Paris, May 6, 2020

# Results for the 1st quarter of 2020

## Reported figures:
## Net banking income at €5.5bn and net income at €181m including €83m linked to Coface sale and increased cost of risk

## Underlying figures[1]:
## Revenues at €5.6bn (-3.8%), fueled by the Retail Banking & Insurance business lines
## Underlying net income at €666m (-28%), including the higher cost of risk related to the current context

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### Retail Banking & Insurance: revenue growth of almost 2% driven by a good level of commercial activity

- **Loan outstandings: up 8.4% year-on-year**
- **Financial Solutions & Expertise: 6.8% growth in net banking income**
- **Insurance and Payments: enhanced revenues of +4.5% and +9.1% respectively**

### Asset & Wealth Management: strength of the multi-affiliate business model

- **Net banking income: growth of +9% excluding seed money**
- **Fee rate on assets under management: around 29bps**

### Corporate & Investment Banking: diversification of sources of revenue and tight cost management (-3.8%)

- **Revenues down by 14.8% with contrasting evolutions per business lines**
- **Global markets activities: FICT posted 46% revenue growth: Equity derivatives business impacted by market conditions**
- **Investment Banking/M&A reports 19% revenue growth, buoyed up by the multi-boutique business model; Global finance business resists well**

### Cost of risk up 77%, reflecting the first effects of the crisis

- **Increase in the cost of risk from 17bps in Q1-19 to 29bps in Q1-20**

### Solvency and liquidity: ability to absorb significant shocks

- **CET1 ratio[2] at 15.5% virtually stable vs. Dec. 31, 2019, TLAC[2] and MREL[2] ratios at 23.4% and 29.8%**
- **LCR[3] at 138% and liquidity reserves of €247bn**
- **Nearly 50% of 2020 MLT funding plan already completed**

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### Groupe BPCE is well-equipped to weather this unprecedented crisis

- **A robust financial position: CET1 ratio (15.5%[2]), 464bps above regulatory requirements[4], representing 47bp increase in the capital buffer of Groupe BPCE**
- **A diversified business model**
- **Significant capacity to finance our customers: leverage ratio at 5.2%**

### As of mid-March, all the Group's companies mobilized to support our customers and communities

- **Proactive automatic 6-month deferment of equipment loans:** more than 500,000 loan installments deferred, equal to **€5bn in monthly payments**.
- **State-guaranteed loan:** around **130,000 requests for loans processed** for an aggregate total exceeding €22bn
- **Insurance: 4,000 customers** eligible for a guarantee in the event of administrative closure due to an epidemic, **representing a total of 180 million euros**
- **Mobilization of Group employees: nearly 90% of our branches remain open in all territories** with a dedicated **employee protection** organization; nearly half of our employees working from home
- ***Digital Inside* strategy** enabled a continuous and adapted access to all our customers during lockdown. **Groupe BPCE's leadership in France in terms of mobile banking during this period highlighted by the D-Rating agency.**
- **Global solidarity with frontline professionals with, in particular, the donation of 5 million masks**

[1] See notes on methodology [2] Estimate at March 31, 2020 [3] End-of-month average of the Liquidity Coverage Ratio at end-March for the 1st quarter of 2020 – see notes on methodology [4] On the basis of regulatory requirements at end-March 2020 concerning the Maximum Distributable Amount (MDA), integrating the cancellation of counter-cyclical capital buffers by the HCSF on April 1st 2020 and the application of article 104a relating to the CRD5 directive authorized by ECB on April 8, 2020.

