Paris, May 9, 2012

Groupe BPCE: Results for the 1st quarter of 2012

Resolutely committed to financing the French economy, Groupe BPCE continues to maintain a good earning capacity and is actively pursuing the consolidation of its financial structure to bring it in line with the new banking regulations

● Good commercial performance achieved by the business lines
  > Banque Populaire and Caisse d’Epargne networks: loan outstandings increased 8% compared with the same period last year while on-balance sheet savings\(^1\) rose 8.7% during the 12-month period
  > Natixis: net banking income of the core business lines rose 9% compared with the 4th quarter of 2011 in a less volatile market environment

● Satisfactory operating results against a background of the drive to adapt to new banking regulations
  > Net banking income\(^2\) of €5.7bn (up 1.3% compared with the 4th quarter of 2011 but down 2.9% compared with the 1st quarter of 2011)
  > Net income attributable to equity holders of the parent and excluding non-operational items of €821m (up 38% compared with the 4th quarter of 2011 but down 22.5% compared with the 1st quarter of 2011)
  > Net income attributable to equity holders of the parent of €665m (up 63% compared with the 4th quarter of 2011 but down 32.5% compared with the 1st quarter of 2011)

● Program to reduce liquidity requirements: 68% of the target fixed for the end of 2013 had already been achieved by the end of the 1st quarter of 2012

● Capital adequacy further strengthened: with a Core Tier-1 ratio of 9.5%\(^3\) under Basel 2.5 (the level required by EBA\(^4\) achieved three months in advance), Groupe BPCE confirms its target of exceeding a Core Tier-1 ratio under Basel 3 of 9% in 2013, without transitional measures\(^5\)

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\(^1\) Excluding centralized savings
\(^2\) Excluding non-operational items, see page 3
\(^3\) Estimate at March 31, 2012
\(^4\) Calculated using the European Banking Authority’s stress test method of December 8, 2011
\(^5\) After restating deferred tax assets
On May 9, 2012, the Supervisory Board of BPCE convened a meeting chaired by Yves Toublanc to examine the Group’s financial statements for the 1st quarter of 2012.

François Pérol, Chairman of the Management Board of Groupe BPCE, made the following statement:

“Groupe BPCE has continued its transformation during the 1st quarter of the year. It has adapted to the new regulatory environment, continued to play an active role in financing the French economy, and substantially strengthened its capital. The group’s strength and dynamism is visible through the main components of its results. Thus, the significant growth in loan outstandings of the Banque Populaire banks and Caisses d’Epargne testifies to the active support given by their retail networks to both individual and corporate customers. The good performance achieved by the core business lines of Natixis confirm the relevance of the New Deal plan launched in 2009 and the success of its business model as a bank serving major corporate customers. The satisfactory level of operating results also underscores the group’s ability to adapt to new banking regulations. The group’s financial trajectory, in line with its strategic plan and supported by results achieved ahead of target, is reinforced by the significant reduction in its liquidity requirements and the strengthening of its capital. This solid structural performance enables us to confirm that we will achieve the target of a Core Tier-1 ratio under Basel 3 at least equal to 9% at the beginning of 2013.”

CONSOLIDATED RESULTS OF GROUPE BPCE IN THE 1ST QUARTER OF 2012

In an environment that remains uncertain and despite the impact of new constraints related to banking industry regulations, Groupe BPCE, a robust cooperative banking and insurance group, remains committed to financing the French economy, working through its Banque Populaire and Caisse d’Epargne local retail banking networks and its major subsidiaries, Natixis and Crédit Foncier, that have now been refocused on their business lines at the service of their different customer groups.

The group’s core business lines – both as far as the retail banking networks and Natixis are concerned – put up a good operating performance in the 1st quarter of the year. The Banque Populaire banks and the Caisses d’Epargne achieved year-on-year growth of 8.7% in their on-balance sheet savings deposits (excluding centralized savings) and growth of 8.0% in loan outstandings. The commercial efforts made by the retail banking networks enabled them to win new customers at a more rapid pace despite the fiercely competitive environment. Natixis enjoyed a sharp recovery in the revenues generated by its Corporate & Investment Banking (CIB) division thanks to its sound commercial performance.

