2016 ACTIVITY REPORT

Without distance
With you

BRED

ADDITIONNER LES FORCES
MULTIPLIER LES CHANCES

BANQUE POPULAIRE

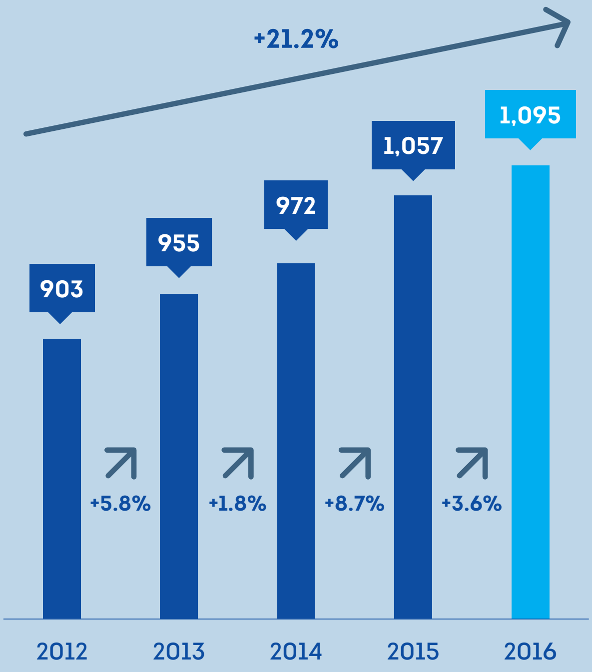
Contents

NEW RECORD: FOR THE SECOND CONSECUTIVE YEAR BRED HAS EXCEEDED **ONE BILLION EUROS IN NBI (€1,095M)**

+6.9% (EXCLUDING NON-RECURRING ITEMS)

GROWTH IN **CONSOLIDATED ACCOUNTING NBI**

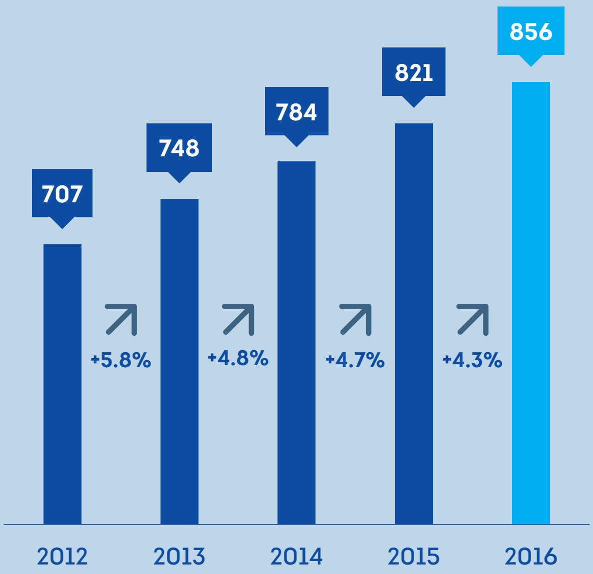
(€ MILLIONS)



This record activity level despite the unfavourable economic environment (flat interest rate curve and stricter regulatory constraints) confirms the success of the " banking without distance" strategy implemented by BRED in recent years.

NBI GROWTH **IN COMMERCIAL BANKING FRANCE**

(€ MILLIONS)



Commercial Banking France (including ALM) continues to enjoy sustained growth and recorded NBI growth of 4.3%, thanks to the efforts to gain new customers and to the strategy implemented to adapt to ever-changing customer behaviour, in spite of an environment of lower interest rates and heightened competition.

This division has accounted for 70% of total NBI growth excluding extraordinary items between 2012 and 2016.

BRED, banking without distance, with you

BRED is a cooperative *Banque Populaire*, supported by its 165,000 members and 3.7 billion euros of equity.

The BRED Group has 5,500 employees, 25% of which are located outside France and in French overseas collectivities, offering services in retail banking, corporate banking, private banking, asset management, securities trading, an insurance company and international banking via its subsidiaries and international trade.

Its core business is commercial banking in France (in the Greater Paris Region, Aisne and Normandy, and in multiple French overseas territories including La Réunion, Mayotte, Martinique, Guadeloupe and French Guyana) and French Overseas Collectivities, where it pursues targeted growth in the Horn of Africa (Djibouti), Oceania (New Caledonia, Vanuatu, Solomon Islands and Fiji) and in Asia (Laos and Cambodia). It also has representation offices in Myanmar and Ethiopia, in addition to equity interests in a number of banks in these various regions of the world.

A local bank committed to its communities, in France it has a network of 344 local branches (including 81 in French overseas territories), 16 business centres (including 5 overseas), 12 asset management centres (including 3 overseas) and a wealth management division.

BRED maintains long-term relationships with more than one million clients: retail customers, tradespeople, shopkeepers, professionals, high net worth clients, SMEs, midcaps, large companies and institutions.

In addition to loans, investments and day-to-day banking, it offers all of its customers the products and services provided by its trading desk, insurance company and asset management company, in addition to those offered by the specialist subsidiaries of the BPCE Group

COMBINING THE HUMAN APPROACH WITH EFFECTIVENESS

STÈVE GENTILI
Chairman

In a particularly difficult period for banks, we must congratulate ourselves on our positive commercial performance, in France and internationally.

These very fine results are the fruit of all our efforts and spring from a strategy implemented in the spirit of our cooperative values. How else can we create productive and successful initiatives if not by our ability to listen, by our determination to understand, to continually adapt and anticipate, and to implement change in line with developments in society?

This success is also the fruit of an ambition, namely to preserve our historic vocation as a local bank with deep roots in its communities. We defend a different concept of banking and we confirm our uniqueness by a bold choice. We are increasing investment in commercial banking in France. This does not mean that we are turning our back on digital – far from it. We integrate it within our services without ever undermining the primacy of the human relationship, whether in-branch or remotely.

