BPCE

Press Release

Paris, November 14, 2012

Groupe BPCE: results for the third quarter of 2012

Robust net income and good core business line performance
Continued steady reinforcement of the Group's financial strength

- **In Q3-12, net income attributable to equity holders of the parent stood at €639 million, up 92.5% versus Q3-11[1]. Net income attributable to equity holders of the parent of €726 million in Q3-12, excluding the revaluation of the Group's own debt**
  - Revenues of the core business lines: €5 billion, +2.7% compared with Q3-11
  - Operating expenses of the core business lines: €3.4 billion, +2.5%[2] compared with Q3-11; -2.8%[2] compared with Q2-12
  - Cost of risk: €447 million, +13.5% compared with Q3-11 (excluding the impact of Greece), reflecting the downturn in the economic climate
  - Net income attributable to equity holders of the parent stood up well in 9M-12, reaching a total of €1,972 million, -12.0% compared with 9M-11[3]; excluding the revaluation of the Group's own debt: €2,094 million, -3.4% compared with 9M-11[4]

- **Financial strength further reinforced before the implementation of the new Basel 3 regulatory framework**
  - Capital adequacy: Core Tier-1 ratio of 10.5%[5], +40 basis points compared with Q2-12 and +140 basis points over the 9-month period
  - 104%[6] of the target for reducing the Group's wholesale funding requirements by the end of 2013 has already been achieved; this target is confirmed despite the increase in the deposit ceiling on *Livret A* and LDD sustainable development passbook savings accounts, implemented on October 1, 2012.
  - Liquidity reserves of €150 billion at September 30, 2012 (+€40 billion in 9 months)

- **Operating efficiency**
  - Implementation of Natixis' new operating efficiency program with a view to reducing aggregate costs by more than €300 million by the end of 2014.
  - Cost synergies of €835 million generated at September 30, 2012 for the Group overall

- **Continued adaptation of the business models of the core business lines**
  - **Banque Populaire and Caisse d'Epargne retail networks**: On-balance sheet savings deposits[7] up 7.9% year-on-year; continued growth momentum in the customer base
  - **Natixis**: Additional program designed to reduce the consumption of rare resources virtually complete at the end of Q3-12. Commercial dynamism of the core business lines with the easing of tensions in the euro zone.
  - **Crédit Foncier:** Costs trimmed by 10% compared with 9M-11. Active balance sheet management: faster pace of disposals from the international portfolio (almost €1 billion in Q3-12) and transfer of €1 billion via the securitization of real estate loan outstandings in October 2012.

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[1] Q3-11 impacted by the impairment of Greek government bonds.
[2] Excluding new fiscal measures.
[3] Pro-forma to account for the disposal of Foncia and Eurosic.
[4] Pro-forma to account for the disposal of Foncia and Eurosic in June and July 2011
[5] Estimate at September 30, 2012.
[6] Actual achievement compared to the midpoint target of €30 billion.
[7] Excluding centralized savings.

On November 14, 2012, the Supervisory board of BPCE convened a meeting chaired by Yves Toublanc to examine the Group's financial statements for the third quarter and first nine months of 2012.

François Pérol, Chairman of the Management Board of Groupe BPCE, said:
"These quarterly results reflect the Group's inherent strengths. They reflect the strength of its core business lines, given that our net banking income reached a total of 5 billion euros during the quarter, reflecting notable 2.7% growth in a highly competitive environment. They also reflect the strength of the Group's financial fundamentals, given that its capital adequacy has been further reinforced by 40 basis points thereby taking its Core Tier-1 capital to 10.5%, that its 2012 wholesale funding program has already been completed in full, and that our liquidity reserves have increased by €40 billion in the space of 9 months and now stand at €150 billion. Groupe BPCE is consequently well placed to continue serving its customers despite what has become a more challenging economic and financial environment."

CONSOLIDATED RESULTS OF GROUPE BPCE IN THE THIRD QUARTER AND FIRST NINE MONTHS OF 2012

Results of the 3rd quarter of 2012

The Group is efficiently pursuing its drive to adapt to changes in the regulatory environment by reinforcing its capital adequacy before the implementation of the new Basel 3 regulatory framework. It now boasts a Core Tier-1 ratio of 10.5%[8], up 140 basis points over the first 9 months of 2012.

