GROUPE BPCE

Press Release

Paris, August 6, 2013

Results for the 2nd quarter and the 1st half of 2013

Groupe BPCE: robust results and strong commercial dynamics of the core business lines: 30.4% growth in net income excluding the revaluation of BPCE's own debt in Q2-13

- **Regularity and strength of results[1]:**
  - Q2-13 net income attributable to equity holders of the parent, excluding the revaluation of BPCE's own debt: €793 million, +30.4% versus Q2-12 and +6.2% versus Q1-13
  - H1-13 net income attributable to equity holders of the parent, excluding revaluation of BPCE's own debt: €1,539 million in H1-13, +15.3% versus H1-12
  - Cost of risk marginally up owing to the economic climate but it remains at a moderate level (36bp in Q2-13 against 33bp in Q1-13)

- **Strong commercial dynamism:**
  - Dynamic growth in revenues generated by the core businesses: +6.0%[1,2] compared with Q2-12
  - Commercial Banking and Insurance: strong growth in outstandings, driven by the expansion of the customer base; on-balance sheet savings: +7.4%[3], and loan outstandings: +5.7%[4]
  - Natixis: dynamism of Structured Finance and Specialized Financing; strong growth in revenues generated by Investment Solutions (+13% versus Q2-12)

- **Regular consolidation of the financial structure:**
  - Common Equity Tier 1 under Bale 3 [1,5]: 9.5%, +20bp versus March 31, 2013
  - Leverage ratio under Basel 3, calculated on the basis of Common Equity Tier 1 alone, already above 3% at June 30, 2013
  - Group's loan to deposit ratio[6]: 125% (-8 percentage points versus June 30, 2012)
  - 2013 MLT funding requirements already satisfied

- **Simplified Group structure**
  - CIC buyback operation was completed on August 6, 2013 in line with the timetable drawn up when the operation was first launched

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[1] Pro forma to account for the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis
[2] Commercial Banking and Insurance, Wholesale Banking, Investment Solutions and Specialized Financial Services
[3] Banque Populaire and Caisse d'Epargne retail networks; excluding centralized savings products
[4] Banque Populaire and Caisse d'Epargne retail networks
[5] Estimate at June 30, 2013, without transitional measures and after restatement for deferred tax assets and subject to the finalization of regulatory texts
[6] Excluding SCF (Compagnie de Financement Foncier, the Group's mortgage bank)

On August 6, 2013, the Supervisory Board of BPCE convened a meeting chaired by Yves Toublanc to examine the Group's financial statements for the second quarter and the first half of 2013.

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

"Groupe BPCE's results for the second quarter and first half of 2013 demonstrate the Group's robust health and the relevance of the corporate strategy implemented since 2009. Net income enjoyed extremely substantial growth of 30% in the second quarter thanks, in particular, to the dynamic 6% growth in the revenues posted by the core business lines. The continued growth in the volume of loans granted to individual and corporate customers illustrates the commercial dynamism of the retail networks and their ability to finance the French economy in what remains a difficult environment. The consolidation of the Group's financial structure is being pursued with determination, with further strengthening of the Group's capital adequacy during the last quarter. As a result, the capital adequacy ratio under Basel 3 stood at 9.5% at June 30, 2013, and the leverage ratio is already above 3%. The past four years of recovery shared by all of the Group's different entities – Banque Populaire, Caisse d'Epargne, Natixis, Crédit Foncier, Banque Palatine, etc. – have enabled us to build strong foundations in the French banking industry that allows us to look forward confidently to the launch of the forthcoming 2014-2017 strategic plan to be presented in November later this year."

1 CONSOLIDATED RESULTS [7] OF GROUPE BPCE FOR THE 2ND QUARTER AND THE 1ST HALF OF 2013[8]

Groupe BPCE is producing robust and regular results despite the ongoing drive to adapt to new regulations and a lackluster business environment.

Net income attributable to equity holders of the parent for the 2nd quarter of 2013, excluding the revaluation of BPCE's own debt, amounted to €793 million, up 30.4%.

