GROUPE BPCE

Bankers and insurers with a different perspective

Press Release

Paris, February 19, 2014

Groupe BPCE: results for the full year and 4th quarter of 2013

Robust performance achieved by Groupe BPCE, with a continuing moderate risk profile and strong improvement in capital adequacy

- **Very strong commercial dynamism of the core business lines[1]**
  - ✓ The revenues generated by the core business lines stand at 21.6 billion euros[2], up 4.6% compared with 2012
  - ✓ Commercial Banking and Insurance: revenues of 15.2 billion euros, up 3.9%[3] compared with 2012, remarkable achievement in a sluggish economic environment
    - On-balance sheet savings deposits up 9.9%[4] and growth in loan outstandings of +6.1%[5]
  - ✓ Core business lines of Natixis: revenues of 6.4 billion euros, up 5.0% compared with 2012
    - Extremely strong dynamism of key franchises

- **Robust 2013 results**
  - ✓ Strong growth in 2013 net income[2;6] attributable to equity holders of the parent: 2.9 billion euros, up 26.2% compared with 2012
  - ✓ Cost/income ratio of the core business lines: 65.9%, down 2.3 points compared with 2012
  - ✓ Cost of risk kept at a moderate level in 2013: annual average of 35 basis points (-2 basis points compared with 2012)

- **Continuous, regular strengthening of the balance sheet**
  - ✓ Common Equity Tier-1 ratio under Basel 3[7]: 10.4%, +150 basis points in 2013
  - ✓ Overall capital adequacy ratio under Basel 3[7;8:] 13.4%, +180 basis points in 2013
  - ✓ Leverage ratio under Basel 3 in excess of 3.6%[7]
  - ✓ Group's customer loan-to-deposit ratio[9]: -4 points in 2013 to 124%
  - ✓ MLT funding helping to achieve a 100% LCR in early 2015
    - 32.2[10] billion euros raised in the 2013 MLT funding plan (153%) for the Group as a whole; 7.1 billion euros raised as of February 5, 2014 in the BPCE MLT funding pool (28% of the 2014 funding plan)

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[1] Commercial Banking and Insurance, Wholesale Banking, Investment Solutions and Specialized Financial Services
[2] Results pro forma of the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis
[3] Excluding changes in provisions for home purchase savings schemes
[4] Banque Populaire and Caisse d'Epargne networks, excluding centralized savings products
[5] Banque Populaire and Caisse d'Epargne retail networks
[6] Excluding the revaluation of own debt
[7] Estimate at Dec. 31, 2013 – CRR/CRD IV, as applied by Groupe BPCE; without transitional measures and after restatement to account for deferred tax assets
[8] Pro forma to account for the $1.5bn issue at the beginning of January 2014
[9] Excluding SCF (Compagnie de Financement Foncier, the Group's *Société de Crédit Foncier* – a French legal covered bonds issuer)
[10] Including €5.4bn raised in excess of the 2012 plan and allocated to the 2013 plan

On February 19, 2014, the Supervisory Board of BPCE convened a meeting chaired by Stève Gentili to examine the Group's financial statements for the full year and fourth quarter of 2013.

François Pérol, Chairman of the Management Board of Groupe BPCE, said:

"Groupe BPCE ended 2013 with extremely satisfactory results. In spite of a rather sluggish economic environment in France, the Group's banking institutions once again actively helped to finance the French economy with 6.1% growth in customer loan outstandings a 9.9% increase in on-balance sheet deposits and savings. The revenues generated by the Group's core business lines reached 21.6 billion euros, up 4.6% in the space of one year. This commercial dynamism also went hand-in-hand with the continued consolidation of the Group's financial structure. The capital adequacy of Groupe BPCE made further progress last year and its Common Equity Tier-1 ratio under Basel 3 rose by 150 basis points to 10.4%. The success obtained in developing synergies within the Group both in terms of additional revenues (891 million euros) and in terms of reducing costs (1,035 million euros) illustrate the sheer efficiency of the "Together" strategic plan that we recently brought to a conclusion. The Group can therefore look confidently towards the first year of its new strategic plan for 2014-2017 "Another way to grow" based on modernized customer relations thanks to digital banking, the reassertion of the Group as a major player in savings, the emergence of a new major insurance division, and an acceleration in the international expansion of the Group, which will constantly emphasize in its ongoing development the values that presided over its creation and its essential difference as a cooperative banking group."

1. CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE FULL YEAR AND 4TH QUARTER OF 2013

Groupe BPCE put up a fine performance in 2013. Its business lines demonstrated their robust commercial dynamism in a sluggish economy. The revenues generated by its core business lines[11] came to 21,629 million euros, up 4.6% compared with 2012.

In 2013, Groupe BPCE confirmed its role as a major player in financing the French economy with 6.1%[12] growth in loan outstandings while on-balance sheet savings deposits rose by 9.9%[13].

The Group recorded robust results in 2013 with growth in net income[14;15] attributable to equity holders of the parent of 26.2% compared with 2012, a 1.4-point improvement in the cost/income ratio to 69.9%, and a cost of risk kept at a moderate level: an annual average of 35 basis points (down 2 basis points compared with 2012).

Groupe BPCE is continuously strengthening its capital adequacy with a Common Equity Tier-1 under Basel 3[16] up 150 basis points to 10.4% at December 31, 2013 and a total capital adequacy ratio under Basel 3[16;17] of 13.4%, up 180 basis points in 2013.

[11] Commercial Banking and Insurance, Wholesale Banking, Investment Solutions and Specialized Financial Services
[12] Banque Populaire and Caisse d'Epargne retail networks
[13] Banque Populaire and Caisse d'Epargne retail networks; excluding centralized savings products
[14] Results pro forma of the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis
[15] Excluding the revaluation of own debt
[16] Estimate at Dec. 31, 2013 – CRR/CRD IV, as applied by Groupe BPCE; without transitional measures and after restatement to account for deferred tax assets
[17] Pro forma to account for the $1.5bn issue at the beginning of January 2014

The drive to restructure the Group's balance sheet, chiefly concerning GAPC and Crédit Foncier, gathered pace in 2013 and is now in its final stages, enabling the Group to make better use of its assets in favor of its customers.

Groupe BPCE has concluded its 2010-2013 strategic plan "Together", achieving levels of cost and revenue synergies higher than the targets set initially.
Additional revenues generated between Natixis and the Banque Populaire banks and the Caisses d'Epargne stand at 891 million euros, exceeding the initial target of 810 million euros. In Natixis' Specialized Financial Services division, both consumer finance in the Banque Populaire banks and factoring in the Caisses d'Epargne performed extremely well. In Investment Solutions, the strong growth in the contribution made by the Insurance activities since the end of 2012 and the greater contribution from Private Banking have led to the development of further synergies.
Total cost synergies generated by the Group during the life of the plan reached 1,035 million euros at end-2013, exceeding the initial target of one billion euros. These synergies were obtained through the rationalization of procurement with, notably, the signature of group-wide agreements with IT service providers, the pooling of IT infrastructures and the optimization of organizational processes.

The Group's performance in 2013 provides a strong basis for the 2014-2017 strategic plan "Another way to grow," a development and transformation plan founded on the ambition to provide a constantly improved response to the needs and expectations of our customers while simultaneously reasserting the Group's distinctive identity as a cooperative banking group.

1.1 Consolidated results for 2013[18;19]

The **net banking income** of Groupe BPCE reached 23,080 million euros, up 3.3% compared with 2012.

The **revenues generated by the core business lines** of Groupe BPCE increased in 2013, buoyed up by the dynamism of the underlying commercial activities; they now stand at 21,629 million euros, up 4.6% compared with 2012.

The Group's **operating expenses** amount to -16,135 million euros, up 1.3%. The **operating expenses of the core business lines** have increased by a tightly controlled 1.1% to reach 14,254 million euros. The **cost/income ratio** stands at 69.9% for the Group as a whole; it is 65.9% for the core business lines, down 2.3 points.

Gross operating income stands at 6,944 million euros, up 8.2% compared with 2012. The contribution from the Group's core business lines is equal to 7,375 million euros, up 12.2% compared with 2012.

The **cost of risk** amounts to -2,042 million euros, down 7.2% compared with 2012. As far as the core business lines are concerned, it has risen by 9.3% to 1,953 million euros.