The core business lines of Groupe BPCE are continuing to adapt to changes in banking regulations at a time of sluggish growth in the French economy and simultaneously pursuing their efforts to enlarge their customer base, in accordance with the 2010-2013 strategic plan "Together".
The local retail banking networks are continuing their drive to attract new deposits, to the effect that on-balance sheet savings deposits are up 7.9% in the third quarter of 2012 (excluding centralized savings) year-on-year. The core business lines have performed well, buoyed up by the dynamism of their commercial activities.
The revenues posted by the Commercial Banking and Insurance division are standing up well compared to the anemic growth of the French economy while the revenues of the Wholesale Banking arm of Natixis enjoyed a sharp improvement with 24.7% growth compared with Q3-11, taking revenues to a total of €686 million.
Overall, the revenues posted by the Group's core business lines enjoyed 2.7% growth in the 3rd quarter of 2012 compared with the same period last year.

At September 30, 2012, the retail banking arm accounted for 71% of the net banking income generated by the Group's core business lines[9] (97% of which in France) and contributed 71% of income before tax (98% of which in France).

The 2010-2013 strategic plan "Together" continues to lend impetus to Groupe BPCE's business model and is driving new progress in operating efficiency. At September 30, 2012, an aggregate total of €590 million in additional net banking income was generated from synergies created between Natixis and the Banque Populaire and Caisse d'Epargne retail banking networks, ahead of the linearized objective defined in the strategic plan, thanks in particular to the good performance of financing-related businesses, such as consumer finance, leasing and sureties & guarantees.

Natixis has launched a new Operating Efficiency Plan with a view to reducing the company's costs by more than €300 million between now and the end of 2014.

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[8] Estimate at September 30, 2012.
[9] Excluding workout portfolio management and "Other Businesses"

For Groupe BPCE as a whole, cost synergies amounted to an aggregate total of €835 million at September 30, 2012 thanks, in particular, to the continued rationalization of the Group's third-party costs and the pooling of IT resources. Crédit Foncier is continuing to implement its medium-term plan and reduced its costs by 10% over the first nine months of 2012 compared with the first 9 months of 2011, and is speeding up the pace of disposals from its international portfolio.

1. CAPITAL ADEQUACY AND LIQUIDITY: ADAPTING THE GROUP TO ITS NEW ENVIRONMENT

Groupe BPCE is pursuing its drive to reinforce its financial strength and has enhanced its capital adequacy by 40 basis points compared with June 30, 2012. The Core Tier-1 ratio under Basel 2.5 stood at 10.5%[10] at September 30, 2012.

Core Tier-1 capital represented a total of €40.1 billion at September 30, 2012, up from €23.3 billion in June 2009 when Groupe BPCE was first created (excluding the temporary capital injection received from the French government and which has since been reimbursed in full).

The financial strength of Groupe BPCE allows it to confirm its target of achieving a Common Equity Tier-1 ratio of 9% in 2013, in compliance with Basel 3 capital requirements, and to do so without transitory measures[11].

The Group continues to keep tight control over its risk-weighted assets, which stood at €382 billion at September 30, a level lower than at the end of the previous quarter. In line with the results posted at the end of the second quarter of 2012, the contribution of the Commercial Banking and Insurance division stands at 72%.

Groupe BPCE has set itself the target of reducing its liquidity requirements by €25-35 billion between the end of June 2011 and the end of 2013. At September 30, 2012, 104%[12] of this target had been achieved with a €31.1 billion reduction in wholesale funding requirements, allowing the Group to enjoy a good liquidity position in line with the predetermined objectives and ahead of schedule. What is more, the Group also confirms its late-2013 target despite the increase in the deposit ceiling on *Livret A* and LDD sustainable development passbook savings accounts, which came into force on October 1, 2012.

On-balance sheet deposits continued to increase in the Banque Populaire and Caisse d'Epargne retail banking networks, with a loan-to-deposit ratio of 115%[13] in the third quarter.

1.1 Liquidity and short-term refinancing

Short-term refinancing outstandings stood at €117 billion[14] at the end of September 2012. Liquidity reserves amounted to €150 billion at the end of September 2012, of which €105 billion is comprised of available assets eligible for central bank refinancing, or liable to be so in the short term. Lastly, liquid assets for a total of €45 billion had been placed with central banks at the end of September 2012.

At September 30, 2012, liquidity reserves covered short-term refinancing outstandings at a rate equal to 128%.

[10] Estimate at September 30, 2012.
[11] After restating to account for deferred tax assets.
[12] Actual achievement compared to the midpoint target of €30 billion.
[13] Estimate at September 30, 2012
[14] Estimate at September 30, 2012.

1.2 Medium- and long-term refinancing: the 2012 program completed in full, with an average maturity of 6.8 years

With regard to BPCE's medium- and long-term refinancing pool, the entire €18 billion program was completed on November 9, 2012, with an average maturity of 5.7 years.

