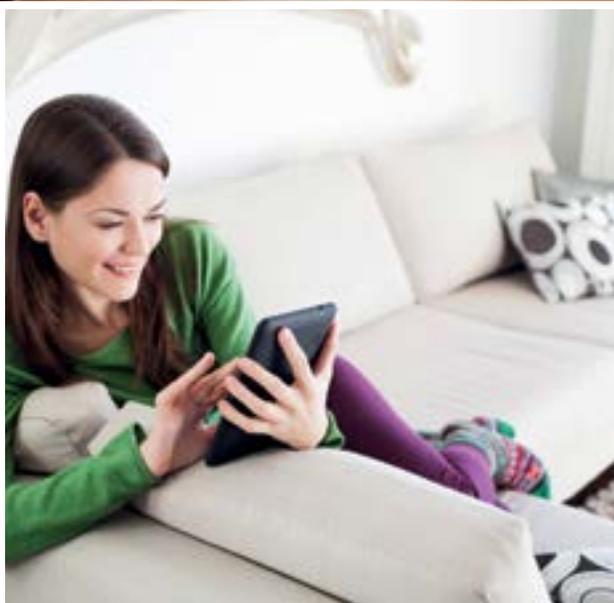


A bank
committed
to the regions
it serves



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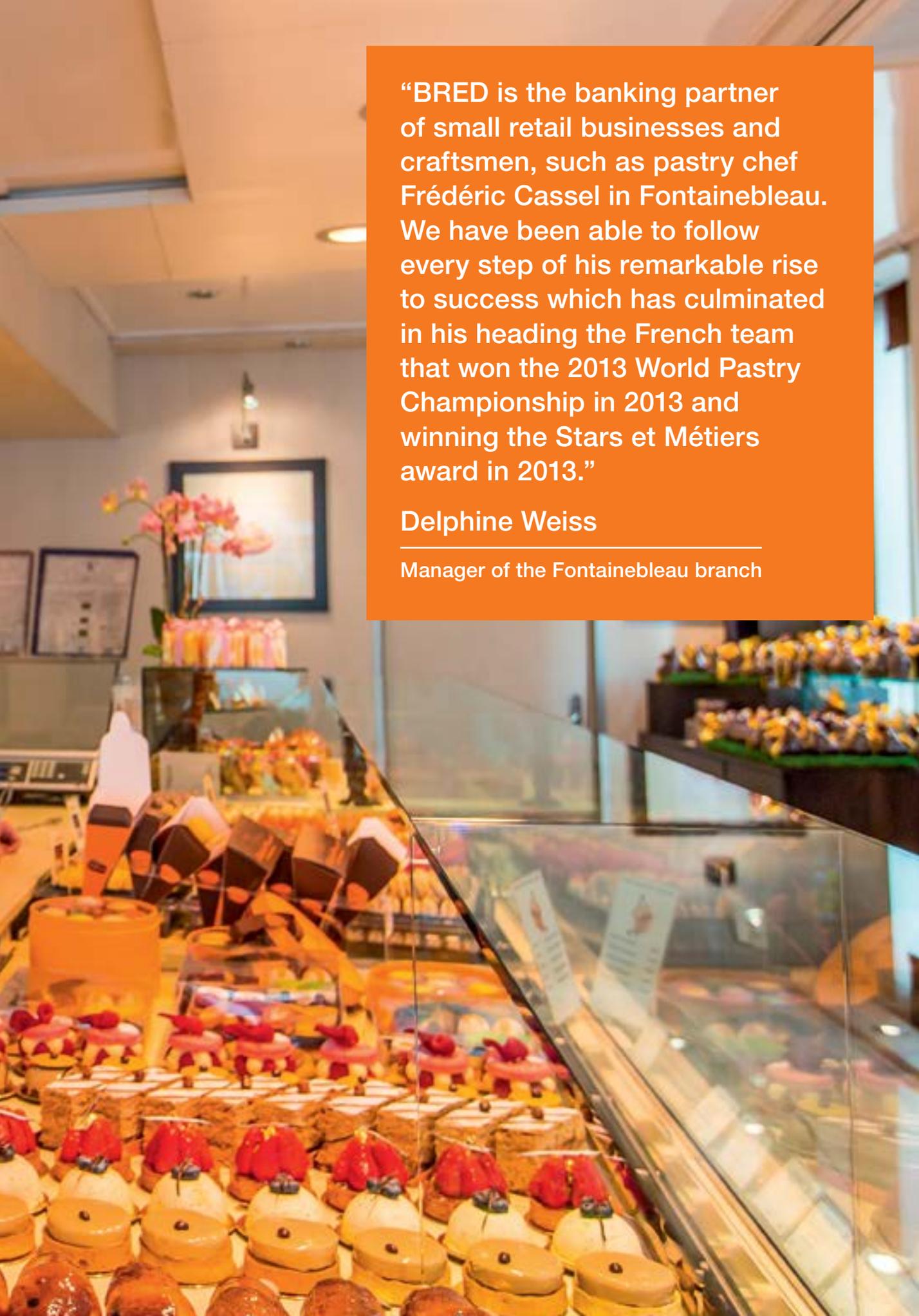
“Our e-branch, BRED Espace, serves customers travelling outside their home region, expatriates and young people from overseas territories studying or working in France, and has a special team, Grand’Zé, dedicated to students of the major engineering and business schools.”

