

Results for the 3<sup>rd</sup> quarter and first 9 months of 2010

Paris, November 9, 2010

**Third quarter of 2010**

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**Net income attributable to equity holders of the parent of €837m (+ 87% vs. Q3-09)**

- **5% growth in the net banking income of the core business lines (€5bn vs. €4.8bn in Q3-09)**
- **Improvement in the cost/income ratio: 69.9% vs. 73% in Q3-09**
- **Significant decline in the cost of risk in Q3-10: €245m vs. €588m in Q3-09**
- **Recurrence of the net income of the core business lines in 2010: €919m in Q1, €928m in Q2 and 924m in Q3**

**First 9 months of 2010**

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**Return to profitability confirmed: Net income attributable to equity holders of the parent of €2.8bn (vs. – €0.3bn in 9M-09)**

- 10% increase in the net banking income of the core business lines (€15.4bn vs. €14.1bn)
  - Commercial Banking and Insurance up 8% with solid performance achieved by the Banque Populaire and Caisse d'Epargne networks, with growth in all market segments
  - Core businesses of Natixis up 14%
- Strong growth (+ 85%) in the contribution from the core business lines to net income attributable to equity holders of the parent: + 47% for Commercial Banking and Insurance, x 7 for Natixis
- Active contribution to financing the French economy: annual growth in loan outstandings of 4.8% (at September 30, source: Banque de France)

**Solid financial structure**

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- Core Tier 1 ratio of 7.7% and Tier 1 ratio of 9.8% (estimates at September 30, 2010), after reimbursing €2.4bn to the French government, as announced on August 5 this year
- **Ability to comply, at the beginning of 2013, with the new Basel III capital requirements (minimum Core Tier 1 ratio of 7%) without having recourse to the markets and after reimbursing the French state.**

On November 9, 2010, the Supervisory Board of BPCE convened a meeting chaired by Philippe Dupont to examine the group's financial statements for the third quarter and the first nine months of 2010.

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

*"Progress achieved in the third quarter confirms the recovery enjoyed by the group for the past several quarters. The net banking income of our Commercial Banking and Insurance business lines and that of the three core businesses of Natixis have remained resolutely positive during this period. All the banks belonging to Groupe BPCE – 20 Banque Populaire banks, 17 Caisses d'Épargne, Crédit Foncier de France, Banque Palatine, and Natixis – are mobilized to help finance the French economy with 4.8% growth in loan outstandings focused on households (+7.2%) and independent micro-enterprises and SMEs (+5.9%). At the same time, the cost of risk has declined. The recurrence of our results has enabled us – as anticipated in our strategic plan – to continue to redeem the preference shares still held by the French state, and to do so without compromising the strengthening of the group's financial structure, which continues to remain our priority objective. The group's capital adequacy ratios made further progress in the 3<sup>rd</sup> quarter of the year: the Core Tier 1 ratio now stands at 7.7%, up from 7.4% in the 2<sup>nd</sup> quarter, while the Tier 1 ratio has risen to 9.8% from 9.6% in the previous quarter. Groupe BPCE is capable of respecting, as of early 2013, after reimbursing the French state and without having recourse to the market, a minimum Common Equity Tier 1 ratio of 7% under Basel III standards"*

## CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER AND FIRST 9 MONTHS OF 2010 OF BPCE<sup>1</sup>

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### 1) Results for the 3<sup>rd</sup> quarter of 2010

Despite the mixed economic environment in the third quarter of the year, Groupe BPCE confirmed the good performance achieved since the beginning of the year in its core business lines: **Commercial Banking and Insurance** (with, in particular, the Banque Populaire and Caisse d'Épargne networks) and **Corporate & Investment Banking, Investment Solutions and Specialized Financial Services** (Natixis). The results of the third quarter confirm the group's robust fundamentals.

The group's **net banking income** reached a total of 5,461m. The **net banking income** of the core business lines stood at €5,036m, representing growth of 5% compared with the third quarter of 2009.

