF) portfolio and bookings.

With a 25% market share in France, BPCE Factor is the leader in the factoring market in 2024 in terms of number of contracts.

In France, EuroTitres is one of the leaders in the outsourcing of retail custody of financial instruments. Retail activity on the stock market and UCIs remained resilient overall in 2024 with 1,890,000 stock market orders processed compared to 2,009,000 last year.

Natixis Corporate & Investment Banking (CIB) achieved an excellent commercial performance in 2024 and posted a record level of revenue, driven by all of its activities.

Natixis CIB continued to grow its Global Markets activities in all its regions, with a significant development of its flow activities. In 2024, the bank achieved a significant increase in new customers.

Natixis CIB has carried out numerous financing operations for real assets. This momentum was particularly strong in Europe and Latin America. In 2024, ten projects were selected as "Deals of the Year" at the PFI Awards; for example, the bank played a major role in financing Teeside, the first commercial gas-fired power station equipped with a CO_2 capture, storage and recovery system in the United Kingdom. Activity was buoyant in terms of aeronautical financing in all regions. Natixis CIB strengthened its leading position in France and Europe In the real estate market in a context of a moderate recovery in investment.

The Global Trade teams continued to develop in France and internationally: In addition to a significant cash collection, bespoke solutions incorporating environmental criteria have also been developed. The Corporate activity expanded significantly in Western Europe, with successes in Supply Chain Finance. In parallel, the Commodity Trade business strengthened its support for its customers' energy transition while diversifying its operations in the metals, agriculture and electricity sectors.

The Investment Banking business lines recorded a record performance driven by strong origination momentum. Natixis CIB confirmed its leading position in the financial issuers market.

The M&A activity maintained a good level of growth. Natixis CIB expanded its network of boutiques with strategic stakes in Emendo Capital and Tandem Capital Advisors (now Natixis Partners Belgium), strengthening its position in Europe and in particular in the Benelux. In 2024, Natixis CIB also renewed its partnership with Clipperton, which enables it to best support its customers in their development projects in the fields of Tech and digital.

Natixis CIB strengthened its role as an advisor and key partner in supporting its customers’ transitions by developing its offering of sustainable finance products and services and, in particular, expertise in emerging technologies essential to the transition (batteries, metals, new energies, etc.) and by supporting all its customers who present a credible, robust and ambitious transition plan, including those from the most high-emission sectors. In 2024, the bank improved the colourisation of its financing portfolio thanks to an 11-point increase in green-coloured financing compared to 2020. It considerably reduced its exposure to the Oil & Gas sector while increasing its share of low-carbon energy. It continued to grow its ’green' revenues, which are growing faster than the bank's total revenues. It received numerous awards, testifying to the recognition it has earned from the market and its customers as a leading player in sustainable finance.

Overall, the three platforms - the Americas, EMEA and APAC - recorded solid commercial performances and stood out for the quality of their expertise. In Asia, in particular, Natixis CIB strengthened its presence in Korea, where the bank signed a strategic partnership with the Asian bank Woori, increasing Natixis CIB’s presence in the rapidly expanding global private debt market. Lastly, Natixis CIB launched strategic initiatives in Japan and India.

Thanks to the commitment of all its teams, Natixis Investment Managers (IM) recorded strong commercial momentum, reaching record net inflows over the year (€40 billion), particularly in bond and life insurance products. At 31 December 2024, assets under management reached a new all-time high of €1,317 billion.

68% of funds rated by Morningstar over three years were in the first and second quartiles at the end of December 2024, compared with 64% a year earlier (Morningstar ranking).

The company continued to streamline its organisation and actively manage its holdings: in a context of a technological revolution and accelerated transformation of the asset management industry, it created Natixis Investment Managers Operating Services, a new entity grouping the operations, technology, data and innovation teams of Ostrum AM, Natixis IM International and Natixis IM, in order to strengthen synergies and provide ever better service to its customers. In January 2025, it also sold its 100% stake in the management company MV Credit to Clearlake Capital, a US-based private equity firm.

Alongside its affiliates, Natixis IM continued its efforts to develop responsible and impact investing: ESG assets (SFDR Art.8/9) represent a growing share of total assets under management: 40% at the end of 2024, i.e. +3 points compared to the end of 2022. They also continued to make their voices heard through individual and collective engagement, active voting policies and participation in key marketplace initiatives to advance responsible investment.

The company also launched initiatives to revitalise financial savings in France and better meet the expectations of the networks, in particular by preparing the launch in January 2025 of VEGA Investment Solutions, the financial savings expert dedicated to Groupe BPCE customers.

Lastly, Natixis IM also continued its international development, notably achieving an important milestone in Korea by obtaining a Private Asset Management Company licence.

In 2024, Natixis Interépargne strengthened its leadership in the employee savings and retirement savings market in France, with the acquisition of HSBC Epargne Entreprise, 9th French player. This transaction was accompanied by a marketing agreement for employee savings and pension plans and services between HSBC Global Asset Management (France) and Natixis Interépargne, bringing the number of Natixis Interépargne distribution partners of choice to 12.

With the Banques Populaires and the Caisses d’Epargne, Natixis Interépargne launched the first responsible incentive offer in the market, enabling all employees to be involved in the company’s results and increasing the incentive bonus by meeting CSR criteria.

On behalf of Groupe BPCE, it successfully carried out the employee share ownership operation for more than 40 Group institutions and entities, with a participation rate of 46%.

It was awarded first place in the Corbeilles 2024 category in the Corbeille long-term five years category of the best employee savings plan (*Corbeilles Mieux Vivre Your Money*). Natixis Interépargne has won regular awards over the last 10 years and has the most successful and award-winning employee savings management programme on the market [1].

Lastly, the commercial momentum continued with significant successes with major corporate customers. Gross inflows up by 15% in 2024 [1] compared to the previous year. All distribution networks posted strong growth, with growth of 19% in new contract sales [1] over the year.

1) *Source: Natixis Interépargne at 31 December 2024.*

In 2024, in an environment marked by inflation and political instability in France and abroad, Natixis Wealth Management and its subsidiaries continued their development: at the end of December 2024, Natixis Wealth Management was managing more than €32.5 billion in assets. The bank also continued its transformation program thanks in particular to the completion of several projects in its IT master plan to serve a modernised customer and employee experience. The innovative approach developed by Natixis Wealth Management - also supported by a recognised brand image and CSR approach - was awarded First Prize in the Private Banking category at the *Rencontre Occur* 2024 for the third time in four years. To continue to grow and gain market share in wealth management, Natixis Wealth Management unveiled a new roadmap: RISE. This new strategic project is fully in line with Groupe BPCE’s other global business lines as well as the Banque Populaire and Caisse d'Epargne networks.

Highlights of the year for Banque Palatine

Governance

Composition of the Board of Directors

The Board of Directors Meetings of 31 July and 11 September 2024, respectively:

- co-opted Bertrand Magnin, as a board member, to replace Frédéric Destailleur, who resigned;
- co-opted Bernard Dupouy, as a board member, to replace Lionel Baud, who resigned.

In addition, the Board of Directors' Meeting on 13 December 2024 took note of the results of the elections of board members representing employees, organised from 2 to 6 December 2024, namely:

- the renewal of the term of office as a board member representing the employees of Guillemette Valantin (Executive Committee) and;
- the election of Zohra Messous as a board member representing employees (non-managerial committee), to replace the outgoing Nadia Mauzelaf.

As a result of these movements, the composition of the Board of Directors and its committees was as follows on 31 December 2024:

Board of Directors

Jérôme Terpereau	Chairman
Sabine Calba	Board member
Bernard Dupouy	Board member
Bruno Goré	Board member
Bertrand Magnin	Board member
Zohra Messous	Employee-elected board member
Guillemette Valantin	Employee-elected board member
BPCE	Board member, represented by Marjorie Cozas

Audit Committee

BPCE	Chairperson, represented by Marjorie Cozas
Bernard Dupouy	Member
Zohra Messous	Member
Jérôme Terpereau	Guest

Risk Committee

Bruno Goré	Chairman
Sabine Calba	Member
Bertrand Magnin	Member
Guillemette Valantin	Member
Jérôme Terpereau	Guest

Appointments Committee

Jérôme Terpereau	Chairman
Bruno Goré	Member
BPCE	Member, represented by Marjorie Cozas

Remuneration Committee

Jérôme Terpereau	Chairman
Sabine Calba	Member
Bernard Dupouy	Member
Bertrand Magnin	Member

At 31 December 2024, the percentage of female board members reached 50%, including female board members representing employees.

Composition of the management

Patrick Ibry’s term of office as Deputy Chief Executive Officer, effective manager expired on 14 February 2024 and was not renewed. Nathalie Bulckaert-Grégoire was appointed by the Board of Directors' Meeting on 6 February 2024 as Deputy Chief Executive Officer, effective from 27 March 2024.

As a result of these movements, the effective managers on 31 December 2024 are as follows:

- Didier Moaté, Chief Executive Officer;
- Nathalie Bulckaert-Grégoire, Deputy Chief Executive Officer.

Since the end of the 2024 financial year, Nathalie Bulckaert-Grégoire was appointed Deputy Chief Executive Officer, by the Board of Directors' Meeting on 4 February 2025, for a period of five years.

Change of administrative headquarters

Banque Palatine moved into its new administrative headquarters in Fontenay-sous-Bois on 21 May 2024.

Network restructuring

Banque Palatine has changed its business centres and private banking network. The network is now organised around three geographical divisions, to provide a better response to the challenges of its market.

This new division is part of the desire to rationalise its representation across the country. The aim is to establish consistency of locations, through the creation of three Network Departments.

Activity in 2024

Average monthly outstandings (in millions of euros)	At 31/12/2023	At 31/12/2024	Change (in %)
TOTAL USES OF FUNDS	**18,197**	**18,220**	**0.1**
Customer Uses	11,828	12,024	1.7
Excluding SGL*	11,103	11,569	4.2
SGL*	725	456	(37.1)
Financial Uses	6,370	6,196	(2.7)
TOTAL RESOURCES	**18,197**	**18,220**	**0.1**
Customer Resources	11,927	13,482	13.0
Financial Resources	6,270	4,739	(24.4)

** State-guaranteed loan.*

Credit production (in millions of euros)	Total as of 31/12/2023	Total as of 31/12/2024	Change (in %)
MEDIUM-/LONG-TERM LOANS	**2,702**	**2,217**	**(17.9)**
• Corporate Customers	2,034	1,603	(17,7)
• Private Customers	667	544	(18.5)
Leasing	126	131	4.0
TOTAL CREDIT PRODUCTION	**2,828**	**2,348**	**(17.0)**
SGL	40	35	(12.8)

Commercial banking

Commercial banking

In 2024, Banque Palatine consolidated its distribution model with two key areas of focus: strengthening synergies between the Business market and Private Banking and promoting the regions and its business lines more effectively.

The bank has reorganised around a Commercial Department that includes all the Business Centres & Private Banking, grouped around three Network Departments, the Marketing Department and the Coordination Department. This change is part of Banque Palatine’s vision for 2030, based on three fundamental pillars. It aims to:

- strengthen our presence in the regions and with its customers,
- showcase its know-how and business lines,
- strengthen the voice of the commercial network within the bank,
- improve its overall performance and efficiency,
- promote proximity between the marketing teams and the front line.

After Clermont-Ferrand in 2023, Banque Palatine opened a new branch in Reims in 2024. It is strengthening its national network to support SMEs and medium-sized companies, their managers as well as private banking customers with high added-value expertise.

At the same time, four Palatine Premium branches support high-net-worth customers and their projects. These branches report to the Private Banking Market Department.

Corporate market

The business results for corporate customers have been buoyant in an economic and political context that is weighing on French medium-sized companies, leading them to reduce or suspend their investments.

- the conquest of new corporate customers with revenue of more than €15 million reached a level of 284 active new entrants (vs. 328 in 2023), thus increasing the number of customers in this segment by +5%;
- net balance sheet inflows were up sharply by more than €1.7 billion (+17% vs. 2023);
- corporate financing was at a high level of €2.2 billion (-11% vs. 2023) despite the unfavourable context.

This sustained commercial activity is already underpinned by the guidelines of the new strategic plan:

- the “originate to distribute” model continues to be deployed, enabling large-scale transactions to be carried out while controlling the development of exposures.

- the bank is honing its organisation with the Investment Banking and Specialised Financing Departments in order to improve the quality of its services.
- the production of structured finance is accompanied by a growing share of sustainable finance transactions in the form of impact loans.

Private banking market

The 2024 financial year confirmed the positive commercial trajectory of our Private Banking customers. 2024 was another record year in terms of winning new customers, increasing the number of Private Banking customers by + 2%. In 2024, inflows were mainly driven by financial savings activity, particularly in mutual fund investments and arbitrage, while life insurance assets under management were down by -2%, penalised in particular by the decline in euro funds. Real estate outstanding loans increased significantly to €3,150 million at the end of 2024 (+5.7%).

In addition, the bank continued to strengthen its offering to Private Banking customers, in particular with the creation of a private equity offering.

Financial activities of the bank

In 2024, Banque Palatine invested €210 million in securities eligible for the liquidity reserve. These investments were made in HQLA (High Quality Liquid Assets) level 1: supranational, regional issuers, OATs and companies with a State guarantee. At the end of 2024, the total nominal value of the bank's HQLA bond portfolio amounted to €1,138 million.

This portfolio's objective is to constitute the liquidity reserve of the Liquidity Coverage Ratio (LCR). As they can be mobilised with the central bank, these securities also constitute a security for the bank's refinancing.

This financial strategy of the bank is in line with the regulatory ratios set by the Group. The Liquidity Coverage Ratio (LCR) remained above 106% throughout 2024.

The bank's financing is assured by customer deposits thanks to a complete range of investment products. The ratio of loans to customer deposits (LTD) was close to 105% at the end of the year. The bank therefore has a substantial customer deposit base giving it significant scope for commercial development.

In 2024, the bank maintained its targets for balance sheet management, limiting its liquidity and rate risks:

- managing short- and medium-long-term liquidity is first and foremost aimed at ensuring the refinancing of the bank while guaranteeing attractive loan terms for its customers;
- the second objective is the strict control of interest-rate risk on the balance sheet. This approach allows Banque Palatine to manage changes in yields caused by interest rate movements. Through its careful management of its balance sheet, the bank is well-prepared for any future changes in interest rates.

Business activity of principal subsidiaries

Asset management - Palatine Asset Management

The management company Palatine Asset Management offers a complete range of money market, fixed-income, equity and diversified products, mainly in France and Europe, with the exception of a US equity fund. It is thus able to meet the expectations of both “individual” and institutional customers.

To this range is added a management mandate in the form of funds and live securities to meet the expectations of the bank’s customers who wish to delegate their management to professionals.

It should also be noted that Palatine Asset Management is a signatory of the United Nations Principles for Responsible Investment (PRI). During its first assessment in 2023, the score obtained was very positive and encouraging, confirming the robustness of the company’s ESG investment processes.

Almost all funds managed are Article 8 with regard to the European SFDR regulation and one European equity fund, Palatine Europe Sustainable Employment, is Article 9.

In the second half of 2024, Palatine Asset Management launched a fund maturing in 2027 to enable its customers to take advantage of a still favourable interest rate environment before the rate cuts expected by most economists.

2024 was also marked by the first exercise of the interest rate management delegation to Ostrum Asset Management. This first exercise confirmed the relevance of this decision by maintaining a good performance of the funds for customers in a secure environment.

European markets ended 2024 on a positive note, with the STOXX 600 up 6% and the Eurostoxx 50 up 8.3%. The upward rally at the beginning of the year, driven by the hopes of a cycle of marked rate cuts and by good earnings publications in 2023 and in the first quarter of 2024, was tempered by growing concerns on the economic, political and geopolitical fronts during the second half of the year. Factors such as the political crisis in France and Germany, the election of Donald Trump and his threats of tariffs, the escalation of the conflict in the Middle East, the deterioration of the European economy and the slowdown in consumption in China weighed on investor morale.

The CAC suffered among the European indices in particular, falling by 2.15%, due to political instability in France and the vulnerability of the luxury goods sector to the decline in Chinese consumption.

Conversely, the US markets had a flourishing year, with records on major indices such as the S&P 500 (+23.3%) and the Nasdaq (+24.9%). Investors had initially expected a cycle of rate cuts, which took longer than expected, but this did not cause major concern as US economic indicators remained strong. The election of Donald Trump has also benefited markets, particularly in the technological and financial sectors, thanks to potential reforms, such as deregulation and tax cuts for companies, which he could implement as of January 2025.

Overall, the Palatine Asset Management funds have held up well compared to their reference groups. The monetary and bond funds have remained well positioned in relation to their competitors. In 2024, European equity funds were adversely affected by a market environment unfavourable to Palatine Asset Management's management style, which is based on a “quality, growth and ESG” process. European large-cap funds also suffered from a French bias that penalised most French funds exposed to Europe. Finally, attention should be drawn to the good performance by the US equity fund thanks to the relevant choices of an innovative approach based on artificial intelligence.

At 31 December 2024, Palatine Asset Management’s assets under management totalled €4,007 million, down by €466 million:

- money market funds (€2,318 million) were down by €482 million,
- equity assets, at €670 million, were down by €55 million (-8%);
- bond assets, at €580 million, were up by €11 million;
- GSM and mixed assets rose by 16% to €439 million.

Palatine Asset Management received the “Shares with Social Impact” award at the Responsible Finance Awards and third place at the “Climate Carbon4Finance” award for its Palatine Europe Sustainable Employment fund.

Palatine Asset Management was also honoured at the European Funds Trophy organised by Fundclass:

- “Best European Asset Management Company over the long term (7 years)” in the category of management companies with 16 to 25 funds;
- “Best European Fund (V)” for Palatine Conviction Crédit 3-5 years.

Palatine Asset Management was also recognised by the Alpha League Table 2024 as one of the managers delivering the most alpha.

Activities of the other subsidiaries

The Ariès Assurances subsidiary continued to develop its activity in the field of collective social protection as well as in the development of tailor-made pension coverage for the evaluation and management of End-of-career benefits (ECB) and in the implementation of civil liability insurance for senior executives and corporate executive officers.

In addition to these activities, Ariès Assurances supports Banque Palatine's customer service managers in setting up tailor-made contracts for borrowers and key personnel, and in researching a cyber insurance programmes and proposing cybersecurity offers for medium-sized companies.

As at 31 December 2024, commissions amounted to €0.77 million and net income reached €0.276 million, an increase of 8.3% compared to the 2023 financial year.

Changes in scope of consolidation

There were no material changes in Banque Palatine's scope of consolidation in 2024.

Consolidated and individual balance sheet

Consolidated balance sheet

The consolidated balance sheet reached €19.2 billion as at 31 December 2024, an increase of €0.4 billion compared with the previous financial year.

On the assets side, customers' loans and receivables amounted to €12 billion, an increase of €0.2 billion, linked to buoyant commercial activity throughout the financial year. Credit institutions' loans and receivables increased by €0.1 billion to €5.4 billion, mainly reflecting the reinvestment of excess liquidity from corporate and financial customers with BPCE. Securities at amortised cost, at €0.6 billion, increased by €0.1 billion following investments in sovereign securities eligible for the liquidity reserve.

On the liabilities side, customer deposits, at €13.5 billion, increased by €1.9 billion due to the increase in demand and fixed-term deposit accounts of business customers and household savings. Amounts due to credit institutions decreased by €1 billion to €1.7 billion. Debt securities amounted to €1.7 billion, down €0.8 billion, in line with the bank's certificate of deposit issuance programmes.

Shareholders' equity amounted to €1.2 billion, including net income for the year in progress of €80.2 million.

Individual balance sheet (French GAAP)

At 31 December 2024, the individual balance sheet totalled €18.4 billion, an increase of €0.4 billion compared to the previous year.

On the assets side, loans and advances due from customers amounted to €12 billion, an increase of €0.2 billion. Loans and advances due from credit institutions remained at €4.7 billion.

Intangible non-current assets and property, plant and equipment, amounted to €118.8 million, up by €4.7 million compared to the previous year. Intangible assets amounted to €95 million, reflecting the goodwill of the banking service businesses contributed by Crédit Foncier de France in 2008.

On the liabilities side, debts to customers, at €12.9 billion, have increased by €2 billion. Debts to credit institutions are down by €0.8 billion to €1.5 billion and debt securities are down by €0.8 billion to €1.7 billion.

Subordinated debt amounts to €501 million, an increase of €60 million following the introduction of a new subordinated loan on the reporting date repayable to BPCE SA.

Consolidated and parent-company earnings

Consolidated earnings

Net banking income amounted to €377.3 million, down by €7 million (1.8%) compared to 31 December 2023.

The net interest income amounted to €262.8 million, a decrease of €16.3 million, impacted by the increase in the cost of customer and financial resources.

Net commission income remained stable at €101 million, with an increase in service commissions in connection with the intensification of customer relations, as well as income from structured finance advisory services in a more buoyant market environment. Conversely, fees from asset management activities were down in 2024.

Net gains and losses on financial instruments at fair value through profit or loss increased by €1.7 million mainly due to a base effect related to the adjustment of the counterparty risk provisioning inherent in these transactions.

Total operating expenses amounted to €214 million, down €9.6 million as a result of a base effect in personnel expenses linked to the bank's financial and commercial performance, as well as the initial savings made following the relocation of Banque Palatine's administrative headquarters to the JOYA building in Fontenay-sous-Bois.

As of 31 December 2024, gross operating income amounted to €163.3 million, up sharply by €2.6 million, and the consolidated cost/income ratio improved significantly to reach 56.7%, compared to 58.2% in 2023.

The cost of annual risk for 2024 amounts to €62.3 million, an increase of €29.2 million compared to 2023, owing to a base effect in the unproven cost of risk compartment on outstanding loans (Stages 1 and 2). The cost of risk allocated to non-performing loans (Stage 3) increased by €12.1 million, in a general context of acceleration of corporate failures at national level, in particular in the housing and real estate sector.

The share in the net income of equity-consolidated companies felt slightly to €0.2 million, generated entirely by Conservateur Finance.

The net gains or losses on other assets item includes €3.6 million of capital gains on the disposal of branches planned as part of the reorganisation of the commercial network.

The IFRS consolidated net income at 31 December 2024 was a profit of €80.2 million compared to €100.7 million in 2023.

Individual corporate income (French GAAP)

The net banking income in 2024 reached €351.5 million, down by 13.4% compared to 31 December 2023.

The net interest income stands at €260 million, down 13.4%, in a context of rising costs of customer and financial resources.

The income from variable-income securities is up by €0.4 million, in line with the increase in dividends received during the financial year.

Net commissions, at €84.6 million, increased by €2.9 million, or 3.5%, which in particular, reflects the increase in customer service fees and structured financing revenues.

Net gains or losses on transactions in investment portfolios and similar items include allocations to the provisioning for interest rate risk linked to the securities portfolio of the liquidity reserve.

Total operating expenses amounted to €203 million, down €10.3 million compared to 2023.

The cost of risk increased sharply by €42 million to €68.3 million at the end of 2024.

Net income as at 31 December 2024 is a profit of €58.4 million, compared with €124.2 million at the end of 2023.

Results of the subsidiaries

Palatine Asset Management posted net income of €4.2 million in 2024, down €0.9 million compared to the previous financial year.

The net income of Ariès Assurances amounted to €276 thousand in 2024, up by €21 thousand compared to 2023.

Main characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The information relating to the main characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information is described in the chapter entitled “Risk management”.

Main characteristics of the internal control and risk management procedures for the consolidated entities

Information on the main characteristics of the internal control and risk management procedures for all of the entities included in the consolidation are outlined in the “Risk management” chapter.

Main risks and uncertainties

This information is presented in chapter 4 “Risk management” satisfying the obligations of the ministerial order of 20 February 2007 concerning the equity requirements applicable to credit institutions and investment firms. Some of this information is mandatory under IFRS 7 and is thus covered by the opinion of the statutory auditors on the consolidated financial statements.

Five-year financial summary

A table showing the five-year financial highlights is presented in the appendix to the management report, in chapter 5A.

Events after the reporting period

No material event liable to have an impact on the separate or consolidated financial statements occurred between the reporting date and the preparation date of this report.

Significant investments

No significant investments were made in 2024.

Information on payment periods

Information concerning payment periods is contained in the appendix to the management report, in chapter 5B

List of branches

A list of all branches is provided in the appendix to the management report, in chapter 5E.

Employee participation in the share capital at 31 December 2024

At 31 December 2024, the employees did not hold any interest in Banque Palatine’s share capital.

Ownership structure

BPCE holds 99.9% of the share capital.

Non-tax deductible expenses

In accordance with the provisions of article 223 quater of the French General Tax Code, the financial statements for the year ended 31 December 2024 include €64,285.44 in non-tax-deductible expenses.

These non-tax-deductible expenses derived from the portion of rental costs on Banque Palatine's company vehicles not deductible for tax purposes.

Authorisation to effect capital increases

The Board of Directors has not received any delegation for capital increases.

Research and development activities

Banque Palatine did not conduct any research and development activities during the period.

Resolutions

The Board of Directors is presenting the management report, the sustainability report, the corporate governance report, the annual separate financial statements and the consolidated financial statements for 2024, the risk management report to the General Meeting, as well as the appropriation of net income, which appear in the appendix to this report.

Pursuant to article 243 bis of the French General Tax Code, the amounts distributed for the last three financial years are as follows:

Year	Number of shares	Total dividend payment	Net dividend per share
2021	34,440,134	-	-
2022	34,440,134	-	-
2023	34,440,134	50,364,356.09	1.46237399

Shareholders are consulted about the overall package of remuneration of any kind paid to the individuals covered by article L. 511-71 of the French monetary and financial code.

The terms of office of the Statutory Auditors expire at the end of the General Meeting of 28 May 2025. The meeting will therefore appoint its Statutory Auditors. In addition, it will again appoint an independent third-party organisation to prepare the sustainability report.

Lastly, the general meeting will have to decide on the total budget relating to the remuneration of the board members.

Outlook

Banque Palatine’s strategy and outlook

Banque Palatine has developed its new strategic plan, Palatine 2030, in collaboration with its employees. It is based on the bank's purpose, which was also developed through a collaborative process:

“As a banking house since 1780, we have been shaping our know-how, our agility and a culture of excellence to be the trusted partner of our customers, both Corporates and Private Banking. We are convinced that French medium-sized companies and their senior executives are at the heart of the economic and socio-environmental challenges of today and tomorrow.

As entrepreneurs serving entrepreneurs, we are contributing to a more sustainable economy by investing in the success of their development, transformation and transmission projects”.

The strategic plan is organised around three pillars, five commitments to embody the purpose and seven markers. This plan aims to continue the development of Banque Palatine’s activities, and to consolidate its presence in the corporate and private banking market, in particular by strengthening its expertise and offering.

2 Banque Palatine Sustainability report

Part 1 - General information

1.1 Basis for preparation

1.1.1 BP 1 - General basis for the preparation of sustainability statements

Banque Palatine has prepared its sustainability report in accordance with European Sustainability Reporting Standards (ESRS). These standards provide a comprehensive framework for the disclosure of non-financial information on environmental, social and governance issues.

The bank's sustainability report is based on a double materiality approach, which takes into account both Banque Palatine's impact on the environment and society, and the impact of environmental and social issues on the company's performance. This approach ensures that the sustainability report is relevant to all stakeholders, including employees, investors, customers and the communities in which the bank operates. It also includes a presentation of the risks and opportunities related to sustainable development facing the bank.

Scope of the sustainability report

Banque Palatine prepared this report by collecting data on a consolidated basis, from all its activities and its value chain, both upstream and downstream. This sustainability report is audited, as required by the regulations, with a limited level of assurance, as detailed in the audit paragraph below. The scope of consolidation used for the sustainability report is the same as for the financial statements.

The following subsidiaries are included in Banque Palatine's consolidation and are exempt from the obligation to provide individual and consolidated sustainability information: Palatine Asset Management and Ariès.

Any exclusions from the reporting scope by family of indicators are mentioned in the description of each indicator or in footnotes where applicable.

1.1.2 BP 2 - Disclosures in relation to specific circumstances

1.1.2.1 Time horizons

In most cases, the significant impacts, risks and opportunities have been assessed in the short, medium and long term. The short term refers to the presentation period of the annual financial statements. To provide forward-looking information on the bank's significant impacts, risks, and opportunities in its sustainability statements, Banque Palatine, in accordance with Groupe BPCE, has adopted the general principles set out in section 6.4 of ESRS 1, namely:

- 1 year as short term,
- Between 1 year and 5 years as medium term,
- More than 5 years as long term.

When the time horizons deviate from these general guidelines, this information is communicated at the same time as the relevant information concerning the specific material subject. During the preparation of this sustainability report, forward-looking estimates and assumptions were made. The results observed may differ from these estimates and assumptions.

1.1.2.2 Value chain estimates

The indicators must cover the entire consolidated scope. However, for the calculation of greenhouse gas emissions under ESRS E1-6 (greenhouse gas emissions), the indicator is calculated over an extended scope. Scope 3, category 15 emissions relate to the value chain, in particular financed emissions.

In order to calculate Scope 3 category 15 emissions on the banking portfolio, greenhouse gas data come from several sources:

- purchase of supplier data (Carbone4, Trucost, CDP);
- data collected from Banque Palatine customers (EPD - Energy Performance Diagnostic); and
- public databases (Centre Scientifique et Technique du Bâtiment and ADEME).

When data is not available, Groupe BPCE, which performed the calculation for all the entities within its scope concerned by the sustainability report, including Banque Palatine, uses sector-specific intensity estimates: extrapolation or PCAF proxy.

1.1.2.3 Sources of uncertainty concerning estimates and outcome

This report, known as the "Banque Palatine sustainability report", was prepared in accordance with the legal and regulatory requirements resulting from the transposition of the European Directive on the disclosure of information on companies' sustainability (Corporate Sustainability Reporting Directive or “CSRD Directive”). This first year of application is characterised by uncertainties about the interpretation of the texts, which are generalist and cover all sectors of activity but do not specify a specific framework for banking and financial business models. There is also the absence of established practices or comparative information and certain data, in particular within the “value chain”.

With regard to what follows, Banque Palatine has drawn on all the work done by Groupe BPCE in preparing its own sustainability report.

Groupe BPCE has endeavoured to apply the normative requirements set by the ESRS, as applicable at the date of the sustainability statement, based on the information available within the timeframe for its preparation, by doing its best to reflect its role as a universal bank-insurer, as well as its various business models.

For the double materiality analysis and, in particular, that relating to its value chain, Groupe BPCE encountered limitations relating to the maturity of its valuation methodologies and the availability of data. As presented in section 1.4.1.1 on the Environment (E), we considered that only the issue of mitigation and adaptation related to climate change is material within the meaning of the standard. The limitations on the information and methodologies available at this stage did not enable the materiality of Nature-related ESRS to be determined in accordance with the standard, which resulted in the Group assessing these environmental issues as non-material. This assessment was based on the definitions of the standard, and the methodologies available to assess and carry out the rating exercises. This assessment is mainly explained by the lack of consensus on robust methodologies developed for the issues in question, and the lack of relevant and appropriate data that would enable a link to be established between the impact or risks for Groupe BPCE on these issues throughout its value chain. In view of Groupe BPCE's continuous improvement approach to these environmental issues, the work and ongoing changes in international methodologies, the standards that are being put in place, the best market practices that are emerging and information and data from its customers, which should gradually become available, this double materiality analysis may change in the coming years. The dual materiality analysis, the results of which are presented in this report, aims to qualify the impacts, risks and opportunities as described in the CSRD standard: this analysis only meets the needs of sustainability reporting and not the analysis of factors risks presented in the chapter on risk management.

For the **data points presented** in this report, Groupe BPCE used methodological options that it deemed relevant and estimates for numerous data, particularly concerning the various activities in its value chain. The data, analyses, and studies carried out do not guarantee that expectations and targets will be achieved: they are based on objectives, commitments, estimates, assumptions, standards, and methodologies under development and currently available data, which continue to evolve and develop. Some of the information in this document was obtained from public sources, sources that seem reliable, or market references: Groupe BPCE has not verified it independently. In addition, Groupe BPCE notes that the information expected in terms of sustainability is based on so-called "agnostic" European standards (ESRS), which are generalist and do not reflect the specificities of the financial sector. As a result, certain data items deemed irrelevant or inapplicable, in the light of Groupe BPCE's business models and value chain, have not been produced. The same applies to certain data points relating to the taxonomy regulation.

The Banque Palatine has not defined a **transition plan** for the first CSRD financial year **specifically for climate change mitigation and adaptation**. However, as a member of Groupe BPCE, it contributes to the implementation and performance of the transition plan through its business model and specific characteristics. This is described in Groupe BPCE's sustainability report. It differentiates between actions relating to its own operations, targets and actions that it has set itself in order to contribute to decarbonising the economy by supporting its customers. The actions described present, in particular, the achievements and roadmap for the actions that appear to impact the downstream value chain. The Group's transition plan describes past, current and future efforts to align its financing, investment and insurance portfolios with scientifically established trajectories aimed at achieving global carbon neutrality by supporting its customers with their environmental transition. Groupe BPCE's report does not quantify the effects of decarbonisation levers or future estimates of total financed emissions. The actions undertaken by the Group cannot replace those of the individuals, companies or governments it supports in the transition, and the transition to a low-carbon economy depends on many factors outside the control of Groupe BPCE.

Regarding the assessment of **greenhouse gas emissions**, as a service company, Groupe BPCE emits a limited level of CO_2eq in terms of its own operations, including by integrating the upstream value chain (purchases, including those related to IT and technological investments, mobility including business trips, etc.) and its customers travelling to its branches or business centres. Most of Groupe BPCE's GHG emissions come from financed emissions and are subject to a normative calculation for category 15 for downstream "investment" value chain emissions, otherwise known as "financed emissions", aimed at attributing to the financial institution a portion of the CO_2 emissions of its financed customers or securities in which it invests. This calculation takes into account scopes 1,2 and 3 of the customers, which also includes the emissions of their value chain and leads to a maximalist calculation. It is estimated that financed emissions can, on average, account for three times the same greenhouse gas emissions for portfolios exposed to companies in the same value chain. For this sustainability statement, the Group considered the mandatory categories of financial assets provided for in the Greenhouse Gas (GHG) protocol for calculating financed emissions. The scopes, methodologies used and the main assumptions and data sources are detailed in the paragraph relating to (E1-6) "Gross Scopes 1, 2, 3 and Total GHG emissions".

With regard to Taxonomy, the assumptions used and limitations are detailed in chapter 2.1 Indicators of the European taxonomy on sustainable activities.

Groupe BPCE believes that the expectations reflected in these forward-looking statements are reasonable, however they are subject to numerous risks and uncertainties, they are difficult to predict, generally outside of the control of Groupe BPCE, sometimes unknown and liable to lead to results or transform events that are significantly different from those expressed, implied or anticipated by said forward-looking information and statements.

1.1.2.4 Changes in the preparation or presentation of sustainability information

The sustainability report for the 2024 financial year is the first such report produced by Banque Palatine. No change in the definition or calculation of metrics, including those used to set targets and monitor progress towards their achievement, is to be reported.

1.1.2.5 Reporting of errors in prior periods

As indicated above, as this financial year is the first, comparative data with previous periods are not presented. The reporting of errors in previous periods does not extend to the reference periods preceding this first year of application of the sustainability standards by the company. Furthermore, no significant error related to the previous Green Asset Ratio (GAR) period was identified.

1.1.2.6 Publication of information from other legislation or widely accepted sustainability information frameworks

Banque Palatine has defined sustainability risk as a risk factor in its risk management framework. The chapter on environmental, social and governance risks under Pillar III ESG describes how the bank defines and manages these risks. This chapter also contains an overview of the impact of climate and environmental risks on other types of risks. Further details on the methodologies and management used for traditional types of risks, such as credit risk, market risk, operational risk and liquidity risk, are provided in chapter 4 Risk Factors and Management.

In addition, the elements relating to the eligibility and alignment of the Group's portfolio as defined in regulation (EU) 2020/852 and supplemented by delegated regulations (EU) 2021/2178, 2021/2139 and 2023/2486 are included in chapter 2.1. Indicators of the European taxonomy on sustainable activities

1.1.2.7 Incorporation of information by reference

In order to avoid repetition, ESRS 1 allows sections prepared in other documents, such as the management report, to be incorporated by means of a simple reference, provided that the information is equivalent, particularly in terms of reliability. This generally concerns the sections relating to the description of the company's activities and strategy, its governance, remuneration policies, risk factors and the duty of care. The ESRS consider that it is essential to ensure and explain consistency between the sustainability report and the financial statements, paying particular attention to significant amounts, assumptions and projections. The amounts considered material from the financial statements must be accompanied by a reference, although the presentation of a comparison table between the amounts in the sustainability report and those in the financial statements remains optional.

The following information is incorporated by reference at the Banque Palatine level:

Name of the disclosure requirement	Data point	Registration Document	Section of the Registration Document
Disclosures in relation to specific circumstances	ESRS BP-2 Para. 15	Annual report	Chapter 4 Risk Management Report
The role of the administrative, management and supervisory bodies	ESRS 2 GOV-1 Para. 19 & 21	Annual report	See chapter 1.3 "Report on corporate governance"
Risk management and internal controls over sustainability reporting	ESRS 2 GOV-5 Para. 36 (a)	Annual report	Chapter 4 Risk Management Report

1.2 Strategy

1.2.1 SBM 1 - Strategy, business model and value chain

1.2.1.1 Sustainability-related strategy

Banque Palatine is part of Groupe BPCE, the second largest banking group in France. A little less than 1,100 employees serving 46,000 corporate customers and 13,500 private customers work closely with natural persons or legal entities, responding in a concrete way to the needs of the real economy.

In 2024, faced with environmental, demographic, technological and geopolitical challenges, Banque Palatine is fully committed to financing French medium-sized companies and supporting all its customers in adapting to their new environment.

At the same time, Banque Palatine was attentive to the working conditions of its employees during a year marked by the development of its new model and moving upmarket. Efforts focused on career support, mobility, skills development and recruitment.

On the environmental aspect, in addition to the continuation of awareness-raising workshops on climate issues for the bank's employees, a Sustainable Finance Programme was created to improve the support and transition services offered to customers.

Faithful to its commitment to community involvement and its values, Banque Palatine continued its societal actions, made donations and supported charitable projects (see section 1.2.3 Sponsorship policy – partnerships).

Characterised by gender-balanced governance, promoting gender equality is therefore a key focus of its strategy.

Banque Palatine therefore intends to continue all its projects aimed at promoting greater integration of environmental and social issues into its activities and relations with its stakeholders between now and 2030. This will notably involve continuing to provide special support to its medium-sized corporate customer and senior executives committed to sustainable, low-carbon and carbon-neutral growth, and including three separate projects with clearly defined objectives in its new Palatine 2030 strategic plan.

1.2.1.1.1 Sustainability-related strategy

Palatine 2030 traces the major strategic priorities set in order to build its new strategic plan for the benefit of its customers. Banque Palatine's VISION 2030 is reflected in seven markers that embody an ambitious development plan combining innovation, excellence and performance, as described in section 1.2.1.2.2.

Environmental impact

The latest IPCC assessment report published in 2023 highlights the continued increase in greenhouse gas emissions worldwide and the growing impacts of climate change and damage to ecosystems and populations.

Faced with the climate emergency, Groupe BPCE and Banque Palatine's approach aims to rapidly implement and deploy measures to mitigate and adapt to the already tangible environmental and socio-economic impacts of climate change and the erosion of biodiversity. Making impact accessible to all means raising awareness and massively supporting all its customers in the environmental transition through expertise, consulting offers and global solutions.

By drawing on the scenarios defined by science, Groupe BPCE and the Banque Palatine are positioning themselves as facilitators of transition efforts, with a clear and ambitious objective: to finance a carbon-neutral economy in 2050 by taking action today.

In this context, Banque Palatine offers:

- **Impact solutions**
  - **for Private Banking customers**: support energy renovation by offering financing solutions and by mobilising its role as an operator, trusted third party as well as its partnerships:
    - by offering a "Sustainable Advice and Solutions" tool in partnership with ADEME, enabling people to easily calculate their carbon footprint and receive advice and assistance for energy renovation work, carbon-free mobility or green savings,
    - by supporting energy renovation projects for condominiums at each stage: energy assessment, search for subsidies, completion of work guarantee, with pathways and financing adapted to each situation,
    - by increasing the number of financing for the energy renovation of buildings,
    - By offering sustainable solutions for investor customers with a range of responsible savings and investments: sustainable development passbook savings accounts, funds with a sustainable investment objective, themed-labelled funds, etc.;
  - **for corporate customers**: supporting the transition of its medium-sized corporate customers' business models. Banque Palatine is committed to engaging in dedicated dialogue and providing sector-specific expertise to integrate ESG issues according to their size and economic sector, particularly in energy and transport infrastructure etc.;

- **a support for the evolution of the energy mix: faced with the climate emergency, the priority is to accelerate the transition to a sustainable energy system:**
  - by playing a leading role in the financing of debt projects for the renewable energy sector,
  - by increasing its financing dedicated to the production and storage of green electricity,
  - by providing financial support and advice through specialist partners to assist the energy transition of medium-sized companies, particularly in the industrial sector,
  - by supporting the reindustrialisation of regions and energy sovereignty,
  - by leveraging dedicated teams of experts in both project financing and business transition support;
- **alignment of its financing**, investment and insurance portfolios with trajectories compatible with the objectives of the Paris Agreement:
  - by developing systems to measure carbon emissions,
  - by developing its system for identifying and managing climate, physical and transition risks to which its customers and its own activities are exposed, in a spirit of continuous improvement,
  - by gradually withdrawing from activities with the highest emissions, in particular through adapted ESG policies.

    In this context, the Group has joined the Net Zero Banking Alliance initiative of the United Nations Environment Programme (UNEP FI), and has a decarbonisation goal for the most carbon-emitting sectors. **Banque Palatine is involved in this work;**

Societal impact

Banque Palatine is a key player in regional dynamics by financing companies in their regions.

Banque Palatine is committed to supporting local and national initiatives and assists organisations in the fields of art and culture, gender equality, sport.

1.2.1.1.2 Sustainability-related targets

Among the strategic priorities of its new VISION 2030 strategy, Groupe BPCE is renewing its commitment to environmental and societal transitions. It is committed to making the impact accessible to all and to strengthening its global positive impact through the strength of its local solutions.

Banque Palatine is part of this strategy and has defined quantitative targets for 2025, broken down below:

Sustainable Finance indicators	Completed in 2024	2025 target
HQLA ESG [1]	17.1%	22%
Production of renewable energy Green portion of Banque Palatine financing production Production impact loans	25% of total corporate financing production in 2024	25% of total corporate financing production in 2025 [2]
ESG questionnaire (active companies turnover > €3 million)	57%	70%

(1) HQLAs are assets that can be quickly converted into cash without significant loss of value. They are used by banks to meet liquidity requirements, such as those imposed by the short-term liquidity ratio (LCR) under Basel III. ESG HQLA are compliant with Environmental, Social and Governance (ESG) criteria.

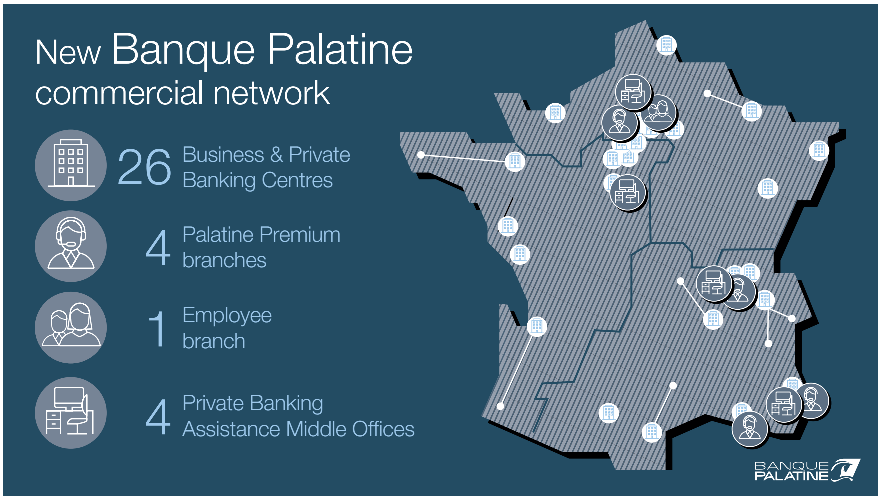
(2) Due to the changing geopolitical context and European regulations

Own footprint indicators	Completed in 2024	2026 target
Carbon footprint reduction	+2% (compared to 2023)	-6% (compared to 2023)

Despite efforts to reduce energy and travel costs, the year-on-year increase (between 2023 and 2024) is mainly due to the relocation of Banque Palatine's head office in May 2024 (with an increase in the Purchase and Waste item) which affected half of the bank's workforce.

1.2.1.2 Business model

Banque Palatine, a hybrid business model within Groupe BPCE



BUSINESS MODEL

For more than 240 years, Banque Palatine has established a relationship of excellence and partnership recognised expertise in its business lines and tailor-made solutions based on a unique business companies, and private banking.

ABOUT US | **OUR STRENGTHS** | **OUR CHALLENGES**

A Bank on a human scale

A network of **38 branches including 26 Business and Private Banking Centres and 4 Premium branches** in France, with specialised business lines (corporate finance, real estate, international, customer desk, etc) currently work with more than **13,500** companies and almost **46,000** private banking customers.

The Bank for Companies

Medium-sized companies offer the main growth potential for the French economy. Banque Palatine's priority is to support their development, particularly by assisting them in their sustainable transition projects.

Private Banking

Banque Palatine's expertise is based on an overall analysis of the personal and professional environment of customers in order to build an adapted wealth management strategy with them. Investment advisory, protection of relatives or business transfers, Banque Palatine supports its customers in the day-to-day management of their assets.

The strength of the 2nd largest French banking group

As a wholly-owned subsidiary of Groupe BPCE, Banque Palatine generates synergies in terms of resources whilst benefiting from the Group's expertise.

- A guarantee and solidarity mechanism exists between the Group's institutions
- Banque Palatine's financial rating is amongst the best in Europe: A + (Fitch rating)

Environmental transition

+1.45°C as of 2023 vs. the pre-industrial era

Demographic transition

45 % increase in the EU population aged over 80 by the end of 2030s

OUR BUSINESS LINES, OUR VALUE PROPOSAL

2024 net revenue before tax:

Private banking

Life insurance, Executive financing, Wealth engineering, Financial savings and Discretionary management, Loans, Structured products, Employee savings and retirement

A wide range of solutions to meet the needs of responsible savings and investment and to support our private customers with a relationship of trust in the long term

Corporate bank

International, Capital Markets, Employee and pensions savings, Corporate & Investment Banking, Deposits, Real Estate, Currencies, Flows & Rates

Specialised functions

Asset Managers

Cultural and creative industries

Large companies and institutional investors

Real Estate Professionals

A range of recognised expertise serving corporate customers, with specialised teams and expert business lines

72 % of financing from the corporate market, on the bank's balance sheet on 31 December 2024, i.e. €8,723.6 million, of which €1,854.7 million short term, €6,438.4 million in medium- and long-term loans and €430.4 million in SGL

€101 billion in credit flows managed in 2024

Banque Palatine has a **20% penetration rate** in the medium-sized company segment with each of its corporate, executive and private customers. Its added value: proximity to its customers, model. Banque Palatine is positioned in two main markets: corporates, in particular medium-sized

OUR STRENGTHS

OUR VALUE CREATION

Geopolitical transition

Intensification of sovereignty issues and industrial relocation

Technological transition

100 million users of ChatGPT in just two months

€377.3 million

Payments

Solutions covering the whole payment chain

Nearly 33 million dematerialised payment/ collection transactions

Asset Management

Palatine Asset Management is a committed "premium boutique" management company, fully focused on developing meaningful finance that gives purpose and value to its customer investments. Its ESG approach has enabled it to develop a carefully selected range of SRI-certified funds.

€4.01 billion in outstandings under management

Insurance

Ariès Assurances, a wholly-owned subsidiary of Banque Palatine, is an insurance and reinsurance brokerage company that provides expertise in areas such as corporate social liability coverage and employee social protection.

€395 million in insured capital across all customer segments

A key player in economic development

- **No. 1 bank for condominium associations**
- **Reference bank for medium-sized companies with 1 medium-sized corporate customer out of 5**
- **3rd in the ranking for senior debt <€50 million and 6th for senior debt between 50 and €200 million (*)**

A bank mobilised to decarbonise the economy

For Private Banking customers:

- Number of unique visits to the Sustainable Advice and Solutions digital module: **3,248** in 2024

For corporate customers:

- ESG dialogue: **57%** of corporate customers** in 2024
- Banque Palatine's contribution to the decarbonisation trajectories established by Groupe BPCE in the residential and commercial real estate sectors

A bank undergoing transformation

- Employees and Board members with ESG awareness/training: **more than 50%**
- Reduction of our carbon footprint between 2019 and 2024: **-34%**

- **€144.5 million** for financing of Renewable Energy projects
- **€12 million** for the financing of "green" vessels (3 sail cargo vessels)

A responsible bank

- **42.3%** of managers are women
- **96/100** gender equality index
- A Board of Directors **with gender parity** (4 women / 4 men including employee directors)
- An Executive Committee (3 women / 1 man) and one Executive Management Committee (7 women / 7 men) **in advance on the deadlines of the Rixain law**
- Balance between generations: rate of juniors under 30 years old **>18.4%** and rate of seniors over 50 years old **>29.1%**
- 26 athletes supported in entrepreneurial reconversion
- Banque Palatine pays 100% of its taxes in France

(*) Private Equity Magazine's League Table rankings of February 2025
(**) Active companies with turnover >€3 million

1.2.1.2.1 Description of the main groups of products and/or services offered

Banque Palatine, a 100% subsidiary of Groupe BPCE, is mainly dedicated to medium-sized companies, senior executives and private banking. For more than 240 years, Banque Palatine has been working alongside entrepreneurs on both a professional and personal level. It provides them with a range of banking products (current accounts, real estate and personal loans, financial investments, financing solutions to meet environmental challenges) and insurance products. Its network consists of 38 branches, including 26 business centres and private banking and four premium branches.

Banque Palatine offers value-added expertise dedicated to supporting its customers' growth and performance: wealth, legal and tax engineering, investment advice, global approach to senior executives' assets, corporate finance, specialised approach to real estate, trade finance, client desk, etc.

In the regulated real estate market, where the bank is the market leader, and in the audiovisual market, where it is a key player, it deploys a dedicated national organisation.

Its slogan "The art of being a banker" illustrates Banque Palatine's desire to develop a local relational model based on excellent support for its customers.

Palatine Asset Management, a wholly-owned subsidiary of Banque Palatine, is a "premium boutique" asset management company focused on developing useful finance that gives meaning and value to its customer's investments.

Its value proposition is focused on the search for sustainable investment solutions to meet different investor profiles from institutional to private customers.

Its team, comprising around 30 employees with complementary profiles, has solid expertise in fixed income management, equity management and diversified management. This expertise is reflected in its range of funds and its portfolio management offer.

As of 31 December 2024, assets under management amounted to €4.01 billion.

1.2.1.2.2 Description of major markets and/or target customer groups

Banque Palatine, a wholly-owned subsidiary of BPCE SA, serves approximately 60,000 customers in France: 13,500 corporate customers and 46,000 private banking customers.

In 2024, Banque Palatine drew up its new strategic plan Palatine 2030, which is based on a purpose co-built with the bank's employees, where Banque Palatine demonstrates its desire to actively engage in order to contribute to the energy and environmental transition by reducing its carbon footprint and supporting its customers in improving their impact.

The purpose of the bank is thus defined: "As a banking house since 1780, we have been shaping our know-how, our agility and a culture of excellence to be the trusted partner of our customers, both Corporate and Private Banking. We are convinced that French medium-sized companies and their senior executives are at the heart of the economic and socio-environmental challenges of today and tomorrow. As entrepreneurs at the service of entrepreneurs, we contribute to a more sustainable economy by investing in the success of their development, transformation and transmission projects".

The Palatine 2030 strategic plan is built around three pillars: the customer, people and risk.

Customers are placed at the centre of Banque Palatine's strategy as a fundamental priority. Risk expertise is confirmed as a marker of its differentiation. Finally, people are at the heart of its focus, making it the bank where the future of work is being shaped and experienced every day.

Banque Palatine's vision for 2030 is illustrated by seven markers that reflect an ambitious development plan combining innovation, excellence and performance:

- the bank of one in four medium-sized companies and one in two family-owned medium-sized companies,
- the reference bank for supporting medium-sized companies in their transitions,
- the benchmark for senior executives in terms of Private Banking,
- the leading bank for asset managers (ADB),
- a bank that innovates to strengthen its businesses in the areas of risk, data and new technologies,
- a bank with the "Great place to work" label,
- a bank that innovates to strengthen its businesses in the areas of risk, data and new technologies,
- in the top 3 banks in the cultural and creative industry (cinema, streaming platforms, e-sports structures, content creators, live entertainment, etc.).

In addition, 20 major cross-functional projects were initiated by the end of 2024 to achieve the ambitious objectives by 2030. One of them is a "hat" project whose goal is to reach a new milestone for the CSR Committed label. Its objectives are to minimise the bank's direct footprint, maximise its positive impact and engage even more with all its stakeholders. Another key project is the sustainable finance initiative, which aims to train sales teams in sustainable finance, define and roll out the bank's green strategy, set up a Palatine hub, foster a community of sustainable finance experts and enrich its offering.

1.2.1.2.3 Description of the number of employees by geographical area

Banque Palatine has 1,027 employees, 100% of whom are based in France.

1.2.1.2.4 Description of products and services prohibited in certain markets

Banking activities

Sector-specific ESG policies govern the activities of Groupe BPCE in sectors considered sensitive from an environmental, social and governance (ESG) point of view, including those of Banque Palatine.

Specific appendices cover the following sectors:

- thermal coal (the Group is applying a strategy to gradually reduce the exposure of its banking activities to thermal coal to zero by 2030 for the European Union and OECD countries and 2040 for the rest of the world),
- oil and gas industry.

In addition, Banque Palatine has established strict rules regarding financing for real estate professionals: if the financing concerns an older residential property with an Energy Performance Diagnostic (EPD) rating of E, F or G, it can only be granted if renovation investments are planned. The same applies to commercial assets of less than 1,000 m² that do not meet the minimum criteria defined by the bank.

Palatine Asset Management activities

As part of its Responsible Investment approach, Palatine AM was quick to implement a policy to exclude the coal sector and monitor contentious issues in order to reduce its exposure to ESG risks, as well as its policy of excluding controversial weapons.

By excluding these issuers, Palatine AM wishes to focus its investment choices on the most responsible companies.

These exclusion lists have since been expanded to include the tobacco, oil and gas sectors, companies that violate the principles of the United Nations Global Compact, non-transparent issuers and, finally, the most carbon-intensive electricity producers.

In parallel with this exclusion policy, Palatine AM is also committed to engaging with companies to encourage them to improve their environmental, social and governance practices. The objective is to promote long-term sustainable performance.

The full policy is available at the following address: **Palatine AM exclusion policy.**

1.2.1.3 Labels and commitments

Groupe BPCE

Groupe BPCE has made several long-standing commitments to scale up its actions and accelerate the positive transformations to which it is contributing.

Global Compact

Since 2003, the Group has been a participating member of the Global Compact (United Nations Global Compact), which defines ten principles relating to respect for human rights, labour standards, environmental protection and the fight against corruption.

Principles for responsible banking, UNEP Finance Initiative

Groupe BPCE signed the Principles for Responsible Banking on 23 September 2019 and are committed to strategically aligning their activities with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

Net Zero Banking Alliance

In July 2021, Groupe BPCE joined the Net Zero Banking Alliance (NZBA), a financial initiative of the United Nations Environment Programme (UNEP FI) covering more than 40% of the assets financed by banks worldwide. This alliance between banking institutions is a decisive step in the mobilisation of the financial sector. In accordance with its commitment to align the trajectory of its portfolios with the objective of carbon neutrality by 2050, Groupe BPCE has published its ambitions for the eleven sectors with the highest carbon emissions (power generation, oil and gas, automotive, steel, cement, aluminium, aviation, commercial real estate, residential real estate and agriculture).

Act4Nature

Because protecting biodiversity is one of the greatest challenges of our time, Groupe BPCE, by joining Act4Nature International in 2024, is strengthening its commitment to the environment by renewing the partnership supported by Natixis since 2018. The Group has joined act4nature international, a coalition that mobilises businesses, public authorities, scientists and environmental associations to protect, promote and restore biodiversity, and has set itself 24 ambitious targets as part of its activities as a bank, insurer and investor.

Palatine Asset Management

Principles for responsible investment

In addition, the **principles for responsible investment** (PRI) were introduced by the United Nations in 2006. This voluntary commitment, aimed at asset management players, encourages investors to integrate environmental, social and governance (ESG) issues into the management of their portfolios. The PRI are a means for promoting the generalisation of the consideration of non-financial aspects by all financial businesses.

At the end of 2019, Palatine Asset Management joined the signatories of the principles for responsible investment.

Banque Palatine

CSR Committed Label

Banque Palatine was labelled CSR Committed by AFNOR in May 2024 for a period of three years and obtained the level of progression. This label enables the maturity of an organisation’s CSR initiatives to be assessed on the basis of ISO 26000 (international CSR standard). It is also a tool for strategic thinking and appropriation of CSR issues, internal mobilisation, management and structuring of the CSR approach with stakeholders.

Professional Equality Label

Banque Palatine also obtained the Professional Equality Label from AFNOR. Issued for four years, this label is a mark of recognition of the actions performed in favour of professional equality by an approved independent body.

1.2.1.4 Value chain

As a financial institution, Banque Palatine receives funds in the form of customer deposits or purchases of financial instruments by investors and grants loans to its customers (banking transformation function).

The downstream value chain includes customers who benefit from Banque Palatine's products or services, particularly loans.

The upstream value chain comprises suppliers of products or services to Banque Palatine.

Own operations concern resources (e.g. employees, IT, premises, etc.).

Financial value chain

CUSTOMER VALUE CHAIN

MANAGEMENT & COMPLIANCE

Collection — Customers and investors

- Deposit collection
- Savings collection
- Collection on financial markets

Financial products and services — Customers

FINANCING

- Financing products (bank loans, including: factoring, leasing, etc.)
- Payment solutions
- Savings products
- Short-term investment products
- Expertise and Consulting

INVESTMENT

- Investment products
- Hedging products (derivatives and guarantees)
- Intermediation and market animation
- Expertise and Consulting

INSURANCE

- Life insurance products
- ADE
- Expertise and Consulting

ASSET MANAGEMENT

- Expertise and Consulting
- Portfolio management
- Intermediation and market animation
- Co-investment and seed capital

Offer development and distribution — Employees

- Business relationship (front, middle, back)
- Offer development, marketing, distribution
- Commercial activities and distribution
- Investor relations

Financial, risk and compliance management — Employees

- Rating strategy (financial and non-financial)
- Portfolio management (assets)
- Balance sheet management (assets/liabilities)
- Risk management

Compliance with regulations — Employees and regulators

- Compliance with regulations
- Audit
- Communication regulator/supervisor

Own operations

Employees and suppliers

- Premises and Real Estate
- IT (hardware, network; data centres are managed by BPCE-IT)
- Real estate assets
- Own purchases: Energy and similar, Intellectual services, Licenses
- Fleets and mobility
- Human resources

1.2.2 SBM 2 - Interests and views of stakeholders

It is essential for Banque Palatine to take its stakeholders into account in order to improve how it identifies and assesses its sustainability impact. Groupe BPCE is committed to maintaining an ongoing dialogue with its counterparties. The stakeholder consultation process within Groupe BPCE is based on a large number of systems whose purpose is to co-construct and involve our stakeholders in our process of identifying and assessing impacts, risks and opportunities, as well as levers for improving our positive impact on both environmental and societal issues.

With regard to Banque Palatine, stakeholder expectations are also identified and taken into account through regular contact with the senior executives of the Banques Populaires and Caisses d'Epargne, as the board members of Banque Palatine are corporate officers of these institutions. But also via meetings with rating agencies, discussions with regulators, image surveys and prospective surveys. Finally, surveys of the bank's employees and regular meetings with staff representatives are also good ways to identify changes in stakeholder expectations.

The partnership with a consulting firm has been set up to support our medium-sized corporate customers in taking into account their environmental challenges. In addition, a sustainable finance programme has been set up to meet the expectations of our customers.

Summary of stakeholder dialogue

Stakeholders	Dialogue methods	Purpose
Board members	• Participation in specialised committees • Training programmes and seminars	• Participation in the definition of strategic orientations • Monitoring function, in particular risk management and reliability of internal control
Employees	• Social survey (internal survey measuring the social climate in the Group's companies) and business line satisfaction survey • Annual interviews • Training • Internal communication • Non-profit networks (women, intergenerational, LGBT+) • Employee whistleblowing rights • Consultation of employee representatives and representative trade unions	• Improving quality of life at work, health and safety at work • Employee loyalty and commitment (career and talent management, skills and expertise development) • Participation of employee representatives in major strategic and transformation issues and negotiation of agreements • Measurement of satisfaction
Customers	• Interviews • Dedicated dialogue to integrate ESG issues • Customer events • NPS satisfaction surveys • Institutional and commercial partnerships • Voting policies (available on the websites of the asset management subsidiaries)	• Definition of offers and customer support • ESG dialogue: customer acculturation on ESG issues, support for transformation initiatives, risk assessment for better prevention and management by the customer and for incorporation of ESG criteria in the granting of loans • Improving customer satisfaction • Monitoring of the respect for compliance and ethics rules in commercial policies, procedures and sales • Complaint management • Mediation

Stakeholders	Dialogue methods	Purpose
Suppliers and sub-contractors	• Responsible purchasing policy • Regular meetings with strategic suppliers • “Supplier voices” survey • Preparation of certifications • Listening system and satisfaction surveys • Supplier whistleblowing rights and establishment of an independent mediator • Audit	• Responsible Supplier Relations Charter, involving suppliers in the implementation of duty of care measures • Compliance with ESG clauses included in contracts • Identification of progress plans to better understand supplier expectations • Improving the level of satisfaction and the relationship • Consultations and calls for tenders • Measurement of satisfaction
Institutions, federations, regulators	• Regular meetings (public authorities, regulators, chambers of commerce and industry, etc.) • Contribution to the work of the financial market, participation in sectoral working groups • Responses to public consultations • Transmission of information and documents	• Constructively contributing to public debate and participate in collective, fair and informed decision-making • Taking into account sector specificities • Regulatory compliance
Rating agencies, inves tors and independent third parties	• Regular dialogue, participation in meetings (technical meetings, roadshows, conferences, etc.) • Transfer of information and documents for ratings/ audits • Publication of official documents: annual report, half-year report, press releases, investor website	• Improving transparency • Diversification of the Group’s refinancing, in particular by promoting the issuance of Green/ social/sustainable bonds • Improving financial and non-financial ratings • Meeting the expectations and questions of investors and rating agencies • Publication of reports
NGOs and non-profits	• Calls for projects • Sponsorship • Employee volunteering, skills sponsorship • Regular discussion • Contributions to market questionnaires • Board seats	• Positive impacts through numerous cultural and solidarity initiatives in various fields: business creation, integration, solidarity, young people, sport, environmental protection, etc. • Improving transparency • Contribution of cross-expertise: banking/financial and better understanding of local players
Academic and research sector	• Relations and partnerships with business schools and universities • Participation in forums and events • Discussions and consultations with scientific experts	• Recruitment of work-study students and interns • Improving the employer brand • Contribution to the Group’s research, working groups and strategies

1.2.3 Sponsorship policy - partnerships

Banque Palatine’s philanthropic commitment, solidarity actions and sponsorship are carried out jointly by the General Secretariat (CSR Department) and the Communications Department. The guidelines and policies of their commitments are coordinated at the national level and are then rolled out nationally and for certain local actions, at the regional level.

Banque Palatine’s policy in terms of partnerships and sponsorship is based on three priority areas: gender equality, sport and culture. Banque Palatine promotes gender equality in sport (equality between men and women and between able-bodied athletes and para-athletes) through various initiatives, such as the Palatine Women Project, support for athletes via the French Sports Foundation and sponsorship of the Alice Milliat Foundation. Banque Palatine also supports the cultural sector in France. This is reflected in particular by its cultural sponsorship with regional contemporary art structures (the Museum of Contemporary Art of Lyon, Bordeaux, Nantes and FRAC Sud de Marseille) and the Opéra-Comique in Paris, as well as its partnership with Série Séries and the creation of the Gloria Palatine Prize, designed to support the audiovisual industry and highlight gender equality in this sector.

Banque Palatine also supports Cancer@work, a charity that works to raise awareness about cancer in the workplace, and the Gustave Roussy Institute. Some employees took part in Odyssea (a race organised to raise funds for the fight against breast cancer) and Movember (an organisation that raises awareness of men's health issues and donates funds to charities working in this field), which enabled the bank to make several donations to the charity.

In addition, as part of the microgiving campaign, Banque Palatine donates the equivalent of the rounded-up amounts from salaries to charities: the Institut Curie and the Fondation des Femmes.

Measures implemented or continued in 2024

Banque Palatine, a premium partner of the Paris 2024 Olympic and Paralympic Games, has been supporting several athletes and para-athletes since 2021 as part of the Performance Pact program, a French Sports Foundation scheme supported by the French Ministry of Sports. This programme seeks to help French athletes succeed by providing them with an income and thus supporting their life plans (training, social and professional integration, equipment purchases, travel for sporting events, etc.) through sponsorship. Banque Palatine sponsored four athletes in 2024: Gaëlle Edon in para shooting sports, Élodie Clouvel in modern pentathlon, Nicolas Muller in golf and Alexandre Léauté in para cycling. Banque Palatine selected a gender-balanced team with two women and two men, and two able-bodied athletes and two para-athletes. In total, three sponsored athletes took part in the Paris 2024 Olympic and Paralympic Games and won four medals. Banque Palatine has decided to continue its commitment to French athletes by renewing this programme in 2025.

Banque Palatine, which is committed alongside entrepreneurs, has created a mentoring programme to support high-level female athletes and para-athletes who have an entrepreneurial project. In 2024, the third edition of the “Palatine Women Project” programme supported five athletes: Myriam Benadda, Aude Bredel, Maé-Bérénice Méité, Malia Metella and Audrey Prieto. A total of 16 athletes have participated in the programme since its launch and have been backed by a community of Banque Palatine employees, institutions and businesses to help them achieve their goals. Banque Palatine has mobilised institutions such as URSSAF, the Ministry of Sport, and companies such as Uniqlo and Education First through this programme to create an active community supporting female entrepreneurs in sport.

In 2021, Banque Palatine became the leading sponsor of the Alice Milliat Foundation, the first European foundation to promote women’s sport. Created in response to gender inequality in sport, it is part of the Fondation de France and is recognised as being an organisation in the public interest. The Alice Milliat Foundation helps raise the profile of women's sport and give women a more prominent place in the sporting world.

Banque Palatine's sponsorship enables the financing of grassroots initiatives, raises awareness of women's sport and boosts the visibility of female athletes in society. In this context, Banque Palatine took part in the *Festival des Sporting en Lumière* organised in Nice in 2024. Its aim is to showcase the latest productions featuring sportswomen. Banque Palatine is also the leading sponsor of the *Trophées Alice Milliat*, which aims to highlight female sports players in France. This ceremony was attended by over 300 participants, including ministers and members of the media....

Banque Palatine has been involved in cultural sponsorship in different regions of France since 2023. It has become a sponsor of the contemporary art museums in Lyon, Nantes and Bordeaux, and of FRAC Sud in Marseille, to help boost innovation and excellence in contemporary art in these regions. It has also become a sponsor of the Opéra-Comique – Théâtre national de Paris, a beacon of French creativity. These commitments were renewed in 2024. These cultural sponsorships support creation and artistic excellence as well as access to culture for all. This sponsorship also has a social and educational purpose, as it enables organisations to develop their offerings for all audiences: children, retirees, disadvantaged groups, people with disabilities, etc. In addition, this commitment is reflected by developing local artistic activities for the bank's customers, giving real meaning to the slogan "the art of being a banker".

As a long-standing partner of the Série Séries, Banque Palatine wanted to intensify its involvement in 2022 with the creation of the Gloria Palatine prize. This prize seeks to encourage and promote greater representation of women in the audiovisual sector, both at the heart of the creative process and/or in the themes explored in the work. Banque Palatine has awarded the winning writer-producer duo a prize of €5,000 every year since 2022. This partnership demonstrates Banque Palatine’s strong commitment to gender equality in the audiovisual industry, particularly in writing and production functions.

Future work

Banque Palatine is continuing its commitment to top-level athletes, as part of the Palatine Women Project. The programme is growing every year, with 50 applications received for the 2025 edition. The number of sponsored athletes will therefore be increased for this new session.

Banque Palatine also remains committed to the French Sports Foundation and has formed its new Team of four athletes: Alexandre Léauté, para-cyclist; Élodie Clouvel, pentathlete; Ugo Coussaud, golfer; and Gaëlle Edon, para-athlete specialising in shooting sports.

Finally, Banque Palatine is renewing its commitment to the French Golf Federation in order to promote the sport and make it accessible to as many people as possible.

As part of the CSR roadmap of the Palatine 2030 strategic plan, Banque Palatine is committed to developing partnerships with local charities and stakeholders in projects that have a positive social impact.

In particular, the bank wants to:

- strengthen its support for mentoring female athletes who want assistance in developing their entrepreneurial projects by setting up a dedicated endowment fund;
- maintain its commitments to the fight against cancer through Odyssea, Gustave Roussy, cancer at work, etc.;
- increase its participation in projects related to biodiversity;
- maintain its commitments to art and culture.

1.3 Governance

1.3.1 GOV 1 - The role of the administrative, management and supervisory bodies

This section is described in detail in chapter 1.3 - Corporate governance.

1.3.2 GOV 2 - Information provided to the company's administrative, management and supervisory bodies and sustainability issues addressed by them

1.3.2.1 Sustainability topics addressed by the administrative, management and supervisory bodies

Organisation of governance relating to Banque Palatine's sustainability issues

Banque Palatine's decision-making bodies incorporate transparency, ethical behaviour, respect for stakeholder interests and the principle of legality. They also take the duty of care regarding CSR actions into account.

Sustainability issues come within the remit of two bodies within Banque Palatine: **the General Secretariat** (CSR Department) and the **Sustainable Finance Programme**. The General Secretary and the Programme Director both report to executive management or deputy executive management and are members of Banque Palatine's Executive Management Committee and are invited to attend the Executive Committee.

The Executive Committee validates the ESG strategy, ensures its implementation and oversees risk management (the composition and diversity of the Committees and Board of Directors, and of executive governance, the roles and responsibilities of the bodies are detailed in chapter 1.3 - Corporate Governance).

The Board of Directors meets as often as the company's interests and legal and regulatory provisions require, and at least once per quarter. Several specialised committees have been set up by the Supervisory Board and carry out their activities under its responsibility. Their duties are defined in the Board of Directors' internal rules. The Chairman of each of these committees reports on the committee's work to the Board.

Various CSR topics are submitted to the Board of Directors for information and decisions. The following were presented in 2024: the previous year's published statement on non-financial performance, the launch of work on the CSRD, updates on the drafting of the sustainability report, the stakeholder questionnaire and its results, a review of Banque Palatine's actions in relation to biodiversity and corporate sponsorship, the CSR and sustainable finance projects of the new Palatine 2030 strategic plan presented at a Board of Directors seminar and to the Board, and the CSRD audit plan. The workplace equality policy was also discussed.

These subjects were presented in advance respectively to the Risk Committee for the statement on non-financial performance and to the Audit Committee for the sustainability report.

In terms of governance, CSR topics are monitored:

- quarterly in the Executive Management Committee (around 15 directors representing the bank's main business lines) and in particular for the update of the UP 2024 strategic plan, which identified non-financial indicators on topics relating to gender equality, sustainable financial savings and the carbon footprint;
- regularly in the Executive Committee (e.g. approval to engage the bank in a CSR certification process, sponsorship, etc.).

1.3.3 GOV 3 - Integration of sustainability-related performance in incentive schemes

Concerning the members of the Board of Directors of Banque Palatine

Sustainability performance is not taken into account in the calculation of board members' remuneration, as presented in chapter 1.3 of the corporate governance report.

Concerning the effective managers who are members of executive management

The remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer:

- A fixed remuneration which primarily reflects professional experience related to the position held and the responsibilities exercised, and is determined by comparison to market practices.
- annual variable remuneration, 40% of which is indexed to quantitative criteria (net revenue before tax, COEX and net result, Group share), 20% to criteria linked to BPCE's results and 40% to qualitative criteria, which can amount to, when the targets are met, 80% of the fixed remuneration for the Chief Executive Officer (50% for the Deputy Chief Executive Officer) and up to 100% of this same base amount (62.5% for the Deputy Chief Executive Officer) in the event of outperformance. These criteria are shared by the members of the Executive Committee and the Executive Management Committee.

The award of annual variable remuneration partly depends on the implementation of the bank's CSR goals. In recent years, CSR indicators have been: the professional equality index (5%), the increase in SRI outstandings (10%), the share of impact loans, including green loans in the production of corporate loans (10%), the employee engagement rate (5%), assessment of the green strategy (5%), NPS rate (10%).

The Board of Directors, through its Remuneration Committee, is responsible for setting the method and amount of remuneration for each effective manager. It ensures that CSR issues are fully integrated into the remuneration policy.

1.3.4 GOV 5 - Risk management and internal controls over sustainability reporting

Main features of the risk management and internal control system linked to the sustainability reporting procedure

1.3.4.1 Preparation and publication of sustainability information

Roles and responsibilities

The development and processing of sustainability information within Banque Palatine is mainly the responsibility of the following three departments:

- General Secretariat including the CSR and Financial Communication Department;
- Sustainable Finance Programme.

The General Secretariat, and more specifically the CSR Department, played a key role in coordinating the work of preparing the CSRD sustainability report:

- coordination of project committee and governance internally, including interaction with other Group entities that prepare their own sustainability report;
- enhanced coordination of the processes for producing the regulatory indicators required by the ESRS, including a test system involving all production entities;
- interaction with auditors.

The General Secretariat is **responsible for financial communication**. Its main duties are:

- coordinating and producing presentations of quarterly results, the financial structure and the development of the Group's business lines to enable third parties to form an opinion on its financial strength, profitability and outlook;
- coordinating and preparing the presentation of regulated financial information (annual and half-yearly report) filed with the French Financial Markets Authority (AMF).

In the context of preparing the sustainability report, the General Secretariat plays a key role in coordinating the work undertaken by all contributing departments. It participates in the management of the project and is involved in three major projects:

Acculturatiuon to the CSRD and **dialogue with stakeholders**, co-led with the Sustainable Finance Programme:

- first objective of this area: to present and train the bank's employees involved in the production of the sustainability report. To this end, educational materials were provided and training sessions were held to support the contributing business lines and entities;
- second objective: develop specific tools, such as questionnaires, to collect stakeholders' expectations regarding sustainability issues and thus strengthen trust and relationships with them.

The effective management of the sustainability report **production process**

The General Secretariat proposes, validates and implements the ESG strategy with the Sustainable Finance Programme. It plays a cross-functional role, carrying out the following key missions:

- co-constructs the Palatine 2030 strategic plan for the Impact section on the E, S and G aspect;
- develops and deploys ESG expertise and ensures that the Group is represented and communicates in the market;
- conducts and interprets scientific and competitive monitoring and supports regulatory monitoring;
- ensures overall coordination and supports each business line while implementing the necessary synergies.

The General Secretariat and the Sustainable Finance Programme are more specifically involved in the following projects:

- **CSRD acculturation**: a meeting to present the CSRD directive and its challenges, in particular for medium-sized corporate customers, was organised in June 2024, led by an expert in these subjects, with the Marketing Department and the sales representatives of the Corporate and Private Banking markets. Furthermore, a training/acculturation meeting was planned for September for all employees in the Project Team as part of the CSRD Project structure put in place in July 2024. The purpose of this meeting was to provide a background and perspective on the CSRD project, to explain the regulatory and strategic expectations of the directive, to shed light on certain new structuring concepts and their implementation, and to share the project organisation put in place at the Banque Palatine level to implement the CSRD and share best practices, next steps and the tools/resources made available to us by the Group and within Banque Palatine;
- **double materiality analysis**: this analysis was carried out in two stages, managed exclusively by the General Secretariat (for a detailed description, see ESRS2 IRO1);
- the identification of **impacts, risks and opportunities (IRO)** relevant to the bank's activity was coordinated by the General Secretariat by drawing on the bank's business lines. The identification of the IROs was carried out in two phases, A and B, by the General Secretariat respectively. Phase A enabled the topics and subtopics of the ESRS relevant to Groupe BPCE to be identified through workshops with internal business line experts, and then to carry out an initial

identification of the IROs. The final list of IROs relevant to the bank was drawn up during phase B;

- assessment of the **materiality of these IROs**: BPCE's Impact Management Department has established a methodology for rating IROs for the Group. This rating process was coordinated and supervised by the General Secretariat, in liaison with the internal stakeholders mentioned above. The business lines and functional departments are responsible for rating the IROs within their scope;
- **communication strategy and editorial content**: the General Secretariat is responsible for the bank's Impact strategy and ensures that the editorial content of the sustainability report is relevant and consistent with the bank's strategy on sustainability issues;
- **transition plan**: Palatine does not have its own transition plan for this first financial year.

Methods for producing and publishing sustainability reports

The central body prepares the sustainability report in accordance with the requirements defined by the CSRD directive (Corporate Sustainability Reporting Directive).

It also ensures that the rules defined by the Group are properly applied by the bodies subject to this requirement and checks compliance with these requirements.

To ensure the reliability of the production process, the central body uses:

- a **project structure** dedicated to the publication of sustainability statements and distributed to all Group entities;
- a process for consolidating all the information to be published in the sustainability report, including controls to ensure the consistency of the information published and the analyses;
- a complete body of documentation;
- a harmonised permanent control framework, the organisation of which is described in the following section (GOV-5 - 1.3.4.2).

1.3.4.2 General organisation of permanent control

General system

The internal control framework defined by the Group contributes to the control of risks of all kinds and is governed by a governing charter – the *Group Internal Control Charter* – which stipulates that this system is designed, in particular, to ensure *"[...] the reliability of financial and non-financial information reported both inside and outside the Group"*.

The Group has defined and implemented a permanent control framework to ensure the quality of this information, in accordance with the requirements defined by the order of 3 November 2014 on internal control, or any other regulatory obligations relating to the quality of reports, and in particular for the publication of information on sustainability.

This permanent control framework is set up within Banque Palatine. In order to ensure strict independence in the implementation of controls, the permanent control framework is based on two levels of controls:

- a first level exercised by all those involved in the production and reporting process;
- a second level carried out by the Financial Control unit attached to the bank's Risk Management and Compliance Department.

CSRD reporting has been included in this control framework since 1 January 2025 to ensure compliance with the requirements defined by:

- the Corporate Sustainability Reporting Directive (CSRD),
- the Group within the *Framework for developing and publishing reports and management indicators*, which aims to harmonise reporting practices within the Group.

The bank’s business lines that produce information for CRSD reporting are: Finance, Risks, Compliance, Human Resources, Sustainable Finance, Purchases and General Secretariat. As a prerequisite for implementing CRSD reporting controls, the production process will have been modelled, identifying sub-processes and their respective specialists.

First-level control framework

The production specialist, in conjunction with the contributors, will implement a first-level Self Assessment grid (BCBS239 terminology) (Lod1) which covers the following items:

- existence of group and Palatine documentation of the CSRD production (procedures and/or operating methods, etc.);
- existence of self-checking and hierarchical validation procedures;
- performance of the first-level controls planned;
- formalisation of the results of these first-level controls;
- in the event of anomalies identified, ***existence of remediation plans*** to resolve them on a long-term basis.

The first-level controls to be implemented by contributors notably concern:

- the existence of audit trails for the creation of indicators;
- reconciliation with the financial statements, if applicable;
- analysis of changes;
- the quality of the sources (special attention must be paid to office and manual sources) and the accuracy of the data collected from external suppliers;
- the existence of limitations, i.e. degraded procedures for the production of certain indicators;
- the inclusion of these limitations in the CSRD report.

A Second-level control framework: the independent review of the CRSD report

Financial Control will carry out a second-level independent review of the report based on the implementation of strict criteria. This review, organised to ensure that the regulatory requirements are met, mainly aims to obtain an opinion or reasonable assurance that the reports are produced and published in a satisfactory internal control environment and that they include reliable, clear useful and auditable data.

This second-level control takes the form of a standardised Group Self Assessment grid (Lod2) based on six analysis areas weighted from 1 to 3 and covering:

- the quality of the documentation;
- the robustness of the organisation relating to the production and publication of the report;
- the quality of the audit trail of the data and/or indicators included in the reporting;
- the effectiveness of the system of first-level controls;
- the accuracy of the data and/or indicators published and their consistency with the information provided in other publications;
- the clarity of the information

Weighting of each criterion

Documentation	1
Organisation	1
Clarity	2
Auditability	2
Control	2
Accuracy	3

These controls are implemented according to a group rating method which scores the results of the controls on a scale between 1 (requirement not met) and 4 (requirement fully met):

Rating scale for the quality of the report

1	from 1 to 1.9	Requirement not met
2	from 2 to 2.9	Requirement very partially met
3	from 3 to 3.9	Requirement correctly met but to be improved
4	> = to 3.9	Requirement fully met

The results of these controls are formalised and reported in a summary note which is included in the Lod2 grid. This note presents, without being exhaustive, the work carried out as part of its controls and the conclusions of this work, specifying in particular the anomalies identified and, where applicable, the recommendations issued (or action plans or corrective measures).

The results are integrated, by criterion, into the Group's permanent control tool (Priscop) and the conclusions are shared with the units audited, external control bodies (statutory auditors in particular) and the Banque Palatine's Internal Control Coordination Committee and Audit Committee.

The implementation of corrective actions (recommendations issued) and/or identified areas for improvement is monitored in conjunction with the business lines and after the publication of the Group's sustainability report in order to strengthen the system for subsequent publications. This monitoring is reported to Banque Palatine's Coordination Committee for Internal Control Functions and Audit Committee.

Main features of the environmental, social and governance risk management system

The environmental, social and governance risk management system is described in detail in chapter 4 of the 2024 Risk Management Report.

Definition of ESG risks

Environmental risks

Environmental risks fall into two main categories:

- **Physical risks** arising from the impacts of extreme or chronic climate or environment events (biodiversity, pollution, water, natural resources) on the activities of Groupe BPCE or its counterparties;
- **Transition risks** arising from the impacts of the transition to a low-carbon economy, or one with a lower environmental impact, on Groupe BPCE or its counterparties, including regulatory changes, technological developments, and the behaviour of stakeholders (including consumers).

Social risks

Social risks arise from the impacts of social factors on Groupe BPCE's counterparties, including issues related to the rights, well-being and interests of individuals and stakeholders (the company's workforce, employees of the company's value chain, communities concerned, end-users and final consumers).

Governance risks

Governance risks arise from the impacts of governance factors on Groupe BPCE's counterparties, including in particular issues related to ethics and corporate culture (governance structure, business integrity and transparency, etc.), supplier relationship management, influence activities and business practices.

ESG risk management framework deployment program

The ESG Risk Department coordinates the implementation of the ESG risk management system at Groupe BPCE level through a dedicated program. This program, initiated in 2021, was reviewed and strengthened during 2024 in line with Groupe BPCE's climate and environmental commitments within the framework of the Vision 2030 strategic plan and the regulatory requirements. It defines a multi-year action plan aligned with the timeframe of the strategic plan (2024-2026). It is directly linked to the strategy and actions implemented by the Impact program. This programme is monitored quarterly by the ESG Risk Committee, Groupe BPCE's Supervisory Board and the European supervisor.

This programme is based on the following four themes:

- ESG risk governance: committee procedure, roles and responsibilities, remuneration;
- strengthening knowledge of risks: monitoring systems, sector analyses and assessments, risk benchmarks, risk analysis methodologies and processes, data;
- the operational integration of the work: in coordination with other functions within the Risk Management Department, taking ESG risk factors into account in their respective management systems and decision-making processes;
- consolidated risk management mechanisms: dashboards, contributions to RAF/ICAAP/ILAAP systems, training and acculturation plan for board members, senior executives and employees, contribution to extra-financial communication.

The execution of this programme mobilises the main internal stakeholders in terms of ESG risks, in particular the Impact Department, the teams and functions of the other departments of the Risk Management Department, the Finance Department and the Compliance Department, as well as the Groupe BPCE business lines, in particular the departments in charge of developing sustainable finance activities.

Integration of ESG risks into the risk management framework

Based on specific ESG risk assessment methodologies, Groupe BPCE is gradually integrating ESG risk factors into its operational decisions through the existing systems in the bank's main risk functions.

The process of identifying and assessing climate risks and the associated action plans are described in chapter E1 - Climate change (in sections 2.2.2.1 and 2.2.3.4 respectively).

Reputational and/or litigation risks and liability risks have been identified as material in the chapters Climate change, Workers in the value chain, Affected communities and Customers and end-users, and are covered by the following sections:

Reputational risk

The growing awareness and sensitivity of citizens and economic players to environmental, social and governance issues is leading to increased exposure to reputational risks related to these topics.

Faced with these risks, Groupe BPCE relies on a reputational risk management system overseen by the Groupe BPCE Risk Management Department and structured around the Group Reputation Risk Committee, which is tasked with reviewing the most sensitive issues at Groupe BPCE level.

This system is based on the measures implemented in the decision-making processes in order to assess reputational risks and implement mitigation measures if necessary. This concerns in particular:

- the responsible purchasing policy, which requires knowledge and assessment of suppliers' ESG risks, and the implementation of a carbon clause in supplier contracts since 2024,
- the new products / new activities (NPNA) system concerning the characteristics and communication related to Groupe BPCE's products and activities, which includes a systematic opinion from the ESG Risk Department;
- the application of sector CSR policies as part of the new relationship, credit and investment processes.

In addition, a system for monitoring the Group's ESG reputation has been set up, conducting monthly monitoring of the main controversies related to ESG issues that have involved Groupe BPCE and their impact on its overall reputational score. This monitoring is presented quarterly to the ESG Risk Committee.

Groupe BPCE plans to continue to enhance these systems in the course of 2025, in particular by defining a framework for monitoring voluntary commitments and strengthening its reputational risk management system.

Litigation risks

The environmental, social and governance issues are likely to lead to litigation risks for Groupe BPCE. These can be based on legal foundations specific to the ESG issues (duty of care, international treaties or European legislation on the climate and the environment), on broader principles applied in this context (competition law, consumer law, criminal law), or unilateral commitments made by Groupe BPCE.

Groupe BPCE has identified and integrated into its operational risk mapping three main litigation and liability risk situations specifically related to ESG issues:

- Communication using the ecological/ sustainable argument in a misleading manner (Greenwashing);
- Non-compliance with the voluntary commitments made by Groupe BPCE or voluntary commitments deemed insufficient;
- Controversial activities of Groupe BPCE or its entities, customers and/or suppliers.

As for the reputational risks, the risk management relating to these three situations is based on a set of measures integrated into the Group's main decision-making processes.

In addition, Groupe BPCE's Legal Department also defines and disseminates best practices in terms of communication on climate and environmental issues and supports Groupe BPCE entities' business lines and functions in their implementation in internal and external communication.

1.3.5 GOV 4 - Statement on due diligence

The table below maps the information concerning the due diligence procedure included in Banque Palatine's sustainability report.

Core elements of due diligence	Sections in the statement relating to sustainability
a) Embedding due diligence in governance, strategy and business model	1.2.1.1 / 1.2.1.2 / 1.3.2
b) Engaging with affected stakeholders in all key steps of the reasonable due diligence.	1.2.2
c) Identifying and assessing adverse impacts	1.4.1 / 2.2.2.1
d) Taking actions to address those adverse impacts	2.2.3.1 / 2.2.3.4 / 3.2.3.3 / 3.2.3.4 / 3.4.3.3 / 3.4.3.4
e) Tracking the effectiveness of these efforts and communicating	2.2.3.10 / 2.2.4.1 / 3.2.4.1 / 3.4.4.1

1.4 Impact, risk and opportunity management

1.4.1 Disclosures on the materiality assessment process

1.4.1.1 IRO 1 - Description of the processes to identify and assess material impacts, risks and opportunities

1.4.1.1.1 Definition of double materiality

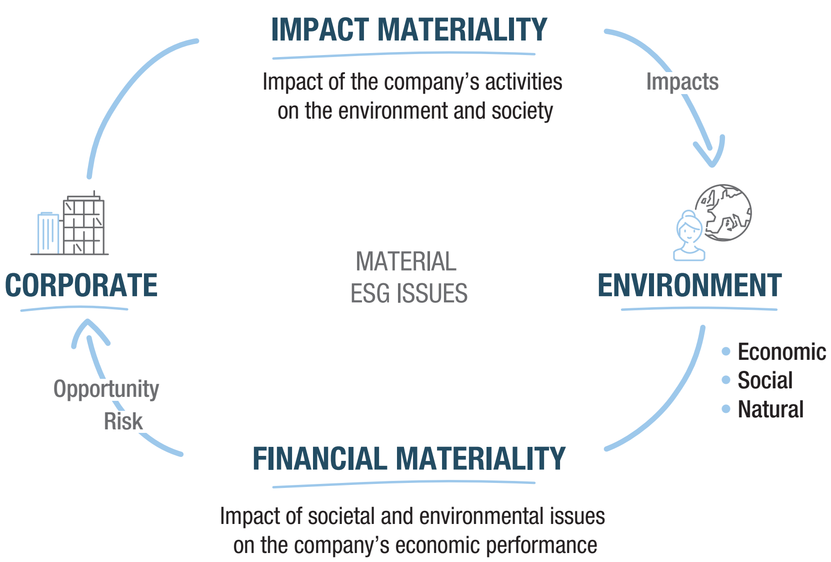
The double materiality exercise is the starting point for the preparation of the sustainability report.

Double materiality has two dimensions: i) materiality from an impact point of view and ii) materiality from a financial point of view.

Impact materiality

Impact of the company's activities on the environment and society

The CSRD introduces the concept of double materiality, which aims to take into account both **impact materiality** and **financial materiality**:



The CSRD introduces the concept of double materiality, which aims to take into account both:

- **IImpact materiality:** assesses the impact of the company's activities on people or the environment in the value chain and through business relationships.
- **Financial materiality:** assesses the financial impact **of risks and/or opportunities.** The impact of the external environment on Banque Palatine. Which has or may have an impact on the company's financial position, cost of capital, financial performance, etc.

The impacts, risks and opportunities identified as material represent the material issues on which the content of the sustainability report is based.

1.4.1.1.2 *Methodology for identifying and rating impacts, risks and opportunities*

From an operational standpoint, the double materiality exercise was carried out for the first application of the CSRD in four stages:

- identification of impacts, risks and opportunities relevant to Groupe BPCE's business and its entire value chain;
- recovery of the impacts, risks and opportunities identified by Groupe BPCE and relevant to Banque Palatine's business;
- identification of IROs specific to the activity of Banque Palatine, Palatine Asset Management and Ariès;
- assessment of the materiality of these impacts, risks and opportunities.

Methodology for identifying impacts, risks and opportunities (IRO)

The identification of IROs is the initial step in defining the scope of activities on which Groupe BPCE and its subsidiaries (including Banque Palatine) must publish information in its sustainability report. A list of IROs relevant to activities throughout the value chain (including upstream and downstream) must be determined at the end of this stage in order to rate them.

The identification of IROs was carried out by topic and subtopic as defined in ESRS 1 (AR 16):

- **Topics and subtopics**: The identification of topics and subtopics was carried out by mobilising **internal sources**, such as the ESG issues identified in Groupe BPCE's 2022 and 2023 SNFP reports, the due diligence process put in place by the Group as part of the Duty of Care plan and the mapping of existing risks, supplemented by **external sources**, such as the analysis of a sector benchmark, with a focus on the most relevant issues for banking players. Following this identification of an initial list of topics and sub-topics, additional work was carried out to align with CSRD requirements. This alignment was carried out in two stages through workshops involving in-house business experts to (i) **validate the list** of topics and sub-topics **according to experts**, and (ii) **reconcile** ESG issues with **ESRS themes** for the E, S and G components (AR 16 of ESRS 1);
- **Impacts, Risks and Opportunities (IRO)**: Once the list of topics and subtopics was drawn up and aligned with the ESRS standards, work to identify the IROs within each topic was carried out to cover both the **impact materiality** and the **financial materiality**. Several internal and external sources were used to identify IROs.

For each IRO identified, a prequalification was carried out for their rating. This prequalification consisted of:

1/ positioning each IRO in Groupe BPCE's value chain, i.e. **upstream**, within its **own activities**, or **downstream**,

2/ defining the **potential** or **actual** nature of the **negative and positive impacts**.

Process for identifying and assessing impacts, risks and opportunities related to E2-Pollution, E3-Water and marine resources, E4-Biodiversity, E5-Resource use and circular economy.

The process of identifying the impacts of environmental issues, excluding climate change, at Groupe BPCE level was carried out across the entire value chain. Impacts have been identified on own operations and on financing and asset management operations.

The rating of these impacts was conducted according to experts. The rating for financing and asset management activities was based in large part on a sectoral analysis of Groupe BPCE's exposures conducted by the Group ESG Risk Department as part of the assessment of the scale. This rating was strengthened by the mobilisation of the views of the Group's stakeholders.

The process of identifying and assessing environmental risks, excluding climate, is part of the same system for assessing the materiality of climate and environmental risks set up by Groupe BPCE.

With regard to opportunities, the identification and assessment process was carried out by experts taking into account economic changes related to environmental issues, excluding climate change, and Groupe BPCE's outlook to adapt its banking, insurer and investor business models.

Consideration of the value chain in the identification of Banque Palatine's IROs

The activities of Banque Palatine and its entire upstream and downstream value chain were taken into account in the double materiality analysis. The following guidelines were adopted in view of the specific nature of Banque Palatine's business segment:

1/ Mapping its activities and the players in the value chain to identify which players are in risk areas;

2/ Carrying out an analysis by major families of players: customers, suppliers, subcontractors, etc.;

3/ Broadening its analysis beyond first-level and direct business relationships: in addition to the major groups of direct players in the value chain, the business lines have taken the entire environment surrounding them into account, particularly through sector analyses.

Organisation in terms of identifying impacts, risks and opportunities

The identification of IROs was coordinated by and under the responsibility of the General Secretariat (CSR Department). The Resources and Work Environment, Risk and Compliance, Sustainable Finance, Communication, Sales and Finance teams, as well as the two subsidiaries Palatine Asset Management and Ariès, helped to formalise and assess these IROs.

Process for rating impacts, risks and opportunities

Among all the IROs identified in the first stage, the rating of the impacts, risks and opportunities led to the designation of those that are material from an impact point of view or from a financial point of view, and which are therefore presented in this sustainability report.

Methodology for rating impacts, risks and opportunities

Description of the rating criteria

The ESRS impose criteria for assessing the materiality of IROs. These criteria may be different depending on whether an impact (negative or positive), a risk or an opportunity is concerned.

1/ The **negative impacts** are rated according to two dimensions:

- i. **probability**: this involves assessing the probability that Banque Palatine will have a negative impact on the subject identified
- ii. **severity** composed of:

  1. **magnitude**: the severity of the negative impact on people or the environment;
  2. **extent**: the scope of the negative impacts. In the case of an environmental impact, the extent may refer to the extent of the damage caused to the environment or a geographic area. In the case of impacts on the population, the extent may refer to the number of people affected by the impact;
  3. **irremediable nature**: assessing whether, and to what extent, the negative impacts can be remedied.

Significant: In the event of a potential negative impact on human rights, the severity of the impact outweighs its probability.

1/ The **positive impacts** are rated according to three dimensions:

i. **probability**: this involves assessing the probability that Groupe BPCE will have a positive impact on the subject identified;
ii. **magnitude**: the beneficial effect of the impact on people or the environment;
iii. **extent**: the scope of the impact (e.g. on a geographical or demographic scale).

2/ The **risks** and **opportunities** are rated according to two dimensions:

i. **probability** of occurrence: probability of the risk or opportunity occurring;
ii. **magnitude of the financial impact**: measurement of the potential financial effects.

All IROs were the subject of a gross rating, i.e. without taking the action plans implemented by the Group to prevent, mitigate or remedy them into consideration.

Rating scales

Rating scales are not prescribed by the ESRS. They have been defined by and for Groupe BPCE, its sites and subsidiaries. Each rating criterion was assessed on a scale from 1 to 4.

IRO	Criteria	Rating and associated score / 4: 1	2	3	4
NEGATIVE IMPACT	**Magnitude** Significance of the severity of the negative impact on people or the environment	No or very little impact	Significant	High	Very strong
	Extent Scope of impact	Limited	Moderate	Wide	Overall/Total
	Irremediable nature Whether and to what extent the negative impacts can be remedied	Very easy to correct	Relatively easy to correct	Very difficult to correct in long-term	Non-remediable
	Probability (potential impact)	Rare/ Unlikely	Possible	Probable	Nearly certain
POSITIVE IMPACT	**Magnitude** Significance of the beneficial effect on people or the environment	No or very little impact	Significant	High	Very strong
	Extent Extent of positive impacts	Limited	Moderate	Wide	Global/ total
	Probability (potential impact)	Rare/ Unlikely	Possible	Probable	Nearly certain
RO	**Magnitude** Potential financial effects	No or very little impact	Significant	High	High
	Probability	Rare/ Unlikely	Possible	Probable	Nearly certain

Score and final rating of impacts, risks and opportunities

Each impact, risk and opportunity was rated, based on the criteria and scales described above.

Determination of the materiality threshold

Materiality threshold refers to the score or rating based on which impacts, risks and opportunities are material.

Banque Palatine's materiality threshold is defined by Groupe BPCE's "CSRD Project" Steering Committee.

Materiality threshold

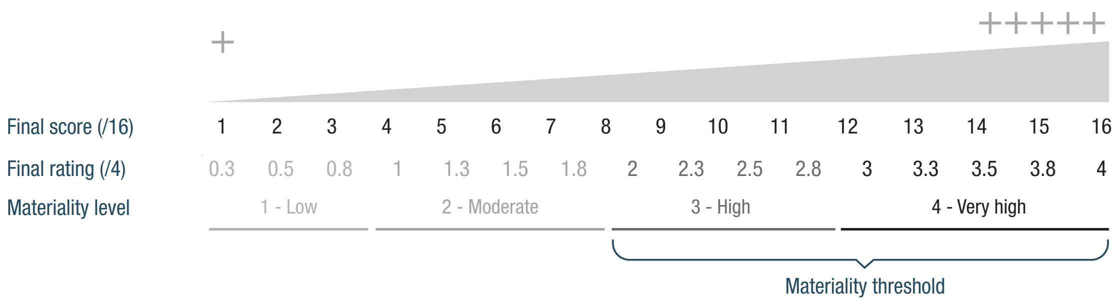
As part of the harmonisation of the rating scales defined for the criteria, a rating scale has also been defined for the rating level of impacts, risks and opportunities. This scale consists of four levels:

1/ Low;

2/ Moderate;

3/ High;

4/ Very high.



An impact, risk or opportunity is material when the rating level is greater than or equal to 3, corresponding to a high or very high level.

Organisation in terms of rating impacts, risks and opportunities

Operating procedure for rating IROs

Groupe BPCE's Impact Department proposed the methodological approach for rating IROs as part of the CSRD Project.

Workshops were held with the institutions (Banques Populaires and Caisses d'Epargne) as well as with the global business lines, BPCE Assurances and Banque Palatine to discuss structuring options for the rating of IROs and to co-construct a common approach.

A Group operating procedure was prepared and shared with the representatives of the institutions (Banques Populaires, Caisses d'Epargne, BPCE) as well as with the subsidiaries.

Role of the functional departments

Several functional departments were called upon as part of the rating of the IROs. These notably include:

- the Compliance Department;
- the Human Resources Department;
- the Purchasing Department;
- the Technology and Operations Department;
- the Climate and Environmental Risk Department;
- the Operational Risk Department,
- the Impact Department.

Rating of Environmental Impacts via financing and investments

The rating of the environmental impacts in connection with financing and investments was carried out, based on expert opinion, by the Impact Department, Retail Banking, BPCE Assurances and GFS based on a sectoral analysis of Groupe BPCE's exposures carried out by the Group Risk Management Department as part of the assessment of the scale. This analysis focuses on the impact of 26 business sectors on various environmental issues (mitigation and adaptation to climate change, pollution, biodiversity, aquatic and marine resources and the circular economy). A three-level scale is applied to each business segment depending on the criticality of its impact on each environmental issue:

- "strong" impact,
- "moderate" impact,
- "low" impact.

This information is used to score the "Magnitude" criterion of the negative impacts identified by Groupe BPCE:

1/ No or very little impact when exposure to "strong" segments is between 0% and 15%;

2/ Significant: when exposure to "strong" segments is between 15% and 50%;

3/ High: when exposure to "strong" segments is between 50% and 75%;

4/ Very high: when the exposure to "strong" segments exceeds 75%.

This rating was subject to additional reviews by experts in order to streamline the quantitative analysis and to cover all of the Group's exposures, taking into account:

1/ the scale of the environmental impacts of other segments beyond the 26 business segments analysed by the ESG Risk Department;

2/ additional exposures to those obtained by the ESG Risk Department (exposures to individual retail, the public sector and exposures to financial institutions).

The other criteria, scope, irremediable nature and probability, were assessed on an expert basis taking into account the rating scales defined for all impacts.

Rating of environmental risks via financing and investments

The rating of environmental risks was carried out by the ESG Risk Department on the basis of the materiality assessment of climate and environmental risks conducted annually by Groupe BPCE since 2021. The latter aims to qualify the materiality of climate and environmental, physical or transition, short-, medium- and long-term risks in relation to the "traditional" risks to which Groupe BPCE is exposed (according to the risk taxonomy defined within Groupe BPCE's Risk Appetite Framework, e.g. credit risk, market risk, operational risk, etc.).

This annual process is based on scientific knowledge (scenarios, assessment tools) and knowledge bases (e.g. Business Environment Scan), measures and internal indicators available at the date of completion of the financial year, as well as on the expertise of all internal parties involved in the risk management system (LoD1 or LoD2). The assessments are carried out on the gross risk. It is subject to a continuous improvement process concerning the underlying processes and methods.

As part of the assessment of the financial materiality of the CSRD risks, the assessment of the materiality of climate and environmental risks was cross-referenced with the materiality assessment of each of the "traditional" risks. This assessment is carried out annually as part of the work on the Risk Appetite Framework in order to obtain an assessment of the intrinsic materiality for each IRO on the same criteria as the other IROs (probability of occurrence/magnitude of impact), to ensure consistency between the different exercises. An expert's overall consistency check was carried out to validate the materiality levels obtained.

To date, Groupe BPCE's rating of environmental risks (biodiversity, water, pollution and circular economy) has been applied uniformly to all these environmental topics. The work undertaken by Groupe BPCE to strengthen the climate and environmental risk management system will gradually refine this analysis.

Process for validating the ratings of impacts, risks and opportunities

The validation of the IRO is carried out through workshops bringing together:

- representatives of the business lines concerned by each topic, subtopic and each Purchasing, Human Resources, Operational Risks IRO, etc.;
- sponsors of the institutions (four Banques Populaires, four Caisses d'Epargne);
- the ESG Risk Department;
- the CSR representatives of the global business lines, BPCE Assurances, Banque Palatine, BRED, Crédit Coopératif, FSE and Digital & Payments;
- the Group Impact Department.

Stakeholder consultation process

Although stakeholder consultation is not mandatory as part of the double materiality exercise, Banque Palatine considered it important to consult its board members, employees and some of its customers using various means, including permanent feedback systems and the use of specific tools, as they play a key role in providing relevant information for publication on sustainability issues, by drawing on their wide-ranging expertise.

1.4.1.1.3 Consolidation process

The process for identifying and rating Groupe BPCE's IROs was performed in three stages:

- recovery of the impacts, risks and opportunities identified by Groupe BPCE and relevant to Banque Palatine's business;
- identification of IROs specific to the activity of Banque Palatine, Palatine Asset Management and Ariès;
- assessment of the materiality of these impacts, risks and opportunities.

1.4.1.1.4 Review process

In accordance with the CSRD transposed into French law, the sustainability report is prepared annually. As a result, and as specified by EFRAG in its guidance on double materiality, Banque Palatine must determine the list of material IROs every year. However, if Banque Palatine concludes, on the basis of audit evidence, that the results of the double materiality exercise for the previous financial year are still relevant at the reporting date, it can use the conclusions obtained previously to prepare the sustainability report. This is the case when Banque Palatine believes that there have been no significant changes in its organisational and operational structure and that there have been no significant changes in external factors that could generate new IROs or change existing IROs or could affect their relevance.

In addition, every year Banque Palatine will be required to verify the following items and facts (non-exhaustive list), which may trigger a revision of the list of material IROs:

- A major merger-acquisition transaction leading to a new activity, an entry into a new sector or a significant change in operations;
- A global event, such as a pandemic, a natural disaster;
- A change in Banque Palatine's business model;
- A change in social conventions, scientific evidence or user needs that could affect the severity criteria.

1.4.1.1.5 List of material IROs shared with Groupe BPCE

Environment

Climate change (ESRS E1)

Sub-theme	Sub-sub-topic	Type of IRO	Own activity / Value chain	Time horizon	IRO definition
Climate change mitigation and adaptation	Climate change mitigation - operating footprint	Negative impact	Own operations	Long term	Negative impact on the climate due to greenhouse gas emissions from the Group's own operations (IT, fixed assets, etc.)
	Climate change mitigation and adaptation - financing and investments	Negative impact	Downstream value chain	Invariable	Negative impact on the climate mainly due to the Group's financing and investments in so-called carbon-intensive sectors.
		Opportunity	Downstream value chain	Long term	Proposals for savings products invested in companies to support their transition, as well as financing solutions to support the Group's customers in their own transition and mitigate the effects of climate change.
		Risk	Downstream value chain	Long term	Risk of impairment of assets related to investments and financing exposed to physical climate risks (high-risk areas)
		Risk	Downstream value chain	Long term	Risk of financial loss related to financing/investments of counterparties exposed to climate transition risks.
		Risk	Downstream value chain	Medium term	Reputational risk related to financing and/or investments in companies with a carbon-intensive activity and/or incompatible with the net-zero alignment trajectories

Social
Own workers (ESRS S1)

Sub-theme	Sub-sub-topic	Type of IRO	Own activity / Value chain	Time horizon	IRO description
Attractiveness, employee loyalty and commitment	Listening to employees and strengthening their commitment	Risk	Own operations	Invariable	Risk of deviation from employees' expectations due to the absence and/or inadequacy of listening systems and action plans to strengthen their commitment.
	Integration of new hires and strengthening employee loyalty	Positive impact	Own operations	Invariable	Positive impact of the employee experience contributing to a welcoming environment for the Group's employees (pre-boarding, onboarding, induction programme and individualised training course).
	Recruitment strategy and employer brand	Opportunity	Own operations	Medium term	Opportunity for the Group to strengthen its employer brand and its attractiveness on the job market with a digital (communication and prospecting on social networks, use of job boards, recruitment events in the regions, co-option, etc.) and inclusive (work-study, hiring of non-banking profiles, etc.) recruitment strategy.
Working conditions	Social dialogue (freedom of association and collective bargaining)	Positive impact	Own operations	Invariable	Positive impact on employee commitment and performance via sustained and constructive dialogue with employee representatives at Group, division and company level (regular meetings with the staff-representative bodies and conclusion of collective agreements).
	Privacy	Risk	Own operations	Invariable	Financial risk in the event of non-security of employee personal data or breach of privacy: • financial sanctions; • damages for the loss suffered.
	Quality of life at work and risk prevention and safety at work	Risk	Own operations	Invariable	Financial losses related to employee turnover, absenteeism and employee disengagement resulting from: • recruitment and training costs for new employees, absences (replacement and financing of all or part of the absences or medical expenses); • lost revenue related to the decline in productivity, sales performance and customer satisfaction; • loss of talent.

Sub-theme	Sub-sub-topic	Type of IRO	Own activity / Value chain	Time horizon	IRO description
		Risk	Own operations	Invariable	Financial risks for the Group in the event of: • occurrence of a workplace accident (incivility, assault, on the road or on the premises) and/or commuting accident; • financial losses and operational risks related to the deterioration of the health of employees and/or the deterioration of the quality of life at work (increase in professional risks, turnover, absenteeism, loss of productivity and induced costs, etc.); • non-compliance with the single occupational risk assessment document regulation.
		Positive impact	Own operations	Invariable	Positive impact on the quality of life at work of employees (working hours, teleworking, layout of premises, work-life balance, QLWC agreement, etc.)
	Decent pay and social protection	Positive impact	Own operations	Invariable	Positive impact for employees thanks to clear and fair remuneration, well understood by them, and exceeding legal minimums, guaranteeing adequate working conditions (basic salaries, bonuses, employee savings, benefits in kind, etc.) and solid social protection (provident insurance, health insurance, pension plan, etc.)
	Employee health and employee job retention	Positive impact	Own operations	Invariable	Positive impact on employee working conditions for a safe working environment adapted to the well-being of employees.

Sub-theme	Sub-sub-topic	Type of IRO	Own activity / Value chain	Time horizon	IRO description
Equal treatment and opportunities	Skills development	Positive impact	Own operations	Invariable	Positive impact on the employees' skills development.
		Positive impact	Own operations	Invariable	Positive impact on the development of employability, employee mobility within the Group and proactive career management.
		Opportunity	Own operations	Invariable	Opportunity for the Group to promote the development of internal skills and capitalise on expertise and knowledge in order to strengthen employee commitment (increase in the retention rate, reduction of operational risk, etc.).
	Diversity & inclusion (Gender equality, disability, discrimination & harassment)	Positive impact	Own operations	Invariable	Positive impact in terms of diversity, inclusion, professional equality and support for people with disabilities.

Workers in the value chain (ESRS S2)

Sub-theme	Sub-sub-topic	Type of IRO	Own activity / Value chain	Time horizon	IRO description
Working conditions and other work-related rights	Working conditions and other work-related rights of subcontractors, service providers and suppliers	Risk	Upstream value chain	Invariable	Risk concerning the Group's image and reputation linked to deteriorated working conditions and non-respect of the human rights of workers in its value chain.
	Working conditions and other work-related rights of workers in financed/invested companies	Risk	Downstream value chain	Invariable	Reputational risk due to inadequate due diligence on the social aspects of the companies that the Group finances or invests in.
		Negative impact	Downstream value chain	Invariable	Potential negative impact from the Group's activity to finance/invest in companies where working conditions have deteriorated.

Affected communities (ESRS S3)

Sub-theme	Sub-sub-topic	Type of IRO	Own activity / Value chain	Time horizon	IRO description
Communities' economic, social and cultural rights	Financing the economy and regional players	Positive impact	Downstream value chain	Invariable	Positive impact on local economic development and regional attractiveness by creating jobs, supporting local businesses and authorities, and social housing operators, and by promoting economic growth, including improving the living conditions of stakeholders impacted by the Group's local presence policies.
		Risk	Downstream value chain	Invariable	Risk of image and reputation damage related to the financing/ investment of projects that have a negative impact on communities or when they are not aligned with the real needs of society.
		Risk	Downstream value chain	Invariable	Legal risk related to the financing/ investment of projects having a negative impact on communities, as part of the duty of care.

Consumers and end-users (ESRS S4)

Sub-theme	Sub-sub-topic	Type of IRO	Activity / Value chain	Time horizon	IRO description
Impacts related to consumer and end-user in formation	Access to information	Positive impact	Downstream value chain	Invariable	Positive impact on customers via a transparent offer to facilitate understanding of products and services by all customers and informed decision-making, as part of responsible marketing.
	Personal Data Protection and cybersecurity	Risk	Downstream value chain	Invariable	Risk of sanctions due to regulatory non-compliance related to: • non-compliance with customer data protection regulations (in particular: GDPR on data practices - consent, cookies, etc.); • sanctions related to the non-disclosure of cybersecurity attacks having taken place.
		Risk	Downstream value chain	Invariable	Potential or proven financial losses, including related reputational risk, related to the loss of customers in the event of: • insufficient measures to prevent and combat cybercrime; • leaks, theft or inappropriate use of personal data.
		Negative impact	Downstream value chain	Invariable	Potential negative impact on human rights in case of practices related to the misuse of customers' personal data.
Financial inclusion and accessibility of the offer	Access to products and services and responsible marketing practices	Opportunity	Downstream value chain	Long term	Development of new innovative products and services, respecting responsible marketing policies, opening new markets and customer segments and partnerships with tech start-ups, stimulating innovation and creativity and increasing customer interest in products and services as part of responsible marketing.
		Positive impact	Downstream value chain	Invariable	Positive impact with access to the Group's offers and services adapted to the financial needs of each customer as well as global geographical coverage and thanks to adapted digital solutions.
		Negative impact	Downstream value chain	Invariable	Potential negative impacts on customers in the event of abusive sales, unethical practices (including forced sales).

Sub-theme	Sub-sub-topic	Type of IRO	Activity / Value chain	Time horizon	IRO description
		Positive impact	Downstream value chain	Invariable	Offer accessible products and services to all customers and economic players (companies, professionals, local authorities, operators of the social and solidarity economy), including those in financially vulnerable situations, thanks to accessibility and inclusion offers.
		Risk	Downstream value chain	Invariable	Risk of image and reputational damage related to the inaccessibility or lack of readability of offers, thus contributing to the loss of customers.
	Non-discrimination	Negative impact	Downstream value chain	Invariable	Potential negative impact: undermining the equality and inclusi on of people if Groupe BPCE's practices are discriminatory regarding the choice of customers (age, gender, nationality, etc.) or the access to financing or essential services provided to customers (account opening, insurance, etc.).
		Risk	Downstream value chain	Invariable	Risk of image and reputational damage related to discriminatory practices, contributing to the loss of customers.

Governance
Business conduct (ESRS G1)

Sub-theme	Sub-sub-topic	Type of IRO	Activity / Value chain	Time horizon	IRO description
Ethics and cor porate culture	Fight against corruption and bribery	Risk	Own operations	Invariable	Financial losses due to acts of corruption or unethical behaviour within the Group.
		Risk	Own operations	Invariable	Reputational risk and sanctions due to non-compliance with anti-corruption and anti-bribery laws and regulations.
	Combat against money laundering and terrorism financing	Risk	Own operations	Invariable	Risk of regulatory sanctions in the event of non-compliance with anti-money laundering and terrorist financing laws and regulations as well as reputational risk.
	Protection of whistle-blowers	Risk	Own operations	Invariable	Reputational risk, deterioration of stakeholder confidence and sanctions in the event of ethically questionable practices as well as in the event of non-compliance with laws and regulations on the protection of whistle-blowers.
	Compliance with sanctions measures (national, European or international), embargoes and asset freezes	Risk	Downstream value chain	Invariable	Risk of regulatory sanctions in the event of non-compliance with sanctions measures (national, European or international), embargoes and asset freezes.
Management of relationships with suppliers including pay ment practices	Management of relationships with suppliers including payment practices	Risk	Upstream value chain	Invariable	Reputational risk in the event of the Group being called into question for negative ESG impacts (unethical practices or practices that derogate from human rights) caused by its suppliers and service providers.
		Positive impact	Upstream value chain	Invariable	Positive impact on suppliers by encouraging them to adopt virtuous practices (rigorous selection of suppliers), by improving the quality of supplier relations and the management of payment terms.

1.4.2 SBM 3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The material impacts, risks and opportunities (IRO) resulting from the double materiality analysis are listed in section 1.4.1.1.5 (chapter IRO-1). This description makes it possible to identify where in its business model, its own activities or its value chain these material IROs are concentrated.

In summary, the material IROs identified relate to the following topics:

- Climate change (E1): “climate change mitigation and adaptation” for the downstream part of the value chain (through customer financing and investments) and “climate change mitigation” for own activities (in particular Premises and Real Estate, IT, Purchasing, Mobility);
- Own workers (S1): the IROs concern the Group’s employees and cover the following three topics: “Attractiveness, employee loyalty and commitment”, “Working conditions”, “Equal treatment and opportunities”;
- Workers in the value chain (S2): the IROs concern “Working conditions and other labour rights” and cover both the upstream value chain (suppliers) and the downstream value chain (through financing and customer investments);
- Affected communities (S3): the identified IROs cover the topic of ‘Economic, social and cultural rights of communities’ through funding allocated to the economy and various actors in the territories (downstream value chain);
- Customers and end-users (S4): the IROs concern the Group’s customers (downstream value chain) and are organised around the topics “Consumer and end-user information” and “Financial inclusion and accessibility of the offer”;
- Governance (G1): the IROs relating to the topic “Ethics and corporate culture” concern employees (own operations) and “Supplier relationship management”, linked to the upstream value chain.

The business model, value chain and integration of sustainability issues into Banque Palatine’s strategy are detailed in section 1.2.1 (SBM-1 chapter).

The interactions between these material impacts, risks and opportunities, Banque Palatine's business model and strategy, embodied by Palatine 2030, as well as how positive or negative material impacts affect the population (customers, regional players or employees) or the environment are presented inside each topical ESRS.

As there are no established practices for financial institutions, the financial impacts relating to the following are not disclosed for the 2024 financial year:

- material risks and opportunities of the company on its financial position, financial performance and cash flows,

- material risks and opportunities for which there is a risk of a significant adjustment to the carrying amount of assets and liabilities included in the financial statements during the next annual period. In terms of climate risk, Banque Palatine benefits from the analysis of the resilience of Groupe BPCE's business model across its three activities (financing, insurance, asset management) through climate stress tests as part of its self-assessment processes for capital adequacy (ICAAP) and liquidity (ILAAP) in light of the risks to which it may be exposed. This analysis is presented in chapter E1 - Climate change (section 2.2.3.2.1).

1.4.3 IRO-2 - Disclosure Requirements in ESRS covered by the undertaking’s sustainability statements

Banque Palatine has not implemented a process for identifying the materiality of information.

Disclosure Requirements in ESRS covered by the undertaking’s sustainability report.

ESRS 2 GOV-1

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Board's gender diversity section 21, **point (d)**	Indicator No. 13, Table 1, Annex I		Annex II of Commission delegated regulation (EU) 2020/1816 [5]		1.3.1.1
Percentage of board members who are independent section 21, **point (e)**			Annex II of Commission delegated regulation (EU) 2020/1816		1.3.1.1

ESRS 2 GOV-4

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Statement on due diligence section 30	Indicator No. 10, Table 3, Annex I				1.3.5

ESRS 2 SBM-1

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Involvement in activities related to fossil fuel activities section 40, **point (d) (i)**	Indicator No. 4, Table 1, Annex I	Article 449 bis of regulation (EU) 575/2013; Commission Implementing regulation (EU) 2022/2453 [6], Table 1: Qualitative information on environmental risk and Table 2: Qualitative information on social risk	Annex II of Commission delegated regulation (EU) 2020/1816		Not applicable
Involvement in activities related to chemical production section 40, **point (d) (ii)**	Indicator No. 9, Table 2, Annex I		Annex II of Commission delegated regulation (EU) 2020/1816		Not applicable
Involvement in activities related to controversial weapons section 40, **point (d) (iii)**	Indicator No. 14, Table 1, Annex I		Article 12 (1) of delegated regulation (EU) 2020/1818 [7], Annex II of delegated regulation (EU) 2020/1816		Not applicable
Involvement in activities related to cultivation and production of tobacco section 40, **point (d) (iv)**			Delegated regulation (EU) 2020/1818, article 12 (1) of delegated regulation (EU) 2020/1816, Annex II.		Not applicable

ESRS E1-1

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Transition plan to reach climate neutrality by 2050 section 14				Article 2 (1) of regulation (EU) 2021/1119	2.2.3.1
Corporates excluded from Paris-aligned Benchmarks section 16, **point (g)**		Article 449 bis regulation (EU) 575/2013, Commission Implementing regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, issues and residual maturity	Article 12 (1) (d) to (g) and article 12 (2) of delegated regulation (EU) 2020/1818		Not applicable

ESRS E1-4

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
GHG emission reduction targets section 34	Indicator No. 4, Table 2, Annex I	Article 449 bis regulation (EU) 575/2013, Commission Implementing regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment indicators	Article 6 of delegated regulation (EU) 2020/1818		2.2.4.1

ESRS E1-5

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) section 38	Indicator No. 5, Table 1, and Indicator No. 5, Table 2, Annex I				Not relevant
Energy consumption and mix section 37	Indicator No. 5, Table 1, Annex I				Not relevant

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Energy intensity associated with activities in high climate impact sectors sections 40 to 43	Indicator No. 6, Table 1, Annex I				Not relevant

ESRS E1-6

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Gross Scopes 1, 2 or 3 emissions and Total GHG emissions section 44	Indicators No. 1 and No. 2, Table 1, Annex I	Article 449 bis of regulation (EU) 575/2013, Commission implementing regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, issues and residual maturity	Article 5 (1), article 6 and article 8 (1) of delegated regulation (EU) 2020/1818		2.2.4.2
Gross GHG emissions intensity sections 53 to 55	Indicator No. 3, Table 1, Annex I	Article 449 bis of regulation (EU) 575/2013, Commission implementing regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment indicators	Article 8 (1) of delegated regulation (EU) 2020/1818		Not applicable

ESRS E1-7

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
GHG removals and carbon credits section 56				Article 2 (1) of regulation (EU) 2021/1119	Not relevant

ESRS E1-9

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Exposure of the benchmark portfolio to climate-related physical risks section 66			Annex II of delegated regulation (EU) 2020/1818, Annex II of delegated regulation (EU) 2020/1816		Phase-in
Disaggregation of monetary amounts by acute and chronic physical risk section 66, point (a) Location of significant assets at material physical risk section 66, **point (c)**		Article 449 bis of regulation (EU) 575/2013, Commission implementing regulation (EU) 2022/2453, paragraphs 46 and 47, Template 5: Banking portfolio - Climate-related physical risks: exposures subject to a physical risk.			Phase-in
Breakdown of the carrying value of its real estate assets by energy-efficiency classes section 67, **point (c)**		Article 449 bis of regulation (EU) 575/2013, Commission implementing regulation (EU) 2022/2453, paragraph 34, Template 2: Banking book - Climate change transition risk: Loans secured by real estate assets - Energy efficiency of collateral			Phase-in
Degree of exposure of the portfolio to climate-related opportunities section 69			Annex II of Commission delegated regulation (EU) 2020/1818		Phase-in

ESRS E2-4

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Amount of each pollutant listed in Annex II of the European Pollutant Release and Transfer Register Regulation (E-PRTR) emitted to air, water and soil, section 28	Indicator No. 8, Table 1, Annex I; Indicator No. 2, Table 2, Annex I; Indicator No. 1, Table 2, Annex I; Indicator No. 3, Table 2, Annex I				Not material

ESRS E3-1

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Water and marine resources section 9	Indicator No. 7, Table 2, Annex I				Not material
ESRS E3-1 Dedicated policy section 13	Indicator No. 8, Table 2, Annex I				
ESRS E3-1 Sustainable oceans and seas section 14	Indicator No. 12, Table 2, Annex I				Not material

ESRS E3-4

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Total percentage of water recycled and reused section 28, point (c)	Indicator No. 6.2, Table 2, Annex I				Not material
Total water consumption in m^3 per net revenue on own operations section 29	Indicator No. 6.1, Table 2, Annex I				Not material

ESRS 2 - SBM 3 - E4

Disclosure requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Section 16, point (a) i	Indicator No. 7, Table 1, Annex I				Not material
Section 16, point (b)	Indicator No. 10, Table 2, Annex I				Not material
Section 16, point (c)	Indicator No. 14, Table 2, Annex I				Not material

ESRS E4-2

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Sustainable land/agricultural practices or policies section 24, point (b)	Indicator No. 11, Table 2, Annex I				Not material
Sustainable ocean/sea practices or policies section 24, point (c)	Indicator No. 12, Table 2, Annex I				Not material
Policies to address deforestation section 24, point (d)	Indicator No. 15, Table 2, Annex I				Not material

ESRS E5-5

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Non-recycled waste section 37, point (d)	Indicator No. 13, Table 2, Annex I				Not material
Hazardous waste and radioactive waste section 39	Indicator No. 9, Table 1, Annex I				Not material

ESRS 2 - SBM3 - S1

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Risk of incidents of forced labour section 14, point (f)	Indicator No. 13, Table 3, Annex I				3.1.3.4.1
Risk of incidents of child labour section 14, point (g)	Indicator No. 12, Table 3, Annex I				3.1.3.4.1

ESRS S1-1

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Human rights policy commitments section 20	Indicator No. 9, Table 3, and Indicator No. 11, Table 1, Annex I				3.1.3.1.1.
Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 section 21			Annex II of Commission delegated regulation (EU) 2020/1816		3.1.3.1.1 3.1.3.1.2 3.1.3.4.1
Processes and measures for preventing trafficking in human beings section 22	Indicator No. 11, Table 3, Annex I				3.1.3.1.1 3.1.3.4.1
Workplace accident prevention policy or management system section 23	Indicator No. 1, Table 3, Annex I				3.1.3.1.2

ESRS S1-3

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Grievance/complaints handling mechanisms section 32, point (c)	Indicator No. 5, Table 3, Annex I				3.1.3.3.1

ESRS S1-14

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Number of fatalities and number and rate of work-related accidents section 88, points (b) and (c)	Indicator No. 2, Table 3, Annex I		Annex II of Commission delegated regulation (EU) 2020/1816		3.1.5.10
Number of days lost to injuries, accidents, fatalities or illness section 88, point (e)	Indicator No. 3, Table 3, Annex I				3.1.5.10

ESRS S1-16

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Unadjusted gender pay gap section 97, point (a)	Indicator No. 12, Table 1, Annex I		Annex II of delegated regulation (EU) 2020/1816		3.1.5.12
Excessive CEO pay ratio section 97, point (b)	Indicator No. 8, Table 3, Annex I				3.1.5.12

ESRS S1-17

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Incidents of discrimination section 103, point (a)	Indicator No. 7, Table 3, Annex I				Not relevant
Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines section 104, point (a)	Indicator No. 10, Table 1, and Indicator No. 14, Table 3, Annex I		Annex II of delegated regulation (EU) 2020/1816, article 12 (1) of delegated regulation (EU) 2020/1818		Not relevant

ESRS 2 - SBM3 - S2

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Significant risk of child labour or forced labour in the value chain section 11, point (b)	Indicators No. 12 and No. 13, Table 3, Annex I				3.2.2

ESRS S2-1

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Human rights policy commitments section 17	Indicator No. 9, Table 3, and Indicator No. 11, Table 1, Annex I				3.2.3.1
Policies related to value chain workers section 18	Indicators No. 11 and No. 4, Table 3, Annex I				3.2.3.1
Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines section 19	Indicator No. 10, Table 1, Annex I		Annex II of delegated regulation (EU) 2020/1816, article 12 (1) of delegated regulation (EU) 2020/1818		Not relevant
Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, section 19			Annex II of delegated regulation (EU) 2020/1816		3.2.3.4

ESRS S2-4

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Human rights issues and incidents connected to its upstream and downstream value chain section 36	Indicator No. 14, Table 3, Annex I				Not relevant

ESRS S3-1

Disclosure Requirement and related data point	SFDR reference [(1)]	Pillar III reference [(2)]	Benchmark indices regulation reference [(3)]	EU European law on climate [(4)]	Report section
Human rights policy commitments section 16	Indicator No. 9, Table 3, Annex I, and Indicator No. 11, Table 1, Annex I				3.3.2
Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines section 17	Indicator No. 10, Table 1, Annex I		Annex II of delegated regulation (EU) 2020/1816, article 12 (1) of delegated regulation (EU) 2020/1818		Not relevant

ESRS S3-4

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Human rights issues and incidents section 36	Indicator No. 14, Table 3, Annex I				3.3.3.3

ESRS S4-1

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Policies related to consumers and end-users section 16	Indicator No. 9, Table 3, and Indicator No. 11, Table 1, Annex I				3.4.3.1
Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines section 17	Indicator No. 10, Table 1, Annex I		Annex II of delegated regulation (EU) 2020/1816, article 12 (1) of delegated regulation (EU) 2020/1818		Not relevant

ESRS S4-4

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
Human rights issues and incidents section 35	Indicator No. 14, Table 3, Annex I				3.4.3.3

ESRS G1-1

Disclosure Requirement and related data point	SFDR reference (1)	Pillar III reference (2)	Benchmark indices regulation reference (3)	EU European law on climate (4)	Report section
United Nations Convention against Corruption section 10, point (b)	Indicator No. 15, Table 3, Annex I				4.1.1.5.1
Protection of whistle-blowers section 10, point (d)	Indicator No. 6, Table 3, Annex I				4.1.1.3.3

ESRS G1-4

Disclosure Requirement and related data point	SFDR reference [1]	Pillar III reference [2]	Benchmark indices regulation reference [3]	EU European law on climate [4]	Report section
Fines for violation of anti-corruption and anti-bribery laws section 24, point (a)	Indicator No. 17, Table 3, Annex I		Annex II of delegated regulation (EU) 2020/1816		4.1.2.1
Standards of anti-corruption and anti-bribery section 24, point (b)	Indicator No. 16, Table 3, Annex I				4.1.2.1

(1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability reporting in the financial services sector (OJ L 317, 09.12.2019, p. 1).

(2) Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) 648/2012 (Capital Requirements Regulation - CRR) (OJ L 176, 27.06.2013, p. 1).

(3) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on the indices used as benchmarks for financial instruments and contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and regulation (EU) 596/2014 (OJ L 171, 29.06.2016, p. 1).

(4) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework required to achieve climate neutrality and amending regulations (EC) No. 401/2009 and (EU) 2018/1999 (“European law on the climate ”) (OJ L 243, 9.7.2001, p.1).

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Part 2 - Environmental information

2.1 Indicators of the European taxonomy on sustainable activities

Regulatory framework

In order to encourage sustainable investment, EU regulation 2020/852 of 18 June 2020 (Taxonomy regulation) established a common EU classification system to identify economic activities considered environmentally sustainable.

The taxonomy regulation (article 8) includes, for companies subject to the CSRD (Corporate Sustainability Reporting Directive published on 16 December 2022), an obligation to inform, set out in the Sustainability Report, on the manner and the extent to which the company's activities are associated with economic activities that can be considered environmentally sustainable.

An activity is considered "eligible" for the taxonomy if it is included in the European commission's evolving list. These are activities that can make a substantial contribution to at least one of the following six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

To be effectively considered as sustainable from an environmental point of view, an eligible activity must be "aligned" with the taxonomy, i.e. it must meet the following three cumulative conditions:

- **demonstrate its substantial contribution** to one of the six environmental objectives and thus comply with the technical review criteria defined in delegated acts;
- **demonstrate that it does not cause significant harm** to any of the other environmental objectives (Do No Significant Harm or DNSH) in accordance with the technical review criteria defined in the delegated acts;
- be performed **in compliance with the minimum social guarantees** provided for in the regulation (i.e. in compliance with the social rights guaranteed by international law).
- The technical criteria for documenting the environmental sustainability of an activity are set out in delegated acts:
- the delegated regulation of 4 June 2021 (2021/2139) on the Climate, including the technical review criteria for economic activities that make a substantial contribution to the first two environmental objectives: climate change adaptation and mitigation of its effects. It has been applied since 1 January 2022.

It was first amended on 9 March 2022 by delegated regulation 2022/1214 including, under strict conditions, specific activities related to nuclear energy and gas on the list of economic activities covered by the union taxonomy. It has been applied since 1 January 2023.

A second amendment was published on 27 June 2023 (delegated regulation 2023/2485) completing the technical examination criteria for certain activities that were initially not listed as eligible (in particular, manufacture of essential equipment for low-carbon transport or electrical equipment). It comes into force on 1 January 2024:

- the delegated regulation of 27 June 2023 (2023/2486) on the Environment sets the criteria for the technical examination of economic activities considered to make a substantial contribution to one or more of the four other environmental objectives (other than climate): sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems. It comes into force on 1 January 2024.

The content of sustainability indicators (key performance indicators or KPIs) and the information to be published by non-financial and financial companies (asset managers, credit institutions, investment firms and insurance and reinsurance companies) subject to these transparency obligations are specified, for each of these economic players, in delegated regulation article 8 of 6 July 2021 (2021/2178). The format of publishable tables is governed by environment delegated regulation 2023/2486.

Additional information is required for companies engaged in, financing or exposed to specific activities related to nuclear energy and fossil gas (delegated regulation 2022/1214).

In addition, the European commission communications published in the official journal of 20 October 2023 aim to interpret certain provisions relating to the implementation of article 8 of the taxonomy regulation (C/2023/305) and the delegated act on the climate component of the taxonomy (C/2023/267).

On 21 December 2023, the Commission published a communication on the interpretation and implementation of article 8 of the taxonomy, which clarifies the information to be provided. It was published in the Official Journal of the European Union on 8 November 2024 under the reference C/2024/6691. On 29 November 2024, the Commission published a new draft communication. Given its late publication and the implementation work involved, this text is currently being analysed, and some of its provisions will be applied in the coming period.

The taxonomy regulation provides for a gradual implementation of information transparency requirements according to economic players. Banque Palatine, as a company in the financial sector, is notably subject to publication requirements that are staggered by one year compared with non-financial companies. This principle allows financial companies to use eligibility and alignment data communicated by counterparties themselves subject to these publication requirements (counterparties subject to the CSRD) in order to weight their investments, financing and other exposures.

Banque Palatine publishes the disclosures applicable to financial companies - credit institutions. Banque Palatine publishes the tables required by the regulation in the tabular formats presented in Annex VI of delegated regulation 2023/2486.

Alignment policy (requirement of annex XI of delegated regulation 2021/2178) with the taxonomy regulation

The list of activities aligned with or substantially contributing to at least one of the objectives of the taxonomy contributes to the identification of the financial assets provided as collateral for Banque Palatine's green bonds. Banque Palatine also takes into account the European taxonomy in the design of some of its "green" offers and services and in its project financing (renewable energy financing). This requirement was rolled out operationally by the implementation of a system, incorporating the technical criteria of taxonomy, detailed and documented collection and analysis of information relating to the financing granted.

Assumptions used and existing limitations in the preparation and collection of information

The KPIs required by the regulations were published as follows:

Information on the main KPI (Green Asset Ratio) has been published.

The financial conglomerate KPI has not been published. Palatine considers that it is not liable for this indicator, which is not required by the delegated regulation.

The flow information on the KPIs of off-balance sheet exposures has not been published due to the absence of a dedicated table in annex 6 of the delegated regulation.

The main assumptions used to determine the alignment of eligible assets under the Green Asset Ratio (GAR) are as follows:

For real estate loans to households, the alignment is based on an analysis of the energy performance of assets through the Energy Performance Diagnostic (EPD) or compliance with thermal regulations for new properties (RT2012 and RE2020), as regards the substantial contribution; an analysis of the physical risks, including only the "flooding" hazard for the needs of the DNSH adaptation. Any loan relating to an asset with a material physical risk is considered as not taxonomy-aligned.

Minimum social guarantees are deemed to be met for all assets built in France and Europe, taking into account the laws and regulations in force in these countries.

The alignment of the following eligible assets was not analysed: loans for the renovation or financing of motor vehicles with individual customers as well as financing allocated with CSRD counterparties. These assets are therefore de facto considered as not taxonomy-aligned.

For the breakdown of GAR exposures by business segment (NACE code), the Group has not published the table in CapEx view insofar as the GAR turnover and CapEx are very similar.

Mandatory GAR

Main indicator – GAR (Green Asset Ratio)

Banque Palatine's GAR of 31 December 2024 includes taxonomy alignment data. It is presented in the tabular format required by regulations. This requires it to be presented once based on the "Turnover" KPI (key performance indicator) and once on "CapEx" (capital expenditure) KPI of the counterparties subject to the CSRD.

The GAR for Banque Palatine drawn up on 31 December 2024 lists, for the first time, information on alignment with the two environmental climate objectives (Mitigation and Adaptation) of financial companies. Data on assets aligned with the Climate Change Adaptation objective are published as soon as they are available on Bloomberg.

Information on eligibility for the four non-climate objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems) is based on data published by non-financial companies, which publish this information for the first time at 31 December 2023. As a result, this information is provided by Banque Palatine on 31 December 2024 and the columns in the regulatory tables relating to this information are presented.

The tables presenting information relating to the comparative period are presented for the first time (templates 0, 1, 3 and 5). Thus, the GAR Flow, whose calculation methods were specified in the European Commission communication of 21 December 2023, was published for the first time on 31 December 2024.

The GAR flows KPI shows the portion of assets aligned over the portion of assets covered by the GAR only for new outstanding loans and advances and debt securities recognised on the balance sheet since the beginning of the period (in our case, 1 January 2024). The outstandings are recorded at gross carrying amount (before impairment, provisions and amortisation) and without deduction of repayments or sales of assets during the period. Given their non-material nature, the GAR flows KPI is not calculated on equity instruments (e.g. equities). The Flows KPI for financial guarantees and assets under management are not published either for operational reasons. The other calculation principles remain identical to those applied for the calculation of outstandings.

The main indicator applicable to credit institutions is the Green Asset Ratio (GAR). Expressed as a percentage, it indicates the proportion of assets that finance or are invested in economic activities aligned with the taxonomy in relation to the total assets covered.

Scope of financial assets subject to eligibility and alignment analysis

On the basis of the prudential perimeter established in accordance with FINREP regulations (investments in insurance companies controlled by Banque Palatine are consolidated using the equity method), assets are presented at their gross carrying amount, i.e. before depreciation, provisions and amortisation.

The eligibility and alignment analysis applies to an asset scope determined following a series of exclusions specified by the regulations:

Assets subject to eligibility analysis and taxonomy alignment analysis (A)	Assets not subject to taxonomy eligibility/alignment analysis - but included in the denominator (B)	Assets excluded from the denominator and numerator (C)
Exposures to: • Non-financial corporations subject to the CSRD • Financial corporations subject to the CSRD • Retail customers – home loans, renovation loans and motor vehicle loans granted on or after January 1, 2022 • Local governments • Real estate collateral obtained by taking possession	Assets excluded from the numerator for GAR calculation (but included in the denominator): • Hedging derivatives • Exposures to non-financial and financial corporations not subject to the CSRD • On demand interbank loans • Cash and cash equivalents • Other assets (goodwill, property, plant and equipment and intangible assets, etc.)	• Exposures to central governments, central banks and supranational organisations • Financial assets held for trading, including derivatives in this portfolio
GAR NUMERATOR = (A) 15.74% of total assets	GAR DENOMINATOR = A + B 81.70% of total assets	TOTAL FINREP ASSETS = A + B + C 100%

The above exposures subject to eligibility and alignment analysis therefore include assets presented in the balance sheet among the following accounting categories:

- financial assets at amortised cost, financial assets measured at fair value through equity, financial assets designated as measured at fair value through profit or loss, and financial assets held for purposes other than trading that are required to be measured at fair value through profit or loss;
- investments in subsidiaries, joint ventures and associates (controlled insurance companies are accounted for using the equity method for the presentation of the regulatory perimeter);
- fixed assets, with regard to collateral obtained by taking possession.

Methodology used

In accordance with the principles of the regulations and the capacity of Banque Palatine to implement them, the eligibility and alignment of assets subject to eligibility and alignment analysis are determined:

- for financial and non-financial counterparties subject to the CSRD regulations, as identified from the database provided by Bloomberg:
  - for unallocated financing, by applying the alignment and taxonomy eligibility rates (Turnover KPI and CapEx KPI) available in Bloomberg to the gross amount outstanding. These data correspond to the indicators published by these counterparties in the previous year (determined in accordance with the criteria of the climate and environment delegated regulations). Banque Palatine only uses Bloomberg data corresponding to the counterparty's exact data. Conversely, Banque Palatine does not use Bloomberg estimates. Lastly, in the absence of available data distinguishing eligibility and alignment rates by

environmental objective, the choice was made to allocate them to the climate change mitigation objective,

- for financing allocated, the taxonomy criteria defined by the European Commission should be analysed on the basis of the information provided by the counterparties. Banque Palatine did not conduct these *ad hoc* analyses for the 2024 financial year.

  Eligibility and alignment were only measured using data available in Bloomberg. These data are not always exhaustive, in particular for data relating to the alignment of financial companies. The Group's alignment ratio is penalised by this lack of data;

- for retail customers (or households):
  - the outstandings subject to analysis of loans secured by a taxonomy property correspond to financing secured by residential real estate assets (including guaranteed loans), renovation loans and motor vehicle loans granted on or after 1 January 2022. For households, in practice the Group's GAR only applies to the first objective, i.e. "climate change mitigation". In fact, the KPIs relating to exposures to retail customers that finance economic activities aligned with the taxonomy only apply to the climate change mitigation objective.
  - the alignment of loans guaranteed by residential real estate assets (or guaranteed) is determined with regard to the criteria set by the regulations and interpretations accepted by the market, which consists in practice of: For the documentation of the criterion of substantial contribution to climate change mitigation relating to real estate financing:

    - financed properties with a primary energy consumption of less than 135 kWh/m^2 per year (corresponding to properties with an Energy Performance Diagnostic rated A, B or, in some cases, C). Banque Palatine has adopted a methodological approach in which the collection of Energy Performance Diagnostic (EPD) data for loans secured by real estate asset is based on the EPD collected from customers, supplemented by the EPD supplied by the CSTB (Centre Scientifique et Technique du Bâtiment) and collected in the ADEME database for single-family homes for which the Group is certain of the address of the property financed. For collective housing, in the absence of customer EPD issued after 2021, Banque Palatine uses EPD calculated by the CSTB, in accordance with the 2021 reform, based on the characteristics of the buildings concerned and the rating of its various lots;

    - in the absence of such information and for financing property to be built, Banque Palatine determines the primary energy consumption using the applicable construction standards (RT 2012 regulations applicable to constructions between 1 January 2013, and 31 December 2020, and RE 2020 applicable to constructions from 1 January 2022). In the absence of information on the date of filing of the building permit for the financed property, Banque Palatine identifies it from the date of granting of the financing by applying a margin of two years. For the 2021 construction year, in the absence of information, no exposure has been considered as aligned.

The analysis of alignment with the taxonomy's criteria must then be supplemented by technical criteria demonstrating that the activity does not cause significant harm to the taxonomy's other objectives (DNSH criterion): for real estate loans, this analysis is based primarily, for retail customers' real estate activities, on an analysis of physical risk. After assessing the exposure of the Group's financial activities to physical climate risks, the acute "flood" physical risk was assessed as the most material with regard to Banque Palatine's portfolio. Properties with the highest level of flood risk are thus excluded when determining the alignment of property loans. The risk of flooding related to housing has been classified in so-called "high nuts (nomenclature of territorial units for statistics)" according to a classification of acute flooding risks by the European central bank. For example, if a financed property has been identified as being at high risk of flooding, the corresponding outstanding amount will not be considered as aligned, even though it complies with the energy performance criteria described above.

The alignment analysis must also verify compliance with the minimum social safeguards. For real estate loans to households this criterion was not verified for each of the loans.

Banque Palatine considers that compliance with the minimum social guarantees is implicitly verified for real estate loans when the assets financed are located in France or in the European Economic Area (EEA). This position is based on a legal framework in which European directives and national laws guarantee fundamental social rights, particularly in terms of working conditions and social protection. In France, the French Labour Code establishes clear standards that provide protection to workers and households.

The alignment analysis for renovation loans was not carried out in the absence of data available to document compliance with the taxonomy criteria.

Alignment analysis of motor vehicle loans was not performed in the absence of available data (CO_2 emissions/km);

- for local administrations:
  - housing financing is considered eligible. As this is not a real estate development activity, the alignment analysis must be carried out, when it is possible to establish a link between the financing and the property financed, in the same way as indicated above for retail real estate asset financing. However, due to operational constraints, the alignment could not be measured this year,
  - for other financing, in the absence of available analysis data, no outstandings were considered neither eligible nor aligned;
- the real estate securities obtained by taking possession have not been analysed with regard to their non-material amounts.

Insurance activities are included through the equity-accounted investments in subsidiaries, presented on the "equity instruments" line. The eligibility and alignment of insurance activities is determined by applying to non-life insurance entities the underwriting ratio (share of gross written premiums received corresponding to insurance or reinsurance activities aligned with the taxonomy) and to life or combined insurance activities the investment ratio (share of investments devoted to financing economic activities aligned with the taxonomy). Given their non-material impact on the GAR ratio, the eligibility and alignment of the equity-accounted value of the insurance subsidiaries were not taken into account as of 31 December 2024.