Groupe BPCE's risk profile remains moderate, with an average annual cost[20] of 35 basis points, down 2 basis points from its level in 2012[21]. The non-performing loans to total loans ratio remains moderate (3.9% at December 31, 2013). The impaired outstandings coverage ratio is high: 78.2% at December 31, 2013, up 2.3 points compared with September 30, 2013.

[18] Results pro forma of the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis
[19] Excluding the revaluation of own debt
[20] Cost of risk expressed in annualized bp on gross customer loan outstandings at the beginning of the period
[21] Excluding Greek government bonds impairment

In Commercial Banking and Insurance, the annual average cost of risk[20] remains stable à 32 basis points (up 1 point compared with 2012). In the Commercial Banking and Insurance division, the Real estate Financing business saw a significant increase in the cost of risk in the 4th quarter of the year owing to provisions booked for specific cases and collective provisions for a portfolio of international assets managed on a run-off basis.

The cost of risk of the core business lines of Natixis remains stable at 53 basis points.

Net income attributable to equity holders of the parent[22] has increased by a substantial +26.2% and now stands at 2,914 million euros. The **net income of the core business lines** has risen by 12.9% to reach 3,313 million euros in 2013.

The **ROE** of the core business lines stands at 9%, up 1 percentage point.

1.2 Results for the fourth quarter of 2013[22]

In the 4th quarter of 2013, the **net banking income** of Groupe BPCE stands at 5,968 million euros, up 5.4%, while the **net banking income of the core business lines** enjoyed strong growth (+4.8%) to reach 5,541 million euros.

Operating expenses are equal to -4,256 million euros, representing a tightly managed increase of 2.4%. The **operating expenses of the core business lines** have fallen by 1.1% to -3,649 million euros. The cost/income ratio of the core business lines has improved by 3.9 points and now stands at 65.8%.

Gross operating income is up by 13.7% to 1,712 million euros. For the core business lines, this item has increased by 18.4%, to 1,892 million euros.

The **cost of risk** stands at -565 million euros, representing a decline of 12.3% for this item. The cost of risk of the core business lines has increased by 16.2%, to -546 million euros.

Net income attributable to equity holders of the parent stands at 530 million euros, a result multiplied by a factor of 3.1 compared with 2012. **Net income attributable to equity holders of the parent of the core business lines** stands at 775 million euros, up 10.9% compared with 2012.

The **ROE** of the core business lines is equal to 9%, up 1 point.

1.3 Workout Portfolio Management (GAPC): assets worth 5.4 billion euros divested in 2013 with no impact on net income

GAPC increased the pace of its asset disposals in 2013. Divestment came to a total of 5.3 billion euros in 2013 against 3.6 billion euros in 2012. In the 4th quarter of 2013, they equaled 0.7 billion euros.

These disposals have been completed at a discount of less than 1% during the year and have had no significant impact on net income attributable to equity holders of the parent.

Risk-weighted assets under Basel 3 amounted to 9.1 billion euros[23] at December 31, 2013.

The complete winding-up of GAPC by mid-2014 is confirmed.

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[22] Excluding the revaluation of own debt
[23] Estimate under Basel 3 – CRR/CRD IV, as applied by Groupe BPCE

2. CAPITAL ADEQUACY AND LIQUIDITY: COMMON EQUITY TIER-1 RATIO UNDER BASEL 3[24] OF 10.4% AT END-DECEMBER 2013

2.1 Sharp increase in capital adequacy in 2013

The capital adequacy of Groupe BPCE rose significantly in 2013 with a Common Equity Tier-1 ratio under Basel 3[24] of 10.4% as at December 31, 2013, representing a 150-basis point improvement since December 31, 2012.

The Common Equity Tier-1 capital[24] of the Group stands at 42.5 billion euros and risk-weighted assets under Basel 3[24] are equal to 409.5 billion euros.
The goal of obtaining a Common Equity Tier-1 ratio under Basel 3[24] in excess of 10% in 2014 has already been achieved.
The Group has a total capital adequacy ratio[24] of 13.4%[25], up from 11.6% on December 31, 2012, representing a rise of 180 basis points in 2013.
Groupe BPCE has set itself the target of achieving an overall capital adequacy ratio under Basel 3[24] in excess of 15% in 2017 at the very latest[26].

The Group presented a leverage ratio under Basel 3[27] greater than 3.6% at December 31, 2013.