- The **Commercial Banking and Insurance** core business line accounted for 72% of the net banking income generated by the group's core business lines with a total of €3,649m, up 1% compared with the third quarter of 2009. The contribution of the Banque Populaire and Caisse d'Épargne networks to the group's net banking income amounted to €1,511m and €1,645m respectively.
- Natixis (**Corporate & Investment Banking, Investment Solutions and Specialized Financial Services**) saw revenue growth in all its core businesses. Up 15% compared with the third quarter of 2009, their revenues reached an aggregate total of €1,387m and accounted for 28% of the net banking income of the group's

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<sup>1</sup> The results of the group for the 3-month period ended September 30, 2010 were approved by the Management Board at its meeting convened on November 8, 2010.

core business lines.

**Operating expenses**, for the group as a whole, have declined significantly (-4%) to €3,815m. They remain under tight control in the core business lines at €3,238m (+1%).

The **cost/income ratio** confirms its positive trend, improving to 69.9% from 73.0% for the group as a whole in the 3<sup>rd</sup> quarter of 2009, and to 64.3% from 66.7% for the core business lines.

**Gross operating income** stands at €1,646m, representing growth of 12% compared with the 3<sup>rd</sup> quarter of 2009. The good operating performance of the retail networks and of Natixis has led to a 13% improvement in the gross operating income posted by the core business lines, which now stands at €1,798m.

The **cost of risk**, which amounts to €245m, has declined substantially compared with the 3<sup>rd</sup> quarter of 2009. The moderate level of BPCE's risk profile – owing to the relative impact of the group's retail banking activities in France – represents one of the key strengths of Groupe BPCE.

In all, the **net income attributable to equity holders of the parent** stood at €837m in the 3<sup>rd</sup> quarter of 2010. The group's core business lines constitute a strong basis for recurring results. In the 3<sup>rd</sup> quarter of 2010, the core business lines generated net income attributable to equity holders of the parent of €924m, after €928m in the 2<sup>nd</sup> quarter of 2010 and €919m in the 1<sup>st</sup> quarter of 2010.

#### CONSOLIDATED RESULTS OF GROUPE BPCE IN THE 3<sup>RD</sup> QUARTER OF 2010

<i>in millions of euros</i>	Q3-2010	Q3-2009	% change	Core business lines		
				Q3-2010	Q3-2009	% change
Net banking income	5,461	5,434	=	5,036	4,806	+5%
Operating expenses	-3,815	-3,966	-4%	-3,238	-3,208	+1%
<b>Gross operating income</b>	<b>1,646</b>	<b>1,468</b>	<b>+12%</b>	<b>1,798</b>	<b>1,598</b>	<b>+13%</b>
Cost/income ratio	69.9%	73.0%		64.3%	66.7%	
Cost of risk	- 245	-588	-58%	-317	-576	
<b>Income before tax</b>	<b>1,452</b>	<b>924</b>	<b>+57%</b>	<b>1,531</b>	<b>1,067</b>	<b>+43%</b>
Income tax	-545	-405		-482	-360	
Minority interests	-70	-72		-125	-59	
<b>Net income attributable to equity holders of the parent</b>	<b>837</b>	<b>447</b>	<b>+87%</b>	<b>924</b>	<b>648</b>	<b>+43%</b>

#### 2) Results for the first 9 months of 2010

The **net banking income** of Groupe BPCE reached a total of €17,407m in the first nine months of 2010, equal to an increase of 15% compared with the same period in 2009. Revenues have increased for all the group's businesses and the net banking income of the core business lines, up 10%, now stands at €15,433m.

**Operating expenses** have fallen 2%, to €11,753m. This good control over costs is based, in particular, on the initial positive effects of the synergies implemented within the framework of the strategic plan.

For the first 9 months of 2010, the **cost/income ratio** stands at 67.5% for the group and at 64.1% for its core business lines, thereby confirming the improvement in their operational efficiency.

