Q3-19 and 9M-19 results

Growth in the reported net income of Groupe BPCE in Q3-19: €943m, up by 18.5%

Good underlying\(^1\) performance of our businesses in Q3-19:
revenues increased by 1.5% and net income by 3.6%

Revenues almost stable in 9M-19: net banking income at €18bn (-0.5%)
and underlying\(^1\) net income at €2.7bn (-5.8%)

Retail Banking & Insurance: revenues stable in Q3-19 at €4.0bn in a low interest-rate environment
- Loan outstandings and on-balance sheet deposits & savings\(^2\) up by +7.6% and +8.1% respectively year-on-year
- Positive jaws effects in 9M-19
- Continued growth in Insurance and Payments as reflected by the substantial increase in income before tax\(^3\) of +8.0% and +11.0% respectively in 9M-19

Successful roll-out of our “Digital Inside” strategy
- Banque Populaire and Caisse d'Epargne are digital best-in-class: #1 among traditional banks in the D-rating ranking for the level of use and performance of retail banks’ digital channels

Asset & Wealth Management: net revenues up by 12.4% in Q3-19 and AuM growth both in Europe and North America
- Income before tax\(^1\) up by +12.3% in Q3-19 and by +7% in 9M-19

Corporate & Investment Banking: good performance in Q3-19 with strong momentum in Global finance
- Net revenues up by 3.2%, expenses down by 0.6% vs. Q3-18

Cost of risk low at 18bps in 9M-19

Solvency at high levels
- CET1\(^3\) at 15.4% and TLAC\(^3\) ratio at 23.0% at September 30, 2019

Strategic projects: operations completed in line with the initial timetable
- Acquisition of a 50.1% interest in Oney Bank finalized
- Disposal of banking interests in Africa\(^4\)

Laurent Mignon, Chairman of the Management Board of Groupe BPCE, made the following statement:
“All our business lines recorded a robust performance in the 3rd quarter of 2019, with very strong commercial momentum achieved in Retail Banking & Insurance, a sharp rise in revenues and assets under management in Asset & Wealth Management, and good results growth in our Corporate & Investment Banking division, notably in our Global Finance business. At the same time, we are continuing to take active measures to control our expenses and optimize our organizational structures, whose effects are having a positive impact on our accounts. We also made progress in several strategic areas this quarter, with the finalization of the acquisition of a majority stake in the capital of Oney Bank and the disposal of retail banking interests in Africa. Finally, the “Digital Inside” strategy rolled out over the past year by Groupe BPCE, which makes customer advisors the principal players in the deployment of digital services to our clientele, is a success, with the digital rating agency D-rating placing the Banque Populaire banks and Caisse d'Epargne at the top of the list of so-called ‘traditional banks’ in terms of the level of use and performance of their digital channels.”

\(^1\) See notes on methodology and excluding IFRIC 21
\(^2\) Excluding centralized regulated savings
\(^3\) Estimated - pro-forma impacts on page 4
\(^4\) Except for Tunisia, where the regulatory approval is still under process
The quarterly financial statements of Groupe BPCE for the period ended September 30, 2019 approved by the Management Board at a meeting convened on November 5, 2019 were verified and reviewed by the Supervisory Board, chaired by Pierre Valentin, at a meeting convened on November 7, 2019.

Groupe BPCE: Q3-19 gross operating income at €1.8bn, up by +7.0%  
Q3-19 reported net income (Group share) stands at €943m, up by +18.5% year-on-year

<table>
<thead>
<tr>
<th>Reported figures</th>
<th>9M-19</th>
<th>9M-18</th>
<th>9M-19 vs. 9M-18</th>
<th>Q3-19</th>
<th>Q3-18</th>
<th>Q3-19 vs. Q3-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>18,004</td>
<td>18,157</td>
<td>(0.8)%</td>
<td>5,935</td>
<td>5,906</td>
<td>0.5%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(13,002)</td>
<td>(13,066)</td>
<td>(0.5)%</td>
<td>(4,136)</td>
<td>(4,225)</td>
<td>(2.1)%</td>
</tr>
<tr>
<td>o/w expenses excluding SRF</td>
<td>(12,626)</td>
<td>(12,726)</td>
<td>(0.8)%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross operating income</td>
<td>5,002</td>
<td>5,091</td>
<td>(1.8)%</td>
<td>1,799</td>
<td>1,681</td>
<td>7.0%</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>(941)</td>
<td>(903)</td>
<td>4.2%</td>
<td>(321)</td>
<td>(327)</td>
<td>(1.9)%</td>
</tr>
<tr>
<td>Income before tax</td>
<td>4,139</td>
<td>4,380</td>
<td>(5.5)%</td>
<td>1,545</td>
<td>1,414</td>
<td>9.3%</td>
</tr>
<tr>
<td>Income tax</td>
<td>(1,408)</td>
<td>(1,354)</td>
<td>4.0%</td>
<td>(396)</td>
<td>(427)</td>
<td>(7.3)%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(490)</td>
<td>(587)</td>
<td>(16.5)%</td>
<td>(206)</td>
<td>(191)</td>
<td>7.6%</td>
</tr>
<tr>
<td>Net income – Group share</td>
<td>2,241</td>
<td>2,438</td>
<td>(8.1)%</td>
<td>943</td>
<td>796</td>
<td>18.5%</td>
</tr>
</tbody>
</table>

