GROUPE BPCE

Bankers and insurers with a different perspective

Press Release

Paris, November 4, 2015

RESULTS[1] FOR THE 3rd QUARTER AND FIRST NINE MONTHS OF 2015 OF GROUPE BPCE

Robust, recurring results: 9M-15 net income[2] 9M-15 up 4.5% to €2.7bn
Significant organic capital generation capacity: capital adequacy up 30bps in Q3-15 to 12.7% of CET1 ratio[3]

GOOD COMMERCIAL PERFORMANCE IN ALL THE CORE BUSINESS LINES[4]

Banque Populaire and Caisse d'Epargne retail banking networks

- Deposits & savings stood at **€623bn** at Sept. 30, 2015 (+€29bn, of which +**€31bn** excluding centralized savings products), up **4.8**% year-on-year
- Loan outstandings rose by 3.9% year-on-year to reach €392bn (**+€15bn**) at Sept. 30, 2015

Insurance

- Strong momentum in life insurance with gross new inflows in excess of **€10bn** in 9M-15
- Enhanced commercial activities in the non-life segment: turnover +**6%** in 9M-15

Core business lines of Natixis

- Wholesale Banking: buoyant new loan production in the Structured financing activity equal to **€20bn** in 9M-15 and continued strong growth in Equity derivatives
- Investment Solutions: net asset management inflows of **€30bn** in 9M-15, boosting assets under management to **€776bn** at September 30, 2015
- SFS: continued rollout of products and services in the retail banking networks with, in particular, extremely good momentum achieved by all the Specialized financing businesses (revenues +**7%** vs 9M-14)

ROBUST, RECURRING RESULTS IN THE FIRST NINE MONTHS OF 2015

- Revenues[2] up **4.6%** in 9M-15 and stable in Q3-15 against a background of persistently low interest rates for the Commercial Banking activities and adverse market conditions in Q3-15 for the Wholesale Banking businesses
- Cost of risk at the low level of **23bps in Q3-15**
- Net income[2] of the core business lines: +10.9% in 9M-15, rising to **€3.1bn**

CONTINUED STRENGTHENING OF THE GROUP'S CAPITAL ADEQUACY

- Enhanced capital adequacy in Q3-15: CET1 ratio[3] of **12.7%** at Sept. 30, 2015 (+30bps vs. June 30, 2015) and total capital adequacy ratio[3] of **16.1%** (+20bps vs June 30, 2015)
- **Total capital adequacy ratio target revised upward to 18%**[5] **for early 2019**, in anticipation of the implementation of TLAC
- Compliance with TLAC requirements with no reliance on senior debt[6]

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[1] Q3 and 9M-14 results are presented pro forma (cf. the note on methodology included at the end of this press release); unless specified to the contrary, all changes use the same reference base of September 30, 2014
[2] Excluding non-economic and exceptional items, and excluding the impact of IFRIC 21
[3] Estimate at Sept. 30, 2015 - CRR/CRD4 without transitional measures after restating to account for deferred tax assets on tax loss carryforwards
[4] Core business lines: Commercial Banking & Insurance, Wholesale Banking, Investment Solutions, and Specialized Financial Services
[5] CRR-CRD4 without transitional measures; taking account of the estimated impact of the application of IFRS 9 at January 1st, 2018
[6] Assuming no change in regulations

On November 4, 2015, the Supervisory Board of BPCE convened a meeting chaired by Pierre Valentin to examine the Group's financial statements for the second quarter and first nine months of 2015.

François Pérol, Chairman of the Management Board of BPCE, *"In what continues to be a difficult economic environment, our business lines have pursued their positive momentum during the 3rd quarter of the year. In the first nine months of 2015, our revenues increased by 4.6%, rising to more than 17.8 billion euros. Our banks are actively financing the French economy with a 3.9% increase in loan outstandings in the Banque Populaire banks and Caisses d'Epargne. In Natixis, the fine performance achieved by insurance and asset management should be emphasized as well as that of our specialized financing activities, with the Wholesale Banking core business line resisting well despite the adverse market conditions facing it during the quarter. Combined with a tightly controlled cost of risk (23 basis points) in the third quarter of the year, our fine revenue performance enabled us to generate net income of 2.7 billion euros over the first nine months of the year, equal to growth of 4.5%. The drive to strengthen our balance sheet is continuing. The Group has achieved a CET1 ratio of 12.7% and has announced its decision to revise its total capital adequacy ratio upward to 18% by early 2019, enabling us to comply with the new rules (TLAC) applicable to major banking groups."*

1. CONSOLIDATED RESULTS[7] OF GROUPE BPCE FOR THE FIRST NINE MONTHS AND THIRD QUARTER OF 2015

Groupe BPCE continued to perform well in the first nine months of 2015. Revenues[8] increased by 4.6% year-on-year to reach 17,875 million euros. The revenues[8] generated by the core business lines have risen by 5.9% year-on-year (by 3.4% at constant exchange rates) to reach a total of 17,494 million euros. In the 3rd quarter of 2015, revenues[8] remained stable from one year to the next (+0.3%) at 5,731 million euros. The revenues[8] of the core business lines increased by 3.5% (1.3% at constant exchange rates) to stand at 5,680 million euros.

Groupe BPCE is pursuing its drive to strengthen its balance sheet with a *Common Equity Tier-1* (CET1) ratio of 12.7%[9] at September 30, 2015, up 30 basis points compared with June 30, 2015, and a total capital adequacy ratio of 16.1%[9], up 20 basis points compared with June 30, 2015. At September 30, 2015, the Group's leverage ratio[10] (under Basel 3) stood at 4.8%, up 30 basis points compared with December 31, 2014.