As far as the medium- to long-term refinancing pool of Crédit Foncier is concerned, the program – which was revised to a new total of €6.5 billion – was completed at a rate of 123% on November 9, 2012, with €8 billion in funding raised at an average maturity of 9.3 years. Funds obtained above and beyond the 2012 funding program targets will be attributed to the 2013 program.

Groupe BPCE's ability to enjoy access to the major debt markets enabled it to raise a total of €26.0 billion in medium- to long-term funding at November 9, 2012, striking a good balance between unsecured bonds (€13.1 billion, including €2.9 billion placed via the Caisse d'Epargne and Banque Populaire retail banking networks) and covered bonds (€12.9 billion).

The €21 billion wholesale funding program has been completed at a rate of 110% and 83% of the network funding program, revised to €3.5 billion, had been completed at November 9, 2012.

Average issue maturities have risen to 6.8 years, up from 4.7 years for the first ten months of 2011; the average mid-swap rate is +135 basis points.

2. CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS OF 2012

Results for the 3rd quarter of 2012

The **net banking income** of Groupe BPCE in the 3rd quarter of 2012 stood at €5,313 million, down 3% compared with the same period in 2011. If the revaluation of the Group's own debt is excluded, net banking income is up by 5%.

The core business lines put up a fine performance, buoyed up by the dynamism of their commercial activities.
The revenues posted by the Group's core business lines[15] stand at €5,044 million, equal to growth of 2.7% compared with the third quarter of 2011. The Commercial Banking and Insurance division displayed good resilience in the light of prevailing market conditions. The activities of Natixis' Wholesale Banking are enjoying a sharp recovery.

The Group's **operating expenses** come to a total of €3,926 million, up 3.3% excluding the impact of new fiscal measures. The **operating expenses of the core business lines** show an increase of 2.5% (excluding fiscal measures) when compared with their particularly low level in the third quarter of 2011. They show a decline of 2.8% compared with the second quarter of 2012 when restated to account for the impact of new fiscal measures.
The **cost/income ratio** of the Group as a whole stands at 73.9%; the ratio is 68.0% for the core business lines.

Gross operating income stands at €1,387 million, down 22% compared with the third quarter of 2011. The contribution of the Group's core business lines amounts to €1,613 million, stable compared with the third quarter of 2011.

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

The **cost of risk** amounts to €447 million, down 61.6% compared with the third quarter of 2011, although it should be noted that this item has risen 13.5% excluding the impairment of Greek government bonds booked in the third quarter 2011.
The cost of risk of the Group's core business lines is restored to a low level (28 basis points[16]), equivalent to its level in the third quarter of 2011.

The **cost of risk of the core business lines** amounts to €385 million, down 11.3% compared with the third quarter of 2011. The cost of risk of the Commercial Banking and Insurance division is being restored to normal levels while that of the core business lines of Natixis is increasing.

Groupe BPCE's exposure to sovereign debts of peripheral European states[17], remains limited. Total net exposure of credit institutions in the banking portfolio stands at €3.9 billion, representing less than 10% of Groupe BPCE's Core Tier-1 capital. Aggregate exposure to sovereign debts of institutions in the banking portfolio with respect to Greece, Ireland, Portugal, Spain and Cyprus is approximately €0.3 billion.
The net exposure of insurance companies to the peripheral European states is limited to a total of €261 million.
The aggregate exposure of the Group's credit institutions in the banking portfolio to countries subject to a rescue plan stands at €0.4 billion for Greece (virtually all of which is related to corporates), €1.5 billion for Ireland (including €0.6 billion related to corporates) and €2.3 billion for Portugal (including €0.2 billion with respect to corporates).

Net income attributable to equity holders of the parent stands at €639 million, up from €332 million in the third quarter of 2011, which suffered from the impairment of Greek government bonds. The **net income of the core business lines** remains stable at €756 million in the third quarter of 2012.

The Group's ROE is equal to 5.2%. The ROE of the core business lines stands at 9%.

Results for the first 9 months of 2012

Net banking income is €16,434 million, down 4.6% in the first nine months of 2012 compared with the same period in 2011[18]. Excluding the revaluation of the Group's own debt, the decline in this item is limited to 2.6%. The net banking income posted by the core business lines comes to a total of €15,541 million, down 1.3% against the same period in 2011. The revenues posted by the core business lines suffer the impact of measures taken to adapt to changes in the regulatory environment exacerbated by sluggish growth in the French economy.