Groupe BPCE is pursuing the strengthening of its financial structure: the Core Tier-1 ratio under Basel 2.5 stands at 9.5%, up 40 basis points compared with December 31, 2011. As such, the group has achieved the level required by the EBA three months earlier than initially planned. The group therefore confirms its goal of complying with the Basel 3\textsuperscript{7} requirements with a Common Equity Tier-1 ratio of more than 9% as of 2013.

Sixty-eight percent of the target to be met by the liquidity requirement reduction plan by the end of 2013 had already been achieved at the end of March 2012.

\textsuperscript{6} The quarterly results of the group for the period ended March 31, 2012 were approved by the Management Board on May 7, 2012. Quarters prior to Q3 2011 have been restated on a pro forma basis to account for the disposal of Eurosic and Foncia in June and July 2011.

\textsuperscript{7} Without transitional measures, after restating deferred tax assets.
1. **Consolidated Results for the 1st Quarter of 2012**

The **net banking income** of Groupe BPCE reached a total of €5,450m, down 5.8% compared with March 31, 2011. The revenues posted by the group’s core business lines stand at €5,270m, down 2.0% compared with the 1st quarter of 2011.

The stabilization in both revenues and income generated by the core business lines at a level lower than the beginning of 2011 reflects the need to adapt to the constraints imposed by the new banking regulations: increased cost of financial resources; impact of asset disposals completed within the framework of the program to reduce liquidity requirements (assets worth a total of €9.4bn disposed of since June 30, 2011) and decline in commissions earned on Livret A passbook savings accounts for the Caisses d’Epargne.

Despite the decline in this commission, if changes in provisions for home purchase savings schemes and the impact of asset disposals on Crédit Foncier are excluded, the revenues posted by the Commercial Banking and Insurance division increased marginally in relation to the 1st quarter of 2011 to reach a total of €3,773m.

The 1st quarter of 2012 was marked by a number of significant non-operational items. The group’s net banking income suffered negative impacts from the revaluation of its own debt for a total of €208m, from the long-term impairment of the group’s equity interest in Banca Carige for €108m. In addition, Natixis reached a commutation agreement with MBIA concerning 11 CDS transactions, with a negative impact on net banking income for a total of €52m.

In contrast, the restitution of the fine with respect to the “Cheque Image Exchange” had a positive impact on net banking income of €91m.

All in all, non-operational items had a negative impact on net banking income for a total of €277m.

If non-operational items are excluded, the group’s net banking income stands at €5,727m, representing growth of 1.3% compared with the 4th quarter of 2011 but down 2.9% compared with the 1st quarter of 2011, a period characterized by an outstanding level of business activity.

**Operating expenses** rose 1.9% compared with 1st quarter of 2011 to reach a total of €3,953m.

At the end of the 1st quarter of 2012, the **cost/income ratio** stood at 72.5%, or at 69% if non-operational items are excluded. This ratio stands at 66.4% for the core business lines.

**Gross operating income** stands at €1,497m, down 21.6% compared with the 1st quarter of 2011. The contribution of the group’s core business lines amounts to €1,771m.

The **cost of risk** remains under tight control and at a moderate level: €460m. Compared with the 4th quarter of 2011, the cost of risk has declined by a total of 32.6%.

The cost of risk of the core business lines remains stable at 26 bp; it stood at 30 basis points in the 4th quarter of 2011.

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8 Pro forma to account for the disposal of Eurosic and Foncia in June and July 2011.
9 The core business lines are Commercial Banking and Insurance (with, in particular, 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 Corporate & Investment Banking, Investment Solutions and Specialized Financial Services arm (Natixis).
10 Cost of risk excluding Greek government bond impairment and non-recurring impairment provisions in Q3-11 expressed in annualized basis points on gross customer loan outstandings at the beginning of the period.
Groupe BPCE’s exposure to the sovereign debts of peripheral European countries remains limited. Net direct exposure of credit institutions in banking portfolio\textsuperscript{11} represents an aggregate total of €3,177m: €87m for Greece, €161m for Ireland, €91m for Portugal, €40m for Spain and €2,798m for Italy at March 31, 2012.

The net exposures of insurance companies\textsuperscript{12} are limited to a total of €286m.