**Gross operating income** rose to €5,654m, up from €3,121m in the first 9 months of 2009. The contribution of the group's core business lines amounted to €5,537m, up 29% compared with the first 9 months of 2009.

The **cost of risk** has declined significantly to a total of €1,215m, against €3,578m in the same period in 2009.

**Net income attributable to equity holders of the parent** stands at €2,782m for the first 9 months of 2010.

#### CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE FIRST 9 MONTHS OF 2010:

in millions of euros	9M-2010	9M-2009	% change	Core business lines		
				9M-2010	9M-2009	% change
Net banking income	17,407	15,128	+15%	15,433	14,059	+10%
Operating expenses	-11,753	-12,007	-2%	-9,896	-9,774	+1%
<b>Gross operating income</b>	<b>5,654</b>	<b>3,121</b>	<b>+81%</b>	<b>5,537</b>	<b>4,285</b>	<b>+ 29%</b>
Cost/income ratio	67.5%	79.4%		64.1%	69.5%	
Cost of risk	-1,215	-3,578	-66%	-1,166	-2,448	-52%
<b>Income before tax</b>	<b>4,492</b>	<b>-1,237</b>	Ns	<b>4,533</b>	2,004	X2.3
Income tax	-1,447	167		-1,427	-415	
Minority interests	-263	760		-335	-91	
<b>Net income attributable to equity holders of the parent</b>	<b>2,782</b>	<b>-310</b>	<b>Ns</b>	2,771	1,498	+85%

#### COMMERCIAL BANKING AND INSURANCE: SOLID PERFORMANCE WITH GROWTH IN ALL MARKET SEGMENTS

*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 de France) and the Insurance, International and "other networks" activities.*

The commercial performance of the Commercial Banking and Insurance businesses is very satisfactory in an economic environment showing signs of gradual improvement.

Growth in the customer base across all the priority customer targets defined in the 2010-2013 strategic plan "Together" is positive in the third quarter, continuing the trend observed in the previous 3-month periods.

Both networks remained mobilized to help finance all their different categories of customer. In the individual customers segment, outstanding performance was achieved for home loans. In the segment comprised of professionals, corporate and institutional customers, the networks put up a sustained performance for short-term and medium-/long-term loans.

In the 3<sup>rd</sup> quarter, both networks confirm the previously observed trend of a structural change in savings in favor of long-term products such as life insurance, along with growth in customer deposits.

Groupe BPCE confirms its commitment to help stimulate the French economy with loan outstandings in France up 4.8% over a year on September 30, 2010, including 7.2% growth for households, 1.9% for local authorities and 5.9% for independent micro-enterprises and SMEs.<sup>2</sup>

### Results for the 3<sup>rd</sup> quarter of 2010

In the third quarter of the year, net banking income generated by the Commercial Banking and Insurance core business line rose slightly by 1% over a year to reach a total of €3,649m. Gross operating income increased 6% over a year to €1,307m. The cost/income ratio improved to 64.2%, down from 65.7%. The cost of risk, at €273m, has declined significantly. The contribution of the Commercial Banking and Insurance core business line to net income attributable to equity holders of the parent has risen 24% to reach a total of €698m and accounts for 83% of Groupe BPCE's net income. The contribution of the Banque Populaire banks and Caisses d'Epargne alone stands at almost €600m.

#### o **Banque Populaire network**

*The Banque Populaire network comprises the 20 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.*

In the 3<sup>rd</sup> quarter of the year, the Banque Populaire banks saw an increase in their entire active customer base. The number of customers using Banque Populaire as their principal banking partner increased by 1% compared with the position on December 31, 2009. Growth in the customer base also reached 1% for active established professional customers and 3% for active corporate customers.

#### • **Loan outstandings**

The commitment of the Banque Populaire banks to helping finance the French economy remains vigorous with sustained growth in lending activities. Aggregate loan outstandings rose to €144 billion, up 5% compared with September 30, 2009.