1.1 Consolidated results[7] for the first nine months of 2015: robust and recurring results with net income attributable to equity holders of the parent[8,11] of 2.7 billion euros (+4.5%)

The **net banking income[8]** of Groupe BPCE stands at 17,875 million euros, up 4.6% compared with the first nine months of 2014. The core business lines contributed 17,494 million euros to net banking income[8], up 5.9% compared with the first nine months of 2014 (3.4% at constant exchange rates).

The Group's **operating expenses** amounted to 11,919 million euros, up 3.1% year-on-year. The expenses of the core business lines, which came to 11,179 million euros, have risen by 3.8%.

[7] Q3 and 9M-14 results are presented pro forma (cf. the note on methodology included at the end of this press release); unless specified to the contrary, all changes use the same reference base of September 30, 2014
[8] Excluding non-economic and exceptional items
[9] Estimate at Sept. 30, 2015 - CRR/CRD4 without transitional measures after restating to account for deferred tax assets on tax loss carryforwards
[10] Estimate at Sept. 30, 2015 according to the rules of the Delegated Act published by the European Commission on October 10, 2014 - without transitional measures CRR/CRD4 after restating to account for deferred tax assets on tax loss carryforwards
[11] Excluding the impact of IFRIC 21

Gross operating income[8] stands at 5,956 million euros, up 7.6% compared with the first nine months of 2014. The contribution of the core business lines rose to 6,316 million euros, up 10.1% year-on-year.

The **cost of risk**[8] has declined by 6.3% compared with the first nine months of 2014 to stand at 1,253 million euros, i.e. 29 basis points[12]. **The cost of risk**[8] **of the core business lines**, which stands at 1,194 million euros, has fallen by 4.4% to 27 basis points.

Income before tax[8] has risen by 10.5% on a year-on-year basis to stand at 4,912 million euros for the first nine months of 2015. The income before tax of the core business lines stands at 5,313 million euros, up 13.3% compared with the first nine months of 2014.

When restated to account for the impact of IFRIC 21 and non-economic and exceptional items, **net income attributable to equity holders of the parent** rose by 4.5% to stand at 2,747 million euros while that of the core business lines rose by 10.9% to 3,064 million euros. The **cost/income ratio** has improved by 0.8 point, and now stands at 66.3% for the Group as a whole. It is equal to 63.6% for the core business lines, down 1.3 points compared with the first nine months of 2014. The Group's **ROE** remains stable at 6.6% (-0.1 point). ROE is 11% for the core business lines, up one point compared with the first nine months of 2014.

After accounting for non-economic and exceptional items, in addition to the impact of IFRIC 21, the **published net income** for the first nine months of 2015 rose by 11.8% compared with the first nine months of 2014, to reach a total of 2,617 million euros. The published net income of the core business lines enjoyed 11.7% growth, rising to 3,022 million euros.

1.2 Consolidated results[7] for the 3rd quarter of 2015: the net income[8] of the core business lines stands at 1 billion euros, up 5.0% year-on-year

In the 3rd quarter of 2015, the **net banking income**[8] of Groupe BPCE stood at 5,731 million euros, slightly higher than in the 3rd quarter of 2014 (+0.3%). The core business lines contributed 5,680 million euros to this item, up 3.5% compared with the 3rd quarter of 2014 (+1.3% at constant exchange rates).

The Group's **operating expenses** came to 3,832 million euros, up 3.9% year-on-year, while those of the core business lines stood at 3,591 million euros, representing growth of 4.2% (+2.2% at constant exchange rates).

Gross operating income[8] came to 1,900 million euros, down 6.3% compared with the 3rd quarter of 2014. The contribution of the core business lines amounted to 2,089 million euros, up 2.5% on a year-on-year basis.

The **cost of risk**[8]**,** which is now equal to 23 basis points[12], fell by 22.5% in the 3rd quarter of 2015 to stand at 324 million euros. For the core business lines, the cost of risk stands at 302 million euros, down 22.6% to 21 basis points.

Income before tax[8] experienced a 3.5% year-on-year decline to stand at 1,636 million euros in the 3rd quarter of 2015. The income before tax of the core business lines stands at 1,843 million euros, up 7.0% compared with the 3rd quarter of 2014.

When restated to reflect the impact of IFRIC 21 and that of non-economic and exceptional items, **net income attributable to equity holders of the parent** shows a decline of 4.7% and stands at 897 million euros while that of the core business lines, however, enjoyed growth of 5.0%, rising to 1,027 million euros. The **cost/income ratio** enjoyed a 2.1-point improvement and now stands at 67.9% for the Group as a whole. This ratio is equal to 64.3% for the core business lines, virtually unchanged (+0.2 point) from the 3rd quarter of 2014. The

[12] Cost of risk expressed in annualized basis points on gross customer outstandings at the beginning of the period

Group's **ROE** stands at 6.6%, down 0.2 point; it stands at 11% for the core business lines, up 1 point compared with the 3rd quarter of 2014.

After accounting for non-economic and exceptional items and the impact of IFRIC 21, the **published net income** displays year-on-year growth of 23.0% at 937 million euros. The published net income of the core business lines rose 4.9% to reach 1,069 million euros in the 3rd quarter of 2015.

