



Press Release

Paris, May 6, 2015

RESULTS¹ FOR THE 1st QUARTER OF 2015 OF GROUPE BPCE

Groupe BPCE delivered a robust performance in Q1-2015, with attributable net income (excluding exceptional items and the impact of IFRIC 21) of €1.0bn, representing a sharp increase (+16.1%) compared with Q1-2014

BUOYANT COMMERCIAL ACTIVITY IN ALL OUR BUSINESS LINES²

- ▶ **Banque Populaire and Caisse d'Épargne retail banking networks**
 - Growth in customer deposits & savings in both networks: **+€28bn** year-on-year
 - **3.0%** increase in loan outstandings year-on-year, with a recovery in loans to corporate customers
- ▶ **Insurance**
 - Portfolio of P&C, provident and health insurance contracts: **+9.3%**
 - Total life funds: **+4.4%** and dynamic new fund inflows
- ▶ **Core business lines of Natixis**
 - Wholesale Banking: development of the main franchises; new loan production of **€5.7bn** in Structured financing and a very good performance in the Capital market activities
 - Investment Solutions: record-breaking quarter for Asset Management; net new fund inflows of **€19bn** in Q1-2015 and aggregate Assets under Management of €820bn
 - SFS: offers rolled out in the retail banking networks; consumer loan outstandings (+9%), AuM in employee savings schemes (+13%) and electronic payment transactions (+6%)

A ROBUST BASIS OF RESULTS IN Q1-2015

- Revenues³ of the Group's core business lines up 8.0% to **€5.9bn** (+5.5% at constant exchange rates)
- Cost of risk remains moderate at 32 basis points, excluding the impact of provisions booked related to the operation concerning the Austrian public bank Heta
- Income before tax (excluding exceptional items and IFRIC 21) stands at **€1.8bn** (+21.7%)
- Published net income attributable to equity holders of the parent of **€626m**

CONTINUED STRENGTHENING OF OUR BALANCE SHEET

- Common Equity Tier-1 ratio⁴ came to **12.2%** on March 31, 2015 (+20bps compared to end-2014) and an overall capital adequacy ratio⁴ of **15.7%** (+10bps compared to end-2014)
- Leverage ratio⁵ of **4.6%** on March 31, 2015 (+10bps compared to end-2014)
- The loan-to-deposit ratio stood at **119%**⁶ on March 31, 2015, down 2 points compared to end-2014
- Liquidity reserves cover **128%** of short-term funding requirements and MLT and subordinate maturities ≤ 1 year, up 8 percentage points compared to end-2014

¹ Q1-2014 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 March 31, 2014

² Core business lines: Commercial Banking & Insurance, Wholesale Banking, Investment Solutions, and Specialized Financial Services

³ Excluding exceptional items (see table on page 3)

⁴ Estimate at March 31, 2015 - CRR/CRD4 without transitional measures CRR / CRD 4 after restating to account for deferred tax assets on tax loss carryforwards

⁵ Estimate at March 31, 2015 according to the rules of the Delegated Act published by the European Commission on October 10, 2014 - without transitional measures CRR / CRD 4 after restating to account for deferred tax assets on tax loss carryforwards

⁶ Excluding SCF (*Compagnie de Financement Foncier*, the Group's *société de crédit foncier* - a French legal covered bonds issuer)

On May 6, 2015, the Supervisory Board of BPCE convened a meeting chaired by Stève Gentili to examine the Group's financial statements for the 1st quarter of 2015.

François Pérol, Chairman of the Management Board of Groupe BPCE, said: "The 1st quarter of the year confirms the robust strength of the Group's fundamentals: 8% revenue growth enjoyed by the core business lines driven by the dynamic commercial activities of the Banque Populaire banks and Caisses d'Épargne, the increasing momentum developed by our insurance business, strong growth reported by our Wholesale Banking division and a record-breaking quarter for asset management; 16.1% growth in our operating performance with net income (excluding exceptional items) of 1 billion euros; a further strengthening of our balance sheet both in terms of capital adequacy – thanks to retained earnings – and in terms of liquidity."

