

Paris, February 23, 2012

Results for the full year and 4th quarter of 2011**Groupe BPCE****Greater funds provided to finance the French economy and enhanced capital adequacy**

- **Strong operational performance:**
Net banking income up 1.4% to a total of 23.1 billion euros
Gross operating income up 3.1% to a total of 7.5 billion euros
- **Net income attributable to equity holders of the parent: 2.6 billion euros, down 27% compared with 2010, impacted by non-operational items for a total of 723 million euros.**
If non-operational items are excluded, net income stands at 3.4 billion euros, down 7% compared with 2010
- Major commitment by Groupe BPCE to finance the French economy: 6.5% annual growth in loan outstandings¹.
- Recurrence of results posted by the core business lines: income before tax of 6 billion euros, reflecting a limited 3% decline compared with 2010 in spite of adverse market conditions.
- Capital adequacy further reinforced: Basel 2.5 Core Tier-1 ratio of 9.1 %².
Capital shortfall, on the basis of EBA requirements for June 6, 2012, reduced from 3.7³ billion euros to 0.7 billion euros in one quarter.
Confirmation of the target to achieve Tier-1 Common equity under Basel 3 in excess of 9% in 2013 (without transitional measures⁴).
- Debt-reduction program ahead of target: 1/3 of the debt-reduction program had already been completed at the end of 2011.

¹ At December 31, 2011, source: Banque de France / Financing the French economy

² Estimate at December 31, 2011 – Excluding the floor effect

³ Calculated using the EBA's stress test methods of December 8, 2011

⁴ After restating deferred tax assets

On February 22, 2011, the Supervisory Board of BPCE convened a meeting chaired by Yves Toublanc to examine the group's financial statements for the full year and fourth quarter of 2011.

François Pérol, Chairman of the Management Board of BPCE, made the following statement: *"BPCE confirms its strength in what proved to be an extremely difficult environment in 2011: the strength of the performance of its core business lines in both their commercial and operational activities; the strength of the group's financial structure with capital adequacy in excess of 9% (under Basel 2.5) as of December 2011; the strength of its funding, with more than one third of its debt-reduction program already completed at the end of 2011 and 40% of the medium- and long-term funding plan for 2012 already realized by the middle of February and, finally, the strength of the group's presence in the French economy with 6.5% growth in loan outstandings in 2011."*

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE FULL YEAR AND 4TH QUARTER OF 2011⁵

In an exceptionally adverse business environment, Groupe BPCE continued to demonstrate its commitment to financing the French economy in 2011 with annual growth of 6.5%⁶ in loan outstandings while, simultaneously, further reinforcing its capital adequacy with a Basel 2.5 Core Tier-1 capital ratio of 9.1% (estimated) at December 31, 2011.

Committed to serving the needs of their customers in all French territories, the group's local retail networks have seen their efforts rewarded by their clientele. The Banque Populaire banks were given 1st prize in the banking industry category of the *Podium de la relation Client* survey⁷, while the Caisses d'Épargne were named the favorite banking institutions of the French⁸.

The strategic plan "Together" first launched in 2010 – a plan designed to refocus the group around its core business lines and customer-based activities while simultaneously promoting revenue synergies between its core businesses and cost synergies throughout the group – has enabled Groupe BPCE to weather the storms of 2011, a year marked by a significantly depressed business environment, while continuing to offer the same performance levels as in previous years.

- The local retail networks have successfully mobilized their customer base: the Banque Populaire banks surpassed the milestone of one million professional customers last year while the Caisses d'Épargne attracted 600,000 new individual customers. Both networks have taken decisive steps to meet their customers' expectations with innovations,

⁵ The quarterly results of the group for the period ended December 31, 2011 were approved by the Management Board at a meeting convened on February 20, 2012. Quarters prior to Q3 2011 have been restated to reflect the pro forma impact of the disposal of Eurosic and Foncia in June and July 2011

⁶ At December 31, 2011, source: Banque de France / Financing the French Economy

⁷ Awarded by BearingPoint and TNS Sofres

⁸ JDD/Posternal/Ipsos barometer survey

notably in the area of multi-channel banking services with the success of *e-BanquePopulaire* and *Monbanquierenligne* for the Caisse d'Épargne.