#### Individual customers market

Aggregate outstandings rose 6% in this market to reach a total of €78.9bn. New commitments for real estate loans rose sharply to reach a total of €10.4bn (+ 51% over the same period last year). Aggregate outstandings now stand at €71,4bn, representing growth of 7%.

#### Professional, corporate and institutional customers market

Outstandings increased by 3% in this market segment thanks to continued growth in new medium-/long-term loan production (+11%), reaching a total of €7.4bn. This positive

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<sup>2</sup> Source: Banque de France

momentum enjoyed by medium-term loans went hand-in-hand with growth in short-term facilities with a 4% increase in outstandings to €4.3bn.

- **Savings deposits**

At September 30, 2010, the savings deposits of the Banque Populaire banks had risen 2% to reach a total of €180bn. This growth is driven by an increase in customer deposits (+6% to €108bn), offsetting a downturn in financial savings (-4%).

Individual customers market

Individual customers have shown significantly greater interest in savings deposit products (annual growth of +4%), still focused on liquid or regulated products. In the space of one year, demand deposits have increased by 9% to reach an aggregate total of €15.9bn while deposits on Livret A passbook accounts stand at €3.7bn, representing growth of 27%.

Growth in financial savings deposits (+8% to €41.6bn) is driven by customers' strong partiality for life insurance products.

Professional, corporate and institutional customers market

Professional and corporate customers have adjusted their investments in savings products. Owing to the decline in interest rates, they have abandoned mutual funds in favor of savings deposit products such as term accounts. This change in focus in the management of corporate cash has led to an increase in customer deposits (+ 10% to €40.7bn) that remains insufficient, however, to entirely offset the decline in financial savings (- 16% to €30.4bn). Aggregate deposits in this segment have declined by 3%.

- **Financial results**

The net banking income of the Banque Populaire network stood at €1,511m in the 3<sup>rd</sup> quarter of 2010 against €1,494m in the 3<sup>rd</sup> quarter of 2009.

The Banque Populaire banks continued their drive to rein in their operating expenses, which show a decline of 1%, to €972m, in the 3<sup>rd</sup> quarter of 2010, compared with €981m one year earlier.

Gross operating income stands at €539m, equal to growth of 5%.

The cost/income ratio continues to improve, falling to 64.3% from 65.7% one year earlier.

The cost of risk has also declined and now stands at 39 basis points of customer loan outstandings against 46 basis points in the 3<sup>rd</sup> quarter of 2009, and 43 basis points in the 2<sup>nd</sup> quarter of 2010.

Net income stands at €259m versus €244m at June 30, 2009.

- **Caisse d'Épargne network**

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

The special attention paid to the quality of customer service has allowed the Caisse d'Épargne to achieve continued growth in their number of active customers. Since December 31, 2009, the number of individual customers receiving banking services rose by 4% while the number of professional customers increased by 6% at September 30.

In the corporate customers segment, the number of active customers has also increased, by 8%, and commercial flows handled have increased by 32% in the space of one year.

- **Loan outstandings**

The Caisses d'Épargne remain extremely active in their commitment to finance the French economy. Loan outstandings have experienced strong growth in all their markets (+12% year-on-year) to reach a total of €148bn.

#### Individual customers market

Outstanding loans granted to individual customers stand at €89.8bn, representing 11% growth in the space of one year.

The sharp growth in real estate loans observed since the second half of 2009 (loan commitments have risen very substantially over the past year: + 81%) and real estate loan outstandings stood at €78.3bn at September 30, 2010, representing growth of 12% compared with September 30, 2009.

In what remains a difficult market and despite more intense competition, consumer credit has continued to perform well with 5% growth in new production and a 10% expansion in loan aggregate outstandings, which now stand at €10.4bn.