Marie Namias

Head of Bred Espace and Grand’Zé



Andreas Kassel



“BRED is the banking partner of small retail businesses and craftsmen, such as pastry chef Frédéric Cassel in Fontainebleau. We have been able to follow every step of his remarkable rise to success which has culminated in his heading the French team that won the 2013 World Pastry Championship in 2013 and winning the Stars et Métiers award in 2013.”

Delphine Weiss

Manager of the Fontainebleau branch



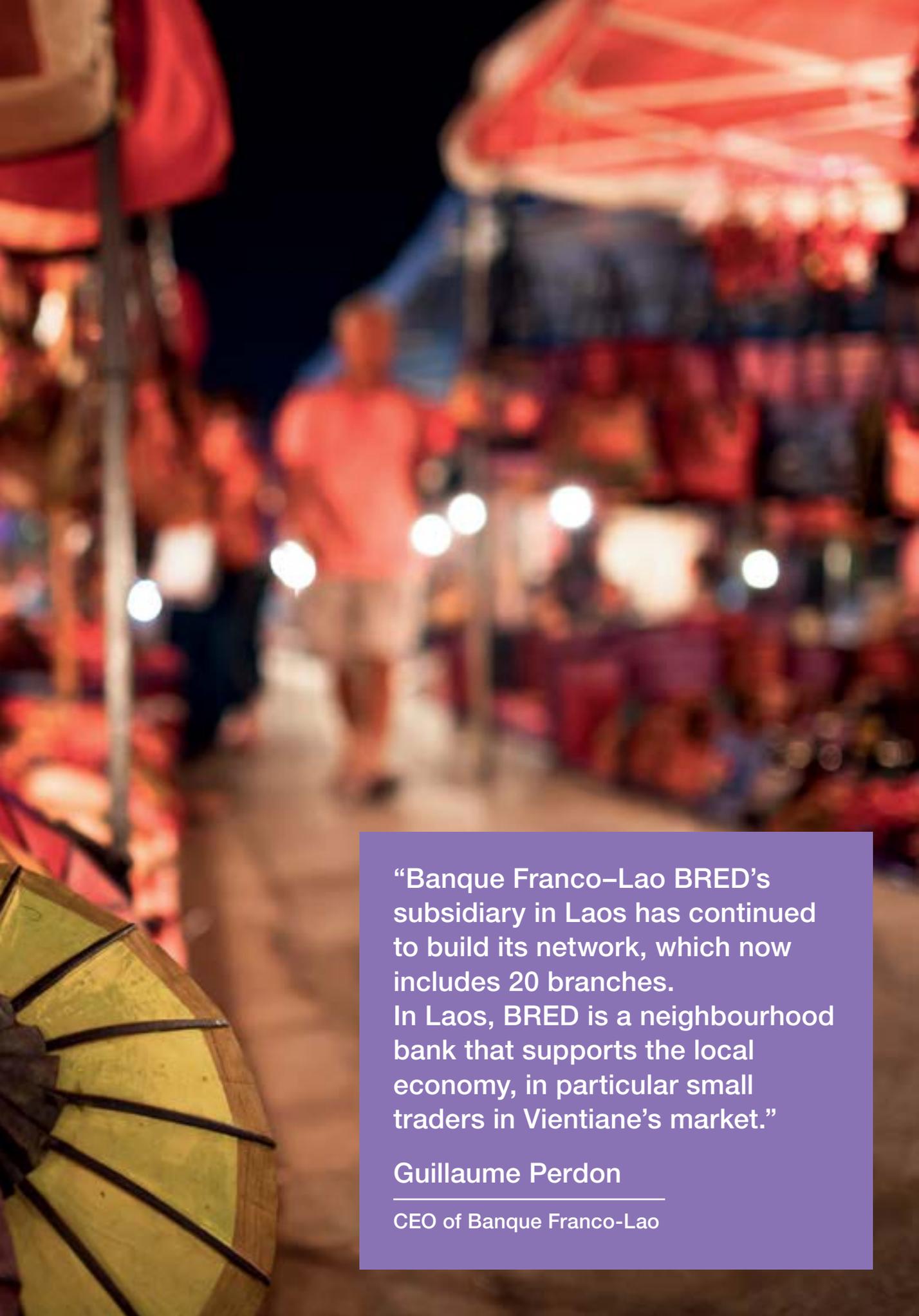
“BRED contributes to the economic development of the regions it serves, such as in the Antilles, where it has operated since 1985 and where it financed some of Fort-de-France’s port infrastructure in Martinique.”