**Net income attributable to equity holders of the parent** stands at €665m against €985m in the 1\textsuperscript{st} quarter of 2011. The **net income attributable to equity holders of the parent of the core business lines** comes to a total of €851m, up 2\% compared with the 4\textsuperscript{th} quarter of 2011.

Net income attributable to equity holders of the parent excluding non-operational items stands at €821m, representing growth of 38.2\% compared with the 4\textsuperscript{th} quarter of 2011 and a decline of 22.5\% compared with the 1\textsuperscript{st} quarter last year.

The ROE of the core business lines stands at 10\%.

**Workout Portfolio Management (GAPC)**
The impact of segregated assets has been reduced by almost 60\% since Groupe BPCE was first created in July 2009.

The GAPC unit is pursuing its predetermined roadmap with a sharp reduction in risk-weighted assets\textsuperscript{13} in the 1\textsuperscript{st} quarter of the year (-21\%) compared with December 31, 2011, thanks to a high level of disposals (assets disposed for a total of €1.2bn). The balance of reductions can be explained by depreciations recorded during the year and methodological adjustments.

A commutation agreement concerning 11 CDS transactions signed with MBIA at the beginning of May 2012 led to a negative €52m impact on net banking income in the 1\textsuperscript{st} quarter of 2012. It is estimated that risk-weighted assets will be reduced by a total of €4.7bn when the associated operations are unwound, for the most part before the end of 2012.

The GAPC has no significant impact on the net income of Groupe BPCE.

\textsuperscript{11} Calculated using the methodology drawn up by the European Banking Authority (EBA) for the stress tests – net direct exposures, excluding derivatives.

\textsuperscript{12} Exposures are net of policyholders’ participation.

\textsuperscript{13} Risk-weighted assets calculated under Basel 2.5 since Dec. 31, 2011.
## Consolidated Results of Groupe BPCE in the 1st Quarter of 2012

### Excl. non-operational items

<table>
<thead>
<tr>
<th>in €m</th>
<th>Q1-12</th>
<th>Q1-12 / Q1-11&lt;sup&gt;14&lt;/sup&gt;</th>
<th>Q1-12 / Q4-11</th>
<th>Q1-12</th>
<th>Q1-12 / Q1-11&lt;sup&gt;12&lt;/sup&gt;</th>
<th>Q1-12 / Q4-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>5,450</td>
<td>-5.8%</td>
<td>-6.7%</td>
<td>5,727</td>
<td>-2.9%</td>
<td>+1.3%</td>
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<tr>
<td>Operating expenses</td>
<td>-3,953</td>
<td>+1.9%</td>
<td>-3.0%</td>
<td>-3,953</td>
<td>+1.9%</td>
<td>-3.0%</td>
</tr>
<tr>
<td><strong>Gross operating income</strong></td>
<td>1,497</td>
<td>-21.6%</td>
<td>15.0%</td>
<td>1,774</td>
<td>12.3%</td>
<td>+12.6%</td>
</tr>
<tr>
<td><strong>Cost/income ratio</strong></td>
<td>72.5%</td>
<td>+5.5 pts</td>
<td>+2.7 pts</td>
<td>69.0%</td>
<td>+3.3 pts</td>
<td>-3.1 pts</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>-460</td>
<td>+17.9%</td>
<td>-32.6%</td>
<td>-436</td>
<td>+11.8%</td>
<td>-28.8%</td>
</tr>
<tr>
<td><strong>Income before tax</strong></td>
<td>1,081</td>
<td>-31.5%</td>
<td>+18.1%</td>
<td>1,387</td>
<td>-18.0%</td>
<td>+32.5%</td>
</tr>
<tr>
<td>Net income attributable to equity holders of the parent</td>
<td>665</td>
<td>-32.5%</td>
<td>+63.4%</td>
<td>821</td>
<td>-22.5%</td>
<td>+38.2%</td>
</tr>
<tr>
<td>ROE</td>
<td>5.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.9%</td>
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</tbody>
</table>