Groupe BPCE is actively financing the French economy, with growth in annual loan outstandings of 5.7%[9], while simultaneously modifying its balance sheet funding through greater customer deposits (on-balance sheet savings: +7.4%[3])

The Group is continuing to strengthen its financial structure with the continuous improvement of its Common Equity Tier 1 ratio and a leverage ratio under Basel 3 that is already above 3% without transitional measures, calculated on the basis of Common Equity Tier 1 alone.

The goal of generating cost synergies worth €1 billion defined in the *Together 2010-2013* strategic plan has been achieved six months earlier than anticipated (€996 million in cost synergies had been realized as of June 30, 2013 for the Group as a whole). The rationalization of Group purchasing with, in particular, the signature of Group contracts with IT service providers, the implementation of local synergies in the area of cash infrastructure operations (cash transportation, etc.) and the pooling of data processing resources are some of the principal achievements of this quarter.

[7] Pro forma to account for the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis
[8] The interim results for the first 6 months of the year ended June 30, 2013 were approved by the Management Board at a meeting convened on August 6, 2013
[9] Banque Populaire and Caisse d'Epargne retail networks

With regard to net banking income, the additional aggregate revenues achieved as of June 30, 2013 thanks to the synergies generated between Natixis and the Banque Populaire and Caisse d'Epargne networks came to €735 million, representing more than 90% of the late-2013 target defined in the strategic plan *Together 2010-2013*. All activities report the achievement of revenue synergies ahead of their targets with, once again, a significant contribution from Specialized Financing (notably consumer finance) and the Project Financing business.

After just four years in existence, Groupe BPCE is pursuing its development and actively preparing its second strategic plan (2014-2017) to be presented in November later this year.

PRO FORMA CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE SECOND QUARTER OF 2013[10]

Net banking income excluding the revaluation of BPCE's own debt stands at €5,765 million, representing growth of 4.2%.

The revenues posted by the Group's core business lines[11] have risen to €5,409 million, driven by robust growth (+6.0%).
The Group's **operating expenses** increased 3.2% to reach €4,022 million. The **operating expenses of the core business lines** rose by 3.6% to a total of €3,583 million.

The **cost/income ratio** came to 69.8% for the Group, down 0.7 points; it came to 66.2% for the core business lines, down 1.6 points.

Gross operating income excluding the revaluation of BPCE's own debt stood at €1,743 million, up 6.5%. The contribution made by the Group's core business lines came to €1,826 million overall, with growth of 11.2%.

The **cost of risk** amounted to €534 million, virtually unchanged from the level achieved in the 2nd quarter of 2012 restated to account for the major impact of provisions related to a specific case (€535 million).
Groupe BPCE's cost of risk remains moderate at 36 basis points[12], with a non-performing loan coverage ratio of 76%, 2 points higher than in December 31, 2012.

The cost of risk of the core business lines amounted to €528 million, down 8.9%.

Income before tax, excluding the revaluation of BPCE's own debt, stands at €1,305 million, representing growth of 24.4%. The income before tax of the core business lines comes to €1,369 million, up by 22.2%.

Net income attributable to equity holders of the parent excluding the revaluation of BPCE's own debt enjoyed strong growth (+30.4%) and now stands at €793 million.

Net income attributable to equity holders of the parent achieved a robust performance, rising 15.3% to reach a total of €772 million.

The **net income attributable to equity holders of the parent of the core business lines** stands at €842 million, driven by extremely buoyant growth of 28.4%.

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[10] Compared with the second quarter 2012, pro forma

[11] The core business lines of Groupe BPCE are Commercial Banking and Insurance (with, notably, the Banque Populaire and Caisse d'Epargne retail banking networks, Crédit Foncier de France, Banque Palatine and BPCE International et Outre-mer) and the Wholesale Banking, Investment Solutions and Specialized Financial Services divisions (Natixis).

[12] Cost of risk expressed in annualized basis points on gross customer loan outstandings at the beginning of the period (excluding provisions for a specific case in Q2-12)

The return on equity of the Group's core business lines comes to 11%, up 3 points.