**Laurent Mignon, Chairman of the Management Board of Groupe BPCE**, made the following statement: *"Groupe BPCE entered this crisis with robust fundamentals regarding its capital adequacy, liquidity, and risk management, leaving us determined to rise to the challenges that lie ahead. Very close to their clients, the Banques Populaires, the Caisses d'Epargne, Natixis and Palatine are at the forefront of the drive to inform and support them by taking all the necessary measures to satisfy their needs. Thanks to the strong mobilization of everyone involved, the Group was able to respond very quickly in setting up State-guaranteed loans and is now one of the most active banks to roll-out these credit facilities.*

*Our business model as a universal banking institution, our financial strength, the trust that our customers place in us, and the commitment of our employees are key assets that will enable us to absorb this profound shock and to take all the necessary steps in unison with the public authorities to ensure the recovery of our economy over time. We will do so in every territorries in line with our core values, those of a cooperative banking group fully aware of the importance of the role it plays for all the different stakeholders in our society."*

The quarterly financial statements of Groupe BPCE for the period ended March 31, 2020, approved by the Management Board at a meeting convened on May 4, 2020, were verified and reviewed by the Supervisory Board, chaired by Pierre Valentin, at a meeting convened on May 6, 2020

## Groupe BPCE: resilient revenues, costs under control and rise in the cost of risk

| Restated figures<br>€m | Q1-20 | Q1-19 pf | % Change |
|---|---|---|---|
| **Net banking income** | **5,543** | **5,778** | **(4.1)%** |
| Operating expenses | (4,546) | (4,563) | (0.4)% |
| *o/w expenses excluding SRF* | *(4,142)* | *(4,187)* | *(1.1)%* |
| **Gross operating income** | **997** | **1,215** | **(17.9)%** |
| Cost of risk | (504) | (293) | 71.7% |
| **Income before tax** | **548** | **850** | **(35.6)%** |
| Income tax | (256) | (453) | (43.4)% |
| Non-controlling interests | (27) | (67) | (60.1)% |
| **Net income – Group share excl. Coface net contribution** | **264** | **329** | **(19.7)%** |
| Coface net contribution | (83) | 11 | |
| **Net income – Group share incl. Coface net contribution** | **181** | **340** | **(46.6)%** |

**Coface: change in reporting method at March 31, 2020**
Following the sale announced on February 25, 2020 of 29.5% stake in Coface and for financial communication purposes, all impacts related to Coface are shown in a separate P&L line 'Coface net contribution.'
From an accounting standpoint, the Coface capital loss recognized in Q1-20 is classified under 'Gain or loss on other assets' and the impairment of the residual stake in Coface in Q1-20 is included under 'Share in net income of associates.'

## Exceptional items: Bulk of the transformation costs incurred in 2018 and 2019. Exceptional items in Q1-20 mostly on Coface, last major step in streamlining

| €m | | | Q1-20 | Q1-19 pf |
|---|---|---|---|---|
| Contribution to the insurance guarantee fund | Net banking income | Insurance | (7) | |
| Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies | Net banking income | Corporate center | (2) | 6 |
| Transformation and reorganization costs | Operating expenses / Cost of risk / Gains or losses on other assets / Goodwill | Business lines & Corporate center | (62) | (257) |
| Impact of Lebanon default on ADIR insurance | Associates | Insurance | (14) | |
| Disposals and impairments | Share in income of equity-accounted associates / Gains or losses on other assets / Goodwill | Business lines & Corporate center | | (25) |
| **Total impact on income before tax** | | | **(85)** | **(275)** |
| **Total impact on net income – Group share** | | | **(61)** | **(282)** |
| Coface: capital loss | Coface net contribution | Coface | (112) | |
| Coface: residual stake impairment | Coface net contribution | Coface | (6) | |
| **Total impact on income before tax** | | | **(118)** | |
| **Total impact on net income – Group share** | | | **(83)** | |