Summary of the MANDATORY GAR

	31/12/2024			31/12/2023			
	Amount in millions of euros	% of total assets	% of total GAR assets (denominator)	Amount in millions of euros	% of total assets	% of total GAR assets (denominator)	Change since 31/12/2023
TOTAL ASSETS	**19,602**	**100.00%**		**19,148**	**100.00%**		**0.00%**
Assets not included in the GAR calculation	3,399	17.34%		1,812	9.46%		
TOTAL GAR ASSETS	**16,014**	**81.70%**	**100.00%**	**17,337**	**90.54%**	**100.00%**	**(8.84%)**
Assets excluded from the numerator for GAR calculation (covered in the denominator)	12,930	65.96%	80.74%	14,413	75.27%	83.14%	(9.31%)
GAR - assets covered by numerator and denominator: assets subject to eligibility and alignment analysis	**3,085**	**15.74%**	**19.26%**	**2,924**	**15.27%**	**16.86%**	**0.47%**
(Turnover basis for CSRD counterparties)							
Of which to sectors relevant for the taxonomy (eligible for the taxonomy)	1,945		12.15%	1,669		9.63%	2.52%
Of which environmentally sustainable (taxonomy-aligned)	**875**		**5.46%**	**827**		**4.77%**	**0.69%**
(CapEx basis for CSRD counterparties)							
Of which to sectors relevant for the taxonomy (eligible for the taxonomy)	2,002		12.50%	1,741		10.04%	2.46%
Of which environmentally sustainable (taxonomy-aligned)	**887**		**5.54%**	**843**		**4.86%**	**0.68%**

Detail of GAR – Turnover basis

	31/12/2024					31/12/2023					Change in aligned exposures (since 31/12/2023)
	In millions of euros			As a % of total exposures		In millions of euros			As a % of total exposures		
	Expo-sures	of which eligible	of which aligned	of which eligible	of which aligned	Expo-sures	of which eligible	of which aligned	of which eligible	of which aligned	
GAR - assets covered by numerator and denominator: assets subject to eligibility and alignment analysis	**3,085**	**1,945**	**875**	**12.15%**	**5.46%**	**2,924**	**1,669**	**827**	**9.63%**	**4.77%**	**0.69%**
O/w exposures to:											
• Financial corporations subject to CSRD	266	-	-	0.00%	0.00%	154	-	-	0.00%	0.00%	0.00%
• Non-financial corporations subject to CSRD	761	135	54	0.84%	0.34%	815	115	43	0.66%	0.25%	0.09%
• Households	2,000	1,773	821	11.07%	5.13%	1,916	1,516	784	8.74%	4.52%	0.60%
• Local governments financing	57	37	0	0.23%	0.00%	38	38	0	0.22%	0.00%	0.00%
• Collateral obtained through foreclosure: residential and commercial real estate assets	-	0	0	0.00%	0.00%	-	0	0	0.00%	0.00%	0.00%

Detail of GAR – CapEx basis

	31/12/2024					31/12/2023					Change in aligned exposures (since 31/12/2023)
	In millions of euros			As a % of total exposures		In millions of euros			As a % of total exposures		
	Expo-sures	of which eligible	of which aligned	of which eligible	of which aligned	Expo-sures	of which eligible	of which aligned	of which eligible	of which aligned	
GAR - assets covered by numerator and denominator: assets subject to eligibility and alignment analysis	**3,085**	**2,002**	**887**	**12.50%**	**5.54%**	**2,924**	**1,741**	**843**	**10.04%**	**4.86%**	**0.68%**
O/w exposures to:											
• Financial corporations subject to CSRD	266	4	-	0.02%	0.00%	154	3	-	0.02%	0.00%	0.00%
• Non-financial corporations subject to CSRD	761	188	66	1.18%	0.41%	815	184	59	1.06%	0.34%	0.07%
• Households	2,000	1,773	821	11.07%	5.13%	1,916	1,516	784	8.74%	4.52%	0.60%
• Local governments financing	57	37	0	0.23%	0.00%	38	38	0	0.22%	0.00%	0.00%
• Collateral obtained through foreclosure: residential and commercial real estate assets	-	0	0	0.00%	0.00%	-	0	0	0.00%	0.00%	0.00%

Off-balance sheet indicators: financial guarantees given and assets under management

Guidelines

Since 31 December 2023, in accordance with section 1.2.2. of Annex V of delegated regulation 2021/2178, credit institutions must publish additional indicators on exposures not recognised as assets on the balance sheet relating to:

- financial guarantees granted;
- assets under management.

Methodology used

The method used to calculate KPI for financial guarantees and KPI for assets under management consists in applying to exposures the eligibility and alignment rates of counterparties subject to the CSRD.

Summary of off-balance sheet KPIs

Detail of GAR on off-balance sheet exposures - Turnover

	31/12/2024					31/12/2023					Change in aligned exposures (since 31/12/2023)
	In millions of euros			As a % of total assets		In millions of euros			As a % of total assets		
	Expo-sures	of which eligible	of which aligned	of which eligible	of which aligned	Expo-sures	of which eligible	of which aligned	of which eligible	of which aligned	
Financial guarantees	1,264	49	21	3.87%	1.63%	1,272	1	0	0.05%	0.03%	1.60%
Assets under management	-					-					0.00%

Detail of GAR on off-balance sheet exposures - CapEx

	31/12/2024					31/12/2023					Change in aligned exposures (since 31/12/2023)
	In millions of euros			As a % of total assets		In millions of euros			As a % of total assets		
	Expo-sures	of which eligible	of which aligned	of which eligible	of which aligned	Expo-sures	of which eligible	of which aligned	of which eligible	of which aligned	
Financial guarantees	1,264	51	21	4.05%	1.66%	1,272	0	0	0.03%	0.03%	1.63%
Assets under management	-					-					0.00%

Activities related to nuclear energy and fossil gas

Guidelines

Additional information is required for companies engaged in, financing or exposed to specific activities related to nuclear energy and fossil gas (delegated regulation 2022/1214). The tabular format is required by regulations. This requires the publication of these tables for each applicable KPI.

As at 31 December 2024, Banque Palatine presents this information for the main KPI – GAR calculated on an accrual basis, once on the basis of the counterparties' turnover KPI and once on the basis of the counterparties' CapEx KPI.

However, this information is not presented for the GAR in a flow view, as well as for the off-balance sheet KPIs: financial guarantees given and assets under management.

Methodology used

The publication of model 1 is mandatory. This model identifies the specific activities of the gas and nuclear sector covered by delegated act 2022/1214 of the taxonomy regulation.

All the tables required by the taxonomy regulation in accordance with the template tables applicable to credit institutions in Annex VI of the regulation are presented in chapter 5 - Tables to be published in accordance with article 8 of the taxonomy regulation.

2.2 E1 - Climate change

2.2.1 Governance

2.2.1.1 (DR GOV-3) Integration of sustainability-related performance in incentive schemes

This disclosure requirement is addressed in section 1.3.3 (GOV-3).

2.2.2 Impact, risk and opportunity management

2.2.2.1 Disclosure requirement related to ESRS 2 IRO-1 - Description of processes to identify and assess material climate-related impacts, risks and opportunities

Process to identify and assess climate change impacts

Where reference is made to Groupe BPCE in the following items, Banque Palatine is included in this approach.

Climate issues are major for Banque Palatine. They are to be integrated into both its banking activities and its own operations. Thus, Banque Palatine’s impacts on climate change are identified both on its own operations (own footprint) but also via the value chain, through financing and investment operations.

This first year of application is characterised by uncertainties about the interpretation of the texts, which are generalist and cover all sectors of activity but do not specify a specific framework for banking and financial business models. There is also the absence of established practices or comparative information and certain data, in particular within the “value chain”.

The rating of climate impacts, in connection with financing and asset management activities, was carried out by experts based in particular on a sectoral analysis of Groupe BPCE’s exposures performed by the Group ESG Risk Department as part of the assessment of the scale. This rating is reinforced by the mobilisation of our stakeholders' points of view.

The stakeholder consultation process within Banque Palatine is based on using different existing systems, supplemented by dedicated systems.

With regard to existing systems:

- expectations are highlighted during presentations by ESG experts at conferences and other in-house communication formats accessible to all employees.

Discussions with regulators and image or forecast surveys are all ways of identifying changes in stakeholder expectations.

Banque Palatine supports its customers' transition through dialogue on ESG issues tailored to their size and sector of activity. This ESG dialogue is also a tool for assessing their exposure to risks, informing them, and proposing solutions to better prevent and manage the risks. It contributes to the analysis of ESG criteria at the level of the counterparty provided for as part of the incorporation of ESG criteria in the granting of corporate loans. This analysis of the counterparty complements the analysis of the financed asset and business sector by adding non-financial elements to the granting process.

In the context of the CSRD, the results of these surveys were taken into account to rate the impacts, risks and opportunities required during the materiality assessment process.

The other criteria: extent, irremediability and probability are assessed by multidisciplinary experts, taking the rating scales defined by the Group into account.

Groupe BPCE teams were involved throughout the identification process.

Process for identifying and assessing climate risks

Banque Palatine drew on the work carried out by Groupe BPCE to implement a process for identifying and assessing the materiality of climate risks, with a view to structuring its understanding of the risks to which it is exposed in the short, medium and long term.

This process is conducted in accordance with expert opinion.

Identification of risks

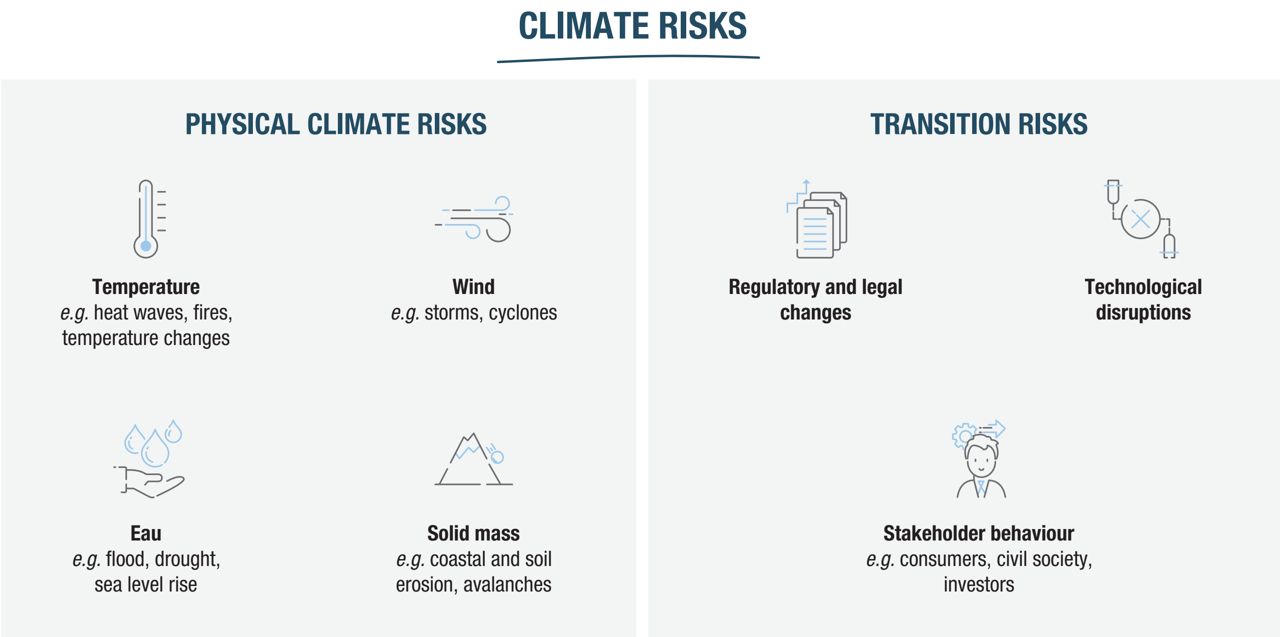
Group risk framework

Groupe BPCE has established a framework for climate and environmental risks to define the hazards covered by the climate and environmental risks. This framework is based on current scientific knowledge and reference regulatory texts (e.g. European taxonomy) and aims to provide the most comprehensive possible representation of the hazards. It must be updated annually.

With regard to physical risks, the framework distinguishes between physical risk hazards related to the climate, biodiversity and ecosystems, pollution, water and marine resources, the use of resources and the circular economy. The climate-related hazards are divided into acute or chronic hazards related to temperature, wind, water, solid mass and environmental hazards. The hazards related to environmental risks are divided between the disruption of regulation services (protection against climate hazards, support for production services, mitigation of direct impacts) and the disruption of supply services (in terms of quality or quantity).

With regard to transition risks, the framework distinguishes between risks related to regulatory changes, technological developments, and changes in stakeholder expectations and behaviour.

The climate risks included in the accounting basis for the risks currently defined by the Group are presented below:



Risk transmission channels

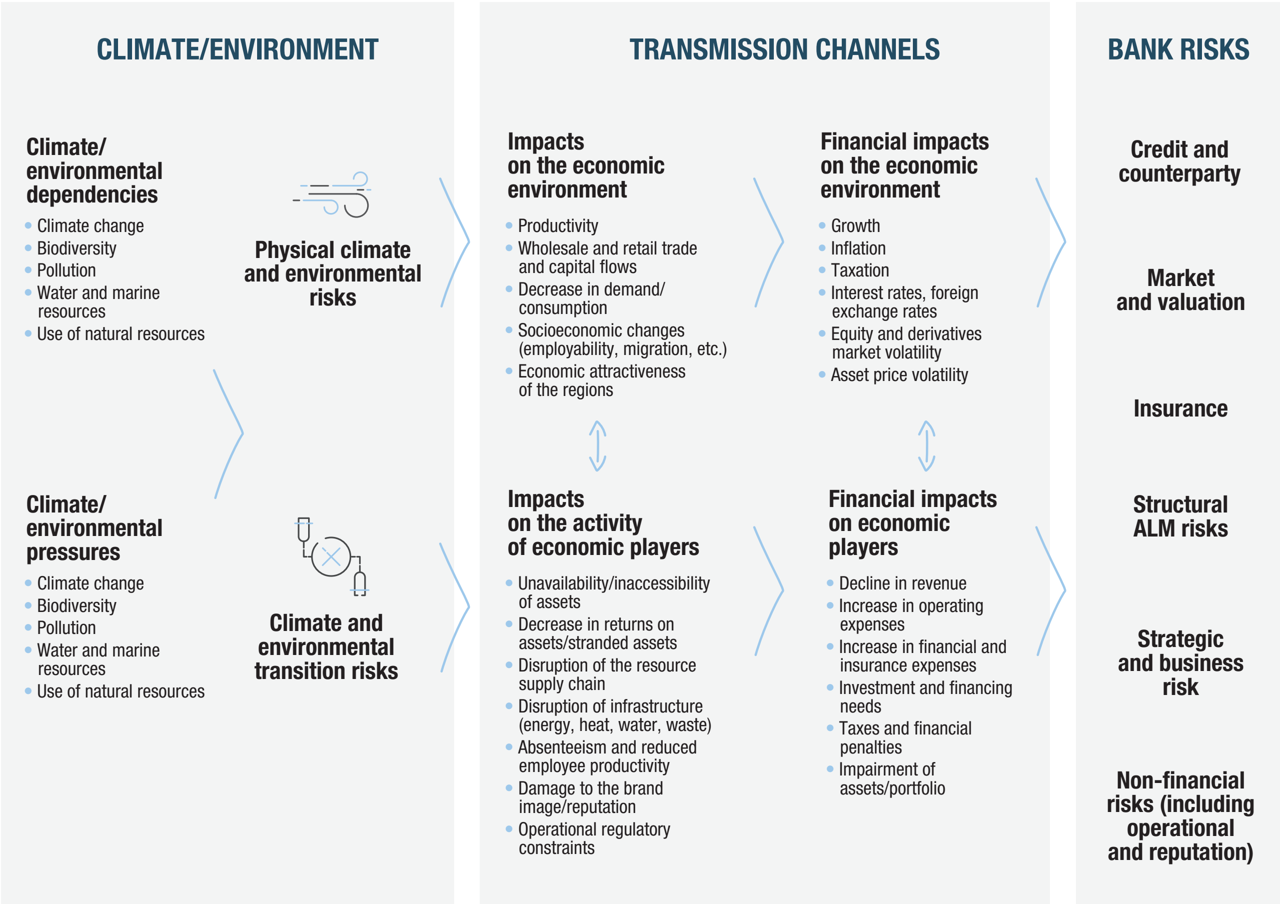
Climate and environmental risks are risk factors underlying the other risk categories to which Groupe BPCE is exposed, namely credit and counterparty risks, market and valuation risks, insurance risks, structural balance sheet risks, strategic and business risks and non-financial risks (operational risks, reputation risks, non-compliance risks, insurance risks, etc.), as identified in Groupe BPCE’s risk taxonomy.

In 2024, Groupe BPCE conducted work to systematically identify and describe the transmission channels linking climate and environmental risk factors to the main risk categories of Groupe BPCE’s risk taxonomy. For this work, Groupe BPCE relied on its internal experts as well as on the impact mapping carried out by leading institutions such as NGFS and SBTN or the OCARA methodology.

These transmission channels involve the impacts of climate risks on activities and business models, which are reflected in financial variables at the macroeconomic or microeconomic level and ultimately modify Groupe BPCE’s risk exposure. These risks may materialise directly, in connection with Groupe BPCE’s own activities, or indirectly through the counterparties to which Groupe BPCE is exposed as part of its financing or investment activities. They are summarised in the diagram below.

This work will be subject to an annual review in order to integrate changes in knowledge on climate and environmental risks and to extend the scope of risks covered to include social and governance risks.

Banque Palatine benefits from the work undertaken by Groupe BPCE on these issues via the Group's PowerBI climate risk tool.



Materiality Assessment

Based on the transmission channels identified, Groupe BPCE assesses the materiality of the climate and environmental risks in relation to the main risk categories to which it is exposed. This assessment distinguishes between physical risks and transition risks for the climate risks on the one hand, and the environmental risks on the other. It is carried out according to three time horizons: short-term (one to three years, financial planning horizon), medium-term (strategic planning horizon, five to seven years), and long-term (~ 2050).

This assessment is based on quantitative or qualitative indicators, making it possible to assess the risk exposures from a sectoral and geographical point of view, when these are available, as well as on expert assessments. The internal experts involved in these assessments include the ESG Risk Department, the other risk divisions, as well as representatives from other departments (impact, compliance, legal) and the business lines concerned.

In 2024, the assessment of the climate risks was carried out by almost all of Groupe BPCE's physical entities, including Banque Palatine, and aggregated at Groupe BPCE level. It was supplemented by an initial assessment of the environmental risks carried out solely at Groupe BPCE level. As part of the assessments' annual update, the climate and environmental risk assessment processes will be converged and extended to social and governance risks.

As part of the assessment of the financial materiality of the risks in accordance with the ESRS, the assessment of the materiality of the climate and environmental risks was cross-referenced with the materiality assessment of each of the "traditional" risks conducted annually as part of the work on the Risk Appetite Framework in order to obtain an assessment of the intrinsic materiality for each risk for the same criteria applied to other risks (probability of occurrence/magnitude of financial impact), thus ensuring consistency between assessments. An expert's overall consistency check was carried out to validate the materiality levels obtained.

Banque Palatine has performed its assessment of the materiality of climate risks (matrix) annually, based on expert opinion.

Climate risk measurement tools and methodologies

Groupe BPCE has adopted specific methodologies to systematically and consistently address the climate, social and governance risks associated with its exposure portfolios. These methodologies are based on internal and external expertise, and reflect the state of scientific knowledge, technologies and the current regulatory environment, as well as market practices. They are regularly reviewed, supplemented and enriched with the aim of gradually improving the accuracy of the assessment of climate risks and taking into account changes in the context.

Assessment of environmental, social and governance risks

Groupe BPCE has developed an internal methodology for assessing climate issues and risks, based on sector scores documenting the main issues and risks related to the sector, according to criteria aligned with the definitions of the European taxonomy (six environmental risk criteria: physical climate risks, climate transition risks, biodiversity, water, pollution and circular economy).

These criteria are then rated by in-house experts, according to the principles of double materiality. The scores for the climate criteria are also aggregated in order to provide a summary score enabling the sectors to be compared. The proposed scores were validated by the Non-Financial Risk Committee.

This analysis methodology was deployed in the 26 economic sectors used to manage Groupe BPCE’s financing portfolio. It is shared with all Groupe BPCE entities.

Banque Palatine draws on the work of Groupe BPCE, which is available.

Physical environmental risk assessment

Geo-sectoral assessments

In order to strengthen the sensitivity and robustness of its assessments of the physical risk associated with financing outstandings for Professional and Corporate customers, in 2024, Groupe BPCE developed a methodology for analysing the vulnerability of outstandings to physical risks.

This internal methodology makes it possible to take into account the intrinsic vulnerability of a sector to physical risks and the exposure of a given geographical area to physical risk. It is currently broken down into a fine-grained sectoral grid (NACE2) and a national or regional geographic grid for countries where Groupe BPCE has a particular concentration of outstandings (France, United States). Six physical climate risks are currently covered, which are among the most representative for Groupe BPCE, and can be simulated under different scenarios and time horizons.

This methodology will be deployed in the internal risk management tools during the course of 2025.

Home loan portfolio

Given its high exposure to home loans issued to individuals, Groupe BPCE has adopted a tool to simulate the physical risks of its financed assets. This tool takes into account the exact coordinates of the asset to assess its risk exposure and certain characteristics to estimate its vulnerability to determine the estimated damages under different scenarios and time horizons. At present, this tool covers the territory of mainland France and Corsica and makes it possible to assess exposure to the two main physical risks for this portfolio (drought - shrink-swell and floods).

This methodology will be deployed in the internal risk management tools during the course of 2025.

Transition environmental risk assessment

Sectoral assessments

In order to strengthen the sensitivity and robustness of its assessments of the transition risk associated with financing outstandings for Professional and Corporate customers, in 2024 Groupe BPCE developed a methodology for the granular analysis of the sensitivity of sectors to this risk.

This internal methodology makes it possible to assign a sectoral score reflecting the transition risk associated with a given NAF code, taking into account the carbon emissions and the main environmental impacts of the companies in the sector.

This methodology will be deployed in the internal risk management tools during the course of 2025.

Home loan portfolio

To assess the transition risk on its home loan portfolio, Groupe BPCE relies on the Energy Performance Diagnostic (EPD) of the financed real estate assets. The EPD of the financed asset is collected systematically, making it possible to capture both the risk on the repayment capacity of the loan in the event of an increase in energy expenditure or expenses related to the financing of work to improve energy performance and the risk of loss of value of the asset due to a deteriorated EPD, making it potentially unfit for use in the rental context given the regulations in force.

Process for identifying and assessing opportunities

Faced with the challenges of transition in general and the environmental emergency in particular, Banque Palatine has made climate change one of the key priorities of its UP 2024 strategic project and a major focus of its Palatine 2030 strategic plan, positioning itself as a company and financial institution committed to transition.

In terms of opportunities, Banque Palatine has business teams whose mission is to study market opportunities, develop business plans and launch useful offers to support the environmental transition of its customers. This is reflected by the offer of savings products invested in companies to support their transition, as well as financing solutions to support the bank's customers in their own transition and to mitigate the effects of climate change.

Taking climate transition into account is clearly mentioned in the VISION 2030 strategic project as one of the four major development priorities supported by the Group. As such, all of Groupe BPCE's business lines and companies, including Banque Palatine, have made climate change a strategic priority.

The overall positive performance by Banque Palatine is based on the strength of local solutions that are accessible to everyone. The bank offers a comprehensive approach that takes into account planetary boundaries and societal needs, providing concrete solutions for all in order to support the transitions to a more sustainable and inclusive world. Combating climate change and creating a more low-carbon society are major challenges for which the bank has long been mobilised with the aim of limiting the climate impact of its financing and investment activities.

Banque Palatine has placed the climate at the heart of its strategy with clear commitments:

- support for all customers in their environmental transition;
- accelerated reduction of its own environmental footprint.

The ultimate objective is to contribute to the construction of a more sustainable economy. This opportunity has already been implemented by the Group with a strong ambition, that of stepping up its mobilisation on the major issue of decarbonisation of the economy.

2.2.3 Strategy

2.2.3.1 (E1-1) Transition plan for climate change mitigation

Groupe BPCE has placed the climate at the heart of its VISION 2030 strategy, with specific ambitions to make the impact accessible to all:

- alignment of its financing and insurance portfolios on trajectories compatible with the objectives of the Paris Agreement and with the decarbonisation trajectories proposed by European asset management companies to their investor customers;
- support for all customers in their environmental transition;
- extension of the sustainable refinancing strategy in order to have the resources necessary to achieve its objectives;
- accelerated reduction of its own footprint.

The Group is accelerating the transformation of its activities with the aim of extending its impact solutions to all its customers on climate issues and more broadly on sustainability issues.

Groupe BPCE has undertaken a transformation of all its companies, at all levels, by launching an internal transformation plan, named “Impact Inside”, to support its customers' environmental and societal transitions. The transition plan to mitigate climate change is part of this global approach.

As a Groupe BPCE company, Banque Palatine contributes, through its business model and its specificities, to the implementation and execution of the transition plan defined at Groupe BPCE level, mainly through the following four areas:

1/ support for all customers in their environmental transition;

2/ the reduction of greenhouse gas emissions from the bank's financing portfolios;

3/ the continuation of actions to reduce the footprint of Palatine AM's investments;

4/ the continuation of actions to reduce the bank's own footprint.

Supporting the bank's customers in their environmental transition

Banque Palatine launched a programme on 1 September 2024 aimed at improving Banque Palatine's indirect impact through its customer commitments.

In 2024, priority was given to the corporate market, which is the bank's leading market in terms of outstandings and income, with the following main actions carried out:

- establishment of a partnership with a consulting firm for medium-sized corporate customers: the aim is to combine the partner's ESG consulting expertise with Banque Palatine's expertise in medium-sized companies to offer comprehensive support to medium-sized companies on energy and environmental transition: from defining the strategy and action plan to the operational implementation of these actions with the associated financing. Tripartite meetings are therefore offered to the bank's medium-sized corporate customers. This partnership, operationally launched in October, was the subject of a pilot phase, conducted from October to December 2024;
- rollout of dedicated training: all corporate sales staff (senior profiles and managers) received two days of training to learn about ESG issues, understand the associated regulations, refresh their knowledge of the bank's sustainable financing and savings offerings, and lastly, practise strategic ESG dialogue with their customers through practical case studies.

These actions will continue in 2025 to:

- expand the consulting offering: implement the partnership with the consulting firm selected in 2024 and establish new consulting partnerships;
- set up and lead a network of sustainable finance ambassadors within each sales team to boost the approach in the field;
- roll out the *Groupe Metamorph'ose* project, which aims to:
  - deploy a new, more comprehensive ESG questionnaire,
  - incorporate ESG criteria in lending and renewal decisions,
  - classify green financing objects in the information system;

- continue training for corporate sales teams;
- step up "ESG pitches" with our customers.

With these actions, the bank aims by the end of 2025:

- to conduct a strategic dialogue with 70% of its Corporate customers;
- to have achieved 20% of its annual financing in green or impact financing.

A two-part action plan for 2025 has been drawn up for the Private Banking market:

- to encourage customers to renovate their F and G EPD homes, by deploying the partnership with Cozynergy, producing the impact housing loan, and providing a management tool enabling private bankers to prioritise their customer support actions;
- to promote sustainable savings among customers, by training the bank's teams to improve their ability to make commercial proposals in line with the environmental or societal appetites expressed by customers.

The reduction of GHG emissions from the bank's financing portfolios

Banque Palatine is involved in the NZBA trajectory defined by the Group, which aims to align its banking balance sheet with a carbon neutrality trajectory by 2050.

Given the size and profile of Banque Palatine's outstandings, two segments are considered significant among the 11 identified in the process: residential real estate and commercial real estate.

Residential real estate

The Group estimated the carbon intensity of the residential real estate loan portfolio for all institutions, including Banque Palatine, at 25 $kgCO_2eq/m^2$ at the end of 2022.

The aim is to be proactive with customers to encourage them to renovate and to support them by offering financing for renovation work; measures that Banque Palatine will roll out in 2025, as previously announced.

It should be noted that the quality of the data for this scope is correlated with the EPD coverage of all of the bank's exposures, which requires the customer to provide a post-construction EPD.

Commercial real estate

Banque Palatine began improving the reliability of its data in 2024. This project will continue in 2025 and is aimed at enabling a decarbonisation trajectory to be developed and managed, in line with the Group's objectives.

Finally, it should be noted that Banque Palatine is committed to financing renewable energy projects, and it uses a specialised in-house team for this. The total amount of financing production for renewable energy projects was €144.5 million at the end of 2024.

The continued actions to reduce the footprint of Palatine AM's investments

Palatine AM is aiming to establish a quantified strategy aligned with the Paris Agreement targets to reduce the carbon footprint of its portfolios, and is working on developing a sustainable greenhouse gas (GHG) emissions reduction pathway for the management company.

An assessment of GHG emissions and the climate trajectory of all investments has already been performed.

Palatine AM measured the alignment of its investments with the Paris Agreement targets for the first time in 2023, using S&P Global's Paris Alignment methodology and based on the "Well-below 2°C" scenario.

As of 31 December 2024, Palatine AM's investments were on a temperature trajectory of between 1.5 and 2°C, as in 2023.

The calculation of this trajectory is based on the portion of assets invested in live securities (86.74%) for which Palatine AM has carbon data (91% of live securities).

The continued actions to reduce the bank's own footprint

Continuing its efforts to reduce its carbon footprint, which it began several years ago, Banque Palatine has set a trajectory for reducing greenhouse gas emissions with a milestone to be reached in 2026.

To do this, it acts on several levers: responsible purchasing, mobility, responsible digital technology and real estate. The actions carried out are described below in section 2.2.3.4.1 Actions and resources related to climate change policies, concerning own activities.

Actions to be taken after 2026 will be identified gradually, allowing efforts to reduce the company's carbon footprint to continue through 2030 and beyond to 2050. The decarbonisation trajectory for the own footprint, established proactively and adapted as far as possible to operational implementation constraints, has not been compared to a scientific scenario aimed at limiting global warming to 1.5°C. The strategic KPI validated and backed by the Palatine 2030 strategic project concerns the reduction of 6% of Banque Palatine's own footprint by 2026 (on a 2023 basis) covering scopes 1, 2 and 3 (excluding category 15).

2.2.3.2 Disclosure requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with the strategy and business model

Reminder of the material risks and opportunities identified by Groupe BPCE in relation to climate change

Risks

Sub-theme	Sub-sub-topic	Type of IRO	Activity / Value chain	IRO definition
Climate change mitigation and adaptation	Climate change mitigation and adaptation - financing and investments	Risk	Downstream value chain	Risk of impairment of assets related to investments and financing exposed to physical climate risks (high-risk areas)
		Risk	Downstream value chain	Risk of financial loss related to financing/investments of counterparties exposed to climate transition risks.
		Risk	Downstream value chain	Reputational risk related to financing and/or investments in companies with a carbon-intensive activity and/or incompatible with the net-zero alignment trajectories

2.2.3.2.1 Strategy and business model resilience

Resilience analysis at Groupe BPCE level

In terms of climate risks, Groupe BPCE analyses the resilience of its business model across its three activities (financing, insurance and asset management) through climate stress tests as part of its internal processes for assessing the adequacy of its equity (ICAAP) and liquidity (ILAAP) in the light of the risks it may be exposed to. This analysis takes place each year between October and February, on the basis of assumptions defined upstream in the cycle (between June and November). Over the last three years, the analysis has been enriched in terms of coverage of the scope (increase in the number and severity of physical hazards, increase in transition risk factors, taking into account of a reputational component) and will be the subject of continuous improvement over the coming years. The assessments carried out as part of the ICAAP 2023 and ICAAP 2024 processes showed low financial impacts, from the profitability and solvency point of view. It should be noted that these stress tests do not cover all of the risks identified as part of the double materiality analysis.

Under ICAAP 2025, Groupe BPCE is continuing to improve its system by integrating three factors:

- a physical flood risk based on the ECB scenario proposed in 2022 extended to the whole of France and the Eurozone, applied to commercial and residential real estate, with more or less significant shocks (up to -30%) depending on the area,
- a transition risk based on the NGFS Net Zero 2050 scenario, which assumes a rapid transition to a low-carbon economy, significantly impacting the functioning of the economy (significant slowdown in growth over several years, with differentiated impacts depending on the sector, moderate increase of inflation and unemployment, sharp decline in equity indices, significant increase in sovereign rates) over the coming years,
- the occurrence of a reputational risk on the Group leading to a customer liquidity leak and a disaffection of certain investors was included, modifying the Group's financing structure and its refinancing cost at the margin.

From a liquidity point of view, the Group's resilience on its banking component (financing) to climate risks was assessed on an *ad hoc* basis on the physical risks under the 2024 ILAAP. Thus, the impact of a major Seine flood on the financial standing of Groupe BPCE's customers and the behaviour of investors was assessed. The impacts of this stress scenario were assessed as moderate with regard to Groupe BPCE's ability to cope with it.

The climate risks thus assessed do not call into question the resilience of Groupe BPCE's business model over the time horizon of its strategic plan.

In addition to the contribution of the insurance activities within Groupe BPCE as a whole, a dedicated analysis is also carried out on the impact of climate risks on this scope.

Banque Palatine did not carry out any stress tests at its level.

2.2.3.3 (E1-2) Policies related to climate change mitigation and adaptation

2.2.3.3.1 (E1-2) Policies related to climate change mitigation and adaptation

Applicable CSR policy: own footprint

Banque Palatine's policy to manage the negative impacts of its own operations on the climate due to greenhouse gas emissions consists in particular of:

- carrying out energy renovation work, reducing the space occupied (branches and head office);
- assessing the CSR performance of suppliers during consultations;
- reducing employee travel, particularly home-work (teleworking), transforming the vehicle fleet while reducing it;
- extending the useful life of equipment, improving the energy efficiency of data centres, training in eco-responsible gestures.

The strategic KPI validated and backed by this policy concerns the reduction of 6% of the Group's carbon footprint by 2026 (on a 2023 basis).

Applicable ESG policy: Banque Palatine sustainable finance

- Crédit Habitat risk policy:

  In view of Banque Palatine's commitment to playing a decisive role in financing the energy transition and the need to support its customers in this process, home loans for properties with an F or G energy rating must now comply with the following three criteria:

  - property financing files with an F or G label are systematically referred to the **head office delegation level** (N2, N3 or N4 depending on the file profile);
  - the work required to improve the asset's EPD must be included in the loan **financing plan**, whether self-financed or financed by Banque Palatine;
  - the files must contain a **document signed by the customer** in which the latter undertakes to perform the work required to improve the EPD provided for in the financing file, within a maximum period of 36 months for main residences and secondary residences, and a maximum of 12 months for letting investments.

  These rules apply to all assets: main residence / secondary residence / letting investment.

- Corporate risk policy:

  - Banque Palatine **prioritises establishing relationships with** and **financing** companies that demonstrate their **commitment** to **ESG** principles, in particular:
    - by taking climate issues into account in their projections;
    - through decarbonisation actions, carried out or planned;
    - through actions promoting societal and governance objectives,
    - by having launched or aiming for a certification process.

- Details concerning the Corporate risk policy:

  The **Coal, Oil and Gas** sectors are covered by specific annexes relating to how ESG criteria are taken into account. The following principles have been defined to simplify their application:

  - **coal**: no new dealings or new financing for companies operating in **all or part of the value chain** (from extraction to distribution),
  - **oil and gas**:
    - for companies whose activity involves **exploration and drilling**: no new dealings or new financing;
    - for companies engaged in **road or maritime transport**, **storage and distribution of refined products (petrol, diesel, fuel oil) and gas**: no ban;
    - for **all other cases**: new financing comes under the authority of the Governing Committee, and any new relationships must be submitted to **executive management** for approval;
    - in all authorised cases, the risk policy specifies that the customer must comply with the **best practices and standards of the sector** in terms of **environmental and social risk management**. Special attention must be paid to its **decarbonisation trajectory**;

- The following principle applies to **real estate professionals**:

  No grant:

  - **if** the Asset is old **residential**, with **E, F or G** EPD,
  - **or** Asset is in old **commercial** sector **< 1,000 m²** with a "**brown**" condition,
  - **and if no CAPEX planned** for the energy renovation.

- **Sectoral instructions** will **gradually** be added to the risk policy, in particular for the sectors that emit the most greenhouse gases and fall within the scope of the NZBA approach, in which Groupe BPCE and Banque Palatine are involved;
- The application of the risk policy now involves taking **non-financial E**nvironment, **S**ocial and **G**overnance **criteria** into account in the risk analysis at the start of a business relationship, at the time of loan approval and at the time of renewal;

- To this end, Groupe BPCE is rolling out the **Metamorph-Ose** project, which is scheduled to start at Banque Palatine in March 2025.

All of the policies described above are operational and/or validated by Banque Palatine's committee procedure during the 2025 financial year.

2.2.3.4 (E1-3) Actions and resources in relation to climate change policies

2.2.3.4.1 Actions and resources in relation to climate change policies

Banque Palatine has implemented actions to i) reduce the Group's negative impacts on the climate, both on its own operations and on financing, investment and insurance activities, and ii) strengthen the climate risk management system.

Management of negative impacts

Banque Palatine has defined the following actions in response to the management of the negative impacts identified on climate change.

Business lines action plans

Financing activities (financed emissions)

Actions on financed emissions are implemented by business segment:

Power generation

Activity at Banque Palatine is focused on financing infrastructure for electricity generation from renewable sources.

This strategy enables support for developing an energy mix that favours carbon-free solutions.

The technique used is that of non-recourse financing, set up for special purpose companies whose purpose is solely to carry the underlying project.

Banque Palatine has been developing this activity since 2010, focusing on French territory: mainland France and ZNI (Non Interconnected Areas - Corsica & Overseas Departments and Collectivities).

The main technologies financed are, in decreasing order of importance: photovoltaic, wind, hydro and biomass.

In view of the specific legal and economic requirements, loan applications are processed by a head office team and decided by the Institution's Governing Committee.

Loan production accelerated significantly in 2024. The total exposures relating to the financing of renewable energy projects represent approximately €300 million.

Leasing activities

BPCE Lease, in partnership with the European Investment Bank, offers professional, SMEs and medium-sized corporate customers of Banque Palatine support in financing low-carbon mobility projects. This financing relates to new furniture leasing contracts and long-term leases, granted at advantageous financial terms. They promote the acquisition of light vehicles for professional use with low emissions (≤50 gCO_2/km) as well as the installation of charging stations.

Commercial real estate

At Banque Palatine, commercial real estate is mainly financed by the Real Estate division and the Institutional Investors division (mainly via Real estate investment companies (SCPIs)).

Banque Palatine's decarbonisation strategy for commercial real estate is based on the following areas:

- concerning the Institutional Investors Department: support for its customers in their energy transition plan at the corporate level. Customers have a decarbonisation trajectory within the framework of the tertiary decree;
- concerning the Real Estate Department: support for new buildings incorporating RE2020 standards (environmental regulations applicable to new real estate) and financing of energy renovations within the framework of the tertiary decree in particular (reduction target of -40% GHG by 2030).

Progress to date: Banque Palatine sets up impact financing for the Corporate part by integrating non-financial performance criteria in the loan documentation (reduction of GHGs, reduction of energy consumed, % of assets certified as BREEAM or HQE, etc.). The production of impact loans in the SCPI scope in 2024 amounted to €40 million.

Other financing products are being developed in connection with the Sustainable Finance Programme to support the transition of the real estate sector: market impact loans, Real estate investment companies (SCPI), long-term investors, etc.

The Commercial Real Estate teams have started remediating outstanding exposures on an asset-by-asset basis under the NZBA, which enables the energy performance of the financed commercial real estate portfolio to be rated.

Aviation

Banque Palatine has a marginal presence in air transport financing.

This is a diversification activity in order to support customers in the sector, as soon as they have a clear CSR trajectory.

The bank's strategy involves favouring new generation aircraft, which significantly reduces polluting emissions.

In the most recent contracts, an “impact loan” mechanism has been adopted to encourage the airline to use SAF (Sustainable Aviation Fuel).

Loan applications are handled by a team at our head office, due to the legal and economic specificities.

Banque Palatine does not act as sole arranger, but as co-arranger or simply as a participant in diversified banking pools.

Outstanding loans remain limited, at around €30 million.

Residential real estate

Like Groupe BPCE, Banque Palatine is enhancing its offer to reduce the greenhouse gas emissions linked to its financing activities.

The “Sustainable advice and solutions” module available in the mobile banking application allows customers to measure their carbon footprint and benefit from advice on how to optimise their energy consumption. It recorded 3,248 unique visitors in 2024 compared to 3,084 in 2023.

To support energy renovation projects for individual homes, Banque Palatine is supplementing its financing offering (energy renovation loan (unrestricted loan)) and has approved the distribution of the zero-interest Eco-Loan and its partnership with Cozynergy: energy assessment, search for subsidies, coordination of works and work completion guarantee, with bespoke programmes and financing.

Banque Palatine’s Network and Production Departments have been trained to fully understand the challenges of the interest-free Eco-Loan, and to explain it to its customers in partnership with SGFGAS (Financing Management and Home Ownership Accession Guarantee company).

Customers will receive a financing offer and comprehensive support. This offer is part of a twofold commitment to address the challenge of energy renovation and support French households in managing their budgets through simple solutions tailored to their needs.

2025 will see the continuation of this approach, for example with the rollout of an “Energy Renovation” action plan.

Asset management activities

In a global context marked by climate change and a growing awareness of environmental issues, the integration of climate considerations into investment processes has become essential for Palatine Asset Management. This integration is not limited to simple regulatory compliance, but represents a strategic opportunity to create long-term value.

The integration of climate considerations allows Palatine Asset Management to identify risks, whether physical risks (such as extreme weather events) or transition risks (such as regulatory changes) but also investment opportunities in growth sectors, such as renewable energy, clean technologies or energy efficiency.

Thus, the integration of climate considerations in the investment process aims to improve financial performance, but also to play an active role in the transition to a more sustainable future.

Own activities

It acts in the following areas to limit the negative impact on the climate caused by GHG emissions from Banque Palatine's own operations:

Responsible purchasing

Banque Palatine buyers attended training courses (offered by BPCE Achats et Services) on Responsible Purchasing, based on the ISO 20400 standard, in 2024.

In 2024, Banque Palatine reviewed its purchasing management procedure by integrating the Responsible Purchasing approach with the following principles:

- build a lasting relationship with suppliers;
- integrate CSR criteria into each purchasing stage (supplier sourcing, eco-design, life cycle analysis, measurement of the environmental impact of goods and services purchased, in particular carbon, etc.);
- assess suppliers using appropriate CSR criteria during consultations;
- measure the environmental impacts of the purchasing actions carried out, including the carbon impact, in line with the Group’s CSR ambitions;
- promote, together with all Groupe BPCE companies, the economic and social development of the local economic fabric;
- develop the use of the inclusion market.

Lastly, CSR questionnaires for each type of purchase are available to assess the CSR approach of suppliers.

Mobility

A working group dedicated to the electrification of the vehicle fleet was set up at Groupe BPCE in the fourth quarter of 2024. This involves working on three specific projects: the HR strategy and employee change support, the vehicle catalogue, and the charging business model. Contributors and sponsors of the institutions are involved in each of these three projects. The main objective is to carry out a usage assessment in order to optimise the vehicles and their charging methods. The results of this study may enable every Group company to adapt its HR policy and its vehicle fleet.

These projects are presented at monthly plenary meetings organised by the Corporate Programme Manager at head office, which Banque Palatine attends.

In addition to the greening of its car fleet, other actions are carried out:

- Banque Palatine encourages its employees to use cleaner means of transport than private cars, in particular trains and public transport:
  - the corporate travelling plan or mobility plan encourages the use of transport modes other than the private car. Its implementation is encouraged by the public authorities. It has a large number of advantages for employees and companies. Banque Palatine is committed to this approach for its central site, which has over 100 employees,

- reimbursement of bicycle mileage allowances and the increase in the payment of transport subscriptions for the employees of the two offices;
- the teams solution is used for video conferences, which makes it possible to limit and optimise business travel;
- users of service and/or company vehicles have an in-house eco-driver guide;
- in order to provide a cheque processing solution to our customers, cheque collection runs with partners using clean vehicles as much as possible have been set up;
- the new work organisation with the introduction of teleworking since the health crisis, has a positive impact on indicators such as business travel and commuting.

Responsible digital

Banque Palatine has fully recognised the environmental and social impacts of digital technology by including a Responsible Digital section in its plan to reduce its environmental footprint. Some actions that can be mentioned:

- **optimising the size of equipment parks** and controlling the impact from using them:
  - the equipment's useful life has been extended. PCs acquired in 2023 by Banque Palatine must remain in operation for more than five years,
  - the number of photocopiers has been significantly reduced due to the closure of certain branches, pooling at head office level and, most recently, in 2024, as part of the relocation of the administrative site: half the photocopiers were discarded and the other half were reinstalled at the new site;
- **promoting responsible digital purchasing**, for example by signing a partnership agreement in 2022 with a supplier to equip the bank's 1,000 employees with refurbished smartphones until 2025;
- **setting up a recycling system** for all scrap equipment, which will be handled by Recycle to be either reconditioned or recycled;
- **raising employee awareness of digital eco-gestures**, by providing employees with educational training offered by the Institut du Numérique Responsable, freely accessible in their Click & Learn training space and by inviting them to participate throughout the year in digital data cleaning operations with a highlight organised in March during the Digital Clean-Up Day. It is a global day of awareness of the environmental footprint of digital through action, which takes place in March each year. The aim is to generate awareness of the digital pollution caused by our use of it by inviting individuals, schools, communities, companies and associations to take concrete action by cleaning their data and/or offering a second life to all their digital equipment that sleeps in drawers. This awareness-raising day took place at Banque Palatine during the week of 11 March 2024.

Real estate

The reduction in the carbon footprint of premises is achieved by energy renovation work, the deployment of building automation at its administrative headquarters and a reduction in the amount of surface area occupied. A major programme to optimise seating space was carried out in 2024 with the relocation to new premises in the JOYA building. This reduction is reflected in the improvement of the building’s energy label compared to the old premises and the reduction in surface area. The results of the operation will be visible from 2025 when the old leases have been terminated.

In addition, the bank continues to modernise its branches by renovating their external envelope and carrying out energy efficiency work, such as the replacement of joinery, improved insulation and the use of bio-sourced materials. In addition, the establishment now exclusively uses green energy, with 100% green electricity.

E1-3 GHG emission red as a result of climate change mitigation actions

Actions and resources in relation to climate change policies	2024
Achieved reduction of Scope 1 and 2 tCO_2 emissions	(18.61)
Expected reduction of Scope 1 and 2 tCO_2 emissions	
Achieved reduction of absolute Scope 3 tCO_2 emissions (Categories 1 to 14 as defined by the GHG Protocol)	+104.37
Expected reduction of Scope 3 tCO_2eq emissions (Categories 1 to 14 as defined by the GHG Protocol)	

Banque Palatine has not set annual targets by scope, but has set itself a target of -6% overall by 2026.

MDR-M E1-3

Definition

Calculation of GHG emissions generated by Banque Palatine's own activities ("office life"). Banque Palatine includes the following scopes as part of the production of indicators related to the "own footprint" universe:

Scope 1: direct company emissions

Scope 2: indirect emissions related to power generation

Scope 3: Categories 1 to 14, in accordance with the GHG Protocol classification. It should be noted that Category 15 of Scope 3 is not included in the scope of the own footprint, because it is treated separately in the "financed emissions" universe.

Calculation method: note in relation to the following, Banque Palatine uses Groupe BPCE's tools and methodology

The emissions are calculated for each of the above scopes and each of the items that make up these scopes according to the breakdown defined by the GHG protocol.

The emission factors used for the calculations are reviewed annually. They are mainly taken from the Footprint database administered by ADEME, a reference database in France, cited by article L. 2-29-25 of the French Environment Code (BEGES decree). This database is managed by a Governance Committee bringing together various public and private players (ministries, technical bodies, associations, MEDEF, etc.). Groupe BPCE has chosen to use emission factors calculated specifically for certain indicators, in particular the four emission factors used for the "Intellectual IT services", "Consulting", "Strategy consulting" and "Software & digital services" purchasing categories. These four specific emission factors were calculated by Wavestone on the basis of the carbon footprints of significant players in these sectors of activity, compared to their turnover and over several successive years.

To reduce the uncertainties related to the collection of indicators, automated information circuits were deployed in 2024. The programme to automate the collection of indicators will continue in the coming months.

Controls for variations of +/-15% in indicators between year N and year N-1 are systematically carried out by the GHG emissions collection and calculation tool. This blocking control requires that contributors produce proof of these changes.

In 2024, Groupe BPCE improved the accuracy and granularity of the measurement of GHG emissions related to its purchases by deploying a new methodology. This new methodology is based on a segmentation of purchases into 16 categories, compared to only two previously, thus allowing the application of emission factors better suited to each of them. In addition, work has been undertaken with certain suppliers to improve the reliability of the assessment of the GHG emissions associated with the goods and services they provide. This work will eventually make it possible to replace monetary data with physical data, guaranteeing a more rigorous measurement in line with best practices.

The application of the new methodology results in a significant increase in emissions for this item. It makes it possible to highlight the categories with the highest emissions, identify relevant reduction levers, and monitor their implementation in close consultation with suppliers.

In order to justify and explain the impact of this change, two calculations were carried out for Groupe BPCE's own footprint in 2024. An initial calculation was carried out using the old methodology in order to monitor the achievement of the objectives set for the 2019-2024 period. A second calculation is carried out using the new methodology, in order to follow the 2023-2026 reduction trajectory.

Scope covered

The scope for calculating Banque Palatine's own footprint only concerns Banque Palatine employees. The two subsidiaries Palatine Asset Management and Ariès are excluded.

Operational implementation of action plans

Palatine is participating in an internal transformation plan called "Impact Inside" launched by Groupe BPCE to support its own transformation and the transition process of all its customers in accordance with the highest standards and with cutting-edge expertise.

Internal transformation of all Group companies at all levels

Groupe BPCE is deploying a new pragmatic, shared and managed approach, enabling it to operate as a banker, insurer and investor at the service of all its customers, bringing economic, societal and environmental performance to the heart of the regions, in France and worldwide, where it is present.

Groupe BPCE's Impact Department is responsible for the Impact Vision 2030 on the E, S and G dimensions. It develops and deploys this expertise, and works to share and disseminate the best practices identified in all group companies, with a view to continuous improvement.

This Impact Vision 2030 was developed jointly with all of Groupe BPCE's business lines and companies. It takes the form of the Impact 2026 Program, which consists of concrete commitments in terms of the offer, financing policy, reduction of its own footprint, consideration of ESG in its risk management and financial processes, as well as of a renewed responsible employer policy.

Lastly, it ensures overall coordination and supports each sector to ensure "Impact Inside" operations, while setting up the necessary synergies.

All of Groupe BPCE's business lines and each of its companies implement an Impact approach according to its business model and within its scope in order to transform Groupe BPCE towards a more sustainable model.

Groupe BPCE has set up a dedicated management system with the overall goal of increasing the positive impact of its social and environmental footprint. This management should enable the following to:

- extend and manage our sectoral decarbonisation trajectories and therefore our transition plan to all activities and sectors that have data measuring greenhouse gas emissions;
- support our customers by integrating their non-financial performance and the ESG issues they face into our analyses.

The Group's priority is to decarbonise the economy by supporting its customers, regardless of their size and business segment, and providing the necessary expertise to fully integrate ESG issues into the analysis of their business model.

Groupe BPCE's three areas of focus for Retail Banking's corporate customers are:

- establishing a link between lending and greenhouse gas emissions by mobilising tools, methods and practices;
- improving its knowledge of customers in order to check that they have integrated ESG issues, particularly climate issues, into their business model;
- engaging in dialogue with its customers on these issues in order to support them on environmental transition issues.

These three areas provide a front to back vision including the risk and commitment teams. The implementation of a harmonised and synchronised approach enables all ESG dimensions to be integrated into the annual customer review and credit approval process, while securing the eligibility of transactions related to environmental transition.

2.2.3.4.2 Climate risk management

The Impact Inside programme is being applied to the risk division by strengthening the ESG risk management system. This strengthening is carried out as part of a multi-year action plan incorporating a continuous improvement approach to its climate risk management system with, by the end of 2026, the following objectives:

- definition and management of climate risk appetite;
- deepening of the customer dialogue and generalisation of the analysis of non-financial issues in lending processes;
- deployment of advanced risk analysis methods to support decision-making and financial planning processes;
- support for all sales and risk teams in understanding climate and environmental issues, depending on the sector and region;
- strengthening of the portfolio risk monitoring system and the dissemination of management indicators.

Financing activities

Credit risks

ESG risks are taken into account in the context of credit risks from two complementary angles, according to the issues specific to each transaction:

- the assessment of the ESG risks to which the counterparty or project is exposed and their impact on the credit risk profile of the counterparty or project;

- the assessment of the reputational risk related to the ESG issues associated with the counterparty or project's activities, in particular with regard to alignment with the voluntary commitments made by Groupe BPCE and its Impact strategy.

Credit policies

Groupe BPCE's credit policies include documentation of sectoral ESG issues and points of attention to guide the analysis of financing applications on these aspects when they are relevant for the sector. These elements are compiled from the ESG sector knowledge base (see above) and reviewed and enhanced in coordination with Groupe BPCE entities and institutions as part of the regular updating of credit policies.

When relevant, Groupe BPCE's credit policies refer to Groupe BPCE's proactive commitments (in particular, ESG policies in the coal and oil/gas sectors), requiring the exclusion criteria stipulated in the context of credit decisions to be taken into account.

Sectoral ESG policies are described in detail in section 2.2.3.3.1 of this document.

ESG dialogue with corporate customers

A strategic dialogue has been established with corporate customers at Banque Palatine to assess their level of ESG awareness, with a view to further integrating climate criteria. This dialogue is based on a questionnaire used by account managers to collect information on customer knowledge, actions and commitment in terms of climate and the environment. This ESG dialogue has been in place since mid-2023, and an enhancement of this dialogue is currently being finalised in order to incorporate an analysis of non-financial issues into the assessment of the customer's risk profile. It is adapted according to the size and business sector of the counterparty.

Financial risks

Investment risks related to the liquidity reserve

Banque Palatine incorporates ESG criteria into the management of the liquidity reserve in order to manage both the ESG risks associated with investments and the associated reputational risk.

These ESG criteria are defined according to two axes: a target is set on the proportion of "sustainable" securities (Green, Social or Sustainable) and an exclusion on issuers of securities with a downgraded non-financial rating.

Operational risks

Legal risks

Litigation risks are dealt with in section GOV 5 - 1.3.4.2.

System specific to asset management activities

Incorporation of ESG criteria into the investment process

Actions and resources in relation to climate change policies in the sustainability report:

Palatine Asset Management is implementing several strategic measures in the context of its climate change policies.

Firstly, sectoral exclusion policies have been introduced, targeting fossil fuels (coal, oil and gas) as well as certain heavy industries with a high carbon footprint.

Environmental, social and governance (ESG) criteria are also integrated into the investment process, favouring companies that adopt sustainable practices.

Palatine AM has set up a system for assessing and monitoring the climate risks associated with investment portfolios, using climate scenarios to anticipate future impacts.

At the same time, an environmental performance monitoring programme has been developed to assess the impact of investments on the climate and to regularly analyse the carbon footprint of portfolios.

Shareholder engagement strategies are also implemented, in particular by voting at General Meetings and dialogue with companies to encourage them to adopt more sustainable practices and improve the management of climate risks.

Finally, regular reports on progress and commitments in terms of environmental impact are published, thus strengthening Palatine Asset Management's transparency and accountability to stakeholders.

These initiatives demonstrate our commitment to a sustainable future while delivering returns to our investors.

Climate risk management

In order to manage climate risks, Palatine Asset Management assesses portfolio exposure to:

- physical risks: These risks include extreme weather events (floods, storms, droughts) that can damage physical assets or disrupt supply chains;
- transition risks: These risks result from changes in policies, regulations and market preferences related to the transition to a low-carbon economy. For example, companies that do not adapt to new environmental regulations may face financial losses.

This involves modelling different carbon emission scenarios and analysing how these scenarios may affect asset performance.

2.2.4 Metrics and targets

2.2.4.1 (E1-4) Targets related to climate change mitigation and adaptation

Own footprint

Banque Palatine has set itself the target of reducing its GHG emissions by -6% by 2026, on a 2023 basis.

In order to achieve this objective, it plans to act on various levers, and mainly on two items:

- mobility, by reducing the number of vehicles in its fleet, whether service or function vehicles, and by converting the fleet to lower-emission vehicles (gradual electrification). Apart from non-current assets, this will also have an impact on fuel consumption, with a fall in associated emissions;
- real estate, by rationalising the surface area of administrative sites, after the functions of the Val de Fontenay administrative headquarters were consolidated at a new site, Le Joya, in 2024, with a better energy label. The impact in terms of reduced carbon footprint on this item will be evident from 2025 onwards, because the old sites are still part of the operating portfolio in 2024. In addition, apart from the gain in surface area, energy consumption should be significantly improved in the main head office building, as employees have moved into a new building that meets the best environmental criteria. Several business centres and private banks will also be renovated or relocated to less energy-consuming premises.

MDR-T E1-4

Carbon emissions reduction trajectory

As part of the previous strategic plan, an ambitious target was set for 2019-2024 to reduce Banque Palatine's carbon emissions by 10% by prioritising four levers for action:

- real estate: energy renovation work, reduction of occupied space (branches and head office);
- purchasing: assessment of the CSR performance of suppliers during consultations;
- mobility: reduction in employee travel, particularly home-working (teleworking), transformation of the vehicle fleet;
- digital: extending equipment life, improving data centre energy efficiency, training in eco-friendly practices.

This goal was achieved because the carbon footprint decreased from 8,771 tCO_2eq emitted in 2019 to 5,755 tCO2eq emitted in 2024, i.e. a reduction of 34%. The calculation of GHG emissions achieved and the target is carried out according to the BEGES V5 method. To continue this reduction effort post-2024, this target was set at -6% between 2023 and 2026.

The carbon emissions reduction trajectory between the 2023 base year and 2026 is as follows: -6%.

Banque Palatine is proposing to smooth out the reduction target annually to build annual targets:

- Year 2024: -2%;
- Year 2025: -2%;
- Year 2026: -2%.

These reduction targets have been defined so as to be aligned with a “classic” SBTi trajectory, which is broken down between Scope 1-2 and Scope 3.

The initiatives launched to refine the Scope 3 emissions must also make it possible to focus on sub-categories with high impact and high decarbonisation potential in a pragmatic and iterative approach.

Various scenarios have been devised based on the 2023 carbon footprint published in 2024 and the varying degrees of activation of decarbonisation levers such as mobility and real estate (as seen in the section above).

As Scope 3 weighed more than 90% in 2023, efforts on this scope are essential and must be brought under control.

2023	2024	2025	2026
Reference year	(2%)	(2%)	(2%)
Total			(6%)

Financed emissions: Decarbonisation trajectory targets by sector

Banque Palatine is committed to Groupe BPCE's approach, which aims to set decarbonisation targets for the 11 most carbon-intensive sectors in its financing portfolio, in absolute value (fossil fuels) or in intensity (all other sectors). The defined sectoral trajectories contribute to the objective of restricting limiting warming to less than 1.5°C in accordance with the objectives of the Paris Agreement.

Given the composition of its financing portfolio, Banque Palatine contributes to this initiative primarily through two sectors: commercial real estate and residential real estate.

Commercial real estate

Banque Palatine began improving the reliability of its data in 2024 within the framework of the Group Impact Inside program, in order to refine its decarbonisation trajectory in line with the Group's objectives.

Residential real estate

The Group estimated the carbon intensity of the residential real estate loan portfolio for all institutions, including Banque Palatine, at 25 $kgCO_2eq/m^2$ at the end of 2022.

Actions are gradually being implemented, and will be stepped up in 2025. Their objectives are to encourage and help finance the renovation of energy-intensive homes, and to preserve the value of customers’ assets. These actions will contribute to significantly lowering the average intensity of the residential real estate loan portfolio by 2030.

The quality of the data is correlated with the EPD coverage of all our outstandings. If to date, the stock is not fully covered by the EPD, this should ultimately improve thanks to a larger EPD recovery effort put in place since 2022. The EPD is either provided by the owner or downloaded from the ADEME website.

Emissions and targets of asset management activities

At 31 December 2024

Manage ment com pany	% of as sets under manage ment com mitted	Total com mitted as sets under manage ment	Approach	Ambition
Palatine AM	87%	€3.1 billion	Implicit increase in temperature related to investments in 2024 is <2°C	Align all our portfolios with a temperature trajectory of less than 2°C in 2050.

Palatine AM assesses the alignment of its issuers' and its portfolios' investment strategies with the Paris Agreement using the GDA approach of the Paris Alignment methodology developed by data provider Trucost (S&P). This methodology assesses an issuer's alignment with the Paris Agreement's objectives of limiting global warming to below 2°C compared to pre-industrial temperature levels. Based on historical data, this approach not only provides an overview of the company's current alignment with its past GHG emissions, but also presents a transition assessment methodology based on forward-looking data that examines the adequacy of GHG emission reductions over time to meet a 2°C carbon budget. In other words, this methodology enables the scale of GHG emission reductions to be achieved by 2030 to meet the Paris Agreement targets on a year-by-year basis to be identified. By comparing the portfolio's total GHG emissions (actual or estimated) from 2012 to 2030 in comparison to the maximum number of GHG emissions to be aligned with the Paris Agreements, one can calculate the GHG emissions which the portfolio emits in excess of, or below its alignment trajectory.

A negative result therefore means that the portfolio is aligned with the scenario, whereas, conversely, a positive result shows an excess of GHG emissions. Based on this result, this methodology enables temperature intervals to be defined: >1.5°C, >1.75°C, >2°C, etc.

GHG emissions data are expressed, per issuer, in tonnes of CO2 equivalent. These data are segmented (GICS classification) and for some issuers they are modelled/extrapolated.

Palatine AM assesses the alignment of its investments with the Paris Agreement for all its article 8 or 9 funds within the meaning of the SFDR.

2.2.4.2 (E1-6) Gross Scopes 1, 2, 3 and Total GHG emissions

Scope 1,2,3 issues for Banque Palatine (1)

Total GHG emissions by Scope 1, 2 and 3

			Historical data			Milestones and target years	
	Reference year	Comparative data (N-1)	N	% N / N-1	2026	2030	Annual target in % / Reference year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions - Emissions [tCO_2eq]	31/12/2024	179	189	5.30%			
Percentage of Scope 1 GHG emissions resulting from regulated emission trading schemes (in %)	31/12/2024	0	0				
Scope 2 GHG emissions							
Gross Scope 2 GHG emissions based on the location [tCO_2eq]	31/12/2024	160	131	(17.63%)			
Gross Scope 2 GHG emissions based on the market [tCO_2eq]	31/12/2024	105	80	(23.69%)			
Significant Scope 3 GHG emissions							
Total gross indirect Scope 3 GHG emissions [tCO_2eq]	31/12/2024	5, 331	5,436	1.96%			
1 Goods and services purchased	31/12/2024	3,048	3,643	19.51%			
[Optional subcategory: Cloud Computing & Data Centre Services]	31/12/2024	0	0				
2 Capital goods	31/12/2024	940	968	2.96%			
3 Activities in the fuel and energy sectors (not included in Scopes 1 and 2)	31/12/2024	106	111	4.74%			
4 Upstream transport and distribution	31/12/2024	0	0				
5 Waste generated during operations	31/12/2024	12	14	18.19%			
6 Business travel	31/12/2024	109	88	(18.97%)			
7 Employee commuting	31/12/2024	798	270	(66.21%)			
8 Upstream leased assets	31/12/2024	0	0				
9 Forwarding	31/12/2024	318	342	7.47%			
10 Processing of products sold	31/12/2024	0	0				
11 Use of products sold	31/12/2024	0	0				
12 End-of-life treatment of products sold	31/12/2024	0	0				

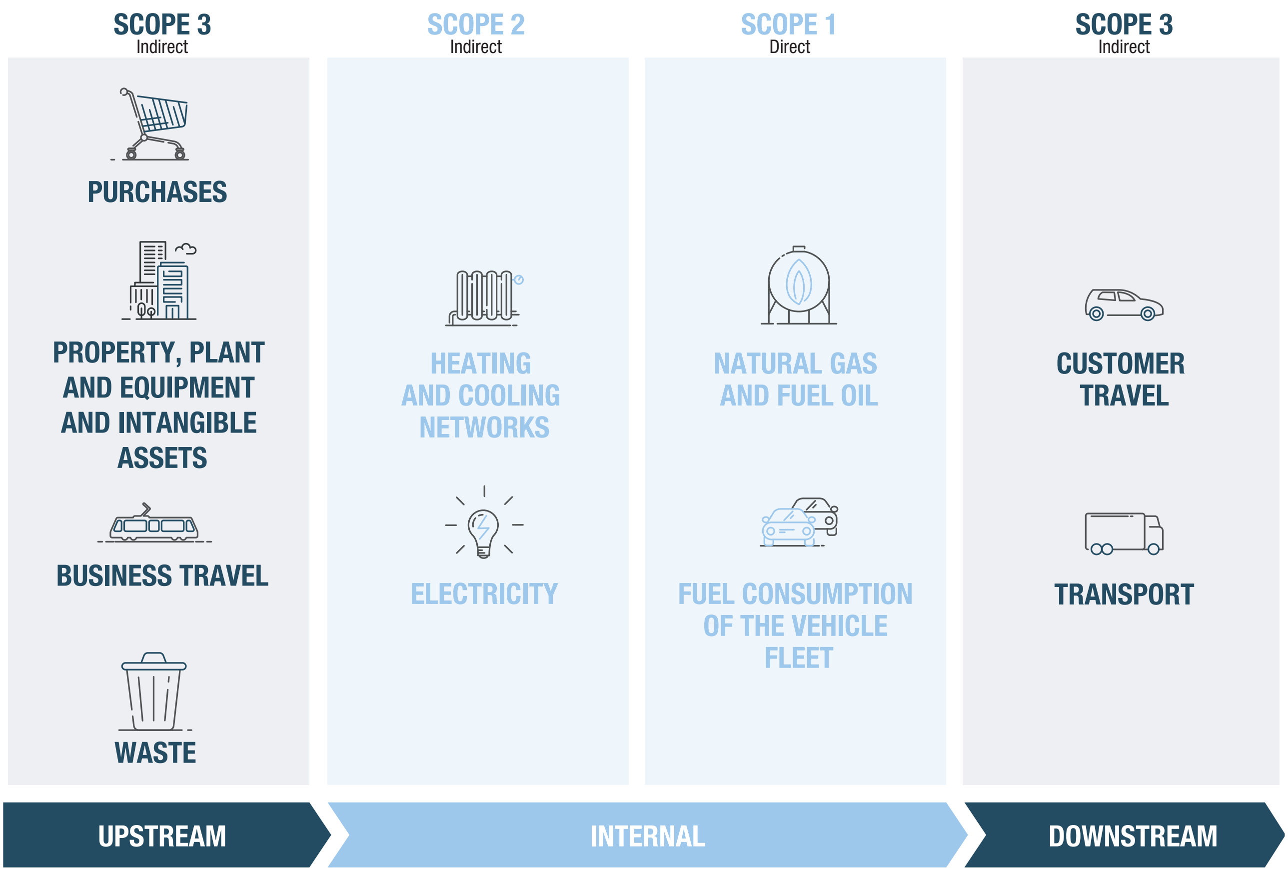
1) The data presented are calculated on the basis of the former methodology for calculating CO_2 emissions related to goods and services purchased

13 Downstream leased assets	31/12/2024	0	0		
14 Franchises	31/12/2024	0	0		
Total own footprint emissions					
Total own footprint GHG emissions (location-based) (tCO_2eq)	31/12/2024	5,670	5,756	2%	(6%)
Total own footprint GHG emissions (market-based) (tCO_2eq)	31/12/2024	5,615	5,704	2%	(6%)
Portfolio emissions					
15 Investments (Banking) (tCO_2eq)	31/12/2024	2,150,905	2,267,373	5.41%	
Total GHG emissions					
Total GHG emissions (location-based) (tCO_2eq)	31/12/2024	2,156,575	2,273,129	5.40%	
Total GHG emissions (market-based) (tCO_2eq)	31/12/2024	2,156,520	2,273,077	5.40%	

The above table is intended to represent all of Banque Palatine's activities within the accounting scope of consolidation, with the limitations described in the MDR-M below.

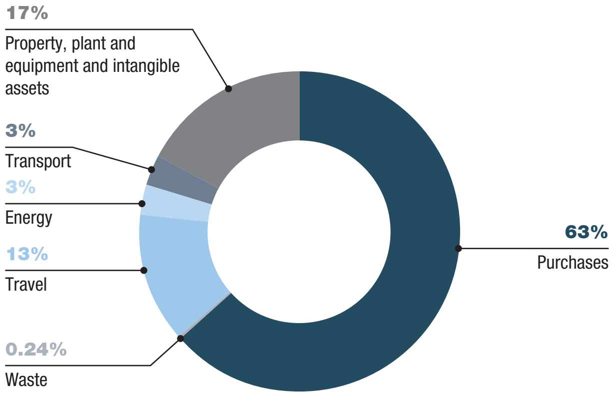
Banque Palatine has not set targets for 2030 or annual targets in % compared to the reference year in 2023, but has set a target of -6% overall for its clean footprint by 2026.

Scope of calculated greenhouse gas (GHG) emissions



Focus on the Banque Palatine's own footprint

GHG emissions related to the own footprint include all Scope 1, 2 and several Scope 3 categories.



Calculation methodology

Two amounts are presented at the end of table AR48, which cover the specific scope of the own footprint:

- Total own footprint emissions (with Scope 2 emissions calculated using the location-based method);
- Total own footprint emissions (with Scope 2 emissions calculated using the market-based method).

The emissions are calculated for each of the items presented in Table AR48 according to the breakdown of the GHG Protocol items into the three emission scopes.

The data on the carbon footprint in this table was calculated using the old methodology for calculating CO_2 emissions related to purchased goods and services, which has been in use since 2019 to simplify monitoring of the 2019–2024 strategic plan.

The methodology applied to non-current assets is based on the principles of French regulations concerning the preparation of a Greenhouse Gas Report (BEGES V5), which meets the regulatory requirements set out in article L. 229-25 of the French Environment Code. This methodology is also consistent with ISO 14064-1: 2018. More specifically, the calculation of emissions associated with fixed assets is based on the collection of data from the inventories of the various fleets (IT equipment, real estate, vehicles, etc.) and on the application of amortisation coefficients making it possible to distribute the emissions over the useful life of the assets concerned.

Work will be carried out in the coming months to enable Groupe BPCE to also calculate its carbon footprint according to the methodological principles of the GHG Protocol, i.e. by accounting for all emissions associated with the manufacture of capitalised assets during the year of acquisition.

As specified in the paragraph “Actions and resources” (E1-3), Groupe BPCE refined the measurement of its purchases in 2024, by detailing the measurement on 16 categories of purchases instead of two previously and by allocating more precise emission factors to each category. This greater degree of precision initially results in a sharp increase in the emissions for this item. As a result, two calculations were carried out in 2024: a calculation of the carbon footprint with the old methodology, in order to measure the achievement of the objectives set for the period 2019-2024, and a second calculation with the new methodology, in order to follow the 2023-2026 reduction trajectory.

See details of changes in the measurement of purchases in E1-3.

The Group publishes the following mandatory information, in response to the E1-6 (AR 43) disclosure requirement:

Gross Scopes 1, 2, 3 and Total GHG emissions	2024
Biogenic CO_2 emissions resulting from the combustion or biodegradation of biomass separately from Scope 1 GHG emissions, but includes emissions of other types of GHG (in particular CH_4 and N_2O)	-
Breakdown of information by indicating separately the Scope 1 emissions from: - the consolidated accounting group (parent company and subsidiaries); and - companies benefiting from investments, such as associates, joint ventures, or unconsolidated subsidiaries that are not fully consolidated in the financial statements of the accounting group, as well as contractual agreements that are joint agreements not structured through an entity (i.e. jointly controlled operations and assets) over which the company exercises operational control.	-

Gross Scopes 1, 2, 3 and Total GHG emissions	2024
Breakdown of information by indicating separately the Scope 2 emissions from: - the consolidated accounting group (parent company and subsidiaries); and - companies benefiting from investments, such as associates, joint ventures, or unconsolidated subsidiaries that are not fully consolidated in the financial statements of the accounting group, as well as contractual agreements that are joint agreements not structured through an entity (i.e. jointly controlled operations and assets) over which the company exercises operational control.	-

MDR-M Financed emissions of Banque Palatine Banking activities

The scope of greenhouse gases related to financing activities (Scope 3 category 15 Investments (Banking)) corresponds to the scope of corporate financing and dedicated financing of the banking book and also includes home loan financing. Home loan financing corresponds to home loans granted to individual customers and to self-employed customers.

Calculation methodology

The calculation of financed carbon measures applies the Partnership for Carbon Accounting Financials (PCAF) methodology, in line with the GHG Protocol recommendations for corporate loan financing (in its guide “The Global GHG Accounting and Reporting Standard Part A: Financed Emissions” published in 2022). These measures are based on methodologies known to date and which may change in the future.

The calculation is carried out on the Scope 1, Scope 2 and Scope 3 emissions of financed customers, aligned with the regulatory requirements and scope materiality issues. The sources of carbon data used for corporate financing are mainly based on supplier data (Carbone 4, CDP, Trucost, MSCI): when the data is not available at the company level, the Group’s carbon data is used. In the absence of available information, sectoral proxies are used:

- the sectoral carbon data are extrapolated for companies or dedicated financing belonging to sectors with good supplier data coverage;
- for companies related to other sectors, the sectoral proxies provided by PCAF are applied (by NACE code and geographical area). As the coverage by the PCAF proxy is significant (applied to more than [75]% of outstandings) related in particular to exposures to small- and medium-sized companies, the estimated nature of the measures should be highlighted for this segment;
- the carbon measurements used for home loan financing correspond to the carbon emissions related to the use of the building. The data sources are based on Energy Performance Diagnostics (EPDs) when available. Otherwise, proxies are used, relying in particular on data from the French Scientific and Technical Centre for Building (Centre scientifique et technique du bâtiment).

It should be noted that the carbon data used may be one year behind the closing date of the outstandings. The data collected, methods and measurements carried out have not been subject to external verification.

At present, and for information purposes only, the quality levels of the carbon data used to measure emissions financed as at 31 December 2023 and 31 December 2024 are estimated at 3.8 and 4.1 respectively, according to the PCAF score. As specified by the PCAF standard, the different carbon data sources used are assigned a quality rating ranging from 1 to 5, depending on whether they are based on data audited and reported by the company (corresponding to the highest rating: 1) or on sector proxies/estimates (corresponding to the lowest rating: 5).

In addition, by way of illustration, Palatine AM’s emissions amounted to 1.977 million tCO_2eq as of 31 December 2024.

Palatine AM’s commitments in terms of managing carbon indicators apply to all assets under management, with the exception of cash and external funds, which represent a marginal share of less than 15% of total assets.

The methodologies used to calculate the carbon indicators are based on the definitions in Annex 1 of the delegated regulation (EU) 2022/1288 of 6 April 2022.

These indicators include the GHG emissions and the carbon footprint of the products offered by the asset management company.

They are calculated annually for all Palatine AM consolidated investments as well as for each of the SRI products.

These assessments aim to manage the climate risk exposure of investments and serve as a basis for reflection on an emissions reduction trajectory for Palatine AM.

Part 3 - Social information

3.1 S1 - Own workforce

3.1.1 SBM 2 - Interests and views of stakeholders

Banque Palatine dialogues continually with its stakeholders. This process enables levers for improvement to be identified to maximise the positive impact of its activities, both environmentally and socially, and to adapt its strategy and business model accordingly. Banque Palatine interacts with stakeholders through its business lines. The methods of dialogue, adapted to the points of view and rights of the stakeholders, are presented accordingly.

Support for employees' career paths

The Human Resources Department is committed to providing individualised support for each employee, in close collaboration with managers. Annual reviews are essential to identify employees' skill development needs and career ambitions.

Stakeholders:

- Managers & employees
- HR managers

Skills development to retain and engage employees

The Human Resources Department considers skills development to be a crucial lever for retaining and engaging employees. Training programmes tailored to employee's job profiles, whether internal or external, are offered to meet the company's strategic challenges in partnership with managers and training supervisors.

Stakeholders:

- Employees
- Training managers
- HR managers
- Internal and external training

Recruitment and employer brand:

The Human Resources Department relies on recruitment managers and managers to strengthen the employer brand and attract the best talent. They promote a positive image of the company by highlighting its values, culture and development opportunities, particularly through social media communications and participation in recruitment events.

Stakeholders:

- Recruitment managers
- Managers

Communities of HR officers

The Human Resources Department coordinates communities of HR officers around issues of diversity, gender equality, disability and well-being at work. Diversity and gender equality officers, disability officers, quality of life at work (QLWC) officers, and harassment officers share and implement initiatives related to company agreements in their respective areas to promote an inclusive and respectful work environment.

Stakeholders:

- Diversity and Gender Equality Officers
- Disability Officers
- QLWC Officers
- Harassment Officers

Social dialogue to guarantee quality of life at work, health and safety

Social dialogue is a fundamental element of the HR policy to guarantee quality of life at work. The Human Resources Department works closely with HR contact persons, employee and social relations representatives to establish an open and constructive communication framework. This includes the implementation of information and consultation mechanisms on employee working conditions, health and safety. The objective is to create a healthy and safe working environment, where each employee feels listened to and valued.

Stakeholders:

- HR contact persons
- Employee representatives
- Social relations contacts

3.1.2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Among the three topics related to the company's own workforce - “Attractiveness, employee loyalty and commitment”, “Working conditions” and “Equal treatment and opportunities” - several issues have been identified as material.

Attractiveness, employee loyalty and commitment

To material issues in terms of opportunity or positive impact have been identified, with regards to “Attractiveness, employee loyalty and commitment”:

- a phygital and inclusive recruitment strategy is an opportunity for Banque Palatine to strengthen its employer brand image,

- the different support, onboarding of new recruits and talent retention measures have a positive impact on Banque Palatine employees.

Conversely, an inadequate employee response system that fails to identify their needs and levels of satisfaction is considered a risk for Banque Palatine, as this could have a negative impact on employee engagement.

Working conditions

In terms of "Working conditions":

- the theme of quality of life at work, risk prevention and health and safety at work is crucial because of its direct impact on employees, directly affecting their well-being. This theme is also material in the event of inadequate measures, in terms of employee retention, absenteeism, or disengagement of teams leading to an increase in recruitment, training or replacement costs. Insufficient commitment to risk prevention and occupational health and safety could also generate operational risks and have financial consequences for Banque Palatine;
- a sustained and constructive social dialogue at Banque Palatine level guarantees the improvement of employees' working conditions;
- a transparent remuneration policy understood by employees, decent remuneration beyond the legal minimums and protective social security coverage enable a significant improvement in employee well-being;
- the protection of personal data and the privacy of employees' personal life was assessed as a material concern, constituting a risk in the event of non-compliance, which could have financial consequences, such as financial penalties in the context of damages suffered.

Equal treatment and opportunities

With regard to the topic of "Equal treatment and opportunities", Banque Palatine considers positive material impacts or opportunities through the various initiatives implemented: adapted skills development systems, policies aimed at supporting career paths and development of employability, policies promoting gender equality, professional equality, diversity, inclusion, support for people with disabilities or through measures to combat discrimination of any kind.

The management of material impacts, risks and opportunities are described in the following paragraphs.

3.1.3 Impacts, risk and opportunity management

3.1.3.1 (S1-1) Policies related to own workforce

3.1.3.1.1 Human rights

Banque Palatine is committed to respecting and promoting Human Rights, which is one of the cornerstones of its corporate social responsibility.

All forms of forced labour are prohibited inside Banque Palatine. The Human Resources Department checks the age of all new employees when they are hired.

Banque Palatine stresses its commitment to monitoring Groupe BPCE's actions in terms of respect for human rights. Groupe BPCE, a signatory of the United Nations Global Compact, is committed to promoting and respecting human rights in all its activities, in accordance with its "Ten Principles". This includes creating an inclusive and respectful working environment, preventing human rights abuses, as well as guaranteeing the rights of its employees to freedom of association and collective bargaining.

The Group's convictions and commitments have been set out in the form of "Principles" in the Groupe BPCE's Code of Conduct and Ethics, which applies to all Group employees, including those of Banque Palatine.

3.1.3.1.2 Social dialogue & working conditions

Palatine social policy

Banque Palatine's social policy is based on continuous and constructive dialogue, while guaranteeing respect for the fundamental rights and freedoms of its employees. This social dialogue is based on regular exchanges, in particular with employee representatives and recognised trade unions.

Banque Palatine's commitment to maintaining high-quality social dialogue, respectful of the rights and freedoms of employees, is reflected in the negotiation of agreements that establish the foundations of its social policy. These efforts have a high positive impact on employee engagement and performance.

Social dialogue also takes the form of Group agreements applicable to Banque Palatine, such as:

- the 2022 GEPP agreement on Employment and Skills Forecasting (which addresses the themes of intergenerational balance, end-of-career arrangements, skills development, professional and geographical mobility and mobility leave);
- the 2022 employee career path agreement, which aims to support employee representatives throughout their term of office.

In addition, social dialogue is reflected in the agreements signed in 2024 at the level of the Banque Palatine ESU (Banque Palatine and Palatine Asset Management) on various themes: professional equality and diversity, profit-sharing, quality of life at work, teleworking…

Banque Palatine is committed to maintaining an open, transparent and constructive dialogue, which is essential to the implementation of its strategy and the performance of its activities. This quality dialogue also promotes the deployment of policies aimed at creating a harmonious working environment conducive to the well-being of its employees.

With this in mind, the bank attaches great importance to the involvement of employee representatives from the earliest stages of major strategic issues and the transformations to be carried out within the organisation. These discussions prior to project deployment make it easier to understand the challenges and development prospects facing the bank, thereby avoiding deadlocks or obstruction that could hinder its operations and reduce employee commitment.

In addition to collective bargaining, the bank's social dialogue policy is committed to respecting the fundamental rights and freedoms of employees, including freedom of association, the right to strike and labour law regulations.

Social dialogue, as managed within the Banque Palatine ESU (Economic and Social Unit) enables Banque Palatine to comply with all its legal obligations, whether in terms of negotiations or information for employee representatives.

The coordination of relations with employee representatives based on the negotiation and signature of collective agreements as well as the deployment of social policies aims to meet both the aspirations of employees and the challenges facing the Banque Palatine ESU. This quality social dialogue supports the bank's economic and social performance.

Pay & Data protection

Remuneration Policy

Banque Palatine's remuneration policy is designed to encourage the long-term commitment of employees and strengthen the company's attractiveness. It is intended to reflect both individual and collective performance, while avoiding creating conflicts of interest between employees and customers. Furthermore, it promotes behaviour that is consistent with Groupe BPCE's culture and Code of Conduct and Ethics.

Another objective of this policy is to ensure levels of remuneration that are competitive with reference markets. Banque Palatine regularly compares its practices with those of similar players through remuneration surveys or Group benchmarking to ensure that its policy remains appropriate and competitive for each of its business lines.

The remuneration policy not only guarantees a high level of attractiveness, but also ensures the fundamental objectives of professional equality in the workplace and non-discrimination. In this respect, Banque Palatine is committed to ensuring equal pay between women and men (the details of the action plan can be found in the section on diversity and inclusion). In addition, special attention is paid to the remuneration of each employee, whether junior or senior.

Finally, the Corporate Social Responsibility (CSR) dimension is integrated into the remuneration policy at several levels. For example, CSR indicators are included in executive management's variable remuneration criteria.

The choice of SRI-certified funds or funds incorporating ESG are offered criteria for the free management of employee savings plans (PES) and collective retirement savings plan (PERCO);

The remuneration of Banque Palatine employees consists of three main components:

- **fixed remuneration**: this reflects the skills, responsibilities and expertise required for each position, as well as the role and importance of the function within the organisation. It is determined according to the particularities of each business line. This component includes the basic pay, which remunerates the skills and responsibilities of the position held. It can also include fixed salary supplements, awarded in line with regulations, based on geographical mobility or the specific nature of certain jobs and responsibilities;
- **individual variable remuneration**: awarded annually, this depends on the results of the activity and the achievement of predefined individual targets. This remuneration can be paid in full in cash in the year it is awarded. For some employees, depending on their regulatory status, job and/or variable remuneration level, part of this remuneration may be deferred, indexed to a financial instrument and subject to conditions, with the aim of retaining staff and aligning their interests with those of Banque Palatine in the long term;
- **collective variable remuneration**: this component is linked to employee savings schemes, such as profit-sharing and profit-sharing, as well as other local savings and/or social protection schemes.

Each employee benefits from a combination of these different components, depending on their job, responsibilities, skills, performance and seniority.

Description of the highest level in the organisation responsible for implementing the policy

Banque Palatine's Executive Committee is responsible for approving remuneration policy and its implementation. Its composition and powers ensure that decisions are taken independently.

More specifically, the decision-making process is structured around several successive levels of validation:

- the management teams submit their proposals after consultation with the managers of the relevant departments;
- executive management approves in coordination with the Human Resources Department;

- the Compliance and Risk Management Departments, as control functions, are usually involved in the implementation of the remuneration policy, in particular to ensure that risk management and behaviour in terms of conduct and compliance are properly taken into account when determining the amounts of individual variable remuneration.

Presentation of the standards or initiatives which are taken into account when implementing the policy

The remuneration policy strictly complies with the legal obligations applicable to the company in relation to labour law and social and tax legislation.

Description of how stakeholder interests are taken into account when determining the policy

Management and employee representatives play an active role in developing remuneration policy. Each year, mandatory annual negotiations (MAN) are held with employee representative bodies on remuneration issues. In addition, employee savings schemes, such as profit-sharing and incentive schemes, as well as social protection measures (health insurance, life insurance), are governed by collective agreements negotiated between the management and employee representatives. Finally, the issue of equal pay is included in the agreements signed on professional equality at work.

Details on how the policy is communicated to the different stakeholders

Internal communication

Remuneration and benefits policies and practices are disseminated and rolled out internally in the form of guides and guidelines via the Banque Palatine intranet. Managers involved in the annual review of their employees' remuneration are supported in the same way in this exercise.

Each year, an Individual Social Report is handed to employees to clarify the components of their annual remuneration. This assessment provides both quantitative and qualitative information on:

- direct remuneration and its composition;
- employee savings schemes;
- social protection (protection, health, retirement, etc.);
- the various benefits;
- external communication.

In addition, as part of its compliance with its regulatory obligations, the Group is required to publish an annual report on its remuneration policies and practices on its website, with a focus on employees identified as having a significant impact on the company's risk profile under the CRD regulation. (1)

The Group also complies with transparency requirements with regard to supervisory bodies in France, at the European level and in the various countries where it operates, such as the ACPR - *Autorité de Contrôle Prudentiel et de Résolution*, the European Central Bank (ECB) and the French Financial Markets Authority (AMF - *Autorité des Marchés Financiers*).

Employee data protection

Groupe BPCE has defined a Group data protection policy that is implemented inside Banque Palatine.

In line with this policy, Banque Palatine has drawn up a privacy notice for employees explaining how their personal data is processed, which complies with the transparency requirements owed to data subjects on how their data is used.

The policy also stipulates the requirements for training employees on GCPR compliance.

This set of rules applies to all employees. It should be noted that the Social and Economic Committee (SEC) is, as an independent legal entity, not subject to this policy, as it is outside the scope of supervision of Banque Palatine.

The policy is an extension of the European regulation (GDPR) and its implementation in French law. It also incorporates the guidelines of the European Data Protection Board (EDPB) and the French regulatory authority, the CNIL.

The policy transparently defines the rights of employees and the procedures for exercising them. Employees therefore have access, via the Data Protection Policy and the Data Protection Notice, to information on how their personal data is processed.

The policy and its operational guidelines (the Personal Data Information Notice) are available on Banque Palatine's intranet.

Banque Palatine ensures that all employees receive training and/or awareness-raising on the GDPR.

Regarding the exercise of rights under the GDPR, Banque Palatine strives to respond within the required 30-day timeframe, except for complex requests, when the response time is extended to 90 days.

Quality of life at work

The bank, which has been certified as "CSR-committed" since May 2024, aims to foster a strong team spirit, as part of its new Palatine 2030 strategic plan and its purpose, while supporting each individual's development through the promotion of diversity within its teams. It therefore puts people at the heart of its concerns as a key pillar of its strategy for future years.

Quality of Life and Working Conditions (QLWC) is a major priority for Banque Palatine. The purpose of the QLWC policy is to strengthen collective commitment and effectiveness, while promoting employee development and health, to serve the bank's overall performance.

1) *Capital Requirements Directive.*

QLWC covers various issues, such as the work environment, work-life balance, inclusion and diversity measures, career development, and support for specific situations.

Instead of perceiving the strengthening of the legal framework as a mere regulatory constraint, Banque Palatine has adopted a long-term vision, considering it an opportunity to reaffirm the central role of people in its social policies.

Since 2017, several agreements have been signed within Banque Palatine aimed at improving the quality of life at work for its employees: agreements on quality of life and working conditions, agreements relating to working hours, teleworking, the prevention of psychosocial risks, workload, work-life balance, time savings accounts, etc.

In December 2024, Banque Palatine management and all trade unions signed a new agreement on Quality of Life and Working Conditions.

With this four-year agreement, the bank is reaffirming its commitment to promoting quality of life at work for everyone and its focus on continuously improving working conditions for all.

In the context of this new agreement, the bank is organising its QLWC policy around the following three pillars:

- ensure a rewarding working environment for all: working hours, the right to disconnect, work-life balance, equality and diversity, ethics and professional conduct, management framework, support for employees and managers in change management, etc.;
- ensure a responsible working environment for all, through existing safety/health prevention systems,
- provide support for employees in special circumstances: assistance to employees who are caregivers, disabled, suffering from a disabling illness, donating days off, etc.

This agreement highlights practical measures to improve working conditions for employees, thereby directly contributing to their well-being and satisfaction, as well as reducing psychosocial risks.

Several practical measures were introduced in 2024 to improve the quality of life and working conditions of Banque Palatine employees. Quality of life at work is a catalyst for sustainable performance, enabling efficiency and employee well-being to go hand in hand. It is mainly due to the following factors:

- attention paid to well-being at work: systems for well-being and work-life balance (right to disconnect, charter of 15 commitments for work-life balance, etc.),
- the right working environment: a working environment that encourages efficiency and teamwork.

2024 was marked by the relocation of some of the Parisian teams to the new administrative headquarters: the Joya building in Fontenay-sous-Bois. This project, designed to serve the Banque Palatine's model of excellence and satisfy employee expectations, is divided into several key areas:

- spaces that reflect the bank’s upscale image and culture, thus reinforcing a feeling of belonging;
- layouts that promote cross-functionality and concentration while ensuring confidentiality;
- equipment that ensures a smooth digital experience and facilitates hybrid working;
- a focus on well-being at work;
- a significant contribution to corporate social responsibility (CSR) commitments.

The business and private banking centres have also been renovated to match the upscale branch concept, ensuring a pleasant working environment for employees.

Banque Palatine is committed to employee engagement and ensures that its staff are involved in change processes, for example by working with them to develop the Palatine 2030 strategic plan.

The bank assesses employee job satisfaction and stress annually using an annual barometer. This approach enables Banque Palatine to adapt its actions to promote a fulfilling work environment for all. In 2024, 75% of Banque Palatine ESU employees responded to the survey. Average job satisfaction is 6.6/10 (compared to 6.4 in 2023).

These actions, supported by constant social dialogue, aim to mitigate the financial risks related to employee turnover, absenteeism and disengagement. These risks can lead to:

- costs related to the loss of talent, recruitment and training of new employees, and costs related to making up for all or part of absences;
- lost revenue related to a fall in productivity, sales performance and customer satisfaction.

Risk prevention and safety at work

Banque Palatine ESU has developed a risk prevention policy that takes all kinds of occupational risks and potential natural hazards into account, in order to reduce the number of significant negative incidents through the implementation of preventive measures and risk management protocols This approach aims to prevent, anticipate and mitigate the effects on employees.

A safety policy is implemented in all Banque Palatine ESU companies, taking into account the results of an appropriate risk assessment (DUERP) and action plans, the Annual Plan for Prevention and Improvement of Working Conditions (PAPRIPACT), which are reviewed annually. Social partners also play a key role in the prevention policy (Social and Economic Committee and Health and Safety Committee), along with other stakeholders (occupational physician, social worker, counselling and psychological support).

They enable regular monitoring of prevention measures that are closely aligned with the challenges facing employees.

3.1.3.1.3 Promoting equal opportunities and combating discrimination

The HR policies on equality, diversity and inclusion implemented at Banque Palatine reflect its senior executives' belief that there can be no performance without collective intelligence, and therefore without diversity. The goal of promoting all forms of individuality and diversity is based on several principles:

- loyalty to its values: collective intelligence and cooperation have been strong values embodied since the creation of Banque Palatine;
- meeting the expectations of its stakeholders: its customers, regulators and civil society expect Banque Palatine to be exemplary in the conduct of its business and the treatment of its employees.

Banque Palatine has been implementing proactive HR policies for several years to build an increasingly respectful and inclusive working environment. It values the diversity of its employees, ensuring that everyone is heard, recognised and able to make a meaningful contribution. Its HR policies ensure fair opportunities for all talents, regardless of their age, origin, gender, orientation or gender identity, or disability.

Banque Palatine’s HR policies on equality, diversity and inclusion present an opportunity and have a positive impact on several levels:

- innovation and transformation: the diversity of its employees, customers and partners promotes enriching exchanges and increased creativity;
- performance: this provides a better understanding of the needs of its customers on all its markets;
- commitment and employer branding: Banque Palatine meets the growing expectations of prospects, employees and civil society, who are increasingly attentive to these issues.

Gender equality and professional equality

Banque Palatine's HR policy on gender equality and professional equality is structured around three key areas:

- the representation of women in all our business lines at all levels of responsibility;
- equal pay;
- the fight against sexism and sexual harassment.

Banque Palatine is committed to equal opportunities and the fight against discrimination. Actions are put in place to promote an inclusive and fair environment, both within the bank and in its interactions with candidates and service providers.

In terms of professional equality and diversity, Banque Palatine is committed to promoting professional gender equality by guaranteeing fair treatment in terms of recruitment, remuneration and career development.

The signature of an agreement in April 2024 on professional equality between women and men and diversity within Banque Palatine ESU reaffirms the company's commitment to promoting an inclusive and fair working environment.

This agreement aims to guarantee equal opportunities, fight discrimination and promote diversity, while recognising the added value that diversity brings to innovation, performance and employee commitment. It also demonstrates a desire to meet the growing expectations of employees and civil society in terms of social responsibility and inclusiveness.

This agreement is the subject of annual follow-up meetings with staff representatives, which provide an opportunity to present the actions taken and monitor progress on gender diversity and professional equality indicators.

Banque Palatine’s actions in terms of gender equality and professional equality were recognised with an equality index of 96/100 in 2024, as well as by the renewal of the AFNOR equality label until 2025.

Obtained in 2016 and renewed in 2021, the professional equality label recognises actions taken to promote gender equality: management practices that promote equality between men and women, reduction of pay gaps, and work-life balance.

In December 2023, a follow-up audit was carried out to highlight key facts and convincing qualitative and quantitative data such as:

- the professional equality index, which has fluctuated between 95/100 and 97/100 over the last three years;
- a committed executive management that participates in conferences on this topic and regularly communicates on the subject;
- training programmes tailored to professional equality issues;
- the Palatine PlurieL (mixed Palatine network) and ESSENTI'ELLES (Groupe BPCE network) professional networks

The composition of Banque Palatine’s workforce is a concrete illustration of its commitment to professional equality and gender equality:

On 31 December 2024

- the workforce comprises 51.42% women and 48.57% men;
- the representation of women within senior executives (38%) and governing bodies (75%) is beyond the 30% required from March 2026 under the “Rixain law”.

In addition, Banque Palatine promotes and supports female entrepreneurship through the Palatine Women Project. It also encourages micro-donations from salaries to charities that support the cause of women, micro-donations that are matched 100% by Banque Palatine.

Disability

Banque Palatine is committed to the inclusion of people with disabilities and the retention of employees faced with health challenges. It deploys a voluntary inclusion policy, in accordance with the legal obligations relating to the Obligation to Employ Disabled Workers (*Obligation d'Emploi de Travailleurs Handicapés* - OETH).

This policy covers several main areas:

- job retention: by implementing early detection measures for situations that could hinder employees, Banque Palatine adapts working conditions and tools to support employees with disabilities, while ensuring fair career prospects;
- recruitment and onboarding: support for applicants with disabilities;
- awareness and inclusion: communication initiatives to change perceptions of disability;
- support for the sheltered and adapted work sector: use of specialised structures to support the external employment of people with disabilities.

In 2024, two disability officers were appointed to support employees throughout their career.

Banque Palatine implements various actions and events to promote and improve the inclusion of people with disabilities:

- videos and testimonials: distribution of videos and testimonials from employees with disabilities;
- awareness-raising/communication: awareness-raising during the European Week for the Employment of People with Disabilities with the publication of a disability guide, quizzes, infographics and testimonials,
- systematic exchanges: organisation of regular exchanges with employees recognised as having a disability and/or under medical prescription for workstation adaptation;
- participation in meetings of disability officers: involvement in meetings of Groupe BPCE's disability officers, with the application of standards and sharing of best practices;
- targeted recruitment policy: implementation of a specific recruitment policy in collaboration with specialised sites such as Agefiph, talents-handicap.com, Handibanque and Cap Emploi.

Actions remain to be taken to achieve an employment rate of people with disabilities of 6%. In 2023, the employment rate of people with disabilities within Banque Palatine was 3.77%.

In order to continue promoting awareness of disability and keeping employees in employment, the agreement on quality of life and working conditions within Banque Palatine ESU, signed on 20 December 2024, sets out specific measures to support employees in special circumstances, including carers, people with disabilities and employees with disabling illnesses.

Employees can also donate their unused leave days to colleagues who need them, such as carers for elderly or people with disabilities.

The objective is to guarantee a respectful and fair working environment for all, by implementing specific measures to support these employees in their daily professional lives.

Fight against discrimination & harassment

To ensure a respectful and safe working environment where every employee can fully express their skills and potential, Banque Palatine implements HR measures to combat discrimination and harassment as part of its equality, diversity and inclusion policy. These measures aim to reduce the associated risks, including the degradation of working conditions, harm to the company's reputation and the resulting financial implications.

The measures available to Banque Palatine employees include:

- guides and regular awareness-raising campaigns carried out jointly by the two Social and Economic Committee (SEC) and Employer contact persons. These communications aim to inform employees about all forms of discrimination, including sexism, as part of a preventive approach where everyone must be mindful of their verbal and written communication;
- training/awareness-raising on inclusion: e-learning courses offered by BPCE are provided to employees to help them understand the importance of inclusion and their active role in creating an inclusive environment, beyond established policies;
- specific awareness-raising initiatives to enable employees to recognise and combat different types of discrimination and harassment;
- harassment officers: Banque Palatine has two officers trained to combat sexual harassment and sexist behaviour, supported by the Human Resources Department.

3.1.3.1.4 Attracting, retaining and engaging employees

Attractiveness

Banque Palatine's attractiveness is reflected by Groupe BPCE's major HR policy guidelines, which are implemented within the bank, particularly in terms of Skills, Equality/Diversity/Inclusion and Well-being at work.

They are implemented through daily actions and communicated across all internal HR channels (HR representatives, recruitment managers, training managers, etc.) and external channels (social media, trade shows, etc.).

Skills:

Banque Palatine is convinced of the importance of supporting its employees in their careers. It is committed to strengthening their employability through proactive career management. Its initiatives, such as the development of bespoke training programmes and the promotion of internal mobility, demonstrate its commitment to long-term investment so that everyone can flourish within the organisation.

Equality and inclusion:

Banque Palatine is convinced that diversity is a real strength. It makes inclusion a performance and solidarity issue by incorporating measures to promote gender equality, employment of people with disabilities, and equal pay. Its actions demonstrate its commitment to creating an environment where each employee feels valued and respected (see diversity and gender equality).

Well-being at work:

The well-being of employees is a priority for Banque Palatine. It strives to ensure a healthy and balanced working environment, with a focus on quality of life at work. Banque Palatine aims to continuously improve the experience of everyone inside the organisation.

Sense and pride in belonging:

Banque Palatine employees' pride in belonging is deeply rooted in its purpose. As a: "Banking House since 1780, we shape our know-how, our agility and a culture of excellence to be the trusted partner of our customers, Corporate and Private Banking. We are convinced that French medium-sized companies and their senior executives are at the heart of the economic and socio-environmental challenges of today and tomorrow. As entrepreneurs at the service of entrepreneurs, we contribute to a more sustainable economy by investing in the success of their development, transformation and transmission projects".

This approach, which focuses on supporting entrepreneurs in their development, transformation and transfer projects, enables each employee to see themselves as a key player in a larger undertaking. By working together to build a more sustainable economy, they contribute to a positive future for their customers and for society as a whole.

This shared vision strengthens their pride in belonging, because they know they are part of an organisation that not only values excellence, but also acts for the common good, thus having a significant impact on regions and communities.

Recruitment and employer brand

HR communication strategy

Banque Palatine's employer brand plays a key role in the company's appeal, building on a strong visual identity, with a powerful slogan, "The art of banking", and authentic testimonials from its employees. Its objective is to highlight its differentiating strengths in terms of values, corporate culture and human resources policy, particularly in career management and training.

It has taken several significant actions since 2023 to strengthen its employer brand:

- Phygital event on 6 June 2023: Banque Palatine teamed up with partners DOGFINANCE and VISEET to host an innovative event that promoted recruitment in a creative and less formal setting. This event combined face-to-face meetings at the company's premises on Rue de Courcelles in Paris, where candidates were able to chat over cocktails with members of the management committee, managers and the HR team, with a remote component allowing other candidates to have interviews with managers and recruiters;
- Strategic partnerships: Banque Palatine renewed its partnerships with LinkedIn, Welcome to the Jungle and Dogfinance, professional and media networks that increase its visibility. These partnerships enable the bank to showcase its business lines, its unique characteristics and its employment opportunities. These initiatives will also continue until 2025;
- LinkedIn posts: by publishing posts on LinkedIn, in close collaboration with the various business teams, we developed pitches and visuals that highlight key attractive features. The objective is to continue to engage managers in this process of attractiveness and co-construction with the HR teams, in order to offer a quality candidate experience in 2025;
- Incentive co-option policy: the bank has also deployed an incentive-based co-option policy, thus encouraging its employees to recommend candidates, which further strengthens the institution's attractiveness.

These actions demonstrate Banque Palatine's commitment to building a solid employer brand, capable of attracting and retaining talent in a competitive environment.

Engaging employees in recruitment

At Banque Palatine, employees have the opportunity to become actively involved in the recruitment process, which strengthens their commitment and sense of belonging. They can contribute in several ways:

- participation in school initiatives: employees are encouraged to represent Banque Palatine at events in schools and universities, thereby promoting the bank's professions and attracting new talent;
- candidate co-option: thanks to an incentive HR co-opting process implemented in 2023, employees can recommend candidates for job offers, thus strengthening their role in the recruitment and their investment in the quality of new hires;
- ambassadors on social networks: employees are invited to become ambassadors of Banque Palatine on social networks, sharing their experience and highlighting the company's values and culture to attract potential candidates.

Banque Palatine, by enabling employees to be both ambassadors and co-opters, has created a strong commitment lever, promoting a collaborative and dynamic environment that values their contribution to the success of the organisation.

Strengthening our employer brand and our commitments to young people

Banque Palatine is resolutely committed to strengthening its employer brand among young talent. The bank aware of the importance of this new generation for the future of the company, has a dedicated strategy aimed at attracting, developing and recruiting young professionals. Each year, it welcomes around 60 work-study students, representing more than 5% of its workforce, as well as a significant number of interns. This commitment shows Banque Palatine's desire to promote the employment of young talent and encourage their development within the organisation, while helping to drive its growth and innovation.

Integrating new employees

Since 2022, Banque Palatine has set up an onboarding system for new employees, called “ACADEM'IN”. This is a two-to five-day in-person onboarding programme designed to give new recruits a warm welcome, in line with the company's commitment to excellence towards its customers (symmetry of attention).

This onboarding programme enables employees to interact with senior Banque Palatine executives and quickly familiarise themselves with the company's culture, values and business challenges. It also helps develop a sense of belonging and encourages interaction between new employees, thereby helping to create support and collaboration networks.

The “ACADEM'IN” programme consists of:

- a two-day general introduction: this first module gives employees an overview of the bank, its history, its business lines and its markets through meetings with various speakers who present their departments and the challenges they face;
- three additional days: intended for the private customers and corporate market business lines. These days are designed to deepen participants' knowledge of tools, products, management approaches and business management, in order to further educate them.

This format ensures that new entrants receive a high-quality welcome, serving as a highly valued induction enabler. The pace of the “ACADEM'IN” sessions varies according to the arrivals.

In 2023, 105 new employees participated in the five sessions that were organised, and in 2024, more than 100 new recruits also completed the programme.

Banque Palatine is strengthening its employer brand with such a comprehensive and structured programme. A high-quality integration programme reflects the attention given to new employees and contributes to their satisfaction and commitment.

In order to continue improving the experience of new recruits, a digital pre-integration and onboarding platform will be set up in 2025, thereby further consolidating Banque Palatine's attractiveness on the job market.

Retaining employees

Offer enriching career development through strong internal mobility, detailed knowledge of employees and support through tailored career paths linked to opportunities at Banque Palatine.

Banque Palatine has made internal mobility one of its priorities, in order to strengthen the sense of belonging and commitment and retain talent. Employees have access to several mechanisms to boost internal mobility:

- Job fair: Banque Palatine has a specific job fair for its company, as well as a job fair at Group level, which are rolled out in all entities. These tools make it easier for all employees to learn about available opportunities;
- Mobiliway: a dedicated platform that supports employees with their mobility projects and is accessible to everyone via their job board. It is a valuable tool for those wishing to explore new opportunities within Groupe BPCE.

These initiatives demonstrate Banque Palatine’s commitment to promoting the professional development of its employees, strengthening their loyalty and creating an environment conducive to their personal fulfilment.

Training employees

Training plays an essential role in enabling employees to acquire, maintain and develop the skills they need to cope with changes in their jobs and their environment. In 2023, Banque Palatine invested 6.5% of its payroll in employee training within the Economic and Social Unit, demonstrating its commitment to the professional development of its teams. On average, each employee received 30 hours of training, highlighting the importance of continuous skills development and employee adaptability in the face of industry challenges. This training system not only contributes to the development of employees, but also to the excellence and overall performance of Banque Palatine, thus strengthening its employer brand.

Training guidelines

Banque Palatine has defined four priority areas for its training over the next three years:

1 / Enhancing the relationship of excellence with its customers:

- deploying training programmes on relationship excellence and a comprehensive approach to improve customer experience and enhance satisfaction;
- supporting customers' environmental transition as part of the "sustainable finance" programme;

2 / Adapting managerial practices;

- strengthening the skills of managers and deputy managers in business centre & private banks;
- establishing a managerial training program to develop a common culture and approach;

3 / Strengthening the "risk" expertise of employees;

- continuing measures to update knowledge of regulations;
- strengthening risk management skills through business training and the use of emerging technologies such as AI and data;

4 / Supporting employees' skills development;

- designing business-specific training to meet operational needs;
- optimising the integration of new employees through dedicated training courses;
- promoting a culture focused on project management and the development of key behavioural skills.

These guidelines aim to strengthen employees' ability to provide exceptional service, improve managerial practices, effectively manage risks and develop the skills necessary to meet future challenges.

Supporting high-potential employees

Since 2022, Banque Palatine has benefited from Groupe BPCE's system aimed at identifying and supporting high-potential employees within the bank.

Two pools have been created: potential senior executives and core business lines to fill management positions with experts.

Employees have a shared development plan and are regularly monitored by an assigned career manager. They benefit from personal development support actions.

The AEL "The Art of Being a Leader" programme was created by Banque Palatine with the aim of retaining and supporting talented non-managerial staff who have expressed an interest in moving into a managerial role. The main objectives of this course are as follows:

- retain and support talent: this programme aims to offer a differentiating employee experience, while preparing Banque Palatine's future managers to meet the challenges of tomorrow;
- group sessions and individual coaching sessions: the programme combines group sessions for exchanging views and ideas with individual coaching sessions that encourage introspection and greater self-awareness;
- key themes: the course addresses many aspects of the managerial sphere by offering inputs on key themes, thus helping to develop the skills necessary for effective and inspiring leadership.

These mechanisms demonstrate Banque Palatine's commitment to fostering the growth and fulfilment of its talents, while strengthening its ability to meet future challenges.

Skills development

The major challenges for Banque Palatine in terms of skills development are:

- continuing to modernise and digitise practices by leveraging new tools;
- developing new, more participatory and collaborative ways of working, such as the collaborative development of the new strategic plan, to enable all the bank's talented employees to express themselves and participate in creating the bank of tomorrow;
- strengthening the successful internal mobility programme that has shaped the bank's identity and enabled many talented individuals to build rich and diverse careers;
- supporting the bank's talents individually and collectively to build the bank of tomorrow;
- seeking the "Great Place to work" label as an indicator of an inclusive working environment that is open to the future.

The continued digitisation of administrative tasks with no added value should enable business lines to become more efficient while ensuring that operations comply with the legal framework and allowing teams to devote more time to their core activities. AI should generate efficiency gains while leading to a profound transformation of business lines. This is why it is essential to maintain close ties with business lines, particularly managers, in order to identify and anticipate changes. They are the first people involved in change management, hence the challenge of rethinking a strong core set of managerial values and proactively positioning them to support their colleagues at a local level.

Furthermore, the development of proactive management of HR data should enable better support for employees, their professional projects and their development, particularly through training and remuneration etc.

In practice, this involves:

- continuing to develop the bank’s employer brand to attract and recruit the best profiles in the market;
- welcoming and ensuring high-quality onboarding so that Palatine's talented employees become the bank's best ambassadors;
- supporting and retaining talent through talent paths/typologies identified and validated with managers;
- promoting inspiring and transformative career paths in line with the bank's needs;
- daring to be different through creative career paths and supporting them with a programme co-designed by HR and the business lines;
- anticipating the skills of tomorrow to support future transformations;
- further boosting the development of ongoing skills to reinforce permanent adaptation, both in terms of the job itself and the level of excellence expected in terms of written/oral communication, conduct and attitude on a daily basis;
- working on HR and business synergies to enable joint thinking and the birth of new innovative ideas in career paths and gateways.

In summary:

- an excellent knowledge of employees and managers is one of the key foundations for anticipating, proposing and co-constructing original career paths with the business lines that set us apart from our competitors. Only a strong and regular relational intensity makes it possible to update this knowledge;
- key HR events (annual appraisal campaign, staff reviews, etc.) conducted by HR representatives in the various business lines, which ensure that key information is constantly updated;
- all HR-related news must be constantly monitored to anticipate future changes in the profession and provide individual and collective support.

3.1.3.2 (S1-2) Processes for engaging with own workforce and workers’ representatives about impacts

3.1.3.2.1 Social dialogue and working conditions

Dynamic social dialogue

Social dialogue is based on a series of interactions both within Banque Palatine’s Human Resources Department (“HR Department”), and with employee representatives appointed throughout Banque Palatine ESU's scope (Banque Palatine and Palatine Asset Management) as well as with employees via the Human Resources Department.

Banque Palatine is part of the Group's human resources/social relations division. This function ensures harmonisation of practices, comprehensive monitoring of issues affecting the entire working community and shared expertise through regular exchanges, working groups dedicated to specific topics as required, and two seminars per year.

Banque Palatine’s HR Department coordinates its social dialogue policy at the Banque Palatine ESU level.

Interactions with staff representatives are organised on a regular basis, in particular through monthly meetings with the Social and Economic Committee (SEC). Regular discussions are also held in specialised committees within the Social and Economic Committee on specific topics (health, safety, working conditions, professional equality, housing, etc.). In addition, staff representatives act as local points of contact for employees within the Banque Palatine ESU companies, to relay their concerns and questions and obtain answers.

Collective agreements are negotiated with union representatives. Once the agreements have been signed, all the employees concerned are informed of the measures negotiated that apply to them.

Pay & Data protection

Pay

Pay is subject to a regular individual review via annual appraisal interviews conducted by management under the supervision of the HR Department and during the annual salary review process. In addition, employees can contact their line managers or the HR Department at any time to discuss the subject of pay. Collectively, remuneration is subject to mandatory annual negotiation with the social partners.

Data protection

The DPO of the employee’s parent entity is competent for the exercise of rights or requests for information on the processing of personal data. A generic email address has been set up to collect requests from employees.

The responses are sent directly by the DPO to the requester, using the same communication channel as the referral. In accordance with the GDPR, the feedback made following a right of access are in a clear and accessible format.

Quality of life at work

Quality of life and working conditions are the result of collective and concerted action involving employees, managers, senior executives, occupational health professionals, social assistance providers and social partners.

Banque Palatine sets up annual employee feedback mechanisms to encourage dialogue and continuous improvement.

Banque Palatine's commitment to open dialogue with its employees enables it to identify their needs and expectations and adapt its actions to improve their day-to-day well-being.

In parallel, Banque Palatine has set up a dedicated Quality of Life at Work (QLW) programme. This initiative has resulted in the appointment of a QLW officer, who acts as the coordinator and promoter of the local well-being at work policy within Banque Palatine.

Banque Palatine's QLW officer is supported by Groupe BPCE's QLW function. This function offers specific activities through discussions, co-construction, sharing of experiences and studies. Web conferences and meetings are regularly organised, enabling the officer to stay informed about best practices and developments in QLW.

In addition, QLW officers have access to a dedicated QLW website, which serves as a repository for the function's work, as well as a social networking platform specific to their community. This system promotes the sharing of information and tools between the different players, thus strengthening their network.

A professionalisation system that can be adapted to the needs and constraints of participants is available to new officers. This programme enables them to acquire the skills required to implement appropriate measures, thus avoiding the negative consequences of poor quality of life at work.

Banque Palatine firmly believes that this decentralised approach, supported by the QLW function, enables employee commitment to be strengthened and a positive and inclusive work environment to be created. The bank is committed to promoting practices that meet regulatory requirements and reflect its fundamental values of solidarity, listening and respect.

By incorporating these principles into its overall strategy, Banque Palatine aims to build a corporate culture that promotes personal and professional development, while contributing to the institution's overall performance.

Risk prevention and safety at work

The Social Relations Department and the Work Environment Department work together with the Health and Safety Committee and the Occupational Health Department to consolidate the reference documentation on the safety of persons and property and ensure that it is implemented and updated.

Special information and follow-up sessions are held with staff and their representatives at several levels:

- Quarterly Health and Safety Committee meeting, consisting of management and staff representatives who meet every quarter to discuss health and safety issues. An annual accident report and an action plan is presented to the Social and Economic Committee (SEC). It is regularly consulted to give its opinion on different matters or when an expert is referred to;
- health and safety assessment and programme to improve working conditions;
- the single risk assessment document is updated at least once a year;
- inventory of safety systems and equipment taking technological developments into account;
- study of safety rules and procedures.

3.1.3.2.2 Promoting equal opportunities and combating discrimination

The collaboration between the social partners and the HR Department to develop a new agreement on professional gender equality and diversity, signed on 19 April 2024, marks a major milestone in the commitment to work together on issues that are essential to developing a resolutely modern HR policy that protects everyone's rights.

As a responsible employer, promoting equality for all and diversity is a major objective. Banque Palatine is a human community integrated into society, with a social and societal responsibility; it needs all talents to ensure its economic development. Banque Palatine is convinced that the diversity of the women and men who make up its teams and the recognition of each individual's value while respecting differences leads to greater creativity, commitment and performance. It has been actively committed to equal opportunities for many years and regularly speaks on these topics. It is particularly mindful of the importance of taking specific situations into account and reaffirms its commitment to combating discrimination of all kinds. This approach reflects the bank's existing commitment to developing conditions that promote employee engagement and motivation, which are drivers of performance, and to ensuring that every employee is treated equally from the moment they apply for a job and throughout their career with the bank. It should be noted that in 2016, the bank obtained the AFNOR Professional Equality label (renewed in 2021) and is committed to continuous improvement in areas such as: recruitment, training, promotion, equal pay, work-life balance, communication, etc. It naturally draws on existing measures within Groupe BPCE, in particular to adapt and continue to improve the coordination of actions focused on equal opportunities and the constant fight against all forms of discrimination.

3.1.3.2.3 Attractiveness, employee loyalty and commitment

Attractiveness

Human resources (HR) staff at Banque Palatine, who work on recruitment, HR development and career development, receive regular training by Groupe BPCE's HR Department. This focuses on key topics such as recruitment and employer branding, employee onboarding and retention, and staff feedback mechanisms. These meetings provide employees and their representatives with information about ongoing projects and relevant news within the Group.

Banque Palatine is also covered by the Group Employment and Career Path Management Agreement (GEPP), signed on 12 July 2022 and covering the 2022-2025 period. This agreement establishes an annual oversight committee, comprising staff representatives and senior HR managers from the various companies and the Group HR Department. This agreement establishes key principles for employee onboarding and retention over a three-year period, as well as for skills development and career advancement.

Diapason barometer survey

As part of Groupe BPCE's policy, Banque Palatine publishes the Groupe Diapason barometer survey every two years, which is compiled in collaboration with IPSOS. This tool measures team confidence and commitment.

The results of the Diapason barometer survey for Banque Palatine for 2023 are as follows:

- 83% participation rate;
- 75% engagement rate;
- 76% of employees support Banque Palatine's strategic direction and projects.

Wittyfit barometer

Banque Palatine has deployed the Wittyfit tool within its Economic and Social Unit (ESU), since 2021. The aim of this social barometer is to optimise the employee experience, anticipate psychosocial risks and ensure that appropriate corrective measures are put in place.

Wittyfit, which was developed in collaboration with the Clermont-Ferrand University Hospital, a centre renowned for its expertise in occupational health and stress management, uses innovative technology that applies a scientific method to capture employees' feelings. This tool guarantees that responses remain confidential, thus allowing employees to express themselves freely.

As a management tool, Wittyfit goes beyond a simple social measurement; it is part of a continuous improvement process, fostering a healthier and more fulfilling work environment. This proactive approach aims to strengthen the well-being of employees while supporting the organisational transformation of Banque Palatine.

The results of the Wittyfit barometer at Banque Palatine level in 2024 are as follows:

- 796 respondents;
- 75% participation rate;
- Company average score for perceived job satisfaction: 6.6/10;
- Company average score for perceived stress: 5.2/10.

Making the Group's employees our ambassadors

Banque Palatine employees are regularly asked to post on social media, thereby helping to promote their business lines and highlight their commitment to the bank.

In addition, Banque Palatine employees can play an active role in the recruitment process by:

- taking part in initiatives to promote their jobs to target schools, with a view to attracting future talent,
- co-opting applicants for job vacancies inside Banque Palatine, which promotes high-quality recruitment based on internal recommendations.

Allowing employees to be ambassadors or co-opters is also a strong commitment driver. This gives them the opportunity to become actively involved in building Banque Palatine's image and contributing to the development of a dynamic and inclusive corporate culture.

Skills development

"People at the heart of our concerns" is the guiding principle behind Banque Palatine's HR policy for attracting, retaining and engaging employees. Its ambition: to promote a strong employer brand that clearly reflects its values of excellence and uniqueness.

Interactions between managers and their employees are at the heart of the skills development policy. These informal and formal exchanges help to cultivate each employee's commitment, identify their support and/or training needs, and involve them in building and managing their career path, by making them the primary player in their career path.

Employees can share their training needs throughout the year and also during their annual development interviews. Annual staff reviews between managers and Human Resources Managers help prepare employees for career advancement and support their career development.

Challenge: Build succession plans and promote career plans with sometimes unconventional paths to encourage mobility and a personalised approach. Similar to the services it offers its customers, Banque Palatine values tailor-made solutions as a way of standing out in a highly competitive business environment post-Covid-19.

3.1.3.3 (S1-3) Processes to remediate negative impacts and channels for own workforce to raise concerns

3.1.3.3.1 Social dialogue and working conditions

There are different channels for raising employee concerns. In particular, they can contact their manager and their Human Resources Manager. Complaints can also be made via employee representatives or trade unions. Employee representatives can be contacted at any time to take into account employee concerns.

The labour inspectorate may also be solicited directly by employees.

In addition, social dialogue at Banque Palatine ESU enables meetings to be arranged quickly when the social partners request a meeting with management on a specific, extraordinary issue outside the monthly meetings of the staff representative bodies. The regularity of these meetings ensures that all complaints and demands raised by the working community are reported through the trade unions.

Each employee can ask their line manager and/or the HR Department to express a concern about their own pay.

The bank's Human Resources Department defines remedial procedures, manages and provides support in collective and individual situations that are identified.

A counselling and psychological support service is available on a 24/7 basis to address psychosocial risks. Employees have free access to a telephone listening platform in complete confidentiality.

Risk prevention and safety at work

The processing and identification of employee exposure and accidents in Banque Palatine ESU companies are organised according to severity or organisational scope criteria.

All employees who are victims of an accident related to a professional activity or while commuting, inform their employer of the occurrence of a workplace accident by any means (email, telephone, SMS, etc.). This procedure is performed on the day of the accident or within 48 hours at the latest.

The circumstances surrounding the accident or occupational illness are recorded on the basis of the victim's statements and reported to the relevant Health Service Department in accordance with national procedures.

Faced with the constant increase in crime figures across the country, as a preventive measure, in 2023, Groupe BPCE’s HR Department decided to strengthen measures to report incivilities. The system includes a reporting tool to identify incidents, a management and processing workflow, an innovative training programme based on virtual reality, awareness-raising guides adapted to managers and employees, and support measures for victims (psychological assistance, legal assistance, etc.).

The Group tool centralises notifications of near-misses, workplace accidents and occupational illnesses.

Finally, procedures for preparing for and responding to emergencies or major incidents are implemented by companies through business continuity plans. A monitoring and management unit can be activated at Group level.

Infrastructure improvement and business transformation projects are regularly subject to specific assessments proposing measures to improve working conditions, risk prevention and protection.

In addition, safety visits (safety and security of people and property) and actions in the workplace (health at work) are regularly scheduled. All of this contributes to the regular updating of the Single Occupational Risk Assessment Document (DUERP).

Prevention, management and safety training programmes cover all known risks and are adapted to safety experts, managers and employees. An annual assessment measures the skills acquired and available.

Actions to prevent occupational risks are undertaken within the bank.

Permanent control plans ensure risk management and the compliance of measures.

3.1.3.3.2 Discrimination and equal opportunities

The teams of the HR Department are the entry point for the Diversity, Fairness & Inclusion policy with all stakeholders, employees and their representatives.

As indicated above, the Agreements Monitoring Committees (Professional Equality, QLWC) draw up the quantitative and qualitative assessment of the actions deployed and are part of a constructive dialogue with employee representatives.

In terms of interaction, the bank relies on a number of HR officers (Disability, QLWC, Mental Harassment, Sexual Harassment, Gender Equality). They cover several distinct scopes and are spread across the whole of Banque Palatine ESU:

These groups of officers are key contacts for employees, who can call on them as needed.

The bank launched a "whistleblowing" system for all employees in 2024, enabling them to report information relating to serious crimes, offences, threats or harm to the public interest. In particular:

- a breach of the Groupe BPCE Code of Conduct and Ethics;
- a violation, or an attempted violation, of the law or regulations in force;
- any action that has a negative impact on the environment;
- any behaviour that is inappropriate in the workplace or that could harm everyone’s safety.

Employees who are victims or witnesses of discrimination or harassment can contact the aforementioned officers. Their contact details are available on the intranet and on notice boards.

Several contacts are able to answer employees' questions on diversity, inclusion and disability in complete confidentiality in order to inform them and support them in their approach depending on the situation and the subject.

Disability officers are available to address any disability-related needs. They receive, inform and provide guidance in complete confidentiality on issues relating to each individual disability situation and its impact on professional life.

The occupational health doctor is the key person who can help assess the impact of a health problem on a person's work and make a request for adjustments to their job. He/she is bound by medical confidentiality.

The Social Worker manages all legal and internal procedures to support employees in administrative procedures, including in their private lives, and has a listening, information and guidance role.

The Human Resources Manager is also a key contact person at all stages of professional life.

Employee representatives of each company can be solicited as part of the diversity, inclusion and disability policy. They contribute to the protection of the physical and mental health and safety of employees within the company.

So that employees can benefit from a listening, information or advice space, the Group also provides all its employees with dedicated and anonymous listening centres.

3.1.3.3.3 Attractiveness, employee loyalty and commitment

Attractiveness

Consultation mechanisms and continuous process improvement plans

At Banque Palatine, the Diapason survey and additional employee feedback tools, such as Wittyfit, give employees valuable opportunities to express their frustrations and dissatisfaction. These tools enable important feedback to be gathered on well-being at work and working conditions.

The results of these surveys are reported to the managers, who in turn provide feedback to their teams, by actively involving HR managers. This collaborative approach enables operational action plans to be identified and implemented to provide better support for employees. Through this attentive monitoring and analysis of results, Banque Palatine is committed to a continuous improvement process aimed at enhancing the well-being of its teams and creating a fulfilling work environment.

An open and transparent application process

An open and transparent application process is in place for all candidates. They can ask for their applications and related data to be deleted directly through the recruitment site, in line with the laws and regulations in force.

By using Groupe BPCE's recruitment tool, Banque Palatine benefits from advanced functionalities that guarantee effective monitoring of applications and optimal data management. This helps to improve the candidate experience while respecting their privacy.

Skills development

Skills at the heart of our HR policies

Banque Palatine is committed to the long-term employability of its employees by offering them the opportunity to develop their career prospects through new experiences and rewarding career opportunities. In a constantly changing environment, it is committed to developing its talents to ensure continuity in key positions within the company and to achieving its commitments, particularly in terms of diversity and inclusion.

The skills development policy is part of an evolving context of its business lines and strong competition. The bank firmly believes that developing technical and interpersonal skills is a key driver of individual and collective success, in a spirit of excellence and high standards. The main objectives of the skills development policy are broken down into several major areas:

- promote the integration of young people into our business lines through work-study initiatives;
- develop job mobility in line with the transformation of business lines;
- develop a positive AI culture with gradual acculturation.

3.1.3.4 (S1-4) Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and the effectiveness of those actions

3.1.3.4.1 Human rights

Banque Palatine ESU companies comply with applicable human rights and labour legislation:

- child labour and forced labour are strictly prohibited; Banque Palatine is required to check the age of all new employees when they are hired in France;
- working hours comply with local standards or are more favourable, sometimes with the possibility of remote working and additional days off;
- maternity leave is compliant with local regulations and even surpasses them;
- employees benefit from additional health coverage.

3.1.3.4.2 Social dialogue and working conditions

Risk prevention and safety at work

The bank is implementing a strategy to identify any major impact on working conditions, such as significant fluctuations in the number of employees, problems with accidents at work or commuting accidents, the identification of serious accidents, specific risks, or material changes in the organisational structure.

"Occupational risk prevention" is a set of principles/actions formulated as commitments where the bank defines its occupational risk prevention measures. These measures are consolidated in PAPRIPACT, DUERP and the agreement on quality of life at work, among others.

Quality of life at work

The bank's QLW policy pays particular attention to individual and collective situations. Indeed, the quality of life and working conditions is an approach that is materialised and experienced on the ground in the working environment. However, the bank promotes and monitors actions under an agreement on quality of life at work and working conditions. This policy is based on three pillars:

- guaranteeing a rewarding working environment for all, whereby everyone has the right to a high-quality working conditions that are respectful of work-life balances;
- ensuring a responsible working environment for all, through existing safety/health prevention systems;
- supporting specific situations, to assist in cases of caregiving, disability, disabling illness, donation of days, etc.

3.1.3.4.3 Discrimination and equal opportunities

In accordance with its professional equality policy, Banque Palatine's action plans are divided into three topics:

- actions for professional equality;
- actions relating to disability;
- actions to combat discrimination and harassment.

Actions on professional equality

Banque Palatine implements several preventive measures to promote equality in the workplace and prevent risks of discrimination.

Pay

This is strictly monitored on an annual basis, especially in connection with the production of the gender equality index. This monitoring is part of the mandatory annual negotiations with employee representatives. Pay gaps are therefore the subject of special attention.

Therefore, specific budget allocations are reserved to reduce any discrepancies that are not justified by the nature of the position or the job classification. This proactive approach demonstrates Banque Palatine's commitment to guaranteeing fair remuneration and promoting an inclusive working environment for all its employees.

Recruitment

Job offers are written in a neutral and objective manner.

On 22 April 2024, Banque Palatine signed an agreement on gender equality and diversity within the Banque Palatine ESU in which it reaffirms its commitment to gender parity in all its business lines and levels of responsibility. The objective is to achieve parity in operational management and senior management positions by 31 December 2027.

The proportion of women among employees with permanent contracts was 51.60% on 31 December 2024.

Aware of the importance of acting on its pool of employees, particularly employees from the network, the bank is also aiming for gender parity in the corporate account manager role, where the proportion of women is 38.10% based on the number of employees on permanent contracts as at 31 December 2024.

Parenthood

Banque Palatine undertakes to guarantee that maternity leave does not constitute an obstacle to the professional development and remuneration of women. Thus, women returning from maternity leave benefit from the average increases granted to all employees, in accordance with the legal provisions in force.

In addition, it is agreed that any employee with 6 months' seniority who takes paternity leave covered by social security shall receive remuneration equivalent to 100% of the difference between the amount paid by social security and their gross remuneration.

Banque Palatine also organises awareness-raising initiatives throughout the year, such as Diversity Week, Parenting Week and Anti-Sexism Day, to raise employee awareness of these issues and encourage behavioural changes.

Labels

In addition, Banque Palatine was awarded the professional gender equality label in 2016, which was renewed in 2021 until 2025. This label recognises actions taken to promote gender diversity, such as management practices that promote equality between men and women, reducing pay gaps, and improving work-life balance.

This label, created in 2004 by the State, in association with social partners and experts, is a true methodological guide, which certifies respect for equal rights between male and female employees.

Banque Palatine is therefore actively committed to professional equality, as reflected in its award of the Equality label. This label highlights the bank's efforts to guarantee fair working conditions and to prevent any form of discrimination between its employees.

As part of this proactive approach, Banque Palatine also aspires to obtain the AFNOR Alliance label, which combines the Diversity Label and the Professional Equality Label. By aiming for this label, Banque Palatine wishes to strengthen its commitment to diversity and gender equality within its teams.

The AFNOR Alliance label will enable Banque Palatine to promote its initiatives in terms of inclusive recruitment and professional development, while consolidating its human resources management practices. This objective is part of a commitment to promoting a respectful and inclusive working environment where every employee can flourish and grow, regardless of their background or gender.

Banque Palatine thus continues to assert its role as a responsible player committed to promoting equality and diversity, and thus contributing to a dynamic and respectful corporate culture.

Actions related to disability

In terms of actions related to disability, several corrective measures are applied to prevent risks in terms of job retention, recruitment, integration and change of perspective.

The following actions are implemented:

- information for employees experiencing health difficulties on the specific support measures they could be entitled if their disability was recognised;
- support for employees wishing to apply for recognition of the status as a disabled worker (RQTH);
- multidisciplinary management of individual situations and search for solutions;
- assistance with the financing of disability support measures in a professional and personal context;
- training of HR teams, recruiters and disability officers on the principles of non-discrimination applied to disability.

In 2023 and 2024, Banque Palatine focused on actions to improve awareness of visible and non-visible disabilities and improve the inclusion of employees with disabilities.

Banque Palatine aims to develop its actions to support the sheltered and adapted work sector by 2025, in particular by making greater use of Groupe BPCE's national partnerships and by raising awareness among its buyers about its practices.

Actions to combat discrimination and harassment

Raising awareness and training employees with varying levels of depth depending on the topic is a key challenge for us. We maintain a strong and consistent effort in this area to ensure best practices, including:

- Non-discrimination training for recruiters;
- E-learning programmes rolled out to employees, enabling them to:
  - Distinguish non-discrimination, diversity and inclusion,
  - Identify the impact of stereotypes on daily working life.

In addition, the Group has made available a guide "all mobilised against sexism", a self-assessment as well as a dedicated e-learning programme to prevent sexism and sexist behaviour.

Banque Palatine has also made commitments to specific populations. For example, a partnership has been established with the Capital Filles charity to help young women in their final year of secondary school to consider their career options.

Regarding Groupe BPCE:

- signature of the Autre Cercle commitment charter, encouraging companies to promote and respect LGBT+ diversity in their workforce;
- organisation of several conferences and round tables in the Group's various companies to address the consideration of LGBT+ diversity in society and in business;
- the distribution of a guide to clarify certain definitions or misconceptions and share some best practices; this guide was shared among the HR teams at Banque Palatine;
- a GEPP agreement signed in July 2022 to promote:
  - the roll-out of a recruitment policy for young people under the age of 30,
  - keeping employees aged over 50 in employment, in accordance with French law,
  - in this context, measures have been deployed to enable young people to integrate the Group's business lines, and to enable older people to evolve under the same conditions as other employees, to change jobs and to be supported in a pragmatic manner in retirement. For example, at Banque Palatine, pension assessments may be offered to provide specific support at key moments in an individual's career.

3.1.3.4.4 Attractiveness, employee loyalty and commitment

Skills development

All of the skills development action plans described fall within rolling time horizons. They are in fact intended to continue in future years with no scheduled end date.

A training investment was made in 2023 to pursue these ambitions. Thus, with 6.48% of the payroll dedicated to continuing professional training, the expenditure allocated to professional training in 2023 remain significant compared to 2022 (6.91%).

The training focus is being emphasised from both an individual and collective angle, enabling training programmes to be tailored to the needs of the profession and the employee.

Challenge: anticipate changes in business lines today to adjust training and prepare the bank of tomorrow.

The BPCE Campus offer provides extensive coverage of key training courses for both employees and managers on a wide range of topics such as:

- network business lines;
- banking services;
- mandatory regulatory training;
- the Group's IT, Data and Digital business lines;
- external fraud, mandatory regulatory training, etc.

The quality of the programmes on offer enables the campus to provide students with access to a diverse, up-to-date range of courses that are at the cutting edge of the challenges facing the Group.

For example, the BPCE Tech & Digital Campus offers training on:

1/ IS Security;

2/ Data and AI with the Data & IA Academy;

3/ User Experience / UX;

4/ Responsible digital technology;

5/ Quality of service and customer culture;

6/ New technologies;

7/ the DevSecOps method via the DevSecOps Academy;

8/ Agility;

9/ a training course dedicated to the Product Owner population;

The Climate School

In January 2023, the Climate School, an unprecedented educational programme dedicated to the climate and the ecological transition, was launched at Banque Palatine to raise employee awareness and develop skills and commitment to make the sustainable transition a success. It offers an online training experience, composed of more than 150 microlearning chapters, 100% customisable with mini quizzes with two learning paths:

- “Understand” the environment to improve acting collectively;
- “Act” in 2024 looking back at Groupe BPCE's initiatives.

The Climate Fresco

The collaborative and entertaining climate awareness tool developed by the Fresque du Climat association (Climate Fresco Association) has been in use at Banque Palatine since March 2022. Based on scientific data from the IPCC (Intergovernmental Panel on Climate Change), the 42-card game helps players understand the cause-and-effect relationships of climate change and provides an opportunity for employees to discuss possible actions to address this environmental challenge.

The workshops are run by a team of around ten employees trained by a member of the association. More than 500 employees have been trained since the rollout began, i.e. 50% of the bank's own workforce.

30 workshops were organised in 2024, involving 230 employees.

These workshops will continue in 2025.

Attractiveness

Launch of Great Place To Work

In line with Groupe BPCE's ambitions, Banque Palatine, as part of the new strategic Banque Palatine 2030 plan, is aiming to embody a human model and a culture that inspires commitment, trust and performance. One of the flagship projects is to obtain the Great Place To Work certification. This survey measures internal perceptions of the business model based on an assessment of five managerial pillars: credibility, respect, fairness, pride and friendliness. It is recognised in France and internationally and aims to gradually improve managerial quality and the commitment index of employees.

To this end, Banque Palatine is committed to strengthening its people-focused model and corporate culture, in line with the ambitions of Groupe BPCE. One of the main objectives of this initiative is to obtain the Great Place To Work certification, which is an essential tool for assessing how employees perceive their working environment.

This certification is based on the analysis of five managerial pillars;

1/ credibility: measuring employee confidence in management and management practices;

2/ respect: assessing how employees feel they are treated with dignity and consideration;

3/ fairness: analysing the perception of equality and fairness in opportunities and treatment within the company;

4/ pride: measuring the extent to which employees feel proud of their work and their company;

5/ conviviality: assessing the quality of interpersonal relationships and the working atmosphere.

The Great Place To Work certification is recognised both nationally and internationally, and enables Banque Palatine to identify the strengths and areas for improvement in its managerial management. The ultimate objective is to improve the quality of life at work and increase employee commitment, thus promoting a work environment conducive to performance and professional development.

By integrating this approach, Banque Palatine aims to create a workplace where everyone feels valued and motivated, thus contributing to the achievement of the company's strategic objectives.

Increased digital accessibility of the Group's HR tools

In order to improve the employee experience and meet the requirements of the European directive, Groupe BPCE has embarked on a major programme to improve digital accessibility across all its sites, tools and media. This work makes it possible to take into account all disabilities when using digital products. The recruitment website, the job market and internal time management tools are among the priority HR tools in 2025-2026.

Banque Palatine will leverage the work undertaken by Groupe BPCE on its Digital Accessibility Programme.

3.1.4 Targets

3.1.4.1 (S1-5) Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

3.1.4.1.1 Human rights

The Social Relations Department ensures that labour law regulations relating to all members of the bank's Human Resources Department are respected and enforced.

3.1.4.1.2 Social dialogue and working conditions

Social dialogue

The social dialogue as it is conducted within Banque Palatine ESU enables us to comply with all our legal obligations, whether in terms of negotiations or providing information to employee representatives.

The coordination of relations with staff representatives are based on negotiation and the signing of collective agreements, as well as the implementation of social policies designed to meet both the aspirations of employees and the challenges facing the bank. This quality social dialogue supports the bank's economic and social performance.

Personal Data Protection

In terms of training, each employee must have had GDPR training within the last three years.

Concerning exercising rights under the GDPR, the Group's entities endeavour to respond within the required timeframe, i.e. 30 days, except in the event of a complex request where this response period is extended to 90 days.

Compliance with these deadlines is subject to permanent control, the results of which are presented to Privacy or Permanent Control Committees.

Risk prevention and safety at work

In order to reduce the number of significant adverse incidents by implementing preventive measures and risk management protocols, the bank has developed a risk management strategy that takes into account professional risks, natural risks and, where applicable, industrial risks. This approach aims to anticipate and mitigate the effects on employees.

This prevention and safety policy is set out in the adapted risk assessment document (DUERP) and action plans, the annual prevention and improvement plan for working conditions (PAPRIPACT), which are reviewed annually.

They make it possible to ensure regular monitoring of prevention as closely as possible to the challenges of the regions.

The Group social report includes a section on accidents. Consolidated indicators enable progress to be monitored and significant deviations to be identified without seeking to set further targets.

Quality of life at work

The QLW policy is structured to be as close as possible to employees. Banque Palatine signed its new QLWC agreement in December 2024.

The objectives of this agreement are:

- support the “Great Place To Work” initiative by promoting respect, pride and fairness;
- cultivate the strength of a cohesive team in line with the Banque Palatine's purpose;
- strengthen Banque Palatine’s CSR strategy.

Main pillars:

- ensure a fulfilling working environment for all;
- ensure a responsible environment for all;
- provide support in special situations and promote inclusion.

Key Actions:

- quality working environment: ethics and professional conduct, strengthening teamwork, attentiveness and managerial practices, prevention of psychosocial risks (PSR);
- work-life balance: right to disconnect, work-life balance;
- health at work: adequate medical supervision, prevention and health policy;
- support for specific situations: caregivers, disability, illness.

Company commitment:

- awareness-raising and training on the right to disconnect;
- promotion of best practices in the use of digital tools;
- continuous assessment of job satisfaction regarding the right to disconnect.

Importance of managerial practices:

- they promote cooperation and are aligned with the corporate governance strategy and the company's purpose;
- the bank's undertaking: to raise awareness among managers about team management, support and recognition for employees, and the prevention of occupational risks, including psychosocial risks.

Inclusiveness and support:

- raise awareness of the benefits of recognition: job adaptation, retirement, listening to the whole team;
- communicate about inclusion: eliminating stigma and penalisation, deconstructing stereotypes about disabilities;
- support for employees with disabling illnesses: adapted medical monitoring, partnership with Cancer@work, raising awareness of the challenges of cancer and chronic diseases;

- these elements show how Banque Palatine's QLW policy is designed to be as close as possible to employees, by highlighting key indicators and concrete measures to improve their well-being at work.

3.1.4.1.3 Discrimination and equal opportunities

Diversity & inclusion - professional equality

The agreement on professional equality between men and women and diversity within Banque Palatine ESU sets ambitious targets aimed at promoting equal treatment and combating discrimination.

The main targets in this agreement are:

Equal pay:

- reduction in the pay gap: the objective is to reduce the weighted gap of the gender equality index to 2.5% or less by 31 December 2027 (currently 4.3%);
- remuneration monitoring: the bank undertakes to monitor unjustified remuneration on an ongoing basis and to implement corrective measures in the event of any discrepancies observed.

Recruitment and gender equality:

- gender parity in recruitment: ensure that 100% of job offers are drafted in a non-discriminatory manner;
- applications by gender: ensure that at least one candidate of each gender is shortlisted when recruiting with equal skills;
- gender parity objectives: achieve parity for operational manager positions, managers of managers, as well as for benchmark business lines (corporate account managers and banking operations specialists) by 31 December 2027.

Training and skills development:

- access to training: guarantee equal access to training for women and men, ensuring a balanced distribution of training actions;
- leadership training and mentoring: continue to promote professional development pathways for women and men, ensuring gender parity in the candidates proposed.

Promotion and career development:

- objectives for the progression of women: maintain parity in management classification levels and aim for a rate of 40% of women in management bodies by 31 December 2027;
- access to management positions: promote women's access to positions of responsibility, notably through training and mentoring programs.

Diversity & inclusion - Disability

The agreement on Banque Palatine's Quality of Life at Work (QLW) policy includes several indicators and specific measures in terms of disability to support and include the employees concerned. The main elements are as follows:

- awareness-raising and communication: the agreement aims to raise awareness of the benefits of recognising disabilities, eliminating stigma and deconstructing stereotypes;
- workstation layout: budget earmarked for workstation layout, whether on-site or teleworking, with the support of an ergonomist for job retention;
- training of management teams: specific training for managers to improve understand and to manage disability situations;
- administrative support: one day of paid leave is allowed for administrative procedures related to the recognition of disability;
- partnerships: collaboration with partners such as Cancer@work to raise awareness of the challenges of cancer and chronic diseases, and improve inclusion practices.

Campaigns and Initiatives:

- dedicated annual campaign: an annual campaign to raise awareness and inform about the actions and supports available for employees with disabilities;
- support for long absences: specific arrangements for employees on long-term leave, including medical check-ups before and when they return, as well as a liaison interview after 30 days of absence.

These indicators and measures demonstrate Banque Palatine's commitment to creating an inclusive working environment and supporting employees with disabilities.

3.1.4.1.4 Attractiveness, employee loyalty and commitment

Skills development

On a practical level, the bank has set itself the targets by 2027 of increasing:

- gender equality for our main jobs in sectors or professions that are unbalanced (banking operations specialists, corporate account managers);
- the feminisation of executive grades, management jobs and positions of greater responsibility;
- leadership training and mentoring:
  - capitalising on the "The Art of Leadership" programme launched in 2019 with the aim of bringing together 10 non-managerial participants to create a pool of future Palatine managers;

- promoting its mentoring activities as part of a visible social and solidarity-based approach, with the following measures in particular:
  - a Palatine Pluriel network for women and men,
  - the Palatine Women Project: Banque Palatine is committed to supporting entrepreneurs with a mentoring programme designed to assist female athletes and para-athletes transitioning to a new career with a business project. They take part in a nine-month programme offering comprehensive support to help them get their projects off the ground under the best conditions possible.

New in 2025: introduction of a training programme for women to accelerate their career progression and combat stereotypes and barriers.

Objective: to go further to promote diversity and combat all forms of discrimination.

To create a more inclusive company (sexual orientation, gender identity, prevention of sexual harassment and sexist behaviour), it is important to collectively commit to:

- a balanced gender representation in internal/external communications;
- strengthening actions to promote gender balance and diversity;
- structuring the policy for preventing sexual harassment and sexist behaviour, in particular by appointing a gender equality and diversity officer;
- setting up internal whistleblowing channels against discrimination and/or harassment;
- specific communications designed to raise awareness across the entire Banque Palatine on symbolically important days such as:
  - 25 January: National Anti-Sexism Day;
  - 8 March: International Women's Day;
  - 25 November: International Day for Combating Violence Against Women.

Attractiveness

Strengthening employee engagement

The most recent Banque Palatine Diapason engagement survey conducted with Ipsos measured an employee engagement rate of 75% in 2023. To further this assessment and improve the work experience, Banque Palatine is committed to the **Great Place to Work** initiative.

This commitment demonstrates Banque Palatine's desire to increase employee satisfaction and engagement, as part of a broader initiative to continuously improve quality of life at work.

3.1.5 Metrics - Scope of coverage

3.1.5.1 General introduction - scope of application

Scope of publication of S1 metrics for the 2025 CSRD (for the 2024 reference year):

The scope referred to in this CSRD report concerns the scope of the Palatine ESU. Unconsolidated data to date in certain categories include data for 2023.

3.1.5.2 (S1-6) Characteristics of the undertaking's employees

A. General introduction: definition and transversal methods for S1-6 metrics

Preliminary reminder: S1-6 only concerns employees (therefore non-employees are excluded from the scope of the S1-6 metrics).

1. Transversal definition

Definition of the scope of employees/staff in the calculated metrics:

- the total number of salaried employees was calculated based on the defined entities scope and the definition of salaried employees;
- temporary internal employees (fixed-term contracts - CDD);
- work-study employees;

Note:

- interns were not included in the scope, insofar as in France, interns are not considered as company employees.