As a cooperative bank we have values, ethics and we keep our word, in the service of all our customers. We strive to apply our principles at all times in the delivery of quality services at our branches, in the design of our product range and in the attention we pay to answering our customers' questions.

A cooperative bank also means a responsible approach to economic development, in terms of business creation, promoting economic integration or financing local government initiatives.

Our cooperative identity is ultimately indivisible from the concept of cooperative membership. As both owners and beneficiaries of the services provided by BRED, our cooperative members participate in the life of the bank via forums dedicated to dialogue and feedback. The elected directors represent the interests of all members and customers. By participating in certain committees, these directors contribute to the preparation of decision-making at board meetings.

It is a multi-faceted board of directors, in terms of representation by geographical region, business sector and socio-professional category.

At BRED, the cooperative spirit is perpetuated and shared while being reinvented and developed. An increasing number of our clients are also prepared to demonstrate their confidence in this model. Together we successfully completed our capital increase in 2016. 15,000 of you have joined our existing cooperative members, with a direct interest in ensuring that BRED is able to develop sustainably, sheltered from the pressure of the financial markets.

With the support of our members, we shall therefore continue to provide an original response to the challenges that lie ahead, rooted in our cooperative values and founded on an economic concept that combines humanism and effectiveness.

"As a cooperative bank we have values, ethics and we keep our word, in the service of all our customers. This also means adopting a responsible approach to economic development."

OLIVIER KLEIN
CEO

For the second consecutive year, BRED has achieved consolidated net banking income of over one billion euros: €1,095m in 2016, a new record. Excluding extraordinary items, NBI growth stands at 6.9% (+3.6% in accounting income).

Despite the unfavourable interest rate environment, in 2016 BRED posted higher net banking income, including commercial banking France. It also further strengthens its financial base with the highest net result in its history of more than 266 million euros (+12% excluding extraordinary items and in accounting income).

We are therefore strengthening our presence within our communities via all of the distribution channels. And we are simultaneously developing our commitments with all the economic operators active in our regions. Furthermore, our financial solidity and dynamism alongside our close customer relationships built on trust, which together form the basis of the BRED model, enabled us to successfully complete an impressive capital increase in 2016. Higher capital is vital for our development and if we are to increase the number of our cooperative member customers.

"Our excellent results validate our strategy to make BRED a proactive "bank without distance" which supports its customers' life projects."

These record activity levels confirm the success of the "banking without distance" strategy implemented by BRED for a number of years now.

In the face of stricter regulatory, fiscal and pricing constraints, in a context of very low interest rates and of radical changes in customer behaviour, BRED has fundamentally adapted its strategy in order to always offer customers greater added value, whether retail or corporate.

The development strategy adopted over the past four years therefore consists of:

- enhancing the accessibility and convenience of the bank via significant investment in digital;
- via our investments in big data and the intelligent exploitation of our data, as with training, enhancing the pivotal role of the advisor at the very heart of the customer relationship. We are strongly developing proactiveness and the quality of advice given to customers, while deepening the commercial relationship.

The multi-form concept of "banking without distance" deployed in 2016 is an illustration of this. It consists of presenting a bank that is close to its customers, not only in geographical terms but also, and above all, in terms of the relationship, by combining the best that digital and physical proximity have to offer. A bank whose approachability, accessibility, customer focus and the responses it provides are testament to the respect it shows to its customers. A proactive and practical bank that always strives to offer greater added value to its customers during the preparation and implementation of their personal or corporate projects. A bank that never sees its customers as "remote".

BUILDING A "BANK WITHOUT DISTANCE" TO SERVE OUR CUSTOMERS

For retail customers, for example, in choosing BRED it does not mean having specialist advisors for each range of products, bearing in mind that personal projects may require savings, loans and insurance at the same time, but enabling advisors to take charge of the totality of their clients' needs with a level of expertise in keeping with the nature of customer they are assisting.

BRED's flexible organisation also enables it to adapt to all profiles and all company sizes. Professionals are managed at branch level, SMEs at the business centres and midcaps, large companies and institutions by the Corporate Banking division. BRED strives to fully understand the issues facing its corporate customers, to anticipate their needs and to jointly design bespoke solutions to support their growth and durability. In short, to be a long-term partner.

The record year of 2016 also saw numerous international projects. We prepared the opening of a commercial bank in Cambodia (BRED Bank Cambodia), officially opened in February 2017, and a banking subsidiary in the Solomon Islands (BRED Bank Solomon) will be opening its doors in late H1 2017.

BRED is therefore pursuing its development both in France and abroad, making significant investments in personnel training and digital. As a cooperative bank it continues to develop its global proximity model wherever it is active, in the service of customers and communities.

+

NET PROFIT
UP BY
12%

+

NET BANKING INCOME
UP BY
7%
(EXCL. EXTRAORDINARY ITEMS)

Wherever you need us

BRED IS SEEKING TO MAKE THE BANK MORE ACCESSIBLE AND MORE CONVENIENT FOR ITS CUSTOMERS, OFFERING THEM GREATER ADDED VALUE OVER THE LONG TERM REGARDING THE PREPARATION AND SUPPORT PROVIDED FOR THEIR PERSONAL OR CORPORATE PROJECTS.
BY COMBINING THE BEST OF TRADITIONAL AND ONLINE BANKING AND BY EXPLOITING THE NEW POSSIBILITIES OFFERED BY DIGITAL, WE ARE WORKING TO DEVELOP THE BANK OF THE FUTURE.

RETAIL

BRED is innovating for its retail customers

BRED HAS BEEN BUILDING A "BANK WITHOUT DISTANCE" FOR 5 YEARS NOW. THIS MEANS A BANK THAT OFFERS THE BEST OF ONLINE BANKING AND TRADITIONAL BANKING, ALWAYS OFFERING MORE SERVICES AND ADVICE THAT CREATE ADDED VALUE WHILE SIMPLIFYING THE LIVES OF ITS CUSTOMERS.