- By pursuing the implementation of its "New Deal" strategic plan, Natixis has successfully completed a radical transformation of its business model.
- In 2011, Crédit Foncier, working within the framework of its 2012-2016 strategic plan, began efforts to refocus its activities around the business lines it pursues in France at the service of its own customers and those of the Group's retail banking networks; it also implemented the decision to discontinue its business activities in the international arena.

At the end of its second year, this initiative made it possible to capture revenue synergies between Natixis and the Banque Populaire and Caisse d'Épargne networks, generating €501m in additional net banking income at the end of 2011, notably in the areas of consumer finance, insurance and payments. What is more, progress achieved in the various cost synergy initiatives led to the realization of savings worth €684m at the end of 2011. Both the revenue synergies and the cost synergies have been achieved ahead of the initial target.

1. CONSOLIDATED RESULTS FOR THE YEAR 2011

The **net banking income** generated by Groupe BPCE in 2011 reached a total of 23,073 million euros, representing growth of 1.4% compared with 2010. The revenues posted by the group's core business lines remain stable (+ 0.3% at 20,918 million euros) despite the downturn in the economic environment.

The core business lines are **Commercial Banking and Insurance** (with, in particular, the Banque Populaire and Caisse d'Épargne retail banking networks along with Crédit Foncier de France, Banque Palatine and BPCE International et Outre-mer) and **Corporate & Investment Banking, Investment Solutions, and Specialized Financial Services** (Natixis).

Operating expenses remain under tight management (+ 0.6%), at 15,615 million euros.

During the 2011 financial year, the **cost/income ratio** was improved by half a percentage point and now stands at 67.7%.

Gross operating income stands at 7,458 million euros, up by 3.1%. The contribution of the group's core business lines amounts to 7,254 million euros, down 1.9% compared with 2010.

Groupe BPCE's exposure to the sovereign debts of the peripheral European countries remains limited (3,432 million euros of net direct exposure⁹ to Greece, Ireland, Portugal, Spain and Italy of credit institutions in the group's banking book at December 31, 2011) and has been reduced by 26%. Net direct exposure⁹ stands at 158 million euros for Ireland (- 49%), 97 million euros for Portugal (- 54%), 41 million euros for Spain (- 41%), and 2,560 million euros for Italy (- 9%).

The exposure of the group's insurance companies¹⁰ stood at 251 million euros at December 31, 2011, down 46% compared with 2010.

Groupe BPCE recognized additional impairment charges on Greek government bonds, increasing the discount to 70%, taking account of financial guarantees received. Aggregate impairment for 2011 as a whole is 921 million euros, representing a charge of 595 million

⁹ Calculated using the methodology drawn up by the European Banking Authority (EBA) for the stress tests published on December 8, 2011 – net direct exposure of the banking portfolio, excluding derivatives

¹⁰ Exposure net of the participation of policyholders

euros to net income attributable to equity holders of the parent. Residual net direct exposure⁹ to Greek government bonds amounted to 576 million euros at the end of 2011, bearing in mind that this exposure is covered by an independent financial guarantee for a total of 300 million euros.

The **cost of risk** stands at 2,769 million euros; if impairment charges on Greek government bonds are excluded, the cost of risk amounts to 1,848 million euros, representing an 11.7% increase over the 2010 figure.

Net income attributable to equity holders of the parent reached a total of 2,647 million euros in 2011, down 26.6% from the previous year.

The 2011 financial year was marked by a number of significant non-operational items. Negative impacts on net income attributable to equity holders of the parent include the following: the impairment of Greek government bonds for 595 million euros, the divestment of equity interests in Volksbank International AG in Eastern Europe and Crédit Immobilier Hôtelier in Morocco (71 million euros), the adjustment of the value of the equity interest in Volksbank Romania for 116 million euros, and goodwill impairment for a total of 95 million euros. On the positive side, the revaluation of the group's own debt stands at 154 million euros. The outcome is an overall negative impact of 723 million euros.

