

Jul 29, 2021

R&I Affirms A+, Stable: BPCE S.A.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: BPCE S.A.
Issuer Rating: A+, Affirmed
Rating Outlook: Stable

RATIONALE:

BPCE S.A. is the central institution (a term defined by French banking law) of Groupe BPCE, a major cooperative group in France. Historically, its domestic retail banking networks have strength in home loans for individual customers and small and midsized enterprise loans. Its franchise is thus robust. The Group recovered from an earnings slump in the previous year and reduced a credit cost ratio. Its risk resilience is commensurate with the rating and liquidity is adequate. Based on the aforementioned factors, R&I has affirmed the Issuer Rating at A+.

The Group logged a year-on-year increase in revenues and profits for the January-March 2021 period. In the Corporate & Investment Banking division, revenues were boosted partly by repositioning of its equity derivatives business that recorded a loss in the previous year. With a limited rise in cost, the cost to income ratio improved to 67.1%, excluding exceptional items and so forth.

In July 2021, the Group unveiled a BPCE 2024 strategic plan that includes a net banking income target of approximately 25.5 billion euros for 2024 with an average annual growth rate of about 3.5%. It is also targeting cost savings of around 800 million euros per year mainly through rationalization of organizational structures and IT resources. Eyes are on whether the Group will be able to generate stable profits by enhancing its earning capacity through steady implementation of the plan, even though low interest rates exert continued downward pressure on earnings.

The cost of risk on gross customer loan outstandings for the January-March 2021 period was 26 basis points (bps) -- about half the peak reached in the April-June 2020 period. The cost of risk declined both in the Retail Banking & Insurance division and the Corporate & Investment Banking division. BPCE 2024 calls for the cost of risk of less than 25bps. If the economy continues to recover, R&I believes the pandemic would have only a limited impact on the Group's asset quality.

As of end-March 2021, the Group estimated the Common Equity Tier 1 (CET1) ratio at 16.1%, a year-on-year improvement of 0.6 percentage points. The ratio is expected to fall by 0.7 percentage points, if the impact of the transaction for taking full control of Natixis is taken into account. Even in this case, it will be well above the minimum requirement of 9.32%. Under BPCE 2024, the Group aims to achieve a CET1 ratio of over 15.5%, while an increase in risk-weighted assets of approximately 3% per year is estimated.

The customer loan-to-deposit ratio was relatively high at 120% (excluding a covered bonds issuer) at end-December 2020. The Group's total liquidity reserves at end-March 2021 were 318 billion euros, which covered 234% of short-term funding and medium and long-term debt maturing in the short term. The average monthly liquidity coverage ratio in the January-March 2021 period remained high at 165%. Accordingly, concerns about liquidity are small.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Depository Financial Institutions", "R&I's Analytical Approach to Financial Groups" and "R&I's Analytical Approach to Regulatory Capital Instruments and Financial Institutions". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

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https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: BPCE S.A.
Issuer Rating
RATING: A+, Affirmed
RATING OUTLOOK: Stable

Shelf Registration (Bonds)

ISSUE AMOUNT (mn): JPY 800,000
ISSUE PERIOD: From Nov 22, 2019 to Nov 21, 2021
RATING: Senior Preferred Bonds: A+, Affirmed (Preliminary)
Senior Non-Preferred Bonds: A, Affirmed (Preliminary)
Sub. Bonds: A, Affirmed (Preliminary)

Japanese Yen Sub. Bonds No.1	Issue Date	Maturity Date	Issue Amount (mn)
	Jan 30, 2015	Jan 30, 2025	JPY 27,200
RATING:	A, Affirmed		

Japanese Yen Callable Sub. Bonds No.2	Issue Date	Maturity Date	Issue Amount (mn)
	Jan 30, 2015	Jan 30, 2025	JPY 7,900
RATING:	A, Affirmed		

Japanese Yen Sub. Flt. Rate Bonds No.3	Issue Date	Maturity Date	Issue Amount (mn)
	Jan 30, 2015	Jan 30, 2025	JPY 13,200
RATING:	A, Affirmed		

Japanese Yen Sub. Bonds No.4	Issue Date	Maturity Date	Issue Amount (mn)
	Dec 11, 2015	Dec 11, 2025	JPY 25,100
RATING:	A, Affirmed		

Japanese Yen Callable Sub. Bonds No.5	Issue Date	Maturity Date	Issue Amount (mn)
	Dec 11, 2015	Dec 11, 2025	JPY 10,100
RATING:	A, Affirmed		

Japanese Yen Sub. Flt. Rate Bonds No.6	Issue Date	Maturity Date	Issue Amount (mn)
	Dec 11, 2015	Dec 11, 2025	JPY 500
RATING:	A, Affirmed		