It is therefore constantly developing its online systems and services to simplify the process of day-to-day banking. Accordingly, in addition to its website, BRED offers a mobile application on Android and iPhone which is one of the most highly rated on the market.

BRED has been a pioneer since 2014, expanding its range of online services with functionalities providing added value, such as the digital safe, the invoice compiler and automatic categorisation of BRED account entries.

In 2015 it maximised the simplification of the customer experience, enabling "sensitive" transactions and purchases to be carried out via the web at the click of a mouse yet with the highest level of security.

In 2016 BRED introduced the 100% online account opening process (requiring less than 8 minutes), in addition to enhanced customer support during mortgage applications with SMS tracking of every new step, and also launched the **first connected savings product** – a simple solution that enables family and friends to contribute to the savings of a minor by making payments via bank card, internet or smartphone.

LAUNCH OF THE BRED AGGREGATOR

In February 2017, BRED offered its retail and professional customers (natural persons) the ability to aggregate all of their bank accounts (current account, bank card, securities account, life insurance, equities savings account, standard savings accounts and salary savings schemes) at a single entry point to BRED. It is a simple and practical way of maintaining an overview of all your assets.

Based on a technical building block produced by a Fintech, and supplemented by developments created by our own IT personnel, BRED has introduced a unique aggregation service incorporating over 150 referenced establishments. In accordance with its values, it guarantees its customers absolute security of personal data. It places the same demands on the processing of this data as it does on its own banking data. Furthermore, it complies with the principle of complete confidentiality by undertaking never to exploit this data on its own behalf.

A cooperative bank, BRED Banque Populaire innovates for and with its customers. With their support it has decided to co-develop the products and services they need. While it therefore develops solutions in flexible mode, it has also gone even further by structuring the initiative over the longer term via the creation of LAB BRED, a community of member customers consulted at all stages of the project.

LESS THAN **8** MINUTES
to open
an account
100% online

OVER
150
banks
incorporated within
the BRED aggregator

BUILDING A COMPLETE RANGE OF SERVICES
FOR THE MANAGEMENT OF PERSONAL FINANCES

We are developing a **new element in budget management services** which will be completed in 2017 with tools for forecasting, categorising in aggregated accounts, managing different types of expenditure and receiving enhanced alerts, enabling you to optimise your budget monitoring and control. The long-term objective beyond simple budget management is to offer customers the most complete service platform on the market in the area of **personal finances.**

RETAIL

BRED Espace, the online bank in France and abroad

BRED ESPACE IS BRED'S ONLINE BANK. IT IS DEVELOPING AN ORIGINAL MODEL BY OFFERING A COMPLETE RANGE OF ONLINE BANKING SERVICES AND PRODUCTS REMOTELY MANAGED WITH THE SUPPORT OF A DESIGNATED ADVISOR.

CUSTOMISED BANKING FOR EACH OF ITS TARGET CUSTOMER POPULATIONS

Complementary to the BRED branch network, BRED Espace has developed significant expertise for certain customer target populations, such as:

- students, notably those at leading universities
- businesspeople on assignment abroad
- non-residents
- French representatives abroad
- independent professionals

Each of these customer populations is managed by a dedicated team with in-depth knowledge of the specific issues encountered. The geographical proximity of the BRED Espace teams, located at a single site, also enables them to work in synergy, thereby offering customers the most complete solutions possible.

With each customer being managed within a portfolio by a dedicated advisor, BRED Espace is able to offer a premium online service covered by the principle of maximum client proximity.

A BANK WELL VERSED IN PROBLEMS ASSOCIATED WITH MOBILITY

Experts in remote customer management, the personnel of BRED Espace are fully conversant with managing mobility issues.

BRED Espace Etudiants and BRED Espace Grandes Écoles provide support for students during their ever more frequent trips abroad, or when they are training,

Students travelling abroad are able to communicate with their advisor via secure messages sent from their connection space or via e-mail or when they are continuing their studies, and even during their first professional experience.

BRED Espace Outre-mer provides a link between banking in mainland France and in French overseas territories, sustaining customers' needs when they are overseas. BRED Espace Outre-mer also provides support when they are on foreign soil.

BRED Espace also manages all of BRED's non-resident and expatriate customers, including high net worth individuals via its entity BRED Espace Banque Privée.

Working time for our multi-lingual staff is structured around extended hours, providing the necessary flexibility to serve customers spread out around the world.

THE ONLY ONLINE BANK ABLE TO FINANCE ALL OF ITS CUSTOMERS' PROJECTS

Based on BRED's range of products and services, BRED Espace is now able to provide support for all its customers' projects, even the most complex, and notably in terms of their financing requirements:

- Consumer loans and student loans;
- Property financing, from the most simple to the most complex of structured packages, managed by specialist advisors at BRED Espace Banque Privée. BRED Espace personnel notably finance the real estate projects of non-residents, whether French or foreign, in France or abroad.
- Finally, BRED Espace professions libérales provides support for independent professionals to set up, finance and develop their businesses, enabling them to optimise their time management and be guided by an online bank with designated advisors and specialists in private banking.

To find out more, go to:
bredespace.com

BRED Espace today offers a complete range of bespoke online products and services in banking and insurance via designated advisors. It thus enables those with significant geographical mobility or who experience significant time constraints, such as students, company managers, executives and independent professionals, whether French living abroad, residents of French overseas territories, etc. to receive banking support while benefiting from a close personal relationship.

BRED Espace therefore provides them with support over the long term, covering all their requirements over an extensive availability window, wherever they are in the world.