## 1. Groupe BPCE: resilient underlying performance despite the severe context

| Underlying figures €m | Q1-20 | Q1-19 pf | % Change |
|---|---|---|---|
| **Net banking income** | **5,552** | **5,772** | **(3.8)%** |
| Operating expenses | (4,484) | (4,426) | 1.3% |
| *o/w expenses excluding SRF* | *(4,080)* | *(4,050)* | *0.7%* |
| **Gross operating income** | **1,068** | **1,346** | **(20.7)%** |
| Cost of risk | (504) | (284) | 77.4% |
| **Income before tax** | **633** | **1,125** | **(43.8)%** |
| Income tax | (279) | (430) | (35.1)% |
| Non-controlling interests | (28) | (83) | (66.2)% |
| **Net income – Group share excl. Coface net contribution** | **325** | **612** | **(46.8)%** |
| Coface net contribution | 1 | 11 | |
| **Net income – Group share incl. Coface net contribution** | **326** | **623** | **(47.6)%** |
| Restatement of IFRIC 21 | 341 | 310 | |
| **Net income – Group share excl. Coface net contribution** after IFRIC 21 restatement | **666** | **922** | **(27.8)%** |
| *Cost/income ratio(1)* | *73.1%* | *69.9%* | *3.2pp* |
| *ROE(1)* | *3.9%* | *5.7%* | *(1.8)pp* |

*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 Q1-20 and Q1-19.*

**Net banking income** in Q1-20 stood at 5.5 billion euros, representing a decline of 3.8% over the same period last year. These figures include 1.9% growth in Retail Banking & Insurance, a 0.1% slight increase for the Asset & Wealth Management division, and a negative 14.8% performance by the Corporate & Investment Banking division.

**Operating expenses,** restated to account for the contribution to the Single Resolution Fund of 404 million euros (estimated figure for 2020) have risen by 0.7% year-on-year. The cost/income ratio stands at 73.1% (+ 3.2pp), while gross operating income has declined by 20.7%.

The aggregate **cost of risk** for Groupe BPCE stood at 504 million euros. This figure includes an increase in provisions for energy exposures in the CIB division and for the financing of certain corporate customers, and a specific IFRS 9 global provision of 137 million euros related to the crisis. In the Retail Banking activities, the review of internal rating models led to a 120 million euros write-back of provisions in Q1-20. Excluding this one-off effect, the cost of risk would have been 624 million euros, i.e. 2.2 times the amount recorded in Q1-19.
The cost of risk for Groupe BPCE is equal to 29bps (17bps in Q1-19, 22bps in Q4-19). For the retail banking networks, it remained at low levels in Q1-20 – 20bps for the Banque Populaire network and 16bps for the Caisse d'Epargne network – but rose significantly for CIB to 123bps, up from a very low 19bps in Q1-19 and a level of 73bps in Q4-19.
Excluding the one-off effect of 120 million euros, the cost of risk would have been 26bps for the Banque Populaire network, 27bps for the Caisse d'Epargne network and 35bps for Groupe BPCE.

The ratio of non-performing loans to gross loan outstandings stood at 2.7% at March 31, 2020, stable compared to end-2019.

**Net income (Group share)** in Q1-20 totaled 326 million euros, down 47.6% compared with Q1-19.
**Net income (Group share) after restating to account for the impact of IFRIC 21** and excluding the net contribution of Coface, stood at 666 million euros, down 27.8% year-on-year.

[1] See notes on methodology and after restating to account for IFRIC 21

## 2. Capital and loss-absorbing capacity: significant capital buffers to absorb the impact of the crisis / Liquidity: strong position, a major asset to face the current crisis, and completion to date of around 50% of the MLT wholesale funding plan

### 2.1 CET1[1] level

Groupe BPCE's CET1 ratio[1,2] at end-March 2019 reached the estimated level of 15.5%, vs. 15.6% at December 31, 2019. Changes for the quarter can be broken down into:

- Retained earnings: +5pbs,
- Change in risk-weighted assets: -15pbs,
- Issue of cooperative shares: +13pbs,
- Market impact on the change in OCIs: -13bps
- Change in non-controlling interests: -7bps
- Other changes: -1pb.

**Groupe BPCE holds a buffer of 464bps** above the 10.82%[3] threshold for triggering the maximum distributable amount (MDA):
This buffer has been increased by 47bps following the decisions of the regulatory authorities:

- Cancellation of the CCyB countercyclical capital buffers (notably in France and the United Kingdom): 22bp benefit
- Application of article 104a of CRD5: 44bps benefit on previous P2R at 1.75%.