#### Professional, corporate and institutional customers market

The growth in loans granted to corporate and institutional customers remained strong in the 3<sup>rd</sup> quarter with a faster pace of loan outstandings growth, both for medium/long-term credit (+ 15% to €40.3bn) – with good performance in the Public Sector market – and for short-term loans (+20% to a total of €5.5bn).

- **Savings deposits**

At September 30, 2010, total savings deposited with the Caisses d'Épargne had risen 3% to reach a total of €335bn.

Customer deposits driven, in particular, by home savings plans, liquid savings and a significant increase in demand deposits, have increased by 2% to reach a total of €203bn. Financial savings deposits have increased 3% to €132bn, with vigorous new deposit taking related to life insurance products.

Deposits on *Livret A* passbook savings accounts increased by 2% compared with June 30, 2010, with a market surge in August thanks to the extension of the rise in interest rates.

#### Individual customers market segment

Individual customers' savings deposits increased 2% to reach a total of €293bn. Customer deposits remained stable, while financial savings grew 4% to a total of €121.5bn, driven by a high level of deposits on life insurance products. Aggregate life funds stood at €95.5bn, up 8%.

#### Professional, corporate and institutional customers market segment

Savings deposits in the corporate and institutional customers market have continued to grow (+8%) to reach a total of €41.8bn. This performance can chiefly be explained by strong

growth in demand deposits (+34% to a total of €9.1bn) and, to a lesser extent, to growth in term accounts (+2% to a total of €10.2bn), substantially offsetting withdrawals from mutual funds (-20%) inspired by prevailing interest rates.

- **Financial results**

The revenues generated by the Caisses d'Épargne represent a total of €1,645m for the 3<sup>rd</sup> quarter of 2010 against €1,574m for the same period one year ago.

Operating expenses remain stable at €1,055m.

Gross operating income consequently enjoys growth of 13% during the period, standing at €590m against €522m one year earlier.

The cost/income ratio has improved sharply, falling to 64.1% from 66.8% in the 3<sup>rd</sup> quarter of 2009.

Customer risks have increased marginally to a level that remains moderate in view of the persistently fragile economic situation. The cost of risk rose to 22 basis points of customer outstandings in the 3<sup>rd</sup> quarter of 2010, versus 20 basis points observed in the 3<sup>rd</sup> quarter of 2009 and in the 2<sup>nd</sup> quarter of 2010.

Net income stands at €332m, up 10% compared with the same period last year.

- **Real estate financing**

*Crédit Foncier is the principal entity contributing to this business line*

In a market showing signs of recovery both in the residential and commercial real estate segments, Crédit Foncier's business activities performed well in the 3<sup>rd</sup> quarter of 2010; the aggregate new loan production of Crédit Foncier amounted to €4.3bn, up 51% compared with the 3<sup>rd</sup> quarter of 2009.

In the individual customers market, the favorable trend noted in the first-time buyers' segment, the good performance of the so-called 'Scellier' scheme designed to encourage investment in rental property combined with extremely low interest rates led to 25% growth in new loan production to a total of €2bn.

In the corporate customers market, new loan production stood at €2.3bn, representing growth of 75%, driven by the buoyancy of property development and social housing financing and by the dynamism of the international public sector.

Aggregate loan outstandings at the end of September stood at €118bn, up almost 1.5% compared with the end of 2009.

The net banking income of the real estate financing business line reached a total of €235m in the 3<sup>rd</sup> quarter. The cost/income ratio stands at 60.4%.

Net income equals a total of €49m.

### **CORPORATE & INVESTMENT BANKING, INVESTMENT SOLUTIONS AND SPECIALIZED FINANCIAL SERVICES (NATIXIS)<sup>3</sup>**

The net banking income of the 3<sup>rd</sup> quarter of 2010 generated by the core businesses of Natixis come to a total of €1,336m, representing growth of 7% compared with the 3<sup>rd</sup> quarter of 2009. All 3 core businesses have contributed to this growth: Corporate & Investment Banking (+4% to €675m), Investment Solutions (+ 12%, to €432m) and Specialized Financial Services (+7% – but + 2% if GCE Paiements is excluded – to €230m)<sup>\*4</sup>.