2.2 Liquidity reserves[28] and short-term funding: enhanced customer loan-to-deposit ratio

Liquidity reserves[28] cover 164% of short-term funding outstandings and amounted to 160 billion euros at the end of December 2013, including 109 billion euros in available assets eligible for central bank refinancing and 51 billion euros in liquid assets placed with central banks.

The customer loan-to-deposit ratio of Groupe BPCE[28] has fallen 4 points vs. December 31, 2012 to reach 124% at December 31, 2013. This improvement in the loan-to-deposit ratio was driven by significant growth in on-balance sheet savings deposits received from the Banque Populaire and Caisse d'Epargne retail networks (+28 billion euros[29] in 2013) and by the faster pace of non-customer asset disposals (assets worth more than 10 billion euros divested, including 5.4 billion euros for GAPC and 4.9 billion euros for Crédit Foncier).

2.3 Medium- and long-term funding: the 2014 issuance program placing greater emphasis on diversification is helping to reach the target of 100% LCR in early 2015

In a context of favorable market conditions in 2013, the Group's ability to access major debt markets enabled it to raise medium- and long-term resources for a total of 32.2[30] billion euros at December 31, 2013 (including 28 billion euros in BPCE's medium-/long-term funding pool and 4.2 billion euros in Crédit Foncier's medium-/long-term funding pool). The funds raised via this program represent 153% of the 2013 funding plan.
The average maturity at issue is equal to 5.3 years, and the average rate is mid-swap +48 basis points.

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[24] Estimate – CRR/CRD IV, as applied by Groupe BPCE; without transitional measures and after restatement to account for deferred tax assets
[25] Pro forma to account for the $1.5bn issue at the beginning of January 2014
[26] Depending on bail-in regulations
[27] Without transitional measures and after restatement to account for deferred tax assets, calculated using the CRR/CRD IV method
[28] Excluding SCF (Compagnie de Financement Foncier, the Group's société de crédit foncier – a French legal covered bonds issuer)
[29] Excluding centralized savings products
[30] Including €5.4bn raised in excess of the 2012 plan and allocated to the 2013 plan (€4.0bn from the BPCE funding pool and €1.5bn from the CFF funding pool)

At December 31, 2013, 73% of the funding consisted of unsecured bond issues while 26% was made up of covered bond issues.

In 2013, Groupe BPCE significantly increased the diversification of its investor base with regard to unsecured public issues actually raised during the year in the institutional market. Issues denominated in currencies other than the euro accounted for 30% of the total, against 11% in 2012, and within these issues in currencies other than the euro, 60% were raised in US dollars, and 27% in Japanese yen. Private placements accounted for 50% of the total, up from 44% in 2012.

The 2014 medium-/long-term funding plan is for a total of 30 billion euros, including 25 billion euros in BPCE's medium-/long-term funding pool and 5 billion euros in Crédit Foncier's medium-/long-term funding pool.
As of February 5, 2014, 7.1 billion euros had been raised, equal to 28% of the 2014 funding plan. The average maturity at issue is 5.7 years and the average rate is mid-swap +57 basis points.

2013 CONSOLIDATED RESULTS OF GROUPE BPCE

Pro forma results *In millions of euros*	2013	2013 / 2012	Core Business Lines* 2013	2013/ 2012
Net banking income**	23,080	+3.3%	21,629	+4.6%
Operating expenses	-16,135	+1.3%	-14,254	+1.1%
Gross operating income** **Cost/income ratio	***6,944*** ***69.9%***	***+8.2%*** ***-1.4 pts***	***7,375*** ***65.9%***	***+12.2%*** ***-2.3 pts***
Cost of risk	-2,042	-7.2%	-1,953	+9.3%
Income before tax*	***5,143***	***+23.9%***	***5,666***	***+13.3%***
Net income attributable to equity holders of the parent** *Impact of the revaluation of own debt on net income*	**2,914** *+123*	**+26.2%** –	–	–
Net income attributable to equity holders of the parent	**2,791**	**+32.1%**	**3,313**	**+12.9%**
ROE	**5.7%**	**+1.2 pts**	**9%**	**+1 pt**

Natixis Results pro forma of the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis

* The core business lines are Commercial Banking and Insurance (with, in particular, the Banque Populaire and Caisse d'Epargne retail 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 the revaluation of BPCE's own debt for the Group's results