PRO FORMA CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2013[13]

Net banking income excluding the revaluation of BPCE's own debt stands at €11,455 million, representing growth of 2.4%.

The revenues posted by the Group's core business lines[14] amount to €10,732 million, up by 3.3%.

The Group's **operating expenses** rose moderately (+0.4%), excluding the impact[15] of fiscal measures applied since the 2nd half of 2012.

The **cost/income ratio** stands at 69.5% for the Group, down 0.6 points. It came to 66.1% for the core business lines, down 1.0 point.

Gross operating income excluding the revaluation of BPCE's own debt stood at €3,489 million, up 4.5%. The contribution from the Group's core business lines came to €3,641 million overall, representing growth of 6.4%.

The **cost of risk** amounted to €1,018 million, down 8.1%. **The cost of risk of the core business lines** stands at €980 million, representing an increase of 5.0%.

Income before tax, excluding the revaluation of BPCE's own debt, stands at €2,620 million, up 12.1%. For the core business lines, income before tax comes to €2,783 million, up by 7.1%.

Net income attributable to equity holders of the parent excluding the revaluation of BPCE's own debt enjoyed growth of 15.3% to €1,539 million.

Net income attributable to equity holders of the parent rose by a significant +16.4% to reach €1,513 million.

The **net income attributable to equity holders of the parent of the core business lines** stands at €1,680 million, up 10.9%.

The return on equity of the Group's core business lines comes to 11%, up 1 point.

WORKOUT PORTFOLIO MANAGEMENT (GAPC): TARGET FOR WINDING UP GAPC COMPLETELY IN MID-2014 CONFIRMED

GAPC is pursuing its asset disposal program, without having any significant impact on the Group's net income attributable to equity holders of the parent.
The amount of disposals completed in 2013 amounts to €3.6 billion, with a limited discount; this total includes disposals for a total of €2.6 billion in the second quarter of 2013.

[13] Compared with the first half of 2012
[14] The core business lines of Groupe BPCE are Commercial Banking and Insurance (with, notably, the Banque Populaire and Caisse d'Epargne retail banking networks, Crédit Foncier de France, Banque Palatine and BPCE International et Outre-mer) and the Wholesale Banking, Investment Solutions and Specialized Financial Services divisions (Natixis)
[15] Net impact of the Employment Competitiveness Tax Credit (CICE)

By reducing the amount of these managed assets, the risk-weighted assets under Basel 3[16] have declined by 68% since December 2011. Risk-weighted assets have declined by €6.1 billion since the end of March 2013. The net value (excluding derivatives) of these assets has declined by 71% since December 2009 to reach €10.2 billion.
The target for winding up GAPC completely by mid-2014 has been confirmed.

CONSOLIDATED RESULTS OF GROUPE BPCE IN THE 2ND QUARTER OF 2013

Pro forma results *in millions of euros*	Q1-13	Q2-13 / Q2-12	Core Business Lines* Q2-13	Q2-13 / Q2-12
Net banking income**	*5,765*	*4.2%*	5,409	6.0%
Operating expenses	-4,022	3.2%	-3,583	3.6%
Gross operating income** ***Cost/income ratio***	**1,743** **69.8%**	***6.5%*** **-0.7pt**	***1,826*** ***66.2%***	***11.2%*** ***-1.6 pt***
Cost of risk	-534	-17.7%	-528	-8.9%
Income before tax*	**1,305**	*24.4%*	**1,369**	**22.2%**
Net income attributable to equity holders of the parent excluding the revaluation of BPCE's own debt *Impact on income of the revaluation of BPCE's own debt*	**793** -20	**30.4%** **NS**	-	-
Net income attributable to equity holders of the parent	***772***	***15.3%***	***842***	***28.4%***
ROE	***6.4%***	***0.4 pt***	***11%***	***3 pts***

* Commercial Banking and Insurance, Wholesale Banking, CIB, Investment Solutions and Specialized Financial Services
** Net banking income excluding the revaluation of BPCE's own debt, for Group results