1. CONSOLIDATED RESULTS¹ OF GROUPE BPCE FOR THE 1st QUARTER OF 2015

Groupe BPCE continued to perform well in the first quarter of 2015. Revenues³ increased by 9.8% to reach a total of 6,199 million euros. The revenues³ generated by the core business lines grew by 8.0% (5.5% at constant exchange rates) to reach 5,904 million euros.

Groupe BPCE has significantly improved its capital adequacy, with a Common Equity Tier-1 ratio (CET1) of 12.2%⁴, up 20 basis points compared with December 31, 2014, and an overall capital adequacy ratio of 15.7%⁴, up 10 basis points compared with December 31, 2014. At March 31, 2015, the Group's leverage ratio⁵ stood at 4.6%, up 10 basis points compared with December 31, 2014.

The Group's liquidity position has been substantially improved with a loan-to-deposit ratio of 119%⁶ at March 31, 2015. Liquidity reserves cover, by a comfortable margin, short-term funding requirements and medium-/long-term and subordinated debt with maturities of one year or less (128%, equal to an 8-point increase compared to end-2014).

Consolidated results¹ for the 1st quarter of 2015: strong growth in net income attributable to equity holders of the parent excluding exceptional items and excluding the impact of IFRIC 21

The **net banking income**⁷ of Groupe BPCE came to 6,199 million euros, up 9.8% compared with the 1st quarter of 2014. The contribution of the core business lines to the Group's net banking income stood at 5,904 million euros, up 8.0% compared with the same period in 2014.

The Group's **operating expenses** amounted to 4,158 million euros, up 3.3% year-on-year. The expenses of the core business lines, which came to a total of 3,896 million euros, also increased by 3.3%.

Gross operating income⁷ stands at 2,041 million euros, up 25.9% compared with the 1st quarter last year. The contribution of the core business lines reached 2,008 million euros, up 18.5% year-on-year.

Income before tax⁷ enjoyed a 28.5% year-on-year increase to reach 1,609 million euros in the 1st quarter of 2015. For the core business lines, income before tax stands at 1,602 million euros, up 19.0% compared with the same period in 2014.

When restated to reflect the impact of IFRIC 21 and that of exceptional items, **net income attributable to equity holders of the parent** has risen by 16.1% and now stands at 1,006

⁷ Excluding exceptional items

million euros. The **cost/income ratio** for the Group as a whole shows a 3.3-point improvement and now stands at 64.1%. This ratio is equal to 62.9% for the core business lines, down 2.2 percentage points compared with the 1st quarter of 2014. The Group's **ROE** is equal to 7.4%, up 0.7 percentage point; this financial metric stands at 11% for the core business lines, up one point compared with the 1st quarter last year.

After accounting for significant exceptional items and the impact of IFRIC 21, the **published net income attributable to equity holders of the parent** shows a 14.9% decline compared with the 1st quarter of 2014, to stand at 626 million euros; that of the core business lines enjoyed growth of 13.8% to reach 895 million euros for the 1st quarter of 2015.

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 1st QUARTER OF 2015

Results in millions of euros	Q1-15	Q1-15 / Q1-14 * % change	Core business lines** Q1-15	Q1-15 / Q1-14* % change
Net banking income ***	6,199	+9.8%	5,904	+8.0%
Operating expenses	-4,158	+3.3%	- 3,896	+3.3%
Gross operating income ***	2,041	+25.9%	2,008	+18.5%
Cost of risk	-493	+14.0%	- 473	+15.8%
Income before tax ***	1,609	+28.5%	1,602	+19.0%
Net income attributable to equity holders of the parent ***	871	+17.8%	895	+13.8%
Restatement to account for the IFRIC 21 impact ***	135		125	
Net income attributable to equity holders of the parent ****	1,006	+16.1%	1,020	+12.2%
Cost/income ratio ****	64.1%	-3.3 pts	62.9%	-2.2 pts
ROE ****	7.4%	+0.7 pt	11%	+1 pt
Impact on net income of the revaluation of own debt (for Natixis and Crédit Foncier)	-6			
Impact on net income of provisions booked with respect to Heta Asset Resolution AG*****	-93			
Impact on net income of the contribution to the SRF	-146			
Add-back to net income of the IFRIC 21 impact ***	-135		-125	
Published net income attributable to equity holders of the parent	626	-14.9%	895	+13.8%