### 2.2 TLAC ratio[1]: target fixed in the 2018-2020 strategic plan already achieved since June 2018

Total loss-absorbing capacity (TLAC) estimated at the end of March 2020 stands at 98.8 billion euros[2]. The TLAC ratio, expressed as a percentage of risk-weighted assets, stands at an estimated 23.4%[2] at end-March 2020, considerably higher than the FSB requirements of 19.51%, taking into account the cancellation of the CCyB countercyclical capital buffers.

### 2.3 MREL ratio

Expressed as a percentage of risk-weighted assets at March 31, 2020, Groupe BPCE's MREL ratio stands at 29.8%, well above the minimum requirement of 23.5%[4].

### 2.4 Leverage ratio

At March 31, 2020, the leverage ratio[1] was equal to 5.2%[5].

### 2.5 Liquidity reserves at sound levels

The Liquidity Coverage Ratio (LCR) for Groupe BPCE is well above the regulatory requirements of 100%, standing at 138% on a monthly average in Q1-20.
The volume of liquidity reserves reached 247 billion euros at end-March 2020.

### 2.6 Completion at end-April of almost one half of the 2020 medium-/long-term funding plan

The target size of the medium-/long-term funding plan for 2020 lies between 20 and 21 billion euros (excluding structured private placements and asset-backed securities, or ABS) of which 2.6 billion euros in senior non-preferred debt, 8.4 billion euros in senior preferred debt, and 9 to 10 billion euros in covered bonds. The ABS target is 1.5 billion euros.

At April 30, 2020, Groupe BPCE had raised:

- 10.3 billion euros (excluding structured private placements and ABS), including 1.1 billion euros in senior non-preferred debt, 4.4 billion euros in senior preferred debt, and 4.8 billion euros in covered bonds. These amounts represent 49% of the medium-/long-term funding plan over the corresponding scope,
- 0.4 billion euros in ABS.

[1] See notes on methodology [2]After deduction of irrevocable payment commitments [3] On the basis of regulatory requirements at end- March 2020 concerning the Maximum Distributable Amount (MDA), integrating the cancellation of counter-cyclical capital buffers by the HCSF on April 1st, 2020 and the application of article 104a relating to the CRD5 directive authorized by ECB on April 8, 2020 [4] On the basis of risk-weighted assets at end-December 2019. [5] The leverage ratio would amount to 5.6% after excluding the centralized outstandings of regulated savings from the calculation of the denominator of the ratio, subject to the agreement of the ECB and following the decision dated July 13, 2018 of the General Court of the European Union

# 3. 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 Q1-20 and Q1-19.*

## 3.1 Retail Banking & Insurance: revenues up by +2%, driven by good levels of activity

| Underlying figures €m | Q1-20 | % Change |
|---|---|---|
| Net banking income | 4,147 | 1.9% |
| Operating expenses | (2,770) | 3.7% |
| **Gross operating income** | **1,376** | **(1.6)%** |
| Cost of risk | (302) | 22.3% |
| **Income before tax** after IFRIC 21 restatement | **1,176** | **(5.3)%** |
| *Cost/income ratio*[1] | *64.6%* | *0.9pp* |

**Loan outstandings** rose by 8.4%[2] year-on-year to reach a total of 559 billion euros at end-March 2020, including an 8.2% increase in residential mortgages, and growth in consumer loans and equipment loans of 6.5%[2] and 7.3% respectively.
At the end of March 2020, **deposits & savings** (excluding centralized regulated savings) stood at 482 billion euros (+11.5%) while sight deposits enjoyed growth of 15.6% year-on-year.

The **net banking income** generated by the Retail Banking & Insurance division grew by 1.9% in Q1-20, buoyed up by the Financial Solutions & Expertise (+6.8%), Insurance (+4.5%) and Payments (+9.1%) business activities. The Banque Populaire and Caisse d'Epargne retail banking networks saw a 2.4% decline in their revenues.

