BPCE

Press Release

Results for the 2nd quarter and 1st half of 2010

Paris, August 5, 2010

Earning capacity confirmed in a more volatile environment

- Confirmed earning capacity:
  - Net income attributable to equity holders of the parent of €935 million in Q2-10, multiplied by 2.4 compared with Q2-09, comparable to the net income generated in Q1-10 but in a more volatile business environment,
  - Net income attributable to equity holders of the parent of €1,945 million in the 1st half of 2010, with a contribution from the core business lines multiplied by 2.2 compared with the first half of 2009 (€1,847 million versus €850 million),
- Net banking income stands up well:
  - Net banking income of the core business lines up 8% compared with the 2nd quarter of 2009,
  - Net banking income of €11.9 billion in the 1st half of the year (up 23% compared with the 1st half of 2009),
- Expenses tightly managed in all the business lines,
- Major contribution to financing the French economy: 5.5% growth in loan outstandings in France at May 31, 2010[1].

2010-2013 strategic plan "Together": implementation resolutely pursued in the 1st half of 2010

- Simplification of the group's organizational structure effective since August 5, 2010 following the merger of the BP Participations and CE Participations holding companies with BPCE,
- Launch of all the cost synergy initiatives: €245 million in cost synergies achieved at June 30, 2010, in line with objectives,
- Development of revenue synergies between Natixis and the group's networks: synergies worth €103 million realized at June 30, 2010,
- Continued reduction in the group's risk profile: very significant disposal of assets in Natixis' GAPC portfolios,
- Refocusing of the group on its core business activities: signature of the sale to Axa of Natixis' proprietary Private Equity activities in France.

[1] Source: Banque de France

Achievement of financial objectives: financial strength enhanced and acceleration of the program to reimburse the French government

- Financial strength confirmed with a Core Tier-1 ratio of 7.4% and a Tier-1 ratio of 9.6% at June 30, 2010[2],
- Robust financial health confirmed by the results of the stress tests carried out by the CEBS[3], revealing a buffer of excess capital of €11.7 billion of Tier-1 capital in the worst-case scenario compared with the minimum considered necessary,
- Redemption on August 6 of preference shares for a total of €1.2 billion and deeply subordinated notes for a total of €600 million held by the French government; additional reimbursement of €600 million in preference shares on October 15, 2010 once the disposal of Société Marseillaise de Crédit (SMC) has been finalized,
- Confirmation of the target to fully reimburse the contributions of capital made by the French government during the life of the 2010-2013 plan,
- Target to maintain the Core Tier-1 and Tier-1 ratios at the end of 2010 at the same level they achieved on June 30, 2010.

[2] Estimated ratios

[3] Committee of European Banking Supervisors

On August 5, 2010, the Supervisory Board of BPCE examined the group's accounts for the 2nd quarter and 1st half of 2010. These accounts are compared to the pro forma figures presenting the group's financial position at June 30, 2009 as if the merger between Groupe Banque Populaire and Groupe Caisse d'Epargne had already been completed at that date.

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

"The group's results in the 2nd quarter confirm those achieved in the 1st quarter of the year, in an environment that has, however, become more difficult for Corporate and Investment Banking activities. With net income in excess of €1.9 billion in the first six-month period, Groupe BPCE has confirmed its recovery throughout its different business lines.

The implementation of the 2010 – 2013 strategic plan "Together" is being resolutely pursued with a drive to refocus the group on its core banking businesses, to concentrate our resources on customer-based activities, to mobilize the group to finance the French economy, and to develop cost and revenue synergies.

Thanks to our financial structure, we can begin to redeem the preference shares held by the French government, as we previously announced. With the disposal of SMC, we will reimburse this capital more rapidly than initially anticipated while simultaneously preserving our financial solidity and our leeway for future action."

CONSOLIDATED RESULTS FOR THE 2ND QUARTER AND THE 1ST HALF OF 2010 OF GROUPE BPCE[4]

1) Results for the 2nd quarter of 2010

Despite an extremely volatile environment in the 2nd quarter of 2010, Groupe BPCE confirms the fine performance it achieved in the 1st quarter of the year in its two core business activities, namely: **Commercial Banking and Insurance** (with, in particular, the Banque Populaire and Caisse d'Epargne networks) and **Corporate and Investment Banking, Investment Solutions and Specialized Financial Services** (Natixis). The group also confirms its earning capacity.

The **net banking income** generated by the group stands at a total of €5,973 million. The **net banking income** posted by the core business lines amounts to €5,224 million, representing 8% growth over the 2nd quarter of 2009.

- The **Commercial Banking and Insurance** accounts for 72% of the net banking income generated by the group's core business lines with a contribution of €3,748 million, up 6% compared to the 2nd quarter of 2009. The contribution of the Banque Populaire and Caisse d'Epargne networks to the group's aggregate net banking income stands at €1,498 and €1,716 million respectively.