If these non-operational items are excluded, net income attributable to equity holders of the parent suffers a limited decline of 6.7% at 3,370 million euros.

It should also be noted that net income attributable to equity holders of the parent posted in 2011 also suffered an additional negative impact of 78 million euros related to the increase in the French corporate tax rate.

The return on equity (ROE) of the core business lines stands at 13%

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE FULL YEAR AND 4TH QUARTER OF 2011

<i>in millions of euros</i>	2011¹¹	2011/ 2010	Q4-11	Q4-11 / Q4-10
Net banking income	23,073	+ 1.4%	5,839	+ 0.6%
Operating expenses	- 15,615	+ 0.6	- 4,077	- 2.1%
Gross operating income	7,458	+3.1%	1,762	+ 7.5%
Cost/income ratio	67.7%	- 0.5 pt	69.8%	- 1.9 pt
Cost of risk	- 2,769	+ 67.4%	- 682	+ 55.4%
<i>Excl. Greek government bonds impairment</i>	- 1,848	+ 11.7%	- 612	+ 39.4%
Share in net income of associates	- 7	n.s.	- 95	n.s.
Income before tax	4,621	- 18.7%	915	- 26.7%
Income tax	- 1,641	- 3.5%	- 438	+ 63.4%
Minority interests	- 333	- 11.7%	- 70	- 45.3%
Net income attributable to equity holders of the parent	2,647	- 26.6%	407	- 52.3%
<i>Excluding non-operational items</i>	<i>3,370</i>	<i>- 6.7%</i>	<i>594</i>	<i>- 29.5%</i>
ROE	5.7%	-2.3 pts	3.3%	-4.2 pts
<i>Excluding non-operational items</i>	<i>7.4%</i>	<i>-0.6 pts</i>	<i>5.1%</i>	<i>-2.4 pts</i>

¹¹ Pro forma to account for the disposal of Eurosic and Foncia in June and July 2011

CONSOLIDATED RESULTS OF THE CORE BUSINESS LINES OF GROUPE BPCE FOR THE FULL YEAR AND 4TH QUARTER OF 2011

<i>in millions of euros</i>	Core business lines¹² 2011	2011 / 2010	Core business lines Q4-11	Q4-11/ Q4-10
Net banking income	20,918	+ 0.3%	5,262	-2.9%
Operating expenses	- 13,664	+ 1.5%	- 3,536	-0.4%
Gross operating income	7,254	- 1.9%	1,726	- 7.7%
Cost/income ratio	65.3%	+ 0.8 pt	67.2%	+ 1.7 pt
Cost of risk	1,460	- 1.7%	- 407	+ 24.5%
Income before tax	5,984	- 3.1%	1,366	- 16.8%
Income tax	- 1,902	+ 2.8%	- 435	+ 2.8
Minority interests	- 416	-9.0%	- 106	- 12.4%
Net income attributable to equity holders of the parent	3,666	- 5.2%	825	- 24.9%
ROE	13%	- 1 pt	12%	- 4 pts

2. COMMERCIAL BANKING AND INSURANCE: BUOYANT COMMERCIAL ACTIVITY

The Commercial Banking and Insurance core 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.

In 2011, BPCE's Commercial Banking and Insurance core business line enjoyed an extremely dynamic year in terms of its commercial performance, buoyed up by strong growth in its customer base. The strategies aimed at attracting new customers, and enhancing business relations with existing ones, bore fruit during the year: the achievement of the symbolic milestone of one million professional customers for the Banque Populaire banks and the acquisition of 600,000 new customers for the Caisses d'Epargne. These figures are reflected in enhanced business with the customer base: 2.5% growth in the number of active customers receiving banking services for the Banque Populaire banks and 3.2% growth in the number of active customers for the Caisses d'Epargne.