Exceptional items: bulk of transformation costs for 9M-19 booked in Q1-19

<table>
<thead>
<tr>
<th>In €m</th>
<th>9M-19</th>
<th>9M-18</th>
<th>Q3-19</th>
<th>Q3-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies</td>
<td>Net banking income</td>
<td>Corporate center</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>SWL provision reversal</td>
<td>Net banking income</td>
<td>CIB</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>Transformation and reorganization costs</td>
<td>Operating expenses / Gains or losses on other assets / Goodwill</td>
<td>Business lines &amp; Corporate center</td>
<td>(396)</td>
<td>(433)</td>
</tr>
<tr>
<td>Legal provision</td>
<td>Cost of risk</td>
<td>CIB</td>
<td>(71)</td>
<td>(71)</td>
</tr>
<tr>
<td>Disposals and impairments</td>
<td>Share in income of equity-accounted associates / Gains or losses on other assets / Goodwill</td>
<td>Business lines &amp; Corporate center</td>
<td>(37)</td>
<td></td>
</tr>
<tr>
<td>Total impact on income before tax</td>
<td></td>
<td></td>
<td>(418)</td>
<td>(426)</td>
</tr>
<tr>
<td>Total impact on net income – Group share</td>
<td></td>
<td></td>
<td>(377)</td>
<td>(286)</td>
</tr>
</tbody>
</table>

Transformation and reorganization costs in 9M-19 can be broken down as follows: Retail banking networks (30%), Crédit Foncier (10%), Natixis (12%), Fidor (34%), and Other (14%).
1. **Groupe BPCE:**

**Growth in Q3-19 of underlying revenues, +1.5% at €5.9bn, and of net income (Group share)**

2018 figures have been restated to take account of changes in the segment reporting in Q1-19 (see annex p.11)

Unless specified to the contrary, the following financial data and related comments refer to the underlying results, i.e. results restated to exclude exceptional items, as presented on page 2. Changes express differences between Q3-19 and Q3-18 or between 9M-19 and 9M-18.

In Q3-19, Groupe BPCE’s net banking income increased by 1.5% to 5.9 billion euros. This increase includes stability in revenues generated by Retail Banking & Insurance, 12.4% growth in Asset & Wealth Management revenues, and 3.2% growth in revenues posted by the Corporate & Investment Banking division.

In 9M-19, the Group’s net banking income remained virtually stable at current exchange rates and declined by 1.3% at constant exchange rates.

**Operating expenses**, restated to account for the contribution to the Single Resolution Fund (376 million euros, up by 10.7% year-on-year) decreased over the 9-month period by 0.5% at constant exchange rates (and remained virtually stable at current exchange rates). The cost/income ratio\(^1\) for 9M-19 stood at 70.0% while the gross operating income came to €5.3 billion.

The aggregate cost of risk\(^1\) for Groupe BPCE came to 321 million euros in Q3-19 and 931 million euros in 9M-19, including a large single file impacting the Corporate & Investment Banking division in Q2-19, corresponding respectively to 19 basis points and 18 basis points of gross loan outstandings.

**Net income**, Group share, amounted to 1,007 million euros in Q3-19 (+2.8%) and 2,618 million euros in 9M-19 (-5.9%). After restating to account for the impact of IFRIC 21, net income stood at 2.7 billion euros in 9M-19.

RoE stood at 5.5% for the first nine months of 2019, down by 0.6 percentage points compared with the first 9 months of 2018.

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\(^1\) See notes on methodology and excluding IFRIC 21 for the calculation of ROE and the cost/income ratio
2. HIGH LEVELS OF CAPITAL ADEQUACY AND LOSS-ABSORBING CAPACITY

2.1 Level of CET1

Groupe BPCE's CET1 ratio\(^1\)\(^,\)\(^2\) (CRR/CRD IV without transitional measures) at the end of September 2019 was estimated at 15.5%, stable compared with its level at June 30, 2019. Changes for the quarter can be broken down into:

- Retained earnings: +21bps,
- Change in risk-weighted: -19bps,
- Methodological and perimeter impacts\(^3\): -12bps,
- Issue of cooperative shares: + 6bps,
- Other changes: + 5bps.

Groupe BPCE's CET1 ratio has reached an estimated level of 15.4% pro forma of the acquisition of 50.1% of Oney Bank.

2.2 TLAC ratio\(^1\): target fixed in the 2018-2020 strategic plan already achieved since June 2018

Total loss-absorbing capacity (TLAC) stands at 96.3 billion euros (estimate at end-September 2019) on a pro-forma basis. The pro-forma TLAC ratio, expressed as a percentage of risk-weighted assets, is equal to 23.0%, confirming the achievement of the objective fixed in the Group's strategic plan of reaching a level exceeding 21.5% by early 2019.

