Growing differently

PANORAMA OF GROUPE BPCE'S ACTIVITIES IN 2012

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GROWING DIFFERENTLY

2012 REVIEW OF OPERATIONS AND SUSTAINABLE DEVELOPMENT REPORT

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Growing differently by focusing all our resources on our customers, making finance serve the needs of the real economy in an innovative, responsible, efficient and competitive way, giving our employees good reasons to be committed to our values and proud to be part of this project: this is our motivation! Because we are a unique and distinctive banking group, we have decided to address our public in an original way by presenting our activities from a new, unorthodox angle. We hope you enjoy reading this report.
Prominent external figures

Serge Papin, 
CEO

Serge Papin, the son of shopkeepers, has spent his entire career in Système U, a cooperative group. Appointed CEO in 2005, and again in 2012, he contributed to the success of favorite supermarket brand in France that is now the 4th largest player in its sector. By promoting responsible consumption, long-term relationships with producers, and social mobility, Serge Papin strives to create a retail distribution model of benefit for all.

Vincent Cespedes, 
PHILOSOPHER

Happiness, love, education, the Internet, business, youth, trust, jealousy... Vincent Cespedes’ thinking covers a wide variety of topics which he is delighted to share with others. Creator of the first ever philosophical game, each month he invites us to visit his basic primer presented in the form of philosophy lectures.

Jacques Vallée, 
VENTURE CAPITALIST, SAN FRANCISCO

Jacques Vallée is a venture capitalist and co-founder of the EuroAmerica investment funds that have completed more than 20 IPOs in the USA since 1990. After studying astrophysics in France, he settled in California, where he contributed to the development of the Internet as a research director at the Stanford Research Institute and Institute of the Future after obtaining a PhD in computer science from Northwestern university.

Olivier Pastré, 
ECONOMIST

A professor of economics at the university of Paris VIII, a member of the scientific council of the AMF financial markets authority, a director of several banks, a producer at France Culture and editor of a collection published by Fayard, Olivier Pastré recently published Rethinking the economy. The bottom-up economy (Fayard). He is convinced that only a radically different approach will lead to economic recovery. Successful economies are no longer managed top-down but bottom-up.

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CONTRIBUTORS

Young talent

Gwendal Le Scoul, ILLUSTRATOR

As a child, he used to play with dinosaurs on the beaches of his native Brittany. Drawing them was his other favorite pastime, a passion that led to his enrolling at the Lorient School of Fine Art and, later, at the National School of Decorative Arts in Paris. After graduating with honors, Gwendal took his whip, his hat and computer and set off on adventure. Exploring a fantastic world of bright colors, disturbing monsters and surrealist allegories, he pursues his art in newspapers, magazines and publishing.

Bruno Bressolin, PAINTER AND ILLUSTRATOR

He works both as a painter and as a graphic designer. Black ink flows from his brush, fluid in its power of expression. The darkness of his vigorous brush strokes are offset by patches of bright, cheerful and disrespectful colors. The images he creates lend dynamic momentum to space.

Catherine Meurisse, CARTOONIST AND AUTHOR OF GRAPHIC NOVELS

After studying literature, she obtained a diploma in Arts and Crafts from École Estienne before joining the National School of Decorative Arts in Paris, from which she graduated with honors. One of the cartoonists on the magazine Charlie Hebdo, she works for the press, illustrates children’s books and has also created graphic novels. She won a prize in the Caisse d’Épargne’s 1997 Schools Comic Book Competition.

Yohanne Lamoulère, PHOTOGRAPHER

A graduate of the National School of Photography in Arles, Yohanne lives in Marseilles. In 2007, she published The Wheel, or the Endless Round of Seasonal Agricultural Workers, and presented in 2008 an exhibition entitled “The Damned in the Greenhouse” after a three-year journey among seasonal workers in Europe. Member of the Transit group of photographers and the Pictetrank network, she also works as a press photographer.

Stephen Cheetham, ILLUSTRATOR AND DESIGNER

Based in London, Stephen has a particularly idiosyncratic style, as revealed in a series of illustrations for major Anglo-Saxon brands. His scalable vector images combine bright colors, pure lines and a scattering of humor.

Anne-Julie Marang, ARTISTIC DIRECTOR

In the summer of 1976, under a clear blue sky, Anne-Julie put on her Ray-Bans and opened her eyes. She loves the following: clear lines, the whiteness of polar bears and, above all, to converse with her library of books. One day, she went to her bookseller to find The Monk, by Matthew Lewis, when she met Sylvie Saulnier, a creative director, and together they dreamt up, among many other beautiful things, this mook, a blend of magazine and book…
The world around us

Sociological and economic indicators

39% 
This is the percentage of French people who are confident about the future, down from 60% in 1982. More than two out of every three believe that today’s young people are less likely to do better than their parents in the French society of tomorrow. Their primary concerns are unemployment (78%), health and quality of care (58%), purchasing power (54%) and pensions (49%). Fortunately, three out of four French people trust in themselves and two out of three think they will manage to get by.

TNS Sofres-La Poste, December 2012.

e-commerce

€45 billion is the turnover generated by online shopping in France in 2012. Up 19% in the space of one year, it is equal to one half of consumer goods sold in supermarkets and is accompanied by an explosion in sales concluded via a smartphone or tablet device, equal to an estimated €1 billion.

Fevad, January 2013.

1 out of 2
At the end of 2012, nearly one out of every two French households (48.8% to be precise) was paying back a loan vs 52.6% in 2008. But the persistence of the economic crisis is making them more cautious about contracting new loans: the percentage of borrowers fell from 33.8% to 27.6% during the same period. Regarding mortgages, the proportion of borrowers has remained stable since 2008 but, despite historically low interest rates, new loan production fell by 31.6% in 2012.


549,975
More than half a million businesses were created in 2012 (including 307,000 set up by self-employed entrepreneurs and about 360,000 discontinued their activity. France has 3.5 million companies including 4,900 middle-sized firms, 203,000 SMEs and 3.3 million businesses with fewer than 10 employees.


Consumption and purchasing power

In 2012, consumption fell by 0.1% while purchasing power declined by 0.4% after rising by 0.2% and 0.5% respectively in 2011. At the end of 2012, one French person out of every two anticipated that their purchasing power would decline over the next three months. Food, taxes, fuel and energy are the items of greatest concern. The median disposable income of French households is €28,910: 27% is devoted to spending on basic necessities.


Infrastructure

The European Union needs to invest between €1,500 billion and €2,000 billion in major energy, information and communication technology infrastructure projects by the year 2020. It will be impossible to raise this amount without the participation of private investors.

European Commission.

Local investment

For the first time at the end of their term in office, fewer than one mayor in three (30%) plans to increase capital spending. 88% say the finances of their municipality are in good shape but feel hampered by budgetary constraints (58%), the proliferation of standards (53%) and the social impact of the economic crisis.

TNS Sofres-Association of Mayors of Major French Cities, September 2012.
Savings
The French feel compelled to save (84%) but find it very difficult to do so (81%). The virtual stability in household savings rates in 2012 (16% vs. 16.2% in 2011) is exceptional considering the decline in purchasing power that typically leads to higher spending to maintain levels of consumption. Rising unemployment and growth in ambient pessimism has changed the way French people choose between savings and spending: the gap between the opportunity to save and the opportunity to make a major purchase is the largest in the past twenty-five years. In 2012, to avoid taking risks with their savings and to enjoy a good net rate of return (after tax), savers preferred the Livret A and Sustainable Development passbook accounts (deposits up €52 billion) at the expense of other bank deposits and life insurance.


Employment
71% of French people feel that they achieve something useful in their professional life, and 80% say they enjoy going to work. But more than 3.2 million French people are unemployed. Among young people of working age, one in four is without a job (rising to nearly one out of every two without formal qualifications) and, when they join the labor market, two out of three work on fixed-term contracts, temporary work assignments or State-subsidized contracts.


Energy transition
Almost three out of every four French people worry about climate change, but more than one in two consider that the cost of energy is the most important factor to be considered in energy policy, and nearly two out of three think that energy transition should only be pursued if it does not involve higher energy prices.

Harris Interactive-Institut Montaigne-Genshagen Foundation, November 2012.
[definition]

Received ideas: commonplace, stereotypical and cliché opinions that are accepted as standard and readily believed, for various reasons.

Received ideas
The banks have stopped financing the real economy
false

Figures released by the Banque de France contradict this idea. Loans granted by French banks to businesses and individuals have not stopped growing since the start of the economic crisis. Between December 2009 and December 2012, this lending represented an additional injection of nearly €190 billion into the French economy. For the year 2012 alone, aggregate loans to households increased by 2.3% and loans granted to micro-enterprises and SMEs rose by 2.5%. At the same time, the increase in outstanding loans granted by Groupe BPCE’s banking networks increased by nearly €20 billion to reach a total of more than €345 billion.

The banks are never committed
false

The main activity of a retail bank is to collect deposits from its customers and to transform them into loans for the individuals, companies, government bodies and local authorities that need them. This function can only be achieved if the depositors are certain they will get their money back. The banks must consequently weigh up the risks inherent in any projects they finance and obtain the necessary guarantees to limit the impact of a total or partial inability to pay. The banks are committed to their customers but they proceed in a responsible manner to protect their customers’ interests as well as the interests of their cooperative shareholders and other investors in their equity.
The banks make exorbitant profits

**false**

Banks have three sources of income: their interest margin (which is the difference between the interest they receive on the loans they grant and the interest paid to customers and lenders), commissions for services rendered, and the revenues earned on proprietary trading operations, an area of activity from which Groupe BPCE has now completely withdrawn. In 2012, the net income generated by Groupe BPCE amounted to €2.1 billion; 80% of this profit will be reinvested in the Group in order to strengthen its financial position and to enable it to fully assume its role as a provider of finance for the French economy.

The banks have cost taxpayers a fortune

**false**

During the 2008 financial crisis, the French government gave its guarantee to the French banks to allow them to borrow in the financial markets. It also acquired an equity stake in some of them to strengthen their capital base. These contributions were accompanied by progressive rates of interest to encourage the banks to reimburse the capital injections rapidly. At the end of 2011, all the French banks had repaid the State, which earned €2.7 billion in interest from its investment. Groupe BPCE received an injection of €7.1 billion euros, which it had reimbursed in full by the end of March 2011, nineteen months earlier than initially planned.

The banks ask increasingly personal questions

**true**

Knowing your customers is essential to understanding their individual needs and future projects, to providing relevant, customized solutions, to building trusting, long-term relationships but also vital in order to comply with French and European regulations. The banks in Groupe BPCE put customer satisfaction at the heart of their drive to win the loyalty of their existing customers and to attract new ones. Considerable resources are devoted to this effort: training given to advisors in adopting an integrated approach to customers’ needs, providing easier access via remote banking solutions, the involvement of future users in developing new offerings, the organization of mystery visits to branches to measure the quality of customer reception and how well their needs are understood, and the conduct of regular satisfaction surveys. The result is that the vast majority of the Group’s customers say they would recommend their bank to their friends; this is a good test of their satisfaction!
For the banks, micro-credit is a major issue

true Professional or personal micro-credit solutions allow people excluded from traditional financing channels to realize their projects with the help of a general interest association. In France, professional micro-credit solutions guaranteed 31,000 companies, including 12,000 new creations, and helped to create 57,000 jobs in 2011. Nearly 30,000 personal micro-loans(1) guaranteed by the Social Cohesion Fund have been granted since the concept was launched in 2005. Many of these loans are used to fund initiatives facilitating access to employment such as driving lessons, the repair or acquisition of a vehicle, enrolment on a training course, or relocation to a new town or city. With more than 12,000 projects financed in 2012 for a total of €84 million, Groupe BPCE is the no. 1 French banking group for personal and professional micro-credit solutions working in partnership with local authorities and specialized associations.

Banking jobs are routine and offer little variety

false A leading banking group offers an extraordinary range of career opportunities: more than 100 different professional activities are pursued in Groupe BPCE, and many of them have changed in recent years. Three quarters of the Group’s 117,000 employees work in sales, serving a wide variety of clients ranging from individual customers to major corporations. Banking is also a major hub of innovation in both commercial and many other areas: production (yes, banking is also an industry!), IT, risk analysis, marketing, communications, etc. Although people who have studied economics and banking are in the majority, mathematicians, statisticians, engineers, lawyers and former students of literature all coexist within our different companies. Career paths are very open and social mobility is a concrete reality: thanks to training – representing an investment of more than 5% of the aggregate payroll – 75% of new job opportunities are filled through in-house promotion.

Useful to our customers, useful to the economy: since Groupe BPCE’s creation almost four years ago, we have kept to our decision to work exclusively for our customers and devote all our resources to them. Groupe BPCE’s defining vision is “finance at the service of the economy,” served by a team of 117,000 resolutely useful people!
Making finance address the needs of the real economy is the strategic approach pursued since the creation of Groupe BPCE: a cooperative banking group owned by the 8.6 million cooperative shareholder-customers of the Caisses d’Epargne and Banque Populaire banks, a group of regional banks deeply rooted in their local communities, well placed to give priority to medium- and long-term objectives for the benefit of the individuals, professionals, businesses, local communities, and institutions they serve.

In 2009, we discontinued our proprietary trading operations to devote all our resources to our customers. We refocused our activities around our core banking and insurance businesses directly contributing to the collection of savings and the financing of the economy: Commercial Banking and Insurance, Corporate and Investment Banking, Asset Management and Financial Services.

When we turn to the financial markets, it is simply to hedge our customers’ foreign-exchange and interest-rate risks or to allow them to raise funding. Since 2010, the Group’s strategic project “Together” has mobilized the strengths of all our businesses around a common goal: to serve the needs of all our customers and to do so even more effectively thanks to the wealth of expertise and talent, and the quality and efficiency of all the resources at our disposal within the Group.

This strategy enabled us to build the 2nd largest banking group in France that is useful to its customers because it protects their savings and lends them the money they need to realize their projects, useful to the French regions because our banks are deeply rooted in their local communities, and useful to the French economy as a whole of which we finance 20% to 25% of its needs.

We are the banking group that has seen its loan outstandings grow the most in France since 2009 in pursuit of our role as a major provider of funding for local authorities, for infrastructure projects and social housing; the no. 1 bank for the social economy, for solidarity-based finance, socially responsible investment and micro-credit solutions.

Thanks to this strategy, we have built a financially robust group. The only risks we assume are taken on behalf of our customers and as we are good at running our banking business – which is to lend wisely and to ensure these loans are repaid – our cost of risk is among the lowest in the French banking industry. We have also trimmed our costs, improved our productivity, generated synergies between our operations, and obtained results that have enhanced our solvency on a regular basis. Our regulatory capital has increased by more than €17 billion since the Group’s creation to reach €40.9 billion at the end of 2012; our capital adequacy ratio stood at 10.7% at the same date.

The joint governance system adopted by the Banque Populaire banks and Caisses d’Epargne has been put in permanent footing. The Supervisory Board has appointed BPCE’s Management Board to a new 4-year term. Plans exist to simplify the Group’s structures whereby Natixis will cease to hold cooperative investment certificates in the Banque Populaire banks and Caisses d’Epargne to return them to the exclusive ownership of their cooperative shareholders(1). All this enables Groupe BPCE to base the drafting of its new strategic plan for 2014-2017 – to be presented in the autumn of 2013 – on strong foundations.

Our industry is entering a new transformative phase for our business models. Our challenge will be to successfully negotiate this transformation while continuing to develop our activities. I am fully confident in our ability to rise to this challenge.

We enjoy a unique ability to attract new savings deposits in France and our potential for new synergies is far from exhausted. Our 36 million customers know who we are: local banking institutions actively committed to serving their needs; our 117,000 employees know where we are: at the heart of the drive to finance the French national and regional economy with the firm intention to continue on this path. Positively useful.

(1) This project must first be submitted to the employee representatives for consultation purposes and then be approved by the Group’s different governing bodies.
If I were a thousand opportunities? If I were a way to make dreams come true? If I were a philanthropist? If I were a supporter? If I were a sponsor? If I were a quality? If I were a priority? If I were a territory? If I were an ideal? If I were a mission? If I were a model?

If I were curious, I’d find the answers on the inside back cover of this report.
...a unique and different group

... I would be Groupe BPCE.
Unique thanks to the strength of its brands: Banque Populaire, Caisse d’Epargne, Natixis, Crédit Foncier, Crédit Coopératif, Banque Palatine, etc.

Different thanks to its business model of a decentralized cooperative group owned by its customers.

Unique thanks to its banks deeply rooted in their respective territories, playing a key role in regional development.

And different thanks to its corporate culture: that of finance serving the economy with a view to the long term, that of a pioneering, committed and responsible group.

Groupe BPCE is the 2nd largest banking group in France.
**Facts and figures**

**SUMMARY INCOME STATEMENT**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>21,946</td>
<td>23,357</td>
<td>23,359</td>
</tr>
<tr>
<td>Gross operating income</td>
<td>6,011</td>
<td>7,476</td>
<td>7,302</td>
</tr>
<tr>
<td>Income (loss) before tax</td>
<td>3,743</td>
<td>4,663</td>
<td>5,749</td>
</tr>
<tr>
<td>Net income attributable to equity holders of the parent</td>
<td>2,147</td>
<td>2,685</td>
<td>3,640</td>
</tr>
</tbody>
</table>

**BUSINESS CONTRIBUTION TO GROUP**

**NET BANKING INCOME IN 2012**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banking and Insurance</td>
<td>65%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Banking, Investment Solutions, and Specialized Financial Services</td>
<td>27%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity interests</td>
<td>8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**INCOME BEFORE TAX IN 2012**

<table>
<thead>
<tr>
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<th>2011</th>
<th>2010</th>
</tr>
</thead>
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<td></td>
</tr>
<tr>
<td>Wholesale Banking, Investment Solutions, and Specialized Financial Services</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity interests</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Robust results despite the adverse business environment**

Buoyed up by the dynamism of their commercial activities, the revenues generated by the core business lines in 2012 came to €20.9 billion, marginally down vs 2011 (-1%). The generation of synergies has progressed faster than initially anticipated: cost synergies reached €930 million thanks to the streamlining of external expenditure, the optimization of purchasing, and the pooling of IT expenses.

Revenue synergies generated between Natixis and the retail networks came to €616 million, chiefly derived from consumer finance, payments and insurance. The downturn in the general economic environment combined with the impact of a specific issue have triggered a 17.7%(2) rise in the cost of risk, which now stands at €2.2 billion. Net income, excluding the negative impact of non-operating items, comes to €2.8 billion, down 18.3% compared with last year. These results demonstrate the ability of Groupe BPCE to generate robust recurring income despite the fragile economic environment marked by an increase in the cost of risk and higher taxes and social security contributions.

**36 million** customers

**8.6 million** cooperative shareholders

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(1) Excluding “Workout portfolio management” and “Other businesses”.

(2) Increase calculated on the basis of the 2011 cost of risk, excluding Greek government bond impairment.
### ACTIVITIES

(in billions of euros)

<table>
<thead>
<tr>
<th></th>
<th>12/31/2012</th>
<th>12/31/2011</th>
<th>12/31/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance sheet total</td>
<td>1,147.5</td>
<td>1,138.4</td>
<td>1,048.4</td>
</tr>
<tr>
<td>Customer loan outstandings (gross)</td>
<td>586.5</td>
<td>583.1</td>
<td>573.8</td>
</tr>
</tbody>
</table>

### BANQUE POPULAIRE BANKS

(in billions of euros)

| Financial savings   | 71.8       | 69.4       | 65.9       |
| Customer deposits   | 111.8      | 123.0      | 132.8      |
| Customer loan outstanding | 146.1      | 154.8      | 160.0      |

### CAISSES D’EPARGNE

(in billions of euros)

| Financial savings   | 117.2      | 118.6      | 118.1      |
| Customer deposits   | 218.1      | 226.6      | 240.7      |
| Customer loan outstanding | 155.0      | 171.0      | 185.3      |

Buoyant commercial activities

In the Commercial Banking and Insurance segment, the Group’s retail networks are continuing to expand their customer base; customer relations, at the very heart of their strategy, has led to the attraction of new customers and a strengthening of relations with their existing clientele. The dynamic growth in on-balance sheet savings deposits is continuing: +6% for the Banque Populaire banks and +8% for the Caisses d’Epargne. Loan outstandings have also risen despite sluggish new production, depressed by weaker demand: +3% for the Banque Populaire banks and +8% for the Caisses d’Epargne.

(1) Excluding centralized savings.

### FINANCIAL STRUCTURE

(in billions of euros)

<table>
<thead>
<tr>
<th></th>
<th>12/31/2012</th>
<th>12/31/2011</th>
<th>12/31/2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity attributable to the parent company</td>
<td>50.6</td>
<td>45.1</td>
<td>47.4</td>
</tr>
<tr>
<td>CoreTier-1 capital(1)</td>
<td>40.9</td>
<td>36.4</td>
<td>33.1</td>
</tr>
<tr>
<td>Tier-1 capital(1)</td>
<td>46.5</td>
<td>41.1</td>
<td>41.0</td>
</tr>
</tbody>
</table>

(1) 2010 CoreTier-1 capital pro forma of the full reimbursement of the French state: €31.9 billion. 2010 Tier-1 capital pro forma of the full reimbursement of the French state: €38.8 billion.

### CREDIT RATINGS AT MARCH 22, 2013

The ratings concern BPCE and are also applied to Groupe BPCE.