This success in expanding the customer base is the fruit of major innovations designed to enhance the service provided, notably in the area of multi-channel banking solutions with, for example, the adoption of *e-banquepopulaire* throughout the Banque Populaire banks and the creation of online branches (*monbanquierenligne*) in all the Caisses d'Epargne; these virtual branches offer the full range of services of a traditional branch with a dedicated personal advisor.

The buoyant commercial activities in 2011 found expression through the commitment of the Banque Populaire banks and Caisses d'Epargne to financing the French economy. To give one

¹² Commercial Banking and Insurance; CIB, Investment Solutions and Specialized Financial Services

example, loans granted to independent micro-enterprises and SMEs enjoyed 7% growth in 2011.

This strong commercial performance in 2011 also benefitted from the new advertising campaigns launched by the Banque Populaire banks and Caisses d'Épargne designed to promote new brand territories: "The Bank that inspires the entrepreneurial spirit" for the Banque Populaire banks and "Banking: a new definition" for the Caisses d'Épargne. Both these campaigns recently won prizes at the 2012 *Top Com* awards: a Gold *Tom Com* award for the Caisses d'Épargne (best advertising campaign) and a Silver *Top Com* award for the Banque Populaire banks (best communications strategy).

2011 results

In 2011 as a whole, the revenues¹³ generated by the Commercial Banking and Insurance core business line increased by 1%, to reach a total of 15,123 million euros, divided into 0.8% growth for the Banque Populaire banks and growth of 0.3% for the Caisses d'Épargne¹⁴, excluding changes in provisions for home purchase savings schemes.

The interest margin was positively impacted by the growth in volumes. Increased commission earnings (+ 1.9% for the Banque Populaire banks and + 5.9% for the Caisses d'Épargne) are chiefly derived from growth in the customer base and from the development of enhanced business relationships with the existing clientele.

Gross operating income stands at 5,290 million euros.

The cost/income ratio comes to 65%, stable compared to last year.

The cost of risk – which was kept under tight control – has risen 5.7% owing to a specific item in the 4th quarter of 2011.

Net income attributable to equity holders of the parent generated by the Commercial Banking and Insurance core business line is 2,778 million euros.

The ROE of the core business line in 2011 stands at 12%.

2.1 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. On November 8, 2011, Banque Populaire du Sud-Ouest and Banque Populaire Centre Atlantique finalized their merger, leading to the creation of Banque Populaire Aquitaine Centre Atlantique.

- **Customer base**

The Banque Populaire network is pursuing its drive to win new customers in all its priority target areas: private individuals, professionals and corporates. The number of active individual

¹³ Excluding provisions for home purchase saving schemes

¹⁴ If the impact of the decline in *Livret A* commissions is excluded, the net banking income of the Caisses d'Épargne shows growth of 2.7%

customers rose by 1.2% (compared with 0.8% in 2010) and active customers receiving banking services increased by 2.5% in 2011 versus 1.3% in 2010.

At the same time, the Banque Populaire banks surpassed the milestone of one million customers banking in a professional capacity in 2011, thereby confirming their strong positions among corporate and professional customers. The Banque Populaire banks were named by TNS-SOFRES, the leading banking institution among companies with more than 10 employees with a 37% market penetration.

These strategies aimed at attracting new customers and developing enhanced relationships with existing ones were awarded 1st prize in the *Podium de la relation client* survey (in the Banking sector category).

- **Savings deposits**

New savings deposited with the Banque Populaire banks remained buoyant in 2011, enabling them to balance the funding of loans granted.

With additional savings of 9.5 billion euros, on-balance sheet deposits enjoyed strong growth (+8.8% in the space of one year, excluding centralized savings). Deposits were driven by strong momentum in passbook savings accounts (+10.4%), and *Livret A* passbook accounts in particular (+43%), as well as by strong growth in term accounts, especially among professional and corporate customers (+21.7%).

Financial savings suffered more from the current financial environment (-3.3%). This decline affected securities in particular; in contrast, however, life insurance bucked the trend and life funds remained stable overall.