DUAL RELATIONSHIP FOR STUDENTS

Since October 2016 BRED has been offering students an original relationship mechanism.
In practice students have two dedicated advisors:

- their in-branch advisor if they require a face-to-face meeting
- their BRED Espace advisor when they require remote services

To this end, BRED Espace has created a special structure, BRED Espace Etudiants, with correspondents offering an extensive availability window to ensure the same level of accessibility as those living in France or in French overseas territories.
With the dual relationship, students no longer have to choose between the branch and the online bank;
BRED offers them both!

CORPORATE CLIENTS

A range of bespoke services, supporting the strategy of medium-sized and large companies

BRED OFFERS COMPANIES A STABLE TEAM OF EXPERIENCED ADVISORS WHO KNOW THEIR BUSINESS SECTOR OR INDUSTRY AND THE SPECIFIC FEATURES AND DEMANDS OF CORPORATE CLIENTS (INTEGRATED REAL ESTATE MIDDLE OFFICE, DEDICATED FINANCING MIDDLE AND BACK OFFICE, DEDICATED TRANSACTIONS MIDDLE AND BACK OFFICE, ETC.).

The relationship managers are the sole points of contact for the corporate clients they serve. **In direct contact with the specialist departments** (trading desk, IT, back office, international, etc.), they possess the necessary information and authority to ensure a **close, responsive and effective relationship.**

BRED is organised by major business sector to offer the best possible level of analysis and advice:

- mass retail, specialist retail;
- energy & telecoms, leisure;
- agri-food;
- real estate;
- institutions, etc.

BRED offers **a unique combination of specialist expertise,** orchestrated by relationship managers of the highest level providing an in-depth understanding of their clients' requirements, designed to co-develop bespoke solutions.

→ FINANCING

Financing of all your strategic operations:

- large-scale investments, company mergers, external growth, refinancing, repositioning of real estate assets, etc.
- structuring of bespoke banking and non-banking transactions, such as asset financing and projects in excess of the individual financing capability, syndicated financing and acquisition credit facilities, Euro PP and other bond market vehicles… all via the combination of multiple areas of expertise exploited for maximum synergy.

Support for short-term market financing programmes

BRED's trading desk is one of the main market operators in terms of Euro CP and treasury bills.

Comprehensive factoring solutions: cash raising by European subsidiaries, dedicated transactions, reverse factoring, syndicated programmes.

An **equipment and real estate leasing** activity that also incorporates solutions for the **local financing of subsidiaries,** IT assets and vehicle fleets.

→ CASH MANAGEMENT

Recognised solutions for managing cash and major financial flows both in France and abroad.

Bespoke receipt and payment solutions developed with large corporate clients, ideally suited to the specific features of their sector in accordance with the highest operating standards.

Robust and flexible **day-to-day cash management** of the highest quality.

A partner focussed on and fully proficient in all the major challenges: digital transformation of the client experience, secure payment processes, anti-fraud measures, real-time processing, etc.

BRED **OFFERS** A UNIQUE COMBINATION

of specialist expertise orchestrated by relationship managers of the highest level

→ INTERNATIONAL DEVELOPMENT

Secure financing of international trade transactions

Bespoke services in **structured and transaction financing of raw materials *via our commodity trade financing subsidiary based in Geneva.***

Optimised financing of European subsidiaries with our uniform and centralised factoring solution.

An effective relay for development projects outside France **is provided via our presence in French overseas territories and collectivities and our international banking subsidiaries.**

→ AVAILABLE-FOR-SALE AND INVESTMENT SECURITIES

Advisory and management of available-for-sale and investment securities, taking into account all statutory, regulatory and contractual constraints and the performance requirements of the business lines in association with the trading desk and the BRED management company.

Management mandates structured in line with the investment strategy of each investor, exploiting the expertise of our management company. Solutions to boost the yield of bond portfolios are supplemented by a regulatory reporting service of the highest quality.

Bespoke foreign exchange and interest rate risk solutions are offered by the trading desk.

SME & PROFESSIONALS

BRED, the bank for SMEs and company managers

AT BRED, EACH COMPANY HAS A DEDICATED ADVISOR WHO IS ACKNOWLEDGED FOR THEIR PROFESSIONALISM. THIS PRIVILEGED RELATIONSHIP ENABLES THE MANAGER TO MOBILISE AND ORCHESTRATE A WIDE ARRAY OF EXPERTISE AND PERSONNEL TO PROVIDE BESPOKE SOLUTIONS. THIS PERSONAL PROXIMITY, ALLIED TO THE TEAMS' COMMITMENT, INDEPENDENCE AND FLEXIBILITY, ENSURES RESPONSIVENESS AND THE ASSURANCE OF BEING ABLE TO CONSTRUCT A WIN-WIN PARTNERSHIP OVER THE LONG TERM.

360° APPROACH

BRED provides support in all areas (equity operations, trade receivables, financial management, international, etc.) for every client company, whether a large corporate, midcap or SME, thanks to its **wide range of specialist expertise. BRED anticipates** the impact of the company's structural projects on revenue and on the assets of the manager and his or her family: sale of operating assets, transfer,etc.

Personnel in private banking (Banque Privée), both financial engineers and asset managers, are available to clients to support them throughout the duration of their life projects.

A COMPLETE RANGE OF EXPERT SERVICES SUPPORTING THE STRATEGY OF SMES

Financing

Financing of development, innovation and debt structuring projects, widening or optimisation of financing solutions beyond bank debt, factoring solutions, leasing of operating, industrial and real estate assets.

Mergers & Acquisitions

A complete range of services for disposals and transfers: financial valuation, purchaser identification and contact, support during negotiations, transaction structuring.

Private equity

Equity financing of development projects. Transfer and disposal, shareholder restructuring, strengthening of majority stakes, exit of minority shareholders.