<table>
<thead>
<tr>
<th></th>
<th>Standard &amp; Poor’s</th>
<th>Moody’s</th>
<th>FitchRatings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term rating</td>
<td>A</td>
<td>A2</td>
<td>A+</td>
</tr>
<tr>
<td>Short-term rating</td>
<td>A-1</td>
<td>P-1</td>
<td>F1+</td>
</tr>
<tr>
<td>Outlook</td>
<td>Negative</td>
<td>Stable</td>
<td>Negative</td>
</tr>
</tbody>
</table>

Prudential ratios(1)

(1) Excluding the floor effect – Ratios calculated according to Basel 2.5 as of December 31, 2011. 2010 ratios pro forma of the full reimbursement of the French State:
CoreTier-1 ratio of 8.8%, Tier-1 ratio of 9.7% and overall capital adequacy ratio of 11.2%.

8,000 bank branches

117,000 employees
Advancing together

Created in 2009, Groupe BPCE pursues a full range of banking and insurance activities via the cooperative networks of the 19 Banque Populaire banks and 17 Caisses d’Epargne and through its subsidiaries such as Crédit Foncier, Banque Palatine, BPCE International et Outre-mer, and Natixis, the Group’s corporate, investment management and financial services arm, listed on the Paris stock exchange. BPCE, the Group’s central institution, is a French limited company (société anonyme) governed by a Management Board and a Supervisory Board in charge of the Group’s strategy, control and coordination. All the credit institutions affiliated to BPCE benefit from a guarantee and solidarity mechanism.

“Together”, the Group’s strategic plan for 2010-2013, has mobilized all its entities around a single goal: to serve their customers and do so better together thanks to the wealth of expertise and talent, the quality and efficiency of the resources within the Group. The sharing of tools, analyses and good practices, the pooling of investments for development and innovation, the synergies generated between Natixis and the retail networks allow us to create more value for customers, increase their satisfaction, and generate profitable growth in the process.

The next strategic plan for 2014-2017 is already being prepared. To ensure the continued impact of actions taken over the past three years, the Supervisory Board re-appointed François Pérol as Chairman of the BPCE Management Board for a further 4-year term at a meeting on November 21, 2012 chaired by Yves Toublanc. Following proposals by François Pérol, the Supervisory Board also appointed the members of the Management Board for this new period – Jean-Yves Forel, Daniel Karyotis and Anne Mercier-Gallay – who also sit on the General Management Committee alongside Laurent Mignon and Marguerite Bérard-Andrieu.

At the same time, after extensive work with the Group’s shareholders (the Banque Populaire banks and the Caisses d’Epargne) initiated by Yves Toublanc, the two cooperative banking networks’ equal ownership of BPCE’s capital has been put on a permanent footing two years ahead of schedule.

Groupe BPCE now enjoys the visibility and governance it needs to confidently prepare its strategic plan for 2017 with wide-ranging contributions from its different teams.

Early 2013 saw the launch of a project designed to simplify the Group’s structure that will be presented to the employee representative bodies for consultations before being submitted to the Group’s governing bodies for approval. If this operation goes ahead, the cooperative shareholders of the two retail banking networks will own 100% of their banks (via their local savings companies for the Caisses d’Epargne). This project is in line with the strategic decisions taken since 2009: the confirmation of the Group’s cooperative banking model, the clarification of its organization, the transformation of Natixis’ business model and risk profile, a stronger customer focus adopted by all our business activities. Laurent Mignon will then join the Management Board of BPCE.

Our watchword: release energies to continue advancing together by giving absolute priority to our customers.
François Pérol

“A new phase”

2012 marked the successful conclusion of the first three years in the life of Groupe BPCE. Since the launch of the strategic plan “Together”, all our activities have developed good commercial momentum. We are winning new customers; synergies between Natixis and the retail networks, the pooling of resources and development of industrial cooperation between our entities are bearing fruit. Our Group has returned to profit, reduced its risk profile, and consolidated its financial structure and solvency. We are now fully prepared to draw up our strategic plan running to 2017. The banking industry is entering a new phase of its history. We are faced with an enduring shift toward more expensive resources, a trend that will deeply affect the banking business models in all the segments of our industry. The challenge is to pursue growth while successfully completing this transformation. Groupe BPCE boasts some powerful advantages faced with this challenge: a remarkable ability to raise new funds, close relationships with its customers thanks to its regional cooperative banking model, a stronger financial base, and a reserve of potential synergies that we have far from exhausted.

François Pérol, Chairman of the Management Board

Jean-Yves Forel

“At the service of the Group’s companies”

Our companies are successfully continuing their strategy of attracting new customers, winning the loyalty of existing ones and achieving greater efficiency. Building on their status as the 1st and 3rd most preferred banks of the French public, the Caisses d’Epargne and Banque Populaire banks have pursued their dynamic commercial policies. This focus on customer relations, the heart of their strategy, has won them new customers and forged a stronger relationship with existing ones. These changes are visible among all types of customers of both networks. The success of Crédit Foncier’s bond issue and the good results of Banque Palatine also reflect this dynamism. To satisfy our customers, we have focused on innovation in mobile applications, means of payment, Internet solutions, etc. We are stepping up our presence on social networks and are actively developing new concepts to imagine and create the bank of the future.

Jean-Yves Forel, Chief Executive Officer, member of the Management Board responsible for Commercial Banking and Insurance
ADVANCING TOGETHER

Anne Mercier-Gallay

“Listening and anticipating”

The success of the Group’s project depends on the active involvement of its employees. Giving everyone the means to develop their skills, unleashing the capacity for initiative, offering encouraging prospects, facilitating mobility, giving good reasons to be proud of the Group and its companies: these are the values that guide our actions.

In 2012, more than 100 executives changed companies within the Group and we created a system that will facilitate, at every level, the development of career paths and mobility across the Group. 23 women’s networks have been set up to help female employees rise to positions of responsibility. The 2nd Innovation Awards organized within the Group confirmed the success of this initiative with 85 high-quality entries. We have also developed a major e-learning platform and adopted a comprehensive solution for online appraisals in line with our training programs to which we devote more than 5% of our aggregate payroll costs. We have also heightened the awareness of Group employees about the proper use of the social media.

Anne Mercier-Gallay, Chief Executive Officer, Member of the Management Board responsible for Human Resources and Group Internal Communications

Daniel Karyotis

“Efficiency in action”

In 2012, our Group continued its profound transformation and further strengthened its financial fundamentals. As a result, we have outperformed all other French banks in improving our capital adequacy since 2010 (Basel 2.5 Core Tier-1 ratio of 8% in 2010 and 10.7% in 2012). What is more, our profitability has made us a benchmark performer, one of the top five European banking groups (at the same level as Crédit Mutuel) with a net income attributable to equity holders of the parent of €2.15 billion. In addition, the continuous refocusing of all Groupe BPCE entities on their core businesses is paying off, and our risk profile is now in line with our growth strategy and our determination to be the leading banking institution committed to financing the real economy. Finally, the drive to streamline our external expenses and to manage our costs more closely was pursued in 2012 and will be further intensified in 2013.

In an economic and financial environment that is both difficult and complex, Groupe BPCE is financially more robust than it was in 2011. We must now continue our efforts and further enhance our foundations and our financial independence.

Daniel Karyotis, Chief Executive Officer, member of the Management Board responsible for Finance, Risks and Operations
Laurent Mignon

“At the heart of the Group”

2012 confirmed the effectiveness of the New Deal strategic plan first implemented in 2009 and the successful transformation of Natixis. Our revenues are increasing in our three core business lines: Wholesale Banking, Investment Solutions, and Specialized Financial Services. This good performance demonstrates Natixis’ ability to generate good recurring results despite the adverse economic environment while simultaneously adapting to new regulatory constraints. We have strengthened the financial structure of Natixis, which is now in line with Basel III requirements with a Core Tier-1 ratio of more than 9% in January 2013. We completed our program to reduce scarce resources one year ahead of schedule. Finally, we launched an ambitious operational efficiency program that will give us additional flexibility to develop our business. Resolutely focused on its customers and fully integrated into Groupe BPCE, of which it is the publicly-listed vehicle, Natixis can begin work on preparing its new 2014-2017 strategic plan on robust foundations.

Laurent Mignon, Chief Executive Officer of Natixis

Marguerite Bérard-Andrieu

“Looking toward the future”

In September last year, 500 senior managers attended the Group’s 3rd Summer School. The aim of this event was to analyze the progress made since the strategic plan “Together” was launched three years ago, to discuss what the banking industry will be in the future, and to begin collective reflection on our corporate ambition and our next strategic plan for the period up until 2017. Regulations, the macroeconomic outlook, new technologies, changes in customer behavior and the expectations of society in general have committed us to a profound transformation of our banking models. The shift in the global economy toward emerging markets is creating new needs and questions. We need to integrate these factors of change, identify our way forward, and make a success of our adaptation. All the employees and all the companies in the Group are concerned. We therefore chose as inclusive and participatory approach as possible to develop our new road map and ensure that everyone is involved in, and feels concerned by, our common strategic future.

Marguerite Bérard-Andrieu, Deputy Chief Executive Officer responsible for Strategy, Legal Affairs and Compliance and Group Company Secretary
**ADVANCING TOGETHER**

**Yves Toublanc**

“Vigilance and progress”

Groupe BPCE has been in existence for almost four years and we can measure the progress it has made. Thanks to our return to profitability, a more efficient management of our risk-weighted assets, the trust of our cooperative shareholders who have massively subscribed for our share issue, we are in line with Basel III requirements. Building on this success, the Supervisory Board has renewed the terms of François Pérol and the members of the Management Board for a further four years. The renewal of the Board enabled us to redefine the responsibilities of each member at the service of their enterprise and of the Group as a whole, under the aegis of a balanced governance system founded on dialogue and mutual respect. We have put BPCE’s equal ownership by its two groups of shareholders on a long-term footing and strengthened the solidarity system between the Group’s companies. This was a necessary step to begin drafting a new strategic plan focused on shared goals. Our cooperative status – whose originality we must continue to promote – shelters us from short-termism. It allows us to eliminate speculative activities, to think in the medium term and to work solely for the benefit of our customers, society in general and our country’s economy. Despite the adverse economic environment, we have not only continued to support the local economy but also increased the volume of loans granted to our customers. We must continue in this way inspired by the highest ethical standards and, within the framework of my responsibilities, I shall be particularly vigilant in this respect.

Yves Toublanc, Chairman of the Supervisory Board

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**Marwan Lahoud**

“An external perspective”

The independent members of the Supervisory Board provide an external perspective and their personal experience that is, for my part, extremely international and highly industrial. A new strategic plan is being prepared: our role is to develop a constructive dialogue with the management team, to challenge the scenarios, examine what might undermine these assumptions, and consider alternatives. As Chairman of the Audit Committee, I am completely focused on the risk management processes, the appropriateness of the appraisal methods, and the effectiveness of the different control systems. Finally, investors must be able to rely on high-quality financial information when making their decisions. It is the role of the Audit Committee to ensure this.

Marwan Lahoud, an independent member of the BPCE Supervisory Board, Chairman of the Audit and Risks Committee
The Supervisory Board

at January 1st, 2013

Yves Toublanc
Chairman

Stève Gentili
Vice-Chairman

Representatives of the Banque Populaire banks

Gérard Belléomy(1)
Chairman of Banque Populaire Vau de France

Thierry Cahy(2)
Chairman of Banque Populaire d’Alsace

Alain Condamine
Chief Executive Officer of Banque Populaire Occitane

Pierre Desvergnes(1)
Chairman of the CASDEN Banque Populaire

Philippe Dupont
Chairman of ISODEV SA

Catherine Halberstadt(2)
Chief Executive Officer of Banque Populaire du Massif Central

Representatives of the Caisses d’Epargne

Catherine Amin-Garde(1)
Chairman of the Steering and Supervisory Board of the Caisse d’Epargne Loire Drôme Ardèche

Bernard Comolli(2)
Chairman of the Management Board of the Caisse d’Epargne Ile-de-France

Francis Henry
Chairman of the Steering and Supervisory Board of the Caisse d’Epargne Lorraine Champagne-Ardenne

Pierre Mackiewicz(1)
Chairman of the Steering and Supervisory Board of the Caisse d’Epargne Côte d’Azur

Didier Patault
Chairman of the Management Board of the Caisse d’Epargne Bretagne Pays de Loire

Pierre Valentin(2)
Chairman of the Steering and Supervisory Board of the Caisse d’Epargne Languedoc-Roussillon

Independent members

Maryse Aulagnon(1)
Chairman-Chief Executive Officer of the Affine Group

Laurence Danon(1)
Co-President of the Management Board de Leonardo & Co

Marwan Lahoud(2)
Director of Strategy and Marketing and member of the Executive Committee of EADS

Marie-Christine Lombard(2)
Chief Executive Officer of Geodis

Censeurs (non-voting members)

Natifis, represented by
Laurent Mignon
Chief Executive Officer

Gils Berrouss(3)
Chief Executive Officer of Banque Populaire Nord

Pierre Carli
Chairman of the Management Board of the Caisse d’Epargne de Midi-Pyrénées

Alain Denizot
Chairman of the Management Board of the Caisse d’Epargne Nord France Europe

Raymond Oliger
Chairman of the Fédération Nationale des Banques Populaires

Michel Sobier
Chairman of the Fédération Nationale des Caisses d’Epargne

Dominique Wein
Chief Executive Officer of Banque Lorraine Champagne

The following also attend Board meetings

Jean-Luc Débarre
Pierre-Éric Randrianarisoa,
representatives of the BPCE Works Council

(1) Member of the Appointments and Remuneration Committee.
(2) Member of the Audit and Risks Committee.
(3) Appointed to the Executive Management Board of Natixis to assume responsibility for the Specialized Financial Services division at the Supervisory Board meeting convened on February 17, 2013 and replaced by Yves Gevin, Chief Executive Officer of Banque Populaire Rives de Paris.

What is the role played by the Supervisory Board?

The role of the Supervisory Board is to maintain constant oversight over the managerial activities of the Management Board. This oversight includes monitoring the appropriateness of actions taken and their regulatory compliance. The cooperative shareholders are represented on the Supervisory Board by the Chairmen of the Boards of Directors of the Banque Populaire banks and by the Chairmen of the Caisses d’Epargne Steering and Supervisory Boards.

The Supervisory Board of BPCE is comprised of 18 members:

14 representatives of the Caisses d’Epargne and Banque Populaire banks;

4 independent members.

2 non-voting representatives from the BPCE Works Council attend Board meetings.

The Supervisory Board also includes 7 censeurs (non-voting directors) acting in an advisory capacity:

Natixis is a non-voting director as of right;

6 non-voting members from the Banque Populaire banks and Caisses d’Epargne are appointed at the Ordinary General Shareholders Meeting.

specialized committees make recommendations to the Supervisory Board to assist it in its deliberations and decisions:

the Audit and Risks Committee, chaired by Marwan Lahoud, an independent member;

the Appointments and Remuneration Committee, chaired by Laurence Danon, an independent member.
Growing differently, first of all, means being responsible.

And being responsible means remaining close to our customers to fully appreciate their needs, being imaginative and competent to provide the right financing or investment solutions and to build a long-term relationship based on trust. It also means putting our strength at the service of the most fragile members of our community, helping to finance green growth and giving our employees the resources they need to build successful careers within the Group.
Does the cooperative business model have a future?

OLIVIER PASTRÉ
― The cooperative model is based on four key principles that distinguish it from the capitalist model. The first is a long-term outlook that allows cooperative structures to consider investments offering no guarantee of immediate profitability. The second is the absence of an obsession with profit, which is seen as a way to consolidate the strength of the structure and not as an end in itself. The third is solidarity between members, the principle that inspired the creation of the cooperative movement in the 19th century. The fourth principle is a strong local presence; the cooperative members are known to one another, and membership of the cooperative movement is partly based on cooptation. These principles are respected, in various guises, by the entire European cooperative movement.

SERGE PAPIN
― The cooperative model is able to combine strength with a local presence. While the integrated chain-store model chiefly serves the interests of the majority shareholder, the cooperative model follows an entirely different rationale. In a cooperative group, the aim of the common structures is not to generate profits and pay dividends: they are management companies designed to promote the success of the partners, who focus on their customers without the distraction of having to consider financial strategies. They benefit from the strength of the group and the experience of its members and, in return, commit themselves to the success of the network. As each store is owned by an independent retailer, an entrepreneur determined to succeed, we create a virtuous circle.

The cooperative model is governed by a system of “one man, one vote” participatory democracy where each member contributes to the decision-making process. What are the advantages and limitations of this governance style?

OLIVIER PASTRÉ
― The advantage is twofold. It ensures that the group is run democratically where equality is given the status of a founding principle. This principle confers legitimacy to the decision-making bodies that has no equivalent in the capitalist model. The constraint imposed by this system is the need to inform and educate the members to enable them to join in the decision-making process in full possession of the facts. This means they must have all the information they need to form an opinion.

What are the strengths of the cooperative model?

OLIVIER PASTRÉ
― The cooperative model is based on four key principles that distinguish it from the capitalist model. The first is a long-term outlook that allows cooperative structures to consider investments offering no guarantee of immediate profitability. The second is the absence of an obsession with profit, which is seen as a way to consolidate the strength of the structure and not as an end in itself. The third is solidarity between members, the principle that inspired the creation of the cooperative movement in the 19th century. The fourth principle is a strong local presence; the cooperative members are known to one another, and membership of the cooperative movement is partly based on cooptation. These principles are respected, in various guises, by the entire European cooperative movement.
BEING RESPONSIBLE

SERGE PAPIN
— The success of this organization lies in the fact that the people involved in making decisions are also responsible for their implementation. It’s a collective dynamic at the service of individual progress thanks to a convergence of interests around the success of the stores, the group’s only profit centers. The decision-making process may be longer but it is enriched by the diversity of viewpoints, analyses and proposals. The cooperative is a fantastic breeding ground for new ideas.

A strong local presence is central to the cooperative business models. In your opinion, what role is played by cooperative groups at a regional level?

SERGE PAPIN
— Our tagline is “U, trade from which everyone benefits”: every store owner strives to make this true within their catchment area. We have four regional purchasing centers and our stores give prominence to both U items as well as regional and local products. 85% of our stock is supplied by French SMEs under long-term contracts to encourage them to invest. And this enables us to enjoy long-term sources of supply and to distinguish our offering from that of our competitors. The quality of our foodstuff is one of the strengths of our brand, and our customers appreciate a policy that protects jobs and enhances regional expertise.

OLIVIER PASTRÉ
— The cooperative banking model was developed in the 19th century from the need to finance social categories, professions or regions poorly served by the private banks. The emphasis on a local presence was a way for this type of bank to minimize risks thanks to their intimate knowledge of their customers. This close, local relationship must constantly be strengthened and renewed. The cooperative banks must be exemplary in the regions in which they operate. Social solidarity must be the driving force behind this striving for excellence.

Can we say there is, or should be, a social model in cooperative groups, notably in terms of training, career development, and employee integration?

OLIVIER PASTRÉ
— Generally speaking, the social ladder has been broken in France for the past twenty years or so. The cooperative banks have a major role to play in this area in the future. For a great many years, the cooperative model has allowed ordinary employees to rise to the highest echelons of the management structure. Training is the best way to ensure that people can continue to climb the social ladder. This training must be both technical and “political” in its ability to provide a better understanding of the complex workings of managerial action.

SERGE PAPIN
— In Système U, upward social mobility – which we also call “the social staircase” – is a reality. A large number of employees who joined as section chiefs have become entity managers. Personal skills and a passion for the retail trade, vocational training, internal promotion, and independence are our core values. We have our own training center to transmit these values to others, and we promote entrepreneurship through sponsorship. We encourage the creation and transmission of stores via the Expan U funds, to which all partners contribute financially. Distribution and redistribution is our social model.
Don’t you feel that this model is threatened in a globalized economy? How can you make it thrive as a specific model?

SERGE PAPIN
—— The cooperative model has its place; it’s even exceedingly modern because it unites rather than divides, and does so in a spirit of solidarity and shared performance. The crisis has enhanced its significance and value; we realize that alternatives to the capitalist model exist. Cooperation has a role to play and must be concentrated for greater strength. The model is also interesting to emerging countries. We have been approached by representatives of the Chinese government wanting to learn from us and encourage their retailers to get organized and not leave the field free to large international groups.

OLIVIER PASTRÉ
—— The cooperative model is particularly well suited to the current period of crisis. The principles of “long-termism”, the refusal to be a slave to profit, the values of social solidarity and local presence meet, each at its particular level, the challenges forced upon us by the economic crisis. For the cooperative model to play its role – which can be essential – in resolving the crisis, four principles must guide the actions of the cooperative banking groups. The first is to return to the origins of a highly decentralized bottom-up model[1] in which social solidarity reclaims its rightful place. The second principle is pro-active training. “There is no wealth other than in people” (Jean Bodin). This is particularly true in the banking sector where any errors, or erring ways, are rapidly sanctioned. Training should also help to strengthen the affectio societatis undermined by globalization. The third principle: a “glocal” strategy. Cooperative banks must preserve their roots in their local environment without, however, sacrificing their global ambitions. This internationalization must focus principally on Europe to create truly European mutual banking groups by leveraging the dynamics of the recently-launched European Banking Union. The final principle is more effective communications. The specific qualities of the cooperative model are poorly known, including by some of its members... This explains why the regulations currently under consideration – Basel III, Solvency II, etc. – fail to take sufficient account of this type of banking institution. A communication drive must be launched to show that these specific features are not an anomaly to be corrected but a model adapted to defining a collective strategy to lead us out of the crisis.

Going still further

BEING RESPONSIBLE

3rd

Groupe BPCE ranks in 3rd position among the 100 largest cooperative companies in France(1). Its strength? The commitment of its companies and their employees to financing the French economy, in every region, for all types of clientele.

(1) Source: panorama of cooperatives per industrial sector in 2012 (Coop FR).