2. Transversal calculation method

Calculation methodology for the total number of salaried employees:

- counting own workforce based on a contractual approach: number of contracts;
- photo of the workforce at the end of the period;
- closing date: 31 December of the reference year.

3. Scopes not covered

- Communications and awareness-raising campaigns will be carried out in scopes not covered.
- A study will be carried out to assess the feasibility of collecting unavailable data manually from the IS.
- The methods for collecting data that are not currently available will need to be defined.

B. Breakdown of own workers:

Completion of the table based on three fields:

- the “Men” and “Women” fields: based on the information available in the information system;
- the “Not declared” field is the field used in the event of data not available in the information system;
- the “Other” field (based on employee declarations) will not be completed by the Group as there is currently no system enabling employees to self-declare an “other” gender. French legislation is not prescriptive regarding the implementation of such a system.

Breakdown of own workers by gender

31/12/2024

Gender	Number of employees
Male	546
Female	578
Other	
Not declared	
Total Salaried Employees	1,124

C. Own workers by country

The calculation basis for own workers is that of the CSRD publication scope. In order to identify the countries where 10% of the total number of employees are represented, the term 'company' must be understood to have the meaning given in the CSRD scope.

Presentation of the number of employees in countries where the company has at least 50 employees representing at least 10% of its total number of employees

31/12/2024

Country	Number of employees
France	1,124

D. Employees by type of contract

1. Definition

See definition in the introduction.

Note: Banque Palatine has no employees on "non-guaranteed hours" contracts Banque Palatine is not concerned by this category of employees given the types of contracts offered by the bank and the bank's business model.

2. Calculation

For the breakdown by gender: see section B. Breakdown of own workers.

The breakdown by contract is detailed in the section A. General introduction: definition and transversal methods for indicators.

Publication of the full-time/part-time split on a voluntary basis.

Any employee with a contractual FTE of 100% is considered as full-time. All others are considered part-time. Note: work-study students are excluded from the scope of calculation of the metric because they have a dedicated time format.

Presentation of information on employees by type of contract, broken down by gender

31/12/2024	Women	Men	Other*	Not communi-cated	Total
Number of employees	578	546			1,124
Number of permanent employees	530	497			1,027
Number of temporary employees	48	49			97
Number of non-guaranteed hours employees					
Number of full-time employees	538	539			1,077
Number of part-time employees	40	7			47

** Gender as specified by the employees themselves.*

E. Employees by type of contract, by region

Definition

Definition of the term “Region”: Groupe BPCE understands the definition of region in the sense of the geographical area. Groupe BPCE differentiates between four regions: France/Americas/APAC (for Asia-Pacific)/EMEA (excluding France; for European States, Middle East and Africa).

All Banque Palatine employees work in France.

Calculation

For the breakdown by gender: see section B. Breakdown of own workers

The breakdown by contract is detailed in the section A. General introduction: definition and transversal methods for indicators

Presentation of information on employees by type of contract, broken down by region:

31/12/2024	FRANCE
Number of employees	1,124
Number of permanent employees	1,027
Number of temporary employees	97
Number of non-guaranteed hours employees	
Number of full-time employees	1,077
Number of part-time employees	47

F. Total number of employees who left Banque Palatine during the reference period

Banque Palatine has used the following reasons for departure in the calculation of the metric: mutually agreed terminations, resignations, deaths during employment, dismissals, retirement.

Note: departures related to internal mobility have not been included in the calculation of the indicator.

The metric presented only concerns permanent (CDI) contracts.

79

NUMBER OF EMPLOYEES WHO LEFT BANQUE PALATINE DURING THE YEAR

G. Employee turnover during the reference period:

Calculation

Two metrics will be published: Departure rate, Turnover rate.

The calculation is based on employees with permanent contracts only, on the photo at the end of the period.

NB: Note: It was decided to exclude fixed-term contracts and work-study programmes from the calculation of the turnover rate, as this metric is inappropriate for this type of contract.

Calculation formulas:

- Departure rate: number of departures on permanent contracts during the reference period/number of employees on permanent contracts on 31 December of the reference year N-1;
- Turnover rate: ((number of permanent contract hires over the reference period + number of permanent contract departures during the reference period)/2)/number of employees on permanent contracts on 31 December of the reference year N-1.

9.39%

TURNOVER RATE OF PERMANENT STAFF

7.77%

DEPARTURE RATE OF PERMANENT STAFF

H. Reconciliation between the own workers mentioned in section “3.1.4.2 (S1-6) Characteristics of the undertaking's employees” and the most representative workforce in the financial statements

For the 1st quarter 2025: given the inability to reconcile the number of FTEs with that of the financial statements (several causes: limitations on the scope of the calculation of S1 metrics, difference between the FTE view and the contract view, etc.). There will be no reconciliation with the financial statements.

3.1.5.3 (S1-7) Characteristics of non-employees in the undertaking’s own workforce

The Group is applying the transition period stipulated in the ESRS standards for the S1-7 DR for the first year of preparation of the sustainability statement and will not publish this metric for the 2024 reference year. Accordingly, Banque Palatine will not produce this metric for 2024 either.

3.1.5.4 (S1-8) Collective bargaining coverage and social dialogue

A. General introduction

Social dialogue is consolidated at the Banque Palatine ESU level. This ESU brings together Banque Palatine and Palatine Asset Management. The companies in the Banque Palatine Economic and Social Unit (ESU), including Banque Palatine, also apply the agreements negotiated at the Groupe BPCE level. The collective agreement which applies at Banque Palatine ESU is the banking industry collective agreement of 10 January 2000, extended by order of 17 November 2004. It applies to all Banque Palatine employees.

B. Percentage of all employees covered by collective bargaining agreements,

100%

RATE OF ALL EMPLOYEES COVERED BY A COLLECTIVE AGREEMENT

The percentage of employees covered by collective agreements is calculated using the following formulas:

$$100 \times \frac{\textbf{Number of employees covered by collective agreements}}{\textbf{Number of employees}}$$

For the France scope, regulations require that all employees meeting the definition criteria in section “S1-6 - Characteristics of the undertaking’s employees” be covered by a collective agreement and by social dialogue/employee representation. The bank’s employees are integrated into the Banque Palatine ESU.

The employees covered by a collective agreement are the **fixed-term contracts (CDD), permanent contracts (CDI), work-study students**.

C. Social dialogue coverage rate & workplace representation

Social dialogue covers 100% of Banque Palatine employees (**fixed-term contracts - permanent contracts - work-study students**). The Social and Economic Committee is at the Banque Palatine ESU level. The last elections were held from 2 to 6 December 2024, when all seats on the Social and Economic Committee (SEC) were filled, with a turnout of over 50% of employees eligible to vote. The union representatives are also elected at the Banque Palatine ESU level; they negotiate the applicable company agreements for 100% of the bank’s employees.

D. Percentage of employees covered by a collective agreement (outside the EU)

Not concerned, all Banque Palatine institutions are located in France.

3.1.5.5 (S1-9) Diversity metrics

On 31 December 2024, Banque Palatine's workforce was balanced between men and women. This parity reflects Banque Palatine’s commitment to professional equality and diversity within its teams.

Scope

See 3.1.5.1. General introduction

Calculation

Taking apprentices professionalisation contracts, fixed-term contracts, permanent contracts and corporate officers into account in calculating the metrics

Calculation: Number of employees by age group/total number of employees (within the meaning of metric S1-6)

Breakdown of employees by age group and gender, in number and percentage - Own workers

Own workers*	Number	%	Women	%	Men	%
Under 30	207	18%	101	9%	106	9%
Between 30 and 50 years	590	52%	316	28%	274	24%
Over 50 years	329	29%	161	14%	168	15%
TOTAL	**1,126**	**100%**	**578**	**51%**	**548**	**49%**

** Note that this is the total headcount: apprentices, professional training contracts, fixed-term contracts, permanent contracts and corporate officers.*

	Women		Men	
	Own workers	%	Own workers	%
Executive Committee breakdown	**3**	**75%**	**1**	**25%**

3.1.5.6 (S1-10) Adequate wages

All Banque Palatine employees receive an adequate wage in accordance with the applicable benchmarks. The adequate wage refers to the minimum social wages set by legislation or collective bargaining or applicable benchmarks.

3.1.5.7 (S1-11) Social protection

In terms of social protection (health and personal risk coverage)

In France, all employees have social protection covering the five major life events: illness; unemployment, workplace accidents, parental leave and retirement.

In addition to statutory and contractual provisions, Banque Palatine offers its employees comprehensive supplementary and additional social security coverage through group health insurance and disability, invalidity and death benefit schemes. The social protection policy is managed directly by the Human Resources Department

Banque Palatine strives to implement an appropriate management system for employee benefits that complies with regulations, and which is intended to keep risks, in particular URSSAF, to a minimum.

In terms of pensions

Banque Palatine employees benefit from supplementary or additional pension plans.

These plans supplement the mandatory and statutory plans to which Banque Palatine contributes for employees. They can be of two different types (defined benefit plans or defined contribution plans).

3.1.5.8 (S1-12) People with disabilities

Scope

The metrics are produced within the scope of the Banque Palatine ESU.

Definition

- Number of employees with disabilities as of 31 December of the reference year.
- To ensure consistency between this metric and other metrics published under the CSRD, the "workforce" data is considered to be the number of registered employees (number of contracts) and not as FTEs. The types of contract to be taken into account are those of S1-6 (permanent (CDI), fixed-term (CDD), and work-study students).

Calculation

$$\times 100 \quad \frac{\textbf{number of employees with disabilities on 31 December of the reference year}}{\textbf{average annual headcount (excluding apprenticeship contracts, interns)}}$$

3.77%

(for 2023)

RATE OF EMPLOYEES WITH DISABILITIES AT BANQUE PALATINE

In 2024, the OETH contribution paid for the year 2023 was €137,827.

3.1.5.9 (S1-13) Training and skills development metrics

An annual appraisal campaign for all permanent employees enables an annual assessment interview to be held, based on:

1/ a preliminary phase by the employee who carries out his or her self-assessment on several items;

2/ an assessment by the direct manager in conjunction with a face-to-face interview;

3/ a commentary from the higher level manager;

4/ an assessment of skills and performance based on the job held.

Population: permanent contracts (CDI)

Calculation formula: number of employees who participated in regular assessments of their performance and career development/total number of employees present on 31 December of the reference year.

Definition

All interviews relating to performance, career development and professional appraisal are to be taken into account across the entire scope of the Banque Palatine ESU. In practical terms, in addition to the annual appraisal campaigns carried out by managers (Direct managers and Higher level managers) which guarantee that each employee has an annual appraisal interview, emphasis is placed on the close relationships developed by HR representatives with employees through specific types of interviews, such as mobility interviews, career development interviews, departure interviews, return-from-maternity interviews, etc. The metrics below are calculated on the basis of interviews that have been documented in our HR Process tool.

Breakdown by gender of employees who participated in their regular performance and career development reviews assessments

31/12/2024

Gender	Number of assessments	%
Male	464	50.33
Female	458	49.67
Other	0	0
Not declared	0	0
TOTAL SALARIED EMPLOYEES	**922**	**100**

Training

Number of employees trained in 2023	Women	Men	Total
Number of employees	619	599	1,218

Training hours completed in 2023

Number of paid training hours by gender*	Women	Men	Total
Number of paid training hours	18,457	18,509	36,966

** Accounting based on the total headcount of Palatine ESU: apprentices, professional training contracts, fixed-term contracts, permanent contracts and corporate officers.*

3.1.5.10 (S1-14) Health and safety metrics

A. Health and Safety Management System

Scope

For the scope: the regulations require that all employees, according to the criteria defined in S1-6, are covered by a health and safety management system.

Calculation

- Population: permanent contracts (CDI), fixed-term contracts (CDD), work-study students.
- Calculation formula: number of employees covered by the health and safety management system/total number of employees
- Percentage of own workers covered by the health and safety management system based on legal requirements and/or recognised standards or guidelines:

100%

EMPLOYEE HEALTH AND SAFETY MANAGEMENT SYSTEM COVERAGE RATE

B. Workplace accident frequency rate

Scope

The scope is that of the Banque Palatine ESU, and therefore concerns the employees of the Banque Palatine ESU and Palatine Asset Management.

Definition

The metric used relates to the frequency rate of workplace accidents.

- the notion of "days lost" is interpreted as "days of absence" linked to work stoppage due to workplace/commuting accidents;
- data relating to workplace accidents/occupational illnesses and commuting accidents recognised by the Social Security system are measured and collected, at the Banque Palatine ESU.

Calculation

- Population: permanent contracts (CDI), fixed-term contracts (CDD).
- The calculation of the metric excludes absences and accidents of non-employees.
- The metric used for the workplace accident rate is the frequency rate of workplace accidents involving permanent (CDI) and fixed-term (CDD) contracts. The formula for calculating the frequency rate, according to INSEE (French National Institute of Statistics and Economic Studies) is as follows: number of accidents with lost time/hours worked x 1,000,000
- The number of days absent due to accidents at work/ commuting accidents should be calculated in calendar days.

Occupational health and safety

31/12/2024	
Number of fatalities due to workplace accidents or illnesses	0
Number of workplace accidents over the period	24
Workplace accident rate (in %)	0.66%
Number of days lost due to workplace accidents	555

C. The health and safety metrics which Banque Palatine will not respond to

The quantitative information required by the CSRD standard is not published in Groupe BPCE's CSRD sustainability report, due to the unavailability of data. Groupe BPCE will set up an action plan to collect data in its information systems, which Banque Palatine shall be able to use.

3.1.5.11 (S1-15) Work-life balance metrics

Scope

The scope is that of the Banque Palatine ESU: permanent contracts (CDI), fixed-term contracts (CDD), work-study students.

Definition

- The concept of family leave takes into account the following arrangements:
  - maternity leave;
  - paternity leave;
  - parental leave;
  - caregiver leave provided for by legislation or collective agreements.
- Population: permanent contracts (CDI)/fixed-term contracts (CDD)/work-study students/VIE.

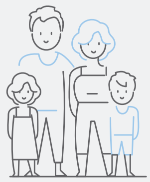
Calculation

“% of employees entitled to family leave”.

$$100 \times \frac{\textbf{Number of employees eligible for family leave}}{\textbf{Total number of employees}}$$

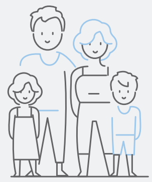
“% of employees concerned who took such leave, with a breakdown by gender”.

$$100 \times \frac{\textbf{Number of employees who took family leave}}{\textbf{The number of eligible employees}}$$



100%

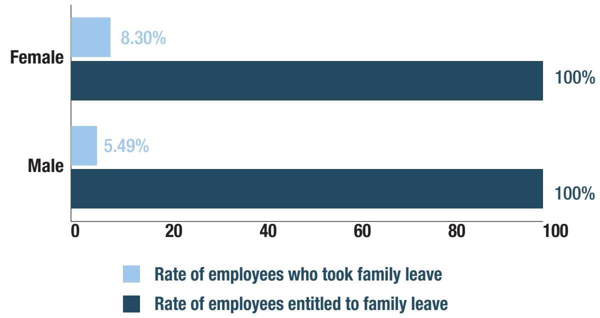
OVERALL RATE
OF EMPLOYEES ENTITLED
TO FAMILY LEAVE



6.94%

OVERALL RATE
OF EMPLOYEES
WHO TOOK FAMILY LEAVE

Breakdown by gender of the percentage of employees entitled to and having taken family leave



Work-life balance is monitored by the Human Resources Department and line managers, in particular through careful consideration of paid leave and RTT (reduced working time) arrangements and compliance with the right to disconnect. This item is discussed annually in detail between the employee and their manager as part of an annual performance review.

Managerial employees with fixed number of contractual days of work complete a monthly declaration confirming that they have taken their daily and weekly rest periods. This declaration is reviewed by the Human Resources Department so that any necessary action plans can be organised in conjunction with the managers.

3.1.5.12 (S1-16) Remuneration metrics (pay gap and total remuneration)

Scope

- Within the scope of the Banque Palatine ESU group.

Definition

The following definition is applicable to both indicators:

- The consolidated population includes own workers on permanent contracts (CDI) who are present and paid at full rate throughout the reference year excluding:
  - corporate officers,
  - employees on fixed-term contracts (CDD),
  - temporary workers,
  - work-study employees,
  - people without an employment contract and employees with long-term illnesses (ALD);
- Fixed salary and variable pay are taken into account;
- **Elements taken into account in the fixed salary**: theoretical full-time annual fixed wage + fixed annual duty allowance, if applicable, for the reference year;
- **The elements taken into account in the variable remuneration** are the following: value-sharing bonus paid in the reference year + performance bonus or any individual + variable bonus paid in the reference year.

Calculation

- Two indicators will be published for this metric:
  - **Indicator no. 1: Gender pay gap:** (Average gross annual remuneration of male employees – average gross annual remuneration of female employees/average gross remuneration of male employees) x 100: 18.01%.
  - **Indicator no. 2: Total annual remuneration ratio:** total annual remuneration for the highest-paid individual in the company/median total annual remuneration excluding the highest-paid individual: 5.53.
- If the maximum annual total remuneration is the same for several employees, then they are excluded from the denominator in the calculation presented above (median level of annual total remuneration (excluding the highest-paid individual).

18.01%

GENDER PAY GAP WITHIN THE BANQUE PALATINE ESU SCOPE

3.1.5.13 (S1-17) Incidents, complaints and severe human rights impacts

No complaints in 2023 and 2024.

3.2 S2 - Workers in the value chain

3.2.1 SBM 2 - Interests and views of stakeholders

Banque Palatine has an ongoing dialogue with its stakeholders. Banque Palatine's stakeholder consultation process is based on systems that involve its stakeholders in its process for identifying and assessing impacts, risks, opportunities and levers for improvement, on environmental as well as societal topics. The summary of the dialogue by stakeholder category is presented in section 1.2.2 - SBM-2 Interests and views of stakeholders.

3.2.2 SBM 3 - Material impacts, risks and opportunities and interaction with strategy and business model

Upstream in the value chain, Banque Palatine leverages the system implemented by Groupe BPCE, which requires its suppliers and subcontractors to comply with the United Nations Guiding Principles on Business and Human Rights. This includes prohibiting forced labour, eliminating child labour, preventing discrimination, and protecting health and safety. In addition, they must comply with all laws, regulations and directives applicable in the countries where they operate, in particular with regard to working hours and rest periods. These commitments are clearly defined in a Responsible Purchasing Charter included in the tender documents.

The topic of working conditions and other employment rights for subcontractors, service providers and suppliers is a material issue for Banque Palatine in terms of image and reputational risk. Leveraging the framework established by BPCE, Banque Palatine ensures that its purchasing and procurement activities are managed in such a way as to minimise the risk of serious human rights violations.

Downstream in the value chain, these issues concern employees of companies financed by the Group or companies in which the Group invests (through its asset management activities).

The issues affecting workers in the value chain are integrated into Palatine Asset Management's activities through its SRI investment strategy, financial product offerings and engagement activities.

The inclusion of social criteria in Palatine Asset Management's socially responsible investment (SRI) strategy is reflected in the assessment of the social impacts of the companies in which the management company invests. This includes analysing practices relating to human rights, working conditions, diversity and inclusion, as well as the companies' commitment to local communities.

Special attention is paid to employees of companies invested in that operate in sectors and geographical areas considered to be high risk. These impacts, whether systemic or one-off, may pose a reputational risk to Palatine Asset Management, irrespective of the type of workers concerned, because this risk is global and may affect the whole organisation. This could affect its business model by eroding the confidence of investors, customers and other stakeholders.

In addition, Palatine AM has reinforced its responsible approach by focusing on issuers' good social practices by developing two funds, Palatine Europe Sustainable Employment and *Conservateur Emploi Durable*, which place social analysis at the centre of their investment strategy. Palatine Asset Management firmly believes that focusing on human capital alongside purely economic considerations enables the companies with the strongest long-term prospects to be identified.

Palatine AM also emphasises the management of controversial issues, drawing on data provided by MSCI relating to workers' rights, child labour, potential health and safety issues in the workplace, and cases of discrimination.

Palatine AM's commitment is reflected by regular dialogue with companies, particularly on social issues, to encourage issuers to adopt a robust ESG approach and improve their social performance. Palatine AM teams are also actively collaborating with the Workflow Disclosure Initiative (WDI) to strengthen this commitment.

3.2.3 Impact, risk and opportunity management

3.2.3.1 (S2-1) Policies related to value chain workers

3.2.3.1.1 Upstream of the value chain

The policies presented below apply to all suppliers, whether or not they are shared with BPCE Achats & Services.

Banque Palatine is actively committed to guaranteeing the well-being of workers in its value chain, by incorporating policies that promote responsible procurement practices. This framework aims to ensure that workers' rights are respected at every stage of the supply chain.

At the heart of this initiative is a risk management system that identifies and manages social and environmental issues related to purchasing practices. This system includes prevention and control measures in accordance with banking sector regulations, such as those established by the European Banking Authority (EBA). This also includes compliance with requirements relating to duty of care, anti-corruption and labour law, thus ensuring that all suppliers adhere to high standards in relation to working conditions.

Banque Palatine also places particular emphasis on developing purchases with inclusive suppliers. By supporting companies that share its values, the bank helps promote equal opportunities and social inclusion. This not only strengthens the company's social responsibility, but also improves the quality and diversity of the services and products offered.

By working with partners who respect workers' rights, Banque Palatine ensures that its value chain is not only effective, but also ethical and sustainable. This commitment to responsible procurement practices reflects the bank's desire to play an active role in creating a respectful and fair working environment for all.

In accordance with the commitments made by BPCE Achats & Services, it should be noted that the policies relating to workers in the Banque Palatine value chain pay particular attention to crucial issues such as the fight against human trafficking, forced or compulsory labour, and child labour. These issues represent major challenges in the world of work and require constant vigilance and concrete action to ensure that individuals' fundamental rights are respected.

Banque Palatine is therefore firmly committed to preventing and combating these unacceptable practices. By integrating these concerns into the heart of its responsible procurement policies, it demonstrates its desire to promote a safe and fair working environment for all.

BPCE Achats & Services monitors its suppliers' practices to ensure that they comply with high ethical standards. BPCE Achats & Services checks the practices of its suppliers to ensure that they comply with high ethical standards.

By adopting this approach, Banque Palatine is not only complying with current regulations, but is going further by taking a proactive stance on these issues. It is thus helping to raise awareness and educate stakeholders, encouraging responsible business practices that protect workers' rights.

This commitment to combating human trafficking, forced labour and child labour is reinforcing the bank's determination to build an ethical and sustainable value chain. By collaborating with partners who share these values, Banque Palatine is working towards a future where every worker can thrive in an environment that respects their rights and dignity. This reflects its social responsibility and its role as a player committed to promoting a fairer and more equitable world of work.

Thus, Banque Palatine is continuing to strengthen its policies relating to workers in the value chain, by affirming its position as a responsible player committed to sustainable development.

Banque Palatine relies on Groupe BPCE's Purchasing and Services policy. Detailed below:

The Group's commitments to value chain workers are broken down at the purchasing level. BPCE Achats & Services deploys a responsible purchasing policy for suppliers and subcontractors with whom the Group has commercial relationships. It is available on Groupe BPCE's website [1]. This policy incorporates the Group's major CSR guidelines (see G1 Code of Conduct). On the basis of the Group Policy, companies can implement their own policy at their own level. This responsible purchasing policy, distributed in 2021, was approved by the Board of Directors of BPCE Achats & Services, which represents the Group's companies (an update is scheduled for 2025).

The Responsible Purchasing Policy incorporates the commitments of the United Nations Global Compact and adheres to its "Ten Principles", two of which relate to Human Rights [2]:

1) *https://www.groupebpce.com/app/uploads/2024/01/politique-achats-responsables-du-Groupe-BPCE-2.pdf*
2) *For more information, please refer to section S1-1 Human Rights.*

- promote and respect the protection of international human rights law. This responsibility relates to the internationally recognised human rights set out in the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work;
- make sure they are not complicit in human rights violations.

Groupe BPCE is also committed to applying the Guiding Principles on business and Human Rights set out in the United Nations' "Protect, Respect and Remedy" framework. The Group's convictions and commitments have been set out in the form of "Principles" in Groupe BPCE's Code of Conduct and Ethics. "Promoting respect for human rights in all our activities" is thus anchored in the Group's values framework.

These principles are included in the Responsible Purchasing Charter [1] of the banking sector, a joint initiative of BPCE Achats & Services and the main French players in the banking and insurance sector. This charter is one of the reference documents in the tender documents sent to suppliers. The aim is to involve suppliers in the application of diligence measures in this area.

BPCE Achats & Services has set up a risk management system to comply with the challenges of the duty of care with the aim of identifying, preventing and remedying negative impacts related to human rights and environmental issues.

As part of an AFNOR and banking sector-supported initiative, BPCE Achats & Services and three other banking groups have drawn up a CSR risk mapping based on a common nomenclature comprising over a hundred purchasing categories (142 in 2024).

Presented to the Purchasing and CSR Departments in 2018 and linked to the vigilance plan, this mapping tool enables CSR risks to be identified, categorised and prioritised by purchase category and monitored within the context of our supply chain relationships. It also incorporates the risk associated with the country in which the majority of the added value on each product and service is generated. This mapping is updated in real time.

BPCE Achats & Services has implemented the prevention and control framework taking into account the regulations of the banking sector (EBA), the specific nature of purchasing and all other regulations concerning it (duty of care, anti-corruption, labour law, etc.).

BPCE Achats & Services is in constant contact with the team in charge of monitoring BPCE's regulatory changes and the team in charge of relations with European regulators.

As an extension of the charter and based on the responsible procurement standard ISO 20400, the Responsible Supplier Relations and Purchasing Label (***R****elations* ***F****ournisseurs et* ***A****chats* ***R****esponsables* - RFAR) is awarded by the French Business Mediation Committee (attached to the Ministry of the Economy and Finance) and the French National Purchasing Council (*Conseil national des achats* - CNA). It aims to single out French companies that have established lasting, balanced relations with their suppliers.

BPCE Achats & Services and 12 Groupe BPCE companies have received the RFAR certification and have historically been committed to the continuous improvement process in Procurement induced by the label.

This label recognises the Group's responsible purchasing strategy led by BPCE Achats & Services and the deployment of CSR at the heart of the purchasing function and in relations with suppliers.

The development of the use of inclusive suppliers is also an action principle implemented by BPCE Achats & Services to integrate corporate social responsibility into its purchasing actions.

3.2.3.1.2 Downstream in the value chain

The analysis of social factors at Palatine Asset Management, especially in relation to workers in the value chain of the companies in which we invest, is partly based on databases from providers such as MSCI, Ethifinance, Humpact and S&P, which apply a range of assessment criteria:

- occupational risk prevention, occupational health and safety management and well-being;
- training and skills development;
- promotion of gender equality in the workplace;
- employment of people with disabilities;
- retention and return to employment of seniors;
- integration of young people, apprenticeships, work-study programs;
- diversity, fight against discrimination and integration of unemployed people;
- value sharing with employees;
- responsible/inclusive purchasing policy.

The consideration of the social criterion (S) is also based on normative exclusion filters (the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, etc.) and on the management of controversies (internal assessment and graduation process).

This monitoring of controversies makes it possible to identify, among other things, any social violations including breaches related to value chain workers.

In addition, Palatine Asset Management's commitment to responsible investing is reflected in particular in its aim to maintain a close relationship with companies and through its support

1) *08012018_Charte Achats Responsables_VF_FR08012018_Charte Achats Responsables_VF_FR.*

approach: shareholder dialogue. This dialogue is carried out in two different ways. An individual dialogue, which takes the form of meetings with companies in which our funds are invested in order to improve our understanding of ESG and social issues in particular, on their business, then position ourselves as a "partner" for improvement (approach commitment). We also engage in collaborative dialogue through our membership and involvement in the Workforce Disclosure Initiative (WDI), a coalition of investors seeking to encourage better transparency on social indicators.

Palatine Asset Management ensures that it exercises its voting rights in the specific context of the company, in particular by taking into account its medium- and long-term strategic objectives and its environmental and social policy. The principles of Palatine Asset Management's voting policy aim to promote the long-term performance of investments and encourage compliance with and implementation of best practices in corporate governance and professional ethics.

Palatine Asset Management therefore abides by the AFG's key corporate governance principles:

- one share, one vote;
- a General Meeting which favours shareholder democracy;
- an independent and effective Board of Directors;
- appropriate, transparent remuneration regularly submitted to the vote of the General Meeting;
- opposition to anti-takeover measures.

All these criteria enable the impacts, risks and opportunities relating to workers in the value chain to be taken into account.

3.2.3.2 (S2-2) Processes for engaging with value chain workers about impacts

3.2.3.2.1 Upstream of the value chain

Process for engaging on preventing and identifying potential impacts with value chain workers

The Responsible Supplier Relations and Purchasing (RFAR) certification demonstrates Groupe BPCE's attention to the quality of its supplier relationships. Banque Palatine will aim to obtain this label, which aims to improve purchasing practices by raising awareness among economic players of the importance of quality relationships with different suppliers, by 2026.

BPCE Achats & Services has implemented a continuous progress plan for responsible purchasing. This plan is audited annually by an approved independent body.

Relationship monitoring system

The business lines responsible for services, in collaboration with Banque Palatine's Purchasing and Supplier Relations Department, organise regular meetings, at least once a year, with strategic suppliers to promote constructive dialogue on the quality of the services essential to its activities. This process includes a system for listening to suppliers, identifying opportunities for optimisation and developing improvement plans to improve response to their expectations and strengthen relationships. This can lead to budget reviews in the event of force majeure, innovation integrations or process redesigns. Collaboration with its suppliers is maintained throughout the life of the services, ensuring continuous monitoring and constant communication at each stage of the process. The whole system is guaranteed by the representative for the key function, who must ensure that meetings are held with all strategic service providers

Banque Palatine's Purchasing and Supplier Relations Department has also set up regular meetings with strategic suppliers and business lines according to the criticality of the service and the volume of purchases.

These meetings provide an opportunity for valuable discussions with suppliers on all aspects of the service,

Furthermore, BPCE Achats & Services has set up a system for "listening to suppliers" for the entire Group.

Banque Palatine's Purchase and Supplier Relations Department will adopt this approach in 2025, enabling it to identify areas for optimisation and to implement improvement plans. The aim is to gain a better understanding of suppliers' expectations and their level of satisfaction in order to improve the quality of the relationship.

3.2.3.2.2 Downstream in the value chain

Palatine Asset Management measures and manages the sustainability risks, including social issues in the value chain, of issuers using an internal rating methodology based on data from MSCI, Ethifinance and Humpact suppliers.

These criteria are based on:

1/ working conditions: assessment of company policies and practices regarding working conditions, including working hours, workplace safety and health standards;

2/ workers' rights: analysis and review of company policies on workers' rights, including freedom of association, the right to organise and the fight against forced labour and child labour;

3/ diversity and inclusion: consideration of companies' efforts to promote diversity and inclusion in their workforce, including non-discrimination policies and initiatives to increase the representation of under-represented groups;

4/ employee engagement: assessment of how companies communicate with their employees and take their concerns into account, as well as the measures put in place to promote employee engagement and well-being;

5/ community impact: review of business practices affecting local communities, including impacts on local employment and stakeholder relations;

6/ reporting and transparency: ratings of information on social practices, including those concerning company employees.

This gives Palatine Asset Management an overview of the social performance of the companies in which it plans to invest.

This method also incorporates environmental and governance criteria, in addition to social criteria, in its analysis of companies. These criteria are based on public data, surveys and information provided by third parties to develop ESG ratings.

3.2.3.3 (S2-3) Processes to remediate negative impacts and channels for value chain workers to raise concerns

Banque Palatine's whistleblowing mechanism open to third parties

Groupe BPCE companies have a platform for collecting reports relating to serious breaches of the Code of Conduct, laws, safety, environmental impact, or any inappropriate behaviour in the workplace.

This whistleblowing system is open to third parties outside Banque Palatine, who can use a tool accessible via a URL link on the Groupe BPCE website, regardless of their country of residence (Europe, United States, etc.) or business line (Private Banking, Corporate Banking, etc.).

There is a specific system for Banque Palatine employees with a dedicated mailbox to submit reports.

3.2.3.3.1 Upstream of the value chain

Risk management system and duty of care

Banque Palatine, in accordance with the measures implemented by BPCE Achats & Services, has set up a risk management and duty of care system to assess the risks associated with each category of purchase according to three areas: fair practices and ethics, human rights and social conditions, as well as the environment. Each category is rated on a CSR risk scale, from low to very high, taking into account the probability and severity of the risks. For high-risk purchases, a specific questionnaire is required from suppliers to assess their mitigation measures. In 2024, an additional module was integrated into the CSR risk mapping to personalise the specifications. The professionalisation of the purchasing sector is reinforced by training on CSR issues. Lastly, a CSR audit process led by BPCE Achats & Services with a few major banking institutions was launched to verify the compliance of suppliers' commitments.

Integration of specific contractual clauses

Banque Palatine systematically includes Groupe BPCE's framework clauses in its contracts, guaranteeing that its subcontractors comply with all regulations relating to fundamental rights, health and safety of people, as well as applicable social and environmental standards. Suppliers must prove their compliance on request. In addition, specific clauses are included to inform workers of the existence of a whistleblowing system. There are several channels available for reporting incidents, whether or not they involve workers in the value chain. These channels include the Groupe BPCE whistleblowing system, an independent dispute management mediator, and the possibility of audits by BPCE or Banque Palatine to verify the compliance of supplier statements as part of the CSR questionnaire.

3.2.3.3.2 Downstream in the value chain

The requirements in this area concern monitoring controversies, IPPs [(1)] and engagement with companies.

Palatine Asset Management has established an internal assessment and governance procedure for managing problems. This monitoring enables potential social violations, including breaches relating to workers in the value chain, to be identified.

The PAIs applicable to value chain workers defined as primary indicators in connection with social issues and related to workers are as follows:

Palatine Asset Management also includes quantitative metrics as part of its PAI declaration in order to monitor potential negative impacts on workers in the value chain.

- PAI no. 10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- PAI no. 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises;
- PAI no. 12: Uncorrected gender pay gap;
- PAI no. 13: Board gender diversity.

This reporting obligation enables compliance with the requirements of the European SFDR regulation.

Palatine Asset Management also publishes an additional PAI indicator related to workers in the value chain: PAI III.15 concerning the corporate anti-corruption policy.

Finally, the engagement actions implemented by the management company can influence practices and remedy negative impacts related to potential problems or breaches involving workers in the value chain.

1) PAIs (Principal Adverse Impact) are key indicators used to measure the most significant adverse impacts of investments on the environment, society and governance (ESG).

3.2.3.4 (S2-4) Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

3.2.3.4.1 Upstream in the value chain

Duty of care

As part of its duty of care, BPCE Achats & Services has incorporated specific principles and actions into its purchasing procedures, with implementation scheduled for January 2025. Dedicated tools have been developed to assess the CSR performance of suppliers, in particular CSR questionnaires available since 2021, covering all purchasing categories.

In 2022, a CSR risk mapping platform was deployed, accompanied by an internal control framework to guarantee the compliance of the purchasing processes. In 2024, a system for "listening to suppliers" system was set up, and monitoring of how CSR criteria are integrated into the specifications will be introduced in 2025. This feedback mechanism will be replicated in 2025 within Banque Palatine, and CSR criteria are incorporated whenever a consultation is conducted in consultation with Banque Palatine's Local Purchasing Department.

Development of spending with Inclusion Market suppliers

In addition, Banque Palatine is committed to increasing its expenditure with inclusive suppliers. In 2023, BPCE Achats & Services listed inclusive service providers and shared this information with Groupe BPCE entities. BPCE Achats & Services also organises events on inclusion and disability every year. In 2024, a training module entitled ‘Developing more socially responsible and inclusive purchasing’ will be offered to buyers, and a document library dedicated to the Inclusion Market will be regularly updated.

These initiatives demonstrate the commitment of Banque Palatine and BPCE Achats & Services to creating an ethical and inclusive working environment, while guaranteeing respect for workers’ rights in its value chain.

3.2.3.4.2 Downstream in the value chain

Palatine AM has strengthened its responsible approach by focusing on the best practices of issuers in social matters by developing two funds, Palatine Europe Sustainable Employment (European Union Equities art. 9 SFDR) and *Conservateur Emploi Durable* (French Equities art. 8 SFDR), which place social analysis at the centre of their investment strategy.

This was influenced by academic research conducted by McKinsey and American universities in particular, establishing a link between social performance and financial performance. Thus, companies that place human capital at the heart of their investment strategy achieve the best long-term performance in terms of innovation and productivity, and therefore financial performance.

To this end, more than a hundred indicators, quantitative (number of jobs created, number of young people, seniors or people with disabilities, etc.) as well as qualitative (training, gender equality, employee share ownership, relocation of production sites, etc.) are studied to analyse a company from a social perspective.

Palatine Asset Management has made human capital a lever for long-term financial performance.

Under the impetus of its executive management, a team of ESG experts comprising four FTEs at the end of December 2024 is working to develop sustainability strategies and policies, define methodologies and investment approaches for sustainable funds, engage with companies and analyse non-financial information.

Awareness-raising actions, particularly on regulatory, risk management and ESG data issues are regularly rolled out within the asset management company and its parent company (podcasts, etc.).

The ESG team (analysts and managers) at Palatine Asset Management has obtained AMF Sustainable Finance certification.

The asset management company has been a signatory of the PRI since 2019.

3.2.4 Metrics and targets

3.4.4.1 (S2-5) Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

3.2.4.1.1 Upstream in the value chain

Duty of care target

Banque Palatine has been raising awareness and providing tools for the purchasing process for several years in order to comply with the law on the duty of care.

To date, no quantified target had yet been defined.

In the context of its new Palatine 2030 strategic plan, Banque Palatine has established a target of assessing **80%** of suppliers in high and very high CSR risk categories when entering a relationship, in order to prevent risks in high-risk categories by the end of 2026.

This change will be enabled by BPCE introducing a specific procedure for responsible procurement in early 2025, which Banque Palatine will adopt.

Development of spending with Inclusion Market suppliers target

The use of inclusive procurement has stabilised within Groupe BPCE in recent years. Expenditure with structures for integration through work (SIAE) and structures for people with disabilities (protected and adapted work sector – STPA – and self-employed workers with disabilities – TIH) amounted to €14.87 million excluding VAT in 2023 (1).

1) *This figure is based on a cross-referencing of data between the inclusion market supplier database (public inclusion market website) and the Group’s purchasing expenditure database.*

Groupe BPCE plans to increase this amount between now and the end of 2026 by:

- raising the awareness of the purchasing function and business lines through specific events and training;
- the provision of dedicated sourcing and referencing tools.

Banque Palatine will leverage BPCE Achats & Services' tools to develop the Inclusion Market within the company.

No quantified target for increasing expenditure with suppliers in this market has yet been set.

3.2.4.1.2 Downstream in the value chain

Palatine Asset Management

Discussions are currently underway on the possibility of setting targets for workers in the value chain.

3.3 S3 - Affected communities

Banque Palatine has a national presence, and therefore contributes to the economic, and social and cultural dynamics of the regions, and thus to the well-being of communities.

3.3.1 SBM 2 - Interests and views of stakeholders

Banque Palatine has an ongoing dialogue with its stakeholders. Banque Palatine's stakeholder consultation process is based on systems that involve its stakeholders in its process for identifying and assessing impacts, risks, opportunities and levers for improvement, on environmental as well as societal topics. The summary of the dialogue by stakeholder category is presented in section 1.2.2 - SBM-2 Interests and views of stakeholders.

3.3.2 SBM 3 - Material impacts, risks and opportunities and interaction with the strategy and business model

In the context of the double materiality analysis, the **financing of the economy and regional players** was identified as material for Groupe BPCE.

Banque Palatine has a positive impact on the financing of the economy by supporting its corporate customers in their development and their transitions, in particular environmental ones. Banque Palatine's ambition, in its Palatine 2030 strategic plan, is to be the bank of choice for one in four medium-sized companies and one in two family-owned medium-sized companies, and to become the leading player providing support to medium-sized companies in their transitions.

By contrast, financing projects that negatively impact communities or projects that are not consistent with society's real needs could harm Banque Palatine's reputation or increase the bank's risk of litigation.

Groupe BPCE's general approach to Human Rights is presented in the Group's Human Rights Charter.

3.3.3 Impact, risk and opportunity management

Financing the economy and players in the regions

3.3.3.1 S3-1 Policies related to affected communities

There are currently no policies that apply to the Groupe BPCE as a whole on this topic. They will be specified for the 2025 financial year, as part of the Group's VISION 2030 strategic project. Nevertheless, in 2024, Banque Palatine is rolling out action plans for the above-mentioned communities, which are detailed in section (see S3-4).

3.3.3.2 (S3-2) Processes for engaging with affected communities about impacts

Each year, the Communication Department commissions a brand awareness survey conducted by OpinionWay, in which a sample of individuals (300 members of the general public and 300 chief executives) are asked questions on a range of topics. The purpose of this survey is to analyse the Banque Palatine brand's reputation and image. It addresses several issues such as awareness of CSR challenges and objectives, responsible investment, etc. This analysis provides a clearer picture of how corporate and private banking customers perceive Banque Palatine and their expectations.

The latest results (survey conducted in early 2024 for 2023) show that 82% of respondents believe that Banque Palatine is aware of the CSR challenges and objectives of companies.

Banque Palatine is also a member of the FBF in around ten regions, which creates opportunities for interaction.

3.3.3.3 (S3-3) Processes to remediate negative impacts and channels for affected communities to raise concerns

Banque Palatine's whistleblowing mechanism is open to third parties

Groupe BPCE companies have a platform for collecting reports relating to serious breaches of the Code of Conduct, laws, safety, environmental impact, or any inappropriate behaviour in the workplace.

This whistleblowing system is open to third parties outside Banque Palatine, who can use a tool accessible via a URL link on the Groupe BPCE website, regardless of their country of residence (Europe, United States, etc.) or business line (Private Banking, Corporate Banking, etc.).

There is a specific system for Banque Palatine employees with a dedicated mailbox to submit reports.

Banque Palatine is not aware of any cases of non-compliance with the guiding principles of the United Nations or the ILO Declaration on Fundamental Principles and Rights at Work regarding its customers.

Channels for affected communities to raise concerns

Banque Palatine places dialogue with stakeholders at the heart of its actions. This ongoing dialogue with its customers and partners enables it to identify, understand and meet the specific needs of the players in the regions it supports, with the permanent aim of amplifying its social impact at the local level. The channels used by the bank to gather the expectations of affected communities include:

- meetings with its stakeholders (see SBM-2 - 1.2.2 and S3-2 - 3.3.3.2);
- regular satisfaction monitoring to identify customer expectations;
- meetings with its customers: ESG dialogues, intended to deepen the knowledge and maturity of ESG issues in the business models of Corporate customers, are privileged channels for reporting needs, and any risks and impacts encountered by the latter. These strategic dialogues, covering environmental and social issues, also enable them to refine their requirements in terms of support. Banque Palatine is therefore establishing a strategic dialogue with the senior executives and chief financial officers of these companies to understand their non-financial strategy, their financing and expertise requirements, and to ensure that climate change mitigation and adaptation issues are taken on board. At the end of 2024, an ESG questionnaire had been completed for 57% of corporate customers.

The growing awareness and sensitivity of citizens and economic actors to ESG issues are creating increased exposure to reputational and legal risks linked to these issues, especially in the following cases:

- communication using the ecological/ sustainable argument in a misleading manner (Greenwashing);
- non-compliance with voluntary commitments made by Groupe BPCE or its subsidiaries, and more specifically Banque Palatine, or voluntary commitments considered to be insufficient;
- controversial activities by Banque Palatine, or indirectly of Groupe BPCE or its other entities, customers and/or suppliers.

All of Banque Palatine's and Groupe BPCE's activities are subject to reputational risk, to varying degrees depending on their nature. Reputational risk is therefore given special attention in key decision-making processes (purchasing, establishing relationships, investing, granting credit) and is supported by several cross-functional systems (new product/new business and exceptional transaction processes, conduct and professional ethics system, business continuity, etc.).

In particular, Banque Palatine implements the following reputational and legal risk assessment and mitigation systems:

- monitoring and awareness-raising actions carried out by the Legal Department, in conjunction with the CSR and Risk Departments, on regulatory changes and best practices for communicating on climate and environmental issues;
- the Committee for the Approval of Palatine Products (CAPP) on the characteristics and communication of Banque Palatine’s products and activities;
- the controls of voluntary commitments (CSR policies in particular) in the context of establishing relationships, credit and investment processes;
- the Responsible Procurement Policy, which requires knowledge and assessment of suppliers’ ESG risks, and the implementation of a carbon clause in supplier contracts since 2024.

3.3.3.4 (S3-4) Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Banque Palatine, a partner of French medium-sized companies

Banque Palatine is positioned in two main markets: corporate customers, in particular medium-sized companies, and private customers.

The corporate market is Banque Palatine’s largest market, representing 72% of the financing on the bank’s balance sheet at 31 December 2024, i.e. €8,723.6 million, of which €1,854.7 million in short-term debt, €6,438.4 million in medium- and long-term loans and €430.4 million in State-guaranteed loans. €101 billion in credit flows were managed in this market in 2024. The penetration rate in the medium-sized segment is 20%.

By the end of 2024, Banque Palatine will be supporting 13,283 businesses through its 38 locations, including 26 business centres and private banking branches spread across mainland France, and its specialised teams: Large Corporates and Institutions, Asset Management, Cultural and Creative Industries, and Real Estate Professionals. 224 employees are therefore dedicated to the corporate market.

Positioned as a long-term banker, Banque Palatine helps its customers meet their investment needs, particularly in the areas of energy transition, the environment, social issues and governance.

Expertise and engineering are also coordinated in the service of medium-sized companies: international, cash management, customer desk (interest rate or foreign exchange hedging and bespoke investments), financial engineering (M&A) and corporate finance (structured finance, Equity Capital Management).

Banque Palatine has been committed to promoting and raising awareness of French medium-sized companies through a number of actions since 2017. It is therefore contributing to the France 2030 plan, which aims to increase the number of medium-sized companies in France.

This is reflected in particular in the partnership with BFM Business via the *Grands Prix des ETI* (Medium-Sized Company Awards):

- the *Grands Prix* reward medium-sized companies or future medium-sized companies;
- there are five categories: Family Ownership, Innovation, Made in France, International Presence and CSR. More than an event, the *Grands Prix des ETI* mobilises an entire network for three months with special reports and an awards ceremony broadcast live on BFM Business TV, BFM Business Radio and online.

In 2020, Banque Palatine and METI launched the "Medium-sized company Financing Barometer". Produced every quarter, this barometer provides an overview of the financing capacities and needs of medium-sized companies, as well as their opportunities for development and financing.

Lastly, Banque Palatine is also involved in the Family & Business Forum organised by La Tribune, Family & Co and FBN France. These events aim to support medium-sized companies in their growth and sustainability processes and to promote the family medium-sized company model. Nearly 1,000 people involved in the medium-sized company ecosystem attended events in Lyon, Marseille and Paris in 2024.

Banque Palatine is helping companies grow and stay competitive in France by giving them advice and expertise. In particular, it aims to support medium-sized companies in the areas of business transfer, reindustrialisation, transition and decarbonisation.

In particular, Banque Palatine offers a range of financing and savings products tailored to the energy and environmental transition:

- medium- to long-term bilateral loan with a “packaged” impact;
- syndicated impact financing;
- green loans dedicated to SMEs and medium-sized companies for investments in energy renovation, renewable energy, green mobility, business transition;
- green real estate leases, equipment leases and Long-Term Leasing (LLD);
- financing of renewable energy projects;
- mobilisation of “carbon offset” receivables;
- savings products: term accounts channelling savings towards sustainable financing (‘CAT'Vair’), article 8 and article 9 funds.

Banque Palatine relies on European group resources supplemented by aid from the European Investment Bank (EIB) to finance renewable energy projects, in particular the Climate Action IV programme, which has a total budget of €500 million for financing projects in the renewable energy sector (wind, solar, hydro, geothermal, biomass and biogas).

Several significant measures were taken in 2024 to strengthen the skills and proactivity of Banque Palatine's sales teams on ESG issues:

- Banque Palatine first established a partnership with a consulting firm. The combination of the partner’s ESG consulting expertise and Banque Palatine’s expertise of medium-sized companies enables global support to be offered to medium-sized companies on energy and environmental transition: from defining the strategy and action plan to the operational implementation of these actions with the associated financing. Three-way meetings are offered to the bank's medium-sized corporate customers, with a dual objective for the bank: to increase our customer knowledge and firmly establish ourselves as a long-term advisor and partner by incorporating non-financial factors.
- a large training programme was also launched. Thus, the vast majority of corporate sales teams attended a two-day training course at the end of 2024 to understand ESG issues and regulations and to practice ESG strategic dialogue with their customers. Representatives of the support functions were also involved in these training sessions. 170 people have been trained in this way.

3.3.4 Metrics and targets

Financing the economy and players in the regions

Banque Palatine has identified regional competitiveness as one of its priorities in the Palatine 2030 strategic project. The latter is reflected in support for SMEs and medium-sized companies, development of sustainable infrastructures and support for strategic sectors.

Its ambition is to be the bank of one in four medium-sized companies and one in two family-owned medium-sized companies by 2030.

In 2024:

- the share of impact financing in the total financing issued (arrangement or participation) by Corporate finance represents 58%;
- the total amount of renewable energy projects is €145.5 million.

As part of the Palatine 2030 strategic project, the objective from 2025 onwards is to increase the share of renewable energy financing, the green share of financing and the share of impact loans to 20% of total financing.

The following actions will be stepped up in 2025 to achieve this:

- continuation of training, with a particular focus on non-financial analysis;
- deployment of the partnership with the consulting firm referenced in 2024 and implementation of new consulting partnerships;
- intensification of ESG pitches with customers;
- systematic integration of non-financial criteria into lending decision-making for all files from the umbrella committee level (Credit Committee).

3.4 S4 - Consumers and end-users

Banque Palatine serves its 60,000 customers in France, including private banks, senior executives and corporates, and more particularly medium-sized companies.

3.4.1 SBM 2 - Interests and views of stakeholders

Banque Palatine has an ongoing dialogue with its stakeholders. Banque Palatine's stakeholder consultation process is based on systems that involve its stakeholders in its process for identifying and assessing impacts, risks, opportunities and levers for improvement, on environmental as well as societal topics. The summary of the dialogue by stakeholder category is presented in section 1.2.2 - SBM-2 Interests and views of stakeholders.

3.4.2 SBM-3 - Material impacts, risks and opportunities and interaction with the strategy and business model

Among the two themes related to consumers and end-users, “Information-related impacts for consumers and/or end-users” and “Financial inclusion and accessibility of the offer”, four issues were identified as material: access to information, protection of personal data and cybersecurity, access to products and services and responsible marketing practices, non-discrimination.

Banque Palatine's values and commitments are set out in its Code of Conduct and Ethics, which outlines the Group's vision of customer interests and the Group's commitment to being a responsible player over the long term (https://www.groupebpce.com/le-groupe/ethique-et-conformite/).

Two material issues have been in terms of positive impacts or negative risks and impacts relating to “Impacts related to consumer and end-user information”: access to information; and personal data protection and cybersecurity.

Employees are responsible for passing on offers to customers in a transparent and correct manner, as part of a relationship of trust. They must:

- **Protect the interests of customers (Principle 3)**: in particular, by constantly prioritising the customer's interests and ensuring that the customer fully understands the characteristics and particularities of the solution offered to them, but also by protecting their personal data.
- **Communicate completely transparently (Principle 4)**: the Banque Palatine's customers are assured that the services and products offered by the Group are the best choice for their needs and long-term interests. To achieve this, all Group entities are committed to communicating with them in a transparent and honest manner.

In terms of access to information, all the measures put in place have a positive impact for customers:

- As part of the distribution of products and services to individual customers, the protection system includes a set of rules relating to the validation of the products marketed as well as the commercial processes (regardless of the channel used);
- Banque Palatine strives to improve the transparency of its positive impact offers by proposing financial products and services adapted to its customers' needs and incorporating ESG criteria. This increased transparency enables customers to make informed investment and financing decisions, thus placing strategic importance on marketing and KYC.

The protection of personal data and cybersecurity are a major challenge in terms of risks or negative impact: Banque Palatine is exposed to strict regulations such as the General Data Protection Regulation (GDPR). Strong privacy and cybersecurity measures are crucial to protecting customer data and complying with applicable regulations, and the Group is particularly attentive to the responsible use of data. There is a risk of penalties or financial losses for failure to comply with regulations or for taking insufficient measures to prevent or combat cybercrime, which could result in the disclosure, theft or misuse of customers' personal data. These risks and potential impacts, resulting from non-compliance with legislative and regulatory provisions, can be qualified as systemic.

The development of new innovative products and services to meet customer expectations opens up opportunities for Banque Palatine, in particular in terms of new markets, customer segments, partnerships, stimulating creativity and innovation and likely to strengthen customers' interest for these new products and services. The Group’s regional network, its international geographical locations and the deployment of adapted digital solutions have a positive impact for customers, in terms of proximity and accessibility.

With regard to the topic “Financial inclusion and accessibility of the offer”, two material challenges were identified: access to products and services and responsible marketing practices, non-discrimination.

Banque Palatine considers that it is its social responsibility to:

- **guarantee fair treatment for customers (Principle 2)**: it offers support for customers in vulnerable situations, particularly those experiencing financial difficulties, allowing it to tailor its services to their specific needs and to remain attentive and offer personalised solutions in all circumstances;

- **contribute to a humanely responsible market economy (Principle 9)**: it undertakes to finance all regional players with a personalised offer;
- **be an inclusive bank open to all (Principle 10)**: it acts preventively with individual customers to prevent them from falling into excessive debt, and is committed to contacting them, listening to them and offering simple solutions (account management, vulnerable customer services, loan restructuring, etc.) and referring them to dedicated contact persons if necessary. It is committed, through its managers and customer advisors, to taking special responsibility for providing the best possible support to customers in difficulty. Banque Palatine makes every effort to cater for all customers, in accordance with the legislation in force.

In terms of financial inclusion, regulatory systems are deployed to cover the needs and issues of customers: support for financially vulnerable customers (VCO).

Conversely, a lack of transparency in offers, abusive sales practices or discriminatory practices undermining the equality and inclusion of certain groups of customers, in particular those already identified as financially vulnerable or with disabilities, may have a negative impact on these customers and constitute an image risk for Banque Palatine.

In the specific context of asset management activities, this topic concerns consumers and end-users of the companies invested in and does not refer to the investors of the financial products offered by the asset management companies themselves.

For Banque Palatine and its management company Palatine Asset Management, these issues are integrated into the activities of management companies through the investment process, the financial products offered and engagement activities. Palatine Asset Management is responsible for its investment process and for integrating environmental, social and governance factors in accordance with their fiduciary duty.

3.4.3 Impacts, risks and opportunities management

3.4.3.1 (S4-1) Policies related to consumers and end-users

3.4.3.1.1 Access to information and supervision of commercial practices

The systems listed below apply to Banque Palatine, as part of the Group’s policy on the transparency of offers.

Various departments are committed to ensuring transparent offers that are adapted to customer needs. The Compliance Department is responsible for ensuring compliance with current legislation on transparent information about commercial offers. When intended for a consumer, product and service offers must comply with the provisions of articles L. 121-1 to L. 121-24 of the French Consumer Code relating to prohibited commercial practices, with the exception of the refusal to sell. This series of provisions covers misleading commercial practices (articles L. 121-2 to L. 121-5) and aggressive commercial practices (articles L. 121-6 to L. 121-7).

When drafting commercial documents, regardless of their nature, writers are invited to be particularly vigilant concerning the adequacy between the marketing conditions, the method/process of providing information, and the target customers. The writer of promotional documentation must therefore pay close attention to the marketing channels envisaged and the appropriateness of the distribution strategy. All information, including advertising, must be correct, clear and not misleading. Clear information is information that is sufficient to enable customers to understand the main characteristics of the product they are about to subscribe to as well as the related benefits and risks.

Understanding the needs of our customers in order to offer them the most appropriate products and services is at the heart of the principles of the Group’s Code of Conduct. Employees strive to best serve the interests of customers by:

- taking the time to identify their needs, listening to them attentively;
- banking the effort to identify the most appropriate solution, taking into account the customer’s profile (e.g.: via the Know Your Customer process), their needs and knowledge;
- treating all customers fairly, including when they have potentially conflicting interests.

The protection of customers' interests is a major concern for the Group and is reflected in the policies of each of the entities in France. In all circumstances, employees must serve customers with diligence, loyalty, honesty and professionalism, and offer products and services adapted to their skills and needs. In this context, and in order to maintain a high level of customer protection, the Group establishes and maintains a body of procedures and carries out controls on this topic. This is reflected in the implementation of various systems dedicated to customer information and knowledge, and the implementation of governance for the products offered to them.

3.4.3.1.2 Personal data protection and cybersecurity

Personal Data Protection

Groupe BPCE’s data protection policy aims to describe the standards related to the processing of personal data and applies to all entities. This policy has been implemented at Banque Palatine. It lays down the principles of use and ethics for the use of personal data.

The policy describes in particular:

- the organisation and governance of Groupe BPCE to ensure the protection of personal data, through roles, responsibilities and reporting relationships;

- the data protection principles and practices to be respected by the entire Privacy sector;
- the tools offered by Groupe BPCE available to players in the sector.

This Policy applies to all transactions processing Personal Data by any of Groupe BPCE's entities. As a result, it concerns:

- all Group employees;
- all countries where the Group operates (taking into account local contexts where applicable);
- all Group entities.

Groupe BPCE is subject to several local and European standards and legal texts, including:

- the European Data Protection Regulation (Regulation (EU) 2016/679) and its application in French law, the Data Protection Act of 6 January 1978 as amended;
- the G29 guidelines - now the European Data Protection Committee - providing clarifications on reading the Regulation;
- the guidelines of the European Data Protection Board also including the ePrivacy directive.

In addition to the applicable regulations, data protection complies with the policies of Groupe BPCE impacting this activity. It is in line with the CSR commitment or the Code of Conduct (IRO).

The contracts with service providers processing Personal Data are concluded in accordance with the legislation on the Protection of Personal Data and the Group's standards and instructions. They thus guarantee the strict use of personal data solely for the purpose of performing their services.

Any sharing of data within or outside the Group is strictly limited to legal obligations such as those relating to the fight against money laundering and the financing of terrorism.

The policy is accessible to all entities via the Group Intranet and can also be distributed - in electronic or physical format - to Employees and Service providers as needed.

In addition to the policy, the Group also ensures that all new projects include the responsible and ethical use of "personal data". Thus, projects must comply with a formalism aimed at ensuring strict compliance with the obligations related to the GDPR.

In addition, an executive committee has been set up at the central level to supervise matters relating to the protection of personal data. This is an umbrella committee with a high level of sponsorship with the participation of four members (two of whom are represented) of the BPCE SA's Executive Management Committee.

Finally, a training course to raise awareness of personal data protection was created when the GDPR came into force in 2018 and made compulsory for all Group employees, setting out the Group's policy on the responsible use of personal data. Business training for the DPOSs (and assistants) of the entities has also been set up. It is divided into four half-day sessions involving experts from different departments (DPO-G, Legal, Purchasing, PCA, etc.).

Cybersecurity

Information Systems (IS), resources essential to the Group's business, contain and process multiple sensitive data relating to the commercial information of our customers, the Group's strategy, its financial results, its commercial development or its commitments, as well as personal information relating to customers, partners and employees.

Thus, IS must be protected from any known or emerging threat by taking into account the vulnerabilities inherent in the technologies on which they are based.

To achieve this objective, Groupe BPCE has adopted a Group Information Systems Security Policy (ISSP-G) to enable it to address IS Security issues in its best interests and image in line with best practices. This policy defines the guiding principles for IS protection and specifies the provisions to be followed by all Group entities.

The ISSP-G applies from its publication:

- to all Group Companies, in France and abroad;
- to all employees or persons authorized to access the resources comprising the Group's IS.

The ISSP-G covers Retail IS, the BPCE central body's IS, GFS IS, the private IS of Banques Populaires and Caisses d'Epargne, and, more generally, the specific IS of other Group companies.

The ISSP-G covers all the resources necessary for the automated processing of information: applications, data in all its forms, infrastructures and people. It aims to be independent of technologies in order to guarantee its applicability in different technical contexts.

Relationships with subsidiaries in which the Group is not the majority shareholder, users, partners, organisations and suppliers must be subject to contracts or agreements, as soon as they access the Group's IS, whether their own IS are linked to it or they store or process data from the Group's IS. These contracts or agreements must express the Group's security needs, based if possible on the wording of the ISSP-G rules.

It is supervised by the Group Security Department as well as by the Group General Secretariat.

The challenges of the ISSP-G are as follows:

- preserve the value of assets and secure business line processes;

- comply with legal and regulatory obligations;
- contribute to measuring and managing non-financial risks;
- look for possible optimisations;
- meet the IS Security requirements extended to third parties;
- contribute to protecting and enhancing the Group’s image.

They are part of Groupe BPCE’s desire to control and manage the risks associated with Information Systems, to preserve and increase its performance, to strengthen the trust of its customers and partners and to ensure the compliance of its actions with national and international laws and regulations.

Groupe BPCE undertakes to comply with the directives of European and international regulators. The chronology of regulations shows a shift towards stricter regulations, particularly in terms of data protection, transparency and control of technological risks.

In summary, here are the major changes seen:

- Since 2014, the review and assessment process of the European Banking Authority (EBA) has covered ICT risks. The ECB-ACPR joint supervision team (JST) requests one or two visits concerning IT risks;
- In 2017, the EBA issued guidelines on the assessment of ICT risks as part of the SREP (Supervisory Review and Evaluation process);
- The guidelines on the management of risks related to information and communication technologies (ICT) published by the EBA in 2019 have applied since 30 June 2020;
- The future DORA regulation (Digital Operational Resilience Act) should take over the EBA guidelines and include them in positive law;
- The Federal Reserve Bank (FRB) requires an IT risk management framework.

Banque Palatine, as a Groupe BPCE institution, has developed and applies the ISSP-G as it stands, as well as all related issues, within the institution.

3.4.3.1.3 Financial inclusion and accessibility of the offer

Protecting vulnerable customers

Banque Palatine's approach to serving vulnerable customers is to comply with regulatory requirements. Banque Palatine performs its regulatory obligations by applying the following legislation:

- The banking law of 26 July 2013 on the separation and regulation of banking activities lays down several measures to protect retail customers and promote financial inclusion;
- Decree no. 2014-738 of 30 June 2014, on the specific offer to limit costs in the event of an incident (published in the Official Journal on 1 July 2014 and entered into force on 1 October 2014) specifies the conditions of application of this legal obligation;
- Decree no. 2020-889 of 20 July 2020 (published in the Official Journal on 22 July 2020 which came into force on 1 November 2020) amends the conditions under which credit institutions assess the financial vulnerability of their account holders in order to identify these individuals more quickly and manage the period of financial vulnerability;
- The French Banking Federation published commitments in September and December 2018 to supplement this legislative framework. These commitments were introduced in a charter published by the French Association of Credit Institutions, Financing Companies and Investment Firms, entitled Charter for Banking Inclusion and the Prevention of Indebtedness (AFECEI). It applies to all credit institutions and aims to promote banking inclusion and prevent indebtedness.

When credit institutions, payment institutions and electronic money institutions, and asset management companies offer a payment account management service accompanied by means of payment (transfer, direct debit, payment card, etc.) (hereinafter “payment institutions”), they commit in this charter to:

- implement measures to improve access to banking services for natural persons not acting for business purposes and to facilitate their use;
- develop mechanisms to detect and deal with customers’ difficulties early in order to better prevent indebtedness.

Banks must identify vulnerable customers by using two methods: proven detection (based on regulatory criteria) and spontaneous detection (by the bank advisor).

Confirmed detection relies on four regulatory criteria that enable credit institutions to assess the financial vulnerability of their customers. In accordance with the regulations in force, Banque Palatine identifies its individual customers in a financially vulnerable situation based on one of the four criteria below:

- criterion 1: at least 15 incident or irregularity charges over three consecutive months and a maximum amount credited to the account during this three-month period equal to three times the net monthly minimum wage;
- criterion 2: at least 5 incident or irregularity charges during a month and a maximum amount credited to the account during that one-month period equal to the net monthly minimum wage;
- criterion 3: at least one unpaid cheque or bank card withdrawal notice recorded in the Banque de France's centralised register of cheque payment incidents (FCC) during three consecutive months;

- criterion 4: eligibility of a file submitted to an over-indebtedness commission pursuant to article L. 722-1 of the Consumer Code.

Spontaneous detection takes place during the interview between the advisor and his or her customer. The purpose of the interview with the detected customer is to:

- identify their financial difficulties and the causes;
- check whether their arrangements are suitable for their situation in order to offer them products and services that are more suited to their needs;
- if necessary, refer them to a third party.

Customers who are identified as financially vulnerable receive a written proposal to sign up for the Vulnerable Customer Offer (VCO).

Banque Palatine has entrusted the management of its over-indebted customers to a subsidiary of BPCE, BPCE Solutions Crédit, an EIG expert in credit management and collection. The EIG provides its support to Banque Palatine in this activity sector with regard to customer inventories and the flow of new files.

Throughout the management phase of over-indebted customers, the branches and other structures of Banque Palatine provide support to BPCE SC in order to guarantee the best possible treatment of our customers.

Banque Palatine carries out all necessary ongoing and periodic checks, to ensure that the services entrusted to BPCE Solutions Crédit are performed properly.

Non-discrimination

Treating its customers fairly is a fundamental principle for Banque Palatine. It acts in this way to promote non-discrimination in its dealings with customers and individuals. Professional ethics are fully integrated into the compliance system. Compliance with the rules of good conduct enables each entity to perform its activities honestly, fairly and professionally, and to serve the best interests of its customers. Groupe BPCE has therefore drawn up a Code of Conduct and Ethics (applicable within Banque Palatine) to safeguard customer interests and guarantee employer accountability and social responsibility. The structure, approach and management of the Code of Conduct are specified in section G1-4.1.1.2 and section G1-4.1.1.3.

The principles and commitments set out in the Code of Conduct and Ethics describe the vision of the Group and Banque Palatine with regard to the interests of their customers and the desire to be a useful player. Among the twelve principles it lists, the Group considers that it is its social responsibility to:

- ensure fair treatment of customers (Principle 2): It offers a system for listening to and receiving customers in vulnerable situations, particularly those experiencing financial difficulties, which enables it to tailor its services to their specific needs and to remain attentive and offer personalised solutions in all circumstances;
- protect the interests of customers and cooperative shareholders (Principle 3); in particular, by constantly prioritising the interests of the customer and ensuring that the customer understands the characteristics and particularities of the solutions offered to them;
- be an inclusive banking group open to all (Principle 10): The Group makes every effort to welcome customers with disabilities, by adapting and personalising our services and relationships.

Digital accessibility: ensuring inclusion for all

Digital accessibility is essential to meeting the objective of universality of digital services, since it aims to ensure that the information and functionalities of a digital service or content are accessible to everyone, regardless of the person's disability or their way of accessing information.

This means that everyone can:

- obtain and understand the information and features of a digital service;
- navigate and interact with;
- and thus contribute on the web.

Digital accessibility thus determines the possibility for any service or digital content to be a vector of inclusion and autonomy for all. In this respect, it is part of the same approach as inclusion for full access to digital technology for each individual.

Groupe BPCE presents its commitments in this area via its multi-year accessibility plan for 2025-2027. This focuses on digital accessibility in Groupe BPCE companies' digital strategy, including Banque Palatine, as well as in their policies to promote the integration of people with disabilities. Its launch reflects the Group's desire to include the inclusion of people with disabilities or those experiencing digital difficulties as one of its long-term strategic priorities.

This multi-year plan is common to all Groupe BPCE entities. However, each entity is individually liable for ensuring digital accessibility in accordance with the Group's ambitions and commitments.

Groupe BPCE's accessibility governance is based on an accessibility network created to:

- ensure regulatory compliance;
- define the Group's ambitions and priority actions to be carried out, monitor and manage the application of accessibility standards by all Group entities;
- improve the user experience of the Group's customers and employees;
- enable operational efficiency.

The accessibility function is structured to ensure optimal coordination and effective implementation of digital accessibility initiatives. It is composed of:

- the Group accessibility officer, who supports the Group's entities, promotes awareness-raising and training, and ensures the monitoring and management of accessibility;

- a core team, comprising representatives from various key functions within the Group, who act as liaisons with the entities and internal and external regulators, overseeing the implementation of the Group's ambitions and centralising best practices;
- local accessibility officers, points of contact within their organisation who ensure compliance and the continuous improvement of digital accessibility. It ensures compliance with accessibility standards, manages accessibility (relay between the core team and its entity, etc.) and raises awareness among the various audiences;
- and the IT relays of the various entities concerned.

At Banque Palatine, two local people were identified to join the project.

In addition, a control framework will be rolled out in the Group’s entities to manage compliance with regulations and the accessibility of digital services. The system will be based on a set of indicators produced by the local accessibility officers (first-level control), and supervised by the core team (second-level control).

Digital accessibility is part of a broader regulatory framework. It is a fundamental right, recognised by:

- The United Nations in the Convention on the Rights of Persons with Disabilities in particular;
- The application of article 47 of the act of 11 February 2005 on equal rights and opportunities, participation and citizenship of people with disabilities. It is more specifically article 47 of this act that makes accessibility a requirement for all online communication services of public bodies, as well as for certain private bodies;
- A dedicated framework has been drafted to complete this legislative framework and define the resulting technical requirements: the RGAA (General Accessibility Improvement Framework);
- It should be noted that in accordance with the latest changes in European regulations, French accessibility obligations have also been extended to certain categories of products and services.

It is in this context that Groupe BPCE entities must operate to ensure that their digital content and services are accessible to all their customers and employees, as well as to the general public.

3.4.3.2 (S4-2) Processes for engaging with consumers and end-users about impacts

3.4.3.2.1 Customer satisfaction measurement

Banque Palatine has placed the improvement of service and customer satisfaction at the heart of its strategy and its 2030 Palatine strategic plan.

Its quality policy, renamed “Customer Satisfaction”, is focused on a permanent commitment to customer satisfaction and is reflected internally through constant efforts to improve its organisation and processes.

Banque Palatine's “customer experience” approach is designed to work across the Group and involves all of the bank's employees. It is a process which encourages the commitment of employees by investing in their expertise and relational qualities and by remunerating performance related to customer satisfaction.

Listening to customers both in qualitative and quantitative terms is one of the founding principles of the approach which allows Banque Palatine to better understand its customers, and provide them with a tailor-made response. The customer listening system was overhauled in 2023 in order to solicit all of its customers to express their level of satisfaction and report any dissatisfaction. It enables measurement of customer satisfaction and the effectiveness of the actions undertaken to improve its quality of service

The net promoter score (NPS) remains a key indicator for Groupe BPCE and Banque Palatine because it enables the recommendation and customer experience to be compared with other banking players and other types of service companies. This indicator is internationally recognised and, in addition to measuring customer satisfaction, it gauges the likelihood of their recommending the bank to their friends and family. The NPS is used as the reference indicator.

Banque Palatine also uses another indicator, the TS-I, as a key indicator of customer satisfaction. The TS-I calculates the difference between “Very satisfied” and “Dissatisfied” (not very satisfied and not at all satisfied). The TS-I varies between +100 and -100 (as for the NPS).

The overall satisfaction level (TS-I) and NPS (Net Promoter Score)

The Customer Satisfaction - Customer Relations Department conducts quantitative (cold) satisfaction surveys of customers in its two markets (private and corporate customers), in order to measure changes in the perception of the bank by its customers but also consider changes in the customer relationship.

The NPS scores recorded in 2024 – which are steadily improving for Corporate, Private Banking and Premium customers – continue to be affected by the recent transformation of the network (2022) but confirm the excellent relationship and partnership that Banque Palatine has with its customers. Also worthy of note are the excellent results observed for corporate customers using Banque Palatine's specialised services, whether they are professional real estate companies (PIM, NPS at +49 in 2024), regulated real estate professions (NPS of +61 in 2024), the audiovisual and creative industries (NPS +50 in 2024) and large companies and institutions (NPS +40).

Key indicators	Annual customer net promoter score and trend
2022 data	No survey conducted among senior executives of medium-sized companies in 2022 Private customers -9 Corporate customers +6
2023 data	No survey conducted among senior executives of medium-sized companies in 2023 Private customers -25 Corporate customers +13
2024 data	Senior executives of medium-sized companies NPS +14 Private customers NPS -18 Corporate customers (Revenue > €15 million) NPS +16

Metric definition

The Net Promoter Score or NPS is the benchmark metric used by Groupe BPCE to measure its ability to recommend the bank. This metric is relevant for all target customers, Corporates, Private customers or high-net-worth and Retail customers.

Calculation of the metric

The scale of 0 to 10 allows customers to indicate their intention to recommend with certainty (9 or 10 when they are certain to recommend or, conversely, below 6/10 when they are certain not to recommend).

To organise the overall satisfaction surveys used to measure the NPS, a certain number of customer exclusions are carried out in order to be certain of the true representativeness of customers. These are exclusions at Group level (minors, customers under supervision, etc.) and at the Banque Palatine institution level (accounts in the process of being closed, etc.).

3.4.3.2.2 Personal data protection

When the GDPR came into force, Banque Palatine drafted an information notice for customers describing the main processing operations performed in compliance with the rules laid down by the GDPR. Indeed, the regulations state that any processing must be based on proper and justified cause with a legal basis. In banking activities, this processing is in most cases the result of either a legal obligation or a contract.

This notice also specifies the various rights that any natural person can exercise and the points of contact in institutions, in order to be able to activate them.

This notice is widely distributed and accessible to any person (customer or prospect) on the websites and App.

3.4.3.2.3 Cybersecurity

Groupe BPCE, as the Group’s central institution, ensures that the measures taken by all Group companies are sufficient to ensure compliance with commitments to customers, employees, partners, regulators, and cooperative shareholders. To do this, the Group has set up an organisation to:

- lead the development and evolution of the ISSP-G and monitor its deployment according to the management system described below;
- ensure the security of the Group’s IS;
- ensure the security of the federal IS and the central institution.

To this end, BPCE appoints a Group Chief Information Security Officer (CISO-G), as well as an alternate.

The CISO-G reports hierarchically to the Group Head of Security, who reports to the Group Secretary General (GSG) and functionally to the Chief Technology & Operations Officer (T&O).

Within the ISSP-G, each Group company adopts the ISS framework and the reference system of ISS rules and instructions, without adaptation. This framework is adapted according to the company’s organisation, the Internal Control Coordination Committee (3CI), the Risk Committee, the supervisory body or the effective managers.

With regard to IS Security, each Group IT Operator ("Operator") formalises and specifies in a document:

- Each party's commitments concerning the expected level of security for the main business applications, the deployment, administration and use of security systems, as well as the exercise of ISS Level 2 permanent controls;
- The alert procedure between the Operator and its customers in the event of an incident;
- Indicators giving its customers permanent visibility on the level of security achieved with regard to the requirements defined by the business line managers.

Concretely, this translates by implementing security measures to protect its end-users:

- Enhanced authentication: use of two-factor authentication (2FA) devices to secure access to online accounts;
- Data encryption: sensitive data, such as personal and banking information, is encrypted to prevent unauthorised access;
- Transaction monitoring: implementation of fraud detection systems that monitor transactions in real time to identify any suspicious activity;

- Application security: development of mobile and web applications with robust security protocols to protect users against cyber threats;
- Training and awareness: training programmes for users on best practices in online security, including the recognition of phishing attempts;
- Assistance and support: the provision of assistance services to assist users in the event of a security issue, such as identity theft or fraud;
- Regular updates: application of regular updates to correct vulnerabilities in systems and applications;
- Access controls: limitation of access to data and systems according to roles, in order to minimise the risk of unauthorised access.

These measures aim to guarantee the security of end-user information and transactions, thus reinforcing confidence in the services provided by the Group to its customers.

3.4.3.3 (S4-3) Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Banque Palatine's whistleblowing mechanism is open to third parties

Groupe BPCE companies have a platform for collecting reports relating to serious breaches of the Code of Conduct, laws, safety, environmental impact, or any inappropriate behaviour in the workplace.

This whistleblowing system is open to third parties outside Banque Palatine, who can use a tool accessible via a URL link on the Groupe BPCE website, regardless of their country of residence (Europe, United States, etc.) or business line (Private Banking, Corporate Banking, etc.).

There is a specific system for Banque Palatine employees with a dedicated mailbox to submit reports.

Banque Palatine is not aware of any cases of non-compliance with the guiding principles of the United Nations or the ILO Declaration on Fundamental Principles and Rights at Work regarding its customers.

3.4.3.3.1 Complaint management

Complaints handling is a sensitive issue in the relationship between the bank and its customers. It is essential to respect a common process and establish practices that enable complaints to be handled consistently across the bank and for all customer segments.

In accordance with legislation, the processing covers complaints received at the Head Office (regardless of the point of entry) and any complaints received at a branch or any other point of contact from any complainant (customer, non-customer and all contracts).

The handling of complaints (by banks) is an activity subject to regulation from several sources of standards set by the ACPR - *Autorité de Contrôle Prudentiel et de Résolution* and the French Financial Markets Authority (AMF - *Autorité des Marchés Financiers*) for their respective areas of competence.

This is why the customer relations service of the Customer Satisfaction Department (CSD) handles all complaints addressed to the bank, to executive management, those addressed directly to the Mediation Service and complaints sent to it by branches, specialist business lines and other bank services (back and middle offices).

In accordance with legislation, the bank undertakes to reply to complaints within 20 working days of their receipt from the customer. However, the customer will be notified if further analysis is required, resulting in additional delay, which should not exceed two calendar months, as stipulated by law.

For reasons related to payment services (PSD 2), the bank must respond within 15 days. If additional time is required, the customer is informed and the response time must not exceed 35 working days. These are the regulatory deadlines.

After submitting a complaint, the customer is contacted by their business centre representative and private bank to assess their level of satisfaction with the response provided.

In 2024, 381 customer complaints were processed within an average of 15 days and notably in 14 days for "PSD2" complaints. These figures indicate compliance with deadline commitments but also a significant decrease in the number of complaints processed (-35%), partly reflecting the improvement in the quality of service provided to customers.

Regarding the option available to customers to use a mediation service, Banque Palatine has chosen to use the mediation service provided by the French Banking Federation (FBF). The contact details for the Mediation Service are clearly indicated in all communications with customers, particularly in all responses to customer complaints, in order to facilitate access for customers.

Complaints: Average processing time for complaints, % processed within 10 days

	2024	2023	2022
Average processing time	18 D	28 D	37 D
% processed within 10 days	55.3%	47.8%	48

Metric definition

The reporting scope for this metric is the Banque Palatine network.

This indicator calculates the average time taken to process a complaint and the percentage of complaints processed in less than 10 days. For Banque Palatine, the time frame commitment is 20 days.

Calculation of the metric

The reference year for the calculation of this metric is 2024.

This metric is calculated after data is collected from the Banque Palatine complaint management tool (WRC/Equinoxe) at regular intervals.

Changes in the metric are checked on a quarterly basis and monitored by the Complaints Committee.

As required by the legislation, the dissatisfaction of non-customers are identified and treated as complaints in the tool.

3.4.3.3.2 Personal data protection

Banque Palatine continues to spread the data protection culture by strictly managing commercial prospecting. Thus, it has become increasingly common to obtain consent for commercial prospecting purposes:

- by bringing the Cookie policy into compliance in April 2021 with the new guidelines published by the French Data Protection Authority (CNIL) in October 2020. Thus Internet users have access to comprehensive information through a Policy available on the websites and App. Internet users are also asked to give or refuse their consent for the processing of their data according to the purposes pursued;
- by requesting our customers' consent for commercial solicitations based on payment data and the use of information from energy performance diagnostics and certain data from tax notices;
- by developing a consent centre consolidating all customer authorisations relating to cookies, commercial prospecting and specific processing requiring prior consent.

3.4.3.3.3 Cybersecurity

In order to respond to incidents affecting end-users, BPCE has provided various communication channels for all institutions, including Banque Palatine, to report incidents and raise their concerns:

- The following public link directs to the document describing the CERT's mission and contains all the necessary information for reporting incidents involving end-users [(1)]. This document describes how to interact with the CERT to report an incident online;
- A customer service via phone, email or online chat allows users to ask questions and report issues;
- Users can visit branches to discuss their concerns with an advisor;
- The Group uses social media platforms to interact with customers and collect their feedback.

After a complaint or incident is reported, BPCE conducts, on behalf of Banque Palatine an in-depth analysis of the incidents to identify the root causes and implement corrective actions.

In addition, performance indicators are used to assess the effectiveness of remedial measures and make continuous improvements.

In the event of persistent dissatisfaction, customers may turn to a banking mediator, who intervenes to resolve disputes.

Regular surveys collect customer opinions on services and identify areas for improvement.

These procedures and channels are essential to ensure that consumer concerns are taken into account and addressed effectively, thus helping to improve customer satisfaction and trust in BPCE’s services.

BPCE also implements preventive measures for all institutions, including Banque Palatine, to raise awareness among consumers and end-users of the threats they may be exposed to. These items are published on the institutional websites of the Group's establishments. Banque Palatine has used these elements on the “Security” page:

- https://www.palatine.fr/votre-banque/securite/

1) https://www.groupebpce.com/app/uploads/2024/04/20190418-rfc2350-fr-v2-1.pdf

3.4.3.4 (S4-4) Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

3.4.3.4.1 Personal data protection and cybersecurity

Personal Data Protection

Work on the Privacy Centre continued in 2024 to initiate consents to commercial prospecting on the basis of certain information from the tax notice and the Energy Performance Diagnostic.

The information notice will also be updated to include the new processing.

Lastly, governance work will continue firstly on Cookies and secondly on Artificial Intelligence due to the developments and recent recommendations in this area.

Cybersecurity

BPCE has put several measures in place to manage operational incidents and risks related to regulatory non-compliance, particularly with regard to personal data protection and the reporting of cyber security attacks. These measures concern both Groupe BPCE employees and end-users. Banque Palatine, as a Groupe BPCE institution, is also affected by these measures implemented and applied at the institution.

In terms of personal data protection risk management, the main actions are as follows:

- Regulatory compliance:
  - Banque Palatine ensures compliance with applicable regulations, such as the General Data Protection Regulation (GDPR), by implementing appropriate policies and procedures;
- Data Protection Officer (DPO):
  - Appointment of a DPO to oversee data processing activities, ensure compliance and serve as a point of contact for regulatory authorities and customers;
- Training and awareness-raising:
  - Organisation of regular staff training on data protection, to raise employee awareness of best practices and legal obligations;
- Audit and internal control:
  - Conducting internal audits to assess compliance with regulations and identify weaknesses in data management;
- Data breach management:
  - Establishment of procedures to detect, report and remedy data breaches, including notification of competent authorities and the persons concerned where necessary.

In terms of communication on cybersecurity attacks, procedures are in place to quickly inform customers and regulatory authorities in the event of a significant attack, in accordance with legal obligations. In addition, a partnership has been established with cybersecurity experts and financial institutions to share information on cybersecurity threats and best practices.

3.4.3.4.2 Financial inclusion and accessibility of the offer

Protecting vulnerable customers

Banque Palatine's approach is to meet regulatory obligations.

Following the example of Groupe BPCE, Banque Palatine offers a specific package charged at a maximum rate of €1 per month, which guarantees access to banking services essential for account management:

- a systematically authorised payment card;
- the specific cap on commission charges at €4 per transaction and €20 per month (article R. 312.4.2 of the French Monetary and Financial Code);
- capping of fees for payment incidents and irregularities when operating the account at €16.50/month;
- a subscription to products providing alerts on the status of the account by text message regarding the level of the account balance.

Banque Palatine provides details of its support services for vulnerable customers on its website. This presentation provides, in addition to information, access to the mini-guide "Managing your account in the event of incidents: the specific offer" (1).

Members of staff are also provided with information on how to assist this type of customer.

"Vulnerable" customers who do not wish to subscribe to the VCO nonetheless benefit from a cap on fees for payment incidents and account irregularities, set at €25/month in accordance with the commitments of the French Banking Federation.

Providing support to customers at risk of excessive debt or in a situation of confirmed financial vulnerability is a key aspect of customer protection.

Banque Palatine has entrusted the management of its over-indebted customers to a subsidiary of BPCE, BPCE Solutions Crédit, an EIG expert in credit management and collection. The EIG provides its support to Banque Palatine in this activity sector with regard to customer inventories and the flow of new files.

1) *Offer of Support for financially vulnerable customers - Banque Palatine.*

In parallel, Banque Palatine's branches and other entities provide support to BPCE Solutions Crédit to ensure the best possible customer service.

Data

Customer base at the end of December 2024: 46,059

- the percentage of customers detected as vulnerable, eligible for the Vulnerable Customer Offer (VCO): 288 customers, i.e. 0.6% of which:
  - “Over-indebted”: 44 customers,
  - “VC target”: 75 customers,
  - “Incident customers”: 61 customers;
- the percentage of customers detected as vulnerable, equipped with the Vulnerable Customer Offer (VCO): 14 customers, i.e. 0.03%;
- the number of customers benefiting from a fees cap: 89 customers, i.e. 0.19%.

As part of the delegation of the management of this type of customer to BPCE SC:

- 39 customers contacted by telephone by BPCE SC in Q4-2024 vs. none in Q3-2024;
- 96 customers contacted by email by BPCE SC in Q4-2024 vs. 99 in Q3-2024.

MDR-M - NR-11

- Metric definition:

The reporting scope for this metric is the Banque Palatine network.

This indicator calculates:

- the percentage of customers identified as vulnerable;
- the percentage of customers detected as vulnerable equipped with the VCO;
- the number of customers benefiting from a fee cap.

- Calculation of the metric:

The reference year for the calculation of this metric is 2024.

The basis for calculating this metric consists of data collected on behalf of the OIB relating to vulnerable customers (number of vulnerable customers and categorisation) collected annually across Banque Palatine.

Developing financial education for all audiences

Customer support remains a sensitive area for Banque Palatine. Actions to educate teams on financial topics have been developed.

Private bankers and corporate account managers work with customers, supported by experts where necessary: wealth engineers, wealth management directors, investment advisors and trading room representatives.

In addition, the programme is supplemented by regular webinars with presentations by experts from the network. For example, since September 2023, a meeting with sales representatives has been scheduled every Monday at “*Le café des marchés*” involving Palatine Asset Management and/or an external partner.

An inclusive loan insurance offer

Since the Lemoine law came into force on 2 March 2022, people who have survived cancer or viral hepatitis C and whose treatment has been completed for more than five years without relapse are entitled to the right to be forgotten. Thanks to the work conducted under the AERAS agreement, people who have suffered from certain forms of breast cancer can now be insured without any increase in premiums or restrictions on coverage within a shorter time frame than that stipulated under the right to be forgotten. By partnering with CNP Assurances in this initiative, Banque Palatine, true to the values of Groupe BPCE, wants to become even more involved in the daily lives of families and support them in all their projects.

Banque Palatine is committed to providing the best possible support to breast cancer patients and survivors by choosing to assume the portion of risk that remains after the end of active treatment.

Since 19 March 2024, Banque Palatine customers who have overcome breast cancer are able to take out a group mortgage and/or professional loan insurance policy without any additional premiums or exclusions, even partial, as soon as their active treatment (surgery, chemotherapy, radiotherapy, etc.) has ended.

Digital accessibility program, ensuring inclusion for all

Banque Palatine is part of the “accessibility” project described below, which concerns digital services for the general public, employees and customers (individuals and professionals) of Groupe BPCE. These are more particularly people with long-term or permanent sensory, motor or cognitive impairments, in addition to those with a temporary disability. With a view to digital inclusion, Groupe BPCE wanted to extend its actions in this area to people in a digital divide, while taking into account the aging of the population.

Prior to the publication of its 2025-2027 multi-year plan, Groupe BPCE decided to synchronise and harmonise its approach by establishing a dedicated governance structure, called the accessibility function, and launching a programme to improve digital accessibility. Since its inception, the accessibility function has been committed to promoting awareness of digital accessibility issues and best practices among the Group's different entities and BPCE-SA's business and IT departments.

In order to define the ambitions for the 2024-2025 horizon and lay the foundations of the program, it began with a diagnostic phase with the launch of work on:

- Regulations and control frameworks:
  - Development of the associated control framework,

- Definition of management indicators relating to digital accessibility with a view to their implementation,
- Adoption and distribution of a Group standard to frame the accessibility of Groupe BPCE's digital services;

- Target ambitions, organisation and budget:
  - Survey and analysis of the Group's existing digital services,
  - Definition of target business line ambitions by 2030.
  - Costing of the resources required for the remediation necessary to achieve the 2025 ambitions;
- Tools, methods and change management:
  - Provision of an accessibility statement template, this multi-year plan and an annual action plan,
  - Definition of target IT project methodologies, accompanied by a toolkit for the production of accessible digital content and services "by design",
  - Discussions on the conduct and industrialisation of RGAA compliance audits,
  - Introduction of accessibility requirements in the Group's purchasing policy,
  - Assessment of the maturity level of the digital accessibility of Groupe BPCE's major publishers with a view to implementing remediation plans,
  - Provision of a training offer dedicated to business lines on digital accessibility within Groupe BPCE,
  - Development of the change management plan for the Accessibility program.

Improvement of the accessibility of digital services

As part of the Accessibility program, Groupe BPCE has set a twofold objective in its ambitions for 2025:

- In the priority scope, remedy the problems of accessibility to digital services to ensure at least partial accessibility (i.e. a compliance rate with the RGAA of more than 50%). To do this, the entities will have to conduct audits of compliance with the RGAA and plan the remediation necessary to achieve this objective via their own annual action plans, taking into account any user complaints;
- For new digital services, the evolution of project methodologies to take into account digital accessibility from their design in order to ensure an optimal level during their production.

To this end, the Group's entities will have target processes, accompanied by a toolbox to assist them through the diagnostic, design, development and deployment stages of a digital project.

The accessibility team is studying the possibility of including user tests with people with disabilities for digital services within the priority or extended scope. To reap the full benefits, they will only be considered when the teams have a sufficient level of accessibility and maturity.

Skills base

Recruitment

Groupe BPCE wants to integrate technical skills related to digital accessibility in the profiles of eligible positions, as well as in the recruitment process of the corresponding profiles (in particular via dedicated criteria).

Awareness, training and change management

In 2025, Groupe BPCE will provide its entities with an internal training offer to disseminate the skills necessary for the accessibility of digital products and services. This will include, among other things:

- accessibility awareness sessions for all employees;
- technical training for a more specialised audience (developers, UI/UX designers, content creators, etc.).

In addition, the accessibility function will develop various measures to raise the challenges of disability and inclusion among the Group's employees.

Alongside the skills development platform for employees, a change management plan is being drawn up to ensure the long-term accessibility of the entities' digital content and services.

Diagnostics and audits

The procedures for performing diagnostics and audits on compliance with the RGAA have not yet been defined. These will be detailed in this section during a subsequent review of this multi-year plan.

In the meantime, the Group's entities will conduct the diagnostics and audits according to the methods that seem most appropriate to their situation and level of maturity.

The Group's multi-year plan and these actions cover the French and European level.

3.4.4 Metrics and targets

3.4.4.1 (S4-5) Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

3.4.4.1.1 Cybersecurity

Groupe BPCE has drawn up a strategic plan that will be rolled out over the next few years, with the following ambitions and objectives:

- Consolidate foundations to ensure trust, resilience and compliance;
- Change practices to be more efficient;

- Adapt to new threats, technological developments, particularly in terms of AI and quantum, and societal changes,

BPCE takes a holistic approach to manage significant negative impacts, promote positive impacts, and manage significant risks and opportunities. As Banque Palatine is a Groupe BPCE institution, all of these measures are implemented within the institution.

In terms of managing significant negative impacts, the processes in place are as follows:

- Incident management plan:
  - Implementation of incident management plans to quickly and effectively address major issues, such as data breaches, fraud and service outages;
- Risk assessment and mitigation:
  - Identification and assessment of risks, monitoring of the development of mitigation plans to minimise negative impacts,
  - The ISSP-G includes an instruction for mapping business line and IT risks from the Group's ISS,
  - Its scope covers the entire Groupe BPCE, which Banque Palatine is a part of,
  - The resulting risk mapping is updated regularly;
- Communication and transparency:
  - Proactive communication with stakeholders, including customers and regulators, in the event of a major incident, to maintain trust and transparency.

In terms of promoting positive impacts, the initiatives are as follows:

- Innovation and product development:
  - Development of innovative products and services that meet customers' needs and enhance their user experience;
- Social and environmental responsibility initiatives:
  - Implementation of programmes that aim to have a positive impact on society and the environment, such as green finance initiatives and community development projects;
- Customer satisfaction and loyalty:
  - Implementation of loyalty and customer satisfaction programmes to improve long-term engagement and satisfaction;
- Strategic partnerships:
  - Collaboration with external partners to co-develop solutions that add value to customers and society.

Lastly, with regard to the management of major risks and opportunities, the following are the principles applied by BPCE in the Group's institutions, including Banque Palatine:

- Proactive risk management:
  - Use of advanced technologies and robust methodologies to proactively identify, assess and manage risks;
- Investment in technology:
  - Investment in cutting-edge technologies to improve safety, operational efficiency and customer experience;
- Continuous training and skills development:
  - Regular training of employees on new regulations, best practices and technological innovations to ensure effective management of risks and opportunities;
- Governance and oversight:
  - Strong governance structures in place to oversee the management of risks and opportunities, with dedicated committees and strict reporting processes;
- Open innovation and co-creation:
  - Encouragement of open innovation and co-creation with customers and partners to identify and exploit new market opportunities,

To effectively manage these risks, BPCE conducts regular audits to assess the compliance and effectiveness of risk and opportunity management processes and collects and analyses feedback from customers and employees to identify areas for improvement and adjust the strategies accordingly, These same audits are also carried out at Banque Palatine.

3.4.4.1.2 Financial inclusion and accessibility of the offer

Digital accessibility: ensuring inclusion for all

Groupe BPCE's strategic priorities described in VISION 2030 include "improving the accessibility of digital products and services". Based on the notion of global positive impact thanks to the strength of local solutions accessible to all, the 2025-2027 multi-year accessibility plan and VISION 2030 promote an ethical approach to digital technology, in line with the Group's cooperative values.

Banque Palatine has implemented this digital accessibility ambition as part of its CSR roadmap for 2030.

Part 4 - Governance information

4.1 G1 - Business conduct

4.1.1 Impact, risk and opportunity management

4.1.1.1 GOV-1 - The role of the administrative, management and supervisory bodies

See the GOV1 section in the ESRS2 chapter.

4.1.1.2 (IRO-1) Description of the processes to identify and assess material impacts, risks and opportunities

In order to identify material impacts, risks and opportunities relating to business conduct, Groupe BPCE has relied on:

- the list of sub (sub) topics indicated in AR16 of ESRS 1, particularly in terms of corporate culture, whistle-blower protection, supplier relationship management and corruption;
- the mapping of the Group's non-compliance risks, which takes into account both the Group's activities and its sector of activity, particularly in terms of regulations relating to money laundering, terrorist financing and measures of sanctions, embargoes and asset freezes.

Banque Palatine relied on this work.

4.1.1.3 (G1-1) Corporate culture and business conduct policies

4.1.1.3.1 Code of Conduct

The Code of Conduct is based on twelve principles of conduct divided into three sections:

- customer interest, based on the following principles: promoting a spirit of openness and trust, ensuring fair treatment of customers, protecting customer interests, and communicating with complete transparency;
- employer and employee responsibility, based on the following principles: promoting exemplary behaviour, high standards and a caring attitude; promoting respect for employees and their career development; acting with professional ethics in all circumstances; ensuring the long-term viability of Groupe BPCE and Banque Palatine;
- Societal responsibility, based on the following principles: contributing to a humanly responsible market economy, being an inclusive institution open to all, taking effective action to protect the environment and promote the transition to a low-carbon economy, and promoting respect for human rights in all our activities.

The Groupe BPCE Code of Conduct, which is implemented in the codes of conduct and charters of the Group entities (applied inside Banque Palatine), ensures a high-quality and well-regarded working environment in the long term.

In 2022, all Group entities, including Banque Palatine, that were interviewed declared that they had deployed the Group's Code of Conduct or its own Ethics Charter.

The principles of ethical and professional conduct set out in this Code are considered fundamental by BPCE's Supervisory Board, Management Board and Executive Management Committee, as well as by all Group executives, including those of Banque Palatine.

The Code of Conduct and Ethics is based on a voluntary approach to establishing a practical and clear document for employees, suppliers and partners in their relations with the Group and the bank; the Code highlights the rules of conduct and best practices to be adopted.

Banque Palatine is committed to respecting and promoting Human Rights, which is one of the cornerstones of its corporate social responsibility.

Groupe BPCE is a signatory of the United Nations Global Compact and adheres to its "Ten Principles", including the two relating to Human Rights:

- promote and respect the protection of international human rights law in its areas of activity and sphere of influence. This responsibility relates to the internationally recognised human rights set out in the International Bill of Human Rights and the principles set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work;
- ensure that they do not become complicit in human rights violations.

The Group's convictions and commitments have been set out in the form of "Principles" in Groupe BPCE's Code of Conduct and Ethics Standards. "Promoting respect for human rights in all our activities" is therefore firmly embedded in the Group's values framework.

Groupe BPCE and Banque Palatine are also committed to applying the guiding principles on business and human rights set out in the United Nations' "Protect, Respect and Remedy" framework.

With the Code of Conduct and Ethics, Groupe BPCE and Banque Palatine are committed to building lasting relationships of trust with customers, partners and suppliers.

Banque Palatine's Code of Conduct and Ethics is available on the bank's intranet and on the Banque Palatine website [1]. All employees, including new hires, can access it as well as any person outside Banque Palatine who consults the bank's website.

1) https://www.img.palatine.fr/app/uploads/sites/35/2022/04/21174409/code-de-conduite-et-ethique-bpce.pdf

In addition, a regulatory training course, in e-learning format, has been developed to ensure that the principles of the Code of Conduct and Ethics are known throughout the Group, and inside the bank. This training is mandatory for all Banque Palatine employees, with a refresher course every five years, as well as for all new recruits upon joining the bank. Thus, as of 31 December 2024, 98.6% of registered employees had completed the training.

An annual reminder on the system relating to the Code of Conduct and Ethics is conducted by the entity's Compliance and Ethics Department.

Groupe BPCE is also a signatory of the Human Rights Charter, details of which are available in section 3.1.3.1 - S1 - Own workforce.

4.1.1.3.2 Prevention of breaches of the Code of Conduct

Groupe BPCE has a whistleblowing system which applies to all the Group's entities. It is described in a Group "Whistleblowing system" policy updated in 2023, approved by the Control Functions Standards Committee on 5 May 2023. This committee, chaired by the Group's control functions, comprises 12 management representatives from Groupe BPCE entities.

Group Compliance is responsible for managing the system and ensures that it is properly applied in all Group entities. The policy outlines the types of alerts that can be made, the procedure for reporting and handling alerts, the confidentiality of information, the protective status of whistle-blowers, and the penalties incurred for non-compliance.

The Group policy details the Group entities that must implement the whistleblowing system via a procedure for collecting and processing alerts. This policy must be applied after consultation with the employee representative bodies. The policy applies to all legal entities of Groupe BPCE, in France and abroad, taking into account the regulatory specificities of the country in which they operate, regardless of the number of employees of the entity (including foreign branches or subsidiaries).

The Group policy defines who can initiate an alert:

- Groupe BPCE's employees, including internal or external, temporary or occasional employees (temporary staff, interns, service providers, etc.), including where their parent company has set up its own professional alert system;
- cooperative shareholders, partners and holders of voting rights at the entity's General Meeting;
- members of the administrative, management or supervisory body, external and occasional employees;
- co-contractors of the entity concerned, their subcontractors or, in the case of legal entities, members of the administrative, management or supervisory body of these co-contractors and subcontractors as well as members their staff;
- customers (excluding complaints processing).

Thus, Banque Palatine employees and co-contractors can report any breaches via the internal whistleblowing procedures that have been set up. An alert can be made by any channel. An alert can also be submitted directly to a line manager or via a dedicated generic address.

The professional alert must relate to conduct or situations likely to constitute a breach of the rules which apply to Banque Palatine. It may also relate to a crime, an offence, a threat or harm to the public interest, a violation or attempted concealment of a violation of an international commitment duly ratified or approved by France, a unilateral act of an international organisation taken on the basis of such a commitment, European Union law, or a law or regulation. The whistleblowing system has been extended to allow the reporting of facts falling within the scope of the duty of care (identification of risks and prevention of serious violations of Human Rights and fundamental freedoms, health and safety of persons as well as the environment).

The following questions are used to make an ethical decision in case of doubt:

- is it legal?
- is it in accordance with our procedure policies?
- does it conform with our culture, which promotes the interest of our customers and our members over the long term?
- will I be comfortable explaining my decision to a third party (a regulator, the courts) or if I read it in the media?
- have I considered all the risks involved for my entity or for Groupe BPCE?

Groupe BPCE's whistleblowing system is based on the following:

- act of 9 December 2016, known as the "Sapin 2" law, on the general provisions on whistleblowing;
- directive (EU) 2019/1937 of the European Parliament of 23 October 2019 on the protection of persons who report breaches of EU law;
- act no. 2022-400 of 21 March 2022 aimed at strengthening the role of the defender of rights in terms of whistleblowing;
- act no. 2022-401 of 21 March 2022 aimed at improving the protection of whistle-blowers;
- decree no. 2022-1284 of 3 October 2022 supplementing the act of 21 March 2022;
- decree no. 2022-1686 of 28 December 2022 on the matching contribution to the personal training account of a whistle-blower employee.

The procedure is included in the internal rules and is accessible to all employees via the intranet.

In addition, mandatory e-learning regulatory training specifies the rights and duties of whistle-blowers and the protection they are entitled to. It has been rolled out to the bank's employees since April 2024; a training campaign for all employees was set up in 2024.

4.1.1.3.3 Protection for whistle-blowers protection

The Group "Whistle-blower system" policy describes the operational process for reporting and handling alerts in order to guarantee the integrity and confidentiality of the information collected but also to protect the persons eligible for the protection system against any retaliation or threats.

This policy was updated in 2023 to take into account the changes made by act no. 2022-401 of 21 March 2022 aimed at improving the protection of whistle-blowers and its implementing decree of 3 October 2022.

The main changes to the system concern the extension of the persons benefiting from the guarantees provided for by the law, the collection and handling of alerts falling within the scope of the law, the guarantee of the confidentiality of the identity of the whistle-blower and the information submitted and, lastly, the prohibition of retaliatory measures and/or threats by the employer.

Whistleblowing channels

Whistle-blowers can use the internal procedures in place in all Group entities to report breaches of the rules before they become serious risks. An alert can be made by any defined channel.

An alert can also be submitted directly to a line manager or via a dedicated generic address.

Protection of whistle-blowers

The strict confidentiality of the information collected in an alert is guaranteed, in particular the identity of the person submitting the alert (if he or she so wishes), the persons targeted by the alert and any third party mentioned in it, throughout the handling of the alert.

Banque Palatine protects whistle-blowers (as well as facilitators, persons connected with the whistle-blower and legal entities controlled by a whistle-blower in which he or she works or with whom he or she is connected in a professional capacity). They cannot be subject to any disciplinary action or legal proceedings in any circumstances, provided that they act without direct financial reward and in good faith. They may not be subject to retaliation, threats or attempts to resort to such measures. The Group policy lists the 15 forms of retaliation that whistle-blowers are protected against (suspension, dismissal or equivalent measures; coercion, intimidation, harassment or ostracism; abusive referral for psychiatric or medical treatment, etc.).

The procedure is included in the internal rules and is accessible to all employees via the intranet.

With regard to training, two mandatory regulatory training courses accompany the whistle-blower protection system: the e-learning Code of Conduct, which refers to it, and the e-learning "Whistle-blower" course, which specifies the rights and duties of a whistle-blower and the protection they are entitled to. It has been rolled out to employees since April 2024.

4.1.1.3.4 Training on business conduct

In order to enable the sustainable development of its business relationship with customers and to secure the activity, Groupe BPCE requires its employees to participate in regular training. Groupe BPCE and its entities are mobilised to offer training to employees enabling them to acquire the skills necessary to carry out their activities.

The Group Mandatory Regulatory Training (MRT) policy presents the scope of application of the MRT system, defines what MRT is, describes the bodies in charge of the eligibility of MRT or related decision-making, and specifies the reports produced and the expected controls. The Group Mandatory Regulatory Training (MRT) policy applies to all Groupe BPCE entities, taking into account specific regulatory requirements depending on the country in which it operates. The entities are responsible for ensuring that the content of the training is adapted to the specificities and activities of the company. It concerns all employees.

Mandatory Regulatory Training is identified, monitored and managed by a Group decision-making body. The first Group MRT Committee meeting was held in June 2024. The following are represented in this committee: Group Human Resources, Group Compliance and, if necessary, the Group's business lines that have functional responsibility for one or more MRT. This body validates the entry or exit of a training course from the MRT mapping but also any changes to the characteristics related to MRT (e.g. the profile of the employees to be targeted).

Groupe BPCE's entities must apply all the MRTs validated by the decision-making body at Groupe BPCE level, in accordance with their activities. A new control sheet on the proper implementation of the Group's Mandatory Regulatory Training (MRT) policy within the entities will be rolled out in 2025 and will be the subject of a report to the committee.

In terms of business conduct, three training courses are identified as mandatory regulatory training courses:

- Code of Conduct and Ethics e-learning course;
- Whistle-blower e-learning course;
- Essentials of professional ethics and the fight against corruption e-learning course.

The Group's "Mandatory Regulatory Training" policy was validated by the Control Function Standards Validation Committee on 21 November 2023. This committee, chaired by the Group's control functions, comprises 12 management representatives from Groupe BPCE entities.

Groupe BPCE's MRTs are mapped according to the activity and scope of each division. This mapping details the target employees to be trained, the duration of the training, its frequency, the timeframe for carrying out the training and the type of contracts concerned. To date, the mapping has been defined as follows:

Code of Conduct and Ethics e-learning course

Target	Duration	Training frequency	Time to complete training from entering the company or employment	Type of contract	Monitoring: Employees enrolled at a date or enrolled over a period	Standard target jobs (title)
All employees	20 min	Every 5 years	6 months	All permanent and fixed-term contracts, including work-study students	Employees enrolled to date	All employees

Whistle-blower e-learning course

Target	Duration	Training frequency	Time to complete training from entering the company or employment	Type of contract	Monitoring: Employees enrolled at a date or enrolled over a period	Standard target jobs (title)
All employees	30 minutes	All Group employees in 2024 New hires in subsequent years	6 months	All except temporary holiday personnel	Employees enrolled to date	All employees

Essentials of professional ethics and the fight against corruption e-learning course

Target	Duration	Training frequency	Time to complete training from entering the company or employment	Type of contract	Monitoring: Employees enrolled at a date or enrolled over a period	Standard target jobs (title)
All employees	1 hour	Every 5 years	6 months	All permanent and fixed-term contracts, including work-study students	Employees enrolled to date	All employees

At Groupe BPCE level, the monitoring of the performance of the MRTs is presented by Human Resources, at least once a year, to the Group Risk and Compliance Committee composed of the Executive Management Committee (10 members including the Chairman of Groupe BPCE's Management Board) and a representative of the Internal Audit function.

At Banque Palatine level, the performance of FROs is monitored using Power-Bi reporting. Monitoring results are also presented at least once a year to an Executive Management Committee (EMC).

Mandatory Regulatory Training (MRT) is set up to meet a regulatory obligation to which the Group's entities are subject (law, regulation, directive, etc.).

Example: the "Whistle-blower" training is based on all the laws, directives and decrees governing the subject of whistle-blowers such as the Sapin 2 law of 2016 for France, the act of 21 March 2022 - Waserman law.

An MRT can also be set up to respond to a recommendation from a regulator at the end of an audit mission within a Group entity.

All training courses are directly accessible in the Click and Learn training tool.

4.1.1.4 (G1-2) Management of relationships with suppliers

4.1.1.4.1 System for monitoring payment terms

For several years BPCE Achats & Services has had a system for monitoring payment terms with Group companies as well as a "White Paper on Payment Terms". This white paper is made available to the Group's institutions via an internal Sharepoint. This commitment is also set out in the Group's Responsible Procurement Policy.

The purpose of this system is to:

- monitor the payment terms of the Group's companies on a quarterly basis;
- recall the regulatory context of the law on the modernisation of the economy, with regulation of inter-company payment terms, the cap on payment terms set by articles L. 441-10 et seq. of the French Commercial Code;
- monitor the 28-day target defined for the Group;
- share best practices in terms of payment terms.

This white paper and a dedicated dashboard are made available to all Group institutions.

This dashboard enables quarterly reporting to all senior managers, particularly during the quarterly Group Supplier Risk Committee meetings.

Payment deadlines are a major economic issue. Late payments affect companies' profitability and competitiveness. They are an obstacle to their development and have repercussions throughout the economic chain.

Delays impact suppliers' cash flow, which in turn may cause them to delay payment of their invoices, thereby feeding a vicious cycle.

In fact, the consequences are negative for all sectors: job losses, lack of competitiveness and innovation, and risk of bankruptcy for the most vulnerable companies.

4.1.1.4.2 Supplier relations

The management of Banque Palatine's supplier relationships is a strategic process aimed at establishing and maintaining mutually beneficial relationships. This is why Banque Palatine is committed to fostering a sustainable and balanced relationship with its suppliers.

Banque Palatine consolidates its partnerships with suppliers located in France or the European Union, while paying particular attention to the risks of dependence on them and their vulnerability.

Annual meetings are held with strategic suppliers. These meetings aim to strengthen the relationship, discuss regulatory changes and address CSR issues.

Banque Palatine plans to conduct two supplier surveys ("Voices of suppliers" and "Voices of business lines") in order to assess the degree of satisfaction with the relationship between partners.

Purchasing commitments

The Purchasing Department undertakes to comply with the Ethics Charter:

- adopt honest and transparent conduct in all transactions;
- avoid conflicts of interest and declare any situation likely to create them;
- comply with all applicable regulations;
- promote ethical and responsible procurement practices;
- take environmental, social and governance (ESG) criteria into account during the purchasing process;
- promote suppliers who share the same values in terms of sustainability and social responsibility;
- favour suppliers listed by BPCE Achats when they exist;
- treat all suppliers fairly, without favouritism or discrimination;
- ensure equal opportunities for all business partners;
- protect the sensitive and confidential information of suppliers and partners;
- not to disclose information without prior consent;
- foster collaborative relationships with suppliers based on trust and mutual respect;
- encourage open dialogue to solve problems and improve practices;
- commit to constantly improving purchasing practices by incorporating feedback and best practices.

4.1.1.4.3 Social and environmental criteria to select suppliers

Groupe BPCE's responsible procurement policy is in line with the Group's CSR ambitions and commitments, which Banque Palatine has a key role to play in. This Responsible Procurements approach is part of a global and sustainable performance objective, involving the Group's companies, including Banque Palatine and suppliers.

CSR is an integral part of Groupe BPCE's responsible procurement policy and, consequently, of our company.

As part of its "Responsible Procurement" policy, Banque Palatine has initiated a process to obtain the Responsible Supplier Relations and Purchases (RFAR) label.

The objective is to progress towards Responsible Procurement by establishing sustainable relationships with suppliers, integrating CSR criteria at each stage of the purchasing process, and assessing suppliers according to appropriate CSR criteria during consultations and developing the use of inclusive suppliers.

Banque Palatine's responsible procurements policy is in line with the Group's CSR ambitions and commitments, in which the Purchasing Department plays a key role. As a driver of transformation, the Responsible Procurement approach aims to achieve overall and sustainable performance, by involving their suppliers.

Training

The Purchasing teams received initial training on purchasing practices and continue to train regularly in line with changes in the sector, particularly on responsible and inclusive procurement.

4.1.1.5 (G1-3) Prevention and detection of corruption and bribery

4.1.1.5.1 Detect and prevent incidents of corruption and other breaches of honesty

Groupe BPCE's rules and procedures help to prevent and detect behaviours likely to characterise acts of corruption or influence peddling: These rules and procedures are set out in Banque Palatine's procedural guidelines:

- A corruption risk map is drawn up and regularly updated, according to a methodology complying with the recommendations of the French Anti-Corruption Agency (*Agence française anticorruption* - AFA). It is based on discussions with the business lines that make it possible to identify and assess the risks of corruption, whether active or passive, direct or indirect (complicity, concealment), and to achieve a shared vision of the challenges of the fight against corruption. The results of the risk mapping, including any ensuing action plans, are presented for approval to the management bodies. A consolidation of the mappings is presented to the Group Risk and Compliance Committee, as well as to BPCE's supervisory body;
- Action plans are formalised to reduce the level of risk of certain scenarios, when it remains too high after taking into account the mitigation measures;
- The Group's "gifts, advantages and invitations" policy sets a maximum threshold for gifts received or given, above which prior authorisation from management and a declaration to Compliance are required. As part of the sponsorship of the Paris 2024 Olympic and Paralympic Games, specific vigilance rules were adopted to secure the allocation of hospitality to customers and other third parties;
- All employees, including employees in exposed positions, in particular senior executives, are required to undergo training in professional ethics and the fight against corruption. **In this context, the percentage of at-risk functions covered by training programmes is 100%.**

The alerts submitted through the whistleblowing system concerning acts of corruption are subject to an anonymous and annual Group reporting.

- Suppliers from which the Group makes purchases of at least a total of €50,000 are assessed, taking into account a certain number of criteria (purchase category, geographical criterion, negative information about the supplier, etc.). This assessment leads, if necessary, to additional procedures aimed at assessing the ultimate risk, particularly with regard to the anti-corruption measures put in place by the supplier;
- Relationships with intermediaries (including business introducers) and customers are regulated: contracts and agreements include anti-corruption clauses; approval committees are planned, as well as the consideration of the risk of corruption in the granting of credit to Corporate customers is in progress;
- Groupe BPCE and Banque Palatine have an extensive set of standards and procedures that generally govern the strict separation of operational and control functions, including a system of delegations for granting credit and dealing with politically exposed persons, and a KYC framework. As part of the organisation of internal control, permanent control plans contribute to the security of the system. The components of this system are explicitly targeted at the corruption risks identified in the risk map;
- Groupe BPCE and Banque Palatine have accounting standards and procedures that comply with professional standards. The Group's internal control framework for accounting information is based on a structured audit process to check the conditions in which such information is assessed, recorded, stored and made available, in particular by verifying the existence of the audit trail. A Group control framework has been drawn up to help prevent and detect fraud, corruption and influence peddling, and its deployment in the entities is monitored by Group Financial Control;

- The anti-corruption rules of conduct, which can be consulted on the "Ethics and Compliance" page of BPCE's website (Ethics and Compliance: Groupe BPCE's actions and commitments), are implemented within Banque Palatine and appended to its internal regulations. Disciplinary sanctions, up to and including dismissal, are provided for in the event of failure to comply with these rules;
- The handling of allegations relating to acts of corruption is not subject to a specific Group procedure. However, guidelines have been defined for the handling of cases as part of the whistleblowing system. The formalisation of a Group procedure is included in the roadmap for 2025. It will include a requirement for reporting to the entities' management and supervisory bodies.

The above rules and measures enable compliance with the requirements introduced by article 17 of act no. 2016-1691 of 9 December 2016 on transparency, anti-corruption and modernisation of economic life (known as the "Sapin 2" law).

Training metric

- The metric is defined as follows:
  - "At-risk functions" are defined within the personnel (in accordance with the "Sapin 2" law), as the Material Risk Takers (MRT), which include senior executives; in the event that the executive managers do not meet the strict definition of MRT, they are nevertheless taken into account;
  - If an entity has deployed a Mandatory Regulatory Training (MRT) course on professional ethics and the fight against corruption to all its employees, the at-risk functions are considered to be covered;
  - The percentage of at-risk functions covered by the training program, at Banque Palatine level, is therefore the at-risk staff who have completed an anti-corruption MRT compared to the at-risk staff of the entire entity.

4.1.1.5.2 Fight against money laundering and terrorist financing

The fight against money laundering and the financing of terrorism (AML-CFT) has a dual objective: (i) to prevent criminal activities by depriving them of funds, on the one hand, and (ii) to ensure soundness, the integrity and stability of the economic and financial system, on the other hand.

As entities subject to AML-CFT obligations, Groupe BPCE and Banque Palatine are fully committed to combating illicit financial flows, in addition to the actions taken by public authorities (Financial Intelligence Units (TRACFIN in France), law enforcement agencies, judicial authorities).

The Group AML-CFT system, implemented within the bank, is based on five main components:

- **ML-TF risk assessment.** Each establishment, subsidiary or branch of the Group subject to AML-CFT obligations analyses its exposure to the risks described by the public authorities (Anti-Money Laundering Steering Committee (COLB), ACPR, TRACFIN, etc.) according to factors specified by law, inherent to their customers, services, transactions and distribution channels, as well as geographical factors. This analysis is formalised in the risk classification of the institutions and the Group, which includes, in particular, the problem of "at-risk" countries. In addition, a BC-FT risk profile is established for each customer based on a number of criteria that assign a vigilance score, which is used to adjust the frequency for updating the customer files and the procedures for monitoring transactions carried out by these customers;
- **Customer knowledge.** In addition to identifying information, Know Your Customer (KYC) includes, in particular, information on the customer's activity, financial standing and assets, as well as reputational information available via reliable media, so that institutions are able to understand the customer's general economy and financial transactions (knowledge of the origin, justification and destination of funds and transfers). Customer knowledge includes, in particular, the detection of politically exposed persons (PEP) and the identification of beneficial owners for legal entities;
- **Maintaining constant vigilance over transactions throughout the business relationship,** based on the level of ML-TF risk. This enables unusual transactions to be identified in relation to the customer's expected behaviour. Transactions by customers with a high ML-TF risk are subject to enhanced due diligence. In order to meet this requirement, banks enlist their employees' vigilance and use largely automated means to detect unusual transactions. The Group's system (automated scenarios repository) is regularly updated and adapted to changes in ML-TF risks, and in particular those related to the financing of terrorism. Alerts are mainly handled by the networks, as close as possible to KYC. The most sensitive alerts or those where a doubt remains are forwarded to the local Financial Security Department; procedures for handling alerts, whose timelines are monitored locally and at the central level, and enhanced reviews are carried out to dispel any doubts about the legality of atypical/unusual transactions or operations when one of the following three conditions is satisfied: (i) particularly complex transaction, (ii) unusually high amount, or (iii) no economic justification or lawful purpose. This analysis leads the entities to carry out a certain number of verifications: analysis of the operation of the account, request for supporting documents, etc.;
- **Reports – also known as "suspicious transaction reports" to TRACFIN** – of dubious/suspicious transactions, whenever there is doubt about the legality of the sums involved or the transactions. The entities are obliged to report to the French financial intelligence unit any sums or transactions involving sums which they know, suspect or have good reason to suspect originate from an offence punishable by more than one year's imprisonment (organised crime, trafficking of various kinds, corruption, misuse of corporate

assets, laundering of all crimes and offences, tax, social security or customs fraud, etc.) or which are linked to the financing of terrorism. Conversely, if the investigations remove any doubt as to the legality of the sums or transactions, the alert is “closed without further action” accompanied by an audit trail of the checks carried out.

This system is supplemented by other measures, including a permanent and periodic monitoring system, regular training and information sessions for employees and senior executives of the Group and its affiliates, regular monitoring of specific indicators by the governing bodies, and periodic reporting to national supervisors.

The effective implementation of a financial security system within Groupe BPCE and Banque Palatine is based on:

- a corporate culture disseminated at all levels of the organisation;
- an adapted internal organisation:
  - within each institution, a team dedicated to financial security in accordance with Groupe BPCE charters,
  - within the Group General Secretariat, a specialised department manages the implementation of these two systems, which are based on the legal and regulatory provisions of the French Monetary and Financial Code and on European texts. This department defines financial security policy for the entire Group, and develops and approves various standards and procedures. In particular, it ensures that the risks of money laundering and terrorist financing are taken into account, as well as the risks of circumventing national and international sanctions (embargoes, asset freezes and prohibitions on the provision of economic resources), particularly during the Group’s approval procedure for new products and commercial services.

The AML-CFT system applies to all Groupe BPCE affiliates (banks of the Banques Populaires and Caisses d’Epargne networks and their subsidiaries and branches, as well as BPCE, its subsidiaries and branches in France and abroad), which are subject to AML-CFT obligations.

Using a risk-based approach, each Affiliate adapts it according to factors inherent to their customers, services, types of transactions and distribution channels, as well as geographical factors.

- the senior executive in each Affiliate is responsible for their entity’s AML-CFT system. In particular, they are responsible for ensuring compliance with AML-CFT legislation and for setting up internal procedures and systems to combat money laundering and terrorist financing, taking the ML-TF risk assessment into account. In addition, each Affiliate shall appoint an Implementation Manager (IM) for the AML-CFT system, who shall hold a senior position and have sufficient knowledge of the Affiliate's exposure to ML-TF risk, depending on its size and the nature of its activities. At Banque Palatine, this function is the responsibility of the Risk and Compliance Director;
- at Groupe BPCE level, the members of the Executive Management Committee (CDG) are, under the supervision of the Groupe BPCE Supervisory Board, responsible for the AML-CFT system at Group level. In addition, the function of "Group" IM is performed by the Group Compliance Officer, who reports directly to Groupe BPCE's Secretary General.

Applicable legal framework

Groupe BPCE’s regulatory framework sets out the legal and regulatory AML-CFT obligations, in accordance with:

- the provisions of the French Monetary and Financial Code (MFC), legislative and regulatory sections of Book V, Title VI, Chapter 1 of said code, as well as related non-codified regulations such as:
  - the order of 17 March 2023 setting the list of national positions politically exposed in accordance with article R. 561-18 of the French Monetary and Financial Code,
  - the order of 2 September 2009 issued pursuant to article R. 561-12 of the French Monetary and Financial Code and defining information related to KYC and the business relationship for the purposes of assessing ML-TF risks,
  - the order of 6 January 2021 on the system and internal control for combating money laundering and terrorist financing and the freezing of assets and prohibition of the provision or use of funds or economic resources;
- the case law of the French Prudential Supervisory Authority (*Autorité de contrôle prudentiel et de résolution* - ACPR) and national supervisors for affiliates located abroad;
- the sectoral guidelines, recommendations and/or application principles of national and European supervisors.

The regulatory framework is communicated internally to all relevant parties via the intranet, as well as during regular audio conferences organised for all employees in the sector responsible for the AML-CFT system within the Group.

It is repeated during training for employees and managers.

4.1.1.5.3 Compliance with national and international sanctions (embargoes and asset freezes)

Applicable legal framework

Compliance with national and international financial sanctions is a key element of Groupe BPCE and Banque Palatine's compliance system, which, as a French and European entity, strictly complies with French and European Union laws and regulations and with the Resolutions of United Nations Security Council (UNSC).

In addition, all entities within the scope of Groupe BPCE comply with the US financial sanctions regime due to Groupe BPCE's presence in the United States and the large volume of transactions denominated in US dollars and due to other criteria underpinning US jurisdiction, in particular the extraterritorial scope of certain US financial sanctions regulations, in particular secondary sanctions that extend the extraterritoriality of US sanctions to transactions with no US ties.

French, European, UN and US legislation therefore constitutes a "common base" in terms of financial sanctions applicable to Groupe BPCE.

Compliance with national and international financial sanctions is carried out at all levels of the company.

The "Sanctions" system applies to all Groupe BPCE affiliates (banks of the Banques Populaires and Caisses d'Epargne networks and their subsidiaries and branches, as well as BPCE and its subsidiaries and branches in France and abroad).

These requirements apply to the senior executives and all employees of Groupe BPCE companies, in particular the departments responsible for relations with customers and counterparties, the departments responsible for processing transactions with customers, the Legal Departments and the Compliance Departments.

- The senior executive inside each Affiliate is responsible for their entity's "Sanctions" system. They are responsible, in particular, for ensuring compliance with regulations and the implementation of related internal organisation and procedures;
- At Groupe BPCE level, the members of the Executive Management Committee (CDG) are, under the supervision of the Groupe BPCE Supervisory Board, responsible for the "Sanctions" system at Group level.

A team within the Group Compliance Department is dedicated to overseeing the system at Group level, producing and regularly updating the regulatory framework, defining the settings for filtering and screening tools and the related checks, monitoring activity indicators, analysing and advising affiliates on the most sensitive cases referred to it, keeping senior executives regularly informed and designs employee training programs. It coordinates the different supervisory committees and, where necessary, the project committees on changes to the filtering and screening system. These committees are composed of Groupe BPCE's Chief Compliance Officer, the Group's Chief Financial Security Officer and representatives of the Group's Affiliates, the heads of the teams responsible for handling alerts, as well as the project owner (MOA) and project manager (MOE) for the filtering and screening tool selected by the Group.

Types of sanctions (asset freezes, embargoes, etc.) applied by Groupe BPCE

Groupe BPCE complies with all applicable forms of financial sanctions, which may target a country or territory, an organisation, an individual, a legal entity, a vessel, an aircraft, certain goods or services, or certain activities. The sanctions may take the form of freezes of assets and economic resources, total embargoes, restrictions or specific embargoes on particular types of transactions (for example, long-term financing or when these transactions are carried out by sanctioned individuals or legal entities) or on the export or import of certain goods, services or technologies (for example, military goods to or from sanctioned countries or territories).

Groupe BPCE strives to strictly apply the regulations and does not accept any activity the purpose or effect of which is to circumvent the prohibitions provided for therein.

4.1.2 Metrics and targets

4.1.2.1 (G1-4) Incidents of corruption or bribery

Groupe BPCE and Banque Palatine do not tolerate corruption under any circumstances or in any form. The same applies to influence peddling. People working within Groupe BPCE and Banque Palatine are required to comply with the internal rules and procedures that help to prevent and detect behaviours likely to characterise acts of corruption or influence peddling in their companies. Any employee who engages in such behaviour is subject to disciplinary sanctions, up to and including dismissal.

In the reference year 2024, there were no convictions or fines for breaches of the legislation.

Background information on the published metrics (MDR-M requirement):

The convictions taken into account are as follows:

- *Administrative sanctions against the company for breaches of anti-corruption legislation, imposed by the French Anti-Corruption Agency's Sanctions Commission or by a foreign supervisor competent to monitor the application of equivalent laws and regulations abroad;*
- *Criminal convictions of the company for offences of corruption, influence peddling, complicity in corruption, concealment of corruption, complicity in influence peddling, concealment of influence peddling, regardless of the jurisdiction; approved judicial agreements in the public interest or other similar transactions are included;*

- *Criminal convictions of an executive or employee present in the company on 31 December 2024 for offences of corruption, influence peddling, complicity in corruption, concealment of corruption, complicity in influence peddling, concealment of influence peddling committed as part of his or her duties in the company, regardless of the jurisdiction.*

The fines taken into account are those corresponding to the sanctions imposed on the company in 2024:

- *Administrative sanctions for breaches of anti-corruption legislation imposed by the French Anti-Corruption Agency's Sanctions Commission or by a foreign supervisor competent to monitor the application of equivalent laws and regulations abroad,*
- *Criminal convictions of the company for offences of corruption, influence peddling, complicity in corruption, concealment of corruption, complicity in influence peddling, concealment of influence peddling, regardless of the jurisdiction; approved judicial agreements in the public interest or other similar transactions are included.*

4.1.2.2 (G1-6) Payment practices

BPCE Achats & Services continues to conduct surveys on payment deadlines within the Group, and the results are incorporated into purchasing reporting tools. The measures adopted concerning payment deadlines are aligned with those of Groupe BPCE, thus guaranteeing suppliers' significant financial security.

The Group undertakes to respect the regulatory payment deadlines, in accordance with the legal definition, which stipulates a period of 60 days from the date of issue of the invoice. In 2024, 91.5% of payments (by amount) met this commitment. In addition, it is Group policy to pay suppliers within 30 days of the invoice date. **Banque Palatine's average payment deadline**, reported for 2024, of **28.19 days**, complies with this requirement. Lastly, there are no ongoing legal proceedings concerning late payments.

Banque Palatine also strives to manage this activity and raise awareness among the business lines throughout the year.

Background information on the published metrics (MDR-M):

The average payment deadline for invoices paid in 2024 covers all invoices paid between 1 January and 31 December 2024, regardless of their date of issue. Expense claims are not taken into account in this analysis.

The payment term is calculated as the difference between the issue date and the settlement date.

Several indicators resulting from this analysis are monitored on a quarterly basis, among which the most significant are: the average payment deadline (expressed in days) and the total amount of invoices paid after 60 days.

The objective is to achieve the lowest possible values for these two indicators, and thus comply with the regulations in force.

Limitation on published information:

The indicator "Description of the company's standard payment deadlines (in number of days) per major supplier category and the percentage of payments made within these deadlines", corresponding to the disclosure requirement of section 33b of DR G1-6 of the CSRD standard, is not published. BPCE is not in a position to publish this metric for the 2024 reference year, because the data is unavailable. An action plan will be set up to meet the disclosure requirement.

Part 5 - European taxonomy metrics on sustainable activities

Tables to be published in accordance with article 8 of the taxonomy regulation

The information relating to the GAR is presented below in accordance with the template tables applicable to credit institutions as set out in Annex VI of delegated regulation 2023/2486.

Template 0 - Summary of KPIs to be disclosed by credit institutions under article 8 of the taxonomy regulation

		Total environ-mentally sustainable assets	KPI [4]	KPI [5]	% coverage (over total assets) [3]	% of asset excluded from the GAR (article 7 (2) and (3) and section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (article 7 and section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR)**	**875**	**5.46%**	**0.91%**	**81.70%**	**65.96%**	**18.30%**

	Total environ-mentally sustainable activities	KPI	KPI	% coverage (relative to total assets)	% of asset excluded from the GAR (article 7 (2) and (3) and section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (article 7 and section 1.2.4 of Annex V)
Additional KPIs						
GAR (flow)	30	0.77%	5.54%	97.02%	83.08%	2.98%
Trading book [1]						
Financial guarantees	21	1.63%	1.66%			
Assets under management						
Fees and commissions received [2]						

(3) For credit institutions not meeting the conditions of article 94(1) or article 325a(1) of the CRR.

(4) Fees and commissions on services other than loans and asset management.
Institutions shall provide forward-looking information for these KPIs, in particular on the targets concerned, and relevant explanations of the method applied.

(5) % of assets covered by the KPI, compared to total bank assets.

(6) Based on the KPI of the counterparty turnover.

(7) Based on the KPI of the counterparty's CapEx, except for general lending activities, for which the turnover KPI is used.