Operating expenses have increased 2.1% to reach a total of €11,778 million (excluding new fiscal measures, the rise is limited to +1.2%). The operating expenses of the core business lines stand at €10,383 million, equal to an increase of 2.5% (which is limited to 1.8% in the absence of new fiscal measures).

Gross operating income comes to a total of €4,656 million, down 18.3%. The contribution of the Group's core business lines is equal to €5,158 million.

[16] Cost of risk excluding impairment of Greek government bonds and excluding non-recurring provisions in Q3-11, expressed in annualized basis points on customer loan outstandings at the beginning of the period.
[17] Net direct exposure of credit institutions in the banking portfolios and net exposure of insurance companies, net of policyholders' participation.
[18] Pro-forma to account for the disposal of Foncia and Eurosic in June and July 2011.

The **cost of risk** stands at €1,555 million, down 25.5% when compared with the same period in 2011. Excluding the impairment of Greek government bonds, the cost of risk has increased by a total of 25.9%. This increase – reflected within the core business lines (+25.3%) – is a consequence of the deterioration in the economic environment.

Net income attributable to equity holders of the parent, equal to €1,972 million, has fallen by 12.0%[19] but this decline remained limited in the light of the adverse economic environment.

The ROE of the Group and core business lines stands at 5.4% and 9% respectively.

2.1 Workout Portfolio Management (GAPC)

The GAPC is continuing to implement its roadmap of reducing the amount of assets managed on a run-off basis without having a significant impact on net income attributable to equity holders of the parent. During the third quarter of the year, assets worth a total of €0.6 billion were disposed of, taking to €2.6 billion the total divested during the first nine months of 2012.

The valuation of assets improved in the third quarter of the year, especially in the United States.

Risk-weighted assets have declined by 52% since June 2009.

CONSOLIDATED RESULTS OF GROUPE BPCE IN THE THIRD QUARTER OF 2012

in millions of euros	Q3-12	Q3-12 / Q3-11[1]	Core business lines* Q3-12	Q3-12 / Q3-11
Net banking income *Excl. revaluation of own debt*	5,313	-3.0% *+5.0%*	5,044	+2.7%
Operating expenses *Excl. new fiscal measures*	-3,926	+6.1% *+3.3%*	-3,431	+4.7% *+2.5%*
Gross operating income ***Cost/income ratio***	***1,387*** ***73.9%***	***-22.0%*** ***+6.3 pts***	***1 613*** ***68.0%***	***-1.3%*** ***+1.3 pts***
Cost of risk *Excl. impairment of Greek government bonds*	447	-61.6% *+13.5%*	-385	-11.3%
Income before tax	***985***	***+68.1%***	***1,278***	***+4.4%***
Net income attributable to equity holders of the parent	**639**	**+92.5%**	**756**	**-1.2%**
ROE	**5.2%**	**+3.1 pts**	**9%**	**-**

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

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[19] Pro-forma to account for the disposal of Foncia and Eurosic in June and July 2011.

CONSOLIDATED RESULTS OF THE CORE BUSINESS LINES OF GROUPE BPCE IN THE FIRST NINE MONTHS OF 2012

in millions of euros	**9M-12**	**9M-12 / 9M-11**	**CORE BUSINESS LINES***	**9M-12 / 9M-11**
Net banking income *Excl. revaluation of own debt*	16,434	-4.6% *-2.6%*	15,541	-1.3%
Operating expenses *Excl. new fiscal measures*	-11,778	+2.1% *+1.2%*	-10,383	+2.5% *+1.8%*
Gross operating expenses ***Cost/income ratio***	***4,656*** ***71.7%***	***-18.3%*** ***+4.7 pts***	***5,158*** ***66.8%***	***-8.2%*** ***+2.5 pts***
Cost of risk *Excl. impairment of Greek government bonds*	-1,555	-25.5% *+25.9%*	-1,319	+25.3%
Income before tax	***3,253***	***-12.2%***	***3,997***	***-15.2%***
Net income attributable to equity holders of the parent	**1,972**	**-12.0%**	**2,347**	**-19.0%**
ROE	**5.4%**	**-1.2 pt**	**9%**	**-2 pts**

* Pro-forma to account for the disposal of Foncia and Eurosic in June and July 2011.

3. COMMERCIAL BANKING AND INSURANCE: COMMERCIAL DYNAMISM CONFIRMED IN AN ADVERSE BUSINESS ENVIRONMENT

The Commercial Banking and 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" activities (notably BPCE International et Outre-mer and Banque Palatine).