Éric Montagne

Deputy CEO in charge of the commercial banking division





A blurred night market scene with colorful umbrellas and people. The background is dark, with warm lights from the market stalls. In the foreground, a yellow umbrella is partially visible on the left. The overall atmosphere is vibrant and busy.

“Banque Franco–Lao BRED’s subsidiary in Laos has continued to build its network, which now includes 20 branches. In Laos, BRED is a neighbourhood bank that supports the local economy, in particular small traders in Vientiane’s market.”

Guillaume Perdon

CEO of Banque Franco-Lao

2013 was a very positive year for the BRED group

How is the Group's growth strategy reflected in its performance in 2013?

We have studied the trends in our banking business, particularly with regard to our retail banking activity, which is the largest contributor to our net banking income. This has led us to adapt our business strategy to the changed behaviour of our customers, who are less and less inclined to go to a branch. Encouraging greater proactivity in our account managers, we have given them new means and resources for anticipating customers' needs and offering them the most appropriate solutions, in contrast to a product-driven approach. At the same time, we have worked to make all our branches multi-channel outlets.

This new strategy has had a positive effect on our performance.

In 2013, BRED's consolidated net banking income rose by 5.7% to €955 million.

This growth was driven mainly by the strong momentum of our retail banking activity in France, with a €39 million or 6.9% increase in net banking income. In particular, the net banking income of the branches grew by 7.3%.

Moreover, BRED is the most diversified bank within Groupe BPCE: a cooperative bank that is a commercial bank in France and overseas and a bank for large corporate and institutional customers. We also operate as a commercial bank at international level and have a trading desk focused on serving all our customers in France and abroad as well as an insurance company.

Each of these components contributes to our growth.

Net profit attributable to equity holders of the parent was up by 1.5% to €182.6 million. This is a good performance given the deteriorated economic conditions and increasingly strict regulatory environment. In structural terms, the 9.5% increase in pre-tax profit on ordinary activities (€282 million) is a valuable advantage for the future.

The growth in net banking income and profit on ordinary activities testifies to the solidity of our fundamentals and supports our approach which, rather than relying on drastically cutting back operating costs and investments, focuses on growth by adopting a winning strategy and efficiently reallocating resources.



Olivier
Klein

Chief Executive Officer

“We believe in combining ethics and efficiency to create a modern, responsible and, above all, human banking group.”

Olivier Klein

What is the reasoning behind the multi-channel branch concept?