- **Loan outstandings**

The lending activity of the Banque Populaire banks also remained buoyant in 2011. The commitment of the Banque Populaire banks to financing the French economy was confirmed, leading to 5.9% growth in the loan outstanding position compared with December 31, 2010. Aggregate loan outstandings rose to 154.8 billion euros at the end of 2011.

Equipment loan outstandings (granted to professional and corporate customers) enjoyed growth of 5.2%, thereby testifying to the major commitment made by the Banque Populaire banks to these key players in the success of the French economy.

Home loans, with outstandings reaching 78.5 billion euros at the end of December, boasted sustained, yet stable, year-on-year growth of 7.2% in line with the real estate market that remained extremely dynamic in 2011 after a record-breaking year in 2010.

- **Financial results**

Net banking income of the Banque Populaire network for the year as a whole rose 1.4% to reach a total of 6,329 million euros. Operating expenses increased by 3.4% to 4,069 million euros, leading to gross operating income of 2,260 million euros and a cost/income ratio of 64.3%, marginally higher than before (+1.2 percentage points). The cost of risk has increased by 2.6% and now stands at 664 million euros.

In 2011, the Banque Populaire network contributed 1,068 million euros to the net income of Groupe BPCE.

2.2 Caisse d'Épargne

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

- **Customer base**

The Caisse d'Épargne network put up an outstanding commercial performance in 2011 thanks to the effectiveness of its new customer-relations strategy based simultaneously on winning new customers (more than 600,000 new customers opened accounts with the French savings banks in 2011) and on developing enhanced business relationships with existing customers (3.2% growth in the number of active customers over the year compared with 1.2% in 2010, and 7.4% growth in customers receiving banking services in 2011 versus 5.2% in 2010).

This fine performance is not limited to the individual customer segment; the number of active professional customers and active corporate customers also rose by 8% and by more than 15% respectively.

This strong performance won official recognition with the Caisse d'Épargne being named the preferred banking institution of the French¹⁵.

- **Savings deposits**

With savings deposits up by more than 11.7 billion euros, the Caisses d'Épargne enjoyed the effects of dynamic on-balance sheets savings deposits in 2011, which grew by a total of 8.5% (excluding centralized savings and excluding BPCE bonds invested in Life Insurance).

New growth in deposits on *Livret A* passbook savings accounts must first be emphasized, three years after the distribution of these popular passbook accounts was deregulated. What is more, by offering customers innovative products, the on-balance sheet savings deposits of the Caisses d'Épargne benefitted in particular from their customers' interest in the BPCE bonds placed via the retail network.

Financial savings deposits, which reached 119 billion euros at December 31, 2011, displayed resilience with growth of 1.2%. While mutual funds declined as a result of the deterioration in the financial environment, life insurance enjoyed a good rate of growth (+ 4.6%).

- **Loan outstandings**

After a record-breaking year in 2010, the Caisses d'Épargne enjoyed another dynamic year in 2011 with 10.3% growth in aggregate loans; the loan outstandings position reached a total of 171 billion euros.

It should be emphasized that all the different types of Caisse d'Épargne customers contributed to this strong growth. Real estate loans rose by + 12%, bolstered by the inclusion of the record-breaking new loan production achieved at the end of 2010 in the loan outstandings position recorded in 2011.

Medium- to long-term outstandings designed for professional and corporate customers also put up a strong performance with growth of 12.7%; this performance helped Groupe BPCE to fulfill its commitment to help fund all economic agents, and illustrated the confirmed dynamism of the professional and corporate markets for the Caisses d'Épargne.

¹⁵ JDD/Posternal/Ipsos barometer survey

- **Financial results**

Net banking income for the year as a whole increased by 0.5%¹⁶ to reach a total of 6,803 million euros. Operating expenses fell by 1.5% to 4,409 million euros, leading to a gross operating income of 2,394 million euros and a cost/income ratio of 64.8%, down by 1.3 percentage points. The cost of risk stands at 355 million euros (+ 6.3%). In 2011, the Caisse d'Epargne network contributed 1,362 million euros to the net income of Groupe BPCE.