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 4TH QUARTER OF 2013

Pro forma results *In millions of euros*	Q4-13	Q4-13 / Q4-12	Core Business lines*	Q4-13 / Q4-12
Net banking income**	5,968	+5.4%	5,541	+4.8%
Operating expenses	-4,256	+2.4%	-3,649	-1.1%
Gross operating income** ***Cost/income ratio***	***1,712*** ***71.3%***	***+13.7%*** ***-2.1 pts***	***1,892*** ***+65.8%***	***+18.4%*** ***-3.9 pts***
Cost of risk	-565	-12.3%	-546	+16.2%
Income before tax**	***1,187***	***-85.5%***	***1,419***	***-19.3%***
Net income attributable to equity holders of the parent *Impact of the revaluation of own debt on net income*	**596** *-65*	**x 2.5** -	-	-
Net income attributable to equity holders of the parent	**530**	**x 3.1**	**775**	**+10.9%**
ROE	**4.2%**	**+3.2 pts**	**9%**	**+1.0 pt**

Natixis Results pro forma of the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis

* The core business lines are Commercial Banking and Insurance (with, in particular, the Banque Populaire and Caisse d'Epargne retail 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 the revaluation of BPCE's own debt for the Group's results

3. RESULTS OF THE BUSINESS LINES

3.1 Commercial Banking and Insurance: buoyant commercial activity in 2013 and new ambitions defined by the 2014-2017 Strategic Plan "Another way to grow"

The Commercial Banking & Insurance core business line groups together the activities of the Banque Populaire and Caisse d'Epargne retail banking networks, activities related to real estate financing (chiefly Crédit Foncier) and the Insurance, International and "Other networks"

Extremely strong commercial dynamics in 2013 for the Banque Populaire and Caisse d'Epargne retail networks: loan outstandings increased by +6.1% year-on-year, consolidating the expansion of the customer base; at the same time, on-balance sheet savings deposits[31] grew by +9.9%.

2013: concrete progress in digital banking

Activities pursued in 2013 perfectly correspond to the ambition expressed in the new 2014-2017 Strategic Plan "Another way to grow" to create leading banks in both one-to-one and online relations.

The digital progress achieved by the Group has led to the launch of innovative services in 2013:

- The Caisses d'Epargne launched a digital safety deposit box designed to store customers' documents automatically; this new service had been adopted by 250,000 customers just three months after its launch.
- With *Direct et Proche*, the Banque Populaire banks have made it possible to create 1,736 websites (development and posting up online), thereby simplifying relations between banking professionals and their customers.
- A *V.me by Visa* electronic wallet launched in the two retail networks to simplify and reinforce the security of online payments.
- The possibility to use an electronic signature in the branches was rolled out in both retail networks in April. At the end of December, this service was offered by more than 300 branches, making life easier for customers.

Fully-fledged bancassurance specialist:
a dynamic already initiated and forming an integral part of the strategic plan

For 2013 as a whole, gross life insurance inflows from the Banque Populaire and Caisse d'Epargne retail networks stood at 10.5 billion euros: in a market growing at an annual rate of +6% (source: FFSA), BPCE increased its revenues by +15%.

Life insurance outstandings reached 153.5 billion euros[32], up +2.3% in the space of one year.

At the same time the Group is pursuing its development in Non-life and Provident insurance with strong growth in revenues (+9.5%), which rose to 1.3 billion euros[33].

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[31] BP and CE retail networks, excluding centralized savings products
[32] Entities included: CNP Assurances, Natixis Assurances, Prépar Vie
[33] Entities included: BPCE Assurances, CNP Assurances, Prépar

Groupe BPCE has set itself the target of providing one out of every three of its customers with Non-life, Health and/or Provident insurance by 2017. This ambition will allow the Group to speed up its own development and that of its brands in all types of insurance products.

Plans to create a unified platform designed to centralize all of the Group's insurance activities and to create greater legibility and efficiency, will be based on the Ambition Banker Insurer program first launched in 2011. A new *Assurément #2016* initiative will allow Natixis Assurances to organize its offering and provide an industrial structure for the marketing of new savings and provident insurance contracts.

Enhanced public image

The Banque Populaire and Caisse d'Epargne names rank among the list of 15 most popular brands in France, all business sectors taken together (Ipsos – Posternak barometer survey).