### Consolidated Results of the Core Business Lines of Groupe BPCE in the 1st Quarter of 2012

<table>
<thead>
<tr>
<th>in €m</th>
<th>Core Business Lines Q1 2012</th>
<th>Q1-12 / Q1-11</th>
<th>Q1-12 / Q4-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net banking income</td>
<td>5,270</td>
<td>-2.0%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-3,499</td>
<td>+3.0%</td>
<td>-1.0%</td>
</tr>
<tr>
<td><strong>Gross operating income</strong></td>
<td>1,771</td>
<td>-10.5%</td>
<td>-1.4%</td>
</tr>
<tr>
<td><strong>Cost/income ratio</strong></td>
<td>66.4%</td>
<td>+3.2 pts</td>
<td>-0.5 pt</td>
</tr>
<tr>
<td>Cost of risk</td>
<td>-354</td>
<td>+29.2%</td>
<td>-13.0%</td>
</tr>
<tr>
<td><strong>Income before tax</strong></td>
<td>1,467</td>
<td>-16.5%</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Net income attributable to equity holders of the parent</td>
<td>851</td>
<td>-20.6%</td>
<td>+2.0%</td>
</tr>
<tr>
<td>ROE</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
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</table>

<sup>14</sup> Pro forma to account for the disposal of Eurosic and Foncia in June and July 2011.
2. **CAPITAL ADEQUACY AND LIQUIDITY: CONTINUED STRENGTHENING OF THE FINANCIAL STRUCTURE**

Groupe BPCE is adapting to changes in the regulatory and financial environment with, in particular, greater constraints regarding capital adequacy and liquidity. The group’s Core Tier-1 ratio under EBA has been achieved three months ahead of target.

The Core Tier-1 ratio under Basel 2.5 estimated at March 31, 2012 is 9.5%,\(^{15}\) up more than 40 basis points since December 31, 2011.

The Core Tier-1 ratio under EBA stood at 9.25% at March 31, 2012, after a 25-bp reduction related to the sovereign buffer.

The group’s liquidity position is continuing to improve thanks to the reduction in its wholesale funding requirements.

Groupe BPCE has set itself the target of reducing its liquidity requirements by €25 to €35bn between the end of June 2011 and the end 2013. The group’s liquidity requirement was substantially reduced (€9.5bn) in the 1\(^{st}\) quarter of 2012, with asset disposals for a total of €0.4bn for the CIB division of Natixis and for a total of €1.2bn for the GAPC, in addition to the disposal of financial assets for a total of €0.4bn in the rest of the group, including Commercial Banking and Insurance. The continued increase in on-balance sheet deposits in the retail banking networks makes it possible to maintain a customer loan to deposit ratio of 117% at March 31, 2012 while the loan outstandings position has increased significantly.

2.1 **Liquidity and short-term refinancing:**

Short-term refinancing outstandings stood at €122bn at the end of March 2012.

Liquidity reserves amounted to €126bn at the same date, including €96bn of available assets eligible for central bank refinancing (or liable to be so in the short term) and €30bn of liquid assets placed with central banks at the end of March 2012.

2.2 **Medium- and long-term refinancing: 60% of the 2012 program completed at April 30, 2012, with an average maturity of 6.9 years**

**2012 medium- and long-term refinancing**

The group’s ability to access the major debt markets allowed it to raise €15.7bn in medium- to long-term resources at April 30, 2012, representing 60% of the entire funding plan for 2012 (€26bn). The average maturity of the issue has been extended to 6.9 years against 4.1 years in the first 4 months of 2011, and the issue was completed at an average mid-swap rate +144 basis points.

In the institutional market, Groupe BPCE has completed 63% of its annual program of €21bn by raising a total of €13.3bn, including €9.7bn in covered bonds (62% of the total raised) and €3.6bn in unsecured bonds (23% of the total raised). The average maturity stands at 7.3 years.

As a reminder, the 2011 funding plan was for a total of €27.3bn.

The 2012 program of issues distributed via the retail networks for a total of €5bn was 47% complete at April 30, 2012 with funds raised for a total of €2.4bn with an average maturity of 5 years.

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\(^{15}\) Estimate at March 31, 2012.
Funds raised from retail network customers accounted for 15% of the program completed at April 30, 2012. The average maturity was 5 years. By comparison, the 2011 network funding plan was for a total of 2.2bn.

3. **COMMERCIAL BANKING AND INSURANCE: ACCELERATION OF COMMERCIAL DYNAMICS**

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.