[16] Estimate under Basel 3 – CRR/CRD4, as applied by Groupe BPCE

CONSOLIDATED RESULTS OF GROUPE BPCE IN THE 2ST HALF OF 2013

Pro forma results *in millions of euros*	**H1-13**	**H1-13 / H1-12**	**Core Business lines* H1-13**	**H1-13 / H1-12**
Net banking income**	*11,455*	*2.4%*	10,732	3.3%
Operating expenses	- 7,967	1.5%	- 7,091	1.8%
Gross operating income* ***Cost/income ratio***	**3,489** **69.5%**	***4.5%*** *-0.6 pt*	***3,641*** ***66.1%***	***6.4%*** ***-1.0 pt***
Cost of risk	- 1,018	-8.1%	- 980	5.0%
Income before tax*	***2,620***	***12.1%***	**2,783**	**7.1%**
Net income attributable to equity holders of the parent excluding the revaluation of BPCE's own debt *Impact on income of the revaluation of BPCE's own debt*	**1,539** *- 26*	**15.3%** *- 24.5%*	**-**	**-**
Net income attributable to equity holders of the parent	***1,513***	***16.4%***	**1,680**	**10.9%**
ROE	***6.3%***	***0.5 pt***	**11%**	**1 pt**

* Commercial Banking and Insurance, Wholesale Banking, CIB, Investment Solutions and Specialized Financial Services

** Excluding the revaluation of BPCE's own debt, for Group results

2. CAPITAL ADEQUACY AND LIQUIDITY: COMMON EQUITY TIER 1 RATIO UNDER BASEL 3[17] AT 9.5% AS OF END-JUNE 2013

2.1 Capital Adequacy

Groupe BPCE is continuing its drive to adapt to changes in the regulatory and financial environment and is further enhancing its capital adequacy with a Common Equity Tier 1 ratio under Basel 3[17] of 9.5%, at June 30, 2013, up 20 basis points compared with March 31, 2013, chiefly thanks to retained earnings.

Groupe BPCE has set itself the target of achieving a Common Equity Tier 1 ratio under Basel 3[17] of more than 10% in 2014.

Groupe BPCE has a leverage ratio under Basel 3[18] calculated on the basis of Common Equity Tier 1 alone that was already above 3% on June 30, 2013.

[17] Estimate – CRR/CRD4, as applied by Groupe BPCE; without transitional measures, after restating for deferred tax assets (pro forma to account for the CIC buyback operation)
[18] Without transitional measures, calculated on the basis of Common Equity Tier 1 alone

2.2 LIQUIDITY RESERVES AND SHORT-TERM FUNDING

Liquidity reserves cover 137% of the short-term funding outstandings and stood at €160 billion at the end of June 2013, including €103 billion of available assets eligible for central bank financing or liable to be so in the short term, and €57 billion in liquid assets placed with central banks.

The loan-to-deposit ratio of Groupe BPCE[19] has declined by 8 points compared with June 30, 2012 to stand at 125% (against 133% at June 30, 2012).

The reform of the centralization of Livret A, LDD and LEP passbook savings accounts has a favorable impact on the Group's loan-to-deposit ratio by bringing in additional non-centralized customer resources estimated at €10 billion.

2.3 MEDIUM- AND LONG-TERM FUNDING: 2013 FUNDING PLAN ALREADY COMPLETE

Thanks to its ability to access major debt markets, the Group had successfully raised medium- and long-term resources for a total of €20.2[20] billion at July 15, 2013, (of which €14.1 billion in the form of unsecured bond issues and €6.1 billion in covered bond issues), representing 96% of the 2013 funding plan.
The average maturity of the issue is 5.6 years and the average rate is mid swap +52 basis points.

With regard to BPCE's medium- and long-term funding pool, 116% of the €14 billion plan has been completed with resources of €16.3[18/19] billion raised with an average maturity of 4.1 years. A Tier 2 issue for €1 billion was completed on July 11, 2013.