In the third quarter of 2012, Groupe BPCE's Commercial Banking and Insurance division continues to display good commercial dynamism. The policy aimed at encouraging customers to use more banking services pursued in the Banque Populaire and Caisse d'Epargne retail banking networks is leading to an increase in the customer base for all categories of priority customers.

In an extremely competitive environment regarding new deposit inflows, the Banque Populaire and Caisse d'Epargne networks have achieved 7.9%[20] year-on-year growth in on-balance sheet savings deposits.

BPCE's commitment in favor of financing the French economy has led to 6.1% growth in loan outstandings as at 30 September 2012.

3. Commercial Banking and Insurance: results of the third quarter of 2012

In the current context of adapting to the new regulatory requirements and an environment characterized by lower interest rates, the revenues of Groupe BPCE's Commercial Banking and Insurance division came to €3.6 billion (excluding changes in provisions for home purchase savings schemes) for the third quarter of 2012, down 1.7% compared with the third quarter of 2011. For the first nine months of 2012, net banking income stood at €11 billion (excluding changes in provisions for home purchase savings schemes), declining 1.7% compared with 2011.

Net banking income posted by the Banque Populaire network came in at €1.5 billion (excluding changes in provisions for home purchase savings schemes), down 3.9%.

Net banking income for the Caisse d'Epargne network stood at €1.7 billion (excluding changes in provisions for home purchase savings schemes), rising 2.1% compared with the third quarter of 2011.

The net interest margin for the Banque Populaire and Caisse d'Epargne networks held up well (2.2%)[21] despite the greater impact on the Banque Populaire banks of adapting to new regulatory constraints.

Commissions for the Banque Populaire and Caisse d'Epargne networks edged down by 2.5%. This decline is chiefly due, for the Banque Populaire banks, to the smaller volume of financial savings business and, for the Caisses d'Epargne, to the drop in commissions earned on centralized savings products.

Operating expenses stand at €2.5 billion, rising by 4.7% compared with the third quarter 2011, a period representing a particularly low point of comparison. Excluding the impact of new fiscal measures, expenses rose 1.7%; they fell 2.4% compared to the second quarter of 2012 (excluding the impact of new fiscal measures).

The cost of risk stands at €292 million for the third quarter of 2012, falling 22.3% in relation to the third quarter of 2011. The cost of risk for the Banque Populaire and Caisse d'Epargne

[20] Excluding centralized savings.
[21] Excluding changes in provisions for home purchase savings schemes.

networks decreased versus the second quarter of 2012, which had been marked by the booking of significant amounts to collective provisions.

During the first nine months of the year, the cost of risk rose by 17.6% and came to €1,083 million.

Gross operating income stands at €1,126 million for the third quarter of 2012 and the cost/income ratio comes to 68.7%.

Net income for the Commercial Banking and Insurance division stands at €563 million, down 11.3% compared with the third quarter 2011. For the first nine months of 2012, net income comes in at €1,697 million, down 21.5% compared with 2011.

3.1 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.

In the third quarter of 2012, the Banque Populaire network confirmed its growth in on-balance sheet savings while growth in loan outstandings slowed due to weaker demand.

- **Customer base**

The Banque Populaire network is continuing its drive to expand its customer base while simultaneously intensifying relations with the individual customer segment. The number of active individual customers using banking services rose by 2.8% during the third quarter of 2012 compared with the same period last year and by 4.1% for active customers using banking services and insurance products. Regarding the 'young customer' segment, a new Student offer was launched, supported by a related advertising campaign.
In the professional customer segment, the Banque Populaire banks launched www.DirectetProche.fr, a digital solution allowing tradespeople and retailers to enjoy access to an online shop window or store enabling them to present or sell their products or services directly online. A long-standing leader in the franchise market, the Banque Populaire network has enhanced its positions with a penetration rate of 57% among franchisors and of 25% among franchisees.
The intensification of customer relations is also visible in the corporate customers segment, with a 2.4% increase in active customers in the third quarter of 2012 compared with the third quarter of 2011.

- **Savings deposits**

New deposit inflows continue to favor on-balance sheet savings products, with aggregate deposits rising by 7% (excluding centralized savings products) year-on-year driven, in particular, by passbook savings accounts (+13.8%), demand deposits (+7.4%) and term accounts (+6.6%).
Regarding financial savings, mutual funds have suffered a faster rate of decline (-7.7%) whereas life funds remain stable in a shrinking market.

- **Loan outstandings**

The Banque Populaire banks, which are fully committed to serving their customers' needs, continue to provide their active support to the French economy with 4.1% growth in their loan outstandings position year-on-year, which now stands at a total of €158.9 billion as of September 30, 2012.