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE FIRST NINE MONTHS OF 2015

In millions of euros	9M-15	9M-15/ 9M-14 pf * % change	Core business lines** 9M-15	9M-15/ 9M-14 pf* % change
Net banking income ***	17,875	+4.6%	17,494	+5.9%
Operating expenses	- 11,919	+3.1%	- 11,179	+3.8%
Gross operating income ***	**5,956**	**+7.6%**	**6,316**	**+10.1%**
Cost of risk ***	- 1,253	- 6.3%	- 1,194	- 4.4%
Income before tax ***	**4,912**	**+10.5%**	**5,313**	**+13.3%**
Net income attributable to equity holders of the parent ***	**2,702**	**+4.6%**	**3,022**	**+11.0%**
Restatement of IFRIC 21	45		42	
Net income attributable to equity holders of the parent****	**2,747**	**+4.5%**	**3,064**	**+10.9%**
Cost/income ratio****	66.3%	- 0.8pt	63.6%	-1.3pt
ROE****	6.6%	- 0.1pt	11%	+1pt
Impact on net income of non-economic and exceptional items	- 85			
Restatement of IFRIC 21	- 45		- 42	
Published net income	**2,617**	**+11.8%**	**3,022**	**+11.7%**

* 9M-14 pro forma, cf. the note on methodology at the end of this press release

** The core business lines are Commercial Banking & Insurance (with, in particular, the Banque Populaire and Caisse d'Epargne retail banking networks in addition to Crédit Foncier, Banque Palatine and BPCE International et Outre-mer), and the Wholesale Banking, Investment Solutions and Specialized Financial Services divisions of Natixis

*** Excluding non-economic and exceptional items

**** Excluding non-economic and exceptional items and excluding the IFRIC 21 impact

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE THIRD QUARTER OF 2015

In millions of euros	Q3-15	Q3-15/ Q3-14 * % change	Core business lines** Q3-15	Q3-15/ Q3-14* % change
Net banking income ***	5,731	+0.3%	5,680	+3.5%
Operating expenses	- 3,832	+3.9%	-3,591	+4.2%
Gross operating income * **	**1,900**	**-6.3%**	**2,089**	**+2.5%**
Cost of risk ***	- 324	-22.5%	-302	-22.6%
Income before tax * **	**1,636**	**-3.5%**	**1,843**	**+7.0%**
Net income attributable to equity holders of the parent * **	**942**	**-4.1%**	**1,069**	**+4.9%**
Restatement of IFRIC 21	-45		- 42	
Net income attributable to equity holders of the parent******	**897**	**-4.7%**	**1,027**	**+5.0%**
Cost/income ratio****	67.9%	+2.1pts	64.3%	+0.2pt
ROE****	6.6%	-0.2pt	11%	+1pt
Impact on net income of non-economic and exceptional items	-5			
Restatement of IFRIC 21	45		42	
Published net income	**937**	**+23.0%**	**1,069**	**+4.9%**

* Q3-14 pro forma, cf. the note on methodology at the end of this press release

** The core business lines are Commercial Banking & Insurance (with, in particular, the Banque Populaire and Caisse d'Epargne retail banking networks in addition to Crédit Foncier, Banque Palatine and BPCE International), and the Wholesale Banking, Investment Solutions and Specialized Financial Services divisions of Natixis

*** Excluding non-economic and exceptional items

**** Excluding non-economic and exceptional items and excluding the IFRIC 21 impact

2. CONTINUED STRENGTHENING OF THE BALANCE SHEET STRUCTURE IN THE THIRD QUARTER OF 2015

2.1 A steadily enhanced CET1 ratio and a total capital adequacy ratio revised upward to 18% for early 2019

Groupe BPCE enjoys a high level of total capital adequacy ratio[13], estimated at 16.1% at September 30, 2015, up 20 basis points compared with June 30, 2015.

In line with the Group's regulatory capital priorities, total capital increased by 1.7 billion euros in the first nine months of 2015, rising from 61.2 billion euros at December 31, 2014 to an estimated 62.9 billion euros at September 30, 2015. For the most part, this growth in the Group's total capital is related to the 2.3 billion euro increase in *Common Equity Tier-1* or CET1. The decline in additional Tier-1 capital (AT1) due to the exercise of call options on former hybrid Tier-1 issues (-2.2 billion euros) has been funded for a similar amount by Tier-2 issues.
Tier-2 capital has increased by 1.5 billion euros, resulting from the inclusion of 2.1 billion euros in new issues since the beginning of the year, offset by maturing debt. At September 30, 2015, estimated CET1 capital stood at 49.6 billion euros against 47.3 billion euros at December 31, 2014.

The capital adequacy of Groupe BPCE continued to improve in the 3rd quarter of 2015 with a CET1 ratio estimated at 12.7%[13] at September 30, 2015, up 30 basis points compared with June 30, 2015 (12.4%[13]) and 70 basis points compared with December 31, 2014 (12.0%[13]).

The increase in the CET1 ratio is chiefly driven by retained earnings[14] (+20 basis points in the 3rd quarter of 2015 and +58 basis points since December 31, 2014). Groupe BPCE is able to retain a high percentage of its earnings on a regular basis with a view to building up a substantial CET1 safety buffer. During the first nine months of the year, reserves[15] increased by 1.8 billion euros, rising from 27.1 billion euros at December 31, 2014 to an estimate 28.9 billion euros at September 30, 2015.
Risk-weighted assets remain under tight management. They declined during the quarter, falling from 394 billion euros at June 30, 2015 to 390 billion euros at September 30, 2015.

In anticipation of the implementation of TLAC requirements, Groupe BPCE has revised the target for its total capital adequacy ratio upward to 18%[16,17] for early 2019.

To reach this target, Groupe BPCE is counting on its ability to increase CET1 on a recurring basis equal to 60 basis points[17] per year on average until early 2019; it could also issue – subject to market conditions - between 1.5 and 3.5 billion euros of Tier-2 debt per year up until early 2019 with an increase[18] of at least 3 billion euros in the subordinate compartment of the bail-in buffer. In the absence of changes in the regulations, Groupe BPCE considers that it will not need to rely on senior debt.

At September 30, 2015, the leverage ratio[19] (under Basel 3) stood at 4.8%, up from 4.5% at December 31, 2014.