On the social networks, the Banque Populaire banks and Caisses d'Epargne boast more than 762,000 fans on Facebook and more than 20,000 Twitter followers.

Financial results for 2013[34] of the Commercial Banking and Insurance business line

In 2013 as a whole, the **revenues** generated by the Commercial Banking and Insurance business line stood at 15,219 million euros[35], equal to growth of +3.9% compared with 2012. The net interest margin remained buoyed up by business volumes and the decline in interest rates paid on regulated savings products. The year was also marked by growth in commission earnings related to the growth in the customer base and the increase delivery of banking services.

Operating expenses amounted to -10,103 million euros, stable compared with 2012.

The **gross operating income** came to 5,129 million euros, up 13.6%.

The **cost/income ratio** stands at 66.3%, down 2.7 points compared with its level last year.

The **cost of risk** increased by 8.8%, to -1,574 million euros.

The **net income attributable to equity holders of the parent** of the Commercial Banking and Insurance division amounted to 2,398 million euros, representing an increase of 13.9%.

The **ROE** of the business line came to 9% in 2013.

[34] Results pro forma of the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis
[35] Excluding changes in provisions for home purchase savings schemes

3.1.1 Banque Populaire

The Banque Populaire network comprises the 19 Banque Populaire banks, including CASDEN Banque Populaire and Crédit Coopératif and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.

- **Customer base**

In 2013, the Banque Populaire retail network boasted sustained growth in its customer base: +96,000 new individual customers and +10,000 new professional customers. The aggressive policy aimed at intensifying customer relations has led to a 4.9% increase in the number of active customers using banking services and insurance products.

- **Deposits and savings**

The growth in the Banque Populaire banks' on-balance sheet deposits and savings remained buoyant at +6.9% compared with 2012 (excluding centralized savings products), driven in particular by growth in demand deposits (+6.5%), passbook savings accounts (+6.1%) and term deposit accounts (+8.9%).

After two years of decline, financial savings deposits stabilized, taking advantage of the surge in new life-insurance inflows, which rose by +3.2%.

Total savings deposits stood at 200 billion euros at the end of 2013, up 4.7%.

- **Customer loan outstandings**

Customer loan outstandings granted by the Banque Populaire banks stood at 166 billion euros, representing growth of +3.5% in 2013.

Home loan outstandings rose by +7.0%; growth in new loan production remained extremely buoyant despite the slower rate of growth noted at the end of the year.

The production of new equipment loans took off again (+4%), despite the sluggish economic environment overall.

- **Financial results**

Net banking income[36] for the full year 2013 rose by 5.8% to reach 6,344 million euros.

Operating expenses remained stable at -4,205 million euros, resulting in gross operating income of 2,142 million euros – equal to 19.4% growth – and a cost/income ratio of 66.3%, down 3.7 points.

The cost of risk fell by 8.3% to reach -685 million euros. For the fourth quarter, the cost of risk[37] stands at 39 basis points.

In 2013, the Banque Populaire retail network contributed 944 million euros to the net income attributable to equity holders of the parent, equal to growth of +35.4% compared with 2012.

[36] Excluding changes in provisions for home purchase savings schemes
[37] Cost of risk expressed in annualized basis points on gross customer loan outstandings at the beginning of the period

3.1.2 Caisse d'Epargne

The Caisse d'Epargne network comprises the 17 individual Caisses d'Epargne.

- **Customer base**

In 2013 as a whole, the Caisse d'Epargne retail network enjoyed strong growth in its customer base among its priority targets, leading to a +3.7% increase in individual customers using banking services (i.e. 173,300 additional customers), +4.8% growth in active professional customers and a rise of +7.3% among active corporate customers.

- **Deposits and savings**

The Caisses d'Epargne continued to enjoy a dynamic level of on-balance sheet deposits[38], up +12.2%. These positive inflows were chiefly driven by demand deposits (+15%), home purchase savings schemes (+7.5%) and term deposit accounts (+22.2%).

Financial savings deposits remained stable with, in particular, +1.8% growth in life funds.

Total financial savings and deposits rose 7.1% to reach 300 billion euros at the end of the year.

- **Customer loan outstandings**

The Caisses d'Epargne report sustained growth in their customer loan outstandings compared with 2012 (+8.4%); this item reached 201 billion euros at the end of December 2013.