Asset and financial engineering

Production of a tax, legal and financial assessment of the managers' assets as represented by their company.
Advisory and support for decisions concerning preparation of a a disposal or transfer.

Private banking

Tax management advisory for the manager's non-company assets. Asset allocation advisory. Discretionary management.

Corporate engineering

Mechanisms for supplementary remuneration, health cover, gift vouchers and lunch vouchers to motivate employees without excessive burden on the company's expenses.

Management of foreign exchange and interest rate risk

Appropriate solutions for managing foreign exchange and interest rate risk, via the BRED trading desk.

Financing of international projects

Financing and securing of import/export transactions, with an extensive network of correspondents. Advice on the identification of growth opportunities abroad.

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BRED **OFFERS** companies and their managers a 360° approach

PROFESSIONALS: RETAILERS, TRADESPEOPLE, FARMERS AND INDEPENDENT PROFESSIONALS

A single advisor, at the core of the relationship

BRED provides supports to its customers, shopkeepers, tradespeople, farmers and independent professionals via a dual relationship, both professional and private.

As the decisions of company managers in the professional and personal financial spheres frequently overlap, BRED offers a single advisor for both personal and business projects. Where required he or she will provide advice about cash flow, insurance, company structure, international development, franchise networks and more. Private banking and asset management specialists may also be called on for matters such as wealth management, legal issues and personal protection. All the experts are also available to make preparations for retirement or to sell the business under optimum tax and financial conditions.

A responsive and available bank

Taking every care to ensure high quality services, BRED promotes the availability of its advisors, whether at the branches or during face-to-face meetings at the customer's premises. Highly responsive, they can be contacted directly via e-mail or phone. BRED has also optimised the functionalities of its professional banking website, BRED Connect, accessible via smartphone or tablet and which enables its customers to stay connected with their bank at all times.

Close links with professional bodies

Founded by businesspeople to meet their specific financing needs, BRED has established close ties with various professions. It interacts with trade bodies, chambers of commerce and other professional organisations to facilitate the creation, development and transfer/sale of companies and to enhance professional training opportunities for young people. It also implements a collaborative approach to test the suitability of new products and services, such as innovative solutions for retailers to manage customer relationships and create customer loyalty.

Differentiated solutions

The advisors are able to recommend the most appropriate banking and insurance solutions for each activity.

Knowledge of the specific features of each business area, notably acquired via contacts with professional organisations, has led to a process of differentiation. For example, specific solutions are offered to farmers, notably a formula for financing agricultural equipment over the medium term, and to members of the professions to acquire a client base, purchase hardware, refurbish premises or acquire offices or professional premises.

A bank committed to supporting professionals

Rooted in its communities, BRED mobilises its resources and participates in the development of the local economic fabric by financing the investments of entrepreneurs. Its approach to financing minimises formalities, reduces lead times and alleviates requirements in terms of personal guarantees thanks to Socama, the leading mutual guarantee company in France.

Open to new technologies

Fully aware of the digital challenges faced by its customers, BRED integrates the latest developments made possible by new technologies. The electronic money range has notably been extended with contactless payment terminals. An express settlement solution also enables retailers to receive customer payments instantaneously simply using e-mail.

BRANCHES AND EXPERTS DEDICATED TO THE PROFESSIONS

Close to the business locations of independent professionals, in the heart of Paris and in Rouen in Normandy, BRED has opened specialist branches. Incorporating the private and professional issues faced by their clients within a comprehensive approach, designated advisors are available to provide a premium level of service both face-to-face or remotely or by appointment at the client's business premises. The concept has received widespread support among our clients in French overseas territories.

PRIVATE BANKING AND ASSET MANAGEMENT

Specialist management for high net worth clients

ASSET MANAGEMENT

For its private banking and wealth management clients BRED provides a holistic advisory and asset management structure based around our trading desk, our management company Promepar Asset Management and our insurance company Prepar-Vie.

A TRADING DESK FOR THOSE MANAGING THEIR OWN ASSETS

Certain institutional and private banking clients prefer to retain direct management of part of their assets, sometimes via captive management companies.

The BRED trading desk offers "standard" and bespoke solutions: money market transactions, bonds, equities, derivatives, currencies, etc. Each field is managed by ten or so expert operators.

MANAGEMENT FOR PRIVATE BANKING CLIENTS

An integral part of the network, Private Asset Management is structured around clients' requirements in terms of wealth and tax advisory, asset management and liabilities management.
Asset management for these clients is conducted in close cooperation with the subsidiary companies Promepar Asset Management and Prepar-Vie.

AN EXPERT PRESENCE IN CLOSE PROXIMITY TO OUR CLIENTS

BRED Banque Privée is located at the heart of each region in which BRED operates, an organisation providing bespoke services for defined client categories:

- clients with financial assets of between €50k and €150k are managed by a Private Advisor at branch level;
- clients with financial assets of between €150k and €2m are managed by a specialist wealth advisor at one of our 11 dedicated wealth management centres located in the main population centres of the regions in which BRED operates: Paris, Neuilly, Vincennes, Caen, Rouen, Fort-de-France, Pointe-à-Pitre and Saint-Denis de La Réunion;
- for clients requiring a 100% digital relationship, BRED Banque Privée has created a wealth management space within our online bank, BRED Espace;
- clients with financial assets of over €2m are managed within the framework of our Cercle Premier wealth management centre, located at Place de l'Opéra in Paris.

A SPECIFIC MECHANISM WIDELY SUPPORTED BY OUR CLIENTS: THE DUAL COMMERCIAL RELATIONSHIP

Each private banking client managed within the framework of the Cercle Patrimonial (Wealth Circle) is offered a dual commercial relationship with:

- an in-branch advisor for managing account operations, day-to-day transactions and means of payment;
- a Cercle Patrimonial wealth advisor for optimising asset management, tax and financing.