At September 30, 2019, the leverage ratio\(^1\) stood at 5.1%.

2.3 2019 medium-/long-term funding plan completed in its entirety and some prefunding for 2020 already raised at end-October 2019

The target of the medium-/long-term funding plan for 2019 was fixed at 20 billion euros, divided into 13 to 14 billion euros to be raised in the unsecured segment (of which 3 to 4 billion euros of senior non-preferred debt) and 6 to 7 billion euros in the secured segment.

At October 31, 2019, Groupe BPCE had raised 23.7 billion euros, of which 13.8 billion euros in the unsecured segment, including 5.0 billion euros of senior non-preferred debt, 8.3 billion euros of covered bonds, and 1.6 billion euros of ABS.

\(^1\) See notes on methodology
\(^2\) After deduction of irrevocable payment commitments
\(^3\) Methodological impact concerning speculative immovable property financing; perimeter impact following the disposal of banking interests in Africa
3.1 RESULTS OF THE BUSINESS LINES

Unless specified to the contrary, the following financial data and related comments refer to the underlying results, i.e. results restated to exclude exceptional items, as presented on page 2. Changes express differences between Q3-19 and Q3-18 or between 9M-19 and 9M-18.

3.1 Retail Banking & Insurance

Increase in revenues and positive jaws effect in 9M-19

<table>
<thead>
<tr>
<th>Underlying figures</th>
<th>9M-19</th>
<th>% Change N-1 pf</th>
<th>Q3-19</th>
<th>% Change N-1 pf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>12,141</td>
<td>0.9%</td>
<td>3,972</td>
<td>(0.1)%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(7,872)</td>
<td>0.2%</td>
<td>(2,551)</td>
<td>1.5%</td>
</tr>
<tr>
<td>Gross operating income</td>
<td>4,270</td>
<td>2.2%</td>
<td>1,422</td>
<td>(2.7)%</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>(702)</td>
<td>7.9%</td>
<td>(243)</td>
<td>26.9%</td>
</tr>
<tr>
<td>Income before tax after IFRIC 21 restatement</td>
<td>3,642</td>
<td>1.3%</td>
<td>1,163</td>
<td>(6.2)%</td>
</tr>
<tr>
<td>Cost/income ratio¹</td>
<td>64.6%</td>
<td>(0.4)pp</td>
<td>64.9%</td>
<td>0.7pp</td>
</tr>
<tr>
<td>Normative ROE (after tax)¹</td>
<td>10.2%</td>
<td>(0.6)pp</td>
<td>9.7%</td>
<td>(1.2)pp</td>
</tr>
</tbody>
</table>

Loan outstandings rose by 7.6% year-on-year to reach a total of 516 billion euros at end-September 2019, including an 8.1% increase in residential mortgages, and an increase in consumer loans and equipment loans of 7.2% and 6.9% respectively.

At the end of September 2019, deposits & savings (excluding regulated savings centralized with the CDC) amounted to 454 billion euros (+8.1%) while sight deposits recorded a 13.3% increase year-on-year.

Net banking income generated by the Retail Banking & Insurance business line recorded growth of 0.9% in 9M-19: it remained stable in Q3-19 with good momentum achieved by the Banque Populaire and Caisse d’Epargne retail banking networks (aggregate net banking income up by 0.3% in 9M-19), by the Financial Solutions & Expertise activities (net banking income up by 1.0% in 9M-19), by the buoyant growth enjoyed by Insurance revenues (7.1% growth in net banking income in 9M-19) and by the Payments activity (net banking income up by 9.5% in 9M-19).

The cost control is continuing in the retail banking networks (down 0.5% in 9M-19). The development of the Insurance and Payments businesses explains the rise in their operating expenses of 6.1% and 8.3% respectively in 9M-19.

For the business line overall, operating expenses remained virtually stable in 9M-19 while the cost/income ratio stood at 64.6% (down 0.4 percentage points).

Gross operating income rose by 2.2% in 9M-19 to stand at 4,270 million euros.

The cost of risk rose by 7.9% in 9M-19 to reach 702 million euros.

Income before tax, after restating to account for the impact of IFRIC 21, declined by 6.2% in Q3-19 and rose by 1.3% in 9M-19 to reach 3,642 million euros.

¹ See notes on methodology and excluding IFRIC 21
3.1.1 Banque Populaire retail banking network: robust growth in net banking income, 4.4% rise in income before tax\(^1\) in 9M-19

The Banque Populaire network comprises the 14 Banque Populaire banks, including CASDEN Banque Populaire and Crédit Coopératif and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.