Home loan outstandings, which have risen by 4.8% over the past 12-month period, have stood up well to the 29.2% decline in new loan production over the first nine months of 2012.
In a difficult operating environment, consumer finance achieved 4.5% growth in new loan production.
Against a background of considerable economic uncertainty, characterized by weaker demand, equipment loan outstandings fell by 18.8% without, however, affecting the overall growth in loan outstandings (+2.3%).

- **Financial results**

Net banking income for the third quarter of 2012 generated by the Banque Populaire network stands at €1,482 million, down -4.1% compared with the same period in 2011.

Operating expenses have risen to a total of €1,046 million.

The cost/income ratio stands at 70.6%, up 5.9 percentage points compared with the third quarter in 2011.

The cost of risk stands at €117 million, a rise of 29 basis points[22].

The contribution of the Banque Populaire network to the Group's net income attributable to equity holders of the parent stands at €232 million.

3.2 Caisse d'Epargne

The Caisse d'Epargne network is comprised of 17 regional Caisses d'Epargne.

In the third quarter of 2012, the strong momentum of the banks' customer base is confirmed in all target customer segments, translating into growth in business activities and outstandings.

- **Customer base**

The policy of encouraging customers to use more, and more sophisticated, banking services and products implemented by the Caisses d'Epargne led to a 4.3% increase in the number of active individual customers in the third quarter of 2012 compared with the same period in 2011 driven, in particular, by a significant increase in the number of principal active customers using banking services (+8.1%).
The number of young active customers is also increasing thanks to the campaign targeting students and the launch, at the start of the year, of a new, attractively priced service package designed for 16-17 year olds.
The growth in the professional customer base also remains dynamic with a 7.4% increase in the number of customers in the third quarter of 2012 compared with the same period last

[22] Annualized basis points on gross customer outstandings at the beginning of the period.

year. To support their commercial initiatives targeting professional customers, the Caisses d'Epargne have launched a barometer survey based on the research carried out by the "the franchise indicator", whose purpose is to indicate the level of success and satisfaction of members of the franchise and organized trade networks.

- **Savings deposits**

Deposit inflows remain buoyant, with a strong contribution from customers of the Bank for Regional Decision-Makers coming in addition to inflows from the retail banking arm. New deposits remain focused on on-balance sheet savings, which recorded annual growth of 8.6% (excluding centralized savings products) at September 30, 2012. The strong dynamic noted on demand deposit accounts is continuing with an 8.9% increase compared with the same period last year, while passbook savings accounts rose 6%. The annual progression of deposits on home purchase savings schemes remains positive (+4.2%).
However, financial savings deposits continue to decline, with mutual funds being particularly affected (-20.2%) although life funds remain stable despite a decline in new business.

- **Loan outstandings**

Loan outstandings increased by 8.7% over the 12-month period ending on September 30, 2012. Loan outstandings now stand at €180.9 billion.
Real estate loan outstandings have risen by a total of 8.7% in the space of the past year, with a limited decline in new loan production compared with the wider market. In the third quarter, new loan commitments were only -2.5% down compared with the third quarter of 2011. In an adverse business environment, consumer loan outstandings continued to grow (+1.8% on an annual basis), reflecting the drive to maintain new loan production at a high level.
Equipment loans continue to enjoy strong growth (+12.3% over a 12-month period).

- **Financial results**

Quarterly net banking income posted by the Caisse d'Epargne network reached a total of €1,649 million, up 2.2% compared with the third quarter of 2011.

Operating expenses were slightly up by 5.7% compared with the third quarter of 2011 to reach a total of €1,094 million.

The cost/income ratio stands at 66.3%, down 2.2 basis points compared with the same period in 2011.

The cost of risk came to €117 million, or 27 basis points[23].

The contribution of the Caisse d'Epargne network to the Group's net income stands at €273 million.

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[23] Annualized basis points on gross customer outstandings at the beginning of the period.