- Natixis **(Corporate and Investment Banking, Investment Solutions and Specialized Financial Services)** confirms the positive performance of its core business activities. Up 13% compared with the 2nd quarter of 2009, their aggregate

[4] The group's interim results for the 6-month period ended June 30, 2010 were approved by the Management Board at a meeting convened on August 3, 2010.

net banking income amounts to €1,476 million and accounts for 28% of the net banking income generated by the group's core business lines.

Operating expenses, for the group as a whole, remain stable at €3,999 million; they have risen marginally for the core business lines to reach a total of €3,350 million (+2%).

The **cost/income ratio** has continued to improve significantly as far as the core business lines are concerned, returning to 64.1% down from 68.1% in the 2nd quarter of 2009.

Gross operating income stands at €1,974 million against €2,061 million in the 2nd quarter of 2009. The fine operating results achieved by the retail networks and by Natixis have led to a 22% increase in the gross operating income posted by the core business lines to a total of €1,874 million.

The **cost of risk,** which now stands at €459 million, has declined sharply from the level recorded in the 2nd quarter of 2009 when extremely large provisions had been booked to cover the impact of the financial crisis.

Net income attributable to equity holders of the parent stands at €935 million in the 2nd quarter of 2010. If the limited impact of the announced disposal of SMC is excluded, this result is close to €1 billion, similar to the result posted in the 1st quarter of the year.

CONSOLIDATED RESULTS DU GROUPE BPCE IN THE 2ND QUARTER OF 2010

In millions of euros	**Q2-2010**	**Q1-2010**	**Q2-2009 Pro forma**	**Change Q2-10/ Q2-09**		**Core business lines Q2-2010**	**Q2-2010/ Q2-2009**
Net banking income	5,973	5,973	6,053	- 1%		5,224	+ 8%
Operating expenses	- 3,999	- 3,939	- 3,992	=		- 3,350	+ 2%
Gross operating income	***1,975***	***2,034***	***2,061***	***- 4%***		***1,874***	***+ 22%***
Cost/income ratio	*67.0%*	*65.9%*	*66.0%*			*64.1%*	
Cost of risk	- 459	- 511	- 1,718	-73%		- 414	*- 70%*
Income before tax	***1,474***	***1,566***	***- 472***	***Ns***		***1,517***	X 6.6
Income tax	- 420	- 482	575			*- 474*	
Minority interests	- 119	- 74	289			- 116	
Net income attributable to equity holders of the parent	***935***	***1,010***	***392***	***X 2.4***		928	X 2.2

2) Interim results for the 1st half of 2010

The **net banking income** generated by Groupe BPCE stands at €11,946 million, up 23% compared with the 1st half of 2009. Revenues have increased in all the group's different business activities and the net banking income of the core business lines, up 12%, now stands at €10,397 million.

Operating expenses have declined by 1% to an aggregate total of €7,938 million. This tight control over costs translates, in particular, the initial positive effects of the synergies realized within the framework of the strategic plan.

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In the 1st half of 2010, the **cost/income ratio** stands at 66.4% for the group as a whole and at 64% for its core business lines.

Gross operating income stands at €4,008 million against €1,653 million in 1st half of 2009. The contribution of the group's core business lines rose 39% compared with the 1st half of 2009, to reach a total of €3,739 million.

The **cost of risk** has declined substantially (although it still remains at a high level) to a total of €970 million, down from €2,990 million in the 1st half of 2009.

Net income attributable to equity holders of the parent stands at €1,945 million for the 1st six months of 2010.

CONSOLIDATED RESULTS OF GROUPE BPCE IN THE 1ST HALF OF 2010

In millions of euros	H1-2010	H1-2009 Pro forma	Change		Core business lines H1-2010	H1-2010/ H1-2009
Net banking income	11,946	9,694	+ 23%		10,397	+12%
Operating expenses	- 7,938	- 8,041	-1%		- 6,658	+1%
Gross operating income	***4,008***	***1,653***	***X 2.4***		***3,739***	***+39%***
Cost/income ratio	*66.4%*	*82.9%*			*64.0%*	
Cost of risk	- 970	- 2,990	-68%		- 849	*- 55%*
Income before tax	***3,040***	***- 2,161***	***Ns***		***3,002***	X 3.2
Income tax	- 902	572			*- 945*	
Minority interests	- 193	832			- 210	
Net income attributable to equity holders of the parent	***1,945***	***- 757***	***Ns***		1,847	X2.2

COMMERCIAL BANKING AND INSURANCE: GOOD OPERATINOAL PERFORMANCE BY THE NETWORKS

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 satisfactory, in a market showing signs of recovery. Groupe BPCE pursued its commitment to help stimulate the French economy with loan outstandings in France up 5.5% at May 31, 2010[5].