All of our clients are also invited to take part in activities such as themed meetings and prestigious events.

A PREMIUM CIRCLE, DEDICATED TO WEALTH MANAGEMENT

Designed for clients with assets of over 2 million euros entered in our books, the Cercle Premier provides specific services and resources:

- systematic production of a wealth assessment with personalised recommendations
- technical assistance for the submission of tax returns and comprehensive management of clients' tax issues
- responses tailored to its clients' different issues via partnerships with the top specialists in a variety of fields (tax exemption, real estate transactions, career reconstitution, insurance of atypical property, pensions, etc.).

PROMEPAR

ASSET MANAGEMENT

BRED's ASSET MANAGEMENT EXPERTISE CENTRE	A SINGLE ACTIVITY: PORTFOLIO MANAGEMENT ON BEHALF OF PRIVATE INDIVIDUALS, COMPANIES, ASSOCIATIONS AND FINANCIAL INSTITUTIONS	MANAGEMENT BASED ON COMMON SENSE, PRAGMATISM AND BESPOKE AND COMPREHENSIBLE SOLUTIONS PROVIDED BY EXPERIENCED MANAGERS	TWO FIELDS OF EXPERTISE: DIRECT INVESTMENT BASED ON A CONVICTION STYLE OF MANAGEMENT AND SELECTION OF THE BEST ASSET MANAGEMENT TALENT

COMPLEMENTARY SPECIALIST EXPERTISE AVAILABLE WITHIN BRED

BRED Banque Privée offers all of its clients teams of experts ready to be mobilised at any time, notably to tackle the most specific and specialised of issues:

- **Wealth engineering:** taxation, wealth structuring and transfer
- **Financial engineering:** equity operations, company valuations and disposals
- **Real estate engineering:** specialist team for complex real estate structures and financing transactions.

These specialist and complementary units offer solutions to clients' specific requirements, whether company owners, directors, active executives, retirees or annuitants.

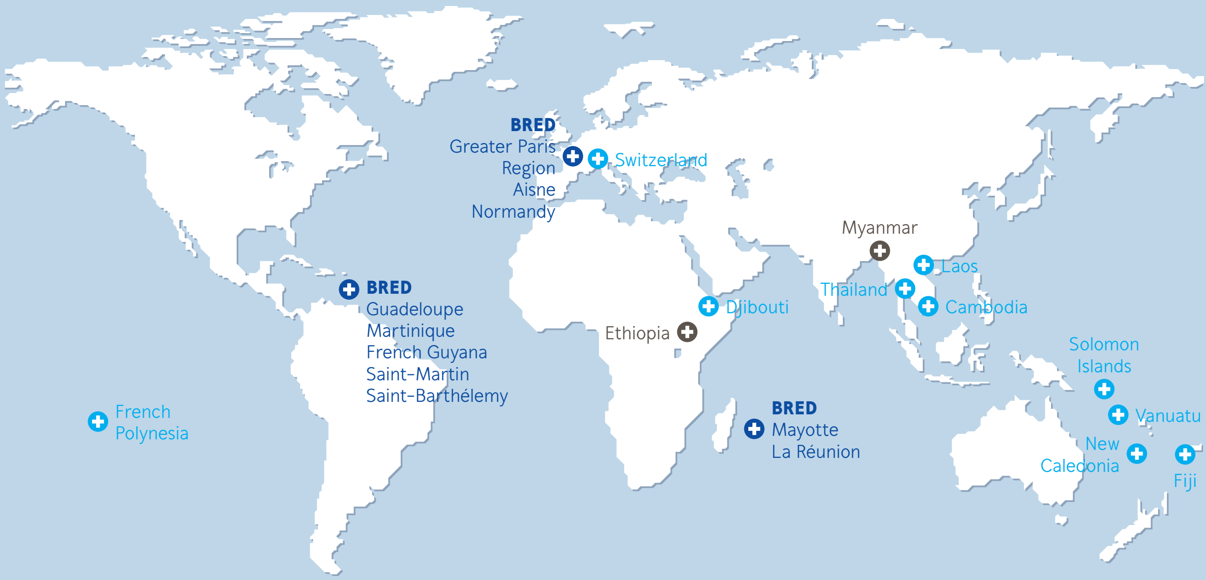
OUR INTERNAL EXPERTISE AND A SELECTION OF RENOWNED EXTERNAL PARTNERS

- **Asset management:** Promepar AM, trading desk, open architecture mutual funds, Natixis Bank Luxembourg
- **Life assurance:** Prepar-Vie, Natixis Life (BPCE Group) and other selected insurers
- **Real estate investment:** Crédit Foncier Immobilier (BPCE Group) and other partners of renown
- **Advisory in income tax exemption:** Fipromer (Groupe BRED – *Girardin* investment advisory), selection of FIPs, FCPIs, SCPIs and SOFICAs
- **Wealth tax (ISF) exemption:** SME investments, ISF holding companies
- **Other specific investment solutions** with market-leading partners: private equity, venture capital, private debt investments, woods & forestry.

INTERNATIONAL

The Group abroad and in French overseas territories, with development at the heart of BRED's strategy

• OUR SITES WORLDWIDE



BANQUE BRED

SUBSIDIARY OR EQUITY INTEREST

REPRESENTATIVE OFFICES

• OUR EMPLOYEES WORLDWIDE

5,500
EMPLOYEES WORLDWIDE

of which **25%** abroad and in French overseas collectivities

INFO
BRED.FR

BRED'S CORE BUSINESS IS COMMERCIAL BANKING IN MAINLAND FRANCE AND IN FRENCH OVERSEAS TERRITORIES, AS WELL AS IN FRENCH OVERSEAS COLLECTIVITIES, WHERE IT PURSUES TARGETED GROWTH IN THE HORN OF AFRICA (DJIBOUTI AND ETHIOPIA), IN OCEANIA (NEW CALEDONIA, VANUATU, SOLOMON ISLANDS, FIJI) AND IN SOUTH-EAST ASIA (LAOS, CAMBODIA AND MYANMAR).