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[13] CRR/CRD4 without transitional measures after restating to account for deferred tax assets on tax loss carryforwards
[14] Retained earnings taking account of the projected distribution of dividends
[15] Reserves net of prudential restatements
[16] CRR/CRD 4 without transitional measures
[17] Taking account of the estimated impact of the application of IFRS 9 at Jan. 1, 2018
[18] Net increase taking account of Tier-2 issues, Tier-2 maturities and AT1 calls
[19] Estimate at Sept. 30, 2015 according to the rules of the Delegated Act published by the European Commission on October 10, 2014 – without CRR/CRD 4 transitional measures after restating to account for deferred tax assets on tax loss carryforwards

2.2 Sufficient liquidity reserves

Liquidity reserves cover 152% of total short-term funding requirements and medium-/long-term and subordinated debt with maturities of one year or less. Liquidity reserves stood at 171 billion euros at September 30, 2015 (against 168 billion euros at September 30, 2014), including 121 billion euros of available assets eligible for central bank funding (119 billion euros at September 30, 2014) and 50 billion euros in liquid assets placed with central banks (49 billion euros at September 30, 2014).

The customer loan/deposit ratio of Groupe BPCE came to 116%[20] at September 30, 2015.

The liquidity coverage ratio (LCR) was higher than 110%[21] at September 30, 2015.

2.3 Liquidity: 94% of the 2015 medium-/long-term funding program completed at October 21, 2015

Groupe BPCE's ability to access major debt markets allowed it to raise medium-/long-term (MLT) resources for an aggregate total of 23.5 billion euros at October 21, 2015 (equal to 94% of the 2015 program). Out of this 23.5 billion euro total, 16.6 billion euros were raised in the BPCE MLT funding pool and 6.9 billion euros were raised in the CFF MLT funding pool. The average maturity at issue now stands at 5 years and the average interest rate is equal to mid-swap +14bps. At October 21, 2015, 54% of the MLT funding of Groupe BPCE had been completed in the form of public bond issues (46% in the form of private placements).

Readers are reminded that the medium-/long-term issuance program for 2015 aims to raise a total of 25 billion euros divided between the BPCE MLT funding pool (20 billion euros) and the MLT funding pool of CFF (5 billion euros).

At October 21, 2015, 64% of the medium-/long-term funding program had been completed in the form of unsecured bond issues (36% in the form of covered bond issues).

Groupe BPCE continues to raise very substantial funds thanks to a greater diversification of its investor base. As a result, 45% of the unsecured bonds issued in the institutional market were placed in currencies other than the euro (notably 20% in USD and 12% in JPY).

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[20] Excluding SCF (Compagnie de Financement Foncier, the Group's *société de crédit foncier* – a French legal covered bonds issuer

[21] Based on Groupe BPCE's understanding of the latest Basel 3 standards available

3. RESULTS[22] OF THE BUSINESS LINES: GOOD COMMERCIAL PERFORMANCE OF THE CORE BUSINESS LINES

3.1 Commercial Banking & Insurance: substantial contribution to the Group's income before tax

The Commercial Banking & Insurance business line groups together the activities pursued by the Banque Populaire and Caisse d'Epargne retail banking networks, and those of the Other Networks division comprised of the subsidiaries of BPCE International, Banque Palatine, Crédit Foncier and the minority interest in CNP Assurances.

The Banque Populaire banks and Caisses d'Epargne achieved a solid commercial performance in the 3rd quarter of 2015. Aggregate customer deposits & savings stood at 623 billion euros at September 30, 2015, up 29 billion euros year-on-year. This growth was chiefly driven by an increase in on-balance sheet savings, excluding centralized deposits (+9.4% year-on-year, equal to an increase of 31 billion euros), driven notably by demand deposits and regulated home savings plans. The 3rd quarter of 2015 confirms the recovery in off-balance sheet savings, buoyed up by the strong momentum enjoyed by life insurance, up 4.1% year-on-year.

Loan outstandings stood at 392 billion euros at September 30, 2015, representing a 3.9% surge in the space of one year, or an increase of 15 billion euros, driven by extremely buoyant growth in home loans and consumer finance. The recovery in lending to corporate customers continued in the first nine months of 2015, with 21% growth in new loan production during the period. As such, Groupe BPCE confirms its active role in financing the French economy.

Groupe BPCE is actively pursuing its ambition to be a fully digital bank offering the best in interpersonal and online customer service with a host of initiatives completed during the 3rd quarter of 2015.

Banque Populaire, in partnership with Ethik Event, has launched a unique concept in the area of accessibility designed to enable people to appreciate what it feels like to be disabled. The aim of this initiative is to heighten professionals' awareness of disability and present them its Accessibility offering. In a different area, Banque Populaire and Seventure are giving mutual funds a younger and more connected image with the launch of the "Connect Innovation 2015" innovation mutual fund, the first fund of its type that puts the customer at the very heart of the entrepreneurial adventure.

For the past three years, the Caisse d'Epargne has been publishing an annual barometer survey making it possible to highlight the profiles and needs of women entrepreneurs. This year, a new qualitative study was set up to identify the constraints and obstacles facing women wanting to create their own companies. Moreover, following the launch in June 2015 of *Espace Dons* ("Gift Space"), a digital crowdfunding platform dedicated to associations, foundations and charity funds, the Caisse d'Epargne is continuing to play a pioneering role in the participatory economy.