[5] Source: Banque de France

Results for the 2nd quarter of 2010

- Net banking income rose 6% to reach a total of €3,748 million; the net banking income of all the business lines achieved growth compared with the 2nd quarter of 2009,
- Gross operating income of €1,274 million (+ 16%),
- Cost of risk of €328 million,
- Income before tax up 24% at €1,000 million,
- Net income attributable to equity holders of the parent of €664 million, up from €538 million one year earlier.

Results for the 1st half of 2010

- Net banking income up 12% at €7,502 million,
- Gross operating income of €2,604 million (+ 42%),
- Cost of risk of €654 million, still a significant level,
- Income before tax up 63% at €2,054 million,
- Net income attributable to equity holders of the parent of €1,369 million against €841 million one year earlier.

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 first half of the year, the Banque Populaire banks saw an increase in their customer base across all their priority customer targets. The number of customers using the Banque Populaire as their principal banking partner increased by 1% compared with the end of 2009. Growth in the customer base also reached 1% for active established professional customers and 6% for active corporate customers generating annual sales in excess of €15 million.

- **Loan outstandings**

Concerned to fulfill their role as major players in the drive to finance the French economy, the Banque Populaire banks stepped up the number of loans granted to their customers. Aggregate loan outstandings rose to €144 billion, up 4% compared with June 30, 2009.

Individual customers market segment

Aggregate outstandings rose 6% in this market to reach a total of €77.8 billion. New commitments for real estate loans rose 62% to reach a total of 4.8 billion. Aggregate outstandings now stand at €70.2 billion (+6.4%). Outstanding consumer loans remain stable at €7 billion.

Professional, corporate and institutional customers market segment

After a lackluster first quarter, loan requests from professional and corporate customers picked up in the 2nd quarter of the year.

New production of medium- and long-term loans continued its strong growth to reach a total of €3.9 billion, up 9%. Outstandings now stand at €45.2 billion.
Short-term loan commitments also enjoyed a positive momentum with outstandings rising 7.3% to reach a total of €4.8 billion.

- **Savings deposits**

In the 1st half of 2010, savings deposited with the Banque Populaire banks rose 4% to reach a total of €178.4 billion. The total amount of guaranteed-capital savings increased 5.8% to reach €105.7 billion while total financial savings remain stable at €72.7 billion.

Individual customers market segment

Since the beginning of 2010, individual customers have shown significantly greater interest in guaranteed-capital savings products and life insurance. As a result, demand deposits have enjoyed 10% growth to reach a total of €15.8 billion.
In the financial savings segment, life insurance remains a product actively sought after by customers; life funds reached a total of €39.3 billion, up 8.7% in the space of one year.

Professional, corporate and institutional customers market segment

During the first six months of 2010, professional and corporate customers adjusted their investments in savings products. Owing to the decline in interest rates, they abandoned mutual funds in favor of guaranteed-capital savings products such as term accounts. As a result, aggregate deposits in this market remained stable, the decline in financial savings deposits (-9.1% to €31.7 billion) completely offset by the 9.8% rise in guaranteed-capital savings (€39.8 billion).

- **Financial results**

The fine commercial performance of the Banque Populaire network has led to an 7% increase (excluding regulated home savings plans and accounts) in the net banking income contributed to the group, amounting to €3,102 million for the 1st half of 2010 against €2,860 millions for the 1st half of 2009.

The cost-cutting drive is bearing fruit. Operating expenses are being kept under a tight rein and stood at €1,978 million at June 30, 2010 against €1,953 million one year earlier.

Gross operating income rose 24% to reach a total of €1,124 million.

The cost/income ratio is continuing to improve, returning to 63.8% down from 68.3% one year earlier.

In contrast, however, and despite a gradually improving economic environment, the large number of company bankruptcies during the period has maintained the cost of risk at the high level of €342 million, stable compared with the 1st six months of 2009.

Net income stands at €514 million against €377 million at June 30, 2009.

- **Caisse d'Epargne network**

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

An improved economic environment and the strength of the sales teams' commitment enabled the French savings banks to continue to expand their number of active customers. During the past six-month period, the number of individual customers receiving banking services rose by 2% and the number of professional customers increased by 3%.

The number of active corporate customers has also risen by 3%. In the space of one year, commercial flows handled have increased by 22%.

- **Loan outstandings**

Still extremely active in their commitment to finance the French economy, the Caisses d'Epargne continued their financing drive at a sustained rate during the half-year period with global loan outstandings up 10.8% year-on-year to reach a total of €143.8 billion.

<u>Individual customers market segment</u>

Outstanding loans granted to individual customers stand at €87.5 billion, up 10.4% in the space of one year.

The recovery in the production of new real estate loans observed in the second half of 2009 continued in the first six months of 2010. Loan commitments have more than doubled year-on-year and home loan outstandings reached a total of €84.7 billion at June 30, 2010, up 10.1% compared with June 30, 2009.