* Q1-14 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'Épargne retail banking networks in addition to Crédit Foncier, Banque Palatine and BPCE International et Outre-mer), the Wholesale Banking, Investment Solutions and Specialized Financial Services divisions of Natixis

*** Excluding exceptional items

**** Excluding exceptional items and excluding the IFRIC 21 impact

***** €260m exposure in principal covered by provisions for 50% (total provisions of €142 including interest and incidental amounts). This exposure corresponds to securities originally issued by the Austrian bank Hypo Alpe Adria, underwritten by the Austrian *Land* of Carinthia

2. CONTINUED STRENGTHENING OF THE BALANCE SHEET IN Q1-2015

2.1 A CET1 ratio up 20 basis points and 10bp growth in the overall capital adequacy ratio in the 1st quarter of 2015

Groupe BPCE boasts a high level of overall capital adequacy ratio⁸, estimated at 15.7% on March 31, 2015, up 10 basis points compared with December 31, 2014.

In line with the Group's priorities regarding its regulatory capital, total capital increased by 1.4 billion euros in the 1st quarter of 2015, rising from 61.2 billion euros at December 31, 2014 to 62.6 billion euros at March 31, 2015.

This growth in the Group's total capital is entirely related to the increase in CET1 (1.4 billion euros), given that Tier-2 issues (for a total of 1.6 billion euros) offset the decline – for the same amount – of additional Tier-1 capital related to calls exercised on former hybrid Tier-1 issues.

The capital adequacy of Groupe BPCE continued to improve in the 1st quarter of 2015 with a CET1 ratio (under Basel 3) estimated at 12.2%⁸ at March 31, 2015, up 20 basis points compared with December 31, 2014 (12.0%⁸).

The increase in the CET1 ratio is chiefly driven by retained earnings⁹ (+13bps). 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. By the end of the 1st quarter of 2015, reserves¹⁰ had increased by almost one billion euros since December 31, 2014, rising from 27.1 billion euros to 28.0 billion euros at March 31, 2015.

Risk-weighted assets (under Basel 3) rose from 393 billion euros at December 31, 2014 to 399 billion euros at March 31, 2015.

At March 31, 2015, the leverage ratio¹¹ (under Basel 3) stood at 4.6%, marginally higher than on December 31, 2014 (4.5%).

2.2 Continued strengthening of the balance sheet structure

Liquidity reserves cover 128% of total short-term funding requirements and medium-/long-term and subordinated debt with maturities of one year or less. Liquidity reserves stood at 181 billion euros at March 31, 2015 (against 142 billion euros at March 31, 2014), including 125 billion euros of available assets eligible for central bank funding (stable compared with March 31, 2014) and 56 billion euros in liquid assets placed with central banks (17 billion euros at March 31, 2014).

The customer loan/deposit ratio of Groupe BPCE came to 119%¹² at March 31, 2015.

The liquidity coverage ratio (LCR) has been higher than 100%¹³ since June 30, 2014.