[22] Q3 and 9M-14 results are presented pro forma (cf. the note on methodology included at the end of this press release); unless specified to the contrary, all changes use the same reference base of September 30, 2014

Financial results[22] of the Commercial Banking & Insurance business line in the first nine months and 3rd quarter of 2015

The **revenues** generated by the Commercial Banking & Insurance business line came to 11,734 million euros[23] for the first nine months of 2015, representing growth of 3.7% compared with the first nine months of 2014. Revenues stood at 3,868 million euros[23] in the 3rd quarter of 2015, equal to growth of 1.6% compared with the 3rd quarter of 2014. Against a background of persistently low interest rates, the net interest margin remained under negative pressure. The growth in commissions is largely related to the high level of early redemption fees but also to a favorable trend enjoyed by commissions derived from account management and means of payment services despite a decline in commissions earned on centralized savings products.

Operating expenses remain tightly managed and amounted to 7,452 million euros in the first nine months of 2015, representing an increase of 0.4% compared with the same period in 2014. They reached 2,400 million euros in the 3rd quarter of 2015.

Gross operating income came to 4,245 million euros for the first nine months of 2015, up 9.1% year-on-year. In the 3rd quarter of 2015, it rose 1.0%, to 1,459 million euros.

The **cost of risk**, which amounted to 1,007 million euros for the first nine months of 2015, enjoyed a significant 5.0% improvement. Reaching 255 million euros in the 3rd quarter of 2015, it has fallen by 26.6% compared with the 3rd quarter of 2014.

The **contribution of the Commercial Banking & Insurance business line to the Group's income before tax** came to 3,401 million euros for the first nine months of 2015, up 13.3% compared with the first nine months of 2014. Income before tax stood at 1,253 million euros in the 3rd quarter of 2015, up 9.1% year-on-year.

If income before tax is restated to account for the impact of IFRIC 21, this item represents a total of 3,444 million euros for the first nine months of 2015, up 12.8% on a year-on-year basis. The Caisses d'Epargne accounted for 46% of this result, the Banque Populaire banks contributed 40%, and the Other networks contributed 14%. Income before tax for the 3rd quarter of 2015 stands at 1,210 million euros, up 10.4% compared with the 3rd quarter of 2014. The **cost/income ratio** enjoyed a 1.8-point improvement compared with the first nine months of 2014 and now stands at 63.3%. In the 3rd quarter of 2015, it declined by a 0.2 percentage point and now stands at 63.3%. The **ROE** rose 1 percentage point to 10% for the first nine months of 2015 and increased by one point in the 3rd quarter of 2015 to 11%.

3.1.1 Banque Populaire: commercial momentum maintained, significant decline in the cost of risk

The Banque Populaire network comprises the 18 Banque Populaire banks, including CASDEN Banque Populaire and Crédit Coopératif and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.

- **Customer base**

The Banque Populaire retail banking network is pursuing its development strategy aimed at priority customer categories, leading to 5.4% year-on-year growth in the number of individual customers using banking services and insurance products, to 1.4% growth in the number of principal customers using banking services, and a 2.3% increase in the number of professional customers active in a dual professional and private capacity.

[23] Excluding changes in provisions for home purchase savings plans

- **Customer deposits & savings**

Customer deposits & savings recorded strong growth of 16 billion euros year-on-year, rising to an aggregate total of 229 billion euros at September 30, 2015. If centralized products are excluded, on-balance sheet deposits & savings stood at 151 billion euros, equal to growth of 10.9% on a rolling 12-month basis driven by demand deposits (+17.0%), home purchase savings plans (+9.4%) and term accounts (+6.3%).
At the same time, life funds enjoyed year-on-year growth of 3.8%.

- **Customer loan outstandings**

Customer loan outstandings stood at 170 billion euros at the end of September 2015, representing growth of 2.3% year-on-year. During this period, home loan outstandings recorded 3.9% year-on-year growth. The production of new consumer loans was extremely dynamic, rising 20% during the first nine months of 2015 compared with the same period in 2014, thereby boosting aggregate outstandings by 7.7%. The production of new equipment loans during the period confirmed the recovery first noted at the end of 2014 with growth of 14%, leading to a stabilization of outstandings.

- **Insurance**

The portfolio of P&C, provident and health insurance contracts continued to grow, with a year-on-year increase of 7.3% in P&C insurance cover and 5.4% growth in provident and health insurance contracts.

- **Financial results**

Net banking income for the first nine months of 2015 came to 4,977 million euros (excluding changes in provisions for home purchase savings plans), up 3.7% compared with the first nine months of 2014. This change is the result of a 5.1% decline in the net interest margin on customer operations (excluding changes in provisions for home purchase savings plans) and 7.4% growth in commissions. Net banking income for the 3rd quarter of 2015 stands at 1,665 million euros (excluding changes in provisions for home purchase savings plans), representing growth of 4.9% versus the 3rd quarter of 2014, after benefiting from capital gains from the disposal of assets for a total of 73 million euros booked during the quarter.

Operating expenses, which came to 3.194 million euros, increased by a marginal 0.7% between the first nine months of 2014 and the first nine months of 2015. They reached a total of 1,037 million euros in the 3rd quarter de 2015, up 1.1% compared with the 3rd quarter of 2014.

Gross operating income came to 1,770 million euros in the first nine months of 2015, up 9.0% compared with the first nine months of 2014. It reached 626 million euros in the 3rd quarter of 2015, up 11.7% compared the 3rd quarter of 2014.

The **cost of risk**, which stands at 446 million euros, is 9.2% lower than in the first nine months of 2014. Equal to 109 million euros in the 3rd quarter of 2015, it has fallen by 28.8% compared with the 3rd quarter of 2014.

Income before tax enjoyed 16.7% growth in the first nine months of 2015 to reach a total of 1,355 million euros. It came to 527 million euros in the 3rd quarter of 2015, representing 26.5% growth compared with the 3rd quarter of 2014.