Our customers are increasingly attracted by remote communication channels, and one of the effects has been that their visits to our branches are more and more frequently limited to structuring transactions linked to personal projects, such as property investments, family protection, transmission of wealth, starting up or growing a business, etc.

We have therefore redesigned the traditional branch as a mix between a physical branch where customers can meet their advisors face to face whenever they wish and a remote branch. Our customers can therefore contact their personal account managers or advisors directly by email or telephone without having to go to the branch. In particular they can subscribe to a product directly and receive their contract by post or email, in which case they can opt for electronic signature. In this way we have renewed the closeness of a local banking relationship thanks to the new means of communication available.

By positioning the account manager as the conduit for multi-channel access and the lynchpin of the customer relationship, we draw on our human capital, our most valuable asset. We have also structured our organisation so that customers have a lasting relationship with the same account manager, who can examine which is the best solution for helping them to carry out their projects. For example, BRED has invented the Family package, an approach based on identifying a customer's family projects and then, together with the customer, drawing on the broad spectrum of services available in our range to put together a 'unique' solution tailored to the customer's needs. This solution based approach is the guideline for all our relations with our customers.

In the present era of e-banking, what do you offer your customers in the way of electronic banking services?

For their day-to-day banking transactions, the customers of our multi-channel branches can of course use our remote banking services whenever they wish, including our online facility and telephone banking through a customer relationship centre with extended opening hours, text messages, electronic bank statements, and banking and stock-market information via a voice server.

We also offer our e-branch services to customers who want an all-electronic banking service. They can contact their personal account managers by email, telephone and videoconference.

In 2014, we will set up a BRED Premier e-branch, dedicated to self-employed professionals.

Will the development of remote customer relationships lead you to downsize the local branch network?

We believe in the future of the physical branch network. In our quality surveys, many customers say how attached they are to their neighbourhood branch. The option to meet their account manager, when they want to, strengthens the relationship of trust that is essential between a bank and its customers. For the same reason, geographical proximity is essential for attracting new customers. Lastly, our branch network is an important element for building BRED's brand reputation.

Nonetheless, opening a 'traditional' branch is currently an investment that is difficult to make profitable. To continue to strengthen our coverage, we intend to create 'slim' points of sale with tailored opening hours.

The Group is currently stepping up its wealth management operations. What are your expectations in this area?

We have clear growth potential in this area and have therefore adjusted our commercial organisation. Within our branches, we put our customers in contact with experts from our wealth management circles for complex transactions and ones with strong financial, legal or tax impacts. We have set up teams of experts for dealing with the issues specific to certain professions. For instance we have advisors and branches dedicated specifically to self-employed professionals, to help them with their professional projects and financial management. We are also working to expand and harmonise our range of services.

Lastly, we are seeking to make this division more visible. Comprehensive and coherent, with private bankers, estate planning advisors, wealth managers and specialists in financial engineering and business transmission, it responds to all the issues facing our customers.

BRED is also a corporate and investment bank. What are its strong points in this field?

BRED is a highly reputed corporate and investment bank, which gives us a strong base from which to develop our services.

Our well-targeted and flexible flow management offering has enabled us to win numerous tenders. As well as handling substantial volumes, we offer services with high added value. For example, we currently have highly skilled teams working on personalised electronic billing solutions.

Our trading desk, whose expertise in foreign exchange, interest-rate management and placements is widely acknowledged by the market, is one of the largest placement agents for commercial paper in France and has developed a bond sales activity.

We look for synergies between all of BRED's businesses, many of which contribute to forming an all-round offer. For example, we have recently created financing solutions for mid-tier businesses by drawing on the combined expertise of our trading desk and our loan syndication and securitisation teams.

Over the years, BRED has expanded internationally; do you have further plans in this area?

At international level we operate mainly in the Pacific region, the Horn of Africa and Southeast Asia, where BRED operates as a full-service commercial bank, in line with Groupe BPCE's strategy plan. One project we are currently looking at is setting up in Myanmar with a view to extending our Southeast Asian operations.

We also offer some of our expertise (flow management, modelling, risk measurement, etc.) to foreign banking institutions through our international division.

What is the impact for BRED of the buyback of the cooperative investment certificates held by Natixis?