3.3 Real estate Financing

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

In line with the objectives defined in its 2012 – 2016 strategic plan, Crédit Foncier is pursuing its drive to adapt to new market conditions with, in particular, the active management of its assets and liabilities and the reduction of its costs.
Crédit Foncier is accelerating the pace of its disposal of securities held in its international portfolio; disposals amounted to a total of €0.9 billion in the third quarter of 2012, taking the aggregate total of disposals since the plan was first launched to €3.7 billion. With €0.3 billion in liability buybacks in the past quarter, total buybacks amount to €2.2 billion since the start of the plan. These buybacks and disposals have had a positive impact of €35 million on the quarter's net banking income (the net impact has been allocated to "Other Businesses" in the segment information)
It should also be noted that a transfer of real estate loan outstandings (representing 95,000 zero-interest loans) was completed in October 2012 via a securitization transaction for a total of one billion euros.
The cost adjustment plan is being pursued, leading to a 10% reduction in costs over the first nine months of 2012 compared with the same period last year.
In a sharply depressed market, commercial activities have stood up well. Overall new loan production stands at €6.3 billion, representing a decrease of 21.3% compared with the first nine months of 2011.
The volume of new loan production related to financing granted to individual customers stands at €4.3 billion, down 16% compared with the first nine months of 2011. Since the 2nd quarter of 2012, an attractive pricing policy and the determination to maintain a significant proportion of lending activities in the area of first-time home-buyers made it possible to resist the downward pressure of a significantly depressed real estate market. New loan production related to corporate customers in France has been driven more particularly by the local public sector.

The contribution of Real estate financing to the Group's income before tax amounted to €19 million compared with €48 million[24] in the third quarter of 2011.

3.4 Insurance

The Insurance business line concerns BPCE Assurances and CNP Assurances.

In a difficult business environment, life insurance premium income in the third quarter of 2012 is 17% down compared with the same period in 2011 and now stands at €1,526 million. Net outflows of €0.2 billion were recorded in the third quarter of 2012, reflecting a slower pace of withdrawal from these products. The good performance of inflows to unit-linked life insurance policies, accounting for 10% of gross inflows during the first 9 months of the year, should be emphasized.

The Non-life and Provident & Health insurance activities, however, demonstrated strong commercial dynamism.
With respect to non-life insurance, premium income boasted double-digit growth (+11%) compared with the same period in 2011 to reach a total of €84 million with a portfolio of contracts up 7%.
With respect to Provident and Health insurance, the entire range enjoyed success with premium income up 43%, with gross sales rising by 28%. The portfolio of contacts has grown by 11%.

The contribution of the Insurance Division to the Group's income before tax in the third quarter of 2012 stands at €55 million, against €4 million at the same time last year.

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[24] Excluding impairment of Greek government bonds.

3.5 International and 'Other networks'

- **International: BPCE International and Outre-mer (BPCE IOM)**

BPCE IOM includes the subsidiaries of Groupe BPCE (excluding Natixis) operating in the international market and in French overseas possessions.

Savings deposited with BPCE IOM have risen 3.5% to reach a total of €7.7 billion. This growth has been driven by the increase in on-balance sheet savings (+9.1%). Net savings inflows are up by 45.5% compared with the third quarter of 2011, chiefly with respect to term accounts. The corporate segment also helped to drive new fund inflows (+9.1%).

Loan outstandings (+4.1%) have increased in all market segments to reach a total of €9.2 billion at September 30, 2012: personal loans (+8.3%), short-term credit facilities (+8.2%) and real estate loans (+5.6%). Growth is stronger for loans granted to individual customers (+5.9%) than for loans to business customers (+2.8%).

The contribution of the International division to the Group's income before tax stands at €18 million in the third quarter of 2012 against €33 million at the end of the same period in 2011.

- **Other networks: Banque Palatine**

In pursuit of its drive to win new 'high-net-worth' individual customers, Banque Palatine has enjoyed continued growth in its customer base, leading to a 10.9% increase among this category of clientele since the beginning of the year compared with the first 9 months of 2011. New business customers representing 'companies generating revenues of more than €15 million' rose by a total of +8.7% during the first 9 months of the year.

Savings deposits have risen marginally to reach a total of €14.2 million, with a sharp rise in on-balance sheet savings (+15.5%), driven by the corporate segment (+18%). Off-balance sheet savings have declined by a moderate 3.2%.

The loan outstandings position rose by 9.3%, reflecting the outstanding performance achieved by the activity in tight market conditions. Loan outstandings reached €6.9 billion (up from €6.3 billion in September 2011). Weaker demand in the individual customer segment is offset by a strong contribution from the corporate customer market, with short-term facilities enjoying 19.5% growth and medium- and long-term loans rising by 12.5%.
Overall new loan production, during the first 9 months of the year, enjoyed a significant 15.6% increase, of which the Corporate customer segment alone accounted for 39.4%.

The contribution of the 'Other networks' division to the Group's income before tax stood at €23 million in the third quarter of 2012, down from €35 million for the same period last year.