Template 1 - Assets for the calculation of GAR (Turnover basis)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
			Disclosure reference date T												
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
	in millions of euros	Total [gross] carrying amount			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	3,085	1,945	875											
2	**Financial corporations**	**266**	**-**	**-**											
3	Credit institutions	99	-	-											
4	Loans and advances	4	-	-											
5	Debt securities, including specific use of proceeds (UoP)	86	-	-											
6	Equity instruments	9	-	-											
7	Other financial corporations	167	-	-											
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including specific use of proceeds (UoP)														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including specific use of proceeds (UoP)														
15	Equity instruments														

o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
	Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)							
		Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
												1,945	875			
												-	-			
												-	-			
												-	-			
												-	-			
												-	-			
												-	-			

	in millions of euros	a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date T													
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
		Total [gross] carrying amount			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
16	of which insurance undertakings	0	-	-											
17	Loans and advances	0	-	-											
18	Debt securities, including specific use of proceeds (UoP)														
19	Equity instruments	-	-	-											
20	**Non-financial corporations**	**761**	**135**	**54**											
21	Loans and advances	730	121	51											
22	Debt securities, including specific use of proceeds (UoP)	29	14	3											
23	Equity instruments	2	-	-											
24	**Households**	**2,000**	**1,773**	**821**											
25	of which loans secured by residential real estate assets	1,772	1,772	821											
26	of which building renovation loans	-	-	-											
27	of which motor vehicle loans	1	1	-											
28	**Local governments financing**	**57**	**37**	**-**											
29	Housing financing	37	37	-											
30	Other local government financing	20	-	-											
31	**Collateral obtained by seizure: residential and commercial real estate assets**	**-**	**-**	**-**											
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**12,930**													

o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)		
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
												-	-			
												-	-			
												-	-			
												135	**54**			
												121	51			
												14	3			
												-	-			
												1,773	**821**			
												1,772	821			
												-	-			
												1	-			
												37	**-**			
												37	-			
												-	-			
												-	**-**			

	in millions of euros	a	b	c	d	e	f	g	h	i	j	k	l	m	n
			Disclosure reference date T												
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
		Total [gross] carrying amount			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
33	**Financial and non-financial corporations**	11,002													
34	SMEs and non-financial corporations (other than SMEs) not subject to CSRD disclosure obligations	10,832													
35	Loans and advances	10,723													
36	of which loans secured by commercial real estate assets	1,918													
37	of which building renovation loans														
38	Debt securities	105													
39	Equity instruments	4													
40	Third country counterparties not subject to CSRD disclosure obligations	170													
41	Loans and advances	113													
42	Debt securities	57													
43	Equity instruments	-													
44	**Derivatives**	**10**													
45	**On demand interbank loans**	**1,655**													
46	**Cash and cash equivalents**	**5**													
47	**Other asset classes (goodwill, commodities, etc.)**	**257**													
48	**TOTAL GAR ASSETS**	**16,014**	**1,945**	**875**											
49	**ASSETS NOT INCLUDED IN THE GAR CALCULATION**	**3,588**													
50	**Central governments and supranational issuers**	**1,593**													

	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T																
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
	Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)								
		Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
												1,945	**875**			

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
			Disclosure reference date T												
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
	in millions of euros	Total [gross] carrying amount			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
51	**Central banks exposure**	**1,655**													
52	**Trading book**	**339**													
53	**TOTAL ASSETS**	**19,602**	**1,945**	**875**											
	Off-balance sheet exposures - Corporate customers subject to CSRD disclosure obligations														
54	Financial guarantees	1,264	49	21											
55	Assets under management														
56	Of which debt securities														
57	Of which equity instruments														

o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
												1,945	**875**			
												49	21			

	in millions of euros	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
		Disclosure reference date T-1													
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
		Total [gross] carrying amount			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	2,924	1,669	827											
2	**Financial corporations**	**154**	**-**	**-**											
3	Credit institutions	22	-	-											
4	Loans and advances	1	-	-											
5	Debt securities, including specific use of proceeds (UoP)	20	-	-											
6	Equity instruments	-													
7	Other financial corporations	133	-	-											
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including specific use of proceeds (UoP)														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including specific use of proceeds (UoP)														
15	Equity instruments														

au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
												1,669	827			
												-	-			
												-	-			
												-	-			
												-	-			
												-	-			

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
			Disclosure reference date T-1												
			Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
			Of which to taxonomy-relevant sectors (taxonomy-eligible)						Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)		
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
in millions of euros		Total [gross] carrying amount			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
16	of which insurance undertakings	0	-	-											
17	Loans and advances	0	-	-											
18	Debt securities, including specific use of proceeds (UoP)	-	-	-											
19	Equity instruments	-													
20	**Non-financial corporations**	**815**	**115**	**43**											
21	Loans and advances	811	115	43											
22	Debt securities, including specific use of proceeds (UoP)	-	-	-											
23	Equity instruments	4													
24	**Households**	**1,916**	**1,516**	**784**											
25	of which loans secured by residential real estate assets	1,516	1,516	784											
26	of which building renovation loans	-	-	-											
27	of which motor vehicle loans	0	0	-											
28	**Local governments financing**	**38**	**38**	**-**											
29	Housing financing	38	38	-											
30	Other local government financing	0	-	-											

	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	Disclosure reference date T-1																
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
	Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)								
		Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
													-	-			
													-	-			
													-	-			
													115	**43**			
													115	43			
													-	-			
													1,516	**784**			
													1,516	784			
													-	-			
													0	-			
													38	**-**			
													38	-			
													-	-			

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
			Disclosure reference date T-1												
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
	in millions of euros	**Total [gross] carrying amount**			**Of which use of proceeds**	**Of which transitional**	**Of which enabling**			**Of which use of proceeds**	**Of which enabling**			**Of which use of proceeds**	**Of which enabling**
31	**Collateral obtained by seizure: residential and commercial real estate assets**	-	-	-											
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**14, 413**													
33	**Financial and Non-financial corporations**														
34	SMEs and non-financial corporations (other than SMEs) not subject to CSRD disclosure obligations														
35	Loans and advances														
36	of which loans secured by commercial real estate assets														
37	of which building renovation loans														
38	Debt securities														
39	Equity instruments														
40	Third country counterparties not subject to CSRD disclosure obligations														
41	Loans and advances														
42	Debt securities														
43	Equity instruments														
44	**Derivatives**														
45	**On demand interbank loans**														

	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
	Disclosure reference date T-1																
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
	Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)								
		Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
													-	-			

	in millions of euros	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
		Disclosure reference date T-1													
			Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
			Of which to taxonomy-relevant sectors (taxonomy-eligible)						Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)		
				Of which environmentally sustainable (aligned with taxonomy)						Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)	
		Total [gross] carrying amount			Of which use of proceeds	Of which transitional	Of which enabling				Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
46	Cash and cash equivalents														
47	Other categories of assets (e.g. Goodwill, commodities etc.)														
48	**TOTAL GAR ASSETS**	**17,337**	**1,669**	**827**											
49	**ASSETS NOT COVERED FOR GAR CALCULATION**														
50	Central governments and supranational issuers														
51	Central banks exposure														
52	Trading book														
53	**TOTAL ASSETS**	**17,337**	**1,669**	**827**											
	Off-balance sheet exposures - Corporate customers subject to CSRD disclosure obligations														
54	Financial guarantees														
55	Assets under management														
56	Of which debt securities														
57	Of which equity instruments														

au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
	Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)							
		Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
												1,669	827			
												1,669	827			
												1	0			

Template 1 - Assets for the calculation of GAR (CapEx basis)

	in millions of euros	a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date T													
		Total [gross] car rying amount	Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
			Of which to taxonomy-relevant sectors (taxonomy-eligible)						Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)		
				Of which environmentally sustainable (aligned with taxonomy)						Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)	
					Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	3,085	2,002	887											
2	**Financial corporations**	**266**	**4**	**-**											
3	Credit institutions	99	-	-											
4	Loans and advances	4	-	-											
5	Debt securities, including specific use of proceeds (UoP)	86	-	-											
6	Equity instruments	9	-	-											
7	Other financial corporations	167	4	-											
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including specific use of proceeds (UoP)														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including specific use of proceeds (UoP)														
15	Equity instruments														
16	of which insurance undertakings	0	-	-											
17	Loans and advances	0	-	-											
18	Debt securities, including specific use of proceeds (UoP)														
19	Equity instruments	-	-	-											
20	**Non-financial corporations**	**761**	**188**	**66**											
21	Loans and advances	730	173	59											
22	Debt securities, including specific use of proceeds (UoP)	29	15	7											
23	Equity instruments	2	-	-											

o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
												2,002	887			
												4	**-**			
												-	-			
												-	-			
												-	-			
												-	-			
												4	-			
												-	-			
												-	-			
												-	-			
												188	**66**			
												173	59			
												15	7			
												-	-			

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date T													
			Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
			Of which to taxonomy-relevant sectors (taxonomy-eligible)						Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)		
				Of which environmentally sustainable (aligned with taxonomy)						Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)	
	in millions of euros	Total [gross] carrying amount			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
24	**Households**	**2,000**	**1,773**	**821**											
25	of which loans secured by residential real estate assets	1,772	1,772	821											
26	of which building renovation loans	-	-	-											
27	of which motor vehicle loans	1	1	-											
28	Local governments financing	**57**	**37**	**-**											
29	Housing financing	37	37	-											
30	Other local government financing	20	-	-											
31	Collateral obtained by seizure: residential and commercial real estate assets	**-**	**-**	**-**											
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**12,930**													
33	**Financial and non-financial corporations**	**11,002**													
34	SMEs and non-financial corporations (other than SMEs) not subject to CSRD disclosure obligations	10,832													
35	Loans and advances	10,723													
36	of which loans secured by commercial real estate assets	1,918													
37	of which building renovation loans														
38	Debt securities	105													
39	Equity instruments	4													
40	Third country counterparties not subject to CSRD disclosure obligations	170													
41	Loans and advances	113													
42	Debt securities	57													
43	Equity instruments	-													
44	**Derivatives**	**10**													
45	**On demand interbank loans**	**1,655**													
46	**Cash and cash equivalents**	**5**													
47	**Other asset classes (goodwill, commodities, etc.)**	**257**													
48	**TOTAL GAR ASSETS**	**16,014**	**2,002**	**887**											
49	**ASSETS NOT COVERED FOR GAR CALCULATION**	**3,588**													
50	**Central governments and supranational issuers**	**1,593**													
51	**Central banks exposure**	**1,655**													
52	**Trading book**	**339**													

o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling
												1,773	**821**			
												1,772	821			
												-	-			
												1	-			
												37	**-**			
												37	-			
												-	-			
												-	**-**			
												2,002	**887**			

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date T													
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
in millions of euros		Total [gross] car rying amount			Of which use of proceeds	Of which transi- tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
53	**TOTAL ASSETS**	**19,602**	**2,002**	**887**											
	Off-balance sheet exposures - Corporate customers subject to CSRD disclosure obligations														
54	Financial guarantees	1,264	51	21											
55	Assets under management														
56	Of which debt securities														
57	Of which equity instruments														

o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi- tional	Of which enabling
												2,002	**887**			
												51	21			

	in millions of euros	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
		Disclosure reference date T-1													
			Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
			Of which to taxonomy-relevant sectors (taxonomy-eligible)						Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)		
				Of which environmentally sustainable (aligned with taxonomy)						Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)	
		Total [gross] carrying amount			Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	2,924	1,741	843											
2	**Financial corporations**	**154**	**3**	**-**											
3	Credit institutions	22	-	-											
4	Loans and advances	1	-	-											
5	Debt securities, including specific use of proceeds (UoP)	20	-	-											
6	Equity instruments	-													
7	Other financial corporations	133	3	-											
8	of which investment firms														
9	Loans and advances														
10	Debt securities, including specific use of proceeds (UoP)														
11	Equity instruments														
12	of which management companies														
13	Loans and advances														
14	Debt securities, including specific use of proceeds (UoP)														
15	Equity instruments														
16	of which insurance undertakings	0	-	-											
17	Loans and advances	0	-	-											
18	Debt securities, including specific use of proceeds (UoP)	-	-	-											
19	Equity instruments	-													
20	**Non-financial corporations**	**815**	**184**	**59**											
21	Loans and advances	811	184	59											
22	Debt securities, including specific use of proceeds (UoP)	-	-	-											
23	Equity instruments	4													

au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi- tional	Of which enabling
												1,741	843			
												3	**-**			
												-	-			
												-	-			
												-	-			
												3	-			
												-	-			
												-	-			
												-	-			
												184	**59**			
												184	59			
												-	-			

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
		Disclosure reference date T-1													
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
	in millions of euros	Total [gross] car rying amount			Of which use of proceeds	Of which transi- tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
24	**Households**	**1,916**	**1,516**	**784**											
25	of which loans secured by residential real estate assets	1,516	1,516	784											
26	of which building renovation loans	-	-	-											
27	of which motor vehicle loans	0	0	-											
28	**Local governments financing**	**38**	**38**	**-**											
29	Housing financing	38	38	-											
30	Other local government financing	0	-	-											
31	**Collateral obtained by seizure: residential and commercial real estate assets**	**-**	**-**	**-**											
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**														
33	**Financial and non-financial corporations**														
34	SMEs and non-financial corporations (other than SMEs) not subject to CSRD disclosure obligations														
35	Loans and advances														
36	of which loans secured by commercial real estate assets														
37	of which building renovation loans														
38	Debt securities														
39	Equity instruments														
40	Third country counterparties not subject to CSRD disclosure obligations														
41	Loans and advances														
42	Debt securities														
43	Equity instruments														
44	**Derivatives**														
45	**On demand interbank loans**														
46	**Cash and cash equivalents**														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**														
48	**TOTAL GAR ASSETS**	**2,924**	**1,741**	**843**											
49	**ASSETS NOT COVERED FOR GAR CALCULATION**														
50	**Central governments and supranational issuers**														
51	**Central banks exposure**														
52	**Trading book**														

au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transitional	Of which enabling
												1,516	**784**			
												1,516	784			
												-	-			
												0	-			
												38	**-**			
												38	-			
												-	-			
												-	**-**			
												1,741	**843**			

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at
			Disclosure reference date T-1												
			Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
			Of which to taxonomy-relevant sectors (taxonomy-eligible)					Of which to taxonomy-relevant sectors (taxonomy-eligible)				Of which to taxonomy-relevant sectors (taxonomy-eligible)			
				Of which environmentally sustainable (aligned with taxonomy)					Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)		
	in millions of euros	Total [gross] car rying amount			Of which use of proceeds	Of which transi- tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
53	**TOTAL ASSETS**	**2,924**	**1,741**	**843**											
	Off-balance sheet exposures - Corporate customers subject to CSRD disclosure obligations														
54	Financial guarantees														
55	Assets under management														
56	Of which debt securities														
57	Of which equity instruments														

au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)				Of which to taxonomy-relevant sec tors (taxonomy-eligible)								
	Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)				Of which environmentally sustainable (aligned with taxonomy)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling
												1,741	843			

Template 2 - Breakdown of GAR outstandings by business segment

		a	b	c	d	e	f	g	h	i	j	k	l
		Climate change mitigation (CCM)				Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)
1	10.20 - Processing and conservation of fish, crustaceans and molluscs	1	-										
2	10.85 - Manufacture of prepared dishes	0	-										
3	13.20 - Weaving	7	-										
4	14.13 - Manufacture of outerwear	0	-										
5	16.10 - Sawing and planning of wood	3	-										
6	16.24 - Manufacture of wooden packaging	0	-										
7	17.12 - Manufacture of paper and cardboard	10	-										
8	17.23 - Manufacture of stationery	1	-										
9	17.29 - Manufacture of other articles of paper or paperboard	0	-										
10	18.12 - Other printing works (labour)	5	-										
11	20.13 - Manufacture of other basic inorganic chemical products	1	-										
12	20.14 - Manufacture of other basic organic chemicals	2	-										
13	20.16 - Manufacture of basic plastics	0	0										
14	20.42 - Manufacture of fragrances and toiletries	1	-										
15	20.53 - Manufacture of essential oils	5	-										
16	22.19 - Manufacture of other rubber articles	0	-										
17	22.23 - Manufacture of plastic components for construction	1	-										
18	22.29 - Manufacture of other plastic articles	0	-										
19	23.13 - Manufacture of hollow glass	1	-										
20	23.51 - Manufacture of cement	10	0										

	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)			
	Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
													1	-		
													0	-		
													7	-		
													0	-		
													3	-		
													0	-		
													10	-		
													1	-		
													0	-		
													5	-		
													1	-		
													2	-		
													0	0		
													1	-		
													5	-		
													0	-		
													1	-		
													0	-		
													1	-		
													10	0		

		a	b	c	d	e	f	g	h	i	j	k	l
		Climate change mitigation (CCM)				Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
21	24.20 - Manufacture of steel tubes, pipes, hollow profiles and related accessories	4	-										
22	24.42 - Aluminium metallurgy	1	1										
23	24.44 - Copper metallurgy	1	1										
24	25.11 - Manufacture of metal structures and parts of structures	0	0										
25	25.50 - Forging, stamping, powder metallurgy	0	-										
26	25.62 - Machining	0	-										
27	25.62 - Machining	11	0										
28	25.93 - Manufacture of articles of wire, chains and springs	5	2										
29	25.99 - Manufacture of other metal products n.e.c.	0	-										
30	26.12 - Manufacture of assembled electronic boards	2	-										
31	26.20 - Manufacture of computers and peripheral equipment	0	-										
32	27.40 - Manufacture of electric lighting appliances	1	-										
33	27.51 - Manufacture of household appliances	15	-										
34	28.13 - Manufacture of other pumps and compressors	0	-										
35	28.14 - Manufacture of other taps	1	-										
36	28.22 - Manufacture of lifting and handling equipment	8	3										
37	28.25 - Manufacture of industrial air and refrigeration equipment	0	-										
38	28.91 - Manufacture of machinery for the metal industry	0	-										
39	29.32 - Manufacture of other automotive equipment	29	4										
40	31.09 - Manufacture of furniture	1	-										

	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)			
	Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
													4	-		
													1	1		
													1	1		
													0	0		
													0	-		
													0	-		
													11	0		
													5	2		
													0	-		
													2	-		
													0	-		
													1	-		
													15	-		
													0	-		
													1	-		
													8	3		
													0	-		
													0	-		
													29	4		
													1	-		

		a	b	c	d	e	f	g	h	i	j	k	l
		Climate change mitigation (CCM)				Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)
41	32.50 - Manufacture of medical and dental instruments and supplies	8	-										
42	33.20 - Installation of industrial machinery and equipment	0	0										
43	35.11 - Electricity production	18	0										
44	35.14 - Electricity trading	0	0										
45	38.11 - Collection of non-hazardous waste	4	3										
46	38.21 - Treatment and disposal of non-hazardous waste	0	0										
47	38.22 - Treatment and disposal of hazardous waste	0	0										
48	38.32 - Recovery of sorted waste	6	5										
49	41.10 - Property development	31	6										
50	41.10 - Property development	5	1										
51	41.10 - Property development	7	0										
52	41.20 - Construction of residential and non-residential buildings	4	-										
53	41.20 - Construction of residential and non-residential buildings	1	0										
54	42.22 - Construction of electricity and telecommunications networks	0	0										
55	42.99 - Construction of other civil engineering works n.e.c.	0	0										
56	43.22 - Plumbing and heating and air conditioning installation	0	0										
57	43.29 - Other installation work	0	-										
58	43.32 - Joinery work	0	0										
59	45.32 - Retail sale of automotive equipment	0	-										
60	46.19 - Intermediaries in trade in miscellaneous products	0	-										

m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)			
Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
												8	-		
												0	0		
												18	0		
												0	0		
												4	3		
												0	0		
												0	0		
												6	5		
												31	6		
												5	1		
												7	0		
												4	-		
												1	0		
												0	0		
												0	0		
												0	0		
												0	-		
												0	0		
												0	-		
												0	-		

		a	b	c	d	e	f	g	h	i	j	k	l
		Climate change mitigation (CCM)				**Climate change adaptation (CCA)**				**Water and marine resources (WMR)**			
		Non-financial corporations (subject to CSRD)		**SMEs and other non-financial corporations not subject to CSRD**		**Non-financial corporations (subject to CSRD)**		**SMEs and other non-financial corporations not subject to CSRD**		**Non-financial corporations (subject to CSRD)**		**SMEs and other non-financial corporations not subject to CSRD**	
		[Gross] carrying amount		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**		**[Gross] carrying amount**	
	Breakdown by sector - NACE 4 digits level (code and label)	**in millions of euros**	**Of which environ-mentally sustai-nable (CCM)**	**in millions of euros**	**Of which environ-mentally sustai-nable (CCM)**	**in millions of euros**	**Of which environ-mentally sustai-nable (CCM)**	**in millions of euros**	**Of which environ-mentally sustai-nable (CCM)**	**in millions of euros**	**Of which environ-mentally sustai-nable (CCM)**	**in millions of euros**	**Of which environ-mentally sustai-nable (CCM)**
61	46.19 - Intermediaries in trade in miscellaneous products	1	-										
62	46.31 - Wholesale of fruit and vegetables	0	-										
63	46.34 - Wholesale of beverages	6	-										
64	46.37 - Wholesale of coffee, tea, cocoa and spices	0	-										
65	46.41 - Wholesale of textiles	0	-										
66	46.45 - Wholesale of perfumery and beauty products	0	-										
67	46.46 - Wholesale of pharmaceutical products	3	-										
68	46.49 - Wholesale of other domestic goods	6	-										
69	46.51 - Wholesale of computers, peripheral computer equipment and software	1	-										
70	46.52 - Wholesale of electronic and telecommunication components and equipment	2	-										
71	46.69 - Wholesale of other machinery and equipment	1	-										
72	46.69 - Wholesale of other machinery and equipment	1	-										
73	46.71 - Wholesale of fuels and related products	3	0										
74	46.72 - Wholesale of minerals and metals	1	-										
75	46.73 - Wholesale of wood, building materials and sanitary appliances	0	-										
76	46.90 - Non-specialised wholesale trade	11	-										

	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)			
	Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
													1	-		
													0	-		
													6	-		
													0	-		
													0	-		
													0	-		
													3	-		
													6	-		
													1	-		
													2	-		
													1	-		
													1	-		
													3	0		
													1	-		
													0	-		
													11	-		

		a	b	c	d	e	f	g	h	i	j	k	l
		Climate change mitigation (CCM)				Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
77	47.19 - Other retail trade in non-specialised stores	9	-										
78	47.59 - Retail sale of furniture, lighting appliances and other household items in specialised stores	0	-										
79	47.71 - Retail sale of clothing in specialised stores	1	-										
80	47.75 - Retail sale of perfumery and beauty products in specialised stores	0	-										
81	47.91 - Distance selling	0	-										
82	47.91 - Distance selling	3	-										
83	49.41 - Road freight transport	0	0										
84	50.20 - Maritime and coastal freight transport	2	-										
85	52.10 - Warehousing and storage	0	0										
86	52.10 - Warehousing and storage	10	1										
87	52.24 - Handling	0	-										
88	55.10 - Hotels and similar accommodation	11	-										
89	56.10 - Restaurants and mobile food services	0	-										
90	58.21 - Publishing electronic games	18	-										
91	58.29 - Publishing other software	0	-										

	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)			
	Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
													9	-		
													0	-		
													1	-		
													0	-		
													0	-		
													3	-		
													0	0		
													2	-		
													0	0		
													10	1		
													0	-		
													11	-		
													0	-		
													18	-		
													0	-		

		a	b	c	d	e	f	g	h	i	j	k	l
		Climate change mitigation (CCM)				Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Breakdown by sector - NACE 4 digits level (code and label)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)
92	58.29 - Publishing other software	1	-										
93	59.11 - Production of motion picture films, video and television programmes	11	-										
94	59.11 - Production of motion picture films, video and television programmes	6	-										
95	60.20 - Television programming and television broadcasting	8	1										
96	62.01 - Computer programming	2	0										
97	62.02 - IT consulting	9	0										
98	62.09 - Other IT activities	4	1										
99	64.20 - Activities of holding companies	15	1										
100	64.30 - Investment funds and similar financial entities	26	0										
101	64.92 - Other credit distribution	11	0										
102	66.19 - Other activities auxiliary to financial services, excluding insurance and pension funds	21	-										
103	66.30 - Fund management	28	-										
104	68.10 - Activities of real estate dealers	13	2										
105	68.20 - Rental and operation of own or leased real estate	97	6										
106	68.31 - Real estate agencies	0	-										
107	68.32 - Property management	11	1										

	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)			
	Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
													1	-		
													11	-		
													6	-		
													8	1		
													2	0		
													9	0		
													4	1		
													15	1		
													26	0		
													11	0		
													21	-		
													28	-		
													13	2		
													97	6		
													0	-		
													11	1		

	Breakdown by sector - NACE 4 digits level (code and label)	a	b	c	d	e	f	g	h	i	j	k	l
		Climate change mitigation (CCM)				Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)	in millions of euros	Of which environ-mentally sustai-nable (CCM)
108	69.20 - Accounting activities	0	-										
109	70.10 - Activities of head offices	64	2										
110	70.22 - Business and other management advice	30	0										
111	71.12 - Engineering activities	18	13										
112	72.11 - Biotechnology research and development	0	-										
113	74.10 - Specialised design activities	0	0										
114	74.20 - Photographic activities	1	-										
115	77.12 - Truck rental and leasing	0	-										
116	77.29 - Rental and leasing of other personal and household goods	9	-										
117	77.39 - Rental and leasing of other machinery, equipment and tangible goods n.e.c.	8	-										
118	78.20 - Activities of temporary employment agencies	0	-										
119	78.30 - Other provision of human resources	7	-										
120	80.10 - Private security activities	0	-										
121	82.99 - Other business support activities n.e.c.	12	-										
122	86.10 - Hospital activities	0	0										
123	87.10 - Medical accommodation	31	-										
124	88.10 - Social action without accommodation for the elderly and disabled	0	-										
125	93.29 - Other recreational and recreational activities	18	-										
126	Unidentified NACE code	2	-										

	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)			
	Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD		Non-financial corporations (subject to CSRD)		SMEs and other non-financial corporations not subject to CSRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)	in millions of euros	Of which environmentally sustainable (CCM)
													0	-		
													64	2		
													30	0		
													18	13		
													0	-		
													0	0		
													1	-		
													0	-		
													9	-		
													8	-		
													0	-		
													7	-		
													0	-		
													12	-		
													0	0		
													31	-		
													0	-		
													18	-		
													2	-		

Template 3 - GAR KPI Outstanding (Turnover base)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)						Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
% (compared to total covered assets in the denominator)				Of which use of proceeds	Of which transitional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	63.07%	28.36%											
2	**Financial corporations**	**0.00%**	**0.00%**											
3	Credit institutions	0.00%	0.00%											
4	Loans and advances	0.00%	0.00%											
5	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
6	Equity instruments	0.00%	0.00%											
7	Other financial corporations	0.00%	0.00%											
8	of which investment firms													
9	Loans and advances													
10	Debt securities, including specific use of proceeds (UoP)													
11	Equity instruments													
12	of which management companies													
13	Loans and advances													
14	Debt securities, including specific use of proceeds (UoP)													
15	Equity instruments													
16	of which insurance undertakings	0.00%	0.00%											
17	Loans and advances	0.00%	0.00%											
18	Debt securities, including specific use of proceeds (UoP)													
19	Equity instruments	0.00%	0.00%											

n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
												63.07%	28.36%				15.74%
												0.00%	**0.00%**				**1.36%**
												0.00%	0.00%				0.51%
												0.00%	0.00%				0.02%
												0.00%	0.00%				0.44%
												0.00%	0.00%				0.05%
												0.00%	0.00%				0.85%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)						Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)						Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)	
				Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
20	**Non-financial corporations**	**17.72%**	**7.08%**											
21	Loans and advances	16.54%	6.93%											
22	Debt securities, including specific use of proceeds (UoP)	48.17%	11.26%											
23	Equity instruments	0.00%	0.00%											
24	**Households**	**88.64%**	**41.04%**											
25	of which loans secured by residential real estate assets	100.00%	46.33%											
26	of which building renovation loans	0.00%	0.00%											
27	of which motor vehicle loans	100.00%	0.00%											
28	**Local government funding**	**64.80%**	**0.00%**											
29	Housing financing	100.00%	0.00%											
30	Other local government financing	0.00%	0.00%											
31	**Collateral obtained by seizure: residential and commercial real estate assets**	**0.00%**	**0.00%**											
32	**TOTAL GAR ASSETS**	**12.15%**	**5.46%**											

n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
												17.72%	**7.08%**				**3.88%**
												16.54%	6.93%				3.72%
												48.17%	11.26%				0.15%
												0.00%	0.00%				0.01%
												88.64%	**41.04%**				**10.21%**
												100.00%	46.33%				9.04%
												0.00%	0.00%				0.00%
												64.80%	**0.00%**				**0.29%**
												100.00%	0.00%				0.19%
												0.00%	0.00%				0.10%
												0.00%	**0.00%**				**0.00%**
												12.15%	**5.46%**				**81.70%**

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as
		Disclosure reference date T-1												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
	% (compared to total covered assets in the denominator)			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	57.08%	28.29%											
2	**Financial corporations**	**0.00%**	**0.00%**											
3	Credit institution	0.00%	0.00%											
4	Loans and advances	0.00%	0.00%											
5	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
6	Equity instruments													
7	Other financial corporations	0.00%	0.00%											
8	of which investment firms													
9	Loans and advances													
10	Debt securities, including specific use of proceeds (UoP)													
11	Equity instruments													
12	of which management companies													
13	Loans and advances													
14	Debt securities, including specific use of proceeds (UoP)													
15	Equity instruments													
16	of which insurance undertakings	0.00%	0.00%											
17	Loans and advances	0.00%	0.00%											
18	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
19	Equity instruments													

at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
												57.08%	28.29%				16.86%
												0.00%	**0.00%**				**0.89%**
												0.00%	0.00%				0.12%
												0.00%	0.00%				0.01%
												0.00%	0.00%				0.12%
																	0.00%
												0.00%	0.00%				0.77%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%
																	0.00%

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as
		Disclosure reference date T-1												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
% (compared to total covered assets in the denominator)				Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
20	**Non-financial corporations**	**14.06%**	**5.29%**											
21	Loans and advances	14.13%	5.31%											
22	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
23	Equity instruments													
24	**Households**	**79.13%**	**40.93%**											
25	of which loans secured by residential real estate assets	100.00%	51.72%											
26	of which building renovation loans	0.00%	0.00%											
27	of which motor vehicle loans													
28	**Local governments financing**	**99.25%**	**0.00%**											
29	Housing financing	100.00%	0.00%											
30	Other local government financing	0.00%	0.00%											
31	**Collateral obtained by seizure: residential and commercial real estate assets**	**0.00%**	**0.00%**											
32	**TOTAL GAR ASSETS**	**9.63%**	**4.77%**											

at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
												14.06%	**5.29%**				**4.70%**
												14.13%	5.31%				4.68%
												0.00%	0.00%				0.00%
																	0.02%
												79.13%	**40.93%**				**11.05%**
												100.00%	51.72%				8.74%
												0.00%	0.00%				0.00%
												100.00%	0.00%				0.00%
												99.25%	**0.00%**				**0.22%**
												100.00%	0.00%				0.22%
												0.00%	0.00%				0.00%
												0.00%	**0.00%**				**0.00%**
												9.63%	**4.77%**				**100.00%**

Template 3 - GAR KPI Outstanding (CapEx basis)

	% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)						Climate change adaptation (CCA)				Aquatic resources and marines (RAM)		
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)						Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
				Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	64.92%	28.76%											
2	**Financial corporations**	**1.40%**	**0.00%**											
3	Credit institutions	0.00%	0.00%											
4	Loans and advances	0.00%	0.00%											
5	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
6	Equity instruments	0.00%	0.00%											
7	Other financial corporations	2.24%	0.00%											
8	of which investment firms													
9	Loans and advances													
10	Debt securities, including specific use of proceeds (UoP)													
11	Equity instruments													
12	of which management companies													
13	Loans and advances													
14	Debt securities, including specific use of proceeds (UoP)													
15	Equity instruments													
16	of which insurance undertakings	0.00%	0.00%											
17	Loans and advances	0.00%	0.00%											
18	Debt securities, including specific use of proceeds (UoP)													
19	Equity instruments	0.00%	0.00%											

	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T																	
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
	Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
		Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
													64.92%	28.76%				15.74%
													1.40%	**0.00%**				**1.36%**
													0.00%	0.00%				0.51%
													0.00%	0.00%				0.02%
													0.00%	0.00%				0.44%
													0.00%	0.00%				0.05%
													2.24%	0.00%				0.85%
													0.00%	0.00%				0.00%
													0.00%	0.00%				0.00%
													0.00%	0.00%				0.00%

% (compared to total covered assets in the denominator)		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Aquatic resources and marines (RAM)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
				Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
20	**Non-financial corporations**	**24.74%**	**8.70%**											
21	Loans and advances	23.67%	8.05%											
22	Debt securities, including specific use of proceeds (UoP)	52.89%	25.38%											
23	Equity instruments	0.00%	0.00%											
24	**Households**	**88.64%**	**41.04%**											
25	of which loans secured by residential real estate assets	100.00%	46.33%											
26	of which building renovation loans	0.00%	0.00%											
27	of which motor vehicle loans	100.00%	0.00%											
28	**Local governments financing**	**64.80%**	**0.00%**											
29	Housing financing	100.00%	0.00%											
30	Other local government financing	0.00%	0.00%											
31	**Collateral obtained by seizure: residential and commercial real estate assets**	**0.00%**	**0.00%**											
32	**TOTAL GAR ASSETS**	**12.50%**	**5.54%**											

n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	
												24.74%	**8.70%**				**3.88%**
												23.67%	8.05%				3.72%
												52.89%	25.38%				0.15%
												0.00%	0.00%				0.01%
												88.64%	**41.04%**				**10.21%**
												100.00%	46.33%				9.04%
												0.00%	0.00%				0.00%
												64.80%	**0.00%**				**0.29%**
												100.00%	0.00%				0.19%
												0.00%	0.00%				0.10%
												0.00%	**0.00%**				**0.00%**
												12.50%	**5.54%**				**81.70%**

	% (compared to total covered assets in the denominator)	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as
		Disclosure reference date T-1												
		Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)						Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)						Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)	
				Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	59.54%	28.82%											
2	**Financial corporations**	**1.96%**	**0.00%**											
3	Credit institutions	0.00%	0.00%											
4	Loans and advances	0.00%	0.00%											
5	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
6	Equity instruments													
7	Other financial corporations	2.27%	0.00%											
8	of which investment firms													
9	Loans and advances													
10	Debt securities, including specific use of proceeds (UoP)													
11	Equity instruments													
12	of which management companies													
13	Loans and advances													
14	Debt securities, including specific use of proceeds (UoP)													
15	Equity instruments													
16	of which insurance undertakings	0.00%	0.00%											
17	Loans and advances	0.00%	0.00%											
18	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
19	Equity instruments													

at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
												59.54%	28.82%				100.00%
												1.96%	**0.00%**				**5.27%**
												0.00%	0.00%				0.74%
												0.00%	0.00%				0.05%
												0.00%	0.00%				0.69%
																	0.00%
												2.27%	0.00%				4.54%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%
																	0.00%

		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as
		Disclosure reference date T-1												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
	% (compared to total covered assets in the denominator)			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
20	**Non-financial corporations**	**22.53%**	**7.20%**											
21	Loans and advances	22.64%	7.24%											
22	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
23	Equity instruments													
24	**Households**	**79.13%**	**40.93%**											
25	of which loans secured by residential real estate assets	100.00%	51.72%											
26	of which building renovation loans	0.00%	0.00%											
27	of which motor vehicle loans													
28	**Local government funding**	**99.25%**	**0.00%**											
29	Housing financing	100.00%	0.00%											
30	Other local government financing	0.00%	0.00%											
31	**Collateral obtained by seizure: residential and commercial real estate assets**	**0.00%**	**0.00%**											
32	**TOTAL GAR ASSETS**	**59.54%**	**28.82%**											

at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk
Disclosure reference date T-1																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
												22.53%	**7.20%**				**27.89%**
												22.64%	7.24%				27.75%
												0.00%	0.00%				0.00%
																	0.14%
												79.13%	**40.93%**				**65.52%**
												100.00%	51.72%				51.85%
												0.00%	0.00%				0.00%
												100.00%	0.00%				0.00%
												99.25%	**0.00%**				**1.31%**
												100.00%	0.00%				1.30%
												0.00%	0.00%				0.01%
												0.00%	**0.00%**				**0.00%**
												59.54%	**28.82%**				**100.00%**

Template 4 - GAR KPI flows (Turnover base)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
	% (of flows of all eligible assets)			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	46.55%	5.36%											
2	**Financial corporations**	**0.00%**	**0.00%**											
3	Credit institutions	0.00%	0.00%											
4	Loans and advances	0.00%	0.00%											
5	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
6	Equity instruments	0.00%	0.00%											
7	Other financial corporations	0.00%	0.00%											
8	of which investment firms													
9	Loans and advances													
10	Debt securities, including specific use of proceeds (UoP)													
11	Equity instruments													
12	of which management companies													
13	Loans and advances													
14	Debt securities, including specific use of proceeds (UoP)													
15	Equity instruments													
16	of which insurance undertakings	0.00%	0.00%											
17	Loans and advances	0.00%	0.00%											
18	Debt securities, including specific use of proceeds (UoP)													
19	Equity instruments	0.00%	0.00%											

	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Disclosure reference date T																	
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
	Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
													46.55%	5.36%				13.93%
													0.00%	**0.00%**				**2.42%**
													0.00%	0.00%				0.87%
													0.00%	0.00%				0.00%
													0.00%	0.00%				0.87%
													0.00%	0.00%				0.00%
													0.00%	0.00%				1.55%
													0.00%	0.00%				0.00%
													0.00%	0.00%				0.00%
													0.00%	0.00%				0.00%

	% (of flows of all eligible assets)	a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
				Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
20	**Non-financial corporations**	**11.69%**	**6.25%**											
21	Loans and advances	11.69%	6.25%											
22	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
23	Equity instruments	0.00%	0.00%											
24	**Households**	**92.21%**	**6.91%**											
25	of which loans secured by residential real estate assets	100.00%	7.53%											
26	of which building renovation loans	0.00%	0.00%											
27	of which motor vehicle loans	100.00%	0.00%											
28	**Local government funding**	**0.00%**	**0.00%**											
29	Housing financing	0.00%	0.00%											
30	Other local government financing	0.00%	0.00%											
31	Collateral obtained by seizure: residential and commercial real estate assets	**0.00%**	**0.00%**											
32	**TOTAL GAR ASSETS**	**6.69%**	**0.77%**											

n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Share of total hedged assets
												11.69%	**6.25%**				**4.85%**
												11.69%	6.25%				4.85%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%
												92.21%	**6.91%**				**6.42%**
												100.00%	7.53%				5.89%
												0.00%	0.00%				0.00%
												100.00%	0.00%				0.03%
												0.00%	**0.00%**				**0.25%**
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.25%
												0.00%	**0.00%**				**0.00%**
												6.69%	**0.77%**				**97.02%**

Template 4 - GAR KPI Flows (CapEx basis)

	% (of flows of all eligible assets)	a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
				Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments held for purposes other than sale and eligible for the GAR calculation	52.06%	6.36%											
2	**Financial corporations**	**0.03%**	**0.00%**											
3	Credit institutions	0.00%	0.00%											
4	Loans and advances	0.00%	0.00%											
5	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
6	Equity instruments	0.00%	0.00%											
7	Other financial corporations	0.05%	0.00%											
8	of which investment firms													
9	Loans and advances													
10	Debt securities, including specific use of proceeds (UoP)													
11	Equity instruments													
12	of which management companies													
13	Loans and advances													
14	Debt securities, including specific use of proceeds (UoP)													
15	Equity instruments													
16	of which insurance undertakings	0.00%	0.00%											
17	Loans and advances	0.00%	0.00%											
18	Debt securities, including specific use of proceeds (UoP)													
19	Equity instruments	0.00%	0.00%											

n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling	Of which use of proceeds
												52.06%	6.36%				13.93%
												0.03%	**0.00%**				**2.42%**
												0.00%	0.00%				0.87%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.87%
												0.00%	0.00%				0.00%
												0.05%	0.00%				1.55%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
	% (of flows of all eligible assets)			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
20	**Non-financial corporations**	**27.50%**	**9.12%**											
21	Loans and advances	27.50%	9.12%											
22	Debt securities, including specific use of proceeds (UoP)	0.00%	0.00%											
23	Equity instruments	0.00%	0.00%											
24	**Households**	**92.21%**	**6.91%**											
25	of which loans secured by residential real estate assets	100.00%	7.53%											
26	of which building renovation loans	0.00%	0.00%											
27	of which motor vehicle loans	100.00%	0.00%											
28	**Local governments financing**	**0.00%**	**0.00%**											
29	Housing financing	0.00%	0.00%											
30	Other local government financing	0.00%	0.00%											
31	Collateral obtained by seizure: residential and commercial real estate assets	**0.00%**	**0.00%**											
32	**TOTAL GAR ASSETS**	**7.48%**	**0.91%**											

n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
Disclosure reference date T																	
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)					
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					
	Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sec tors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi- tional	Of which enabling	Of which use of proceeds
												27.50%	**9.12%**				**4.85%**
												27.50%	9.12%				4.85%
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.00%
												92.21%	**6.91%**				**6.42%**
												100.00%	7.53%				5.89%
												0.00%	0.00%				0.00%
												100.00%	0.00%				0.03%
												0.00%	**0.00%**				**0.25%**
												0.00%	0.00%				0.00%
												0.00%	0.00%				0.25%
												0.00%	**0.00%**				**0.00%**
												7.48%	**0.91%**				**97.02%**

Template 5 - KPI of off-balance sheet exposures (Turnover basis)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)						Climate change adaptation (CCA)				Water and marine resources (WMR)		
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)						Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)		
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)						Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)	
% (relative to total eligible off-balance sheet assets)				Of which use of proceeds	Of which transi-tional	Of which enabling				Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	3.87%	1.63%											
2	Assets under management (AuM KPI)													

	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
	Disclosure reference date T																
	Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
	Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling
													3.87%	1.63%			

Template 5 - KPI of off-balance sheet exposures (CapEx basis)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date T												
		Climate change mitigation (CCM)					Climate change adaptation (CCA)				Water and marine resources (WMR)			
		Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)			
			Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)					Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)		
	% (relative to total eligible off-balance sheet assets)			Of which use of proceeds	Of which transi-tional	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	4.05%	1.66%											
2	Assets under management (AuM KPI)													

n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
Disclosure reference date T																
Circular economy (CE)				Pollution (PRP)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WMR + CE + PRP + BIO)				
Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eli gible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				
	Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)				Share of total hedged assets dedicated to financing taxonomy relevant sectors (taxonomy eligible)			
		Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which enabling			Of which use of proceeds	Of which transi-tional	Of which enabling
												4.05%	1.66%			

Gas and nuclear - Template 1 - Activities related to nuclear energy and fossil gas

Row	Activities related to nuclear energy	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to 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 the best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Activities related to fossil gas	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Part 6 – Statutory Auditor's report on on Banque Palatine's Sustainability report

Certification report on information in terms of sustainability and verification of the disclosure requirements for information provided for in article 8 of regulation (EU) 2020/852

Year ended 31 December 2024

To the General Meeting of the company

This report is issued in our capacity as the Statutory Auditors for Banque Palatine. It covers the information on sustainability and the information provided for in article 8 of regulation (EU) 2020/852, relating to the year ended 31 December 2024 included in the management report and presented in the section 2 of “Banque Palatine Sustainability report” in chapter 1 of the annual financial report (hereinafter the “Banque Palatine Sustainability Report”).

Pursuant to article L. 233-28-4 of the French Commercial Code, Banque Palatine is required to include the aforementioned information in a separate section of the Group’s management report. This information was prepared in a context of the first-time application of the aforementioned articles characterized by uncertainties as to the interpretation of the texts, the use of significant estimates, the absence of established practices and frameworks, in particular for the double materiality analysis and by a scalable internal control system. They enable the impacts of the Group’s activities on sustainability issues, as well as how these issues influence the Group’s business development, results and position, to be understood. Sustainability issues include environmental, social and corporate governance issues.

Pursuant to II of article L. 821-54 of the aforementioned code, our mission is to carry out the work necessary to issue an opinion, expressing limited assurance, on:

- compliance with the sustainability reporting standards adopted pursuant to article 29b of Directive (EU) 2013/34 of the European Parliament and the Council of 14 December 2022 (hereinafter ESRS for European Sustainability Reporting Standards) of the process implemented by Banque Palatine to determine the disclosures, and compliance with the obligation to consult the Social and Economic Committee stipulated in paragraph 6 of article L. 2312-17 of the French Labour Code;
- compliance of the sustainability disclosures included in the Banque Palatine Sustainability Report with the requirements of article L. 233-28-4 of the French Commercial Code, including the ESRS; and
- compliance with the disclosure requirements of article 8 of regulation (EU) 2020/852.

This mission is carried out in accordance with the ethical rules, including independence, and the quality rules prescribed by the French Commercial Code.

It is also governed by the guidelines of the Haute Autorité de l’Audit (High Authority for Audit) “Mission to certify information in terms of sustainability and verify the disclosure requirements of the information provided for in article 8 of regulation (EU) 2020/852”.

In the three separate parts of the following report, we present, for each of the areas of our mission, the nature of the verifications that we carried out, the conclusions that we drew from them, and, in support of these conclusions, the elements that required our particular attention and the procedures we carried out in respect of these elements. We draw your attention to the fact that we do not express a conclusion on these elements taken in isolation and that the procedures explained must be considered as part of the overall context of the formation of the conclusions issued on each of the three areas of our mission.

Finally, we have provided a paragraph of observations whenever we consider it necessary to draw your attention to one or more items of sustainability information provided by Banque Palatine in the Group’s management report.

Limits of our mission

As our mission aims to provide limited assurance, the nature (choice of control techniques) of the work, its extent (scope) and its duration are less than those necessary to obtain reasonable assurance.

Furthermore, this task does not involve guaranteeing the viability or quality of Banque Palatine's management, in particular by making an assessment that would go beyond the compliance with the ESRS's information requirements on the appropriateness of the choices made by Banque Palatine in terms of action plans, targets, policies, scenario analyses and transition plans.

However, it does allow conclusions to be drawn about the process of determining the sustainability information published, the information itself, and the information published pursuant to article 8 of regulation (EU) 2020/852, regarding the absence or, conversely, the identification of errors, omissions or inconsistencies of such material significance that they could influence the decisions that could be taken by readers of the information that is the subject of our audits.

Our mission does not cover any comparative data.

Compliance with the ESRS of the process implemented by Banque Palatine to determine the information published, and the compliance with the obligation to consult the Social and Economic Committee stipulated in in paragraph 6 of article L. 2312-17 of the French Labour Code

Nature of the verifications carried out

Our work consisted in verifying that:

- the process defined and implemented by Banque Palatine enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability issues, and to identify those material impacts, risks and opportunities that led to the publication of sustainability information in the Banque Palatine Sustainability Report, and
- the information provided on this process is also in accordance with the ESRS.

In addition, we monitored compliance with obligation to consult the Social and Economic Committee.

Conclusion of the verifications carried out

Based on the verifications that we performed, we did not identify any material errors, omissions or inconsistencies concerning the compliance of the process implemented by Banque Palatine with the ESRS.

We wish to inform you that the consultation of the Social and Economic Committee provided for in paragraph 6 of article L. 2312-17 of the French Labour Code had not yet taken place on the date of this report.

Observations

Without calling into question the conclusion expressed above, we draw your attention to the paragraph relating to the double materiality analysis in note 1.1.2.3 “Sources of uncertainty concerning estimates and outcome” which sets out, for the 2024 financial year, the uncertainties and limitations associated with the methodologies selected for the double materiality analysis relating to topical standards E2, E3, E4 and E5 (pollution, aquatic and marine resources, biodiversity and ecosystems and use of resources and circular economy).

Aspects that were the subject of special attention

We have set out below the aspects that we focused on with regard to the compliance with the ESRS of the process implemented by Banque Palatine to determine the information disclosed.

Regarding the identification of stakeholders

Information relating to the identification of stakeholders is presented in note 1.2.2 “SBM 2 - Interests and views of stakeholders” of the Banque Palatine Sustainability Report.

We met with management and reviewed the available documentation.

We also assessed the consistency between the main stakeholders identified by Banque Palatine and the nature of its activities, by taking its business relationships and value chain into account.

Regarding the identification of impacts, risks and opportunities

Information relating to the identification of impacts, risks and opportunities is presented in note 1.4.1.1 “IRO 1 - Description of the processes to identify and assess material impacts, risks and opportunities” of the Banque Palatine Sustainability Report.

We reviewed the process presented and we assessed its implementation by Banque Palatine, in connection with the sustainability issues mentioned in paragraph AR 16 of the “Application Requirements” of ESRS 1 and those that are specific to Banque Palatine as specified in the aforementioned note.

In particular, we assessed the existence of an approach implemented by Banque Palatine to determine its impacts, which may be a source of risks or opportunities.

We reviewed the list of IROs identified by Banque Palatine, including in particular the description of their distribution within its own activities and the value chain, as well as their time horizon (short, medium or long term), and assessed the consistency of this list with our knowledge of Banque Palatine and, where applicable, with the risk analyses it has carried out.

Regarding the assessment of impact materiality and financial materiality

Information relating to the assessment of materiality impact and financial materiality is presented in note 1.4.1.1 “IRO 1 - Description of the processes to identify and assess material impacts, risks and opportunities” of the Banque Palatine Sustainability Report.

We obtained an understanding of the impact and financial materiality assessment process implemented by Banque Palatine through interviews with management and inspection of the available documentation, and assessed its compliance with the criteria defined by ESRS 1.

In particular, we assessed how Banque Palatine established and applied the materiality of information criteria defined by ESRS 1 to determine the material information published (i) for the metrics relating to the material IROs identified in accordance with the topical ESRS standards concerned and (ii) in respect of information specific to it.

Conformity of the sustainability information included in the Banque Palatine Sustainability Report with the requirements of article L. 233-28-4 of the French Commercial Code, including with the ESRS

Nature of the verifications carried out

Our work consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the information provided enables an understanding of the procedures for preparing and governing the sustainability-related information included in the Banque Palatine Sustainability Report, including the procedures for determining value chain information and the disclosure exemptions chosen;
- the presentation of this information ensures readability and comprehensibility;
- the scope used by Banque Palatine in relation to this information is appropriate; and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of its users, that this information is free of material errors, omissions, inconsistencies, i.e. liable to influence the judgement or decisions of users of this information.

Conclusion of the verifications carried out

Based on our audits, we did not identify any material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in the Banque Palatine Sustainability Report with the requirements of article L. 233-28-4 of the French Commercial Code, including the ESRS.

Observations

Without calling into question the conclusion expressed above, we draw your attention to notes 1.1.2.3 "Sources of uncertainty concerning estimates and outcome", and 2.2.4.2 "(E1-6) Gross Scopes 1, 2, 3 and Total GHG emissions" which set out the scope used to calculate the financed emissions relating to the value chain (category 15 of scope 3 according to the GHG protocol) as well as the limitations related to the availability of data, the assumptions used and the methodologies applied to determine the estimates of greenhouse gas emissions.

Aspects that were the subject of special attention

Disclosures provided in accordance with environmental standards (ESRS E1 - Climate change)

We have set out below the aspects that were the subject of special attention by us concerning the compliance with the ESRS of the information presented in note 2.2.4 "Metrics and targets".

With regard to the information provided in respect of the greenhouse gas emissions assessment (ESRS E1-6), as mentioned in note 2.2.4.2 "Gross Scopes 1, 2, 3 and Total GHG emissions" of the Banque Palatine Sustainability Report, our work involved:

- obtaining an understanding of the processes, methodologies, standards, data and estimates used by Banque Palatine to prepare the information published, including the implementation and associated internal control system; and
- in addition, with regard to Scope 1, Scope 2 and Scope 3 emissions (categories 1, 2 and 6) relating to Banque Palatine's own operations:
  - assessing the appropriateness of the emission factors used and checking the calculation of the related conversions, taking into account the inherent uncertainty in the state of scientific or economic knowledge and the quality of the external data used;
  - reconciling, based on sampling, the underlying data used to prepare the greenhouse gas emissions report with the supporting documents as well as the arithmetical accuracy of the calculations used to establish the estimated emissions.
- in addition, for financed emissions (Scope 3, category 15 of the GHG Protocol):
  - understanding the scope of assets covered as described and assessing its justification in relation to the applicable accounting basis;
  - checking that the basis used to calculate financed emissions corresponds to the scope of the assets covered as described in note 2.2.4.2 and reconciling it with the consolidated accounting balance;
  - assessing the method used to determine the estimates, including the sectoral proxies used;
  - checking the arithmetical accuracy of the calculation of financed emissions on a sample basis.

Compliance with the disclosure requirements of article 8 of regulation (EU) 2020/852

Nature of the verifications carried out

Our works involved checking the process used by Banque Palatine to determine the eligible and aligned nature of the activities of the entities included in the consolidation.

They also involved verifying the information published pursuant to article 8 of regulation (EU) 2020/852, which involves checking the:

- compliance with the rules governing the presentation of this information, which guarantee its readability and comprehensibility;
- on the basis of a selection, the absence of material errors, omissions, inconsistencies in the information provided, i.e. liable to influence the judgement or decisions of the users of this information.

Conclusion of the verifications carried out

On the basis of the verifications that we carried out, we did not identify any material errors, omissions or inconsistencies regarding compliance with the requirements of article 8 of regulation (EU) 2020/852.

Observations

Without calling into question the conclusion expressed above, we draw your attention to:

- the information in the “Methodology used” paragraph of note 2.1 “Indicators of the European taxonomy on sustainable activities”, which presents the main methodological assumptions used to assess the alignment of loans granted to households;
- the information in the “Assumptions used and existing limitations in the preparation and collection of information” paragraph of note 2.1 “Indicators of the European taxonomy on sustainable activities” which presents the main limitations existing in the presentation of information, in particular those concerning the presentation of cash flow information on KPIs for off-balance sheet exposures.

Aspects that were the subject of special attention

We determined that there were no specific items to disclose in our report.

Signed in Neuilly-sur-Seine on 24 April 2025

The Statutory Auditors

PricewaterhouseCoopers Audit

Aurore Prandi

3 Board of Directors’ corporate governance report

To the shareholders,

In addition to the Board of Directors’ management report and pursuant to the provisions of articles L. 225-37 and L. 225-37-4 of the French Commercial Code, the Board of Directors reports on the following in this report:

- the composition of the board, the conditions for the preparation and organisation of the work of the Board of Directors, the rules and principles governing the determination of remuneration and benefits of any kind granted to corporate officers;
- draft resolutions regarding remuneration which will be submitted to you at the time of the General Meeting called to approve the financial statements for the year ended 31 December 2024.

The items of the report required under article 266 of the order of 3 November 2014, modified by the order of 28 July 2021 and the list of the terms of office held by the corporate officers during the 2024 financial year, are appended.

It was previously presented to the Appointments Committee and Remunerations Committee meeting of 9 April 2025, before being approved by the Board of Directors on 10 April 2025.

In their report prepared pursuant to article L. 22-10-71 of the French Commercial Code, the Statutory Auditors attest the other information required by article L. 225-37 of the French Commercial Code (presented in the corporate governance report), and if applicable, present their observations.

Board of Directors

3.1 Corporate governance

The AFEP-MEDEF Corporate Governance Code for listed companies, updated in December 2022 and incorporating the recommendations on remuneration for senior executives, is the code used by Banque Palatine to prepare this report.

Some provisions are not relevant to the context of Banque Palatine, since its share capital is held in its entirety by BPCE. Consequently, the following provisions have not been taken into account to date:

- the proportion of independent members of the Board of Directors and its committees created by the Board of Directors:

  Banque Palatine is a wholly owned subsidiary of BPCE. In this context and in view of Banque Palatine's position within Groupe BPCE, a direct shareholder representation (the Chairman and a representative) as well as of Groupe BPCE via the senior executives of the Banque Populaire and Caisse d'Epargne banks was favoured in order to maintain a balance of powers and a balanced representation of the Banque Populaire and Caisse d'Epargne networks. This diversity of profiles on the Board of Directors promotes the quality of work and discussions within the board, an objective pursued by the recommendation of the AFEP-MEDEF Code;
- ownership of a significant number of Banque Palatine shares by the board members.

The principle of a gender balance on the Board of Directors and committees has been upheld.

Two board members were elected by employees - one representing managerial-level employees and the other representing technical and supervisory-grade staff.

On 31 December 2024, the Board of Directors was composed of four women and four men, including two board members representing employees. Thus, the percentage of female board members on the Board of Directors was 50%.

Lastly, pursuant to article 11 of the articles of association, the board members are not obliged to be company shareholders.

Table summarising compliance with the main recommendation of the AFEP-MEDEF Code

1/ Missions of the Board of Directors	Recommendations implemented
2/ Board of Directors: collegiate body	Recommendations implemented
3/ Diversity of methods of organisation of governance: separation of the duties of the Chairman and the Chief Executive Officer	Recommendations implemented
4/ Board of Directors and communication with shareholders and the market	Recommendations implemented / Not relevant for financial rating agencies
5/ The Board of Directors and social and environmental responsibility	Recommendations implemented
6/ Board of Directors and General Shareholders' Meeting	Recommendations implemented
7/ Composition of the Board of Directors: guidelines	Recommendations implemented
8/ Gender diversity policy within the governing bodies	Recommendations implemented
9/ Representation of employee shareholders and employees	Recommendation implemented / Not relevant for Banque Palatine as regards employee shareholders
10/ Independent board members	Recommendation not implemented due to the necessary balanced representation of Groupe BPCE institutions and the bank's status as a wholly-owned subsidiary

11/ Board appraisal	Recommendations implemented
12/ Board and committee meetings	Recommendations implemented
13/ Access to board member information	Recommendations implemented
14/ Board member training	Recommendations implemented
15/ Board members’ terms of office	Recommendations implemented
16/ Board committees: general principles	Recommendations implemented
17/ Audit Committee	Recommendations partially implemented (not followed for the proportion of independent board members due to the necessary balanced representation of Groupe BPCE institutions and the bank’s status as a wholly-owned subsidiary)
18/ Committee responsible for appointments	Recommendations partially implemented (not followed for the proportion of independent board members due to the necessary balanced representation of Groupe BPCE institutions and the bank’s status as a wholly-owned subsidiary)
19/ Committee responsible for remuneration	Recommendations partially implemented (not followed for the proportion of independent board members due to the necessary balanced representation of Groupe BPCE institutions and the bank’s status as a wholly-owned subsidiary)
20/ Number of terms for executive directors and board members	Recommendations implemented
21/ Board members’ ethics	Recommendations implemented
22/ Remuneration of board members	Recommendations implemented
23/ Termination of employment contract for corporate office	Recommendations implemented
24/ The obligations for executive directors to hold shares	Recommendations not implemented / Not relevant for Banque Palatine
25/ Entering into a non-competition agreement with an executive director	Recommendations not implemented / Not relevant for Banque Palatine
26/ Remuneration of executive directors	Recommendations implemented
27/ Information on the remuneration of corporate officers and policies for granting stock options and performance shares	Recommendations implemented / Not relevant for Banque Palatine concerning stock option and performance share allocation policies
28/ Implementation of recommendations	Recommendations implemented

3.2 Board of Directors

3.2.1 Composition and appointment method

The composition of the Board of Directors is governed by article 10 of the articles of association, which stipulates that it shall be composed of board members elected at the General Shareholders' Meeting and employee-elected board members.

Board members elected by the General Shareholders' Meeting

There are at least six and no more than 18 of these board members. They are appointed, reappointed and dismissed in line with the provisions of law and the regulations in force.

They are appointed for a term of four years.

It should be recalled that the direct majority shareholder of Banque Palatine, BPCE (the central body of Groupe BPCE) has chosen to include on its Board of Directors Group senior executives from the two networks which are themselves its own shareholders.

Each board member has a wealth of experience in leadership and strategy development. Their diversity in terms of skills, experience, geographical representation and gender is an essential asset for the board.

Employee-elected board members

There are two: one is elected by the managerial staff, the other by the employees.

They are elected in line with the provisions of law and the regulations in force. Any seat vacated through death, resignation, dismissal or termination of an employment agreement is filled in line with the provisions of law and the regulations in force.

They are appointed for a term of four years.

In any event, the period for which a board member is appointed may not exceed the remaining term of office through to the date on which his or her employment agreement ends as a result of retirement or for any other reason.

Provisions common to both categories of board member

Directors may be reappointed unless they have reached the age limit of 70 years.

A board member's duties end at the close of the ordinary General Shareholders' Meeting convened to consider the financial statements for the previous financial year that is held during the year in which such board member's term expires, unless he or she resigns, is dismissed or dies.

3.2.2 Board members

On 31 December 2024, the Board of Directors comprised:

- six board members appointed by the shareholders, whose terms of office will expire at the General Meetings held to approve the financial statements for the years ending on 31 December 2025 and 31 December 2027;
- two employee-elected board members whose term of office began on 6 December 2024 and will end when the Board of Directors records the results of the employee elections held in 2028, all of whom are French nationals.

Attendance rate in %

	Board members	Age on 31/12/2014	Date of appointment/renewal	Seniority	Expiry date of term of office	Board of Directors	Risk Committee	Audit Committee	Appointments Committee	Remuneration Committee
	**Jérôme Terpereau,** Chairman of the Board of Directors, member of the BPCE Management Board, in charge of Finance	56 years	17 May 2022 effective from 1 June 2022	2 years and 6 months	At the AGM called to approve the financial statements for the year ending 31 December 2025	100%	50% (guest)	100% (guest)	100%	100%
	**Lionel Baud,** Chairman of the Board of Directors of Banque Populaire Auvergne Rhône Alpes (Outgoing – resignation)	57 years	17 May 2022 until 11 September 2024	2 years and 4 months	At the AGM called to approve the financial statements for the year ending 31 December 2025	60%	-	66.67%	-	50%
	**BPCE,** Represented by Marjorie Cozas, Head of Performance Management at Groupe BPCE	39 years	Since 30 August 2023	1 year and 4 months	At the AGM called to approve the financial statements for the year ending 31 December 2027	42.86%	-	100% (replaced by Sabine Calba from 22 May to 30 July 2024)	40%	-
	**Sabine Calba,** Chief Executive Officer of Banque Populaire Méditerranée	54 years	Since 30 August 2023	1 year and 4 months	At the AGM called to approve the financial statements for the year ending 31 December 2025	85.71%	100%	100% (member and interim Chair from 22 May to 30 July 2024)	-	100%
	**Frédérique Destailleur,** Chairwoman of the Management Board of Caisse d'Epargne Aquitaine Poitou-Charentes (Outgoing - resignation)	57 years	From 3 August 2022 until 31 July 2024	2 years	At the AGM called to approve the financial statements for the year ending 31 December 2027	0%	25%	-	-	50%
	**Bernard Dupouy,** Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique (Incoming)	69 years	Since 11 September 2024	3 months		100%	-	100%	-	No sequence since taking office
	**Bruno Goré,** Chairman of the Management Board of Caisse d'Epargne et de Prévoyance de Normandie	63 years	17 May 2022	6 years and 5 months	At the AGM called to approve the financial statements for the year ending 31 December 2025	100%	100%	-	100%	-

	Board members	Age on 31/12/ 2014	Date of appointment/ renewal	Seniority	Expiry date of term of office	Board of Directors	Risk Com- mittee	Audit Com- mittee	Appoint- ments Com- mittee	Remu- neration Com- mittee
	**Bertrand Magnin,** Chairman of the Management Board of Caisse d'Epargne Loire Drôme Ardèche (Incoming)	47 years	Since 31 July 2024	5 months		33.33%	50%	-	-	No sequence since taking office
	**Nadia Mauzelaf,** Elected by employees (college of technicians) (Outgoing - end of term)	47 years	From 2 December 2020 until 6 December 2024	4 years		83.33%	83.33%	-	-	-
	**Zohra Messous,** Elected by employees (college of technicians) (Incoming)	45 years	Since 6 December 2024	1 month	When the Board of Directors approves the results of the employee elections to be held in 2028	100%	-	No sequence since taking office	-	-
	**Guillemette Valantin,** Elected by employees (college of managers)	58 years	Since 16 May 2027, re-elected on 2 December 2020 and 6 December 2024	7 years and 7 months	When the Board of Directors approves the results of the employee elections to be held in 2028	85.71%	-	100%	-	-

Changes to the board during the 2024 financial year

The Board of Directors Meetings of 31 July and 11 September 2024, respectively:

- co-opted Bertrand Magnin, as a board member, to replace Frédérique Destailleur, who resigned;
- co-opted Bernard Dupouy, as a board member, to replace Lionel Baud, who resigned.

In addition, the Board of Directors of 13 December 2024 recorded the results of the elections of board members representing employees organised from 2 to 6 December 2024, namely:

- renewal of the term of office as board member representing the employees of Guillemette Valantin (college of managers) and;
- election of Zohra Messous as board member representing employees (college of non-managers).

Terms of office

The list of all the offices held by the board members during 2024 appears in Appendix 2 of this corporate governance report.

Governance framework

The governance framework is based on the adoption by the Board of Directors on 26 May 2020 of a set of documents, the first five of which were updated by the Board of Directors on 13 December 2024:

- a corporate governance framework: an umbrella document that formalises the organisation, operating methods and responsibilities of the management bodies by reference to the various policies and texts applicable in the establishment;
- the Board of Directors' framework rules of procedure which specify the rules relating to the composition, operation and duties of the Board of Directors and its committees;
- an appointment and succession policy for effective managers and board members incorporating applicable diversity principles;
- a policy for assessing the suitability of effective managers, board members and key personnel;
- a board member's Code of Ethics;
- a policy for preventing and managing conflicts of interest among effective managers and board members (to be updated at a later date).

Board members' obligations

The actions of the board members must be based solely on the interests of Banque Palatine.

Board members must not expose themselves to conflicts of interest in relation to their business relations with the company.

They must be mindful of their contribution to the exercise of their powers by the Board of Directors.

The board members ensure compliance with the legal rules relating to the holding of several corporate offices and incompatibilities, as well as those applicable to credit institutions.

The board members, including the board members representing the employees, and all persons present, are bound by an obligation of confidentiality with regard to the proceedings of the board and the specialised committees, without prejudice to the professional secrecy to which they are subject, under criminal law, in relation to certain information pertaining to this secrecy.

The Chairman of the meeting may declare the proceedings of a meeting to be confidential whenever regulations or Banque Palatine's interests so require. He or she may require all individuals taking part in a meeting to sign a confidentiality undertaking. He or she does the same within the board's specialised committees. This statement is placed on record in the minutes of the meeting.

If a board member fails to comply with one of his or her obligations, in particular the obligation to keep matters confidential, the Chairman of the Board of Directors refers the matter to the board with a view to issuing a formal warning to said member, independently of any measures taken under the applicable provisions of the law, regulations or articles of association.

The Board of Directors may, if so proposed by its Chairman, request the dismissal of the board member by the relevant body or authority. In the case of a committee member, the Board of Directors may, on the proposal of its Chairman, terminate his or her duties as a member of the committee.

The member concerned will be informed in advance of the proposed penalties and will be given the opportunity to present observations.

All board members are required to inform the board of any conflict of interest, even potential, and must refrain from voting on the corresponding deliberation.

A conflict of interest situation is defined as a situation in which a member of the Board of Directors has a personal interest that diverges, or is likely to diverge, from the interests of all the bank's shareholders.

Unless authorised by BPCE, taken in agreement with the Chairman of the board, the office of board member of the bank is incompatible with a position of Chief Executive Officer, member of the management board, board member or member of the board within another credit institution or another investment services company that is not part of Groupe BPCE.

Board members are expected to regularly attend meetings of the Board of Directors and its committees.

Those who are unable to comply with this attendance rule undertake, in accordance with the responsibilities attached to the position of board member, to hand over their office to the board at the request of the Chairman.

More generally, a board member who considers him- or herself unable to perform his or her duties on the board, or on the committees of which he or she is a member, must resign.

All newly appointed board members undertake to participate in at least one training session that is offered to them within one year of their appointment.

Insider trading

Regulation no. 596/2014 of the parliament and council of the European Union (the “MAR regulation”) and its delegated regulations (the “MAR regulations”), as well as directive no. 2014/57/EU (“MAD”), define, at European Union level, a common regulatory framework on insider trading, unlawful disclosure of inside information and market manipulation (“market abuse”) as well as the related sanctions.

The MAR regulation covers three types of infringement:

- insider trading (misuse of inside information);
- unlawful disclosure of inside information; and
- market manipulations (false or misleading indications, actions distorting the price-setting mechanism or calculation of a benchmark index).

Insider trading occurs in four situations:

- when a person holds inside information and uses it by acquiring or selling, on its own behalf or on behalf of a third party, directly or indirectly, the financial instruments to which this information relates;
- when inside information is used to cancel or modify an order concerning a financial instrument to which this information relates, when the order was placed before the person concerned had the inside information;
- for auctions of emission allowances or other products auctioned based on them, where the use of inside information also includes the submission, modification or withdrawal of a bid by a person for his own account or on behalf of a third party;
- also applies to any person who possesses and uses inside information when that person knows or should know that it is inside information.

Inside information is:

- specific information that has not been made public;
- information which concerns, directly or indirectly, one or more issuers, or one or more financial instruments; and
- information which, if made public, would be likely to significantly influence the price of the financial instruments concerned or the price of derivatives related to them.

The qualification of insider trading is presumed in particular for any person who possesses inside information due to the fact that this person:

- is a member of the administrative, management or supervisory bodies of the issuer or of the emission allowance market participant;
- holds a stake in the capital of the issuer or the emission allowance market participant;
- has access to information by virtue of the performance of duties resulting from a job, profession or duties; or
- participates in criminal activities.

Violations of the prohibitions on insider trading, unlawful disclosure of privileged information or market manipulation are punishable by a maximum prison sentence of five years and a fine of up to €100 million.

Prevention of insider trading

Inside information on any company issuing securities on a listed regulated market, whether or not it is a customer of the bank, is liable to be discussed at board meetings.

3.2.3 Non-voting board members

Pursuant to article 19 of the articles of association, the Ordinary General Meeting may appoint up to six non-voting board members.

No non-voting board member had been appointed to the Board of Directors on the date of this report.

3.2.4 Role

Duties and powers

The Board of Directors determines the company's business strategies and ensures their implementation, taking into consideration social and environmental issues.

The Board of Directors must ensure that:

- its composition and functioning enable it to act in the best interests of Banque Palatine while taking into consideration the social and environmental challenges of its business;
- appointments or renewals of board members:
  - operate with the aim of seeking a harmonious distribution of knowledge, skills and experience;
  - ensure a balanced representation of women and men on the board, in accordance with current legislation.

Except for the powers expressly reserved for the General Shareholders' Meeting and within the restrictions set by the corporate objects, the Board of Directors handles any issue concerning the smooth running of the company and settles any matters arising.

The Chairman and/or the Chief Executive Officer are required to provide each board member with all the documents or information they require to fulfil their duties.

Pursuant to the provisions of law and the regulations in force, the Board of Directors may entrust one or more board members with any special responsibilities or decide to set up board committees. The board determines the composition and powers of committees, which operate under its authority.

At any time, throughout the year, it carries out all checks and controls it deems appropriate and may request any documents it regards as expedient in fulfilling its mission.

Its main duties are to:

- define Banque Palatine's strategic guidelines, in line with Groupe BPCE's strategy, on the recommendation of the Chairman and Chief Executive Officer;
- oversee the implementation of the strategy;
- control the management of the company;
- control the risk management policy;
- ensure the accuracy of its financial statements;
- review the financial position on a quarterly basis;
- approve the accounts;
- ensure the quality of the financial information provided to shareholders and third parties;
- appoint the effective managers;
- set the rules for the remuneration of the effective managers and all corporate officers;
- control the remuneration of risk takers.

Since the option for the form of a *société anonyme* (French limited liability corporation with a Board of Directors), the Board of Directors on 14 February 2014 opted for the separation of duties of the president and Chief Executive Officer in accordance with article L. 225-51-1 of the French Commercial Code. This option was systematically renewed.

The Board of Directors appoints the Chief Executive Officer and, in consultation with the latter, may appoint Deputy Chief Executive Officers. In addition, it sets the method and amount of the remuneration paid to each member of executive management.

It adopts the framework rules of procedure of the Board of Directors which include the rules of composition and functioning as well as the missions of the board committees.

It convenes the General Shareholders' Meeting on an agenda that it has set and which may include, in particular: the appointment or ratification of board members, the appointment of the Statutory Auditors, the appointment of an auditor in connection with the preparation of the sustainability report, the renewal of the terms of office of board members or Statutory Auditors, consultation with shareholders on the individual remuneration of corporate officers and on the total amount paid to members of the regulated population.

3.2.5 Framework rules of procedure of the Board of Directors

As indicated in section "Governance framework", the internal framework rules specify the rules governing the composition, functioning and duties of the Board of Directors and the board committees.

3.2.6 Activity

The Board of Directors meets as often as the company’s interests, laws and regulations require and at least once every quarter to review the quarterly separate and consolidated financial statements. Board meetings are convened by its Chairman or by half of its members, and take place at the registered office or at any other location stated in the notice of meeting.

In accordance with article L. 823-17 of the French Commercial Code, the Statutory Auditors are invited to the meetings of the Board of Directors dedicated to the approval of the annual and interim financial statements as well as to those examining the interim financial statements.

The Social and Economic Committee is represented at meeting of the Board of Directors by two representatives appointed as provided for by the legislation in force.

With regard to communication and access to information, the board members benefit from a secure electronic transmission system enabling them to quickly access the information they need to fulfil their responsibilities.

Banque Palatine’s Board of Directors met seven times in 2024 and the average attendance rate was 73.2%.

The main topics covered at the meetings were:

- commercial activity;
- review of the quarterly separate and consolidated financial statements;
- review of turnover and approval of the budget;
- the approval of the annual and interim financial statements and the Statutory Auditors' reports;
- review of the reports of the specialised committees;
- adoption of the reports of the Board of Directors;
- the adoption of the annual and interim financial reports;
- the appointment of a second effective manager;
- adoption of the statement on non-financial performance;
- press releases relating to the financial statements;
- convening and adoption of the draft resolutions of the General Meeting;
- amendments to the articles of association;
- the Orion project;
- authorisation to issue EMTNs and delegation of the Board of Directors, the report on the use of the authorisation and delegation of the Board of Directors;
- approval of the “Palatine 2030” strategic plan;
- information on the move to Joya;
- information on the professional equality policy;
- approval of the risk policy;
- capital adequacy trajectory;
- approval of the multi-year audit plan;
- approval of the mapping of non-financial risks;
- CSR points;
- approval of the internal control report;
- approval of the RACI LAB;
- approval of the risk management report;
- article 98;
- the revision of the RAF thresholds;
- review of the risk cost;
- resignation and co-option of board members;
- appointment of members to the specialised committees;
- review of the annual remuneration, including variable, of the Deputy Chief Executive Officer;
- review of the annual remuneration, including variable, of the Chief Executive Officer;
- the review of the remuneration of the second effective manager;
- the setting of variable remuneration criteria for effective managers in respect of 2024;
- annual assessment of the Board of Directors;
- composition of the regulated population;
- unblocking of deferred variables;
- setting the amount of remuneration paid to board members and its distribution;
- the renewal of board members' terms of office;
- the art. 266 report;
- regulated agreements;
- update on an investment;
- update on Palatine Asset Management.

3.2.7 Evaluation of the Board of Directors

The Board of Directors conducts a self-evaluation every year.

The responses of the board members to the Board of Directors' assessment questionnaire in respect of the 2024 financial year showed overall satisfaction with the standard of the Board of Directors as well as its committees, both in terms of their organisation (composition, information shared with board members, access to information) and their operations (how well meetings and discussions are organised, relationship with executive management and the Chairman of the board).

The board members are able to perform their duties satisfactorily. The board members emphasised their expectation that priority be given to monitoring the following specific issues: the development strategy based on the unique characteristics of Banque Palatine, human resources and risks, including climate and environmental risks.

Furthermore, in order to gain a better understanding of the economic and banking environment, both in France and abroad, as well as the Group's overall strategy and direction, additional information is requested to provide a clearer picture of current events and developments in these areas.

3.2.8 Training of the Board of Directors

In accordance with article L. 511-53 of the French Monetary and Financial Code, Banque Palatine endeavours to train board members.

The Board of Directors of Banque Palatine is composed of senior executives or employees of BPCE and of executive and non-executive officers of the Caisse d'Epargne and Banque Populaire networks.

As such, board members benefit from the training programme offered to members of the BPCE Supervisory Board.

During the 2024 financial year, the board members were offered training on the following topics:

- the different types of real estate acquisition;
- real estate tax systems;
- the latest real estate tax exemption laws;
- historical monuments and the Malraux law;
- the division of real estate;
- real estate leases;
- the main stages of real estate development;
- DATA IA - Power BI readers: Discover the Power BI tool;
- basics of cybersecurity;
- right to disconnect - Managers;
- invisible disability, the hidden face of disability?!;

  which disability-friendly colleague are you?;
- which disability-friendly manager are you?;
- Iam recognised as a disabled worker, do I talk about it or not?;
- recognition of the Quality of Disabled Worker (RQTH), is it for me or not?;
- chronic diseases?: what do you know?;
- hard of hearing and deafness?: Received loud and clear?!;
- prevent sexism and sexual violence;
- visually impaired: eyes closed!;
- dys disorders: Dys out of 10!;
- psychic Disorders?: It's crazy how relevant it is, isn't it?!
- understanding diversity and inclusion;
- ALUR executive training cycle for 2024;
- the different types of real estate acquisition;
- real estate leases;
- the main stages of real estate development;
- the latest real estate tax exemption laws;
- historical monuments and the Malraux law;
- real estate tax systems;
- conflicts of interest;
- whistle-blowers;
- Climate School;
- BPCE MRT 2024 - Curriculum;
- Basel 4: benchmarks and general impacts;
- BP shares;
- ethics of the real estate professions;
- SRAB law (Law on the separation and regulation of banking activities);
- Combating Money Laundering and the Financing of Terrorism;
- holding and managing real estate in a cooperative structure;
- fundamentals of operational risks;
- financial Analysis Level 2;
- LAB SME customer advisor;
- awareness of the Business Continuity Plan;
- SSI - Phishing;
- climate fresco workshop;
- DEAC Case study Legal entities - Corporate (2024);
- DEAC Case study Natural persons;
- DATA IA - Generative AI for employees;
- Code of Conduct and Ethics;
- LSB & VOLCKER RULE - GENERAL (FR/UK).

3.3 Functioning of the committees set up by the Board of Directors

The Board of Directors has set up four specialised committees, responsible for preparing its decisions and making recommendations, whose duties, resources and composition are specified in the framework rules of procedure of the Board of Directors.

The committee members are selected by the Board of Directors from among its members based on a proposal made by the Chairman of the board. The term of office of committee members coincides with their term of office as board members.

The Board of Directors adopted framework internal rules for the Board of Directors on 26 May 2020, which it updated at its meeting on 13 December 2024 and which include, in addition to the rules of operation and composition, the tasks of each committee.

Each committee has at least three members with voting rights selected from among the board members on proposal of the board’s Chairman.

The members of these committees shall have the appropriate knowledge and skills to carry out the duties of the committees on which they serve. Specifically, each member of the Audit Committee and of the Risk Committee has the necessary skills to carry out their duties. To this end, each member of the Audit Committee and the Risk Committee undertakes to keep themselves informed of regulatory developments that are particularly relevant to the responsibilities of the Audit Committee and the Risk Committee. More generally, members of the Audit Committee and the Risk Committee have the knowledge, skills and expertise to understand and monitor the strategy and risk appetite of Banque Palatine, and at least one member of the Audit Committee has specialised financial or accounting skills.

Any employee of the bank or Groupe BPCE may attend Audit Committee and Risk Committee meetings if invited by the Chairman of the relevant committee, particularly where, in view of the subject matter under discussion, their presence is required in accordance with legislative or regulatory provisions or Groupe BPCE internal rules.

The Chairman of the Board of Directors is invited to the Audit Committee and the Risk Committee and chairs the Appointments Committee and the Remuneration Committee.

The Chairman of the Audit Committee cannot be Chairman of the Risk Committee and vice versa.

The members of the committees are neither corporate officers nor bound to Banque Palatine by an employment contract (other than the board members representing employees) or any other relationship of subordination. They have no business relationship with Banque Palatine other than current transactions.

The Chairman designated by the Board of Directors for each committee is responsible for organising its work.

Wherever possible, each committee meets several days ahead of a meeting of the Board of Directors to review, in advance of the board meeting, the points falling within their remit such that the Chairman of each committee can give an exhaustive oral presentation of the committee’s positions and any recommendations it may have to the board.

3.3.1 Audit Committee

Composition

On 31 December 2024, Banque Palatine’s Audit Committee had the following members:

• BPCE, represented by Marjorie Cozas	Chairman
• Bernard Dupouy	Committee Member
• Zohra Messous	Committee Member
• Jérôme Terpereau	Guest

Role

The Audit Committee performs the responsibilities required by European law and regulations.

The Audit Committee is responsible for issuing opinions to the Board of Directors on the clarity of the information provided and the relevance of the accounting methods adopted for the preparation of the individual and, where applicable, consolidated financial statements.

Banque Palatine’s executive management is responsible for the preparation, presentation and integrity of Banque Palatine’s financial statements, for compliance with the appropriate accounting and financial reporting standards and conventions, and for the internal controls and procedures ensuring compliance with the accounting standards, applicable laws and regulations.

The Statutory Auditors are responsible for planning and executing, in accordance with professional standards, the audit of Banque Palatine’s annual financial statements and, where applicable, the revision of the interim financial information.

With regard to the process of preparing financial information, the Audit Committee is tasked with:

- monitoring the implementation of accounting policies by Banque Palatine;
- monitoring the process of preparing financial information and communicating recommendations to ensure its integrity.

With regard to the statutory audit of the financial statements, the Audit Committee is in particular tasked with:

- monitoring the implementation of the internal audit plan, in conjunction with the Risk Committee;
- reviewing the scope of the audit and the frequency of the statutory audit of the annual or consolidated financial statements;
- communicating to the Board of Directors information on the results of the statutory audit of the financial statements and explanations on how the statutory audit has contributed to the integrity of the financial information and on the role played by the Audit Committee in this process;
- verifying the statutory audit of the annual and consolidated financial statements, in particular its performance, taking into account any findings and conclusions of the ACPR - *Autorité de Contrôle Prudentiel et de Résolution* and the European central bank (ECB). To this end, it reviews the inspection reports of BPCE, as well as those of the ACPR and the ECB, concerning matters that have a direct impact on Banque Palatine's financial statements.

Specifically, its regular areas of concern are as follows:

Budget process

The Audit Committee reviews the draft budget prepared by executive management as well as multi-year projections. After review, it issues a detailed opinion to the Board of Directors.

Reporting dates

The Audit Committee examines, in a timely manner, before it is presented to the Board of Directors or approved by the General Meeting, Banque Palatine's annual report, including the annual parent-company financial statements (and, where applicable, the consolidated statements) and the management report.

The Audit Committee also reviews the interim report, which includes the interim consolidated financial statements of Banque Palatine for the Board of Directors.

Finally, the Audit Committee also reviews the IFRS financial statements (annual, interim and quarterly) which are sent to BPCE at the appropriate times.

Statutory Auditors

The Audit Committee, at the time of renewal or selection of the Statutory Auditors, conducts a call for tenders and issues an opinion on the choice or renewal of Banque Palatine's Statutory Auditors, in accordance with BPCE's instructions.

The Audit Committee reviews the Statutory Auditors' work programme, the results of their verifications and their recommendations, as well as the follow-up given to them.

It guarantees the independence of the Statutory Auditors, notably by reviewing audit fees paid and by monitoring the provision of services not related to the legal audit.

It also reviews proposals for consultancy projects to be carried out by the Statutory Auditors that exceed one-third of the annual fees paid to the Statutory Auditors.

The Audit Committee can require information from the Statutory Auditors on any issue relating to their duties.

Activity

The Audit Committee met five times in 2024 with an average attendance rate of 95%.

The main topics covered at the meetings were:

- review of the quarterly financial statements and the bank's financial position;
- approval of the interim and annual financial statements;
- review of the draft interim report;
- review of the draft annual report;
- press releases on the financial statements;
- review of the draft Board of Directors' management report;
- review of the management control notes on the bank's results;
- setting and review of the budget, the updated budget and the multi-year plan;
- CVA/DVA;
- ALM update;
- update on the tax audit;
- update on the sustainability report;
- call for tenders for the appointment of Statutory Auditors;
- financial review;
- update on the various financial risks (interest rate and liquidity);
- summary of the annual and interim financial statements; the Statutory Auditors' reports;
- Statutory Auditors' fees;
- presentation of the Statutory Auditors' annual audit plan;
- presentation of the conclusions of the Statutory Auditors regarding the annual and interim financial statements;
- cost of risk;
- financial control;
- an update on the bank's solvency and solvency path;
- review of the findings, concerning audit-related aspects, by the Audit and Risk Committee of the subsidiary controlled by Banque Palatine, Palatine Asset Management.

3.3.2 Risk Committee

Composition

On 31 December 2024, Banque Palatine's Risk Committee had the following members:

• Bruno Goré	Chairman
• Sabine Calba	Committee Member
• Bertrand Magnin	Committee Member
• Guillemette Valantin	Committee Member
• Jérôme Terpereau	Guest

The committee reports regularly to the Board of Directors on the progress of its work and reports any difficulties promptly.

Role

The Risk Committee issues opinions to the Board of Directors on the quality of the internal control and in particular the consistency of the risk measurement, monitoring and control systems, and proposes additional measures, where required.

In accordance with articles L. 511-92 et seq. of the French Monetary and Financial Code and the order of 3 November 2014, amended by the order of 28 July 2021 on internal control in the banking sector (the “Order”), the Risk Committee is also responsible for assessing the effectiveness of the internal control systems.

Its main duties are as follows:

Permanent controls:

- regularly review, and at least twice annually, the strategies, policies, procedures, systems, tools and limits mentioned in article 148 of the Order and the underlying assumptions and report its conclusions to the Board of Directors;
- review the global risk exposures of Banque Palatine based on the relevant reporting statements;
- review the bank's compliance with the regulations of the French law on the separation and regulation of banking activities and the Volcker Rule;
- examine various possible scenarios, including stress scenarios, in order to assess how the institution's risk profile would react to external and internal events;
- advise the Board of Directors on Banque Palatine's overall strategy and risk appetite, both current and future, and to assist the board when it monitors the implementation of this strategy by the Chief Executive Officer and the Deputy Chief Executive Officer and by the head of the risk management function;
- assist the Board of Directors when it monitors the implementation of the institution's equity and liquidity management strategies as well as other relevant risks, such as market risk, credit risk and operational risk (including legal and IT risks) and reputational risk, in order to assess their adequacy against the risk appetite and risk strategy that have been approved;
- support the Board of Directors in its regular review of the policies enacted to comply with the Order, and assess the effectiveness of measures and procedures put in place for the same end and of the corrective measures implemented in response to shortcomings;
- review the annual reports on risk measurement and monitoring and on the internal control system;
- propose to the board the criteria and thresholds described in article 98 of the Order for identifying incidents that must be reported to the board;
- monitor the follow-up to the conclusions of the inspections by the ACPR - *Autorité de Contrôle Prudentiel et de Résolution* and/or the European Central Bank (ECB), and of internal audits, summaries of which are sent to it;
- review the follow-up letters sent by the ACPR and/or ECB and issue an opinion on the projects initiated in response to such letters;
- review, as part of its mission, whether the price of its products and services (mentioned in books II and III of the French Monetary and Financial Code: financial instruments, savings products, banking transactions, investment services, etc.) offered to customers are compatible with Banque Palatine's risk strategy and, if not, to present to the Board of Directors a remediation action plan;
- review whether the incentives envisaged by Banque Palatine's remuneration policy and practice are compatible with the risk position to which Banque Palatine is exposed, with its capital, with its liquidity and with the probability and timing of expected benefits.

Periodic controls:

- oversee the independence of internal audits, being authorised to demand or access all documents, systems and other information necessary for the proper conduct of its work;
- review the multi-year internal audit plan and its implementation.

In addition, the Chief Executive Officer informs the Risk Committee of:

- the appointment of the heads of risk management, compliance and internal audit who report to him or her on the performance of their duties;

- the results of their analyses of the adequacy of the liquidity risk measurement and management procedures, systems, tools and limits with changes in the liquidity situation;
- the essential elements and the main lessons that can be drawn from the analysis and monitoring of the risks associated with the business and the results to which Banque Palatine and, where applicable, the Group are exposed;
- the measures taken to ensure business continuity and the assessment of the effectiveness of the systems in place;
- the measures taken to ensure the control of outsourced activities and any resulting risks for Banque Palatine.

More generally, the Risk Committee is kept informed by the Chief Executive Officer, the Statutory Auditors, the managers responsible for permanent risk control and compliance, as well as by the board member in charge of periodic control of:

- the results of market risk and overall interest rate risk measurements in order to assess Banque Palatine's risks;
- the measurement of settlement-delivery risk and the decisions taken by the effective managers to hedge liquidity risks;
- the conclusions of the reviews and analyses of the liquidity risk referred to in articles 148 et seq. of the Order;
- the results of the alternative crisis scenarios conducted pursuant to article 168 of the Order and the actions taken, where applicable;
- significant incidents with regard to the criteria and thresholds provided for by the risk analysis and measurement systems;
- significant anomalies detected by the anti-money laundering and terrorist financing monitoring and analysis system, as well as the shortcomings of this system.

Activity

The Risk Committee met 6 times in 2024 with an average attendance rate of 73.3%.

The main topics covered at the meetings were:

- revision and proposal of the 2023 RAF;
- presentation of permanent control plans;
- update on PECI controls;
- risk and compliance reporting;
- article 98;
- annual review of permanent controls;
- financial risk management system;
- information on the new Chief Risk and Compliance Officer;
- climate risk matrix;
- review of real estate outstandings with a view of risk indicators;
- update on LBO - LF limits;
- quarterly report on risk, compliance and internal audit;
- review of the report on risk management;
- cost of risk and review of significant files;
- the interim questionnaire from the Group Risk Management Department;
- risk management assessment;
- real estate investment companies SCPI focus;
- update on VaR;
- review of the internal control report;
- review of the RACI;
- review of the RACI LAB;
- the review of the Audit Department's audit plan and annual budget;
- update of the risk appetite system, reporting and changes in RAF indicators;
- quarterly cost of risk and review of significant files;
- update on the PSR;
- the customer protection questionnaire;
- update on IFRS 9 LGD backtesting;
- presentation of developments in internal risk and Audit Committee procedures;
- update on interest rate risk;
- internal audit alert process;
- mapping of non-financial risks in the statement on non-financial performance and the action plan for residual risks;
- statement on non-financial performance;
- risk policy;
- monitoring and progress of the 2023 and 2024 multi-year audit plans;
- presentation and follow-up of recommendations;
- annual assessment of the Internal Audit Department by the Group's general inspection division;
- operational risk;
- the macro-risk mapping;
- BCBS 239;
- review of the findings of the Audit and Risk Committee of Banque Palatine's fully controlled subsidiary Palatine Asset Management.

3.3.3 Appointments Committee

Composition

The committee has a Chairman and two members, all of whom were selected from among the board members. The Appointments Committee is chaired by the Chairman of the Board of Directors.

On 31 December 2024, this committee had the following members:

• Jérôme Terpereau	Chairman
• Bruno Goré	Committee Member
• BPCE, represented by Marjorie Cozas	Committee Member

Role

The Appointments Committee formulates proposals and recommendations concerning the candidates for the position of effective manager and the candidates qualified to exercise the functions of board member with a view to proposing their candidacy to the General Meeting.

This rule does not apply to candidates for the office of board member representing employees.

The Appointments Committee is also responsible for the ongoing assessment of the individual and collective qualities of the effective managers and members of the Board of Directors.

With regard to the appointment and selection mission:

The Appointments Committee assists and makes recommendations to the Board of Directors for the development of a policy for the assessment of the suitability of board members and effective managers, as well as an appointment and succession policy which it reviews periodically.

The Appointments Committee must verify the suitability of the candidates for the position of effective manager and of the candidates for the office of board member in accordance with the appointment policy and the suitability policy drawn up by the Board of Directors.

In this regard, the Appointments Committee specifies in particular:

- the duties and qualifications required for the duties of an effective manager and the duties performed on the Board of Directors;
- the evaluation of the time to be devoted to these functions;
- the objective to be achieved with regard to the balanced representation of women and men on the Board of Directors.

Concerning the assessment mission:

In accordance with the suitability assessment policy developed by the Board of Directors, the Appointments Committee:

- assesses the balance and diversity of knowledge, skills and experience held individually and collectively by the candidates for the position of effective manager and candidates for the office of board member;
- assesses periodically, and at least once a year:
  - the structure, size, composition and effectiveness of the effective management and the Board of Directors with regard to the missions assigned to them and submits to the board all useful recommendations of internal controls and procedures to ensure compliance with accounting standards, applicable laws and regulations,
  - the knowledge, skills and experience of the effective managers and board members, both individually and collectively, and reports to it;
- recommends, when necessary, training aimed at guaranteeing the individual and collective aptitude of the effective managers and board members.

Lastly, the Appointments Committee ensures that the Board of Directors is not dominated by one person or a small group of people in conditions that are detrimental to the interests of the bank.

The Appointments Committee has the necessary resources to perform its duties and may call on external advisors (article L. 511-101 of the French Monetary and Financial Code).

Activity

The Appointments Committee met five times in 2024 with an average attendance rate of 80%.

The main topics covered at the meetings were:

- the non-renewal of the term of office of Deputy Chief Executive Officer;
- the examination of the candidacy of a second effective manager;
- the renewal of board members' terms of office;
- the resignation and co-option of board members;
- the results of the election of board members representing employees;
- the composition of the specialised committees;
- review of the results of the Board of Directors’ self-assessment;
- review of the results of the individual assessment of the Board of Directors;
- the mapping of the collective skills of the Board of Directors;
- updating the corporate governance documentary;
- individual assessment of board members and mapping of the Board of Directors’ composition;
- schedule of training for board members in 2024 and monitoring training in 2023;
- review of the corporate governance report, in relation to the governance section;
- review of the draft questionnaire for the self-assessment of the Board of Directors by board members;
- the launch of individual assessment of the members of the Board of Directors.

3.3.4 Remuneration Committee

Composition

The committee has a Chairman and three members, all of whom were selected from among the board members. The Remuneration Committee is chaired by the Chairman of the Board of Directors.

On 31 December 2024, this committee had the following members:

• Jérôme Terpereau	Chairman
• Sabine Calba	Committee Member
• Bernard Dupouy	Committee Member
• Bertrand Magnin	Committee Member

Role

The Remuneration Committee provides guidance for decisions by the Board of Directors on remuneration systems.

As such, the Remuneration Committee is responsible for making proposals to the Board of Directors concerning:

- the level and methods of remuneration of the effective managers of Banque Palatine, namely: the level of the fixed portion; the level of the variable portion; the benefits in kind; as well as all provisions relating to their retirement and welfare plan. The Remuneration Committee therefore takes into account the objectives for the current year and any potential impacts on risk and risk management within Banque Palatine. The committee also assesses the degree to which targets have been achieved and criteria satisfied for the payment of the variable remuneration and makes proposals accordingly to the Board of Directors;
- the committee deliberates without the presence of the effective managers on matters concerning them;
- the systems for allocating board members' fees among the board members and, where applicable, members of the board committees, and the total amount of such remuneration which is put to the vote at the Banque Palatine General Shareholders' Meeting.

Moreover, the Remuneration Committee also:

- carries out an annual review of:
  - the principles underlying Banque Palatine's remuneration policy,
  - the remuneration, termination benefits and benefits of any kind granted to Banque Palatine's corporate officers,
  - the remuneration policy for employees of all categories, including members of executive management, risk-takers, persons exercising control functions and any employee whose total income puts them in the same class of remuneration and whose professional activities have a significant effect on Banque Palatine's risk profile;
- directly controls the remuneration of the head of risk management referred to in article L. 511-64 of the French Monetary and Financial Code, the head of compliance, and the head of internal audit department;
- regularly reports on its work to the Board of Directors;
- issues an opinion on any report dealing with remuneration;
- reviews and issues an opinion on the civil liability insurance policies taken out by Banque Palatine on behalf of its senior executives.

Generally, it reviews any issue put to it by the Chairman of the Board of Directors relating to any of the matters listed above.

Each year, the committee receives details of the remuneration received by the effective managers, namely: fixed remuneration, variable remuneration, benefits in kind, remuneration received for the offices held.

Activity

The committee met twice in 2024 with an attendance rate of 75% to rule on the following matters in particular:

- review of the achievement of the objectives set in 2023 for the variable remuneration of the Chief Executive Officer and the Deputy Chief Executive Officer, including for the portion linked to Groupe BPCE's results;
- reminder of the fixed and variable remuneration paid in 2023 to the Chief Executive Officer and the Deputy Chief Executive Officer;
- final allocation of deferred variable remuneration for 2020, 2021 and 2022;
- review of the remuneration of the Chief Risk and Compliance Officer and the head of internal audit department;
- definition of the criteria for calculating the variable remuneration of effective managers for 2024;
- amount of the remuneration package and terms of distribution for 2024;
- opinion on the insurance policies taken out concerning the liability of senior executives;
- composition and fixed and variable remuneration of the regulated population for 2023;
- "article 82" technical developments;
- payment of deferred amounts;
- the article 266 report;
- draft corporate governance report for 2023;
- information on professional and equal pay policy;

4 The executive management

Since the option for the form of a *société anonyme* (French limited liability corporation with a Board of Directors), the Board of Directors on 14 February 2014 opted for the separation of duties of the president and Chief Executive Officer in accordance with article L. 225-51-1 of the French Commercial Code. This option was renewed upon the appointment of the Chief Executive Officer on 21 October 2019, with effect from 6 November 2019, upon the renewal of the term of office of the Chairwoman of the Board of Directors on 26 May 2020 as well as at the Board of Directors meeting of 10 December 2021, which appointed Didier Moaté as Chief Executive Officer with effect from 1 March 2022.

Pursuant to article L. 512-107 of the French Monetary and Financial Code, the appointment and reappointment of the Chief Executive Officer is subject to the approval of BPCE, the central body.

The Chief Executive Officer is not a board member of the company. He or she is appointed for a period of five years. He or she may be removed from office by the Board of Directors at any time.

In accordance with article 17 of the articles of association, the Chief Executive Officer holds the broadest powers to act on behalf of the company in all circumstances. He or she exercises this authority within the restrictions set by the corporate objects and subject to the authority expressly granted by law to Shareholders' Meetings and the Board of Directors. He or she represents the bank in relations with third parties. The Board of Directors did not set any restrictions on his or her powers in the Board of Directors' framework rules of procedure. Even so, any significant transaction departing from the strategy communicated requires the Board of Directors' prior approval.

The Chief Executive Officer may partially delegate his or her powers to any proxy, with or without the option of substitution.

When the Chief Executive Officer reaches the end of his or her term of office or is prevented from performing his or her duties, the Deputy Chief Executive Officer, unless the Board of Directors decides otherwise, retains his or her duties and responsibilities until a new Chief Executive Officer is appointed.

On 31 December 2024, the members of executive management are:

Members of executive management	Age	Date of appointment	Expiry date of term of office
Didier Moaté Chief Executive Officer	61 years	10/12/2021*	28/02/2027
Nathalie Bulckaert-Grégoire Assistant Deputy Chief Executive***	56 years	06/02/2024**	-

** Effective from 1 March 2022.*

*** Effective from 27 March 2024.*

**** Since the end of the financial year, Nathalie Bulckaert-Grégoire was appointed Deputy Chief Executive Officer on 4 February 2025.*

4.1 Effective managers

On 31 December 2024, Didier Moaté and Patrick Ibry were the effective managers of Banque Palatine.

In this capacity, they safeguard and assume full and complete responsibility for the following activities vis-à-vis the supervisory authorities and the ACPR in particular:

- determining the strategic direction of Banque Palatine;
- accounting and financial information;
- internal control;
- determining equity.

Didier Moaté and Nathalie Bulckaert-Grégoire

4.2 Executive Committee

On 31 December 2024, the Executive Committee (COMEX) was composed of the two effective managers, as well as the head of human resources, work environment and purchases and the head of customer excellence. The Secretary General and the Director of the Sustainable Finance Programme are permanent guest members.

4.3 Executive Management Committee

On 31 December 2024, the Executive Management Committee was composed of the members of the Executive Board, plus the Chief Commercial Officer, the Chief Financial Officer, the head of the customer finance desk, the head of commitments, the head of customer services, the head of private banking, the head of the sustainable finance programme, the head of communications, the Secretary General and the head of corporate banking. The head of internal audit department is a permanent guest. On this date, it comprises seven women out of a total of 14 members, i.e. 50%.

5 Agreements

Banque Palatine participates as a member of various economic interest groups of Groupe BPCE, shareholder of the bank.

Regulated agreements

This report must disclose related-party agreements entered into with any of the bank's corporate officers or shareholders holding over 10% of the voting rights and with any business under its control according to the definition under article L. 233-3 of the French Commercial Code.

The following agreements fall within the aforementioned category:

- agreements with senior executives.

The Chief Executive Officer:

- retirement benefits;
- no employment contract or suspended employment contract - unemployment insurance (no effect);
- arrangements for maintaining remuneration for 12 months in the event of temporary inability to work;
- compensation for dismissal of the Chief Executive Officer;
- supplementary pension plans (article 82);
- affiliation to supplementary social protection schemes (BPCE Mutuelle, mutual health insurance and AG2R supplementary pension plan).

The Deputy Chief Executive Officer:

- retirement benefits;
- no employment contract or suspended employment contract - unemployment insurance;
- arrangements for maintaining remuneration for 12 months in the event of temporary inability to work;
- increase in fixed remuneration;
- affiliation to supplementary social protection schemes (BPCE Mutuelle supplementary health insurance and AG2R supplementary personal protection scheme).

Senior executives are entitled, under the same conditions as Banque Palatine employees, to the defined contribution supplementary pension plan applicable to senior managers (Klésia). This plan is financed by a contribution of:

- tranche A of the remuneration: 10.16% (7.62% payable by Banque Palatine and 2.54% payable by the beneficiary);
- tranche B of the remuneration: 9.45% (7.09% payable by Banque Palatine and 2.36% payable by the beneficiary).

The amount of Klésia employer contributions paid by Banque Palatine for the benefit of the Chief Executive Officer and the Deputy Chief Executive Officer, for the 2024 financial year, was as follows:

- Didier Moaté: €13,391.64;
- Patrick Ibry: €1,647.39 (*pro rata temporis until 14 February 2024*).

In addition, the Board of Directors meeting of 4 April 2024 authorised the conclusion of an amendment to the supplementary pension plan under article 82 for the Chief Executive Officer, which had no accounting impact on the 2024 financial year. This agreement will be ratified at the General Meeting of 28 May 2025.

Agreements with shareholders and their subsidiaries

- the purpose of the invoicing agreement that exists between BPCE SA and Banque Palatine, signed on 5 March 2012, is to set the amount of the fees to be paid for the services provided by BPCE within the context of the affiliation of Banque Palatine with Groupe BPCE. The financial effect of this agreement in 2024 was a charge of €2,700,617.56 excluding tax.

6 Share capital structure and participation of shareholders at the General Meetings

6.1 Share capital structure

BPCE, the central body of the Caisse d'Epargne and Banque Populaire banking Group, holds all the share capital of Banque Palatine. Both networks own an equal share in BPCE, the Group's central body.

BPCE has set up consumer loans, each covering ten shares in Banque Palatine, for two board members.

To the best of the company's knowledge, there are no direct or indirect agreements between the shareholders.

6.2 General meeting

No particular arrangements are applicable to shareholders' participation at General Meetings.

A General Shareholders' Meeting is called and meets in accordance with the regulations in force. It deliberates on issues listed on the agenda as provided for in law.

The General Meeting is chaired by the Chairman of the Board of Directors or, in his or her absence, by a board member specially appointed for this purpose by the Board of Directors. Failing that, the meeting elects its own Chairman.

Shareholders participating at a General Meeting by means of videoconferencing or any other telecommunications-based system permitting their identification in accordance with article L. 225-37 of the French Commercial Code are deemed present for the purpose of calculating the quorum and majority requirements.

Decisions made at a General Meeting are recorded in the minutes kept in a special register.

Decisions made by the General Meeting can be evidenced vis-à-vis third parties using copies or excerpts certified as true and accurate copies by the Chairman of the Board of Directors or any other person referred to in article R. 225-108 of the French Commercial Code.

Ordinary General Meetings are those convened to make any decisions that do not involve amendment of the articles of association.

Extraordinary General Meetings are those convened to make decisions or authorise direct or indirect amendments to the articles of association.

There are no provisions in the articles of association restricting the right to vote and the transfer of shares.

There is no valid delegation granted by the General Shareholders' Meeting in the area of capital increases.

7 The rules and principles governing the calculation of remuneration and benefits

7.1 Remuneration of the board members and committee members

Apart from the chairmen of the board and of the specialised committees, who receive a fixed annual allowance *pro rata temporis*, board members receive remuneration for their work based on their actual attendance. The total amount of this remuneration is voted on by the General Meeting and the allocation of this amount is decided upon by the Board of Directors based on the recommendations of the Remuneration Committee.

The annual remuneration due is paid in December of each year.

The General Meeting of 30 May 2024 set the total annual amount for this remuneration at €134,500 for the current financial year. The Board of Directors meeting of 6 February 2024 maintained the distribution of this envelope, according to the terms set out below, subject to conditions of attendance:

For the Board of Directors:

- Chairman of the Board of Directors: €31,000 (*pro rata temporis*/year),
- Board member: €1,500 per meeting subject to a cap of €9,000 p.a.;

For the Audit Committee:

- Chairman of the Audit Committee: €1,000 p.a.,
- Member of the Audit Committee: €500 per meeting subject to a cap of €3,000 p.a. (1);

For the Risk Committee:

- Chairman of the Risk Committee: €1,000 p.a.;
- Member of the Risk Committee: €500 per meeting subject to a cap of €3,000 p.a.;

For the Remuneration Committee:

- Chairman of the Remuneration Committee: €1,000 p.a.;
- Member of the Remuneration Committee: €500 per meeting subject to a cap of €1,500 p.a. (1);

For the Appointments Committee:

- Chairman of the Appointments Committee: €1,000 p.a.;
- Member of the Appointments Committee: €500 per meeting subject to a cap of €1,500 p.a. (1).

The related remuneration for the Chairman of the Board of Directors and the permanent representative of BPCE is paid in full to BPCE, in accordance with Groupe BPCE’s guidelines.

For the board members representing the employees, the related remuneration is paid in full to the union to which these board members belong.

There are no agreements concerning indemnity in the event of resignation of a board member, even if it occurs due to public offering or share exchange.

1) *Excluding the Chairman’s remuneration.*

Remuneration of board members

The table below shows the remuneration paid by Banque Palatine to the members of the Board of Directors in respect of their duties on the Board of Directors and its committees for 2024.

Board members	gross in euros
Jérôme Terpereau - paid to BPCE	35,500
Lionel Baud	6,000
Bernard Dupouy	4,000
Frédérique Destailleur	1,000
Bertrand Magnin	2,000
Bruno Goré	14,500
Sabine Calba	14,189
Nadia Mauzelaf - *paid to the parent union*	10 000
Zohra Messous - *paid to the parent union*	1 500
Guillemette Valantin - *paid to the parent union*	11,500
BPCE represented by Marjorie Cozas - *paid to BPCE*	7,811
TOTAL	**108,000**

7.2 Remuneration of the members of executive management

The remuneration of the members of executive management is determined by the Board of Directors on the recommendation of the Remuneration Committee.

Fixed remuneration

The Chief Executive Officer is paid exclusively for his corporate office. He receives a specific supplement under article 82 and a car benefit in kind.

The Deputy Chief Executive Officer (corporate officer) holds an employment contract. His total remuneration consists of a fixed portion, 90% of which is paid on the basis of his employment contract and 10% on the basis of his corporate office, variable remuneration, and a car benefit in kind (*pro rata temporis*).

The Assistant Deputy Chief Executive holds an employment contract approved by the Board of Directors on 6 February 2024. Her total remuneration consists of a fixed salary, variable remuneration and a car benefit in kind. She is eligible for occasional geographical mobility support within Groupe BPCE until March 2025.

Arrangements for determining variable remuneration

The criteria and amount of the variable remuneration of the effective managers are set by the Board of Directors on the recommendation of the Remuneration Committee.

In 2024, the variable remuneration of effective managers is based on:

- on quantitative criteria: operating ratio, net income, individual economic net revenue before tax/ETP;
- on qualitative and CSR criteria: concentration, green strategy, NPS indicators for the “corporate” and private banking segments: +20 for corporate customers (with turnover exceeding €15 million), +5 for private banking customers of physical branches and +5 for private banking customers of premium branches;
- regulatory and managerial criteria: the RAF, the complete and updated TOP CC, the criterion relating to the new strategic plan and the criterion relating to the implementation of recommendations;
- the profit or loss of BPCE.

And are weighted as follows:

	Target	Theoretical maximum
A. CRITERIA RELATED TO THE GROUPE BPCE'S RESULTS	**20%**	**25%**
B. CRITERIA RELATED TO THE BANK'S RESULTS	**80%**	**89%**
B1. Quantitative criteria	40%	49%
Cost/income ratio	15%	15%
Consolidated net income	15%	24%
Individual economic net revenue before tax/FTE	10%	10%
B2. Qualitative and CSR criteria	20%	20%
Concentration	5%	5%
Green strategy	5%	5%
NPS indicator for company and private management scope:		
• Corporates +20	5%	5%
• Physical branches +5	3%	3%
• Premium branches +5	2%	2%
B3. Regulatory and managerial criteria	20%	20%
RAF	5%	5%
Complete and updated TOP CC	5%	5%
New Strategic Plan	5%	5%
IGG recommendations	5%	5%
GRAND TOTAL	**100%**	**114%**

The rules regulating variable remuneration apply when the amount of the variable remuneration awarded in respect of a financial year is greater than or equal to a threshold set, since 2021, at €50,000 (or if the variable remuneration represents more than one third of the total remuneration).

If the variable remuneration awarded for the 2024 financial year is greater than or equal to the threshold and less than €50,000:

- 50% of the amount vests and is paid as soon as the award is made in April 2025;
- 10% of the amount is acquired and paid the following year (April 2026) after the indexation coefficient has been applied in April 2026;
- The acquisition of 40% of the amount is deferred and will be paid in five instalments, no earlier than April of each year from 2027 to 2031. i.e. 8% for each of the five years, after application of the indexation coefficient and verification of the performance condition.

The deferred portions of the variable remuneration as well as the portion of the annual variable remuneration vested upon grant to which a 12-month retention period is applied take the form of cash indexed on the basis of an indicator representative of the change in the value of Groupe BPCE.

The indicator used for the value of Groupe BPCE is the net income attributable to Groupe BPCE (net income Group's share), calculated as a rolling average over the last three financial years preceding the year in which the variable portion is awarded and the year in which each deferred portion of the variable portion is paid.

The coefficients are communicated each year by BPCE.

Chief Executive Officer

The amount of the variable remuneration is equal to 80% of the fixed remuneration (including the specific bonus) when a 100% performance rate is attained. In any event, the Variable portion allocated for the financial year may not exceed 100% of the fixed remuneration (including the specific bonus).

Deputy Chief Executive Officer

The amount of the variable remuneration is equal to 50% of the fixed remuneration when a 100% performance rate is attained. In any event, the variable portion allocated for the financial year may not exceed 62.50% of the fixed remuneration.

Where appropriate, this variable remuneration is reduced by the amount of any employee incentive and/or profit-sharing payments received.

Assistant Deputy Chief Executive

The amount of the variable remuneration is equal to 50% of the fixed remuneration when a 100% performance rate is attained. In any event, the variable portion allocated for the financial year cannot exceed 62.5% of the fixed remuneration.

Remuneration of effective managers

The tables below show the remuneration paid by Banque Palatine, by Palatine Asset Management, a subsidiary of Banque Palatine, for terms of office on its board and its Audit and Risk Committee, by GPM Assurances and by Conservateur Finance.

AMF Table no. 1 - Summary tables of remuneration and options and shares granted to each executive director

Didier Moaté, Chief Executive Officer	2023 financial year	2024 financial year
Compensation awarded for the financial year (detailed in AMF Table no. 2)	€691,532	€761,071
Value of multi-year variable remuneration received during the financial year	€0	€0
Value of stock options allocated during the financial year (detailed in AMF Table no. 4)	€0	€0
Valuation of free shares granted (detailed in AMF Table no. 6)	€0	€0
Valuation of other long-term remuneration plans	€0	€0
TOTAL	**€691,532**	**€761,071**

Patrick Ibry, Deputy Chief Executive Officer	2023 financial year	2024 financial year
Compensation awarded for the financial year (detailed in AMF Table no. 2)	€387,729	€85,897
Value of multi-year variable remuneration received during the financial year	€0	€0
Value of stock options allocated during the financial year (detailed in AMF Table no. 4)	€0	€0
Valuation of free shares granted (detailed in AMF Table no. 6)	€0	€0
Valuation of other long-term remuneration plans	€0	€0
TOTAL	**€387,729**	**€85,897**

AMF Table no. 2 - Summary statement of remuneration granted and paid to each executive director

In the following statements:

- The expression “amounts allocated” corresponds to the remuneration and benefits allocated to a corporate officer in respect of their duties during the financial year, regardless of the date of payment.
- The expression “amounts paid” corresponds to the remuneration and benefits actually paid to a corporate officer in respect of their duties during the financial year, regardless of the grant date.

Didier Moaté, Chief Executive Officer	2023 financial year		2024 financial year	
	Amounts paid	Amounts allocated	Amounts allocated	Amounts paid
Fixed remuneration	€320,000	€320,000	€350,000	€350,000
Specific bonus	€64,000	€64,000	€70,000	€70,000
Annual variable remuneration	€302,684	€143,360	€336,000	€206,755*
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Car benefits in kind	€4,848	€4,848	€5,071	€5,071
Attendance fees	Not concerned	Not concerned	Not concerned	Not concerned
Other pay	Not concerned	Not concerned	Not concerned	Not concerned

Patrick Ibry Deputy Chief Executive Officer Period from 01/01/24 to 14/02/2024	2023 financial year		2024 financial year	
	Amounts paid	Amounts allocated	Amounts allocated	Amounts paid
Fixed remuneration	€225,000	€225,000	€26,248	€26,248
Annual variable remuneration	€61,406	€69,293	€29,012	€59,356*
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional pay	€0	€0	€0	€0
Car benefits in kind	€4,111	€4,111	€514	€514
Benefit in kind: accommodation	€4,822	€4,822	€617	€617
Attendance fees (remuneration for Board members)	€42,950	€31,700	€9,750	€22,200
Other remuneration (incentive bonus and profit-sharing bonus)	€49,440	€28,651	€19,756	€49,440

** Breakdown of variable remuneration in 2024 previously allocated to executive directors for past financial years.*

	Deferred variable portions for the 2020 financial year	Deferred variable portions for the 2021 financial year	Deferred variable portions for the 2022 financial year	Deferred variable portions for the 2022 financial year postponed by one year	Non-deferred portion of the variable portion for the 2023 financial year	Total paid in 2024
Didier Moaté	-	-	€24,628	€30,785	€151,342	€206,755
Patrick Ibry	-	€9,839	€8,362	€10,452	€30,703	€59,356

By way of supplementary information, details concerning the Assistant Deputy Chief Executive, who is not a corporate officer, are provided below. It should be noted that her employment contract with Banque Palatine took effect on 1 April 2024.

Nathalie Bulckaert-Grégoire Period from 01/04/2024 to 31/12/2024	2023 financial year		2024 financial year	
	Amounts paid	Amounts allocated	Amounts allocated	Amounts paid
Fixed remuneration	Not concerned		€165,000	€165,000
Annual variable remuneration			€76,956	€0
Multi-year variable remuneration			€0	€0
Exceptional pay			€0	€0
Car benefits in kind			€3,617	€3,617
Attendance fees			Not concerned	Not concerned
Geographical mobility support			€10,800	€10,800

AMF Table no. 4 - Share subscription or purchase options granted to executive directors during the 2024 financial year

No share subscription or purchase options were allocated during the 2024 financial year.

AMF Table no. 5 - Share subscription or purchase options exercised by executive directors during the 2024 financial year

No share subscription or purchase options were exercised during the 2024 financial year.

AMF Table no. 6 - Free shares granted to executive directors during the 2024 financial year

No shares were allocated during the 2024 financial year.

AMF Table no. 7 - Free shares granted that became transferable during the financial year for each executive director

No free shares became available during the 2024 financial year.

AMF Table no. 8 – Past share subscription or purchase option grants

No share subscription or purchase options have been granted by Natixis to Group employees (Natixis, BPCE, Caisse d'Epargne, Banque Populaire) since 2009.

AMF Table no. 9 - Share subscription or purchase options granted and exercised to the first 10 non-executive officer employees during the 2024 financial year

No share subscription or purchase shares were granted or exercised by employees of Banque Palatine during the 2024 financial year.

AMF Table no. 10 - Past free share allocations to executive directors

None.

AMF Table no. 11 - Position of executive directors

Name of executive directors	Start of terms of office	End of terms of office	Employment contract	Supplementary pension plans	Payments or benefits due or potentially due owing to termination or change in duties	Compensation relating to a non-compete clause
Didier Moaté Chief Executive Officer	01/03/2022	27/02/2027	No	KLESIA: pay-as-you-go system ALLIANZ: defined benefit pension	Yes	No
Patrick Ibry Deputy Chief Executive Officer	14/02/2019	14/02/2024	Yes	KLESIA: pay-as-you-go system	Yes	No

Note: Nathalie Bulckaert-Grégoire was not a corporate officer during the 2024 financial year.

In accordance with the provisions of the Pacte law, the attached table shows the level of remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (corporate officers) compared to the average remuneration on a full-time equivalent basis of the company's employees other than corporate officers, and the change in this ratio over at least the five most recent financial years, presented together and in a manner that allows for comparison.

	2020	2021	2022	2023	2024
Chairman of the Board of Directors (CBD)*	0	0	0	0	0
Chief Executive Officer (CEO)	€325,000	€325,000	€320,000	€384,000	€420,000
Deputy Chief Executive Officer (DCEO)	€205,000	€205,000	€225,000	€225,000	€226,000 (theoretical annual)
Average salary for employees on permanent contracts	€50,747	€52,673	€53,527	€55,475	€57,155
CBD/employee ratio	0	0	0	0	0
CEO/employee ratio	6.44	6.14	5.98	5.77	7.35
DCEO/employee ratio	4.06	3.89	4.20	4.06	3.95

Nathalie Bulckaert-Grégoire was not a corporate officer during the 2024 financial year.

** No remuneration in respect of the office; only an allowance in respect of the office paid separately to BPCE.*

The table below shows the level of remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (corporate officers) in relation to the median remuneration of the company's employees, on a full-time equivalent basis, and of the corporate officers, as well as the change in this ratio over at least the five most recent financial years, presented together and in a manner that allows comparison.

	2020	2021	2022	2023	2024
Chairman of the Board of Directors (CBD)	0	0	0	0	0
Chief Executive Officer (CEO)	€325,000	€325,000	€320,000	€384,000	€420,000
Deputy Chief Executive Officer (DCEO)	€205,000	€205,000	€225,000	€225,000	€226,000 (theoretical annual)
Median salary of employees on permanent contracts	€46,081	€47,000	€47,720	€50,000	€52,190
CBD/employee ratio	0	0	0	0	
CEO/employee ratio	7.05	6.91	6.71	6.40	8.05
DCEO/employee ratio	4.45	4.36	4.71	4.5	4.33

Nathalie Bulckaert-Grégoire was not a corporate officer during the 2024 financial year.

Employment contract of the Deputy Chief Executive Officer

The Deputy Chief Executive Officer, Patrick Ibry, holds an employment contract.

The substance of these contracts is reflected particularly in the reporting relationship with respect to the Chief Executive Officer, and furthermore, true technical functions exist that are separate from the corporate office of the Deputy Chief Executive Officer and the employment contract of the commercial director.

His duties include, although the list is not exhaustive:

- draw up the bank's commercial policy;
- develop the commercial objectives of the entire network and those of the teams within his scope;
- manage and steer the sales activity;
- support the management of the commercial relationship;
- manage the teams within his scope on a daily basis;
- oversee internal projects to develop the organisation of the areas entrusted to him;
- report on his activities to his Chief Executive Officer and report on the results achieved.

The employment contract provides benefits of: restaurant vouchers, reduced working hours (RTT), unemployment benefit and conventional severance/retirement pay, 13th month bonus, payment of days in the time savings account (CET), profit-sharing and variable remuneration.

In the context of the concurrent holding of an employment contract and corporate office, the Deputy Chief Executive Officer does not receive restaurant vouchers and days off for working time reduction, and partially receives a working time account (only for the paid leave portion); special treatment of the variable remuneration is also carried out due to a deduction for the Deputy Chief Executive Office's participation in profit-sharing and incentive plans.

Remuneration received in respect of offices held

In accordance with the standards set by Groupe BPCE, remuneration paid in respect of offices held within the Group's companies may be paid directly to the members of the Boards of Directors or Supervisory Boards of those companies.

Benefits in kind

Company car: amounting to the lesser of 40% of the total annual car rental cost and 12% of the car purchase price.

Housing allowance: flat-rate calculation based on the number of rooms and remuneration.

Chief Executive Officer

As a corporate officer, the Chief Executive Officer is entitled to the benefits associated with this status, in particular:

- supplementary social security scheme cover (BPCE Mutuelle mutual health insurance, Klésia personal protection and supplementary pension scheme introduced for K and HC employees of Banque Palatine);

- the benefit of the supplementary pension scheme under article 82 applicable to senior executives of Groupe BPCE;
- remuneration maintained for 12 months in the event of temporary inability to work;
- involuntary-termination severance pay or retirement benefits in accordance with the provisions applicable to executive directors within Groupe BPCE;
- measures to support mobility.

Involuntary-termination severance pay and retirement benefits for the Chief Executive Officer

The commitments made to the Chief Executive Officer relating to the involuntary-termination indemnity and the retirement benefits were approved by the Board of Directors on 10 December 2021 in accordance with the related-party agreements procedure.

Under certain conditions, the Chief Executive Officer is entitled to compensation in the event of termination of his or her employment.

Involuntary-termination severance pay

The Chief Executive Officer may, upon a decision by the Board of Directors, under certain conditions, benefit from involuntary-termination severance pay of a minimum of 12 months remuneration (fixed and variable remuneration).

Under the rules applicable at Banque Palatine, the ceiling is 12 months, in accordance with article L. 511-71 of the French Monetary and Financial Code (and since the General Meeting has not decided to remove the ceiling), which stipulates that the variable portion of total remuneration may not exceed the fixed portion of that remuneration.

Payment is subject to the following conditions:

- Conditions for receiving involuntary-termination severance pay

The compensation can only be paid in the event of involuntary departure from the position of Chief Executive Officer of Banque Palatine (involuntary termination of the term of office due to dismissal by the Board of Directors or withdrawal of approval or forced resignation or non-renewal at the initiative of the Board of Directors), not related to serious misconduct, and without redeployment within Groupe BPCE. This compensation shall not be paid if departure from the Group is at the initiative of the Chief Executive Officer.

The payment of the severance pay upon termination of the term of office means that the Chief Executive Officer loses any entitlement to retirement benefits to which they may have been entitled.

In the event of a transfer within Groupe BPCE under an employment contract, notification of the termination of this employment contract more than 12 months after the enforced departure, carries a right, except in the event of gross or wilful misconduct, to payment of merely the redundancy benefit laid down in the applicable collective agreement. Conversely, if the employment contract is terminated with notification given less than 12 months after he is forcibly removed from corporate office, he is entitled – barring gross negligence or wilful misconduct – to receive involuntary-termination severance pay, minus any remuneration required by law to be paid in respect of the termination of the employment contract.

- Performance conditions

Involuntary-termination severance pay is only due if Banque Palatine generated positive net income in the last financial year preceding the termination of the corporate office.

In addition, payment of the involuntary-termination severance pay is subject to the condition that the Chief Executive Officer has on average received at least 33.33% of the maximum variable portion over the last three financial years of the current term of office.

- Calculation of the benefit

The monthly benchmark pay used in the calculation is equal to one-twelfth of the sum of the fixed remuneration (excluding the special supplement and benefits) granted for the last calendar year of work preceding the termination of the corporate office or the employment contract and the average of the variable remuneration (whether paid immediately or deferred) for the last three calendar years of work preceding the termination of the corporate office or the employment contract.

The amount of the indemnity is equal to: Monthly benchmark pay x (12 months + 1 month per year of seniority with the Group).

The length of service within the Group is calculated in years and fractions thereof.

The amount of the involuntary-termination severance pay is capped at 24 times the monthly benchmark pay, which corresponds to a period of 12 years’ seniority with the Group.

Where at least 50% of the maximum variable component is awarded on average during the last three years of the corporate office in progress (or during the term of office served, plus the previous term of office served if the term was renewed), the involuntary-termination severance pay will be paid in full.

Where at least 33.33% of the maximum variable component is not awarded on average over this period, no involuntary-termination severance pay is granted. Between 33.33% and 50%, the amount of involuntary-termination severance indemnity is calculated on a straight-line basis, at the discretion of the Supervisory Board.

Retirement benefits

The Chief Executive Officer may, subject to certain conditions, be granted an involuntary-termination severance pay by decision of the Board of Directors, amounting to a minimum of 12 months' remuneration (fixed remuneration and variable remuneration), with a maximum of 24 months, earned for 12 years’ of service with the Group.

Payment is subject to the following conditions:

- Conditions for receiving a retirement benefits

Payment of the retirement benefits is subject to the same performance conditions as those applicable to the involuntary-termination severance pay mentioned above, i.e.:

- the Group must have generated positive net income in the financial year preceding the termination of the corporate office; and

- beneficiaries must have been awarded a minimum percentage of variable remuneration on average during the last three years of the current term of office.

The retirement benefits may only be paid when the social security pension is drawn, provided that the beneficiary falls within the applicable scope (defined below) at the time the pension is drawn.

The payment of retirement benefits is at the discretion of the board of directors, after consultation with the Remuneration Committee.

Payment of the retirement benefits is excluded from payment of any other departure bonus. As such, if involuntary-termination severance is paid, the Chief Executive Officer will not be entitled to the retirement benefits.

- Amount of the retirement benefits

The monthly benchmark pay used in the calculation is equal to one-twelfth of the sum of the fixed remuneration (excluding benefits and the special supplement) granted for the last calendar year of work preceding the termination of the corporate office or the employment contract and the average of the top three variable remuneration amounts allocated (whether paid immediately or deferred) for the last five calendar years of work preceding the termination of the corporate office or the employment contract. Amounts in respect of the relevant corporate office and employment contract are taken into account.

The amount of the remuneration is equal to: Monthly benchmark pay x (6 + 0.6 A) where A designates the number of years of office in the scope concerned (i.e. terms of office held as Chief Executive Officer of Banque Populaire, Chairman of the Management Board of Caisse d'Epargne, Chief Executive Officer of CFF until 6 November 2019, Chief Executive Officer of BPCE I until 31 December 2018, Chief Executive Officer of Banque Palatine and member of the Management Board of BPCE SA).

The amount of the retirement benefits is capped at 12 times the monthly benchmark pay, which corresponds to a period of 10 years’ of corporate office.

The Chief Executive Officer benefits from:

- the pension plan in the form of a group insurance contract governed by article 82 of the French General Tax Code, this contract being funded exclusively by their voluntary payments. A contribution to be paid by the Chief Executive Officer, equal to 88% of the specific supplement, i.e. 17.6% of their fixed remuneration plus specific supplement, is paid into this insurance contract.
- As such, the Chief Executive Officer's fixed remuneration includes a specific 20% increase.

The allocation of this supplementary pension scheme under article 82 was authorised by the Board of Directors of Banque Palatine on 10 December 2021, following a proposal by the Remuneration Committee.

Retirement benefits for the Deputy Chief Executive Officer

The Deputy Chief Executive Officer holds a corporate office and an employment contract.

Retirement benefits

The retirement benefits are calculated in accordance with the bank's collective agreement, article 31 (retirement) or article 32 (mandatory retirement), and article 7 of the agreement on ancillary remuneration at Banque Palatine dated 26 December 2011.

It is calculated by taking into account the total remuneration in respect of the employment contract plus remuneration in respect of the corporate office.

No employment contract or suspended employment contract - unemployment insurance

Since the Deputy Chief Executive Officer holds a corporate office and an employment contract, he or she is covered by Unedic unemployment insurance.

Arrangements under which remuneration is maintained in the event of temporary inability to work

The Board of Directors has decided that the Chief Executive Officer and the Deputy Chief Executive Officer will benefit from the plan to maintain their remuneration for a period of 12 months in the event of temporary incapacity for work.

Social security protection arrangements applicable to all employees

The Chief Executive Officer and Deputy Chief Executive Officer are eligible, subject to the same terms and conditions as Banque Palatine’s employees, for the social security protection put in place for all employees:

- AG2R (tranches A and B) and Quatrem (tranches C and D) complementary personal protection plans, entirely funded by Banque Palatine;
- The BPCE Mutuelle plan reimbursing healthcare costs.

8 The remuneration of the regulated population

The composition of Banque Palatine's regulated population is reviewed annually based on the qualitative and quantitative criteria set out in European commission (EU) delegated regulation no. 604/2014 of 4 March 2014, amended by the order of 22 December 2020, to which two criteria have been added to include employees covered by the law regarding the separation and regulation of banking activities (SRAB) and the Volcker rule, in accordance with Groupe BPCE standards.

A Banque Palatine employee is deemed to be a regulated person if he/she meets at least one of the criteria.

The identification of the regulated population is validated by the Risk Takers Committee.

The list of regulated persons is subsequently submitted for information to the Executive Management Committee.

Then it is reviewed by the Remuneration Committee and finally approved by the Board of Directors.

9 Draft resolutions relating to remuneration

The total amount of remuneration of all kinds awarded for the 2024 financial year to all members of staff included in the regulated population will be submitted to the shareholders for their opinion at the Annual General Meeting.

In addition, the General Meeting will have to vote on the overall amount of remuneration allocated to the board members.

Appendix 1

Company: Banque Palatine

Remuneration policy and practices for the persons defined in article L. 511-71 of the French Monetary and Financial Code

2024 financial year

1 Description of the company's remuneration policy

Banque Palatine's remuneration policy is part of a sustainable and responsible performance approach. It aims to attract, retain and motivate high-level talent, while ensuring sound and transparent risk management. Its focus, is based on principles of fairness, competitiveness and regulatory compliance, is on the following areas:

Attractive and fair fixed remuneration: fixed remuneration is determined according to the job held, skills, responsibilities and expertise of each employee. Banque Palatine strives to maintain competitive remuneration levels in line with the French market, in accordance with classifications and minimum pay scales. There is a special focus on internal fairness, ensuring consistency and transparency in the salary structure.

Incentive-based variable remuneration aligned with performance: there are variable remuneration mechanisms, individual and collective, to align performance with the bank's annual strategic objectives. These objectives are implemented at all levels of the organisation and prioritised to focus on key issues. They are governed by clear and transparent rules, specifying the eligibility conditions, calculation methods and applicable ceilings.

Individual variable remuneration: Some Banque Palatine employees are eligible for individual variable remuneration, consisting of a portion linked to the entity's performance and an individual or team portion, adjusted by a performance coefficient depending on the level of net income reported. The levels of variable remuneration (target, +, maximum) are defined according to the positions and responsibilities held and the performance achieved. The maximum may reach 100% of fixed remuneration, with a variable absolute ceiling depending on the job (up to €1,265). Precise rules govern eligibility, calculation (pro rata, impact of absences, etc.) and payment.

Bonuses designed to retain employees by rewarding certain performance levels are also awarded in accordance with specific rules. The corporate referral bonus is therefore awarded to employees involved in bringing in business for several specialist customer departments (1% of net commission received, up to a maximum of €2,500 per transaction). Finally, as part of the Circle of Excellence, 20 employees from the network are awarded a bonus of €3,000 each year.

A specific framework for control functions: the remuneration system for risk control and compliance staff is based on specific targets and never directly on the performance of the staff subject to control or on the profits of the business activity subject to control.

The remuneration of risk control and compliance staff and, more generally, personnel in units responsible for approving operations, is set independently of the business lines whose operations they approve or verify, and at a level sufficient to attract qualified and experienced personnel. It takes into account the achievement of the targets associated with the function and must be, at equivalent levels of qualification, skills and responsibilities, appropriate compared to the professionals whose activities they control. The maximum variable portion of these employees depends on the nature and level of their responsibility. In any event, this amount is capped at 26.40% of their fixed remuneration (Director of Audit, Chief Credit, Financial and Operational Risk Officer, Chief Financial Risk Officer). As an exception, and for the year 2024, the variable remuneration of the Chief Risk and Compliance Officer was capped at 30% of the fixed remuneration.

Incentives, profit-sharing and incentive to employee savings through matching contributions: Banque Palatine involves its employees in the company’s results through profit-sharing mechanisms. These mechanisms strengthen the sense of belonging and encourages everyone's commitment to collective success. Employees are eligible for profit-sharing of up to 20% of total payroll and/or a share in profits, depending on the agreements in force and the results measured against the indicators specified in the agreements. This agreement offers all employees the possibility of benefiting from a matching contribution from the bank for their investments in the Group Savings Plan (PEG) or the Collective Retirement Savings Plan (PERCOL). In addition, as part of company agreements, Banque Palatine encourages investment in employee savings schemes (PEG and PERCO) by matching the contributions paid into the plans, which can be as much as €1,000 (depending on the amount saved).

A strong commitment to equal pay: Banque Palatine reaffirms its commitment to professional equality between women and men and applies the principle of gender neutrality and fairness in remuneration between male and female employees for the same work or work of equal value. Concrete measures are implemented to ensure equal pay at all levels of the organisation, from recruitment and throughout the career.

Special attention is focused on gender equality, particularly in terms of salary policy and reducing inequalities, right from the moment employees are hired, by assigning the same salary and classification to women and men for the same job, level of responsibility, training and professional experience, and then throughout their career, ensuring fairness in the proposals made during the annual salary review.

This commitment is reflected in a gender equality index of 96/100 for 2024, demonstrating the bank's continuous efforts to promote equal opportunities and reduce pay gaps. This commitment is further strengthened by an agreement on professional equality and diversity, which establishes a structured framework for monitoring, analysing and correcting any unjustified disparities.

This remuneration policy, which is regularly reviewed and adapted to changes in the economic and regulatory context, contributes to the sustainable performance of Banque Palatine and the development of its talent. This policy is proposed by the HR Department to the Executive Committee, and is reviewed annually by the Remuneration Committee. The Board of Directors ensures that it is properly implemented.

2 Decision-making process

On 31 December 2024, the Remuneration Committee had four members:

- Jérôme Terpereau, Chairman,
- Sabine Calba, Committee member,
- Bernard Dupouy, Committee member,
- Bertrand Magnin, Committee member,

The Committee met twice in 2024.

The Remuneration Committee is composed exclusively of members of the supervisory body who do not hold a management position within the company. They collectively possess the appropriate knowledge, expertise and professional experience in remuneration policies and practices, risk management and control activities, including with regard to the mechanism for aligning the remuneration structure with the risk profiles and equity of the bank.

The Remuneration Committee prepares the Board of Directors’ decisions on the principles of the remuneration policy and the remuneration of executive directors and employees whose activities have a significant impact on the bank’s risk profile (MRT), in accordance with the regulations in force.

The Remuneration Committee therefore expresses its opinion on proposals concerning the risk-taking population and proposes the principles of the remuneration policy for the risk-taking population to the supervisory body. It also ensures that the remuneration policy complies with the SRAB regulations and the Volcker Rule.

Each year, the Remuneration Committee reviews the report listing the infringements identified and the final decisions taken under the first paragraph of article L. 511-84 relating to the allocation of variable remuneration to risk takers.

The Remuneration Committee is responsible for making proposals to the Board of Directors concerning the level and terms of remuneration of the effective managers of Banque Palatine and the terms and conditions relating to the board members’ fees to be allocated to the directors and, where applicable, to the members of board committees, as well as the amount of the overall budget submitted to the decision of Banque Palatine's General Meeting.

It carries out an annual review of:

- the principles underlying Banque Palatine's remuneration policy;
- the remuneration, termination benefits and benefits of any kind granted to Banque Palatine's corporate officers;

- the remuneration policy for all categories of staff, including members of senior management, risk takers, persons performing control functions and any employee whose professional activities may have a significant impact on Banque Palatine's risk profile.

Moreover, the Remuneration Committee also:

- makes proposals to the Board of Directors concerning the remuneration, indemnities and benefits of any kind granted to the Chief Executive Officer and the Assistant Deputy Chief Executive or the Deputy Chief Executive Officer;
- submits proposals to the Board of Directors concerning the criteria to be included in the variable portion payable to the Chief Executive Officer and the Assistant Deputy Chief Executive or the Deputy Chief Executive Officer;
- directly controls the remuneration of the Risk Management Officer referred to in article L. 511-64 of the French Monetary and Financial Code and of the head of compliance and the head of internal audit department;
- regularly reports on its work to the Board of Directors;
- issues an opinion on any report dealing with remuneration;
- reviews and issues an opinion on the civil liability insurance policies taken out by Banque Palatine on behalf of its senior executives.

The Board of Directors adopts the principles of the remuneration policy on the recommendation of the Remuneration Committee and reviews any breaches identified and final decisions taken pursuant to the first paragraph of article L. 511-84 relating to the variable remuneration of risk takers.

3 Description of the remuneration policy

3.1 Composition of the risk taker population

In accordance with CRD 5, Banque Palatine has identified “group 1 MRT”, i.e. staff whose activities may have a significant impact on the bank's risk profile (i.e. risk takers or MRTs), as a large entity in terms of its balance sheet. Thus, all employees meeting one of the criteria established in the delegated regulation of 25 March 2021 have been included in the scope of group 1 MRT.

The identification exercise was carried out by the Risk Takers Committee, composed of members representing the Risk Management Department, the Compliance Department and the Human Resources Department of Banque Palatine. The revised list was submitted to the Remuneration Committee for approval.

In 2024, following a joint review by the Risk Management, Compliance and Human Resources Departments of Banque Palatine, a total of 10 members of the Board of Directors and 59 employees were identified as MRTs during the 2024 financial year:

- the members of the Board of Directors (10), including two employee board members;
- the Chief Executive Officer, the Assistant Deputy Chief Executive, the Deputy Chief Executive Officer;
- the directors of Audit and Inspection, Compliance & Risk, Compliance & Financial security, accounting, corporate finance, customer excellence, structured finance & distribution, financial management, leverage management buyout, remuneration & benefits, financial risk, monitoring and prevention, out-of-court debt collection, customer desk, customer finance desk, commitments, environment and purchasing, finance, legal and litigation, private banking market, corporate market, ongoing and financial control, customer services, sustainable finance programme, human resources & working environment, credit, financial and operational risks;
- counterparty risk analyst;
- auditor;
- trading floor trader;
- ALM manager;
- market operator;
- head of Foreign Exchange Department and head of Euro/Currency Services.

The identification process is carried out on the basis of the applicable regulations and:

- information relating to the duties performed, membership of the decision-making bodies, the responsibilities exercised and the identification of employees resulting from the quantitative criteria relating to remuneration levels (information provided by the Human Resources Department);
- information relating to the decision-making committees in terms of risk and the decision-making members of these committees, to employees benefiting from a delegation of authority in terms of credit and / or portfolio transactions and/or the introduction of new products, as well as items related to the Volcker SRAB regulation (items sent by the Risk Management and Compliance Department).

3.2 General principles of the company’s remuneration policy

The general principles of the remuneration policy are adapted according to the following categories.

Members of the Board of Directors

With the exception of the Chairmen of the board and specialised committees, who receive a fixed annual allowance prorated according to their term of office, board members receive remuneration for their activities based on their actual attendance. The total amount of this remuneration is voted on by the General Meeting and the allocation of this amount is decided upon by the Board of Directors based on the recommendations of the Remuneration Committee.

The annual remuneration due is paid in December of each year.

Their remuneration consists exclusively of board members’ fees, the amounts of which are set by the Board. They do not receive any variable remuneration in respect of their office.

Chief Executive Officer, Deputy Chief Executive Officer, Assistant Deputy Chief Executive

The fixed annual remuneration for 2024 was set at €420,000 for the Chief Executive Officer (€350,000 under the contract and €70,000 as a specific supplement), €226,000 for the Deputy Chief Executive Officer (€203,500 under the employment contract and €22,500 for the mandate) and €220,000 for the Assistant Deputy Chief Executive Officer (under the employment contract).

In addition to this fixed remuneration, there is a company car, which is the subject of a benefit in kind.

Note:

- the Chief Executive Officer does not have an employment contract;
- the Deputy Chief Executive Officer resigned on 14 February 2024;
- the Assistant Deputy Chief Executive took office on 27 March 2024.

For the allocation of variable remuneration, the Remuneration Committee takes into account the quality of the RAF (Risk Appetite Framework) in the company. To this end, it relies on information provided by the Risk Management Department to assess the correct annual deployment of the RAF in accordance with Group methodology and taking into account the specific characteristics of Banque Palatine.

A specific RAF criterion is included among the qualitative criteria for the variable portion of the members of Executive Management (including CEO, DCEO and ADCE).

With regard to annual variable remuneration:

- for the Chief Executive Officer, it is equal to 80% of the fixed remuneration when a 100% performance rate is attained;
- for the Deputy Chief Executive Officer it is equal to 50% of the fixed remuneration when a 100% performance rate is attained;
- for the Assistant Deputy Chief Executive it is equal to 50% of the fixed remuneration when a 100% performance rate is attained.

In any event, in the event of outperformance, the annual variable remuneration allocated for the financial year to the Chief Executive Officer may not exceed 100% of the fixed remuneration and 62.5% for the Deputy Chief Executive Officer and the Assistant Deputy Chief Executive.

Members of the Executive Committee and members of the Executive Management Committee

In addition to the effective managers, members of management are members of the Executive Committee or the Executive Management Committee.

Their fixed remuneration is determined according to the position held, skills, responsibilities and expertise of each member. In addition to this fixed remuneration, there is a company car, which is the subject of a benefit in kind.

The members of the Executive Committee are eligible for annual variable remuneration which is 40% of the fixed remuneration when the performance rate of 100% is achieved.

The members of the Executive Management Committee are eligible for annual variable remuneration, which is 22% of the fixed remuneration when the performance rate of 100% is achieved.

Other risk takers

Banque Palatine employees receive a fixed remuneration set in relation to the job performed, the level of skills, responsibility and expertise of each employee and the levels of market remuneration in France, and in compliance with the minimum agreed upon.

Some employees, given their job and / or their level of responsibility, also receive individual variable remuneration under the conditions described in point 1 of this document.

Finally, it should be noted that, in accordance with article L. 511-78 of the French Monetary and Financial Code, the variable portion of the total remuneration of the persons referred to in article L. 511-71 cannot exceed the fixed portion of this remuneration.

3.3 Policy on the allocation and payment of variable remuneration to the population of risk takers

In accordance with articles L. 511-71 to L. 511-85 of the French Monetary and Financial Code, the policy on payment of variable remuneration (staggering, percentage paid in stock, penalties) is as follows.

3.3.1 For the allocation of annual variable remuneration in respect of the financial year in question

Pillar 2 minimum equity requirement (Application of the fourth paragraph of article L. 511-77)

For the allocation of variable remuneration to risk takers, a minimum equity threshold for Groupe BPCE, which must be met as at 31 December of the financial year, is set at the beginning of the financial year by the BPCE Supervisory Board, on a proposal from the BPCE Remuneration Committee. This threshold is established with reference to the minimal amount required with respect to pillar 2, defined by the control authority for the CET1 ratio.

For 2024, this reference corresponds to a CET1 ratio that must be higher than the threshold required by the ECB. As this condition has been met, the variable shares for 2024 were therefore allocated.

Description of the behavioural penalty system (application of the first paragraph of article L. 511-84):

The penalty mechanisms applicable to the variable remuneration of risk takers cover three types of misconduct:

- material breach of a compliance or risk rule, including in relation to limits, delegation and mandates, resulting in an individual written warning from a senior executive or a director responsible for compliance, permanent control or risk management function. The percentage of reduction can reach -10%. A material breach is a breach that has led to an incident whose potential or actual impact exceeds the threshold for a serious incident as defined for the Group by the “operational risk” standard, i.e. a threshold of €300,000;
- material breach of a compliance or risk rule, including in relation to limits, delegation and mandates, resulting in an individual written warning from a senior director of the company or the Group, or from the Group's Chief Risk, Compliance and Permanent Control Officer. The percentage reduction can reach -100%. A material breach is a breach that has led to an incident with a potential or actual impact exceeding the material incident threshold applicable at Group level, i.e. 0.5% of the bank's equity;
- failure to attend mandatory regulatory training: -5% per training course.

There were no significant or material breaches or instances of mandatory regulatory training not being undertaken in the 2024 financial year. As a result, no variable remuneration awarded was reduced.

3.3.2 Terms of payment of variable remuneration

Proportionality principle

In accordance with article 199 of the order of 3 November 2014, the rules described below only apply when the amount of variable remuneration awarded for a financial year to a “group 1 MRT” risk taker is above a threshold of €50,000 (or exceeds one-third of the total remuneration).

For the assessment of the threshold, all the variable remuneration awarded in respect of the financial year to the “group 1 MRT” risk taker, including in separate companies (for example, in the event of mobility) is added up. If the threshold is breached, the following rules apply to each of the portions of variable remuneration, including those below the threshold.

If the amount of variable remuneration awarded in respect of a year is strictly below the threshold, the whole of the variable remuneration is paid as soon as it is granted.

Deferred and conditional payment of a portion of the annual variable remuneration for 2024

With regard to variable portions awarded for the last financial year, the committee shall examine, prior to the award, whether the company's financial situation and the actual performance of the risk takers are compatible with the award of variable portions. Following this review, it may propose a reduction in the variable portions awarded. The Remuneration Committee’s proposals are submitted to the Board of Directors for approval.

If the amount of variable remuneration awarded for 2024 is between the threshold and less than €500,000, the rules applicable to the variable remuneration of group 1 MRT, described below, shall apply.

Portion of the annual variable remuneration vested upon grant (non-deferred portion)

- 50% of the amount of the annual variable remuneration is vested and paid upon grant (in April 2025);
- 10% of the amount of the annual variable remuneration vests as soon as it is granted and is paid the following year (in April 2026) after application of the indexation coefficient (see below) and is not subject to performance conditions.

Portion of deferred annual variable remuneration

40% of the amount of the annual variable remuneration is deferred and is paid:

- after the application of the indexation coefficient and the performance condition (see below);
- for effective managers: one-fifth, no earlier than April of the years 2027 to 2031, i.e. 8% for each of the five years;
- for other group 1 MRT risk takers: by quarter, no earlier than April of the years 2027 to 2030, i.e. 10% for each of the 4 years.

Vesting and payment of deferred variable portions awarded in respect of previous years

The fractions whose acquisition is deferred are subject to performance conditions, and their final acquisition is contingent upon fulfilment of these conditions.

The performance conditions applicable to deferred portions are determined, on the proposal of the Remuneration Committee, by the Board of Directors at the meeting awarding the variable portion. Banque Palatine has chosen net income as the criterion for assessing the minimum level of the company's financial health, assessed over several years. Any failure to meet this criterion shall result in a significant reduction in the deferred portions of previous variable payments to risk takers within the scope.

The supervisory body shall determine whether the applicable performance condition has been met for each deferred portion of the variable remuneration allocated in respect of previous financial years and falling due in the coming year. If it is not achieved, the deferred portion is reduced by at least 50%; otherwise, the deferred portion becomes definitively acquired and is paid at the end of the retention period.

Payment in shares or equivalent instruments

Deferred portions of variable remuneration and the portion of annual variable remuneration vested at the time of award to which a 12-month retention period applies shall take the form of cash indexed to an indicator showing the change in the value of Groupe BPCE.

The indicator used for the value of Groupe BPCE is the net income attributable to Groupe BPCE (net income, Group's share), calculated as a rolling average over the last three calendar years preceding the year in which the variable portion is awarded and the year in which each deferred portion of the variable portion is paid.

The coefficients are communicated each year by BPCE.

4 Aggregate quantitative information on the remuneration of the “group 1 MRT” risk takers

The quantitative information detailed below concerns the remuneration awarded to employees identified as “group 1 MRT” by Banque Palatine.

Variable remuneration awarded in respect of the 2024 financial year- Table REM1

Awarded in respect of the 2024 financial year - excluding employer contributions (in euros)		Management body Monitoring function	Management body Management function	Other members of executive management	Other identified staff members	Total
Fixed remuneration	**Number of identified employees with fixed remuneration**	***6***	***2***	***3***	***54***	***65***
	TOTAL FIXED REMUNERATION	**€41,689**	**€585,000**	**€382,650**	**€5,088,542**	**€6,097,881**
	Of which cash	*€41,689*	*€585,000*	*€382,650*	*€5,088,542*	*€6,097,881*
	Of which shares and equivalent ownership rights	*€0*	*€0*	*€0*	*€0*	*€0*
	Of which related instruments	*€0*	*€0*	*€0*	*€0*	*€0*
	Of which other instruments	*€0*	*€0*	*€0*	*€0*	*€0*
	Of which other forms	*€0*	*€0*	*€0*	*€0*	*€0*
Variable remuneration	**Number of identified employees with variable remuneration**	0	2	3	36	41
	TOTAL VARIABLE REMUNERATION	**€0**	**€390,377**	**€126,653**	**€1,692,854**	**€2,209,884**
	Of which cash	*€0*	*€195,188*	*€100,957*	*€1,071,640*	*€1,367,785*
	Of which deferred	*€0*	*€0*	*€0*	*€0*	*€0*
	Of which shares and equivalent ownership rights	*€0*	*€0*	*€0*	*€0*	*€0*
	Of which deferred	*€0*	*€0*	*€0*	*€0*	*€0*
	Of which related instruments	*€0*	*€195,188*	*€25,696*	*€364,214*	*€585,099*
	Of which deferred	*€0*	*€156,151*	*€20,557*	*€295,371*	*€472,079*
	Of which other instruments	*€0*	*€0*	*€0*	*€0*	*€0*
	Of which deferred	*€0*	*€0*	*€0*	*€0*	*€0*
	Of which other forms	*€0*	*€0*	*€0*	*€257,000*	*€257,000*
	Of which deferred	*€0*	*€0*	*€0*	*€0*	*€0*
	TOTAL REMUNERATION	**€41,689**	**€975,377**	**€509,303**	**€6,781,396**	**€8,307,765**

Amounts paid in respect of new hires and terminations during 2024 - Table REM2

Amounts (in euros) - excluding employer contributions		Management body Monitoring function	Management body Management function	Other members of executive management	Other identified staff members	Total
Special payments	**Guaranteed variable remuneration granted in 2024**					
	Number of risk takers who received guaranteed variable remuneration granted in 2024 upon recruitment	0	0	0	0	0
	Amount of guaranteed variable remuneration granted in 2024 on the occasion of the recruitment of a risk taker	€0	€0	€0	€0	€0
	Of which guaranteed variable remuneration paid in 2024 and not taken into account in the bonus cap	€0	€0	€0	€0	€0
	Severance payments granted in previous years and paid in 2024					
	Number of employees who received termination benefits in 2024 granted in financial years prior to 2024	0	0	0	0	0
	Amount of termination benefits granted before 2024 and paid in 2024	€0	€0	€0	€0	€0
	Severance benefits awarded in 2024					
	Number of employees who received termination benefits in 2024	0	0	0	1	1
	Amount of termination benefits granted in 2024	€0	€0	€0	€257,000	€257,000
	Of which amount paid in 2024	€0	€0	€0	€257,000	€257,000
	Of which deferred amount	€0	€0	€0	€0	€0
	Of which termination benefits paid in 2024 that are not taken into account in the bonus cap	€0	€0	€0	€257,000	€257,000
	Of which the highest amount granted to a single person	€0	€0	€0	€257,000	€257,000

Deferred variable remuneration and withholdings - Table REM3

Amounts (in euros) - excluding employer contributions	Total amount of deferred variable remuneration awarded in respect of financial years prior to 2024 (before any reductions) at grant value	Of which amount acquired in 2024 at grant value	of which amount not yet vested on 31/12/2024 (becoming vested in subsequent financial years) at grant value	Amount of explicit reductions made in 2024 on the deferred variable remuneration that was to vest in 2024	Amount of explicit reductions made in 2024 on the deferred variable remuneration that was to vest in subsequent years	Total amount of implicit ex post adjustments: difference between the payment and award values (after any reduction) of deferred remuneration awarded for financial years prior to 2024 and paid in 2024	Amount of deferred variable remuneration awarded in respect of financial years prior to 2024 vested and paid in 2024 (after any reductions) in payment value	Total amount of deferred remuneration awarded for financial years prior to 2024, earned but not yet paid as at 31/12/2024 (i.e. subject to a retention period)
Management body								
Monitoring function	**€0**	**€0**	**€0**	**€0**	**€0**	**€0**	**€0**	**€0**
In cash	€0	€0	€0	€0	€0	€0	€0	€0
Shares or equivalent ownership rights	€0	€0	€0	€0	€0	€0	€0	€0
Related instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other forms	€0	€0	€0	€0	€0	€0	€0	€0
Management body								
Management function	**€485,456**	**€120,822**	**€364,634**	**€0**	**€0**	**€15,101**	**€137,921**	**€36,409**
In cash	€0	€0	€0	€0	€0	€0	€0	€0
Shares or equivalent ownership rights	€0	€0	€0	€0	€0	€0	€0	€0
Related instruments	€485,456	€120,822	€364,634	€0	€0	€15,101	€137,921	€36,409
Other instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other forms	€0	€0	€0	€0	€0	€0	€0	€0
Other members of executive management	**€119,242**	**€31,400**	**€87,841**	**€0**	**€0**	**€3,633**	**€41,713**	**€6,120**
In cash	€0	€0	€0	€0	€0	€0	€0	€0
Shares or equivalent ownership rights	€0	€0	€0	€0	€0	€0	€0	€0
Related instruments	€119,242	€31,400	€87,841	€0	€0	€3,633	€41,713	€6,120
Other instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other forms	€0	€0	€0	€0	€0	€0	€0	€0
Other identified staff members	**€824,646**	**€204,958**	**€619,688**	**€0**	**€0**	**€19,743**	**€231,046**	**€67,809**
In cash	€0	€0	€0	€0	€0	€0	€0	€0
Shares or equivalent ownership rights	€0	€0	€0	€0	€0	€0	€0	€0
Related instruments	€824,646	€204,958	€619,688	€0	€0	€19,743	€231,046	€67,809
Other instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other forms	€0	€0	€0	€0	€0	€0	€0	€0
TOTAL	**€1,429,343**	**€357,181**	**€1,072,163**	**€0**	**€0**	**€38,477**	**€410,680**	**€110,338**

Information on remuneration awarded for the 2024 financial year - Table REM5

Awarded in respect of the 2024 financial year excluding employer contributions (In euros)	Management body - executive	Management body – monitoring function	Management body as a whole	Investment banking	Retail banking	Asset Management	Cross-functional functions	Independent control function	Other	Total
Number of staff members identified										**69**
Of which members of the management body	2	10	12							
Of which other members of executive management				0	0	0	3	0	0	
Of which other identified staff members				0	0	0	21	17	16	
TOTAL REMUNERATION	***€975,377***	***€41,689***	***€1,017,066***	***€0***	***€0***	***€0***	***€3,586,011***	***€1,701,676***	***€2,003 012***	
Of which variable remuneration	€390,377	€0	€390,377	€0	€0	€0	€934,988	€358,419	€526,100	
Of which fixed remuneration	€585,000	€41,689	€626,689	€0	€0	€0	€2,651,023	€1,343,257	€1,476,912	

Information on employees identified as risk takers whose variable remuneration is not deferred

Awarded in respect of the 2024 financial year - excluding employer contributions (in euros)	Total
Number of employees identified but not deferred due to the low level of their variable remuneration	26
Total amount of total remuneration (fixed + variable) of identified employees not deferred due to the low level of their variable remuneration	€3,433,775
Total amount of fixed remuneration of identified employees not deferred due to the low level of their variable remuneration	€2,631,089
Total amount of variable remuneration of identified employees not deferred due to the low level of their variable remuneration	€802,686

5 Individual information

Total individual remuneration (i.e. fixed remuneration paid in 2024, to which is added the variable portion in respect of 2024 awarded in 2025) for the following functions:

- Chief Executive Officer: €733,421;
- Deputy Chief Executive Officer: €133,530 (*pro rata temporis*);
- Assistant Deputy Chief Executive: €241,956;
- Head of Compliance and Risks: €154,513 (*pro rata temporis*);
- Head of Compliance and Financial Security: €93,735.

6 Envelope

In accordance with article L. 511-73 of the French Monetary and Financial Code, the General Meeting of Banque Palatine shareholders on 28 May 2025 will vote on an advisory basis on the total remuneration package paid in 2024 to employees identified by Banque Palatine as risk takers in 2024. This remuneration is by nature different from that presented in paragraph 4 above, which corresponds to the remuneration awarded in respect of the 2024 financial year.

The total amount of remuneration paid in 2024 to Banque Palatine risk takers, subject to the consultation of the General Meeting, is €9,520,400.