Regarding the medium- and long-term funding pool of Crédit Foncier, 56% of the €7 billion plan has been completed with a total of €3.9 billion[18/19] raised with an average maturity of 12.3 years.

3. RESULTS OF THE BUSINESS LINES

3.1 COMMERCIAL BANKING AND INSURANCE: STRONG COMMERCIAL DYNAMISM IN THE 2ND QUARTER OF 2013

The Commercial Banking and Insurance business line groups together the activities of the Banque Populaire and Caisse d'Epargne retail banking networks, of the Real Estate Financing division (chiefly Crédit Foncier de France) and the Insurance, International and "Other networks" activities.

The actions taken by the retail banking networks to encourage customers to use banking products and services more actively led, in the 2nd quarter of the year, to strong growth in the customer base and more intense customer relations.

[19] Excluding SCF (Compagnie de Financement Foncier, the Group's mortgage bank)
[20] Including €5.4bn raised in excess of the 2012 plan and allocated to the 2013 plan (€4.0bn from the BPCE funding pool BPCE and €1.5bn from the Crédit Foncier funding pool)

The Banque Populaire and Caisse d'Epargne retail banking networks have therefore maintained strong momentum in their deposits and outstandings: +7.4% year-on-year for on-balance sheet savings (excluding centralized savings products) and +5.7% for loan outstandings.

The strategy aimed at intensifying customer relations has led to an increase in customers' taking out property and health insurance products within the framework of the "Ambition Banker Insurer" project. Net sales in the first half of the year rose by 56% compared with the same period in 2012. In particular, the new complementary health insurance offering distributed through the Caisse d'Epargne network since March 2013 has enjoyed considerable success.

Among the major operations launched in recent months, the Banque Populaire and Caisse d'Epargne retail banking networks continued to roll out the branch-based electronic signature solution within the framework of the "Digital Enterprise" program. Customers can now read and sign their contracts on tablet devices and then receive the document in the form of a digital file.

At the same time, the Banque Populaire banks launched at the beginning of May the *Pacte Envie d'Agir*, a "desire to act" agreement based on five major commitments to support business creators in their everyday work and support them in the realization of their projects.

In pursuit of their goal to provide their customers with greater accessibility, a wider choice and more advice, the Caisses d'Epargne have launched a new web portal, in addition to their electronic signature service. A new multimedia workstation for customer advisors was rolled out during period.

2nd quarter 2013 pro forma financial results of the Commercial Banking and Insurance core business line

The revenues generated by the Commercial Banking and Insurance core business rose to €3,828[21], up 6.4% compared with the 2nd quarter of 2012; even when operating results are excluded, this growth still stands at 4.8%.

Thus, despite an economic and regulatory environment that continues to remain complex and difficult, these results are a sign of buoyant business activities committed to customer relations. The net interest margin of +6.0%[21] achieved by the Banque Populaire and Caisse d'Epargne retail banking networks was buoyed up by the reduction in interest rates paid on regulated savings products and a marked increase in volumes. Commissions earned by the two networks enjoyed growth of +6.9%.

Operating expenses rose by a very moderate +0.3% if the impact of fiscal measures applied since the 2nd half of 2012 is excluded (excluding the impact[22] of fiscal measures applied since the 2nd half of 2012).

Gross operating income stands at €1,295m.

The **cost/income ratio** stands at 66.3%, down 2.1 points.

The **cost of risk** has declined by a substantial 11.9% to €435 million.

Net income attributable to equity holders of the parent posted by the Commercial Banking and Insurance core business line amounted to €626 million, up 39.2% compared with the 2nd quarter of 2012.

[21] Excluding changes in provisions for home purchase savings schemes
[22] Net of the impact related to the Employment Competitiveness Tax Credit

The **ROE** achieved by the business line stands at 10% for the quarter, up 3 points.

3.1.1 Banque Populaire

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

- **Customer base**

During the first half of 2013, the Banque Populaire retail network pursued its drive to increase its customer base, leading to sharp growth in the number of its customers: +71,000 individual and +12,600 professional customers. At the same time, the banks focused on intensifying their relationship with their existing customers: the number of active individual customers using banking services and insurance products rose by 5.3% while the number of professional customers active in a dual private and professional capacity increased by +1.9%.