<table>
<thead>
<tr>
<th>Underlying figures</th>
<th>9M-19</th>
<th>% Change N-1 pf</th>
<th>Q3-19</th>
<th>% Change N-1 pf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>4,813</td>
<td>0.5%</td>
<td>1,566</td>
<td>0.6%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(3,210)</td>
<td>0.4%</td>
<td>(1,049)</td>
<td>1.1%</td>
</tr>
<tr>
<td>Gross operating income</td>
<td>1,602</td>
<td>0.9%</td>
<td>519</td>
<td>(0.3)%</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>(288)</td>
<td>(11.9)%</td>
<td>(109)</td>
<td>38.7%</td>
</tr>
<tr>
<td>Income before tax after IFRIC 21 restatement</td>
<td>1,358</td>
<td>4.4%</td>
<td>410</td>
<td>(5.1)%</td>
</tr>
<tr>
<td>Cost/income ratio(^1)</td>
<td>66.5%</td>
<td>stable</td>
<td>67.4%</td>
<td>stable</td>
</tr>
</tbody>
</table>

**Loan outstandings** increased by 7.3% year-on-year to reach 221 billion euros at the end of September 2019. **Deposits & savings** rose by 7.9% year-on-year to 288 billion euros at the end of September 2019 (+9.3% for on-balance sheet savings, excluding regulated savings centralized with the CDC). The number of principal customers using banking services increased by 2.5% year-on-year (+97,100 customers).

**Net banking income** in 9M-19 increased by 0.5% to 4,813 million euros, including a 1.6% increase in net interest income to 2,722 million euros and commissions (excluding early repayment fees) that declined by 1.4% to 1,888 million euros.

**Operating expenses** came to 3,210 million euros in 9M-19; the cost/income ratio stood at 66.5%.

The cost of risk declined by 11.9% in 9M-19. **Income before tax**, after restating to account for the impact of IFRIC 21, declined by 5.1% in Q3-19 but rose by 4.4% in 9M-19.

3.1.2 Caisse d’Epargne retail banking network: gross operating income up +2.7% in 9M-19 driven by strict expense control

The Caisse d’Epargne network comprises 15 individual Caisses d’Epargne along with their subsidiaries

<table>
<thead>
<tr>
<th>Underlying figures</th>
<th>9M-19</th>
<th>% Change N-1 pf</th>
<th>Q3-19</th>
<th>% Change N-1 pf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>5,321</td>
<td>0.1%</td>
<td>1,743</td>
<td>(1.7)%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(3,429)</td>
<td>(1.2)%</td>
<td>(1,098)</td>
<td>0.7%</td>
</tr>
<tr>
<td>Gross operating income</td>
<td>1,892</td>
<td>2.7%</td>
<td>645</td>
<td>(5.6)%</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>(321)</td>
<td>26.0%</td>
<td>(112)</td>
<td>29.9%</td>
</tr>
<tr>
<td>Income before tax after IFRIC 21 restatement</td>
<td>1,582</td>
<td>(1.4)%</td>
<td>522</td>
<td>(10.5)%</td>
</tr>
<tr>
<td>Cost/income ratio(^1)</td>
<td>64.2%</td>
<td>(0.8)pp</td>
<td>63.7%</td>
<td>1.4pp</td>
</tr>
</tbody>
</table>

**Loan outstandings** rose by 7.9% year-on-year to 286 billion euros at the end of September 2019, and **deposits & savings** increased by 4.9% compared with the same period in 2018 to reach a total of 438 billion euros (+7.5% for on-balance sheet savings, excluding regulated savings centralized with the CDC). The number of principal customers using banking services increased by 1.0% year-on-year (+66,100 customers).

**Net banking income** reached 5,321 million euros in 9M-19, stable from one year to the next. Net interest income increased by 0.7% to 2,946 million euros and commissions (excluding early repayment fees) declined by 0.5% to 2,262 million euros.

**Operating expenses** were reduced by 1.2% in 9M-19, triggering an improvement in the cost/income ratio of 0.8pp to 64.2%. This led to a 2.7% increase in **gross operating income**, which stands at 1,892 million euros.

The cost of risk stands at 321 million euros in 9M-19, up by 26.0%.

**Income before tax**, after restating to account for the impact of IFRIC 21, declined by 1.4% in 9M-19 to 1,582 million euros.

\(^1\) See notes on methodology and excluding IFRIC 21
3.1.3 Financial Solutions & Expertise: business dynamism and solid revenue base

The **Financial Solutions & Expertise** division recorded a 1.0% increase in its **net banking income** in 9M-19 to 819 million euros.

In Consumer credit, loan outstandings had increased by 8% year-on-year at September 30, 2019. New leasing production rose by 16% in 9M-19. In the Sureties & financial guarantees activity, gross premiums written increased by 24% in the first 9 months of the year. In Factoring, the development of the corporate segment for the Banque Populaire and Caisse d’Epargne retail banking networks remained buoyant with 19% growth in the number of contracts opened in 9M-19 compared with the same period in 2018.

The 2.5% rise in **operating expenses** in 9M-19 is due, in particular, to projects designed to support the growth in business volumes, the pursuit of IT projects and regulations. The cost/income ratio came to 56.0% in 9M-19, up by 1.0 pp from one year to the next.

The cost of risk came to 62 million euros in 9M-19 and rose by 27.8% during the period compared with a low basis of comparison last year.