Appendix 2

Offices and duties exercised by corporate officers as at 31 December 2024

Article L. 225-37-4, 1° of the French Commercial Code

Didier MOATÉ

Dob: 17/04/1963

Term of office: 01/03/2022 to 28/02/2027

Banque Palatine: Chief Executive Officer and effective manager

Palatine Asset Management: board member, Chairman of the Remuneration Committee and the Risk and Audit Committee

Ariès Assurances: Chairman of the Supervisory Committee since 15 March 2024

Nathalie BULCKAERT-GREGOIRE

Dob: 04/08/1968

Term of office: 04/02/2025 to 04/02/2030

Banque Palatine: Assistant Deputy Chief Executive and effective manager from 27 March 2024 to 4 February 2025. *Deputy Chief Executive Officer and effective manager from 4 February 2025*

Palatine Asset Management: Chairwoman of the Board of Directors and member of the Remuneration Committee since 15 March 2024

CONSERVATIVE FINANCE: Permanent representative of Banque Palatine, board member and member of the Audit Committee from 27 March 2024

GPM Assurances: permanent representative of Banque Palatine, member of the Supervisory Board since 22 May 2024

FCPE DE L'UES Banque Palatine: member of the Supervisory Board since 8 July 2024

ASSOCIATION LES ELLES DE BPCE: member of the Bureau and Treasurer

Patrick IBRY

Dob: 11/04/1963

Term of office: 14/02/2019 to 14/02/2024

Banque Palatine: Deputy Chief Executive Officer and effective manager until 14 February 2024

Palatine Asset Management: Chairman of the Board of Directors, member of the Remuneration Committee until 15 March 2024

Ariès Assurances: Chairman of the Supervisory Committee until 15 March 2024

CONSERVATIVE FINANCE: permanent representative of Banque Palatine, board member and member of the Audit Committee until 27 March 2024

FCPE DE L'UES Banque Palatine: member of the Supervisory Board until 30 June 2024

GPM Assurances: Representative of Banque Palatine, member of the Supervisory Board until 22 May 2024

Jérôme TERPEREAU

Dob: 16/12/1968

Term of office: 01/06/2022 until the General Meeting called to approve the financial statements for the year ended 31/12/2025

BPCE: member of the Management Board in charge of Group finance

Banque Palatine: Chairman of the Board of Directors, the Appointments Committee and the Remuneration Committee

CRÉDIT FONCIER DE FRANCE: Chairman of the Board of Directors

NA: Chairman of the Board of Directors

HEXARQ: board member

BPCE Assurances: Chairman of the Board of Directors

BPCE SERVICES FINANCIERS EIG: Chairman of the Board of Directors

Lionel BAUD

Dob: 18/09/1967

Term of office from 01/10/2021 to 11/09/2024 (resigned)

Banque Palatine: board member, member of the Audit Committee and the Remuneration Committee until 11/09/2024

Banque Populaire AUVERGNE RHONE ALPES: Chairman of the Board of Directors

FÉDÉRATION NATIONALE DES BANQUES POPULAIRES: Vice-Chairman

NATIXIS INVESTMENT MANAGERS: board member since 01/08/2024

BAUD INDUSTRIES: Chairman

BAUD INDUSTRIES SUISSE: Chairman

BAUD POLSKA: Chairman

BAUD TUNISIA: Chairman

PRECICOUP: Chairman

H4B: Chairman

HBI: Chairman

Savoie Mont Blanc University Foundation: founding member

Agence économique Auvergne Rhône Alpes: member of the Supervisory Board

Sabine CALBA

Dob: 26/02/1971

Term of office from 30/08/2023 up to the General Meeting called to approve the financial statements for the year ended 31/12/2025

Banque Palatine: board member, member of the Risk Committee, member of the Remuneration Committee

BANQUE POPULAIRE MÉDITERRANÉE (BPMED): Chief Executive Officer

FÉDÉRATION NATIONALE DES BANQUES POPULAIRES: board member

CRÉDIT FONCIER DE FRANCE SA: board member

ASSOCIATION LES ELLES DE BPCE: board member and Chairwoman

BPCE: Non-voting board member of the Supervisory Board until 23/05/2024

SOCIÉTE DE CAPITAL RISQUE PROVENCALE ET CORSE: board member

SYNDICATION RISQUES ET DISTRIBUTION EIG: Permanent representative of BPMED until 01/06/2024

EIG - I-BP INVESTISSEMENTS: Permanent representative of BPMED

BPCE Solutions informatiques: Permanent representative of BPMED

Informatique Banques Populaires I-BP EIG: Permanent representative of BPMED

TOP 20 (Non-profit): board member

Marjorie COZAS

Dob: 11/07/1985

Permanent representative of BPCE since 30/08/2023 and until the General Meeting called to approve the financial statements for the year ending on 31/12/2027

Banque Palatine: Permanent representative of BPCE, board member, Chairwoman of the Audit Committee

BPCE SA: Head of Performance Management of Groupe BPCE

Frédérique DESTAILLEUR

Dob: 20/06/1967

Term of office: 03/08/2022 to 31/07/2024 (resigned)

Banque Palatine: board member, member of the Remuneration Committee, member of the Risk Committee

CAISSE EPARGNE AQUITAINE POITOU CHARENTES (CEAPC): Chairwoman of the Management Board

Palatine Asset Management: board member until 29/07/2024

DOMOFRANCE SA D'HLM BORDEAUX: Permanent representative of CEAPC, board member and member of the Audit Committee

until 17/04/2024

FONDS DE DOTATION DE LA CEAPC CONTRE L'EXCLUSION: Permanent representative of CEAPC, Chairwoman of the Board of Directors and founding member

BPCE: non-voting board member of the Supervisory Board and the Audit and Investment Committee since 23/05/2024

Bernard DUPOUY

Dob: 19/09/1955

Term of office from 11/09/2024 up to the General Meeting called to approve the financial statements for the year ended 31/12/2025

Banque Palatine: board member, member of the Audit Committee and the Remuneration Committee since 11/09/2024

Banque Populaire Aquitaine Centre Atlantique: Chairman of the Board of Directors

Fédération Nationale des Banques Populaires: board member

SCI Badimo: Manager

SAS DUPOUY SBCC: the Chairman of SAS DUPOUY SBCC is the DUPOUY SA Group, of which Mr Dupouy is CEO

DUPOUY SA Group: Chairman and Chief Executive Officer

BPCE: member of the Supervisory Board, member of the Remuneration Committee and the Audit Committee until 23 May 2024

Bruno GORÉ

Dob: 25/09/1961

Term of office: 26/05/2020 until the General Meeting called to approve the financial statements for the year ending on 31/12/2025

CAISSE D’EPARGNE NORMANDIE (CEN): Chairman of the Management Board

Banque Palatine: board member, Chairman of the Risk Committee, member of the Appointments Committee

ASSOCIATION PARCOURS CONFIANCE: Chairman of the Board of Directors

CAISSE D’EPARGNE CAPITAL: member of the Supervisory Board

REGIONAL COMMITTEE OF BANQUES DE NORMANDIE: Vice-Chairman

FÉDÉRATION NATIONALE DES CAISSES D’EPARGNE: permanent representative of CEN, board member and member of the bureau

FONDS CAISSE D’EPARGNE NORMANDIE POUR L'INITIATIVE SOLIDAIRE (FCENIS): permanent representative of the CEN, Chairman of the Board of Directors

SAEML ZENITH DE CAEN: non-voting board member

Naxicap Partners: member of the Supervisory Board

CE DÉVELOPPEMENT 3: member of the Supervisory Board

SEVENTURE PARTNERS: Vice-Chairman of the Supervisory Board

BPCE ACHATS & SERVICES: Permanent representative of Caisse d'Epargne Normandie on the Board of Directors

TURBO: member of the Board of Directors since 11/2024

CEN CAPITAL DÉVELOPPEMENT: Chairman of the Investment Committee

Bertrand MAGNIN

Dob: 25/07/1977

Term of office from 31/07/2024 up to the General Meeting called to approve the financial statements for the year ending on 31/12/2027

Banque Palatine: board member, member of the Remuneration Committee, member of the Risk Committee

Palatine Asset Management: board member since 30/07/2024

Caisse d'Epargne Loire Drôme Ardèche: Chairman of the Management Board

FNCE: board member

SNC ECUREUIL: board member

BPCE-IT: board member

ALBIAN-IT: board member

BPCE-SI: board member

SDH: Chairman of the Board of Directors:

TURBO SA: board member since 02/05/2024

CEGC: Permanent representative of Caisse d'Epargne Loire Drôme Ardèche until 30/09/2024

Nadia MAUZELAF

Dob: 08/07/1977

Term of office: from 02/12/2020 to 06/12/2024

Banque Palatine: Business Customer Assistant and board member representing employees, college of technicians, member of the Risk Committee

Zohra MESSOUS

Dob: 18/01/1979

Term of office: 06/12/2024 to the employee elections in 2028

Banque Palatine: head of banking services and board member representing employees, college of technicians, member of the Audit Committee

Individual entrepreneur status as non-professional furnished lessor

Guillemette VALANTIN

Dob: 25/07/1966

Term of office: 02/12/2020 to the employee elections in 2028

Banque Palatine: LMBO Project Director and board member representing employees, college of executives, member of the Risk Committee

2024 FINANCIAL STATEMENTS

2

1 Annual separate financial statements at 31 December 2024

1.1 Income statement

in millions of euros	Notes	2024 financial year	2023 financial year
Interest and similar income	3.1	1,023.2	888.8
Interest and similar expenses	3.1	(763.4)	(588.8)
Income on finance and operating leases	3.2	0.0	0.0
Expenses on finance and operating leases	3.2	0.0	0.0
Income from variable-income securities	3.3	5.7	5.4
Commission income	3.4	91.9	89.2
Commission expenses	3.4	(7.3)	(7.5)
Net gains or losses on trading book transactions	3.5	1.4	0.6
Net gains or losses on available-for-sale securities and similar items	3.6	2.4	21.8
Other banking income	3.7	0.5	1.1
Other banking expenses	3.7	(3.0)	(4.8)
NET BANKING INCOME		**351.5**	**405.8**
General operating expenses	3.8	(202.6)	(208.1)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		(0.1)	(4.9)
GROSS OPERATING INCOME		**148.8**	**192.8**
Cost of risk	3.9	(68.3)	(26.2)
NET OPERATING INCOME		**80.5**	**166.6**
Profits and losses on non-current assets	3.10	5.4	6.6
INCOME BEFORE TAX		**85.9**	**173.2**
Non-recurring items	3.11	0.0	0.0
Income tax	3.12	(27.5)	(48.9)
Charges to/reversals from the fund for general banking risks and regulated provisions		0.0	0.0
NET INCOME		**58.4**	**124.2**

1.2 Balance sheet and off-balance sheet

Assets

in millions of euros	Notes	31/12/2024	31/12/2023
Cash, central banks		4.9	5.2
Treasury bills and similar securities	4.3	975.7	864.1
Loans and advances due from credit institutions	4.1	4,709.2	4,696.0
Customer transactions	4.2	12,035.9	11,859.9
Bonds and other fixed-income securities	4.3	234.4	161.3
Equities and other variable-income securities	4.3	1.5	3.3
Investments in subsidiaries and long-term equity investments	4.4	9.0	5.2
Shares in related companies	4.4	10.8	11.2
Finance and operating leases	4.5	0.0	0.0
Intangible assets	4.6	99.3	99.4
Property, plant and equipment	4.6	19.5	14.7
Other assets	4.8	163.4	159.9
Accrual accounts	4.9	156.8	162.3
TOTAL ASSETS		**18,420.3**	**18,042.5**

Off-balance sheet items

in millions of euros	Notes	31/12/2024	31/12/2023
Commitments given			
Financing commitments	5.1	2,216.4	2,296.6
Guarantee commitments	5.1	1,340.6	1,345.7
Securities commitments		0.0	0.0

Liabilities

in millions of euros	Notes	31/12/2024	31/12/2023
Central banks		0.0	0.0
Amounts due to credit institutions	4.1	1,530.8	2,349.7
Customer transactions	4.2	12,892.4	10,850.9
Debt securities	4.7	1,745.4	2,548.3
Other liabilities	4.8	244.6	385.7
Accrual accounts	4.9	226.1	204.1
Provisions	4.10	132.2	122.7
Subordinated debt	4.11	500.8	441.0
Fund for general banking risks (FGBR)	4.12	1.3	1.3
Total equity (excl. FGBR)	**4.13**	**1,146.8**	**1,138.7**
Issued capital		688.8	688.8
Share premiums		56.7	56.7
Retained earnings		59.1	52.8
Revaluation reserve		0.0	0.0
Regulated provisions and investment subsidies		0.0	0.0
Carried forward		283.8	216.1
Net income/(loss) for the year		58.4	124.2
TOTAL LIABILITIES		**18,420.3**	**18,042.5**

Off-balance sheet items

in millions of euros	Notes	31/12/2024	31/12/2023
Commitments received			
Financing commitments		0.0	0.0
Guarantee commitments		463.2	408.0
Securities commitments		0.0	0.0

2 Notes to the annual separate financial statements

NOTE 1 General framework

1.1 Groupe BPCE

Groupe BPCE [1], of which Banque Palatine is a part, includes the Banque Populaire network, the Caisse d'Epargne network, the BPCE central body and its subsidiaries.

Two banking networks: the Banques Populaires and the Caisses d'Epargne

Groupe BPCE is a cooperative group whose members own two retail banking networks: the 14 Banque Populaire banks and the 15 Caisse d'Epargne banks. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banques Populaires and the mutual guarantee companies which grant them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisse d'Epargne banks and the local savings companies (LSCs).

The Banques Populaires are wholly-owned by their cooperative shareholders.

The capital of the Caisses d'Epargne is wholly-owned by the LSCs. Local savings companies are cooperative structures with open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne with which they are affiliated, and cannot perform banking transactions.

BPCE

A central body as defined by the French banking act, and a credit institution licensed to operate as a bank, BPCE was created pursuant to act no. 2009-715 of 18 June 2009. BPCE was incorporated as a French *société anonyme* with a Management Board and a Supervisory Board. Its share capital is owned jointly and equally by the 14 Banque Populaire and 15 Caisse d'Epargne banks.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banques Populaires and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organises depositor protection, approves key appointments of company directors and oversees the smooth operation of the Group's institutions.

As a holding company, BPCE acts as the ultimate controlling party of the Group and holds the joint ventures between the two networks in retail banking and insurance, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

The network and BPCE's main subsidiaries are organised around two main business lines:

- Retail banking and insurance, which includes the Banque Populaire network, the Caisse d'Epargne network, the Financial Solutions & Expertise division (including factoring, consumer loans, leasing, sureties & financial guarantees, and the "Retail securities" business), the Digital & Payments (integrating the payments subsidiaries and the Oney group) and Insurance divisions, and Other networks;
- Global Financial Services combining Asset & Wealth Management (Natixis Investment Managers and Natixis Wealth Management) and Global Customers Bank (Natixis Corporate & Investment Banking).

In respect of the Group's financial functions, BPCE is responsible, in particular, for the centralised management of surplus funds, for the execution of any financial transactions required to develop and fund the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. BPCE also provides banking services to the other Group entities.

Banque Palatine

Banque Palatine is a *société anonyme* (French limited liability corporation) with a Board of Directors, wholly owned by the BPCE central body. Its registered office has been located at 86, rue de Courcelles - 75008 Paris (France) since 1 January 2022.

Banque Palatine's main subsidiaries and investments are active in three segments:

- financial services and asset management activities;
- property services (i.e. transactions, sales, development and promotion, consulting & expertise/asset management);
- insurance activities.

1) *Banque Palatine is included in Groupe BPCE's consolidated financial statements, its financial statements are available at the registered office of the BPCE central body 7, promenade Germaine Sablon – 75013 Paris and on the BPCE corporate website. The central body is registered in the Paris Trade and Companies Register under number 493455042.*

1.2 Guarantee mechanism

In accordance with articles L. 511-31, L. 512-107-5 and L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism aims to safeguard the liquidity and capital adequacy of the Group and BPCE's affiliates, and to organise financial support between them.

BPCE is responsible for taking all necessary measures to ensure the solvency of the Group and each of the networks and to organise financial solidarity within the Group. This financial solidarity is based on legislative provisions establishing a legal principle of solidarity obliging the central institution to restore the liquidity or solvency of affiliates in difficulty and/or all affiliates of the Group. By virtue of the unlimited nature of the principle of solidarity, BPCE is entitled at any time to ask any one or several or all of the affiliates to contribute to the financial efforts that may be necessary to restore the situation, and may, if necessary, mobilise all the cash and equity of the affiliates in the event of difficulty for one or more of them.

In the event of difficulties, BPCE will have to do everything necessary to restore the financial position and may in particular make unlimited use of the resources of any, several or all affiliates, or implement the appropriate mechanisms of internal solidarity of the Group and by calling on the guarantee fund common to the two networks of which it determines the rules of operation, the triggering conditions, in addition to the funds of the two networks as well as the contributions of the affiliated institutions for its endowment and reconstitution.

BPCE manages the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** was formed by a deposit made by the Banques Populaires of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the **Caisse d'Epargne Network Fund** by the Caisses d'Epargne of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The **Mutual Guarantee Fund** was formed by deposits made by the Banques Populaires and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €197 million at 31 December 2024.

The total amount of deposits made to BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the Group's total risk-weighted assets.

The booking of deposits in the institutions' individual financial statements under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated equity heading.

Mutual guarantee companies granting the exclusivity of their guarantees to a Banque Populaire benefit from a liquidity and capital adequacy guarantee in their capacity as affiliates of the central institution.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne of which the local savings company in question is a shareholder.

The Management Board of BPCE holds all the requisite powers to mobilise the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorisations given to BPCE by the contributors.

1.3 Significant events

Significant events are presented in chapter 1.1 - Management report of the Board of Directors - Highlights of the year for Banque Palatine".

1.4 Post-balance sheet events

Since 31 December 2024 and until 4 February 2025, the reporting date of financial statements approved by the Board of Directors, no event occurred likely to have a notable influence on the financial position or the income of Banque Palatine.

NOTE 2 General accounting policies and principles

2.1 Measurement and presentation methods of the individual financial statements and reporting date

Banque Palatine's annual separate financial statements are prepared and presented in accordance with the rules laid down by BPCE pursuant to regulation no. 2014-07 of the ANC - *Autorité des Normes Comptables*.

The annual separate financial statements for the year ended 31 December 2024 were approved by the Board of Directors on 4 February 2025. They will be presented for shareholder approval on 28 May 2025.

The amounts presented in the financial statements and in the notes are shown in millions of euros, unless otherwise indicated. Rounding may lead to differences between the amounts shown in the financial statements and those referred to in the notes.

2.2 Changes in accounting policies

Regulation no. 2023-05 of 10 November 2023, of the ANC - *Autorité des Normes Comptables* relating to IT solutions, amending ANC regulation no. 2014-03 of 5 June 2014, relating to the general chart of accounts, is mandatory as of 1 January 2024. It has no significant impact on the institution's individual financial statements.

The other texts adopted by the ANC - *Autorité des Normes Comptables* that had mandatory application in 2024 did not have a significant impact on the individual financial statements.

Unless otherwise stated, BPCE did not elect to apply in advance the texts adopted by the ANC for which application is optional.

2.3 General accounting principles

The financial statements for the financial year are presented in identical format to those for the previous financial year. Generally accepted accounting principles have been applied in compliance with the principle of prudence based on the following principles:

- the going-concern principle;
- consistency of accounting methods from one period to the next;
- independence of financial years.

and observance of the general rules governing the preparation and presentation of annual financial statements.

The basic method for valuing accounting entries is the historical cost method and all balance sheet items are presented, as appropriate, net of amortisation, provisions, and allowances for impairment.

Specific accounting principles are presented in the notes to which they refer.

2.4 Principles applicable to banking resolution mechanisms

The terms and conditions governing the establishment of the deposit and resolution guarantee fund (FGDR) are governed by the order of 27 October 2015.

Concerning guarantee funds for cash, surety and securities facilities, the cumulative contributions paid by Banque Palatine totalled €19.5 million. Contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) represent €4.1 million. The contributions paid in the form of associate or association certificates and cash guarantee deposits that are registered on the asset side of the balance sheet total €15.4 million.

The resolution fund was set up in 2015 in accordance with European directive no. 2014/59/EU known as the bank recovery and resolution directive (BRRD), which established a framework for the recovery and resolution of credit institutions and investment firms, i.e. European regulation 806/2014 (single resolution mechanism (SRM) regulation). In 2016, it became the single resolution fund (SRF), formed by the member states participating in the single supervisory mechanism (SSM). The SRF is a financing mechanism available to the resolution authority (single resolution board) for the implementation of resolution measures.

In compliance with EU delegated regulation no. 2015/63 and implementing regulation no. 2015/81 supplementing the BRRD directive on ex ante contributions to the systems for financing the resolution, the single resolution board determined the contributions to the single resolution fund for 2024. The target in terms of the funds to be collected for the resolution fund was achieved at 31 December 2023. The amount of the contributions paid by Banque Palatine was zero in 2024 for both the portion recognised as an expense and the portion in the form of an irrevocable payment commitment (IPC) guaranteed by cash deposits entered as assets on the balance sheet. However, contributions may be called in the future depending, in particular, on the evolution of the covered deposits and the possible use of the funds. The share of the IPCs corresponded to 15% of the calls for funds until 2022 and 22.5% for the 2023 contribution. These deposits have been remunerated at €ster-20bp since 1 May 2023. The cumulative amount of contributions recognised as assets on the balance sheet totalled €7.7 million at 31 December 2024. It is recognised on the asset side of the balance sheet under "Other assets" and was not subject to impairment at 31 December 2024. In effect, the conditions for using the SRF resources, and therefore for calling on irrevocable payment commitments, are strictly governed by regulations. These resources may only be called up in the event of a resolution procedure by an institution and after intervention of at least 8% of total liabilities by shareholders and holders of relevant equity instruments and other commitments usable for bail-in purposes. In addition, the SRF contribution must not exceed 5% of the total liabilities of the institution subject to a resolution procedure.

NOTE 3 Information on the income statement

3.1 Interest and similar income and expenses

Accounting principles

Interest and similar commission income is recognised on a pro rata basis.

Negative interest is presented as follows:

- a negative interest on an asset is presented as an interest expense in net revenue before tax;
- a negative interest on a liability is presented as interest income in net revenue before tax.

Commissions and fees related to the grant or acquisition of a loan are treated as additional interest accruing over the effective life of the loan on a *pro rata* basis according to the outstanding amount due.

The portion of income received during the year from bonds or negotiable debt securities is also recognised. The same applies to perpetual deeply subordinated notes that meet the definition of a regulatory equity tier 1 instrument. The Group considers that these revenues are effectively similar in nature to interest.

	2024 financial year			2023 financial year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Transactions with credit institutions	507.02	(419.55)	87.47	472.38	(369.15)	103.23
Customer transactions	473.90	(240.49)	233.41	372.82	(123.13)	249.69
Bonds and other fixed-income securities	23.23	(93.48)	(70.25)	25.09	(87.89)	(62.80)
Subordinated debt	0.00	(7.63)	(7.63)	0.00	(6.68)	(6.68)
Other	19.09	(2.27)	16.82	18.55	(1.97)	16.58
TOTAL	**1,023.24**	**(763.42)**	**259.82**	**888.84**	**(588.82)**	**300.02**

Interest income from transactions with credit institutions includes income from the *Livret A*, LDD and LEP passbook savings accounts, which are deposited centrally with Caisse des dépôts et consignations.

The provision for the regulated home savings schemes amounted to €3.3 million in respect of the 2024 financial year, compared with €2.2 million in 2023.

3.2 Income and expenses on leasing and similar operations

Accounting principles

Income and expenses from non-current assets presented under "Finance leases and similar transactions" and "Operating leases" on the balance sheet are recognised under this item, in particular:

- rental amounts, and capital gains and losses on disposals of fixed assets held under finance leases, leases with a purchase option or operating leases;
- charges and reversals for impairment, losses on irrecoverable loans and recoveries of bad debts written off relating to the portion of doubtful rents for which impairment is mandatory, as well as those relating to contract termination payments;
- depreciation and amortisation on fixed assets.

Banque Palatine only conducts operating lease transactions as a lessee.

3.3 Income from variable-income securities

Accounting principles

Income from variable-income securities includes dividends and other income from shares and other variable-income securities, equity investments, other long-term equity investments and shares in related companies.

Dividends are recognised when the right to receive payment has been decided by the competent body.

in millions of euros	2024 financial year	2023 financial year
Equities and other variable-income securities		
Investments in subsidiaries and long-term equity investments	0.0	0.0
Shares in related companies	5.7	5.4
TOTAL	**5.7**	**5.4**

Including €4.9 million in dividends received from the Palatine Asset Management subsidiary, compared to €4.7 million in 2023.

3.4 Commissions

Accounting principles

Commissions that are similar in nature to interest are recognised under "Interest and similar income and expenses" (see note 3.1 / Interest and similar income and expenses).

Other commission income is recognised according to the type of service provided as follows:

- commissions paid for an instantaneous service: recorded on completion of the service;
- commissions received for an ongoing or discontinued service paid for in several instalments are recognised over the period in which the service is provided.

	2024 financial year			2023 financial year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	0.9	(0.1)	0.8	1.1	(0.1)	1.0
Customer transactions	50.9	0.0	50.9	49.5	0.0	49.5
Securities transactions	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Payment services	12.7	0.0	12.7	12.5	0.0	12.5
Foreign exchange transactions	0.2	0.0	0.2	0.2	0.0	0.2
Off-balance sheet commitments	0.0	0.0	0.0	0.0	0.0	0.0
Financial services	3.3	(6.5)	(3.2)	3.4	(6.7)	(3.3)
Consulting services	10.6	(0.6)	10.0	9.6	(0.6)	9.0
Sales of life insurance products	11.0	0.0	11.0	9.9	0.0	9.9
Sales of other insurance products	2.3	0.0	2.3	3.0	0.0	3.0
TOTAL	**91.9**	**(7.3)**	**84.6**	**89.2**	**(7.5)**	**81.7**

3.5 Net gains or losses on trading book transactions

Accounting principles

Net gains or losses on trading book transactions include:

- gains or losses on balance sheet and off-balance sheet transactions in trading securities;
- net gains or losses on outright forward currency exchange transactions, arising from currency purchases and sales and the periodic valuation of foreign currency and precious metal transactions;
- net gains or losses arising from transactions in derivative financial instruments, in particular interest rate, currency exchange and stock market index futures, whether firm or conditional, including those used to hedge trading book transactions.

in millions of euros	2024 financial year	2024 financial year
Trading securities		
Foreign exchange transactions	(4.6)	8.7
Derivative financial instruments	6.0	(8.1)
TOTAL	**1.4**	**0.6**

3.6 Net gains or losses on available-for-sale securities and similar items

Accounting principles

This item includes gains or losses on investment securities and on equity securities resulting from the difference between provision reversals and gains on disposals, and provisions and losses on disposals.

	2024 financial year			2023 financial year		
in millions of euros	Investment securities	TAP	Total	Investment securities	TAP	Total
Impairment						
Charges	(2.7)		(2.7)	0.1		0.1
Reversals	16.7		16.7	27.7		27.7
Net gain/(loss) on disposal	**(11.6)**		**(11.6)**	**(6.0)**		**(6.0)**
Other items						
TOTAL	**2.4**	**0.0**	**2.4**	**21.8**	**0.0**	**21.8**

The capital loss of €11.6 million was mainly generated by an OST on ORPEA securities in March 2024. Following this disposal, a provision reversal was recorded for €11.7 million on these same securities.

3.7 Other banking income and expense

Accounting principles

Other banking income and expenses cover primarily the share in joint operations, the rebilling of banking income and expenses, income and expenses from real estate business and IT services.

This line item also includes expenses and income on finance lease and/or operating lease activities not carried out as a primary activity, and the fixed assets of which are presented under property, plant and equipment.

Such income and expenses include:

- rental amounts, and capital gains and losses on disposals of fixed assets held under finance leases, leases with a purchase option or operating leases;
- charges and reversals for impairment, losses on irrecoverable loans and recoveries of bad debts written off relating to the portion of doubtful rents for which impairment is mandatory, as well as those relating to contract termination payments;
- depreciation and amortisation on the fixed assets in question.

	2024 financial year			2023 financial year		
in millions of euros	Income	Expense	Total	Income	Expense	Total
Share of joint operations	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Rebilling of banking income and expense	(0.1)		(0.1)	0.4		0.4
Real estate activities	0.0	0.0	0.0	0.0	0.0	0.0
IT services	0.0	0.0	0.0	0.0	0.0	0.0
Other activities	0.6	(3.0)	(2.3)	0.7	(4.8)	(4.1)
Other related income and expenses	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**0.5**	**(3.0)**	**(2.4)**	**1.1**	**(4.8)**	**(3.7)**

3.8 General operating expenses

Accounting principles

General operating expenses include employee benefits expense (wages and salaries), employee profit-sharing and incentive schemes, social security charges and taxes relating to employee benefits expense. Other administrative costs are also recorded, including other taxes and fees paid for external services.

in millions of euros	2024 financial year	2023 financial year
Wages and salaries	(70.2)	(67.7)
Pension costs and similar obligations	(7.9)	(7.7)
Other social security charges	(29.3)	(28.4)
Employee incentive scheme	(10.0)	(10.2)
Employee profit-sharing scheme	(2.3)	(7.6)
Payroll taxes	(12.6)	(12.6)
TOTAL EMPLOYEE BENEFITS EXPENSE	**(132.3)**	**(134.2)**
Taxes other than on income	(3.3)	(2.8)
Other general operating expenses	(68.5)	(71.5)
Rebilled expenses	1.5	0.4
TOTAL OTHER OPERATING EXPENSES	**(70.3)**	**(73.9)**
TOTAL	**(202.6)**	**(208.1)**

The average headcount during the year, broken down by professional category, was as follows: 822 managers and 273 non-managers, representing a total of 1,095 employees.

The rebilling of “central body” activities (listed in the French Monetary and Financial Code) paid to BPCE are now presented in net revenue before tax and rebillings of Group assignments paid to BPCE are still presented in general operating expenses.

3.9 Cost of risk

Accounting principles

"Cost of risk" includes only the cost related to credit risk (or counterparty risk). Credit risk is the existence of a potential loss related to the possibility of the counterparty defaulting on its obligations. Counterparty means any legal entity that is the beneficiary of a credit or off-balance sheet commitment, a party to a forward financial instrument or an issuer of a debt security.

Cost of credit risk is calculated when the loan is classified as non-performing, i.e. when it is probable that the Group will not collect all or part of the sums owed under the terms of the commitments made by the counterparty in accordance with the initial contractual provisions, notwithstanding any guarantees or collateral.

The credit risk is also measured when a credit risk is identified on performing loans showing a significant increase in credit risk since their initial recognition (see notes 4.1 / Interbank transactions and 4.2.1 / Customer transactions).

Cost of credit risk therefore comprises all impairment charges and reversals on loans and advances due from customers, credit institutions and fixed-income investment securities (in the event of a proven risk of issuer default), provisions for off-balance sheet commitments (excluding off-balance sheet financial instruments), as well as losses on irrecoverable loans and recoveries of bad debts written off.

However, provisions and reversals, losses on irrecoverable loans or recoveries of bad debts written off relating to interest on non-performing loans for which provisioning is mandatory are classified under "Interest and similar income" and "Other banking income" on the income statement. For trading securities, investment securities, equity securities available for sale in the medium term and derivative financial instruments, the cost of counterparty risk is recorded directly under gains and losses on these portfolios, except in the event of a proven risk of counterparty default, where this component may be isolated and changes in provisions for counterparty risk are then recorded under "Cost of risk".

	2024 financial year					2023 financial year				
in millions of euros	Charges	Reversals and uses of funds	Losses	Recoveries of bad debts written off	Total	Charges	Reversals and uses of funds	Losses	Recoveries of bad debts written off	Total
Impairment of assets										
Interbank	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customers	(151.5)	110.3	(18.3)	0.3	(59.2)	(108.4)	132.6	(48.5)	1.6	(22.7)
Securities portfolio and other receivables	(0.4)	0.0	0.0	0.0	(0.4)	(6.1)	0.0	0.0	0.0	(6.1)
Provisions										
Off-balance sheet commitments	(7.4)	16.3	0.0	0.0	8.9	(30.9)	23.5	0.0	0.0	(7.4)
Provisions for customer risk	(20.2)	2.6	0.0	0.0	(17.6)	(3.6)	13.7	0.0	0.0	10.1
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**(179.5)**	**129.2**	**(18.3)**	**0.3**	**(68.3)**	**(149.0)**	**169.8**	**(48.5)**	**1.6**	**(26.2)**
Of which:										
• Reversals of obsolete impairment charges	0.0	126.6	0.0	0.0	0.0	0.0	156.1	0.0	0.0	0.0
• Reversals of impairment losses used	0.0	18.3	0.0	0.0	0.0	0.0	48.5	0.0	0.0	0.0
• Reversals of provisions no longer required	0.0	2.6	0.0	0.0	0.0	0.0	13.7	0.0	0.0	0.0
• Reversals of provisions used	0.0	(18.3)	0.0	0.0	0.0	0.0	(48.5)	0.0	0.0	0.0
TOTAL REVERSALS	**0.0**	**129.2**	**0.0**	**0.0**	**0.0**	**0.0**	**169.8**	**0.0**	**0.0**	**0.0**

As part of the restructuring of Orpéa's financing, the reversal of the provision is offset by an initial write-down of the securities received on conversion into Orpéa shares, classified as investment securities.

3.10 Profits and losses on non-current assets

Accounting principles

Profits and losses on non-current assets include:

- gains or losses on disposals of property, plant and equipment and intangible assets used for the bank's operations, arising from the difference between capital gains and losses on disposals, and charges to and reversals of provisions;
- gains or losses on investments in unconsolidated subsidiaries, other long-term equity investments, shares in related companies and held-to-maturity securities, resulting from the difference between provision reversals and gains on disposals, and charges to provisions and losses on disposals.

	2024 financial year				2023 financial year			
in millions of euros	Investments in subsidiaries and long-term equity investments	Held-to-maturity securities	Property, plant and equipment and intangible assets	Total	Investments in subsidiaries and long-term equity investments	Held-to-maturity securities	Property, plant and equipment and intangible assets	Total
Impairment	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reversals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net gain/(loss) on disposal	**0.0**		**5.4**	**5.4**	**0.0**		**6.6**	**6.6**
TOTAL	**0.0**	**0.0**	**5.4**	**5.4**	**0.0**	**0.0**	**6.6**	**6.6**

As part of the reorganisation and transformation of the network, the sale of branches generated income of €5.4 million, of which €3.2 million related to the Bordeaux branch.

3.11 Non-recurring items

Accounting principles

This item only includes income and expenses before tax, which are generated or occur on a non-recurring basis and are not related to the Group's regular activities.

No non-recurring items were recorded in 2024.

3.12 Income tax

Accounting principles

Since the 2009 financial year, the Caisse d'Epargne and Banque Populaire networks have applied the provisions of article 91 of the amended French finance act for 2008, which extends the tax consolidation regime to the networks of mutual banks. This option is modelled on the tax consolidation for mutual insurers and takes into account consolidation criteria not based on ownership interest (the scheme is usually available if at least 95% of the share capital of a subsidiary is owned by a parent company).

Banque Palatine signed a tax consolidation agreement with its parent company, under which it recognises in its financial statements any tax liabilities that it would have had to pay had it not been part of a mutual tax consolidation group.

The income tax expense appearing in the income statement for the period is the corporate income tax due in respect of the period and the provision for the tax liabilities of the EIGS.

The rules of the OECD pillar 2 aiming at the implementation of a minimum global corporate tax rate of 15%, transposed into French law by the finance act for 2024, are now applicable to financial years beginning from 1 January 2024. BPCE, as the ultimate parent company of Groupe BPCE as a whole, will be the entity liable for this additional tax. In light of the legal and contractual provisions in force to date, Banque Palatine is not subject to this additional tax, which will be borne by BPCE.

Note, however, the special case of jurisdictions in which entities are established whose local tax regulations provide for payment to the tax authorities of any top-up tax due in respect of that jurisdiction. In such a case, the relevant entity could be required to pay and therefore recognise, the additional tax in respect of that jurisdiction (tax legislation still to be adopted).

3.12.1 Breakdown of income tax on 2024 profits

Banque Palatine is a member of the consolidated tax group set up by BPCE. It also heads the consolidated tax sub-group formed of its subsidiaries Palatine Asset Management (PAM), Ariès Assurances and Société Immobilière d'Investissement (SII).

Income tax paid to the head company of the Group, which can be broken into income before non-recurring items and non-recurring items, can be analysed as follows:

in millions of euros	2024 financial year	2023 financial year
Taxable bases at the following rates:	**25%**	**25%**
In respect of current income	101.3	190.0
In respect of non-recurring items		
Allocation of deficits	**0.0**	**0**
Taxable bases	**101.3**	**190.0**
Applicable tax	25.3	47.5
+3.3% supplementary corporate tax	0.8	1.5
+ Increase of 10.7% (2014 amending finance act)		
- Deductions in respect of tax credits*	(0.4)	(0.3)
Tax expense reported	**25.7**	**48.8**
Provisions for the return to profitability of subsidiaries		
Provisions for taxes		
Other items	1.8	0.2
TOTAL	**27.5**	**48.9**

3.12.2 Details of taxable income for the 2024 financial year - reconciliation of accounting income to taxable income

in millions of euros	2024 financial year	2023 financial year
Net accounting income (A)	**58.4**	**124.2**
Social tax (B)	**27.5**	**48.9**
Reinstatements (C)	**84.0**	**69.3**
Impairment of long-term investments		
Other impairment losses and provisions	82.8	61.2
Provision for fund for general banking risks (FGBR)		
Mutual funds		
Capital losses on long-term and exempt schemes		
Share of profits of partnerships or economic interest groups		
Other items	1.2	8.0
Deductions (D)	**68.6**	**52.5**
Long-term capital gains under exemptions		
Reversals of impairment and provisions	61.8	47.4
Dividends	5.2	4.8
Reversal of provision for fund for general banking risks (FGBR)		
Share of losses of partnerships or economic interest groups		
Amortisation of acquisition costs		
Incorporation costs		
Other items	1.7	0.3
Tax base at standard rate (A) + (B) + (C) - (D)	**101.3**	**190.0**

NOTE 4 Balance sheet information

Unless otherwise indicated, explanatory notes for balance sheet items are presented net of depreciation, amortisation, impairment, and provisions.

Certain information relating to credit risk required by ANC - *Autorité des Normes Comptables* regulation no. 2014-07 is presented in the risk management report.

4.1 Interbank transactions

Accounting principles

Loans and advances due from credit institutions cover all loans and advances made in connection with banking transactions with the exception of those represented by a security. They also include securities purchased under resale agreements, regardless of the type of underlying asset, and loans and advances relating to securities under repurchase agreements. They are broken down between demand loans and advances and term loans and advances. Loans and advances due from credit institutions are recorded in the balance sheet at their nominal value, with the exception of buybacks of customer loans which are recorded at acquisition cost, plus accrued interest and net of any impairment charges recognised for credit risk.

Amounts due to credit institutions are presented according to their term (demand deposits and current accounts or term deposits and borrowings) and amounts due to customers are classified according to their nature (regulated savings accounts and other deposits for customers). Depending on the counterparty involved, these items include securities and other assets sold under repurchase agreements. Accrued interest is recorded under related payables.

Guarantees received are booked as off-balance sheet items. They are remeasured on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the principal amount outstanding on the loan.

Restructured loans

Within the meaning of the ANC - *Autorité des Normes Comptables* regulation no. 2014-07, restructured loans are non-performing loans whose initial characteristics (term, interest rate) are modified to allow the counterparties to repay the amounts due.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used for fixed-rate loans is the initial effective interest rate and the discount rate used for variable-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual rate. This discount is expensed to “Cost of risk” in income and offset against the corresponding outstanding in the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method.

A restructured loan may be reclassified as performing when the new repayment dates are observed. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to non-performing.

Non-performing loans

Non-performing loans consist of all outstanding amounts (whether or not they are due, guaranteed or other), where at least one commitment made by the obligor has involved a known credit risk, classified as such on an individual basis. Loans are considered “at risk” when it is probable that the Group will not collect all or part of the sums due under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral.

Doubtful assets are identified in compliance with the ANC - *Autorité des Normes Comptables* regulation no. 2014-07, particularly in the case of loans with payments more than three months past due (more than six months past due for real estate loans and more than nine months past due for loans to local authorities).

Doubtful assets are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely, and a write-off is considered. Loans and advances whose terms have lapsed, terminated lease financing arrangements and perpetual loans which have been rescinded, are considered as irrecoverable. The existence of guarantees covering nearly all risks, along with the conditions for classification as non-performing loans, shall be taken into consideration in order to qualify a doubtful asset as irrecoverable and to assess the associated impairment provision. A debt that has been classified as doubtful for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from doubtful to irrecoverable does not automatically entail the reclassification of the counterparty’s other doubtful assets and commitments to irrecoverable.

For non-performing loans, accrued interest and/or interest due but not received is recognised in banking income and impaired accordingly. For irrecoverable loans, accrued interest due but not yet received is not recognised.

Non-performing loans are reclassified as performing once the obligor resumes regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

Repurchase agreements

Collateralised repurchase agreements are recognised in accordance with ANC - *Autorité des Normes Comptables* regulation no. 2014-07, complemented by instruction no. 94-07, as amended, issued by the French banking commission.

The assets sold continue to be recorded in the vendor's balance sheet, with a corresponding entry for the amount collected, representing its debt to the purchaser, under liabilities. The buyer records the amount paid under assets, representing the amount owed to the vendor. At each balance sheet date, the assets, as well as the liability towards the buyer or the amount owed to the vendor, are measured in accordance with the rules specific to these transactions.

Impairment

Loans for which recovery is uncertain result in the recognition of an impairment loss on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of guarantees received. They are determined at least quarterly and are calculated in reference to available guarantees and a risk analysis. At a minimum, impairment losses cover the interest not received on doubtful assets.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal amount outstanding and the projected cash flows discounted at the initial effective interest rate. Projected cash flows are determined by category of receivables, based on past losses and/or expert analysis, and are positioned over time using debt schedules based on past collection records.

Impairment charges and reversals recognised for non-recovery risk are recorded under "Cost of risk" except for the impairment of interest on non-performing loans, which is recorded as impaired interest under "Interest and similar income".

The reversal of impairment losses arising solely from the passage of time is recorded under "Interest and similar income".

When the credit risk has been identified, on loans that are not doubtful but showing a significant increase in the credit risk since their initial recognition, it is assessed on the basis of the credit losses expected over their remaining lifetimes. This credit risk is recorded in the form of a liabilities provision. Since 1 January 2018, the measurement of these non-doubtful loans has been aligned with those in IFRS 9 of Stage 2 (S2) adopted for the consolidated financial statements.

Irrecoverable loans and advances are written off as losses and the corresponding impairment allowances are reversed.

Assets

in millions of euros	31/12/2024	31/12/2023
Current accounts	1,552.9	1,703.1
Overnight loans	0.0	0.0
Securities purchased under demand repurchase agreements	0.0	0.0
Unallocated items	0.0	0.0
Demand loans and advances	**1,552.9**	**1,703.1**
Term accounts and loans	3,145.9	2,968.3
Subordinated and participating loans	0.0	0.0
Securities purchased under term repurchase agreements	0.0	0.0
Term loans and advances	**3,145.9**	**2,968.3**
Accrued interest	**10.4**	**24.6**
Non-performing loans	**0.0**	**0.0**
o/w irrecoverable non-performing loans	*0.0*	*0.0*
Impairment of interbank loans and advances	**0.0**	**0.0**
o/w impairment of irrecoverable non-performing loans	*0.0*	*0.0*
TOTAL	**4,709.2**	**4,696.0**

The centralisation of the *Livret A* and LDD savings accounts at the Caisse des dépôts et consignations amounted to €627 million at 31 December 2024, compared with €540 million at 31 December 2023, which is presented as a deduction from liabilities in note 4.2.1 / Customer transactions.

Liabilities

in millions of euros	31/12/2024	31/12/2023
Current accounts	2.7	0.2
Overnight deposits	0.0	0.0
Securities sold under demand repurchase agreements	0.0	0.0
Other amounts due	1.0	1.2
Accrued interest on demand accounts	0.0	0.0
Demand accounts	**3.6**	**1.4**
Term accounts and loans	1,516.6	2,347.9
Securities sold under term repurchase agreements	0.0	0.0
Accrued interest payable on term loans	10.5	0.3
Term accounts	**1,527.1**	**2,348.3**
TOTAL	**1,530.8**	**2,349.7**

4.2 Customer transactions

4.2.1 Customer transactions

Accounting principles

Loans and advances due from customers include loans to entities other than credit institutions, with the exception of debt securities issued by customers, assets purchased under resale agreements, and receivables corresponding to securities sold under repurchase agreements. They are broken down between business loans, current accounts with overdrafts and other facilities granted to customers. Loans granted to customers are recorded in the balance sheet at their nominal value, with the exception of repurchases of customer loans which are recorded at acquisition cost, plus accrued interest and net of any impairment charges recognised for credit risk. Fees and marginal transaction costs are added to the principal amount outstanding on the loan in question.

Guarantees received are booked as off-balance sheet items. They are remeasured on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the principal amount outstanding on the loan.

State-guaranteed loans

The state-guaranteed loan (SGL) is a support scheme set up under Article 6 of the amended French finance act no. 2020-289 of 23 March 2020, and the ministerial order issued by the minister of the economy and finance on 23 March 2020, establishing a state guarantee for credit institutions and financing companies from 16 March 2020, to meet the cash flow requirements of companies impacted by the Covid-19 health crisis. The scheme was extended until 30 June 2022, by finance act no. 2021-1900 of 30 December 2021 for 2022. The SGL is subject to common eligibility criteria applicable by all institutions issuing the loan, as set out by law.

The SGL is a one-year loan with capital repayments deferred for this period. The beneficiary companies may decide, at the end of the first year, to repay the SGL over one to five additional years or to start repaying the capital only from the second year of the repayment period, paying only the interest and the cost of the state guarantee in the meantime.

For eligible companies, the amount of the SGL is generally capped at 25% of the company's revenues (excluding innovative and recently created companies, and excluding the Seasonal SGL for customers in the Tourism/Hotels/Catering sector, for example). The State provides a guarantee covering between 70% and 90% of the loan, depending on the size of the company. The issuing bank incurs the residual risk. The state guarantee covers a portion of the total amount due on the loan (principal, interest and incidental expenses) until it becomes due. The state guarantee may be enforced before the loan is due if a credit event should occur.

The prepayment penalty is set in the contract, at a reasonable level (2% of the principal amount outstanding during the initial loan period, then 3%-6% of the principal amount outstanding during the repayment period). The terms and conditions for extending the loan are not set in advance but are established two to three months before the extension option expires, in line with market conditions.

The SGLs may not be covered by another collateral security or guarantee besides the state guarantee, with the exception of those granted pursuant to a ministerial order by the minister of the economy and finance. The self-employed professional or business leader may request or be offered loan repayment insurance, but such insurance is not mandatory.

The state guarantee is considered to be an integral part of the terms of the loan and is taken into account when calculating impairment for expected credit losses. The guarantee fee paid at the granting of the loan by Groupe BPCE to the French state is recognised in profit or loss over the initial term of the state-guaranteed loan according to the Effective Interest Rate (EIR) Method. The impact is recognised in net interest income.

The Resilience SGL, open until 6 April 2022, complements the SGL for companies affected by the consequences of the conflict in Ukraine. The authorised ceiling is 15% of the average revenue over the last three financial years. Except for its amount, subject to the new ceiling of 15% of revenue, this additional Resilience SGL takes the same form as the SGLs introduced at the beginning of the health crisis: same maximum duration (up to six years), same minimum deductible repayment period (12 months), same guaranteed percentage and guarantee premium. The Resilience SGL could be fully combined with any SGLs already obtained until 30 June 2022. This system was extended until 31 December 2023 as part of the amended French finance act for 2023.

Restructured loans

Within the meaning of the ANC - *Autorité des Normes Comptables* regulation no. 2014-07, restructured loans are non-performing loans whose initial characteristics (term, interest rate) are modified to allow the counterparties to repay the amounts due.

A discount is taken on restructured loans to reflect the difference between the present value of the contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used for fixed-rate loans is the initial effective interest rate and the discount rate used for variable-rate loans is the most recent effective interest rate prior to the restructuring date. The effective rate is the contractual rate. This discount is expensed to “Cost of risk” in income and offset against the corresponding outstanding in the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method.

A restructured loan may be reclassified as performing when the new repayment dates are observed. When a loan that has been reclassified becomes overdue, regardless of the restructuring terms agreed, the loan is downgraded to non-performing.

Non-performing loans

Non-performing loans consist of all outstanding amounts (whether or not they are due, guaranteed or other), where at least one commitment made by the obligor has involved a known credit risk, classified as such on an individual basis. Loans are considered “at risk” when it is probable that the Group will not collect all or part of the sums due under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral.

Doubtful assets are identified in compliance with the ANC - *Autorité des Normes Comptables* regulation no. 2014-07, particularly in the case of loans with payments more than three months past due (more than six months past due for real estate loans and more than nine months past due for loans to local authorities).

Doubtful assets are considered to be irrecoverable when full or partial collection is deemed to be highly unlikely, and a write-off is considered. Loans and advances whose terms have lapsed, terminated lease financing arrangements and perpetual loans which have been rescinded, are considered as irrecoverable. The existence of guarantees covering nearly all risks, along with the conditions for classification as non-performing loans, shall be taken into consideration in order to qualify a doubtful asset as irrecoverable and to assess the associated impairment provision. A debt that has been classified as doubtful for more than one year is assumed to be irrecoverable, unless a write-off is not foreseen. Reclassification of a debt from doubtful to irrecoverable does not automatically entail the reclassification of the counterparty’s other doubtful assets and commitments to irrecoverable.

For non-performing loans, accrued interest and/or interest due but not received is recognised in banking income and impaired accordingly. For irrecoverable loans, accrued interest due but not yet received is not recognised.

Non-performing loans are reclassified as performing once the obligor resumes regular payments in accordance with the original repayment schedule, provided that the counterparty is no longer considered to be at risk of default.

Repurchase agreements

Collateralised repurchase agreements are recognised in accordance with ANC - *Autorité des Normes Comptables* regulation no. 2014-07, complemented by instruction no. 94-07, as amended, issued by the French banking commission.

The assets sold continue to be recorded in the vendor’s balance sheet, with a corresponding entry for the amount collected, representing its debt to the purchaser, under liabilities. The buyer records the amount paid under assets, representing the amount owed to the vendor. At each balance sheet date, the assets, as well as the liability towards the buyer or the amount owed to the vendor, are measured in accordance with the rules specific to these transactions.

Impairment

Loans for which recovery is uncertain result in the recognition of an impairment loss on the asset to cover the risk of loss. Impairment losses are calculated on a case-by-case basis, taking into account the present value of guarantees received and the costs of taking possession and selling the collateral. They are determined at least quarterly and are calculated in reference to available guarantees and a risk analysis. At a minimum, impairment losses cover the interest not received on doubtful assets.

Impairment for probable losses includes all impairment charges, calculated as the difference between the principal amount outstanding and the projected cash flows discounted at the initial effective interest rate. Projected cash flows are determined by category of receivables, based on past losses and/or expert analysis, and are positioned over time using debt schedules based on past collection records.

Impairment charges and reversals recognised for non-recovery risk are recorded under “Cost of risk” except for the impairment of interest on non-performing loans, which is recorded as impaired interest under “Interest and similar income”.

The reversal of the impairment related to the passage of time alone is recorded under "Cost of risk".

When the credit risk has been identified, on loans that are not doubtful but showing a significant increase in the credit risk since their initial recognition, it is assessed on the basis of the credit losses expected over their remaining lifetimes. This credit risk is recorded in the form of a liabilities provision. Since 1 January 2018, the measurement of these non-doubtful loans has been aligned with those in IFRS 9 of Stage 2 (S2) adopted for the consolidated financial statements. Expected credit losses are defined as being an estimate of credit losses (i.e. the present value of cash flow shortfalls) weighted by the probability of occurrence of these losses over the expected lifetime of the financial instrument in question. They are calculated individually for each exposure.

In practice, for Stage 2 outstandings, expected credit losses are measured on the basis of several parameters:

- expected cash flows over the life of the financial instrument, discounted to the valuation date - these flows are determined according to the characteristics of the contract, its effective interest rate and, for mortgages, the expected level of early repayment on the contract;
- loss given default rate;
- probability of default until maturity of the contract.

Irrecoverable loans and advances are written off as losses and the corresponding impairment allowances are reversed.

The parameters used to measure the expected credit losses are adjusted to the economic environment *via* the definition of three economic scenarios defined over a three-year horizon:

- the central scenario used by the Group is that validated in September 2024. It corresponds to the consensus forecasts for the main economic variables having an impact on the calculation of expected credit losses;
- a pessimistic scenario, corresponding to less favourable macroeconomic variables in the context of the central scenario;
- an optimistic scenario, corresponding to more favourable macroeconomic variables in the context of the central scenario.

The definition and review of these scenarios follows the same organisation and governance as that defined for the budget process, with a quarterly review on the basis of economic research proposals and validation by the Executive Management Committee. The probabilities of occurrence of the scenarios are reviewed quarterly by the Group's Watchlist and Provisions Committee. The inputs thus defined allow expected credit losses for all exposures to be valued, regardless of whether they belong to a scope approved using an internal method or are processed using the standardised method for the calculation of risk-weighted assets.

Additional provisions have been recorded by the institutions to cover the specific risks of their portfolios, in addition to the provisions described above and calculated by the Group's tools. These provisions mainly concern structured financing, professional real estate (offices, retail) and SCPIS.

Assets in millions of euros	31/12/2024	31/12/2023
Current accounts with overdrafts	**664.5**	**333.6**
Business loans	**139.1**	**156.0**
Export loans	*35.6*	*32.2*
Short-term credit facilities and consumer loans	*4,354.8*	*4,057.0*
Equipment loans	*3,368.1*	*3,506.9*
Home credits	*2,825.5*	*3,169.8*
Other customer loans	*184.5*	*176.1*
Securities purchased under resale agreements	*0.0*	*0.0*
Subordinated loans	*1.3*	*1.4*
Other	*67.8*	*65.9*
Other facilities granted to customers	**10,837.6**	**11,009.3**
Accrued interest	**53.3**	**52.3**
Non-performing loans	**601.9**	**529.2**
Impairment of loans and advances due from customers	**(260.5)**	**(220.6)**
TOTAL	**12,035.9**	**11,859.9**

Loans and advances due from customers eligible for refinancing by the central bank of the country or countries in which the institution is established or the European Central Bank System amount to €466 million.

The state-guaranteed loans (SGL) amounted to €446 million at 31 December 2024, compared with €714 million at 31 December 2023.

Liabilities in millions of euros	31/12/2024	31/12/2023
Regulated savings accounts	**912.6**	**899.8**
Livret A savings accounts	*196.9*	*118.5*
PEL/CEL	*141.2*	*160.8*
Other regulated savings accounts	*574.5*	*620.4*
Receivables from savings funds		
Other accounts and loans from customers [(1)]	**11,920.8**	**9,875.2**
Guarantee deposits	**0.0**	**0.0**
Other amounts due	**11.3**	**39.4**
Accrued interest	**47.7**	**36.5**
TOTAL	**12,892.4**	**10,850.9**

(1) Breakdown of accounts and loans from customers.

	31/12/2024			31/12/2023		
in millions of euros	Demand	Term	Total	Demand	Term	Total
Current accounts	10,552.7		10,552.7	9,098.6		9,098.6
Loans from financial sector customers		0.0	0.0		0.0	0.0
Securities sold under repurchase agreements			0.0			0.0
Other accounts and loans		1,368.1	1,368.1		776.6	776.6
TOTAL	**10,552.7**	**1,368.1**	**11,920.8**	**9,098.6**	**776.6**	**9,875.2**

4.2.2 Breakdown of outstanding loans by economic agent

	Performing loans and advances	Non-performing loans		O/w irrecoverable non-performing loans	
in millions of euros	Gross	Gross	Individual impairment	Gross	Individual impairment
Non-financial companies	9,647.74	577.26	(250.61)	197.45	(98.64)
Self-employed customers	42.32	1.25	(0.46)	0.81	(0.36)
Individual customers	1,686.71	23.15	(9.40)	9.54	(6.05)
Non-profit institutions	8.81	0.20	0.00	0.00	0.00
Government and social security institutions	37.22	0.00	0.00	0.00	0.00
Other	271.66	0.00	0.00	0.00	0.00
TOTAL AT 31 DECEMBER 2024	**11,694.46**	**601.87**	**(260.47)**	**207.81**	**(105.06)**
Total at 31 December 2023	**11,551.28**	**529.22**	**(220.64)**	**147.24**	**(85.93)**

4.3 Treasury bonds, equities and other fixed- and variable-income securities

4.3.1 Securities portfolio

Accounting principles

The term ‘securities’ covers interbank market securities, treasury bills and other negotiable debt securities, bonds and other fixed-income securities (i.e. securities with a non-random yield), equities and other variable-income securities.

For accounting purposes, securities transactions are governed by the ANC - *Autorité des Normes Comptables* regulation no. 2014-07, which sets out the general accounting and measurement rules applicable to securities and the rules governing specific transactions such as temporary sales of securities.

Securities are classified in the following categories: investments in unconsolidated subsidiaries, shares in related companies, other long-term equity investments, held-to-maturity securities, equity securities available for sale in the medium term, investment securities, and trading securities.

With respect to trading securities, investment securities, held-to-maturity securities, and equity securities available for sale in the medium term, provisions for counterparties with known default risks whose impact can be separately identified are recognised in the form of impairments. Changes in impairment are recorded under the cost of risk.

In the event of a securities lending transaction, the securities loaned cease to appear on the balance sheet and a receivable representing the carrying amount of the securities loaned is recognised as an asset.

In the case of a securities borrowed transaction, the borrowed securities are recorded in the trading securities category with a corresponding liability to the securities debt to the lender for an amount equal to the market price of the securities borrowed on the date of borrowing. Securities borrowed are presented in the balance sheet as a deduction from the debt representing the value of the securities borrowed.

Trading securities

These are securities acquired or sold with the intention to resell or repurchase them after a short holding period. In order to be eligible for this category, the securities must be tradable on an active market at the date of their initial recognition and their market prices must be accessible, representing actual transactions regularly occurring in the market under normal trading conditions. They may be either fixed- or variable-income instruments.

Trading securities are recorded in the accounts at cost on their acquisition date, less transaction costs and including accrued interest, where applicable. In the event of short selling, the debt is recorded under liabilities in the amount of the selling price of the securities, less transaction costs.

At closing, they are valued at the market price of the most recent day: the overall balance of differences resulting from price changes is recorded in the income statement. For UCITS and investment funds, market value corresponds to net asset values reflecting available market information at the balance sheet date.

Securities classified as trading securities may not be transferred to another accounting category (except in exceptional market situations requiring a change of strategy or in the absence of an active market for fixed-income securities), and the rules for their presentation and measurement continue to apply until they are sold, redeemed in full or written off.

Investment securities

Securities that do not qualify for recognition in any other category are considered as investment securities.

Investment securities are recorded in the accounts at cost on their acquisition date, less transaction costs.

Where applicable, for fixed-income securities, accrued interest is recognised as a balancing entry in the income statement under “Interest and similar income”.

Any difference between the acquisition price and the redemption value (premium or discount) for fixed-income instruments is recorded in the income statement over the remaining term of the security using the actuarial method.

Investment securities are measured at the lower of acquisition cost or market price. For UCITS and investment funds, market value corresponds to net asset values reflecting available market information at the balance sheet date.

Unrealised capital losses are subject to an impairment charge that can be estimated for each group of similar securities, with no offsetting against capital gains recorded on other categories of securities.

Gains generated by hedging instruments, if any, as defined by Article 2514-1 of the ANC - *Autorité des Normes Comptables* regulation no. 2014-07, are taken into account for the calculation of impairment. Unrealised capital gains are not recognised.

Gains and losses on disposal of investment securities, as well as impairment charges and reversals are recorded under “Net gains or losses on available-for-sale securities and similar items”.

Held-to-maturity securities

These include fixed-income securities with fixed maturity that were acquired or have been reclassified from "Trading securities" or "Investment securities" and which the company intends and is able to hold to maturity. The securities should not be subject to an existing restriction, legal or otherwise, liable to have an adverse effect on the company's intention to hold the securities to maturity. Classification as held-to-maturity securities is not incompatible with their designation as items hedged against interest rate risk.

Held-to-maturity securities are recorded in the accounts at cost as of their acquisition date, less transaction costs. When previously classified as available for sale, they are recorded at cost and the previously recognised impairment charges are reversed over the residual life of the relevant securities.

The difference between the acquisition cost and the redemption value of the securities, and the corresponding interest, are recognised in accordance with the same rules as those applicable to fixed-income investment securities.

An impairment loss may be recognised if there is a strong probability that the institution will not hold the securities to maturity due to new circumstances or if there is a risk of default by the issuer. Unrealised capital gains are not recognised.

Held-to-maturity securities cannot be sold or transferred to another category of securities, with certain exceptions.

Pursuant to the provisions of ANC - *Autorité des Normes Comptables* regulation no. 2014-07, fixed-income trading securities or investment securities reclassified into the category of held-to-maturity securities as a result of market illiquidity may be sold when the market on which they are traded becomes active again.

Equity securities available for sale in the medium term

Equity securities available for sale in the medium term comprise securities held with the sole objective of obtaining capital gains in the medium term, without the intent of long-term investment, to develop the investee's business activities or actively participate in its operational management. In theory, these are always variable-income securities. This investment activity has to be significant and continuous, carried out in a structured framework, and must generate regular returns derived primarily from capital gains on disposals.

Equity securities available for sale in the medium term are recognised at cost on their acquisition date, less transaction costs.

At the balance sheet date, they are carried at the lower of historical cost or value in use. Unrealised capital losses must be written down without offsetting unrealised capital gains. Unrealised capital gains are not recognised.

Securities recorded under equity securities available for sale in the medium term cannot be transferred to any other accounting category.

	31/12/2024					31/12/2023				
in millions of euros	Trading securities	Investment securities	Held-to-maturity securities	TAP	Total	Trading securities	Investment securities	Held-to-maturity securities	TAP	Total
Gross amount	0.0	579.9	420.3	0.0	1,000.3	0.0	568.1	326.0	0.0	894.2
Accrued interest		4.7	1.6	0.0	6.4		4.7	0.7	0.0	5.4
Impairment		(31.0)	0.0	0.0	(31.0)		(35.4)	0.0	0.0	(35.4)
Treasury bills and similar securities	**0.0**	**553.7**	**422.0**	**0.0**	**975.7**	**0.0**	**537.4**	**326.7**	**0.0**	**864.1**
Gross amount	0.0	57.8	197.5	0.0	255.3	0.0	35.2	150.6	0.0	185.8
Accrued interest	0.0	2.1	2.2	0.0	4.3	0.0	1.7	1.0	0.0	2.8
Impairment	0.0	(0.6)	(24.7)	0.0	(25.2)	0.0	(0.1)	(27.2)	0.0	(27.3)
Bonds and other fixed-income securities	**0.0**	**59.4**	**175.0**	**0.0**	**234.4**	**0.0**	**36.8**	**124.4**	**0.0**	**161.3**
Gross amount	0.0	3.2	0.0	0.0	3.2	0.0	15.0	0.0	0.0	15.0
Accrued interest		0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Impairment	0.0	(1.7)	0.0	0.0	(1.7)	0.0	(11.7)	0.0	0.0	(11.7)
Equities and other variable-income securities	**0.0**	**1.5**	**0.0**	**0.0**	**1.5**	**0.0**	**3.3**	**0.0**	**0.0**	**3.3**
TOTAL	**0.0**	**614.6**	**596.9**	**0.0**	**1,211.5**	**0**	**577.6**	**451.1**	**0.0**	**1,028.7**

The market value of held-to-maturity securities stood at €527.1 million.

Treasury bills and other similar securities

in millions of euros	31/12/2024 Transaction	31/12/2024 Investment securities	31/12/2024 Held-to-maturity securities	31/12/2024 Total	31/12/2023 Transaction	31/12/2023 Investment securities	31/12/2023 Held-to-maturity securities	31/12/2023 Total
Listed securities		548.9	420.3	969.3		532.7	326.0	858.7
Unlisted securities				0.0				0.0
Securities loaned				0.0				0.0
Non-performing loans				0.0				0.0
Accrued interest		4.7	1.6	6.4		4.7	0.7	5.4
TOTAL	**0.0**	**553.7**	**422.0**	**975.7**	**0.0**	**537.4**	**326.7**	**864.1**
o/w subordinated notes		0.0	0.0	0.0		0.0	0.0	0.0

Treasury bills, bonds and other fixed-income securities

in millions of euros	31/12/2024 Transaction	31/12/2024 Investment securities	31/12/2024 Held-to-maturity securities	31/12/2024 Total	31/12/2023 Transaction	31/12/2023 Investment securities	31/12/2023 Held-to-maturity securities	31/12/2023 Total
Listed securities		57.8		57.8		35.1		35.1
Unlisted securities			174.5	174.5			121.8	121.8
Securities loaned				0.0				0.0
Non-performing loans			(1.7)	(1.7)			1.5	1.5
Accrued interest		1.6	2.2	3.8		1.7	1.0	2.8
TOTAL	**0.0**	**59.4**	**175.0**	**234.4**	**0.0**	**36.8**	**124.4**	**161.3**
o/w subordinated notes		*0.0*	*0.0*	*0.0*		*0.0*	*0.0*	*0.0*

Unrealised losses on investment securities amounted to -€33.0 million at 31 December 2024, compared with -€40.9 million at 31 December 2023.

The portion of bonds and other fixed-income securities issued by public bodies amounted to €996 million at 31 December 2024.

Equities and other variable-income securities

in millions of euros	31/12/2024 Transaction	31/12/2024 Investment securities	31/12/2024 TAP	31/12/2024 Total	31/12/2023 Transaction	31/12/2023 Investment securities	31/12/2023 TAP	31/12/2023 Total
Listed securities	1.5	0.0	0.0	1.5	3.3	0.0	0.0	3.3
Unlisted securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accrued interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**1.5**	**0.0**	**0.0**	**1.5**	**3.3**	**0.0**	**0.0**	**3.3**

Unrealised capital losses on impaired investment securities totalled €0.6 million at 31 December 2024, compared with €0.1 million at 31 December 2023.

Unrealised capital losses on held-to-maturity securities amounted to -€42.8 million at 31 December 2024. At 31 December 2023, unrealised capital losses on held-to-maturity securities amounted to -€35.9 million.

4.3.2 Changes in held-to-maturity securities

in millions of euros	01/01/2024	Pur-chases	Disposals	Repay-ments	Category transfer	Conversion	Discounts/ premiums	Other changes	31/12/2024
Treasury bills	326.7	100.9	0.0	0.0			(5.7)	0.0	422.0
Bonds and other fixed-income securities	124.4	59.9	0.0	(10.4)		0.0	1.1	0.0	175.0
TOTAL	**451.1**	**160.8**	**0.0**	**(10.4)**	**0.0**	**0.0**	**(4.6)**	**0.0**	**596.9**

4.3.3 Asset reclassifications

Accounting principles

In the interest of harmonising accounting practices and ensuring consistency with IFRS, ANC - *Autorité des Normes Comptables* regulation no. 2014-07 reiterates the provisions of opinion no. 2008-19 of 8 December 2008 on the reclassification of securities out of the "Trading securities" and "Investment securities" categories.

Reclassification from the "Trading securities" category to the "Held-to-maturity securities" and "Investment securities" categories is now possible in the following two cases:

- under exceptional market circumstances calling for a change of strategy;
- where fixed-income securities are no longer, after their acquisition, quoted in an active market, and provided that the company has the intent and ability to hold them in the foreseeable future or until they reach maturity.

Reclassifications from the "Investment securities" category to the "Held-to-maturity securities" category are effective as from the reclassification date in either of the following conditions:

- under exceptional market circumstances calling for a change of strategy;
- where fixed-income securities are no longer tradable on an active market.

The regulation authorises institutions to sell all or part of the securities reclassified as "Held-to-maturity securities" provided that the following two conditions are met:

- the reclassification was motivated by an exceptional situation requiring a change in strategy;
- the market has become active again for these securities.

Furthermore, reclassification from the Investment securities portfolio to the held-to-maturity securities portfolio remains possible, without exception, through a simple change of intention if, at the transfer date, all the criteria for a held-to-maturity portfolio are met. In this case, the sale of these securities is only authorised in very limited cases.

Banque Palatine has not reclassified any assets.

4.4 Investments, shares in related companies and other long-term equity investments

Accounting principles

Investments in unconsolidated subsidiaries and shares in related companies

Securities falling into this category are securities which, if held over the long term, are deemed useful for the company's operations, mainly by allowing the company to exercise significant influence or control over the administrative bodies of the issuing companies.

Investments in unconsolidated subsidiaries and shares in related companies are recorded at their acquisition price, including costs if the amounts are significant.

They are measured individually at the balance sheet date at the lower of acquisition cost or value in use. Value in use is determined, in particular, on the basis of criteria such as the strategic nature of the investment, the intention to support the business or retain the investment, share price performance and recent transactions, net carrying amounts, restated net assets and forecasts. Impairment is recognised for any unrealised capital losses, calculated for each line of securities, and is not offset with unrealised capital gains. Unrealised capital gains are not recognised.

Securities recorded under Investments in unconsolidated subsidiaries and shares in related companies cannot be transferred to any other accounting category.

Other long-term equity investments

Other long-term equity investments are securities acquired with the intention of promoting the development of lasting business relationships, by creating special ties with the issuer, without taking an active part in its management due to the small percentage of voting rights that the investment represents.

Other long-term equity investments are recognised at acquisition cost, less transaction costs.

They are included in the balance sheet at the lower of historical cost or value in use. Value in use is determined for listed and unlisted securities based on the amount the company would agree to pay to obtain the securities, given its investment objective, if it were to acquire them. An impairment charge is recognised for any unrealised capital losses. Unrealised capital gains are not recognised.

Securities classified as other long-term equity investments may not be transferred to any other accounting category.

4.4.1 Change in investments, shares in related companies and other long-term equity investments

in millions of euros	31/12/2023	Increase	Decrease	Conversion	Other changes	31/12/2024
Investments in subsidiaries and long-term equity investments	10.1	4.1	(1.3)			12.9
Shares in related companies	10.8					10.8
Gross amount	**20.9**	**4.1**	**(1.3)**	**0.0**	**0.0**	**23.7**
Investments in subsidiaries and long-term equity investments	0.0					0.0
Shares in related companies	(4.4)		0.4			(3.9)
Impairment	**(4.4)**	**0.0**	**0.4**	**0.0**	**0.0**	**(3.9)**
TOTAL	**16.5**	**4.1**	**(0.9)**	**0.0**	**0.0**	**19.8**

BPCE Achats was merged into SAS BPCE Services during the first half of 2024. These securities were derecognised at the same time as the securities received from BPCE Services. The exchange loss of €480 was recognised in the income statement.

4.4.2 Statement of subsidiaries and affiliates

The amounts shown are stated in millions of euros.

Subsidiaries and ownership interests	Share capital 31/12/2024	Share-holders' equity other than capital (incl. fund for general banking risks, as appro-priate) at 31/12/2024	% interest held at 31/12/2024	Carrying amount of shares held at 31/12/2024		Loans and advances granted by the company and not yet redeemed (incl. Perpetual subordinated notes) in 2024	Guaran-tees and endorse-ments given by the parent company in 2024	Net revenue before tax for the last financial year ended 31/12/2024	Profit or loss for the last financial year ended 31/12/2024	Dividends received by the company during the 2024 financial year	Obser-vations
				Gross	Net						
A. DETAILED INFORMATION CONCERNING HOLDINGS WHOSE GROSS VALUE EXCEEDS 1% OF THE PARENT COMPANY'S SHARE CAPITAL											
1. Subsidiaries (more than 50%-owned)											
SA Palatine Asset Management 86, rue de Courcelles - 75008 PARIS	2	11	100.00%	6	6	0	0	15	5	4.9	0
2. Investments (between 10%- and 50%-owned)											
B. AGGREGATE INFORMATION ON OTHER SECURITIES WHOSE GROSS VALUE DOES NOT EXCEED 1% OF THE CAPITAL OF THE COMPANY SUBJECT TO PUBLICATION											
French subsidiaries (all)				5.0	0.6	0	0			0.1702	0
Foreign subsidiaries (all)											
French companies				1.3	1.3	0	0			0	0
Foreign companies											
o/w investments in listed companies											

4.4.3 Companies in which the establishment is a partner with unlimited liability

Corporate name	Head office	Legal form
GIE Caisse d'Epargne Syndication Risque et Distribution	7, promenade Germaine Sablon – 75013 Paris	Economic interest grouping
BPCE SERVICES FINANCIERS	110, avenue de France - 75013 PARIS	Economic interest grouping
BPCE Achats	110, avenue de France - 75013 PARIS	Economic interest grouping
GIE GDS Gestion Déléguée Sociale	86, rue de Courcelles - 75008 PARIS	Economic interest grouping
I-BP Investissements	23, place de Wicklow - 78180 Montigny-le-Bretonneux	Economic interest grouping
BPCE Solutions crédit	50, avenue Pierre-Mendès France - 75013 Paris	Economic interest grouping
SNC MENES	50, avenue Pierre-Mendès France - 75013 Paris	Partnership
GIE I DATECH	8, rue René Laennec - 67300 SCHILTIGHEIM	Economic interest grouping
I-BP	23, place de Wicklow - 78180 Montigny-le-Bretonneux	Economic interest grouping

4.4.4 Related-party transactions

	31/12/2024			31/12/2023
in millions of euros	Credit institutions	Other companies	Total	Total
Receivables	**0.7**	**0.0**	**0.7**	**0.8**
o/w subordinated items				
Liabilities	**0.3**	**1.0**	**1.3**	**1.6**
o/w subordinated items				
Financing commitments	0.0	0.0	0.0	0.0
Guarantee commitments	0.0	0.0	0.0	0.0
Other commitments given	0.0	0.0	0.0	0.0
Commitments given	**0.0**	**0.0**	**0.0**	**0.0**
Financing commitments	0.0	0.0	0.0	0.0
Guarantee commitments	0.0	0.0	0.0	0.0
Other commitments received	0.0	0.0	0.0	0.0
Commitments received	**0.0**	**0.0**	**0.0**	**0.0**

No material transactions were concluded under non-market conditions with a related party.

4.5 Finance and operating leases

Accounting principles

Emergency Committee opinion no. 2006-C of the French national accounting board (*Conseil National de la Comptabilité* - CNC) states that non-current assets held for use in equipment, real estate, lease-purchase and operating leases are to be recorded as assets on the lessor's balance sheet. For this asset class, as an exception to the PCG (*Plan Comptable Général*) rules on asset recognition, the concept of legal ownership applies, rather than that of control. Non-current assets are recorded at acquisition cost, and the asset breakdown by component does not apply on the lessor's side when maintenance/replacement costs are contractually incumbent on the lessee. In the event of breach of contract, a prospective component approach applies.

In accordance with said opinion, the lessor is entitled to depreciate the assets presented in its individual financial statements either over the contract term (financial depreciation i.e. equal to the portion of the rent earned) or over the normal period of use of the asset (straight-line depreciation/declining balance). The option selected applies to all assets allocated under the same transaction category.

Pursuant to ANC - *Autorité des Normes Comptables* regulation no. 2014-07, fees and commissions and marginal transaction costs spread over the term of the lease are included in the amount outstanding.

Unpaid rents are identified, accounted for and provisioned for in accordance with ANC - *Autorité des Normes Comptables* regulation no. 2014-07.

Banque Palatine only conducts operating lease transactions as a lessee.

4.6 Property, plant and equipment and intangible assets

The rules for recognising non-current assets are defined by ANC - *Autorité des Normes Comptables* regulation no. 2014-03 on IT solutions, amended in particular by ANC regulation no. 2023-05 on 10 November 2023.

4.6.1 Intangible assets

Accounting principles

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are recorded at acquisition cost (purchase price including costs). These assets are amortised over their estimated useful lives.

Acquired IT solutions are amortised over a maximum period of five years.

Goodwill is not amortised but is subject, as appropriate, to impairment testing.

Leasehold rights are amortised on a straight-line basis over the residual term of the lease and, if necessary, are tested for impairment relative to market value.

in millions of euros	31/12/2023	Increase	Decrease	Other changes	31/12/2024
Lease rights and business assets	100.1	0.0	0.0	0.0	100.1
IT solutions	1.7	0.0	(0.4)	0.0	1.3
Other	0.0	0.0	0.0	0.0	0.0
Gross amount	**101.8**	**0.0**	**(0.4)**	**0.0**	**101.4**
Lease rights and business assets	0.7	0.1	0.0	0.0	0.8
IT solutions	1.7	0.0	(0.4)	0.0	1.3
Other	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0
Depreciation, amortisation and impairment	**2.4**	**0.1**	**(0.4)**	**0.0**	**2.1**
TOTAL NET AMOUNT	**99.4**	**(0.1)**	**0.0**	**0.0**	**99.3**

4.6.2 Property, plant and equipment

Accounting principles

Property, plant, and equipment consist of tangible assets held for use in the production or supply of goods and services, for lease to third parties or for administrative purposes and which are expected to be used during more than one financial year.

Insofar as buildings are assets consisting of a number of components that have different uses at the outset, each component is recognised separately at cost and a depreciation schedule specific to each component is used.

The depreciable amount is the gross value less the residual value where the latter is material, lasting and can be measured reliably. The main components of buildings are depreciated to reflect the pattern of use of the asset's expected economic benefits, which generally matches the asset's useful life:

- construction, major works: 15 to 50 years;
- plant and equipment: 20 years;
- fixtures and fittings: 10 years;
- furniture and special equipment: from 5 to 10 years;
- computer equipment: from 3 to 5 years.

Other property, plant and equipment is recorded at acquisition cost, production cost or restated cost. The cost of fixed assets denominated in foreign currencies is translated into euros at the exchange rate prevailing on the transaction date. These assets are depreciated according to the period over which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life.

Where applicable, assets may be subject to impairment.

Investment property consists of non-operating property, plant and equipment and is accounted for using the component method.

in millions of euros	31/12/2023	Increase	Decrease	Other changes	31/12/2024
Land	3.8	0.0	(2.1)	0.0	1.8
Buildings	0.0				0.0
Shares in non-trading real estate companies	0.0				0.0
Other	28.5	8.3	(8.5)	0.0	28.3
Property, plant and equipment used in operations	**32.3**	**8.3**	**(10.5)**	**0.0**	**30.1**
Non-operating property, plant and equipment	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
GROSS AMOUNT	**32.3**	**8.3**	**(10.5)**	**0.0**	**30.1**
Land	3.2	0.3	(1.9)	0.0	1.5
Buildings	0.0				0.0
Shares in non-trading real estate companies	0.0				0.0
Other	14.5	3.2	(8.5)	0.0	9.2
Property, plant and equipment used in operations	**17.6**	**3.4**	**(10.4)**	**0.0**	**10.7**
Non-operating property, plant and equipment	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Depreciation, amortisation and impairment	**17.6**	**3.4**	**(10.4)**	**0.0**	**10.7**
TOTAL NET AMOUNT	**14.7**	**4.9**	**(0.1)**	**0.0**	**19.5**

4.7 Debt securities

Accounting principles

Debt securities are presented according to the type of underlying: retail certificates of deposit, interbank and negotiable debt securities, bonds, and other debt securities, apart from subordinated debt, which is recorded separately under liabilities.

Accrued interest on these instruments is disclosed separately as a related payable, as a balancing entry to the income statement entry.

Issue premiums are recognised in full during the period or are recognised on a straight-line basis over the life of the debt. Issue and redemption premiums are spread over the life of the loan *via* a deferred expenses account.

For structured debt, applying the principle of conservatism, only the certain portion of remuneration or principal is recognised. Unrealised gains are not recorded. Unrealised losses are subject to a provision.

in millions of euros	31/12/2024	31/12/2023
Certificates of deposit and savings bonds	0.0	0.0
Interbank market instruments and negotiable debt securities	1,616.9	2,351.2
Bonds	0.0	0.0
Other debt securities	106.8	170.6
Accrued interest	21.6	26.5
TOTAL	**1,745.4**	**2,548.3**

4.8 Other assets and other liabilities

	31/12/2024		31/12/2023	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Settlement accounts in credit on securities transactions	0.0	0.0	0.0	0.0
Premiums on conditional instruments bought and sold	0.0	0.0	0.0	0.0
Debt on borrowed securities and other debt securities	0.2	0.9	0.0	0.0
Tax and social security receivables and liabilities	65.0	20.3	1.1	33.5
Security deposits paid and received	98.2	152.4	62.8	273.3
Other accounts receivable, other accounts payable	0.0	71.0	96.0	78.9
TOTAL	**163.4**	**244.6**	**159.9**	**385.7**

In accordance with ANC regulation no. 2020-10, the amount of debt on borrowed securities is reduced by the value of identical securities classified by the institution as trading securities and up to the amount of the debt. See note 4.3.1 / Securities portfolio.

The amount of guarantee deposits paid, which record cash collateral payments, is €27.8 million compared to €57.7 million at the end of 2023.

4.9 Accrual accounts

	31/12/2024		31/12/2023	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Foreign exchange commitments	0.0	2.0	8.5	0.0
Deferred gains and losses on hedging derivative financial instruments	22.0	13.8	9.6	14.8
Issue premiums and costs	0.0	0.0	0.0	0.0
Prepaid expenses and unearned income	2.5	4.1	2.8	4.7
Accrued income/expenses	99.6	110.8	115.6	135.2
Items in process of collection	1.8	11.8	0.3	8.3
Other (1)	30.9	83.7	25.6	41.1
TOTAL	**156.8**	**226.1**	**162.3**	**204.1**

(1) *The "other" asset item mainly represents the amounts entered in suspense accounts, before being interfaced in the management modules, and on the liabilities side the cash flows awaiting allocation.*

4.10 Provisions

Accounting principles

This item covers provisions intended to cover risks and charges directly linked or not linked to banking transactions within the meaning of article L. 3 11-1 of the French Monetary and Financial Code and related transactions defined in article L. 3 11-2 of the same code, clearly specified as to their purpose, and for which the amount or maturity cannot be precisely determined. Unless they are covered by a specific text or fall within the scope of banking or related transactions, the creation of such provisions is subject to the existence of an obligation to a third party at the balance sheet date and the absence of equivalent consideration expected from this third party, in accordance with the provisions of ANC - *Autorité des Normes Comptables* regulation no. 2014-03.

It includes a provision for employee benefit obligations and a provision for counterparty risks.

Employee benefits

Employee benefits are accounted for in accordance with ANC - *Autorité des Normes Comptables* recommendation no. 2013-R-02. They are classified into four categories:

- short-term employee benefits:

  Short-term employee benefits mainly include wages, paid annual leave, incentive schemes, profit-sharing, and bonuses payable within 12 months of the end of the period in which the employee renders the service. They are recognised as an expense for the period, including amounts remaining due at the balance sheet date.

  With regard to the right to paid leave, and following the decision of the Court of Cassation of 13 September 2023, it should be noted that article 37 of the act of 22 April 2024 now defines the terms and conditions for aligning the French Labour Code with European law. These amendments concern in particular the reference period to be used, the possibility of deferring rights to paid leave, the retroactive period applicable to these provisions, and lastly the number of days of leave to which the employee is entitled in the event of accident or illness of professional or non-professional origin. Groupe BPCE has provisioned for the corresponding impact in its financial statements at 31 December 2024.

- long-term employee benefits:

  Long-term employee benefits are generally linked to seniority accruing to current employees and payable twelve months or more after the end of the period in which the employee renders the related service. These consist mainly of long-service awards. A provision is set aside for the amount of these obligations at the balance sheet date.

  The obligations are valued using an actuarial method that takes account of demographic and financial assumptions such as age, length of service, the likelihood of the employee being employed by the Group at retirement and the discount rate. The valuation also allocates costs over the working life of each employee (projected unit credit method).

- termination benefits:

  Termination benefits are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the Group to terminate a contract or a decision by an employee to accept voluntary redundancy. A provision is set aside for termination benefits. Termination benefits payable more than twelve months after the reporting date are discounted to present value.

- post-employment benefit plans:

  Post-employment benefits include lump-sum retirement bonuses, pensions and other post-employment benefits.

  These benefits can be broken down into two categories: defined-contribution plans, which do not give rise to an obligation for the Group, and defined-benefit plans, which give rise to an obligation for the Group and are therefore measured and recognised by means of a provision.

  The Group records a provision in liabilities for employee benefits obligations that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

  Post-employment benefits are measured in the same way as long-term employee benefits.

  The recognition of commitments takes into account the value of the assets set aside to cover the commitments and the unrecognised actuarial items.

  Actuarial gains and losses on post-employment benefits, arising from changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.), are amortised under the corridor method, i.e. for the portion exceeding a variation of +/-10% of the defined-benefit obligation or the fair value of plan assets.

  The annual expense recognised in respect of defined-benefit plans includes the current service cost, net interest cost (the effect of discounting the obligation) less hedging assets, and the amortisation of any unrecognised items that are actuarial gains or losses.

Provisions for regulated home savings schemes

Regulated home savings accounts (*Comptes d'Épargne Logement* - CEL) and regulated home savings plans (*Plans d'Épargne Logement* - PEL) are retail products marketed in France governed by the 1965 law on home savings plans and accounts, and subsequent implementing decrees.

Regulated home savings schemes generate two types of commitments for institutions marketing these products:

- a commitment to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- a commitment to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Commitments with potentially adverse consequences for the Group are measured for each generation of regulated home savings plans and for all regulated home savings accounts.

A provision is recognised for the associated risks by discounting future potential income from at-risk outstanding:

- at-risk savings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical investor behaviour patterns, and corresponds to the difference between the probable savings deposits and the minimum expected savings deposits;
- at-risk loans correspond to the loans outstanding granted but not yet due at the calculation date plus statistically probable loans outstanding based on customers' historical patterns of behaviour as well as vested and projected rights from regulated home savings accounts and plans.

The commitments are estimated using the Monte Carlo method to reflect the uncertainty of future interest rate trends and their impact on customer behaviour models and at-risk outstandings. On this basis, a provision is recorded for a given generation of contracts in the event of a situation liable to be detrimental for the Group, with no netting between generations.

The provision is recognised under liabilities on the balance sheet, and changes are recognised in net banking income.

4.10.1 Table of changes in provisions

in millions of euros	31/12/2023	Charges	Reversals	Used	Conversion	31/12/2024
Provisions for counterparty risks	**85.8**	**25.7**	**(18.1)**	**0.0**	**0.0**	**93.5**
Provisions for employee benefits	**13.0**	**1.1**	**0.0**	**0.0**	**0.0**	**14.1**
Provisions for PEL/CEL	**2.2**	**1.0**	**0.0**	**0.0**	**0.0**	**3.3**
Provisions for litigation	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Provisions for restructuring costs	**0.7**	**0.0**	**(0.7)**	**0.0**	**0.0**	**0.0**
Securities portfolio and derivative financial instruments	8.3	2.0	(3.0)	0.0	0.0	7.4
Non-current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Risks on banking transactions	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for taxes	0.0	0.0	0.0	0.0	0.0	0.0
Other	12.6	5.3	(4.0)	0.0	0.0	13.9
Other provisions for contingencies	**21.0**	**7.4**	**(7.0)**	**0.0**	**0.0**	**21.3**
Provisions for IT restructuring costs	0.0	0.0	0.0	0.0	0.0	0.0
Other exceptional provisions	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional provisions	**0.0**					**0.0**
TOTAL	**122.7**	**35.3**	**(25.8)**	**0.0**	**0.0**	**132.2**

4.10.2 Provisions and impairments for counterparty risks

in millions of euros	31/12/2023	Allocations [3]	Reversals [3]	Used	Conversion and other movements [4]	31/12/2024
Impairment of loans and advances due from customers	218.2	150.7	(91.4)	(14.8)	(4.1)	258.6
Impairment of other loans and advances	27.2	1.2	(3.4)			25.0
Impairment of assets	**245.4**	**151.9**	**(94.8)**	**(14.8)**	**(4.1)**	**283.6**
Provisions for off-balance sheet commitments [1]	38.3	10.5	(18.1)			30.7
Provisions for country risks	0.0					0.0
Provisions for customer counterparty risk [2]	47.6	15.3	(0.0)			62.9
Other provisions	0.0					0.0
Provisions for counterparty risks recognised as liabilities	**85.9**	**25.7**	**(18.1)**	**0.0**	**0.0**	**93.6**
TOTAL	**331.3**	**177.7**	**(112.8)**	**(14.8)**	**(4.1)**	**377.2**

(1) *Provisions for financing commitments and guarantees with proven risk.*

(2) *A provision for counterparty risk is set aside for non-doubtful exposures, whether on- or off-balance sheet, where the available information points to a risk of default and loss at maturity (see notes 4.1 / Interbank transactions and 4.2.1 / Customer transactions).*

(3) *The institution applies the methods for recording movements related to impairments and provisions in accordance with the provisions of ANC regulation no. 2014-07.*

(4) *Includes interest provisions presented under net revenue before tax.*

4.10.3 Provisions for employee commitments

Post-employment benefits related to defined-contribution plans

Defined-contribution plans refer to mandatory social security pension schemes as well as those managed by the AGIRC and ARRCO pension funds and the supplementary pension schemes to which the Caisse d'Epargne and Banque Populaire banks belong.

Post-employment benefits related to defined-benefit plans and long-term employee benefits

Banque Palatine's obligations in this regard relate to the following schemes:

- pensions and other post-employment benefits such as end-of-career awards and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

These commitments are calculated in accordance with the provisions of the ANC - *Autorité des Normes Comptables* recommendation no. 2013-R-02 as amended on 5 November 2021.

Analysis of assets and liabilities recognised in the balance sheet

	2024 financial year					2023 financial year				
	Post-employment benefits under defined-benefit plans		Other long-term employee benefits			Post-employment benefits under defined-benefit plans		Other long-term employee benefits		
in millions of euros	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other benefits	Total	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other benefits	Total
Actuarial liabilities	**0.5**	**2.0**	**3.0**	**8.1**	**13.5**	**0.5**	**2.7**	**2.9**	**7.7**	**13.8**
Fair value of plan assets										
Fair value of reimbursement rights										
Asset cap effect										
Unrecognised actuarial gains/(losses)	0.0	0.6	0.0	0.0	0.6	0.0	0.8	0.0	0.0	0.8
Unrecognised past service cost										
NET AMOUNT REPORTED ON THE BALANCE SHEET	**0.5**	**2.6**	**3.0**	**8.1**	**14.1**	**0.5**	**3.5**	**2.9**	**7.7**	**14.6**
Employee benefits, liabilities	0.5	2.6	3.0	8.1	14.1	0.5	3.5	2.9	7.7	14.6
Employee benefits, assets										

Analysis of the expense for the period

in millions of euros	Post-employment benefits under defined-benefit plans: Supplementary pensions and other plans	Post-employment benefits under defined-benefit plans: End-of-career awards	Other long-term employee benefits: Long-service awards	Other long-term employee benefits: Other benefits	2024 financial year: Total	2023 financial year: Total
Service cost	0.0	0.9	0.2		1.2	1.1
Past service cost	0.0	0.0	0.0		0.0	(0.1)
Interest cost	0.0	0.1	0.1		0.2	0.2
Interest income	0.0	(0.1)	(0.2)		(0.3)	(0.4)
Benefits paid	(0.1)	(0.5)	(0.1)		(0.7)	(0.4)
Plan participant contributions		0.0	0.0		0.0	
Actuarial gains and losses	0.0	0.0	0.0		0.0	
Other		0.3	0.1		0.3	0.5
TOTAL EXPENSE FOR THE PERIOD	**0.0**	**0.7**	**0.1**		**0.7**	**0.9**

The pension reform in France (act 2023-270 of 14 April 2023 on the rectifying financing of social security for 2023 and application decrees 2023-435 and 2023-436 of 3 June 2023) has been taken into account for the valuation of the actuarial debt at 31 December 2023. Considered as a modification of a plan recognised in past service cost, the impact is therefore recognised in the income statement.

Main actuarial assumptions

	2024 financial year				2023 financial year			
	Post-employment benefits under defined-benefit plans		Other long-term employee benefits		Post-employment benefits under defined-benefit plans		Other long-term employee benefits	
Excluding CGPCE and CAR-BP	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other benefits	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other benefits
Discount rate	3.03%	3.39%	3.22%		2.95%	3.16%	3.01%	
Inflation rate	2.30%	2.30%	2.30%		2.40%	2.40%	2.40%	
Wage growth rate	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	
Rate of change in medical costs								
Life tables used								
duration								

IFRS 19 provides that the discount rate used is determined on the basis of a market yield curve depending on the duration of the liability

The retirement age is determined individually as the one at which the employee reaches the full pensionable rate under the social security pension scheme. If the start date of professional activity is not known, then the assumption of the starting age used is 23 for managers and 20 for non-managers.

Groupe BPCE is assuming voluntary retirement.

The remuneration growth assumption is added to the forward-looking inflation assumption.

The average prospective inflation rate over the period covered by the commitments is set at 2.30%.

4.10.4 PEL/CEL provisions

Deposit account balances

in millions of euros	31/12/2024	31/12/2023
Deposits collected for regulated home savings plans (PEL)		
• plans less than 4 years old	4.3	4.9
• plans more than 4 years but less than 10 years old	8.1	57.3
• plans more than 10 years old	116.2	85.8
Deposits collected for regulated home savings plans	128.6	147.9
Deposits collected for regulated home savings accounts (CEL)	14.8	15.6
TOTAL	**143.4**	**163.5**

Loans granted

in millions of euros	31/12/2024	31/12/2023
Loans granted		
• in respect of regulated home savings plans	0.0	0.0
• in respect of regulated home savings accounts	0.1	0.1
TOTAL	**0.1**	**0.1**

Provisions for commitments related to regulated home savings plans and accounts

in millions of euros	31/12/2023	Net charges/ reversals	31/12/2024
Provisions for regulated home savings plans (PEL)			
• plans less than 4 years old	0.0	0.0	0.0
• plans more than 4 years but less than 10 years old	0.1	0.0	0.1
• plans more than 10 years old	1.7	1.2	2.9
Provisions for regulated home savings plans (PEL)	**1.8**	**1.2**	**3.0**
Provisions for regulated home savings accounts (CEL)	**0.4**	**(0.2)**	**0.3**
Provisions for regulated home savings plan (PEL) loans	0.0	0.0	0.0
Provisions for regulated home savings account (CEL) loans	0.0	0.0	0.0
Provisions for regulated home savings loans	**0.0**	**0.0**	**0.0**
TOTAL	**2.2**	**1.0**	**3.3**

4.11 Subordinated debt

Accounting principles

Subordinated debt comprises proceeds from issues of both term and perpetual subordinated debt securities, and mutual guarantee deposits. In the event of the obligor's liquidation, the repayment of subordinated debt is only possible after all other creditors have been satisfied.

Accrued interest payable on subordinated debt is disclosed separately as a related payable, as a balancing entry to the income statement entry.

in millions of euros	31/12/2024	31/12/2023
Term subordinated debt	400.0	340.0
Perpetual subordinated debt	100.0	100.0
Perpetual deeply subordinated debt		
Mutual guarantee deposits		
Accrued interest	0.8	1.0
TOTAL	**500.8**	**441.0**

These borrowings have the following characteristics:

Currency	Issue date	Assets under management as of 31/12/2024 in millions of euros	Issue price in millions of euros	Rate	Interest step-up in basis points (1)	Date of call or interest step-up	Mandatory payment cases	Maturity date if not determined
EUR	07/12/2015	150.0	150.0	Euribor 3M + 2.29%			yes	08/12/2025
EUR	21/12/2017	50.0	50.0	Euribor 3M + 0.97%			yes	22/12/2027
EUR	28/03/2018	100.0	100.0	4.29%		28/03/2023 (1)	no	
EUR	28/09/2022	25.0	25.0	Euribor 3M + 2.825%			yes	28/09/2032
EUR	29/03/2023	75.0	75.0	Euribor 3M + 2.97%			yes	29/03/2033
EUR	18/12/2023	40.0	40.0	Euribor 3M + 2.37%			yes	18/12/2033
EUR	17/12/2024	60.0	60.0	Euribor 3M + 1.90%			yes	20/12/2034
TOTAL		**500.0**	**500.0**					

(1) Above 3-month Euribor.

4.12 Fund for general banking risks

General principles

These funds are intended to cover the risks inherent in the company's banking activities.

in millions of euros	31/12/2023	Increase	Decrease	Other changes	31/12/2024
Fund for general banking risks	1.3	0.0	0.0	0.0	1.3
TOTAL	**1.3**	**0.0**	**0.0**	**0.0**	**1.3**

4.13 Shareholders' equity

in millions of euros	Share capital	Share premiums	Retained earnings / other	Carried forward	Income	Total equity (excl. FGBR)
Total at 31 December 2022	**688.8**	**56.7**	**52.8**	**218.9**	**(2.7)**	**1,014.5**
Movements during the year				(2.7)	127.0	124.2
Total at 31 December 2023	**688.8**	**56.7**	**52.8**	**216.2**	**124.2**	**1,138.7**
Change in accounting policies						0.0
Appropriation of 2023 income			6.2	118.0	(124.2)	0.0
Dividend payments				(50.4)		(50.4)
Capital increase					0.0	0.0
Net income for the period					58.4	58.4
TOTAL AT 31 DECEMBER 2024	**688.8**	**56.7**	**59.1**	**283.8**	**58.4**	**1,146.8**

Banque Palatine's share capital amounts to €688.8 million and comprises 34,440,134 shares with a par value of €20 each, fully subscribed to by BPCE.

4.14 Residual duration of uses and resources

Sources and uses of funds with pre-set due dates are presented by residual maturity and include accrued interest.

	31/12/2024						
in millions of euros	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Not deter-mined	Total
Treasury bills and similar securities	(24.6)	10.1	75.6	624.6	290.0	0.0	975.7
Loans and advances due from credit institutions	1,929.0	474.2	1,236.1	658.0	411.9	0.0	4,709.2
Customer transactions	1,628.2	568.1	1,361.5	4,487.0	3,649.6	341.4	12,035.9
Bonds and other fixed-income securities	9.6	0.0	42.3	81.0	101.4		234.4
Finance and operating leases	0.0	0.0	0.0	0.0	0.0		0.0
TOTAL USES OF FUNDS	**3,542.2**	**1,052.4**	**2,715.5**	**5,850.7**	**4,452.9**	**341.4**	**17,955.1**
Amounts due to credit institutions	79.8	84.2	663.0	692.3	11.4	0.0	1,530.8
Customer transactions	11,924.6	254.6	508.0	204.0	1.2	0.0	12,892.4
Debt securities	161.1	379.1	999.8	142.8	62.5		1,745.4
Subordinated debt	0.8	0.0	210.0	50.0	140.0	100.0	500.8
TOTAL SOURCES OF FUNDS	**12,166.4**	**717.9**	**2,380.9**	**1,089.2**	**215.1**	**100.0**	**16,669.3**

Following the application of ANC regulation no. 2020-10, debt securities are presented after deduction of borrowed securities and the receivable on the savings fund is presented as a deduction from regulated savings. See notes 4.2.1 / Customer transactions, 4.3.1 / Securities portfolio and 4.8 / Other assets and other liabilities.

NOTE 5 Information on off-balance sheet and similar transactions

5.1 Commitments received and given

General principles

Financing commitments

Financing commitments given to credit institutions and similar entities include in particular funding agreements, agreements to pay or commitments to pay, documentary credit confirmations and other commitments given to credit institutions and similar institutions.

Financing commitments granted to customers include credit facilities granted, back-up credit lines for commercial paper, commitments on securities issuance and other commitments to customers other than credit institutions and similar entities.

Financing commitments received mostly include funding agreements and other commitments received from credit institutions and similar entities.

Guarantee commitments

Guarantee commitments to credit institutions mostly include sureties and financial guarantees issued to credit institutions and similar entities.

Guarantee commitments to customers mostly include sureties and financial guarantees issued to customers other than credit institutions and similar entities.

Guarantee commitments received mostly include sureties and financial guarantees received from credit institutions and similar entities.

5.1.1 Financing commitments

in millions of euros	31/12/2024	31/12/2023
Financing commitments given		
To credit institutions	**0.0**	**2.1**
Documentary credit	107.2	122.3
Other credit facilities granted	2,092.8	2,154.7
Other commitments	16.4	17.5
To customers	**2,216.4**	**2,294.5**
TOTAL FINANCING COMMITMENTS GIVEN	**2,216.4**	**2,296.6**
Financing commitments received		
From credit institutions		
From customers	**0.0**	**0.0**
TOTAL FINANCING COMMITMENTS RECEIVED	**0.0**	**0.0**

5.1.2 Guarantee commitments

in millions of euros	31/12/2024	31/12/2023
Guarantee commitments given		
Confirmation of documentary credit lines	76.3	86.6
Other guarantees	0.3	0.7
To credit institutions	**76.6**	**87.2**
Real estate guarantees	139.3	183.4
Government and tax guarantees	69.9	86.9
Other bonds and endorsements	0.0	0.0
Other guarantees given	1,054.8	988.2
To customers	**1,264.0**	**1,258.5**
TOTAL GUARANTEE COMMITMENTS GIVEN	**1,340.6**	**1,345.7**
Guarantee commitments received from credit institutions	463.2	408.0
TOTAL GUARANTEE COMMITMENTS RECEIVED	**463.2**	**408.0**

5.1.3 Other commitments not included in off-balance sheet items

	31/12/2024		31/12/2023	
in millions of euros	Commitments given	Commitments received	Commitments given	Commitments received
Other securities pledged as collateral to credit institutions				
Other securities pledged as collateral received from customers		7,075.5		7,055.2
TOTAL	**0.0**	**7,075.5**	**0.0**	**7,055.2**

No other major commitments were given by Banque Palatine as collateral for its own commitments or for those of third parties.

5.2 Transactions in derivative financial instruments

Accounting principles

Trading and hedging transactions in interest rate, currency or equity derivative financial instruments are recognised in accordance with the provisions of ANC - *Autorité des Normes Comptable*s regulation no. 2014-07.

Commitments on these instruments are recorded as off-balance sheet items at the nominal value of the contracts. At the reporting date, the amount recognised in respect of these commitments represents the volume of unwound forward transactions at the reporting date.

The accounting policies applied vary depending on the type of instrument and the original purpose of the transaction.

Forward transactions

Interest rate swaps and similar contracts (forward rate agreements, collars, etc.) are classified as follows according to their initial purpose:

- micro-hedging (assigned hedges);
- macro-hedging (global asset and liability management);
- speculative positions/isolated open positions;
- for use with a trading book.

Amounts received or paid in respect of the first two categories are recognised in income on a *pro rata* basis.

Income and expenses related to instruments used for hedging an asset or a group of similar assets are recognised in income symmetrically with the income and expenses on the hedged item. Gains and losses on hedging instruments are recognised on the same line as the income and expenses on the hedged item, under “Interest and similar income” and “Interest and similar expenses”. The “Net gains or losses on trading book transactions” line is used when the hedged items are in the trading book.

In the event of overhedging, a provision may be made for the hedging instrument, in the amount of the overhedged portion, if the instrument shows an unrealised loss. In such case, the charge to provisions will affect “Net gains or losses on trading book transactions”.

Income and expenses related to derivative financial instruments used for hedging purposes or for managing overall interest rate risk are recognised in the income statement on a pro rata basis under “Interest and similar income” and “Interest and similar expenses”. Unrealised gains and losses are not recognised.

Income and expense related to certain contracts, qualifying as isolated open positions, are recorded in the income statement either when the contracts are settled or on a *pro rata* basis, depending on the type of instrument.

Unrealised capital gains or losses are determined based on the type of market involved (organised, other markets considered as organised, or over-the-counter).

On over-the-counter markets (including transactions processed by a clearing house), a provision is recorded for any unrealised losses relative to the instrument’s mark-to-market under “Provisions” in liabilities. Unrealised capital gains are not recognised.

Instruments traded on organised markets or other markets considered as organised are continuously quoted and liquid enough to justify being marked to market. The cost of liquidity and counterparty risk will be taken into account in the valuation of isolated open positions.

Specialised management contracts are valued taking into account a discount for counterparty risk, liquidity costs and the present value of future management fees, if these valuation adjustments are material. Derivatives transacted with a counterparty that is a member of Groupe BPCE's solidarity mechanism (see note 1.2 / Guarantee mechanism) are not subject to these valuation adjustments except, where applicable, for the liquidity cost. Changes in value from one accounting period to another are recognised immediately in the income statement under “Net gains or losses on trading book transactions”.

Balances on terminations or transfers are recognised as follows:

- balances on transactions classified under specialised asset management contracts or isolated open positions are immediately recognised in the income statement;
- for micro-hedging and macro-hedging transactions, balances are either amortised over the residual useful life of the item previously hedged or recognised immediately in the income statement.

Options

The notional amount of the underlying asset of an option or forward contract is recognised by distinguishing between hedging contracts and contracts traded for the purposes of capital market transactions.

For transactions involving interest rate, foreign exchange or equity options, the premiums paid or received are recognised in a temporary account. At the end of the period, any options traded on an organised or similar market are measured and recognised in the income statement. For over-the-counter (OTC) options, provisions are recognised for capital losses but unrealised capital gains are not recognised. When an option is sold, repurchased, or exercised, or when an option expires, the corresponding premium is recognised immediately in the income statement.

Income and expenses for hedging instruments are recognised symmetrically with those from the hedged item. Written options are not eligible for classification as macro-hedging instruments.

Over-the-counter markets may be treated as organised markets when market makers ensure continuous quotations within a range that reflect market practices when the underlying financial instrument is itself quoted on an organised market.

5.2.1 Financial instruments and forward foreign exchange transactions

in millions of euros	31/12/2024 Hedging transactions	Other transactions	Total	Fair value	31/12/2023 Hedging transactions	Other transactions	Total	Fair value
Forward transactions								
Interest rate contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign currency contracts			0.0	0.0			0.0	0.0
Other contracts			0.0	0.0			0.0	0.0
Transactions on organised markets	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Foreign currency contracts	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Forward rate agreements (FRA)	*0.0*	*5,719.2*	*5,719.2*	*9.2*	*0.0*	*6,276.3*	*6,276.3*	*(2.1)*
Interest rate swaps	*9,707.2*	*2,652.7*	*12,359.9*	*(10.6)*	*7,200.8*	*3,550.5*	*10,751.3*	*(21.4)*
Currency swaps	*39.7*	*0.0*	*39.7*	*(0.2)*	*45.0*	*0.0*	*45.0*	*0.1*
Other forward contracts	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Over-the-counter transactions	**9,746.9**	**8,371.9**	**18,118.8**	**(1.6)**	**7,245.9**	**9,826.8**	**17,072.7**	**(23.4)**
TOTAL FORWARD TRANSACTIONS	**9,746.9**	**8,371.9**	**18,118.8**	**(1.6)**	**7,245.9**	**9,826.8**	**17,072.7**	**(23.4)**
Options								
Interest rate options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign currency options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transactions on organised markets	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Interest rate options	15,794.1	0.0	15,794.1	(26.2)	13,702.9	0.0	13,702.9	(24.2)
Foreign currency options	2.8	2,625.3	2,628.1	(0.0)	1.8	3,463.3	3,465.1	0.9
Other options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Over-the-counter transactions	**15,796.9**	**2,625.3**	**18,422.2**	**(26.2)**	**13,704.7**	**3,463.3**	**17,167.9**	**(23.3)**
TOTAL OPTIONS	**15,796.9**	**2,625.3**	**18,422.2**	**(26.2)**	**13,704.7**	**3,463.3**	**17,167.9**	**(23.3)**
TOTAL FORWARD FOREIGN EXCHANGE AND FINANCIAL INSTRUMENTS	**25,543.8**	**10,997.2**	**36,541.0**	**(27.9)**	**20,950.5**	**13,290.1**	**34,240.6**	**(46.7)**

The notional amounts of contracts listed in this table are solely intended to provide an indication of the volume of Banque Palatine's activities involving financial instruments at the reporting date and do not reflect the market risk associated with these instruments.

Commitments on interest rate instruments traded over the counter mainly consisted of interest rate swaps and FRA for futures and forwards, and interest rate guarantees for options.

Commitments on foreign exchange instruments traded over the counter mainly consisted of currency swaps.

5.2.2 Breakdown of over-the-counter interest rate financial instruments and currency swaps by portfolio type

in millions of euros	31/12/2024 Micro-hedging	Macro-hedging	Isolated open positions	Speciali-sed mana-gement	Total	31/12/2023 Micro-hedging	Macro-hedging	Isolated open positions	Speciali-sed mana-gement	Total
Interest rate contracts			*0.0*		*0.0*			*0.0*		*0.0*
Interest rate swaps	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Currency contracts	*9,401.7*	*305.5*	*2,652.7*		*12,359.9*	*7,050.1*	*150.7*	*3,550.5*		*10,751.3*
Currency swaps	*39.7*		*0.0*		*39.7*	*45.0*		*0.0*		*45.0*
Other forward interest rate contracts			*0.0*		*0.0*			*0.0*		*0.0*
Forward transactions	**9,441.4**	**305.5**	**2,652.7**	**0.0**	**12,399.6**	**7,095.1**	**150.7**	**3,550.5**	**0.0**	**10,796.4**
Other options					*0.0*					*0.0*
Interest rate options	*15,794.1*		*0.0*		*15,794.1*	*13,702.9*		*0.0*		*13,702.9*
Foreign currency options	*0.0*		*0.0*		*0.0*	*0.0*		*0.0*		*0.0*
Options	**15,794.1**	**0.0**	**0.0**	**0.0**	**15,794.1**	**13,702.9**	**0.0**	**0.0**	**0.0**	**13,702.9**
TOTAL	**25,235.5**	**305.5**	**2,652.7**	**0.0**	**28,193.7**	**20,798.0**	**150.7**	**3,550.5**	**0.0**	**24,499.2**

There were no transfers of transactions to another portfolio during the year.

in millions of euros	31/12/2024 Micro-hedging	Macro-hedging	Isolated open positions	Speciali-sed mana-gement	Total	31/12/2023 Micro-hedging	Macro-hedging	Isolated open positions	Speciali-sed mana-gement	Total
Fair value	(50.9)	0.6	13.2	0.0	(37.1)	(52.5)	(4.1)	11.1	0.0	(45.5)

5.2.3 Residual term of commitments on derivative financial instruments

in millions of euros	31/12/2024 Less than 1 year	From 1 year to 5 years	More than 5 years	Total
Transactions on organised markets	0.0	0.0	0.0	0.0
Over-the-counter transactions	1,801.2	5,644.7	4,913.9	12,359.9
Forward transactions	**1,801.2**	**5,644.7**	**4,913.9**	**12,359.9**
Transactions on organised markets	0.0	0.0	0.0	0.0
Over-the-counter transactions	6,277.0	11,287.8	857.4	18,422.2
Options	**6,277.0**	**11,287.8**	**857.4**	**18,422.2**
TOTAL	**8,078.2**	**16,932.6**	**5,771.3**	**30,782.1**

5.3 Foreign currency transactions

Accounting principles

The income relating to foreign exchange transactions is determined in accordance with ANC regulation no. 2014-07.

Receivables, liabilities, and off-balance sheet commitments denominated in foreign currencies are measured at the exchange rate prevailing at the balance sheet date. Realised and unrealised foreign exchange gains and losses are recognised in the income statement. Income and expenses paid or received in foreign currencies are recognised at the exchange rate prevailing at the transaction date.

Fixed assets and investments in unconsolidated subsidiaries denominated in foreign currencies but financed in euros are recognised at acquisition cost.

Non-settled spot foreign exchange transactions are measured at the closing rates prevailing at the balance sheet date.

Discounts or premiums on foreign exchange forward contracts used for hedging purposes are recognised in the income statement on a *pro rata* basis. Other foreign exchange contracts and derivative financial instruments denominated in foreign currencies are marked to market. Outright foreign exchange forward contracts, and those hedged by forward instruments, are restated over the remaining term. Foreign exchange swaps are recognised as pairs of spot purchase/forward sale transactions.

in millions of euros	31/12/2024	31/12/2023
Spot foreign exchange transactions		
Currencies receivable not received	35.9	48.2
Currencies deliverable not delivered	36.2	48.7
TOTAL	**72.1**	**96.9**

5.4 Breakdown of assets and liabilities by currency

	31/12/2024		31/12/2023	
in millions of euros	Assets	Liabilities	Assets	Liabilities
Euro	17,718	17,719	17,256	17,257
Dollar	642	641	564	564
Pound sterling	29	29	50	50
Swiss franc	10	10	17	17
Yen	4	4	7	7
Other	17	17	148	148
TOTAL	**18,420**	**18,420**	**18,042**	**18,042**

NOTE 6 Other information

6.1 Consolidation

With reference to article 4111-1 of ANC - Autorité des Normes Comptables regulation no. 2014-07, in accordance with article 111-1 of ANC regulation no. 2020-01, Banque Palatine prepares consolidated financial statements in accordance with international accounting standards.

Its individual financial statements are included in the consolidated financial statements of Groupe BPCE.

6.2 Remuneration, advances, loans and commitments

Remuneration paid in 2024 to the management bodies (including the effective managers) amounted to €0.9 million.

During 2024, no advances and loans were granted to any member of the administrative, management or supervisory bodies.

6.3 Statutory Auditors' fees

	Deloitte				PricewaterhouseCoopers				Total			
	Amount		%		Amount		%		Amount (1)		%	
Amount in thousands of euros	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Role of certification of financial statements	215	132	99%	89%	206	165	70%	98%	421	297	83%	94%
Issuer	215	132			206	165			421	297		
Services other than the certification of the financial statements	2	16	1%	11%	87	4	30%	2%	89	20	17%	6%
Issuer	2	16			87	4			89	20		
TOTAL	**217**	**148**	**100%**	**100%**	**293**	**169**	**100%**	**100%**	**510**	**317**	**100%**	**100%**
% Change				*47%*				*73%*				*61%*

(1) *The amounts relate to the services shown in the income statement for the financial year, including in particular non-recoverable VAT.*

The total amount of fees paid to Deloitte included in the consolidated income statement for the year was €217 thousand, of which €215 thousand related to the certification of the financial statements for the 2024 financial year and €2 thousand related to other services.

The total amount of fees paid to PricewaterhouseCoopers included in the consolidated income statement for the year was €293 thousand, of which €206 thousand related to the certification of the 2024 financial statements, €76 thousand related to the CSRD audit and €1 thousand related to training.

6.4 Operations in non-cooperative countries

Article L. 511-45-I of the French Monetary and Financial Code and the decision of 6 October 2009 issued by the French minister of the economy require credit institutions to disclose in the notes to their annual financial statements information about their presence and activities in countries and territories that have not entered into an administrative assistance agreement with France for the exchange of banking information to combat tax fraud and tax evasion.

These obligations are part of the broader worldwide goal of combating non-cooperative tax havens, which were defined at OECD meetings and summits, and are also designed to prevent money laundering and terrorist financing.

Since its foundation, Groupe BPCE has adopted a prudent approach. It ensures that entities belonging to its networks are regularly informed about updates to the OECD list of territories that are considered as non-cooperative when it comes to exchanging information for tax purposes, and about the potential consequences of maintaining operations in non-cooperative territories. In addition, lists of non-cooperative territories have been integrated, in part, into software packages used to prevent money laundering with the objective of ensuring appropriate due diligence for transactions with non-cooperative countries and territories (implementation of ministerial decree no. 2009-874 of 16 July 2009). A central inventory of the Group's locations and activities in non-cooperative territories has been drawn up for the information of executive bodies.

This statement is based on the list of countries given in the order of 16 February 2024, taken in accordance with article 238-0-A of the French General Tax Code.

At 31 December 2024, Banque Palatine had no offices or activities in uncooperative tax havens.

3 IFRS consolidated financial statements of the Palatine Group at 31 December 2024

3.1 Consolidated income statement

in millions of euros	Notes	2024 financial year	2023 financial year
Interest and similar income	4.1	680.5	590.0
Interest and similar expenses	4.1	(417.7)	(310.9)
Commission income	4.2	111.8	112.3
Commission expenses	4.2	(10.8)	(11.5)
Net gains or losses on financial instruments at fair value through profit or loss	4.3	17.4	15.6
Net gains or losses on financial instruments at fair value through other comprehensive income	4.4	0.5	(5.5)
Net gains or losses arising from derecognition of financial assets at amortised cost	4.5	0.0	0.0
Income from other activities	4.6	0.2	0.7
Expenses from other activities	4.6	(4.6)	(6.6)
NET BANKING INCOME		**377.3**	**384.2**
General operating expenses	4.7	(203.2)	(212.3)
Depreciation, amortisation and impairment for property, plant and equipment and intangible assets	4.7	(10.8)	(11.3)
GROSS OPERATING INCOME		**163.3**	**160.7**
Cost of credit risk	7.1.1	(62.3)	(33.1)
NET OPERATING INCOME		**101.0**	**127.6**
Share in net income of associates and joint ventures	11.4.2	0.2	0.3
Gains or losses on other assets	4.8	3.6	7.2
Value adjustments on goodwill	3.5.2	0.0	0.0
INCOME BEFORE TAX		**104.8**	**135.2**
Income tax	10.1	(24.6)	(34.4)
NET INCOME		**80.2**	**100.7**
Non-controlling interests		0.0	0.0
NET INCOME, GROUP'S SHARE		**80.2**	**100.7**

3.2 Comprehensive income

in millions of euros	2024 financial year	2023 financial year
NET INCOME	**80.2**	**100.7**
ITEMS RECYCLABLE TO PROFIT OR LOSS	**1.4**	**19.5**
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	1.9	26.2
Related taxes	(0.5)	(6.8)
ITEMS NOT RECYCLABLE TO PROFIT OR LOSS	**0.6**	**1.4**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	1.6	0.1
Revaluation of equity financial assets recognised at fair value through other comprehensive income	(0.9)	0.0
Other items recognised through non-recyclable equity	0.0	1.8
Related taxes	(0.1)	(0.5)
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY	**2.1**	**20.8**
TOTAL INCOME	**82.2**	**121.5**
Group's share	82.2	121.6
Non-controlling interests	-	-
For information: amount of non-recyclable items transferred to reserve	-	-

3.3 Consolidated balance sheet

Assets

	Notes	31/12/2024	31/12/2023
Cash, central banks	5.1	4.9	5.2
Financial assets at fair value through profit or loss	5.2.1	355.3	428.4
Hedging derivatives	5.3	9.9	6.7
Financial assets at fair value through other comprehensive income	5.4	623.7	574.5
Securities at amortised cost	5.5.1	597.1	453.3
Credit institutions' loans and receivables and similar at amortised cost	5.5.2	5,388.1	5,325.0
Customers' loans and receivables at amortised cost	5.5.3	11,982.4	11,797.3
Revaluation reserve on interest rate risk-hedged portfolios, assets		0.8	(3.6)
Current tax assets	10.1	0.0	0.0
Deferred tax assets	10.2	36.4	32.3
Accrual account and other assets	5.7	128.1	83.6
Non-current assets held for sale	5.8	0.0	0.0
Shares in equity-consolidated companies	11.4.1	3.9	3.7
Investment property	5.9	0.0	0.0
Property, plant and equipment	5.10	52.6	55.8
Intangible assets	5.10	4.1	4.1
Goodwill	3.5.1	0.0	0.0
TOTAL ASSETS		**19,187.3**	**18,766.4**

Liabilities

in millions of euros	Notes	31/12/2024	31/12/2023
Financial liabilities at fair value through profit or loss	5.2.2	315.9	
Hedging derivatives	5.3	3.9	
Debt securities	5.11	1,745.4	
Amounts due to credit institutions and similar	5.12.1	1,683.2	
Amounts due to customers	5.12.2	13,526.6	
Revaluation reserve on interest rate risk-hedged portfolios, liabilities		0.0	0.0
Current tax liabilities		1.5	
Deferred tax liabilities	10.2	0.0	0.0
Accrual accounts and other liabilities	5.13	258.3	
Liabilities associated with non-current assets held for sale	5.8	0.0	0.0
Provisions	5.14	71.0	
Subordinated debt	5.15	400.8	
Shareholders' equity		1,180.8	1,156.4
Equity attributable to equity holders of the parent		1,180.8	
Capital and associated reserves		745.5	
Consolidated reserves		379.9	
Gains and losses recognised directly in other comprehensive income		(24.8)	
Net income for the period		80.2	
Non-controlling interests		**0.0**	**0.0**
TOTAL LIABILITIES AND EQUITY		**19,187.3**	

3.4 Statement of changes in shareholders' equity

	Capital and associated reserves				Gains and losses recognised directly in equity		
					Recyclable		
in millions of euros	Capital (note 5.17.1)	Premiums (note 5.17.1)	Perpetual deeply subordinated notes	Consolidated reserves	Foreign exchange rate adjust ments	Debt financial assets recognised at fair value through other comprehen sive income	Hedging derivatives
SHAREHOLDERS' EQUITY AT 1 JANUARY 2023	**688.8**	**56.7**	**100.0**	**245.2**	**(0.1)**	**(42.9)**	
Dividend payments				(6.7)			
Capital increase							
Issue and redemption of deeply subordinated notes							
Interest paid on perpetual deeply subordinated notes							
Impact of acquisitions and disposals on non-controlling interests							
TOTAL MOVEMENTS RELATED TO RELATIONS WITH SHAREHOLDERS				**(6.7)**			
Gains and losses recognised directly in shareholders' equity (note 5.18)						19.5	
Net income for the period							
COMPREHENSIVE INCOME						**19.5**	
Other changes							
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2023	**688.8**	**56.7**	**100.0**	**238.5**	**(0.1)**	**(23.4)**	
Allocation of net income for the year				100.7			
Changes in accounting policies (1)				(1.4)			
SHAREHOLDERS' EQUITY AT 1 JANUARY 2024	**688.8**	**56.7**	**100.0**	**337.8**	**(0.1)**	**(23.4)**	
Dividend payments				(57.8)			
Capital increase							
Issue and redemption of deeply subordinated notes							
Interest paid on perpetual deeply subordinated notes							
Impact of acquisitions and disposals on non-controlling interests							
TOTAL MOVEMENTS RELATED TO RELATIONS WITH SHAREHOLDERS				**(57.8)**			
Gains and losses recognised directly in shareholders' equity (note 5.18)						1.4	
Capital gains and losses reclassified to retained earnings							
Net income for the period							
COMPREHENSIVE INCOME						**1.4**	
Other changes							
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2024	**688.8**	**56.7**	**100.0**	**279.9**	**(0.1)**	**(22.0)**	

(1) *Opening shareholders' equity has been adjusted by €1.9 million before tax in respect of the funding valuation adjustment.*

	Gains and losses recognised directly in equity						
	Non-recyclable						
	Equity financial assets recognised at fair value through other compre-hensive income	Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	Revaluation differences on employee benefits	Net income, Group's share	Total equity attributable to equity holders of the parent	Non-controlling interests	Total consolidated shareholders' equity
	(3.4)		**(1.3)**		**1,043.0**		**1,043.0**
					(6.7)		(6.7)
					(6.7)		**(6.7)**
	1.3				20.8		20.8
				100.7	100.7		100.7
	1.3			**100.7**	**121.5**		**121.5**
	(2.1)		**(1.3)**	**100.7**	**1,157.8**		**1,157.8**
				(100.7)			
					(1.4)		(1.4)
	(2.1)		**(1.3)**		**1,156.4**		**1,156.4**
					(57.8)		(57.8)
					(57.8)		**(57.8)**
	(0.5)	0.1	1.2		2.1		2.1
				80.2	80.2		80.2
			1.2	**80.2**	**82.2**		**82.2**
	(2.7)	**0.1**	**(0.1)**	**80.2**	**1,180.8**		**1,180.8**

3.5 Statement of cash flows

in millions of euros	2024 financial year	2023 financial year
Income before tax	**104.8**	**135.2**
Depreciation, amortisation and impairment for property, plant and equipment and intangible assets	10.8	11.3
Net charge to impairments of goodwill and other fixed assets	0.0	0.0
Net allocations to provisions	40.1	(35.4)
Share of profit of associates	(0.1)	(0.3)
Net losses/gains on investing activities	(11.2)	(14.2)
(income)/expense from financing activities	0.0	0.0
Other movements (or flows without cash disbursement)	34.2	100.1
Total non-monetary items included in net income before tax	**73.7**	**61.4**
Change in inter-credit institutions items	(1,004.1)	(80.3)
Change in customer items	1,885.3	(609.9)
Change in financial assets and liabilities	(842.7)	450.8
Change in non-financial assets and liabilities	(121.2)	(185.3)
Income taxes paid	(37.2)	(32.6)
Net increase/(decrease) in assets and liabilities generated by operating activities	**(119.8)**	**(457.3)**
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	**58.6**	**(260.7)**
Decrease (increase) in financial assets and equity interests	(140.8)	1.6
Decrease (increase) in investment property	0.0	0.0
Change in property, plant, equipment and intangible assets, investing activities	(4.6)	3.0
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	**(145.5)**	**4.6**
Cash flows received from or paid to shareholders [(1)]	(57.9)	(9.9)
Other cash flows from financing activities	59.9	115.4
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	**2.0**	**105.5**
IMPACT OF CHANGES IN EXCHANGE RATES (D)	**0.0**	**0.0**
Total net cash flows (A+B+C+D)	**(84.9)**	**(150.6)**
Cash and net balance of accounts with central banks	**5.2**	**9.4**
Cash and accounts with central banks (assets)	5.2	9.4
Accounts with central banks (liabilities)	0.0	0.0
Net balance of demand transactions with credit institutions	**1,721.2**	**1,867.6**
Current accounts with overdrafts [(2)]	1,728.4	1,950.1
Demand accounts and loans	8.0	20.4
Demand accounts in credit	(15.2)	(102.9)
Demand repurchases agreements	0.0	0.0
OPENING CASH POSITION	**1,726.3**	**1,876.9**

in millions of euros	2024 financial year	2023 financial year
Cash and net balance of accounts with central banks	**4.9**	**5.2**
Cash and accounts with central banks (assets)	4.9	5.2
Accounts with central banks (liabilities)	0.0	0.0
Net balance of demand transactions with credit institutions	**1,636.6**	**1,721.2**
Current accounts with overdrafts (2)	1,553.3	1,728.4
Demand accounts and loans	102.2	8.0
Demand accounts in credit	(18.9)	(15.2)
Demand repurchases agreements	0.0	0.0
Closing cash and cash equivalents	**1,641.5**	**1,726.3**
CHANGE IN NET CASH	**(84.9)**	**(150.6)**

(1) Cash flows to and from shareholders correspond to dividend payments.

(2) Current accounts with overdrafts do not include livret A, LDD and LEP passbook savings accounts centralised with Caisse des dépôts et consignations.

4 Notes to the Palatine Group consolidated financial statements

NOTE 1 General framework

1.1 Groupe BPCE and Banque Palatine

Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and their subsidiaries.

Two banking networks: the Banques Populaires and the Caisses d'Epargne

Groupe BPCE is a cooperative group whose shareholders own the two retail banking networks: the 14 Banques Populaires and the 15 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banques Populaires and the mutual guarantee companies which grant them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne and the local savings companies (LSCs).

The Banques Populaires are wholly-owned by their cooperative shareholders.

The capital of the Caisses d'Epargne is wholly-owned by the LSCs. Local savings companies are cooperative structures with open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne with which they are affiliated, and cannot perform banking transactions.

BPCE

BPCE, a central body as defined by the French banking law and a credit institution licensed to operate as a bank, was created pursuant to act no. 2009-715 of 18 June 2009. BPCE was incorporated as a French *société anonyme* with a Management Board and a Supervisory Board. Its share capital is owned jointly and equally by the 14 Banque Populaire and 15 Caisse d'Epargne banks.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banques Populaires and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organises depositor protection, approves key appointments of company directors and oversees the smooth operation of the Group's institutions.

As a holding company, BPCE acts as the ultimate controlling party of the Group and holds the joint ventures between the two networks in retail banking and insurance, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

The network and BPCE's main subsidiaries are organised around two main business lines:

- Retail Banking and Insurance, which includes the Banque Populaire network, the Caisse d'Epargne network, the Financial Solutions & Expertise division (including factoring, consumer loans, leasing, financial guarantees, and the "Retail securities" business), the Digital and Payments (integrating the payments subsidiaries and the Oney group) and insurance divisions, and Other networks;
- Global Financial Services combining Asset & Wealth Management (Natixis Investment Managers and Natixis Wealth Management) and Global Customers Bank (Natixis Corporate & Investment Banking).

In respect of the Group's financial functions, BPCE is responsible, in particular, for the centralised management of surplus funds, for the execution of any financial transactions required to develop and fund the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. BPCE also provides banking services to the other Group entities.

Banque Palatine

is a , a wholly-owned subsidiary of the central body BPCE. Its registered office is located at ().

Its main subsidiaries and affiliates are active in two segments:

- financial services and asset management activities;
- insurance activities.

1.2 Guarantee mechanism

In accordance with articles L. 511-31, L. 512-107-5 and L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism aims to safeguard the liquidity and capital adequacy of the Group and BPCE's affiliates, and to organise financial support between them.

BPCE is responsible for taking all necessary measures to ensure the solvency of the Group and each of the networks and to organise financial solidarity within the Group. This financial solidarity is based on legislative provisions establishing a legal principle of solidarity obliging the central institution to restore the liquidity or solvency of affiliates in difficulty and/or all affiliates of the Group. By virtue of the unlimited nature of the principle of solidarity, BPCE is entitled at any time to ask any one or several or all of the affiliates to contribute to the financial efforts that may be necessary to restore the situation, and may, if necessary, mobilise all the cash and equity of the affiliates in the event of difficulty for one or more of them.

In the event of difficulties, BPCE will have to do everything necessary to restore the financial position and may in particular make unlimited use of the resources of any, several or all affiliates, or implement the appropriate mechanisms of internal solidarity of the Group and by calling on the guarantee fund common to the two networks of which it determines the rules of operation, the triggering conditions, in addition to the funds of the two networks as well as the contributions of the affiliated institutions for its endowment and reconstitution.

BPCE manages the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** was formed by a deposit made by the Banques Populaires of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the **Caisse d'Epargne Network Fund** by the Caisses d'Epargne of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The **Mutual Guarantee Fund** was formed by deposits made by the Banques Populaires and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €197 million at 31 December 2024.

The total amount of deposits made to BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the Group's total risk-weighted assets.

The booking of deposits in the institutions' individual financial statements under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated equity heading.

Mutual guarantee companies granting the exclusivity of their guarantees to a Banque Populaire benefit from a liquidity and capital adequacy guarantee in their capacity as affiliates of the central institution.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne of which the local savings company in question is a shareholder.

The Management Board of BPCE holds all the requisite powers to mobilise the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorisations given to BPCE by the contributors.

1.3 Significant events

Significant events are presented in chapter 1.1 Management report of the Board of Directors - Highlights of the year for Banque Palatine.

1.4 Post-balance sheet events

Since 31 December 2024 and until 4 February 2025, the reporting date of financial statements approved by the Board of Directors, no event occurred likely to have a notable influence on the financial position or the income of Banque Palatine.

NOTE 2 Applicable accounting standards and comparability

2.1 Regulatory framework

The consolidated financial statements of the Palatine Group were prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable at the reporting date, excluding certain provisions of IAS 39 relating to hedge accounting.

2.2 Standard

The standards and interpretations used and detailed in the annual financial statements at 31 December 2023 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from 1 January 2024.

The Palatine Group used the option available in IFRS 9 not to apply the provisions of the standard relative to hedge accounting, and to continue to apply IAS 39 as adopted by the European Union for the recognition of these transactions, i.e. excluding certain provisions relating to macro-hedging.

Regulation (EU) 2017/2395 dated 12 December 2017 relating to transitional arrangements for mitigating the impact of the introduction of IFRS 9 on equity and for the large exposures treatment of certain public-sector exposures was published in the Official Journal of the European Union (OJEU) on 27 December 2017. The Palatine Group has decided not to opt to neutralise IFRS 9 transitional impacts at the prudential level due to the limited impact when applying the standard.

The standards, amendments and interpretations adopted by the European Union did not have a material impact on the Group's financial statements.

New standards published and not yet applicable

IFRS 18

IFRS 18 "Presentation and disclosures in financial statements" will replace IAS 1 "Presentation of financial statements". It was published by the IASB on 9 April 2024. Subject to its adoption by the European Commission, IFRS 18 will be applicable as of 1 January 2027, with comparative data at 1 January 2026. Early application is authorised.

Amendment to IFRS 9 phase 1

On 30 May 2024, the IASB published the amendments to IFRS 9 "Classification and measurement of financial instruments" (amendments to IFRS 9 and IFRS 7) applicable as of 1 January 2026, subject to adoption by the European Commission. These amendments provide details on the basic nature of loans, the classification of non-recourse loans and securitisations.

2.3 Use of estimates and judgements

Preparation of the financial statements requires making estimates and assumptions in certain areas with regard to uncertain future events.

These estimates are based on the judgement of the individuals preparing these financial statements and the information available at the reporting date.

Actual future results may differ from these estimates.

With respect to the financial statements for the period ended 31 December 2024, in particular, accounting estimates requiring assumptions were mainly used for the following measurements:

- the fair value of the financial instruments determined on the basis of the valuation techniques (Note 9 / Fair value of financial assets and liabilities);
- the amount of expected credit losses on financial instruments as well as on financing and guarantee commitments (Note 7.1 / Credit risk);
- the results of hedge effectiveness tests (Note 5.3 / Hedging derivatives);
- provisions recorded as liabilities on the balance sheet and, more specifically, the provision for regulated home savings schemes (note 5.14.1 / Summary of provisions);
- calculations related to the cost of pensions and future employee benefits (Note 8.2 / Employee benefits);
- uncertainties relating to tax treatment of income tax (Note 10.1 / Income tax);
- the deferred taxes (Note 10.2 / Deferred taxes);
- the goodwill impairment testing (Note 3.5.1 / Value of goodwill);
- the term of the leases to be used for the recognition of right-of-use assets and lease liabilities (Note 11.2.2 / Leasing transactions as lessee).

Judgement must also be exercised to assess the business model and the basic characteristics of a financial instrument. The procedures are described in the relevant paragraphs (Note 2.5.1 / Classification and measurement of financial assets and liabilities).

Estimates and judgements are also used in the Group's activities to estimate climate and environmental risks. Governance and commitments regarding these risks are presented in chapter 2 / Banque Palatine Sustainability report. Information on the effect and consideration of climate risks on credit risk management (Note 7 / Exposures to risks) is presented in chapter 2.2.3.4.2 / Climate risk management. The accounting treatment of the main green financial instruments is presented in Notes2.5 / General accounting principles and valuation methods, 5.5 / Assets at amortised cost, 5.11 / Debt securities, 5.12.2 / Amounts due to customers.

Climate and environmental risks

Climate and environmental risks are likely to affect the Palatine Group's main risks (credit and counterparty risk, market risk, operational risks, structural ALM risks, risks related to insurance activities, strategic risk, legal and compliance risks, reputational risk).

Climate and environmental risks include physical risks and transition risks:

- physical risks result from damage directly caused to people and property by events related to climate and environmental changes. They may be linked to acute events associated with extreme conditions that are limited in time and space (such as heatwaves, landslides, floods, late frosts, fires, storms, situations of water stress or pollution of air, water or soil), or to chronic events of a more gradual nature (such as changes in rainfall patterns, rising sea levels and average temperatures, loss of biodiversity, depletion of natural resources);
- transition risks result from the adjustment of economic players and stakeholders to the transition to a low-carbon economy that is more respectful of environmental balances. These adjustments are reflected in regulatory, technological or socio-demographic changes.

These risks are likely to have a significant impact on the financial position of counterparties and on the assets to which the Palatine Group is exposed, particularly through its financing, investment or insurance activities, as well as its own activities. These impacts can be direct (damage to people, total or partial destruction, or unavailability of economic assets, drop in yields and productivity, stranded assets, costs of regulatory compliance, etc.) or indirect through effects on the macroeconomic environment (relative attractiveness of geographical areas and sectors of activity, changes in monetary and fiscal policies, social changes, etc.).

The Palatine Group incorporates climate and environmental risks into its risk supervision system and is gradually developing methods and tools for identifying, assessing, monitoring and managing these risks.

In particular, the Palatine Group takes physical risk into account in the internal assessment of its capital requirements (ICAAP process) by applying adverse scenarios to drought (impacting various economic sectors such as agriculture and construction) and flooding (on the real estate portfolio). Transition risk is also implicitly included in this work: internal counterparty rating models already take into account possible changes in the economic environment over a short period of time (one to three years) and, therefore, cover the possible impacts of short-term climate transition. Work was carried out to integrate this risk on the real estate portfolios of individuals in the quantification of the economic capital of the ICAAP 2025 specifically in connection with an unfavourable change in the EPD regulation, then supplemented by an add-on on portfolios that do not currently have a specific economic valuation model.

In addition, some Palatine Group institutions recognise impairments for the effects of physical and transition risks on credit risk. These impairments were defined by the institutions according to the specific characteristics of their credit exposure portfolio, from a geographical and sectoral point of view, when the risk was assessed locally as material. Discussions are also underway at the Palatine Group level to harmonise the consideration of climate and environmental risks in the provisioning policy.

The inclusion of climate and environmental risks in the Palatine Group’s financial statements will benefit from the gradual improvement of the ESG risk supervision system. In particular, work is underway to roll out an ESG risk rating at the customer level and an asset assessment of the physical risks on the residential real estate portfolio in France, as well as to develop and formalise the scenarios and methodologies for stress tests to be used on physical and transition risks.

2.4 Presentation of the consolidated financial statements and reporting date

As no specific format is required under IFRS, the presentation used by the Group for summarised statements follows ANC - *Autorité des Normes Comptables* recommendation no. 2022-01 on 8 April 2022.

The consolidated financial statements are based on the accounts at 31 December 2024. The Palatine Group’s consolidated financial statements for the financial year ended 31 December 2024 were approved by the Board of Directors on 4 February 2025. They will be presented for shareholder approval on 28 May 2025.

The amounts presented in the financial statements and in the notes are shown in millions of euros, unless otherwise indicated. Rounding may lead to differences between the amounts shown in the financial statements and those referred to in the notes.

2.5 General accounting principles and valuation methods

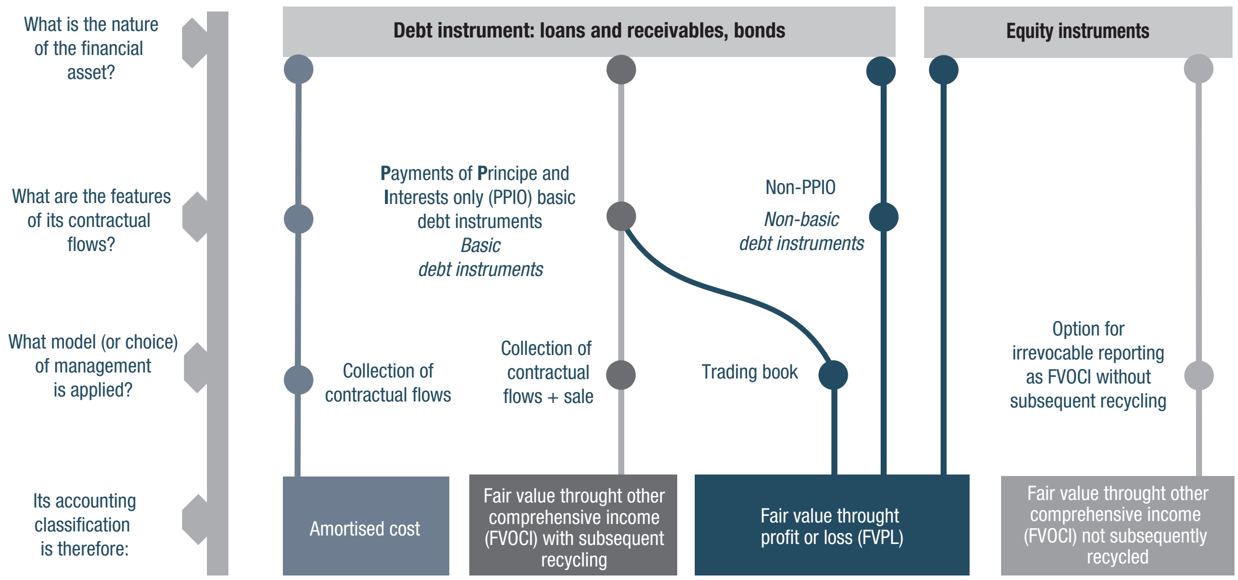
The general accounting principles set out below apply to the main items of the financial statements. Specific accounting principles are presented in the notes to which they refer.

2.5.1 Classification and measurement of financial assets and liabilities

IFRS 9 is applicable to the Palatine Group.

Financial assets

On initial recognition, financial assets are classified at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss, according to the type of instrument (debt or equity), the characteristics of their contractual cash flows and how the entity manages its financial instruments (its business model).



Business model

The entity's business model represents the way in which it manages its financial assets to produce cash flow. Judgement is exercised to ascertain the business model.

The choice of business model must take into account all information regarding the manner in which cash flows were generated in the past, along with all other relevant information.

By way of example, it is worth highlighting:

- the way in which the performance of financial assets is assessed and presented to the main company directors;
- risks having an impact on the business model's performance, in particular the way in which these risks are managed;
- the way in which directors are paid (for example, if pay is based on the fair value of assets under management or on the contractual cash flows received);
- the frequency of, volume of and reason for sales.

Moreover, the choice of business model must be made at a level which reflects the way in which groups of financial assets are managed collectively with a view to achieving a given economic objective. The business model is therefore not decided on an instrument by instrument basis, but rather at a higher level of aggregation, by portfolio.

The standard provides for three business models:

- a business model whose objective is to hold financial assets in order to receive contractual cash flows ("hold to collect model"). This model, under which the concept of "holding" is relatively similar to holding to maturity, remains valid if disposals occur under the following conditions:
  - the disposals are due to an increase in credit risk,
  - the disposals occur just before maturity and at a price that reflects the contractual cash flows that are still owed,
  - other disposals may also be compatible with the "hold to collect" model's objectives if they are infrequent (even if their value is significant) or if their value is insignificant when considered both individually and overall (even if they are frequent).

  For the Palatine Group, the "hold to collect" model applies to financing activities (excluding the loan syndication activity) carried out by retail banking, Global Customers Bank and Financial Solutions & Expertise;
- a mixed business model under which assets are managed with the objective of both receiving contractual cash flows and disposing of financial assets ("hold to collect and sell model").

  The Palatine Group applies the "hold to collect and sell" model primarily to the portion of portfolio management activities for securities in the liquidity reserve that is not managed solely under a "hold to collect" model;
- a model intended for other financial assets, especially those held for trading, for which the collection of contractual cash flows is incidental. This business model applies to the loan syndication activity (for the portion of outstandings to be sold that was identified at the outset) and to the capital market activities carried out primarily by Global Customers Bank.

Types of contractual cash flows: the SPPI (Solely Payments of Principal and Interest) test

A financial asset is classified as generating solely payments of principal and interest if, on specific dates, it gives rise to cash flows that are solely payments of principal and interest on the outstanding amount due. The SPPI test should be performed for each financial asset on initial recognition.

The principal amount is defined as the financial asset's fair value at its acquisition date. Interest is the consideration for the time value of money and the credit risk incurred on the principal amount, as well as other risks such as liquidity risk, administrative costs and the profit margin.

The instrument's contractual terms must be taken into account to assess whether contractual cash flows are solely payments of principal and interest. All elements that may cast doubt as to whether only the time value of money and credit risk are represented must therefore be analysed. For example:

- events that would change the amount and date of the cash flows;

  Any contractual option that creates risk exposure or cash flow volatility that is not consistent with a basic lending arrangement, such as exposure to fluctuations in the price of stocks or of a market index, or the introduction of leverage, would make it impossible to categorise contractual cash flows as SPPI;
- the applicable interest rate features (for example, consistency between the rate resetting period and the interest calculation period).

  If a clear determination cannot be made through qualitative analysis, a quantitative analysis (a benchmark test) is carried out. This test involves comparing the contractual cash flows for the asset in question with the contractual cash flows of a benchmark asset;
- early redemption and extension conditions.

For the borrower or lender, a contractual option permitting prepayment of financial instruments does not violate the SPPI test for contractual cash flows if the prepayment amount mainly represents the unpaid amounts of principal and interest and, if applicable, a reasonable additional remuneration for the early termination of the contract.

Furthermore, although they do not strictly meet the criteria for remuneration of the time value of money, certain assets with a regulated interest rate are classified SPPI if this regulated rate provides consideration that corresponds substantially to the passage of time and presents no exposure to a risk that would be inconsistent with a basic lending arrangement. This is particularly the case with financial assets representing the part of the collection of *livret A* savings accounts centralised with Caisse des dépôts et consignations.

Financial assets that generate SPPI are debt instruments such as fixed-rate loans, floating-rate loans without an interest rate tenor mismatch or that are not linked to a security or to a market index, and fixed-rate or floating-rate debt securities.

Non-basic financial assets particularly include: units in UCITS, debt instruments that are convertible or redeemable into a fixed number of shares, and structured loans granted to local authorities.

To qualify as SPPI assets, the securities held in a securitisation vehicle must meet specific conditions. The contractual terms of the tranche must meet the SPPI criterion. The pool of underlying assets must meet the SPPI conditions. The risk inherent in the tranche must be lower than or equal to the exposure to the vehicle's underlying assets.

A non-recourse loan (e.g. infrastructure financing-type project financing) is a loan secured only by physical collateral. If there is no possible recourse to the borrower, the structure of other possible recourses or protection mechanisms for the lender in the event of default must be examined in order to categorise these loans as SPPI assets: acquisition of the underlying asset, collateral provided (security deposits, margin call, etc.), enhancements provided.

Accounting categories

Debt instruments (loans, receivables or debt securities) may be measured at amortised cost, at fair value through other comprehensive income recyclable to profit or loss or at fair value through profit or loss.

A debt instrument is valued at amortised cost if it meets the following two conditions:

- the asset is held under a hold to collect business model; and
- the contractual terms of the financial asset define it as generating SPPI within the meaning of the standard.

A debt instrument is valued at fair value through other comprehensive income if it meets the following two conditions:

- the asset is held under a hold to collect and sell business model; and
- the contractual terms of the financial asset define it as generating SPPI within the meaning of the standard.

Equity instruments are, by default, recorded at fair value through profit or loss unless they qualify for an irrevocable option for valuation at fair value through other comprehensive income not recyclable to profit or loss (provided they are not held for trading purposes and accordingly classified as financial assets at fair value through profit or loss), without subsequently being reclassified through profit or loss. If opting for the latter category, dividends continue to be recognised in income.

Financing through the issuance of green financial products or investments in such products are accounted for at amortised cost unless they are held as part of a short-term disposal activity.

All other financial assets are recorded at fair value through profit or loss. These financial assets include financial assets held for trading, financial assets at fair value through profit or loss and non-SPPI assets. Financial assets may only be designated at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch. This option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

Financial liabilities

The general rule is the measurement of financial liabilities at amortised cost, except for liabilities incurred for trading purposes (trading liabilities) and financial liabilities that the entity chooses to measure at fair value under the fair value option.

At the date of initial recognition, the accounting principles described for financial assets apply identically to financial liabilities, as follows:

- financial liabilities subsequently classified as measured at amortised cost are recognised at fair value less or increased by transaction costs;
- financial liabilities at fair value through profit or loss are recognised at fair value and the associated transaction costs will be recognised directly in the income statement.

If a financial liability is designated as being measured at fair value through profit or loss then:

- the amount of the change in fair value attributable to changes in the credit risk of the liability (i.e. the issuer spread) is to be presented in shareholders' equity unless this recognition has the effect of creating or increasing an accounting mismatch in income (this mismatch is determined at the initial recognition and is not subsequently revised). The amounts recorded in equity are not subsequently recycled in profit or loss;
- the remainder of the change in the fair value of the financial liability is presented in profit or loss.