1818, 1st Caisse d’Epargne

The Caisse d’Epargne were set up to help families of modest means to save for emergencies and old age before social security and pensions existed in France. Society and needs have changed but the savings banks humanistic values have remained the same. The Caisse d’Epargne are committed to financial education, micro-credit solutions and philanthropic actions.

1878, 1st Banque Populaire

Originally, the Banque Populaire banks were created by and for entrepreneurs. Today, the directors of the Banque Populaire banks are themselves company heads and professionals. This commonality of interests facilitates their understanding of customer expectations. The Banque Populaire banks pursue an active partnership policy by supporting microfinance, education and integration through employment. They have created a tool to measure their cooperative responsibility: the Cooperative Dividend & CSR. It measures their actions in favor of their cooperative shareholders, their directors and society in general.

8.6 million

This is the number of Banque Populaire and Caisse d’Epargne cooperative shareholders who have massively joined their banks in public-minded, social solidarity initiatives. The Fédération Nationale des Banques Populaires and the Fédération Nationale des Caisses d’Epargne run and coordinate actions related to cooperation and the cooperative shareholder base.

www.fnbp.fr
www.fnce.fr

Useful

In 2012, the Caisse d’Epargne joined the top 10 companies most useful to society(1). It is the first bank to receive this honor.


Supportive and committed

Social solidarity, the raison d’être of cooperative banks, is expressed at a local level in the host of actions supported by the banking networks, their cooperative shareholders and their federations: in 2012, a total of nearly €24 million was devoted by the Banque Populaire banks to socially responsible and cooperative projects, with a further €18 million from the Caisses d’Epargne, representing more than 1,000 philanthropic endeavors. Many other projects are pursued with the Banque Populaire Foundation, the Caisse d’Epargne Foundation for Social Solidarity and Groupe BPCE’s other corporate foundations.

Sharing, moving forward

Groupe BPCE has signed the United Nations’ Global Compact, is a member of Orse(1) and CSR Europe(2). Natixis has embraced the Equator Principles, committing it to appraising the social and environmental impacts of the projects it finances, and Natixis Asset Management has signed up to the Principles for Responsible Investment (PRI).

(1) Observatory of Corporate Social Responsibility.
(2) Corporate Social Responsibility Europe.

Companies for a better world

2012 was the United Nations’ year of cooperatives “in recognition of their contribution to socio-economic development, notably poverty reduction, job creation, and social integration.”

2012 International Year of Cooperatives

1818, 1st Caisse d’Epargne
1878, 1st Banque Populaire

1818, 1st Caisse d’Epargne
1878, 1st Banque Populaire
A matter of trust

Are promises only binding on those who receive them or also binding on those who make them? The inevitable outcome is either trust or mistrust. In Groupe BPCE, we are convinced that trust is the energy driving all projects and all progress. Here are some exemples.

“Put not your trust in money, but put your money in trust.”

Oliver Wendell Holmes
The Caisse d’Epargne makes nine commitments to its 26 million customers

1. Confident in its ability to go even further in its customer relations, the Caisse d’Epargne launched a program of nine simple, concrete commitments in 2012. Selected after extensive surveys of existing and prospective customers, these commitments, the subject of a powerful advertising campaign, are designed to meet their new expectations. The promises made by the Caisse d’Epargne include: to be easily accessible and provide each customer with the direct contact details of their advisors; to get back to their customers within 24 hours after receiving a message; to give an answer in principle to any requests for credit within 24 hours or to provide customers with long-term support for all their major projects. Embodying the Caisse d’Epargne’s three core values of ambition, trust, and commitment, this program is a corporate project that commits the savings bank’s employees from every function and every level because all our business activities can contribute to customer satisfaction. By publicly announcing its commitments, the Caisse d’Epargne is emphasizing the moral dimension of its work as a banker, creating a virtuous circle whereby the quality of service convinces customers and wins their loyalty. As such, it contributes to the economic performance of the Caisse d’Epargne and Group companies working with the retail banking network.

2. Giving business organizations the confidence they need to turn spontaneously to their banks to finance their investment projects is the objective of the Banque Populaire banks, the active supporters of the entrepreneurial spirit since their inception. As a result, coinciding naturally with the goals of the Competitiveness Pact, the Banque Populaire banks have decided to further enhance the major role they play in the regional economic fabric. In 2013, they will earmark €7 billion for new loans to finance 100,000 initiatives. These loans are targeted at SMEs, mid-cap companies, artisans and tradespeople, self-employed professionals and farmers, regardless of their sector of activity and region. No limit has been set on the funding of individual projects. This funding envelope represents an increase of more than 2% of outstanding loans granted to businesses and professionals, which exceeded €40 billion in 2012. At a time when one SME entrepreneur out of three considers that the economic situation is having a major negative impact on access to funding (an opinion shared by 5% more respondents in the space of one year (1)), the Banque Populaire banks are mobilizing their efforts to send a strong signal to all those driving the economy – i.e. companies – in the hope that their commitment will have a multiplier effect and help boost economic activity overall.

Companies
1 out of every 3 companies,
42% of businesses with more than 10 employees,
1 million self-employed professionals are customers
of the Banque Populaire banks, which mobilize
6,000 advisors to serve them.

The Banque Populaire undertakes to grant companies loans for a total of €7 billion

Favorite
The Caisse d’Epargne is French people’s favorite bank (1). 90% of its customers are satisfied. 92% appreciate their advisor.

(1) 2012 national barometer survey of customer satisfaction.
3. Natixis and the Ageas insurance group signed a partnership agreement related to infrastructure financing in 2012. The Ageas Group will invest in loans that have been originated and arranged by Natixis, and satisfy a number of specific criteria. Over a three-year period, the Ageas Group will build up a loan portfolio for a total of €2 billion; Natixis will retain a portion of each loan and take charge of their management to maturity. This agreement demonstrates the confidence of the Ageas group in Natixis’ expertise and in its ability to find new ways to finance its customers’ projects in a rapidly changing environment. The need for infrastructure financing in Europe is estimated at between €1,500 billion and €2,000 billion between now and 2020, but the new solvency requirements no longer allow banks to satisfy demand by assuming debt at the same level as in the past. The solution is to allow institutional investors, keen to diversify their investments, to participate in the funding of these projects. Less sensitive to business cycles, infrastructure financing offers both a relevant alternative and long-term investment horizons that closely dovetail with the needs of insurance companies and pension funds. In 2012, Natixis set up a new European platform dedicated to infrastructures. It provides companies with financing solutions tailored to their projects and makes available to institutional investors a new asset class that is capable of satisfying their regulatory requirements, their allocation strategies and investment criteria.

4. In just one month, Crédit Foncier successfully raised approximately €951 million through a bond offering open from January 13 to February 12, 2012 subscribed to, in particular, by members of the general public who had the option of using an innovative online subscription method. The funds raised by this simple product with an attractive yield (4.25% over six years and redemption at par or sale on the secondary market) will be used to finance projects of general public interest. As a result, the goal of raising €1 billion from investors in the course of the year was almost entirely attained in a single operation. This success illustrates the degree of trust placed in Crédit Foncier, which has not called on investors for the past ten years. Crédit Foncier, a long-established bond issuer, has specialized in real estate project financing since 1852 and plays an active role in local and regional development in support of public policies aimed at financing infrastructure and social housing investment programs. Twofold innovation: via a dedicated website, investors could visualize the projects funded in each region: housing accessible to low-income families, roads, hospitals, schools, etc. In addition, holders of ordinary securities accounts could download the subscription file online, sign it and send it to Crédit Foncier: an advantage greatly appreciated by investors.

Research

Natixis and the EDHEC Risk Institute have set up a research chair devoted to infrastructure debt. This position is dedicated to analyzing the risk and return profiles of this asset class and to modeling their contribution to the portfolios of institutional investors.
The sheltered sector can count on Groupe BPCE purchasing

Groupe BPCE, a signatory to the Charter of good practices between major principals and SMEs, ensures that its entities exercise territorial responsibility in their procurement activities. The two-tier management of purchasing (almost €4 billion per year) allows Group companies to work with local suppliers and, more particularly, with EA and ESAT organizations (1), as recommended by the disabilities and responsible purchasing policy (PHARE) launched in mid-2010. Thanks to this approach, coordinated jointly by BPCE Achats and the Corporate HR Department, the Group has set itself the target of significantly increasing its use of organizations promoting the professional integration of the disabled. BPCE Achats signs agreements with companies in the sheltered sector, while in each Group company the disability correspondent and purchasing manager work closely together on the application of the national agreements supplemented, if necessary, by local contracts. Practical guidelines, a directory and training courses are provided for people involved in the project. In 2012, the 3rd PHARE conference was attended by some 200 participants and 20 EA and ESAT entities invited to publicize their activities. The different services provided during the conference were chiefly entrusted to these disability-friendly organizations to demonstrate the quality of their work. The year was also marked by the distribution of the first PHARE Victory awards, a competition involving 35 entries from 18 Group companies.

Awards

PHARE won unanimous praise in 2012: Purchasing Trophy awarded by the Compagnie des dirigeants et acheteurs de France (CDAF), Gold Medal awarded by the magazine Décision Achats and Growth Trophy presented by the APF Enterprises network.

(1) EA: entreprises adaptées, or adapted companies. ESAT: établissements et services d’aide par le travail, establishments where handicapped persons can work in special conditions.

Ultra-confidence, the fruit of long familiarity

Learning mutual respect

The first 45 rpm record I loved to play on my gramophone as a child was Disney’s The Jungle Book. I was particularly fond of Kaa the Python’s song: “Trust in me-e-e, just in me-e-e-e!” I remember being shocked by the hypocrisy: the python urging Mowgli to fall asleep, promising to watch over him and protect him from the dangers of the jungle when the snake himself was the principal threat! Thanks to Kaa, I realized that enforced trust implied an odious manipulation, one-way hypnosis that perverts the nature of trust itself. I saw that confidence could not be conjured up but was a relationship built up over time, like the friendship between Bagheera and Mowgli: the apprenticeship of mutual respect, the testing of the other’s limits, their individual strengths, weaknesses and values.

Faith in oneself, the force behind ultra-confidence

Kaa is dangerous but he has a seductive, soothing voice that creates the peace of mind essential to the burgeoning of trust. Trust is the peace of mind that flows from faith in the other; the optimistic conviction that he or she will keep their promises faithfully, that they will give you their unhesitating support. Extending wholehearted trust means there’s no need to test a person’s loyalty. All trust worthy of the name is “blind”, and implies the suspension of doubt and fear; it’s the negation of stress, the fruit of long familiarity. I call it “ultra-confidence” to distinguish it from “confidence” or “trust” that have become jaded from overuse. How many Kaas in the jungles of consumerism demand their customers – or, rather, their “prey” – to give them their trust, without any good reasons for doing so! Their lullabies exhaust their listeners instead of bringing peace. Only companies that believe in themselves – in the essential role played by their activities, in the place given to the human element in the way they work – can inspire in the outside world the “ultra-confidence” they have developed over time.

VINCENT CESPEDES, PHILOSOPHER

www.vincentcespedes.net
In pictures

Major renewable energy initiatives funded by Groupe BPCE
THE “DEAL OF THE YEAR” IN SWEDEN

In 2012, Natixis contributed to a round of funding for the large Jädraås wind farm project in Sweden, an operation voted “Deal of the Year” by the Euromoney and Project Finance magazines. A €20 million equity investment in this renewable energy project was made by Eurofideme2, a fund that already owns an interest in one of the largest photovoltaic plants in France (Curbans). Eurofideme2 is managed by Mirova Environnement & Infrastructure, a hub of expertise specializing in responsible investment run by Natixis Asset Management. At the end of September 2012, this specialized unit managed a total of €368 million in four investment funds dedicated to renewable energy and public-private partnerships in Europe.

Natixis is also a major player in financing green growth and energy transition. The Sofergie portfolio of project finance and leasing activities currently stands at 9,026 MW. The complementary nature of its activities allows Natixis to finance projects worth more than $50 million worldwide in addition to leasing operations worth between 5 and 50 million euros in France in partnership with the Banque Populaire banks and Caisses d’Epargne. Natixis Energéco funded a total of 18 projects in 2012, including a 13 MW biomass cogeneration power plant in Picardy linked up to the largest canned and frozen vegetables factory in Europe.
BATHING IN THE SUN

To support the economic growth of overseas territories and satisfy their growing demand for electricity by promoting their energy independence, BPCE International et Outre-mer (BPCE IOM) is banking on renewable energy. It has financed more than 780 photovoltaic power plants since 2006, representing a total of 130 MW and more than €450 million in syndicated loans. The ground-based power plant in Bethléem in the municipality of Saint-Benoît, Reunion Island, is one of the projects completed in 2012. Boasting a capacity of 6.6 MW-peak, it should meet the needs of 4,000 households and avoid the release of 2,280 metric tons of CO₂ per year. This €20 million investment was based on syndicated loans for a total of €16.3 million granted by the Banque de la Réunion, Banque Palatine and Sofider (BRED), three entities belonging to Groupe BPCE. Another ambitious solar power project was the Aubanèle 11.5 MW-peak ground-based power plant installed in Kourou, French Guiana. This €56 million investment was financed by €19 million in tax advances under the aegis of the so-called Girardin provisions provided by the BPCE subsidiary Ingépar and by a €36 million bank loan underwritten by BRED and BPCE IOM.
RETAIL BANKING NETWORKS: ALL LIGHTS ON GREEN

Pioneers in financing energy efficiency, the banks in Groupe BPCE are continuing to innovate and mobilize their resources to allow their clients to finance their energy transition as inexpensively as possible. The Banque Populaire banks and Caisses d’Epargne won the contracts awarded by the Midi-Pyrénées, Languedoc-Roussillon, Centre and Aquitaine regions for the distribution of subsidized loans granted by the European Investment Bank to individuals, businesses and local communities in order to finance renewable energy projects and energy-efficiency improvements to existing buildings.

New success: Groupe BPCE is the first bank in Europe – and the only one in France – to be chosen by the European Commission to implement the ELENA-KfW program set up to finance the energy efficiency projects of individuals, businesses and local communities.

Valoénergie is another example of the Group’s innovation aimed at promoting green growth. Set up in 2012 by the Caisses d’Epargne, Valoénergie specializes in supporting initiatives (via audit and project management services) designed to enhance energy efficiency, the marketing and sale of energy saving certificates generated in the process. The business targets local authorities, businesses, real estate and health professionals, property managers and condominium owner associations. Its range of solutions enables its customers or prospects to recover up to 25% of the total amount of their eco-friendly investment.
Commitment, trust, and pride in belonging are the qualities decisive for the success of Groupe BPCE. Since the Group’s creation, significant steps have been taken to build a strong social base: an agreement on the forward management of jobs and skills, unified management of senior executives, managerial career paths, etc. The dynamic has been created; 2012 is the illustration.

**Employment and mobility.** Thanks to the JUMP scheme (from the French J’ai Une Mobilité Personnalisée, or “I have customized mobility”), employees now enjoy full information about jobs and change opportunities within the Group, allowing them to better prepare their professional growth. These so-called “benchmark” jobs summarize the specific needs of the businesses and are linked to a single job center.

**Training.** The Group offers an innovative range of training programs combining face-to-face lessons, e-learning sessions, virtual classrooms, serious games, etc. Regarding online training, more than 85,000 employees now have access to the Essenti@ platform. Winning plaudits from e-learning professionals, it boasts 150 modules shared by, or specific to, the networks. In all, the Group’s investment represents more than 5% of the aggregate payroll.

**Managerial development.** Talents, Global Leaders, Advanced Management Program (AMP), High Flyers, Essec School of business administration: training courses and programs are dedicated to senior managers and high-potential employees wanting to move into positions of high responsibility. These courses also help facilitate succession planning for the Group’s senior management team.

**Listening.** At the end of 2012, an in-house opinion poll entitled Diapason was conducted by 26 Group companies. It enabled 40,000 employees to give their opinion about human resources, managerial practices, cooperation, internal communications, etc. There are plans to repeat this survey to measure changes in the indicators over time and the relevance of actions taken.

**Image as an employer.** A cooperative, decentralized business model, the reputation of its brands, its dynamism, strength, career opportunities: these strengths emphasized by the Committed Bankers slogan enabled Groupe BPCE to rank 1st in the service sector for attractiveness, a position recognized by the 2012 Randstad Awards.

**Diversity.** Women representing 40% of Group executives and 20% of senior managers: this is the target fixed for 2014. Adapting recruitment and career management processes, heightening managers’ awareness and providing support for women in addition to the development of many women’s networks are contributing to the achievement of these objectives.

**Disabilities.** The Group pursues a disability policy focused on recruitment, job retention, and the use of companies operating in the sheltered sector. Apart from the development of work/study contracts intended to promote the integration of people with disabilities, 2012 saw an increase in purchases from companies providing work for the disabled, notably within the framework of the PHARE program (see page 31).

**Internal communications.** The organization of chats with François Pérol, the launch of the 2nd in-house Innovation Trophies, the rollout of a scheme to heighten awareness about the proper use of the social media, etc., are just some of the highlights of the year. The Group’s support of the London Olympic Games, within the framework of its partnership with the French Olympic Committee, also helped to mobilize employees around positive values and a shared emotion.

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117,000 employees
4,000 new recruits on permanent contracts
4,000 interns and staff on work/study programs
€169 million invested in training
104 career moves among senior management staff

(1) eLearning-infos Trophy for the best implementation.
(2) Annual Randstad Survey conducted in partnership with the HR Congress, L’Expansion, and L’Express.
Fabio

I'm doing an MSc in financial engineering and, given the current context, I felt that a sandwich course would be a good way to enter the job market under optimum conditions. I'm working in a Banque Populaire branch devoted to SMEs where I help the account managers. I really feel part of the team and that what I do is useful. The pace is very intense; you have to learn to manage everything simultaneously but the course is allowing me to discover the grassroots level in contact with real life, far removed from academic case studies!

⇒ Fabio Renaudin, a student-apprentice in the SME branch, Sarthe – Banque Populaire de l'Ouest

Martine

Our company, IT-CE, has gathered most of the people from its Paris sites together in a single building in the capital's 13th arrondissement. I had the good fortune to be part of the group of 10 employees responsible for thinking about our new living environment. The peculiarity of our multi-site company emphasized the need to adopt, among other things, the concept of nomad areas – workspaces for visiting colleagues – along with a communication zone – a small room for conference calls. In addition to facilitating relationships with our “clients,” everything has been designed to promote contact and exchange between employees. Our next project will focus on creating a concierge service!

⇒ Martine Delaville, project manager, IT-CE

Philippe

My career has always been defined by mobility, considering that I've changed jobs every five or six years. Although you have to seize opportunities, it's very important to adopt a "mobile mindset" and anticipate in order to maximize your chances of success. You gain a wealth of experience but it's not easy: you need to abandon preconceived ideas while capitalizing on your previous experience and, each time, discover a new environment and become part of it. I recently moved to New Caledonia after a career exclusively in the Paris region. The geographical leap was huge but I welcome the challenge and excitement!

⇒ Philippe Eyssartel, retail bank manager, Banque de Nouvelle Calédonie
Hubert

I was delighted to be selected for the Talents program launched by the Group: once I’d got over the initial surprise, I felt extremely proud! This program is divided into three main parts: a phase of introspection to take stock of one’s professional life and to think about the meaning you want to give to your career; a second phase more turned toward other people, a source of particularly rewarding and advantageous encounters and, finally, a series of seminars on a variety of topics. Today, I really feel that I’ve made progress and have a clear idea of my professional goals…

Hubert Gaudry, chief auditor, Natixis

Julie

Advising, giving satisfaction to my customers and selling are my principal motivations! My career has progressed smoothly; I’ve gained in seniority and have always won people’s trust. I was recently appointed manager of my branch and I really love my job. I never felt that being a woman was an obstacle; in any case, the two managers above me are both women, too! My own approach — and this is the advice I would give younger people just starting out on their careers — is to do your job well, develop a team spirit, show what you’re capable of, believe in your own capabilities and, above all, express what you would like to do…

Julie Hébrard, branch manager, Banque Populaire Rives de Paris

Émilie

I’ve been suffering from a bad back for some time but the doctors found it difficult to identify the cause of the problem, to the effect that I was frequently absent from work. As a branch-based customer manager, this created an awkward situation both for me and my colleagues. My workstation wasn’t at all suited to my condition and even made things worse! I put in a request to the company that allowed me to reorganize my working environment with the help of specialists in office automation. I feel much better now thanks, in particular, to the fact that I can respect my doctors’ recommendations regarding my posture.

Émilie Pruvost, customer manager, Caisse d’Epargne Nord France Europe
To satisfy an urgent demand from the Caisse d’Epargne Rhône Alpes for a specific training course that it needed for its employees, we developed a unique system whereby trainees and teachers can meet online in a “virtual classroom,” enabling them to see each other and interact in real time. This solution allowed us to train 2,000 employees in just three weeks. Thanks to this project, we were winners of one of Groupe BPCE’s in-house Innovation Awards, giving us official recognition and a strong sense of personal satisfaction at the end of an ambitious project of great importance for our entity.

Ludivine Dury (project manager), Éric Holl (coordinator) and Pascal Dury (Director, Training Department) – Caisse d’Epargne Rhône Alpes

Going to the London Olympics… When the competition was opened to all Group employees, I wanted to try my luck. I also made the strategic choice of entering the video category, where the competition didn’t seem quite as intense. I was so happy to be chosen! Everything was magical in London: the sporting events, the France Club, but also the fact of getting to know the 19 other winners, all from Groupe BPCE companies, and sharing those moments in a spirit of unfailing conviviality. My best memory: the incredible atmosphere when Julie Décosse won the gold medal in judo!