In 9M-19, **income before tax**, after restating to account for the impact of IFRIC 21, came to 298 million euros (-5.5%).

3.1.4 Insurance: continued strong momentum with gross operating income up 8%

The results presented below concern the **Insurance** division of Natixis.

In 9M-19, **premiums** reached a total of 9.5 billion euros, representing year-on-year growth of 3%, including a 6% increase in Non-Life Insurance and a 2% rise in Life and Personal protection insurance. Unit-linked products represented 28% of gross inflows in Q3-19, a proportion higher than the French market average (source: FFA).

Assets under management amounted to 66.5 billion euros at the end of September 2019, including 16.5 billion euros in unit-linked products (25%). **Net inflows** in life insurance amounted to 1.2 billion euros in Q3-19 and to 4.5 billion euros in 9M-19.

In the first nine months of 2019, **net banking income** stood at 630 million euros, representing growth of 7.1% while **operating expenses** increased by 6.1%. **Gross operating income** rose by 8.4% over the same period. **Income before tax**, after restating to account for the impact of IFRIC 21, amounted to 292 million euros, up 8.0% in 9M-19.

**Figures specifying the contribution to Groupe BPCE are different from those reported by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com**

1 See notes on methodology and excluding IFRIC 21 2 Excluding the reinsurance agreement with CNP
3.1.5 Payments: strong growth in gross operating income with positive jaws effect

<table>
<thead>
<tr>
<th>Underlying figures</th>
<th>9M-19</th>
<th>% Change N-1pf</th>
<th>Q3-19</th>
<th>% Change N-1pf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>311</td>
<td>9.5%</td>
<td>103</td>
<td>7.7%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(272)</td>
<td>8.3%</td>
<td>(91)</td>
<td>6.9%</td>
</tr>
<tr>
<td>Gross operating income</td>
<td>39</td>
<td>18.7%</td>
<td>13</td>
<td>14.0%</td>
</tr>
<tr>
<td>Income before tax after IFRIC 21 restatement</td>
<td>38</td>
<td>11.0%</td>
<td>11</td>
<td>3.1%</td>
</tr>
<tr>
<td>Cost/income ratio</td>
<td>87.3%</td>
<td>(1.0)pp</td>
<td>87.9%</td>
<td>(0.7)pp</td>
</tr>
</tbody>
</table>

Net banking income rose by 7.7% in Q3-19 to reach a total of 103 million euros and by 9.5% in 9M-19 to 311 million euros. Operating expenses over the same periods rose by 6.9% and 8.3% respectively. This positive jaws effect generated strong 14.0% growth in gross operating income in Q3-19 and growth of 18.7% in 9M-19.

In Payment Processing & Services, the historical activities pursued by Natixis, revenues increased by 5% in 9M-19 and the number of card transactions processed rose by 10%.

In Merchant Solutions, the volumes generated by Dalenys and PayPlug increased by 23% in the first 9 months of 2019.

In Prepaid & Issuing Solutions, Q3-19 growth was driven by the meal vouchers and Benefits & Rewards segments (Titres Cadeaux and Comitéo). The number of mobile payments in Q3-19 increased by a factor of more than 2.6 over the year.

1 See notes on methodology and excluding IFRIC 21
3.2 Asset & Wealth Management: net revenue growth of 12.4% in Q3-19 and increase in assets under management in Europe and North America

The Asset & Wealth Management business line includes the Asset Management and Wealth Management activities of Natixis.

<table>
<thead>
<tr>
<th>Underlying figures</th>
<th>9M-19</th>
<th>% Change N-1 pf</th>
<th>Constant FX</th>
<th>% Change N-1 pf</th>
<th>Q3-19</th>
<th>% Change N-1 pf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>2,651</td>
<td>6.8%</td>
<td>3.3%</td>
<td></td>
<td>945</td>
<td>12.4%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,804)</td>
<td>6.9%</td>
<td>3.2%</td>
<td></td>
<td>(646)</td>
<td>12.8%</td>
</tr>
<tr>
<td>Gross operating income</td>
<td>846</td>
<td>6.7%</td>
<td>3.4%</td>
<td></td>
<td>299</td>
<td>11.6%</td>
</tr>
<tr>
<td>Income before tax after IFRIC 21 restatement</td>
<td>848</td>
<td>6.9%</td>
<td>-</td>
<td></td>
<td>299</td>
<td>12.3%</td>
</tr>
<tr>
<td>Cost/income ratio¹</td>
<td>68.0%</td>
<td></td>
<td></td>
<td>68.5%</td>
<td>0.2pp</td>
<td></td>
</tr>
<tr>
<td>Normative ROE (after tax)¹</td>
<td>13.5%</td>
<td>(1.1)pp</td>
<td></td>
<td>13.4%</td>
<td>(1.2)pp</td>
<td></td>
</tr>
</tbody>
</table>

In Q3-19, Asset Management recorded net outflows on long-term products of approximately 4 billion euros. In North America, outflows amount to slightly more than 5 billion euros and chiefly concern the Fixed Income strategy pursued by Harris Associates and Loomis Sayles. In Europe², net inflows are positive at 2 billion euros, driven chiefly by Real Asset strategies and Mirova.

