

**Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of BPCE**

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18 Nov 2019

Paris, November 18, 2019 -- Moody's Investors Service ("Moody's") has completed a periodic review of the ratings of BPCE and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since 1 January 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Credit ratings and outlook/review status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

Key rating considerations are summarized below.

BPCE's deposit and senior unsecured ratings of A1 reflect (1) the bank's standalone BCA of ba1, (2) three notches of affiliate-backed support from Groupe BCPE, based on the strong solidarity mechanism prevailing within the group and enshrined in French law; (3) two notches of uplift from the very low loss-given-failure for depositors and senior creditors resulting from Moody's Advanced Loss Given Failure (LGF) analysis; and (4) a moderate probability of support from the government of France (Aa2), leading to an additional one-notch uplift.

BPCE's Adjusted BCA reflects Groupe BPCE's diversified and stable sources of earnings from both commercial and retail banking activities, its good capitalization with a CET1 ratio of 15.4% at end-September 2019, as well as its significant reliance on wholesale funding and weak efficiency compared to peers.

BPCE's standalone BCA of ba1 reflects the inherent risks of the bank's wholesale banking activities, in particular its high single-name concentration and market risk (mainly via its subsidiary Natixis) compared to the rest of the group.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks published in August 2018. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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