2.3 Real estate financing

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

In November 2011, Crédit Foncier adopted a new strategic plan with a view to refocusing its activities on its core business lines and to generating greater synergies with the Caisse d'Epargne and Banque Populaire networks.

This new 2012-2016 strategic plan includes four priority areas:

- The refocusing of Crédit Foncier on its business activities in France at the service of its own customers and those of Groupe BPCE.
- The development of synergies with the Banque Populaire banks and Caisses d'Epargne.
- The discontinuation of its international business activities.
- The reduction of the size of its balance sheet by almost 10%, and a drive to cut costs by approximately 12% over the same period.

At the end of 2011, total customer outstandings stood 117.6 billion euros, virtually unchanged from the end of 2010. Aggregate new loan production in France in 2011 (individual and corporate customers) comes to a total of almost 11.7 billion euros, marginally down (2%) compared with 2010.

As far as financial solutions for individual customers are concerned, new loan production amounted to 7.4 billion euros for the year as a whole. The end of the year was particularly dynamic and Crédit Foncier played an especially active role in the segment facilitating home-ownership for low-income families.

The improvement in its competitive position at the end of the year and the changes announced regarding the so-called Scellier provisions to encourage investment in rental property, made it possible to end the year with a strong month of December, during which loan commitments were made for more than one billion euros.

In the "corporates France" market, new loan production rose by 13% thanks to the good performance achieved by the activity providing finance for investors and real estate developers.

The contribution of the Real estate financing business line to the group's income before tax amounted to 128 million euros in 2011, down from 302 million euros at December 31, 2010.

¹⁶ If the decline in *Livret A* commissions is excluded, the net banking income of the Caisses d'Epargne grew by 2.7%

2.4 Insurance

The insurance business line concerns BPCE Assurances and CNP Assurances.

Life insurance activities suffered from a decline in revenues owing to the unfavorable economic environment. The strong dynamics for new unit-linked fund inflows (representing 15% of revenues) were achieved thanks to the BPCE bond issues. Net inflows remained substantially positive at more than one billion euros.

In the area of non-life insurance, premium income rose by 9.0% with fine results achieved in the vehicle and comprehensive housing insurance segments.

With regard to provident and health insurance, double-digit growth (17.3%) was achieved thanks to the good commercial performance delivered by the retail networks.

Two key elements contributed to these results: revenues up 17.7% in the area of health insurance, and the launch of the *Ecureuil Solutions Obsèques* funeral product in 2010, which alone accounted for 10.6% of the revenues generated by Provident and Health insurance.

The contribution of the Insurance core business to the group's income before tax in 2011 is 172 million euros against 182 million the previous year.

2.5 International and Other networks: enhanced contribution to the group's results

- **BPCE International et Outre-mer (BPCE IOM)**

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

With two acquisitions completed in 2011 (a 75% interest in BMOI, Banque Malgache de l'Océan Indien) and a 19.4% stake in the National Agricultural Development Bank of Mali, BPCE IOM reinforced the international retail banking activities of the group.

The savings deposits received by BPCE IOM rose by a total of 3.6% in 2011. This growth was driven by an increase in on-balance sheet savings: +7.5%. New savings inflows were directed towards on-balance sheet products.

With respect to loans, BPCE IOM enjoyed an active year in 2011; loan outstandings rose in all segments (6.4%) to reach a total of 9.1 billion euros.

The contribution of the International business line to the group's income before tax stood at 72 million euros in 2011, stable compared with 2010.

- **Other networks: Banque Palatine**

In 2011, Banque Palatine achieved a strong commercial performance both in the development of its customer portfolio – principally among medium-sized companies and midcaps – and in the lending and on-balance sheet savings segments.

With savings deposits up + 8.1% overall, on-balance sheet savings alone enjoyed a particularly strong rate of growth at + 18.7%, driven in particular by growth in demand deposits.