Catherine Aubin, communications officer, Banque Populaire du Massif Central
Growing differently, it also means being a pioneer

And being a pioneer means being **attentive**, open-minded and curious to respond to new **expectations** in a changing social environment. It means refusing ready-made solutions – or the absence of solutions – and using our **imagination** to find new answers and remaining **agile** and focused on real needs to develop these new ideas more effectively. It means considering new **technologies** as opportunities for greater efficiency and fostering the **entrepreneurial spirit**. It means extending our horizons, defending our values and becoming actively involved in ensuring that banking institutions can play their role to the full at the service of the economy.
The Dinosaur, the Banker and the little Nomad

Jacques Vallée
Venture Capitalist, San Francisco

Until recently, banking was considered to be the most stable, the most reliable and, frequently, the most boring profession in town! Our mothers would advise us to choose a sensible career in banking followed by a comfortable retirement.

This idyllic picture began to lose some of its luster at the end of the 20th century with the bursting of the Internet bubble and the eruption of the so-called “subprime” crisis when everyone began to feel very scared.

For the ordinary citizen – who still remembers the collapse of Lehman Brothers, the incredible escapades of a few unruly traders, and the government bailout of institutions deemed “too big to fail” – the future of banking now conjures up the chaotic events that marked the successive stages in our evolution: a period beginning with the age of the dinosaurs and ending in the global chaos that we know so well.

Radical technological change, first of all: an area where the banking industry is not doing too badly considering that the major banks have been relatively sheltered from the whirlwind change affecting new hardware. To tell the truth, they have never really enjoyed a reputation for embracing innovation with open arms! They have benefited, in particular, from software tools developed for other industries such as transaction-processing software, first adopted by the airline companies.

The two key inventions specifically designed in the banking sector were rapid character recognition systems for check processing (developed in 1950 in Stanford, California, for Bank of America) and automated teller machines, a source of huge savings in staff costs.

Everything else – terminals, networks, accounting software, databases, and encryption tools – had already been tested in other applications... even if the inevitable fine-tuning to the needs of the banking industry still represents a major human and financial investment.

We are all concerned by this perception of banking, considering that we all leave the well-being of our families, the fate of our future plans and the realization of our dreams to the tender mercies of these monstrous creatures as we entrust them with our hard-won savings. It would seem, however, that the worst has been avoided. Over the past five years, the major international banks have changed and are now increasing their earnings and raking in record profits. Does this mean we can trust these financial behemoths once again? Or, on the contrary, should we fear even more devastating crises? One can find some tentative answers in the work of futurologists...

The results of their various analyses of technological, social and economic trends all describe a world in the throes of constant change where any hope of restoring the much-vaunted stability in fortune and career that fueled our parents’ dreams must sadly be abandoned.
This adaptation work is far from complete. It remains caged in language even more barbaric than the dialects spoken by IT specialists: the form containing the average customer’s bank account details is a case in point, with its three sets of esoteric numbers like IBAN and BIC codes that leave the uninhibited scratching their heads in confusion when simply asked to provide a bank account number. And what about the complexity of wiring money from one account to another and the need to enter arcane information on a form that even bank employees find hard to fathom?

Fortunately, the Internet is riding to the rescue and will put everything to rights... or so we’re told! Virtual banks are already leading the way by allowing paperless operations; they have no branches, no “brick and mortar” presence, and no prestigious headquarters in towers of glass and steel. This enables them to trim their costs and reinforce their ability to survive in times of crisis. Above all, they can quickly adapt to the new behavior of their nomadic customers, who want to check their accounts, deposit their checks, and transfer funds simply from a smartphone or tablet device.

The lesson has not been lost on the major banks in their drive to incorporate these new methods into their current practices while providing more complex services, such as loans to individual and corporate customers, transactions in the equity markets, investment advice, and international operations subject to stringent regulations. These aspects of the banking profession will continue to depend, for a great many years, on personal, professional contact, conducted face-to-face with the customer or company. These services call for a long-term relationship founded on mutual trust. They are less easy to transfer – at present – onto computer networks. Does this mean that banks, provided they manage their change properly, will be able to transform the “banknote” printed on special paper folded in a wallet kept carefully in your possession. Plastic money, embedded microchips, smartphones transformed into credit cards... all of this came later. For them, a “bank account” is merely a number stored in a database which, like all other databases, floats in a distant cloud of digital virtuality accessible by the click of a mouse any time of night or day. What does the relationship to money actually mean for these young nomads as they move freely through a landscape of embedded, fluid, instant services?

Are financial transactions nothing more than a vast video game? How can you learn to set yourself limits, to control your resources in a world of pseudo-banks providing parallel services?

A number of these sites are virtual banks, where sums of money are still expressed in euros, dollars or pounds sterling... but others are able to convert the sum in question into purely electronic currencies, like Bitcoins circulating on anonymous networks. This parallel currency, still limited in scope, is nevertheless worthy of interest.

To facilitate their transactions (ranging from the purchase of day-to-day items to the pursuit of illegal activities such as money laundering) users of the “underground” Internet have adopted a decentralized virtual currency. It enjoys a prestigious precedent considering that Thomas Jefferson, one of the framers of the US Constitution, said: “I believe that banking institutions are more dangerous to our liberties than standing armies... The issuing power should be taken from the banks and restored to the people, to whom it properly belongs.”

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Anyone with access to the Internet can visit these shadowy levels of the Internet... after taking certain precautions, however, since this is where about one third of illegal or even criminal sites are to be found alongside ordinary business activities. Just plunge into the depths of anonymous servers that form the backbone of the Tor Onion Router to join these networks and download the algorithm that computes the Bitcoin encryption. In every corner of this “deep” Web, Bitcoin “miners” generate virtual coins and freely trade them through specialized servers that verify their authenticity. (This isn’t science fiction! If you don’t believe me, just type Google “Tor Onion” and see for yourself.) The system is based on a protocol developed by a mathematician-cum-cryptography genius going under the name of Satoshi Nakamoto whom nobody, it seems, has ever met...

With the advent of digital networks, the financial industry now finds itself in the same position as the music industry confronted with the copying of digital music and the Hollywood studios faced with Internet film piracy: the product itself – the physical disk for the audio-visual sector just recently, the physical banknote today – has been reformulated, transformed and freed from material constraints.

“Welcome to the future world of finance!”
THE DINOSAUR, THE BANKER AND THE LITTLE NOMAD

It can consequently be stored on other media, become independent and have a remote impact, via a network, on other intangibles.

The statistics published by the European Central Bank in 2012 are staggering! They highlight the rapid growth in credit transfer payments (not based on cash), which represent some 3,000 transactions per second for Europe as a whole. Payments by credit card – about 1,800 transactions per second – average out at €4,000 per person per year in Europe, which also boasts more than 437,000 ATMs and nearly 9 million electronic cash registers in retail outlets. The aggregate total of ordinary transactions is worth €30,000 billion, while interbank payments (about 700 million individual transactions) exceed €800,000 billion.

These flows are not just financial in nature. When taken in conjunction with the social networks, they include variables such as credit worthiness, intention, reputation, the social position of the user and even the list of his or her friends. Human behavior is being transformed into a product with a value that can be sold indefinitely to other players, a fact that the credit card companies have been quick to appreciate, making it increasingly difficult for ordinary citizens to protect their private lives. Other marketing and advertising industries have also realized how they could turn to their advantage this irresistible fragmentation of human existence via Facebook, Google, Apple and Twitter. In the oft-touted “cloud computing” and the unification of all data, it is possible to make correlations, inferences, extrapolations and, ultimately, to control entire sectors of consumers’ social activities.

Neither is this lesson lost on professional hackers. The new financial landscape offers them endless opportunities for penetration, owing to the simple fact that computer security is an illusion: it only exists in the form of a mosaic of hardware or software systems whose interconnections will always be imperfect. By carefully scrutinizing updates, by constantly probing the interfaces, identifying flaws… a pirate skilled in IT technology comfortably ensconced in front of his computer on the other side of the planet can gain access to these flows of immaterial information that have replaced armored vehicles for the transfer of money.

For a fistful of dollars (or a handful of Bitcoins), you can buy tens of thousands of credit card numbers or the Social Security details of the inhabitants of an entire city. The courts have been quick to condemn these shadowy operators in the name of the law to preserve the integrity of society. Who’s responsible? We forget that the original architects of the Internet – or rather the designers of its great progenitor, Arpanet – never bothered to create a layer of security; at that time (in 1970 or thereabouts), it was felt that information should be free! The Web (and its offspring at the heart of financial institutions) inherited the hardware, software and semantic layers of the Internet Protocol… but security was not built in at the level of the network itself. Add to this the fact that governments, every year, train hundreds of crypto-specialists in preparation for future information warfare, capable of penetrating the civilian and military networks of other nations to glean economic intelligence, take strategic actions, or spy on e-mail… Where does imprudence begin and “control freakery” end? In a virtual world such as this – a world that is intensely interconnected and characterized by extreme technical sophistication – the banking industry will have to face up to new challenges. Yet the risks remain poorly managed, as forcefully demonstrated by the “subprime” crisis!

In Margin Call, a film based on the events of the fateful night that shook Wall Street to its foundations, we see the panic that spread through the decision-making echelons of a major bank at about two o’clock in the morning when the computer screens revealed the impending disaster. All the figures were there in their mathematical purity, but what these figures actually meant had been beyond human comprehension.

Returning to the topic that began the chain of thought pursued in this essay, we must carefully examine the nature of the global crisis. Were major institutions such as Bank of America or AIG really “too big to fail”? Certain analysts remain skeptical. For them, these institutions were not too big but rather too interconnected. The risks taken by certain institutions increased the likelihood that other weaknesses would be revealed in their peers and trigger a devastating chain reaction.

Will the banks of the future manage to restore a trusting relationship with ordinary citizens? The industry is currently offered a unique opportunity. The same factors that threaten it today – the infinite interconnectivity of transactions, the virtualization of money, the nomadic behavior of consumers – all of this can be used to create innovative, less cumbersome and less expensive services that are less vulnerable and, more importantly, offer a stronger human dimension. New sources of profit exist in providing support services for innovation – an area that suffers from serious neglect in France and where everything remains to be done – and in providing greater fluidity in operations to support a rapidly changing society. A third area is the intelligent use of “big data” where the parameters of the major changes of the future are to be found.

A major bank focused on the future could take advantage of the valuable lessons to be drawn from the recent crisis and make use of the tools provided by the new media to bring about a change of this kind. By adapting to its new types of customer, we can even hope that banking will become less boring! ☺
The first Caisse d’Epargne is created by philanthropists to encourage savings among more modest households to allow them to create a little financial security.

1878
The first Banque Populaire is founded by small entrepreneurs, shopkeepers and artisans to create mutual support to finance their projects.

Favoring financial security and autonomy via social solidarity:
Groupe BPCE remains faithful to the ideals defended by its parent companies. Groupe BPCE boasts pioneering status in the area of retirement solutions, long-term care insurance or assistance to caregivers. Its entities can rely on the experience of the Caisses d’Epargne Foundation for Social Solidarity, which manages the largest French network of private, not-for-profit homes for dependent elderly people.

Making it easier for the disabled to access banking services is a goal shared by the Group’s retail network. More than 300,000 people under social protection are customers of the Caisse d’Epargne or Crédit Coopératif, which have both developed specific services for this category of clientele and their professional and family legal representatives.

No. 1 micro-credit banking operator
The Group’s banks facilitate access to personal and professional micro-credit solutions. They work through various local or national partnerships, mostly set up with the Social Cohesion Fund, local authorities, microfinance institutions such as Adie, Créa-Sol and CSDL (Social Security Fund for Local Development), or solidarity-based finance-providers such as France Active, which supports larger projects for new business creation. Groupe BPCE is the no. 1 micro-credit banking operator in France, distributing more than 12,000 professional and personal loans for an amount of €84 million in 2012. The Banque Populaire banks (including Crédit Coopératif) and the Caisses d’Epargne working within the framework of NACRE(1) have granted more than €500 million in additional loans to 9,000 new business creators or entrepreneurs buying up existing companies and as funds designed to complement unsecured, interest-free loans awarded by Initiative France. All in all, these different support mechanisms have benefited a total of 21,000 people.

Facilitating the development and transfer of small business enterprises
New services and funding contribute to this objective every year. The innovations in 2012 include a new factoring service for professionals with ad hoc needs in this area, and a preferred-rate €100 million funding envelope obtained by Crédit Coopératif from the European Investment Bank to support investment made by independent businesses employing fewer than 250 people. At the same time, Groupe BPCE endeavors to facilitate the transfer of small- and medium-sized enterprises, a key challenge for the French economy. The second symposium organized by BPCE on this topic in 2012 was attended by more than 300 participants(2).

21,000 recipients of solidarity-based loans
In 2012, Groupe BPCE enabled 21,000 individuals to take out personal or professional loans – an achievement that would have been impossible under traditional banking conditions – for a global envelope of €589 million.

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(1) NACRE: Nouvel Accompagnement pour la Création et la Reprise d’Entreprise (New Support for Business Creation and Acquisition).
(2) www.lescolloques.bpce.fr/cession-transmission.

BEING A PIONEER
FINANCIAL INDEPENDENCE AND SOCIAL SOLIDARITY
In 2012, nearly 550,000 businesses were set up, 56% of which were created by self-employed entrepreneurs(3), but recent surveys show how difficult it is to ensure the long-term viability of these firms. As a result, budgetary and financial education plays a key role in preventing and remedying at-risk situations.

**Finances & Pédagogie**

2,800 courses, 44,000 people informed and trained in 2012: the Finances & Pédagogie association, set up by the Caisses d’Epargne in 1957, educates the general public in money management skills, working with young people in vocational high schools and apprentice training centers, and with vulnerable members of society. It also gives volunteer and professional social workers training in financial education and accountability designed for people in difficulty.

**Teaching young people to be entrepreneurs**

In Groupe BPCE, Finances & Pédagogie, the Caisses d’Epargne, the Fédération Nationale des Banques Populaires and several Banque Populaire banks support the Entreprendre pour Apprendre (learning by doing) associations that seek to foster the entrepreneurial spirit among school and university students via mini-enterprise programs and Young Enterprise Projects. The Banque Populaire banks support 12-to-16 year-olds with BudJ Mission: a scheme designed to teach them to manage their monthly pocket money and savings. With the Second-Chance Schools, courses are also organized to train young people in budget management with the active involvement of the Banque Populaire banks and Finances & Pédagogie Association.

**Training courses and support**

Via their Parcours Confiance confidence track scheme, the Caisses d’Epargne provide people subject to banking restrictions with customized support services including a diagnosis, an appropriate range of banking services, training given by Finances & Pédagogie, and the support of a host of partner networks: community centers for social action (CCAS), departmental unions of family associations (UDAF), the Secours Catholique and Restos du Cœur charities along with more than 600 local and national associations. The Banque Populaire banks also support people who want to pull themselves out of their current difficulties by setting up their own companies. As the principal banking partner of Adie, the association for the right to economic initiative, the Banque Populaire banks help it create local premises and branches and pursue its financial education program designed for entrepreneurs. In 2012, the Banque Populaire banks enabled Adie to grant 3,732 loans, equal to 30% of its funding requirements. Its employees take part in the Créajeunes panels that help young people set up their own companies and contribute to the activities of the Réseau Entreprendre network in support of entrepreneurs creating new companies or taking over existing ones.

The French are champion savers and rank among the least indebted populations in Europe with 98% of loans being paid back smoothly(1). But 5 to 6 million French people find it hard to balance their budgets and more than 186,000 cases of excessive indebtedness were recorded in 2012(2).

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(1) Source: Observatory of Household Borrowing, April 2012.
(2) Source: Banque de France, October 2012.
(3) Source: Insee.
In 2012, Groupe BPCE attracted more than 50% of solidarity-based savings in France and managed €9.8 billion in solidarity-based and socially responsible investment (SRI).

The Insertion Emplois (social inclusion via employment) fund offers to invest 90% to 95% of deposits in listed companies selected on non-financial criteria and to devote 5% to 10% to solidarity-based investments in entities or companies that create or protect jobs. The Insertion Emplois range combines financial performance with concrete commitments to employment via three funds tailoried to the performance and risk-profile objectives of each investor. It had more than €300 million in assets under management at the end of 2012.

Leader in socially responsible and solidarity-based investment

The banks and asset management entities of Groupe BPCE offer a wide range of responsible or solidarity-based investment solutions to individual and institutional investors wanting to give social meaning to their investments; these funds are managed by Natixis Asset Management via Mirova, its hub of expertise in responsible investment, and by Palatine Asset Management and Ecofi Investissements, a subsidiary of Crédit Coopératif. Launched in 2012, Mirova offers a management style designed to combine value creation with sustainable development with an offering based on four key pillars: listed equities management, infrastructure and renewable energy financing, impact investing, voting and engagement advisory services. As a partner of Cambridge university, it is also actively involved in financial market initiatives aimed at encouraging financial professionals to play a positive and responsible role. Ecofi Investissements, whose range is almost entirely SRI, renewed its analysis process in 2012 by placing greater emphasis on the principles defended by the Crédit Coopératif group and by favoring specific quantitative indicators.

Solidarity-based innovations of Crédit Coopératif

Shared-return funds are primarily developed by the Crédit Coopératif. All or part of the income from the investments is donated to associations and foundations; these funds include Faim et Développement, the first solidarity-based mutual fund.

In 1983, Crédit Coopératif created Faim et Développement (hunger and development), Europe’s first shared-return fund. In 1994, the Caisse d’Epargne created Insertion Emplois, the first solidarity-based mutual fund.

In 1994, the Caisse d’Epargne created Insertion Emplois, the first solidarity-based mutual fund.

Another initiative: Crédit Coopératif collects a contribution on its foreign exchange and bond issuing activities that it donates to different associations. Beneficiaries in 2012 were Agronomists and Veterinarians Without Borders (AVSF) and the Renewable Energy, Environment and Solidarity Group (GERES).

Private equity and philanthropy

The Private Equity business of Natixis is a partner of the European Venture Philanthropy Association (EVPA), created with a view to bringing the principles of private equity into line with the way the charitable sector operates. It has also teamed up with PhiTrust Partenaires, a pioneer in SRI, applied to investment in companies whose activities include a social dimension. As for Banque Privée 1818, a multidisciplinary team is dedicated to serving the philanthropic initiatives taken by its customers.

(1) Source: professional barometer survey of solidarity-based finance published by Finansol.
(2) Mirova is the second largest European manager of open-ended SRI funds (Feri Lipper, June 2012), no. 1 in France and no. 2 in Europe for solidarity-based management (Finansol barometer survey, 2012). For further details: www.mirova.com.
(3) Management style having a social/environmental impact.
(4) Voluntary contribution on foreign exchange transactions (or “contribution volontaire sur les transactions de change” – CVTC – in French).
(5) Solidarity-based contribution (or “quote-part solidaire” – QPS – in French).
As early as 1886, the Caisse d’Epargne de Lyon provided grants to a private social housing operator. In 1888, the Bouches-du-Rhône savings bank built workers’ houses in Marseilles and offered loans to workers to allow them to buy their own homes. Starting in 1894, a part of the funds deposited on Livret A passbook accounts was used to finance the development of social housing. In 1912, the Bonnevay law increased this contribution and encouraged local authorities to set up low-cost housing agencies with the support of the Caisses d’Epargne, which help in their administration.

Principal partner of the social housing sector
This is still the case today. The French savings banks are the no. 1 private banking partner of the social housing bodies with €13.2 billion in loan outstandings and help administer 40% of the ESH and HLM operators. Backed by Groupe BPCE, the Habitat en Région association is the fruit of the determination of the French savings banks and their subsidiaries to join forces in displaying a nationwide ambition in favor of social housing. The association now boasts 180,000 housing units, 26 social housing operators, 405,000 people housed, the delivery of 5,500 new housing units and 4,500 new housing starts at the end of 2012. Certain subsidiaries such as Axentia work with the Caisses d’Epargne Foundation for Social Solidarity to provide housing for dependent elderly people.

Facilitating access to affordable housing
PLS, PLI, PSLA, PTZ+(2), the promotion of home ownership in ANRU(3) urban renewal areas: the Caisses d’Epargne and Crédit Foncier granted regulated loans for €822 million in 2012. Crédit Foncier, a bank specializing in the promotion of home ownership, helps individuals to realize their projects and works closely with housing operators. Making a key contribution to concerns related to housing policies, it provides all its expertise to local authorities, notably in the areas of home ownership promotion and urban renewal. The Banque Populaire banks, faithful to their commitment to protecting the environment, were the first to offer the PTZ+ loan to all first-time home buyers, adjusted according to the accommodation’s energy profile.

Supporting eco-friendly housing
In 1990, Banque Populaire launched PREVair, the first loan designed for eco-friendly investments. Since then, Groupe BPCE has continued to expand its range of solutions with the Eco-prêt à 0% interest-free loan to improve the thermal performance of housing, the use of a life-cycle cost approach to facilitate the purchase of energy efficient housing, subsidized EIB financing for HEQ(4) and BBC(5) renovation work carried out by local authorities; Deltagreen audits for commercial properties combining environmental, technical and legal analyses with the expected valorization of the renovation work in order to select the best options. A shareholder of Maisons France Confort, the leading builder of single-family houses and one of the top players in promoting new homeownership, Groupe BPCE is a partner of Concept MFC 2020, the first carbon-free positive energy single-family house associated with an electric car.

180,000 social housing units under management
Housing is French people’s no. 1 concern. As a major real estate banker, Groupe BPCE supports all types of projects, advises local authorities about their housing policies, and is one of the largest private social housing operators in France.