Operating expenses, which stand at a total of €1,053m, are closely managed: + 1% compared with 3<sup>rd</sup> quarter of 2009.

The cost of risk is down sharply, representing a total of €51m against €190m one year earlier.

The income before tax of the core businesses reflects extremely strong growth of 75%, to reach a total of €427m.

The net income attributable to equity holders of the parent of Natixis stands at €305m.

The contribution of Natixis' core businesses to the net income attributable to equity holders of the parent of Groupe BPCE stands at €226m, a result multiplied by a factor of 2.6 compared with the 3<sup>rd</sup> quarter of 2009.

### **ACTIVITIES MANAGED ON A RUN-OFF BASIS**

The activities managed on a run-off basis reflect the contribution of the workout portfolio management (*Gestion Active des Portefeuilles Cantonnés*, or GAPC) of Natixis

Net income attributable to equity holders of the parent stands at +€83m against +€44m in Q4-09, +€66m in Q1-10 and -€70m in Q2-10.

The 3<sup>rd</sup> quarter of 2010 represents the fifth consecutive quarter without any significant negative impact on the part of GAPC on the results of Groupe BPCE.

The policy designed to gradually reduce risks has been pursued. This reduction in the risk profile made itself felt in the 3<sup>rd</sup> quarter through the significant reduction (for more than €9bn) in the risk-weighted assets of GAPC following the winding-down of the greater majority of complex credit positions. At the same time, a slight improvement was achieved in the valuation of the structured assets.

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<sup>3</sup> The results of Natixis are presented in a detailed press release published separately

<sup>\*4</sup> GCE Paiements has been consolidated since September 1, 2010

<sup>\*5</sup> Q3-10 net banking income for "Other businesses" includes a provision of €90 million in respect of a fine relating to "Cheque Image Exchange"

## **2010-2013 STRATEGIC PLAN – ALL THE DIFFERENT INITIATIVES ARE PROCEEDING ON SCHEDULE**

### **Program to reimburse the French state**

BPCE has finalized the sale of SMC (Société Marseillaise de Crédit) to Crédit du Nord for a total of €901m (including the payment of the 2009 dividend by SMC), thereby releasing almost €700m of Core Tier 1 capital. As announced in August earlier this year, this asset disposal made it possible to redeem, for an additional €600m, preference shares held by the French government's equity investment company (SPPE). The French state currently holds preference shares for a total of €1.2 billion still to be redeemed by BPCE.

The group has also already redeemed deeply subordinated notes worth a total of €2.35bn out of the €4.05bn subscribed to by the SPPE.

In compliance with the company's bylaws, the reimbursement of more than one half of the preference shares subscribed to by the French state led to the resignation of the two directors representing the French government on the Supervisory Board of BPCE. They will be replaced by two outside directors, taking to four the number of outside directors with seats on the Board. This new Board structure will be given permanent status by a vote organized at an Extraordinary Shareholders' Meeting.

In line with the 2010-2013 strategic plan, Groupe BPCE reasserts its objective of reimbursing, in its entirety during the life of the plan, the capital injected by the French state, notably by using retained earnings.

### **Simplification of the group's structure**

The creation of a single payments operator for Groupe BPCE as a whole was finalized on September 1, 2010 with the merger of Natixis Paiements and GCE Paiements within Natixis' Specialized Financial Services core business. As such, this operator becomes a front-ranking player both in the French and European market with a total of 13 million bank cards under management, handling 1,135 million card transactions every year, 7 billion block payment transactions and 5 million transactions of large amounts.

Natixis and Crédit Foncier de France have launched a process with a view to the possible sale of Cicobail, a subsidiary owned by Crédit Foncier de France, to Natixis. The aim of this transaction is to bring together all of the group's leasing activities within Natixis, destined to take responsibility for all the specialized financing activities at the service of the Caisses d'Épargne and Banque Populaire banks.