BPCE’s Commercial Banking and Insurance core business line enjoyed a period of sustained business activity in the first quarter of 2012 despite the sluggish economic environment. The retail networks successfully continued their drive to develop their customer base among all their target clienteles and in all regions of France. In the first quarter, the winning of new customers and the deepening of relations with existing customers gathered pace in both retail banking networks, resulting in a highly satisfactory growth in the customer base (a 2.8% rise in the number of active customers using banking services for the Banque Populaire banks and a 8.2% increase in the number of principal active customers using banking services for the Caisses d’Epargne).

For the Caisses d’Epargne, the first quarter was marked by the launch of a so-called “Commitment” approach and campaign aimed at reasserting 9 tangible commitments for the benefit of customers concerning, in particular, the direct link with the account manager or the quality of the advice given. At the same time, the Banque Populaire brand enjoyed considerable visibility thanks to the victory of the offshore-racing maxi trimaran Banque Populaire V (skippered by Loïc Peyron) in the Jules Verne trophy, and thanks to a campaign underscoring the strength of the cooperative business model adopted by the Banque Populaire banks in favor of local and regional development.

The Commercial Banking and Insurance division of BPCE continued to satisfy the financing needs of the French economy by providing its support to its customers. Despite a significant decline in demand in the first quarter of 2012, loan outstandings again showed significant growth: +6% in the Banque Populaire network and +10% in the Caisse d’Epargne network. BPCE’s commitment in favor of businesses was reflected in the 7% year-to-year growth of loan outstandings granted to very small companies and SMEs16, with, as its corollary, a three-quarter point increase in its market share, which now stands at 23.5%.

**Results of the Commercial Banking and Insurance division at March 31, 2012**

In the 1st quarter of 2012, the revenues17 of the Commercial Banking and Insurance division stood at €3,773m, representing a marginal 0.5% increase compared with the same period in 2011 despite the unfavorable impact of the drive to adapt to the constraints imposed by the new regulations and the reduction in commissions paid on Livret A passbook savings accounts for the Caisses d’Epargne.

The net interest margin was bolstered by the volumes of savings deposits and new loan production. Service commissions18 earned by the Banque Populaire banks declined by 1.3%.

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16 At the end of February 2012, source: Banque de France.
17 Excluding changes in provisions for home purchase savings schemes and excluding the impact of asset disposals
18 Commissions excluding Livret A commissions and compensation for early loan redemption.
The Caisses d’Epargne, for their part, enjoyed growth of 1.9% (despite the decline in financial commissions) thanks to the drive to generate more business with their customer base.

In the Banque Populaire network, the 5.5% increase in operating expenses is partly due to non-recurring items (expenses related to the merger of two Banque Populaire banks completed in 2011, reimbursement of VAT). In the Caisse d’Epargne network, growth in these expenses remains a tightly controlled 0.7%.

Gross operating income stands at €1,199m.

The cost/income ratio is 67.7%.

The cost of risk remains stable overall compared with the 4th quarter of 2011, if certain non-recurring items are excluded, namely: a change in the way consumer finance provisions are accounted for in the Caisses d’Epargne and an exceptional provision for depreciation related to a partnership project with a leasing company in one of the Banque Populaire banks.

The net income attributable to equity holders of the parent of the Commercial Banking and Insurance division stands at €601m.

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.

Customer base

In the 1st quarter of 2012, the advertising campaigns aimed at customers enhanced the commercial dynamism of the Banque Populaire banks and made it possible to further intensify customer relations. As a result, the number of active individual customers using bank services rose by 2.8% while the number of active customers using the bank in a dual private/professional capacity increased by 1.5%. The number of business customers increased by 1.9%. By way of illustration, the Banque Populaire Platinum bank card has now been taken out by more than 10,000 account holders.

Savings deposits

New savings deposits received by Banque Populaire banks remained dynamic in the 1st quarter of 2012.

On-balance sheet deposits, in particular, enjoyed growth of 7.9% from one year to the next (excluding centralized savings). These deposits are driven by the considerable dynamism of passbook savings accounts (+11.4%) as well as growth enjoyed by term accounts (+12.1%). In contrast, financial savings suffered from the prevailing financial environment: the amount of life funds contracted by a total of 2.2% and savings invested in mutual funds, re-intermediated towards on-balance sheet savings, declined by 4.7%.
Loan outstandings

The Banque Populaire banks continued to help satisfy the need to finance the French economy; this support led to a 6.0% year-on-year increase in loan outstandings, which reached an aggregate €157bn at the end of March 2012.