(1) Social housing enterprises.
(2) Prêt locatif social (loan for the acquisition of property destined for low-income rental), prêt locatif intermédiaire (loan for investment in property to be rented at prices above “social” housing prices but below market prices for a limited period), prêt social location-accession (loan for low-income property rent + buy scheme), prêt à taux zéro+ (interest-free loan).
(3) Agence Nationale pour la Rénovation Urbaine (national agency for urban renewal).
(4) High Environmental Quality.
(5) Bâtiment basse consommation (low energy consumption building).
In 2012, Groupe BPCE was the no. 1 private financial partner of local authorities and the regional public sector with loan outstandings in excess of €48 billion.

**Three innovations to facilitate local authority financing**

To meet the challenges inherent in local authority financing, Groupe BPCE made an additional €1 billion funding envelope available to local communities and the public hospital sector in the final quarter of 2012. Although this comes on top of the €4 billion initially earmarked for the year, it will have no impact on the Group’s own liquidity reserve. Groupe BPCE has opened up three new funding channels for the benefit of this clientele: access to the bond market, the use of Compagnie de Financement Foncier, and a securitization fund set up by Natixis to allow local authorities to obtain funding from large institutional investors.

At the same time, the Group has continued to receive funding envelopes from the European Investment Bank that allow local authorities to finance their environmental investments at subsidized rates (see page 37).

**Leader in public-private partnerships**

First introduced in France in 2004, public-private partnership (PPP) contracts make it possible to entrust the financing, construction, maintenance and operation of public amenities or services to a private operator. FIDEPPP, the first French investment fund dedicated to PPP was established in 2005 and fully subscribed by Groupe BPCE. Managed within Mirova Environment and Infrastructure,(1) the fund allocated a total of €200 million, and led to the realization of infrastructure and amenities worth nearly €6 billion. In 2012, this first fund was replaced by FIDEPPP2. The principal project launched in 2012: Oc’via signed a PPP worth €1.8 billion with Réseau Ferré de France for the construction of a high-speed rail link between Nîmes and Montpellier, with the support of Groupe BPCE as a reference shareholder via FIDEPPP and as a financial advisor and arranger via Natixis. Crédit Foncier is providing the public authorities with its private sector expertise along with a team dedicated to PPP projects with a strong real estate component: hospitals, nursing homes, universities, secondary schools, sports and cultural facilities. The Caisses d’Epargne have also teamed up with local authorities in more than 500 local public enterprises (EPL), mixed economy companies (SEM), local public companies (SPL) and local public development corporations (SPLA), notably within the framework of major urban development projects.

**Innovation in services**

With the dynamic management of local authority debt, land and real estate assets, tools to facilitate the financial and budgetary decision-making process, electronic payment services with the Carte Achat Public (public procurement card) or the SP+ online payment service enabling local residents to pay canteen or swimming pool tickets via the Internet…, the Group’s companies are constantly innovating to facilitate the administrative tasks of local authorities. Another example is the Chèque Interservices® (CIS) designed for the social services: it allows local residents who receive welfare payments on a regular or ad hoc basis to pay local retailers and services providers affiliated to the scheme for basic products and services.

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(1) Mirova Environment and Infrastructure is the hub of SRI expertise run by Natixis Asset Management.
Hyper-connected

This is the bank of the future: a bank that is closer to its customers, more attentive, more efficient, more competitive, more sustainable, the fruit of a revolution triggered by smartphones, broadband Internet and an interactive, collaborative Web 2.0 that puts people at the heart of the system! A definition that dovetails perfectly with the raison d’être of cooperative banks.

At a time when customers’ relationships with their banks are subject to rapid, far-reaching change, the hyper-connected bank provides a response tailored to the expectations of today. Customers want banks that are simpler, easier to use and more accessible.

The availability and immediacy provided by new technologies make these qualities even more desirable; the Internet and mobile devices thus become major vectors for relationships, a change that will only gather pace with the arrival of the members of Y generation, people raised in a digital world. But customers also want their needs to be heard, and to be given relevant advice tailored to their individual situation. This requires more personal, more long-term relationships with advisors capable of reaching both a broad and in-depth understanding of their needs to be able to recommend comprehensive solutions.

A multi-channel, hyper-connected digital bank reconciles these different expectations, making it possible to define a new customer-centric proximity based on a high quality dialogue maintained with advisors whom customers may contact via whatever channel they see fit. And advisors will be more accessible thanks to a reduction in administrative tasks facilitated by digital banking... and everywhere and at all times they, too, will be hyper-connected to the information, skills and expertise their customers need: in a word, advisors capable of more effectively and more rapidly providing their customers with a quality of service that both satisfies them and wins their loyalty.

The hyper-connected bank builds a presence on the social media where it can meet its customers, gain a better understanding of their interests and appreciate the essential contour of their projects. This can help it make useful, and timely, proposals, identify new needs, discover dissatisfactions, and develop new solutions in a relationship of mutually beneficial cooperation.

The advantages of the hyper-connected bank are not limited to the ability to provide access to life-simplifying products and services online; they also include less risk of error or loss when exchanging documents, greater traceability and regulatory compliance, savings in time, costs, paper, printing, transportation, and the use of physical space. The benefits in terms of security, efficiency and quality are significant for both the customer and the bank. In a tense and highly competitive economic environment, it is a source of growth and profitability.

Finally, the hyper-connected bank is a more attractive and stimulating environment for its employees, offering new ways of working, training (online), taking initiatives (via networks) and innovating (in project mode) with a sense of vitality as evidenced by the following examples selected for the year 2012.
**BEING A PIONEER**

**E-money management**
Designed by Banque Populaire for retailers running multiple sales outlets, the Monéflux Enseigne e-money receipt management tool provides access to a website that enables subscribers to monitor, in real time, all receipts from bank cards, store cards and checks received by all their outlets.

**The simplicity of e-payments**
SEPAmail allows users to receive and pay bills by credit transfer via the Internet or mobile service provided by their bank. First launched by BPCE and tested by four other banking groups, this new service both simplifies and speeds up the e-payment process.

**Mobile management**
Suite Entreprise Mobile, launched by Banque Populaire, is the first mobile application designed to allow the remote management of a company’s cash flow. Managers can use their smartphone or tablet devices to validate the files to be uploaded to their banks.

**E@sy commerce**
Direct et Bon, Direct et Proche: Banque Populaire offers inexpensive, straightforward turnkey solutions for farmers and winegrowers and for craftsmen and retailers to allow them to create and manage their online stores.

**My bank is following me!**
Manage your accounts, cash, savings and insurance, calculate your borrowing capacity, look for an apartment... right now, everywhere, at any time: all of this is possible thanks to the mobile applications offered by Groupe BPCE companies. Still more accessible, the Caisse d’Epargne and Banque Populaire are the first French banks to offer their applications on the new Amazon Appstore.

**Biometric electronic signature**
Natixis is the first French bank to test the authentication and signature of payment orders by biometric USB stick: a solution developed with the Lab Cash Management in-house innovation unit.

**My smartphone pays cash on the nail...**
Two smartphone payment experiments were conducted in 2012. The first, in partnership with Visa Europe, consisted in inserting a micro-SD card in the phone with the user’s bank card data and then downloading an application to transform the telephone into a means of payment. The second, called S-money and tested in four pilot cities, is the only solution of its kind in France that allows people to pay, send and receive money instantly from their smartphone, regardless of the bank they use.

**Digital sponsoring**
Winner of the 2012 Digital Innovation Award, Social Runner allows joggers taking part in 250 races and marathons sponsored by the Caisse d’Epargne to share their exploits directly with their fans, friends and followers via Facebook and Twitter.
Europe
What future for European institutions?
This is the theme of a seminar organized by Natixis for central banks, supranational institutions and sovereign funds. The program includes presentations, discussions, workshops, etc. to better understand, and respond to, the preoccupations of this clientele.

Local communities
The Financial Barometer survey of towns and communities conducted by the CSA institute on behalf of the AMF French mayors’ association and the Caisse d’Epargne analyzes their investment plans and financing strategies.

The French
Purchasing power, savings, consumption, real estate, jobs, taxation… the Viavoice-BPCE barometer survey of French people’s projects explores their aspirations and preoccupations every month.

Innovation
The L’Éclaireur (“scout”) intranet site accessible to all Group companies is monitoring new practices in banking and insurance and in other business areas.

The Matinales de l’Innovation meetings organized quarterly by BPCE’s Customer Relations and Distribution Strategy Department make it possible to share innovations developed within the Group and to record the impression of a third-party company.

The 2nd edition of the Internal Innovation Awards, open to all Groupe BPCE employees, received 85 entries from 30 Group companies. Six prizes were awarded to a total of 19 winners.

Gender equality
The Caisse d’Epargne has published the first barometer survey of women entrepreneurs to coincide with the 1st National Day devoted to them.

13th Caisse d’Epargne Matinales forum on “Governance and gender equality issues.”

Autonomy
The Fondation Caisse d’Epargne d’Auvergne et du Limousin supports assistive technology development projects (home automation) designed to improve the quality of life of people suffering from reduced autonomy.

The Fondation Caisse d’Epargne Languedoc-Roussillon is contributing to the development of assistive robots to help people with reduced autonomy owing to disability or illness.

Natixis Assurances has set up aidautonomie.fr, the first website dedicated to caregivers and dependent and vulnerable individuals.

Cooperative shareholders
The Caisse d’Epargne Rhône Alpes has created a research chair in “Cooperative Shareholder Coordination” with a view to better understanding, and meeting, shareholders’ expectations.

Savings
The Benjamin Delessert Savings Prize, named after one of the founders of the Caisses d’Epargne, is awarded in recognition for a research thesis devoted to savings at the service of individuals and the economy.
BEING A PIONEER

Laboratory of ideas

Green growth
2nd Groupe BPCE Symposium dedicated to green and responsible growth on the theme “Financing sustainable growth: from energy efficiency to the business models of the future.”

Retail trade
For nearly ten years, the Banque Populaire-French Franchise Federation (FFF) survey conducted by the CSA institute provides an annual analysis of the changing landscape of the French franchise sector and presents profiles of industry professionals. The Caisse d’Epargne, also very active in this area, launched the Caisse d’Epargne-L’Indicateur de la franchise barometer survey in 2012 to measure the success of franchise networks.

Microfinance
Crédit Coopératif and the Fédération Nationale des Caisses d’Epargne have teamed up with Convergences 2015, a platform for discussions in Europe dedicated, in particular, to microfinance and international cooperation. Convergences 2015 publishes an annual survey of microfinance solutions.

Responsible investment
This is the theme of a research partnership set up by Natixis Asset Management with the university of Cambridge (UK). The aim is to promote sustainable investment and to encourage more responsible behavior on the part of finance professionals in Europe and overseas. Crédit Coopératif, another major player in responsible investment, is celebrating 30 years of socially committed finance in 2013.

Companies
1st BPCE L’Observatoire Symposium on the theme of “Sale/transfer of SMEs: keys to a successful transmission.” With the BPCE L’Observatoire, the Group’s economists share their analysis of economic and societal issues influencing financial behavior.

The world
Pramex International examines the impact of the overseas establishment of SMEs and middle-sized firms on the level of their employees’ wages in France.

The social and solidarity economy (SSE)
Crédit Coopératif is the bank of the social and solidarity economy par excellence. It actively encourages the development of this sector in the pursuit of its banking business but also by supporting research through its Foundation and ADDES(1). In addition, it opens its resource center with its 16,000-plus SSE-related documents to researchers and students.

Monitor, debate, challenge, question, listen, discuss, share, search, experiment, try, test, innovate... so many ways to apprehend and develop ideas for the future!

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IT’S BETTER WHEN YOU CAN TALK ABOUT IT…

Bank statements

Posted on April 25, 2013
Phew, that's better! Initially, it wasn't one but two crises – one financial, the other economic – that the public blamed on the banks after the subprime debacle in 2008: a blaming game based on a mistaken conflation between American and French banks. The reputation of the banking industry couldn't have been worse! Since then, our banks have rolled up their sleeves and got down to some serious structural work to put the customer at the heart of their strategy. And they've publicized the fact. Behind the posters: “Banking. New definition” for the Caisse d’Epargne and “The bank that encourages action” for Banque Populaire, lies the desire to redefine the industry, like the aeronautics and motor industries before them. The effort has started to pay off: the image of banks, notably the mutual banks, is improving. Even better: Banque Populaire and Caisse d’Epargne now rank 9th and 10th in the Ifop/Posternak image survey (March 2013), all companies taken together. Credit where credit's due!

When the chips are down

Posted on April 17, 2013
A revolt? No, Sire, a revolution! True, it’s still largely under the radar, but the sheer magnitude of the technological revolution affecting means of payment is quite unprecedented… with the exception, perhaps, of the advent of the ATM! Thus, S-money, which transforms our smartphones into e-wallets, e-BanquePopulaire and Monbanquierenligne, that take financial advisors away from their offices and whisk them onto the screens of our digital tablets, or the new electronic signature that propels Groupe BPCE into the future… all of this spirits us away to a world of science fiction where money has lost its sacred status! Like the creation of the universe, the big bang started from the infinitely small, a chip! On the one hand, technical operations tending toward the instantaneous and infinitely simple; on the other, a rising tide of requirements and demand for expertise from our customers calling on our services. It's tough to keep track… but exciting!
Debit crunch

Posted on January 20, 2013

Down with the banks that won’t lend to businesses anymore! And down with the sycophants peddling false rumors! Nothing could be farther from the truth about lending: since 2009, outstanding company loans have risen every year from €770 billion at end-2009 to €818 billion at end-2012 (source: FBF), more than two thirds of which are investment loans (€562 billion). It remains true, however, that the business environment is tough and SMEs are very cautious in their requests for loans: “You can take a horse to water…”! But the banks are doing their bit. In fact, there’s no credit crunch but rather, for the banks, an imbalance that needs to be redressed. The banks must comply with the new Basel III standards and strengthen their capital and preserve their liquidity, while continuing to lend – which is what they are doing, at a pace outstripping GDP growth – despite their scarcer resources. The reluctance is not where people think it is!

Livret A: paths paved with good intentions!

Posted on January 02, 2013

It’s what they call an economic heresy. The two successive increases in the deposit ceiling on Livret A passbook savings accounts, rising from €15,300 to €22,950 in the space of six months, had a dual effect contrary to its proponents’ intentions. Firstly, a selection impact: fewer than 2% of the Group’s customers took advantage of the higher ceiling to benefit from the tax shelter vs 9% previously (which, in itself, is not a landslide in popularity)! Secondly, an exclusion impact: through a foreseeable mechanical effect, the €28 billion in new deposits received in 2012 – the majority of which was transferred to the Caisse des Dépôts (which has no use for it at present) in application of the centralization rule – is no longer available for productive lending. This not only means less money available to the banks for distribution to companies but also less money in the State’s coffers owing to the fiscal advantages related to the Livret A. And there’s no going back! With this kind of false good idea, we can see how even the best of intentions can go awry!
Growing differently, and, finally, it also means possessing and supporting the entrepreneurial spirit.

And possessing and supporting the entrepreneurial spirit means **encouraging** the audacity of all new business creators, **fostering** initiatives both **big and small**. It means being a **stakeholder**, a **local** partner at the heart of the **different regions**. As **Marseille-Provence** is the 2013 European Capital of Culture, we have chosen this region to illustrate what fostering the entrepreneurial spirit means: supporting those who set off to capture new markets and sometimes discover unexpected opportunities.
Having one out of every two French people as a customer, financing 20% to 25% of the economy: what does this mean at a regional level? This review invites you to discover the meaning of these statistics in Marseilles and Provence, a region chosen because of our long presence in this part of France: since 1823 for the Caisse d’Epargne Provence-Alpes-Corse (CEPAC), which is now the largest bank along the northwestern Mediterranean coast; since 1920 for Banque Populaire Provence et Corse (BPPC); and since 1924 for Banque Chaix, founded in Avignon.

Crédit Maritime Mutuel, the maritime bank par excellence, is naturally present. Crédit Foncier, the real estate specialist, provides customized solutions for first-time homebuyers even in regions with atypical housing markets. Crédit Coopératif, a specialist of the social and solidarity-based economy, and Banque Palatine, a bank dedicated to business customers and high-net-worth individuals, are both present.

Natixis advises its own customers and those of the Banque Populaire and Caisse d’Epargne networks. This local presence and detailed understanding of the regional market enable it to provide local support for the growth of French companies via the combined expertise of its divisions: Wholesale Banking, Investment Solutions, and Specialized Financial Services.

370 branches and business centers, more than 3,500 employees, nearly €60 billion in loans granted to boost the economy: these are the resources provided by the Group’s eight banks in Provence for a clientele of 2.2 million private individuals, professionals, companies, associations, local authorities and regional institutions.

The fact that Marseille-Provence was named the 2013 European Capital of Culture is the other reason for our choice. This has been a powerful catalyst for action, the spark setting a host of collective and individual projects into motion, with the active support of the Group’s different banks.

Financing between 20% and 25% of the economy in Marseilles and Provence means being actively involved in the largest projects: Euro-méditerranée, 4.8 million m² in the city center redeveloped to re-establish a link with the port and host the major cultural amenities for Marseilles 2013 such as the Museum of European and Mediterranean Civilizations (MuCEM), the Regional Centre for the Mediterranean (CRM), the regional contemporary art collection, the Le Silo performance hall, the new Euromed Center district with its multiplex cinema in addition to the renovation of the Velodrome stadium, the installation of shops and restaurants in the vaults of the La Major cathedral or funding provided for new regional express train rolling stock.

Regarding companies and employment, we could mention our role in helping to create 61,400 new jobs in 2011, obtaining €111 million from Europe under preferential conditions for SMEs, facilitating the development and transfer of companies thanks to our regional private equity companies, and the fact of granting 1,200 professional and personal microloans to help their beneficiaries back onto the road to employment.

We are also proud to enable young people to study in their home region and to bring them closer to industry: partners of the Euromed school of management and of the Université de la Méditerranée, the largest institute of higher education in France with 70,000 students, we have also teamed up with apprenticeship centers and the Second-Chance School.

And because culture is a fantastic unifying force, we support a diverse range of cultural activities under the aegis of Marseille-Provence 2013. CEPAC is sponsoring two major exhibitions: “Le Grand Atelier du Midi” and Rodin’s “L’Ombre de l’Antiquité” (shadow of Antiquity). BPPC is the key partner ("darling" partner) of Marseilles 2013 Off, the first fringe festival in the history of European Capitals of Culture, and Crédit Coopératif is the principal, long-standing bank of the Avignon Festival.

(1) Source: Insee, PACA.
(2) Source: French Ministry of Housing.
Frédéric Filezac de l’Etang, Manager of FTP Goudronnage, a customer of the Caisse d’Epargne Provence-Alpes-Corse (CEPAC).

Frédéric Filezac de l’Etang has got a great thing going with CEPAC! “When I wanted to set up my own business in 2006, I was advised to contact Créa-Sol, a microfinance agency founded one year previously by the Caisse d’Epargne to finance and support people excluded from traditional financing networks. Créa-Sol gave me a €45,000 loan to create my road-building company. If FTP Goudronnage exists today and employs 15 people, it’s thanks to CEPAC, which gave me its trust, has constantly supported me and granted overdraft facilities and leases whenever necessary. They give me comprehensive backing, both in my professional and private life. Today, FTP Goudronnage owns its own machines… and my wife owns her own shop, also funded by the Caisse d’Epargne.”

Claude Gigou, Chairman of Olly Gan, a customer of the Banque Populaire Provençale et Corse.

Olly Gan, a Provençal company specializing in ready-to-wear men’s apparel created in 1981 and taken over by Claude Gigou in 2007, runs a network of 125 stores in France (95 owned directly) with a staff of 300 people. “We have been customers of Banque Populaire Provençale et Corse since 2007. When we took over the company, the bank joined the pool of banks in the investment fund, and that’s how our relationship began. Since then, it has supported many Olly Gan projects. After the initial leveraged buyout, a 2nd operation was also backed by Banque Populaire. Our account manager is a true partner, always on call to help in our day-to-day activities. While the geographical proximity of the branches to our shops is an asset for transferring our cash, the bank also helps us finance our franchisees throughout France.”
Hervé Gout Vernier.  
Trawler skipper, a customer of Crédit Maritime.

Fishing has been in the Gout Vernier family for three generations. He casts off at 3 in the morning on Le Meridien with three deep-sea fishermen and returns 12 hours later, at 3 in the afternoon. The catch is then unloaded, packed and sent to Grau-du-Roi, where it is sold to the SOCOMAP cooperative. “I’ve skippered my own boat since 1999 and bank with Crédit Maritime as did my parents. It’s a very smooth relationship based on trust. When I had to scrap my previous boat, I was able to buy my new trawler within barely a week despite its being twice as big and twice as expensive. I had no plans for buying a new boat, but the bank gave me the loan I needed immediately and I was able to get back to work within a week.”

Jean-Luc Dalmas.  
Director of the Ambroise Paré and Paul Desbief hospitals, a customer of the Caisse d’Epargne Provence Alpes Corse.

The European hospital will open to the public in Marseilles in August 2013. Resulting from the merger of two hospitals (Ambroise Paré and Paul Desbief), this €250 million investment will be the first health facility to boast the High Environmental Quality (HQE) label. It will ultimately employ 1,000 people. “We put all our resources and all our energy into this project of defining importance for us, leading to the creation of a hospital that is more efficient at every level. But beyond efficiency, it also fills a health-care gap in the city’s northern sector and plays an active role in rehabilitating the neighborhood by its ripple effect: a nursing school and medical center, new housing and a nursery will be built nearby, and shops will follow. In 2009, we held a meeting with all the local banks to present our project: CEPAC immediately appreciated its advantage for the city and, despite the financial crisis, it promised to lend a total of €60 million. Its understanding of local challenges and of the health sector in general made all the difference. It’s now our everyday banking institution.”
Louis Pesenti.  
CEO of AREA,  
a customer of  
the Caisse d’Epargne  
Provence Alpes Corse.