The first phase of the plan to house the group's investments in the international market under BPCE International et Outre-mer has now been completed. This operation chiefly concerns BICEC (Cameroon), BCI (the Congo), Pramex international, and the equity interests in BCP Luxembourg.

### **Sharp reduction in GAPC exposure**

The winding-down of the greater majority of complex credit positions completed in the 2<sup>nd</sup> quarter of the year led to a reduction of risk-weighted assets for more than €9bn in the 3<sup>rd</sup> quarter.

### **Natixis: asset disposal**

At the beginning of October, Natixis finalized the sale to a fund advised by AXA Private Equity of the majority of its proprietary private equity activities in France.

## **FINANCIAL TARGETS RESPECTED: SOLID FINANCIAL STRUCTURE AND CONFIDENCE IN GROUPE BPCE'S ABILITY TO COMPLY WITH BASEL 3 STANDARDS**

After reimbursing (on August 6 and October 15) a total of €2.4bn to the French state as the group had previously announced, the group's Tier 1 capital amounted to €39.5bn at September 30, 2010 against €41bn at June 30, 2010.

Estimated risk-weighted assets stood at €403bn at September 30, 2010 against €427bn at June 30, 2010. This reduction of almost 6% is chiefly the result of the significant decline in the risk-weighted assets of Natixis (-20%).

As a result, the Core Tier 1 ratio stood at 7.7% at September 30, 2010 compared with 7.4% at June 30, 2010 and the Tier 1 ratio stood at 9.8% at September 30, 2010, against 9.6% at June 30, 2010.

Groupe BPCE has the ability to comply with the requirements of the new so-called "Basel 3" regulations, due to be adopted at the beginning of 2013 thanks, in particular, to the relative size of retail banking activities in its overall business portfolio.

With respect to CRD3 ("Basel 2.5"), the group's capital market risk-weighted assets should increase, at the end of 2011, by approximately €15bn. Within the framework of CRD4 ("Basel 3"), risk-weighted assets should also increase by approximately €60bn, chiefly with respect to CVA (Credit Valuation Adjustments), correlations between banking risks and the new treatment related to securitization (weighting of securities that, at present, can be deducted). By taking account of the write-back of the current deduction under Basel 2 on securitization, this increase in risk-weighted assets of approximately €60bn would have an impact on the group's capital ratio limited to about - 70 basis points.

The new deductions of regulatory capital to be implemented gradually between 2013 and 2018 could represent up to approximately €0.5bn in the light of the franchise mechanism under consideration.

These assumptions are given for illustrative purposes only. The final impact will depend on the definitive content of the regulations and its terms of application as well as on changes in the Groupe BPCE balance sheet between now and 2018.

What is more, changes in the capital adequacy ratios of Groupe BPCE will include other factors, notably use of retained earnings and the issue of the network cooperative shares having an impact on the Core Tier 1 ratio of approximately + 180 basis points for the period running from the 4<sup>th</sup> quarter of 2010 to the end of 2012, as well as the organic growth of risk-weighted assets. It should also be noted that, during this period, the expected transition of the networks to the 'advanced method' under Basel II should result in a gain of approximately + 60 basis points that will mitigate the negative impacts related to the implementation of Basel 3 regulations.

Groupe BPCE is confident in its ability to comply, at the beginning of 2013, with a minimum Core Tier 1 ratio of 7% without having recourse to the markets and after reimbursing the French state.

Groupe BPCE enjoys long-term ratings of Aa3 assigned by Moody's and A+ assigned by Standard & Poor's and Fitch, all of which are accompanied by a stable outlook.

**About Groupe BPCE:**

*Groupe BPCE, the 2<sup>nd</sup>-largest banking group in France, includes two independent and complementary commercial banking networks: the network of 20 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 37 million customers and enjoys a strong presence in France with 8,200 branches, 127,000 employees and more than 7 million cooperative shareholders.*

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