If the results are restated to account for the impact of IFRIC 21, income before tax stands at 1,372 million euros for the first nine months of 2015, equal to a year-on-year increase of 16.1%. The **cost/income ratio** has declined by 1.7 points, to 64.0%. In the 3rd

quarter of 2015, income before tax stood at 510 million euros, equal to growth of 28.7% compared with the 3rd quarter of 2014. During the same period, the cost/income ratio improved by 2.6 points, to 63.4%.

3.1.2 Caisse d'Epargne: increase in the pace of new loan production and the distribution of insurance products

Caisse d'Epargne network comprises the 17 individual Caisses d'Epargne along with their subsidiaries.

- **Customer base**

The strategy of increasing the delivery of banking services to individual customers of the Caisse d'Epargne network was pursued in the 3rd quarter of 2015 and led to 2.1% growth in the number of principal active customers using banking services. In the professional and corporate customer segments, the strategy of winning new customers led to a 3.5% increase in the number of active professional customers and to 6.3% growth in the number of active corporate customers.

- **Customer deposits & savings**

Aggregate deposits & savings rose by 13 billion euros in the space of one year compared with September 30, 2014, to reach 394 billion euros at September 30, 2015.
If centralized products are excluded, aggregate on-balance sheet deposits & savings came to 208 billion euros, up 16 billion euros compared with September 30, 2014, equal to growth of 8.3%. Demand deposits grew by 16.7%, home purchase savings plans by 10.8% while passbook savings accounts suffered a decline of 4.3%.
Off-balance sheet deposits & savings amounted to 125 billion euros at September 30, 2015, representing year-on-year growth of 3.3%. They were driven by an increase in life funds (up +4.2%).

- **Customer loan outstandings**

Customer loan outstandings amounted to 221 billion euros at the end of September 2015, up 5.1% versus the end of September 2014 driven, in particular, by the dynamic performance achieved by home loans (+5.3%). In the first nine months of the year, consumer finance enjoyed 18% growth in new loan production compared with the first nine months of 2014. The recovery in equipment loans was confirmed with new production of loans granted to corporates up 17% in the first nine months of the year, leading to a 4.1% increase in aggregate outstandings.

- **Insurance**

The Caisse d'Epargne retail banking network has pursued strong growth in its insurance activities, leading to 11.9% growth in its portfolio of P&C contracts and growth of 11% in the provident and health segment.

- **Financial results**

Net banking income for the first nine months of 2015 stands at 5,563 million euros (excluding changes in provisions for home purchase savings plans), up 2.2% compared with the first nine months of 2014. This change is the result of a 3.4% decline in the net interest margin on customer operations (excluding changes in provisions for home purchase savings plans) and 8.3% increase in commission earnings. Net banking income for the 3rd quarter of 2015 stands at 1,802 million euros (excluding changes in provisions for home purchase savings plans), representing a decline of 1.8% compared with the 3rd quarter of 2014.

Operating expenses, which stand at 3,562 million euros, increased by a marginal 0.7% compared with the first nine months of 2014. In the 3rd quarter of 2015, they amounted to 1,145 million euros, up 2.2% compared with the same period in 2014.

Gross operating income stood at 1,979 million euros for the first nine months of 2015, up 3.5% compared with the first nine months of 2014. It came to 651 million euros in the 3rd quarter of 2015, down 9.1% compared with the same period in 2014.

The **cost of risk**, declined by 2.2% compared with the first nine months of 2014 to reach 420 million euros. This item stood at 106 million euros in the 3rd quarter of 2015, representing a reduction of 28.8% compared with the 3rd quarter of 2014.

Income before tax rose 4.9% in the first nine months of 2015 to reach a total of 1,555 million euros. It came to 542 million euros in the 3rd quarter of 2015, translating a decline of 4.5% compared with the 3rd quarter of 2014.

If the results are restated to account for the impact of IFRIC 21, income before tax comes to 1,573 million euros for the first nine months of 2015, equal to growth of 4.6%. The **cost/income ratio** is down by a 0.6 percentage point, to 64.0%. In the 3rd quarter of 2015, income before tax came to 523 million euros, representing a 4.1% decline compared to the same period last year. During this same period, the cost/income ratio enjoyed a 2.6-point improvement and now stands at 64.8%.

3.1.3 Other networks

The contribution of the **Other networks** sub-division to the income before tax of Group BPCE restated to account for the impact of IFRIC 21, stands at 498 million euros for the first nine months of the year. It is equal to 178 million euros in the 3rd quarter of 2015.

- **Real estate Financing**

Crédit Foncier is the principal entity contributing to the Real estate Financing business line.

The commercial activities of Crédit Foncier were dynamic in the 3rd quarter of 2015. The subsidiary was also the first banking institution to launch an eco-friendly interest-free loan for condominiums.

Aggregate new loan production came to 7.5 billion euros in the first nine months of 2015, of which a total of 6.1 billion euros was generated in the individual customer segment, equal to growth of 21%. This new loan production went hand-in-hand with an improvement in margins.

In the first nine months of 2015, the **net banking income** of the Real estate Financing division stood at 654 million euros – restated to account for exceptional items, including the CVA/DVA impact and the transfer to BPCE, in September 2014, of the RMBS portfolio – equal to 6.3% year-on-year growth. This change reflects a 1.2% decline in the net interest margin, after restating to account for exceptional items. If these exceptional items are excluded, the net banking income for the first nine months of 2015 stands at 682 million euros, up 18.5% on a year-on-year basis. In the 3rd quarter, net banking income came to 231 million euros, representing growth of 4.7%.

Operating expenses fell 6.8% in the first nine months of 2015 to 387 million euros thanks, in particular, to the decline in IT expenses. In the 3rd quarter, operating expenses came 119 million euros, representing a decline of 6.2%.