- **Savings**

The growth of on-balance sheet savings deposited with the Banque Populaire banks remains buoyant, reaching a total of +7.3% on a year-on-year basis (excluding centralized savings products). This increase is chiefly driven by demand deposits and passbook savings accounts (+7.2% and +15% respectively).
While financial savings have declined by 5.4% compared with the second quarter of 2012, life funds enjoyed growth of 2.5%.

- **Loan outstandings**

At the end of June 2013, loan outstandings generated by the Banque Populaire banks stood at €162 billion, up 2.4% compared with the end of June 2012.

The production of new home loans saw strong growth during the 6-month period, in line with the expansion of the customer base. As a result, outstandings enjoyed an annual increase of +4.1%, to reach €83.4 billion.

Consumer finance stood up well in a shrinking market with a +1.0% rise in new production during the first half of 2013 compared with the same period in 2012.

And, finally, the Banque Populaire banks managed to stabilize their production of new equipment loans, and the stock of equipment loan outstandings despite the adverse economic environment.

- **Financial results**[23]

Net banking income[24] rose 10.9% to reach €1,616 million (excluding changes in provisions for home purchase savings schemes). Even if non-operating items are excluded, this growth still stands at 6.9%.

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[23] Unless specified to the contrary, published figures and not pro forma
[24] Pro forma to account for the buyback and subsequent cancellation by the Banque Populaire banks and the Caisses d'Epargne of the Cooperative Investment Certificates (CICs) held by Natixis

Operating expenses rose by 3.6% to €1,076 million, resulting in **gross operating income** of €553 million and a **cost/income ratio** of 66.1% down by 4.7 points.

The **cost of risk** has fallen by a total of 27.3%[25] to reach €200 million.

In the second quarter of 2013, the Banque Populaire network contributed €237 million to the net income of Groupe BPCE.

3.1.2 CAISSE D'EPARGNE

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

- **Customer base**

The customer base continued to grow in the 2nd quarter of 2013. In the individual customer segment, the drive to encourage customers to use more banking services led to a +7.5% increase in the number of principal active customers. At the same time, the strategy aimed at attracting more professional and corporate customers made it possible to increase their numbers by 5.0% and 4.3% respectively on a year-on-year basis.

- **Savings**

Buoyed up by inflows from the Bank for Regional Decision-Makers and, notably, demand deposits made by corporate customers, on-balance sheet savings enjoyed annual growth of 7.5% (excluding centralized savings products). At the same time, financial savings deposits became more stable in a continuing sluggish environment with, in particular, 1% growth in life funds.

- **Loan outstandings**

The Caisses d'Epargne kept their loan commitments at high levels during the first half of 2013. This resulted in sustained 8.5% growth in outstandings on an annual basis (€192.6 billion).

The production of new home loans rose substantially throughout the entire 6-month period. The dynamism of this lending activity made it possible to maintain strong growth in outstandings, rising +8.9% on a rolling 12-month basis, to €114.5 billion.

Consumer finance enjoyed a stronger rate of new loan production in the 2nd quarter compared to the 1st quarter of 2013, making it possible to limit the overall decline during the first half of the year to (-3.0%) compared with 2012.

Lastly, equipment loan outstandings increased substantially: +9.0%. New production followed the same trend, buoyed up by corporate customers and property-related markets (social housing and commercial real estate).

- **Financial results**[26]

Net banking income[2Erreur ! Signet non défini.] stood at €1,724 million (excluding changes in provisions for home purchase savings schemes), en progression de 3.7%.

[25] Compared with Q2-12, which included a major provision for a specific case
[26] Unless specified to the contrary, published figures and not pro forma

Operating expenses have risen by 3.9%, to €1,145 million, leading to **gross operating income** of €613 million and a **cost/income ratio** of 65.1%, down 0.4 point.

The **cost of risk** stands at €139 million (+10.3%).