AREA is the regional infrastructure and development agency of the Provence-Alpes-Côte d’Azur region in charge of developing and maintaining its regional assets (including 180 high schools), managing development and construction operations, and restoring monuments. It has a staff of 70 highly qualified employees. “Once local politicians decide to launch an operation, AREA takes charge of the project up to completion. As such, we invest €200 million per year on behalf of the region. CEPAC provides us with a line of credit of €42 million to bridge the gap between paying our subcontractors and being reimbursed by the regional authorities. Our working relationship is based on trust. CEPAC is not only a partner providing outstanding financial services but also a partner that offers us its advice. With the financial crisis, the resources available to local communities are drying up and we will have to invent other types of financial partnerships, notably for energy-saving renovation work on our buildings.”

Roland Gomez  
and Roland Gomez junior.  
Founding Chairman and CEO  
of the Proman Group,  
customers of Banque Palatine.

Starting out as a boilermaker/welder and rising to the position of site manager, Roland Gomez went back home to Manosque in 1990 to create a temporary employment agency: a bold initiative in this rural part of the country. Operating in Aix-en-Provence, followed by Martigues and Marseilles, the company grew slowly but surely. Today, Proman is no. 6 in its sector with 190 branches throughout France, 600 employees, 19,000 people on temporary assignments every day and a turnover of €630 million. “Our relationship with Banque Palatine began in 2004 and we came to trust one another. It’s not merely our principal bank but also a partner capable of supporting us in our development. In 2007, in particular, it helped to bring a financial partner into our capital. Then, in 2011, it helped us to recover 100% of our equity. We appreciate above all having the same, long-term advisor because it takes time for a strong relationship to develop.”
Pierre Lilamand, Manager of the Lilamand confectionary company, a customer of the Banque Populaire Provençale et Corse.

Based in Saint-Rémy-de-Provence for five generations, the Lilamand confectionary company provides luxury candied fruit to a clientele of the largest delicatessens and pastry shops. It employs 14 people. “In 2009, I wanted to diversify my activities. I created the ‘Lilamand workshop’ to create calissons in line with local traditions using ingredients I know well: half candied fruit, half French almonds. Two years later, I wanted to combine the two activities in a new production unit. I contacted my two major banking partners and presented my project to Oséo, but I only met with refusals. That’s when I met with managers from Banque Populaire who immediately believed in my project and convinced Oséo to provide the guarantee I needed to finance my project. Work began in early April and delivery is scheduled for the end of the year.”

Hortense Archambault, Co-Director of the Avignon Festival, a customer of Crédit Coopératif.

The Avignon Festival is one of the leading international live performance events with 35-40 different shows put on in July, between 120,000 and 150,000 tickets sold, and a budget of €12 million. “The manager of the Avignon branch was a passionate theater-goer; that’s how we started working together. Crédit Coopératif has been the Festival’s banking partner since 1999 and the Crédit Coopératif Foundation has been its main sponsor for 3 years. Crédit Coopératif offers us everything you’d expect from a bank and understands the problems liable to arise. In 2003, the Festival had to be canceled owing to a strike by entertainment industry workers. It was a catastrophic situation because we had to reimburse the tickets but still pay our service providers. Crédit Coopératif enabled us to overcome these difficulties and start again. It’s constantly helping us to develop new projects such as the construction of La FabricA, premises providing accommodation and space for rehearsals due to open in June.”
Jean-Claude Terrier.
Chairman of the Management
Board of the Marseilles
Port Authority, a customer
of the Caisse d’Epargne
Provence-Alpes-Corse.

The Port of Marseilles-Fos
is the largest port in France and
in the Mediterranean, and the
5th largest port in Europe with
a volume of traffic of 86 million
tonnes in 2012. Marseilles
welcomes shipping lines serving
Mediterranean destinations,
cruise ships, regular freight and
passengers, and ship repair
facilities. The port of Fos serves
the needs of global transport: oil
and gas, high volume container
traffic, bulk goods, and new cars.
“We have been CEPAC customers
since 2003 and have enjoyed a
comprehensive relationship since
2008. CEPAC manages all our cash
flows and our investments, and
provides funding for some of our
projects. Every year, we turn to local
banks to obtain funding for new
programs; CEPAC always responds
with suitable offers. Its senior
managers are easy to contact, and
decisions are taken quickly.
I am pleased to see the CEPAC’s
logo on Le Silo, a former port
warehouse converted into a theater
of which the Caisse d’Epargne is
the principal partner.”

Jean-Loup Bouvier.
Chairman and CEO of the Atelier
Jean-Loup Bouvier,
a customer of Banque Chaix.

The Atelier Jean-Loup Bouvier
specializes in the restoration of
historical monuments and,
more particularly, statuary and
ornamental sculpture. Located
in the Gard département,
it employs 36 highly skilled
journeymen and works
for the most prestigious French
monuments. “Banque Chaix
was the banking partner of the unit
I managed until 1990 before
creating my own workshop.
We have always enjoyed a good
relationship. When I set up
my own entity, I had to contract
considerable loans; the bank didn’t
hesitate to support us and still
does so, on a day-to-day basis. Our
activity is founded on the quality,
skill and reliability of journeymen
and this has always been a crucial
factor in our relationship.”
A business with... 

Producing a range of coats, gowns, frocks, fur coats... in partnership with luxury brands, nothing is too chic for our darling lap dogs!

Although dogs were the core target of this new activity, the company also developed ranges for cats and ferrets...

...When experts in the export market offered some valuable advice.

Even if it seems to me that dogs, even there, are valued more for their... taste...

...I'm calling about an action plan!

Faced with changing fashions in the toy market, he successfully developed a new niche activity: clothes for dogs!

Being familiar with the international market, he decided to take the huge potential of China.

But Louis didn’t speak a word of English or Chinese and didn’t know where to get started. He then remembered a meeting at his bank...

GULP!!

Is that the Pramer International Consultancy I’m calling about an action plan!
After completing market research and analyzing the competition, the day for his long-awaited appointment to China arrived. Louis flew to Shanghai, where Li Ming, his Framex International contact, was waiting for him.

At the last appointment in a department store, Louis and Li Ming were showing their haute couture range to a department store manager.

Suddenly they heard the sound of excited chatter.

It’s Fan Tai, the TV star!

What a coincidence...

The round of appointments began. The meetings had been well prepared and despite the language barrier, Louis was able to present his product range. Contacts were made and things looked promising.

Since then, the store has become one of Louis’ key customers, with whom he decided to team up and support local production! His development in China is a success.

Now Louis and Framex International are looking at the Brazilian market. His new “soccer jersey” line seems to have a bright future ahead of it!
Review of commitments

Promoting solidarity through the joint efforts of the Caisses d’Epargne Foundation for Social Solidarity and the Banque Populaire Foundation, sharing art and emotion by supporting the heritage and culture of both past and present, enjoying the thrill of sport as practiced in the family and at the highest level: the commitments of Groupe BPCE and its companies reflect the sheer diversity of their customers, employees and society at large.

01 Solidarity.
Natixis supports its employees’ involvement in the Course du Cœur, a “heart race” designed to raise public awareness about organ transplantation and donation in the 200 municipalities along its route between Paris and Les Arcs.

02 The elderly.
“A retirement home at home” – known as M@DO – is the innovative concept developed by the Caisses d’Epargne Foundation for Social Solidarity (FCES) in Corrèze (France). This experimental facility offers a comprehensive range of services designed to meet the needs of the elderly and to minimize disruptions in care. Recognized as a charitable foundation, the FCES runs 112 homes and facilities for people diminished by old age, illness or disability. The Foundation also acts as an umbrella organization for 10 sister foundations.

www.fces.fr

Solidarity and culture
03 The Comédie-Française.
Natixis and the Caisse d’Epargne Ile-de-France supported the acoustic and aesthetic renovation of the Salle Richelieu theater, reopened to the public in January 2013.

04 Cooperative.
The Coopératif uses its Voluntary Contribution on Foreign Exchange Transactions to support the first cooperative exporter of yak fiber in Mongolia in partnership with the Agronomists & Vets Without Borders Association (AVSF).

05 Esprit Musique.
The Caisse d’Epargne actively promotes all types of music and offers special rates to its customers by jointly producing 34 classical concerts throughout all of France, by building partnerships with – at present – 57 regional concert halls and promoting young talent.

06 EspritBD.
The Caisse d’Epargne supports nearly 30 festivals, including the International Comic Book Festival in Angoulême, and helps young authors to publish their works, and to make themselves known, via its Internet platform EspritBD.

07 Social exclusion.
The Caisses d’Epargne are actively involved in every region of France in supporting actions taken in favor of social solidarity, such as this “social grocery store” that offers cut-price food and products to people in need. Groceries worth a total of €18 million were distributed in 2012.

08 Classical music.
The Banque Populaire Foundation helps young virtuoso musicians and composers of classical music to launch their careers. In particular, it makes them known at the Musicales de Bagatelle, musique pour tous, a festival organized every year in Paris, and at many other classical music festivals it supports at a regional level.

09 Handicap.
The Banque Populaire Foundation helps young people with disabilities to achieve their life aspirations. Thomas Koenig was a head chef when a serious accident changed the course of his life. For three years he trained for a new, equally demanding job: bow making (for musical instruments), a profession he now practices in Montpellier in his own workshop.

www.fnbp.fr
02 **Esprit JO.** 19 French athletes from all the different regions of France formed the Esprit JO (Olympic spirit) Caisse d’Epargne Team, supported throughout the year in their attempt to qualify for the Olympic Games. By winning a total of seven Olympic medals, four gold and three silver medals, they thrilled the customers and employees of the 17 Caisse d’Epargne that sponsored them.

03 **Belem.** The Belem, a sailing vessel sponsored by the Caisse d’Epargne for the past 30 years, welcomed the families of the team of athletes championed by the French savings bank throughout the Olympic Games. London seems genuinely fond of the world’s oldest ocean-going three-masted barque considering that, two months earlier, it had been invited to celebrate the Diamond Jubilee of Queen Elizabeth II.

04 **Sailing.** Armel Le Cléac’h, on Banque Populaire, took 2nd place in the Vendée Globe round-the-world yacht race, trailing the winner, François Gabart, by just three hours after a thrilling race lasting 78 days, 6 hours, 33 minutes and 52 seconds. This outstanding performance comes on top of the record broken by the Maxi Banque Populaire V trimaran during the Jules Verne Trophy race in early 2012.

www.voile.banquepopulaire.fr
01 The London Olympics.
Since 2000, Banque Populaire has been a partner of the French Sailing Federation. As a partner of the French Olympic Team, Banque Populaire was thrilled by the performance of Jonathan Lobert, who obtained the bronze medal in the Men’s Finn class.

05 Disabled sports.
14 disabled athletes, sponsored by the Banque Populaire Foundation, competed in the Paralympic Games in London. Among them, the young Ludovic Lemoine, supported by the Banque Populaire du Massif Central, won the silver medal in the team foil event.

06 Rugby.
Since 2007, Natixis has been the official sponsor of the Racing Metro 92 rugby team, five-times French champions and semi-finalist in the TOP 14 Orange tournament in 2011.

07 Skiing and snowboarding.
A major partner of the France Ski and Snowboard teams since 1996, the Caisse d’Epargne is supporting six young gifted athletes via its Esprit Glisse program as they prepare for the 2014 Sochi Olympics. www.espritglisse.com
Organization chart of Groupe BPCE

(1) Indirectly through local savings companies.
(2) CICs: cooperative investment certificates (economic interests, no voting rights). A project aimed at simplifying the Group's organizational structure has been drawn up; this plan will first be the subject of consultations with the employees' representatives before being submitted for approval to the relevant governing bodies. Once this operation has been completed as planned, the cooperative shareholder customers will own 100% of their bank's capital (via the local savings companies in the case of the Caisses d'Epargne).
(3) With the equity interest held by the Caisses d’Epargne in BPCE Assurances, the Group owns a 60% stake in the company.
(4) Percentage of voting rights held by BPCE.
(5) Via CE Holding Promotion.
Panorama of the Group’s activities in 2012

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The Banque Populaire banks

The Banque Populaire banks are cooperative banks created by and for entrepreneurs, working closely with local businesses and business owners. They form the fourth largest banking network in France with 17 Banque Populaire regional banks, CASDEN Banque Populaire, which serves the staff of the French Ministry of Education, Research, and Culture, and Crédit Coopératif, a major player in the social and solidarity-based economy.

3.9 MILLION COOPERATIVE SHAREHOLDER CUSTOMERS

The Banque Populaire banks are 80%-owned by cooperative shareholders, who are also their customers. Natixis owns the remaining 20% in the form of cooperative investment certificates (CIC)(1). The Fédération Nationale des Banques Populaires is an association under French law (1901) providing deliberation, communication and representation for the Banque Populaire banks and their cooperative shareholders.

2012 SIGNIFICANT EVENTS

Banque Populaire continued its drive to win over new customers in all customer groups: individual customers with a sharp increase in active and insured customers, private banking with strong growth in loan outstanding, and companies with an increase in active customers. Loans outstanding rose by 3.3% and on-balance sheet savings, with outstandings rose by 6%(2).

New tools were rolled out to optimize the network’s efficiency while improving employees’ work environment. Simpler and offering better access, the new Équinoxe workstation provides a single point of entry to all applications and digital archiving of customer files. Vision is an intelligent application for preparing sales interviews.

The new brand slogan “Banque Populaire, la banque qui donne envie d’agir” (Banque Populaire: the bank that encourages action) won the 2012 Silver Top Com award in the “Communication strategy” category, and Banque Populaire was ranked the third favorite bank of the French(3). Its sailing sponsorship was a success with the victory of the Maxi Banque Populaire V trimaran at the Jules Verne Trophy which enjoyed vast media coverage, and with Armel Le Cléac’h coming in second at the Vendée Globe race.

The Banque Populaire banks committed to €7 billion in loan distribution in 2013 earmarked for 100,000 new projects, thereby supporting business investment.

INDIVIDUAL CUSTOMERS

The Banque Populaire network has made successful efforts to increase the number of products and services used by their active customers, and to acquire new individual customers via a decisive strategy aimed at young people, particularly students and interns. This strategy draws specifically on two complementary partnerships with the LMDE (national student mutual insurer) and NRJ for the NRJ Banque Pop’ payment card.

SERVICES

In 2012, Banque Populaire offered LMDE subscribers banking services at €1 a month. It also rounded out its NRJ Banque Pop’ payment card membership program with CityZen, the first social network offering discounts with participating retailers. A global positioning system allows users equipped with a smartphone to locate nearby retailers offering discounts.

LOANS AND CREDIT

Loans outstanding to individual customers amounted to €89.1 billion, a 3.7% increase compared to last year. Home loans outstanding rose by 4% in 2012. New consumer loans increased by 5.4%. Banque Populaire promotes the financial independence of LMDE subscribers through loans not requiring co-signers to finance their studies or to rent an apartment and gives them access to preferential conditions.

BANCASSURANCE

As a growth driver for retail banking, insurance grew substantially with more than 166,000 non-life policies sold, up 12.1%, and 92,000 provident and health insurance policies sold, up 9%. The car insurance offer was enhanced with the addition of a new smartphone application by Natixis Assurances: Rouler serein gives users access to all emergency numbers and can be used to fill out a pre-complete claim form in the event of an incident.

DEPOSITS AND INVESTMENTS

The Banque Populaire banks have made efforts to collect more on-balance sheet savings, with outstanding up 7.4% in 2012. Selectio, a new, fully flexible product and the only one of its kind in France, was successfully launched. Comprising one or many term accounts at guaranteed progressive rates, it allows users to define the amount, duration of the capitalization period and, if necessary, the frequency of income, and allows for the early withdrawal of funds. In terms of

LOCAL BANKS

Several Banque Populaire subsidiaries are further strengthening the Group’s local banking presence in the south of France: Banque de Savoie in the Rhône-Alpes region, which celebrated its 100th anniversary in 2012, Banque Marze in the Ardèche and Drôme départements, Banque Chaix in the Bouches-du-Rhone and Vaucluse départements, Banque Dupuy, de Parseval in Languedoc-Poussillon region and CCSO in Aquitaine region.
financial savings, UCITS investments increased by 2.7% while life insurance outstandings remained stable due to the unfavorable economic climate.

**PRIVATE BANKING**

Banque Populaire Gestion Privée supports its clients in building, managing and transferring their wealth. The expertise of private banking advisors is tailored to the needs of professional customers, self-employed professionals and business owners in the framework of a dual professional-personal banking relationship. In order to stimulate this promising area of growth, the number of financial advisors is constantly increasing along with the appropriate training.

In 2012, the high end of the range was optimized with the addition of structured products and life-insurance vehicles via the open-architecture platform offered by Banque Privée 1818. Private Banking assets under management grew by 6.3% to €65 billion.

**PROFESSIONAL CUSTOMERS**

As a longstanding partner of the Chambres des métiers et de l’artisanat (chambers of trade and craft industries), a benchmark banking institution of franchise businesses, active with self-employed professionals and farmers, Banque Populaire is the bank for small businesses with over a million professional customers.

Loans outstanding to professional customers totaled €40.7 billion, a 2.5% increase at the end of 2012.

**CRAFTSMEN AND SMALL RETAILERS**

As the bank of one out of three craftsmen and one out of four franchise businesses, Banque Populaire became the exclusive partner of the Conseil du Commerce de France in 2012. It will take part in its discussions and in training workshops on the protection of business owners’ private wealth and on e-commerce.

In e-commerce, in 2012 Banque Populaire launched Direct et Proche, an innovative digital solution that helps professional customers make the digital transition. It also provides craftsmen and small retailers with an online showcase to present their product range or an e-boutique for direct online sales. The catalogue and Cyberplus Paiement system are included.

Banque Populaire also developed Monéflux Enseigne for multi-store small retailers, chains, franchise businesses, affiliates and members of cooperatives. This electronic payment solution includes a diagnostic tool for identifying needs, electronic payment terminal leasing and tools for analysis and supervision of customer payments, all at a low cost.

(1) A project aimed at simplifying the Group’s organizational structure has been drawn up, this plan will first be the subject of consultations with the employees’ representatives before being submitted for approval to the relevant governing bodies. Once this operation has been completed as planned, the cooperative shareholder customers will own 100% of their bank’s capital.

(2) Excluding centralized savings.

(3) Source: JDD-Posternak-Ipsos image survey (January 2012).

(4) Source: Pepites CSA 2010 survey.


* BRED Banque Populaire is also present in French overseas départements and local communities: French Polynesia, New Caledonia, Guadeloupe, Martinique, French Guiana, Reunion Island, Mayotte.
SELF-EMPLOYED PROFESSIONALS

With a penetration rate of over 14% with self-employed professionals, the Banque Populaire banks regularly enhance their offering, particularly with the Atout Libéral range, which is tailored to the needs of each profession. With this employee savings solution, launched in 2012, users benefit from a preferential tax and social security scheme.

FARMERS

More than 61,000 farmers trust Banque Populaire, which offers them a comprehensive range of solutions: equipment finance, seasonal credit, farm warrants, hedging of market prices of principal agricultural commodities, and Direct et Bon – an online platform for producers to sell their agricultural products directly to consumers.

CORPORATE AND INSTITUTIONAL CLIENTS

Close to 110,000 companies are Banque Populaire customers, 42% of which have ten or more employees. Banque Populaire is also the bank of one out of two franchisors. Its customers have access to 159 business centers and some 1,000 specialized employees. Likewise, some 170,000 institutions and associations have chosen Banque Populaire as their bank.

FINANCING

Medium- and long-term business loans outstanding amounted to €19.6 billion, a 0.9% increase at year-end 2012. In 2012, three Banque Populaire banks – Alpes, Côte d’Azur, Provençale et Corse – won the European Investment Fund’s call for tenders to facilitate the funding of micro-enterprises and SMEs in the Provence-Alpes-Côte d’Azur (PACA) region. Over three years they will be able to distribute €111 million in loans at preferential conditions. 80% of potential losses are guaranteed up to €20 million.

Preveo is another innovative solution offered by both Banque Populaire Val de France and Caisse d’Epargne Loire-Centre. It was set up by the Centre region and the European Investment Bank (EIB) in July 2012, and encourages the decentralized production of renewable energy and energy-efficient buildings. The EIB has made a commitment to finance 50% of investments for legal entities for an amount of €150 million between 2012 and 2015. In the same renewable energy loan segment, Banque Populaire and Caisse d’Epargne won calls for tenders together in three other regions: Midi-Pyrénées, Languedoc-Roussillon and Aquitaine.
accounts, as well as the company’s cash flows and projections, carry out their banking reconciliation, and transmit banking information using the EBICS T and EBICS TS secure communication protocols. *Suite Entreprise* facilitates the transition to SEPA payment methods and gives access to international transactions. Rounding out the solution is the optional business information tool *Turbo@rating*. Some 45,000 companies already use this multi-workstation, multi-profile, multi-company, multi-account, multi-bank and multi-currency cash management platform created by Banque Populaire.

**INTERNATIONAL**
27% of Banque Populaire customers work abroad. These customers receive comprehensive support: processing of business transactions, hedging, and advisory services on development, establishing a business abroad and acquisitions. In this area, Banque Populaire cooperates with Pramex International, a Groupe BPCE entity dedicated to advisory services in international business development. Pramex International has more than 120 consultants in 15 countries and supports about 1,000 SMEs. In 2012, Banque Populaire launched *Coveri Change* and *Coveri Taux*—two straightforward solutions for hedging companies’ exchange rate and interest rate risks at an optimal cost. Pramex International has developed synergies with the Banque Populaire banks to provide a bespoke offering, 30% of network heads have sales outlets abroad and 19% want to expand internationally in the next two years.