The **cost of risk** comes to 89 million euros in the first nine months of 2015, equal to a 2.7% decline in the space of one year. It stands at 32 million euros for the quarter.

Income before tax amounted to 209 million euros in the first nine months of 2015 and 79 million euros in the 3rd quarter of 2015.

If the results are restated to account for the impact of IFRIC 21, income before tax came to 214 million euros in the first nine months of 2015 and to 74 million euros in the 3rd quarter of 2015. The **cost/income ratio** stands at 55.9%, down 14.8 points, over the first nine months of 2015, and is equal to 54.0% for the quarter, down 7.1 points vs. the same period last year.

- **CNP and Others**

The principal entity comprising the division is the minority interest in CNP Assurances, accounted for by the equity method.

In life insurance, gross new inflows generated by the Caisses d'Epargne came to 2.2 billion euros in the 3rd quarter of 2015, equal to 1.5% growth year-on-year. 60.3% of this growth can be attributed to the private banking activity, up from 56.0% in the 3rd quarter of 2014. In the first nine months of 2015, gross new inflows amounted to 7.4 billion euros, representing growth of 5.1%. The proportion of unit-linked contracts reflects the good commercial momentum enjoyed by the Caisses d'Epargne (18% of gross new inflows as at September 30, 2015 vs. 16% at September 30, 2014).

- **BPCE International**[24]

BPCE International represents all the international subsidiaries of Groupe BPCE, with the exception of Natixis.

The customer deposits & savings of BPCE International enjoyed 4.9% year-on-year growth, rising to 5.2 billion euros at September 30, 2015. This growth was driven by on-balance sheet deposits & savings: +7.9% for demand deposits and +4.3% for other on-balance sheet products. Off-balance sheet deposits & savings declined by 3.4% on a year-on-year basis.

Customer loan outstandings, which stood at 6.3 billion euros at end-September 2015, have risen by 1.6% on a rolling 12-month basis. In the individual customer segment, home loan outstandings rose by 8.3% while, in contrast, consumer finance suffered a sharp decline in business.
In the corporate customer segment, loan outstandings rose by 2.9% overall, including 1.8% growth for medium/long-term loans.

- **Banque Palatine**

At September 30, 2015, the customer deposits & savings[25] of Banque Palatine displayed marginal growth (+1.2%) to stand at 17.5 billion euros. On-balance sheet savings and deposits rose by 5.9% while off-balance sheet deposits & savings declined by 9.9% (removal last year of a bond portfolio under custody).
The rise in on-balance sheet deposits & savings is driven by the strong momentum enjoyed by new fund inflows in the corporate customer segment (+6.1%). In the private banking customer segment, outstandings reflect the favorable dynamics both for off-balance sheet and on-balance sheet deposits & savings (+1.1% and +4.3% respectively).

Customer loan outstandings rose 8.9% to 8.1 billion euros at September 30, 2015. Outstanding loans granted to corporate customers enjoyed 11.2% growth, reflecting the

[24] 2014 figures presented pro forma to account for the transfer in Q3-15 of the entire equity interest held by BPCE International et Outre-mer in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to the Caisse d'Epargne Provence-Alpes-Corse (CEPAC)
[25] Position at end-September 2015 for loan outstandings and average September 2015 position for deposits & savings

strength of medium-/long-term loans. In the private banking segment, the stability of outstandings reflects the satisfactory level of new loan production in the 3rd quarter of 2015.

3.2 Core business lines of Natixis [26,27,28]: Wholesale Banking, Investment Solutions and Specialized Financial Services: enhanced profitability in the first nine months of the year

The **net banking income** of the core business lines of Natixis (Wholesale Banking, Investment Solutions and Specialized Financial Services) came to 5,797 million euros for the first nine months of 2015, up 11.5%. In the 3rd quarter of 2015, it stood at 1,821 million euros, up 8.6% compared with the same period in 2014.

The **operating expenses** of the core business lines of Natixis amounted to 3,726 million euros in the first nine months of 2015, up 11.1% year-on-year. They rose 10.0% in the 3rd quarter of 2015, to reach a total of 1,190 million euros. This increase is chiefly related to asset management and to investments made by the international platforms run by the Wholesale Banking division.

The **gross operating income** of the core business lines of Natixis came to 2,070 million euros in the first nine months of 2015, up 12.2% year-on-year. It amounted to 630 million euros in the 3rd quarter, equal to year-on-year growth of 6.0%.

The **cost of risk** of the core business lines of Natixis remained stable at 187 million euros during the first nine months of 2015. It stood at 47 million euros in the 3rd quarter of 2015, representing growth of 10.0%.

The **income before tax** of the core business lines of Natixis amounted to 1,912 million euros in the first nine months of 2015, up 13.1% year-on-year. In the 3rd quarter of 2015, they stood at 590 million euros, up 2.6% year-on-year.

If the results are restated to account for the impact of IFRIC 21, **income before tax** came to 1,929 million euros for the first nine months of the year, representing growth of 12.8% compared with the same period in 2014. It stood at 572 million euros in the 3rd quarter, up 2.7% compared with the 3rd quarter of 2014.

- In the **Wholesale Banking division**, **income before tax**[29] stood at 829 million euros in the first nine months of 2015, up 0.8%. The Wholesale Banking division accounted for 43% of the **income before tax**[29] of the core business lines.

- The **Investment Solutions division** posted **income before tax**[29] for the first nine months of 2015 equal to 803 million euros, up 33.4%. The Investment Solutions division accounted for 42% of the **income before tax**[29] of the core business lines.