The Caisse d'Epargne network contributed €298 million to the net income of Groupe BPCE in the 2nd quarter of 2013.

3.2 REAL ESTATE FINANCING

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

Crédit Foncier is continuing to implement its 2012-2016 strategic plan, and has progressed faster, and further, than initially anticipated.
The commercial performance of the core business lines – real-estate and public-sector financing – remained dynamic in the first half of the year.
The discontinuation of international activities and the disposal of assets are both well under way; in the first 6 weeks of 2013, the disposal of international assets reached €2.3 billion but the pace of divestment accelerated in the 2nd quarter of the year to reach a total of €1.6 billion. Since the strategic plan was first launched in the 4th quarter of 2011, assets worth €7.2 billion have been divested.
Lastly, in application of the cost-cutting plan, expenses were reduced by 3% in the 1st quarter of 2013 compared with the same period in 2012.

In the first half of 2013, commercial activities increased substantially despite the lackluster business environment.
Aggregate new loan production reached €5 billion at the end of June 2013 versus €4.1 billion at the same date last year, representing growth of 22%.
In the individual customer market, new loan production rose 17% to reach €3.5 billion, consolidating Crédit Foncier's position as the No.1 lender to more disadvantaged families with a 50% share of the market segment facilitating home-ownership among low-income families.
With regard to the financing of real-estate professionals and public facilities, new loan production rose 36% to reach €1.5 billion, with buoyant results in the public-sector financing segment.

3 3 INSURANCE

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

The Insurance business continues to enjoy strong growth in the non-life, provident and health insurance segments.

In life insurance, 2nd quarter 2013 revenues rose 17% compared with the same period in 2012 to reach €1,762 million, driven by strong growth in private-banking products, which accounted for 53% of life funds.

The Non-life segment displayed buoyant growth, with revenues of €95 million in the 2nd quarter of 2013, up 6.8% compared with the 2nd quarter last year. In the first half of this year, non-life insurance has growth by 10% over the same period in 2012. The portfolio of contracts has increased by 8.2%, to 1,392,000 contracts.

Provident and Health insurance also enjoyed strong commercial dynamics with revenues up by 10.3% in the 2nd quarter and by 14.4% during the first half of the year compared with the corresponding periods in 2012. Gross sales have increased by 14.3% while the portfolio of contracts has grown by 10.3%.

The Insurance division contributed €69 million to Groupe BPCE net income attributable to equity holders of the parent in the 2nd quarter of 2013 compared with €45 million in the same period of 2012.

3.4 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 (excluding Natixis).

At the end of June 2013, and compared with the same date in 2012, the savings deposits[27] of BPCE IOM had increased by 7.3% to €7.8 billion driven by the strong growth in on-balance sheet savings (+12.5%) and demand deposits (+5.6%). Financial savings declined by -4.7%.

At June 30, 2013, loan outstandings were stable compared with June 30, 2012 (+1.6%) and stood at €8.8 billion. Home loan outstandings granted to individual customers enjoyed growth of 4.2%. For corporate customers, medium-/long-term were down by a marginal -1.5%.

The International division contributed €19 million to Groupe BPCE net income attributable to equity holders of the parent in the 2nd quarter of 2013 compared with €5 million at the same date last year.

3.5 OTHER NETWORKS

The principal entity contributing to this core business line is Banque Palatine

In the second quarter of 2013, savings enjoyed buoyant growth (+12.8% over a sliding 12-month period) to reach €15.8 billion, driven by strong growth in demand deposits (+18.5%) and on-balance sheet savings (+19.2%). Financial savings experienced more moderate growth of +2.3%.

The levels achieved by loan outstandings, up by 6.2%, bear witness to business growth despite the adverse environment. Outstandings stood at €7.0 billion. Short-term loans grew by +13.5% and medium-/long-term loans increased by +7.9%.

The cost of risk increased significantly in the 2nd quarter of 2013, driven up by a major case and the increased risk profile of medium-sized companies.