⁸ CRR/CRD 4, without transitional measures after restating to account for deferred tax assets on tax loss carryforwards

⁹ Retained earnings, taking account of the projected distribution of dividends

¹⁰ Reserves net of prudential restatements

¹¹ Estimate at March 31, 2015 dividends according to the rules of the Delegated Act published by the European Commission on October 10, 2014 – without transitional measures CRR/CRD 4 after restating to account for deferred tax assets on tax loss carryforwards

¹² Excluding SCF (*Compagnie de Financement Foncier*, the Group's *société de crédit foncier* – a French legal covered bonds issuer)

¹³ Based on Groupe BPCE's understanding of the latest Basel 3 standards available

2.3 Liquidity: more than 50% of the 2015 medium-/long-term funding program already completed

Groupe BPCE's ability to access major debt markets allowed it to raise medium-/long-term (MLT) resources for an aggregate total of 13.7 billion euros at April 22, 2015 (representing 55% of the 2015 program). Out of this 13.7 billion euro total, 11.1 billion euros were raised in the BPCE MLT funding pool and 2.6 billion euros were raised in the CFF MLT funding pool.

The average maturity at issue now stands at 5.4 years and the average interest rate is equal to mid-swap +32bps.

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) the MLT funding pool of CFF (5 billion euros).

At April 22, 2015, 52% of the MLT funding of Groupe BPCE had been completed in the form of public bond issues (48% private placements) and 73% in the form of unsecured bond issues (27% covered bond issues).

Groupe BPCE continues to raise very substantial funds thanks to a greater diversification of its investor base. As a result, 42% of the unsecured bonds issued in the institutional market were placed in currencies other than the euro (notably 18% in USD and 12% in JPY).

3. RESULTS¹⁴ OF THE BUSINESS LINES: BUOYANT COMMERCIAL ACTIVITY

3.1 Commercial Banking & Insurance: strong growth in new inflows and buoyant lending activity against a background of very low interest rates

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

The Banque Populaire banks and the Caisses d'Épargne put up a robust commercial performance in the 1st quarter of 2015. Aggregate customer deposits & savings stood at 611 billion euros at March 31, 2015, up 28 billion euros year-on-year. This growth was chiefly driven by an increase in on-balance sheet savings¹⁵.

Loan outstandings stood at 382 billion euros at March 31, 2015. This item enjoyed year-on-year growth of 3.0% year-on-year, i.e. an increase of 11 billion euros. Lending to households remains a dynamic segment, notably consumer loan outstandings, which enjoyed 4.7% growth in the Banque Populaire banks and growth of 4.2% in the Caisses d'Épargne. The quarter also saw a recovery in loans granted to corporate customers. As a result, the Banque Populaire banks granted more equipment loans in the 1st quarter of 2015: +11% compared with the same period in 2014. At the same time, loans granted to corporate customers by the Caisses d'Épargne rose by a total of 27%.

Apart from playing an active role in financing the French economy, Groupe BPCE, which also pays considerable attention to innovation and new banking habits, distinguished itself with the launch of a great many initiatives in the area of digital banking with a view to inventing a new form of customer relations. The Group continued to roll out its electronic signature solution in the 1st quarter of the year, with 80% of its range of banking services and products eligible at branch level, and 100% when using remote selling channels. A total of 388,225 contracts were finalized using an electronic signature during the quarter in the Banque Populaire and Caisse d'Épargne retail banking networks (+61% compared with the final quarter of 2014).

Financial results¹⁴ of Commercial Banking & Insurance for the 1st quarter of 2015

The **revenues** generated by the Commercial Banking & Insurance business line came to 3,962 million euros¹⁶ in the 1st quarter of 2015, representing growth of 5.0% compared with the 1st quarter of 2014.

Against a background of persistently low interest rates, the net interest margin on customer operations remained under negative pressure.

Commissions charged on lending activities enjoyed strong growth owing to the larger number of loan renegotiations and early redemption. Commissions related to customers using more banking services progressed, driven in particular by account service packages and non-life insurance policies.

Operating expenses remained under tight control (-0.5%) over the year and amounted to 2,604 million euros at March 31, 2015.

Gross operating income rose 16.5% compared with the 1st quarter of 2014 to reach a total of 1,347 million euros.