**Operating expenses** came to 2,770 million euros, representing an increase of 3.7% for the division as a whole but virtually unchanged for the Banque Populaire and Caisse d'Epargne retail banking networks (+0.2%). The operation expenses incurred by the Financial Solutions & Expertise activity rose by 2.5%, and increased for the Insurance and Payments activities by 6.9% and 7.4% respectively.

The **cost/income ratio** stood at 64.6% (up 0.9 percentage points).

**Gross operating income** declined by 1.6% to reach a total of 1,376 million euros.

The **cost of risk** stood at 302 million euros in 2019, up by 22.3%.

**Income before tax,** after restating to account for the impact of IFRIC 21, stood at 1,176 million euros (- 5.3%).

[1] See notes on methodology and after restating to account for IFRIC 21 [2]excluding outstanding loans granted by ONEY bank

### 3.1.1 Banque Populaire retail banking network: strong commercial momentum, revenues remain sound

*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.*

| **Underlying figures**<br>€m | **Q1-20** | **% Change** |
|---|---:|---:|
| Net banking income | 1,602 | (1.0)% |
| Operating expenses | (1,086) | 0.7% |
| **Gross operating income** | **516** | **(4.5)%** |
| Cost of risk | (117) | 24.4% |
| **Income before tax**<br>after IFRIC 21 restatement | **441** | **(8.7)%** |
| *Cost/income ratio*[1] | *65.7%* | *0.7pp* |

**Loan outstandings** increased by 7.4% year-on-year to reach 228 billion euros at the end of March 2020. **Deposits & savings** rose by 8.7% year-on-year to 297 billion euros at end-March 2020 (+14.2% for on-balance sheet savings, excluding centralized regulated savings).

**Net banking income** stood at 1,602 million euros for the period, representing a 1.0% decline year-on-year. This figure includes a 2.7% downturn in net interest income to 880 million euros and a 0.3% rise in commissions to 662 million euros.

**Operating expenses** came to 1,086 million euros while the cost/income after restating to account for the IFRIC 21 impact ratio stood at 65.7% (+ 0.7pp).

The cost of risk rose by 24.4% to 117 million euros. **Income before tax** (after restating to account for the IFRIC 21 impact) fell by 8.7% to 441 million euros.

### 3.1.2 Caisse d'Epargne retail banking network: good business drive, operating expenses well under control

*The Caisse d'Epargne network comprises 15 individual Caisses d'Epargne along with their subsidiaries.*

| **Underlying figures**<br>€m | **Q1-20** | **% Change** |
|---|---:|---:|
| Net banking income | 1,716 | (3.5)% |
| Operating expenses | (1,173) | (0.2)% |
| **Gross operating income** | **543** | **(9.8)%** |
| Cost of risk | (121) | 3.9% |
| **Income before tax**<br>after IFRIC 21 restatement | **459** | **(12.1)%** |
| *Cost/income ratio*[1] | *66.2%* | *2.1pp* |

**Loan outstandings** rose by 8.1% year-on-year to 295 billion euros at end-March 2020 while **deposits & savings** increased by 5.3% since the same period last year to reach 446 billion euros (+9.7% for on-balance sheet savings, excluding centralized regulated savings).

**Net banking income** reached 1,716 million euros in 2019, representing a decline of 3.5%. Net interest income decreased by 2.0%, to 922 million euros, while commissions enjoyed a marginal 0.4% increase to 801 million euros.

**Operating expenses** have decreased very slightly to 1,173 million euros while the cost/income ratio stands at 66.2%, up 2.1pp. **Gross operating income** is down 9.8% to 543 million euros.
The **cost of risk** came to 121 million euros over the year, up 3.9%.