- The **income before tax**[29] generated by the **Specialized Financial Services (SFS) division**[30] boasts 3.6% growth for the first nine months of 2015, rising to 297 million euros. The Specialized Financial Services division accounted for 15% of the **income before tax**[29] of the core business lines.

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[26] The Groupe BPCE contribution figures are different from those published by Natixis

[27] Q3 and 9M-2014 results are presented pro forma (cf. the note on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of September 30, 2014

[28] 9M-14 figures restated to account for changes in methodology related to the implementation of IFRS 13 (- €37m in net banking income)

[29] Excluding the impact of IFRIC 21

[30] Specialized financing includes the following activities: Consumer credit, Factoring, Sureties & financial guarantees, Leasing and film and audio-visual finance

The **cost/income ratio**[29] of the Core business lines of Natixis came to 64.0% in the first nine months of 2015, representing a 0.2-point decline. It rose 0.7 of a percentage point in the 3rd quarter of 2015 to stand at 66.3%.

The **ROE**[29] stood at 12% for the first nine months of the year, stable on a year-on-year basis, and at 10% in the 3rd quarter of 2015, down 1 percentage point compared with the 3rd quarter of 2014.

(For a more detailed analysis of the core business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com).

3.3 Equity interests

The Equity Interests division includes the Group's stake in Natixis (including Coface and the Private Equity activities).

In the 3rd quarter of 2015, the net banking income of the Equity interests division, excluding non-economic and exceptional items, stood at 214 million euros, up 2.2% compared with the 3rd quarter of 2014. For the first nine months of 2015, it came to 637 million euros, stable over a 12-month period (+0.4%).
Income before tax, excluding non-economic and exceptional items and excluding the impact of IFRIC 21, stands at 127 million in the first nine months of 2015 and at 37 million euros in the 3rd quarter of 2015.

- **Coface**

The turnover[31] generated by Coface came to 1,096 million euros in the first nine months of 2015, up 2.5%.

The credit insurer subsidiary pursued its commercial development despite the adverse business environment and stabilized its expenses[32] over the first nine months of 2015.
The combined ratio, which came to 81.6%, has improved over the 2nd quarter of 2015:

- The cost ratio has declined to 28.1% thanks to tight control over expenses
- The loss ratio has fallen to 53.5% despite the persistently difficult situation regarding emerging markets

[31] Constant perimeter and foreign exchange rates
[32] Constant perimeter and foreign exchange rates, excluding exceptional items

For further details about the financial results for the 3rd quarter and first nine months of 2015, please consult the Investors/Results section of the corporate website www.groupebpce.fr

Notes on methodology

Presentation of pro forma 2014 quarterly and 9M-14 results

The segment information has been modified as of Q2-14. The Commercial Banking & Insurance division is now divided into 3 sub-divisions: the Banque Populaire banks, the Caisses d'Epargne, and the Other networks sub-division (formerly "Insurance and Other networks") that chiefly comprises the Banque Palatine, BPCE International, and Credit Foncier subsidiaries along with the minority equity interest in CNP Assurances. The Workout portfolio management sub-division has also been grouped together with the Corporate center division.

On September 18, 2015, BPCE International et Outre-mer transferred to the Caisse d'Epargne Provence-Alpes-Corse the equity interests it held in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon. The revenues generated by these entities have been attributed retroactively to the Caisse d'Epargne sub-division as of January 1st, 2014. This operation has no impact on the Commercial Banking & Insurance division as a whole.

Following the sale of part of the capital and voting rights of Nexity, the Group's residual interest in this company was accounted for by the equity method at December 31, 2014. At June 30, 2015, the Group's equity interest in Nexity was removed from the scope of consolidation as additional equity divestments had been completed in Q2-15.

Furthermore, the application of IFRS 10 and IFRS 11 has led to changes in the scope of consolidation of the Crédit Coopératif group.

The fact that IFRIC 21 has been applied retroactively from January 1, 2014 means that taxes and levies imposed by a public authority must be recognized as an expense as of Q1 when the obligating event occurs in Q1 (previously, these taxes and levies were generally recognized throughout the year). Cf. Annex – notes on methodology.

As of Q1-15, regulatory capital is allocated to Groupe BPCE business lines on the basis of 10% of their Basel 3 average risk-weighted assets (up from the 9% used previously).

The segment information of Groupe BPCE has been restated accordingly for previous reporting periods.

Exceptional items

The figures and comments contained in this press release are based on the income statements of Groupe BPCE and its business lines restated to reflect the exceptional accounting items listed on page 5 of the PowerPoint results presentation. A reconciliation of the restated income statement with the income statement published by Groupe BPCE is provided in an annex to this document.

Leverage ratio

The leverage ratio is calculated using the rules of the Delegated Act published by the European Commission on October 10, 2014, without transitional measures, after restating to account for deferred tax assets on tax loss carryforwards. 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.

About Groupe BPCE

Groupe BPCE, the 2nd-largest banking group in France, includes two independent and complementary cooperative commercial banking networks: the network of 18 Banque Populaire banks and the network of 17 Caisses d'Epargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Wholesale Banking, asset management and financial services with Natixis. Groupe BPCE serves more than 36 million customers and enjoys a strong presence in France with 8.000 branches, 108.000 employees and more than 8.9 million cooperative shareholders.

Groupe BPCE press contacts
Marie de Clercq: 33 (0)1 58 40 59 26
Anne-Laure Declaye: 33 (0)1 58 40 61 79
Sabine Baudin: 33 (0)1 58 40 47 62
Email: presse@bpce.fr

BPCE investor relations
Roland Charbonnel: 33 (0)1 58 40 69 30
Evelyne Etcheverry: 33 (0)1 58 40 57 46
Email: investor.relations@bpce.fr

www.bpce.fr @GroupeBPCE