In accordance with the development strategy for our regional hubs, BRED is opening new banks: one in Cambodia in early 2017 and another in the Solomon Islands in late H1 2017. BRED is developing in countries with high growth rates, where there is a high level of unbanked and where it is able to offer added value within the local banking landscape.

BRED has established three main areas of development:

- development of a commercial bank designed for private individuals, tradespeople, retailers and companies, including SMEs, a strong driver of growth in the countries in which we operate,
- quality of service: ensuring that in each country we reach the same level of service for both private individuals and companies,
- product creation, such as consumer credit released within 72 hours, as well as electronic money applications that can be used with just about any mobile phone. This account offers simple yet innovative banking services: payment of electricity bills and ATM cash withdrawals without a bank card. Launched in Djibouti, this service will also be rolled out to other countries: in Cambodia with the opening of the bank and in Fiji in H1 2017, followed by Laos.

BRED ALSO PROVIDES INTERNATIONAL TRADE FINANCING SERVICES

Active in Geneva for over 25 years in the form of a branch office, in 2015 BRED converted its international trade financing activity into a subsidiary (BIC-BRED (Suisse) SA). In 2016 the subsidiary enjoyed high growth. The role of BIC-BRED (Suisse) SA is to support the growth of commodity trading companies operating in energy, agriculture and metals, based in one of the world's leading centres for these markets. A bank offering services in transaction financing and/or revolving credit, BIC-BRED (Suisse) SA also offers its clients a wide range of products and services of the highest quality.

+

2 NEW BANKS
in Cambodia and the Solomon Islands in 2017

+

OVER **7%**
annual growth in Cambodia

COOPERATIVE MEMBERS

Cooperative and approachable for our 165,000 members

DEEPLY ROOTED IN OUR COMMUNITIES, PROVIDING AN EFFECTIVE RESPONSE TO THE NEEDS OF THE REAL ECONOMY AND LOCAL CUSTOMERS, SUPPORTING STAKEHOLDERS IN ECONOMIC LIFE AND SOCIETY, BRED PERPETUATES COOPERATIVE AND MUTUALIST VALUES TO WHICH IT GIVES REAL MEANING BY FAVOURING SOCIAL AND HUMAN BONDS.

Since its founding, BRED has always adopted an approach to banking aligned as close as possible to its customers and their needs, promoting the real economy and community development.

For BRED, cooperative banking means conducting business differently, founded on economic activity that above all develops a long-term approach over and above any short-term financial gain.

This approach is supported by our 165,000 members who hold BRED's capital and, therefore, are its owners. Their confidence in our model is justified by the success of every capital increase. In 2016 over 24,700 customers chose to become new members and thereby became key players in the process of guaranteeing the development of BRED.

Every customer is able to become a member and thus facilitate the expression of the cooperative values. In order to strengthen this link of confidence with our members, in-branch meetings are held for information and feedback purposes. These meetings are events that embody membership in all its dimensions. This dialogue is enhanced via our website, bred-societaires.fr, a forum for information and discussion on issues related to the cooperative model, to the functioning of the bank and its commitment to society.

COMMITMENT AND SOLIDARITY

BRED is committed to the economic and human success of its communities, first of all by conducting its business as a bank in the closest possible proximity to its customers and their needs in full compliance with the economic interests of our communities, but also by being committed to public interest initiatives implemented by members and by civil society.

RESPONSIBLY EXERCISING OUR ROLE AS A BANK

This is the best way of meeting the needs of both customers and society. Banks are an essential factor in the development of communities. By financing projects of both individuals and companies, they contribute to the economic dynamism of the region. As in previous years, BRED has made every effort to pursue a policy of sustained financing: at the end of 2016, the average amount of outstanding loans (retail, professionals, companies and institutions) had grown by 6.9% over 2015.

PERSONAL DEVELOPMENT OF THE MEN AND WOMEN WHO WORK FOR BRED

In a sector undergoing profound change, BRED has adopted a value-creation policy for the community of men and women who work for the bank. Training and developing our staff so that they can experience constant professional development and take pleasure in working. Personnel policy is based on significant investment in training, on ongoing employee dialogue of high quality and on an organisation that develops employability while promoting both autonomy and collective recognition via BRED's profit-sharing and incentive schemes.

SUPPORTING INITIATIVES THAT PROMOTE SOCIAL INCLUSION

An increasing number of marginalised persons find themselves in difficult situations which they find hard to overcome and prevent them from fully re-establishing their financial independence. BRED supports a certain number of bodies who have the aim of promoting supportive solutions favouring a return to employment or which offer job-creation activities which are useful to the community.

Such bodies include ADIE, Fondation de la 2e Chance, Habitat et Humanisme, Union Sportive Créteil Voile and Écoles de la 2e Chance.

PROMOTING EQUALITY OF OPPORTUNITY

Enhancing equality of opportunity is a major issue for BRED. While equal opportunities are obviously needed in terms of economic efficiency, this is also an urgent moral issue, and an imperative for a harmonious society. This is why BRED works hard to enhance equality of opportunity via multiple channels, such as by supporting deserving young people from all backgrounds, assisting them in their educational and professional development and exposing them to the values of good citizenship.

Legion of Honour foundation Un Avenir Ensemble, Internat de la Réussite Martinique, Le Café de l'Avenir and Harmonie Mékong.

ENHANCING KNOWLEDGE TRANSFER

Recognising the great importance of learning and personal development, BRED supports various local training and knowledge transfer programmes.

Initiatives include the Fonds de Dotation Françoise Giroud, the Rencontres Économiques d'Aix-en-Provence, the Fondation HEC and the Nocturnes de l'Économie in the Greater Paris region.