**Income before tax,** after restating to account for the impact of IFRIC 21, is down by 12.1% to stand at 459 million euros**.**

[1] See notes on methodology and after restating to account for IFRIC 21

### 3.1.3 Financial Solutions & Expertise: continued strong business momentum resulting in good quarterly results

| Underlying figures<br>€m | Q1-20 | % Change |
|---|---|---|
| Net banking income | 290 | 6.8% |
| Operating expenses | (158) | 2.5% |
| **Gross operating income** | **132** | **12.4%** |
| Cost of risk | (24) | (3.2)% |
| **Income before tax**<br>after IFRIC 21 restatement | **111** | **17.8%** |
| *Cost/income ratio*[1] | *53.4%* | *(2.7)pts* |

The **Financial Solutions & Expertise** division recorded 6.8% growth in **net banking income**, which reached a total of 290 million euros, reflecting buoyant levels of activity in all its business segments.

In Consumer credit, personal loan outstandings of approximately 25 billion euros at the end of March 2020 had increased by 8% year-on-year. New equipment leasing production rose by 17% during the period excluding real-estate. In the Sureties & financial guarantees activity, gross premiums written increased by 22% year-on-year, thanks to extremely buoyant activities with individual customers. In Factoring, the number of contracts opened increased by 7% in Q1-20 compared to the same period in 2019, reflecting the strengthening of commercial synergies with the Banque Populaire and Caisse d'Epargne retail banking networks. The Securities Services business recorded record-breaking levels of business activity with a significant increase in volumes in the equities markets and 40% growth in transactions concentrated on the French market.

**Operating expenses**, which increased by 2.5%, remain under close control. This increase led to a decline in the cost/income ratio to 53.4% (down 2.7 percentage points). **Gross operating income** rose by 12.4% to reach a total of 132 million euros. The cost of risk came to 24 million euros, down 3.2%.

**Income before tax**, restated to account for the impact of IFRIC 21, stood at 111 million euros, up 17.8% year-on-year.

### 3.1.4 Insurance: good level of commercial activities

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

| Underlying figures<br>€m | Q1-20 | % Change |
|---|---|---|
| Net banking income | 228 | 4.5% |
| Operating expenses | (134) | 6.9% |
| **Gross operating income** | **94** | **1.3%** |
| **Income before tax**<br>after IFRIC 21 restatement | **112** | **6.2%** |
| *Cost/income ratio*[1] | *52.2%* | *0.5pp* |

**Premiums**[2] reached a total of 3.2 billion euros, marginally down compared with the same period last year. These figures include a 5% increase in non-life insurance and a 5% decline in life and personal protection insurance. In life insurance in Q1-20, gross inflows[2] reached 2.6 billion euros of which 37% in unit-linked products, and net inflows[2] at 1.3 billion euros of which 58% in unit-linked products.

Life insurance assets under management[2] amounted to 67.8 billion euros at end-March 2020, of which 23% in unit-linked products.

In non-life insurance, the equipment rate of Banque Populaire customers stands at 27.1% (+0.5pp in the space of a year) while that of the Caisse d'Epargne retail banking network stands at 30.2% (+0.3pp in one year).

**Net banking income**, equal to 228 million euros, increased by 4.5% while **operating expenses** rose by 6.9%. **Gross operating income** rose by 1.3% over the same period.
**Income before tax,** restated to account for the impact of IFRIC 21, came to 112 million euros, up by 6.2%.

*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](www.natixis.com)*

[1] See notes on methodology and after restating to account for IFRIC 21 [2] Excluding the reinsurance agreement with CNP

### 3.1.5 Payments

| **Underlying figures**<br>€m | **Q1-20** | **% Change** |
|---|---|---|
| Net banking income | 113 | 9.1% |
| Operating expenses | (94) | 7.4% |
| **Gross operating income** | **19** | **18.1%** |
| **Income before tax**<br>after IFRIC 21 restatement | **21** | **27.9%** |
| *Cost/income ratio*[1] | *82.9%* | *(1.2)pp* |

**Net banking income** rose by 9.1% to 113 million euros in the first quarter, including growth of 13% over the first two months of the year. **Operating expenses** over the same period rose by 7.4%. This positive jaws effect generated 18.1% growth in the **gross operating income**, which rose to 19 million euros.