For the treatment of modifications of liabilities recognised at amortised cost, if the modification does not result in derecognition, the profit or loss resulting from the difference between the original cash flows and the modified cash flows discounted at the original effective interest rate must be recognised in profit or loss.

2.5.2 Foreign currency transactions

The method used to account for assets and liabilities relating to foreign currency transactions entered into by the Group depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the balance sheet on which they appear at the exchange rate on the reporting date. All resulting currency exchange differences are recognised in income. However, there are two exceptions to this rule:

- only the portion of the currency exchange differences calculated based on the amortised cost of financial assets at fair value through other comprehensive income is recognised in income, with any additional gains and losses being recognised in "Gains and losses recognised directly in other comprehensive income";
- currency exchange differences arising on monetary items designated as cash flow hedges or as part of a net investment in a foreign operation are recognised in "Gains and losses recognised directly in other comprehensive income".

Non-monetary assets carried at historic cost are translated using the exchange rate prevailing at the transaction date. Non-monetary assets carried at fair value are translated using the exchange rate in effect at the date on which the fair value was determined. Currency exchange differences on non-monetary items are recognised in profit or loss if gains and losses relating to the items are recorded in profit or loss, and in "Gains and losses recognised directly in other comprehensive income" if gains and losses relating to the items are recorded in "Gains and losses recognised directly in other comprehensive income".

NOTE 3 Consolidation

3.1 Consolidating entity

Banque Palatine is the Banque Palatine Group's consolidating entity.

3.2 Scope of consolidation – consolidation and valuation methods

The Group's financial statements include the financial statements of all the entities over which it exercises control or significant influence, whose consolidation had a material impact on the aforementioned financial statements.

The scope of the entities consolidated by Banque Palatine is shown in Note 12 / Breakdown of the scope of consolidation.

3.2.1 Entities controlled by the Group

The subsidiaries controlled by the Palatine Group are fully consolidated.

Definition of control

Control exists when the Group has the power to govern an entity's relevant activities, when it is exposed to or is entitled to variable returns due to its links with the entity and has the ability to exercise its power over the entity to influence the amount of returns it obtains.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the control exercised. These potential voting rights may result, for example, from share call options traded on the market, debt or equity instruments that are convertible into ordinary shares, or equity warrants attached to other financial instruments. However, potential voting rights are not taken into account to calculate the percentage of ownership.

Exclusive control is presumed to exist when the Group holds directly or indirectly either the majority of the subsidiary's voting rights, or at least half of an entity's voting rights and a majority within the management bodies, or is in a position to exercise significant influence.

Special case: structured entities

Entities described as structured entities are those organised in such a way that voting rights are not a key criterion when determining who has control. This is the case in particular when voting rights only apply to administrative duties and relevant activities are managed through contractual agreements.

A structured entity frequently exhibits some or all of the following characteristics:

(a) well-defined activities;

(b) a specific and well-defined aim, for example: implementing a lease eligible for specific tax treatment, carrying out research and development, providing an entity with a source of capital or funding, or providing investors with investment options by transferring associated risk and advantages to the structured entity's assets;

(c) insufficient equity to permit the structured entity to finance its activities without resorting to subordinated financial support;

(d) financing through the issuance, to investors, of multiple instruments inter-related by contract and which create concentrations of credit risk or other risks ("tranches").

The Group therefore considers, among others, collective investment undertakings within the meaning of the French Monetary and Financial Code and equivalent bodies governed by foreign law as structured entities.

Full consolidation method

The full consolidation of a subsidiary in the Group's consolidated financial statements begins at the date on which the Group takes control and ends on the day on which the Group loses control of this entity.

The portion of interest which is not directly or indirectly attributable to the Group corresponds to a non-controlling interest.

Income and all components of other comprehensive income (gains and losses recognised directly in other comprehensive income) are divided between the Group and non-controlling interests. The comprehensive income of subsidiaries is divided between the Group and non-controlling interests, including when this division results in the allocation of a loss to non-controlling interests.

Changes to the percentage interest in subsidiaries that do not lead to a change in control are recognised as transactions affecting equity.

The effects of these transactions are recognised in equity at their after-tax amount and therefore do not impact the Group's share of consolidated income.

Exclusion from the scope of consolidation

Non-material controlled entities are excluded from the scope in accordance with the principle set out in Note 12.1 / Scope of consolidation at 31 December 2024.

Employee pension funds and supplementary health insurance plans are excluded from the scope of consolidation insofar as IFRS 10 does not apply to either post-employment benefit funds or other long-term employee benefit plans, to which IAS 19 "Employee benefits", applies.

Likewise, interests acquired with a view to their subsequent short-term disposal are recorded as available for sale and recognised in accordance with the provisions of IFRS 5 "Non-current assets held for sale and discontinued operations".

3.2.2 Shares in associates and joint ventures

Definition

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control or joint control over those policies. It is presumed to exist if the Group holds, directly or indirectly, 20% or more of the voting rights of an entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the entity have rights to the net assets of the arrangement.

Joint control is the contractually agreed sharing of control over a company, which exists only when the strategic decisions require the unanimous consent of the parties sharing control.

Equity method

Income, assets and liabilities of shares in associates and joint ventures are accounted for in the Group's consolidated financial statements using the equity method.

An investment in an associate or a joint venture is initially recognised at cost and adjusted thereafter for the Group's share in the income and other comprehensive income of the associate or joint venture.

The equity method is applied from the date on which the entity becomes an associate or a joint venture. On the acquisition of an associate or a joint venture, the difference between the cost of investment and the Group's share in the net fair value of the entity's identifiable assets and liabilities is recognised as goodwill. When the net fair value of the entity's identifiable assets and liabilities is higher than the cost of investment, the difference is recognised in income.

The share of net income of entities accounted for under the equity method is included in the Group's consolidated income.

When a group entity carries out a transaction with a group joint venture or associate, the profit and loss resulting from this transaction is recognised in interests held by third parties in the associate or joint venture.

Net investment in an associate or a joint venture is subjected to an impairment test if there is any objective indication of impairment arising from one or more events occurring after the net investment's initial recognition and that these events have an impact on the estimated future cash flow from the net investment, which may be reliably estimated. In such a case, the total carrying amount of the investment (including goodwill) is tested for impairment according to the provisions of IAS 36 "Impairment of assets".

Exception to the equity method

When the investment is held by a venture capital organisation, an investment fund, an investment company with variable share capital or a similar entity such as an Insurance asset investment fund, the investor may choose not to recognise the investment using the equity method. In this case, revised IAS 28 "Investments in associates and joint ventures" authorises the investor to recognise the investment at its fair value (with changes in fair value recognised in income) in accordance with IFRS 9.

These investments are therefore recognised as "Financial assets at fair value through profit or loss".

3.2.3 Investments in joint operations

Definition

A joint operation is a partnership where parties that have joint control over an entity have direct rights over the entity's assets, and obligations for its liabilities.

Accounting treatment of joint operations

An investment in a joint enterprise is accounted for by integrating all interests held in the joint operation, i.e. the entitled share in each asset and liability and item of income. These interests are allocated by nature to the various lines of the consolidated balance sheet, consolidated income statement and the statement of net income and gains and losses recognised directly in other comprehensive income.

3.3 Consolidation rules

The consolidated financial statements are prepared using uniform accounting policies for reporting similar transactions in comparable circumstances. Where material, consolidation adjustments are made to ensure the consistency of the measurement methods applied by consolidated entities.

3.3.1 Translation of the accounts of foreign entities

The consolidated financial statements are expressed in euros.

The consolidated subsidiaries of the Palatine Group are all domiciled in France and the financial statements are prepared in euros.

3.3.2 Elimination of reciprocal transactions

The impact of intercompany transactions on the consolidated balance sheet and consolidated income statement is eliminated. Dividends, as well as gains and losses on intercompany asset disposals, are also eliminated. Where appropriate, capital losses from asset disposals resulting in impairment are maintained.

3.3.3 Business combinations

In accordance with revised IFRS 3 “Business combinations” and IAS 27 “Financial and separate financial statements”:

- combinations between mutual insurers are included within the scope of IFRS 3;
- costs directly linked to business combinations are recognised in net income for the period;
- contingent considerations payable are included in the cost of the business combination at their fair value at the date of acquisition of a controlling interest in an entity, even if they are only potential. Depending on the settlement method, transferred considerations are recognised against:
  - equity and later price revisions will not be booked,
  - or debts and later adjustments are recognised against income (financial debts) or according to the appropriate standards (other debts outside the scope of IFRS 9);
- on an entity’s acquisition date, non-controlling interests may be valued:
  - either at fair value (method resulting in the allocation of a share of the goodwill to non-controlling interests),
  - or at the share in the fair value of the identifiable assets and liabilities of the entity acquired (method similar to that applicable to transactions prior to 31 December 2009).

The choice between these two methods must be made for each business combination.

Whatever method is chosen when the acquisition is made, increases in the percentage of interest in an entity already controlled are systematically recognised in equity:

- when an entity is acquired, any share previously held by the Group must be revalued at fair value through profit or loss. Consequently, in the event of a step acquisition, the goodwill is determined with reference to the fair value at the time of the business combination;
- when the Group loses control of a consolidated company, any share previously held by the Group must be revalued at fair value through profit or loss.

3.3.4 Reporting date of consolidated entities

The entities included in the scope of consolidation close their accounts on 31 December.

3.4 Changes in the scope of consolidation during the 2024 financial year

There were no changes in the Palatine Group’s scope of consolidation in the 2024 financial year.

	31/12/2024				
	Country of incorporation or residence	Consolidation method	Changes in scope compared with 31 December 2023	Percentage control	Percentage of interest
Banque Palatine	**France**	**Full consolidation**			**Consolidating entity**
Palatine Asset Management	France	Full consolidation	-	100.0%	100.0%
Ariès Assurances	France	Full consolidation	-	100.0%	100.0%
Conservateur Finance	France	Equity method	-	20.0%	20.0%

3.5 Goodwill

3.5.1 Value of goodwill

in millions of euros	31/12/2024	31/12/2023
Opening net value	**0.0**	**0.0**
Impairment	0.0	0.0
Closing net value	**0.0**	**0.0**

3.5.2 Changes in the value of goodwill

No change in value has been recorded since 31 December 2018.

NOTE 4 Notes to the income statement

Key points

Net banking income (net revenue before tax) combines:

- interest income and expenses;
- fees and commissions;
- gains or losses on financial instruments at fair value through profit or loss;
- net gains or losses on financial instruments at fair value through other comprehensive income;
- gains or losses arising from derecognition of financial assets measured at amortised cost;
- net income from insurance activities;
- income and expenses from other activities.

4.1 Interest and similar income and expenses

Accounting principles

Interest income and expenses are recognised in the income statement for all financial instruments measured at amortised cost using the Effective Interest Rate Method, which includes interbank and customer items, the portfolio of securities at amortised cost, debt securities, subordinated debt and lease liabilities. This item also includes interest receivable on fixed income securities classified as financial assets at fair value through other comprehensive income and hedging derivatives, it being specified that accrued interest on cash flow hedging derivatives is taken to income in the same manner and period as the accrued interest on the hedged item.

Interest income also consists of interest on non-SPPI debt instruments not held under a trading model as well as interest on the related economic hedges (classified by default as instruments at fair value through profit or loss).

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

The effective interest rate calculation takes account of all transaction fees paid or received as well as premiums and discounts. Transaction fees paid or received that are an integral part of the effective interest rate of the contract, such as loan set-up fees and commissions paid to financial partners, are treated as additional interest.

Negative interest is presented as follows:

- a negative interest on an asset is presented as an interest expense in net revenue before tax;
- a negative interest on a liability is presented as interest income in net revenue before tax.

in millions of euros	2024 financial year Interest income	Interest expense	Net	2023 financial year Interest income	Interest expense	Net
Loans to/borrowings from credit institutions [1]	173.0	(97.5)	75.5	169.6	(92.0)	77.5
Loans to/borrowings from customers	470.1	(201.1)	269.0	389.1	(117.1)	271.9
Bonds and other debt securities held/issued	9.2	(84.5)	(75.3)	8.5	(76.2)	(67.7)
Subordinated debt	///	(20.9)	(20.9)	///	(15.8)	(15.8)
Lease liabilities	///	(0.9)	(0.9)	///	(0.6)	(0.6)
Financial assets and liabilities at amortised cost (excluding finance lease contracts)	**652.4**	**(404.9)**	**247.4**	**567.1**	**(301.8)**	**265.4**
Finance leases	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Debt securities	5.0	///	5.0	4.7	///	4.7
Other	0.0	///	0.0	0.0	///	0.0
Financial assets at fair value through other comprehensive income	**5.0**	**///**	**5.0**	**4.7**	**///**	**4.7**
TOTAL FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST AND AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY	**657.3**	**(404.9)**	**252.4**	**571.8**	**(301.8)**	**270.0**
Non-standard financial assets not held for trading	**0.0**	**///**	**0.0**	**0.0**	**///**	**0.0**
Hedging derivatives	**23.2**	**(12.8)**	**10.4**	**18.2**	**(9.1)**	**9.1**
Derivatives for economic hedging	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL INTEREST INCOME AND EXPENSE	**680.5**	**(417.7)**	**262.8**	**590.0**	**(310.9)**	**279.2**

(1) *The interest income on loans and receivables from credit institutions comprises €18.2 million (€15.7 million in 2023) collected on the livret A, LDD and LEP passbook savings accounts centralised with Caisse des dépôts et consignations.*

Interest expense or income on regulated savings accounts includes €1 million in respect of the net allocation to the provision for regulated home savings schemes (€0.3 million reversal in respect of the 2023 financial year).

4.2 Commission income and expenses

Accounting principles

Under IFRS 15 "Revenue from contracts with customers", recognition of revenue from ordinary activities reflects the transfer of control of goods and services promised to customers in an amount corresponding to the consideration that the entity expects to receive in exchange for these goods and services. The recognition of this revenue calls for a five-step approach:

- identification of contracts with customers;
- identification of specific performance obligations (or items) to be recognised separately from one another;
- determination of the overall transaction price;
- allocation of the transaction price to the various specific performance obligations;
- recognition of revenue when performance obligations are met.

This approach applies to contracts entered into by an entity with its customers, with the exception of leases (covered by IFRS 16), insurance contracts (covered by IFRS 17) and financial instruments (covered by IFRS 9). If specific stipulations relating to revenue or contract costs are given under a different standard, these will first be applied.

This method primarily applies to the following Group activities:

- commission income, notably that relating to banking services when this income is not included in the effective interest rate, or that relating to asset management or financial engineering services;
- income from other activities (see Note 4.6 / Income and expense from other activities), in particular for services included in leases;
- banking services rendered with the participation of Group partners.

As a result, fees and commissions are recorded based on the type of service rendered and on the method of accounting for the financial instruments to which the service relates.

This line includes mainly fees and commissions receivable or payable on recurring services (payment processing, custody fees, etc.) and occasional services (fund transfers, late payment penalties, etc.), fees and commissions receivable or payable on execution of significant transactions, and fees and commissions receivable or payable on trust assets held or managed on behalf of the Group's customers.

However, fees and commissions that form an integral part of the effective yield on a contract are recorded under "Net interest income".

Commissions on services

Commissions on services are analysed to separately identify their different items (or performance obligations) and to assign the appropriate share of revenues to each item. Each item is then recorded in the income statement by type of service provided and according to the method used to recognise the associated financial instrument:

- fees and commissions payable or receivable on recurring services are deferred over the period in which the service is provided (payment processing, custody fees, etc.);
- fees and commissions payable or receivable on occasional services are recognised in full in income when the service is provided (fund transfers, payment penalties, etc.);
- commissions payable or receivable on execution of a significant transaction are recognised in full in income on completion of the transaction.

When there is some uncertainty about the amount of a commission (incentive fees in asset management, variable financial engineering fees and commissions, etc.), only the amount that the Group is already certain to receive, given the information available at the closing date, is recognised.

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees on financing commitments given or loan set-up fees, are recognised and amortised as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognised as "Interest income" rather than "Commission income".

Fiduciary and similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. Trust-management services mainly cover asset management business and custody services on behalf of third parties.

	2024 financial year			2023 financial year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Cash and interbank transactions	0.9	(0.1)	0.8	1.1	(0.1)	1.0
Customer transactions	50.8	0.0	50.8	49.4	0.0	49.4
Financial services	8.1	(3.9)	4.2	7.2	(4.4)	2.8
Sales of life insurance products	12.9	///	12.9	12.5	///	12.5
Payment services	12.7	(6.5)	6.1	12.5	(6.7)	5.8
Securities transactions	1.9	(0.0)	1.9	2.2	(0.0)	2.1
Fiduciary and trust activities	22.9	(0.3)	22.6	26.2	(0.2)	26.0
Transactions on financial instruments and off-balance sheet	0.0	0.0	0.0	0.0	0.0	0.0
Other fee and commission income/(expense)	1.6	0.0	1.6	1.2	0.0	1.2
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**111.8**	**(10.8)**	**101.0**	**112.3**	**(11.5)**	**100.9**

4.3 Net gains or losses on financial instruments at fair value through profit or loss

Accounting principles

"Gains or losses on financial instruments at fair value through profit or loss" includes gains and losses (including the related interest) from financial assets and liabilities classified as held for trading or designated at fair value through profit or loss.

"Gains and losses on hedging transactions" include the remeasurement of derivatives used as fair value hedges, as well as the remeasurement of the hedged item in the same manner, offset by remeasurement at fair value of the macro-hedged portfolio and the ineffective portion of cash flow hedges.

in millions of euros	2024 financial year	2023 financial year
Gains and losses on financial instruments obligatorily measured at fair value through profit or loss*	22.6	7.0
Gains and losses on hedging transactions	(0.6)	(0.0)
• Ineffective portion of cash flow hedges (CFH)	0.0	(1.0)
• Ineffective portion of fair value hedges (FVH)	(0.6)	1.0
Change in fair value hedges	(9.0)	(15.4)
Change in the hedged item	8.4	15.4
Gains and losses on foreign exchange transactions	(4.7)	8.7
TOTAL NET GAINS AND LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**17.4**	**15.6**

** Including economic currency hedging.*

The net gains and losses on financial instruments at fair value through profit or loss increased by €1.7 million.

This item mainly recorded income of €0.6 million on CVA (credit valuation adjustment - CVA) and DVA (debit valuation adjustment - DVA).

4.4 Net gains or losses on financial instruments at fair value through equity

Accounting principles

Financial assets at fair value through other comprehensive income include:

- SPPI debt instruments managed under a hold to collect and sell business model at fair value through other comprehensive income recyclable to profit or loss. If they are sold, changes in fair value are taken to income;
- equity instruments at fair value through other comprehensive income not recyclable to profit or loss. In the event of disposal, changes in fair value are not transferred to profit or loss but are taken directly to consolidated reserves. Only dividends affect income when they correspond to a return on investment.

Changes in the value of SPPI debt instruments managed under a hold to collect and sell business model recognised at fair value through other comprehensive income recyclable to profit or loss include:

- income and expenses recognised in net interest income;
- net gains or losses on derecognised debt financial assets at fair value through other comprehensive income;
- impairment/reversals recognised in "Cost of credit risk";
- gains and losses recognised directly in other comprehensive income.

in millions of euros	2024 financial year	2023 financial year
Net gains or losses on debt instruments	0.0	(6.0)
Net gains or losses on equity instruments (dividends)	0.5	0.5
TOTAL GAINS AND LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY	**0.5**	**(5.5)**

In 2024, we did not dispose of any securities at fair value through equity.

4.5 Net gains or losses arising from the derecognition of financial instruments at amortised cost

Accounting principles

This item includes net gains or losses on financial assets at amortised cost arising from the derecognition of financial instruments at amortised cost (loans and receivables, debt securities) and financial liabilities at amortised cost.

	2024 financial year			2023 financial year		
in millions of euros	Gains	Losses	Net	Gains	Losses	Net
Gains and losses on financial assets at amortised cost	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Debt securities	0.1	(0.1)	0.0	0.0	(0.0)	(0.0)
Gains and losses on financial liabilities at amortised cost	**0.1**	**(0.1)**	**0.0**	**0.0**	**(0.0)**	**(0.0)**
TOTAL NET GAINS OR LOSSES ARISING FROM THE DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST	**0.1**	**(0.1)**	**0.0**	**0.0**	**(0.0)**	**(0.0)**

4.6 Income and expense from other activities

Accounting principles

Income and expenses from other activities mainly include:

- income and expenses on investment property (rental income and expense, gains and losses on disposals, depreciation, amortisation and impairment);
- income and expenses on operating leases;
- income and expenses on real estate development activities (revenues, purchases used).

	2024 financial year			2023 financial year		
in millions of euros	Income	Expense	Net	Income	Expense	Net
Income and expenses from investment property	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Transfers of expenses and income	*0.0*	*(1.6)*	*(1.6)*	*0.0*	*(1.8)*	*(1.8)*
Other operating income and expenses	*0.2*	*(3.9)*	*(3.7)*	*0.7*	*(3.9)*	*(3.2)*
Net additions to/reversals from provisions to other operating income and expenses	*/// *	*0.9*	*0.9*		*(0.9)*	*(0.9)*
Other banking income and expense (1)	**0.2**	**(4.6)**	**(4.4)**	**0.7**	**(6.6)**	**(5.9)**
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**0.2**	**(4.6)**	**(4.4)**	**0.7**	**(6.6)**	**(5.9)**

(1) In 2021, income of €1.44 million was recognised under "Income from other activities" in respect of the "ESC" cheque image exchange fine following the favourable ruling by the second court of appeal. Given the uncertainty and history of the case (see 8. Legal risks in the Risk Management section), a provision of an equivalent amount was recorded as a counterpart in "Expenses from other activities". On 28 June 2023, the Court of cassation rejected the appeal of the Autorité de la Concurrence. The case is therefore definitively closed, as any possible recourse seems highly unlikely. Consequently, the provision for disputes, fines and penalties established in 2021 has been reversed.

4.7 General operating expenses

Accounting principles

General operating expenses include mainly employee benefits expense (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative costs and external service costs.

The terms and conditions governing the establishment of the Deposit Guarantee Fund (FGDR) were amended by the order of 27 October 2015.

For the deposit guarantee fund, the cumulative amount of contributions paid by the Palatine Group to the fund in respect of deposit, guarantee and securities mechanisms represents €19.5 million. Contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) represent €4.1 million. Contributions paid in the form of partner or association certificates and cash security deposits recognised as assets on the balance sheet totalled €15.4 million as of 31 December 2024.

Contributions to banking resolution mechanisms

European directive 2014/59/EU, known as the BRRD (the bank recovery and resolution directive), which sets out a framework for the recovery and resolution of credit institutions and investment firms, and European regulation no. 806/2014 (the single resolution mechanism (SRM) regulation) set up a resolution fund from 2015. In 2016, this fund became a single resolution fund (SRF) between the member states participating in the single supervisory mechanism (SSM). The SRF is a system for funding the resolution available to the single resolution board (SRB). The latter may draw on this fund in the context of the implementation of the resolution procedures.

In compliance with EU delegated regulation no. 2015/63 and implementing regulation no. 2015/81 supplementing the BRRD directive on ex ante contributions to the systems for financing the resolution, the single resolution board determined the contributions to the single resolution fund for 2024. The target in terms of the funds to be collected for the resolution fund was achieved at 31 December 2023. The amount of the contributions paid by the Palatine Group was zero in 2024 for both the portion recognised as an expense and the portion in the form of an irrevocable payment commitment (IPC) guaranteed by cash deposits entered as assets on the balance sheet. However, contributions may be called in the future depending, in particular, on the evolution of the covered deposits and the possible use of the funds. The share of the IPCs corresponded to 15% of the calls for funds until 2022 and 22.5% for the 2023 contribution. These deposits have been bearing interest at €STER -20 bps since 1 May 2023. The cumulative amount of contributions recognised as assets on the balance sheet totalled €7.7 million at 31 December 2024. It is recognised at amortised cost on the asset side of the balance sheet under “Accrual accounts and other assets” and was not subject to impairment at 31 December 2024. In effect, the conditions for using the SRF resources, and therefore for calling on irrevocable payment commitments, are strictly governed by regulations. These resources may only be called up in the event of a resolution procedure by an institution and after intervention of at least 8% of total liabilities by shareholders and holders of relevant equity instruments and other commitments usable for bail-in purposes. In addition, the SRF contribution must not exceed 5% of the total liabilities of the institution subject to a resolution procedure.

in millions of euros	2024 financial year	2023 financial year
Personnel expenses	**(137.2)**	**(141.9)**
Taxes, levies and regulatory contributions*	(5.0)	(8.9)
External services and other general operating expenses	(61.0)	(61.5)
Other administrative costs	**(66.0)**	**(70.4)**
TOTAL GENERAL OPERATING EXPENSES	**(203.2)**	**(212.3)**

** Taxes and regulatory contributions include in particular the contribution to the SRF (single resolution fund) for an amount of zero in 2024 (compared with €4.9 million in 2023) and the tax to support local authorities for an annual amount of €0.55 million (compared with €0.52 million in 2023).*

The breakdown of personnel expenses is provided in Note 8.1 / Personnel expenses.

Rebillings of “central body” activities (listed in the French Monetary and Financial Code) are now presented in net revenue before tax and rebillings of Group assignments are still presented as management fees.

4.8 Gains or losses on other assets

Accounting principles

Gains or losses on other assets includes gains and losses on disposals of property, plant and equipment and intangible assets, as well as gains and losses on disposals of consolidated investments in unconsolidated subsidiaries.

	2024 financial year	2023 financial year
Gains or losses on disposals of property, plant and equipment and operating intangible assets	3.6	7.2
Gains or losses on disposals of consolidated holdings	0.0	0.0
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**3.6**	**7.2**

As part of the ongoing transformation of the network, the sale of branches generated an income from disposals of €3.6 million.

NOTE 5 Notes to the balance sheet

5.1 Cash, central banks

Accounting principles

This item mainly includes cash and assets held with central banks at amortised cost.

in millions of euros	31/12/2024	31/12/2023
Cash	4.9	5.2
Central banks	0.0	0.0
TOTAL CASH, CENTRAL BANKS	**4.9**	**5.2**

5.2 Financial assets and liabilities at fair value through profit or loss

Accounting principles

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives; certain assets and liabilities that the Group chose to recognise at fair value at their date of acquisition or issue using the fair value option available under IFRS 9; and non-SPPI assets.

The criteria for classification as financial assets are described in Note 5.5.1 / Securities at amortised cost.

Date of recognition

Securities are recorded in the balance sheet on the settlement-delivery date.

Temporary sales of securities are also recorded on the settlement-delivery date.

When such transactions are recorded under “Assets and liabilities at fair value through profit or loss”, the commitment is recorded as an interest rate derivative.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

5.2.1 Financial assets at fair value through profit or loss

Accounting principles

Financial assets at fair value through profit or loss are:

- financial assets held for trading, i.e. securities acquired or issued principally for the purpose of selling them in the near term;
- financial assets that the Group has chosen to recognise at fair value through profit or loss at inception using the fair value option available under IFRS 9. The qualifying criteria used when applying this option are described above;
- non-SPPI debt instruments;
- equity instruments measured by default at fair value through profit or loss (which are not held for trading purposes).

These assets are measured at fair value at the date of initial recognition and at each closing date. Changes in fair value over the period, interest, dividends, and gains or losses on disposals on these instruments are recognised in “Gains or losses on financial instruments at fair value through profit or loss”, with the exception of non-SPPI debt financial assets whose interest is recorded in “Interest income”.

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivatives contracted by the Group to manage its risk exposure.

Assets designated at fair value through profit or loss

IFRS 9 allows entities to designate financial assets at fair value through profit or loss on initial recognition. However, an entity’s decision to do so may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

This option may only be applied to eliminate or significantly reduce an accounting mismatch. Applying the option eliminates accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

in millions of euros	31/12/2024 Financial assets mandatorily recognised at fair value through profit or loss: Financial assets related to a trading activity	31/12/2024 Financial assets mandatorily recognised at fair value through profit or loss: Other financial assets (1)	31/12/2024 Financial assets designated at fair value on option (2)	31/12/2024 Total	31/12/2023 Financial assets mandatorily recognised at fair value through profit or loss: Financial assets related to a trading activity	31/12/2023 Financial assets mandatorily recognised at fair value through profit or loss: Other financial assets (1)	31/12/2023 Financial assets designated at fair value on option (2)	31/12/2023 Total
Bonds and other debt securities	0.0	15.9	0.0	15.9	0.0	18.8	0.0	18.8
Debt securities	**0.0**	**15.9**	**0.0**	**15.9**	**0.0**	**18.8**	**0.0**	**18.8**
Equity instruments	**0.0**	**0.0**	**///**	**0.0**	**3.3**	**0.0**	**///**	**3.3**
Trading derivatives (3)	**339.4**	**///**	**///**	**339.4**	**406.4**	**///**	**///**	**406.3**
Security deposits paid	**0.0**	**///**	**///**	**0.0**	**0.0**	**///**	**///**	**0.0**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**339.4**	**15.9**		**355.3**	**409.7**	**18.8**		**428.4**

(1) *Includes non-basic assets that are not part of a trading activity.*
(2) *Only in the case of an "accounting mismatch".*
(3) *The information is presented taking into account the effects of offsets in accordance with IAS 32 (see Note 5.19.1 / Financial assets).*

The "Trading derivatives" item includes derivatives whose fair value is positive. These are mainly economic hedging derivatives that do not meet the restrictive hedging criteria required by IAS 39.

The amount of this item is also reduced by the amount of the value adjustments of the credit valuation adjustment (CVA) derivative portfolio (transaction and hedging), i.e. €5.8 million at 31 December 2024.

5.2.2 Financial liabilities at fair value through profit or loss

Accounting principles

These are financial liabilities held for trading or classified in this category on a voluntary basis at initial recognition using the fair value option available under IFRS 9. The trading book includes liabilities arising from short-selling transactions, repurchase agreements and derivatives. The qualifying criteria used when applying this option are described above.

These liabilities are measured at fair value at the date of initial recognition and at each closing date.

The changes in fair value over the period, interest, and gains or losses related to these instruments are booked as "Gains or losses on financial instruments at fair value through profit or loss", with the exception of changes in fair value attributable to own credit risk associated with financial liabilities designated at fair value through profit or loss, which have been booked, since 1 January 2016, in "Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss" within "Gains and losses recognised directly in other comprehensive income". If the liability is derecognised prior to maturity (for example, early redemption), the realised fair value gain or loss, attributable to own credit risk, is transferred directly to retained earnings in shareholders' equity.

Financial liabilities designated at fair value through profit or loss

IFRS 9 allows entities to designate financial liabilities at fair value through profit or loss on initial recognition. However, an entity's decision to do so may not be reversed.

Compliance with the criteria stipulated by the standard must be verified prior to any recognition of an instrument using the fair value option.

In practice, this option may be applied only under the specific circumstances described below:

Elimination or significant reduction of an accounting treatment gap

Applying the option eliminates accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy.

Harmonisation of accounting treatment for management and performance measurement

The option applies for liabilities managed and measured at fair value, provided that such management is based on a formally documented risk management policy or investment strategy, and that internal monitoring also relies on a fair value measurement.

Hybrid financial instruments containing one or more embedded derivatives

An embedded derivative is a component of a financial or non-financial hybrid (combined) instrument that qualifies as a derivative. It must be separated from the host contract and accounted for as a derivative if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely related to those of the host contract.

The fair value option may be applied to a financial liability when the embedded derivative substantially modifies the cash flows of the host contract and when the separate recognition of the embedded derivative is not specifically prohibited by IFRS 9 (e.g. an early redemption option embedded in a debt instrument). The option allows the entire instrument to be measured at fair value and therefore avoids the need to extract, recognise or separately measure the embedded derivative.

This accounting treatment applies in particular to some structured debt issues containing material embedded derivatives.

	31/12/2024			31/12/2023		
in millions of euros	Financial liabilities issued for trading	Financial liabilities designated at fair value through profit or loss	Total	Financial liabilities issued for trading	Financial liabilities designated at fair value through profit or loss	Total
Trading derivatives	315.9	///	315.9	380.5	///	380.5
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**315.9**		**315.9**	**380.5**		**380.5**

The "Trading derivatives" item includes derivatives whose fair value is negative. These are mainly economic hedging derivatives that do not meet the restrictive hedging criteria required by IAS 39.

The amount of this item is also reduced by the amount of the value adjustments of the credit valuation adjustment (CVA) derivative portfolio (transaction and hedging), i.e. €0.6 million at 31 December 2024.

Liabilities designated at fair value through profit or loss consist mainly of issues originated and structured within the global financial services division on behalf of customers whose risks and hedging are managed together. These issues contain embedded derivatives whose changes in value are offset, with the exception of those assigned to own credit risk, by those of the derivatives that hedge them economically.

5.2.3 Trading derivatives

Accounting principles

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract;
- 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.

All derivatives are recognised on the balance sheet at the trade date and are measured at fair value at inception. They are remeasured at their fair value at each reporting date irrespective of whether they were acquired for trading or hedging purposes.

Trading derivatives are recognised on the balance sheet under "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss". Realised and unrealised gains and losses are taken to income on the "Gains or losses on financial instruments at fair value through profit or loss" line.

The notional amounts of financial instruments are merely an indication of the volume of activity and do not reflect the market risks associated with such instruments. Positive or negative fair values represent the replacement value of these instruments. These values may vary significantly depending on changes in market parameters.

in millions of euros	31/12/2024 Notional amount	31/12/2024 Positive fair value	31/12/2024 Negative fair value	31/12/2023 Notional amount	31/12/2023 Positive fair value	31/12/2023 Negative fair value
Interest rate derivatives	11,646.4	192.5	186.1	10,397.8	219.8	213.5
Equity derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Currency derivatives	1,532.2	46.0	55.2	2,373.3	13.3	14.9
Other instruments	0.0	0.0	0.0	0.0	0.0	0.0
Forward transactions	**13,178.6**	**238.5**	**241.2**	**12,771.1**	**233.1**	**228.4**
Interest rate derivatives	15,794.1	89.0	62.7	13,728.0	161.4	137.3
Equity derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Currency derivatives	2,635.4	11.9	11.9	3,455.4	11.8	14.8
Other instruments	0.0	0.0	0.0	0.0	0.0	0.0
Options	**18,429.6**	**100.9**	**74.7**	**17,183.4**	**173.2**	**152.1**
Credit derivative	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL TRADING DERIVATIVES	**31,608.1**	**339.4**	**315.9**	**29,954.5**	**406.3**	**380.5**

5.3 Hedging derivatives

Accounting principles

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable may not be specific to one of the parties to the contract;
- 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.

All derivatives are recognised on the balance sheet at the trade date and are measured at fair value at inception. They are remeasured at their fair value at each reporting date irrespective of whether they were acquired for trading or hedging purposes.

Changes in the fair value of derivatives are recognised in income for the period, except for derivatives qualifying as cash flow hedges for accounting purposes or as hedges of a net investment in a foreign operation.

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relationship between the derivatives and the hedged items is both prospectively and retrospectively effective.

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market interest rates. They transform fixed-rate assets or liabilities into floating-rate instruments. Fair value hedges include, in particular, hedges of loans, securities, deposits and fixed-rate subordinated debt.

Fair value hedging is also used to manage the overall interest rate risk position.

Cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. Cash flow hedging is also used to manage the overall interest rate risk position.

The notional amounts of financial instruments are merely an indication of the volume of activity and do not reflect the market risks associated with such instruments.

The hedging relationship qualifies for hedge accounting if, at the inception of the hedge, there is formal documentation of the hedging relationship identifying the hedging strategy, the type of risk hedged, the designation and characteristics of the hedged item and the hedging instrument. In addition, the effectiveness of the hedge must be demonstrated at inception and subsequently verified.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

The Palatine Group used the option available in IFRS 9 not to apply the provisions of the standard relative to hedge accounting, and to continue to apply IAS 39 as adopted by the European Union for the recognition of these transactions, i.e. excluding certain provisions relating to macro-hedging.

Fair value hedges

Fair value hedges are intended to reduce exposure to changes in the fair value of an asset or liability carried on the balance sheet, or of a firm commitment, in particular the interest rate risk on fixed-rate assets and liabilities.

The gain or loss on the revaluation of hedging instruments attributable to the risk being hedged is recognised in income in the same manner as the gain or loss on the hedged item. The ineffective portion of the hedge, if any, is recorded in the income statement under “Gains or losses on financial instruments at fair value through profit or loss”.

Accrued interest on the hedging instrument is taken to income in the same manner as the accrued interest on the hedged item.

Where identified assets or liabilities are hedged, the revaluation of the hedged component is recognised on the same line of the balance sheet as the hedged item.

The ineffective portion relating to the dual-curve valuation of collateralised derivatives is taken into account when calculating the effectiveness of a hedge.

If a hedging relationship ceases (investment decision, failure to fulfil effectiveness criteria, or because the hedged item is sold before maturity), the hedging instrument is transferred to the trading book. The revaluation difference recorded in the balance sheet in respect of the hedged item is amortised over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation gain or loss is recognised in net income for the period.

Cash flow hedges

The purpose of cash flow hedges is to hedge the exposure to the variability of cash flow that is attributable to a particular risk associated with a recognised asset or liability or with a future transaction (hedge of interest rate risk on floating-rate assets or liabilities, hedge of conditions relating to future transactions such as future fixed interest rates, future prices, exchange rates, etc.).

The portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognised on a separate line of “Gains and losses recognised directly in equity”. The ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement under “Gains or losses on financial instruments at fair value through profit or loss”.

Accrued interest on the hedging instrument is taken to income under interest income in the same manner as the accrued interest on the hedged item.

The hedged items are accounted for using the treatment applicable to their specific asset category.

If a hedging relationship ceases (because the hedge no longer meets the effectiveness criteria, the derivative is sold or the hedged item ceases to exist), the cumulative amounts recognised in other comprehensive income are transferred to the income statement as and when the hedged item impacts profit or loss, or immediately if the hedged item ceases to exist.

Specific cases of portfolio hedging (macro-hedging)

Documentation as cash flow hedges

Some of the Group’s institutions document their macro-hedging of interest rate risk in cash flow hedges (hedging of loan or borrowing portfolios).

In this case, the portfolios of assets or liabilities that may be hedged are, for each maturity band:

- floating-rate assets and liabilities; the entity incurs a risk of variability in future cash flows from floating-rate assets or liabilities insofar as future interest rate levels are not known in advance;
- future transactions deemed to be highly probable (forecasts): assuming total outstandings remain constant, the entity is exposed to the risk of variability in future cash flows on future fixed-rate loans insofar as the interest rate at which the loan will be granted is not yet known. Similarly, the Group may be exposed to the risk of variability in future cash flows on the funding that it will need to raise in the market.

IAS 39 does not permit the designation of a net position by maturity band. The hedged item is therefore deemed to be equivalent to a share of one or more portfolios of identified floating-rate instruments (portion of deposit outstandings or floating-rate loans); the effectiveness of the hedges is measured by creating a hypothetical instrument for each maturity band and comparing its changes in fair value from inception to those for the documented hedging derivatives.

The characteristics of this instrument model those of the hedged item. Effectiveness is then assessed by comparing the changes in value of the hypothetical instrument with the actual hedging instrument. This method requires the preparation of a maturity schedule.

The effectiveness of the hedge must be shown prospectively and retrospectively.

The hedge is effective prospectively if, for each target maturity band, the nominal amount of items to be hedged is higher than the notional amount of the hedging instruments.

The retrospective test calculates the retrospective effectiveness of a hedge initiated at various balance sheet dates.

At each balance sheet date, changes in the fair value of hedging instruments, excluding accrued interest, are compared with those of hypothetical instruments. The ratio of their respective changes should be between 80% and 125%.

If the hedged item is sold or the future transaction is no longer highly probable, the cumulative unrealised gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

When the hedging relationship ceases, if the hedged item is still shown on the balance sheet, or if it is still highly probable, unrealised cumulative gains and loss in comprehensive income are amortised on a straight-line basis. If the derivative has not been cancelled, it is reclassified as a trading derivative, and subsequent changes in its fair value are recognised in income.

Documentation as fair value hedges

Some of the Group's entities document their macro-hedge of interest rate risk as fair value hedges, applying the provisions of IAS 39 as adopted by the European Union (known as a carve-out).

The version of IAS 39 adopted for use by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce their overall exposure to interest rate risk. In particular, this carve-out allows the Group to make use of hedge accounting for interbank interest rate risk on customer transactions at fixed rates (loans, savings accounts and demand deposits). The macro-hedging instruments used by the Group are mainly plain vanilla interest rate swaps designated at inception as fair value hedges of fixed-rate deposits or loans.

Macro-hedging derivatives are accounted for according to the same principles as those described above for fair value micro-hedging.

In the case of a macro-hedging relation, the remeasurement of the component covered is broadly included in the item "Remeasurement gains and losses on interest rate risk-hedged portfolios" on the assets side of the balance sheet when a portfolio of financial assets is hedged and on the liabilities side of the balance sheet when a portfolio of financial liabilities is hedged.

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio. The ineffective portion relating to the dual-curve valuation of collateralised derivatives is taken into account.

Effectiveness is tested in two ways:

- asset-based testing: for plain vanilla swaps designated as hedging instruments at inception, the Group verifies that no over-hedging exists both prospectively at the date the hedging relationship is designated and retrospectively at each balance sheet date;
- quantitative testing: for other swaps, the change in the fair value of the actual swap must offset the changes in the fair value of a hypothetical instrument that exactly reflects the underlying hedged item. These tests are conducted prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date.

If a hedging relationship ceases, the revaluation adjustment is amortised on a straight-line basis over the remaining term of the initial hedge, if the hedged item has not been derecognised. It is taken directly to income if the hedged item is no longer recorded in the balance sheet. Derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the nominal amount of the hedged items falls below the notional amount of the hedging instruments, due in particular to the early repayment of loans and deposit withdrawals observed and modelled.

Hedges of net investments in foreign operations

A net investment in a foreign operation is the amount of the investment held by the consolidating entity in the net assets of the operation.

The purpose of a hedge of a net investment in a foreign operation is to minimise the foreign exchange effect for a consolidating entity of an investment in an entity whose functional currency is different from the presentation currency of the consolidating entity's financial statements. Net investment hedges are accounted for in the same manner as cash flow hedges.

Unrealised gains and losses initially recognised in other comprehensive income are taken to income when the net investment is sold in full or in part (or when partially sold with loss of control).

Fair value hedges mainly consist of interest rate swaps that protect fixed-rate financial instruments against changes in fair value attributable to changes in market interest rates. They transform fixed-rate assets or liabilities into floating-rate instruments.

Fair value macro-hedging is used for the overall management of interest rate risk, notably to cover:

- fixed-rate loan portfolios;
- demand deposits;
- PEL home savings deposits;
- the inflation component of the *Livret A* or *Livret d'Epargne Populaire* (LEP) savings accounts.

In the order of 28 July 2023, the government decided to set the rate of the *Livret A* savings account at 3%, until 31 January 2025 by way of an exception to the regulatory calculation formula. The absence of an inflation component during this period was taken into account by the Group as a source of ineffectiveness (or, where applicable, disqualification) of the hedges of the inflation component of the *Livret A* savings account, with no significant impact on income.

Fair value micro-hedging is used notably to cover:

- fixed-rate liabilities;
- fixed-rate liquidity reserve securities and inflation-indexed securities.

Cash flow hedges fix or control the variability of cash flows arising from floating-rate instruments. Cash flow hedging is also used to manage the overall interest rate risk position.

Cash flow hedges are mainly used to:

- hedge floating-rate liabilities;
- the hedge of the risk of changes in the value of future variable debt flows;
- the macro-hedge of variable-rate assets.

The main causes of ineffective hedging are related to:

- inefficiency due to dual-curve valuations: the value of collateralised derivatives (with margin calls yielding €STR) is based on the €STR discount curve, while the fair value of the hedged component of the item hedged is calculated using a EURIBOR discount curve;
- the time value of options;
- the over-hedging as part of macro-hedging base tests (notional hedging derivative amounts greater than the nominal amount of the hedged items, notably in the event that the hedged items have been repaid earlier than expected);
- the valuation adjustments linked to credit risk and own credit risk on derivatives (credit valuation adjustment and debit valuation adjustment);
- differences in interest rate fixing dates between the hedged item and the hedge.

The notional amounts of financial instruments are merely an indication of the volume of activity and do not reflect the market risks associated with such instruments.

	31/12/2024			31/12/2023		
in millions of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate derivatives	713.4	9.9	3.9	353.5	6.7	4.7
Forward transactions	**713.4**	**9.9**	**3.9**	**353.5**	**6.7**	**4.7**
Fair value hedges	**713.4**	**9.9**	**3.9**	**353.5**	**6.7**	**4.7**
TOTAL HEDGING DERIVATIVES	**713.4**	**9.9**	**3.9**	**353.5**	**6.7**	**4.7**

All hedging derivatives are included in “Hedging derivatives” in balance sheet assets and liabilities.

Currency swaps are documented both as interest rate fair value hedges and as currency cash flow hedges. Total fair value is nevertheless recorded under currency derivatives. These derivatives were mainly recorded under currency fair value hedges and are recorded under currency cash flow hedges in order to better reflect the weight of the currency component (associated with the cash flow hedge) in total fair value.

Timetable of the notional amount of the hedging derivatives at 31 December 2024

	Under 1 year	From 1 to 5 years	From 6 to 10 years	Over 5 years
Interest rate hedging	**120.9**	**255.0**	**287.5**	**50.0**
Cash flow hedges	0.0	0.0	0.0	0.0
Fair value hedges	120.9	255.0	287.5	50.0
Foreign exchange risk hedging	**0.0**	**0.0**	**0.0**	**0.0**
Cash flow hedges	0.0	0.0	0.0	0.0
Fair value hedges	0.0	0.0	0.0	0.0
Hedging of other risks	**0.0**	**0.0**	**0.0**	**0.0**
Cash flow hedges	0.0	0.0	0.0	0.0
Fair value hedges	0.0	0.0	0.0	0.0
Hedging of net investments in foreign operations	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL	**120.9**	**255.0**	**287.5**	**50.0**

Currency swaps are documented both as interest rate fair value hedges and as currency cash flow hedges. Total fair value is nevertheless recorded under currency derivatives. These derivatives were mainly recorded under currency fair value hedges and are recorded under currency cash flow hedges in order to better reflect the weight of the currency component (associated with the cash flow hedge) in total fair value.

Hedged item

Fair value hedges

in millions of euros	31/12/2024								
	Interest rate risk hedging			Foreign exchange risk hedging			Hedging of other risks (gold, commodities, etc.)		
	Carrying amount	of which revaluation of the hedged component (1)	Hedged component remaining to be re-cognised (2)	Carrying amount	of which revaluation of the hedged com-ponent (1)	Hedged component remaining to be re-cognised (2)	Carrying amount	of which revaluation of the hedged com-ponent (1)	Hedged component remaining to be re-cognised (2)
Assets									
Financial assets at fair value through other comprehensive income	**233.3**	**(3.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Credit institutions' loans or receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customers' loans or receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	233.3	(3.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets at amortised cost	**456.7**	**(1.1)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Credit institutions' loans or receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customers' loans or receivables	303.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	153.3	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities									
Financial liabilities at amortised cost	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Amounts due to credit institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amounts due to customers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subordinated debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**690.0**	**(4.3)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

(1) Accrued interest excluded.
(2) Declassification, end of hedging relationship.

31/12/2023								
Interest rate risk hedging			Foreign exchange risk hedging			Hedging of other risks (gold, commodities, etc.)		
Carrying amount	of which revaluation of the hedged component [1]	Hedged component remaining to be recognised [2]	Carrying amount	of which revaluation of the hedged component [1]	Hedged component remaining to be recognised [2]	Carrying amount	of which revaluation of the hedged component [1]	Hedged component remaining to be recognised [2]
188.7	**(9.1)**	**197.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
188.7	(9.1)	197.8	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
188.7	**(9.1)**	**197.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Hedge ineffectiveness for the period is presented in 4.3/Net gains or losses on financial instruments at fair value through profit or loss or in 4.4/Net gains or losses on equity instruments at fair value through equity for equity instruments classified at fair value through non-recyclable equity.

Cash flow hedging - hedges of net investments in foreign currencies

Banque Palatine is not involved in cash flow hedging or hedging of net investments in foreign currencies.

5.4 Financial assets at fair value through shareholders' equity

Accounting principles

Financial assets at fair value through other comprehensive income are initially recognised at fair value, plus any transaction costs.

Debt instruments measured at fair value through other comprehensive income recyclable to profit or loss

For each reporting period, these instruments are carried at their fair value and changes in fair value (excluding accrued interest) are recorded under "Gains and losses recognised directly in other comprehensive income recyclable to profit or loss" (as the foreign currency assets are monetary assets, changes in the fair value of the foreign currency component affect income). The principles used to determine fair value are described in Note 9/Fair value of financial assets and liabilities.

These instruments are subject to IFRS 9 impairment requirements. Information about credit risk is provided in Note 7.1/Credit risk. If they are sold, these changes in fair value are taken to income.

Income accrued or acquired on debt instruments is recorded under "Interest income and similar income" according to the Effective Interest Rate (EIR) Method. This method is described in Note 5.5 – Assets at amortised cost.

Equity instruments measured at fair value through other comprehensive income not recyclable to profit or loss

For each reporting period, these instruments are carried at their fair value and changes in fair value are recorded under "Gains and losses recognised directly in other comprehensive income not recyclable to profit or loss" (as the foreign currency assets are not monetary assets, changes in the fair value of the foreign currency component do not affect income). The principles used to determine fair value are described in Note 9.1 / Fair value of financial assets and liabilities.

The designation at fair value through other comprehensive income not recyclable to profit or loss is an irrevocable option that is applied on an instrument-by-instrument basis only to equity instruments not held for trading purposes. Realised and unrealised losses continue to be recorded in other comprehensive income with no impact on income. These financial assets are not impaired.

In the event of disposal, changes in fair value are not transferred to profit or loss but are taken directly to consolidated reserves.

Only dividends affect income when they correspond to a return on investment. They are recorded under "Net gains or losses on financial instruments at fair value through equity" (Note 4.4 / Net gains or losses on financial instruments at fair value through equity).

in millions of euros	31/12/2024	31/12/2023
Customers' loans or receivables	0.0	0.0
Debt securities	608.9	566.2
Shares and other equity securities	14.8	8.3
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**623.7**	**574.5**
Of which impairment for expected credit losses	*(0.0)*	*(0.0)*
Of which gains and losses recognised directly in shareholders' equity (before tax)	*(30.6)*	*(31.7)*
• *Debt instruments*	*(29.7)*	*(31.7)*
• *Equity instruments*	*(0.9)*	*0.0*

At 31 December 2024, the gains and losses recognised directly in shareholders' equity included, in particular, treasury bills, bonds and other investments in unconsolidated subsidiaries.

Equity instruments designated at fair value through other comprehensive income

Accounting principles

Equity instruments designated at fair value through other comprehensive income can include:

- investments in unconsolidated subsidiaries;
- shares and other equity securities.

On initial recognition, equity instruments designated at fair value through other comprehensive income are carried at fair value plus any transaction costs.

On subsequent closing dates, changes in the fair value of the instrument are recognised in other comprehensive income (OCI).

These changes in fair value that accrue to other comprehensive income will not be reclassified to profit or loss in subsequent years (other comprehensive income not recyclable to profit or loss).

Dividends are only taken to income when they meet the required conditions.

	31/12/2024				31/12/2023			
		Dividends recognised over the period	Derecognition over the period			Dividends recognised over the period	Derecognition over the period	
in millions of euros	Fair value	Equity instruments held at the end of the period	Fair value at the disposal date	Total profit or loss at the disposal date	Fair value	Equity instruments held at the end of the period	Fair value at the disposal date	Total profit or loss at the disposal date
Investments in unconsolidated subsidiaries	4.0	0.5	0.0	0.0	1.3	0.5	0.0	0.0
Shares and other equity securities	10.9	0.0	0.0	0.0	7.0	0.0	0.0	0.0
TOTAL	**14.8**	**0.5**	**0.0**	**0.0**	**8.3**	**0.5**	**0.0**	**0.0**

Investments in unconsolidated subsidiaries include strategic investments, “tool” entities (IT for example) and certain long-term private equity securities. As these investments in unconsolidated subsidiaries are not held for sale, their classification as equity instruments designated at fair value through other comprehensive income is appropriate.

5.5 Assets at amortised cost

Accounting principles

Assets at amortised cost are SPPI financial assets managed under a hold to collect business model. Most loans originated by the Group are classified in this category. Information about credit risk is provided in Note 7.1 / Credit risk.

Financial assets at amortised cost include loans and receivables to credit institutions and customers as well as securities at amortised cost such as treasury bills and bonds.

Loans and receivables are initially recorded at fair value plus any costs and less any income directly related to the arrangement of the loan or to the issue.

When loans are extended under conditions that are less favourable than market conditions, a discount corresponding to the difference between the nominal value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the nominal value of the loan. The market interest rate is the rate applied by the vast majority of local financial institutions at a given time for instruments and counterparties with similar characteristics.

On subsequent closing dates, these financial assets are measured at amortised cost using the Effective Interest Rate Method.

The effective interest rate is the rate that exactly discounts estimated future cash flows to the carrying amount of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any external transaction income or costs directly related to the implementation of the loans, which are treated as an adjustment to the effective yield on the loan. No internal cost is included in the calculation of amortised cost.

State-guaranteed loans

The state-guaranteed loan (*Prêt Garanti par l’Etat* - SGL) is a support mechanism set up in application of article 6 of act no. 2020-289 of 23 March 2020 (the amended French finance act for 2020), and of the decision of the minister of the economy and finance of 23 March 2020, granting a state guarantee to credit institutions and finance companies as of 16 March 2020 in order to meet the cash flow needs of companies impacted by the Covid-19 health crisis. The scheme was extended until 30 June 2022 by finance act no. 2021-1900 of 30 December 2021, and the SGL must meet the eligibility criteria defined by law and common to all institutions distributing this loan.

The SGL is a one-year loan with capital repayments deferred for this period. The beneficiary companies may decide, at the end of the first year, to amortise the SGL over a period of one to five additional years or to start the amortisation of the capital only from the second year of the period by paying only the interest and the cost of the state guarantee.

For eligible companies, the amount of the state-guaranteed loan is capped, in the general case (excluding innovative and recently created companies, and excluding the season loans for our tourism/hotels/catering customers for example), at 25% of the company's revenue. State-guaranteed loans are 70% to 90% guaranteed by the French state, depending on the borrowing company's size, with the lending banks carrying the remaining risk. The state guarantee covers a percentage of the outstanding amount of the debt (capital, interest and accessories) until its expiry. The state guarantee may be called before the expiry of the term in the event of a credit event.

The prepayment penalty is set in the contract, at a reasonable level (2% of the principal amount outstanding during the initial loan period, then 3%-6% of the principal amount outstanding during the repayment period). The terms and conditions for extending the loan are not set in advance but are established two to three months before the extension option expires, in line with market conditions.

The SGLs may not be covered by another collateral security or guarantee besides the state guarantee, with the exception of those granted pursuant to a ministerial order by the minister of the economy and finance. The self-employed professional or business leader may request or be offered loan repayment insurance, but such insurance is not mandatory.

Given these characteristics, the loans guaranteed by the French state meet the basic lending criteria (see Note 2.5.1 / Classification and measurement of financial assets and liabilities). They are recognised in the “amortised cost” category since they are held in a collection management model whose objective is to hold the loans in order to collect the cash flows (see Note 2.5.1 / Classification and measurement of financial assets and liabilities). On subsequent closing dates, they will be measured at amortised cost using the Effective Interest Rate Method.

With regard to the state guarantee, it is considered an integral part of the terms of the contract and is taken into account in the calculation of expected credit loss impairments. The guarantee fee paid at the granting of the loan by the Palatine Group to the French state is recognised in profit or loss over the initial term of the state-guaranteed loan according to the Effective Interest Rate (EIR) Method. The impact is recognised in net interest income.

A state-guaranteed loan granted to a borrower considered to be non-performing on inception (Stage 3) is classified as a POCI (Purchased or Originated Credit-Impaired) asset.

However, the grant of a state-guaranteed loan to a given counterparty is not in itself evidence of deterioration in risk, requiring a downgrade to Stage 2 or 3 of the other outstandings of this counterparty.

The Resilience SGL, opened on 6 April 2022, is an additional SGL for companies impacted by the consequences of the conflict in Ukraine (in particular for companies that are at – or close to – the 25% ceiling of the SGL). The authorised ceiling is 15% of the average revenue over the last three financial years, or the last two financial years if they have only two financial years or the last financial year if they only have one financial year, or calculated as annualised revenue using a straight-line projection based on revenue achieved to date if they have no closed financial year. Except for its amount, subject to the new ceiling of 15% of revenue, the additional SGL takes the same form as the SGLs introduced at the beginning of the health crisis: same maximum duration (up to six years), same minimum repayment-free period (12 months), same guaranteed portion and guarantee premium. The Resilience SGL could be fully combined with any SGLs already obtained until 30 June 2022. This system was extended until 31 December 2023 as part of the amended French Finance act for 2023.

Loan renegotiations and restructuring

When contracts are modified, IFRS 9 requires the identification of financial assets that are renegotiated, restructured or otherwise modified (whether or not as a result of financial hardship), but not subsequently derecognised. Any profit or loss arising from the modification of a contract is recognised in income. The gross carrying amount of the financial asset must be recalculated so it is equal to the present value of the renegotiated or amended contractual cash flows at the initial effective interest rate. The materiality of the modifications is, however, analysed on a case by case basis.

“Restructured” amounts correspond to loans where an arrangement has been reached that represents a concession to debtors in financial hardship or in danger of being so. “Restructured” amounts therefore require a combination of two elements: a concession and financial difficulties.

The arrangements covered by "restructuring" must result in a more advantageous situation for the debtor (e.g. suspension of interest or principal payments, extension of the term, etc.) and are formalised by the implementation of amendments modifying the terms of an existing contract or by the total or partial refinancing of an existing loan.

Financial difficulty is measured by a number of criteria, such as payments more than 30 days past due or an at-risk classification. The arrangement of a restructuring does not necessarily mean the counterparty in question is classed as in default by Basel standards. Whether they are classed as in default depends on the viability test carried out during the counterparty’s restructuring.

In the event of restructuring following a proven credit loss event, the loan is considered as an impaired loan (in Stage 3) and is subject to a discount equal to the difference between the present value of the initially expected contractual cash flows and the discounting of the future expected capital and interest flows following the restructuring. The discount rate used is the initial effective interest rate. This discount is expensed to “Cost of credit risk” in the income statement and offset against the corresponding item on the balance sheet. It is written back to net interest income in the income statement over the life of the loan using an actuarial method. If the discount is immaterial, the effective interest rate on the restructured loan is adjusted and no discount is recognised.

The restructured loan is reclassified as performing (not impaired, Stage 1 or Stage 2) when no uncertainty remains as to the borrower's capacity to honour the commitment.

For substantially restructured loans (for example, the conversion of all or part of a loan into an equity instrument), the new instruments are booked at fair value. The difference between the carrying amount of the derecognised loan (or portion of the loan) and the fair value of the assets received in exchange is taken to income under "Cost of credit risk". Any previously established impairment loss on the loan is adjusted. It is fully reversed in the event of full conversion of the loan into new assets.

The widespread moratoria granted to business customers in response to temporary cash flow difficulties arising from the Covid-19 crisis modified these loans' repayment schedules without substantially modifying their features. These loans were therefore amended without being derecognised. In addition, the granting of the moratorium is not in itself an indication of financial distress for the companies in question.

Fees and commissions

Costs directly attributable to the arrangement of loans are external costs which consist primarily of commissions paid to third parties such as business provider fees.

Income directly attributable to the issuance of new loans principally comprises set-up fees charged to customers, rebilled costs and financing commitment fees (if it is more probable than improbable that the loan will be drawn down). Financing commitment fees received that will not result in any drawdowns are apportioned on a straight-line basis over the life of the commitment.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a *pro rata* basis with no recalculation of the effective interest rate. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate resetting date.

Date of recognition

Securities are recorded in the balance sheet on the settlement-delivery date.

Temporary sales of securities are also recorded on the settlement-delivery date.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

For repurchase transactions, a financing commitment given is recorded between the transaction date and the settlement-delivery date.

5.5.1 Securities at amortised cost

in millions of euros	31/12/2024	31/12/2023
Treasury bills and similar securities	421.6	327.9
Bonds and other debt securities	199.2	151.7
Impairment for expected credit losses	(23.7)	(26.3)
TOTAL SECURITIES AT AMORTISED COST	**597.1**	**453.3**

The fair value of securities at amortised cost is presented in Note 9 / Fair value of financial assets and liabilities.

The classification of outstanding loans and impairment for credit losses by stage is detailed in Note 7.1 / Credit risk.

5.5.2 Credit institutions’ loans and receivables and similar at amortised cost

in millions of euros	31/12/2024	31/12/2023
Current accounts with overdrafts	1,553.3	1,728.4
Repurchase agreements	0.0	0.0
Accounts and loans*	3,786.1	3,534.8
Other loans or receivables due from credit institutions	0.0	0.0
Security deposits paid	48.7	61.8
Impairment for expected credit losses	(0.0)	(0.0)
TOTAL	**5,388.1**	**5,325.0**

* *The livret A, LDD and LEP savings accounts centralised with Caisse des dépôts et consignations and recorded under “Accounts and loans” amounted to €629.8 million at 31 December 2024, versus €541.9 million at 31 December 2023.*

The fair value of loans and receivables due from credit institutions and similar is presented in Note 9 / Fair value of financial assets and liabilities.

The classification of outstanding loans and impairment for credit losses by stage is detailed in Note 7.1 / Credit risk.

5.5.3 Customers’ loans and receivables at amortised cost

in millions of euros	31/12/2024	31/12/2023
Current accounts with overdrafts	**416.8**	**410.3**
Other facilities granted to customers	**11,860.6**	**11,646.7**
• Credit facilities*	4,663.6	4,150.3
• Equipment loans	3,480.0	3,802.9
• Home loans	3,247.5	3,236.2
• Export loans	41.6	40.7
• Subordinated loans	1.3	1.9
• Other loans	426.5	414.7
Other customers' loans or receivables	**17.4**	**22.5**
Security deposits paid	**43.3**	**25.3**
GROSS LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**12,338.1**	**12,104.8**
Impairment for expected credit losses	(355.7)	(307.5)
TOTAL	**11,982.4**	**11,797.3**

* *The state-guaranteed loans (SGL) are included in short-term loans and amounted to €28.5 million at 31 December 2024, compared with €40.3 million at 31 December 2023.*

Green financing outstandings are detailed in chapter 1 Sustainability report.

The fair value of customers' loans and receivables is presented in Note 9 / Fair value of financial assets and liabilities.

The classification of outstanding loans and impairment for credit losses by stage is detailed in Note 7.1 / Credit risk.

5.6 Reclassification of financial assets

Accounting principles

Reclassifications of financial assets under IFRS 9 are limited. It is not possible to reclassify a security at amortised cost in the case of simple market illiquidity. A reclassification is only possible where the management model has changed due to a strategic decision of the management. As a result, this scenario is very infrequent (for example: sale of a business segment resulting in winding up the assets concerned, restructuring of activity, etc.).

In this case, the reclassification is forward-looking and does not involve any redefinition affecting prior periods.

Banque Palatine did not reclassify any financial assets in 2024.

5.7 Accrual accounts and other assets

in millions of euros	31/12/2024	31/12/2023
Collection accounts	1.8	0.3
Prepaid expenses	3.1	3.1
Accrued income	28.1	28.6
Other accrued accounts	76.4	33.8
ACCRUAL ACCOUNTS - ASSETS	**109.4**	**65.8**
Settlement accounts in debit on securities transactions	0.0	0.0
Other accounts receivable	18.7	17.8
OTHER ASSETS	**18.7**	**17.8**
TOTAL ACCRUAL ACCOUNTS AND OTHER ASSETS	**128.1**	**83.6**

The "Collection accounts" line mainly includes checks sent for collection (*via* the clearing house), as well as the expected Dailly receivables awaiting settlement.

"Other accrual accounts" mainly include pending transactions in the management modules.

The increase of €45.5 million between 2023 and 2024 is explained by the recording of the amount of the exchange effect in a new accounting scheme based on the overall fair value of the instrument.

5.8 Non-current assets held for sale and associated liabilities

Accounting principles

Where a decision is made to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately on the balance sheet on the "Non-current assets held for sale" line. Any liabilities associated with these assets are also shown separately on the balance sheet on the "Liabilities associated with non-current assets held for sale" line.

Once classified in this category, non-current assets are no longer depreciated/amortised and are measured at the lowest of their carrying amount or fair value less sales costs. Financial instruments continue to be measured in accordance with IFRS 9.

A non-current asset (or group of assets) is held for sale when its carrying amount is recovered by its sale. The asset (or group of assets) must be immediately available for sale and it must be highly likely that the sale will be completed within the next 12 months.

These assets do not apply to Banque Palatine.

5.9 Investment property

Accounting principles

In accordance with IAS 40, investment property is property held to earn rent and for capital appreciation.

The accounting treatment for investment property is identical to that used for property, plant and equipment for all Group entities except for certain Insurance entities, which recognise the property they hold as Insurance investments at fair value, with any adjustment to fair value recorded in income. Fair value is based on a multicriteria approach where rents are capitalised at market rates and compared with the transaction market.

The fair value of the Group's investment property is based on regular expert valuations, except in special cases significantly affecting the value of the relevant asset.

Investment property leased under an operating lease may have a residual value that will reduce the depreciable amount of the asset.

Gains or losses on the disposal of investment property are recognised in income on the "Net income or expenses on other activities" line, with the exception of insurance businesses, which are recognised in "Income from insurance businesses".

	31/12/2024			31/12/2023		
in millions of euros	Gross amount	Accumulated depreciation and impairment	Net amount	Gross amount	Accumulated depreciation and impairment	Net amount
Property recognised at fair value	///	///	0.0	///	///	0.0
Property recognised at historic cost	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL INVESTMENT PROPERTY	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

The fair value of investment property is classified in Level 3 of the fair value hierarchy in accordance with IFRS 13.

5.10 Fixed assets

Accounting principles

This item includes property, plant and equipment owned and used in the business, movable assets acquired under operating leases, property acquired under finance leases and temporarily unleased assets held under finance leases. Interests in non-trading real estate companies (SCIs) are accounted for as property, plant and equipment.

In accordance with IAS 16 and IAS 38, property, plant and equipment and intangible assets are recognised as assets only if they meet the following conditions:

- it is probable that the company will enjoy future economic benefits associated with the asset;
- the cost of the asset can be measured reliably.

Property, plant and equipment and intangible assets used in operations are initially recognised at cost plus any directly attributable acquisition costs. Software developed internally that fulfils the criteria for recognition as a non-current asset is recognised at its production cost, which includes external charges and the employee benefits expense of employees directly assigned to the project.

The component-based approach is applied to all buildings.

Internally created software is recognised as an asset in the balance sheet under "Intangible assets" for its direct development cost when the criteria for recognition of an asset as set out in IAS 38 are met.

After initial recognition, property, plant and equipment and intangible assets are measured at cost less any accumulated depreciation, amortisation and impairment. The depreciable amount of the asset takes account of its residual value where this is material and can be measured reliably.

Property, plant and equipment and intangible assets are depreciated or amortised in order to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life. Where an asset consists of a number of components that have different uses or economic benefit patterns, each component is recognised separately and depreciated over a period that reflects the useful life of that component.

The depreciation and amortisation periods used by the Group are as follows:

- construction, major works: 15 to 50 years;
- plant and equipment: 20 years;
- fixtures and fittings: 10 years;
- furniture and special equipment: 5 to 10 years;
- computer equipment: 3 to 5 years;
- software: maximum 5 years.

For other categories of property, plant and equipment, the useful life is generally within a range of 5 to 10 years.

Property, plant and equipment and intangible assets are tested for impairment whenever there is any evidence that they may be impaired at the reporting date. If this is the case, the revised recoverable amount of the asset is compared to its net carrying amount. If the revised recoverable amount of the asset is lower than its carrying amount, an impairment loss is recognised in income.

This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any evidence of impairment.

Equipment leased under operating leases (Group as lessor) is recognised as an asset on the balance sheet under property, plant and equipment.

in millions of euros	31/12/2024 Gross amount	31/12/2024 Accumulated depre-ciation, amortisation and impairment	31/12/2024 Net amount	31/12/2023 Gross amount	31/12/2023 Accumulated depre-ciation, amortisation and impairment	31/12/2023 Net amount
PROPERTY, PLANT AND EQUIPMENT	**30.3**	**(10.8)**	**19.5**	**32.5**	**(17.8)**	**14.7**
• Real estate assets	1.8	(1.5)	0.3	3.8	(3.2)	0.7
• Movable assets	28.5	(9.3)	19.2	28.7	(14.6)	14.0
Property, plant and equipment leased under operating leases	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Movable assets	0.0	0.0	0.0	0.0	0.0	0.0
Rights of use under lease agreements	**51.5**	**(18.3)**	**33.1**	**64.9**	**(23.8)**	**41.1**
On real estate assets	51.5	(18.3)	33.1	64.9	(23.8)	41.1
On movable assets	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL PROPERTY, PLANT AND EQUIPMENT	**81.8**	**(29.2)**	**52.6**	**97.4**	**(41.6)**	**55.8**
INTANGIBLE ASSETS	**6.2**	**(2.1)**	**4.1**	**6.6**	**(2.5)**	**4.1**
• Leasehold rights	4.4	(0.3)	4.1	4.4	(0.3)	4.1
• Software	1.8	(1.8)	0.0	2.2	(2.2)	0.0
• Other intangible fixed assets	0.0	0.0	0.0	0.0	(0.0)	0.0
TOTAL INTANGIBLE ASSETS	**6.2**	**(2.1)**	**4.1**	**6.6**	**(2.5)**	**4.1**

5.11 Debt securities

Accounting principles

Issues of debt securities not classified as financial liabilities at fair value through profit or loss or through other comprehensive income are initially recognised at fair value less any transaction costs. They are subsequently measured at amortised cost at each reporting date using the Effective Interest Rate Method.

These instruments are recognised on the balance sheet under “Amounts due to credit institutions”, “Amounts due to customers” or “Debt securities”.

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under “Subordinated debt”.

Securities are recorded in the balance sheet on the settlement-delivery date.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in special cases.

A new category of liabilities eligible for the numerator of the Total Loss Absorbing Capacity (TLAC) calculation has been introduced by French law and is commonly referred to as “Senior non-preferred debt”. These liabilities rank between equity and “Other senior preferred debt”.

in millions of euros	31/12/2024	31/12/2023
Bonds	0.0	0.0
Interbank market instruments and negotiable debt securities	1,723.7	2,521.8
Other debt securities that are neither preferred nor subordinated	0.0	0.0
Non-preferred debt	0.0	0.0
TOTAL	**1,723.7**	**2,521.8**
Accrued interest	21.6	26.5
TOTAL DEBT SECURITIES	**1,745.4**	**2,548.3**

Details of green bond issues are given in chapter 1 Sustainability Report.

The fair value of debt securities is disclosed in Note 9 / Fair value of financial assets and liabilities.

5.12 Amounts due to credit institutions and similar and customers

Accounting principles

Debts, which are not classified as financial liabilities measured at fair value through profit or loss or as equity, are recorded in the balance sheet under “Amounts due to credit institutions” or “Amounts due to customers.”

These debts issued are initially recognised at their fair value less transaction costs and are measured at the reporting date according to the amortised cost method using the Effective Interest Rate Method.

These instruments are recognised under “Amounts due to credit institutions”, “Amounts due to customers” or “Debt securities” (Note 5.11 / Debt securities).

Temporary sales of securities are recorded on the settlement-delivery date.

For repurchase transactions, a financing commitment received is recorded between the transaction date and the settlement-delivery date when such transactions are recorded as “Liabilities”.

The long-term refinancing operations (TLTRO 3) with the ECB were repaid in full at the end of March 2024.

As a reminder, these transactions were recognised at amortised cost in accordance with the rules of IFRS 9. Interest is recognised in the income statement by the Effective Interest Rate Method estimated based on the assumption that the loan production targets set by the ECB are met. As these loans are remunerated *via* an adjustable rate, the effective interest rate used may change from one period to another. The Palatine Group achieved the loan production targets set by the ECB. This means the -0.50% interest bonus has been booked as income for the 12-month period concerned. On 28 October 2022, the ECB announced a change in the remuneration of the TLTRO 3:

- between 23 June 2022, and 22 November 2022, the applicable rate is the ECB’s average deposit facility rate from the TLTRO 3 start date until 22 November 2022;
- from 23 November, the applicable rate is the average ECB deposit facility rate applicable until the maturity date or the early redemption date of each outstanding TLTRO III operation.

5.12.1 Amounts due to credit institutions and similar

in millions of euros	31/12/2024	31/12/2023
Demand deposits	18.9	15.2
Accrued interest	0.0	0.0
AMOUNTS DUE TO CREDIT INSTITUTIONS AND SIMILAR – REPAYABLE ON DEMAND	**18.9**	**15.2**
Term deposits and loans	1,501.3	2,334.2
Accrued interest	10.5	25.5
AMOUNTS DUE TO CREDIT INSTITUTIONS AND SIMILAR – REPAYABLE AT AGREED MATURITY DATE	**1,511.8**	**2,359.7**
Guarantee deposits received	152.4	261.1
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS AND SIMILAR	**1,683.2**	**2,636.0**

The fair value of amounts due to credit institutions and similar is presented in Note 9 / Fair value of financial assets and liabilities.

The increase in transactions with the network in 2024 is linked to the optimisation of the circulation of regulatory liquidity within the Group by the central body.

5.12.2 Amounts due to customers

in millions of euros	31/12/2024	31/12/2023
Current accounts	**10,587.1**	**9,129.3**
Livret A savings accounts	826.3	660.0
Regulated home savings plans and accounts	141.2	160.9
Other regulated savings accounts	574.9	620.8
Accrued interest	0.0	0.0
Regulated savings accounts	**1,542.4**	**1,441.7**
Demand accounts and loans	11.3	39.4
Term accounts and loans	1,368.1	776.6
Accrued interest	12.0	4.3
Other customer accounts	**1,391.4**	**820.3**
Other amounts due to customers	**0.0**	**0.0**
Guarantee deposits received	5.7	16.3
TOTAL AMOUNTS DUE TO CUSTOMERS	**13,526.6**	**11,407.6**

Details of responsible savings passbook accounts are given in chapter 1 "Sustainability Report".

The fair value of loans and receivables is presented in Note 9 / Fair value of financial assets and liabilities.

5.13 Accrual accounts and other liabilities

in millions of euros	31/12/2024	31/12/2023
Collection accounts	46.8	8.3
Prepaid income	4.1	5.0
Accounts payable	61.0	71.6
Other accrued expenses	83.7	40.9
ACCRUAL ACCOUNTS – LIABILITIES	**195.6**	**125.8**
Settlement accounts in credit on securities transactions	0.0	0.0
Other accounts payable	26.0	33.7
Lease liabilities	36.7	43.0
OTHER LIABILITIES	**62.7**	**76.7**
TOTAL ACCRUAL ACCOUNTS AND OTHER LIABILITIES	**258.3**	**202.5**

The “Collection accounts” line mainly includes transfers made (*via* the Clearing House), as well as deductions from promissory notes in the statement.

5.14 Provisions

Accounting principles

Provisions other than those relating to employee benefits and similar, regulated home savings schemes, off-balance sheet commitments, and insurance contracts mainly consist of provisions for restructuring, claims and litigation, fines and penalties, and tax risks (excluding income tax).

The provisions are liabilities of uncertain timing or amount. A provision must be recognised when there is a present obligation (legal or implicit) resulting from past events, the settlement of which is likely to require an outflow of resources, and the amount of which can be reliably estimated.

The amount recognised in provisions is the best estimate of the expense required to extinguish the present commitment at the reporting date.

Provisions are discounted when the impact of discounting is material.

Changes in provisions are recognised in the income statement on the lines corresponding to the nature of the future expenditure.

Provisions on regulated home savings products

Regulated home savings accounts (*Comptes d'Épargne Logement* - CEL) and regulated home savings plans (*Plans d'Épargne Logement* - PEL) are retail products marketed in France governed by the 1965 law on regulated home savings plans and accounts, and subsequent implementing decrees.

Regulated home savings schemes generate two types of commitments for establishments selling them:

- a commitment to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- a commitment to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Commitments with potentially unfavourable consequences are measured for each generation of regulated home savings plans and for all regulated home savings accounts.

A provision is recognised for the associated risks by discounting future potential earnings from at-risk outstandings:

- at-risk savings deposits correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking account of historical investor behaviour patterns, and corresponds to the difference between the probable savings deposits and the minimum expected savings deposits;
- at-risk loan outstandings correspond to the loan outstandings granted but not yet due at the calculation date plus statistically probable loan outstandings based on historical customer behaviour patterns as well as earned and future rights relating to regulated home savings accounts and plans.

The commitments are estimated using the Monte Carlo method in order to reflect the uncertainty of future interest rate trends and their impact on customer behaviour models and at-risk outstandings. On this basis, a provision is recorded for a given generation of contracts in the event of a situation liable to be detrimental for the Group, with no netting between generations.

The provision is recognised under liabilities in the balance sheet and changes are recorded in net interest income and expenses.

5.14.1 Summary of provisions

in millions of euros	01/01/2024	Increase	Used	Reversals unused	Other changes (1)	31/12/2024
Provisions for employee commitments (2)	14.7	1.2	0.0	(0.1)	(1.6)	14.3
Provisions for restructuring costs	0.7	0.0	(0.6)	(0.1)	0.0	0.0
Legal and tax risks (3)	10.6	2.9	(1.0)	(3.7)	(0.2)	8.6
Loan and guarantee commitments (4)	47.0	11.8	0.0	(18.1)	0.0	40.7
Provisions for regulated home savings schemes	2.2	1.0	0.0	0.0	0.0	3.3
Other operating provisions	2.8	2.1	0.0	(0.9)	0.2	4.3
TOTAL PROVISIONS	**78.0**	**19.0**	**(1.6)**	**(22.8)**	**(1.6)**	**71.0**

(1) *Other movements include revaluation reserve on post-employment defined-benefit plans (€2.45 million before tax) as well as the impact of changes in scope and translation.*

(2) *Of which €13.97 million for post-employment defined-benefit plans and other long-term employee benefits.*
With regard to the right to paid leave, and following the decision of the Court of cassation of 13 September 2023, it should be noted that article 37 of the act of 22 April 2024 now defines the terms and conditions for aligning the French Labour Code with European law. These amendments concern in particular the reference period to be used, the possibility of deferring rights to paid leave, the retroactive period applicable to these provisions, and lastly the number of days of leave to which the employee is entitled in the event of accident or illness of professional or non-professional origin. The Palatine Group has provisioned for the potential impact in its financial statements at 31 December 2024.

(3) *At 31 December 2024, provisions for legal and tax risks (excluding income tax) provisions for operating risks.*

(4) *The provisions for loan and guarantee commitments are detailed in Note 7.1.2 / Change in gross carrying amounts and expected credit losses on financial assets and commitments*

5.14.2 Provisions for regulated home savings products

5.14.2.1 Deposits collected for regulated home savings schemes

in millions of euros	31/12/2024	31/12/2023
Deposits collected for regulated home savings plans (PEL)		
• plans less than 4 years old	2.1	4.9
• plans more than 4 years but less than 10 years old	9.9	57.3
• plans more than 10 years old	114.5	85.7
Deposits collected for regulated home savings plans (PEL)	**126.6**	**147.9**
Deposits collected for regulated home savings accounts (CEL)	**14.5**	**15.6**
TOTAL DEPOSITS COLLECTED FOR REGULATED HOME SAVINGS SCHEMES	**141.1**	**163.5**

5.14.2.2 Outstanding loans granted on regulated home savings schemes

in millions of euros	31/12/2024	31/12/2023
Loan outstandings granted on regulated home savings plans (PEL)	0.0	0.0
Loan outstandings granted on regulated home savings accounts (CEL)	0.1	0.1
TOTAL OUTSTANDING LOANS GRANTED ON REGULATED HOME SAVINGS SCHEMES	**0.1**	**0.1**

5.14.2.3 Provisions set aside for regulated home savings schemes

in millions of euros	31/12/2023	Net charges/ reversals	31/12/2024
Provisions for regulated home savings plans (PEL)			
• plans less than 4 years old	0.0	(0.0)	0.0
• plans more than 4 years but less than 10 years old	0.1	(0.1)	0.0
• plans more than 10 years old	1.7	1.3	3.0
Provisions for regulated home savings plans (PEL)	**1.8**	**1.2**	**3.0**
Provisions for regulated home savings accounts (CEL)	**0.4**	**(0.2)**	**0.3**
Provisions for regulated home savings plan (PEL) loans	0.0	0.0	0.0
Provisions for regulated home savings account (CEL) loans	0.0	0.0	(0.0)
Provisions for regulated home savings loans	**0.0**	**0.0**	**(0.0)**
TOTAL PROVISIONS FOR REGULATED HOME SAVINGS SCHEMES	**2.2**	**1.0**	**3.3**

5.15 Subordinated debt

Accounting principles

Subordinated debt differs from other debt and bonds in that it will be repaid only after all the senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated notes.

Subordinated debt which the issuer is obliged to repay is classified as debt and initially recognised at fair value less any transaction costs. It is subsequently measured at amortised cost at each reporting date using the Effective Interest Rate Method.

in millions of euros	31/12/2024	31/12/2023
Subordinated debt designated at fair value (option)	0.0	0.0
DEBT SUBORDINATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**0.0**	**0.0**
Term subordinated debt	400.0	340.0
Perpetual subordinated debt	0.0	0.0
Perpetual deeply subordinated debt	0.0	0.0
Preferred shares	0.0	0.0
Mutual guarantee deposits	0.0	0.0
SUBORDINATED DEBT AND SIMILAR ITEMS	**400.0**	**340.0**
Accrued interest	0.8	0.9
Revaluation of the hedged component	0.0	0.0
SUBORDINATED DEBT AT AMORTISED COST	**400.8**	**340.9**
TOTAL SUBORDINATED DEBT	**400.8**	**340.9**

The fair value of subordinated debt is presented in Note 9 / Fair value of financial assets and liabilities.

Fixed-term subordinated debt mainly includes term subordinated debt with a corresponding entry to BPCE.

Changes in subordinated and similar debt over the year

in millions of euros	01/01/2024	Issue	Reimbursement	Other changes	31/12/2024
DEBT SUBORDINATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Term subordinated debt	340.0	60.0	0.0	0.0	400.0
Perpetual subordinated debt	0.0	0.0	0.0	0.0	0.0
SUBORDINATED DEBT AT AMORTISED COST	**340.0**	**60.0**	**0.0**	**0.0**	**400.0**
SUBORDINATED DEBT AND SIMILAR ITEMS	**340.0**	**60.0**	**0.0**	**0.0**	**400.0**

Deeply subordinated securities classified as equity instruments are presented in Note 5.16.2 / Perpetual deeply subordinated notes classified as shareholders' equity.

5.16 Ordinary shares and equity instruments issued

Accounting principles

Financial instruments issued by the Group qualify as debt or equity instruments depending on whether or not the issuer has a contractual obligation to deliver cash or another financial asset to the holder of the instrument, or to exchange the instrument under conditions that are potentially unfavourable to the Group. This obligation must arise from specific contractual terms and conditions, not merely economic constraints.

In addition, when an instrument qualifies as equity:

- its remuneration impacts equity. However, in accordance with the amendment to IAS 12 of December 2017, which applies from 1 January 2019, the tax consequences of dividend payments can be recognised in consolidated reserves, gains and losses recognised directly in equity, or in profit or loss, depending on the source of the amounts paid. Accordingly, when the payment corresponds to the notion of a dividend within the meaning of IFRS 9, the tax consequence is taken to income. This rule applies to interest on perpetual deeply subordinated notes, which is treated as a dividend for accounting purposes;
- it cannot be an underlying instrument eligible for hedge accounting;
- if the issue is in a foreign currency, the instrument is fixed at its historical value resulting from its conversion to euros at its initial date of transfer to equity.

Finally, when these instruments are issued by a subsidiary, they are included in “Non-controlling interests”.

When their remuneration is of a cumulative nature, it is charged to “Income, Group's share” and increases the income of “Non-controlling interests”. However, when their remuneration is not of a cumulative nature, it is drawn from the Group's share of consolidated reserves.

5.16.1 Cooperative shares

Accounting principles

IFRIC 2 “Members’ shares in cooperative entities and similar instruments” clarifies the provisions of IAS 32. In particular, it stipulates that the contractual right of the holder of cooperative shares in cooperative entities to request redemption does not, in itself, automatically give rise to an obligation for the issuer. Rather, the entity must consider all of the terms and conditions of the financial instrument in determining its classification as a debt or equity.

Based on this interpretation, cooperative shares are classified as equity if the entity has an unconditional right to refuse redemption of the cooperative shares or if local laws, regulations or the entity’s articles of association unconditionally prohibit or curtail the redemption of cooperative shares.

Based on the existing provisions of the Group’s articles of association relating to minimum capital requirements, cooperative shares issued by the Group are classified as equity.

As the local savings companies (LSCs) are considered to be fully consolidated structured entities, their consolidation impacts consolidated reserves.

	31/12/2024			31/12/2023		
in millions of euros	Number	Par value	Share capital	Number	Par value	Share capital
Cooperative shares						
Opening value	34,440,134	20	688.8	34,440,134	20	688.8
Capital increase						
Capital reduction						
Other changes						
CLOSING BALANCE	**34,440,134**	**20**	**688.8**	**34,440,134**	**20**	**688.8**

5.16.2 Perpetual deeply subordinated notes classified as shareholders' equity

							Par value in millions of euros	
Issuing entity	Issue date	Currency	Amount (in source currency)	Date of redemption option	Interest increase date (1)	Rate	31/12/2024	31/12/2023
BPCE	28/03/2018	EUR	100 million	28/03/2049	28/03/2024	7.6%	100	100
TOTAL							**100**	**100**

(1) Date of interest increase or of transition from fixed rate to variable rate.

5.17 Non-controlling interests

Fully-consolidated investments are wholly owned by the consolidating entity. As a result, no share is attributable to non-controlling interests.

5.18 Changes in gains and losses recognised directly in shareholders' equity

Accounting principles

In the event of disposal of equity financial assets recognised in other comprehensive income, changes in fair value are not transferred to profit or loss. These items are described as being not recyclable to profit or loss.

	2024 financial year			2023 financial year		
in millions of euros	Gross	Tax	Net	Gross	Tax	Net
Foreign exchange rate adjustments	0.0	///	0.0	0.0	///	0.0
Revaluation of financial assets at fair value through other comprehensive income recyclable to profit or loss	1.9	(0.5)	1.4	26.2	(6.8)	19.5
Revaluation of hedging derivatives that can be recycled to net income	0.0	0.0	0.0	0.0	0.0	0.0
Other items recognised through equity of items that can be reclassified to net income	0.0	0.0	0.0	0.0	0.0	0.0
ITEMS RECYCLABLE TO PROFIT OR LOSS	**1.9**	**(0.5)**	**1.4**	**26.2**	**(6.8)**	**19.5**
Revaluation (or actuarial gains and losses) in respect of defined-benefit plans	1.6	(0.4)	1.2	0.1	(0.0)	0.0
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation of equity financial assets recognised at fair value through other comprehensive income	(0.9)	0.3	(0.5)	0.0	0.0	0.0
Share of gains and losses recognised directly in shareholders' equity of equity-consolidated companies	0.0	0.0	0.0	0.0	0.0	0.0
Other items recognised through equity of items that cannot be reclassified to net income	0.0	0.0	0.0	1.7	(0.5)	1.3
ITEMS NOT RECYCLABLE TO PROFIT OR LOSS	**0.7**	**(0.1)**	**0.6**	**1.8**	**(0.5)**	**1.3**
GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY (NET OF TAX)	**2.7**	**(0.6)**	**2.1**	**28.1**	**(7.3)**	**20.8**
Group's share	2.7	(0.6)	2.1	28.1	(7.3)	20.8
Non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0

5.19 Offsetting of financial assets and liabilities

Pursuant to the IAS 32 rules on offsetting, the Palatine Group does not offset financial assets and liabilities on the balance sheet.

Accounting principles

Financial assets and liabilities under netting agreements may only be offset if they meet the restrictive netting criteria set by IAS 32.

Offsetting may not be performed for derivatives or OTC repurchase agreements subject to master agreements that do not meet the net settlement criteria or where the realisation of a simultaneous settlement of the asset and liability cannot be demonstrated or for which the offsetting right can only be exercised in the event of default, insolvency or bankruptcy by one of the parties to the agreement. However, the impact of such agreements in terms of reducing the exposure is presented in the second table.

For these instruments, the "Related financial assets and financial instruments received as collateral" and "Related financial liabilities and financial instruments pledged as collateral" columns include in particular:

- for derivatives, the fair values of reverse transactions with the same counterparty, as well as margin calls in the form of securities.

Margin calls received or paid in cash are shown in "Margin calls received (cash collateral)" and "Margin calls paid (cash collateral)".

5.19.1 Financial assets

Impacts of netting arrangements not taken into account for accounting purposes on financial assets

	31/12/2024				31/12/2023			
in millions of euros	Net amount of financial assets recognised in the balance sheet	Related financial liabilities and financial instruments received as collateral (1)	Margin calls received (cash collateral)	Net exposure	Net amount of financial assets recognised in the balance sheet	Related financial liabilities and financial instruments received as collateral	Margin calls received (cash collateral)	Net exposure
Derivatives	349.3	78.8	152.4	118.0	413.0	0.0	261.1	151.9
Repurchase agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**349.3**	**78.8**	**152.4**	**118.0**	**413.0**	**0.0**	**261.1**	**151.9**

(1) *Including collateral received in the form of securities.*

The net exposure does not reflect the accounting position, because it takes into account the reduced exposure arising from agreements that do not meet the restrictive netting criteria set by IAS 32.

5.19.2 Financial liabilities

Impact of netting arrangements not taken into account for accounting purposes on financial liabilities

	31/12/2024				31/12/2023			
in millions of euros	Net amount of financial liabilities recognised in the balance sheet	Related financial assets and financial instruments pledged as collateral (1)	Margin calls paid (cash collateral)	Net exposure	Net amount of financial liabilities recognised in the balance sheet	Related financial assets and financial instruments pledged as collateral	Margin calls paid (cash collateral)	Net exposure
Derivatives	319.8	85.2	25.5	209.1	385.2	0.0	37.3	347.9
Repurchase agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**319.8**	**85.2**	**25.5**	**209.1**	**385.2**	**0.0**	**37.3**	**347.9**

(1) *Including collateral received in the form of securities.*

The net exposure does not reflect the accounting position, because it takes into account the reduced exposure arising from agreements that do not meet the restrictive netting criteria set by IAS 32.

5.20 Transferred financial assets, other financial assets pledged as collateral and assets received as collateral that the entity may dispose of

Accounting principles

A financial asset (or group of similar financial assets) is derecognised when the contractual rights to the asset's future cash flows have expired or when such rights are transferred to a third party, together with virtually all of the risks and rewards associated with ownership of the asset. In such cases, all the rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

When a financial asset is derecognised, a gain or loss on disposal is recorded in the income statement reflecting the difference between the carrying amount of the asset and the consideration received.

In the event that the Group has neither transferred nor retained virtually all of the risks and rewards, but has retained control of the asset, the asset continues to be recognised on the balance sheet to the extent of the Group's continuing involvement.

In the event that the Group has neither transferred nor retained virtually all of the risks and rewards and has not retained control of the asset, the asset is derecognised and all of the rights and obligations created or retained as a result of the transfer are recorded in a separate line under financial assets and liabilities.

If all the conditions for derecognising a financial asset are not met, the Group keeps the asset in the balance sheet and records a liability representing the obligations arising when the asset is transferred.

The Group derecognises a financial liability (or a part of a financial liability) only when it is extinguished, i.e. when the obligation specified in the contract is discharged, terminated or expires.

Repurchase agreements

Securities sold under repurchase agreements are not derecognised in the vendor's accounts. A liability representing the commitment to return the funds received is identified and recognised under "Securities sold under repurchase agreements". This debt is a financial liability recorded at amortised cost or at fair value through profit or loss when this liability is considered part of a trading business model.

The assets received are not recognised in the purchaser's books, but a receivable is recorded with respect to the vendor representing the funds loaned. The amount disbursed in respect of the asset is recognised under "Securities purchased under repurchase agreements". On subsequent balance sheet dates, the securities continue to be accounted for by the vendor in accordance with the rules applicable to the category in which they were initially classified. The receivable is valued according to methods specific to its category: at amortised cost when classified in "Loans and receivables", or at fair value through profit or loss when it is considered part of a trading business model.

Outright securities lending

Securities loaned under outright securities lending transactions are not derecognised in the vendor's accounts. They continue to be recognised in their original accounting category and are valued accordingly. For the borrower, the securities borrowed are not recognised.

Transactions leading to substantial changes in financial assets

When an asset is subject to substantial changes (in particular following renegotiation or remodelling due to financial hardship) there is derecognition, since the rights to the initial cash flows have essentially expired. The Group considers that this is the case for:

- changes leading to a change of counterparty, especially if the new counterparty has a very different credit quality than the previous counterparty;
- changes intended to move from a very structured to basic indexing, as the two assets are not exposed to the same risks.

Transactions leading to substantial changes in financial liabilities

A substantial change to the terms of a lending instrument must be recorded as the extinguishment of the existing debt and its replacement with a new debt. The amendment to IFRS 9 of 12 October 2017 clarified the treatment under IFRS 9 of modifications of liabilities recognised at amortised cost if the modification does not result in derecognition: the profit or loss resulting from the difference between the original cash flows and the modified cash flows discounted at the original effective interest rate must be recognised in profit or loss. To assess the substantial nature of the change, IFRS 9 includes a threshold of 10% based on discounted cash flows, integrating potential costs and fees: when the difference is greater than or equal to 10%, all of the costs or fees incurred are recognised as profit or loss on debt extinguishment.

The Group believes that other changes may be considered substantial, such as a change of issuer (even within the same group) or a change of currencies.

5.20.1 Financial assets transferred but not fully derecognised and other financial assets pledged as collateral

in millions of euros	Net carrying amount					
	Loans of "dry" securities	Repurchase agreements	Assets transferred or pledged as collateral	Securitisations	31/12/2024	31/12/2023
Financial assets at fair value through profit or loss – Held for trading	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets at fair value through profit or loss - optional	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets at fair value through profit or loss - non-standard	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets at fair value through profit or loss - non-trading	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets at fair value through other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets at amortised cost	0.0	0.0	931.5	0.0	931.5	461.9
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**0.0**	**0.0**	**931.5**	**0.0**	**931.5**	**461.9**
o/w financial assets transferred but not fully derecognised	*0.0*	*0.0*	*539.0*	*0.0*	*539.0*	*0.0*

Sales of receivables

The Palatine Group assigns receivables as collateral (articles L. 211-38 or L. 313-23 et seq. of the French Monetary and Financial Code) as part of guaranteed refinancing, particularly with the central bank. This type of assignment by way of security involves the legal transfer of contractual rights, and therefore "transfer of assets" within the meaning of IFRS 7. The Group nevertheless remains exposed to virtually all the risks and benefits, and as such the receivables are maintained on the balance sheet.

5.20.2 Fully derecognised financial assets for which the Group retains an ongoing involvement

The Palatine Group did not recognise assets received as collateral in connection with financial guarantee agreements plus a right of re-use.

NOTE 6 Commitments

Accounting principles

Commitments are materialised by the existence of a contractual obligation and are binding.

It must not be possible for commitments included in this item to be deemed financial instruments falling within the scope of IFRS 9 for classification and measurement purposes. However, financing and guarantee commitments given are covered by IFRS 9 impairment rules, as set out in Note 7 / Exposures to risks.

The effects of the rights and obligations covered by such commitments must be subject to the occurrence of conditions or subsequent transactions. Commitments are broken down into:

- financing commitments (confirmed credit facilities or refinancing agreements);
- guarantee commitments (off-balance sheet commitments or assets received as collateral).

The amounts shown correspond to the nominal value of commitments given.

6.1 Financing commitments

in millions of euros	31/12/2024	31/12/2023
Financing commitments given to:		
• credit institutions	0.0	2.1
• customers	2,216.4	2,294.8
Confirmed credit lines	2,177.0	2,247.7
Other commitments	39.5	47.1
TOTAL FINANCING COMMITMENTS GIVEN	**2,216.4**	**2,296.9**
Financing commitments received from:		
• credit institutions	0.0	0.0
• customers	0.0	0.0
TOTAL FINANCING COMMITMENTS RECEIVED	**0.0**	**0.0**

6.2 Guarantee commitments

in millions of euros	31/12/2024	31/12/2023
Guarantee commitments given to:		
• credit institutions	76.6	87.2
• customers	1,264.0	1,258.5
TOTAL GUARANTEE COMMITMENTS GIVEN	**1,340.6**	**1,345.7**
Guarantee commitments received from:		
• credit institutions	463.2	408.0
• customers	1,454.8	1,655.4
TOTAL GUARANTEE COMMITMENTS RECEIVED	**1,918.0**	**2,063.4**

Guarantee commitments are signed commitments as well as assets received as collateral such as collateral other than those related to the financial assets received as collateral and available to the entity.

NOTE 7 Exposures to risks

Exposures to risks are discussed below by type of risk: credit, market, overall interest rate, foreign exchange and liquidity risk.

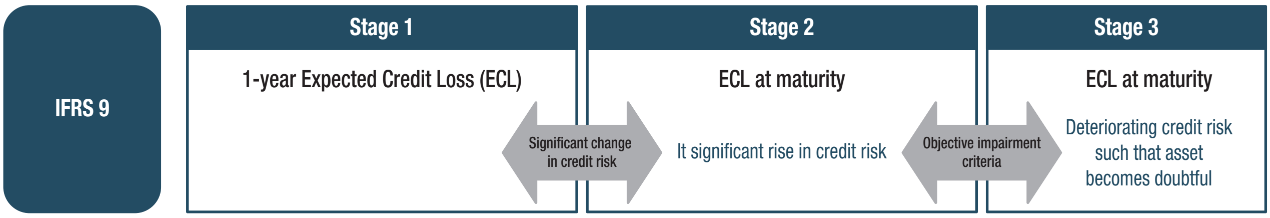
Information on capital management and regulatory ratios is presented in the 2024 Risk management section.

Information on the impact and consideration of climate risks on credit risk management is presented in chapter 4.12/Climate risks.

7.1 Credit risk

Key points

Credit risk is the risk that one party to a financial transaction fails to fulfil its obligations, causing the other party to incur a financial loss.



Certain disclosures relating to risk management required by IFRS 7 are also provided in the risk management report. They include:

- the breakdown of gross exposures by category and approach (separation of credit and counterparty risk);
- the breakdown of gross exposure by geographical area;
- the concentration of credit risk by borrower (BPCE14);
- the credit quality of the renegotiated exposures (CQ1);
- the performing and non-performing exposures and the corresponding provisions (CR1);
- the quality of the performing and non-performing exposures by number of days past due (CQ3);
- the quality of the exposures by geographical area (CQ4);
- the credit quality of loans and advances by industry (CQ5);
- the breakdown of the guarantees received by type on the financial instruments (CR3).

This information forms an integral part of the financial statements certified by the Statutory Auditors.

7.1.1 Cost of credit risk

Accounting principles

Cost of risk applies to debt instruments classified as financial assets at amortised cost or at fair value through other comprehensive income recyclable to profit or loss as well as to financing commitments and financial guarantees given that are not recognised at fair value through profit or loss. It also applies to receivables relating to leasing contracts, business loans and contract assets.

This item therefore covers net impairment and provision charges for credit risk.

Credit losses related to other types of instruments (derivatives or securities designated at fair value) recorded as a result of credit institution counterparty default are also included under this item.

Irrecoverable loans not covered by provisions for impairment are loans that have acquired the character of permanent loss before being provisioned in Stage 3.

Cost of credit risk for the period

in millions of euros	2024 financial year	2023 financial year
Net charge to provisions and provisions for impairment	(61.5)	(32.8)
Recoveries of bad debts written off	0.3	1.6
Unrecoverable loans and receivables not covered by impairment losses	(1.1)	(1.9)
TOTAL COST OF CREDIT RISK	**(62.3)**	**(33.1)**

Cost of credit risk for the period by type of asset and stage

in millions of euros	2024 financial year	2023 financial year
Central banks	0.0	0.0
Financial assets at fair value through profit or loss	0.0	0.0
Financial assets at fair value through other comprehensive income	0.0	(11.5)
Financial assets at amortised cost	(67.6)	(17.1)
of which loans and receivables	*(68.0)*	*(9.5)*
of which debt securities	*0.4*	*(7.6)*
Other assets	(1.0)	1.2
Financing and guarantee commitments	6.3	(5.6)
Impact of guarantees not taken into account in impairment	0.0	0.0
TOTAL COST OF CREDIT RISK	**(62.3)**	**(33.1)**
of which Stage 1	*19.7*	*(14.5)*
of which Stage 2	*(28.8)*	*22.4*
of which Stage 3	*(53.1)*	*(41.0)*

7.1.2 Change in gross carrying amounts and expected credit losses on financial assets and commitments

Accounting principles

Expected credit losses are represented by impairments of assets classified at amortised cost and at fair value through other comprehensive income recyclable to profit or loss, and by provisions for financing and guarantee commitments.

The financial instruments concerned (see Note 7.1.1 / Cost of credit risk) are impaired or covered by a provision for expected credit losses (ECL) at the date of initial recognition.

When the financial instruments do not individually show objective evidence of loss, impairment, or provisions for expected credit losses are measured based on past losses and reasonable and justifiable discounted future cash flow forecasts.

Financial instruments are divided into three categories (Stages) depending on the increase in credit risk observed since initial recognition. Each loan category corresponds to a specific credit risk measurement method:

Stage 1 (S1)

- performing loans for which there has been no significant increase in credit risk since the initial recognition of the financial instrument or certain assets for which the standard makes it possible to presume that they have a low credit risk at the reporting date;
- the impairment or the provision for credit risk corresponds to 12-month expected credit losses;
- interest income is recognised in income using the Effective Interest Rate Method applied to the gross carrying amount of the instrument before impairment.

Stage 2 (S2)

- performing loans for which credit risk has increased materially since the initial recognition of the financial instrument are transferred to this category;
- the impairment or the provision for credit risk is determined on the basis of the financial instrument's lifetime expected credit losses;
- interest income is recognised in income, as for Stage 1 assets, using the Effective Interest Rate Method applied to the gross carrying amount of the instrument before impairment.

Stage 3 (S3)

- these are loans for which there is objective evidence of impairment loss due to an event which represents a known credit risk occurring after the initial recognition of the instrument in question. This category covers receivables for which a default event has been identified, as defined in article 178 of European regulation no. 575/2013 of 26 June 2013, on prudential requirements for credit institutions. Default situations have been identified for outstandings with significant amounts past due (introduction of relative and an absolute threshold for past due payments) and the criteria for a return to non-defaulted status have been clarified with the introduction of a probation period and of explicit criteria for a classification as default of restructured loans;
- the impairment or the provision for credit risk is calculated based on the financial instrument's lifetime expected credit losses (expected credit losses at maturity) on the basis of the recoverable amount of the receivable, i.e. the present value of estimated recoverable future cash flows;
- interest income is recognised through profit or loss using the Effective Interest Rate Method applied to the net carrying amount of the instrument after impairment;
- the financial assets purchased or originated and impaired for credit risk on their initial recognition because the entity does not expect to recover all the contractual cash flows (Purchased or Originated Credit-Impaired financial instruments or POCI) also belong to Stage 3. These assets may be transferred to Stage 2 if their credit risk improves.

For operating or finance lease receivables (which fall within the scope of IFRS 16) the Group has elected not to make use of the option of applying the simplified approach as set out in IFRS 9 paragraph 5.5.15.

The methodological changes carried out over the period and presented below constitute a change in estimates which translates into an impact on net income.

Method for measuring the increase in credit risk and expected credit losses

The principles for measuring the increase in credit risk and expected credit losses applicable to most of the Group's exposures are described below. Only some portfolios of Group institutions, corresponding to a limited volume of exposures, cannot be treated according to the methods described below and may be subject to *ad hoc* measurement techniques.

Significant increase in credit risk

A significant increase in credit risk is measured on an individual basis for each instrument by taking into account all reasonable and supportable information and by comparing the default risk on the financial instrument at the reporting date with the default risk on the financial instrument at the date of initial recognition. A counterparty-by-counterparty approach (with application of the contagion principle to all existing outstandings on the counterparty in question) is possible, particularly with regard to the watch list qualitative criterion.

What's more, in addition to this assessment carried out in the Group's central institution, institutions can, in order to take into account the specific risks of their portfolios, estimate the significant increase in credit risk on the basis of a given portfolio by tightening ratings assigned to the latter on a geographic or sectoral basis. This severity may lead to a downgrading from Stage 1 to Stage 2, while downgrading to Stage 3 remains based on an individual analysis.

In accordance with IFRS 9, a counterparty with a significant deterioration in credit risk (Stage 2) that has just been originated will be classified as Stage 1.

Assessment of increases in credit risk involves comparing the ratings on the initial recognition date with those applicable at the reporting date. The same principles as those used to classify an exposure in Stage 2 are applied in case of a decline in the material deterioration in credit risk.

In most cases, a measurement showing an increase in risk leads to the asset's transfer to Stage 2 before it is individually impaired (Stage 3).

However, prior to the above analysis, the following general analysis criteria are applied:

- the standard provides that the credit risk of a financial instrument has not increased significantly since its initial recognition if this risk is considered to be low at the reporting date. This provision is applied to debt securities rated investment grade and managed as part of the Palatine Group's liquidity reserve, as defined by Basel III regulations, as well as debt securities classified as financial investments for insurance activities. Investment grade ratings are those equal to or above BBB- or its equivalent by Standard & Poor's, Moody's or Fitch. In this case, these assets remain classified as Stage 1;
- a counterparty approach for a Stage 2 classification (with application of the contagion principle to all outstandings existing on the counterparty in question) is applied in particular with regard to the High Credit Risk qualitative criterion derived from the Group's internal rating engines. This criterion includes the counterparties placed on the watchlist, with a sensitive rating (particularly in cases where the notion of watchlist is not used), in a situation of restructuring or in the presence of financial difficulties if the criteria for downgrading to Stage 3 are not met;
- the standard also includes a rebuttable presumption that the credit risk has significantly increased since the initial recognition if the contractual payments are more than 30 days past due;
- lastly, an unfavourable change in country risk is a criterion for classifying all of the outstandings concerned as Stage 2.

Assessment of a material increase in credit risk is made at the level of each instrument, based on indicators and thresholds that vary according to the type of exposure and counterparty.

For the Individual customers, Professionals, SMEs, Public Sector and Social Housing portfolios:

The significant increase in credit risk is assessed on the basis of the following levels of rating downgrades since inception:

<table>
<tr><th>Origin rating</th><th>Individual customers</th><th>Professionals</th><th>SMEs, Public Sector and Social Housing</th></tr>
<tr><td>3 to 11 (AA to BB+)</td><td>3 notches</td><td rowspan="3">3 notches</td><td rowspan="2">3 notches</td></tr>
<tr><td>12 (BB)</td><td rowspan="2">2 notches</td></tr>
<tr><td>13 (BB-)</td><td>2 notches</td></tr>
<tr><td>14 to 15 (B+ to B)</td><td rowspan="2">1 notch</td><td>2 notches</td><td rowspan="2">1 notch</td></tr>
<tr><td>16 (B-)</td><td>1 notch</td></tr>
<tr><td>17 to 19 (CCC to C)</td><td colspan="3">Sensitive notches classified as S2</td></tr>
</table>

The additional qualitative criteria make it possible to classify as Stage 2 all contracts with arrears of more than 30 days (unless the presumption of arrears of 30 days is refuted), as a sensitive note, in situations of restructuring or in the presence of financial difficulties if the criteria for downgrading to Stage 3 are not met.

For the Large Corporates, Banks and Sovereigns portfolios, the quantitative criterion is based on the rating changes since initial recognition. The same qualitative criteria apply to individuals, professionals and small and medium-sized enterprises, and to contracts registered on the watch list, as well as additional criteria based on changes in the level of country risk.

The downgrade thresholds **on the portfolios of Large Corporates and Banks** are the following:

Origin rating	Significant degradation
1 to 7 (AAA to A-)	3 notches
8 to 10 (BBB+ to BBB-)	2 notches
11 to 21 (BB+ to C)	1 notch

For Sovereigns, the downgrade thresholds on the eight-point rating scale are as follows:

Origin rating	Significant degradation
1	6 notches
2	5 notches
3	4 notches
4	3 notches
5	2 notches
6	1 notch
7	S2 directly (unless newly originated contract)
8	S2 directly (unless newly originated contract)

For Specialised Financing, the criteria applied vary according to the characteristics of the exposures and the related rating system. The exposures noted under the engine dedicated to large exposures are treated in the same way as Large Corporates; other exposures are treated in the same way as SMEs.

For all these portfolios, the ratings used to measure risk deterioration correspond to ratings from internal systems where available, as well as external ratings, particularly in the absence of internal ratings.

In accordance with IFRS 9, the recognition of guarantees and collateral does not influence the assessment of a material increase in credit risk, which depends on changes in credit risk relating to the debtor without taking into account such guarantees.

In order to assess the material increase in credit risk, the Group provides for a process based on two levels of analysis:

- a first level based on rules and criteria defined by the Group that are binding on the Group's institutions (known as the "central model");
- a second level linked to an expert assessment of the risk carried by each institution on its portfolios, which may lead to an adjustment of the criteria defined by the Group for downgrading to Stage 2 (portfolio or sub-portfolio switch to ECL at maturity). These criteria are adapted for each closing to the current macroeconomic context.

Measurement of expected credit losses

Expected credit losses are defined as being an estimate of credit losses (i.e. the present value of cash flow shortfalls) weighted by the probability of occurrence of these losses over the expected lifetime of the financial instrument in question. They are calculated individually for each exposure.

In practice, for Stage 1 and Stage 2 financial instruments, expected credit losses are calculated as the product of a number of inputs:

- expected cash flows over the life of the financial instrument, discounted to the valuation date - these flows are determined according to the characteristics of the contract, and its effective interest rate and particularly for property loans, the expected level of early repayment on the contract;
- loss given default (LGD);
- the probability of default (PD) over the coming year for Stage 1 financial instruments and to maturity for Stage 2 financial instruments.

The Group's methodology draws on existing concepts and mechanisms to define these inputs, and in particular on internal models developed to calculate regulatory equity requirements (Basel framework) and projection models used in the stress test system. Certain adjustments are made to comply with the specifics of IFRS 9:

- IFRS 9 inputs aim to provide an accurate estimate of expected credit losses for accounting provision purposes, whereas prudential inputs are more cautious for regulatory framework purposes. Several of the safety buffers applied to prudential inputs are therefore restated;
- IFRS 9 inputs must allow expected credit losses to be estimated until the contract's maturity, whereas prudential inputs are defined to estimate 12-month expected losses. 12-month inputs are thus projected over long periods;
- IFRS 9 parameters must be forward-looking and take into account the expected economic environment over the projection period, whereas prudential parameters correspond to mid-cycle estimates (for PD) or bottom-of-the-cycle estimates (for LGD and the cash flows expected over the lifetime of the financial instrument). Prudential PD and LGD inputs are therefore also adjusted to reflect forecasts of future economic conditions.

Expected credit loss calculations take into account assets pledged as collateral and other credit enhancements that form an integral part of the instrument's contractual conditions and that the entity does not recognise separately. The estimate of expected cash flow shortfalls on secured financial instruments reflects the amount and the timing for enforcing the collateral, if such collateral is considered to be part of the contractual terms of the secured instrument.

The IFRS 9 model validation process is fully aligned with the Group's existing model validation process. Models are reviewed by an independent unit responsible for internal validation and the unit's conclusions are then examined by the Group Models Committee. Subsequent recommendations are monitored up by the validation unit.

Recognition of forward-looking information

Forward-looking macroeconomic data are taken into account in a methodological framework applicable at two levels:

- at the Group level, in the determination of a shared framework for taking the forward looking into account in the projection of PD and LGD inputs over the amortisation horizon of operations within the central model;
- at the level of each entity, with regard to its own portfolios.

The amount of expected credit losses is calculated using an average ECL by scenario, weighted by probability of occurrence, taking into consideration past events, current circumstances and reasonable and justifiable forecasts of the economic environment.

The Palatine Group uses forward-looking data to estimate any significant increase in credit risk and to measure expected credit losses. To do this, the Palatine Group uses the projections of macroeconomic variables used to define its budget process, considered as the most probable, framed by optimistic and pessimistic scenarios in order to define alternative trajectories.

To determine a significant increase in credit risk, as well as applying rules based on the comparison of risk parameters between the initial recognition date and the reporting date, the calculation is supplemented by forward-looking information such as sector or geographical macroeconomic scenarios.

To measure expected credit losses, the Group has chosen three macroeconomic scenarios, which are detailed in the following paragraph.

Methodology for calculating expected losses in the central model

The parameters used to measure expected credit losses are adjusted to economic conditions by defining three economic scenarios (central/pessimist/optimist) over a three-year period.

The definition and review of these scenarios follow the same organisation and governance as that defined for the budget process, with a quarterly review, which may lead to a revision of macroeconomic projections in the event of a significant deviation in the situation observed on the basis of proposals from economic research and validation by the Executive Management Committee.

The probabilities of the central scenario occurrence and its limits are reviewed quarterly by the Group's Watch List and Provisions Committee. The inputs thus defined allow expected credit losses for all exposures to be valued, regardless of whether they belong to a scope approved using an internal method or are processed using the standardised method for the calculation of risk-weighted assets.

The variables defined in each of these scenarios allow for the distortion of the PD and LGD parameters and the calculation of an expected credit loss for each economic scenario. Projections of inputs for periods longer than three years are based on the mean reversion principle. The economic scenarios are associated with probabilities of occurrence, making it possible to calculate the average probable loss, which is used as the amount of the IFRS 9 expected credit loss.

For 31 December 2024 closing:

- The Group's central scenario was built in an uncertain geopolitical environment: elections in Western countries (European Parliament, US presidential election), armed conflicts (Russia/Ukraine, Middle East) and potential worsening of the situation in various geographical areas;
- After the 2020-2021 pandemic and the two years of high inflation and subsequent rate hikes by central banks, various economic indicators are affected: some countries have entered a slight recession, real estate prices are trending down, sovereign debt peaks at unprecedented highs (recent downgrade of France's rating by S&P), and lastly the challenges related to the climate transition are beginning to change the historical paradigm in place for more than 50 years concerning the global organisation of production and trade against a backdrop of geopolitical tensions between the United States and China;
- The Group's central scenario is based on the following structuring assumptions: no change in the current pace of the climate transition (i.e. without a significant inflection in the transition or the frequency of extreme climate events compared to recent history), no escalation or major evolution in the geopolitical conflicts and finally no crisis of confidence concerning sovereign debt.

The main characteristics of the Group's central scenario, which is the one used to prepare its strategic plan, are therefore:

- a continuation of the decline in inflation, allowing the ECB to start lowering its interest rates in 2024 with a continuation of this decrease in 2025 just like the FED. In this scenario, oil prices decline slightly, remaining in the $70-80 range;
- this positively affects the growth outlook, with GDP growth reaching the long-term average by 2025 in France and the Eurozone. The US economy is following a soft landing scenario after growing stronger than expected in 2023 with GDP growth of around 2% each year for the next four years;
- this return to a normalised growth outlook will lead to a decrease in the unemployment rate by 2026;

- on the other hand, uncertainties concerning sovereign debt will lead to a rise in long-term rates, while short-term interest rates are declining and curves are steepening;
- the current negative trend in real estate prices will continue over the next three years, although it will stabilise over time;
- weak but steady growth in the equity markets after 2024.

Due to the political uncertainties arising from the dissolution of the National Assembly in June 2024, the scenario was reviewed several times before being finally validated by the Group ALM Committee on 18 September 2024.

As for the central scenario, the slight changes in the economic situation observed since the last closing did not lead to an in-depth revision of the pessimistic and optimistic limits, determined when the macroeconomic scenario was prepared in June 2024. As a result, the pessimistic scenario continues to assume a continuation of the trade war between the US and China against a backdrop of tension in Taiwan, while the optimistic scenario, based on a statistical deviation from the central scenario, results in a gradual return of the market, inflation to low levels and a more vigorous recovery in activity.

During 2024, the following methodological changes were implemented:

- all of the Retail risk parameters were recalibrated to take into account recent regulatory changes (IRB Repair in particular) relating to this portfolio;
- new forward-looking PD models (PDFL) were put into production in order to integrate several methodological improvements and to improve the performance of the system. The main changes include the increase in the granularity of the models (now distinguishing between customers with and without real estate loans in the Retail portfolio, and small businesses and other specific populations in the Non-Retail portfolio), the launch of the PDFL model for businesses between €10 million and €500 million ("High-Level Segment") and the updating of the PD anchoring point (which since the first application of IFRS 9 had been fixed at the default rate for the year 2017).

In addition, the Group supplements and adapts this approach taking into account the specificities of certain scopes. Each scenario is weighted according to its proximity to the market consensus (consensus forecast) on the main economic variables of each significant scope or market of the Group.

The projections are based on the main macroeconomic variables: GDP, the unemployment rate, and ten-year interest rates on French sovereign debt and real estate.

The macroeconomic variables for the France zone are as follows:

At 31 December 2024

	Pessimistic 2024-Q4			
	GDP	**Unemployment**	**RRE**	**10Y yld**
2024	(0.42%)	8.07%	(8.15%)	4.04%
2025	(3.00%)	9.12%	(8.00%)	5.25%
2026	0.50%	9.05%	(6.00%)	4.60%

	Central 2024-Q4			
	GDP	**Unemployment**	**RRE**	**10Y yld**
2024	1.10%	7.50%	(6.00%)	2.85%
2025	1.40%	7.64%	(1.50%)	2.90%
2026	1.57%	7.40%	0.00%	2.70%

	Optimistic 2024-Q4			
	GDP	**Unemployment**	**RRE**	**10Y yld**
2024	1.86%	7.22%	(4.93%)	2.63%
2025	3.90%	6.54%	1.75%	2.10%
2026	2.64%	6.23%	3.00%	2.20%

At 31 December 2023:

	Pessimistic 2023-Q4			
	GDP	Unem-ployment	RRE	10Y yld
2023	0.10%	7.90%	(3.00%)	3.93%
2024	(1.50%)	8.50%	(5.50%)	4.89%
2025	(0.75%)	9.50%	(9.00%)	4.70%

	Central 2023-Q4			
	GDP	Unem-ployment	RRE	10Y yld
2023	0.60%	7.40%	(2.50%)	3.03%
2024	0.90%	7.50%	(4.00%)	3.09%
2025	1.60%	6.93%	(3.00%)	3.19%

	Optimistic 2023-Q4			
	GDP	Unem-ployment	RRE	10Y yld
2023	0.90%	7.03%	(2.13%)	2.36%
2024	2.70%	6.75%	(2.88%)	1.74%
2025	3.36%	5.00%	1.50%	2.05%

Weighting of scenarios at 31 December 2024

The expected credit losses are calculated by assigning to each of the scenarios a weighting determined according to the proximity of the consensus of the forecasters with each of the baseline, pessimistic and optimistic scenarios on the GDP growth variable.

Thus, the weightings used for the France zone are as follows:

- central scenario: 80% at 31 December 2024 compared to 50% at 31 December 2023;
- pessimistic scenario: 15% at 31 December 2024 compared to 20% at 31 December 2023;
- optimistic scenario: 5% at 31 December 2024 compared to 30% at 31 December 2023;

Environmental risks are not taken into account in the central models at this stage. However, they can be taken into account at the institution level (see below).

Expected credit losses built up in addition to the central model

Additional provisions have been recorded by the Group's institutions to cover the specific risks of their portfolios, in addition to the provisions described above and calculated by the Group's tools. These provisions were set aside mainly in 2020 and 2021 to cover the consequences of the Covid-19 crisis. In recent years, they were supplemented by additional documented provisions for sectors likely to be most affected by a worsening macroeconomic context (rising inflation, soaring energy prices, shortages, etc.).

During 2024, these provisions mainly concern structured financing, professional real estate (offices, retail) and SCPIS.

In this context, the Group continued to strengthen the identification and monitoring of the most affected sectors. The sectoral monitoring approach is reflected in (I) a classification according to their level of risk of economic sectors and sub-sectors established centrally by the Palatine Group's Risk Management Department, updated regularly and communicated to all Group institutions, (ii) a tightening of LGD rates on a geographical or sectoral basis.

To a lesser extent and only for a limited number of institutions, expected credit losses due to climate risks were constituted by certain institutions. They are constituted in accordance with the general principles defined by the Group and mainly concern physical climate risk. These provisions are made in anticipation of direct losses, by sector or by geographical area, caused by extreme or chronic weather events resulting in an increased risk of default following a cessation or reduction in activity. They are not created individually because they cover an overall risk in certain sectors of the economy and on a local, regional or national scope, depending on the institution. Transition risks are also taken into account in these expected credit losses. They correspond to the economic and financial consequences of a societal transition to a low-carbon economy, aimed at limiting greenhouse gas emissions (regulations, market, technology, reputation), to which a business sector cannot align itself.

Climate risk is taken into account by applying a stress on the counterparty's rating level, or an overall provisioning rate depending on the customer segment according to its vulnerability to climate risks.

ECL sensitivity analysis

Sensitivity analyses are carried out on the impairment outstandings on all instruments classified as Stage 1 and Stage 2 in the Group's central institution. These analyses are based on a weighting of 100% of each of the scenarios used without impacting the status of these outstandings or any adjustments applied to the model.

The sensitivity of Banque Palatine's expected credit losses to the 100% probability of occurrence of the pessimistic scenario would lead to a 36.51% increase in expected credit losses. Conversely, the probability of occurrence of the 100% optimistic scenario would lead to a 22.96% reduction in ECLs. Finally, weighting the central scenario at 100% would result in a 5.41% reduction in ECL.

Method for measuring assets classified as Stage 3

Financial assets for which there is objective evidence of impairment loss due to an event representing a counterparty risk and occurring after initial recognition are classified as Stage 3. The criteria for identifying assets are in line with the definition of default under article 178 of European regulation no. 575/2013 of 26 June 2013, on prudential requirements for credit institutions, consistent with EBA guidelines (EBA/GL/2016/07) on the application of the definition of default, and delegated regulation (EU) 2018/1845 of the European Central Bank on the threshold for assessing the materiality of credit obligations past due.

Loans and receivables are considered as impaired and are classified as Stage 3 if the following two conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are “triggering events” or “loss events” identifying counterparty risk occurring after the initial recognition of the loans in question. Objective evidence of impairment includes:
  - the occurrence of a payment past due for at least three consecutive months, the amount of which exceeds the absolute thresholds (of €100 for a retail exposure, otherwise €500) and the relative threshold of 1% of the counterparty's exposures, or
  - the restructuring of loans if certain criteria are met, or regardless of whether any payment has been missed, the observation of financial hardship experienced by the counterparty leading to the expectation that some or all of the amounts owed may not be recovered. Note that the restructured outstandings are classified in Stage 3 when the loss is greater than 1% of the difference between the net present value before restructuring and the net present value after restructuring;
- these events are liable to lead to the recognition of incurred credit losses, i.e. expected credit losses for which the probability of occurrence has become certain.

The Stage 3 classification is maintained for a probationary period of three months after the disappearance of all the above-mentioned default indicators. The probationary period in Stage 3 is extended to one year for restructured contracts that have been subject to a Stage 3 transfer.

When moving out of Stage 3, the Palatine Group does not apply an additional probationary period of Stage 2 classification prior to any transfer to Stage 1 (if the asset concerned meets the conditions for such classification).

Debt securities such as bonds or securitised transactions (ABS, CMBS, RMBS, cash CDOs) are considered impaired and are classified as Stage 3 when there is a known counterparty risk.

The Group uses the same impairment indicators for Stage 3 debt securities as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio to which the debt securities are ultimately designated. For perpetual deeply subordinated notes (TSSDI) that meet the definition of debt instruments within the meaning of IAS 32, particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

Impairment for expected credit losses on Stage 3 financial assets is determined as the difference between the amortised cost and the recoverable amount of the receivable, i.e. the present value of estimated recoverable future cash flows, whether these cash flows come from the counterparty's activity or from the potential activation of guarantees (if these guarantee are considered as being part of the contractual terms and conditions of the guaranteed instrument). For short-term assets (maturity of less than one year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal. Expected credit losses arising from Stage 3 off-balance sheet commitments are taken into account through provisions recognised on the liability side of the balance sheet. They are calculated on the basis of the maturity schedules determined based on historic recoveries for each category of receivable.

For the purposes of measuring expected credit losses, pledged assets and other credit enhancements that form an integral part of the contractual conditions of the instrument and that the entity does not recognise separately are taken into account in the estimate of expected cash flow shortfalls.

The write-offs are based on individual analyses, taking into account the specific nature of each situation. In addition to the factors clearly attesting that all or part of the receivable will not be recovered (e.g. cessation of recovery actions, receipt of the certificate of non-recoverability), other groups of indicators are also likely to be taken into account (entry into liquidation procedure, disappearance or insufficiency of residual assets and/or absence of collateral, absence of manifest desire of executives to respect their commitments and absence of shareholder support, chances of recovery based exclusively on legal recovery actions brought against third parties combined with a very low probability of success of these actions).

These factors must be considered as part of an overall analysis and do not constitute an automatic indicator of a write-off. When, in view of the situation of the case, it is reasonably certain that all or part of the receivable will not be recovered, the amount to be recognised as losses is determined on the basis of the most objective possible external and internal elements.

Subsequent recoveries of receivables already recorded as losses are also recognised in the cost of credit risk item.

Recognition of impairment of assets classified at amortised cost and at fair value through other comprehensive income, and of provisions for financing and guarantee commitments

For debt instruments recognised on the balance sheet in the financial assets at amortised cost category, impairment is recorded against the line on which the asset was initially shown for its net amount (regardless of whether the asset is S1, S2, S3 or POCI). Impairment charges and reversals are recognised in the income statement under “Cost of credit risk”.

For debt instruments recognised as financial assets at fair value through other comprehensive income on the balance sheet, impairment is carried on the liabilities side of the balance sheet at the level of other comprehensive income recyclable to profit or loss, with a corresponding entry on the income statement under “Cost of credit risk” (regardless of whether the asset is classified S1, S2, S3 or POCI).

For loan and financial guarantee commitments given, provisions are recorded on the liabilities side of the balance sheet under “Provisions” (irrespective of whether the commitment given is classified S1, S2, S3 or POCI). Additions to/reversals from provisions are recognised in the income statement under “Cost of credit risk”.

7.1.2.1 Change in S1/S2 credit losses

in millions of euros	31/12/2024	31/12/2023
Central model	105.67	77.56
Complements to the central model	9.60	20.72
Other	0.00	0.00
TOTAL EXPECTED CREDIT LOSSES S1/S2	**115.27**	**98.28**

7.1.2.2 Change in the gross carrying amount and credit losses on financial assets through other comprehensive income

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 31/12/2023	**566.2**	**(0.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**566.2**	**(0.0)**
Origination and acquisitions	47.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.5	0.0
Changes in contractual flows that do not result in derecognition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derecognition (redemptions, disposals and debt forgiveness)	(5.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(5.1)	0.0
Impairment (write-off)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers of financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Transfers to S1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Transfers to S2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Transfers to S3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Model changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes (1)	0.2	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	(0.0)
BALANCE AT 31/12/2024	**608.9**	**(0.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**608.9**	**(0.0)**

(1) *Of which amortisation of receivables, change in credit risk parameters, currency rate fluctuations and changes in scope.*

7.1.2.3 Change in the gross carrying amount and credit losses on debt securities at amortised cost

in millions of euros	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 31/12/2023	**432.2**	**(0.3)**	**12.9**	**(0.3)**	**32.8**	**(24.2)**	**0.0**	**0.0**	**1.6**	**(1.5)**	**479.5**	**(26.3)**
Origination and acquisitions	153.3	(0.0)	0.0	0.0	///	///	0.0	0.0	0.0	0.0	153.3	(0.0)
Changes in contractual flows that do not result in derecognition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derecognition (redemptions, disposals and debt forgiveness)	(10.2)	0.0	0.0	0.0	(4.6)	4.6	0.0	0.0	(1.6)	1.5	(16.5)	6.1
Impairment (write-off)	0.0	0.0	0.0	0.0	(2.3)	2.3	0.0	0.0	0.0	0.0	(2.3)	2.3
Transfers of financial assets	4.2	0.1	(4.2)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
• Transfers to S1	8.7	(0.0)	(8.7)	0.2	0.0	0.0	///	///	///	///	0.0	0.2
• Transfers to S2	(4.5)	0.1	4.5	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)
• Transfers to S3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Model changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes [1]	(3.2)	0.0	4.9	(0.3)	5.0	(5.7)	0.0	0.0	0.0	0.0	6.8	(6.0)
BALANCE AT 31/12/2024	**576.2**	**(0.2)**	**13.6**	**(0.5)**	**30.9**	**(23.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**620.7**	**(23.7)**

(1) Of which amortisation of receivables, change in credit risk parameters, currency rate fluctuations and changes in scope.

7.1.2.4 Change in the gross carrying amount and credit losses on loans and receivables to credit institutions at amortised cost

The loans and receivables to credit institutions registered in Stage 1 include, in particular, funds centralised with Caisse des dépôts et consignations, i.e. €629.8 million at 31 December 2024, compared with €541.9 million at 31 December 2023.

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 31/12/2023	**5,323.6**	**0.0**	**1.4**	**(0.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**5,325.0**	**(0.0)**
Origination and acquisitions	2,114.7	0.0	0.0	0.0	///	///	0.0	0.0	0.0	0.0	2,114.7	0.0
Changes in contractual flows that do not result in derecognition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derecognition (redemptions, disposals and debt forgiveness)	(1,927.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1,927.2)	0.0
Impairment (write-off)	///	///	///	///	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers of financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Transfers to S1	0.0	0.0	0.0	0.0	0.0	0.0	///	///	///	///	0.0	0.0
• Transfers to S2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
• Transfers to S3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Model changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes [1]	(123.0)	0.0	(1.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(124.4)	0.0
BALANCE AT 31/12/2024	**5,388.1**	**0.0**	**0.0**	**(0.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**5,388.1**	**(0.0)**

(1) Of which amortisation of receivables, change in credit risk parameters, currency rate fluctuations and changes in scope.

7.1.2.5 Change in the gross carrying amount and credit losses on loans and receivables to customers at amortised cost

Financial instruments are divided into three categories (Stages) depending on the increase in credit risk observed since initial recognition. This deterioration is measured on the basis of the rating at the closing date.

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 31/12/2023	**10,198.0**	**(46.6)**	**1,379.2**	**(42.5)**	**490.7**	**(214.9)**	**0.0**	**0.0**	**36.8**	**(3.5)**	**12,104.8**	**(307.5)**
Origination and acquisitions	1,751.2	(9.9)	94.0	(2.8)	///	///	0.0	0.0	0.0	0.0	1,845.2	(12.7)
Changes in contractual flows that do not result in derecognition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derecognition (redemptions, disposals and debt forgiveness)	(991.3)	5.4	(157.6)	3.5	(71.9)	28.5	(1.5)	0.1	(9.2)	0.6	(1,231.4)	38.0
Impairment (write-off)	///	///	///	///	(16.0)	15.6	0.0	0.0	0.0	0.0	(16.0)	15.6
Transfers of financial assets	(693.7)	6.5	560.4	(27.5)	133.3	(54.4)	2.4	(0.0)	(2.4)	0.3	0.0	(75.2)
• Transfers to S1	353.9	(1.7)	(349.4)	12.2	(4.5)	0.9	///	///	///	///	0.0	11.3
• Transfers to S2	(911.3)	7.4	972.6	(43.0)	(61.3)	8.0	3.6	(0.0)	(3.6)	0.4	0.0	(27.3)
• Transfers to S3	(136.3)	0.8	(62.7)	3.3	199.1	(63.3)	(1.1)	0.0	1.1	(0.1)	0.0	(59.2)
Model changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes [1]	(361.1)	16.1	(45.8)	1.0	38.6	(30.0)	1.8	(0.1)	2.0	(1.0)	(364.6)	(14.0)
BALANCE AT 31/12/2024	**9,903.2**	**(28.5)**	**1,830.2**	**(68.4)**	**574.7**	**(255.2)**	**2.8**	**(0.0)**	**27.2**	**(3.6)**	**12,338.1**	**(355.7)**

(1) *Of which amortisation of receivables, change in credit risk parameters, currency rate fluctuations and changes in scope.*

7.1.2.6 Change in the gross carrying amount and credit losses on financing commitments given

	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (S3 POCI)		TOTAL	
in millions of euros	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 31/12/2023	**2,124.0**	**(3.8)**	**155.3**	**(1.8)**	**17.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2,296.9**	**(5.6)**
Origination and acquisitions	819.8	(1.9)	65.9	(0.9)	///	///	0.0	0.0	0.0	0.0	885.7	(2.8)
Changes in contractual flows that do not result in derecognition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derecognition (redemptions, disposals and debt forgiveness)	(619.7)	1.9	(60.6)	0.5	(11.5)	0.0	0.0	0.0	0.0	0.0	(691.8)	2.4
Impairment (write-off)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers of financial assets	(99.5)	0.4	87.2	(1.0)	12.4	0.0	0.0	0.0	0.0	0.0	0.0	(0.6)
• Transfers to S1	17.2	(0.0)	(17.2)	0.3	0.0	0.0	///	///	///	///	0.0	0.3
• Transfers to S2	(110.5)	0.4	110.8	(2.2)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	(1.8)
• Transfers to S3	(6.3)	0.0	(6.4)	0.8	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.9
Model changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes (1)	(273.5)	0.4	1.2	(0.5)	(2.0)	0.0	0.0	0.0	0.0	0.0	(274.3)	(0.2)
BALANCE AT 31/12/2024	**1,951.1**	**(3.0)**	**249.0**	**(3.7)**	**16.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2,216.4**	**(6.7)**

(1) *Of which amortisation of receivables, change in credit risk parameters, currency rate fluctuations and changes in scope.*

7.1.2.7 Change in the gross carrying amount and credit losses on guarantee commitments given

in millions of euros	Stage 1		Stage 2		Stage 3		Assets impaired on origination or acquisition (S2 POCI)		Assets impaired on origination or acquisition (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
BALANCE AT 31/12/2023	**1,186.3**	**(1.5)**	**116.8**	**(1.4)**	**42.0**	**(38.1)**	**0.0**	**0.0**	**0.6**	**(0.3)**	**1,345.7**	**(40.7)**
Origination and acquisitions	482.5	(0.3)	16.4	(0.8)	///	///	0.0	0.0	0.0	0.0	498.9	(1.1)
Changes in contractual flows that do not result in derecognition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derecognition (redemptions, disposals and debt forgiveness)	(527.2)	2.2	(31.5)	0.3	(16.1)	1.1	0.0	0.0	(0.5)	0.5	(575.3)	3.1
Impairment (write-off)	///	///	///	///	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers of financial assets	(64.6)	0.1	46.1	(0.1)	18.5	(5.7)	0.0	0.0	0.0	0.0	0.0	(5.8)
• Transfers to S1	25.0	(0.0)	(24.2)	0.6	(0.8)	0.2	///	///	///	///	0.0	0.7
• Transfers to S2	(72.1)	0.1	73.8	(0.8)	(1.7)	0.2	0.0	0.0	0.0	0.0	0.0	(0.5)
• Transfers to S3	(17.5)	0.0	(3.5)	0.0	21.0	(6.1)	0.0	0.0	0.0	0.0	0.0	(6.0)
Model changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes (1)	61.5	(1.3)	(12.6)	(0.3)	22.4	11.9	0.0	0.0	(0.1)	(0.2)	71.3	10.5
BALANCE AT 31/12/2024	**1,138.6**	**(0.8)**	**135.2**	**(2.3)**	**66.8**	**(30.8)**	**0.0**	**0.0**	**0.0**	**0.0**	**1,340.6**	**(34.0)**

(1) *Of which amortisation of receivables, change in credit risk parameters, currency rate fluctuations and changes in scope.*

7.1.3 Credit risk measurement and management

Credit risk arises whenever a counterparty is unable to meet its payment obligations and may result from a reduction in credit quality or default by the counterparty.

Commitments exposed to credit risk consist of existing or potential receivables and particularly loans, debt securities, equities, performance swaps, performance bonds, or confirmed or undrawn facilities.

Credit risk management procedures and assessment methods, risk concentration, the quality of performing financial assets, and the analysis and breakdown of outstandings are described in the risk management report.

7.1.4 Guarantees received on instruments impaired under IFRS 9

The table below shows the exposure of all of the Palatine Group's financial assets to credit risk and counterparty risk. This exposure to credit risk (determined without taking into account the impact of any unrecognised netting or collateral agreements) and to counterparty risk is based on the net carrying amount of the financial assets.

in millions of euros	Maximum risk exposure (2)	Impairment	Maximum exposure net of impairment (3)	Guarantees
Class of impaired financial instruments (S3)				
Debt securities at amortised cost	30.9	(23.0)	8.0	0.0
Loans and receivables to credit institutions at amortised cost	0.0	0.0	0.0	0.0
Loans and receivables to customers at amortised cost	601.9	(258.8)	343.1	242.6
Debt securities - fair value through recyclable equity	0.0	0.0	0.0	0.0
Loans and receivables to credit institutions - FVOCI R	0.0	0.0	0.0	0.0
Loans and receivables to customers - FVOCI R	0.0	0.0	0.0	0.0
Financing commitments	16.4	0.0	16.4	16.4
Guarantee commitments	66.8	(30.8)	36.0	36.0
TOTAL IMPAIRED FINANCIAL INSTRUMENTS (S3) (1)	**716.1**	**(312.6)**	**403.5**	**295.0**

(1) Assets impaired after origination/acquisition (Stage 3) or upon origination/acquisition (POCI).
(2) Gross carrying amount.
(3) Balance sheet carrying amount.

7.1.5 Guarantees received on instruments not subject to IFRS 9 impairment rules

in millions of euros	Maximum risk exposure (1)	Guarantees
Financial assets at fair value through profit or loss		
Debt securities	15.9	0.0
Loans	0.0	0.0
Trading derivatives	339.4	0.0
TOTAL	**355.3**	**0.0**

(1) Balance sheet carrying amount.

7.1.6 Credit risk mitigation mechanisms: assets obtained by taking possession of collateral

The Palatine Group did not obtain any assets by taking possession of collateral.

7.1.7 Financial assets amended since the start of the year, whose impairment was calculated on the basis of expected credit losses at maturity at the start of the period

Accounting principles

Amended contracts are renegotiated, restructured or adjusted financial assets, whether or not in view of financial difficulties, which do not give rise to derecognition because the amendments made are not significant.

A profit or loss is recognised under "Cost of credit risk" in the income statement in the event of an amendment.

The gross carrying amount of the financial asset shall be recalculated so that it is equal to the discounted value of the renegotiated or amended contractual cash flows at the original effective interest rate.

Certain financial assets whose impairment was calculated on the basis of lifetime expected credit losses have been modified since the beginning of the year. However, these financial assets are insignificant with regard to the entity's balance sheet and income statement.

7.1.8 Financial assets amended since their initial recognition, whose impairment was calculated on the basis of expected credit losses at maturity, and whose impairment was remeasured on the basis of expected credit losses at one year since the start of the period

Certain financial assets, whose impairment was calculated on the basis of expected credit losses at maturity, were amended since their initial recognition and their impairment was remeasured on the basis of expected credit losses at one year since the start of the period due to an improvement of their credit risk. However, these financial assets are insignificant with regard to the entity's balance sheet.

7.1.9 Restructured loans

Adjustment in view of financial difficulties

	31/12/2024			31/12/2023		
in millions of euros	Loans and receivables	Off-balance sheet commitments	Total	Loans and receivables	Off-balance sheet commitments	Total
Impaired restructured loans	63.4	0.0	63.4	92.9	0.1	93.0
Performing restructured loans	68.4	0.0	68.4	48.3	0.0	48.3
TOTAL RESTRUCTURED LOANS	**131.7**	**0.0**	**131.7**	**141.2**	**0.1**	**141.3**
Impairment	**(21.1)**	**0.0**	**(21.1)**	**(27.0)**	**0.0**	**(27.0)**
Guarantees received	**64.4**	**0.0**	**64.4**	**77.7**	**0.1**	**77.8**

Analysis of gross loans

	31/12/2024			31/12/2023		
in millions of euros	Loans and receivables	Off-balance sheet commitments	Total	Loans and receivables	Off-balance sheet commitments	Total
Adjustments: amendments to the terms and conditions	118.7	0.0	118.7	133.2	0.1	133.3
Adjustments: refinancing	13.0	0.0	13.0	8.0	0.0	8.0
TOTAL RESTRUCTURED LOANS	**131.7**	**0.0**	**131.7**	**141.2**	**0.1**	**141.3**

Counterparty region

in millions of euros	31/12/2024 Loans and receivables	Off-balance sheet commitments	Total	31/12/2023 Loans and receivables	Off-balance sheet commitments	Total
France	131.8	0.0	131.8	136.5	0.1	136.6
Other countries	(0.1)	0.0	(0.1)	4.7	0.0	4.7
TOTAL RESTRUCTURED LOANS	**131.7**	**0.0**	**131.7**	**141.2**	**0.1**	**141.3**

7.1.10 Assets reclassified as losses during the reporting period and still subject to implementation measures

The Palatine Group is not concerned.

7.1.11 Breakdown by risk category of financial instruments subject to calculation of expected credit losses pursuant to IFRS 9

The Palatine Group is not concerned.

7.1.12 Financial assets acquired or created and impaired for credit risk on initial recognition (POCI)

in millions of euros	Total undiscounted amount of expected credit losses at initial recognition of POCI contracts originated or acquired during the period
Financial instrument class	
Debt securities at amortised cost	0.0
Loans and receivables to credit institutions at amortised cost	0.0
Loans and receivables to customers at amortised cost	26.3
Debt securities - fair value through recyclable equity	0.0
Loans and receivables to credit institutions - fair value through recyclable equity	0.0
Loans and receivables to customers - fair value through recyclable equity	0.0
Financing commitments	0.0
Guarantee commitments	0.0
TOTAL	**26.3**

7.2 Market risks

Market risk refers to the possibility of financial loss due to market trends, such as:

- interest rates: interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market rates of interest;
- exchange rates;
- prices: market price risk is the risk of a potential loss resulting from changes in market prices, whether they are caused by factors specific to the instrument or its issuer, or by factors affecting all market traded instruments. Variable-income securities, equity derivatives and commodity derivatives are exposed to this type of risk;
- and more generally, any market parameter involved in the valuation of portfolios.

Systems for the measurement and monitoring of market risks are presented in the risk management report.

The information on the management of market risks required by IFRS 7, presented in the risk management report, breaks down as follows:

- the market risk measurement and monitoring framework;
- arrangements for monitoring market risks;
- banking law regarding the separation and regulation of banking activities and the Volcker rule;
- second-level controls for market risks;
- the work done in 2024.

7.3 Overall interest rate risk and foreign exchange rate risk

Interest rate risk is the risk that unfavourable changes in interest rates will adversely impact the Group's annual results and net worth. Foreign exchange risk is the risk of losses resulting from changes in exchange rates.

The management of overall interest rate risk and foreign exchange risk is presented in chapter 4 2024 Risk management.

7.4 Liquidity risk

Liquidity risk is the risk that the bank will not be able to meet its commitments or maturities at any given time.

The funding procedures and liquidity risk management arrangements are disclosed in the risk management report.

The disclosures relating to the management of liquidity risk required by IFRS 7 are set out in chapter 4 2024 Risk management.

The table below shows the amounts by contractual maturity date.

Financial instruments marked to market on the income statement and held in the trading book, variable-income available-for-sale financial assets, non-performing loans, hedging derivatives and revaluation reserve on interest rate risk-hedged portfolios are placed in the “Not determined” column. These financial instruments are:

- either held for sale or redeemed prior to their contractual maturity;
- or held for sale or redeemed at an indeterminable date (particularly where they have no contractual maturity);
- or measured on the balance sheet for an amount impacted by revaluation effects.

Accrued interest not yet due is shown in the "Less than 1 month" column.