DEVELOPING ART AND CULTURE

Cultural diversity is a driving force for development and a vital part of our social life because it favours enhanced living, social links and regional attractiveness. Placing culture at the heart of development is therefore a vital investment, which is why BRED supports cultural and artistic initiatives within our communities.

Initiatives include the Fondation Flaubert of Rouen University, the Fondation d'Entreprise Banque Populaire, the Classique au Vert, the Ratrait and the Musicales de Bagatelle.

SUMMARY OF RESULTS 2016

INCOME STATEMENT
CONSOLIDATED ACCOUNTING INCOME

(€ MILLIONS)

	2016
NET BANKING INCOME	**1,095.0**
Personnel costs excluding incentive schemes and profit-sharing	-336.7
Profit-sharing and incentive schemes	-47.0
External services	-203.2
Taxes and duties	-40.8
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-39.5
TOTAL OPERATING EXPENSES	**-667.2**
GROSS OPERATING PROFIT	**427.8**
Cost-to-income ratio	60.9%
Cost of risk	-73.5
OPERATING PROFIT	**354.3**
Share of profits of associates	26.2
Net gains or losses on other assets	21.8
Change in value of goodwill	-0.9
PRE-TAX PROFIL	**401.4**
Income tax	-133.6
NET PROFIT FOR THE YEAR	**267.8**
Minority interests	-1.4
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**266.4**

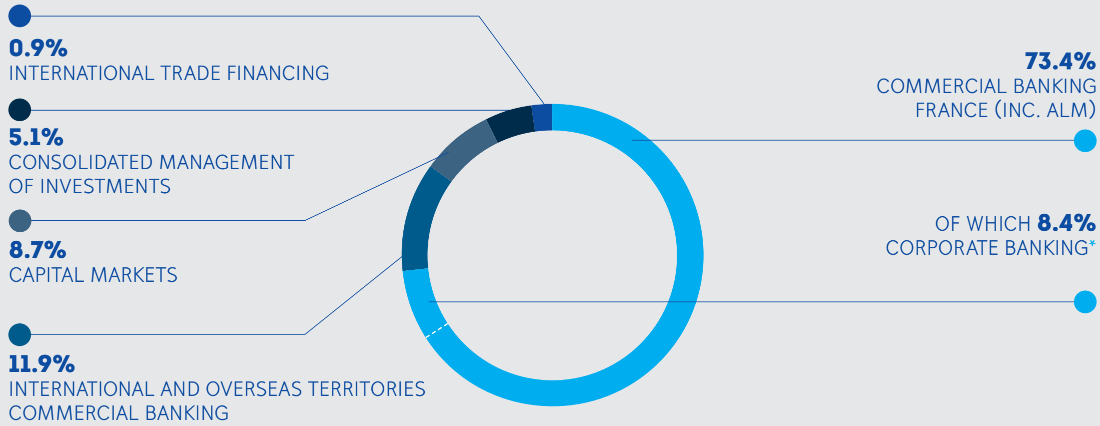
The figures presented are BRED consolidated financial data produced under IFRS as adopted by the European Union.

CONSOLIDATED INCOME STATEMENT **EXCLUDING NON-RECURRING ITEMS**

(€ MILLIONS)

	2015	2016	2016/2015	
NET BANKING INCOME	**1,016.3**	**1,086.3**	**70.1**	**+ 6.9%**
Operating expenses	639.1	660.8	21.6	**+ 3.4%**
Gross operating profit	377.1	425.6	48.4	**+ 12.8 %**
Cost-to-income ratio	62.9%	60.8%	**-2.1 points**	
Operating profit	298.9	352.0	53.1	**+ 17.7%**
Pre-tax profit	326.0	382.9	56.9	**+ 17.4%**
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**235.7**	**264.5**	**28.7**	**+ 12.2%**

BREAKDOWN OF NBI (excluding non-reccuring items) **BY DIVISION**



The net banking income of international subsidiaries and banking holdings is dealt with on the basis of the percentage of equity interest independently of the method of accounting treatment.

** Midcaps, institutions, real estate professionals, etc.*

The increase in operating expenses of 3.4% excluding non-recurring items reflects BRED's desire to pursue growth by always creating added value for customers and employees.

Personnel costs excluding incentive schemes and profit-sharing rose by 2.6%. Incentive schemes and profit-sharing rose by 8.4%.

Taxes and duties increased by €7 million due to the effects of regulatory constraints such as the increase of €4.2 million in the contribution to the Single Resolution Fund and the €1.7 million payment called by the Deposit Guarantee and Resolution Fund. Charges associated with these two funds amounted to over €10 million for BRED in 2016, against less than €5 million in 2015.

Other operating epenses (including amortisation) rose by 4.3%. BRED has decided to invest heavily in digital, and has increased the number of training hours by 40% since 2011. It has also launched a programme to improve and develop the organisation of its branch network to meet the ever-changing demands of its customers. It also decided to renovate its head office at Quai de la Rapée in Paris. IT projects associated with regulatory developments also increased these costs.

Gross operating profit, up by 12.8% excluding non-recurring items, benefited from the sharp rise in NBI and a relatively lower cost increase.

BRED posted a cost-to-income ratio of 60.8% excluding non-recurring items (60.9% in accounting income), a highly competitive level in the world of French banking.

The cost of risk fell by 12.1%.

BRED benefits from €26.2m from its share of profits of associates.

It also realised a real estate capital gain of nearly €22m which is a non-recurring item.

Net profit attributable to equity holders of the parent company stands at the historic level of €266.4m in accounting income, a rise of 11.9%. Adjusted for non-recurring items, it stands at €264.5m (+12.2%).

www.bred.fr
Registered office: 18, Quai de la Rapée – 75012 Paris
Tel: +33 (1) 48 98 60 00

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