¹⁴ Q1-2014 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 March 31, 2014

¹⁵ Excluding centralized savings products

¹⁶ Excluding changes in provisions for home purchase savings schemes

The **contribution of the Commercial Banking & Insurance business line to the Group's income before tax** came to 1,012 million euros at the end of the 1st quarter of 2015, up 16.7% compared with the same period in 2014.

If the results are restated to account for the impact of IFRIC 21, **income before tax** stands at 1,140 million euros, representing an 11.5% increase year-on-year. The Caisses d'Épargne accounted for 47% of this result, the Banque Populaire banks contributed 39%, and the Other networks contributed 14%.

The **cost/income ratio**¹⁷ enjoyed a 2.6-point improvement over its position in the 1st quarter of 2014 and now stands at 62.7%. The **ROE**¹⁷ stands at 10.0%, representing a 1-point improvement over the 1st quarter of 2014.

3.1.1 Banque Populaire: growth in customers' use of banking products and services and extremely dynamic new fund inflows

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 is pursuing its development strategy aimed at priority customer categories, leading to 6.4% year-on-year growth in the number of individual customers using banking services and insurance products, and by 3.7% growth in the number of professional customers active in a dual professional and private capacity.

- **Customer deposits & savings**

Deposits & savings recorded strong growth of 17 billion euros year-on-year. Aggregate deposits & savings stood at 225 billion euros at March 31, 2015.

If centralized products are excluded, on-balance sheet deposits & savings stood at 148 billion euros, up 15 billion euros year-on-year, equal to growth of 11.2% driven, in particular, by demand deposits (+15.9%) and term accounts (+11.5%).

At the same time, life funds enjoyed year-on-year growth of 5.2% year-on-year with net new inflows up by 7.8%.

- **Customer loan outstandings**

Customer loan outstandings stood at 169 billion euros at the end of March 2015, representing growth of 1.6%¹⁸ year-on-year.

Home loan outstandings rose 3.1% during the quarter, and aggregate consumer loans grew by 4.7%.

The production of new equipment loans enjoyed a recovery in the 1st quarter of 2015, with 11% growth compared with the 1st quarter of 2014.

- **Bancassurance**

The portfolio of P&C, provident and health insurance contracts continued to grow, with an increase of 6.9% compared with the 1st quarter of 2014.

- **Financial results**

Net banking income for the 1st quarter of 2015 came to 1,660 million euros (excluding changes in provisions for home purchase savings schemes), up 3.6% compared with the 1st quarter of

¹⁷ Restated to account for the impact of IFRIC 21

¹⁸ Changes expressed on the basis of pro-forma outstandings, following changes in the scope of consolidation of the Crédit Coopératif group following the application of IFRS 10 and IFRS 11

2014. This change reflects a 1.1% reduction in the net interest margin on customer operations (excluding changes in provisions for home purchase savings schemes) and 7.5% growth in commissions.

Operating expenses, which stood at 1,105 million euros at the end of March 2015, have declined by 0.4% year-on-year.

Gross operating income amounts to 550 million euros, up 11.4% year-on-year.

The **cost of risk**, which stands at 172 million euros, has risen by 9.4% compared with the 1st quarter of 2014 owing to changes in certain parameters used to calculate collective provisions.

Income before tax has increased by 12.6% to reach a total of 389 million euros.

If the results are restated to account for the impact of IFRIC 21, **income before tax** stands at 440 million euros, representing an 8.3% year-on-year increase. The **cost/income ratio** is down by 1.7 percentage point, to 63,7%.

3.1.2 Caisse d'Épargne: dynamic growth in the customer base and extremely buoyant lending activities

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

- **Customer base**

The strategy of increasing the delivery of banking services to individual customers of the Caisse d'Épargne network was pursued in the 1st quarter of 2015 and led to 2.0% growth in the number of individual customers using banking facilities. 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 7.9% growth in active corporate customers.

- **Customer deposits & savings**

Aggregate deposits & savings rose by 11 billion euros in the space of one year compared with March 31, 2014, to reach 386 billion euros at March 31, 2015.