**CREATING AND TRANSFERRING BUSINESSES**
As the leading distributor of business start-up loans(8), and a partner of leading entrepreneur assistance networks, Banque Populaire facilitates new business start-ups and takeovers with loans not requiring personal sureties or requiring reduced financial guarantees in partnership with small-business mutual guarantee companies (SOCAMA) and the European Investment Fund. With their national coverage in advisory services for business transfers, the Banque Populaire banks share a database that centralizes information on sellers and buyers to facilitate transactions. In order to facilitate regional-scale solutions, the four Grand Ouest Banque Populaire banks implemented Ouest Ingénierie Financière for the sale of companies with a value of between €1 million to €15 million. Since its launch in mid-2011, this shared financial engineering structure has performed some 100 deals and almost 50 disposals. Banque Populaire also bolstered its partnership with the Conseil National des Professions de l’Automobile (CNPA—professional organization of automotive professions) through an initiative called “*Mon Entreprise Auto: créer, reprendre, transmettre*” (my automotive company: creation, acquisition, transfer). The purpose is to encourage succession in a sector where nearly half of business owners are over 50 years old.

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(8) Source: TNS Sofres study 2011.
(7) Source: Pepites CSA 2010 survey.
(9) Source: Oséo.
The Caisses d’Epargne

Since 1818, the Caisses d’Epargne cooperative banks have combined confidence, solidarity and modernity. As part of the second largest retail banking network in France, the 17 regional Caisses d’Epargne are among the leading banks in their regions. They support all economic players and are leaders in financing the public sector, social housing and the social economy.

4.7 MILLION COOPERATIVE SHAREHOLDERS

At December 31, 2012, the Caisses d’Epargne were 80%-owned by cooperative shareholder customers through local savings companies (LSCs). Natixis owns the remaining 20% in the form of CICs(1). The Fédération Nationale des Caisses d’Epargne is the institution providing deliberation, communication and representation for the Caisses d’Epargne and their cooperative shareholders.

2012 SIGNIFICANT EVENTS

- On-balance sheet savings rose by 8.1%(2), loans outstanding rose by 8.4%.
- Caisse d’Epargne gained more than 600,000 new individual customers. The number of new private banking and active professional and corporate customers grew by over 7%.
- Professional customers and the bank for regional decision makers made up more than one fourth of net banking income compared to one sixth four years ago.
- Caisse d’Epargne customer satisfaction improved throughout the year: 90% stated they are satisfied with their bank; 87% would recommend Caisse d’Epargne(3).
- 2012 Golden Top Com award for “La banque. Nouvelle définition.” (Banking. New definition) corporate campaign. For the first time, Caisse d’Epargne is ranked among the top 10 of the most useful companies for the French(4).

4,219 branches

Savings: €358.8 billion
Loans outstanding: €185.3 billion
Net banking income: €6.8 billion

SERVICES

As the reference bank for young adults, Caisse d’Epargne confirmed its momentum with the new Solution 16/17 package for students abroad, offering them free cash withdrawals outside France and health insurance. More than 50 new partnerships were formed with colleges and universities.

INDIVIDUAL CUSTOMERS

Caisse d’Epargne is a bank for the whole family that meets the needs of individual customers by providing them with an appointed advisor, great accessibility and bespoke solutions. Availability, responsiveness, consideration, support and advisory services: in 2012, Caisse d’Epargne made nine commitments to its customers. This initiative is the result of three years of efforts to study and identify new customer requirements. Driven by a far-reaching communication campaign, it effectively engaged employees and was well-received by customers, whose satisfaction with the bank has improved.

17 Caisses d’Epargne
4.7 million cooperative shareholders
26.4 million customers

INVESTMENT SOLUTIONS

Customers prefer secure, untaxed liquid savings. The sharp increase in the deposit ceiling on Livret A and Livret Développement Durable (LDD) sustainable development passbook savings accounts generated net inflows of €6.7 billion in 2012 at the expense of other savings schemes. Furthermore, subscriptions for cooperative shares amounted to €1.6 billion. New offers included Caisse d’Epargne’s extension of the flexible monthly savings contract Solution Libre Revenu to shorter durations. It also launched the new Captio Croissance term account, as well as a new passbook savings account for 10-12 year-olds. Off-balance sheet savings outstandings – life insurance and UCITS – were stable at €108 billion.

17

26.4

4,219

Savings:
Loans outstanding:
Net banking income:
PRIVATE BANKING
Private banking performed well despite the crisis by adopting a differentiated approach vis-à-vis its customers based on closer customer relations and expert advisory services in investment and wealth management. Eight new private banking service points were opened and nearly 400 employees trained. The number of clients increased by 8% to 344,000. The private banking offer was overhauled and enriched, particularly with the creation of an open-architecture life insurance platform with Banque Privée 1818, and the marketing of a highly comprehensive offering in income tax and wealth tax exemptions. Asset under management grew by more than 9% to €91 billion.

PROFESSIONAL CUSTOMERS
More than 300,000 professional craftsmen, small retailers, self-employed professionals and small businesses are Caisse d’Epargne customers. In 2012, active customers increased by more than 7%. 80% are also private customers. Employee savings continued to develop substantially with the launch of several new offers: Compte Excellence Pro for the easy and flexible investment of surplus cash, Facturea ProTempo, a factoring solution with no time obligation, and a benefits planning solution for self-employed professionals. Electronic funds-transfer solutions maintained strong momentum with equipment installations and payment processing up 12% and 18%, respectively (i.e. three times faster than the market average), the launch of contactless payment terminals and the testing of the S-Money electronic wallet. New medium- and long-term loans also remained strong, with more than €2.4 billion loaned to professional customers in 2012 to support their business growth.

CORPORATE CUSTOMERS
Caisse d’Epargne’s growth with corporate customers was strong, with an 8% increase in active customers. It bolstered its teams and skills in order to better meet the needs of medium-size enterprises and large corporates and maintained its dedicated expertise in green business (financing infrastructures linked to renewable energies). Commercial payment processing grew by 18% to over €47 billion. New loans totaled €2.4 billion, a 20% increase, and loan outstandings totaled €8.4 billion. Five Caisses d’Epargne subscribed for a €80 million bond issued by GIAC, a group of small- and medium-sized businesses.

FINE PERFORMANCE IN BANCASSURANCE
The Caisses d’Epargne performed remarkably well in 2012, distributing more than 870,000 new policies. New business grew sharply at 19% in total: +17% in car insurance, +9.5% in comprehensive home insurance and +26% in provident and health insurance at end-December 2012.
enterprises, in order to finance growing SMEs in the long term at a competitive rate.
Through its capital investments, Caisse d’Epargne is a partner of regional businesses, and also invests seed capital, growth capital and transfer capital via French local investment funds (FIP), innovation mutual funds (FCPI) and venture capital funds (FCPR) that are managed regionally.

PROFESSIONAL REAL ESTATE

Caisse d’Epargne is the leading financing partner for real estate professionals – planners, developers and investors – for all types of projects: housing, managed residencies, industrial and commercial real estate.

Amid difficult economic conditions, new loans totaled €3.7 billion. Thanks to the partnership formed with Crédit Foncier Immobilier, customers now have a comprehensive range of services, including expertise, advisory, audit and marketing assistance.

SOCIAL ECONOMY

As the leading fund provider for the social economy, Caisse d’Epargne supports over 20,000 businesses in the sector. In 2012, it doubled its efforts targeting major corporate clients, particularly in private education, health, medical and social care facilities.

New loans totaled €635 million and payment processing €17 billion, a 13% increase.
The Associatis passbook savings account proved its appeal among associations with inflows totaling over €1.5 billion.

PROTECTED PERSONS

300,000 protected persons, i.e. more than one out of three, are Caisse d’Epargne customers and, as such, have access to specialized advisors with dedicated solutions.
The objective is twofold: firstly to promote the independence of protected persons in a secure set-up and facilitate the everyday tasks of legal representatives; and secondly to provide investment solutions that meet the requests of guardianship judges.

Savings under management for this customer base amounted to €6.1 billion at end-2012.

PUBLIC SECTOR

Caisse d’Epargne is a major player in lending to local authorities, to their organizations and to public hospitals. Loans outstanding were slightly higher at €48.5 billion at end-2012, reflecting the policy of maintaining stable outstanding in this customer segment. In 2012, €5 billion in new loans were issued either directly, via Crédit Foncier or through innovative new financing solutions for institutional investors.

Groupe BPCE put €485 million towards financing public-private partnership projects, consolidating its position as a major player. For example, in 2012, with the support of Caisse d’Epargne Languedoc-Roussillon, Natixis arranged the financing of a partnership agreement to build, operate and maintain the high-speed railway line for the Nîmes-Montpellier bypass. For the Group, the project represents an inflow of tens of millions of euros and more than €2 billion in payment flows over the 25 years of the agreement.

Debt management transactions totaled €2.9 billion and the active real estate and wealth management offer continued to grow.

GENERATE INCOME FROM ENERGY SAVINGS

Created in 2012 by the Caisses d’Epargne, Valoénergie specializes in advising and supporting entities active in all types of market (companies, associations, hospitals, local authorities, etc.) wanting to carry out – and to generate additional income from – energy saving work. Apart from the energy audit and help in the choice of work to be done, Valoénergie allows its customers to benefit from the energy efficiency certificates (EEC) system, which can represent up to 25% of the investment.
The same applied to electronic funds-transfer solutions, with the Carte Achat Public and the Web-based collection service SP+, which has met growing success with local authorities.

HEALTHCARE
In this sector, Caisse d’Epargne’s expertise and positioning as an operator through the Caisse d’Epargne Foundation for Social Solidarity, manager of the leading French network of establishments for the elderly and dependent persons, are what makes the difference.

Among its achievements in 2012, Caisse d’Epargne Provence-Alpes-Corse made a contribution to finance the merger of the private non-profit hospitals Ambroise-Paré and Paul Desbief in Marseilles, making it possible to build a new structure with 450 beds. Through numerous initiatives, such as Rencontres Santé Caisse d’Epargne, which brought together over 200 decision makers in 2012, Caisse d’Epargne works at fostering cooperation between the various players, entities and establishments within the same region in the interest of overall patient care and the efficiency of our healthcare system.

SOCIAL HOUSING
Caisse d’Epargne is the leading private bank for social housing organizations, whose buildings have been historically financed by Livret A passbook savings account deposits. As shareholders, the Caisse d’Epargne participate in the governance of one third of social housing companies and public housing office, and are also operators themselves.

In 2012, the Caisse d’Epargne entered into a partnership with the Fédération des OPH (social housing organizations federation). Together with Crédit Foncier, they committed €822 million commitment in regulated social housing loans: PLS, PLI and PSLA(1). New medium- and long-term financing for social housing totaled €2.1 billion, increasing loan outstandings to €13.2 billion at end-2012. Total inflows came to €7.4 billion, €3.6 billion of which were invested in Livret A passbook savings accounts. Commercial payment processing grew by 17%.

HABITAT EN RÉGION
Caisse d’Epargne is one of the leading private operators in social housing Habitat en Région is a collective of social housing operators created in 2011 on the initiative of the Caisse d’Epargne. In 2012, 180,000 social housing units were managed by 26 companies (social housing company affiliates, rent-subsidized housing cooperatives and local public enterprises).

Habitat en Région combines the strengths of a banking network and a collective of operators. Its decentralized structure gives each network operator independence and guarantees optimal responses to housing and development needs in the regions: real estate research, construction projects, equipment, energy audits and energy saving certifications.

(1) State-sponsored rental accommodation loans, intermediate rental and social lease-ownership loans.
Crédit Foncier continued to implement its strategic plan for 2012-2016: refocusing its activities on its core businesses and its national customers; developing synergies with the Groupe BPCE networks and entities; cutting recurring expenses by 12% and deleveraging its balance sheet by 10% by 2016.

INDIVIDUAL CUSTOMERS

In a market declining by around 30% despite record-low interest rates, new loans totaled €6.5 billion in 2012, down 15%. Crédit Foncier is the leading distributor of loans for low-income families(1) with 43% market share and 15% for PTZ+ interest-free loans with no resource prerequisites, designed for first-time home-buyers. Two new loans were launched: Prêt Viager Hypothécaire (PVH) with fractioned disbursements and Foncier Plus, allowing local authorities and their partners to offer assistance to their clients, with reduced loan repayments over the first few years.

PUBLIC AND PRIVATE OPERATORS

New loans totaled €3.3 billion in declining public and private sector markets. In the private sector, Crédit Foncier supported several projects for the acquisition and restructuring of geographically well-placed assets with a view to reselling them and taking advantage of attractive financing opportunities for Paris property managers. In the stable project financing and public private partnership market, Crédit Foncier contributed €100 million to finance roadways, cultural facilities, student residences and retirement homes. With its social housing regulated loan distribution platform, Crédit Foncier supports its customers in close cooperation with the Caisse d’Epargne. New loans came out at €800 million in 2012. Crédit Foncier also fulfilled its role as a fund provider for local authorities alongside the Caisse d’Epargne, issuing new loans totaling €800 million.

REAL ESTATE SERVICES

As the no. 4 real estate advisor(2) in France, Crédit Foncier Immobilier helps its customers determine the value of their real estate assets. The Advisory and Appraisal division continued to develop its business with major institutional customers and enhanced its positioning with Groupe BPCE, particularly through support under project ownership assistance agreements.

The Marketing division posted solid sales of blocks of flats and continued the rollout of new products and the transition toward direct marketing of home-ownership programs.

FINANCIAL TRANSACTIONS

La Compagnie de Financement Foncier, a wholly-owned subsidiary of Crédit Foncier, is one of the world’s top private issuers of secured bonds. Rated AAA by the three principal financial rating agencies, it finances Crédit Foncier’s activities and some of Groupe BPCE’s other activities through the issue of covered bonds. In 2012, it issued €7.1 billion: €5.8 billion in public issues and €1.3 billion in private placements under French law with an average maturity of 9.3 and 11.9 years, respectively. Crédit Foncier also innovated with the launch in France, under its own name, of the first bond for the general public distributed online. This six-year bond, with a 4.25% fixed interest rate, was well-received by small institutional investors looking for simple, attractive investments. Subscriptions neared €951 million.

Under its deleveraging strategy, Crédit Foncier transferred over €1 billion in individual customer real estate loans to La Banque Postale. This transaction freed up its capacity to grant new loans, particularly homeownership loans to low-income families.

260 branches
7,000 real estate professional partners
€9.8 billion in loans issued
€8.1 billion in new issues
In 20 years, over 3 million households have become homeowners thanks to Crédit Foncier

(1) Source: Société de Gestion du Fonds de Garantie à l’Accession Sociale (SGFGAS), which provides services to banks that distribute special property mortgages established by the French government to promote home ownership.
(2) Source: revenues taken from published income statements (societe.com), combined with press releases for companies having published press releases on their results (business-immo.com).
Banque Palatine

Dedicated to business banking and wealth management, Banque Palatine helps its customers achieve their personal and professional goals within the framework of a long-term, personalized relationship.

Banque Palatine is committed to establishing a true financial partnership with its customers, drawing on its recognized areas of expertise and high value-added advisory services, with solutions tailored to each customer. Several training and development initiatives were also launched in favor of employees.

CORPORATE CUSTOMERS

Banque Palatine continued its development among medium-sized enterprises with revenues ranging from €15 million to €500 million, its core target market. In 2012, it created a special circle for discussions and analysis especially for the heads of these companies: “Cercle Palatine des ETI” (cercle-palatine-eti.fr). Its new online banking offer e.Palatine Entreprises was largely rolled out. This offer is highly secure and includes comprehensive management of delegated powers.

The Natixis Paiements Carte Affaires business card, allowing companies to monitor cardholder spending online, and the Natixis Interépargne offer were successfully launched. As the leading banker for regulated real estate professions, Banque Palatine entered into a partnership with Valoénergie, Groupe BPCE’s specialist subsidiary, to promote energy efficiency projects with their customers (real estate companies and professionals).

The bank confirmed its potential in the media, audiovisual and film sector, primarily as the partner of the Quinzaine des Réalisateurs (directors’ fortnight) in Cannes for the second year.

INDIVIDUAL CUSTOMERS

Over 40% of Banque Palatine’s medium-size business customers are also private customers and as such benefit from a comprehensive wealth management approach. In 2012, the dedicated offer for business owners was enhanced with the production of a special brochure. The bank launched an EMTN placement offer, providing investors with sold returns while contributing to the solidity of their balance sheet. It also improved its remote banking offer, with a more user-friendly and intuitive interface thanks to the Group’s technologies.

ASH Asset Management

The subsidiary Palatine Asset Management won the Grand Prix 2012 award as the best French medium-size asset manager in France, handed out by Fundclass(1). Acknowledged for its conviction-based management and responsiveness, it manages 70 funds, 13 of which are rated 4 or 5 stars by Morningstar for their performances over three, five and ten years.

Palatine Asset Management applies the Principles for Responsible Investment (PRI). Four SRI funds received the Novethic label in 2012.

In the French equities category, the historic SICAV Uni-Hoche received the Victoire des SICAV and Morningstar Fund Award for the third year in a row, and also took third place in the AGEFI 2012 asset management awards.


Two new Banque Palatine information websites:
www.financersonentreprise.com
www.optimiseronpatrimoine.com

52 branches
9,600 business customers
65,000 private customers
€7 billion in customer loan outstandings
€14.5 billion in customer savings (balance sheet and off-balance sheet)
BPCE International et Outre-mer (BPCE IOM) develops commercial banking business outside France. A wholly-owned subsidiary of BPCE, it comprises 15 banks, with a controlling interest in 11 of them, and two specialized subsidiaries: Pramex International and Ingépar.

BPCE IOM develops a modern and innovative network internationally and in the French overseas territories, targeting excellence in customer service.

In 2012, its subsidiaries improved their operational efficiency by rolling out new working methods and sharing the Group’s best practices throughout the business functions. BPCE IOM purchased a 5% equity interest in Banque centrale populaire du Maroc (BCP Maroc) and bought the Group’s 9.98% equity interest in Banca Carige (Italy). In 2013, it will be in charge of the operational oversight of Natixis Vietnam.

2012 SIGNIFICANT EVENTS

Among the year’s transactions, Banque de La Réunion and BPCE IOM funded the new Mayotte airport for €45 million, under a public-private partnership.

Four new solar energy projects were financed by the overseas départements, confirming the Group’s commitment in favor of renewable energy, which is extremely important to the development of these areas.

As the leading overseas bank to offer this service, Banque de la Réunion launched S-Money, which allows subscribers to receive and send money instantly from their smartphone. It also distributes prepaid cards for young people and businesses.

It entered into a partnership with Natixis for the sale of employee savings products and hedges against exchange rate, interest rate and commodity risks.

Banque de Nouvelle Calédonie opened its first branch in Koné, in the northern province of New Caledonia. Banque de la Réunion and Banque des Mascareignes teamed up with Natixis to set up a global documentary credit line for the CFAO Group.

EXPERTISE OF SPECIALIZED SUBSIDIARIES

With 120 consultants in 15 countries, Pramex International advises and supports the international development of some 1,000 SMEs per year. In 2012, it entered into partnerships with Ubifrance and Oséo to promote the support of French SMEs around the world. It expanded its offer for franchisors, which boast solid international momentum, and for companies generating revenues of more than €15 million.

Ingépar arranges complex financing for assets overseas and in mainland France: infrastructures, transport, industrial projects, hotels and real estate, and public-private partnerships.

In particular, it arranged financing for nearly 30 social housing construction programs (€220 million) for the main social housing fund providers overseas, and for two hotel complexes in New Caledonia and French Guiana (nearly €60 million total). Finally, Ingépar designed and implemented optimized rail equipment lease financing solutions for Groupe BPCE entities (tramways for the RATP, regional express trains for the PACA region), for over €450 million in assets.

Banks in the BPCE International et Outre-mer network

<table>
<thead>
<tr>
<th>Overseas territories</th>
<th>Equity interest</th>
<th>Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banque de La Réunion</td>
<td>88.9%</td>
<td>28</td>
</tr>
<tr>
<td>Banque des Antilles Françaises</td>
<td>100.0%</td>
<td>25</td>
</tr>
<tr>
<td>Banque de Saint-Pierre-et-Miquelon</td>
<td>80.6%</td>
<td>2</td>
</tr>
<tr>
<td>Banque de Nouvelle Calédonie</td>
<td>96.8%</td>
<td>19</td>
</tr>
<tr>
<td>Banque de Tahiti</td>
<td>96.2%</td>
<td>17</td>
</tr>
<tr>
<td>Africa, Indian Ocean</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banque des Mascareignes (Mauritius)</td>
<td>100.0%</td>
<td>13</td>
</tr>
<tr>
<td>BMOI (Madagascar)</td>
<td>75.0%</td>
<td>10</td>
</tr>
<tr>
<td>BTK (Tunisia)</td>
<td>60.0%</td>
<td>21</td>
</tr>
<tr>
<td>BICEC (Cameroon)</td>
<td>68.5%</td>
<td>34</td>
</tr>
<tr>
<td>BCI (Congo-Brazzaville)</td>
<td>100.0%</td>
<td>18</td>
</tr>
<tr>
<td>BRDA (Mali)(2)</td>
<td>9.7%</td>
<td></td>
</tr>
<tr>
<td>BCP (Morocco)</td>
<td>4.9%</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BCP Luxembourg</td>
<td>80.1%</td>
<td>6</td>
</tr>
<tr>
<td>Fransabank France</td>
<td>40.0%</td>
<td></td>
</tr>
<tr>
<td>Banca Carige</td>
<td>9.98%</td>
<td></td>
</tr>
</tbody>
</table>

193 branches(1)

Net banking income: €482 million

Loans outstanding: €9.6 billion

Deposit outstandings: €6.8 billion

(1) Main scope.