The rise in home loans (+7.3%) reflects the strong business activity noted at the end of 2011 and the anticipation of changes in fiscal measures and housing support mechanisms. In the 1st quarter of 2012, a less buoyant economic environment led to a contraction in demand, observed throughout the French market, resulting in a 37% decline in new loan production.

Continuing earlier trends, consumer loan outstandings have declined marginally over a year. However, a reversal in trend clearly emerged in the 1st quarter of 2012 with growth in new loan production despite the fact that the overall market remained depressed.

Equipment loan outstandings (professionals and corporate customers) have enjoyed 4.5% growth against a background, once again, of sluggish demand.

Financial results

In the 1st quarter of 2012, net banking income remained stable compared with the same period last year, at €1,561m. Operating expenses increased by 5.5% driven, in particular, by non-recurring items to a total of €1,048m, leading to a gross operating income of €513m and a cost/income ratio of 67.1%, up 3.7 basis points. The cost of risk stands at €174m, reflecting an increase in a depressed economic environment.

In the 1st quarter of 2012, the Banque Populaire retail network contributed a total of €207m to the net income of Groupe BPCE.

3.2 Caisse d’Epargne

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

Customer base

The Caisses d’Epargne achieved an extremely sustained commercial performance despite the challenging economic environment. The 1st quarter of 2012 saw an acceleration in the drive to win new customers and a deepening of relations with all types of existing clientele, notably among young people and professional customers. The number of active professional customers rose by 9.1% and the number of active individual customers increased by 3.8%, including a 8.2% increase among principal active customers using banking services, the most loyal customer group.

Savings deposits

New savings deposits collected by the Caisses d’Epargne enjoyed positive growth in the 1st quarter of 2012, driven by on-balance sheet savings for which deposits increased by 9.3% (excluding centralized savings) on all types of accounts: demande deposits (+5.1%), passbook savings accounts (+5.3%), home purchase savings schemes (+3.8%) and term accounts (+3.7%).
Financial savings deposits have declined marginally (-0.8%). The slower growth recorded by life funds (+1.9%), in a market characterized by net withdrawals, is unable to offset the major decrease in mutual fund deposits (-19.2%) re-intermediated, however, at the level of on-balance sheet savings.

**Loan outstandings**

Loan outstandings stood at a total of €173.9bn at March 31, 2012, representing growth of 9.9%.

The strong growth in real estate loan outstandings (+11.5%) reflects the buoyant business activity at the end of 2011, in anticipation of the review of fiscal measures and housing support mechanisms. The decline in demand, in a context of a downturn in the market, penalized new loan production, which decreased by a total of 32% in the 1st quarter of 2012.

With regard to consumer finance, the Caisses d’Epargne withstood the sharp deterioration in the market. The level of new loan production, high in the 1st quarter, made it possible to maintain growth in outstandings (+0.4%).

Growth in equipment loans – which amounted to 11.8% – was driven by the corporate and professional customers market.

**Financial results**

Net banking income stood at €1,684m in the 1st quarter of 2012 (-2.3%). The increase in operating expenses is kept under a tight rein at +0.7% compared with the 1st quarter of 2011. The combination of these two items had a minor impact on the cost/income ratio, which rose by a total of 2 basis points during the period. The cost of risk increased by 31.9% in a depressed economic environment. The Caisse d’Epargne network contributed net income of €294m in the 1st quarter of 2012, down 15% compared with the 1st quarter of 2011.

### 3.3 Real estate Financing

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

Crédit Foncier continued to implement its 2012-2016 strategic plan. First adopted in November 2011, this plan is designed, in particular, to refocus the bank’s activities around its core business activities, working in greater synergy with the Banque Populaire and Caisse d’Epargne retail networks, to reduce the size of its balance sheet by approximately 10% and to cut costs by about 12%. In the 4th quarter of 2011, Crédit Foncier took steps to reduce the size of its balance sheet through asset disposals and the redemption of liabilities. Since the plan was first launched, securities worth almost 2 billion euros had been disposed of and liabilities had been redeemed for approximately €1.4bn by the end of April 2012, generating a negative impact of –€50m on net banking income in the 1st quarter of 2012, offset by a positive impact of almost €30m related to the redemption of related liabilities completed in April 2012.