Banque Palatine's loan outstandings increased by 5.8%, with strong growth in medium-/long-term loans granted to corporate customers, demonstrating the commitment of all the banks in Groupe BPCE to financing the French economy.

The number of new, high-net-worth individual customers rose by a total of 8.9%.

In all, the contribution of Other networks to the group's income before tax amounted to 134 million euros in 2011, up from 80 million euros in 2010.

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

The 2011 net banking income of the core business lines of Natixis (CIB, Investment Solutions, and Specialized Financial Services) stood at 5,795 million euros, down 1.6% compared with 2010. Two core business lines enjoyed growth: Investment Solutions (+ 5.3%, to 1,884 million euros) and Specialized Financial Services (+ 7.2%, to 1,151 million euros). In the Corporate & Investment Banking segment, the decline in revenues (- 8.8%) was contained thanks to a very good first quarter.

Operating expenses, at 3,831 million euros, increased by a moderate 1.8%. The cost/income ratio increased by 2.2 points compared with 2010 and now stands at 66.1%. The cost of risk declined significantly (- 34.2%) to stand at 183 million euros, down from 278 million euros one year earlier.

The income before tax of the three business line experienced a slight 4.7% decline to reach a total of 1,797 million euros.

After accounting for minority interests and income tax, the contribution to BPCE's net income attributable to equity holders of the parent stands at 888 million euros, representing a decline of 8.7%.

The return on equity of these core business lines stands at 17% for 2011, stable compared with 2010.

For Natixis on a stand-alone basis net income attributable to equity holders of the parent stood at 1,562 million euros in 2011, representing a limited decline of 10% from the 1,732 million euros posted in 2010.

(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).

4. 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 and without experiencing any major volatility per quarter. In 2011, assets worth a total of 4.9 billion euros were disposed of, including 2 billion euros in the 4th quarter, in a difficult business environment. Risk-weighted assets have been reduced by 48% in the light of Basel 2.5 and by 57% since June 2009, if the 2.7 billion euro negative impact related to Basel 2.5 is excluded. If this impact is excluded, risk-weighted assets declined by 23% in 2011.

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 remained stable in 2011, at 1,720 million euros (- 0.1%). Net income attributable to equity holder of the parent shows a loss of 81 million euros.

- **Coface**

The revenues generated by Coface in the 4th quarter of 2011 show growth of 8.2% on a like-for-like basis (reporting entity and foreign exchange) compared with the same period in 2010. Revenues posted by credit insurance increased by 3% during the same period.

A new method for calculating the loss ratio has been in use since the 3rd quarter of 2011. The new ratio now includes the operating expenses related to loss management. The loss ratio stands at 55.1% in 2011, marginally down compared with 2010.

In 2011, the income before tax generated by Coface (98 million euros) rose 14% compared with 2010 despite a certain number of non-recurring negative items.

- **Nexity**

The order book enjoyed strong growth in 2011 and represents 19 months of property development activity. It has increased 21% compared with December 31, 2010. In the residential segment, Nexity has gained market share with the booking of exceptional orders in commercial real estate.

Revenues are in line with forecasts and stand at 2,603 million euros

Net reservations of new housing units in France have reached a level close to the one achieved in 2010.

6. CAPITAL ADEQUACY AND LIQUIDITY: MAJOR PROGRESS IN ADAPTING THE GROUP TO ITS NEW ENVIRONMENT

Groupe BPCE has adapted to changes in the regulatory and financial environment with the introduction of greater requirements regarding capital adequacy and liquidity.

By intensifying its strategy aimed at reducing its risk profile, the group has set new targets to reach a Basel 3 Tier-1 Common Equity ratio of more than 9% in 2013, without transitional measures¹⁷. With a 110 basis-point improvement in the Core Tier-1 ratio in 2011¹⁸ (taking its improvement since June 2009 to 350 basis points) and the continued growth in lending activities, the Basel 2.5 Core Tier-1 ratio stood at 9.1%¹⁹ at December 31, 2011 and the capital shortfall calculated on the basis of EBA requirements for June 30, 2012 were reduced from 3.7²⁰ billion euros to 0.7 billion euros in the space of one quarter.