Japanese Yen Bonds No.13	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 17, 2016	Jun 16, 2023	JPY 40,000
RATING:	A+, Affirmed		

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Japanese Yen Bonds No.14 RATING:	Issue Date Jun 17, 2016 A+, Affirmed	Maturity Date Jun 17, 2026	Issue Amount (mn) JPY 19,100
Japanese Yen Sub. Bonds No.7 RATING:	Issue Date Jul 13, 2016 A, Affirmed	Maturity Date Jul 13, 2026	Issue Amount (mn) JPY 17,300
Japanese Yen Callable Sub. Bonds No.8 RATING:	Issue Date Jul 13, 2016 A, Affirmed	Maturity Date Jul 13, 2026	Issue Amount (mn) JPY 35,700
Japanese Yen Bonds No.15 RATING:	Issue Date Jan 27, 2017 A+, Affirmed	Maturity Date Jan 26, 2024	Issue Amount (mn) JPY 64,600
Japanese Yen Bonds No.16 RATING:	Issue Date Jan 27, 2017 A+, Affirmed	Maturity Date Jan 27, 2027	Issue Amount (mn) JPY 8,500
Japanese Yen Senior Non-Preferred Bonds No.1 RATING:	Issue Date Jan 27, 2017 A, Affirmed	Maturity Date Jan 27, 2022	Issue Amount (mn) JPY 69,600
Japanese Yen Bonds No.1 (Social Bonds) RATING:	Issue Date Jun 30, 2017 A+, Affirmed	Maturity Date Jun 30, 2022	Issue Amount (mn) JPY 24,500
Japanese Yen Bonds No.2 (Social Bonds) RATING:	Issue Date Jun 30, 2017 A+, Affirmed	Maturity Date Jun 28, 2024	Issue Amount (mn) JPY 23,500
Japanese Yen Bonds No.3 (Social Bonds) RATING:	Issue Date Jun 30, 2017 A+, Affirmed	Maturity Date Jun 30, 2027	Issue Amount (mn) JPY 7,600
Japanese Yen Bonds No.4 (Social Bonds) RATING:	Issue Date Jun 30, 2017 A+, Affirmed	Maturity Date Jun 30, 2032	Issue Amount (mn) JPY 2,500
Japanese Yen Senior Non-Preferred Bonds No.2 RATING:	Issue Date Jul 26, 2017 A, Affirmed	Maturity Date Jul 26, 2022	Issue Amount (mn) JPY 10,000

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Japanese Yen Bonds No.17 RATING:	Issue Date Jan 25, 2018 A+, Affirmed	Maturity Date Jan 25, 2023	Issue Amount (mn) JPY 49,400
Japanese Yen Bonds No.18 RATING:	Issue Date Jan 25, 2018 A+, Affirmed	Maturity Date Jan 24, 2025	Issue Amount (mn) JPY 1,200
Japanese Yen Bonds No.5 (Social Bonds) RATING:	Issue Date Jan 25, 2018 A+, Affirmed	Maturity Date Jan 25, 2028	Issue Amount (mn) JPY 2,300
Japanese Yen Senior Non-Preferred Bonds No.3 RATING:	Issue Date Jan 25, 2018 A, Affirmed	Maturity Date Jan 25, 2023	Issue Amount (mn) JPY 38,400
Japanese Yen Senior Non-Preferred Bonds No.1 (Social Bonds) RATING:	Issue Date Jan 25, 2018 A, Affirmed	Maturity Date Jan 25, 2028	Issue Amount (mn) JPY 23,700
Japanese Yen Senior Non-Preferred Bonds No.4 RATING:	Issue Date Jan 25, 2018 A, Affirmed	Maturity Date Jan 25, 2033	Issue Amount (mn) JPY 1,100
Japanese Yen Bonds No.19 RATING:	Issue Date Jul 12, 2018 A+, Affirmed	Maturity Date Jul 12, 2023	Issue Amount (mn) JPY 1,300
Japanese Yen Bonds No.20 RATING:	Issue Date Jul 12, 2018 A+, Affirmed	Maturity Date Jul 12, 2028	Issue Amount (mn) JPY 1,200
Japanese Yen Senior Non-Preferred Bonds No.2 (Social Bonds) RATING:	Issue Date Jul 12, 2018 A, Affirmed	Maturity Date Jul 12, 2023	Issue Amount (mn) JPY 66,100
Japanese Yen Senior Non-Preferred Bonds No.3 (Social Bonds) RATING:	Issue Date Jul 12, 2018 A, Affirmed	Maturity Date Jul 12, 2028	Issue Amount (mn) JPY 40,000