If centralized products are excluded, aggregate on-balance sheet savings and deposits came to 197 billion euros, up 12 billion euros compared with March 31, 2014, equal to growth of 6.6%. Demand deposits grew by 16.8%, term accounts by 13.8%, and home purchase savings schemes by 10.9%.

Off-balance sheet savings deposit amounted to 124 billion euros at March 31, 2015, driven by the growth in life insurance with an increase in life funds (+4.6%) and net fund inflows (+26.6%).

- **Customer loan outstandings**

Customer loan outstandings amounted to 213 billion euros at the end of March 2015, up 4.1% versus the end of March 2014 driven, in particular, by the dynamic performance achieved by home loans (+4.9%). Customer loans saw a 10% increase in new production. Similarly, equipment loans enjoyed a growth in new production in the 1st quarter of 2015 (+5%) driven, in particular, by the corporate customer segment (+27.0%).

- **Bancassurance**

The portfolio of P&C, provident and health insurance contracts continued to enjoy buoyant growth, with a 10.7% increase year-on-year.

- **Financial results**

Net banking income (excluding changes in provisions for home purchase savings schemes) stands at 1,873 million euros, up 3.8% compared with the 1st quarter of 2014. The net interest margin on customer operations shows a 1.3% decline (excluding changes in provisions for home purchase savings schemes) compared with the 1st quarter of 2014, while commissions have risen by 6.9%.

Operating expenses remain under close control (-0.4%), at 1,217 million euros.

Gross operating income enjoyed 11.4% growth, rising to 650 million euros.

The **cost of risk**, which came to 173 million euros during the period, is up 26.4% versus the 1st quarter of 2014 owing to changes in certain parameters used to calculate collective provisions. If this change in method is excluded, it shows a decline of 2.2%.

Income before tax is equal to 476 million euros, up 7.0% compared with the 1st quarter of 2014.

If the results are restated to account for the impact of IFRIC 21, **income before tax** stood at 531 million euros at the end of March 2015, reflecting a 4.4% year-on-year decline compared with the end of March 2014. The **cost/income ratio** has improved by 1.9 points, to 62.3%.

3.1.3 Other networks

- **Real estate Financing**

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

In what remains an uncertain environment for the real-estate segment, the activities pursued by Crédit Foncier remained buoyant in the 1st quarter of 2015. Aggregate new home loan production came to 2.3 billion euros (1.9 billion euros for individual customers and 0.4 billion euros for real-estate investors and public facilities), up 5% compared with March 31, 2014. This new loan production went hand-in-hand with an improvement in margins.

In the 1st quarter of 2015, the **net banking income** of the Real-estate Financing division rose 30.3% compared with the 1st quarter of 2014, to reach a total of 219 million euros. Restated to account for exceptional items (notably the positive impact of credit valuation adjustment (CVA) and debit valuation adjustment (DVA) and the transfer to BPCE of the RMBS portfolio completed in September 2014), growth stands at 7.5%.

Operating expenses, which have declined by 5.5%, remain under close control, in line with the strategic plan and benefit from a decline in the systemic risk tax levied on banking institutions. Expenses stood at 145 million euros at the end of the 1st quarter of 2015.

If assets managed on a run-off basis are excluded¹⁹, the **cost of risk** stands at 25 million euros.

Income before tax amounted to 50 million euros at March 31, 2015.

If the results are restated to account for the impact of IFRIC 21, **income before tax** came to 67 million euros at March 31, 2015. The **cost/income ratio** stood at 58.6%, down 19.2 percentage points.

¹⁹ Provision of €142m booked with respect to Heta Asset Resolution AG attributed to the Corporate Center in view of its status as one of the international assets of Crédit Foncier managed on a run-off basis

- **CNP and others**

The principal entity comprising the Insurance 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'Épargne came to 2.9 billion euros in the 1st quarter of 2015, representing 9% growth, driven by private banking, which accounted for 59.3% of these new inflows (versus 57.5% in the 1st quarter of 2014).