In the activities historically pursued by Natixis, Payment Processing & Services, the number of card transactions processed has declined substantially since the beginning of the lockdown period (by approximately -50%).
In Merchant Solutions, PayPlug continued to experience solid growth rates through a more favorable positioning and ramp-up across the banking networks.
The activities pursued by Prepaid & Issuing Solutions have been impacted by the increase in temporary layoffs and the closure of some acceptation venues such as restaurants for meal vouchers.

*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 after restating to account for IFRIC 21

### 3.1.6 Oney Bank

| **Underlying figures**<br>€m | **Q1-20** |
|---|---|
| Net banking income | 110 |
| Operating expenses | (74) |
| **Gross operating income** | **36** |
| Cost of risk | (24) |
| **Income before tax**<br>after IFRIC 21 restatement | **13** |
| *Cost/income ratio*[1] | *66.1%* |

Oney Bank's commercial activities were strongly impacted by the lockdown after getting off to a good start to the year. New loan production amounted to 696 million euros at end-March 2020, of which 20% in revolving credit, 29% in assigned credit, 40% in split payments, and 11% in personal loans.

## 3.2 Asset & Wealth Management: net revenues up +9% year-on-year, excluding seed money

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

| **Underlying figures**<br>€m | **Q1-20** | **% Change** | **Constant FX % Change** |
|---|---|---|---|
| Net banking income | 774 | 0.1% | (1.5)% |
| Operating expenses | (579) | 4.8% | 3.0% |
| **Gross operating income** | **195** | **(11.6)%** | **(13.0)%** |
| **Income before tax**<br>after IFRIC 21 restatement | **199** | **(11.3)%** | |
| *Cost/income ratio*[1] | *74.3%* | *3.3pp* | *3.3pp* |

Asset Management activities (excluding employee savings plans) were marked by net outflows of 8 billion euros on long-term products (excluding life insurance general accounts), life insurance of 3 billion euros and money market funds of 6 billion euros. Net outflows on long-term products reached approximately 2 billion euros in Europe[2] (balance products), while growth equity, real asset, and thematic strategies (AEW, Mirova, Thematics) continued to enjoy solid dynamics. Outflows stood at approximately 5 billion euros in North America[2].

At March 31, 2020, assets under management[2] came to a total of 828 billion euros in Asset Management (excluding employee savings plans), impacted during the quarter by a negative market effect of 100 billion euros, a positive FX and perimeter effect of 11 billion euros, and total net outflows of approximately 17 billion euros.

The **net banking income** of the core business line came to 774 million euros, virtually stable year-on-year at current exchange rates and down slightly by 1.5% at constant exchange rates. The quarter includes -34 million-euro mark down on the seed money portfolio (valued as financial assets at fair value through profit or loss under IFRS 9). Restated to account for this impact, the division's revenues would have risen by 9% in Q1 20. Performance fees generated by Asset Management came to a total of 49 million euros vs. 32 million euros in Q1 19.

In Asset Management, the overall fee rate remained at a high level at 29bps (30bps in Q4-19). The fee rate stood at 15bps for European affiliates (27bps excluding life insurance) and 37bps for US affiliates.

**Operating expenses** rose 3.0% at constant exchange rates (+4.8% at current exchange rates). The **cost/income ratio**[1] stands at 74.3% after restating to account for IFRIC 21, up 3.3pp year-on-year.
**Gross operating income** decreased by 13.0% at constant exchange rates (-11.6% at current exchange rates) to 195 million euros.