At September 30, 2019, assets under management² reached a total of 921 billion euros in Asset Management, representing 14% growth since the beginning of the year. The change in Q3-19 includes a positive market effect of 9 billion euros, a positive foreign exchange and reporting scope impact of 20 billion euros and net outflows of 4 billion euros on long-term products, and 1 billion euros on money market funds.

In the Wealth Management segment, assets under management stood at 30.3 billion euros at the end of September 2019, and positive net inflows came to 0.9 billion euros in Q3-19.

The business line’s net banking income rose by 12.4% (+10% at constant foreign exchange rates) in Q3-19 and by 6.8% (+3.3% at constant foreign exchange rates) in 9M-19 to stand at 945 million euros and 2,651 million euros respectively. Performance fees, generated in particular by H2O and AEW, came to 362 million euros in 9M-19.

In Asset Management, the fee rate (excluding performance fees) stands at 30bps overall in 9M-19, in line with the targets defined in the strategic plan.

Operating expenses rose by +3.4% (at constant foreign exchange rates) in 9M-19 and by +6.9% at current exchange rates.

The cost/income ratio¹ remained stable at 68.0% in 9M-19 while the gross operating income stands at 846 million euros, representing growth of 3.4% at constant foreign exchange rates and +6.7% at current exchange rates.

Income before tax, after restating to account for the impact of IFRIC 21, rose by 12.3% in Q3-19 and by 6.9% in the first 9 months of the year.

ROE after tax¹ is equal to 13.4% in Q3-19 (-1.2pp) and stands at 13.5% in the first 9 months of the year (-1.1pp).

¹ See notes on methodology and excluding IFRIC 21
² Including Dynamic Solutions and the assets under management of Vega IM in Europe and WCM IM in the US
3.3 Corporate & Investment Banking: good performance, notably with Global finance

The Corporate & Investment Banking business line (CIB) includes the Global markets, Global finance, Investment banking and M&A activities of Natixis.

<table>
<thead>
<tr>
<th>Underlying figures</th>
<th>9M-19</th>
<th>% Change N-1 pf</th>
<th>Constant FX</th>
<th>Q3-19</th>
<th>% Change N-1 pf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>2,438</td>
<td>(9.0)%</td>
<td>(11.3)%</td>
<td>784</td>
<td>3.2%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,618)</td>
<td>(1.0)%</td>
<td>(2.9)%</td>
<td>(518)</td>
<td>(0.6)%</td>
</tr>
<tr>
<td>Gross operating income</td>
<td>820</td>
<td>(21.5)%</td>
<td>(24.1)%</td>
<td>265</td>
<td>11.5%</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>(193)</td>
<td>ns</td>
<td>ns</td>
<td>(59)</td>
<td>ns</td>
</tr>
<tr>
<td>Income before tax after IFRIC 21 restatement</td>
<td>643</td>
<td>(33.7)%</td>
<td></td>
<td>201</td>
<td>(2.9)%</td>
</tr>
<tr>
<td>Cost/income ratio (^1)</td>
<td>66.0%</td>
<td>5.3pp</td>
<td>67.2%</td>
<td>(2.4)pp</td>
<td></td>
</tr>
<tr>
<td>Normative ROE (after tax) (^1)</td>
<td>9.2%</td>
<td>(5.2)pp</td>
<td>8.6%</td>
<td>(0.4)pp</td>
<td></td>
</tr>
</tbody>
</table>

The **net banking income** generated by the Corporate & Investment Banking business line amounted to 784 million euros in Q3-19, up 3.2% year-on-year at current exchange rates. For the 9-month period, it is down 9.0% year-on-year at current exchange rates and down 11.3% at constant exchange rates.

The revenues posted by Global markets in Q3-19 include 2% growth in FICT activities (despite the challenging market environment and highly volatile long-term interest rates) along with a limited 3 million euro decline for the Equity segment which achieved robust commercial successes in Convertibles and Green finance, in addition to strong performance on the US markets.

The revenues generated by Global Finance grew by 8% in Q3-19, with growth in the Real Assets activities offsetting the decline in the Energy & Natural Resources segment. The distribution rate of financing stood at 64% for Real Assets in Q3-19.

The revenues posted by the Investment Banking and M&A businesses enjoyed 2% growth in 9M-19, including good contributions from the M&A boutiques in the APAC zone.

**Operating expenses** declined by 2.9% (at constant exchange rates) in 9M-19 and by 1.0% at current exchange rates, a trend reflecting the decline in variable costs and the impact of initiatives taken to enhance efficiency despite investments made to support the development of our sectorial approach and the strengthening of our control functions.

**Gross operating income** improved by 265 million euros in Q3-19 (+11.5% at current exchange rates).

The **cost of risk** stood at 59 million euros in Q3-19 and at 193 million euros in 9M-19.