New real estate loan production remained buoyant during the past year despite the slight slowdown in the second half. Real estate loan outstandings grew by +9.8%.

Equipment loan outstandings increased by +6.5% during the year driven, in particular, by 5.2% growth in new production in the Professional and Corporate customer segments.

- **Financial results**

Net banking income[39] for 2013 as a whole stands at 6,930 million euros, equal to growth of +3%.

Operating expenses rose by 1%, to -4,562 million euros, leading to gross operating income of 2,378 million euros – equal to growth of +10.0% – and a cost/income ratio of 65.7%, down 1.9 points.

The cost of risk stood at -529 million euros (+19.8%).

In 2013, the contribution of the Caisse d'Epargne network to net income attributable to equity holders of the parent stood at 1,146 million euros, up +4.5%.

[38] Excluding centralized savings products
[39] Excluding changes in provisions for home purchase savings schemes

3.2 Real estate Financing

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

In 2013, Crédit Foncier achieved an outstanding commercial performance in all its different business activities.
In the individual customers market, new loan production stood at 7.6 billion euros, up 17.8% compared with 2012 despite the lackluster economic environment.
The market comprised of real estate investors and public facilities stood up well with 9.0% growth in new loan production at 4.1 billion euros.

Within the framework of the "Another way to grow" strategic plan, Crédit Foncier will be generating greater synergies with the Group's other entities; the services of its subsidiary Compagnie de Financement Foncier, a *Société de Crédit Foncier* (SCF) or covered bonds issuer, may be used by all of the Group's different companies to fund their long-term loans. The 2014 program launched by Compagnie de Financement Foncier to fund the long-term loans granted by the Banque Populaire and Caisse d'Epargne retail networks and Natixis stands at 5 billion euros; it was launched at the end of 2013 with a volume of approximately 200 million euros in loans transferred by Group entities to Compagnie de Financement Foncier.

Under the influence of the 2014-2017 strategic plan "Another way to grow," Crédit Foncier will accelerate the pace of the transformation it began at the end of 2011.
Having refocused its activities on its French customers, Crédit Foncier is winding down its international operations and pursuing a policy of selective asset disposals.
The sale of international assets stands at 9.8 billion euros since the beginning of the fourth quarter of 2011 (including 4.9 billion euros in 2013) with a discount limited to 2.3% (net of liability buybacks, impact net of disposals listed under "Other businesses") and a net impact on net banking income of -0.15 billion euros.
The portfolio of international assets has been reduced by 35% since September 30, 2011.

As a result of its cost-cutting plan launched at the end of 2011, the division's operating expenses have been trimmed substantially (-6.8% in 2013 vs. 2012).

The contribution of the Real estate Financing division to the net income attributable to equity holders of the parent amounted to -27 million euros in 2013.

3.3 Insurance, International and Other networks

- **Insurance**

The Insurance division is comprised of BPCE Assurances and CNP Assurances. Assurance

Life insurance revenues are driven by Private Banking.
The Non-life and Provident insurance business enjoyed strong sales momentum; almost one million new property & casualty and provident insurance contracts were taken out during the year.

The contribution of the Insurance division to net income attributable to equity holders of the Parent stood at 194 million euros, equal to growth of 4.1%.

- **International**

Principal entity contributing to this business line: BPCE International et Outre-mer (BPCE IOM), which represents all the international and overseas subsidiaries of Groupe BPCE (with the exception of Natixis).

In 2013, the deposits and savings of BPCE IOM (restated to account for the divestment of BCP Luxembourg in June 2013) enjoyed 2.4% growth compared with 2012 to 8 billion euros, demonstrating its dynamism, especially in the individual customer and corporate customer segments with increased deposits of 4.2% and 4.5% respectively.

In 2013, the customer loan outstandings (restated to account for the divestment of BCP Luxembourg in June 2013) remained stable compared with 2012 at 8.9 billion euros. Real estate loan outstandings granted to individual customers increased by 3.7% while consumer finance enjoyed growth of 4.6%. For corporate customers, new production of medium- and long-term loans lost steam in 2013 and declined by -2.6% in 2013.

The contribution of the International division to net income attributable to equity holders of the parent in 2013 stands at 65 million euros, a result multiplied by a factor of 1.4 compared with 2012.