4. WHOLESALE BANKING, INVESTMENT SOLUTIONS AND SPECIALIZED FINANCIAL SERVICES (BUSINESS LINES INCLUDED IN NATIXIS)

The net banking income of the core business lines of Natixis (Wholesale Banking, Investment Solutions and Specialized Financial Services) amounted to €1,448 million for the third quarter of 2012, up 15.7% compared with the third quarter of 2011. The revenues of two core businesses enjoyed strong growth in their results: Wholesale Banking (+24%; at €686 million) driven by the Fixed Income and structured finance businesses; Investment Solutions (+16.5%, at €479 million) thanks to the dynamism of the US-based assets management activities. The Specialized Financial Services arm recorded a marginal 2.4% decline in its results, to €283 million.

Operating expenses, at €961 million, have increased by a moderate 4.6%.
The cost/income ratio has improved by a total of 7.1 points compared with the third quarter of 2011, and now stands at 66.4%.
The cost of risk has risen considerably (+60.3%) to reach a total of €93 million.

The income before tax of the three core business lines taken together has increased by 43.8% to reach a total of €397 million.

After accounting for minority interests and income tax, the contribution of these activities to the Group's net income attributable to equity holders of the parent stands at €193 million, equal to an increase of 48.5%.

The return on equity of these core business lines stands at 12% in the third quarter of 2012.

For Natixis as a whole, net income attributable to equity holders of the parent is equal to €298 for the third quarter of 2012 if non-operating items are excluded, up 27% (excluding the impact of P3CI) compared with the third quarter of 2011. Net income attributable to equity holders of the parent stands at €142 million, down 59% compared with the third quarter of 2011, impacted notably by two non-operating items (revaluation of the Group's own debt and impact of the P3CI operation).

(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).

5. EQUITY INTERESTS

Equity Interests chiefly concern the activities pursued by Coface and Nexity. In view of the asset disposals completed in 2011, the segment information for this division has been restated accordingly for previous periods.

The net banking income posted by the Equity Interests division stands at €424 million for the third quarter of 2012, equal to a +1.9% increase compared with the third quarter of 2011. Net income attributable to equity holders of the parent is equal to €26 million.

- **Coface core activities**[25]

The revenues generated by credit insurance business in the third quarter of 2012 are up 5% compared with the third quarter of 2011.
The period was marked by a downturn in the Factoring business in Germany and Poland. The earning capacity of these activities, however, continues to improve: income before tax over

[25] Credit insurance business worldwide and factoring activities in Germany and Poland.

the first 9 months of 2012 reached €127 million, up +4% compared with the same period in 2011.

The combined ratio stands at 81.9% at September 30, 2012 (against 78.5% in the previous quarter).
The loss ratio remains under control at 57.5% in the third quarter of 2012 in a more adverse business environment. It stood at 51.9% in the second quarter of 2012, a period that included a positive impact from reinsurance activities.

- **Nexity**

Nexity put up a good commercial performance in the third quarter in a stagnant market still depressed by economic uncertainties.

The subsidiary's order book remains stable (€3.4 billion) compared the end of 2011, the equivalent of 19 months of development activity[26].
Compared with the same period in 2011, revenues for the first 9 months of this year have increased by a total of 4.4%. This growth was chiefly driven by the outstanding momentum achieved by the commercial real estate division (+23% compared with the first 9 months of 2011).

Residential real estate has held up well in an adverse market and made it possible to post a limited 12% decline in net reservations of housing units and building plots (compared with the first 9 months of 2011).

Notes on methodology
Capital is now allocated to Groupe BPCE's core business lines on the basis of 9% of average risk-weighted assets against 7% in 2011. Furthermore, the consumption of capital related to the securitization operations involving a deduction from regulatory Tier 1 and Tier 2 capital is now attributed to the core business lines. Related figures are published on a pro-forma basis to account for this new allocation.
The Eurosic and Foncia equity interests, sold in June and July 2011, have been reclassified under "Other Businesses".
Groupe BPCE sold part of its equity interest in Volksbank International AG (previously attributed to the Commercial Banking and Insurance Division) on February 15, 2012. On December 31, 2011, the financial items corresponding to the businesses in the process of divestment were reclassified under "Other Businesses" and non-divested businesses were attributed to the Equity Interests core business line.
The effects of operations related to the active management of the Crédit Foncier balance sheet (disposal of securities and debt buybacks) have been carried under "Other Businesses" as of Q2-12.
The segment information of Groupe BPCE has been restated accordingly for previous reporting periods.

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[26] Revenues on a sliding 12-month basis.