The amounts shown are contractual amounts excluding projected interest.

in millions of euros	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Not determined	Total at 31/12/2024
Cash, central banks	4.9	0.0	0.0	0.0	0.0	0.0	4.9
Financial assets at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	355.3	355.3
Financial assets at fair value through other comprehensive income	5.2	10.1	80.7	443.6	69.3	14.8	623.7
Hedging derivatives	0.0	0.0	0.0	0.0	0.0	9.9	9.9
Securities at amortised cost	3.6	0.0	42.2	254.1	297.1	0.0	597.1
Credit institutions' loans and receivables	2,607.2	474.2	1,236.1	658.0	411.9	0.7	5,388.1
Customers' loans and receivables	1,699.3	568.1	1,361.7	4,455.6	3,651.4	246.2	11,982.4
Revaluation reserve on interest rate risk-hedged portfolios, assets	0.0	0.0	0.0	0.0	0.0	0.8	0.8
FINANCIAL ASSETS BY MATURITY	**4,320.2**	**1,052.4**	**2,720.7**	**5,811.4**	**4,429.7**	**627.8**	**18,962.2**
Amounts due to central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	315.9	315.9
Hedging derivatives	0.0	0.0	0.0	0.0	0.0	3.9	3.9
Debt securities	159.9	379.1	999.8	143.4	63.2	0.0	1,745.4
Amounts due to credit institutions	129.6	84.2	663.0	698.1	11.4	96.9	1,683.2
Amounts due to customers	12,558.9	254.6	508.0	204.0	1.2	0.0	13,526.6
Subordinated debt	0.8	0.0	210.0	50.0	140.0	0.0	400.8
Revaluation reserve on interest rate risk-hedged portfolios, liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FINANCIAL LIABILITIES BY MATURITY	**12,849.0**	**717.9**	**2,380.9**	**1,095.4**	**215.8**	**416.7**	**17,675.7**
Financing commitments given to credit institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing commitments given to customers	269.3	30.2	116.3	1,794.6	6.1	0.0	2,216.4
TOTAL FINANCING COMMITMENTS BY MATURITY	**269.3**	**30.2**	**116.3**	**1,794.6**	**6.1**	**0.0**	**2,216.4**
Guarantee commitments given to credit institutions	0.0	0.3	76.3	0.0	0.0	0.0	76.6
Guarantee commitments given to customers	21.0	12.2	116.7	221.1	892.9	0.0	1,264.0
TOTAL GUARANTEE COMMITMENTS GIVEN	**21.0**	**12.6**	**193.0**	**221.1**	**892.9**	**0.0**	**1,340.6**

NOTE 8 Employee benefits

Accounting principles

There are four categories of employee benefits:

- **short-term employee benefits** such as wages, salaries, paid annual leave, bonuses, and profit sharing and incentive schemes which are expected to be paid within 12 months of the end of the period in which the employee renders the service are recognised in expenses;
- **post-employment benefits** paid to retired staff break down into two categories: defined-contribution plans and defined-benefit plans.

Defined-contribution plans such as the French national plans are those for which the Group's obligations are limited only to the payment of a contribution and do not include any employer obligation regarding a benefit level. Contributions paid into these plans are recognised as an expense for the period.

Post-employment defined-benefit plans refer to plans for which the Group has committed to providing an amount or level of benefits.

Defined-benefit plans are subject to provisions calculated based on an actuarial assessment of the amount of the obligation, taking into account demographic and financial assumptions. When these plans are funded by external funds meeting the definition of plan assets, the amount of the provision is reduced by the fair value of these assets.

The cost of defined-benefit plans recorded in expenses for the period includes: the service cost (representing the rights acquired by beneficiaries over the period), the past service cost (revaluation reserve on actuarial liabilities following an amendment or reduction in the plan), the net financial cost (effect of unwinding the discount on the net obligation for interest income generated by plan assets) and the effect of pension drawdowns.

Revaluation reserve on actuarial liabilities caused by changes in demographic and financial assumptions and past-experience effects are recorded in gains and losses recognised directly in other comprehensive income not recyclable to net income:

- **Other long-term benefits** include benefits paid to active employees and payable more than 12 months after the end of the period. They notably include long-service awards.

  These benefits are calculated using the same actuarial method as that applied for defined-benefit pension plans. The accounting method differs in terms of revaluation reserve on actuarial liabilities, which are recorded under expenses;
- **Termination benefits** are granted to employees on termination of their employment contract prior to their retirement date, whether as a result of redundancy or a decision by an employee to terminate a contract in exchange for a severance payment. They are covered by a provision. Termination benefits that are not expected to be paid within the 12 months following the balance sheet date are discounted to present value.

8.1 Personnel expenses

Personnel expenses include all personnel-related expenses and the associated social security charges and payroll-based taxes.

in millions of euros	2024 financial year	2023 financial year
Wages and salaries	(73.6)	(75.6)
Defined-contribution and defined-benefit plan expenses	(9.2)	(9.0)
Other social security charges and payroll-based taxes	(41.7)	(38.6)
Profit sharing and incentive schemes	(12.7)	(18.8)
TOTAL PERSONNEL EXPENSES	**(137.2)**	**(142.0)**

The Group's average headcount during the year, broken down by professional category, was as follows: 822 managers and 273 non-managers, representing a total of 1,095 employees.

8.2 Employee benefits

The Palatine Group grants its staff a variety of employee benefits:

- pensions and other post-employment benefits such as end-of-career awards and other benefits granted to retirees;
- other benefits such as long-service awards and other long-term employee benefits.

8.2.1 Analysis of employee-related assets and liabilities recorded in the balance sheet

in millions of euros	Post-employment benefits under defined-benefit plans: Supplementary pensions and other plans	Post-employment benefits under defined-benefit plans: End-of-career awards	Other long-term employee benefits: Long-service awards	Other long-term employee benefits: Other benefits	31/12/2024	31/12/2023
Actuarial liabilities	0.3	15.0	3.1	8.3	26.7	26.3
Fair value of plan assets		(12.4)			(12.4)	(11.6)
Fair value of reimbursement rights						
Asset cap effect						
NET AMOUNT REPORTED ON THE BALANCE SHEET	**0.3**	**2.6**	**3.1**	**8.3**	**14.3**	**14.7**
Employee benefits, liabilities	0.3	3.0	3.0	8.0	14.3	14.7
Employee benefits, assets (1)						

(1) Presented on the assets side of the balance sheet under “Accrual accounts and other assets”.

Actuarial liabilities represent the Group’s obligation in respect of beneficiaries. They are calculated by independent actuaries using the projected unit credit method based on demographic and financial assumptions that are reviewed on a regular basis and at least once a year.

When these plans are funded by assets meeting the definition of plan assets, the amount of the provision corresponds to actuarial liabilities less the fair value of these assets.

Hedging assets that do not meet the definition of plan assets are recognised as assets.

8.2.2 Change in amounts recognised on the balance sheet

Changes in actuarial liabilities

in millions of euros	Post-employment benefits under defined-benefit plans: Supplementary pensions and other plans	Post-employment benefits under defined-benefit plans: End-of-career awards	Other long-term employee benefits: Long-service awards	Other long-term employee benefits: Other benefits	2024 financial year	2023 financial year
Actuarial liabilities at start of year	**0.3**	**15.0**	**3.0**	**7.9**	**26.3**	**25.1**
Service cost		0.8	0.3		1.1	1.2
Past service cost						(0.1)
Interest cost		0.5	0.1		0.6	0.2
Benefits paid		(0.6)	(0.1)		(0.7)	(0.5)
Other items recorded in income		0.3	(0.2)	0.4	0.5	0.4
Revaluation reserve - Demographic assumptions		(0.1)			(0.1)	(0.3)
Revaluation reserve - Financial assumptions		(0.5)			(0.5)	0.9
Revaluation reserve - Experience effects		(0.7)			(0.7)	(0.9)
Other changes		0.2			0.2	0.4
ACTUARIAL LIABILITIES AT THE END OF THE PERIOD	**0.3**	**15.0**	**3.1**	**8.3**	**26.7**	**26.3**

The pension reform in France (act 2023-270 of 14 April 2023 on the rectifying financing of social security for 2023 and application decrees 2023-435 and 2023-436 of 3 June 2023) has been taken into account for the valuation of the actuarial debt as of 31 December 2023. Considered as a modification of a plan recognised in past service cost, the impact is therefore recognised in the income statement.

Change in hedging assets

in millions of euros	Post-employment benefits under defined-benefit plans		Other long-term employee benefits		2024 financial year	2023 financial year
	Supplementary pensions and other plans	End-of-career awards	Long-service awards	Other benefits		
FAIR VALUE OF ASSETS AT THE BEGINNING OF THE PERIOD		**11.6**			**11.6**	**11.5**
Interest income		0.4			0.4	
Plan participant contributions						
Benefits paid						
Other						0.4
Changes recorded in income		**0.4**			**0.4**	**0.4**
Revaluation adjustments - return on plan assets		0.4			0.4	(0.3)
Changes recognised directly in other comprehensive income not recyclable to profit or loss		**0.4**			**0.4**	**(0.3)**
Foreign exchange rate adjustments						
Other						
FAIR VALUE OF ASSETS AT END OF PERIOD		**12.4**			**12.4**	**11.6**

Amounts paid in cash to beneficiaries reduce the amount of provisions recorded to this end by an equivalent amount. A total of €0.6 million was charged against pension plan assets.

Interest income on plan assets is calculated by applying the same discount rate as that used to discount commitments. The difference between the actual return at the balance sheet date and this interest income is a revaluation reserve recorded in equity not recyclable to profit or loss for post-employment benefits.

8.2.3 Expenses for defined-benefit plans and other long-term employee benefits

Expenses for defined-benefit pension plans and other long-term employee benefits

The various components of the expense recognised for defined-benefit plans and other long-term employee benefits are included under “Personnel expenses”.

in millions of euros	Post-employment benefits under defined-benefit plans	Other long-term employee benefits	2024 financial year	2023 financial year
Service cost	(0.8)	(0.3)	(1.1)	(1.0)
Net interest cost	(0.1)	(0.1)	(0.2)	(0.2)
Other (o/w asset ceiling by result)	(0.3)	(0.2)	(0.5)	0.1
EXPENSE FOR THE PERIOD	**(1.2)**	**(0.6)**	**(1.8)**	**(1.1)**
Benefits paid	0.6	0.1	0.7	0.4
Plan participant contributions				
CHANGE IN PROVISIONS DUE TO CONTRIBUTIONS	**0.6**	**0.1**	**0.7**	**0.4**
TOTAL	**(0.6)**	**(0.5)**	**(1.1)**	**(0.7)**

Gains and losses recognised directly in equity of defined-benefit plans

in millions of euros	Supplementary pensions and other plans	End-of-career awards	2024 financial year	2023 financial year
ACCUMULATED REVALUATION RESERVE AT THE START OF THE PERIOD	**0.2**	**1.5**	**1.7**	**2.5**
Revaluation reserve generated in the reporting period		(1.7)	(1.7)	(0.1)
ACCUMULATED REVALUATION RESERVE AT THE END OF THE PERIOD	**0.7**	**1.0**	**1.7**	**1.5**

8.2.4 Other information

Main actuarial assumptions

	31/12/2024	31/12/2023
	CGP-CE	CGP-CE
Discount rate	3.23%	2.28%
Inflation rate	2.30%	2.40%
Life tables used	TGH05/TGF05	TGH05/TGF05

Sensitivity of actuarial liabilities to changes in the principal assumptions

At 31 December 2024, a +/-0.5% change in the discount rate and the inflation rate would have the following impact on actuarial liabilities:

	31/12/2024		
in millions of euros	End-of-career awards	Long-service awards	Supplementary pensions and other plans
Discount rate	3.35%	3.17%	3.03%
Central scenario	2.1	3.1	0.3
0.5% increase	2.0	2.6	0.3
0.5% decrease	2.2	3.2	0.3

NOTE 9 Fair value of financial assets and liabilities

Key points

This section sets out the principles for measuring the fair value of financial instruments as defined in IFRS 13 "Fair value measurement" and the methods used by the Palatine Group entities to measure the value of their financial instruments.

Financial assets and liabilities are recorded in the balance sheet either at fair value or at amortised cost. An indication of the fair value of items measured at amortised cost is provided in the notes.

For instruments traded on an active market with a quoted price, the fair value is equal to the quoted price, corresponding to Level 1 in the fair value hierarchy.

The fair value of other financial instruments not traded on an active market, including in particular loans, borrowings and derivatives traded over the counter, is calculated using valuation techniques that rely on widely used models and observable data, corresponding to Level 2 in the fair value hierarchy. Otherwise, in the case where internal data or proprietary models are used (Level 3 fair value), independent controls are put in place to validate the valuation.

Determination of fair value

General principles

Fair value is 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 Group measures the fair value of an asset or liability using assumptions that market participants would use to set the price of the asset or liability. For derivatives, these assumptions include an assessment of the counterparty risk (CVA - credit valuation adjustment), the non-performance risk (DVA - debit valuation adjustment) and the liquidity cost (FVA - funding valuation adjustment). These valuation adjustments are measured using market parameters.

In addition, the values of derivatives that are traded with a counterparty belonging to the Palatine Group's share support mechanism (see Note 1.2/Guarantee mechanism) are not subject to the CVA or DVA calculations in the Group's financial statements.

Fair value upon initial recognition

For the majority of transactions concluded by the Group, the price of negotiation of trades (i.e. the value of the consideration paid or received) provides the best estimate of the fair value of the transactions at the initial recognition date. If this is not the case, the Group adjusts the trade price. The recognition of this adjustment is described in the paragraph "Recognition of the margin generated at inception (Day one profit)".

Fair value hierarchy

Level 1 fair value and active market concept

For financial instruments, prices quoted in an active market ("Level 1 input") represent the most reliable evidence of fair value. They should be used without adjustment to measure fair value.

An active market is a market in which transactions for the assets or liabilities take place with sufficient frequency and volume.

A decline in the level of market activity may be evidenced by indicators including:

- a significant decline in the primary market for the financial asset or liability (or for similar assets or liabilities);
- a significant decline in transaction volumes;
- price quotations are not updated very frequently;
- there is significant dispersion in prices available over time between the various market participants;
- there is a loss of correlation with indices that previously displayed a high level of correlation with the fair value of the asset or liability;
- there is a significant increase in prices or implied liquidity risk premiums, yields or performance indicators (such as delinquency rates and loss severities) when compared with the Group's estimate of expected cash flows, taking into account all available market data about credit and other non-performance risk for the asset or liability;
- there is a very wide bid-ask spread.

Instruments measured using (unadjusted) prices quoted in an active market (Level 1)

These are mainly equities, government or corporate bonds, certain derivatives traded in organised markets (e.g. plain vanilla options on CAC 40 or Eurostoxx indices).

In addition, the fair value of mutual funds is considered as being Level 1 if net asset value is calculated on a daily basis and if this represents a value at which an order can be placed.

Level 2 fair value

Where there is no quotation in an active market, fair value may be measured using appropriate methodology, in line with the generally accepted measurement methods in the financial markets, based on inputs observable in the markets ("Level 2 fair value").

If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets or markets that are not active;
- inputs other than quoted prices that are observable for the asset or liability, for example:
  - interest rates and yield curves observable at commonly quoted intervals,
  - implied volatilities,
  - credit spreads;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ("market-corroborated inputs").

Instruments measured using recognised models and underpinned by directly or indirectly observable inputs (Level 2)

Level 2 derivatives

The following items will be classified in this category:

- standard interest rate or CMS swaps;
- forward rate agreements (FRA);
- standard swaptions;
- standard caps and floors;
- forward purchases and sales of liquid currencies;
- currency swaps and options on liquid currencies;
- liquid credit derivatives on a single name issuer or on the Itraax or Iboxx indices, etc.

Level 2 non-derivatives

Certain hybrid and/or long-maturity financial instruments are measured using a recognised model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

For all such instruments, inputs were demonstrated to be observable. From a methodology perspective, observability is based on four inseparable criteria:

- inputs come from external sources (*via* a recognised contributor);
- the input is supplied periodically;
- the input is representative of recent transactions;
- the input's characteristics are identical to those of the transaction.

The margin generated when these instruments begin trading is immediately taken to profit or loss.

Those instruments classified in Level 2 include:

- securities not listed on an active market whose fair value is determined on the basis of observable market data (for example: use of market data from comparable listed companies or earnings multiple method);
- shares in UCITS, the net asset value of which is not calculated and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions.

Level 3 fair value

Lastly, if there are not sufficient observable inputs available in the markets, fair value may be measured using a method based on internal models ("Level 3 fair value") using unobservable inputs. The model adopted must be calibrated by reconciling its results with recent transaction prices.

Over-the-counter instruments measured using infrequent models or using unobservable inputs to a great extent (Level 3)

When the measurements obtained are not supported by observable inputs or models recognised as market standards, the measurement obtained will be considered as unobservable.

Instruments measured using specific models or using unobservable parameters include:

- unlisted equities, generally investments in unconsolidated investments;
- certain UCITS when the net asset value is an indicative value (in the event of illiquidity, in the event of liquidation, etc.) and where there are no prices to support this value;
- FCPRs (venture capital funds): net asset value is frequently indicative as it is rarely possible to exit;
- multi-underlying equity structured products, options on funds, hybrid interest-rate products, securitisation swaps, structured credit derivatives, option-based interest-rate products;
- securitisation tranches for which no prices are quoted in an active market. These instruments are frequently measured based on contributors' prices (structurers, for example).

Transfers between levels of the fair value hierarchy

Information on transfers between fair value levels is provided in Note 9.1.3 / Analysis of transfers between levels of the fair value hierarchy. The amounts given in this note were calculated at the date of the last valuation prior to the change in the level of the fair value hierarchy.

Recognition of margin generated at inception (day one profit)

At 31 December 2024, the Palatine Group had no day one profit “to be spread out”.

Special cases

Fair value of financial instruments recognised at amortised cost (securities)

For financial instruments not measured at fair value on the balance sheet, fair value calculations are disclosed for information purposes and should be interpreted as estimates.

In most cases, the values indicated are not liable to be realised and generally may not be realised in practice.

These fair values are thus only provided for information purposes in the notes to the financial statements. They are not indicators used for the purpose of overseeing commercial banking activities, for which the management model is mainly based on collection of contractual cash flows.

Consequently, the following simplified assumptions were used:

The carrying amount of assets and liabilities is deemed to be their fair value in certain cases.

These notably include:

- short-term financial assets and liabilities (whose initial term is one year or less) provided that sensitivity to interest-rate risk and credit risk is not material during the period;
- demand liabilities;
- floating-rate loans and borrowings;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

Fair value of the customer loan portfolio

The fair value of loans is measured using internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. Except in specific circumstances, only the interest rate component is remeasured, as the credit margin is established at the outset and not subsequently remeasured. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

Fair value of interbank loans

The fair value of loans is measured using internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term.

The interest rate component is remeasured, as is the credit risk component (where it is an observable piece of data used by the customer relationship managers or market participants). Failing that, the credit risk component is established at the outset and not subsequently remeasured, as with loans to customers. Prepayment options are factored into the model *via* an adjustment to loan repayment schedules.

Fair value of debts

The fair value of fixed-rate debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the reporting date. The own credit spread is generally not taken into account.

9.1 Fair value of financial assets and liabilities

9.1.1 Fair value hierarchy of financial assets and liabilities

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	31/12/2024				31/12/2023			
in millions of euros	Listing on an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	TOTAL	Listing on an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	TOTAL
Financial assets								
Equity instruments	**0.0**	**0.0**	**0.0**	**0.0**	**3.3**	**0.0**	**0.0**	**3.3**
Shares and other equity securities	0.0	0.0	0.0	0.0	3.3	0.0	0.0	3.3
Derivatives	**0.0**	**97.3**	**0.1**	**97.3**	**0.0**	**57.9**	**0.9**	**58.8**
• Interest rate derivatives	0.0	41.4	0.0	41.4	0.0	35.3	0.0	35.3
• Currency derivatives	0.0	55.9	0.1	55.9	0.0	22.6	0.9	23.5
Financial assets at fair value through profit or loss – Held for trading (1)	**0.0**	**97.3**	**0.1**	**97.3**	**3.3**	**57.9**	**0.9**	**62.2**
Derivatives	**0.0**	**240.3**	**1.8**	**242.1**	**0.0**	**346.7**	**0.8**	**347.5**
• Interest rate derivatives	0.0	238.3	1.8	240.1	0.0	345.2	0.8	346.0
• Currency derivatives	0.0	2.0	0.0	2.0	0.0	1.5	0.0	1.5
Financial assets at fair value through profit or loss - Economic hedging	**0.0**	**240.3**	**1.8**	**242.1**	**0.0**	**346.7**	**0.8**	**347.5**
Debt instruments	**0.0**	**15.6**	**0.3**	**15.9**	**0.0**	**17.0**	**1.8**	**18.8**
Debt securities	0.0	15.6	0.3	15.9	0.0	17.0	1.8	18.8
Financial assets at fair value through profit or loss - non-standard	**0.0**	**15.6**	**0.3**	**15.9**	**0.0**	**17.0**	**1.8**	**18.8**
Debt instruments	**608.9**	**0.0**	**0.0**	**608.9**	**566.2**	**0.0**	**0.0**	**566.2**
Debt securities	608.9	0.0	0.0	608.9	566.2	0.0	0.0	566.2
Equity instruments	**1.5**	**9.4**	**4.0**	**14.8**	**0.0**	**7.0**	**1.3**	**8.4**
Shares and other equity securities	1.5	9.4	4.0	14.8	0.0	7.0	1.3	8.4
Financial assets at fair value through other comprehensive income	**610.4**	**9.4**	**4.0**	**623.7**	**566.2**	**7.0**	**1.3**	**574.5**
Interest rate derivatives	0.0	9.9	0.0	9.9	0.0	6.7	0.0	6.7
Hedging derivatives	**0.0**	**9.9**	**0.0**	**9.9**	**0.0**	**6.7**	**0.0**	**6.7**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**610.4**	**372.4**	**6.1**	**988.9**	**569.5**	**435.3**	**4.8**	**1,009.6**

in millions of euros	Listing on an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	TOTAL	Listing on an active market (Level 1)	Measurement techniques using observable data (Level 2)	Measurement techniques using unobservable data (Level 3)	TOTAL
Financial liabilities								
Derivatives	**0.0**	**119.8**	**0.1**	**119.9**	**0.0**	**75.9**	**1.5**	**77.4**
• Interest rate derivatives	0.0	54.4	0.1	54.5	0.0	48.7	0.6	49.3
• Currency derivatives	0.0	65.4	0.0	65.4	0.0	27.3	0.8	28.1
Other financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Financial liabilities at fair value through profit or loss – Held for trading (1)	**0.0**	**119.8**	**0.1**	**119.9**	**0.0**	**75.9**	**1.5**	**77.4**
Derivatives	**0.0**	**193.7**	**2.4**	**196.0**	**0.0**	**301.2**	**1.9**	**303.1**
• Interest rate derivatives	0.0	192.0	2.4	194.3	0.0	299.5	1.9	301.5
• Currency derivatives	0.0	1.7	0.0	1.7	0.0	1.7	0.0	1.7
Financial liabilities at fair value through profit or loss - Economic hedging	**0.0**	**193.7**	**2.4**	**196.0**	**0.0**	**301.2**	**1.9**	**303.1**
Interest rate derivatives	0.0	3.9	0.0	3.9	0.0	4.7	0.0	4.7
Hedging derivatives	**0.0**	**3.9**	**0.0**	**3.9**	**0.0**	**4.7**	**0.0**	**4.7**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**0.0**	**317.4**	**2.4**	**319.8**	**0.0**	**381.8**	**3.4**	**385.2**

(1) *Excluding economic hedging.*

9.1.2 Breakdown of financial assets and liabilities classified in Level 3 of the fair value hierarchy

At 31 December 2024

		Gains and losses recognised during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement (2)								
in millions of euros	01/01/2024	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In other comprehensive income	Purchases / Issues	Sales / Redemptions	To another reporting category	From and to another level	Other changes	31/12/2024
FINANCIAL ASSETS										
Derivatives	**0.9**	**(0.8)**	**(0.0)**	**0.0**	**(0.2)**	**(0.7)**	**0.0**	**0.8**	**(0.0)**	**0.1**
Currency derivatives	0.9	(0.8)	(0.0)	0.0	0.0	(0.1)	0.0	0.0	0.0	0.1
Financial assets at fair value through profit or loss – Held for trading (1)	0.9	(0.8)	(0.0)	0.0	(0.2)	(0.7)	0.0	0.8	(0.0)	0.1
Derivatives	**0.8**	**1.7**	**0.0**	**0.0**	**0.2**	**0.0**	**0.0**	**(0.8)**	**0.0**	**1.8**
Interest rate derivatives	**0.8**	**1.7**	**0.0**	**0.0**	**0.2**	**0.0**	**0.0**	**(0.8)**	**0.0**	**1.8**
Financial assets at fair value through profit or loss – Economic hedging	0.8	1.7	0.0	0.0	0.2	0.0	0.0	(0.8)	0.0	1.8
Debt instruments	**1.8**	**0.5**	**0.0**	**0.0**	**0.0**	**(2.0)**	**0.0**	**0.0**	**0.0**	**0.3**
Debt securities	**1.8**	**0.5**	**0.0**	**0.0**	**0.0**	**(2.0)**	**0.0**	**0.0**	**0.0**	**0.3**
Financial assets at fair value through profit or loss – Non-standard	1.8	0.5	0.0	0.0	0.0	(2.0)	0.0	0.0	0.0	0.3
Equity instruments	**1.3**	**2.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**4.0**
Shares and other equity securities	**1.3**	**2.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**4.0**
Financial assets at fair value through other comprehensive income	1.3	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0

in millions of euros	01/01/2024	Gains and losses recognised during the period – In the income statement [2] – On transactions in progress at the reporting date	Gains and losses recognised during the period – In the income statement [2] – On transactions removed from the balance sheet at the reporting date	Gains and losses recognised during the period – In other compre-hensive income	Transactions carried out during the period – Pur chases / Issues	Transactions carried out during the period – Sales / Redemp-tions	Transfers during the period – To another reporting category	Transfers during the period – From and to another level	Other changes	31/12/2024
FINANCIAL LIABILITIES										
Derivatives	**1.5**	**(0.9)**	**(0.0)**	**0.0**	**0.7**	**(0.4)**	**0.0**	**(0.8)**	**0.0**	**0.1**
• Interest rate derivatives	0.6	(0.1)	0.0	0.0	0.0	(0.4)	0.0	0.0	0.0	0.1
• Currency derivatives	0.8	(0.7)	(0.0)	0.0	0.7	0.0	0.0	(0.8)	0.0	0.0
Financial liabilities at fair value through profit or loss – Held for trading [1]	**1.5**	**(0.9)**	**(0.0)**	**0.0**	**0.7**	**(0.4)**	**0.0**	**(0.8)**	**0.0**	**0.1**
Derivatives	**1.9**	**1.1**	**0.0**	**0.0**	**0.2**	**(0.8)**	**0.0**	**0.0**	**0.0**	**2.4**
Interest rate derivatives	1.9	1.1	0.0	0.0	0.2	(0.8)	0.0	0.0	0.0	2.4
Financial liabilities at fair value through profit or loss – Economic hedging	**1.9**	**1.1**	**0.0**	**0.0**	**0.2**	**(0.8)**	**0.0**	**0.0**	**0.0**	**2.4**

(1) *Excluding technical hedging.*
(2) *The main impacts recognised in the income statement are mentioned in Note 4.3 / Net gains or losses on financial instruments at fair value through profit or loss.*

At 31 December 2023

in millions of euros	01/01/2023	Gains and losses recognised during the period – In the income statement (2) – On transactions in progress at the reporting date	Gains and losses recognised during the period – In the income statement (2) – On transactions removed from the balance sheet at the reporting date	Gains and losses recognised during the period – In other compre-hensive income	Transactions carried out during the period – Pur chases / Issues	Transactions carried out during the period – Sales / Redemp-tions	Transfers during the period – To another reporting category	Transfers during the period – From and to another level	Other changes	31/12/2023
FINANCIAL ASSETS										
Derivatives	**0.3**	**1.0**	**(0.1)**	**0.0**	**0.0**	**(0.3)**	**0.0**	**0.1**	**(0.0)**	**0.9**
• Interest rate derivatives	0.5	0.0	(0.2)	0.0	0.0	(0.3)	0.0	0.0	(0.0)	0.0
• Currency derivatives	(0.2)	1.0	0.0	0.0	0.0	(0.0)	0.0	0.1	0.0	0.9
Financial assets at fair value through profit or loss – Held for trading (1)	**0.3**	**1.0**	**(0.1)**	**0.0**	**0.0**	**(0.3)**	**0.0**	**0.1**	**0.0**	**0.9**
Derivatives	**9.3**	**0.2**	**0.0**	**0.0**	**0.0**	**(0.8)**	**0.0**	**(7.9)**	**0.0**	**0.8**
Interest rate derivatives	9.3	0.2	0.0	0.0	0.0	(0.8)	0.0	(7.9)	0.0	0.8
Financial assets at fair value through profit or loss - Economic hedging	**9.3**	**0.2**	**0.0**	**0.0**	**0.0**	**(0.8)**	**0.0**	**(7.9)**	**0.0**	**0.8**
Debt instruments	**1.3**	**0.4**	**0.0**	**0.0**	**0.0**	**(0.0)**	**0.0**	**0.0**	**0.0**	**1.8**
Debt securities	1.3	0.4	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	1.8
Financial assets at fair value through profit or loss - non-standard	**1.3**	**0.4**	**0.0**	**0.0**	**0.0**	**(0.0)**	**0.0**	**0.0**	**0.0**	**1.8**
Equity instruments	**1.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.3**
Shares and other equity securities	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3
Financial assets at fair value through other comprehensive income	**1.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.3**

in millions of euros	01/01/2023	Gains and losses recognised during the period – In the income statement (2) – On transactions in progress at the reporting date	Gains and losses recognised during the period – In the income statement (2) – On transactions removed from the balance sheet at the reporting date	Gains and losses recognised during the period – In other compre-hensive income	Transactions carried out during the period – Pur chases / Issues	Transactions carried out during the period – Sales / Redemp-tions	Transfers during the period – To another reporting category	Transfers during the period – From and to another level	Other changes	31/12/2023
FINANCIAL LIABILITIES										
Derivatives	**6.8**	**(1.6)**	**(4.8)**	**0.0**	**1.3**	**0.8**	**0.0**	**(1.0)**	**0.0**	**1.5**
• Interest rate derivatives	7.2	(2.7)	(4.8)	0.0	1.3	0.8	0.0	(1.2)	0.0	0.6
• Currency derivatives	(0.4)	1.1	0.0	0.0	0.0	(0.0)	0.0	0.2	0.0	0.8
Financial liabilities at fair value through profit or loss – Held for trading (1)	**6.8**	**(1.6)**	**(4.8)**	**0.0**	**1.3**	**0.8**	**0.0**	**(1.0)**	**0.0**	**1.5**
Derivatives	**7.5**	**1.3**	**0.0**	**0.0**	**0.0**	**(0.8)**	**0.0**	**(6.1)**	**0.0**	**1.9**
Interest rate derivatives	7.5	1.3	0.0	0.0	0.0	(0.8)	0.0	(6.1)	0.0	1.9
Financial liabilities at fair value through profit or loss - Economic hedging	**7.5**	**1.3**	**0.0**	**0.0**	**0.0**	**(0.8)**	**0.0**	**(6.1)**	**0.0**	**1.9**

(1) *Excluding technical hedging.*

(2) *The main impacts recognised in the income statement are mentioned in Note 4.3 / Net gains or losses on financial instruments at fair value through profit or loss.*

9.1.3 Analysis of transfers between levels of the fair value hierarchy

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

	2024 financial year						
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL ASSETS							
Derivatives		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(0.8)**
Interest rate derivatives		0.0	0.0	0.0	0.0	0.0	(0.8)
Currency derivatives		0.0	0.0	0.0	0.0	0.0	0.0
Financial assets at fair value through profit or loss – Held for trading (1)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(0.8)**
Derivatives		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.8**
Interest rate derivatives		0.0	0.0	0.0	0.0	0.0	0.8
Financial assets at fair value through profit or loss - Economic hedging		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.8**

	2024 financial year						
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL LIABILITIES							
Derivatives		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.8**
Interest rate derivatives		0.0	0.0	0.0	0.0	0.0	0.0
Currency derivatives		0.0	0.0	0.0	0.0	0.0	0.8
Financial liabilities at fair value through profit or loss – Held for trading (1)		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.8**
Derivatives		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Interest rate derivatives		0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities at fair value through profit or loss - Economic hedging		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

(1) Excluding technical hedging.

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

		2023 financial year					
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL ASSETS							
Derivatives		**0.0**	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**
• Interest rate derivatives		0.0	0.0	0.0	0.0	0.0	0.0
• Currency derivatives		0.0	0.0	0.0	0.1	0.0	0.0
Financial assets at fair value through profit or loss – Held for trading (1)		**0.0**	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**
Derivatives		**0.0**	**0.0**	**0.0**	**1.4**	**0.0**	**9.3**
Interest rate derivatives		0.0	0.0	0.0	1.4	0.0	9.3
Financial assets at fair value through profit or loss - Economic hedging		**0.0**	**0.0**	**0.0**	**1.4**	**0.0**	**9.3**

		2023 financial year					
	From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in millions of euros	To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
FINANCIAL LIABILITIES							
Derivatives		**0.0**	**0.0**	**0.0**	**0.2**	**0.0**	**1.2**
• Interest rate derivatives		0.0	0.0	0.0	0.0	0.0	1.2
• Currency derivatives		0.0	0.0	0.0	0.2	0.0	0.0
Financial liabilities at fair value through profit or loss – Held for trading (1)		**0.0**	**0.0**	**0.0**	**0.2**	**0.0**	**1.2**
Derivatives		**0.0**	**0.0**	**0.0**	**1.4**	**0.0**	**7.5**
Interest rate derivatives		0.0	0.0	0.0	1.4	0.0	7.5
Financial liabilities at fair value through profit or loss - Economic hedging		**0.0**	**0.0**	**0.0**	**1.4**	**0.0**	**7.5**

(1) Excluding technical hedging.

9.1.4 Sensitivity of Level 3 fair value to changes in the principal assumptions

Financial instruments measured at Level 3 fair value mainly concern investments in unconsolidated subsidiaries and related certificates.

9.2 Fair value of financial assets and liabilities at amortised cost

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realised and generally may not be realised in practice.

These fair values are thus only provided for information purposes in the notes to the financial statements. They are not indicators used for management purposes in retail banking, whose business model is based on the collection of expected cash flows.

The simplified assumptions used to measure the fair value of instruments at amortised cost are presented in Note 9.1 / Fair value of financial assets and liabilities.

	31/12/2024					31/12/2023				
in millions of euros	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTISED COST	**17,968.4**	**17,580.4**	**481.2**	**16,831.3**	**267.9**	**17,572.0**	**17,023.4**	**334.4**	**16,433.0**	**256.0**
Credit institutions' loans and receivables	5,388.1	5,302.9	0.0	5,302.9	0.0	5,325.0	5,255.1	0.0	5,255.1	0.0
Customers' loans and receivables	11,982.4	11,697.7	0.0	11,503.1	194.6	11,797.3	11,330.5	0.0	11,161.7	168.8
Debt securities	597.1	579.9	481.2	25.4	73.3	453.3	437.8	334.4	16.2	87.2
Revaluation reserve on interest rate risk-hedged portfolios, assets	0.8	///	///	///	///	(3.6)	///	///	///	///
FINANCIAL LIABILITIES AT AMORTISED COST	**17,355.9**	**17,342.6**	**0.0**	**17,321.3**	**21.3**	**16,932.8**	**16,869.6**	**0.0**	**16,312.5**	**557.1**
Amounts due to credit institutions	1,683.2	1,753.0	0.0	1,753.0	0.0	2,636.0	2,638.2	0.0	2,094.6	543.5
Amounts due to customers	13,526.6	13,526.6	0.0	13,526.6	0.0	11,407.6	11,367.8	0.0	11,367.8	0.0
Debt securities	1,745.4	1,703.1	0.0	1,681.8	21.3	2,548.3	2,498.7	0.0	2,485.1	13.6
Subordinated debt	400.8	359.9	0.0	359.9	0.0	340.9	365.0	0.0	365.0	0.0
Revaluation reserve on interest rate risk-hedged portfolios, liabilities	0.0	///	///	///	///	0.0	///	///	///	///

NOTE 10 Taxes

10.1 Income tax

Accounting principles

Income taxes include all domestic and foreign taxes payable on the basis of taxable profits. Income tax also includes taxes, such as withholding taxes, which are payable by a subsidiary, an associate or a joint arrangement on distributions of dividends to the entity that draws up financial statements. The CVAE (Business Added Value Tax) is not considered an income tax.

Income taxes include:

- current taxes, which are the amount of income taxes payable on taxable profit or recoverable on a tax loss over a given period. These are calculated on the basis of the tax results recorded for each period by a consolidated tax entity in application of the tax rules and rates in force established by the tax authorities and on the basis of which the tax is to be paid (recovered);
- secondly, deferred tax (Note 10.2 / Deferred taxes).

Where it is probable that one of the Group's tax positions will not be accepted by the tax authorities, this situation is reflected in the financial statements when calculating current tax (due or recoverable) and deferred tax (asset or liability).

IAS 12 "Income taxes" gave no particular details on how to account for uncertainties in income taxes, and was clarified by IFRIC 23 "Uncertainty over income tax treatments", which was adopted by the European Commission on 23 October 2018 with effect from 1 January 2019.

This interpretation clarifies how to apply the deferred income tax recognition and measurement requirements when there is uncertainty over income tax treatments. If there is doubt as to the acceptability of the income tax treatment by the tax authority under tax law, then this tax treatment is an uncertain tax treatment. Assuming it is likely that the tax authority will not accept the income tax treatment used, IFRIC 23 states that the amount of the uncertainty to be reflected in the financial statements shall be estimated using the method that will better predict the resolution of the uncertainty. To determine this amount, two methods may be used: the most probable amount method, or the expected value method (i.e. the weighted average of the various possible scenarios). Furthermore, IFRIC 23 requires the measurement of tax uncertainties to be reassessed if facts and circumstances change or new information arises.

The Group reflects uncertainties regarding its tax treatment for income tax in its financial statements when it deems it probable that the tax authority will not accept its treatment. To ascertain whether a tax position is uncertain and to assess its effect on the amount of tax, the Group assumes that the tax authority will examine all amounts reported and have full knowledge of all related information. It bases its judgement on administrative policy, case-law and on the existence of any corrections made by the administration relating to similar tax uncertainties. The Group revises the estimate of the amount it expects to pay or recover from the tax authority due to tax uncertainties in the event of changes in the associated facts and circumstances, as these changes may result from (including, but not limited to) changes in tax law, the expiry of a statutory limitation period, or the outcome of audits and measures conducted by the tax authorities.

When it is likely that the competent tax authorities will question the treatment adopted, these uncertainties are reflected in tax income and expenses by a provision for tax risks presented under tax liabilities.

The Palatine Group is audited for prior years. Where the Group disagrees with the rectification, it will state its reasons for doing so and, in accordance with the above, a provision will be recorded in the amount of the estimated risk.

Tax uncertainties are reported as assets or liabilities and according to whether they relate to a current or deferred tax under the balance sheet headings "Deferred tax assets", "Current tax assets", "Deferred tax liabilities" and "Current tax liabilities".

in millions of euros	2024 financial year	2023 financial year
Current taxes	(28.8)	(51.4)
Deferred taxes	4.2	16.9
INCOME TAX	**(24.6)**	**(34.4)**

The rules of the OECD pillar 2 aiming at the implementation of a minimum global corporate tax rate of 15%, transposed into French law by the finance act for 2024, are now applicable to financial years beginning from 1 January 2024. In this context, the Palatine Group applies the exemption from recognition of deferred taxes provided for in the May 2023 amendment to IAS 12, subject to the provision of additional information. BPCE, as the ultimate parent company of Groupe BPCE as a whole, will be the entity liable for this additional tax. In light of the legal and contractual provisions in force to date, Banque Palatine is not subject to this additional tax, which will be borne by BPCE.

Note, however, the special case of jurisdictions in which entities are established whose local tax regulations provide for payment to the tax authorities of any top-up tax due in respect of that jurisdiction. In such a case, the relevant entity could be required to pay and therefore recognise, the additional tax in respect of that jurisdiction (tax legislation still to be adopted).

Reconciliation between the income tax expense in the financial statements and the theoretical income tax expense

	2024 financial year		2023 financial year	
	in millions of euros	Tax rate	in millions of euros	Tax rate
Net income (Group's share)	80.2		100.7	
Value adjustments on goodwill	0.0		0.0	
Non-controlling interests	0.0		0.0	
Share in net income of equity-consolidated companies	(0.2)		(0.3)	
Income taxes	24.6		34.4	
Income before tax and changes in the value of goodwill (A)	**104.6**		**134.8**	
Standard income tax rate in France (B)		**25.83%**		**25.83%**
Theoretical tax expense (income) at the tax rate applicable in France (AxB)	**(27.0)**		**(34.8)**	
Impact of the change in unrecognised deferred tax assets and liabilities	0.0		0.0	
Impact of permanent differences	2.1		0.6	
Reduced rate of tax and tax-exempt activities	0.0		0.0	
Difference in tax rates on income taxed outside France	0.0		0.0	
Tax on prior periods, tax credits and other taxes	2.1		0.1	
Impact of tax rate changes	0.0		0.0	
Other items	(1.7)		(0.3)	
INCOME TAX EXPENSE (INCOME) RECOGNISED	**(24.6)**		**(34.4)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE AS A PERCENTAGE OF TAXABLE INCOME)		**23.52%**		**25.52%**

10.2 Deferred taxes

Accounting principles

Deferred tax assets and liabilities are recognised when temporary differences arise between the carrying amount of assets and liabilities on the balance sheet and their tax base, irrespective of when the tax is expected to be recovered or settled.

The tax rate and tax rules used to calculate deferred taxes are those resulting from current tax legislation, and which will be applicable when the tax becomes payable or recoverable.

Deferred tax liabilities and assets are offset at the level of each tax entity. The tax entity may either be a single entity or a tax consolidation group. Deferred tax assets are recognised only to the extent that it is probable that the entity will be able to recover them in the foreseeable future.

Deferred tax assets and liabilities are recognised as tax income or expense in the income statement, except for those related to:

- revaluation reserve on post-employment benefits;
- unrealised gains and losses on financial assets at fair value through equity;
- changes in the fair value of derivatives used as cash flow hedges.

for which the corresponding deferred tax assets and liabilities are recognised as unrealised gains and losses directly in other comprehensive income.

Deferred tax assets and liabilities are not discounted to their present value.

On 23 May 2023, the international accounting standards board (IASB), in charge of preparing IFRS, published the final version of the amendment to IAS 12 on tax accounting. It specifically deals with the expected accounting impacts of the application of the entry into force of the OECD's so-called “pillar 2” tax rules aimed at implementing a set minimum global corporate tax rate at 15%. The proposed amendments to the standard seek an exemption from the recognition of deferred taxes associated with this additional tax with, in return, information to be provided in the notes to the financial statements. This text applies to the annual financial statements prepared as of 1 January 2023, i.e. for the Palatine Group, to the consolidated financial statements prepared as of 31 December 2023.

Groupe BPCE has set up a project structure to monitor the various associated regulations and ensure compliance with pillar 2 rules and the additional information requirements introduced by these amendments to IAS 12. At this stage of the project, it appears that the number of jurisdictions that would be affected by the application of a top-up-tax should be limited and the financial stakes not significant. Given the insignificant nature of its potential exposure, the Group will not publish data on exposure to this additional tax in the context of this closing.

Deferred tax assets and liabilities on temporary differences arise from the recognition of the items listed in the statement below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

in millions of euros	31/12/2024	31/12/2023
Deferred taxes resulting from accounting-tax timing differences	**30.8**	**24.3**
Provisions for employee-related liabilities	0.9	0.7
Provisions for regulated home savings schemes	0.8	0.6
Provisions on a portfolio basis	13.6	9.8
Other non-deductible provisions	7.2	3.0
Deferred tax on tax loss carryforwards	0.0	0.0
Unrecognised deferred tax assets and liabilities	0.0	0.0
Other sources of temporary differences	8.3	10.3
Deferred taxes on unrealised reserves	**(0.5)**	**(0.6)**
Financial assets at fair value through OCI NR [(1)]	(0.1)	0.0
Financial assets at fair value through OCI R [(1)]	(0.5)	(1.0)
Cash flow hedges	0.0	0.0
Actuarial gains and losses on employee benefits	0.0	0.4
Own credit risk	0.0	0.0
Unrecognised deferred tax assets and liabilities	0.0	0.0
Deferred income taxes	**6.2**	**8.5**
NET DEFERRED TAXES	**36.4**	**32.3**
Recognised		
• as an asset	36.4	32.3
• as a liability	(0.0)	0.0

(1) Deferred taxes associated with these instruments are presented net of deferred taxes corresponding to the cancellation of provisions for impairment under French GAAP.

Deferred tax assets are only recognised at the reporting date if it is probable that the tax entity concerned will recover the tax savings over a specified period. The Palatine Group applies the following principles:

- the tax business plans are based on the strategic plan (four years) with a longer-term projection;
- as a precaution, the maximum timeframe used to capitalise a net deferred tax asset is 10 years.

These savings will be realised by deducting tax differences and losses carried forward against profits estimated future taxable liabilities within this horizon.

At 31 December 2024, deductible temporary differences, tax losses and unused tax credits for which no deferred tax asset has been recognised in the balance sheet amounted to 0.

NOTE 11 Other information

11.1 Segment reporting

In line with the standards adopted by Groupe BPCE, the Palatine Group presents information for the following three segments:

- Retail banking;
- Asset management;
- Other activities.

The "Retail banking" segment encompasses all the activities of the "Banque Palatine" entity.

The "Asset management" segment encompasses all the activities of the "Palatine Asset Management" subsidiary.

These two segments are complemented by the "Other activities" segment encompassing Ariès Assurances and the share in the income of associates (Conservateur Finance).

The geographic analysis of segment results is based on the location where business activities are accounted for, with the Palatine Group's net banking income deriving in full from France.

	Retail banking		Asset management		Other activities		Total Group	
in millions of euros	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Net banking income	361.7	366.3	14.8	17.1	0.8	0.8	377.3	384.2
Operating expense	(204.4)	(213.3)	(9.1)	(9.8)	(0.4)	(0.5)	(214.0)	(223.6)
Gross operating income	**157.3**	**153.0**	**5.7**	**7.3**	**0.4**	**0.3**	**163.3**	**160.7**
Cost/income ratio	56.5%	58.2%	61.6%	57.2%	54.9%	57.4%	56.7%	58.2%
Cost of risk	(62.3)	(33.1)	0.0	0.0	0.0	0.0	(62.3)	(33.1)
Share in net income of equity-consolidated companies	0.0	0.0	0.0	0.0	0.2	0.3	0.2	0.3
Net gains or losses on other assets	3.6	7.2	0.0	0.0	0.0	0.0	3.6	7.2
Changes in the value of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income before tax	**98.5**	**127.2**	**5.7**	**7.3**	**0.5**	**0.7**	**104.8**	**135.2**
Income tax	(23.1)	(32.1)	(1.4)	(2.2)	(0.1)	(0.1)	(24.6)	(34.4)
Non-controlling interests (minority interests)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NET INCOME (GROUP'S SHARE)	**75.5**	**95.1**	**4.2**	**5.1**	**0.5**	**0.6**	**80.2**	**100.7**
TOTAL ASSETS	**19,172.9**	**18,749.2**	**18.9**	**22.5**	**20.6**	**19.8**	**19,212.4**	**18,791.6**

11.2 Information on leases

11.2.1 Leasing transactions as lessor

Accounting principles

Leases are analysed to determine whether in substance and economic reality they are operating leases or finance leases.

Finance leases

A finance lease is a lease that transfers to the lessee most of the risks and rewards incidental to ownership of an asset.

IFRS 16 standard for Leases gives in particular five examples of situations that, individually or collectively, permit to distinguish finance lease to operating lease:

- the lease transfers ownership of the asset to the lessee at the end of the lease term;
- the lease provides the lessee with the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term covers most of the economic life of the asset even if there is no transfer of ownership;
- at the start of the lease, the current value of the lease payments amounts to at least most of the fair value of the underlying asset;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

In addition, IFRS 16 also describes three indicators of situations that, individually or collectively, may lead to a finance lease classification:

- if the lessee can terminate the lease, the losses suffered by the lessor relating to the termination are borne by the lessee;
- gains or losses from the change in the fair value of the residual value accrue to the lessee;
- the lessee has the ability to extend the lease at a rent that is significantly lower than the market rent.

At the start of the contract, assets under finance leases are recorded in the lessor's balance sheet in the form of a receivable amount equal to the net investment in the lease contract. The net investment corresponds to the amount of lease payments receivable from the lessee, discounted at the interest rate implicit in the lease plus any unguaranteed residual value of the asset accruing to the lessor. More specifically, the lease payments used to calculate the net investment include fixed payments less any lease incentives payable and variable payments that depend on an index or rate.

IFRS 16 requires unguaranteed residual values to be reviewed on a regular basis. A reduction in the estimated unguaranteed residual value modifies the income allocation over the lease term. In this case, a new depreciation plan is drawn up and a charge recorded in order to correct the figure for financial income already recorded.

Potential impairments on the basis of the counterparty risk of receivables relating to finance lease contracts are calculated in accordance with IFRS 9 and using the method adopted for financial assets at amortised cost (Note 5.5 / Assets at amortised cost). This impairment is recorded on the income statement under "Cost of credit risk".

Finance lease income is considered to be interest and is recognised in the income statement under "Interest and similar income". This income is recognised using the interest rate implicit in the lease, which reflects a constant periodic rate of return on the lessor's net investment. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- the net investment;
- and the initial value of the asset (the fair value at the inception of the lease, plus any initial direct costs comprising expenses incurred specifically by the lessor to set up the lease).

Operating leases

A lease which is not considered to be a finance lease is classified as an operating lease.

Assets provided under operating leases are shown in the balance sheet under property, plant and equipment or intangible assets in the case of equipment leases, and investment property in the case of property leases. Lease income from operating leases is recognised in the income statement on a straight-line basis over the lease term, under "Income and expenses from other activities".

The Palatine Group does not enter into leasing transactions as lessor.

11.2.2 Leasing transactions as lessee

Accounting principles

IFRS 16 applies to contracts that, irrespective of their legal form, meet the definition of a lease as laid down by the standard. The standard requires the identification of an asset, and that the lessee controls the right to use this asset for a period of time. Control is established if the lessee holds the following two rights throughout the period of use:

- the right to obtain almost all of the economic benefits arising from use of the asset;
- the right to decide how the asset is used.

The existence of an identified asset requires that the lessor has no substantive rights to substitute alternative assets, with this requirement being assessed according to facts and circumstances in place at the start of the contract. If the lessor can freely substitute the leased asset, the contract becomes a non-lease contract whose purpose is to provide capacity rather than an asset.

The asset can be comprised of a portion of a larger asset, such as a floor within a building. However, a portion of an asset that is not physically distinct within a grouping without a pre-determined location is not an identified asset.

With certain exceptions, lessees are required under IFRS 16 to record leases in the balance sheet as a right-of-use asset under “Property, plant and equipment” or “Investment property”, and as lease liabilities under “Other liabilities”.

On the date of initial recognition, no deferred tax is reported if the value of the asset is equal to the value of the liability. Deferred tax is recorded for subsequent net temporary differences arising from changes in amounts recognised as right-of-use assets and lease liabilities.

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date.

These payments include fixed lease payments and in-substance fixed lease payments, variable lease payments based on an index or a rate calculated using the latest index or rate in force, any residual value guarantees and, where appropriate, any amount to be paid to the lessor under options that are reasonably certain to be exercised.

Lease payments used to determine the lease liability exclude variable payments that are not based on an index or a rate, taxes such as VAT, whether recoverable or not, and the housing tax.

Right-of-use is recognised as an asset on the commencement date of the lease for an amount equal to the lease liability on that date, adjusted for any payments made to the lessor at or before that date and not taken into account for the measurement of the lease liability, less any lease incentives received. If applicable, this amount is adjusted by the initial direct costs to the lessee and an estimate of the cost of removals and redecoration to the extent required by the terms and conditions of the lease, where the exit of the resource is probable and can be determined on a sufficiently reliable basis.

The right of use will be amortised on a straight-line basis and the lease liability actuarially by using, as the discount rate, the lessees' incremental borrowing rate mid-lease.

The amount of lease liabilities is subsequently readjusted to take into account variations in the indices or rates to which the leases are indexed. As this adjustment reflects the right of use, it has no impact on the income statement.

For entities which form part of the financial solidarity mechanism which pools their re-financing from Group cash resources, this rate is calculated on a Group level and, if applicable, adjusted in the currency applicable to the lessee.

The lease term is the non-cancellable period for which a lessee has the right to use an underlying asset, together with the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

For French “3/6/9” commercial leases, the term used is usually nine years. The reasonable certainty of whether the options relating to the lease term will be exercised is assessed by considering Group entities’ real estate management strategy.

At the end of the lease, the contract can no longer be enforced, lessee and lessor having each the right to terminate the lease without permission from the other party and with exposure to a negligible fine only.

The term of leases that are not extended or cancelled at the end of the term (leases with automatic renewal) is determined by expert appraisal and, in the absence of specific information, assigned a reasonable term of three years.

For leases recognised in the balance sheet, the expense relating to the lease liability is reported as an interest expense under net banking income while the depreciation expense on the right-of-use asset is recognised as a depreciation expense under gross operating income.

Leases not recognised in the balance sheet and variable payments that are excluded from lease liabilities are recorded as an expense for the period under general operating expenses.

Impact on leases on the income statement - lessee

in millions of euros	31/12/2024	31/12/2023
EXPENSES FROM LEASE TRANSACTIONS	**(9.5)**	**(8.3)**
Interest due on rental liabilities	(0.9)	(0.6)
Amortisation charge for rights of use	(7.3)	(6.5)
Variable rent payments not included in the valuation of the rental liabilities	0.0	0.0
Expenses on short-term leases (1)	(1.3)	(1.2)
Rental expenses related to low-value assets (1)	0.0	0.0
SUB-LEASING INCOME - OPERATING LEASES	**0.0**	**0.0**
RESULT OF SALE AND LEASEBACK TRANSACTIONS	**0.0**	**0.0**

(1) Related to leases not recognised in the balance sheet.

Timetable for rental liabilities

in millions of euros	31/12/2024	31/12/2023
Amounts of non-discounted future payments	**36.7**	**43.0**
• Less than 1 year	4.5	5.1
• 1-5 years	19.5	20.6
• > 5 years	12.7	17.3

Minimum future payments relating to leases which are binding for the Group but for which the underlying assets are not yet available are not recorded on the balance sheet in accordance with IFRS 16 before the date of their delivery.

11.3 Related party transactions

The parties related to the Palatine Group are the consolidated companies, including equity-accounted companies, BPCE, it centres and the Group's main senior executives.

11.3.1 Transactions with consolidated companies

All intercompany transactions carried out during the period and balances outstanding at the end of the period with fully consolidated companies are eliminated in full on consolidation without exception (see 3.3.2/Elimination of intercompany transactions).

In these circumstances, transactions with related parties include reciprocal transactions with:

- Banque Palatine's parent-company, that is the BPCE central body;
- entities over which the Palatine Group exercises significant influence and are recognised using the equity method (associates).

in millions of euros	31/12/2024		31/12/2023	
	BPCE	Associates	BPCE	Associates
Loans	4,483.4	0.0	4,589.1	0.0
Other financial assets	0.0	0.0	0.0	0.0
Other assets	0.0	0.0	0.0	0.0
TOTAL ASSETS WITH RELATED ENTITIES	**4,483.4**	**0.0**	**4,589.1**	**0.0**
Liabilities	1,784.7	1.0	2,645.9	1.3
Other financial liabilities	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	0.0	0.0
TOTAL LIABILITIES TO RELATED ENTITIES	**1,784.7**	**1.0**	**2,645.9**	**1.3**
Interest and similar income and expenses	42.8	0.0	55.8	0.0
Commissions	0.0	0.0	0.0	0.0
Net income from financial transactions	0.0	0.0	0.0	0.0
Net income from other activities	0.0	0.0	0.0	0.0
TOTAL NET REVENUE BEFORE TAX GENERATED WITH RELATED ENTITIES	**42.8**	**0.0**	**55.8**	**0.0**
Commitments given	0.0	0.0	0.0	0.0
Commitments received	0.0	0.0	0.0	0.0
Commitments on derivative financial instruments	0.0	0.0	0.0	0.0
TOTAL COMMITMENTS WITH RELATED ENTITIES	**0.0**	**0.0**	**0.0**	**0.0**

A list of fully consolidated subsidiaries is presented in Note 12 / Breakdown of the scope of consolidation.

11.3.2 Transactions with senior executives

The main senior executives are the members of Banque Palatine's Executive Management Committee and Board of Directors.

Short-term employee benefits

The short-term benefits paid to senior executives amounted to €1.4 million in 2024 (compared to €1.2 million in 2023).

They include remuneration and benefits paid to corporate officers (basic remuneration, remuneration paid in respect of office, benefits in kind, variable portion and directors' fees).

Post-employment benefits, long-term employee benefits and termination benefits

For corporate officers who do not have an employment contract, no provision has been recognised.

Other transactions with corporate officers:

in millions of euros	31/12/2024	31/12/2023
Overall amount of the loans granted	0.0	0.0
Overall amount of the pledges granted	0.0	0.0

11.4 Partnerships and associates

Accounting principles

See Note 3 / Consolidation

11.4.1 Shares in equity-consolidated companies

11.4.1.1 Partnerships and other associates

The main Group investments accounted for by the equity method relate to the following joint ventures and associates:

in millions of euros	31/12/2024	31/12/2023
Conservateur Finance	3.9	3.7
Financial companies	**3.9**	**3.7**
TOTAL INVESTMENTS IN EQUITY-CONSOLIDATED COMPANIES	**3.9**	**3.7**

11.4.1.2 Financial data for the main partnerships and associates

The summarised financial data for significant joint ventures and/or companies under significant influence are as follows and are prepared on the basis of the latest available data published by the entities concerned:

	Associates	
	Conservateur Finance	
in millions of euros	31/12/2024	31/12/2023
DIVIDENDS RECEIVED	**0.0**	**0.0**
MAIN AGGREGATES		
TOTAL ASSETS	**26.0**	**27.9**
TOTAL LIABILITIES	**6.5**	**8.7**
Income statement		
Operating income or net revenue before tax	18.2	18.6
Income tax	0.5	0.7
Net income	1.2	1.9
RECONCILIATION WITH THE CARRYING AMOUNT OF THE EQUITY-CONSOLIDATED COMPANIES		
Equity of equity-consolidated companies	19.4	18.7
Percentage ownership	20.00%	20.00%
VALUE OF INVESTMENTS IN ASSOCIATES	**3.9**	**3.7**

11.4.1.3 Nature and extent of major restrictions

The Palatine Group did not face any major restrictions on interests held in associates and joint ventures.

11.4.2 Share in income of equity-consolidated companies

in millions of euros	2024 financial year	2023 financial year
Conservateur Finance	0.2	0.3
Financial companies	**0.2**	**0.3**
SHARE IN NET INCOME OF EQUITY-CONSOLIDATED COMPANIES	**0.2**	**0.3**

11.5 Interests in unconsolidated structured entities

11.5.1 Nature of interests in unconsolidated structured entities

An unconsolidated structured entity is a structured entity that is not controlled and is therefore not accounted for using the full consolidation method. As a result, interests held in a joint venture or associate classified as a structured entity fall within the scope of this note.

The same is true of controlled structured entities that are not consolidated due to holding threshold reasons.

This includes all structured entities in which the Palatine Group holds an interest and acts in one or more of the following roles:

- originator/structurer/arranger;
- placement agent;
- manager;
- or, any other role that has a major impact on the structuring or management of the transaction (example: granting of financing, guarantees or structuring derivatives, tax investor, significant investor, etc.).

An interest in a structured entity refers to contractual and non-contractual involvement that exposes the Palatine Group to a risk of variability of returns from the performance of the other entity. Interests in another entity may be evidenced by, among others, the holding of equity instruments or debt securities, as well as, by other types of relationships, such as financing, short-term credit facilities, credit enhancement, the provision of guarantees or structured derivatives.

In Note 11.3 / Related party transactions, the Palatine Group reports all transactions recorded on its balance sheet in respect of risks associated with interests held in structured entities included in the above scope.

The structured entities with which the Group has a relationship can be divided into four categories: entities involved in asset management, securitisation vehicles, entities created for structured financing purposes, and entities created for other types of transactions.

Asset Management

The management of financial assets (also known as portfolio management or Asset Management) consists of managing the capital or funds entrusted by investors by investing in equities, bonds, cash SICAVs, hedge funds, etc.

The Asset Management line of business which uses structured entities is represented by collective investment management or fund management. More specifically, it encompasses collective investment vehicles within the meaning of the French Monetary and Financial Code (other than securitisation structures) as well as equivalent bodies governed by foreign law. These notably include entities such as UCITS, real estate funds and private equity funds.

Securitisation

Securitisation transactions are generally established as structured entities in which assets or derivatives representing credit risk are isolated.

These entities serve to diversify the underlying credit risks and to split them into various levels of subordination (tranches) with a view, generally, to sell them to investors seeking a certain level of return, according to the degree of risk accepted.

These vehicles' assets and the liabilities that they issue are rated by the rating agencies, which monitor that the level of risk associated with each tranche of risk sold is commensurate with the attributed rating.

The kind of securitisation transactions used and which require the intervention of structured entities are as follows:

- transactions where the Group (or a subsidiary) sells on its own behalf to a dedicated vehicle, in cash or synthetic form, the credit risk associated with one of its asset portfolios;
- securitisation transactions performed on behalf of third parties. These transactions consist of housing assets belonging to another company in a dedicated structure (generally a special purpose entity - SPE). The SPE issues shares that can, in certain cases, be subscribed for directly by investors, or subscribed for by a multi-seller conduit which refinances the acquisition of these shares through the issue of short-term notes (commercial paper).

Structured financing (of assets)

Structured financing covers the range of activities and products set up to provide financing to economic players while reducing risks through the use of complex structures. These include the financing of movable assets (pertaining to aeronautic, marine or terrestrial transport, telecommunications, etc.), real estate assets and the acquisition of targeted companies (LBO financing).

The Group may need to create a structured entity that houses a specific financing transaction on behalf of a customer. This is a contractual and structural organisation. The particularities of these types of financing are related to risk management, with the use of notions such as limited recourse or waivers of recourse, standard and/or structural subordination and the use of dedicated legal vehicles used in particular to carry a single-contract finance lease representing the financing granted.

Other activities

This comprises all remaining activities.

11.5.2 Nature of risks associated with interests held in unconsolidated structured entities

Assets and liabilities recognised in the Group's various balance sheet accounts relating to interests in non-consolidated structured entities contribute to determining the risks associated with these entities.

The values recorded under the balance sheet assets, along with financing and guarantee commitments given less guarantee commitments received and provisions recorded in liabilities, are used to assess the maximum exposure to risk of losses. It should be noted that the maximum exposure to the risk of loss does not take into account financial liabilities at fair value through profit or loss. This exposure is limited, in the specific case of optional derivatives, to the sale of options.

The "Notional amounts" line corresponds to the notional amount of options sold to structured entities.

The data are presented below, aggregated based on their activity classification.

At 31 December 2024

Excluding insurance business investments in millions of euros	Securitisation	Asset management	Structured financing	Other activities
Financial assets at fair value through profit or loss	**0.0**	**1.1**	**0.0**	**0.0**
Financial assets at fair value through profit or loss - non-standard	0.0	1.1	0.0	0.0
TOTAL ASSETS	**0.0**	**1.1**	**0.0**	**0.0**
Maximum loss exposure	**0.0**	**1.1**	**0.0**	**0.0**
Size of structured entities	**0.0**	**832.8**	**0.0**	**0.0**

At 31 December 2023

Excluding insurance business investments in millions of euros	Securitisation	Asset management	Structured financing	Other activities
Financial assets at fair value through profit or loss	**0.0**	**1.0**	**0.0**	**0.0**
Financial assets at fair value through profit or loss - non-standard	0.0	1.0	0.0	0.0
TOTAL ASSETS	**0.0**	**1.0**	**0.0**	**0.0**
Maximum loss exposure	**0.0**	**1.0**	**0.0**	**0.0**
Size of structured entities	**0.0**	**740.5**	**0.0**	**0.0**

11.5.3 Income and carrying amount of assets transferred to sponsored unconsolidated structured entities

A structured entity is sponsored by a Group entity when the following two indicators are both satisfied:

- it is involved in the creation and structuring of the structured entity;
- it contributes to the success of the entity by transferring assets to it or by managing relevant activities.

When the Group entity's role is limited to one of advisor, arranger, custodian or placement agent, the structured entity is not considered to be sponsored.

The Palatine Group is not a sponsor of structured entities.

11.6 Statutory Auditors' fees

	Statutory Auditors responsible for auditing BPCE's financial statements							
	PwC			Deloitte				
	Amount		%	Amount		%	TOTAL	
amount in thousands of euros (1)	2024	2023	2024	2024	2023	2024	2024	2023
Role of certification of financial statements	263.0	218.0	75%	215.0	132.0	99%	478.0	350.0
Services other than the certification of the financial statements	**90.0**	**6.0**	**25%**	**2.0**	**16.0**	**1%**	**92.0**	**22.0**
TOTAL	**353.0**	**224.0**	**100%**	**217.0**	**148.0**	**100%**	**570.0**	**372.0**
o/w fees paid to commissioned Statutory Auditor for certification of financial statements of consolidating entities	263.0	218.0		215.0	132.0		478.0	350.0
o/w fees paid to commissioned Statutory Auditor for services other than certification of financial statements of consolidating entities	90.0	6.0		2.0	16.0		92.0	22.0
% Change			**58%**			**47%**		**53%**

(1) Amounts relating to services provided appear on the income statement for the financial year, notably including unrecoverable VAT.

The total fees paid to Deloitte included in the consolidated income statement for the year was €217 thousand, of which €215 thousand related to the certification of the 2024 financial statements and €2 thousand to services other than the certification of the financial statements - authorised by the regulations - (SACC1).

The total fees paid to PricewaterhouseCoopers included in the consolidated income statement for the year amounted to €353 thousand, including €263 thousand for the audit of the 2024 financial statements, and €86 thousand in respect of services other than the certification of the financial statements - authorised by the regulations - (SACC1) €3 thousand relating to the production of the SRF certificate for 2023 and €1 thousand relating to services other than the certification of the financial statements - subject to individual authorisation - (Other SACC).

NOTE 12 Breakdown of the scope of consolidation

12.1 Scope of consolidation at 31 December 2024

Only those entities providing a material contribution are consolidated. For entities that meet the definition of financial sector entities of EU regulation no. 575/2013 of the European Parliament and council of 26 June 2013 (the "CRR"), the accounting consolidation thresholds are aligned, from 31 December 2017, to those selected for the prudential scope of consolidation. article 19 of the CRR sets a threshold of €10 million in total balance sheet and off-balance sheet assets. For non-financial sector entities, materiality is assessed at the level of the consolidated entities. Based on the principle of ascending materiality, any entity included at a sub-consolidation level is included at all higher consolidation levels, even if it is not material at those levels.

For each of the entities in the scope of consolidation, the percentage interest is indicated. The percentage of interest describes the share of equity held by the Group, either directly or indirectly, in companies within the scope. The percentage of interest can be used to determine the Group's share in the net assets of the company held.

	31/12/2024				
	Country of incorporation or residence	Consolidation method	Changes in scope compared with 31 December 2020	Percentage control	Percentage of interest
Banque Palatine	**France**	**Full consolidation**	**Consolidating entity**		
Palatine Asset Management	France	Full consolidation	-	100.0%	100.0%
Ariès Assurances	France	Full consolidation	-	100.0%	100.0%
Conservateur Finance	France	Equity method	-	20.0%	20.0%

12.2 Non-consolidated companies at 31 December 2024

ANC - *Autorité des Normes Comptables* Regulation no. 2016-09 of 2 December 2016, requires companies that prepare their consolidated financial statements in accordance with international standards as adopted by the European Union to publish additional information relating to companies not included in their scope of consolidation and to significant investments in unconsolidated subsidiaries.

Non-consolidated companies include:

- significant interests that do not fall within the scope of consolidation; and
- companies excluded from the scope of consolidation owing to their non-material nature.

The following companies were excluded from the scope of consolidation because the stake therein is not significant; in each case, the capital held by the Group, directly and indirectly, is indicated:

Company	Location	Stake	Reason for non-consolidation
GIE GDS GESTION DELEGUEE SOCIALE	France	99.50%	Not significant
STE IMMOBILIERE D'INVESTISSEMENT	France	99.98%	Not significant

STATUTORY AUDITORS' REPORTS

3

1 Statutory Auditors’ report on the annual financial statements

Year ended 31 December 2024

To the General Meeting

Opinion

Pursuant to the mission entrusted to us by your General Meeting, we conducted an audit of the annual financial statements of Banque Palatine SA for the year ended 31 December 2024, as appended to this report.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the company, and of the results of its operations for the year ended, in accordance with French accounting principles.

The above opinion is consistent with the content of our report to the Audit Committee.

Basis of opinion

Audit standards

We carried out our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are explained in the section on “Responsibilities of the Statutory Auditors in relation to the audit of the annual financial statements” of this report.

Independence

We conducted our audit in accordance with the applicable standards of independence, as stipulated by the French Commercial Code and by the professional code of conduct of French Statutory Auditors, between 1 January 2024 and the date of issue of our report. In particular, we did not provide any services prohibited under article 5, paragraph 1 of EU regulation no. 537/2014.

Justification of our assessments - key points of the audit

In application of the provisions of articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatements which, in our professional judgement, were the most significant for the audit of the annual financial statements for the year, as well as the responses we have provided to these risks.

These assessments are made in the context of the audit of the annual financial statements taken as a whole and the formation of our opinion expressed above. We have no comment to make on the items of the annual financial statements taken in isolation.

Credit risk – Individual impairment and provisions on customer loans classed as doubtful

Risk identified	Our response
Banque Palatine is exposed to credit risk and to counterparty risk. The bank constitutes impairments and provisions to cover these risks of losses resulting from the inability of its customers to meet their financial commitments. In particular, these impairments and provisions are recognised as doubtful loans outstanding. Outstanding loans and commitments bearing a proven counterparty risk are subject to impairments determined mainly on an individual basis. These impairments are assessed by your bank's management according to the estimated future recoverable flows, taking into account the guarantees available on each of the loans concerned. Given the importance of judgement in determining these impairments and provisions, we believed that the estimate of expected losses on doubtful loans and commitments was a key point of our audit. We considered that the assessment of the adequacy of the level of credit risk coverage by provisions and the level of the associated cost of risk constituted an area of special attention for the 2024 financial year. At 31 December 2024, outstanding customer loans amounted to €12,036 million, and gross doubtful assets to €602 million. The impairments and provisions made to cover customer credit risks classified as doubtful amounted to €259 million. For further details on accounting principles and exposures, see notes 3.9 and 4.2 to the annual financial statements.	We examined the system set up by the Risk Management Department to classify loans (doubtful assets or not) and to assess the amount of expected or established losses on these receivables. We tested the controls implemented by the management to identify doubtful loans and to assess the likelihood of recovery and impairment. We also took note of the main conclusions by the specialised committees responsible for monitoring these loans. For impairment: • we checked the impairment calculations on a portfolio basis; • furthermore, we carried out control tests on the system for identifying and monitoring doubtful and disputed counterparties, on the credit review process and on the guarantee appraisal system; • on the basis of a sample of credit files compiled statistically and according to expert opinion, we reviewed the level of impairment retained by the bank via contradictory analyses of impairment amounts; • we also took note of the main conclusions by the specialised committees responsible for monitoring these loans and checked, on a sample of cases, that they were correctly included in the estimated impairments; We also ensured that the information presented in the notes was appropriate.

Specific verifications

We also performed, in accordance with the professional standards applicable in France, the specific checks required by law and regulations.

Disclosures in the management report and other documents sent to shareholders concerning the financial position and the annual financial statements

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the Board of Directors' management report and in the other documents on the financial position and annual financial statements sent to shareholders, with the exception of the observation made above.

The fair presentation and consistency with the annual financial statements of the information relating to payment terms mentioned in article D. 441-6 of the French Commercial Code call for the following observation:

As indicated in the management report, this information does not include banking and related transactions, as your company considers that they do not fall within the scope of the information to be produced.

Board of Directors' report on corporate governance

We certify that the Board of Directors' report on corporate governance contains the information required by articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code.

Other verifications or information required by law and regulations

Presentation format of the annual financial statements included in the annual financial report

In accordance with the professional standards pertaining to the Statutory Auditors' work on annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified the compliance with this format, as defined by EU delegated regulation no. 2019/815 of 17 December 2018, in the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in paragraph i of article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer.

Based on our work, we conclude that the presentation of the annual financial statements included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

We are not responsible for verifying that the annual financial statements actually included by your company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of the company Banque Palatine SA by the shareholders at the General Meetings of 12 April 2001, in the case of PricewaterhouseCoopers Audit, and of 29 September 2022 in the case of Deloitte et Associés.

At 31 December 2024, PricewaterhouseCoopers Audit had conducted its duties for 24 years without interruption and Deloitte et Associés was in its 3rd year.

Responsibilities of the management and those charged with corporate governance in relation to the annual financial statements

Management is responsible for preparing annual financial statements that present a true and fair view in accordance with French accounting principles and for establishing such internal controls as it deems necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the management is responsible for assessing the company's ability to continue as a going concern, for presenting in these statements, as applicable, the required information and applying the going concern accounting policy, unless it is planned to liquidate the company or to cease trading.

It is the responsibility of the Audit Committee to monitor the process for preparing financial information and the effectiveness of the internal control and risk management systems, as well as any internal audit, regarding the procedures used to prepare and process accounting and financial information.

The annual financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors in relation to the audit of the annual financial statements

Audit objectives and procedures

It is our responsibility to draw up a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements as a whole are free from 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 cumulatively, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As stated in article L. 821-55 of the French Commercial Code, our audit mission does not require us to guarantee the viability or quality of the management of your company.

The professional standards applicable in France require that Statutory Auditors exercise professional judgement throughout the audit. In addition:

- we identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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;
- we obtain an understanding of internal control 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 internal control;
- we evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management in the annual financial statements;
- we assess the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Such conclusions are based on evidence collected up to the date of the report. However, events or conditions arising after this date may threaten the company's continuity as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are missing or inadequate, to issue a certificate with reserves or to refuse certification;
- we assess the overall presentation and content of the annual financial statements and whether the statements give a true and fair view of the underlying transactions and events.

Report to the Audit Committee

We present to the Audit Committee a report which covers among other matters the audit scope and the programme of work undertaken as well as the conclusions based on this work. We also draw attention, where necessary, to any significant weaknesses identified in internal control as regards the procedures used to prepare and process accounting and financial information.

The items covered in the report to the Audit Committee include the risks of material misstatements that we judge to be the most significant for the audit of the annual financial statements for the year and which therefore constitute one of the key points of the audit, which we are obliged to describe in this report.

We also present to the Audit Committee the declaration required by article 6 of EU regulation no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out notably in articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Statutory Auditors' professional code of conduct. Where applicable, we discuss with the Audit Committee any risks to our independence and any safeguards applied.

Done in Neuilly-sur-Seine and Paris-la Défense, 24 April 2025

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte et Associés
Aurore Prandi	Marjorie Blanc Lourme
Partner	Partner

2 Statutory Auditors' special report on regulated agreements

General Meeting held to approve the financial statements for the year ended 31 December 2024

To the General Meeting of Banque Palatine

In our capacity as Statutory Auditors of your company, we hereby present our report on the regulated agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the characteristics, the essential terms and the justifications of the agreements about which we have been informed or that we have discovered during our audit, without commenting on their usefulness or merit or ascertaining the existence of other such agreements. It is your responsibility, under the terms of article R. 225-31 of the French Commercial Code, to assess the benefits resulting from these agreements prior to their approval.

In addition, we are required to inform you, in accordance with article R. 225-31 of the French Commercial Code, of the execution, during the past year, of the agreements already approved by the General Meeting.

We performed the procedures we considered necessary to comply with the Professional Code of the Compagnie nationale des commissaires aux comptes (France's National Association of Statutory Auditors) relating to this assignment.

Our work consisted of verifying that the information provided to us is consistent with the underlying documents from which it was extracted.

Agreements subject to the General Meeting's approval

Pursuant to article L. 225-40 of the French Commercial Code, we have been advised of the following agreement entered into during the past year, which was authorised by your Board of Directors.

Agreements with senior executives

Addendum to retirement membership

Person concerned

Chief Executive Officer: Didier Moaté

Terms and conditions

Authorisation of the Board of Directors on 4 April 2024

Financial impact on the financial year: None

Agreements already approved by the General Meeting

Agreements approved in previous financial years, the execution of which continued during the past financial year

Pursuant to article R. 225-30 of the French Commercial Code, we have been informed that the execution of the following agreements, already approved by the General Meeting in previous years, continued during the past year.

Agreements with shareholders and their subsidiaries

Invoicing agreement between Banque Palatine and BPCE of 5 March 2012

Person concerned

BPCE: majority shareholder of Banque Palatine

Terms and conditions

Authorisation granted by the Supervisory Board on 17 February 2012

Financial impact on the financial year: expense of €2,700,617.56 excl. tax

Agreements with senior executives

Retirement benefit

Person concerned

Chief Executive Officer: Didier Moaté

Deputy Chief Executive Officer: Patrick Ibry

Terms and conditions

For the Chief Executive Officer: authorisation of the Board of Directors on 10 December 2021

For the Deputy Chief Executive Officer: authorisation of the Board of Directors on 8 February 2018

Financial impact on the financial year: none

No employment contract or suspended employment contract - unemployment insurance

Person concerned

Chief Executive Officer: Didier Moaté

Deputy Chief Executive Officer: Patrick Ibry

Terms and conditions

For the Chief Executive Officer: authorisation of the Board of Directors on 10 December 2021

For the Deputy Chief Executive Officer: authorisation of the Board of Directors on 8 February 2018

Financial impact on the financial year: none

Arrangements under which remuneration is maintained for 12 months in the event of temporary inability to work

Person concerned

Chief Executive Officer: Didier Moaté

Deputy Chief Executive Officer: Patrick Ibry

Terms and conditions

For the Chief Executive Officer: authorisation of the Board of Directors on 10 December 2021

For the Deputy Chief Executive Officer: authorisation of the Board of Directors on 8 February 2018

Financial impact on the financial year: none

Supplementary pension plan for the Chief Executive Officer and the Deputy Chief Executive Officer

Person concerned

Chief Executive Officer: Didier Moaté

Deputy Chief Executive Officer: Patrick Ibry

Terms and conditions

For the Chief Executive Officer: authorisation of the Board of Directors on 10 December 2021

For the Deputy Chief Executive Officer: authorisation of the Board of Directors on 8 February 2018 for the Deputy Chief Executive Officer

The Chief Executive Officer and Deputy Chief Executive Officer of Banque Palatine were also eligible, subject to the same conditions as Banque Palatine's employees, for the defined-contribution pension plan applicable to senior executives (Klésia). This scheme, which was modified following the merger of AGIRC and ARRCO on 1 January 2019, is funded by a contribution of:

- tranche A remuneration: 10.16% (7.62% payable by Banque Palatine and 2.54% payable by the Chief Executive Officer or the Deputy Chief Executive Officer)
- tranche B remuneration: 9.45% (7.09% payable by Banque Palatine and 2.36% payable by the Chief Executive Officer or the Deputy Chief Executive Officer)

For 2024, the amount of Klésia employer contributions paid by Banque Palatine for the benefit of the Chief Executive Officer and the Deputy Chief Executive Officer was as follows:

- For Didier Moaté, the Chief Executive Officer: €13,391.64
- For Patrick Ibry, the Deputy Chief Executive Officer: €1,648.39

Increase in the fixed remuneration of the Deputy Chief Executive Officer

Person concerned

Deputy Chief Executive Officer: Patrick Ibry

Terms and conditions

Authorisation of the Board of Directors on 10 December 2021

Financial impact on the financial year: none

Departure benefit for forced termination of the Chief Executive Officer's term of office

Person concerned

Chief Executive Officer: Didier Moaté

Terms and conditions

Authorisation of the Board of Directors on 10 December 2021

Financial impact on the financial year: none

Supplementary pension plan for the Chief Executive Officer (article 82)

Person concerned

Chief Executive Officer: Didier Moaté

Terms and conditions

Authorisation of the Board of Directors on 10 December 2021

Financial impact on the financial year: none

Affiliation to supplementary social protection schemes (BPCE Mutuelle mutual health insurance and AG2R supplementary pension plan)

Person concerned

Chief Executive Officer: Didier Moaté

Deputy Chief Executive Officer: Patrick Ibry

Terms and conditions

For the Chief Executive Officer: authorisation of the Board of Directors on 10 December 2021

For the Deputy Chief Executive Officer: in terms of his/her employment contract

Financial impact on the financial year: none

Done in Neuilly-sur-Seine and Paris-la Défense, 24 April 2025

The Statutory Auditors

PricewaterhouseCoopers Audit

Aurore Prandi

Deloitte & Associés

Marjorie Blanc Lourme

3 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2024

To the General Meeting

Opinion

Pursuant to the mission entrusted to us by your General Meeting, we conducted an audit of the consolidated financial statements of BANQUE PALATINE for the year ended on 31 December 2024, as appended to this report.

In our opinion, the consolidated financial statements give a true and fair view of the operating results for the year ended and of the financial position, assets and liabilities of the companies and entities included in the consolidated group in accordance with IFRS standards as adopted in the European Union.

The above opinion is consistent with the content of our report to the Audit Committee.

Basis of opinion

Audit standards

We carried out our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are explained in the section on "Responsibilities of the Statutory Auditors in relation to the audit of the consolidated financial statements" in this report.

Independence

We conducted our audit in accordance with the applicable standards of independence, as stipulated by the French Commercial Code and by the professional code of conduct of French Statutory Auditors, between 1 January 2024 and the date of issue of our report. In particular, we did not provide any services prohibited under article 5, paragraph 1 of EU regulation no. 537/2014.

Justification of our assessments - key points of the audit

In application of the provisions of articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatements which, in our professional judgement, were the most significant for the audit of the consolidated financial statements for the year, as well as the responses we have provided to these risks.

These assessments are made in the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We have no comment to make on the items of the consolidated financial statements taken in isolation.

Credit risk – Individual impairment and provisions on Stage 3 customer loans

Risk identified	Our response
The Banque Palatine group is exposed to credit and counterparty risks. The Banque Palatine group constitutes impairments and provisions to cover these risks of losses arising from the inability of its customers to meet their financial commitments primarily on non-performing loans (Stage 3). Impairment of loans presenting actual counterparty risk (Stage 3) is determined on an individual or collective basis. These individual impairment charges are assessed by the management according to estimates of the recoverable future cash flows taking the available guarantees into account or using IFRS 9 parameters for collective impairments. The assessment of the impairments and provisions requires judgement to be exercised to classify exposures (Stage 3) and/or to estimate the recoverable future cash flows or recovery times. Given the importance of judgement in determining these impairments and provisions, we believed that the estimate of expected losses on doubtful loans and commitments was a key point of our audit. We considered that the assessment of the adequacy of the level of credit risk coverage by provisions and the level of the associated cost of risk constituted an area of special attention for the 2024 financial year. At 31 December 2024, outstanding customer loans amounted to €12,338 million, including €602 million in Stage 3 loans. The impairments recorded on outstanding loans and similar amounted to €259 million under Stage 3. For further details on accounting principles and exposures, see notes 5.5.3 and 7.1 to the consolidated financial statements.	We examined the system set up by the Risk Management Department to classify loans (Stage 3 or not) and to assess the amount of expected or established losses on these receivables. We tested the controls implemented by the management to identify these loans and to assess the likelihood of recovery and impairment. For impairment: • we checked the impairment calculations on a portfolio basis; • furthermore, we carried out control tests on the system for identifying and monitoring doubtful and disputed counterparties, on the credit review process and on the guarantee appraisal system; • on the basis of a sample of credit files compiled statistically and according to expert opinion, we reviewed the level of impairment retained by the bank *via* contradictory analyses of impairment amounts; • we also took note of the main conclusions by the specialised committees responsible for monitoring these loans and checked, on a sample of cases, that they were correctly included in the estimated impairments; We also ensured that the information presented in the notes was appropriate.

Specific verifications

In accordance with the professional standards applicable in France, we also performed the specific verifications required by law and regulations on the information relating to the Group, provided in the Board of Directors' management report.

We have no comments to report with respect to the fairness of its presentation and consistency with the consolidated financial statements.

Other verifications or information required by law and regulations

Presentation format of the consolidated financial statements included in the annual financial report

In accordance with the professional standards pertaining to the Statutory Auditors' work on annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified the compliance with this format, as defined by EU delegated regulation no. 2019/815 of 17 December 2018, in the presentation of the consolidated financial statements included in the annual financial report mentioned in paragraph I of article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements i included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

We are not responsible for verifying that the consolidated financial statements actually included by your company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of the company Banque Palatine SA by the shareholders at the General Meetings of 12 April 2001, in the case of PricewaterhouseCoopers Audit, and of 29 September 2022 in the case of Deloitte et Associés.

At 31 December 2024, PricewaterhouseCoopers Audit had conducted its duties for 24 years without interruption and Deloitte et Associés was in its 3rd year.

Responsibilities of the management and those charged with corporate governance in relation to the consolidated financial statements

It is the management's responsibility to prepare the consolidated financial statements in accordance with IFRS as adopted by the EU and to put in place the internal controls it deems necessary to ensure the consolidated financial statements are free of material misstatement, whether as a result of fraud or error.

In preparing the consolidated financial statements, the 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 there is a plan either to liquidate the company or to cease its operations.

It is the responsibility of the Audit Committee to monitor the process for preparing financial information and the effectiveness of the internal control and risk management systems, as well as any internal audit, regarding the procedures used to prepare and process accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors in relation to the audit of the consolidated financial statements

Audit objectives and procedures

It is our responsibility to draw up a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole are free from 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 cumulatively, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As stated in article L. 821-55 of the French Commercial Code, our audit mission does not require us to guarantee the viability or quality of the management of your company.

The professional standards applicable in France require that Statutory Auditors exercise professional judgement throughout the audit.

In addition:

- we identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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;
- we obtain an understanding of internal control 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 internal control;
- we evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management in the consolidated financial statements;
- we assess the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Such conclusions are based on evidence collected up to the date of the report. However, events or conditions arising after this date may threaten the company's continuity as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the information provided in the consolidated financial statements or, if such information is missing or inadequate, to issue a certificate with reserves or to refuse certification;
- we evaluate the overall presentation and content of the consolidated financial statements and whether the consolidated financial statements give a true and fair view of the underlying transactions and events;
- as regards the financial information of persons or entities included in the scope of consolidation, we collect information that we consider a sufficient and appropriate basis for our opinion on the consolidated financial statements. As Statutory Auditor, we are responsible for the management, supervision and conduct of the audit of the consolidated financial statements and for reporting our opinion on these financial statements.

Report to the Audit Committee

We present to the Audit Committee a report which covers among other matters the audit scope and the programme of work undertaken as well as the conclusions based on this work. We also draw attention, where necessary, to any significant weaknesses identified in internal control as regards the procedures used to prepare and process accounting and financial information.

The items covered in the report to the Audit Committee include the risks of material misstatement that we judge to be the most significant for the audit of the consolidated financial statements for the year and which constitute one of the key points of the audit, which we are obliged to describe in this report.

We also present to the Audit Committee the declaration required by article 6 of EU regulation no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out notably in articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Statutory Auditors' professional code of conduct. Where applicable, we discuss with the Audit Committee any risks to our independence and any safeguards applied.

Done in Neuilly-sur-Seine and Paris-la Défense, 24 April 2025

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte et Associés**
Aurore Prandi	Marjorie Blanc Lourme
Partner	Partner

2024 RISK MANAGEMENT

4

Key figures at 31 December 2024

as a %	31/12/2024	31/12/2023
Tier 1 ratio	10.19%	10.05%
CET1 ratio	9.25%	9.12%
Total capital adequacy ratio	12.62%	12.27%

Additional indicators

in millions of euros	31/12/2024	31/12/2023
Total assets	19,187.3	18,766.4
Customer loans	11,982.4	11,797.3

IFRS cost of risk

in millions of euros	31/12/2024	31/12/2023
	62.3	33.1

LCR

as a %	31/12/2024	31/12/2023
	109.2	116.2

1 Risk factors for Groupe BPCE including Banque Palatine

The banking and financial environment in which Groupe BPCE operates, including Banque Palatine, exposes it to a multitude of risks and requires the implementation of an increasingly demanding and rigorous risk control and management policy.

Some of the risks to which Groupe BPCE, including Banque Palatine, is exposed are set out below. However, this is not a comprehensive list of all of the risks incurred by Groupe BPCE, including Banque Palatine, in the course of conducting its business or given the environment in which it operates. The risks presented below are those identified to date as significant and specific to Groupe BPCE, including Banque Palatine, and liable to have a material adverse impact on its business, financial position and/or results. For each of the risk sub-classes listed below, the risk factor considered to date by Groupe BPCE as the most significant is listed first.

The risks presented below are those identified to date as liable to have an adverse impact on the businesses of BPCE SA.

The risk factors described below are presented as of the date of this document and the situation described may change, even significantly, at any time.

1.1 Strategic, business and ecosystem risks

The physical and transitional components of climate and environmental risks and their consequences for economic players could adversely affect Groupe BPCE's activities, results and financial position.

Climate and environmental risks relate to the financial and non-financial impacts of climate change and environmental damage. These risks can be direct (i.e. on the Group's own operations) as well as indirect (i.e. on the bank's counterparties). They are factors that exacerbate existing risks, in particular credit risk, operational risk and market risk, and may also carry reputational risks for Groupe BPCE.

Physical climate and environmental risks correspond to the economic costs resulting from extreme weather events (such as heat waves, landslides, floods, late frosts, fires, storms, pollution of water, soil and air, or water-stressed situations) whose intensity and frequency increase due to climate change, as well as to gradual long-term changes in the climate or the environment (such as changes in rainfall patterns, rising sea levels and average temperatures, the loss of biodiversity, or the depletion of natural resources). These risks can affect the activity of economic players directly (damage and unavailability of assets, disruption of distribution and supply capacities, etc.) or indirectly, through their macro-economic environment (decline in productivity, reduced attractiveness of regions, etc.) and deteriorate the financial position and valuation of economic assets.

Transition climate and environmental risks are linked to the consequences of the transition to a more sustainable and low-carbon economy, which may in particular result in regulatory changes, technological shifts, or sociodemographic changes leading to a change in the expectations of stakeholders (customers, employees, civil society, etc.). These changes may call into question all or part of the business model and result in significant investment needs for economic players. They may also lead to a loss in the valuation of economic assets that are not aligned with the transition objectives and have macro-economic consequences at the level of the business segments.

The consequences of climate and environmental risks, both physical and transition risks, on its counterparties are likely to result in financial losses for Groupe BPCE through increased risks related to its financing, investment or insurance activities. Groupe BPCE could also be exposed to financial losses due to the direct exposure of its activities to the consequences of climate and environmental risks, which could lead to an increase in operational, reputational, compliance or legal risks.

Groupe BPCE may be vulnerable to political, macroeconomic and financial environments or to specific circumstances in its countries of operation.

Some Groupe BPCE entities are exposed to country risk, which is the risk that economic, financial, political or social conditions in a country (particularly in countries where the Group conducts business) may affect their financial interests. Groupe BPCE predominantly does business in France (77% of net banking income for the financial year ended 31 December 2024) and North America (13% of net banking income for the financial year ended 31 December 2024), with other European countries and the rest of the world accounting for 3% and 7%, respectively, of net banking income for the financial year ended 31 December 2024. Note 12.6 “Locations by country” to the consolidated financial statements of Groupe BPCE, contained in the 2024 Universal Registration Document, lists the entities established in each country and gives a breakdown of net banking income and income before tax by country of establishment.

A significant change in the political or macroeconomic environment of such countries or regions may generate additional expenses or reduce profits earned by Groupe BPCE.

The economic outlook remains weakened by the uncertainties and downside risks surrounding it, especially when these are compounded by geopolitical tensions. In particular, two major events marked the year 2024, the effects of which may extend into 2025 and beyond: the surprise dissolution of the French National Assembly on 9 June and the presidential election of Donald Trump in the United States on 5 November. Generally, the extent of the imbalances to be eliminated can also always tip the developed economies into a downward spiral, whether it is the significance of public and private debts on both sides of the Atlantic and in China, the resurgence of an inflationary expectation mechanism or the heterogeneity of geographical and sectoral situations, combined with overlapping global risks, thus fuelling the return of the risk of financial instability. In addition, there is the potential occurrence of natural disasters or health risks. Joint threats mainly concern geopolitical and economic uncertainties: the context of the war waged by Russia against Ukraine and the conflict in the Middle East; the still latent risks of tensions between Taiwan and China; the availability of nuclear weapons in Iran; the Sino-US geostrategic confrontation and the development of protectionist trends, particularly in the US; the deepening of economic decline in Europe, Germany and France, in the face of the strategies of the race for industrial hegemon implemented by China and the United States; the emergence of eurosceptic and protectionist governments in several major European economies; even the behaviour of European and French consumers, whose savings rate remains well above its pre-health crisis level.

France entered a situation of political instability after the dissolution of the National Assembly. The business climate, which declined in the summer just after the dissolution, remained below its long-term average. Its fiscal credibility, already tarnished by an unanticipated public deficit of 5.5% of GDP in 2023 and by the downgrade of its sovereign rating on 31 May by Standard & Poor’s, the most powerful American agency (rating downgraded to AA-, from AA since 2013), then Moody’s rating on 4 December (Aa3 from Aa2), became the main victim of ambitious election campaign promises, with no real basis in terms of financing. With the censorship of the government of Prime Minister Michel Barnier on 4 December, political instability took over from inflationary fears, despite the appointment of François Bayrou. It has increased, fuelling the budgetary uncertainty it generates. The public deficit also rose again, reaching 6.1% of GDP in 2024. In addition to maintaining the widening of the sovereign yield spread with Germany by nearly 80 basis points (bps), compared to only 50 bps before the dissolution of the National Assembly, this shock would have already cost 0.1 point of GDP in lost growth in 2024 according to the Observatoire Français des Conjonctures Économiques (OFCE), which was mainly due to lower private investment.

Once again, 2025 has begun amidst a period of radical geopolitical, political and economic uncertainty, particularly in France, where the political situation remains very uncertain, despite the constitution of a government before the Christmas holidays by the new Prime Minister François Bayrou. Internationally, the impact of the election of the new US President remains to be seen, whether it is the rapid implementation of customs measures that could slow global trade - by leading to tensions. widespread commercialisation and strong potential for retaliation from China - the risk of losses in economic efficiency and price increases (and therefore of persistently higher interest rates) or the favourable magnitude of the planned fiscal expansion. Added to this is the reaction of monetary policy to the potential resurgence of inflationary seeds and the desire to drive down the dollar.

We can also see a deepening of the economic decline in Europe, Germany and France, due to a loss of competitiveness - also linked to higher energy costs than on the other side of the Atlantic - and to the attractiveness of the Eurozone, in view of the race for industrial hegemony between the two main competitors, China and the United States. The race between the American champion and the Chinese outsider involves a budgetary headlong rush which is set to continue through 2025 and into 2026. Measures to support the US industry, such as the Chips Act and the IRA, have greatly increased the attractiveness of investing in the United States. The profitability gap in their favour could result in Europe losing out to the United States on key localisation projects. As for the Chinese offensive, it is based on price competitiveness, coupled with a rise in technological range. Europe, which has suffered a largely specific energy crisis with the economic sanctions against Russia, has seen the price of its exports rise by more than 30% since the end of 2019, against a maximum of 5% for Chinese exports. In addition, the need to restore a certain fiscal discipline in the Member States of the Eurozone, after the overrun in public finances which was justified by the pandemic, could lead certain countries, such as Italy and France, to present debt and public deficit reduction plans. This would then gradually involve a restriction on public spending, likely to cause a drop in demand.

Across the Atlantic, the Trump programme is based on four main areas, namely deregulation, protectionism, reduction in taxation and public spending, and finally the control of migration flows. It would be moderately inflationary in the short term in 2025 but favourable to growth, while widening public and commercial deficits (to more than 6% of GDP?) . If the increase in tariffs is only 10%, it can probably be offset by the appreciation of the dollar and by the margins of exporters and distributors. Moreover, following the example of the first presidential term, it is not impossible that the anxiety-provoking statements of protectionism are more of a negotiating tactic aimed at forcing Europe to take responsibility for financing its own defence and for China to strengthen its internal demand. The most significant protectionist measure, which would only take effect in 2026, concerns the 60% increase in customs duties vis-à-vis the Middle Kingdom, whose economy is tending to change (significant decline in the weight of real estate in favour of cutting-edge industries and technological services). In retaliation, while avoiding a war on increased customs duties, China may then make it more difficult to export certain strategic inputs such as Gallium, Germanium and Antimony.

In addition, the economic development of Europe's main trading partners, in particular China, could also present risks. Chinese public and private over-indebtedness is slowing down the country's ability to keep pace with growth. Ten years after the announcement of the China 2025 plan, which aimed for industrial pre-eminence in 10 key sectors, China's leadership is still only asserted at the cost of increased trade tensions with its American, Asian and European partners and the instability of the Chinese financial system.

In addition, other perennial sources of instability, such as the continuation of the war in Ukraine, the situation in the Middle East or the Red Sea, could cause tensions on oil and gas prices and shipping costs, resulting in upwards risk on inflation and downwards risk on activity. A scenario in which Ukraine is abandoned in its struggle against Russia could also create the conditions for a climate of concern for Europe. Without going as far as an invasion of Taiwan by China, a major escalation of tensions between these two countries is likely to lead to the implementation of severe sanctions against China, such as the freezing of all Chinese assets and the disconnection of China from all SWIFT platforms, similar to what happened in Russia after the invasion of Ukraine. This poses a major risk for the global economy, particularly for trade flows through the Taiwan Strait. It is used by almost half of the world's container ships, connecting the electronic equipment factories (leading semiconductors) in East Asia to the rest of the world. This corridor is also used to supply the continent with natural gas and oil. All this could still cause a deep recession, especially in Europe.

In France, in addition to a significant risk of an additional increase in the interest rate risk premium vis-à-vis Germany and a continued drift in public spending, a wait-and-see attitude may turn into mistrust, due to political instability. It may lead to rather cautious spending behaviour by households and businesses, despite the a priori favourable effect of less budgetary consolidation. In particular, savings incentives may remain strong, slowing the expected decline in the household savings rate, due to a need for precaution, with rising unemployment and individual customers' concern about budgetary imbalances. Regarding companies, the proportion of business leaders who have said that they are postponing their planned investments and hires has increased significantly, according to the BPI France and Rexecode survey on SMEs and medium-sized companies in November 2024. Moreover, despite the relative maintenance of margin levels for all non-financial companies, the increase in financing costs is weighing on corporate profits. The latter fell to a historically low level in 2024. This could even result in an accentuation of the decline in productive investment, despite the improvement in monetary and financial conditions and the trend towards investment in digital and energy transitions. Furthermore, the rather modest improvement in household spending, the main driver of activity, would then be insufficient to counteract the increased prudence of companies in terms of employment, management of inventories and investment, due to the environment of still high interest rates, the deterioration of the cash position of VSEs/SMEs and the rise in insolvencies. In particular, nearly 66,500 companies have failed, reaching the highest level since at least 2009, according to a 2024 report prepared by BPCE L'Observatoire. In the fourth quarter of 2024 alone, 17,966 insolvencies were recorded, according to this source. This record number of insolvencies, which could have dangerous consequences, particularly in terms of jobs, constitutes a warning for economic and political players as we enter 2025, which already promises to be difficult on an economic level and uncertain on a political and budgetary level: 68,000 insolvencies are expected and 240,000 jobs are at risk.

However, the identical renewal of the services voted in the last Finance Act, in addition to the capacity of the State to raise taxes and take on debt to finance itself as well as the Social Security must a priori lead to an ex-ante reduction in the budget deficit, hence a reduction in the budget impulse. The Finance Act for 2025 was adopted on 5 February 2025, and provides for an exceptional contribution on the profits of large companies that will only apply to the financial year ended 31 December 2025 (an exceptional contribution of 41.20%, increasing the effective tax rate to 36.2%). The corporate income tax rate remained at 25.83% for the financial year ended 31 December 2024.

The consensus forecasts presented for 2025, particularly for France, therefore reproduce the economic trends already at work, without necessarily integrating specific measures likely to be taken by the new government, nor the effects of an even more prolonged wait-and-see period, in the event of a misunderstood direction of economic policy.

Lastly, the physical risks related to extreme climate events (heat waves, fires, droughts, floods, etc.) or environmental degradation as well as the risks associated with the transition to an economy with a lower environmental impact are likely to have a material impact on people, companies and public players and have a negative impact on the French economy.

For more detailed information, see sections 5.2 “Economic and financial environment” and 5.8 “2025 economic outlook” in BPCE’s 2024 Universal Registration Document.

The risk of a pandemic (such as the coronavirus – Covid-19) and its economic consequences may adversely impact the Group’s activities, results and financial position.

The emergence of Covid-19 at the end of 2019 and the rapid spread of the pandemic to the whole planet led to a deterioration in the economic situation of many sectors of activity, a financial deterioration of economic agents, and a strong disruption of financial markets, as the affected countries were required to take health measures to respond to it (border closures, lockdown measures, restrictions on the exercise of certain economic activities, etc.). Government (guaranteed loans, tax and social assistance, etc.) and banking (moratoria) schemes have been put in place. Some counterparties may emerge from this unprecedented period weakened.

Massive fiscal and monetary policy measures to support activity were put in place between 2020 and 2022, in particular by the French government (system of state-guaranteed loans for companies and professionals, partial unemployment measures for individuals, as well as numerous other fiscal, social and bill payment measures) and by the European Central Bank (more abundant and less costly access to very significant refinancing allocations). Groupe BPCE has actively participated in the French state-guaranteed loan program in the interest of financially supporting its customers and helping them overcome the effects of this crisis on their activities and income (e.g. automatic six-month deferral on loans to certain professional customers and micro-enterprises/SMEs). There is no way to guarantee, however, that such measures will be enough to offset the negative impacts of the pandemic on the economy or to fully stabilise the financial markets over the long term. In particular, the repayment of state-guaranteed loans may lead to defaults by borrowers and financial losses for Groupe BPCE up to the amount of the portion not guaranteed by the state.

Groupe BPCE may not achieve the objectives of its VISION 2030 strategic plan.

On 26 June 2024, Groupe BPCE presented its strategic plan “Vision 2030” based on three pillars: (i) forging our growth for the long term, (ii) giving our customers trust in their future, and (iii) expressing our cooperative values in all regions. The first pillar aims to make Groupe BPCE a leading banking group promoting diversified growth, open to partnerships, and capable of achieving high levels of performance. The second pillar aims to make the Group a facilitator of access to housing for all, and for all types of needs, to be the go-to player for territorial competitiveness, to protect customers at every moment and stage in their lives, and to simplify relationship models (from 100% physical to 100% digital), notably with the help of AI. The third pillar aims to give full expression to the cooperative values promoted by the Group, which draws its strength from its multifaceted activities and the range of its expertise, from its positive global impact, and from its cooperative shareholders and employees, proud and committed in their day-to-day lives. The new growth model is being implemented in three major geographical circles – France, Europe and the rest of the World – and is based on organic growth, acquisitions, and partnerships.

This strategic vision is accompanied by a trajectory for 2026 based on a macroeconomic scenario that assumes, from 2025 onwards, a rebound in economic growth at rates that may vary from one geographical region to the next, a moderate fall in inflation in 2025 and 2026, a fall in the three-month Euribor and relative stability in long-term interest rates (10-year OAT).

The success of the 2026 financial trajectory is grounded in a large number of initiatives to be rolled out within the various business lines of Groupe BPCE. Although most of the goals defined in the strategic plan are expected to be achieved, some may not, owing to changes in the economic environment or possible changes in accounting and/or tax regulations. If Groupe BPCE does not achieve its ambitions, the 2026 financial trajectory could be affected.

The physical and transitional aspect of the climate risks and their consequences on economic players could adversely affect Groupe BPCE’s activities, results and financial position.

The risks associated with climate change are factors that exacerbate existing risks, including credit risk, operational risk and market risk. In particular, BPCE is exposed to physical and transition climate risk. They potentially carry an image and/or reputation risk.

The physical risk results in increased economic costs and financial losses resulting from the severity and increased frequency of extreme weather events related to climate change (such as heat waves, landslides, floods, late frosts, fires and storms) as well as long-term gradual changes in climate (such as changes in precipitation, extreme weather variability, and rising sea levels and average temperatures). It could have an extensive impact in terms of scope and magnitude, that may affect a wide variety of geographical areas and economic sectors relevant to Groupe BPCE. Thus, the Cevennes episodes that affect south-east France every year can cause the flooding of buildings, factories and offices, slowing down or even make the customer's activity impossible. As a result, physical climate risk can spread along the value chain of Groupe BPCE's corporate customers, which could lead to their default and thus generate financial losses for Groupe BPCE. These physical climate risks are likely to increase and could result in significant losses for Groupe BPCE.

The transition risk is related to the process of adjustment to a low-carbon economy. The process of reducing emissions is likely to have a significant impact on all sectors of the economy by affecting the value of financial assets and the profitability of companies. The increase in costs related to this energy transition for economic players, both companies and individuals, could lead to an increase in defaults and thus significantly increase Groupe BPCE's losses. For example, the energy-climate law of 8 November 2019 will limit the sale and rental of properties with the lowest energy performance from 2023 and more completely in 2028. Some of Groupe BPCE's customers will therefore have to plan renovation work for a possible future sale or lease of such type of properties. The risk lies in the inability of Groupe BPCE's customers to carry out this costly work and therefore not be able to carry out the financial transaction necessary to balance their budget. These customers of Groupe BPCE could therefore become insolvent, which would result in significant financial losses for Groupe BPCE.

Groupe BPCE may encounter difficulties in adapting, implementing and incorporating its policy governing acquisitions or joint ventures.

The Group may consider acquisition or partnership opportunities in the future. Although Groupe BPCE carries out an in-depth analysis of any potential acquisitions or joint ventures, in general it is impossible to carry out an exhaustive appraisal in every respect. As a result, Groupe BPCE may have to manage initially unforeseen liabilities. Similarly, the results of the acquired company or joint venture may prove disappointing and the expected synergies may not be realised in whole or in part, or the transaction may give rise to higher-than-expected costs. Groupe BPCE may also encounter difficulties with the consolidation of new entities. The failure of an announced acquisition or failure to consolidate a new entity or joint venture may place a strain on Groupe BPCE's profitability. This situation may also lead to the departure of key employees. In the event that Groupe BPCE is obliged to offer financial incentives to its employees in order to retain them, this situation may also lead to an increase in costs and a decline in profitability. In the case of joint ventures, Groupe BPCE is exposed to additional risks and uncertainties, such as depending on systems, controls and individuals that are not be under its control and could, as such, give rise to liability, losses or damage to its reputation. In addition, conflicts or disagreements between Groupe BPCE and its partners could have a negative impact on the benefits sought by the joint venture.

At 31 December 2024, total investments in equity-consolidated companies amounted to €57 billion and goodwill amounted to €4.3 billion. For further information, please refer to notes 12.4.1 "Investments in equity-consolidated companies" and 3.5 "Goodwill" to the consolidated financial statements of Groupe BPCE.

Intense competition in France, Groupe BPCE's main market, or internationally, may cause its net income and profitability to decline.

Groupe BPCE's main business lines operate in a very competitive environment both in France and other parts of the world where it does substantial business. This competition is heightened by consolidation, either through mergers and acquisitions or cooperation and arrangements. Consolidation has created a certain number of companies which, like Groupe BPCE, can offer a wide range of products and services ranging from insurance, loans and deposits to brokerage, investment banking and asset management. Groupe BPCE is in competition with other entities based on a number of factors, including the execution of transactions, products and services offered, innovation, reputation and price. If Groupe BPCE is unable to maintain its competitiveness in France or in its other major markets by offering a range of attractive and profitable products and services, it may lose market share in certain key business lines or incur losses in some or all of its activities.

For example, at 31 December 2024, in France, Groupe BPCE was the 1st bank for SMEs [1] and the 2nd for individual, professional and self-employed customers [2]. The Group had a 26.3% [3] market share in home loans [4]. For Retail Banking and Insurance, outstanding loans amounted to €724 billion at 31 December 2024, compared to €719 billion at 31 December 2023, with savings deposits of €937 billion at 31 December 2024, compared to €918 billion at 31 December 2023 (for more information on the contribution of each business line, and each network, see section 5.4.2. "The Group's business lines" of the 2024 Universal Registration Document).

1) *2023 Kantar SME-SMI survey.*
2) *Market share: 21.9% in household deposits/savings and 26.3% in home loans (Banque de France Q3-2024).*
3) *38.4% (rank 2) penetration rate among professional customers and self-employed customers (Pépites CSA 2021-2022 survey).*
4) *Balance sheet and financial savings.*

In addition, any slowdown in the global economy or in the economies in which Groupe BPCE's main markets are located is likely to increase competitive pressure, in particular through increased pressure on prices and a contraction in the volume of activity of Groupe BPCE and its competitors. New, more competitive rivals subject to separate or more flexible regulation or other prudential ratio requirements could also enter the market. These new market participants would thus be able to offer more competitive products and services. Advances in technology and the growth of e-commerce have made it possible for institutions other than custodians to offer products and services that were traditionally considered as banking products, and for financial institutions and other companies to provide electronic and internet-based financial solutions, including electronic securities trading. These new entrants may put downward pressure on the price of Groupe BPCE's products and services or affect Groupe BPCE's market share. Advances in technology could lead to rapid and unexpected changes on Groupe BPCE's markets of operation. Groupe BPCE's competitive position, net income and profitability could be adversely affected if it fails to adapt its activities or strategy adequately to respond to these changes.

Groupe BPCE's ability to attract and retain skilled employees is paramount to the success of its business and failing to do so may affect its performance.

The employees of Groupe BPCE entities are the Group's most valuable resource. Competition to attract qualified employees is fierce in many areas of the financial services sector. Groupe BPCE's earnings and performance depend on its ability to attract new employees and retain existing employees. The current upheavals (technological, economic and customer requirements), particularly in the banking sector, demand major efforts to support and train employees. In the absence of sufficient support, this could prevent Groupe BPCE from taking advantage of potential commercial opportunities, which could consequently affect its performance.

At 31 December 2024, Groupe BPCE had 103,418 registered employees.

Groupe BPCE could be exposed to unidentified or unanticipated risks that may have a negative impact on its results and financial position if its model-based risk measurement system should fail.

Groupe BPCE's risk measurement system is based specifically on the use of models. Groupe BPCE's portfolio of models mainly includes the Corporate & Investment Banking market models and the credit models of Groupe BPCE and its entities. The models used for strategic decision-making and risk management monitoring (credit, financial (ALM and market), operational including compliance and climatic) could fail, exposing Groupe BPCE to unidentified or unanticipated risks that could result in significant losses.

1.2 Financial risks

Significant changes in interest rates may have a material adverse impact on Groupe BPCE's net banking income and profitability.

The net interest income receiveded by Groupe BPCE during a given period represents a significant portion of its income. Consequently, changes in the latter have a significant impact on Groupe BPCE's net banking income and profitability over this period. The cost of the resource as well as the conditions of return on the asset and, in particular, those attached to new production are, therefore, elements that are particularly sensitive, notably to factors that may be beyond Groupe BPCE's control. hese significant changes could have significant temporary or lasting repercussions, although a rise in interest rates should be generally favourable in the medium to long term.

The recent environment has been marked by a sharp rise in interest rates initiated by the European Central Bank at the end of 2022, and then maintained at very high levels throughout 2023. Exposure to interest rate risk, and more generally to price risk, has therefore been increased by a combination of unfavourable factors, namely the sharp rise in regulated interest rates, the reallocation of a portion of savings following the rapid exit from the low-rate environment, the rise in interbank spreads, while conversely the rate of new loans was temporarily constrained by the level of the usury rate in 2022 and 2023. While inflation began a gradual decline, the world's central banks, including the European Central Bank (ECB), having completed their cycle of monetary policy tightening at the end of 2023, began a cycle of gradual rate cuts in 2024. The European Central Bank (ECB) announced its first rate cut (-25 bps) in June 2024, and the US Federal Reserve in September 2024. Despite this cautious start to the rate-cutting cycle, short-term and long-term interest rates remain at high levels not seen since 2008. At the end of 2024, ECB rates were in the 3.0% - 3.15% range, while the US Federal Reserve (FED) cut its key rates to the 4.25% - 4.5% range.

At the same time, the Livret A savings account rate, to which Groupe BPCE is exposed due to the regulated savings accounts held by its customers, has experienced a trajectory similar to that of inflation with a rapid increase and then stability at 3% since February 2023 (rate announced stable until February 2025). From February 2025, the Livret A savings account rate will fall to 2.4%.

The corollary of this atypical situation, in terms of intensity and economic impact, was a significant reduction in Groupe BPCE's bank loan production in 2024 after a peak in activity in the first months of the inflationary period. This situation has resulted in an 11% decrease in loan production with a more marked effect on home loans to households with -21% between 2023 and 2024, after the sharp decline already observed between 2022 and 2023 to -44%.

As a result of the rise in the average cost of customer funds in the two main regional banking networks (Banques Populaires and Caisses d'Epargne), Groupe BPCE has gradually passed on the high interest rates observed in 2024 to the rates on new fixed-rate home loans and other consumer and business loans.

On the other hand, customers continued to gradually switch from low-interest accounts to higher-interest products (regulated passbook savings accounts and fixed-deposit accounts). Against this backdrop of squeezed margins, Groupe BPCE has adjusted its interest rate hedging policy by increasing the volume of its interest rate swaps (macro-hedging) in order to protect the value of its balance sheet and its future net interest margin.

Consequently, even if the high interest rate environment is generally favourable in the medium to long term, these significant changes can have a major impact, either temporarily or permanently. Groupe BPCE's interest rate risk indicators reflect this exposure.

The sensitivity of the net present value of Groupe BPCE's balance sheet to a +/-200 bps variation in interest rates remained lower than the 15% Tier-1 limit. At 31 December 2024, Groupe BPCE's sensitivity to Tier-1 interest rate increases stood at -9.62% compared to -10.8% at 31 December 2023. This indicator, calculated according to a static approach (contractual or conventional flow of all balance sheet items) and in a stress scenario (immediate and significant interest rate shock), makes it possible to highlight the distortion of the balance sheet over a long horizon.

To better control the Group's exposure to interest rate risk, this approach must be supplemented by a dynamic approach (including new production forecasts). Following regulatory changes and modifications of its management system, since 2023 Groupe BPCE has deployed an internal revenue sensitivity indicator on the commercial banking networks and the Supervisory Outlier Test (SOT) Net Interest Margin (NIM) regulatory indicator at Group level, in addition to its internal indicators. The introduction of the SOT NIM supplements the information communicated as part of the interest rate risk management system by a margin view over a one-year horizon, and must be published in the financial statements, even if it will not directly generate a Pillar I expense. At 31 December 2024, the most penalising scenario for the Group in terms of the SOT NIM was the downside scenario. The indicator stands at -1.2% and remains below the 5% limit compared to the first quarter.

The dynamic approach in terms of sensitivity of future revenues is reinforced by a multi-scenario vision allowing a broader approach by taking into account the uncertainties related to business forecasts (new activity and changes in customer behaviour), possible changes in commercial margin, etc. This is achieved through the sensitivity of the Group's revenues by measuring the change in the Group's forecast net interest margin at one year according to four scenarios (rise in rates, decline in rates, steepening of the yield curve, flattening of the yield curve) compared to the core scenario. This revenue sensitivity indicator covers all commercial banking activities and aims to estimate the sensitivity of the institutions' results to interest rate fluctuations.

Groupe BPCE is dependent on its access to funding and other sources of liquidity, which may be limited for reasons outside its control, thus potentially having a material adverse impact on its results.

Access to short-term and long-term funding is critical for the conduct of Groupe BPCE's business. Non-collateralised sources of funding for Groupe BPCE include deposits, issues of long-term debt and short/medium-term negotiable debt securities, banks loans and credit lines. Groupe BPCE also uses guaranteed financing, in particular through the conclusion of repurchase agreements and the issuance of covered bonds. If Groupe BPCE were unable to access the secured and/or unsecured debt market at conditions deemed acceptable, or incurred an unexpected outflow of cash or collateral, including a significant decline in customer deposits, its liquidity may be negatively affected. Furthermore, if Groupe BPCE were unable to maintain a satisfactory level of customer deposits (e.g. in the event its competitors offer higher rates of return on deposits), it may be forced to obtain funding at higher rates, which would reduce its net interest income and results.

Groupe BPCE's liquidity, and consequently its results, could also be affected by events that Groupe BPCE cannot control or predict, such as general market disruptions, which may be related to geopolitical or health crises, operational difficulties affecting third parties, negative opinions on financial services in general or the short- or long-term financial outlook of Groupe BPCE, changes in Groupe BPCE's credit rating or even the perception among market players of the situation of the Group or other financial institutions.

Groupe BPCE's access to the capital markets, and the cost of long-term unsecured funding, are directly related to changes in its credit spreads on the bond and credit derivatives markets, which it can neither predict nor control. Liquidity constraints may have a material adverse impact on Groupe BPCE's business, financial position, results and ability to meet its obligations to its counterparties. Similarly, a change in the monetary policy stance, in particular that of the European Central Bank, may impact Groupe BPCE's financial position.

However, to deal with these risk factors, Groupe BPCE has liquidity reserves made up of cash deposits from central banks and available securities and receivables eligible for central bank refinancing. Groupe BPCE's liquidity reserve amounted to €302 billion at 31 December 2024, covering 177% outstanding short-term funding and short-term MLT maturities, compared with 161% at 31 December 2023. The one-month LCR (Liquidity Coverage Ratio) averaged 149% over 12 months on 31 December 2024 versus 145% on 31 December 2023. Given the importance of these risks for Groupe BPCE in terms of impact and probability, these risks are monitored proactively and closely, with Groupe BPCE also pursuing a very active policy of diversification of its investors.

Downgraded credit ratings could have an adverse impact on BPCE's funding cost, profitability and continuity of certain activities.

At 31 December 2024, Groupe BPCE's long-term ratings were A+ for Fitch ratings, A1 for Moody's, A+ for R&I and A+ for Standard & Poor's, which upgraded its rating in July 2024 to reflect its assessment of the Group's solidity. The decision to downgrade these credit ratings may have a negative impact on the funding of BPCE and its affiliates active in the financial markets. A ratings downgrade may affect Groupe BPCE's liquidity and competitive position, increase funding costs, limit access to financial markets and trigger obligations under some bilateral contracts governing trading, derivative and collateralised funding transactions, thus adversely impacting its profitability and business continuity.

Furthermore, BPCE's unsecured long-term funding cost is directly linked to its credit spreads (the yield spread over and above the yield on government issues with the same maturity that is paid to bond investors), which in turn are heavily dependent on its ratings. An increase in credit spreads may raise BPCE's funding cost. Shifts in credit spreads are correlated to the market and sometimes subject to unforeseen and highly volatile changes. Accordingly, a change in perception of an issuer solvency due to a rating downgrade could have an adverse impact on that issuer's profitability and business continuity.

Groupe BPCE is exposed to credit spread risk at the level of its assets in a scenario of widening credit spreads, on its portfolio of securities at fair value or at amortised cost. The Group holds a significant bond portfolio eligible for the liquidity reserve, mainly composed of sovereign and corporate bonds, which makes its valuation sensitive to changes in the credit spreads of its securities.

Market fluctuations and volatility could expose Groupe BPCE, and in particular its major corporate & investment banking business lines (Natixis CIB and Natixis IM), to favourable or unfavourable fluctuations in its trading and investment activities, which could adversely affect Groupe BPCE's results of operations and financial position.

In the course of its third-party trading or investment activities, Groupe BPCE may carry positions in the bond, currency, commodity and equity markets, and in unlisted securities, real estate assets and other asset classes. These positions may be affected by volatility on the markets (especially the financial markets), i.e. the degree of price fluctuations over a given period on a given market, regardless of the levels on the market in question. Certain market configurations and fluctuations may also generate losses on a broad range of trading and hedging products used, including swaps, futures, options and structured products, which could adversely impact Groupe BPCE's operating results and financial position. Similarly, extended market declines and/or major crises may reduce the liquidity of certain asset classes, making it difficult to sell certain assets and in turn generating material losses.

The market risk-weighted assets totalled €13 billion, i.e. around 4% of Groupe BPCE's total risk-weighted assets, on 31 December 2024. For information, the weight of Corporate & Investment Banking activities in the Group's net banking income was 19% for the year 2024. For more detailed information and examples, see note 10.1.2 "Analysis of financial assets and liabilities classified in Level 3 of the fair value hierarchy" to the consolidated financial statements of Groupe BPCE, included in the Universal Registration Document.

Groupe BPCE's revenues from brokerage and other activities associated with fee and commission income may decrease in the event of market downturns.

A market downturn is liable to lower the volume of transactions (particularly financial services and securities transactions) executed by Groupe BPCE entities for their customers and as a market maker, thus reducing the net banking income from these activities. In particular, in the event of a decline in market conditions, Groupe BPCE may record a lower volume of customer transactions and a drop in the corresponding fees, thus reducing revenues earned from this activity. In addition, as the management fees that Groupe BPCE entities charge to their customers are generally calculated on the value or performance of portfolios, any decline in the markets that would result in a decrease in the value of these portfolios or an increase in the amount of withdrawals would reduce the revenue that these entities receive *via* the distribution of mutual funds or other financial savings products (for the Caisses d'Epargne and Banques Populaires) or for the asset management business, through an unfavourable change in management or performance fees. In addition, any deterioration in the economic environment could have an unfavourable impact on the seed money contributed to asset management structures with a risk of partial or total loss.

Even where there is no market decline, if funds managed for third parties throughout Groupe BPCE and other Groupe BPCE products underperform the market, redemptions may increase and/or inflows decrease as a result, with a potential corresponding impact on revenues from the asset management activities.

In 2024, the total net amount of fees and commissions received was €11,035 million, representing 47% of Groupe BPCE's net banking income. For more detailed information on the amounts of fees and commissions received by Groupe BPCE, see note 4.2 ("Fee and commission income and expenses") to the consolidated financial statements of Groupe BPCE.

Changes in the fair value of Groupe BPCE's portfolios of securities and derivative products, and its own debt, are liable to have an adverse impact on the net carrying amount of these assets and liabilities, and as a result on Groupe BPCE's net income and equity.

The net carrying amount of Groupe BPCE's securities, derivative products and other types of assets at fair value, and of its own debt, is adjusted (at balance sheet level) at the date of each new financial statement. These adjustments are predominantly based on changes in the fair value of assets and liabilities during an accounting period, i.e. changes taken to profit or loss or recognised directly in other comprehensive income. Changes recorded in the income statement, but not offset by corresponding changes in the fair value of other assets, have an impact on net banking income and thus on net income. All fair value adjustments have an impact on equity and thus on Groupe BPCE's capital adequacy ratios. Such adjustments are also liable to have an adverse impact on the net carrying amount of Groupe BPCE's assets and liabilities, and thus on its net income and equity. The fact that fair value adjustments are recorded over an accounting period does not mean that additional adjustments will not be necessary in subsequent periods.

At 31 December 2024, total financial assets/liabilities at fair value through profit or loss amounted to €231 billion (with €218 billion in financial assets at fair value held for trading) and €219 billion (with €175 billion in financial liabilities at fair value held for trading) respectively. For more detailed information, see also note 4.3 "Gains (losses) on financial instruments at fair value through profit or loss", note 4.4 "Gains (losses) on financial assets measured at fair value through other comprehensive income before tax", note 5.2 "Financial assets and liabilities at fair value through profit or loss" and note 5.4 "Financial assets at fair value through other comprehensive income" to the consolidated financial statements of Groupe BPCE, in the Universal Registration Document.

1.3 Credit and counterparty risks

Groupe BPCE is exposed to credit and counterparty risks that could have a material adverse effect on the Group's business, financial position and results.

Groupe BPCE is significantly exposed to credit and counterparty risk through its financing or market activities. The Group could thus incur losses in the event of the default of one or more counterparties, in particular if the Group encounters legal or other difficulties in exercising its collateral or if the value of the collateral does not make it possible to fully cover the exposure in the event of a default. Despite the vigilance implemented by the Group, aimed at limiting the effects of concentration of its loan portfolio, it is possible that counterparty defaults are amplified within the same economic sector or region of the world due to the interdependence of the counterparties. Default by one or more major counterparties could thus have a material adverse effect on the Group's cost of risk, results and financial position.

For information, on 31 December 2024, Groupe BPCE's gross exposure to credit risk amounted to €1,511 billion, with the following breakdown for the main types of counterparty: 37% for retail customers, 30% for corporates, 16% for central banks and other sovereign exposures, and 6% for the public sector and similar entities. The credit risk-weighted assets amounted to €398 billion (including counterparty risk).

The main economic sectors to which the Group was exposed in its non-financial corporations portfolio were Real Estate (38% of gross exposures at 31 December 2024), Wholesale and Retail Trade (11%), Finance/Insurance (10%) and Professional, Scientific and Technical Activities (6%).

Groupe BPCE develops its activities mainly in France. The Group's gross exposure (gross carrying amount) to France was €1,300 billion, representing 38% of the total gross exposure. The remaining exposures were mainly concentrated in the United States, for 5%, with other countries accounting for 12% of the total gross exposures.

For further information, please see chapters 5 "Credit risks" and 6 "Counterparty risk" in BPCE's Universal Registration Document.

A substantial increase in impairments or provisions for expected credit losses recognised in Groupe BPCE's financial statements could have a material adverse effect on its results and financial position.

In the course of its business, Groupe BPCE regularly records impairment charges to reflect, where necessary, actual or potential losses in respect of its loans and receivables portfolio, its fixed-income securities portfolio (at amortised cost or fair value through equity), and in respect of its given commitments. These impairments are recognised in the income statement under "Cost of risk". The overall level of Groupe BPCE's asset impairment charges is based on the Group's assessment of the history of loan losses, the volumes and types of loans granted, industry standards, loans in arrears, economic conditions and other factors related to the degree of recovery of various types of loans. While Groupe BPCE makes every effort to set aside a sufficient level of provisions for asset impairment expenses, its lending activities may cause it, in the future, to have to increase its expenses for losses on loans, due to a rise in non-performing loans or for other reasons such as the deterioration of market conditions or factors affecting certain countries. Any substantial increase in charges for losses on loans, material change in Groupe BPCE's estimate of the risk of loss associated with its portfolio of loans, or any loss on loans exceeding past impairment expenses, could have an adverse impact on Groupe BPCE's results and financial position.

For information, Groupe BPCE's cost of risk amounted to -€2,061 million in 2024 compared to -€1,731 million in 2023, with credit risks accounting for 87% of Groupe BPCE's risk-weighted assets. On the basis of gross exposures, 37% relate to retail customers and 30% to corporate customers (of which 68% of exposures are located in France).

Consequently, the risk related to the substantial increase in asset impairment charges recognised in respect of Groupe BPCE's portfolio of loans and receivables is significant for Groupe BPCE in terms of impact and probability and is, therefore, monitored proactively and closely. In addition, prudential requirements supplement these provisioning systems *via* the prudential backstop process, which results in a total deduction of non-performing loans beyond a certain maturity in line with the quality of the guarantees and according to a schedule defined by the regulations.

A decline in the financial strength and performance of other financial institutions and market players may have an unfavourable impact on Groupe BPCE.

Groupe BPCE's ability to execute transactions may be affected by a decline in the financial strength of other financial institutions and market players. Financial institutions are closely interconnected owing to their trading, clearing, counterparty and financing operations. The default of a significant sector player (systemic risk), or even mere rumours or questions concerning one or more financial institutions or the financial industry more generally, may lead to a general contraction of liquidity in the market and subsequently result in losses or additional failures.

Groupe BPCE is directly or indirectly exposed to various financial counterparties, such as investment service providers, commercial or investment banks, clearing houses and CCPs, mutual funds, hedge funds, and other institutional customers, with which it regularly conducts transactions. The default or failure of any such counterparties may have an adverse impact on Groupe BPCE's financial position. Moreover, Groupe BPCE may be exposed to the risk associated with the growing involvement of operators subject to little or no regulation in its business segment and to the emergence of new products subject to little or no regulation (including in particular crowdfunding and trading platforms). This risk would be exacerbated if the assets held as collateral by Groupe BPCE could not be sold or if their selling price would not cover all of Groupe BPCE's exposure to defaulted loans or derivatives, or in the event of fraud, embezzlement or other misappropriation of funds committed by financial sector participants in general to which Groupe BPCE is exposed, or if a key market operator such as a CCP defaults.

In addition, the distribution risk in the event of market difficulties or a deterioration in the economic environment may entail a potential loss in a severe scenario.

The exposures to "financial institutions" represented 4% of Groupe BPCE's total gross exposures of €1,511 billion at 31 December 2024. In geographic terms, 67% of gross exposures to "institutions" are located in France.

1.4 Non-financial risks

In the event of non-compliance with applicable laws and regulations, Groupe BPCE could be exposed to significant fines and other administrative and criminal penalties that could have a material adverse effect on its financial position, activities and reputation.

Non-compliance risk is defined as the risk of sanction – judicial, administrative or disciplinary – but also of financial loss or damage to reputation, resulting from non-compliance with laws and regulations, professional standards and practices, and ethical standards specific to banking and insurance activities, whether national or international.

The banking and insurance sectors are subject to increased regulatory oversight, both nationally and internationally. The last few years have seen an increase in the volume of new regulations that have introduced significant changes affecting the relationships between investment services providers and customers or investors (e.g. MIFID II, PRIIPS, insurance distribution regulation, market abuse regulation, Personal Data Protection Regulation, Benchmark Regulation, etc.). These new regulations have major impacts on the company's operational processes.

In terms of financial security, the regulatory framework for the fight against money laundering and the financing of terrorism is part of a European trajectory. The Anti-Money Laundering (AML) package, currently in trialogue, will significantly harmonise and raise the level of requirements for regulated professions, particularly the financial sector. This package includes a systemic change in the supervision function due to the establishment, in 2024, of a new European authority, the AML Authority. It will have dual powers: (i) in terms of supervision. By 2027, it will have around 40 entities under its direct supervision, and will supervise the rest of the financial sector indirectly via national authorities, and (ii) in terms of coordinating the EU's financial intelligence units (FIUs). The gradual increase in the EBA's powers in AML-CTF areas also confirms the trend towards bringing these regulations into line with prudential rules, in terms of consolidated supervision requirements for banking groups.

The risk of non-compliance could result, for example, in the use of inappropriate means to promote and market the bank's products and services, inadequate management of potential conflicts of interest, disclosure of confidential or privileged information, failure to comply with due diligence when dealing with suppliers, failure to comply with legal and regulatory obligations to detect financial transactions likely to derive from criminal offenses (e.g.: corruption, tax fraud, drug trafficking, concealed work, the financing of the proliferation of weapons of mass destruction, etc.) committed by customers and linked to acts of terrorism. The risk of non-compliance may also lead to failures in the implementation of international sanctions (embargoes, asset freezes on individuals targeted by national measures applicable in the jurisdictions in which Groupe BPCE is present, European Union restrictions, or extraterritorial sanctions from certain foreign authorities).

Within BPCE, the Compliance function is responsible for overseeing the system for preventing and managing non-compliance risks. Despite this system, Groupe BPCE remains exposed to the risk of fines or other significant sanctions from the regulatory and supervisory authorities, as well as civil or criminal legal proceedings that could have a significant adverse impact on its financial position, activities and reputation.

Any interruption or failure of the information systems belonging to Groupe BPCE or third parties may generate losses (including commercial losses) and may have a material adverse impact on Groupe BPCE's results.

As is the case for the majority of its competitors, Groupe BPCE is highly dependent on information and communication systems, as a large number of increasingly complex transactions are processed in the course of its activities. Any failure, interruption or malfunction in these systems may cause errors or interruptions in the systems used to manage customer accounts, general ledgers, deposits, transactions and/or to process loans. For example, if Groupe BPCE's information systems were to malfunction, even for a short period, the affected entities would be unable to meet their customers' needs in time and could thus lose transaction opportunities. Similarly, a temporary failure in Groupe BPCE's information systems despite back-up systems and contingency plans could also generate substantial information recovery and verification costs, or even a decline in its proprietary activities if, for example, such a failure were to occur during the implementation of a hedging transaction. The inability of Groupe BPCE's systems to adapt to an increasing volume of transactions may also limit its ability to develop its activities and generate losses, particularly losses in sales, and may therefore have a material adverse impact on Groupe BPCE's results.

Groupe BPCE is also exposed to the risk of malfunction or operational failure by one of its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers that it uses to carry out or facilitate its securities transactions. As interconnectivity with its customers continues to grow, Groupe BPCE may also become increasingly exposed to the risk of the operational malfunction of customer information systems. Groupe BPCE's communication and information systems, and those of its customers, service providers and counterparties, may also be subject to failures or interruptions resulting from cybercriminal or cyberterrorist acts. For example, with the digital transformation, Groupe BPCE's information systems are becoming increasingly open to the outside (cloud, big data, etc.). Many of its processes are gradually going digital. Use of the Internet and connected devices (tablets, smartphones, apps used on tablets and mobiles, etc.) by employees and customers is on the rise, increasing the number of channels serving as potential vectors for attacks and disruptions, and the number of devices and applications vulnerable to attacks and disruptions. Consequently, the software and hardware used by Groupe BPCE's employees and external agents are constantly and increasingly subject to cyberthreats. As a result of any such attacks, Groupe BPCE may face malfunctions or interruptions in its own systems or in third-party systems that may not be adequately resolved. Any interruption or failure of the information systems belonging to Groupe BPCE or third parties may generate losses (including commercial losses) due to the disruption of its operations and the possibility that its customers may turn to other financial institutions during and/or after any such interruptions or failures.

The risk associated with any interruption or failure of the information systems belonging to Groupe BPCE or third parties is significant for Groupe BPCE in terms of impact and probability, and is therefore carefully and proactively monitored.

Lastly, it is necessary to note the risk of outsourcing, particularly in external IT services or more generally in connection with critical and important external services within the meaning of French regulations.

Reputational and legal risks could unfavourably impact Groupe BPCE's profitability and business outlook.

As a major player in the financial system, Groupe BPCE relies on the notion of a trusted third party for the general public, its individual customers, companies, investors and all economic players. Damage to Groupe BPCE's reputation, particularly when associated with an unfavourable media campaign, could compromise the relationship of trust between the Group and both internal and external stakeholders.

Groupe BPCE is exposed to reputational risks due to the diversity of its international banking, financial and insurance activities. This risk may arise following criticism concerning, in particular, the promotion and marketing of its products and services, the nature of the financing and investments made, as well as the reputation of the Group's partners. In addition, concerns may arise around BPCE's environmental strategy and social policies or its governance.

Furthermore, Groupe BPCE's reputation could also be compromised by the actions of external entities, such as acts of cybercrime or cyberterrorism, internal or external fraud or embezzlement. Significant damage to Groupe BPCE's reputation could restrict its ability to enter into or continue existing relationships with its counterparties, customers or service providers and weaken its attractiveness to employees and candidates, resulting in an adverse effect on its financial position and business prospects.

Inadequate management of reputational risk would limit the mitigation of negative impacts and could also increase Groupe BPCE's legal risk. This could lead to an increase in the number of legal actions and the risk of being ordered to pay damages, while exposing the Group to sanctions from regulatory authorities. For more information, please refer to the "Legal Risks" chapter of this document. Like reputational risk, these litigations could also have repercussions on Groupe BPCE's financial position and its business outlook.

At 31 December 2024, the total provisions for legal and tax risks amounted to €994 million.

Unforeseen events may interrupt Groupe BPCE's operations and cause losses and additional costs.

Unforeseen events such as a serious natural disaster, events related to climate risk (physical risk directly related to climate change), a new pandemic, attacks or any other emergency, could cause a sudden interruption of the activities of the Groupe BPCE's entities and in particular affect Groupe BPCE's main critical business lines (in particular liquidity, means of payment, securities, loans to individuals and companies, and fiduciary) and result in substantial losses to the extent that they are not, or insufficiently, covered by an insurance policy. These losses could relate to material assets, financial assets, market positions or key employees, and have a direct and potentially material impact on Groupe BPCE's net income. Moreover, such events may also disrupt Groupe BPCE's infrastructure, or that of a third party with which Groupe BPCE does business, and generate additional costs (relating in particular to the cost of re-housing the affected personnel) and increase Groupe BPCE's costs (such as insurance premiums). Such events may invalidate insurance coverage of certain risks and thus increase Groupe BPCE's overall level of risk.

At 31 December 2024, the majority of Groupe BPCE's operational risk losses were in the business line "Payment and Settlement" at 41%. They are concentrated in the Basel category "External fraud", which accounts for 37%.

The failure or inadequacy of Groupe BPCE's risk management and hedging policies, procedures and strategies may expose it to unidentified or unexpected risks which may trigger unforeseen losses.

Groupe BPCE's risk management and hedging policies, procedures and strategies may not succeed in effectively limiting its exposure to all types of market environments or all kinds of risks, and may even prove ineffective for some risks that the Group was unable to identify or anticipate. Furthermore, the risk management techniques and strategies employed by Groupe BPCE may not effectively limit its exposure to risk and do not guarantee that overall risk will actually be lowered. These techniques and strategies may prove ineffective against certain risks, in particular those that Groupe BPCE has not previously identified or anticipated, given that the tools used by Groupe BPCE to develop risk management procedures are based on valuations, analyses and assumptions that may prove to be inaccurate. Some of the indicators and qualitative tools used by Groupe BPCE to manage risk are based on the observation of past market performance. To quantify risk exposures, risk managers carry out a statistical analysis of these observations.

These tools and indicators may not be able to predict future risk exposures. For example, these risk exposures may be due to factors that Groupe BPCE may not have anticipated or correctly assessed in its statistical models or due to unexpected or unprecedented shifts in the market. This would limit Groupe BPCE's risk management capability. As a result, losses incurred by Groupe BPCE may be higher than those anticipated on the basis of past measurements. Moreover, the Group's quantitative models cannot factor in all risks. While no significant problem has been identified to date, the risk management systems are subject to the risk of operational failure, including fraud. Some risks are subject to a more qualitative analysis, which may prove inadequate and thus expose Groupe BPCE to unexpected losses.

Groupe BPCE is also exposed to the risk of cybercrime. Cybercrime refers to a set of malicious and/or fraudulent acts using digital means, including those based on artificial intelligence (AI), to achieve higher levels of persuasion, in order to access data (personal, banking, insurance, technical or strategic), processing and users to cause significant harm to a company and its employees, partners, customers and counterparties.

Actual results may vary compared to assumptions used to prepare Groupe BPCE's financial statements, which may expose it to unexpected losses.

In accordance with current IFRS standards and interpretations, Groupe BPCE must use certain estimates when preparing its financial statements, in particular accounting estimates relating to the determination of impairment for credit risk and provisions for employee benefits or provisions for litigation, estimates relating to the determination of the fair value of certain financial assets and liabilities, etc. If the values used for the estimates by Groupe BPCE prove to be materially inaccurate, in particular in the event of major and/or unexpected market trends, or if the methods used to calculate these values are modified due to future changes in IFRS standards or interpretations, Groupe BPCE may be exposed to unexpected losses.

Information on the use of estimates and judgements is provided in note 2.3 "Use of estimates and judgements" to Groupe BPCE's consolidated financial statements, included in its Universal Registration Document.

1.5 Insurance risks

A deterioration in the market situation, and in particular an excessive fluctuation in interest rates (both upwards and downwards) and/or a deterioration in spreads or equity markets, or an increase in the cost of reinsurance, could have a significant negative impact on the financial position and solvency of Life and Non-Life insurance companies.

The main risk to which Groupe BPCE's insurance subsidiaries are exposed is financial market risk. Exposure to this risk is mainly linked to the capital guarantee on the scope of euro funds for savings products and to unrealised capital gains or losses on portfolio investments.

Among the financial risks, interest rate risk is structurally significant due to the predominantly bond component of euro funds on savings products, as well as to unrealised capital gains or losses on portfolio investments.

Among financial risks, interest-rate risk is structurally significant due to the predominantly bond-based composition of assets backing commitments. Fluctuations in interest rates may have the following consequences:

- in the case of higher rates: reduce the competitiveness of the euro-denominated offer (by making new investments more attractive) and trigger waves of redemptions and major arbitrages on unfavourable terms with unrealised capital losses on outstanding bonds;
- in the case of lower rates: in the long term, make the return on general funds too low to enable them to honour their capital guarantees.

As a result of the asset allocation, the widening of spreads and the fall in the equity markets could also have a significant negative impact on the results of Groupe BPCE's insurance business, particularly through lower valuations of investments at fair value through profit or loss and the setting aside of provisions for impairment.

A mismatch between the level and cost of claims anticipated by insurers, on the one hand, and premiums and provisions on the other, could have a significant adverse impact on the results and financial position of the non-life, personal protection and surety potion of its insurance activities.

The main risk to which Groupe BPCE's insurance subsidiaries are exposed in connection with these latter activities is underwriting risk. This risk results from the mismatch between, on the one hand, the claims actually incurred and the amounts actually paid as compensation for these claims and, on the other hand, the assumptions used by the subsidiaries to set the rates of their insurance products and establish technical provisions for possible compensation.

Companies use both their own experience and industry data to establish loss ratio and actuarial estimates, including the pricing of insurance products and the establishment of related technical provisions. However, reality may differ from these estimates, and unforeseen risks such as pandemics or natural disasters could result in higher-than-expected payments to policyholders. In this respect, changes in climate phenomena (known as “physical” climate risks) are subject to particular vigilance.

In the event of claims exceeding the underlying assumptions initially used to establish provisions, or if events or trends lead to changes in the underlying assumptions, companies could be exposed to greater liabilities than anticipated, which could adversely affect their results and financial position. This could be the case in connection with the climatic hazards described above.

The various actions implemented in recent years, particularly in terms of financial coverage, reinsurance, business diversification and investment management, have also contributed to the resilience of the capital adequacy of Groupe BPCE's insurance subsidiaries.

1.6 Regulatory risks

Groupe BPCE is subject to significant regulation in France and in several other countries around the world where it operates; regulatory measures and changes could have a material adverse impact on Groupe BPCE's business and results.

The business and results of Groupe BPCE entities may be materially impacted by the policies and actions of various regulatory authorities in France, other governments of the European Union, the United States, foreign governments and international organisations. Such constraints may limit the ability of Groupe BPCE entities to expand their businesses or conduct certain activities. The nature and impact of future changes in such policies and regulatory measures are unpredictable and are beyond Groupe BPCE's control. Moreover, the general political environment has evolved unfavourably for banks and the financial industry, resulting in additional pressure on the part of legislative and regulatory bodies to adopt more stringent regulatory measures, despite the fact that these measures may have adverse consequences on lending and other financial activities, and on the economy. Given the ongoing uncertainty related to new legislative and regulatory measures, it is impossible to predict their impact on Groupe BPCE, but it could be materially unfavourable.

Groupe BPCE may have to reduce the size of some of its activities to comply with new requirements. New measures are also liable to increase the cost of compliance with new regulations. This could cause revenues and consolidated profit to decline in the relevant business lines, sales to decline in certain activities and asset portfolios, and asset impairment expenses.

The new banking package (CRR III/CRD VI directive) was published on 19 June 2024 in the Official Journal of the European Union. This banking package implements the last phase of the Basel III regulatory reform in the European Union. Most of the provisions of the CRR III are applicable from 1 January 2025. However, the rules relating to market risks have been postponed for one year to 1 January 2026. The implementation of these reforms may result in higher capital and liquidity requirements, which could impact Groupe BPCE funding costs.

On 26 November 2024, the Financial Stability Board ("FSB"), in consultation with the Basel Committee on banking supervision and national authorities, published the 2024 list of global systemically important banks ("G-SIBS"). Groupe BPCE is classified as a G-SIB by the FSB. Groupe BPCE also appears on the list of global systematically important institutions ("G-SIIs") for financial year 2024.

These regulatory measures, which may apply to various Groupe BPCE entities, and any changes in such measures may have a material adverse impact on Groupe BPCE's business and results.

Legislation and regulations have recently been enacted or proposed in recent years with a view to introducing a number of changes, some permanent, in the global financial environment. These new measures, aimed at avoiding a new global financial crisis, have significantly altered the operating environment of Groupe BPCE and other financial institutions, and may continue to alter this environment in the future. Groupe BPCE is exposed to the risk associated with changes in legislation and regulations. These include the new prudential backstop rules, which measure the difference between the actual provisioning levels of defaulted loans and guidelines including target rates, depending on the age of the default and the presence of guarantees.

In today's evolving legislative and regulatory environment, it is impossible to foresee the impact of these new measures on Groupe BPCE. The updating or development of programmes to ensure compliance with these new legislative and regulatory measures and of its information systems in response to or in anticipation of the new measures generates, and could in the future generate, significant costs for the Group. Despite its best efforts, Groupe BPCE may also be unable to fully comply with all applicable laws and regulations and may thus be subject to financial or administrative penalties. In addition, new legislative and regulatory measures could force the Group to adapt its activities and/or consequently affect its results and financial position. Lastly, new regulations may require Groupe BPCE to strengthen its equity or increase its total funding costs.

The late publication of regulatory standards could also lead to delays in their implementation in Groupe BPCE tools.

The risk associated with regulatory measures and subsequent changes to such measures is significant for Groupe BPCE in terms of impact and probability, and is therefore carefully and proactively monitored.

BPCE may have to help entities belonging to the financial solidarity mechanism in the event they experience financial difficulties, including entities in which BPCE holds no economic interest.