- **Other networks**

The principal entity contributing to this business line is Banque Palatine

In 2013, average savings deposits grew by 8.0% to reach 16.1 billion euros. Driven by a preference for demand deposits (+37.4%), on-balance sheet savings enjoyed sustained growth (+11.5%). Term savings accounts were subject to net withdrawals under the impact of fiscal measures and the level of interest rates.

Average loan outstandings, up 2.7%, stand at 7.1 billion euros. For individual customers, outstanding loans declined by 2.4% following the contraction in real estate loans (-2.3%). The corporate customer market maintained a good level of activity with increased outstandings in medium,long-term and short-term loans, up by 2.9% and 5.4% respectively.

The contribution of the Other Networks division to net income attributable to equity holders of the parent of Groupe BPCE amounted to 75 million euros, down 2.6% compared with 2012.

3.4. Wholesale Banking, Investment Solutions and Specialized Financial Services (business lines included within Natixis)[40]

The net banking income of the core business lines of Natixis (Wholesale Banking, Investment Solutions and Specialized Financial Services) stands at 6,398 million euros in 2013, up 5.0% compared with 2012. The revenues generated by the Investment Solutions and Specialized Financial Services core business lines increased by +9.4% and +6.7% respectively during the year. The net banking income of the Wholesale Banking core business is up 1.1%.

Operating expenses, at -4,152 million euros, have increased by 2.8%.

The **cost/income ratio** declined by 1.4 point during the year to reach 64.9%.

The **cost of risk** has increased to -380 million euros.

[40] The results contributing to Groupe BPCE differ from those published by Natixis

The **income before tax** of the three core business lines has risen by 8.9% to reach 1,885 million euros.

After accounting for minority interests and income tax, the contribution to Groupe BPCE's net income attributable to equity holders of the parent came to 915 million euros, up by 10.4%.

The **ROE of the core business lines** of Natixis stands at 10%, up 1.6 points compared with 2012.

(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).

3.5. Equity interests[41]

Equity Interests chiefly concern the activities pursued by Coface and Nexity.

In 2013, the net banking income of the Equity interests division amounted to 1,653 million euros, down -3.4% compared with 2012. Net income attributable to equity holders of the parent came to 45 million euros.

- **Coface**

In 2013, insurance turnover is virtually stable compared with 2012 despite the adverse economic environment.
Commercial activities proved to be extremely dynamic in the 4th quarter of 2013.

Risk management activities were efficient:
- The loss ratio declined substantially in the 4th quarter of 2013; it now stands at 48.8% against 54.3% in the 3rd quarter of 2013 and 51.8% in the 4th quarter of 2012.
- The cost ratio is stabilizing; it came to 53.8% in 2013 despite the difficult economic environment.

- **Nexity**

Reservations for new housing units in France remain very close to those recorded in 2012 in terms of volume (-1%) but have increased in terms of value (+6%).
The backlog of orders represented a total of 3.4 billion euros at December 31, 2013, up 8.3% compared with December 31, 2012, the equivalent of 18 months of development activity for Nexity.

Revenues amounted to 2.7 billion euros in 2013, reflecting a decline of -3.3% compared with 2012.

[41] The "Equity Interest" division includes investments in Coface, Nexity, and Volksbank Romania in addition to the Private Equity activities of Natixis.

Notes on methodology

The operation whereby the Banque Populaire banks and Caisses d'Epargne bought back and subsequently cancelled the cooperative investment certificates (CICs) held by Natixis was completed on August 6, 2013. The financial results are presented pro forma to account for this CIC buy-back operation, which involves the reimbursement of related funding and mechanisms, on the following basis:

- *Organization of the CIC buy-back operation as at January 1, 2012,*
- *Reimbursement of P3CI (loan covering the CICs) and completion of other related operations as at January 1, 2012,*
- *Replacement of liquidity by Natixis and the exceptional distribution to Natixis shareholders of a dividend of approximately €2 billion as at January 1, 2012.*

As of Q2-13, regulatory capital is allocated to Groupe BPCE business lines on the basis of 9% of their Basel 3 average risk-weighted assets. The capital allocation specific to the Insurance businesses is replaced by the Basel 3 treatment for investments in insurance companies, as transposed in CRR/CRD IV (the consolidated value of listed and unlisted companies being risk weighted at 290% and 370% respectively).

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

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