In the 1st quarter of 2012, the commercial activities of Crédit Foncier remained at a satisfactory level.
Aggregate new loan production in France (individual and corporate customers) stood at €2.4bn, a figure identical to the one achieved in the 1st quarter of 2011, broken down as follows: €1.9bn for the individual financing business and €0.5bn for the corporate financing segment.

In the area of individual customer financing, the volume of new loan production is marginally higher than in the 1st quarter of 2011.

With respect to new loan production related to corporate financing in France, the public sector activity – and, more specifically, the social housing segment – performed well.

The contribution of the Real estate Financing division to the income before tax of the group stood at €15m at the end of March 2012, against €70m in the 1st quarter of 2011.

4. **CORPORATE & INVESTMENT BANKING, INVESTMENT SOLUTIONS AND SPECIALIZED FINANCIAL SERVICES (CORE BUSINESS LINES INCLUDED IN NATIXIS)**

   The net banking income of the core business lines of Natixis (CIB, Investment Solutions, and Specialized Financial Services) amounted to €1,559m in the 1st quarter of 2012, down 2.4% compared with the 1st quarter of 2011 but up 8.5% compared with the 4th quarter of 2011.

   Two core business lines enjoyed growth compared with the 1st quarter of 2011: Investment Solutions (+8.0%, at €512m) and Specialized Financial Services (+5.5%, at €287m). In the Corporate & Investment Banking arm, it was possible to limit the decline in revenues (-10.8% compared with the 1st quarter of 2011) thanks to the strong commercial performance. It should be noted that revenues have increased by 24% compared with the results of the 4th quarter of 2011.

   Operating expenses, which stand at €987m, reflect a moderate increase of 1.8%.

   The cost/income ratio has risen by 2.6 basis points compared with the 1st quarter of 2011, and now stands at 63.3%.

   The cost of risk is equal to €57m.

   The income before tax of the three core business lines has declined by 14.6% to reach a total of €520m.

   After accounting for minority interests and income tax, the contribution to BPCE’s net income attributable to equity holders of the parent is €250m, down 18.3%.

   The return on equity of these core business lines managed by Natixis is 16% for the 1st quarter of 2012.

   As far as Natixis is concerned, net income attributable to equity holders of the parent stood at €339m at March 31, 2012, reflecting a limited 30% decline compared with €483m in the 1st quarter of 2011.

   (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](http://www.natixis.com)).

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19 Contribution of the core business lines of Natixis to the consolidated financial statements of Groupe BPCE. These figures can be different from those published by Natixis.
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 €436m for the 1st quarter of 2012 (+7.1% compared with the same period in 2011). Net income attributable to equity holders of the parent is €23m.

**Coface**

The revenues generated by Coface in the 1st quarter of 2012 have increased by 10% compared with the 1st quarter of 2011, driven by the Insurance activity, which accounts for 95% of the subsidiary’s aggregate revenues.

Coface has significantly improved its earning capacity thanks, in particular, to the tight control over its expenses. Income before tax is up 30% compared with Q1-11 and stands at €33m.

The combined ratio\(^{20}\), which stood at 84.7% in the 1st quarter of 2012, is slightly down versus the figure for the 1st quarter of 2011 owing to the significant improvement in the cost ratio, and substantially lower compared with the 4th quarter of 2011.

**Nexity**

The order book stands at €3.2bn, equivalent to 19 months of development activity.

The contraction of the residential real estate market is confirmed, and net reservations for new housing units and building plots have declined by 19%. Otherwise, Nexity is winning new market share with outstanding orders for commercial real estate.

Revenues stand at €588m, up 5% compared with the 1st quarter of 2011 thanks to strong growth in the commercial real estate segment (+13% compared with the 1st quarter of 2011 at €82m).

**Disclaimer**

*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 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, were reclassified under "Other Businesses" on June 11, 2011.

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 the businesses not subject to divestment were attributed to the Equity Interests core business line.

The segment information of Groupe BPCE has been restated accordingly for the periods in question.

\(^{20}\) New loss ratio (claims to premiums ratio)
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 more than 8.1 million cooperative shareholders.

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