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Japanese Yen Senior Non-Preferred Bonds No.5 RATING:	Issue Date Jul 12, 2018 A, Affirmed	Maturity Date Jul 12, 2028	Issue Amount (mn) JPY 10,900
Japanese Yen Bonds No.21 RATING:	Issue Date Jan 25, 2019 A+, Affirmed	Maturity Date Jan 25, 2024	Issue Amount (mn) JPY 19,700
Japanese Yen Bonds No.22 RATING:	Issue Date Jan 25, 2019 A+, Affirmed	Maturity Date Jan 25, 2029	Issue Amount (mn) JPY 2,700
Japanese Yen Senior Non-Preferred Bonds No.4 (Social Bonds) RATING:	Issue Date Jan 25, 2019 A, Affirmed	Maturity Date Jan 25, 2024	Issue Amount (mn) JPY 50,000
Japanese Yen Senior Non-Preferred Bonds No.6 RATING:	Issue Date Jan 25, 2019 A, Affirmed	Maturity Date Jan 25, 2024	Issue Amount (mn) JPY 66,200
Japanese Yen Senior Non-Preferred Bonds No.7 RATING:	Issue Date Jan 25, 2019 A, Affirmed	Maturity Date Jan 25, 2029	Issue Amount (mn) JPY 25,000
JPY Senior Preferred Notes due 24 June 2024 RATING:	Issue Date Jun 24, 2019 A+, Affirmed	Maturity Date Jun 24, 2024	Issue Amount (mn) JPY 1,500
JPY Senior Preferred Notes due 24 June 2026 RATING:	Issue Date Jun 24, 2019 A+, Affirmed	Maturity Date Jun 24, 2026	Issue Amount (mn) JPY 1,000
JPY Senior Preferred Notes due 22 June 2029 RATING:	Issue Date Jun 24, 2019 A+, Affirmed	Maturity Date Jun 22, 2029	Issue Amount (mn) JPY 4,000
JPY Senior Non-Preferred Notes due 24 June 2024 RATING:	Issue Date Jun 24, 2019 A, Affirmed	Maturity Date Jun 24, 2024	Issue Amount (mn) JPY 36,000
JPY Senior Non-Preferred Notes	Issue Date	Maturity Date	Issue Amount (mn)

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due 24 June 2026 RATING:	Jun 24, 2019 A, Affirmed	Jun 24, 2026	JPY 4,500
JPY Senior Non-Preferred Notes due 22 June 2029 RATING:	Issue Date Jun 24, 2019 A, Affirmed	Maturity Date Jun 22, 2029	Issue Amount (mn) JPY 15,100
Japanese Yen Bonds No.23 RATING:	Issue Date Dec 12, 2019 A+, Affirmed	Maturity Date Dec 12, 2024	Issue Amount (mn) JPY 14,000
Japanese Yen Bonds No.24 RATING:	Issue Date Dec 12, 2019 A+, Affirmed	Maturity Date Dec 12, 2029	Issue Amount (mn) JPY 5,600
Japanese Yen Senior Non-Preferred Bonds No.8 RATING:	Issue Date Dec 12, 2019 A, Affirmed	Maturity Date Dec 12, 2024	Issue Amount (mn) JPY 46,500
Japanese Yen Senior Non-Preferred Bonds No.9 RATING:	Issue Date Dec 12, 2019 A, Affirmed	Maturity Date Dec 12, 2029	Issue Amount (mn) JPY 7,100
Japanese Yen Callable Senior Non-Preferred Bonds No.5 (Social Bonds) RATING:	Issue Date Dec 10, 2020 A, Affirmed	Maturity Date Dec 10, 2026	Issue Amount (mn) JPY 32,000
Japanese Yen Callable Senior Non-Preferred Bonds No.10 RATING:	Issue Date Dec 10, 2020 A, Affirmed	Maturity Date Dec 10, 2030	Issue Amount (mn) JPY 12,700
AUD Senior Non-Preferred Notes due 26 April 2028 RATING:	Issue Date Apr 26, 2018 A, Affirmed	Maturity Date Apr 26, 2028	Issue Amount (mn) AUD 330
ISSUE LIMIT (mn): SUPPORT: RATING:	Euro MTN Prog. EUR 40,000 Unsecured Senior Preferred Notes: A+, Affirmed Senior Non-Preferred Notes: A, Affirmed		

A preliminary rating is assigned when a provisional credit rating is needed for an individual

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obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.

A credit rating for a medium-term note (MTN) program is assigned to the program and not to individual notes issued under the program. The credit rating of individual notes is generally the same as that of the program. As regards credit-linked notes, index-linked notes or other notes, however, there are some cases where the rating on each note will not be on par with the program or no rating will be assigned, depending on the details of the individual note contract. Upon the issuer's request, R&I may assign a credit rating to individual notes issued under the program.

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