**Income before tax**, after restating to account for the impact of IFRIC 21, came to 201 million euros (-2.9%) in Q3-19 and to 643 million euros in 9M-19 (-33.7%).

In 9M-19, **ROE after tax** \(^1\) stood at 9.2% (-5.2pp).

 Figures specifying the contribution to Groupe BPCE are different from those reported by Natixis. For a more detailed analysis of the business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com

\(^1\) See notes on methodology and excluding IFRIC 21
Notes on methodology

Presentation of pro-forma quarterly results
The segment information has been modified as of Q1-19 in order to reflect the execution of our strategic projects:

- Retail Banking & Insurance: creation of the Financial Solutions & Expertise division (FSE), comprising the following activities: factoring, consumer credit, sureties & financial guarantees, and retail securities services (these activities previously formed part of the Specialized Financial Services division, SFS); and Payments becomes a full-fledged division (this activity was previously pursued in the SFS division).
- Corporate & Investment Banking: film industry financing, previously managed by the SFS division within the RB&I business line, has been reallocated to Global finance within CIB.
- Asset & Wealth Management: the Employee savings plan activity, previously a part of the SFS division within the RB&I business line, has now been reallocated to the Asset & Wealth Management business line.
- In the Corporate center business line, equity interests chiefly include Colace and CNP Assurances, while the Run-off activities include, in particular, Crédit Foncier (with the exception of Socfin and CFI allocated to RB&I) and BPCE International (except for Pramex allocated to RB&I).

The previous quarters have been restated accordingly.

Restatement of the impact of IFRIC 21
The results, cost/income ratios and ROE, after being restated to account for the impact of IFRIC 21, are calculated on the basis of ¼ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a given quarter, or ⅔ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a 6-month period. In practice, for Groupe BPCE, the principal taxes concerned by IFRIC 21 are the company social solidarity contribution (C3S) and contributions and levies of a regulatory nature (systemic risk tax levied on banking institutions, contribution to ACPR control costs, contribution to the Single Resolution Fund and to the Single Supervisory Mechanism).

Net banking income
Customer net interest income, excluding regulated home savings schemes, is computed on the basis of interest earned from transactions with customers, excluding net interest on centralized savings products (Livret A, Livret Développement Durable, Livret Epargne Logement passbook savings accounts) in addition to changes in provisions for regulated home purchase savings schemes. Net interest on centralized savings is assimilated to commissions.

Operating expenses
The operating expenses correspond to the aggregate total of the “Operating Expenses” (as presented in the Group’s registration document, note 4.7 appended to the consolidated financial statements of Groupe BPCE) and “Depreciation, amortization and impairment for property, plant and equipment and intangible assets.”

Cost of risk
The cost of risk is expressed in basis points and measures the level of risk per business line as a percentage of the volume of loan outstandings; it is calculated by comparing net provisions booked with respect to credit risks of the period to gross customer loan outstandings at the beginning of the period.

Business line performance presented using Basel-3 standards
The accounting ROE of Groupe BPCE is the ratio between the following items:

- Net income attributable to equity holders of the parent restated to account for the interest expense related to deeply subordinated notes classified as equity and for non-economic and exceptional items.
- Equity attributable to equity holders of the parent restated to account for the deeply subordinated notes classified as equity and for unrealized gains and losses.

The normative ROE of the business lines is the ratio between the following items:

- Business line contributory net income attributable to equity holders of the parent, less interest (computed at the standard rate of 2%) paid on surplus equity compared with normative capital and restated to account for non-economic and exceptional items.
- Normative capital adjusted to reflect goodwill and intangible assets related to the business line.
- Normative capital is allocated to Groupe BPCE business lines on the basis of 10.5% of Basel-3 average risk-weighted assets.

Capital adequacy after deduction of IPC
- Common Equity Tier 1 is determined in accordance with the applicable CRR/CRD IV rules and after deduction of irrevocable payment commitments.
- Additional Tier-1 capital takes account of subordinated debt issues that have become non-eligible and subject to ceilings at the phase-out rate in force.
- The leverage ratio is calculated using the rules of the Delegated Act published by the European Commission on October 10, 2014, without transitional measures. Securities financing operations carried out with clearing houses are offset on the basis of the criteria set forth in IAS 32, without consideration of maturity and currency criteria.

Following the decision of July 13, 2018 handed down by the General Court of the European Union, Groupe BPCE again requested the agreement of the ECB to exclude the centralized outstandings of regulated savings from the calculation of the denominator of the ratio.