**Income before tax** (after restating to account for IFRIC 21) decreased by 11.3% to 199 million euros.

*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 after restating to account for the impact of IFRIC 21 [2] Europe notably includes Dynamic Solutions and the assets under management of Vega IM; North America notably includes WCM IM

## 3.3 Corporate & Investment Banking: revenue diversification with a tight control on expenses

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

| Underlying figures<br>€m | Q1-20 | % Change | Constant FX<br>% Change |
|---|---|---|---|
| Net banking income | 688 | (14.8)% | (15.9)% |
| Operating expenses | (557) | (3.8)% | (4.7)% |
| **Gross operating income** | **130** | **(42.8)%** | (44.0)% |
| Cost of risk | (194) | x6.5 | |
| **Income before tax**<br>after IFRIC 21 restatement | **(33)** | **ns** | |
| *Cost/income ratio*[1] | *76.9%* | *8.2pp* | *8.4pp* |

The **net banking income** generated by the Corporate & Investment Banking business line came to 688 million euros in Q1-20, down 15.9% year-on-year at constant exchange rates and down 14.8% at current exchange rates. If restated to account for the impacts of CVA/DVA (-55 million euros) and the impact on the Equities activities following the large number of dividend cancellations (-130 million euros), the revenues generated by the CIB division would have enjoyed 7% year-on-year growth.
Within Global markets, FICT posted revenues of 367 million euros up by 46% in Q1-20, buoyed up by the Fixed Income and FX activities. The revenues posted by the Equity business are negative at -32 million euros, impacted by higher hedging costs and dividend mark-downs following corporates' 2019 dividend cancellation.

The Global Finance business lines reported a 10% year-on-year decline in revenues to 302 million euros, chiefly due to lower syndication fees for the most part in March and in the US, and an 8% year-on-year contraction in new production levels, concentrated in March.

Investment banking and M&A revenues were up 19% year-on-year, buoyed up by the dynamism of the M&A boutiques, notably Natixis Partners, PJ Solomon, and Fenchurch.

**Operating expenses** were down 4.7% at constant exchange rates (-3.8% at current exchange rates), reflecting a degree of cost flexibility without compromising priority investments.

**Gross operating income** declined to 130 million euros.

The **cost of risk** stands at 194 million euros, reflecting a substantial year-on-year increase, mainly generated by higher provisions in Energy & Natural Resources and a provision under IFRS 9 related to the Covid-19 crisis.

As a result, **income before tax** (after restating to account for IFRIC 21) came to -33 million euros.

*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](www.natixis.com)*

[1] See notes on methodology and after restating to account for IFRIC 21

# Notes on methodology

### 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 ½ 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 universal 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.

### 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.

### 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 & 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.

## Disclaimer

This presentation 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 March 31, 2020 has been drawn up in compliance with IFRS standards, 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".

Preparation of the financial information requires Management to make estimates and assumptions in certain areas with regard to uncertain future events. These estimates are based on the judgment of the individuals preparing these financial information and the information available at the balance sheet date. Actual future results may differ from these estimates.

The rapid spread of the Covid-19 pandemic across the globe has adversely impacted economic conditions in multiple business sectors and disrupted the financial markets. Many affected countries have been forced to impose lockdown measures on the general public, further significantly reducing business activity for economic operators. Developments in the Covid-19 pandemic are a major source of uncertainty.

With respect to the financial information of Groupe BPCE for the quarter ended March 31, 2020 and in view of the context mentioned above, attention should be drawn to the following:

- Expected credit losses (IFRS 9 provisions): in order to estimate the significant increase in credit risk and to compute expected credit losses, Groupe BPCE has taken account of forward-looking information based on a pessimistic economic scenario (risk-weighted at 100%), however defined before the Covid-19 crisis, corresponding to a degraded performance of macroeconomic variables;
- Valuation of the portfolio of unlisted securities managed by Private Equity (real estate assets or other classes of private equity assets) is based on available financial situation of the investments. At March 31, 2020, the recent nature of the crisis precludes the possibility of providing an accurate reassessment of the value of the assets under management.

The financial results contained in this presentation 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 36 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 negative), Fitch (A+, RWN) and R&I (A+, outlook stable).*

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