¹⁷ After restating deferred tax assets

¹⁸ While moving from Basel 2 to Basel 2.5

¹⁹ Estimate

²⁰ Calculated using the EBA's stress test methods of December 8, 2011

Faced with higher liquidity requirements (Basel 3) and in a context of tight liquidity and funding in the wake of the sovereign debt crisis, the group continued to step up the collection of on-balance sheet savings deposits in its networks (+ 8.8% for the Banque Populaire banks and + 8.5% for the Caisses d'Épargne in 2011).

Groupe BPCE has set itself the target of reducing its debt by 25 to 35 billion euros between June 2011 and the end of 2013. The group's liquidity requirements were substantially scaled back (11 billion euros) in the second half of 2011, with asset disposals for a total of 1.6 billion euros for the CIB of Natixis and for 2.2 billion euros for the GAPC in addition to the disposal of financial assets for a total of 3.6 billion euros in the Commercial Banking and Insurance division.

Lastly, Groupe BPCE has adapted its medium- and long-term funding program (the wholesale component is 23% smaller in 2012 compared with the 2011 funding plan, while the funding program completed through the retail networks has doubled) and cut its USD-denominated short-term requirements by 38% in the second half of 2011.

6.1 Liquidity and short-term funding

The aim of the group's participation in the ECB's 3-year refinancing operation on December 12, 2011 was to secure medium-/long-term funding in 2012 but it does not replace the funding plan that was already 39% completed on February 15, 2012.

The group's short-term refinancing outstandings amounted to 117 billion euros at the end of December 2011, while liquidity reserves stood at 110 billion euros.

6.2 Medium- and long-term funding: 39% of the 2012 plan completed on February 15

- **2011 medium- and long-term funding**

The group's ability to access the major debt markets enabled it to raise a total of 33.8 billion euros in medium- and long-term resources in 2011, representing 114% of the initial program. The average maturity of issues was 5.2 years.

In 2011, the group raised 30.1 billion euros through two types of bond issues:

- Wholesale funding for a total of 25.7 billion euros with diversified resources (47% in covered bonds and 39% in senior unsecured bond issues). Private placements account for 25% of the funds raised through bond issues. The US domestic market only accounts for 7% of bond-based funding.
- Funds for a total of 4.3 billion euros were raised through the Banque Populaire and Caisse d'Épargne networks which focused on placing BPCE bonds with their retail customers, accounting for 14% of the resources raised from bond issues.

- **2012 medium- and long-term funding plan**

The medium- and long-term funding plan of Groupe BPCE is based on a total of 21 billion euros in 2012, compared with 27.3 billion euros in 2011.

At February 15, 2012, medium- and long-term resources had already been raised for a total of 8.1 billion euros; this amount included 6.5 billion euros in the form of covered bonds (equal to 64% of the bond-based funds raised) and 1.6 billion euros in unsecured bonds, representing 16% of the total raised.

On January 30 earlier this year, BPCE successfully completed a 10-year unsecured bond issue for a total of 750 million euros in the institutional investors market. This was the first unsecured benchmark issue with such a long maturity date organized by a French banking institution in 2012.

The bond issue program placed by the retail networks in France amount to 5 billion euros in 2012, up from 2.2 billion euros in 2011. With respect to these programs, 2 billion euros had already been raised by February 15, 2012, corresponding to 20% of the bond-based resources raised.

At February 15, 2012, the group had successfully raised a total of 10.1 billion euros from bond issues, representing 39% of the annual plan

N.B.

The audit procedures relating to the consolidated financial statements for the year ended December 31, 2011 have been substantially completed. The reports of the statutory auditors regarding the certification of these consolidated financial statements will be published following the verification of the Management Report and the finalization of the procedures required for the registration of the reference document.

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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