Inflows in unit-linked sales represented 23.7% of aggregate gross inflows at March 31, 2015 (against 13.5% at March 31, 2014) reflecting good commercial dynamics.

- **BPCE IOM**

BPCE International et Outre-mer (BPCE IOM) represents all the international and overseas subsidiaries of Groupe BPCE (with the exception of Natixis).

The customer deposits & savings received by BPCE IOM have risen 9.0%, reaching a total of 8.6 billion euros at March 31, 2015. This growth was driven, in particular, by on-balance sheet savings and deposits: +9.9% on demand deposits and +10.7% on other on-balance sheet products. Off-balance sheet deposits & savings declined by a marginal 0.2% year-on-year.

Customer loan outstandings, at the end of March 2015, are up 5.2%, reaching a total of 9.3 billion euros. In the individual customer segment, real-estate loan outstandings remained buoyant (+7.3%). Medium-/long-term loans and short-term credit facilities granted to corporate customers displayed good rates of year-on-year growth of 3.7% and 4.8% respectively.

The contribution of BPCE IOM to the Group's income before tax restated to account for the impact of IFRIC 21 stood at 31 million euros at March 31, 2015, down 0.6% compared with the 1st quarter of 2014.

- **Banque Palatine²⁰**

At March 31, 2015, the customer deposits & savings of Banque Palatine stood at 17 billion euros, up 2.4% from the previous year. On-balance sheet savings and deposits rose by 9.2%, partially offsetting the 11.6% decline in off-balance sheet savings.

The corporate customer market boasted strong growth in its on-balance sheet deposits & savings (+10.3%).

Private banking enjoyed favorable customer dynamics in terms of both off- and on-balance sheet deposits & savings (+3.2% and +1.3% respectively).

Customer loan outstandings rose by 11.3% to 8 billion euros. Loans granted to corporate customers, reflecting the dynamism of new medium-/long term loan production, saw 14.9% year-on-year growth. The new loans granted to private banking customers made it possible to limit the decline in aggregate outstandings in this area.

The contribution of Banque Palatine to the Group's income before tax restated to account for the impact of IFRIC 21 stood at 21 million euros at March 31, 2015.

²⁰ Loan outstandings at end-March 2015 and average positions in March 2015 for deposits & savings

3.2 Wholesale Banking, Investment Solutions and Specialized Financial Services (Core business lines of Natixis)^{21,22}

The **net banking income** of the core business lines of Natixis (Wholesale Banking, Investment Solutions, and Specialized Financial Services) came to 1,953 million euros at the end of March 2015, up 15.4% year-on-year.

The **operating expenses** of the core business lines of Natixis, which reached a total of 1,292 million euros, have risen by 11.9% year-on-year.

The **gross operating income** of the core business lines of Natixis stood at 661 million euros at March 31, 2015, representing growth of 22.7%.

The **cost of risk** of the core business lines of Natixis has risen by 15.3%. It stood at 80 million euros at March 31, 2015.

At March 31, 2015, the **income before tax** of the core business lines of Natixis came to 590 million euros, representing a 23.0% year-on-year increase.

Restated to account for the impact of IFRIC 21, **income before tax** is equal to 642 million euros, up 20.3% compared with the 1st quarter of 2014.