(2) Crédit Coopératif owns a 9.7% stake in BRDA.
Insurance

As a major bancassureur on the French market, Groupe BPCE relies on partnerships with key insurers and dedicated subsidiaries.

In 2012, the Group significantly developed the marketing of non-life and provident insurance with the deployment of the Ambition Banquier Assureur plan.

Withdrawals were under control and the Group’s net outflows were negative in 2012, in line with the performance of the individual life insurance market as a whole.

LIFE INSURANCE

Several companies help define and manage life insurance policies distributed by the Group networks:
- CNP Assurances, France’s leading personal insurer, is a partner of the Caisses d’Epargne, with support from EcureuilVie Développement. This activity generated €6.2 billion in premiums in 2012. The portfolio comprises 5.7 million life insurance policies.
- Natixis Assurances distributes its policies in the Banque Populaire network and to independent wealth management advisors. It manages 1.3 million life insurance policies and acquired €2.3 billion in premiums in 2012.
- Prépar-Vie, dedicated to the BRED Banque Populaire network, manages 230,000 policies and generated €512 million in premiums.

NON-LIFE AND PROVIDENT INSURANCE

Non-life and provident insurance covers risks associated with goods and individuals, in both the individual and professional customer markets.

In 2011, Groupe BPCE launched the Ambition Banquier Assureur program, aimed at getting the entire sales force behind insurance, which is the fourth biggest requirement of its customers. 2012 results were very encouraging.

BPCE Assurances, jointly owned with Macif and MAIF, topped 2.6 million policies in 2012 (excluding non-banking insurance) distributed by the Caisses d’Epargne, Crédit Foncier and Banque BCP. Acquired premiums (excluding non-banking insurance) rose by 10% to €531 million. The Caisses d’Epargne distributed over 879,000 new policies produced by BPCE Assurances and the other provident insurance partner, CNP Assurances. New business grew sharply at 19% in total: +17% in car insurance, +9.5% in comprehensive home insurance and +26% in provident and health insurance at end-December 2012. Online sales took off, with 50,000 estimates given on car and home insurance, and 9,400 sales.

Natixis Assurances, Banque Populaire’s insurance subsidiary and the partner of CNP Assurances for the Caisses d’Epargne, acquired €334 million in premiums, up 20%. Compagnie Européenne de Garanties et Cautions (CEGC), a subsidiary of Natixis and the no. 2 issuer of real estate guarantees on the French market, generated €225 million in premiums in 2012.

PAYMENT PROTECTION INSURANCE AND GUARANTEES

In payment protection insurance, Natixis Assurances, Banque Populaire’s insurance subsidiary and the partner of CNP Assurances for the Caisses d’Epargne, acquired €334 million in premiums, up 20%. Compagnie Européenne de Garanties et Cautions (CEGC), a subsidiary of Natixis and the no. 2 issuer of real estate guarantees on the French market, generated €225 million in premiums in 2012.

The Nuances Privilège life insurance contracts distributed by CNP Assurances and the Soléa Patrimoine and BlueEden Patrimoine contracts of Natixis Assurances were awarded an “Excellence” citation by the Dossiers de l’épargne 2012.

Natixis Assurances von the Senior Citizen Trophy and the Special Award of the selection panel of the National Corporate Citizen Trophy for its aidautonomie.fr forum.

BPCE Assurances was awarded the 2013 “Excellence” citation by the Dossiers de l’épargne for its personal accident insurance.

(1) Banque de Savoie, CCSO, Banque Chaix, Banque Dupuy, de Parseval, Banque Marze.
Natixis: Wholesale Banking

In order to effectively play its role in financing economic players and providing the best services to its clients, Natixis has transformed its Corporate and Investment Banking arm into the Wholesale Banking division.

Wholesale Banking advises corporate customers, institutional investors, insurance companies, banks, the public sector and the Groupe BPCE networks. It offers them a diverse range of financing solutions and access to the capital markets. Thanks to the expertise and technical knowledge of its teams, combined with renowned research, it is able to design innovative and bespoke solutions. Wholesale Banking operates in the major financial centers through three international platforms: North and South America, Asia-Pacific, and Europe (excluding France), Middle East and Africa (EMEA).

COVERAGE & ADVISORY

The Coverage division is responsible for cross-functional and global relations for major corporate and institutional clients, for all of Natixis’ businesses (including Investment Solutions and Specialized Financial Services) and offers them – in coordination with the businesses – a complete range of products and services combining classic loans with more sophisticated arrangements. Banking advisors working in France and abroad offer tailored solutions to the Group’s customers. Sector experts contribute their expertise as well, in order to maintain a close dialogue with customers, to better meet their needs and organize the most appropriate solutions.

The Advisory division advises on mergers and acquisitions, capital structure and Equity Capital Markets (IPOs, capital increases, reclassifications of blocks of shares, and issues of convertible bonds or bonds with redeemable share subscription warrants). It works closely with the Coverage teams.

STRUCTURED FINANCE

Natixis designs structured financing solutions as an advisor and arranger, in energy, commodities, aviation finance, exports and infrastructures, strategic and acquisition financing, and real estate financing. In 2012, Natixis won three “Deal of the Year” awards (EMEA region[1] and Latin America[2]) for its initiatives with major negotiators and producers in the oil, mining and metals sectors. Named “Aircraft Finance House of the Year” by Global Transport Finance, Natixis also saw its technical expertise in aviation finance recognized with two “Deal of the Year” awards (Air China and Doric/Emirates[3]). The bank consolidated its position in the financing of international contracts, with the Enerjisa deal acknowledged as the “Middle East and Africa Turkish Power Deal of the Year”[1]. Natixis is the leading financial advisor and arranger in France[4] in the field of infrastructure finance and public-private partnerships. It opened the infrastructure finance markets to institutional investors through a partnership with insurance Group Ageas. In 2012, Natixis expanded its real estate financing offer by creating a mortgage lending bank, Natixis Pfandbriefbank, whose main activity is financing commercial real estate transactions in Europe. As a leading player in strategic and acquisition financing, Natixis was ranked the no. 6 MLA and the top French bank in the EMEA region[5].
In July 2012 Natixis created a new line of Global Transaction Banking products designed to better meet the needs of its corporate and institutional clients in terms of account administration, treasury products, cash management, trade finance and correspondent banking.

The global Fixed Income Commodities & Treasury business line operates in sales and trading, offering clients investment and hedging products on the fixed income, credit, currency and commodity markets. The fixed income and credit activities were particularly dynamic in 2012. The debt platforms, which combine loan syndication, the primary bond market and Global Structured Credit & Solutions, delivered good performances. It has developed the distribution of loans to investors thanks to the implementation of the “Originate-to-distribute” model. Natixis has maintained its historic franchises (no. 2 in terms of euro-denominated financial issues(6) and French corporate issues(7), no. 9 on the global euro market(8)). It was elected Best Bank on the Covered Bonds market(9) in Europe. In cash management, the single treasury and central bank collateral management arrangement between BPCE and Natixis helped build up liquidity inflows, particularly with international investors.

2012 saw the combination of the Equity teams and the expansion of the range of services offered to customers: rollout of trading tools, electronic interfaces; extension of the range of NXS proprietary indexes.

Research conducted by the Wholesale Banking division (economics, credit, equity, quantitative) is part of the process of creating financial solutions that meet the needs of its customers. The analyses published daily by Natixis help clients make strategic investment decisions.

No. 1 financial advisor for public-private partnership project finance in France (source: Magazine des Affaires, June 2012).

No. 2 bookrunner on the euro primary bond market for French corporate issuers (source: Dealogic, December 31, 2012).

No. 3 mandated lead arranger (MLA) of structured commodity finance (source: Trade Finance Magazine – Dealogic, 2012).

(1) Source: Project Finance International/Yearbook 2013: Europe Infrac Deal of the Year (APPR), Oil & Gas Deal of the Year (Lundin), Middle East and Africa Energy Deal of the Year (Tamar), Middle East and Africa Turkish Power Deal of the Year (Enerjisa).


(3) Source: Global Transport Finance/December 2012: Aircraft Finance House of the Year (Natixis), Aircraft Leasing Deal of the Year Asia (FOEs for Air China), Innovative Debt Deal of the Year (Emirates EITC).

(4) Source: Magazine des Affaires no. 71 June 2012, ranking of MLAs by volume on the main PPP projects, concessions of public service delegations (2010-2012).


(6) Source: Dealogic at December 31, 2012: No. 2 bookrunner by volume, “Global FIG DECM” (Senior, covered bonds, ABS, MBS & Sub in Euro).

(7) Source: Dealogic at December 31, 2012: No. 2 bookrunner by volume, “All French Corporate Bonds in Euro” ranking.

(8) Source: IFR at December 31, 2012: “All Bonds in Euro” ranking by volume of transactions carried out.

(9) Source: Best Lead Manager in Covered Bonds in Euros for 2012 by 200 issuers on this market, in a vote organized by The Cover, a EuroWeek publication specializing in the covered bond market; IFR and Dealogic ranking at December 31, 2012 “All Covered Bonds in Euros” by volume and number of issues.
Natixis : Investment Solutions

The four businesses of the Investment Solutions division (Asset Management, Insurance, Private Banking and Private Equity) develop investment solutions tailored to the needs of Natixis and Groupe BPCE customers. They cover the investment, asset management and advisory needs of private banking and institutional customers.

The Investment Solutions division offers a wide range of expertise in asset management and draws on a worldwide distribution structure tailored to the various specific characteristics and regulations of the markets in which it operates.

**ASSET MANAGEMENT**

Natixis Global Asset Management (NGAM) relies on some twenty affiliated asset management companies implementing their own investment strategy in all the main asset classes. It ranks among the world’s top 15 asset managers\(^1\), boasts solid positions in the United States and Europe, and is expanding in Asia.

In a challenging economic environment, its diversified offer and geographic coverage paved the way for a strong performance, with a sharp increase in assets under management to €591.2 billion at end-2012, up 9.4% year-on-year. Assets under management in Europe posted a limited increase, but grew significantly in the United States and Asia.

NGAM benefited from the momentum of its global distribution platform, whose objective is to generate inflows for asset management companies, which operates on all continents and has offices in over 20 countries. It opened a distribution office in Hong Kong and acquired a new asset management company in the United States, McDonnell Investment Management, specializing in municipal bonds.

Natixis Asset Management is NGAM’s European specialist, with assets under management of €292.5 billion at end-2012, i.e. nearly 50% of NGAM’s total assets under management. It offers recognized areas of expertise in the main asset classes and portfolio management styles. Its activity is organized around six areas of expertise: Fixed Income, European Equities, Investment and Client Solutions, Volatility and Structured Products, Global Emerging, and Responsible Investment. Two new areas of expertise have been created: Seeyond, specializing in volatility management and structured product investment, and Mirova, dedicated to responsible investment and a leader in several socially responsible investment (SRI) fields.

**INSURANCE**

Natixis Assurances designs and manages a comprehensive range of life insurance, provident and non-life insurance policies for individual, professional and corporate customers. Its products are distributed by Groupe BPCE’s banking networks, mainly the Banque Populaire banks. Natixis Assurances operates in Luxembourg through its subsidiary Natixis Life, and in Lebanon and Tunisia through equity stakes in subsidiaries in partnership with local private banks.

Net life insurance inflows fell slightly, with assets under management dipping by 0.5% to €37.5 billion at end-December 2012. Non-life insurance continued its strong development, with revenues up 8%. Provident and payment protection insurance posted a very significant increase in revenues (+16%), reflecting the ambitious strategy of the Banque Populaire banks to equip their customers with insurance policies.
PRIVATE BANKING

The Private Banking business line is dedicated entirely to the management and structuring of wealth management solutions for private investors. It operates in France via Banque Privée 1818 and in Luxembourg via Natixis Bank’s Private Banking teams. To develop its activity, it capitalizes on three distribution channels: the Groupe BPCE networks, Independent Wealth Management Advisors (IWMAs) and direct customers of Natixis. It provides a wide range of services through its Sélection 1818 platform: discretionary portfolio management, selection of UCITS, life insurance policies, etc. Banque Privée 1818 also relies on the expertise of its asset management company, VEGA Investment Managers, following the merger of 1818 Gestion and Natixis Multimanager in December 2012. With €3.2 billion in gross inflows, private banking assets under management totaled €20.8 billion at the end of 2012.

PRIVATE EQUITY

Natixis’ private equity expertise, through its entrepreneurial knowledge and “one stop shop” model, offers resilient and solid investment alternatives to international institutional clients. The Private Equity business covers the venture capital, growth capital and business transfer segments, as well as a fund of funds and investment advisory activity. It posted €3.9 billion in assets under management at the end of 2012. In 2012, its six asset management companies adapted to the challenging fund-raising conditions to build a range of innovative products and services tailored to investor needs.

13th largest asset manager worldwide (source: Cerrulli, July 2012).

€591 billion of assets under management(2).

€37.5 billion of life funds under management(2).

€20.8 billion of assets under management in private banking(2).

(2) At December 31, 2012.
Natixis: Specialized Financial Services

Natixis’ Specialized Financial Services division combines two major categories of activities: specialized financing (factoring, guarantees and sureties, lease financing, consumer finance, film and audiovisual financing) and financial services (employee benefits engineering, payments and securities services), both of which have a similar industry approach and distribution challenges. These activities are central to commercial banking development.

**FACTORING**

As the no. 4 player on the French market with 15.3% market share (11) and no. 3 on the domestic market, Natixis Factoring beat the market average for the third year in a row with a sales improvement of 7.6% in France, on the back of a 14.4% increase (€28.5 billion) at December 31, 2012. This represents 7,033 active contracts signed with customers of Groupe BPCE, Natixis and its dedicated network of brokers.

**SURETIES AND GUARANTEES**

The insurance company Compagnie Européenne de Garanties et Cautions is Natixis’ guarantee and surety platform for multiple business lines. It ranks no. 2 on the French market for real estate loan guarantees for individual customers, and provided guarantees on loans totaling €15.5 billion, in a significantly contracting market in 2012. In the no. 2 spot on the market for guarantees for property managers and real estate agents, under the Hoguet Act, it issued nearly 5,000 guarantees in 2012. It also shares the leading position in the single-family home building sector (16,500 houses in 2012) and also issued nearly 44,000 guarantees for businesses (+12%) to help them meet their regulatory requirements (payment guarantees), tax requirements (excise taxes and customs duties) or contractual obligations.

**CONSUMER CREDIT**

Natixis Financement develops revolving credit and personal repayment loans for the banking networks. New loans totaled €7.7 billion in 2012 (nearly €1.1 billion for revolving credit and over €6.6 billion for personal repayment loans). Total outstanding loans came to €13.6 billion at December 31, 2012, up 20% year-on-year, thus solidifying its position as the no. 3 French player in the sector (12).

**LEASE FINANCING**

Natixis Lease provides companies of all sizes and professionals with multiple solutions to finance their equipment and installations, including equipment leasing, real estate leasing, operating leasing, long-term vehicle leasing, IT operational leasing and renewable energy financing.

In the sluggish environment of 2012, new real estate leasing solutions declined by €741 million while equipment leasing was relatively stable at nearly €1.7 billion, thanks in large part to synergies with the Groupe BPCE network. New Sofergie lease financing solutions amounted to €140 million, with Natixis Lease continuing to expand the sector diversification of its portfolio, particularly in the biomass sector.

After creating Natixis Car Lease, it restructured the automobile fleet management activity (18,200 vehicles) and converged its information systems in 2012.
EMPLOYEE BENEFITS PLANNING

Natixis offers a comprehensive range of employee benefits planning solutions, developed by Natixis Interépargne and Natixis Intertitres: employee savings, pensions, employee share ownership plans, collective insurance and service vouchers.

In 2012, Natixis consolidated its leading position in employee savings account-keeping in France, with nearly 3.1 million employee accounts under management, i.e. market share of 25.4%.(3)

The collective pension plan (PERCO) offer posted robust growth for the third year in a row, particularly in the corporate and institutional customer segments, up 30% year-on-year. As a result, Natixis’ market share rose to 29.1% in terms of number of accounts.(3)

The employee savings offer tailored to SMEs and professionals, distributed by the Banque Populaire and Caisse d’Epargne networks, delivered another strong performance with 12,500 new contracts in 2012.

The range of Chèque de Table® lunch vouchers and CESU Domalin® payment vouchers saw an increase of over 14% in the total equivalent value issued in 2012, particularly with respect to major accounts and local authorities.

PAYMENTS

Natixis’ Payments business combines management of payment instruments and systems with services to individual customers.

Natixis, the no. 3 payments operator in France, with market share of over 20% in exchange systems and electronic funds-transfers, processed nearly 6.8 billion mass transactions in the Core system in 2012.

Natixis managed over 17.4 million cards and processed nearly 3.4 billion card transactions in 2012 (up 6% year-on-year).

SECURITIES SERVICES

Natixis’ EuroTitres department provides custody services for retail and private banking customers, and has the leading open custody platform in France. In an environment marked by the persistent decline in transaction volumes impacting financial savings players, Natixis manages over 4.1 million securities accounts.

COMPAGNIE EUROPÉENNE DE GARANTIES ET CAUTIONS

No. 1 in construction bonds for single-family homes.

No. 2 in real estate loan guarantees granted to individuals and as guarantor of property managers and real estate agents in France.

NATIXIS INTERÉPARGNE

No. 1 for employee savings schemes in France (source: AFG, June 2012).

3.1 million accounts managed.

NATIXIS PAIEMENTS

Best service provider for the Prepaid Anywhere prepaid bank card technical solution (source: Prepaid Awards, 2012).

(1) Source: ASF at December 31, 2012.
(2) Source: Natixis Financement study, December 2012.
(3) Source: AFG at June 30, 2012.
Equity interests

NEXITY

Supporting all types of real estate projects is Nexity’s ambition. Under a single brand, the Group offers individual customers, corporate customers and local authorities the broadest range of advisory services and expertise, products and solutions: transactions, management, design, development, planning, advisory and all related services. Top ranked in its sector, Nexity is firmly committed to its customers, the environment, and society.

In a new housing market posting an estimated decline of about 25% in 2012, Nexity continued to build its market share in residential real estate, estimated at over 12.5%. 2012 results show the Group’s strength, its strong sales, and the quality of its management.

At the end of December, the order book totaled €3.1 billion, i.e. 16 months of development activity.

In line with projections, 2011 revenues totaled €2.8 billion. Current operating income (excluding expenses related to the Nexity Demain project) came to €215 million, giving an operating margin of 76%.

Nexity enjoys a very solid financial structure, with a net consolidated cash position of €322 million at end-2012 (unused debt lines), boosted by the success of a €200 million bond issue in January 2013.

MAISONS FRANCE CONFORT

Maisons France Confort, the leader in individual home building in France[1], delivered nearly 6,000 houses in 2012. Its revenues amounted to €563 million, down 3.5%, testifying to its solid resilience.

As the leading company for homebuyers in France, Maisons France Confort develops increasingly eco-friendly homes and increased its equity interest in Rénovert to 100% in order to do the same in the energy renovation market. With the support of Groupe BPCE in 2012, it also developed an offer enabling local authorities to offer land and house packages to first-time home-buyers at affordable prices.

COFACE

Coface offers credit insurance solutions around the world to protect companies against the risk of the financial default of their buyers. It also provides them with its analysis of risks by country, sector and company throughout the world. This analysis draws on its extensive international network.

Coface also manages, for and with the backing of the French government, guarantees intended to assist, support and secure French exports financed over the medium and long term, and French investments abroad.

In 2012, it generated consolidated revenues of €1.6 billion, up 1.4% on 2011, including 3.1% in credit insurance. Its combined ratio (net of reinsurance) came to 82.2% (claims to premiums ratio: 56.7% and cost ratio: 25.5%). Its operating income (after reinsurance) was €164 million.

(1) Source: Le Moniteur, December 23, 2011.
If I were... 

Answers to the questions on page 12

If I were a thousand opportunities?  
For professional careers, investment, new creation, efficiency, the desire to outdo oneself, to make new discoveries, for self-improvement, commitment, friendship, passion, enthusiasm, generosity...

If I were a hundred business activities?  
All the activities in the world of banking and finance useful for economic and social development.

If I were a fantastic source of energy?  
117,000 committed and capable employees.

If I were a way to make dreams come true?  
€586 billion in loans granted to individuals, companies, local authorities, associations.

If I were a philanthropist?  
Acting against all forms of exclusion, supporting and promoting the entrepreneurial spirit.

If I were a supporter?  
A supporter of sailing, skiing, snowboarding, rugby, running, of 14 disabled athletes and the French Olympic Team.

If I were a sponsor?  
A sponsor of arts and letters, music and the French Olympic Team.

If I were a model?  
The customer.

If I were a priority?  
The mission of putting finance at the service of the economy.

If I were a mission?  
The mission of putting finance at the service of the economy.

If I were a territory?  
All French metropolitan and overseas territories and the rest of the world.

If I were a quality?  
A strong local presence.

If I were a value?  
Social solidarity.

If I were an ideal?  
Humanism.

If I were a time horizon?  
The medium and long term.

If I were a sponsor?  
A supporter of sailing, skiing, snowboarding, rugby, running, of 14 disabled athletes and the French Olympic Team.

If I were a hundred business activities?  
All the activities in the world of banking and finance useful for economic and social development.

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Humanism.
Since Groupe BPCE’s creation in 2009, we have sought to grow differently by focusing all our resources on our 36 million customers (more than 8 million of whom are also cooperative shareholders of their local banks), by doing business in an innovative, responsible and competitive way, by giving our 117,000 employees good reasons to be proud to work for France’s 2nd largest banking group and provide a useful service to our customers and the French economy, of which we finance 20% of its needs. Because we are a unique and distinctive banking group, we wanted to present our activities and commitments in an unorthodox way. We hope you enjoy reading this review of our activities.