The Other networks division contributed €4 million to Groupe BPCE net income attributable to equity holders of the parent in the 2nd quarter of 2013 against €28 million in the 2nd half of 2012.

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[27] 2012 positions restated to account for the disposal of BCP Luxembourg in June 2013.

3.6 WHOLESALE BANKING, INVESTMENT SOLUTIONS AND SPECIALIZED FINANCIAL SERVICES (CORE BUSINESS LINES INCLUDED IN NATIXIS)[28]

The 2nd quarter 2013 net banking income[24] of the core business lines of Natixis (Wholesale Banking, Investment Solutions and Specialized Financial Services) came to €1,565 million, equal to a 3.6% increase compared with the 2nd quarter of 2012.
The revenues of two of the three core businesses display strong growth: Investment Solutions, +12.8% at €557 million, and Specialized Financial Services, +4.9% at €330 million. In Wholesale Banking, business activities stood up well, and only declined by -3.4% despite more difficult market conditions at the end of the quarter.

Operating expenses increased by a moderate 3.1% to reach €1,034 million.

The **cost/income ratio** fell by 0.4 point, to 66.1%.

The **cost of risk** stands at €93 million, up by 8%, reflecting the downturn in the economic environment.

The **income before tax** of the three core business lines has increased by 3.8% to reach €441 million.

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 €217 million, up by 4.8%.

The **return on equity** of the core business lines of Natixis stands at 12%, up 1 percentage point.

(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*****).**

3.7 EQUITY INTERESTS[29]

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

The net banking income[24] of the Equity Interest division amounted to €425 million in the 2nd quarter of 2013, down 1% compared with the 2nd quarter of 2012. Group net income for the division came to €26 million, down 17.6% compared with the same period last year.

- **Coface**

Revenues generated in the 2nd quarter of 2013 declined by 5% compared with the 2nd quarter of 2012, reflecting the slowdown in customer activities; revenues stand at €353 million.
Coface improved its income before tax, which increased by 2% in the 2nd quarter of 2013 versus the 2nd quarter of 2012 and rose by 12% in the first half of 2013 compared with the same period in 2012.
The combined ratio, which stood at 88.9% in the 2nd quarter of 2013, has improved vis-à-vis the 1st quarter of this year, chiefly as a result of positive changes in the cost ratio. The

[28] Contribution of the core business lines of Natixis to the consolidated accounts of Groupe BPCE. These figures may be different from those published by Natixis' communications department.
[29] The "Equity Interests" division includes investments in Coface, Nexity and Volksbank Romania in addition to the Private Equity activities of Natixis.

increase in the loss ratio was limited at 58.3% in the first half of 2013 versus 56.8% in the first half of 2012 in a continuing difficult environment in Europe.

- **Nexity**

At June 30, 2013, the decline in reservations for new housing units in France remained limited in volume (-4%) and increased slighted in value (+4%) compared with the end of December 2012.

The backlog at the end of June 2013 represented a total of €3.2 billion (up 2% compared with December 31, 2012), the equivalent of 16 months of development activity.

In the first half of 2013, revenues stood at €1.3 billion, up +5.5% compared with the first half of 2012. Residential real estate rose 1% compared with the first half of 2012; commercial real estate enjoyed growth of 31% compared with the same period in 2012, benefitting from the large volumes of orders placed in 2011.

Notes on methodology
The operation whereby the Banque Populaire banks and Caisses d'Epargne would buy back and subsequently cancel 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 CRD4/CRR (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.

About Groupe BPCE:
Groupe BPCE, the 2nd-largest banking group in France, includes two independent and complementary commercial banking networks: the network of 19 Banque Populaire banks and the network of 17 Caisses d'Epargne. It also works through Crédit Foncier de France in the area of real estate financing. It is a major player in corporate & investment 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, 117,000 employees and 8.6 million cooperative shareholders.

BPCE press contacts

Sonia Dilouya: 33-1 58 40 58 57
Terence de Cruz: 33-1 40 39 64 30
Sabine Baudin: 33-1 58 40 47 62
Email: presse@bpce.fr

BPCE investor relations

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