Total loss-absorbing capacity
The amount of liabilities eligible for inclusion in the numerator used to calculate the Total Loss-Absorbing Capacity (TLAC) ratio is determined on the basis of our understanding of the Term Sheet published by the FSB on November 9, 2015: “Principles on Loss-Absorbing and Recapitalization Capacity of G-SIBs in Resolution.” This amount is comprised of the following 4 items:

- Common Equity Tier 1 in accordance with the applicable CRR/CRD IV rules,
- Additional Tier-1 capital in accordance with the applicable CRR/CRD IV rules,
- Tier-2 capital in accordance with the applicable CRR/CRD IV rules,
- Subordinated liabilities not recognized in the capital mentioned above and whose residual maturity is greater than 1 year, namely:
  - The share of additional Tier-1 capital instruments not recognized in common equity (i.e. included in the phase-out),
  - The share of the prudential discount on Tier-2 capital instruments whose residual maturity is greater than 1 year,
  - The nominal amount of senior non-preferred securities maturing in more than 1 year.
Eligible amounts differ slightly from the amounts adopted for the numerator of the capital adequacy ratios; these eligible amounts are determined using the principles defined in the Term Sheet published by the FSB on November 9, 2015.

**Liquidity**

Total liquidity reserves comprise the following:

- Central bank-eligible assets include: ECB-eligible securities not eligible for the LCR, taken for their ECB valuation (after the ECB haircut), securities retained (securitization and covered bonds) that are available and ECB-eligible taken for their ECB valuation (after ECB haircut) and private receivables available and eligible for central bank funding (ECB and the Federal Reserve), net of central bank funding.
- LCR eligible assets comprising the Group’s LCR reserve taken for their LCR valuation.
- Liquid assets placed with central banks (ECB and the Federal Reserve), net of US Money Market Funds deposits and to which fiduciary money is added.

Short-term funding corresponds to funding with an initial maturity of less than, or equal to, 1 year and the short-term maturities of medium-/long-term debt correspond to debt with an initial maturity date of more than 1 year maturing within the next 12 months. Customer deposits are subject to the following adjustments:

- Addition of security issues placed by the Banque Populaire and Caisse d’Epargne retail banking networks with their customers, and certain operations carried out with counterparties comparable to customer deposits.
- Withdrawal of short-term deposits held by certain financial customers collected by Natixis in pursuit of its intermediation activities.

**Loan outstandings and Deposits & Savings**

Restatements regarding transitions from book outstandings to outstandings under management (Loans and Deposits & Savings) are as follows:

- Deposits & Savings: the scope of outstandings under management excludes debt securities (certificates of deposit and savings bonds).
- Loan outstandings: the scope of outstandings under management excludes securities classified as customer loans and receivables and other securities classified as financial operations.
DISCLAIMER

This press release may contain forward-looking statements and comments relating to the objectives and strategy of Groupe BPCE. By their very nature, these forward-looking statements inherently depend on assumptions, project considerations, objectives and expectations linked to future events, transactions, products and services as well as on suppositions regarding future performance and synergies.

No guarantee can be given that such objectives will be realized; they are subject to inherent risks and uncertainties and are based on assumptions relating to the Group, its subsidiaries and associates and the business development thereof; trends in the sector; future acquisitions and investments; macroeconomic conditions and conditions in the Group’s principal local markets; competition and regulation. Occurrence of such events is not certain, and outcomes may prove different from current expectations, significantly affecting expected results. Actual results may differ significantly from those anticipated or implied by the forward-looking statements. Groupe BPCE shall in no event have any obligation to publish modifications or updates of such objectives.

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The financial information presented in this document relating to the fiscal period ended September 30, 2019 has been drawn up in compliance with IFRS guidelines, as adopted in the European Union. This financial information is not the equivalent of summary financial statements for an interim period as defined by IAS 34 “Interim Financial Reporting”.

This press release includes financial data related to publicly-listed companies which, in accordance with Article L.451-1-2 of the French Monetary and Financial Code (Code Monétaire et Financier), publish information on a quarterly basis about their total revenues per business line. Accordingly, the quarterly financial data regarding these companies is derived from an estimate carried out by BPCE. The publication of Groupe BPCE’s key financial figures based on these estimates should not be construed to engage the liability of the abovementioned companies.

The financial results contained in this press release have not been reviewed by the statutory auditors.

About Groupe BPCE
Groupe BPCE, with its business model as a universal cooperative bank represented by 9 million cooperative shareholders, is currently the 2nd-largest banking group in France. With its 105,000 employees, it serves a total of 30 million customers – individuals, professionals, corporates, investors, and local government bodies – around the world. It operates in the retail banking and insurance sectors in France via its two major Banque Populaire and Caisse d’Epargne banking networks, along with Banque Palatine. With Natixis, it also runs global business lines specializing in Asset & Wealth management, Corporate & Investment Banking, Insurance and Payments. Through this structure, it is able to offer its customers a comprehensive, diversified range of products and services: solutions in savings, investment, cash management, financing, and insurance. The Group’s financial strength is recognized by four financial rating agencies: Moody's (A1, outlook stable), Standard & Poor's (A+, outlook stable), Fitch (A+, outlook stable) and R&I (A+, outlook stable).

Groupe BPCE press contact
Christophe Gilbert : 33-1 40 39 66 00
Email: christophe.gilbert@bpce.fr

Groupe BPCE analyst relations
Roland Charbonnel: 33-1 58 40 69 30
François Courtois: 33-1 58 40 46 69
Email: bpce-ir@bpce.fr

groupebpce.com