- ▶ In the **Wholesale Banking** division, **income before tax**²³ enjoyed 7.9% year-on-year growth while net banking income rose by 10.1% (+16% if non-recurring structured financing operations in the 1st quarter of 2014 are excluded). This growth was chiefly driven by the considerably dynamism of the capital market activities and by the contribution of the Americas platform (up by 16% compared with the 1st quarter of 2014). The cost of risk, up 25%, includes provision booked for the energy and commodities segments. Wholesale Banking accounted for 45% of the **income before tax**²³ of the core business lines.
- ▶ The **Investment Solutions** division delivered a fine performance with **income before tax**²³ at March 31, 2015 up 41.1% on a year-on-year basis, thanks to a substantial increase in revenues (+27% at current exchange rates and +14% at constant exchange rates). Asset Management enjoyed new record-breaking fund inflows during the 1st quarter of 19 billion euros (17 billion euros if money-market products are excluded). The Investment Solutions division accounted for 40% of the **income before tax**²³ of the core business lines.
- ▶ The **income before tax**²³ of the **Specialized Financial Services (SFS)** division achieved significant growth of 14.6% in the 1st quarter of 2015. Revenues rose by 3,5%, driven by the leasing, consumer finance and employee savings schemes activities. A sharp reduction in the cost of risk (down 26%) was noted. The Specialized Financial Services division accounts for 15% of the **income before tax**²³ of the core business lines.

The **cost/income ratio**²³ of the core business lines of Natixis shows improvement, with a 1.5-point decline, and stood at 63.5% at March 31, 2015. The **ROE**²³ of the core business lines of Natixis came to 13% in the 1st quarter of 2015, up 2 percentage points.

(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)

²¹ The BPCE contribution figures are different from the figures published by Natixis

²² Q1-2014 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 March 31, 2014

²³ Excluding the impact of IFRIC 21

3.3 Equity interests

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

At March 31, 2015, the net banking income of the Equity interests division stood at 227 million euros, up 6.3% compared with the 1st quarter of 2014. Income before tax, which came to 50 million euros, translates a massive 31.6% increase compared with the same period in 2014.

After restating to account for the impact of IFRIC 21, income before tax stands at 53 million euros, up 27.0%.

It should be noted that on April 7, 2015, Groupe BPCE sold its minority interest (24.5%) in Volksbank România to Banca Transilvania.

- **Coface**

The turnover²⁴ generated by Coface rose by 2.3% in the 1st quarter of 2015 compared with the same period in 2014. It represented a total of 377 million euros at March 31, 2015.

The credit insurer subsidiary also boasts tight control over its expenses²⁵, with a marginal 0.3% increase in the 1st quarter of 2015 versus the 1st quarter of 2014.

Risk management remained efficient:

- ▶ The loss ratio came to 49.8% versus 52.3% in the 1st quarter of 2014
- ▶ The cost ratio stood at 27.7% versus 25.4% in the 1st quarter of 2014
- ▶ The combined ratio remained stable, at 77.5% versus 77.7% in the 1st quarter of 2014

- **Nexity**

Reservations for new housing units rose by 23% compared with the 1st quarter of 2014. The backlog of orders at March 31, 2015 stood at 3.2 billion euros, equal to 18 months of development activity.

Turnover²⁶ came to 569 million euros at March 31, 2015, representing a 13% increase compared with March 31, 2014. Turnover generated from residential real estate rose 6% (2% on a like-for-like basis). Commercial real estate activities picked up during the quarter with 55% growth in turnover thanks to the scaling up of major operations undertaken in 2013.

At March 31, 2015, 'residential real estate' accounted for 63% of aggregate turnover, 'services, distribution & other' represented 22%, while 'commercial real estate' accounted for the remaining 15%.

²⁴ Constant perimeter and foreign exchange rates

²⁵ Constant perimeter and foreign exchange rates, excluding exceptional items

²⁶ Financial data derived from Nexity operating reports

For further details about the 2014 financial results, please consult the Investors/Results section of the corporate website www.groupebpce.fr

Notes on methodology

- *The Q1-14 financial results are presented on a pro-forma basis*

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'Épargne, and the Other networks sub-division that chiefly comprises the Banque Palatine, BPCE IOM and Crédit 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.

Following the disposal of 7% of Nexity's capital and voting rights, the Group's residual stake in this company has been accounted for by the equity method since Dec. 31, 2014.

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 a liability as of Q1 when the obligating event occurs in Q1 (previously, these taxes and levies were generally recognized throughout the year).

- *Business line performance presented using Basel 3 standards*

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.

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'Épargne. 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.

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