Like all the other Banques Populaires and the Caisses d'Épargne, we have indeed repurchased the 20% of our capital held in the form of cooperative investment certificates.

This has made our organisation clearer. In keeping with our cooperative ethos, our cooperative shareholders are now the sole owners of the BRED group.

In financial terms, the impact for BRED amounted to €580 million.

BRED's recent €151 million capital increase, with a subscription rate of 112% and added to the earnings allocated to reserves, is enabling us to rebuild our shareholders' equity very quickly. Our Core Tier One solvency ratio, which measures equity as a ratio of banking risk, now stands at 11.8% under Basel 2.5 rules, positioning BRED among the most solvent French banks.

You have mentioned regulatory compliance; how does BRED deal with this issue?

We naturally take constant care to ensure compliance with banking and financial regulations.

For instance, in 2013, to ensure the security and integrity of the BRED group and its businesses in France and abroad, we reorganised our permanent control system and refocused our trading desk's activities, which are now commercial. We have recently taken another step forward by adopting a clearer organisation based on business-line logic. The operational and functional divisions now each have a business-line approach covering the entire BRED group. The various activities of BRED and its subsidiaries are therefore consolidated within coherent business lines, in keeping with the organisational structure sought by the regulators.

To what extent is your cooperative status compatible with your growth strategy?

Our situation as a cooperative bank, owned by its cooperative shareholders through cooperative shares that are free from market pressures, is a real advantage for BRED and a powerful force for its development. The success of our latest capital increase is concrete proof of the confidence our 140,000 cooperative shareholders have in BRED and its cooperative model. This enables us to continue our action over the long term, in France and abroad, with as sole priorities our customers' interests, the development of the regions where we operate, and the bank's security.

We naturally remain committed to our role in financing the real economy, working closely with the individuals, SMEs, craftsmen, small retailers and farmers who are the key players in the growth of the regions we serve.

“The success of our latest capital increase is concrete proof of the confidence our 140,000 cooperative shareholders have in BRED and its cooperative model.”

Stève Gentili

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For example, in 2013 alone, we financed more than 5,600 business start-ups.

We continue to develop our long-standing relations with the professional associations and consular bodies responsible for driving the local economy. We also continue to support social, cultural and sports initiatives in the public interest.

In this way we continue to grow in harmony with our cooperative ethos. We believe in combining ethics and efficiency to develop a bank that is at the service of its customers, true to its values, and modern and profitable. The present crisis has been a return to reality and highlights the relevance of our fundamental values: enterprising spirit, solidarity, and remaining close to our customers.

How do you ensure that this closeness is really achieved for your cooperative shareholders?

First, we are institutionally organised to be governed by our customers, who collectively own the bank, with representatives of the cooperative shareholders and customers on our Board of Directors.

What also distinguishes cooperative banks such as BRED from other banks is their extremely close relationship with their cooperative shareholders and customers – including in a geographical sense.

A cooperative bank is a living institution, based on human relations. To strengthen the ties with our cooperative shareholders, we endeavour to keep them informed and gather their views by inviting them to events and meetings at the branches. Many such events were organised following our capital increase to thank customers for their commitment and welcome new cooperative shareholders. Lastly, in this time of social networks, the www.bred-societaires.fr website, dedicated to relations between BRED and its cooperative shareholders, is being constantly upgraded. Now more interactive and informative, it enables cooperative shareholders to express their views and allows all the various members of the BRED community to share their experiences. We also organise “chat” sessions so that cooperative shareholders can speak directly to BRED’s Chairman and its Chief Executive Officer.

**Stève
Gentili**

Chairman





www.bred.fr

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BRED Banque Populaire is a French limited company (*société anonyme*) and co-operative bank, governed by Articles L.512-2 et seq. of the French monetary and financial code and all the regulations relating to popular banks (*banques populaires*) and credit institutions, with capital of €573,260,254.10 – Registered office: 18, Quai de la Rapée - 75604 PARIS Cedex 12 - Paris Companies and Trade Register no. 552 091 795 – VAT no. FR 09 552 091 795 – registered with ORIAS as an insurance intermediary under no. 07 003 608