As the central body of Groupe BPCE, BPCE guarantees the liquidity and capital adequacy of each regional bank (the Banques Populaires and the Caisses d'Epargne), as well as other members of the Group of affiliated companies that are credit institutions subject to French regulations. The Group of affiliates includes BPCE subsidiaries, such as Natixis, Crédit Foncier de France, Oney and Banque Palatine. In the case of Groupe BPCE, all institutions affiliated with Groupe BPCE's central body benefit from a guarantee and solidarity mechanism whose purpose, in accordance with articles L. 511-31, L. 512-107-5 and L. 512-107-6 of the French Monetary and Financial Code, is to guarantee the liquidity and capital adequacy of all affiliated institutions and to organise financial solidarity within the Group.

This financial solidarity is based on legislative provisions establishing a legal principle of solidarity requiring the central body to restore the liquidity or capital adequacy of affiliates in difficulty, and/or all of the Group's affiliates, by virtue of the unlimited nature of the principle of solidarity, BPCE is entitled at any time to ask any one or more or all of the affiliates to contribute to the financial efforts necessary to restore the situation, and may, if necessary, mobilise up to all the cash and equity of the affiliates in the event of difficulty for one or more of them.

The three guarantee funds created to cover the liquidity and insolvency risks of Groupe BPCE are described in note 1.2 "guarantee mechanism" to the consolidated financial statements of Groupe BPCE included in the 2021 universal registration document. The regional banks are obligated to make additional contributions to the guarantee fund on their future profits. While the guarantee funds represent an important source of resources to finance the solidarity mechanism, there is no guarantee that they will be sufficient. If the guarantee funds prove insufficient, BPCE, due to its missions as a central institution, will have to do everything necessary to restore the situation and will have the obligation to make up the deficit by implementing the internal solidarity mechanism that it has put in place, by mobilising its own resources, and may also make unlimited use of the resources of several or all of its affiliates.

As a result of this obligation, if a member of the Group were to encounter major financial difficulties, the event underlying those financial difficulties could then have a negative impact on the financial position of BPCE and that of the other affiliates thus called upon to support the Group under the principle of financial solidarity.

Investors in BPCE's securities could suffer losses if BPCE and all of its affiliates were to be subject to liquidation or resolution procedures.

The EU regulation on the single resolution mechanism no. 806/214 and the EU directive on the recovery and resolution of credit institutions no. 2014/59 as amended by EU directive no. 2019/879 (the "BRRD"), as transposed into French law in Book VI of the French Monetary and Financial Code, give the resolution authorities the power to impair BPCE securities or, in the case of debt securities, convert them into equity.

Resolution authorities may write down or convert equity instruments, such as BPCE's tier 2 subordinated debt securities, if the issuing institution or the Group to which it belongs is failing or likely to fail (and there is no reasonable prospect that another measure would avoid such failure within a reasonable time period), becomes non-viable, or requires extraordinary public support (subject to certain exceptions). They must impair or convert equity instruments before initiating a resolution procedure or if resorting to it is necessary to preserve the viability of an institution. The impairment or conversion of equity instruments must be carried out in order of priority, such that common equity tier 1 instruments are impaired first, then additional tier 1 instruments are impaired or converted into equity instruments, followed by tier 2 instruments. If the write-down or conversion of equity instruments is not sufficient to restore the financial health of the institution, the bail-in power held by the resolution authorities may be applied to write down or convert eligible liabilities, such as BPCE's senior non-preferred and senior preferred securities.

At 31 December 2024, total Tier-1 capital amounted to €73.8 billion and Tier-2 prudential capital to €12.2 billion. Senior non-preferred debt instruments amounted to €36.4 billion at that date, of which €32.5 billion had a maturity of more than one year and were therefore eligible for TLAC and MREL.

As a result of the complete legal solidarity, and in the extreme case of a liquidation or resolution proceeding, one or more affiliates may not find itself subject to court-ordered liquidation, or be affected by resolution measures within the meaning of the "BRRD", without all affiliates and BPCE also being affected. In accordance with articles L. 613-29 and L. 613-55-5 of the French Monetary and Financial Code, the respective procedures for compulsory liquidation and resolution measures aretherefore implemented in a coordinated manner with regard to the central body and all of its affiliates.

Article L. 613-29 also provides that in the event of court-ordered liquidation thus necessarily affecting all affiliates, the external creditors, of the same rank or enjoying identical rights, of all the affiliates would be treated in the order of the hierarchy of creditors equally, regardless of their attachment to a particular affiliated entity. This means that holders of AT1 and other *pari passu* securities would be more affected than holders of tier 2 and other *pari passu* securities, themselves more affected than external senior non-preferred debt holders, themselves more affected than external senior preferred debt holders. In the event of resolution, and in accordance with article L. 613-55-5 of the French Monetary and Financial Code, identical impairment and/or conversion rates would be applied to debts and receivables of the same rank, regardless of their attachment to a particular affiliated entity in the order of the above-mentioned hierarchy.

Due to the systemic nature of Groupe BPCE and the assessment currently made by the resolution authorities, resolution measures would be more likely to be taken than the opening of judicial liquidation proceedings. A resolution procedure may be initiated against BPCE and all of the affiliates if (i) BPCE's default is proven or foreseeable, (ii) there is no reasonable prospect that another measure could prevent this default within a reasonable time frame, and (iii) a resolution measure is required to achieve the resolution objectives, namely to (a) ensure the continuity of critical functions, (b) avoid significant adverse effects on financial stability, (c) protect the resources of the state by minimising the use of exceptional public financial support, and (d) protect customer funds and assets, particularly those of depositors. Failure of an institution means that it does not respect requirements for continuing authorisation, it is unable to pay its debts or other liabilities when they fall due, it requires extraordinary public financial support (subject to limited exceptions), or the value of its liabilities exceeds the value of its assets.

In addition to the bail-in power, resolution authorities are provided with broad powers to implement other resolution measures with respect to failing institutions or, under certain circumstances, their groups, which may include (without limitation): the total or partial sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), discontinuing the listing and admission to trading of financial instruments, the dismissal of managers or the appointment of a temporary administrator (*administrateur spécial*) and the issuance of capital or equity.

The exercise of the powers described above by resolution authorities could result in the partial or total write-down or conversion to equity of the equity instruments and the debt instruments issued by BPCE, or may substantially affect the amount of resources available to BPCE to make payments on such instruments, potentially causing BPCE investors to incur losses.

Tax legislation and its application in France and in countries where Groupe BPCE operates are likely to have an adverse impact on Groupe BPCE's results.

As a multinational banking group that carries out large and complex international transactions, Groupe BPCE (particularly Natixis) is subject to tax legislation in a large number of countries throughout the world, and structures its activity in compliance with applicable tax rules. Changes in tax schemes by the competent authorities in these countries could materially impact Groupe BPCE's results. Groupe BPCE manages its activities with a view to creating value from the synergies and sales capabilities of its various constituent entities. It also endeavours to structure the financial products sold to its customers in such a way as to take account of their tax consequences and ensure that they are fully tax compliant. The structure of intra-group transactions and financial products sold by entities of Groupe BPCE are based on its own interpretations of applicable tax regulations and laws, generally based on opinions given by independent tax experts, and, as needed, on decisions or specific interpretations by the competent tax authorities. It is possible that in the future tax authorities may challenge some of these interpretations, as a result of which the tax positions of Groupe BPCE entities may be disputed by the tax authorities, potentially resulting in tax re-assessments, which may in turn have an adverse impact on Groupe BPCE's results.

In France, the Barnier government being overthrow meant that the Finance Act for 2025 was not adopted before the end of 2024, which created uncertainty about the taxation levels of activities exercised in France by Groupe BPCE in respect of the 2024 financial year. The Finance Act for 2025 was adopted on 5 February 2025, and provides for an exceptional contribution on the profits of large companies that will only apply to the financial year ended 31 December 2025 (an exceptional contribution of 41.20%, increasing the effective tax rate to 36.2%). The corporate income tax rate remained at 25.83% for the financial year ended 31 December 2024.

Details of ongoing tax disputes are presented in the Legal risks section of this Universal Registration Document.

2 Governance and risk management system

2.1 Groupe BPCE system

The risk management function and the compliance certification function ensure, among other tasks, the permanent control of risks and compliance.

The Risk Management and/or Compliance Departments ensure the effectiveness of the risk management system. They ensure the assessment and prevention of risks, the development of the risk policy integrated into the management policies of operational activities and the permanent monitoring of risks.

Within BPCE's central body, the Risk Management Department and the General Secretariat in charge of compliance, security and permanent controls ensure the consistency, uniformity, effectiveness and completeness of the measurement, monitoring and management of risks. These departments are responsible for the Group's consolidated risk management.

The missions of the latter are carried out independently of the operational departments. Its operating procedures, particularly in terms of business lines, are set out in the Group's Risks, Compliance and Permanent Control Charter, approved by the Management Board of BPCE on 7 December 2009 and last updated in December 2021, in line with the order of 3 November 2014, as amended on 25 February 2021, dedicated to internal control. The Risk Management and Compliance Department of our institution is attached to it by a strong functional link.

2.2 Risk Management, Compliance, Permanent Control and Financial Security Department (RCS)

Banque Palatine's Risk Management and Compliance Department reports to the Chief Executive Officer and reports functionally to the BPCE Risk Management Department and to the Group General Secretariat in charge of compliance and permanent controls.

The Risk Management and Compliance Department covers all risks: credit risks, financial risks, operational risks, non-compliance risks as well as cross-functional risk management and control activities. In accordance with article 75 of the order of 3 November 2014, as amended on 25 February 2021, regarding internal control, it provides for the measurement, monitoring and control of risks.

To ensure its independence, the risk and compliance functions, which are separate from the other internal control functions, are independent of all functions carrying out commercial, financial or accounting transactions.

In risk management, Banque Palatine applies all principles of the Group's Risks, Compliance and Permanent Control Charter. The Risk Management and Compliance Department independently controls the correct application of standards and methods of risk measurement, including limits and delegation frameworks. It makes sure the risk policy is respected within the framework of its second-level permanent controls.

The effective managers ensure that the risk management systems put in place are appropriate to the risk profile and the business strategy of the institution, in accordance with the regulations concerning the prudential requirements applicable to credit institutions and investment entities (European directives CRR2 and CRD4).

The Risk Management and Compliance Department:

- proposes Banque Palatine's risk policy, in line with the Group's risk policy (limits, caps, etc.);
- identifies risks, establishes a macro-mapping with a list of priority risks and manages the annual process of reviewing the risk appetite system and the annual control plan;
- contributes to the development of risk management systems and policies regarding operational activities (quantitative limits, framework for delegations of authority, analysis of new products or new activities);
- confirms and ensures second-level control of risks (standards for valuing transactions, provisions, risk management systems);
- contributes to the definition of the first-level permanent control standards for risks and/or compliance and ensures their proper application (the definition of Group standards and methods being the responsibility of the central body);

- ensures the monitoring of all risks, including non-compliance, in particular the reliability of the system for detecting limit breaches and the monitoring and control of their resolution;
- assesses and controls the level of risks (stress scenarios, etc.);
- prepares risk reports for the executive bodies (the effective managers and the Board of Directors), contributes to the legal or regulatory reports and alerts the effective managers and the Board of Directors in the event of a significant incident (article 98 of the order of 3 November 2014, as amended on 25 February 2021, regarding internal control);
- contributes to the dissemination of the risk and compliance culture within the institution.

2.2.1 Dedicated organisation and resources

The Risk Management and Compliance Department has 45 employees, broken down as follows:

- the Credit Risk Department;
- the Prudential Management Department (RWA and prudential ratios, monitoring);
- the Operational Risk and Anti-Fraud Coordination Department, the data protection and security function, including information systems security and business continuity;
- the Financial Risks Department (market risks and ALM risks);
- the Compliance and Ethics Department;
- the Financial Security Department (AML-CFT and international sanctions);
- the Permanent Control Department;
- the Financial Control Department;

Thus, its organisation effectively breaks down the specialised functions by risk area, mainly: credit risks, financial risks, operational risk and non-compliance risks with the support of the cross-functional vision conferred by the coordination of permanent controls and by the financial control in charge of second-level controls of the bank’s accounting and financial information.

Structuring decisions in terms of risk and compliance are made by the Executive Risk Committee which meets quarterly and is responsible for managing all risks.

This committee is responsible for defining the institution’s major risk guidelines (limits, risk policies, delegated charters, etc.). It regularly reviews the main credit, operational and financial risks of our institution.

2.2.2 Organisation of internal control for consolidated companies of the Banque Palatine Group

The Risk Management and Compliance Department covers the entire consolidated scope of Banque Palatine and in particular Palatine Asset Management, a portfolio management company, and Ariès Assurances, an insurance brokerage company operating in the field of collective social protection.

Palatine Asset Management has a head of compliance and internal control in charge of second-level controls and reporting functionally to the Chief Risk and Compliance Officer of Banque Palatine.

He or she reports back to the Palatine Asset Management Audit Committee which includes, as permanent guests:

- the Chief Risk and Compliance Officer of Banque Palatine;
- Banque Palatine's head of internal audit.

The minutes of the meetings of Palatine Asset Management's Audit and Risk Committee are systematically sent to Banque Palatine's Audit Committee and Risk Committee.

2.2.3 Changes in 2024

The organisation of the Risk Management and Compliance Department was slightly modified in 2024 in order to strengthen its system. The Financial Control Department has been attached to the Permanent Control Department.

A new head of prudential management and a new head of credit risk were recruited to strengthen the teams. Likewise, a new Compliance Director was appointed at the end of the year.

A new head of investment services compliance (RCSI) was validated by the AMF at the end of 2024 following the departure of the employee previously in charge of this function.

2.3 Main risks of 2024

Banque Palatine's overall risk profile corresponds to that of a retail bank but with a strong exposure to the corporate segment, the institution being particularly present in the medium-sized companies market. The risks are mainly concentrated on the credit activity, in order to support and finance the economy.

The breakdown of Banque Palatine's risk-weighted assets at 31 December 2024 was as follows:

- credit risk (including CVA): 93.45%;
- market risk: 0.17%;
- operational risk: 6.38%.

It should be noted for market risk a parallel calculation of CRR regulation (SSA)/CRR2 regulation (FRTB) since the closing of September 2021.

The cost of risk amounted to €62.3 million in 2024, up from €33.1 million in 2023.

2.4 Risk and compliance culture

In carrying out their different tasks, Groupe BPCE's entities are guided by the Group's Internal Control Charter and Risks, Compliance and Permanent Control Charter. The latter specifies in particular that the supervisory body and the effective managers of each institution must promote the risk and compliance culture at all levels of their organisation, and that the Risk Management and Compliance Departments must coordinate the dissemination of the risk and compliance culture among all employees, in coordination with all the other functions of Banque Palatine.

Overall, the Risk Management and Compliance Department:

- participates in risk management and compliance verification functions days, special moments for discussions on risk issues, presentation of the work carried out by the various functions, training and sharing of best practices between institutions which are also broken down by area, the main ones being: loans, financial, operational, non-compliance involving all Group institutions. Dedicated working groups complete this system;
- enhances its regulatory expertise, in particular through the receipt and distribution of educational regulatory documents;
- sets out the organisations and systems used to manage risks, verify compliance and carry out permanent controls;
- carries out regular interventions in the institution's various functions (sales functions, support functions, etc.) to promote the risk and compliance culture;
- is represented by its Chief Risk and Compliance Officer at audio conferences with the central body or regional meetings bringing together the heads of risk and compliance of Groupe BPCE's networks and subsidiaries on topical issues;
- contributes, through its executives or its Chief Risk and Compliance Officer, to the decisions taken by the committees dedicated to the risk management function at Group level, in particular the Group Credit and Counterparty Committee, the Group Watch List and Provisions Committee and the validation of Permanent Control Committee;
- benefits, on behalf of its employees, from an annual training programme distributed by BPCE and supplemented by internal training courses (BPCE's risk & compliance academy courses were followed);
- prepares the macro-risk map for the institution, assessing its risk profile and identifying the main high-priority risks;
- lists the internal models specific to the institution as part of the Group's system for managing model risk;
- manages the annual review of the institution's risk appetite indicators as part of the system put in place by the Group;
- disseminates the risk and compliance culture and shares best practices with the other Groupe BPCE entities;
- measures the level of risk and compliance culture, based on a self-assessment based on a questionnaire of 139 questions on the risk and compliance culture, based on the recommendations of the FSB 2014, AFA 2017 and the EBA 2018 guidelines.

More specifically, to coordinate cross-functional projects, the institution's Risk Management and Compliance Department relies on BPCE's Risk Management Department and the Group General Secretariat in charge of compliance and permanent controls at Groupe BPCE, which contribute to the proper coordination of the risk management and compliance certification function and manage the overall monitoring of risks, including those inherent to compliance within the Group.

2.5 Banque Palatine macro-risk mapping

Banque Palatine's macro-risk mapping complies with the regulations, in particular the order of 3 November 2014, as amended on 25 February 2021, dedicated to internal control, which states in its articles 100, 101 and 102 (repeating the provisions contained in CRBF 97-02) the need for a "risk mapping that identifies and assesses the risks incurred with regard to internal and external factors", as well as with the EBA's "internal governance guidelines" published on 1 July 2018. Banque Palatine meets this obligation with the "macro-risk mapping" system developed by Groupe BPCE.

This macro-mapping aims to secure the activities of the institutions, to consolidate their financial profitability and their long-term development. This risk-based approach, through a rating of the risk management system enables the implementation and monitoring of targeted action plans.

The macro-risk mapping plays a central role in an institution's overall risk management system: through the identification and rating of its risks, in particular through the assessment of the risk management system, each Group institution has its own risk profile and priority risks. This risk-based approach serves to update the risk appetite and the permanent/periodic control plans of Group institutions on a yearly basis.

The integration of the macro-risk mapping in the permanent control management tool PRISCOP makes it possible to automate the risk-control links in the risk management system. Action plans targeting high-priority risks are defined with the goal of reducing and/or managing risks.

The results of the macro-risk mapping contribute to the exercise of the supervisory review and evaluation process (SREP) of the Group, by identifying the main risks in the risk management and prudential approach and feeding in particular the annual internal control report, the internal capital adequacy assessment process (ICAAP) report.

In 2023, a consolidation of the macro-mapping was carried out for each of the networks. Each institution is able to compare the results of its own macro-level risk mapping with those of its network. Action plans set up by the institutions to address their priority risks were also consolidated.

2.5.1 Risk appetite system

Groupe BPCE's risk appetite is defined as the level of risk it is willing to accept with the goal of increasing its profitability while maintaining solvency. This risk appetite must be aligned with the institution's operating environment, strategy and business model, while making customer interests the top priority. In determining its risk appetite, Groupe BPCE aims to steer clear of any major pockets of concentration and to optimise equity allocation.

The system is based on:

- the definition of the Group's risk profile (or Risk Appetite Statement) which ensures consistency between the Group's DNA, its cost and revenue model, its risk profile and its loss-absorbing capacity as well as its risk management system;
- indicators covering all the main risks to which the bank is exposed and completed by the limits or thresholds triggering the measures and specific governance in the event of overruns;
- governance integrated into the Group's governance bodies for its creation and review as well as in the event of a major incident; as well as a roll-out of all the principles at each Group institution;
- a full operational inclusion with cross-cutting systems for financial planning.

The risk appetite is defined according to five criteria specific to Groupe BPCE:

- its DNA;
- its cost and revenue model;
- its risk profile;
- its capacity to absorb losses;
- and its risk management system.

Groupe BPCE's DNA

As a decentralised and supportive cooperative group, Groupe BPCE organises its business around capital held mainly locally in its regional institutions and centralised market funding optimising the resources provided to the entities. Due to its cooperative nature, Groupe BPCE aims to provide its customers with the best service over the long term, while generating long-term results.

Groupe BPCE:

- must preserve the solvency, liquidity and reputation of each Group entity – a duty assumed by the central institution through the oversight of consolidated risks, a risk policy and shared tools;
- is made up of regional entities and banks, which own the Group and its subsidiaries. In addition to normal management operations, in the event of a crisis, solidarity mechanisms between Group entities ensure the circulation of capital and prevent the entities or the central institution from defaulting;
- focuses on the structuring risks of its universal banking business model, with a predominant component in retail banking in France, while integrating other business lines necessary to serve all customers;

- diversifies its exposures by developing certain activities in line with its strategic plan:
  - development of bancassurance and asset management,
  - international development (mainly global customers banking and asset management and more targeted retail banking).

In terms of risk profile, Groupe BPCE bears risks that are intrinsically linked to its retail banking businesses and its global customers banking activities.

The institution's DNA

Banque Palatine is a financing bank with a strong activity in the corporate market and a strong presence in the medium-sized companies market. Banque Palatine supports corporate customers in their various needs, in particular the financing of their international and equity financing transactions, as well as the management of their foreign exchange and interest rate risks.

Banque Palatine is also exposed to retail credit risks, but more particularly in the private customer market.

As a wholly-owned subsidiary of BPCE, Banque Palatine's priority is to provide the best customer service while preserving solvency and long-term profitability.

2.5.1.1 Business model

Groupe BPCE focuses on the structuring risks of its banking and insurance business model, with a predominant component in retail banking in France, while integrating other business lines required to serve the Group's customers.

It is fundamentally a universal bank in all segments and markets and is present throughout the country through two competing networks whose regional entities have territorial jurisdiction defined by their region of activity. In order to strengthen this franchise and offer a complete range of services to its customers, Groupe BPCE is developing an economic financing activity, mainly for SMEs, professionals and individuals.

Certain activities (in particular specialised financial services, global customers banking, asset management, insurance) are housed in specialised subsidiaries.

Lastly, given the context of changes in interest rates in which Groupe BPCE operates, on the one hand, and the commitment to generate resilient and recurring income, on the other, the Group maintains a balance between the search for profitability and the risks related to its activities.

Banque Palatine has a more specialised customer profile in the medium-sized corporate and wealth management customer segments. It offers all the services of a retail bank and relies on the Group's specialised financial services. An activity dedicated to asset management also meets the more specific needs of its customers and is housed in a subsidiary.

2.5.1.2 Risk profile

The balance between the search for profitability and the level of risk accepted is reflected in Groupe BPCE's risk profile and is reflected in the Group's risk management policies.

Banque Palatine assumes risks intrinsically linked to its retail banking business lines, more specifically for corporate and wealth management customers.

Due to its business model, the following risks are assumed:

- the credit and counterparty risk resulting from the predominant activity of lending to individuals and companies is controlled through Group risk policies, included in its risk policy, concentration limits by counterparty, country and sector and an appropriate delegated system supplemented by portfolio monitoring and a monitoring system;
- the structural interest rate risk is linked in particular to its intermediation and transformation activity, which is closely linked to its lending activity. It is governed by common Group standards and its own limits;
- the liquidity risk is managed at Group level, which allocates liquidity to Banque Palatine to supplement the customer resources raised locally. In addition, Banque Palatine is responsible for managing its liquidity reserve in accordance with Group rules;
- the non-financial risks are governed by standards that cover non-compliance risks, fraud, information system security, conduct risks, legal and other operational risks. To this end the following are implemented:
  - a common data collection framework for all of the Group's establishments and tools for annual mapping and reporting of losses and incidents over time,
  - monitoring of the major risks and risks to be managed by Banque Palatine,
  - action plans on specific risks and enhanced monitoring of emerging risks.

Lastly, the alignment of the requirements of individual customers and credit investors imposes a very strong aversion to reputational risk.

Banque Palatine focuses on specific market risk scopes that remain limited since the positions taken for customers are systematically hedged.

The evolution of its business model extends its exposure to certain types of risks, in particular risks related to asset management and the development of international activities.

It is prohibited to engage in uncontrolled activities or trading on own account. Activities with high risk profiles and profitability are strictly regulated.

Whatever the activities, entities or regions, Banque Palatine's employees aim to operate at the highest level of ethics and conduct, and according to the highest standards of execution and security of operations.

Risk management is governed by:

- governance with dedicated committees to monitor all risks;
- framework documents (guidelines, policies, standards, etc.) and charters;
- a permanent control system.

2.5.1.3 Capacity to absorb losses

Groupe BPCE has a high level of liquidity and solvency, reflecting, where applicable, its ability to absorb the occurrence of a risk at the entity or Group level.

In terms of solvency, the Group is able to absorb the risk over the long term through its capital structure.

In terms of liquidity, the Group has a significant reserve composed of cash and securities to meet regulatory needs, to satisfy stress tests and also to access unconventional financing mechanisms with central banks. It also has good quality assets eligible for market refinancing schemes and those offered by the ECB.

The Group ensures the robustness of this system through the implementation of global stress tests carried out on a regular basis. They are intended to verify the Group's resilience, particularly in the event of a serious crisis.

Banque Palatine's loss-absorbing capacity is closely monitored and relies in particular on the monitoring of the concentration risk of the credit portfolio and the monitoring of liquidity risk and the quality of the assets of the reserve.

2.5.1.4 Risk management system

The implementation of the risk appetite is based on four essential components: (i) the definition of common benchmarks, (ii) the existence of a set of limits in line with those defined by the regulations, (iii) the distribution of expertise and responsibilities between local and central, and (iv) the functioning of governance within the Group and the various entities, allowing an effective and resilient application of the risk appetite system.

The establishment:

- is primarily responsible for the management of its risks within its scope and has, as such, dedicated permanent control manager(s);
- manages the risk appetite components through a set of standards and guidelines drawn from Internal Control Charters designed at Group level;
- lastly, our institution has adopted a set of limits applicable to the various risks and applied at Group level.

The Group and the institution's risk appetite system is regularly updated. Any exceeding of the quantitative limits defined in the risk appetite system is subject to an alert and an appropriate remediation plan that can be approved by the Executive Management Committee and communicated to the Board of Directors if necessary.

2.6 Disclosures by the governing body within the meaning of article 98 of the order of 3 November 2014 on internal control

2.6.1 Operational risk

The bank's control processes include the immediate reporting to executive management, the Board of Directors, BPCE and the ACPR - *Autorité de Contrôle Prudentiel et de Résolution* of any provisioned or definitive loss greater than or equal to 0.5% of its common equity tier 1, for operational risks, in accordance with article 98 of the order of 3 November 2014 on internal control, and BPCE's decisions.

In this regard, one incident was reported in 2024.

2.6.2 Credit risk

Banque Palatine is subject to the Groupe BPCE standard on credit risks of 2 December 2015, which sets an alert threshold of 2% of equity.

This threshold, calculated on the basis of the equity at 31 December 2024, amounts to €26.8 million.

In this regard, no incidents were reported in 2024.

3 Capital management and equity adequacy

3.1 Regulatory framework

The Basel III agreement, transposed into European Union legislation through the capital requirements regulation (CRR) and the capital requirements directive (CRD), which were passed by the European Parliament on 16 April 2013 and published in the official journal of the European Union on 26 June 2013, defined the prudential supervision rules applicable to credit institutions and investment companies. Institutions concerned are required to maintain an overall capital adequacy ratio of at least 8% at all times.

The CRR and CRD IV texts were reviewed on 7 June 2019. The CRR 2 and CRD V texts were published in the official journal of the European Union for implementation in June 2021.

This capital adequacy ratio is equal to the ratio between total equity and the sum of:

- assets weighted by credit, counterparty and dilution risk;
- equity requirements with respect to the prudential supervision of market, operational and credit valuation adjustment (CVA) risk multiplied by 12.5.

Article 92 (1) of the CRR sets a minimal common equity tier 1 ratio of 4.5% and a minimal equity tier 1 ratio of 6%.

Regulatory equity and Basel III capital adequacy ratios

in millions of euros	31/12/2024	31/12/2023
Consolidated equity	1,180.78	1,157.85
Perpetual deeply subordinated notes classified as other comprehensive income	(100.00)	(100.00)
Consolidated equity excluding perpetual deeply subordinated notes classified as equity	1,080.78	1,057.85
Non-controlling interests		
Common equity tier 1 (CET1) before deductions	1,049.46	1,034.36
Deductions from common equity		
• Goodwill		
• Other intangible fixed assets	(4.08)	(4.08)
Other prudential adjustments	(62.81)	(53.28)
Common equity tier 1 (CET1)	982.57	977.00
Deeply subordinated notes		
Other additional equity tier 1 (AT1)	100.00	100.00
Equity tier 1 (A)	**1,082.57**	**1,077.00**
Equity tier 2	257.83	237.92
Equity tier 2 (B)	**257.83**	**237.92**
TOTAL REGULATORY EQUITY (A + B)	**1,340.40**	**1,314.92**
Credit risk-weighted assets	9,903.00	10,000.14
Market risk-weighted assets	17.55	53.81
Operational risk-weighted assets	677.79	650.39
CVA risk-weighted assets	20.68	13.72
TOTAL BASEL III RISK-WEIGHTED ASSETS	**10,619.01**	**10,718.05**
Capital adequacy ratios		
Core tier 1 ratio	9.25%	9.12%
Tier 1 ratio	10.19%	10.05%
Total capital adequacy ratio	12.62%	12.27%

3.2 Composition of equity

The regulatory equity is determined in accordance with EU Regulation no. 575/2013 (“CRR”) of 26 June 2013, as amended by EU Regulation no. 2019/876 (“CRR2”), on the prudential requirements applicable to credit institutions and investment firms.

They are organised into three main categories:

- common equity tier 1 (CET1);
- additional equity tier 1 (ATI); and
- equity tier 2.

These categories are broken down according to decreasing degrees of solidity and stability, duration and degree of subordination.

3.2.1 Common equity tier 1 (CET1)

Common equity tier 1 consists of the share capital and related share premiums, reserves, retained earnings, the fund for general banking risks, subject to adjustments and regulatory deductions (e.g. elimination of minority interests, deductions of goodwill and intangible assets).

The CET1 equity of €982.56 million includes the following items:

- capital, reserves, and undistributed profits: €1,049.46 million;
- prudential restatements (including goodwill, intangible assets and prudential backstop): -€66.9 million.

3.2.2 Additional equity tier 1 (AT1)

Additional equity tier 1 corresponds to perpetual debt instruments that feature no redemption incentive or obligation. At1 instruments are subject to a loss absorption mechanism that is triggered when the CET1 ratio falls below a threshold, which must be at least 7%.

In March 2018, Banque Palatine held a €100 million issue of the most deeply subordinated perpetual debt qualifying for AT1 equity.

3.2.3 Equity tier 2

Equity tier 2 corresponds in particular to subordinated instruments issued, meeting the restrictive eligibility criteria according to article 62 of the CRR2. Banque Palatine's equity tier 2 consists of five eligible fixed-term subordinated loans amounting to €340 million:

- €150 million (issued on 7 December 2015 and maturing in 2025);
- €50 million (issued on 22 December 2017 and maturing in 2027);
- €25 million (issued on 28 September 2022 and maturing in 2032);
- €75 million (issued on 27 March 2023 and maturing in 2033);
- €40 million (issued on 18 December 2023 and maturing in 2033).

The €150 million loan has been amortised prudentially since 31 December 2020.

3.3 Equity requirements and risk-weighted assets

The bank calculates its risk-weighted exposures using the standardised approach for credit, market, operational and CVA risk.

Weighted risks for credit, market, operational risk and credit valuation adjustment risk

in millions of euros	Risk-weighted exposures 31/12/2024	Risk-weighted exposures 31/12/2023
Central governments or central banks	92	83
Public sector entities	0	0
Institutions	64	21
Secured bonds	3	3
Corporate customers	6,735	6,729
Retail	235	342
High risk exposures	575	780
Exposures secured by a real estate mortgage	1,763	1,567
Exposures in default	303	328
Collective investment undertakings	16	20
Exposure in the form of shares	15	3
Other items	99	124
Credit risk exposures	9,903	10,000
Market risk exposure	18	3
Operational risk exposures	678	608
CVA risk exposures	21	26
TOTAL AMOUNT OF RISK EXPOSURES	**10,619**	**10,637**
CET1 equity	983	977
CET1 ratio	**9.25%**	**9.12%**
Equity tier 1	1,083	1,077
AT1 ratio	**10.19%**	**10.05%**
Total equity	1,340	1,315
Total capital adequacy ratio	**12.62%**	**12.27%**

At 31 December 2024, the weighted risks calculated in accordance with Basel III reference framework amounted to €10,619 million.

The "Basel III" calculation methods for the solvency ratio are defined in accordance with the texts passed on 16 April 2013 by the European Parliament and published in the official journal of the European Union on 26 June 2013, as amended by Regulation no. 2019/876 (CRR2) as well as the European regulations adopted pursuant to CRR/CRR2. Payments are also supplemented by Technical standards of the European Banking Authority, such as the ratio between overall regulatory equity and the sum of:

- credit risk-weighted exposures calculated by Banque Palatine using the standardised approach;
- equity requirements with respect to the prudential supervision of market, operational and credit valuation adjustment (CVA) risk multiplied by 12.5.

3.4 Leverage ratio

The leverage ratio aims to control the development of the leverage effect on the balance sheets of institutions with regard to their equity. Its calculation methods are determined by the CRR2 Regulation, EU Regulation no. 2019/976 amending the CRR regulation, and EU Regulation no. 2013/575 and amended by EU Regulation no. 2020/873. The CRR2 regulation is applicable from 28 June 2021 in the European Union.

The leverage ratio is equity tier 1 divided by exposures, which means on- and off-balance sheet assets, restated for derivatives, securities financing transactions and assets deductible from capital. The minimum leverage ratio is currently 3%.

Banque Palatine's leverage ratio, calculated in accordance with the European commission delegated regulation of 10 October 2014, was 7.01% at 31 December 2024, compared with 6.99% for the previous financial year, based on its equity tier 1.

in millions of euros	31/12/2024	31/12/2023
TOTAL CONSOLIDATED ASSETS ACCORDING TO PUBLISHED FINANCIAL STATEMENTS	**19,142**	**18,766**
Adjustment for financial derivatives	(52)	(15)
Adjustment for commitments given (conversion of loan-equivalent amounts of off-balance sheet exposures)	2,063	2,169
Adjustments for equity	(18)	(17)
Intra-group deductions (1)	(5,055)	(4,956)
Deduction of *livret A*, LDD and LEP passbook savings accounts (2)	(630)	(542)
Deduction of central bank exposures	0	0
TOTAL LEVERAGE EXPOSURES	**15,451**	**15,407**

(1) *This is an exemption for intra-group transactions only for counterparties established in the same member state as the institution according to article 429a1 c) exposures that receive a risk weight of 0% in accordance with the article 113 § 6 or § 7.*

(2) *The CRR2 Regulation makes the exemption relating to centralised savings mandatory with Caisse des dépôts for 100% of the centralised outstandings automatic (429a1(j)).*

3.5 Quality controls on accounting and financial information

The main functions that contribute to the preparation and communication of accounting and financial information are accounting, management control and the General Secretariat.

The preparation and processing of accounting and financial information is the responsibility of the finance function, whose head is the bank finance director. Accounting and management control are placed under its responsibility.

3.5.1 Accounting

The main duties of the Accounting Department are:

- preparation of the parent-company financial statements;
- preparation of the consolidated financial statements for the Palatine Group in accordance with the standards governing Groupe BPCE;
- production of regulatory reports and ratios;
- definition of accounting frameworks, ensuring compliance with Group accounting standards and guides;
- identification and quantification of the accounting impacts of company projects;
- contribution of expertise for the development of the accounting information system;
- responsibility for accounts payable and paying supplier invoices.

3.5.2 Presentation of the Accounting Department's internal control framework

For Banque Palatine, the accounting function prepares quarterly consolidated financial statements in accordance with IFRS and publishes them half-yearly. Data is consolidated based on the financial statements of each entity in the scope of consolidation.

Data is added to a central database and consolidation adjustments are then made. Accounting uses Groupe BPCE's accounting tool, which ensures the internal consistency of scopes, charts of accounts, processes and analyses for the entire consolidated scope of Banque Palatine and Groupe BPCE.

Banque Palatine's internal control framework plays an instrumental role in risk management and contributes to the quality of its accounting and regulatory information. It is organised in accordance with the legal and regulatory requirements arising from the French Monetary and Financial Code and the order of 3 November 2014 on internal control.

The "quality control framework for accounting and financial information" was approved by the Group Internal Control Coordination Committee on 9 June 2016. This is a single unified framework and applies to all Groupe BPCE entities in the consolidated supervisory scope, replacing the Group's old accounting and regulatory review charter.

3.5.3 Application of the control framework to accounting and financial data

Accounting and regulatory controls are carried out by various internal and external parties to maintain the segregation of tasks in line with a three-level control hierarchy.

3.5.3.1 First-level controls

First-level controls relate to operational or functional services embedded in accounting processes and controlled by the head of accounting.

First-level controls on accounting and regulatory aspects help to verify the compliance of transactions processed with the accounting standards and procedures in force.

As far as possible, they are based on integrated management systems.

All operational services and/or departments are responsible for the first-level controls on activities within their scope and responsible for maintaining and demonstrating the audit trail, from the original document through to the corresponding entry in the relevant internal accounts. First-level control is completed with the process of justifying internal accounts.

Justification of the internal accounts takes place in Groupe BPCE's Comptabase system. This tool was launched in 2014 and has now reached cruising speed. A group of requests developed based on the tool's data allowed for better steering of the justification of accounts and measuring customer feedback in quantitative and qualitative terms.

3.5.3.2 Second-level controls

The intermediate base, known as second-level control, is organised and carried out by a specialised and dedicated function, financial control. Financial control conducts second-level independent permanent controls to enhance the reliability of processes and reinforce the quality of accounting and regulatory disclosures, in connection with the other permanent control functions.

There are two types of financial control tasks:

- control missions:
  - second-level control of the accounting processes and treatments that lead to the preparation of the separate financial statements and the consolidated financial statements,
  - second-level control of the prudential and regulatory reports;
- thematic assignments that are essential to the organisation and quality of the permanent control framework:
  - preparation and updating of mapping of accounting and financial information, the annual financial control plan and work programmes,
  - preparation and communication of summaries,
  - monitoring the implementation of recommendations issued by financial control.

Given the nature of its tasks, financial control must ensure that it maintains a high level of competence and, in particular, must have a good knowledge of accounting, regulatory statements, audit techniques and the information system, in order to facilitate the investigations required.

Financial control reports functionally to Groupe BPCE financial control, which is responsible for drafting standards relating to the control framework for accounting and financial information.

3.5.3.3 Third-level controls

The top level, or third-level controls, cover:

- periodic controls organised under the authority of the internal audit function or Groupe BPCE's general inspection division;
- controls performed by external parties from outside the Group (statutory auditors and the ACPR - *Autorité de Contrôle Prudentiel et de Résolution*);
- controls performed by authorities under government supervision, such as the French anti-corruption agency (*Agence Française Anticorruption* - AFA).

3.5.4 Management control

The management control function is responsible for preparing management information. The management control function is governed within Groupe BPCE by an operating charter stating the duties of management control.

Within Banque Palatine, this function is performed by the Management Control Department, the head of which reports to the bank finance director.

Its main duties are:

3.5.4.1 Supporting strategic oversight and earnings management

This task is performed on behalf of Banque Palatine's executive management.

It extends to financial planning, earnings management and the publication of financial information.

It draws on the planning cycle established centrally by BPCE's management control unit, incorporating medium- to long-term projections (strategic plan), a one-year horizon (budget) and mid-year updates (reforecasts/estimates).

It also includes occasional studies to enrich management discussions concerning the merits of setting up new activities or to decide between investment options.

It aims to produce the most relevant information in the form of performance indicators for executive management (e.g. commercial briefings, financial dashboard).

3.5.4.2 Measuring, analysing and helping to optimise performance

This role encompasses shedding light on contributions to Group results made by each business line, product and sales network. It uses valuation and income and expense apportionment methods and techniques deriving from management accounting in line with the agreements in force at Groupe BPCE.

3.5.4.3 Designing management standards and tools for the company

Management control has a standard-setting role, devising and implementing management indicators. It is responsible for the reliability of the management data contained in reporting and financial releases. It is involved in the preparation of activity and management reporting used to steer the Group.

3.5.5 The General Secretariat

Financial communication is the responsibility of the General Secretariat. In conjunction with the Institutional Affairs and Investments Department, which manages governance operationally, it is responsible for disseminating the financial information published and made available to financial analysts and institutional investors on Banque Palatine's website and through documents updated annually and registered, if necessary, with the French Financial Markets Authority (AMF - *Autorité des Marchés Financiers*).

The validation process implemented is geared to the nature of each individual publication.

The General Secretariat's duties in relation to accounting and financial information are to coordinate and prepare presentations of the bank's results and developments concerning it to give third parties an idea of its financial strength, profitability and outlook.

4 Credit and counterparty risks

4.1 Definitions

Credit risk is the risk incurred in the event of default by a debtor or counterparty, or debtors or counterparties considered to be the same group of related customers in accordance with regulations; this risk may also result in the loss of value of securities issued by the defaulting counterparty.

Counterparty risk is defined as the risk that the counterparty of a transaction will default before final settlement of all cash flows related to the transaction.

4.2 Organisation of credit risk management

In the framework of its risk appetite system, the establishment's "credit risk management" function:

- proposes delegation systems to undertake transactions to the effective managers, taking into account the levels of risk as well as the competences and experiences of the teams;
- participates in setting the institution's pricing standards by ensuring that the level of risk is taken into account, in compliance with the Group standard;
- conducts dialectic analyses of credit files, excluding delegation by committee decision;
- analyses concentration, segment and geographic risks;
- periodically monitors ratings and ensures limits are respected;
- alerts the effective managers and notifies the operational managers in the event of a limit being exceeded;
- registers on the watch list cases that are alarming or have deteriorated according to Group criteria;
- controls the implementation of risk reduction plans and participate in defining the level of necessary provisions if applicable;
- implements the permanent second-level control framework dedicated to credit risks through the Group's PRISCOP tool;
- contributes to the Group's work.

The Credit Risk Committee, in line with the definition of its risk appetite, validates the institution's credit risk policy in line with Group policies, decides on internal caps and credit limits, validates the institution's delegated manager, examines the significant exposures and the results of the risk measurement.

4.2.1 Ceilings and limits

At BPCE level, the Risk Management Department and the General Secretariat in charge of Group compliance and permanent control measure and monitor, on behalf of the Group Risk and Compliance Committee, the compliance with the regulatory caps. The system of internal caps for institutions, which is lower than the regulatory ceilings, is applied to all Group entities. A Group limit system is also set for the main asset classes and the main groups of counterparties in each asset class.

The internal caps and Group limits are regularly reported to the bodies.

Lastly, risk monitoring is implemented by sector through systems that translate into recommendations for the Group's institutions in certain sensitive sectors. Several sectoral policies are in place (agri-food, automotive, construction, communication and media, renewable energy, etc.). These policies take into account environmental, social and governance (ESG) risks.

4.2.2 Rating policy

The measurement of credit and counterparty risks is based on rating systems adapted to each type of customer or transaction, for which the Risk Management Department monitors performance through the validation of models and the implementation since 2020 of a Group system dedicated to model risk management.

Rating is a fundamental element of risk assessment.

As part of the permanent control process, BPCE's Risk Management Department has, notably, implemented a centralised monitoring procedure to verify the quality of data and the due application of the Group's standards in terms of segmentation, ratings, guarantees, defaults and losses.

4.2.3 Monitoring and supervision of credit and counterparty risks

The risk management function is independent of the operating functions. In particular, it does not have a credit granting delegation and does not carry out the business line analysis of commitment requests.

It applies the credit risk reference framework, which is regularly updated and distributed by the BPCE Risk Management Department. This credit risk framework covers the standards and best practices to follow in each of the Groupe BPCE entities and the management and reporting standards established by the BPCE Supervisory Board or Management Board upon the recommendation of the Group Risk Committee. It is a work tool for Risk Management Department participants within the Group and represents an element of the permanent control framework of the Group's institutions.

Banque Palatine's Risk Management and Compliance Department has strong functional ties with BPCE's Risk Management Department, which is in charge of:

- defining customer risk standards;
- evaluating risks (definition of concepts);
- preparing methodologies, models and risk rating systems (scoring or expert systems);
- developing and deploying monitoring systems, standards and data quality;
- conducting performance tests of the rating systems (back-testing);
- conducting credit risk stress scenarios (which may be completed with complementary scenarios that are defined locally);
- approving evaluation, permanent control and reporting standards.

In addition, BPCE centralises monitoring of the Risk Management Department's control.

The supervision of risks relates to data quality and the quality of exposure. It is steered through indicators for each class of assets.

Groupe BPCE applies IFRS 9 “financial instruments”, which defines the new rules for classifying and measuring financial assets and liabilities, the new impairment methodology for credit risk on financial assets and the treatment of hedging transactions.

Banque Palatine's risk management function ensures that any transaction complies with the Group's standards and procedures in force with regard to authorised counterparties. It proposes to the competent committee that projects of worrying or degraded quality, according to Group standards, be added to the watch list. This mission is the responsibility of the risk management function of our institution within its own scope and the responsibility of the BPCE Risk Management Department at the consolidated level.

Breakdown of gross exposures by category (credit risk including counterparty risk)

	31/12/2024			31/12/2023
in millions of euros	**Standard Exposure**	**IRB Exposure**	**Overall Exposure**	**Overall Exposure**
Sovereigns	1,575	-	1,575	1,381
Institutions	5,288	-	5,288	5,139
Corporate customers	9,291	-	9,291	9,644
Retail	474	-	474	628
Securitisation	0	-	0	0
Equities	15	-	15	15
Other assets	6,432	-	6,432	5,859
TOTAL	**23,074**	**0**	**23,074**	**22,667**

	31/12/2023		31/12/2024		Change	
in millions of euros	Gross exposure	RWA	Gross exposure	RWA	Gross exposure	RWA
Sovereigns	1,381	83	1,575	92	194	9
Institutions	5,139	21	5,288	64	149	43
Corporate customers	9,644	6,729	9,291	6,735	(353)	6
Retail	628	342	474	235	(154)	(107)
Securitisation	0	0	0	0	0	0
Equities	15	3	15	15	0	12
Other assets	5,859	2,822	6,432	2,759	572	(63)
TOTAL	**22,667**	**10,000**	**23,074**	**9,901**	**407**	**(99)**

The “other assets” category includes, among other things, exposures secured by a mortgage on real estate, doubtful exposures and “high risk” exposures.

4.2.3.1 Monitoring of concentration risk by counterparty

The concentration rates are monitored based on on-balance sheet and off-balance sheet outstandings.

	Gross risks 2024 in thousands of euros
Counterparty 1	18,939.17
Counterparty 2	18,763.40
Counterparty 3	10,969.91
Counterparty 4	7,514.53
Counterparty 5	7,395.87
Counterparty 6	6,318.28
Counterparty 7	5,865.80
Counterparty 8	5,206.58
Counterparty 9	4,757.36
Counterparty 10	3,994.96
Counterparty 11	3,969.25
Counterparty 12	3,854.45
Counterparty 13	3,821.64
Counterparty 14	3,816.00
Counterparty 15	3,524.19
Counterparty 16	3,417.53
Counterparty 17	2,973.90
Counterparty 18	2,151.32
Counterparty 19	1,301.75
Counterparty 20	1,215.59

4.2.3.2 Monitoring of geographic risk

The geographical exposure of the outstanding loans mainly relates to the Eurozone and more specifically to France, which represented 93.23% of Banque Palatine's exposures at 31 December 2024.

4.2.3.3 Monitoring of doubtful receivables and commitments

The doubtful receivables and commitments amounted to €716.1 million at the end of 2024 compared to €622.1 million in the previous financial year.

These receivables and commitments are covered by provisions for which the coverage rate (including the loans guaranteed by the hedged up to 10%) decreased slightly to 44.2% compared to 45.8% in 2023.

The bank's cost of risk was €62.3 million in Q4 2024 (vs. €33.1 million in 2023) due to a €12.06 million effect of allocation/entry into the scope coupled with a significant increase in IFRS 9 provisions (+€17.18 million - model effect in particular).

IFRS 9 provisioning rate - Stages 1 and 2

	2024			2023		
in millions of euros	**Exposures**	**Provisions**	**Provision rate**	**Exposures**	**Provisions**	**Provision rate**
Credit institutions' loans and receivables	5,387.6	0.0		5,324.8	0.0	
Customers' loans and receivables	11,736.2	96.9		11,577.3	89.1	
Debt securities at amortised cost	589.8	0.7		445.1	0.6	
BALANCE SHEET	**17,713.6**	**97.6**	**0.55%**	**17,347.1**	**89.7**	**0.52%**
Guarantee commitments given	1,197.5	3.1		1,229.8	2.9	
Financing commitments given	2,092.8	6.6		2,155.0	5.5	
Other provisions as liabilities		0.0			0.0	
BALANCE SHEET AND OFF-BALANCE SHEET ITEMS	**21,003.9**	**107.4**	**0.51%**	**20,731.9**	**98.2**	**0.47%**

IFRS 9 provisioning rate - Stage 3

	2024			2023		
in millions of euros	**Exposures**	**Provisions**	**Provision rate**	**Exposures**	**Provisions**	**Provision rate**
Credit institutions' loans and receivables in default						
Customers' loans and receivables in default	601.9	258.8		527.5	218.3	
Of which outstanding state-guaranteed loans	*162.2*	*16.3*		*152.5*	*15.2*	
Debt securities at amortised cost in default	30.9	23.0		34.5	25.7	
DOUBTFUL BALANCE SHEET LOANS	**632.8**	**281.8**	**44.5%**	**562.0**	**244.0**	**43.4%**
Doubtful guarantee commitments given	66.8	30.8		42.6	38.4	
Doubtful financing commitments given	16.4			17.5		
Other provisions as liabilities		3.6			2.6	
DOUBTFUL EXPOSURES, BALANCE SHEET AND OFF-BALANCE SHEET	**716.1**	**316.2**	**44.2%**	**622.1**	**285.1**	**45.8%**

Performing and non-performing renegotiated exposures

EU CQ1 - Credit quality of renegotiated exposures

in millions of euros	31/12/2024							
	Gross carrying amount/nominal amount of exposures subject to renegotiation measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral and guarantees received for exposures subject to renegotiation measures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral received and financial guarantees received for non-performing exposures subject to renegotiation measures
			Of which: in default	Of which: impaired				
Cash balances at central banks and other demand deposits	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans and advances	**68**	**63**	**63**	**63**	**(3)**	**(18)**	**64**	**32**
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial corporations	10	0	0	0	(1)	0	0	0
Non-financial corporations	55	59	59	59	(2)	(17)	59	29
Households	3	4	4	4	(0)	(1)	5	3
Debt securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loan commitments given	**0**	**0**	**0**	**0**	**(0)**	**0**	**0**	**0**
TOTAL	**68**	**63**	**63**	**63**	**(3)**	**(18)**	**64**	**32**

in millions of euros	31/12/2023							
	Gross carrying amount/nominal amount of exposures subject to renegotiation measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral and guarantees received for exposures subject to renegotiation measures	
	Performing forborne	Non-performing forborne			On performing forborne ex posures	On non-performing forborne exposures		Of which collate ral received and financial guarantees received for non-performing exposures subject to renegotiation measures
			Of which: in default	Of which: impaired				
Cash balances at central banks and other demand deposits	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans and advances	**48**	**93**	**93**	**93**	**(1)**	**(26)**	**78**	**46**
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial corporations	0	11	11	11	0	(3)	0	0
Non-financial corporations	45	78	78	78	(1)	(23)	73	44
Households	4	4	4	4	0	(1)	5	2
Debt securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loan commitments given	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**48**	**93**	**93**	**93**	**(1)**	**(26)**	**78**	**46**

EU CR1 – Performing and non-performing exposures and corresponding provisions

	31/12/2024														
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Cumulative partial balance sheet disposals	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative fair value adjustments due to credit risk and provisions				On performing exposures	On non-performing exposures
in millions of euros		o/w Stage 1	o/w Stage 2		o/w Stage 2	o/w Stage 3		o/w Stage 1	o/w Stage 2		o/w Stage 2	o/w Stage 3			
Cash balances at central banks and other demand deposits	**1,655**	**1,655**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**		**0**	**0**
Loans and advances	**15,469**	**13,636**	**1,830**	**602**	**0**	**575**	**(79)**	**(29)**	**(68)**	**(277)**	**(0)**	**(255)**		**5,474**	**183**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	667	667	0	0	0	0	(0)	(0)	(0)	0	0	0		0	0
Credit institutions	3,091	3,089	2	0	0	0	(0)	(0)	(0)	(0)	0	0		0	0
Other financial corporations	164	148	16	2	0	2	(2)	(0)	(2)	(1)	0	(1)		50	0
Non-financial corporations	9,567	8,037	1,528	575	0	548	(74)	(28)	(64)	(266)	(0)	(245)		3,645	172
Of which SMEs	4,378	3,635	743	249	0	242	(54)	(24)	(30)	(84)	(0)	(83)		2,474	74
Households	1,979	1,694	284	25	0	25	(3)	(0)	(3)	(10)	(0)	(10)		1,778	11
Debt securities	**1,214**	**1,185**	**14**	**32**	**0**	**31**	**(1)**	**(0)**	**(0)**	**(23)**	**0**	**(23)**		**0**	**0**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	983	982	1	0	0	0	(0)	(0)	(0)	0	0	0		0	0
Credit institutions	112	112	0	0	0	0	(0)	(0)	0	(0)	0	0		0	0
Other financial corporations	16	0	0	0	0	0	0	0	0	0	0	0		0	0
Non-financial corporations	104	92	13	32	0	31	(0)	(0)	(0)	(23)	0	(23)		0	0
Off-balance sheet exposures	**3,474**	**3,090**	**384**	**83**	**0**	**83**	**(10)**	**(4)**	**(6)**	**(31)**	**(0)**	**(31)**		**399**	**(0)**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	0	0	0	0	0	0	0	0	0	0	0	0		0	0
Credit institutions	357	356	2	2	0	2	(0)	(0)	(0)	(0)	0	0		0	0
Other financial corporations	24	24	0	0	0	0	(0)	(0)	(0)	(0)	0	0		1	0
Non-financial corporations	3,042	2,664	378	82	0	81	(9)	(4)	(6)	(31)	(0)	(31)		361	(0)
Households	51	46	5	0	0	0	(0)	(0)	(0)	(0)	0	(0)		37	0
TOTAL	**21,812**	**19,566**	**2,228**	**717**	**0**	**689**	**(90)**	**(33)**	**(75)**	**(331)**	**(0)**	**(309)**		**5,872**	**183**

	31/12/2023														
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative fair value adjustments due to credit risk and provisions			Cumulative partial balance sheet disposals	On performing exposures	On non-performing exposures
in millions of euros		o/w Stage 1	o/w Stage 2		o/w Stage 2	o/w Stage 3		o/w Stage 1	o/w Stage 2		o/w Stage 2	o/w Stage 3			
Cash balances at central banks and other demand deposits	**1,736**	**1,736**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**		**0**	**0**
Loans and advances	**15,166**	**13,785**	**1,381**	**528**	**0**	**491**	**(89)**	**(47)**	**(43)**	**(218)**	**0**	**(215)**		**5,222**	**159**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	581	581	0	0	0	0	0	0	0	0	0	0		0	0
Credit institutions	3,034	3,033	1	0	0	0	0	0	0	0	0	0		0	0
Other financial corporations	121	121	0	11	0	11	0	0	0	(3)	0	(3)		57	0
Non-financial corporations	9,540	8,467	1,074	490	0	453	(83)	(45)	(38)	(203)	0	(200)		3,445	148
Of which SMEs	4,763	4,173	590	162	0	154	(50)	(22)	(28)	(55)	0	(53)		2,693	67
Households	1,890	1,584	305	26	0	26	(6)	(1)	(5)	(12)	0	(12)		1,720	11
Debt securities	**1,030**	**998**	**13**	**34**	**0**	**33**	**(1)**	**0**	**0**	**(26)**	**0**	**(24)**		**0**	**0**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	860	859	1	0	0	0	0	0	0	0	0	0		0	0
Credit institutions	49	49	0	0	0	0	0	0	0	0	0	0		0	0
Other financial corporations	19	0	0	0	0	0	0	0	0	0	0	0		0	0
Non-financial corporations	102	91	12	34	0	33	(1)	0	0	(26)	0	(24)		0	0
Off-balance sheet exposures	**3,582**	**3,310**	**272**	**60**	**0**	**60**	**(9)**	**(5)**	**(3)**	**(38)**	**(0)**	**(38)**		**71**	**(0)**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	0	0	0	0	0	0	0	0	0	0	0	0		0	0
Credit institutions	236	236	0	0	0	0	0	0	0	0	0	0		0	0
Other financial corporations	15	15	0	0	0	0	0	0	0	0	0	0		0	0
Non-financial corporations	3,250	2,996	255	59	0	59	(8)	(5)	(3)	(38)	0	(38)		59	0
Households	81	63	18	1	0	1	0	0	0	0	0	0		12	0
TOTAL	**21,515**	**19,830**	**1,666**	**622**	**0**	**583**	**(98)**	**(52)**	**(46)**	**(282)**	**0**	**(277)**		**5,294**	**159**

EU CQ3 – Credit quality of performing and non-performing exposures by number of days past due

	31/12/2024											
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
in millions of euros		Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which defaulted
Cash balances at central banks and other demand deposits	**1,655**	**1,655**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**15,469**	**15,431**	**38**	**602**	**495**	**26**	**41**	**30**	**10**	**-**	**-**	**591**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	667	667	-	-	-	-	-	-	-	-	-	-
Credit institutions	3,091	3,091	-	-	-	-	-	-	-	-	-	-
Other financial corporations	164	164	-	2	0	2	-	-	-	-	-	2
Non-financial corporations	9,567	9,539	28	575	475	23	39	29	9	-	-	565
Of which SMEs	4,378	4,357	21	249	196	12	18	15	8	-	-	249
Households	1,979	1,969	10	25	20	1	1	1	1	-	-	25
Debt securities	**1,214**	**1,214**	**-**	**32**	**32**	**-**	**-**	**-**	**-**	**-**	**-**	**31**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	983	983	-	-	-	-	-	-	-	-	-	-
Credit institutions	112	112	-	-	-	-	-	-	-	-	-	-
Other financial corporations	16	16	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	104	104	-	32	32	-	-	-	-	-	-	31
Off-balance sheet exposures	**3,474**			**83**								**83**
Central banks	-			-								-
General governments	-			-								-
Credit institutions	357			2								2
Other financial corporations	24			-								-
Non-financial corporations	3,042			82								81
Households	51			0								0
TOTAL	**21,812**	**18,300**	**38**	**717**	**527**	**26**	**41**	**30**	**10**	**-**	**-**	**706**

	31/12/2023											
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
in millions of euros		Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which de-faulted
Cash balances at central banks and other demand deposits	**1,736**	**1,736**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**15,166**	**15,146**	**20**	**528**	**452**	**21**	**19**	**27**	**9**	**-**	**-**	**528**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	581	581	-	-	-	-	-	-	-	-	-	-
Credit institutions	3,034	3,034	-	-	-	-	-	-	-	-	-	-
Other financial corporations	121	121	-	11	11	-	-	-	-	-	-	11
Non-financial corporations	9,540	9,526	14	490	419	20	17	26	8	-	-	490
Of which SMEs	4,763	4,752	11	162	116	14	7	17	6	-	-	162
Households	1,890	1,884	5	26	21	1	2	1	1	-	-	26
Debt securities	**1,030**	**1,030**	**-**	**34**	**34**	**-**	**-**	**-**	**-**	**-**	**-**	**34**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	860	860	-	-	-	-	-	-	-	-	-	-
Credit institutions	49	49	-	-	-	-	-	-	-	-	-	-
Other financial corporations	19	19	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	102	102	-	34	34	-	-	-	-	-	-	34
Off-balance sheet exposures	**3,582**			**60**								**60**
Central banks	-			-								-
General governments	-			-								-
Credit institutions	236			-								-
Other financial corporations	15			-								-
Non-financial corporations	3,250			59								59
Households	81			1								1
TOTAL	**21,515**	**17,913**	**20**	**622**	**486**	**21**	**19**	**27**	**9**	**-**	**-**	**622**

Credit quality by geographical area

EU CQ4 – Quality of non-performing exposures by geographical area

	31/12/2024						
	Carrying amount/gross nominal amount						
		Of which non-performing					
in millions of euros			Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions for off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
On-balance sheet exposures	**17,316**	**633**	**623**	**17,300**	**(379)**		**0**
France	16,145	601	590	16,129	(361)		0
Portugal	215	-	-	215	(0)		0
Luxembourg	166	16	16	166	(7)		0
Spain	160	-	-	160	(0)		0
Belgium	130	9	9	130	(8)		0
Other countries	500	8	8	500	(3)		0
Off-balance sheet exposures	**3,557**	**83**	**83**			**(41)**	
France	3,462	80	80			(40)	
Portugal	-	-	-			0	
Luxembourg	50	3	3			(1)	
Spain	-	-	-			0	
Belgium	19	-	-			(0)	
Other countries	27	-	-			(0)	
TOTAL	**20,873**	**717**	**706**	**17,300**	**(379)**	**(41)**	**0**

	31/12/2023						
	Carrying amount/gross nominal amount						
		Of which non-performing					
in millions of euros			Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions for off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
On-balance sheet exposures	**16,758**	**562**	**562**	**16,739**	**(334)**		**0**
France	15,650	537	537	15,631	(327)		0
United States	148	0	0	148	(0)		0
Italy	216	-	-	216	(0)		0
Luxembourg	158	9	9	158	(5)		0
Spain	49	2	2	49	(1)		0
Other countries	538	14	14	538	(10)		0
Off-balance sheet exposures	**3**	**643**	**60**	**60**		**(47)**	
France	3,485	60	59			(47)	
United States	64	-	-			(0)	
Luxembourg	30	-	-			(0)	
Spain	4	1	1			(0)	
Switzerland	-	-	-			(0)	
Other countries	60	1	1			(0)	
TOTAL	**20,401**	**622**	**622**	**16,739**	**(334)**	**(47)**	**0**

EU CQ5 – Credit quality of loans and advances granted to non-financial corporations by industry

in millions of euros	31/12/2024					
	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	38	2	2	38	(2)	-
Mining and quarrying	9	1	1	9	(1)	-
Manufacturing	868	128	128	868	(65)	-
Production and distribution of electricity, gas, steam and air conditioning	315	6	6	315	(3)	-
Water supply	29	1	1	29	(1)	-
Construction	359	59	59	359	(28)	-
Wholesale and retail trade	974	67	67	974	(45)	-
Transport and storage	133	26	26	133	(12)	-
Accommodation and food service activities	196	14	14	196	(11)	-
Information and communication	334	34	34	334	(14)	-
Real estate activities	4,356	96	96	4,356	(70)	-
Financial and insurance activities	1,028	37	37	1,028	(31)	-
Professional, scientific and technical activities	896	44	44	896	(30)	-
Administrative and support service activities	408	28	28	408	(13)	-
Public administration and defence, compulsory social security	-	-	-	-	0	-
Education	1	0	0	1	(0)	-
Human health services and social work activities	47	-	-	47	(4)	-
Arts, entertainment and recreation	23	0	0	23	(0)	-
Other services	130	31	20	130	(10)	-
TOTAL	**10,143**	**575**	**565**	**10,143**	**(340)**	**-**

	31/12/2023					
	Gross carrying amount					
		Of which non-performing				Accumulated negative changes in fair value due to credit risk on non-performing exposures
in millions of euros			Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	
Agriculture, forestry and fishing	31	-	-	31	(1)	-
Mining and quarrying	11	-	-	11	0	-
Manufacturing	894	122	122	894	(47)	-
Production and distribution of electricity, gas, steam and air conditioning	281	-	-	281	(2)	-
Water supply	37	1	1	37	0	-
Construction	375	33	33	375	(15)	-
Wholesale and retail trade	994	63	63	994	(30)	-
Transport and storage	189	30	30	189	(11)	-
Accommodation and food service activities	179	12	12	179	(10)	-
Information and communication	361	18	18	361	(11)	-
Financial and insurance activities	963	35	35	963	(29)	-
Real estate activities	4,231	92	92	4,231	(70)	-
Professional, scientific and technical activities	843	28	28	843	(21)	-
Administrative and support service activities	411	20	20	411	(10)	-
Public administration and defence, compulsory social security	-	-	-	-	0	-
Education	1	-	-	1	0	-
Human health services and social work activities	65	34	34	65	(2)	-
Arts, entertainment and recreation	24	-	-	24	0	-
Other services	140	1	1	140	(28)	-
TOTAL	**10,031**	**490**	**490**	**10,031**	**(286)**	**-**

Risk mitigation techniques

in millions of euros	31/12/2024 Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Loans and advances	11,714	5,657	3,739	1,918	-
Debt securities	1,222	-	-	-	
TOTAL	**12,936**	**5,657**	**3,739**	**1,918**	**-**
Of which non-performing exposures	151	183	67	116	-
Of which defaulted	162	183			

in millions of euros	31/12/2023 Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Loans and advances	12,048	5,382	3,318	2,063	-
Debt securities	1,065	-	-	-	
TOTAL	**13,112**	**5,382**	**3,318**	**2,063**	**-**
Of which non-performing exposures	403	159	39	121	-
Of which defaulted	403	159			

4.2.3.4 Credit risk crisis simulation

Groupe BPCE's Risk Management Department carries out crisis simulations relating to credit risk for all establishments, including Banque Palatine. The goal of the resistance tests is to measure the sensitivity of the various portfolios to a deteriorated situation, in terms of cost of risk, weighted assets and expected losses.

The resistance tests are performed on the basis of the Group's consolidated exposures. When calibrating risk parameters, they take into account the specificities of each of the Group's major pools (Natixis, Crédit Foncier de France, Banque Populaire network, Caisse d'Epargne network). They cover all portfolios subject to credit and counterparty risk, regardless of the approach used to calculate risk-weighted assets (standardised approach or IRB). They are carried out on the basis of detailed information framed by the information that feeds into COREP Group prudential reporting and the risk analyses of the portfolios.

Three types of stress tests are carried out:

- the EBA stress test aims to test the resilience of credit institutions to simulated shocks and to compare them;
- the annual internal stress test at Groupe BPCE. It includes more scenarios than the EBA stress test and includes the evolution of the entire balance sheet on projections;
- specific stress tests can be carried out on external (supervisor) or internal request.

The EBA stress test confirms the financial strength and quality of Groupe BPCE's risk policy.

In addition, as part of the annual macro-risk mapping, the institutions carry out stress tests on each credit risk identified in the macro-mapping and in their risk appetite.

The institution is responsible for the control framework to oversee the undertaking of guarantees, their validity, and their registration. The registration of guarantees follows the procedures in force, common to our network. Safe-keeping and archiving of our guarantees is done pursuant to the internal procedures in force.

The departments in charge of back-office commitments are responsible for the first-level controls.

The operational departments (commitments, branches, etc.) carry out first-level controls and the Risk Management and Compliance Department carries out second-level controls on the validity and registration of the guarantees.

4.2.4 Activities in 2024

In 2024, the Risk Management Department continued its actions to strengthen the monitoring of the credit portfolio and to support Groupe BPCE in the deployment of its systems; the main work focused on:

- deployment and/or updating of risk policies;
- strengthening the monitoring of the Leverage Finance scope with the introduction of weekly reporting on LF and LF HLT production;
- analysing, monitoring and setting up sectoral provisions for the LBO and REAL ESTATE scopes (for €6.4 million and €5.3 million respectively in the last quarter);
- the launch of a review of the Forbearance process, with deployment scheduled for 2025;
- supporting the production launch of the new MINT internal rating engine for the high corporate segment;
- the replacement of the CAPRC calculator by Groupe BPCE's new internal calculator, PRUNE, on the solvency chain;
- the continuation of Banque Palatine's IRBA certification project.

5 Market risks

5.1 Definition

Market risks are defined as the risk of losses related to changes in market parameters.

Market risks have three main components:

- interest rate risk: risk that a change in interest rates poses to the holder of a receivable or debt security; this risk may be specific to a particular issuer or to a particular category of issuers whose creditworthiness has been downgraded (credit spread risk);
- foreign exchange risk: risk that affects receivables and securities denominated in foreign currencies held in the context of capital market activities, due to changes in the price of these currencies expressed in national currency;
- price change risk: price risk on the position held on a given financial asset, in particular a share.

5.2 Market risk monitoring organisation

The scope concerned by the monitoring of market risks covers all market activities, i.e. treasury transactions, financial activities in the trading book as well as medium- or long-term investment transactions on products generating market risks (private equity and non-operating asset transactions including real estate), regardless of their accounting classification.

Activities falling within this scope are not included in the ALM function.

Within this scope, the market risk function carries out the following tasks, defined in the Group's Risks, Compliance and Permanent Control Charter:

- identifying the various risk factors and mapping and updating financial products and instruments, covering market risks;
- implementing a system to measure market risks;
- examining global and operational limit requests, and the list of authorised market products submitted to the relevant Risk Committee;
- checking the consistency of positions and their allocation in the correct management compartment (Group business line segmentation standards);
- cross-discipline analysis of market risks and their development given the business strategy decided by the governing bodies and policies for managing operating activities;
- checking the implementation of risk-mitigation action plans, if applicable.

These missions are carried out in conjunction with BPCE's Risk Management Department. The latter notably handles:

- the definition of the market risk measurement system (VaR, stress tests, etc.);
- the evaluation of this system's performance (back-testing) notably in the context of reviews of annual limits;
- the reporting standard for monitoring market risks consolidated at the different levels of the Group;
- the examination of the subjects brought to the Group Risk and Compliance Committee.

5.3 Law on the separation and regulation of banking activities

The mapping of Groupe BPCE's market activities is regularly updated. It required the implementation of internal units subject to an exemption within the meaning of act no. 2013-672 of 26 July 2013 on the separation and regulation of banking activities.

- in conjunction with the work on this law, a compliance programme resulting from the Volcker rule (section 619 of the US Dodd-Frank act) was adopted and implemented in July 2015 for BPCE and its subsidiaries. In a broader approach than French law, this programme aims to map all of Groupe BPCE's financial and commercial activities, in particular to ensure that they comply with the two major prohibitions imposed by the Volcker rule namely the prohibition of the activities of proprietary trading and the prohibition of certain transactions in connection with covered funds within the meaning of US law. The Volcker Rule was amended in 2020, giving rise to new Volcker 2.0 and 2.1 provisions that relax the existing system;
- as every year since July 2015, the Group has certified its compliance with the Volcker system. As a reminder, since the beginning of 2017, Groupe BPCE has had a SRAB-Volcker Office whose role is to guarantee, coordinate and secure the measures put in place with regard to the separation of activities.

At 31 December 2024, the annual update of the institution's market activities map revealed five internal units subject to an exception within the meaning of the law on the separation and regulation of banking activities. These internal units are covered by a mandate that defines healthy and prudent management and risk characteristics.

5.4 Market risk measurement and surveillance

The overall limits of market risk are set and reviewed, as often as necessary and at least once per year, by the effective managers and by the Board of Directors, taking into account the company's equity and, if necessary, consolidated equity and its distribution within the Group adapted to the risks incurred.

The decision-making committees are the Executive Risk Committee and the Finance Committee. The latter, which meets at least every month, is tasked with:

- deciding the specific implementation methods for programmes defined by the Asset-Liability Management Committee for market transactions where it is responsible for execution (timing, level, breakdown, etc.) including transactions in the securities portfolio;
- reviewing the execution of past plans and amending them as necessary, reporting to the Asset-Liability Management Committee;
- examining market conditions and indicators (rates, cash spreads, etc.);
- reviewing major transactions with customers and deciding, where appropriate, to arrange cover;
- monitoring liquidity and rate management risks;
- managing regulatory ratios, BPCE ratios and monitoring compliance with internal limits;
- taking allocation decisions for the HQLA securities reserve, creditworthiness reviews, responsibility for creditworthiness having now passed to the Credit Committee;
- managing and monitoring the LBF/Volcker procedures, including reviewing any significant quarter-on-quarter change in indicators with an analysis from the Risk Management Department;
- monitoring trading portfolio business, including calculations of VaR sent by the Risk Management Department and cash monitoring;
- addressing problems in financial management in the framework of Groupe BPCE;
- dealing with any other matters directly or indirectly related to financial activities (accounting treatment, data management, etc.).

The market risk monitoring system is accordingly based on qualitative and quantitative risk indicators. The frequency of monitoring of these indicators varies according to the financial product monitored.

The qualitative indicators include the list of authorised products and the watch list. The term watch list is used to name the list of counterparties, funds, securities, etc. under watch.

To complete this qualitative monitoring, market risk monitoring is conducted through the calculation of complementary quantitative indicators.

On the trading book, a parametric VaR and a Monte Carlo at 99% 1 day is calculated on a daily basis in the Scenarisk tool by BPCE's Risk Management Department. Sensitivities, by risk area, are calculated daily by the institution.

Segment	Sub-segment	VaR at 31/12/2023	VaR at 31/03/2024	VaR at 30/06/2024	VaR at 30/09/2024	VaR at 31/12/2024	Change in VaR between 31/12/2023 and 31/12/2024
Capital markets	Exchange rates, interest rates	45,815	58,921	78,790	45,815	21,509	(24,306)

The VaR is an overall indicator of market risk which measures maximum potential loss over a given time frame for a defined confidence interval, in accordance with the regulatory requirements related to internal control.

VaR movements over 2024 are mainly due to the instability of interest rate sensitivities on TARF/ACCU since the start of production in mid-May. There has been no increase in the level of risk associated with trading room activities.

5.5 Simulation of market risk crisis

The stress test consists of simulating on the portfolio large variations in the market parameters in order to calculate the potential loss, in the event of such situations.

Stress tests are calibrated according to severity and occurrence levels, which are consistent with portfolio management objectives:

Trading book stress tests are calibrated over a 10-day period and a 10-year probability of occurrence. They are based on:	• historical scenarios, which reproduce changes in market conditions observed during past crises, their impacts on current positions and P&Ls. They make it possible to gauge the exposure of the scope tested to known stress scenarios. 12 historical stresses are deployed on the trading book; • hypothetical scenarios, which involve simulating changes in market conditions in all activities based on plausible assumptions concerning the dissemination of an initial shock. The shocks are based in turn on scenarios defined using economic criteria (real estate crisis, economic crisis, etc.), geopolitics (terrorist attacks in Europe, regime overthrown in the Middle East, etc.) and others (avian flu, for example). The Group has run seven hypothetical stress tests since 2010.
Banking book stress tests are calibrated over a longer period in line with the banking book's management periods:	• a bond stress test calibrated using a mixed hypothetical- historical approach that reproduces a stress on European sovereigns (similar to the 2011 crisis); • a bond stress test calibrated using a mixed hypothetical- historical approach that reproduces a stress on corporates (similar to the 2008 crisis); • an equity stress test calibrated over the 2011 historical period, applied to equity investments for the purpose of the liquidity reserve; • a private equity and real estate stress test, calibrated over the 2008 historical period, applied to the private equity and real estate portfolios.

These stress tests are defined and applied jointly to the entire Group to enable BPCE's Risk Management Department to be able to carry out consolidated monitoring.

In addition, specific stress scenarios complete this system. Either at Group level or by entity in order to best reflect the specific risk profile of each of the portfolios (private equity or non-operating real estate assets).

5.6 Activities in 2024

The Financial Risk Department presented the Executive Risk Committee with a roadmap for strengthening the supervision of trading floor activities:

- implementation of stress tests specific to the risk factors of trading floor activities. 12 rate stress and base spread scenarios were calibrated. These stresses are calculated in full pricing on a daily basis;
- monitoring in market RWA in FRTB target vision (standard model) on a daily basis. The foreign exchange risk component at the global bank level was made more reliable;
- daily counterparty credit RWA monitoring (SA-CCR model).

6 Structural balance sheet risks

6.1 Definition

Structural balance sheet risks result in a risk of loss, immediate or future, related to changes in commercial or financial parameters and the structure of the balance sheet on banking book activities, excluding proprietary transactions.

Structural balance sheet risks have three main components:

- liquidity risk is the risk that the institution will not be able to meet its commitments or not be able to settle or offset a position due to market conditions or idiosyncratic factors, within a specified period and at a reasonable cost (order of 3 November 2014, as amended on 25 February 2021, relating to internal control).

  Liquidity risk is also associated with the inability to transform illiquid assets into liquid assets.

  Banque Palatine's liquidity is managed closely with Groupe BPCE's central body, which is responsible for the centralised management of refinancing;
- overall interest rate risk is the risk incurred in the event of a change in interest rates as a result of all balance sheet and off-balance sheet transactions, with the exception, where applicable, of the transactions subject to market risk (order of 3 November 2014, as amended on 25 February 2021, relating to internal control);
- foreign exchange risk is the risk that affects receivables and securities denominated in foreign currencies. It is due to changes in the price of these currencies expressed in national currency.

Banque Palatine's exposure to structural foreign exchange risk is monitored by calculating the RWA for foreign exchange risk (on the trading and banking portfolios).

6.2 Monitoring of asset-liability management (ALM) risk

The financial risk function provides second-level control of structural balance sheet risks. As such, it is in charge of the following tasks:

- examination of requests for internal ALM limits, in accordance with the limits defined at Group level;
- definition of stress scenarios in addition to the Group stress scenarios, where applicable;
- control of indicators calculated in accordance with the standards of the Group's asset-liability management framework;
- monitoring the compliance with the limits based on prescribed information;
- checking the implementation of return action plans, where applicable.

The controls are formalised in a second-level risk control report. It includes qualitative data on the risk management system, compliance with limits and monitoring of the return within limits, if necessary, as well as the analysis of changes in the balance sheet and risk indicators.

These tasks are carried out in conjunction with BPCE's Risk Management Department, which is in charge of the critical review or validation with the Group Finance Department:

- ALM agreements submitted to the ALM Committee (outflow laws, separate trading/banking books, definition of instruments accepted for hedging balance sheet risks);
- monitoring indicators, rules and reporting intervals to the ALM Committee;
- information reporting agreements and processes;
- control standards relating to the reliability of assessment systems, procedures for setting limits and managing breaches, and monitoring action plans to return to within limits;
- selection of the model used to assess the Group's economic equity requirements with regard to structural balance sheet risks, where applicable.

6.3 Monitoring and measurement of liquidity and interest rate risks

Banque Palatine manages its balance sheet independently within the standardised Group asset-liability management (ALM) framework, set by the operational Group ALM Committee and approved by the Group Risk Committee or by the strategic Group ALM Committee.

Groupe BPCE institutions share the same management indicators, the same risk modelling integrating the specificity of their activities, and the same limits rules, which makes it possible to consolidate their risks. Thus, the limits monitored by our institution are in line with those set out in the Group's asset-liability management framework.

The establishment of scenarios is necessary to properly evaluate the interest rate and liquidity risks incurred by the establishment, assessed individually, and by the Group as a whole. In order to make it possible to consolidate information on a homogeneous basis, it was agreed that “Group” scenarios would be developed and applied by all the institutions.

6.3.1 At institutional level

The Asset-Liability Management Committee and the Finance Committee deal with liquidity risk. These committees are responsible for monitoring liquidity risk and for taking financing decisions.

Banque Palatine has several funding sources for its customer activity (loans):

- customer savings in non-centralised regulated savings accounts, other savings plans and accounts and term deposits;
- customer deposit accounts;
- issues of negotiable certificates of deposit;
- loans issued by BPCE;
- where applicable, centralised market refinancing at the Group level optimising the resources provided to it, and in particular targeted longer-term refinancing operations (TLTRO).

6.3.2 Monitoring of liquidity risk

Liquidity risk is "the risk of not being able to meet commitments or not be able to settle or offset a position due to market conditions (article 10.h of the order of 3 November 2014 as amended)" within a specific period and at a reasonable cost (order of 5 May 2009).

The liquidity risk management policy is formalised through indicators linked to liquidity risk appetite. The latter is defined at the Group level and adapted at the level of the institutions.

The liquidity management policy consists of ensuring the institution's development strategy in compliance with the management framework set by the regulator (LCR, NSFR), by the Group (gap limit, liquidity stress) and internally (limits specific to the institution defined in the institution's RAF).

In terms of management, the assessment of liquidity risk must be based on different approaches:

- time horizon: short, medium and long term;
- normal or stressed situation;
- static and dynamic vision.

In the short term (less than a year), the objective is to ensure that its exposure guarantees its survival at all times and more particularly in a stress situation.

In the medium term, liquidity is measured according to the institution's cash requirements and is governed by the feasibility of the MLT funding plan.

In the long term, the aim is to guarantee the sustainability of its activities over time and monitor the level of transformation (in liquidity) of the balance sheet.

Liquidity coverage ratio - LCR

The LCR represents the institution’s ability to cope with a specific and systemic liquidity crisis in the short term (30 days). The objective is to ensure that the institution survives stress over a period of 30 days. The weightings applied to measure this indicator are defined by European regulations, which impose a minimum LCR level of 100%.

		Limits							
	Metrics	Observation/ tolerance threshold	Resilience threshold	12/2023	03/2024	06/2024	09/2024	12/2024	Threshold compliance
Liquidity	Liquidity Coverage Ratio (LCR)*	105%	103%	116.17%	110.43%	109.39%	114.34%	109.19%	✓

Net stable funding ratio - NSFR

The NSFR is a regulatory ratio for medium-term liquidity risk that requires banks to finance a significant portion of their assets with stable funding at one year. Since 30 June 2021, with the entry into force of CRR2, this indicator has been subject to a regulatory minimum of 100%.

	09/2023	12/2023	03/2024	06/2024	09/2024
NSFR	104.8%	105.2%	103.4%	106.6%	110.4%
NSFR surplus (in millions of euros)	506	559	365	700	1,095

Static liquidity gap

Static liquidity risk is measured by the liquidity gap, which aims to measure liquidity needs or surpluses at future dates. The observation of this gap from one period to another makes it possible to assess the distortion (in terms of liquidity) of an institution's balance sheet.

Static liquidity gap (data at 30/09/2024) (average annual outstandings in €m):

	M2	M5	M11	A5
Order of September 2024	991	1,081	1,240	1,118
Order of September 2023	1,143	1,366	940	1,356

6.3.3 Monitoring of interest rate risk

Interest rate risk limits include:

- the sensitivity limit of the economic value of equity. The calibration of the limit on this indicator is based on the following two observations: the retail banking model can neither lead to a structural position of de-transformation (major risk on the replacement of demand deposits), nor display a directional position generating gains in the event of a 200 basis point decrease in interest rates. The system of limits must be independent of interest rate expectations so as to enable the bank to be resilient in the event of an unexpected and large-scale interest rate shock, which is a separate consideration from that of the hedging to be implemented.

The sensitivity limit of the economic value of shareholders' equity under the internal approach applies to six scenarios.

- A regulatory indicator subject to limits: the supervisory outlier test (SOT) indicator. It is used for financial communication (benchmark). This indicator was not retained as a management indicator even though the regulatory limit of 20% concerning it must be respected;
- Two interest-rate risk indicators with mandatory limits:
  - static fixed rate gap limits:

    The bank's gap position is measured and is subject to limits. Initially, the analysis relates to on- and off-balance sheet transactions existing at the balance-sheet date, as part of a static approach;
  - static inflation deadlock limits:

    The inflation gap limits are monitored over four years, year by year. The indicator is monitored without a limit or alert threshold at this stage.
  - NII sensitivity limits.

6.4 Activities in 2024

The Financial Risk Department has carried out work on:

- the RAF 2024 framework on interest rate risk, in particular:
  - replacement of the EVE static rate indicator by SOT EVE,
  - replacement of the NII Sensitivity dynamic indicator by revenue sensitivity;
- OSI recommendations following the ECB mission within Groupe BPCE: joint work by Groupe BPCE (Group ALM and RMD) and Banque Palatine's CFO and RISF began in 2024 and focused on:
  - accounting reconciliation procedure: Implementation of a local accounting consistency procedure based on Dim 3 (BPCE granularity) and Dim 4 (finer granularity) after the calculations of the ALM engines (RAY LIQ & RCO) and the bank's trial balance,
  - hedging strategy: local implementation of Groupe BPCE's hedging policy,
  - back-testing of new production assumptions: Estimation of the effects on revenue sensitivity of the lag between Anticipated New Production and Actual Production over a quarter, using the Pass ALM tool.

7 Operational risks

7.1 Definition

The definition of operational risk is, according to the regulations, the risk of losses resulting from an inadequacy or failure of processes, personnel and internal systems or external events, including legal risk. Operational risk includes risks related to events with a low probability of occurrence but a high impact, the risks of internal and external fraud defined by the regulations, and risks related to the model.

7.2 Organisation of operational risk monitoring

The framework for managing operational risks is part of Groupe BPCE's risk assessment statement (RAS) and risk assessment framework (RAF). These systems and indicators are adapted at the level of each Group institution and subsidiary.

The Operational Risk function operates:

- all entities consolidated or controlled by the establishment or subsidiary (bank, financial firm, insurer, etc.);
- all the activities entailing operational risks, including outsourced activities within the meaning of articles 10 q) and 10 r) of the order of 3 November 2014, as amended on 25 February 2021, “outsourced activities and provision of services or other essential or important operational tasks”.

The Operational Risk Department of our institution relies on a decentralised system of correspondents and/or “business line” managers deployed within the institution. They are functionally attached to it. The Operational Risk Department coordinates and trains its operational risk correspondents.

The Operational Risk Department ensures permanent second-level control of the operational risk management function.

The role of the correspondents is to:

- as a business expert, regularly identify and rate operational risks likely to impact their scope/area of activity;
- populate and/or produce the information needed to update the operational risk management tool (incidents, indicators, corrective actions and mapping);
- mobilise the persons involved/authorised when an incident occurs or after a decision by the committee in charge of ORS in order to reduce an unaccepted level of risk in order to take, as soon as possible, protective measures and then define or implement the corrective actions decided by the committee;
- implement corrective measures and report their progress to the ORM.

The Operational Risk Management Department of the establishment, by its action and organisation, contributes to financial performance and to the reduction of losses, ensuring that the operational risk management system within the institution is reliable and effective.

Within Banque Palatine, the guidelines and governance rules are defined in the following manner:

- Banque Palatine has opted for a decentralised system;
- the effective managers are informed of major incidents through two channels:
  - the Executive Risk Committee reports on the major elements of the Operational Risk and Security Committee,
  - any alerts issued under article 98 of 3 November 2014.

Banque Palatine's Operational Risk and Security Committee meets quarterly and is chaired by the Deputy Chief Executive Officer. It is composed of 20 permanent members, including the Chairwoman.

This committee:

- ensures the implementation of the operational risk management policy and the relevance and effectiveness of the system;
- takes note of major incidents and validates the corrective actions to be taken;
- takes note of the key risk indicators (KRI) in excess and decides on the corrective actions to be taken;
- monitors the progress of risk reduction actions after serious incidents or risks deemed excessive;
- monitors awareness-raising and training actions.

The head of operational risk reports the Chief Risk Officer. He or she is responsible for the different elements of the operational risk system: mapping, incidents, indicators, action plans, and reporting within the scope concerned. He or she also participates in the internal control framework of Banque Palatine.

In this role, he or she must:

- ensure that the Group's methodologies and tools are rolled out to users;
- guarantee the quality of the data recorded in the operational risk tool;
- ensure the completeness of the data collected, in particular by carrying out periodic reconciliations between incidents in the operational risk database and in particular: insurance claims,
- indicate the losses and provisions for human resources disputes, legal disputes, fraud and tax incidents;
- carry out a periodic review, using the operational risk management tool, of the status of incidents, progress of action plans and their recording in the operational risk management tool;
- control the various business lines and functions in the implementation of corrective actions;
- ensure regular updating of the risk indicators and track changes so that they can trigger the necessary actions in the event their worsening;
- periodically update the risk map for presentation to the Operational Risk Committee;
- produce reports;
- formalise or update procedures;
- lead the Operational Risk Committee.

The establishment uses the OSIRISK tool to apply the methodologies disseminated by the BPCE Risk Management Department and to collect the information necessary for the proper management of operational risks.

This tool makes it possible to:

- identify and evaluate operational risks, making it possible to define Banque Palatine's risk profile;
- collect and manage on a day-to-day basis incidents generating or likely to generate a loss;
- update the rating of risks on the risk map and monitor the action plans.

Banque Palatine also has reporting items from power Bi.

Lastly, as part of the equity requirement calculation process, Groupe BPCE uses the Basel II standardised approach. Corep regulatory reporting documents are produced in this respect. At 31 December 2024, the equity requirement to be allocated to cover the operational risk was €54.223 million.

The missions of the Operational Risk Department are carried out in conjunction with the BPCE Risk Management Department, which monitors the effectiveness of the systems deployed within Groupe BPCE and analyses the main proven and potential risks identified in the establishments, particularly during the Groupe BPCE Non-Financial Risk Committee meeting.

7.3 Operational risk measurement system

In accordance with the Group's Risks, Compliance and Permanent Control Charter, Banque Palatine's operational risk management function is responsible for:

- the development of systems allowing the identification, evaluation, oversight and control of operational risk;
- the definition of policies and procedures for the management and control of operational risk;
- the design and implementation of an operational risk evaluation system;
- the design and implementation of the operational risk reporting system.

and its tasks are:

- to identify operational risks;
- to map these risks by process, and update the map, working with the business lines concerned, including compliance;
- to collect and consolidate operational incidents and evaluate their impact, working with the business lines in conjunction with the mapping used by the permanent and periodic control functions;
- to implement warning procedures, and notably inform the operational managers according to the action plans implemented;
- to monitor the corrective action plans defined and implemented by the operational units concerned in the event of a severe or significant incident.

An operational risk incident is considered serious when the potential financial impact at the time of detection is greater than €300,000. Operational risk incidents with a material impact on the image and reputation of the Group or its subsidiaries are also deemed to be serious.

This procedure is supplemented by the procedure dedicated to significant operational risk incidents within the meaning of article 98 of the order of 3 November 2014, as amended on 25 February 2021, for which the minimum threshold is set at 0.5% of common equity tier 1.

7.4 Cost of operational risk for the institution and operational risks

In 2024, the annual amount of losses recognised was €3.3 million (Source: Eco Power Bi report).

7.5 Activities in 2024

During the year 2024, the following work was carried out:

- ongoing action plans were monitored and others created;
- the operational risk mapping has been updated;
- awareness-raising actions were carried out;
- the risk appetite framework indicators and Group/local risk indicators were regularly monitored by the Operational Risk and Safety Committee.

All incidents were reviewed at least half-yearly in 2024.

8 Legal risks

The Legal Affairs Department is responsible for preventing and controlling Banque Palatine's legal risks and litigation risks. It also helps to prevent image risks.

8.1 Organisation of the Legal Affairs Department

The Legal Affairs Department is made up of five members of staff reporting directly to the head of the Legal Department and the head of the Litigation Department. Each employee is able to handle legal consultations and projects, and take charge of claims and complaints against the bank.

8.2 Duties of the Legal Affairs Department

The main responsibilities of the department are as follows:

- provide legal assistance to the bank's various units;
- monitor changes in the regulations and case law that may affect the bank's activities;
- draft or review legal circulars as well as specific private contracts used by the bank;
- study and negotiate from a legal perspective the contracts proposed by customers or service providers;
- review the new commercial products that the bank envisages circulating to its customers;
- give a legal opinion on complaints made by customers;
- manage complaints brought by lawyers and claims made against the bank;
- participate in cross-functional projects.

8.3 Organisation of legal watch activities

Any changes in the legislation, regulations or case law with potential implications for the bank are analysed to determine whether a specific procedure needs to be drafted or whether new documents used by the bank need to be drafted or existing documents amended.

Legal watch findings are disseminated within the bank through the following actions:

- general or targeted information on all legislative, regulatory and case-law developments;
- publication of new or updated procedures when there are changes in the legislative, regulatory or case-law environment;
- alignment with the standards of document frameworks following these changes;
- publication of a monthly legal bulletin covering problems encountered by the bank, jurisprudence of interest for the profession or new regulations;
- participation in function meetings allowing subjects deemed important by regional managers to be raised and any issues encountered in the context of consultations or subpoenas to be flagged up;
- participation in the training of the network through presentations on topics of interest to the network or the back offices.

8.4 Flow of consultations and assignments

In this role, the legal service provides a legal and regulatory watch, information, assistance and advice for all of the institution's employees.

In 2024, in conjunction with conducting its legal watch, major projects, telephone consultations and direct conversations with user services, the Legal Affairs Department answered around 2,000 written queries.

In conjunction with the Compliance and Permanent Control Department, it also plays a role in ensuring the consistency and effectiveness of controls on non-compliance risks arising from laws and regulations specific to banking and financial activities. Within the framework of the Products and Services Approval Committee, it is consulted for its opinion on any legal risks potentially arising from new products and services that the bank is considering marketing.

The Legal Affairs Department operates independently of the operational departments.

Within the bank, the inventory of loans in dispute at the end of 2024 was 59 loans totalling €27.1 million (excluding non-quantified claims).

The new disputes in 2024 amounted to 10 claims for €0.536 million and 9 claims filed by lawyer for €7.688 million (excluding non-quantified cases).

9 Non-compliance risks

9.1 Definition

Non-compliance risk is defined in article 10-p of the order of 3 November 2014, as amended on 25 February 2021, as being the risk of legal, administrative or disciplinary sanctions, significant financial loss or harm to reputation, which arises from non-compliance with provisions specific to banking and financial activities, whether legislative or regulatory, national or European directly applicable, or professional and ethical standards, or instructions from the effective managers taken in accordance with the guidelines of the supervisory body.

9.2 Organisation of the compliance function within Groupe BPCE

Within the central body, the compliance function is performed by the Compliance Department of the General Secretariat of Groupe BPCE. The latter exercises its responsibilities within the framework of a dedicated compliance verification function.

It includes the following sections:

- bancassurance compliance;
- financial savings compliance
- ethics compliance;
- financial security in charge of anti-money laundering/ combating the financing of terrorism (AML/CFT), compliance with international sanctions and embargo measures and combating internal fraud.;
- management and cross-functional coordination of the compliance functions;
- Eurotitres compliance and permanent control;
- BPCE compliance and operational risks and coordination of subsidiaries.

It acts as a guide and stimulus for the heads of the institutions' various Compliance Departments. The Compliance Officers appointed in the various affiliates, including its parent companies, Banques Populaires and Caisses d'Epargne, and the direct subsidiaries subject to the regulatory banking and financial supervision system, including Banque Palatine, report to it through a strong functional link.

It conducts all actions to strengthen the compliance of products, services and marketing processes, customer protection, compliance with rules of ethics, the fight against money laundering and the financing of terrorism, the fight against market abuse, monitoring of transactions and compliance with sanctions and embargo measures.

It monitors non-compliance risks throughout the Group.

As such, it builds and revises the standards proposed for the governance of Groupe BPCE, shares best practices and coordinates working groups consisting of departmental representatives.

The dissemination of the culture of risk management and consideration of the legitimate interests of customers is also reflected in the training of the employees of the institutions.

As a result, BPCE's Compliance Department:

- collaborates and validates the content of training materials intended in particular for the compliance function, in conjunction with the Group's Human Resources Department and the Risk Governance Department of the BPCE Risk Management Department, which coordinates the annual plan of the risk and compliance functions;
- contributes to the training of stakeholders in the sectors, in particular through specialised annual seminars (financial security, compliance, ethics, steering of permanent compliance control, etc.);
- coordinates the training of directors and Compliance Officers through a dedicated system in conjunction with the risk culture and committee coordination section of the BPCE Risk Management Department;
- coordinates and monitors the compliance function of the institutions through national days and a permanent control framework coordinated at Group level;
- relies on the compliance function of the institutions through thematic working groups, in particular for the construction and implementation of compliance standards.

At Banque Palatine, within the Risk Management and Compliance Department, the compliance functions are broken down as follows:

- a Compliance-Ethics Department which ensures, in particular, the implementation of systems intended to guarantee the protection of customers and the integrity of the financial markets in compliance with the regulations in force. To this end, this department is in charge of analysing, measuring and monitoring non-compliance risks and monitors action plans designed to better frame them;
- a Financial Security Department, in charge of anti-money laundering and terrorist financing matters and compliance with international sanctions and embargo measures. This department is the main contact for the Tracfin organisation;
- a Permanent Control Department, which manages all the bank's first- and second-level controls and is responsible for some of them.

In accordance with the Group's directives, a Compliance Verification Officer has been appointed to oversee these activities.

The Financial Security Compliance Department also organises the Product and Partnership Approval Committee (CAPP), which is responsible for approving all new products and the processes for marketing these new products and services to customers.

The Data Protection Officer (DPO), appointed by the CNIL, reports to the Operational Risk Department.

9.3 Monitoring of non-compliance risks

Non-compliance risks, in accordance with the order of 3 November 2014, as amended on 25 February 2021, are analysed, measured, monitored and controlled by:

- ensuring a permanent overview of these risks and the associated risk prevention and mitigation system, including updated identification under the new non-compliance risk-mapping exercise;
- ensuring that the most significant risks are subject to controls and action plans aimed at better managing them, as needed.

The management of non-compliance risk within Groupe BPCE is based on the mapping of non-compliance risks and the deployment of mandatory level 1 and 2 compliance controls common to all institutions in Group retail banking.

9.3.1 Product governance and oversight

All new products or services, regardless of their distribution channel, as well as all commercial media, falling within the expertise of the compliance function, are examined in advance by the latter. The purpose of this review is to ensure that applicable regulatory requirements are met and that targeted customers – and the public at large – receive clear and fair information; Particular attention is also paid to the monitoring of products throughout their life cycle.

In addition, the compliance function coordinates the validation of national commercial challenges, ensures that conflicts of interest are managed and that the priority of customer interests is taken into account.

The compliance function ensures that sales procedures and processes, as well as commercial policies, at all times and for all customer segments, ensure compliance with the rules of compliance and ethics, in particular that the advice provided to the customer is adapted to his or her needs.

9.3.2 Customer protection

The compliance of the products and services marketed by Banque Palatine and the quality of the information provided reinforce customer confidence and underpin the Group's reputation. To maintain this trust, the compliance function places the concept of customer protection at the heart of its activities.

To this end, the Group's employees are regularly trained on customer protection issues in order to maintain the required level of service quality. These training sessions are aimed at promoting awareness of compliance and customer protection among new hires and/or sales team employees. Ethics training has been set up for all Group employees, entitled "the essentials of professional ethics". In addition, BPCE has implemented a Code of Conduct and Ethics, which is rolled out to all Groupe BPCE institutions.

The new regulations on financial instruments markets (MIF2) and on packaged retail investment and insurance-based products (PRIIPS), to standardise pre-contractual information on packaged financial products, strengthen investor protection and market transparency. They have an impact on the Group as a distributor of financial instruments, by strengthening the quality of customer journeys dedicated to financial savings and insurance:

- adaptation of customer data collection and KYC (customer profile, characteristics of the customer's projects in terms of objectives, risks and investment horizon), update of the KYC knowledge and financial investments experience questionnaire, and of the customer risk appetite and ability to sustain losses questionnaire, thus enabling appropriate advice;
- adaptation of offers related to the financial products and services marketed;
- formalisation of the advice to the customer (statement of adequacy) and its acceptance of the advice (if applicable issuance of alerts informing the customer);
- organisation of the relations between the Group's producers and distributors;
- taking into account the provisions relating to the transparency of fees and charges according to the required granularity;
- preparation of periodic adequacy and value-added reports for customers and on the recording of exchanges in the context of the relationship and advice provided to customers;
- reporting of transactions to regulators and to the market, best execution and best selection obligations;
- participation in the development of employee training and change management related to these new systems.

9.3.3 Financial security

The prevention of money laundering and financing of terrorist activities within Groupe BPCE is based on:

9.3.3.1 Corporate culture

Promoted across all levels of the company, corporate culture is built on:

- customer relations principles aimed at preventing risks, which are formalised and regularly communicated to the employees;
- a harmonised training system for Group employees, held every two years, and specific training for the financial security function.

9.3.3.2 An organisation

In accordance with Groupe BPCE's charters, all institutions have a division or a unit dedicated to financial security. At Banque Palatine, financial security, which reports to the Risk Management and Compliance Department, covers anti-money laundering, the prevention of terrorism and compliance with international sanctions.

Within BPCE, a dedicated division oversees the prevention of money laundering and terrorism financing, defines the financial security policy for the entire Group, draws up the various standards and guidelines and ensures the consistency of all decisions taken at the level of each project. This division also monitors regulations on the types of transactions concerned, and ensures that money laundering and terrorist financing risks are taken into account during the procedure for approval of new commercial products and services by BPCE.

9.3.3.3 Specialised processes

In accordance with regulations, institutions have means of detecting atypical transactions adapted to their risk classification, making it possible to carry out, if necessary, the reinforced examinations and the necessary declarations to the French office for action against illicit financial circuits (*Traitement du renseignement et action contre les circuits financiers clandestins* - Tracfin) in the shortest possible time.

The Group's risk classification includes the issue of "at-risk" countries, whether in terms of money laundering, terrorism, tax fraud or corruption. This system has also been strengthened with the implementation of a framework and automated scenarios adapted to the specificities of terrorist financing.

With regard to compliance with restrictive measures related to international sanctions, the Group's institutions are equipped with filtering tools that generate alerts on customers (freezing of assets of certain persons or entities) and on international flows (freezing of assets and countries subject to a European and/or American embargo).

Given its significant international financing activity, Banque Palatine has set up a specific tool (Compliance Link) allowing enhanced monitoring of financed goods.

9.3.3.4 Business supervision

The prevention of money laundering and financing of terrorist activities gives rise to internal reporting to senior executives and decision-making bodies and to the central body.

9.3.4 Fight against corruption

Groupe BPCE condemns corruption in all its forms and under all circumstances. In this context, it is a participating member of the United Nations global compact whose tenth principle concerns action "against corruption in all its forms, including extortion and bribery".

There are several ways to prevent corruption:

- by means of the corruption risk exposure mapping of the Group's entities, the methodology of which was reviewed in 2022;
- thanks to employees' compliance with the rules of professional conduct and ethics set out in the Code of Conduct and Ethics (prevention of conflicts of interest, policies on gifts, benefits and invitations, principles of confidentiality and professional secrecy). Disciplinary sanctions are provided for failure to comply with the professional rules governing the activities of the Group's companies;
- by managing relations with third parties: standardised contracts within the Group and account agreements with anti-corruption clauses, assessment of suppliers of more than €50,000 with regard to the risk of corruption, system relating to relations with "politically exposed persons";
- through regulatory training on professional ethics and anti-corruption in the form of e-learning.

A system for collecting and processing professional alerts on serious incidents, including corruption and influence peddling offences, is made available to employees (including external service providers and occasional employees).

Since 2022, the bank has introduced the new corruption control plan specifically rolled out by the accounting audit (Palatine equivalent of financial control within Groupe BPCE).

BPCE also has accounting standards and procedures that comply with professional standards. The Group's internal control framework relating to accounting information aims to verify the conditions for assessing, recording, storing and making available information, in particular by guaranteeing the existence of the audit trail within the meaning of the order of 3 November 2014, as amended on 25 February 2021, on internal control. In 2020, a Group framework of controls involved in the prevention and detection of fraud and acts of corruption or influence peddling was formalised. In this context, special attention is paid to donations, sponsorship and patronage.

More generally, these systems are formalised and detailed in the umbrella charter relating to the organisation of the Group's internal control and the Group's Risks, Compliance and Permanent Control Charter.

9.4 Activities in 2024

The main work carried out in 2024 to better control non-compliance risks focused on the main risks identified.

A remediation of the files of customers holding investment products was launched in 2023 in order to recover the missing KYC files and investment profiles. This remediation continued in 2024.

Several systems were reviewed:

- fight against corruption: updated risk mapping;
- product governance: changes to the procedure and scope of the Approval Committee;
- ethics: creation of a mapping of conflicts of interest and operating procedures (to be continued in 2025);
- financial security: introduction of a system for entering into relations with countries considered to be at risk.

10 Business continuity

The management of business interruption risks is addressed in its cross-functional dimension, with the analysis of the main critical business lines, in particular liquidity, payment services, securities, loans to individuals and companies, as well as the trustee activity.

10.1 Organisation and steering of business continuity

Groupe BPCE's emergency business continuity plan (EBCP) is managed by the Group Business Continuity Department within the Group Security Department of the Group General Secretariat.

The Group head of business continuity (GHBC) is responsible for:

- managing the Group's business continuity and coordinating the Group's business continuity function;
- coordinating the Group's crisis management;
- managing the implementation and maintenance in operational condition of the Group's contingency and business continuity plans;
- ensuring compliance with regulatory provisions governing business continuity;
- participating in internal and external bodies of the Group.

Improvement projects continued with the common point of streamlining processes and strengthening systems by drawing on the lessons of past systemic crises (Covid), those ongoing (Russia-Ukraine crisis) or the preparation of anticipated crises (energy breakdown) to which business continuity is fully associated.

The HEBCPs of the Group's institutions report functionally to the Group's HBC and the appointments of the HEBCPs are notified to him.

Banque Palatine's reference framework was reviewed in 2023 and approved by the Operational and Security Risk Committee in February 2023.

The Group's business continuity framework defines the governance of the function, ensured by three levels of bodies, mobilised according to the nature of the decisions to be taken or the approvals to be granted:

- the Group decision-making and steering bodies in which the Group HBC participates to validate the major guidelines and obtain the necessary arbitration;
- the Business Continuity Function Committee, an operational coordination body;
- the Group business continuity plenary, a national plenary body to exchange information and collect issues.

Group business continuity defines, implements and changes the Group's business continuity policy as necessary.

10.2 Description of the organisation implemented to ensure business continuity

Since January 2021, Banque Palatine's HEBCP has been part of the Operational Risk Department.

The main governance bodies are:

- the plenary meeting of Groupe BPCE HBCPs (every six months);
- the quarterly EBCP Steering Committee (Operational Risk and Security Committee), chaired by a member of executive management,

Whose duties include:

- validation of the annual maintenance in operational condition plan;
- approval of the appointments of HEBCPs and their alternates;
- validation of all new measures, tools, etc. of Banque Palatine's business continuity;
- the quality of the business recovery plan (BRP) to ensure the availability of the information systems;
- monitoring the implementation of the bank's EBCP and taking decisions to improve the system;
- restitution of level 2 permanent controls related to the EBCP.

The function is made up of:

- 1 HEBCP dedicated to crisis management and business continuity and responsible for coordinating the entire function;
- 2 alternates dedicated to crisis management and business continuity;
- 7 members of the decision-making crisis unit;
- 50 members (incumbents and alternates) of the operational crisis units;
- 98 EBCP business line and support correspondents (incumbents and alternates);
- Whistleblowing Officers:
  - safety: Person and Property Safety Officer (RSPB) and his/her deputy,
  - IT: support manager and his/her deputy,
  - e-reputation, image risk: head of communications and his/her deputy,
  - human resources (epidemic, strike, etc.): employee relations manager and his/her deputy,
  - cyberattack, IT security incident: Chief Information Security Officer (CISO) and his/her deputy.

10.3 Activities in 2024

The main work carried out is:

- preparation and monitoring of the Paris 2024 Olympic and Paralympic Games;
- consideration of the relocation of the two administrative buildings in Fontenay-sous-Bois to a single new building in the same city;
- a general overhaul of documentation is currently being implemented as part of the continuous improvement process, along with a reorganisation of document management to make it more accessible to the various players involved in business continuity at the facility.

11 Information systems security

11.1 Organisation and steering of the ISS function

Within the risk management system related to information technology, the Group Information Systems Security Department is in charge of information systems security (ISS) and the fight against cybercrime. The Group Information Systems Security Department reports to the Group General Secretariat.

Groupe BPCE's ISS is organised as a function and is managed by the Group Information Systems Security Department. Management defines, implements and develops the Group's ISS policy.

The ISS Department:

- coordinates the ISS function, bringing together the CISO of the affiliated parent companies, subsidiaries and IT GIES;
- oversees the level 2 permanent control framework and the consolidated control of the ISS network;
- initiates and coordinates Group risk reduction projects; and
- represents the Group when dealing with the competent interbank or public authorities in its field.

Since March 2020, BPCE-IT's governance, risks and second-level controls activity has been transferred to the Group Information Systems Security Department:

- the BPCE-IT ISS governance activity is now the responsibility of the Group ISS Department;
- the risk and security controls activity is carried out within a new entity reporting to the Group Security Department.

Banque Palatine's CISO and more generally the CISO of all affiliates (parent companies, direct subsidiaries and IT EIGS) report functionally to the Group CISO. This functional link means that:

- any CISO appointment is notified to the Group CISO;
- Groupe BPCE's information systems security policy is adopted by the entities and each local ISS policy is submitted for the opinion of the Group CISO prior to its implementation in the institution;
- reporting in relation to the level of compliance of the entities with Groupe BPCE's ISS policy, the permanent ISS control, the level of ISS risks, the main ISS incidents and the actions undertaken are communicated to the Group CISO.

Banque Palatine's CISO shares half of its activity with the coordination of external fraud. He reports to the Operational Risk Department and is supported by a part-time assistant (50%).

11.2 Monitoring of risks related to information systems security

As a result of its digital transformation, the Group's information systems are becoming increasingly open to the outside world (cloud computing, big data, etc.). Many of its processes are gradually going digital. Employees and customers are also increasingly using the internet and interconnected technologies such as tablets, smartphones and applications on tablets and mobile devices.

As a result, the Group's portfolio is increasingly exposed to cyberthreats. The targets of these attacks are much broader than the information systems alone. They aim to exploit the vulnerabilities and potential weaknesses of customers, employees, business processes, information systems as well as security systems in premises and data centres.

A unified Group security operation centre (SOC) integrating a level 1, operating 24 hours a day, seven days a week, is operational.

Several actions have been carried out to strengthen the measures taken to combat cybercrime:

- work to secure websites hosted externally;
- improved website and application security testing capabilities;
- implementation of a Responsible Vulnerability Disclosure program by Groupe BPCE CERT.

The information systems security policy is defined at Group level under the responsibility and oversight of the Group CISO. The main objective of the Group ISS policy is to control and manage the risks associated with information systems, to preserve and increase the Group's performance, to strengthen the trust of its customers and partners and to ensure the compliance of its acts with national and international laws and regulations.

A Group awareness-raising system *via* monthly phishing tests are carried out each year by the Group (details to be provided by the establishment on the number of campaigns in which they have participated and the results).

The Group ISS policy constitutes a minimum base with which each institution must comply. In this respect, Banque Palatine has decided to apply the Group ISS policy as it stands.

11.2.1 Raising employee awareness of cybersecurity:

Within the scope of BPCE, in addition to the recurring reviews of application authorisations and rights to is resources (mailing lists, shared mailboxes, shared files, etc.), the monitoring of all websites published on the internet and the monitoring of vulnerability treatment plans have been strengthened, as well as the monitoring of the risk of data leaks by email or the use of online storage and exchange services.

In addition to maintaining the Group's common base of ISS awareness training for employees and taking part in European Cybersecurity Month, new campaigns to raise awareness and train employees were also carried out:

- phishing test, phishing awareness campaign and support for employees in situations of repeated failures;
- participation in induction meetings for new employees;
- launch of new e-learning modules dedicated to cybersecurity and a sharepoint dedicated to security and fraud.

11.3 Activities in 2024

A global management system for security reviews and intrusion tests has been set up to cover 100% of critical assets of information systems over four-year cycles. This system now makes it possible to consolidate all the vulnerabilities identified as part of the security reviews and intrusion tests as well as the related remediation plans for centralised monitoring.

In 2024, work continued on the ISS mapping of all the institution's private business asset systems. In addition, Banque Palatine has defined the N1 and N2 control plan for its proprietary business in accordance with Groupe BPCE's level 1 and level 2 permanent control methodology and guidelines, which are available to all institutions.

Alongside this work, the company is participating in various projects led by the Group, such as the SPHERE (*Sécurité des Privatives, Harmonisation Et Remédiation*) project, which is part of the drive to improve control of private IS and security systems, and the work to bring them into line with European DORA regulations.

In order to respond to the recommendations of the European Central Bank (ECB) resulting from the audit of Groupe BPCE, Banque Palatine has prepared for the new technological risk management methodology (TRM) promoted by Groupe BPCE, which will be deployed in its institutions in 2025.

12 Climate risks

As part of the publication of BPCE's first TCFD report in October 2021, the Group Risk Management Department has defined a materiality matrix for climate risks.

The materiality of the risks associated with climate change is assessed by reference to the main risk classes of Basel III pillar 1, namely credit risk, market risk and operational risk, including non-compliance and reputation risk. Groupe BPCE has therefore set up a system to identify climate risk factors that could impact the Group's traditional risks, accompanied by precise management. The climate risk materiality matrix can be applied to all Group entities.

“Acute physical risks” are defined as direct losses triggered by extreme weather events, the resulting damage of which may lead to the destruction of physical assets (real estate and/or production) and cause a drop in local economic activity and possibly a disruption of value chains. “Chronic physical risks” are the direct losses triggered by longer-term climate changes (sea level rise, chronic heat waves, modification of rainfall patterns and increase in their variability, disappearance of certain resources) that may deteriorate the productivity of a given sector.

“Transition risk” results from the economic and financial consequences related to the effects of the implementation of a low-carbon economic model, whether through changes in regulations, technological progress, or changes in consumer expectations and reputational repercussions.

Climate risk management programme

The Climate Risk Department coordinates the implementation of the climate risk management framework through a dedicated programme. This programme, in line with the Group's climate and environmental commitments, addresses specific objectives for all business lines and all functions. The proposed system aims to ensure the most comprehensive coverage of the 13 pillars proposed by the ECB in its guide on climate and environmental risks of November 2020. It also aims to integrate the national or international regulatory perspectives that are currently the reference.

This programme is regularly updated with the points of attention specified by the ECB, initially in its return to the subject of the self-assessment questionnaire, formalised through discussions at the end of 2021, then through the thematic review carried out in early 2022.

Concretely, this system is organised around nine major areas (governance, risk appetite framework, stress test, financial and market risks, operational risk, credit risks, risk control framework, the dashboard and data).

The work and expectations are thus precisely qualified, by theme, making it possible to know and monitor the status, the implementation schedule, the people in charge in the Climate Risk Department and other departments such as those involved in its implementation or the expected deliverables.

Representatives of Banques Populaires, Caisses d’Epargne and Global Financial Services were also involved in the programme to ensure the operationality of the actions planned in each Group entity.

In order to support its own transformation and the transition pathways of all its customers according to the highest standards and with in-depth expertise, the Palatine Group is part of the "Impact Inside" internal transformation plan launched by Groupe BPCE. Internal transformation of all Group companies at all levels

The Impact Inside programme, which involves climate risk management, is being rolled out across the risk functions by strengthening the ESG risk management system. This strengthening is carried out as part of a multi-year action plan incorporating a continuous improvement approach to its climate risk management system with, by the end of 2026, the following objectives:

- definition and management of the climate risk appetite;
- deepening the dialogue with customers and extending the analysis of non-financial issues to all credit processes;
- deployment of advanced risk analysis methods to support decision-making and financial planning processes;
- support for all sales and risk teams in understanding climate and environmental issues, depending on the sector and region;
- strengthening of the portfolio risk monitoring system and the dissemination of management indicators;
- compliance with the climate trajectories to reduce the exposure to risks.

Climate change is a major issue for Banque Palatine. It must be integrated into both its banking activities and its own operations. Banque Palatine's impact on climate change has been identified both in its own operations (own footprint) and *via* the value chain, through its financing and investment operations. This is the first step in analysing the impacts, risks and opportunities associated with Banque Palatine's identity and business models. The inclusion of these analyses in our models is gradual and depends on the robustness and referencing of the methodology used.

The rating of climate impacts, in connection with financing and investment activities, was carried out by experts based in particular on a sectoral analysis of Groupe BPCE’s exposures carried out by the Group ESG Risk Management Department as part of the magnitude assessment. This rating was reinforced by the views of our stakeholders.

Banque Palatine's stakeholder consultation process is based on the use of various existing mechanisms, supplemented by dedicated mechanisms designed to:

- contribute to the communication and dissemination of our Impact approach, beyond the double materiality exercise,
- co-construct and involve our stakeholders in our ESG strategy and in our work to identify and assess impacts, risks and opportunities.

With regard to existing mechanisms:

- expectations are highlighted during presentations by experts on ESG issues at conferences and other internal communication formats accessible to all employees.

Discussions with regulators and image or forecast surveys are all ways of identifying changes in stakeholder expectations.

Faced with the challenges of transition in general and the environmental emergency in particular, Banque Palatine has made climate change one of the priorities of its 2024 strategic plan, adopting a position of transition as a company and as a player in the financing of the economy.

In terms of opportunities, Banque Palatine has business line teams whose mission is to study market opportunities, draw up business plans and launch useful offers to support its customers' environmental transition.

Taking account of the climate transition is clearly mentioned in the Vision 2030 strategic project as one of the four major areas of development that the Group supports. In this respect, all of Groupe BPCE's business lines and companies, including Banque Palatine, have made climate change a strategic priority.

Our overall positive impact is based on the strength of local solutions that are accessible to all. Banque Palatine offers a global approach that takes account of planetary boundaries and society's needs, providing practical solutions for everyone to help make the transition to a more sustainable and inclusive world. Combating climate change and creating a low-carbon society are major challenges to which the bank has long been committed, with the aim of limiting the climate impact of its financing and investment activities.

Banque Palatine has placed the climate at the heart of its strategy with clear commitments:

- aligning its portfolios on a Net Zero trajectory;
- support for all customers in their environmental transition;
- extending the sustainable refinancing strategy;
- accelerated reduction of its own environmental footprint.

The ultimate goal is to help build a net zero economy by taking action today. The Group is already taking advantage of this opportunity, with the strong ambition of stepping up its efforts to tackle the major challenge of decarbonising the economy.

12.1 Governance

In 2022, Groupe BPCE's committee procedure was strengthened with the generalisation of climate-related elements in the committee procedure of each of its entities.

The coordination of the climate risk correspondents has increased employee awareness and training actions are offered in the other departments. A monthly newsletter, a quarterly conference (morning) and virtual classes on specific topics aim to promote the dissemination of the climate risk culture in all entities. The best practices identified are presented at these regular or *ad hoc* events. Climate Risk Pursuit training continues to be rolled out in institutions. At the end of July 2022, 18,037 employees had taken part in it. In addition, training courses that meet expectations as closely as possible are being developed. The governing bodies are also trained on these subjects on a regular basis.

Within Banque Palatine, the Climate Risk Officer is the Chief Credit, Financial and Operational Risk Officer.

Banque Palatine takes part in all the function's quarterly days/ meetings and responds to all Group requests on the subject.

In addition,the Climate Fresk's tool for raising awareness of climate issues has been deployed at Banque Palatine since March 2022. Based on scientific data from the IPCC (intergovernmental panel on climate change), the set of 42 cards makes it possible to understand the cause and effect links of climate change with a time for discussion between employees on the levers of action faced with this environmental challenge.

The workshops are run by a team of around ten employees trained by a member of the association. More than 500 employees have been trained since the rollout began, i.e. 50% of the bank’s own workforce.

30 workshops were organised in 2024, involving 230 employees. These workshops will continue in 2025.

12.2 Risk appetite framework

The “climate risk/transition risk” and “climate risk/physical risk” categories were added to BPCE's risk framework in 2019. At this stage, the materiality of these risk categories has been assessed on an expert basis and supported by the mapping work. Transition risk was deemed material, including in the short-term given the potential reputational impacts, the risks related to changes in the regulatory and legal framework, and the strategic risk related to market changes in response to the climate transition.

Banque Palatine has implemented a process to identify and assess the materiality of ESG risks in order to structure its understanding of the risks to which it is exposed in the short, medium and long term and to identify priority areas for strengthening the risk management system.

This process is coordinated by the CSR Department, under the supervision of the General Secretariat. It is reviewed annually to update the underlying scientific knowledge and methodologies.

This process consists of three main steps:

- establishment of climate risk guidelines;
- documentation of climate risk transmission channels;
- assessment of the materiality of climate risks in relation to the other risk categories.

12.3 Stress tests

Measurement of the impacts of climate risks on Groupe BPCE's assets.

In 2020, Groupe BPCE volunteered to participate in a first climate risk assessment exercise led by the European Banking Authority (EBA). Groupe BPCE also contributed to the pilot exercise conducted by the ACPR - *Autorité de Contrôle Prudentiel et de Résolution* in 2021 to estimate physical and transition risks. Lastly, in 2022, Groupe BPCE took part in the very first climate stress test launched by the European Central Bank (ECB).

The stated objective of this last exercise was to identify the preparedness of the hundred or so banking groups under supervision in view of the financial and economic shocks that climate risk is likely to cause. This initiative was part of a desire already supported by the national supervisors.

This exercise should be seen as a joint learning exercise with pioneering features, aimed at strengthening the capacity of banks and supervisors to assess climate risk.

For this first learning exercise, the ECB wanted to simplify the request. The stress test targets specific categories of assets exposed to climate risks and not the full balance sheet of the banks. The exercise is based on three modules:

- the first module focuses on the framework and governance of the approach;
- the second aims to collect a certain number of metrics in order to assess sector sensitivity;
- finally, a third consists of estimating the impacts of short- and long-term physical and transition risk.

In 2024, the assessment of the climate risks was carried out by almost all of Groupe BPCE’s physical entities and aggregated at Groupe BPCE level. It was supplemented by an initial assessment of the environmental risks carried out solely at Groupe BPCE level. As part of the assessments' annual update, the climate and environmental risk assessment processes will be converged and extended to social and governance risks.

As part of the assessment of the financial materiality of the risks in accordance with the ESRS, the assessment of the materiality of the climate risks was cross-referenced with the materiality assessment of each of the “traditional” risks carried out annually as part of the work on the Risk Appetite Framework in order to obtain an assessment of the intrinsic materiality for each risk on the same criteria applied to other risks (probability of occurrence/ magnitude of financial impact), making it possible to ensure consistency between the assessments. An expert’s overall consistency check was carried out to validate the materiality levels obtained.

Consequently, Groupe BPCE has developed an internal methodology for assessing climate issues and risks, based on sector notes documenting the main issues and risks related to the sector, according to criteria aligned with the definitions of the European taxonomy.

All of these criteria are then rated by in-house experts, according to the principles of double materiality. The scores for the climate criteria are also aggregated in order to provide a summary score enabling the sectors to be compared. The proposed scores were validated by the Non-Financial Risk Committee.

This analysis methodology was deployed in the 26 economic sectors used to manage Groupe BPCE's financing portfolio. It is shared with all Groupe BPCE entities.

Work was carried out in 2024 to improve methods for assessing physical and transition environmental risks. These methods are intended to replace this methodology during 2025.

In the emissions financed, i.e. the definition of decarbonisation targets:

Banque Palatine is part of Groupe BPCE's approach, set out in section 1.1, which aims to define decarbonisation targets for the 11 most carbon-intensive sectors in its financing portfolio, in absolute terms (fossil fuels) or in terms of intensity (all other sectors). The sectoral trajectories thus defined contribute to the objective of limiting global warming to less than 1.5°C, in line with the objectives of the Paris Agreement.

Given the composition of its financing portfolio, Banque Palatine contributes to this approach mainly through two sectors: commercial real estate and residential real estate.

In commercial real estate, for example,

as part of the Group's Impact Inside programme, Banque Palatine began in 2024 to improve the reliability of its data in order to refine the decarbonisation trajectory, in line with the objectives defined by the Group.

And, in residential real estate,

Greenhouse gas emissions linked to this financing are estimated to average 25kg CO_2e/m^2 by the end of 2022.

Measures are gradually being introduced, and will be stepped up in 2025, to encourage and help finance the renovation of energy-inefficient homes, and to preserve the value of customers' assets. These actions will contribute to significantly lowering the average intensity of the residential real estate loan portfolio by 2030.

The quality of the data is correlated with the EPD coverage of all our outstandings. Although the stock is not yet fully covered by EPD, this should improve in the long term thanks to a greater effort to recover EPD, which has been in place since 2022. The EPD is either supplied by the owner or obtained from the ADEME website.

Physical risks only concern drought and floods on credit risk over a one-year horizon. For transition risk, two types of scenarios are provided. One, short term; three years, concerns credit risk and market risk in the event of an unexpected and sudden carbon price shock. The second simulation consists of assessing the climate impact on our balance sheets over a 30-year horizon, according to three scenarios: an orderly transition, in anticipation of the Paris Agreement in 2050; a disorderly transition, where no new policy is put in place until 2030, then a sudden and abrupt transition; and a scenario of no transition leading to significant global warming.

Groupe BPCE's participation in the 2022 climate stress test exercise demonstrated its ability to quantify climate risk under different scenarios. Groupe BPCE responded to this exercise with the quality of information and method praised by the ECB. It had to integrate a new sectoral dimension into its internal models over unprecedented time horizons of up to 30 years. Groupe BPCE also had to collect new data, such as energy performance diagnostics (EPD) for homes given as guarantees, in order to carry out stress tests. This exercise led to the identification of areas for improvement to obtain data in a reliable and recurring manner. Lastly, this stress test enabled Groupe BPCE to quantify the main risks to which the Group is exposed and to prioritise actions to identify, mitigate and monitor these risks.

In terms of results, the metrics are contrasted according to the types of risks and scenarios defined by the ECB.

The scenario more representative of physical risks is short-term flooding, due to the Group's home loan portfolio. This impact is also the corollary of the methodological framework used in terms of insurance coverage. Lastly, the insufficient granularity of certain data does not enable the results to be mitigated.

The short-term transition risk is increased due to the lack of data on the energy performance of collateral backed by corporate exposures but remains limited overall because Groupe BPCE's exposure to the most carbon-intensive sectors is lower than the average of its peers.

On the long-term transition risk, due to this low exposure to the sectors identified as sensitive by the supervisor, the scenarios set do not impact Groupe BPCE in a very differentiated manner.

Following the publication requirements related to ESR2 SBM-3, below are Banque Palatine's explanations, concerning the representation for each material climate-related risk that it has identified and considered, as being a climate-related physical risk or a climate-related transition risk:

Sub-theme	Sub-sub-theme	Type of IRO	Activity/ Value chain	IRO definition
Climate change mitigation and adaptation	Climate change mitigation and adaptation - financing and investments	Risk	Downstream value chain	Risk of impairment of assets related to investments and financing exposed to physical climate risks (high-risk areas)
		Risk	Downstream value chain	Risk of financial loss related to financing/investments of counterparties exposed to climate transition risks
		Risk	Downstream value chain	Reputational risk related to financing and/or investments in companies with a carbon-intensive activity and/or incompatible with the net-zero alignment trajectories

Banque Palatine has set itself the target of reducing its GHG emissions by 6% by 2026, based on 2023.

In order to achieve this objective, it plans to act on various levers, and mainly on two items:

- mobility, by reducing the number of vehicles in its fleet, both service and company vehicles, and by converting the fleet to vehicles with lower emissions (gradual electrification). Apart from non-current assets, this will also have an impact on fuel consumption, with a reduction in associated emissions;
- real estate, by rationalising the surface areas of administrative sites, as the functions of the Val de Fontenay administrative headquarters have been grouped together on a new site, the Joya, in 2024 with a better energy label. The repercussions in terms of lower carbon footprint on this item will be seen from 2025, as the old sites will still be present in the operating fleet in 2024. In addition, apart from the increase in floor space, energy consumption should be significantly improved in the main head office building, with staff moving into a new building that meets the best environmental criteria. Several business centres and private banks will also be renovated or relocated to premises that consume less energy.

12.4 PAM: Climate risk management

As part of its climate change policies, Palatine Asset Management is deploying several strategic actions.

Firstly, sectoral exclusion policies have been introduced, targeting fossil fuels (coal, oil and gas) and certain heavy industries with a high carbon footprint.

Environmental, social and governance (ESG) criteria are also integrated into the investment process, giving preference to companies that adopt sustainable practices.

Palatine AM has set up a system for assessing and monitoring the climate risks associated with its investment portfolios, using climate scenarios to anticipate future impacts.

At the same time, an environmental performance monitoring programme has been developed to assess the impact of investments on the climate and regularly analyse the carbon footprint of portfolios.

Shareholder engagement strategies are also implemented, in particular through the exercise of voting rights at General Meetings and dialogue with companies to encourage them to adopt more sustainable practices and better manage climate risks.

Finally, regular reports on progress and commitments in terms of environmental impact are published, reinforcing Palatine Asset Management's transparency and responsibility towards its stakeholders.

These initiatives demonstrate our commitment to a sustainable future while delivering returns to our investors.

To manage climate risks, Palatine Asset Management assesses portfolio exposure:

- to physical risks: these include extreme weather events (floods, storms, droughts) that can damage physical assets or disrupt supply chains;

- to transition risks: these risks arise from changes in policies, regulations and market preferences associated with the transition to a low-carbon economy. For example, companies that fail to adapt to new environmental regulations may face financial losses.

This involves modelling different carbon emission scenarios and analysing how these scenarios might affect asset performance.

Palatine AM's commitments to managing carbon metrics apply to all assets under management, with the exception of cash and external funds, which represent a marginal share of less than 15% of total assets.

The methodologies used to calculate the carbon metrics are based on the definitions in Annex 1 of Delegated Regulation (EU) 2022/1288 of 6 April 2022.

These indicators cover the GHG emissions and carbon footprint of the products offered by the management company.

They are calculated annually for all Palatine AM's consolidated investments and for each product in the SRI range.

The purpose of these assessments is to manage the climate risk exposure of investments and to serve as a basis for reflection on an emission reduction trajectory for Palatine AM.

12.5 Financial and market risks

In terms of financial risks, an assessment of climate risks is carried out, among other things, through the management and monitoring of the liquidity reserve. Climate criteria and more broadly ESG criteria are taken into account in three areas: the environmental quality of the security, the ESG rating of issuers and a temperature analysis with the definition of an alignment objective in line with the Group's strategic plan.

12.6 Operational risks

Risks related to own activity

In the operational risk monitoring tool (OSIRISK), a metric tracks incidents linked to climate change. The latter makes it possible to distinguish between physical risks and transition risks.

In addition, in order to anticipate and manage physical climatic events that could affect its own activities, Groupe BPCE has implemented a business continuity plan that defines the procedures and resources enabling the bank to deal with natural disasters in order to protect employees, key assets and activities and ensure the continuity of essential services.

No incident ticked in OSIRISK during 2024 concerning Banque Palatine.

Reputational risk

The evolution of consumer awareness and sensitivity to climate issues is a sensitivity factor for the banking sector that could lead to damage to the bank's reputation in the event of non-compliance with regulatory expectations or controversial business-related controversies. A reputation measurement indicator incorporating climate-related events and more broadly ESG is being developed by the Group's Operational Risk Department.

Within Banque Palatine, reputational risk has been monitored as part of the Climate Risk Materiality Matrix.

Legal, compliance and regulatory risk

In order to limit the effects of climate change, the administrative and legislative authorities are required to adopt new regulations. These texts can be international (Paris Agreement), European (taxonomy) or national (climate and resilience act). For example, the French legislator has just increased its requirements with article 29 of the climate energy act. Financial corporations must demonstrate how their investments are in line with a 1.5°C/2°C trajectory (see Paris Agreement).

The Legal Department, in conjunction with the CSR Department and the Group Risk Management Department, organises the information of the respective channels about this risk and encourages increased vigilance regarding the use of climate-related terminologies in order to be aligned with the European taxonomy.

Legal, compliance and regulatory risk was monitored as part of the determination of Banque Palatine's Climate Risk Materiality Matrix referred to above.

12.7 Credit risk

For retail banking, in addition to the coal policy applied to all Groupe BPCE companies, environmental criteria have been systematically included in sectoral policies since 2018. The Non-Financial Risk Committee (CoREFi), made up of the climate risk, credit analysis and CSR teams, has been meeting every month since March 2020 to conduct ESG reviews of all business sectors and by customer type.

As part of these reviews, each business segment is assessed on the basis of six environmental issues as defined by European taxonomy: physical climate risks, transition climate risks, biodiversity, water, pollution other than greenhouse gases and circular economy. An environmental sectoral classification follows from this assessment and identifies specific points of attention.

These sectoral ESG analyses are intended to inform discussions, particularly when granting loans. The objective is to provide additional analytical elements in light of regulatory and market changes, so as to better support customers in the transition.

ESG criteria have been implemented in Banque Palatine's Risk Policies in accordance with Groupe BPCE's Policies.

Transition questionnaire being rolled out for retail banking customers

For retail banking, a questionnaire dedicated to the consideration of environmental issues by customers in their business model was tested by customer service managers in order to collect information on the knowledge, actions and commitment of customers on climate and environmental issues. This tool is part of the Group’s response to the EBA guide on granting and monitoring loans in its ESG component.

The first elements collected make it possible to assess the customer’s maturity in terms of managing the climate and environmental challenges of its business segment. The pilot phase is being completed with a reflection on its future integration into customer rating systems once the necessary depth of history has been reached.

The integration of this data into the loan approval process and risk monitoring is currently being studied with the Retail Banking Insurance Development Departments.

12.8 Dashboards

Dashboards for monitoring and managing climate and environmental risks are being developed. The dashboard for the Group’s scope was validated in early July 2022 and is built to ensure the reliability and quality of the data used. It will be made available within the scope of each entity as the data becomes available.

Since 9 March 2023, the new Climate Risk Scorecard produced by the Group has given Banque Palatine access to qualitative information on the bond perimeter.

13 Emerging risks

Groupe BPCE places great importance on anticipating and managing emerging risks in today's constantly changing environment. As such, a forward-looking analysis identifying the risks that could impact the Group is carried out every six months and presented to the Risk and Compliance Committee, then to the board's Risk Committee.

The macroeconomic context has deteriorated sharply since the beginning of 2022 and has led to a more pessimistic view than the one projected in terms of the result generated by the Group's activities and the level of risk. In addition, the Covid crisis and the consequences of the crisis in Ukraine have profoundly changed the environment in which the Group's activities are carried out. They have greatly increased the intensity of the shocks caused by the various types of risks affecting our businesses.

The forthcoming slowdown in economic growth, combined with high and potentially long-term inflation, poses an increased risk of a deterioration in credit portfolios, in particular for certain customer segments with vulnerabilities (business sectors sensitive to the effects of a secondary war in Ukraine and/or inflation, customers with an already high level of debt, etc.).

Vigilance on interest rate and investment risks is also heightened given the highly unfavourable impact that the rise in interest rates and inflation could have on the Group's profitability in the short and medium term.

The international geopolitical environment remains an area for attention under vigilance, with various geopolitical tensions continuing to weigh on the global economic context and feeding uncertainty.

As the economy and financial services have grown increasingly digitised, banks have had to remain constantly vigilant against cyber-threats. The sophistication of cyber-attacks and potential vulnerability of their IT systems are both major risks for Groupe BPCE, in conjunction with the expectations of the regulatory authority.

The Group is very attentive to changes in the regulatory environment and to the supervisor's requests, in particular on new provisioning standards, the management and monitoring of leveraged loans, guidelines on non-performing loans, etc.

Climate change is an integral part of the risk management policy, with operational variations being rolled out.

Lastly, the operational risks are the subject of close attention, in particular with the application of crisis management systems when necessary.

NOTES TO THE MANAGEMENT REPORT

5

A Statement of results for the five previous years

Article R. 225-102 of the French Commercial Code

in thousands of euros	2020	2021	2022	2023	2024
SHARE CAPITAL AT REPORTING DATE					
Share capital	688,803	688,803	688,803	688,803	688,803
Number of shares [1]	34,440	34,440	34,440	34,440	34,440
OPERATIONS AND INCOME FOR THE FINANCIAL YEAR					
• Revenue	435,184	501,213	612,846	1,158,262	1,293,009
Income before tax, employee profit-sharing, depreciation, amortisation and impairment	(10,015)	75,359	84,483	145,481	134,059
Income tax	2,398	(9,068)	(3,226)	48,936	27,491
Income after tax, employee profit-sharing, depreciation, amortisation, impairment and provisions	(28,481)	38,410	(2,740)	124,243	58,399
• Dividend paid [2]	-	-	-	50,364	56,110
EARNINGS PER SHARE (IN EUROS)					
Revenue	12.64	14.55	17.79	33.63	37.54
Income after tax, employee profit-sharing, but before depreciation, amortisation and impairment	(0.31)	1.74	2.61	6.16	5.05
Income tax	0.07	(0.26)	(0.09)	1.42	0.80
Income after tax, employee profit-sharing, depreciation, amortisation, impairment and provisions	(0.83)	1.12	(0.08)	3.61	1.70
Dividend per share [2]				1.46	1.63
EMPLOYEE DATA					
Average headcount	1,293	1,182	1,105	1,098	1,095
o/w managerial staff	*839*	*807*	*777*	*822*	*822*
o/w non-managerial	*454*	*375*	*328*	*276*	*273*
Total wage bill for the year	77,851	79,992	71,594	68,516	70,645
Amount of employee benefits during the period	38,031	36,122	37,193	36,527	37,232

(1) *Earnings per share are calculated based on the number of shares outstanding at the date of the General Meeting.*
(2) *Subject to approval by the General Meeting.*

B Information on supplier and customer payment periods

Invoices received and due but not settled at the reporting date (table provided for in I of article D. 441-6-1)	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 day and more)**
Number of invoices concerned	10	14	8	5	18	45
Total amount, inclusive of VAT, of the invoices concerned (in euros)	72,891	339,501	52,296	8,267	47,979	448,043
Percentage of the total amount of purchases, inclusive of VAT, for the financial year	0.09%	0.44%	0.07%	0.01%	0.06%	0.57%

Invoices received in arrears during the year (table provided for in II of article D. 441-6-1)	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 day and more)**
Number of invoices concerned	3,108	1,764	427	213	281	2,685
Total amount, inclusive of VAT, of the invoices concerned (in euros)	37,283,731	29,557,350	3,773,797	4,290,828	2,551,924	40,173,900
Percentage of the total amount of purchases, inclusive of VAT, for the financial year	47.81%	37.90%	4.84%	5.50%	3.27%	51.52%

This information does not include banking transactions and related operations. For Banque Palatine customer receivables and liabilities, see appendix 4.14 to chapter 2 on the maturity of loans and borrowings, which provides information on their residual maturity.

C Appropriation of earnings for the 2024 financial year

Sources	
Net profit	€58,398,526.29
Carried forward	€283,777,295.14
TOTAL	**€342,175,821.43**

Appropriation	
Allocation to the legal reserve	€2,919,926.31
Dividend payments	€56,110,352.03
Carried forward	€283,145,543.08
TOTAL	**€342,175,821.43**

D Information on inactive accounts

Articles L. 312-19, L. 312-20, and R. 312-21 of the French Monetary and Financial Code

From 1 January to 31 December 2024

- Number of inactive accounts at the bank: 5,961.

Total amount of deposits and assets in these accounts: €29,001,829.84

- Number of accounts for which deposits and assets are deposited with Caisse des dépôts et consignations (CDC): see table below.
- Total amount of deposits and assets deposited with Caisse des dépôts et consignations: see table below.

Year 2024	Number of accounts whose assets are deposited with CDC	Amount of funds deposited with CDC
Quarter 1	39	554,093.03
Quarter 2	56	396,239.99
Quarter 3	48	482,518.45
Quarter 4	25	331,153.30
TOTAL TO BE DECLARED	**168**	**1,764,004.77**

E List of business and private banking centres, premium branches and other locations

North-East France: 9 business and private banking centres

Paris Matignon	12, avenue Matignon	75008	Paris
Paris Opéra	24 bis, avenue de l'Opéra	75001	Paris
Nogent-Sur-Marne	1, avenue de Lattre de Tassigny	94130	Nogent-Sur-Marne
Saint-Germain-en-Laye	4, rue d'Alsace	78100	St-Germain-en-Laye
Caen - Normandy	12, rue Ferdinand Buisson	14280	Saint-Contest
Lille - Hauts-de-France	56, boulevard de la Liberté	59000	Lille
Dijon - Bourgogne-Franche-Comté	20, boulevard de Brosses	21000	Dijon
Metz - Lorraine Champagne	1, rue des Messageries	57000	Metz
	Immeuble Zash - Rue Frédéric Passy	51430	Bezannes
Strasbourg - Alsace	1, avenue de la Liberté	67000	Strasbourg

West France: 9 business and private banking centres

Paris Auteuil	65, rue d'Auteuil	75016	Paris
Paris Courcelles	86, rue de Courcelles	75008	Paris
Paris Rive Gauche	147, boulevard Saint Germain	75006	Paris
Versailles	13, rue Colbert	78000	Versailles
Orléans - Centre-Val de Loire	123, rue de la Juine	45160	Olivet
Rennes - Brittany	37, boulevard Solférino	35000	Rennes
	1, rue Jean Marie Lebris	29200	Brest
Nantes - Pays de la Loire	2, rue Voltaire	44000	Nantes
La Roche-Sur-Yon - Vendée Poitou Charentes	2, rue Benjamin Franklin	85000	La-Roche-sur-Yon
Bordeaux - Nouvelle-Aquitaine	35, place Gambetta	33000	Bordeaux
	68, avenue du 8 mai 1945	64100	Bayonne

South-East France: 8 business and private banking centres

Lyon - Rhône Est	1, place des Cordeliers	69002	Lyon
Lyon - Vallée du Rhône	12 ter, quai Perrache	69002	Lyon
Alpes	15, rue du président Favre	74000	Annecy
	7, avenue du Mont Blanc	74400	Chamonix
	18, chemin de Malacher	38240	Meylan
Saint-Etienne - Loire Auvergne	1, boulevard Pierre-Antoine et Jean-Michel Dalgabio	42000	Saint-Etienne
	4, rue Eric de Crosmières	63000	Clermont Ferrand
Toulouse - Midi-Pyrénées	8, rue du Poids de l'Huile	31000	Toulouse
Sud Midi	2, place Paul Bec	34000	Montpellier
	26, rue de la République (1)	84000	Avignon
Marseille - Provence	65, avenue Jules Cantini	13006	Marseille
Nice - Côte d'Azur	470, promenade des Anglais	06200	Nice

(1) Address since 9 January 2025 - previously at 3, rue de la Balance 84000 Avignon.

Premium network: 4 Palatine Premium branches

Paris	200, rue Carnot	94120	Fontenay-Sous-Bois
Lyon	33, rue Maurice Flandin	69003	Lyon
Marseille	65, avenue Jules Cantini	13006	Marseille
Nice	470, promenade des Anglais	06200	Nice

Other location

Paris Malesherbes	Immeuble Horizons 17 - 140, boulevard Malesherbes	75017	Paris

DRAFT RESOLUTIONS SUBMITTED TO THE ORDINARY GENERAL MEETING ON 28 MAY 2025

6

First resolution

The General Meeting, under the conditions required for Ordinary General Meetings as to quorum and majority, having reviewed the Board of Directors' management report and corporate governance report, and the Statutory Auditors' report on the annual financial statements of Banque Palatine for the year ended 31 December 2024, approves the annual financial statements showing a profit of €58,398,526.29.

Pursuant to article 223 quater of the French General Tax Code, the General Meeting approves the expenditure and charges covered by paragraph 4 of article 39 of said code, totalling €64,285.44.

Second resolution

The General Meeting, under the conditions required for Ordinary General Meetings as to quorum and majority, and having reviewed the Board of Directors' management report and corporate governance report, and the Statutory Auditors' report on the consolidated financial statements of Banque Palatine for the year ended 31 December 2024, approves the IFRS consolidated financial statements showing net income Group's share of €80,698,645.76.

Third resolution

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, approves the appropriation of earnings for the year ended 31 December 2024, as proposed by the Board of Directors:

Net profit	€58,398,526.29
Carried forward	€283,777,295.14
TOTAL	**€342,175,821.43**

Allocation to the legal reserve	€2,919,926.31
Dividend payments	€56,110,352.03
Carried forward	€283,145,543.08
TOTAL	**€342,175,821.43**

Following this allocation, the balance of the legal reserve amounted to €61,978,986.27 and the balance of carried forward to €283,145,543.08.

In application of article 243 bis of the French Tax Code, shareholders are reminded that the dividends paid in respect of the last three financial years were as follows:

Year ended	Par value	Number of shares	Dividend/ income distributed per share
31/12/2021	€20	34,440,134	-
31/12/2022	€20	34,440,134	-
31/12/2023	€20	34,440,134	1.46

Fourth resolution

The General Meeting, under the conditions required for Ordinary General Meetings as to quorum and majority, and having been informed of the Statutory Auditors' special report, ratifies, in accordance with articles L. 225-40 of the French Commercial Code, the amendment to Didier Moaté's pension contract, which was authorised by the Board of Directors on 4 April 2024.

Fifth resolution

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, and having reviewed the Statutory Auditors' special report on agreements governed by article L. 225-38 of the French Commercial Code, notes this report and approves said agreements and the terms of said report.

Sixth resolution

The General Meeting, under the conditions required for Ordinary General Meetings as to quorum and majority, and having reviewed the Board of Directors' corporate governance report, issues a favourable opinion on the overall package for all types of remuneration paid during the year ended 31 December 2024 to all staff members belonging to the regulated population, amounting to €9,520,400.

Seventh resolution

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, sets the total annual amount of remuneration paid to members of the Board of Directors at €134,500, applicable for the 2025 financial year.

Eighth resolution

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, resolves to renew the appointment of Deloitte et Associés as Statutory Auditors for a term of six financial years, until the General Meeting called to approve the financial statements for the year ending 31 December 2030.

Ninth resolution

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, resolves to appoint Forvis Mazars as Statutory Auditor for a term of six financial years, i.e. until the General Meeting called to approve the financial statements for the year ending 31 December 2030.

Tenth resolution

The General Meeting, under the conditions required for Ordinary General Meetings as to quorum and majority, and having considered the report of the Board of Directors, resolves, in accordance with articles L. 821-40 *et seq.* of the French Commercial Code, to appoint Forvis Mazars as the Statutory Auditor responsible for certifying sustainability information for a term of one financial year, pursuant to article 38 of Ordinance no. 2023-1142 of 6 December 2023, i.e. until the General Meeting called to approve the financial statements for the year ended 31 December 2025.

Eleventh resolution

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, grants full powers to the bearer of a copy or extract of the minutes of this meeting in order to carry out the publication formalities provided for by law.

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