The range of consumer credit products offered by the Caisses d'Epargne is continuing to enjoy considerable success. Outstandings have risen 14% to reach a total of €10.3 billion.

<u>Professional, corporate and institutional customers market segment</u>

The growth in loans granted to corporate and institutional customers remained strong in the 1st half of the year. Outstandings in this area rose 11.3% to reach a total of €56.3 billion. The increase in outstanding real estate loans reached 11.4%, taking the total to €8.6 billion while short-term loans (short-term credit facilities and commercial loans) rose 17.1% to stand at a total of €5.3 billion. Growth in the production of medium- to long-term loans enabled outstandings to reach a total of €38.9 billion, up 13.2%.

- **Savings deposits**

In the 1st half of 2010, total savings deposited with the Caisses d'Epargne increased 2.3% to reach a total of €332.6 billion.

Guaranteed-capital savings rose by 1.1% to reach €200 billion. Thanks, in particular, to customers' interest in life insurance products, financial savings deposits rose 4.1% to reach a total of €132.7 billion.

Individual customers market segment

Individual customers' savings deposits increased 1.6% during the first six months of 2010 to reach a total of €291.6 billion. This growth can be explained by a shift among customers towards long-term products. Thus, the 5.3% growth in financial savings (€121.4 billion) can be explained by the strong inflow of life funds. With regard to life insurance, deposits stand at €94.8 billion, up 8.6%.

In the area of guaranteed-capital savings (aggregate deposits of €170 billion), growth in demand deposits stands at 15.7% (€22.6 billion).

Professional, corporate and institutional customers market segment

Savings deposits in the corporate and institutional customers market have continued to grow. Aggregate deposits stand at €41 billion, representing growth of 7.6%. This performance can chiefly be explained by the increase in demand deposits (+33.9% to a total of €8.8 billion) and term accounts (+2.4% to a total of €10 billion).

- **Financial results**

The positive momentum given to the commercial activities of the Caisses d'Epargne has led to a 17% increase (excluding regulated home savings plans and accounts) of the net banking income contributed to the group, amounting to €3,359 million in 1st half of 2010 versus €2,882 million during the same period in 2009.

The Caisses d'Epargne – like the other entities in Groupe BPCE – have curbed the growth in their operating expenses. Costs stand at €2,239 million compared with €2,210 one year earlier, representing an increase of 1%.

Gross operating income grew 67% during that period, reaching a total of €1,120 million against €672 million one year earlier.

The cost/income ratio has made significant progress, having been reduced to 66.7% from 76.7% in the 1st half of 2009.

Customer risks have risen to a level that remains moderate in view of the persistently fragile economic situation. The overall cost of risk has consequently increased by 7% to reach a total of €170 million.

Net income stands at €626 million, up 84% 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, the aggregate new loan production of Crédit Foncier amounted to €6.4 billion in the 1st half of 2010 (+ 6% compared with the 1st half of 2009).

New loan production in the individual customers market segment stood at €3.6 billion, a result virtually unchanged from the 1st half of 2009. Business was characterized by the good performance of the first-time buyers' segment in a context of low interest rates favoring the granting of bank loans.

In the corporate customers market segment, new loan production stood at €2.8 billion (+15%), driven by the buoyancy of property development and social housing financing and by the dynamism of the international public sector.

The net banking income of the real estate financing business line reached a total of €498 million, up 6% compared with the 1st half of 2009.

The cost/income ratio stands at 58% against 60.3% at June 30, 2009.

Net income remains stable at €101 million.

- ### Insurance, International and "Other networks"

The Insurance, International and "Other networks" division is comprised of the group's equity investments in CNP Assurances, GCE Assurances, BPCE International et Outre-mer and Banque Palatine.

The net banking income generated by this division stands at €543 million versus €483 million at June 30, 2009.

Gross operating income has progressed substantially, reaching a total of €151 million up from €67 million in the 1st half of 2009.

The three entities comprising this division all made a positive contribution to net income, which stands at €128 million against only €23 million one year earlier.

CORPORATE AND INVESTMENT BANKING, INVESTMENT SOLUTIONS AND SPECIALIZED FINANCIAL SERVICES (NATIXIS)[6]

Results for the 2nd quarter of 2010

Despite the extremely volatile environment, the net banking income generated by the core business lines of Natixis in the 2nd quarter of 2010 stands at €1,467 million, equal to growth of 9% compared with the 2nd quarter of 2009 and up 3% compared with the 1st quarter of 2010.

Operating expenses, which stand at a total of €876 million, are stable compared with the 2nd quarter of 2009.

The cost of risk is down sharply, representing a total of €86 million versus €1,019 million one year earlier.

The net income attributable to equity holders of the parent of Natixis stands at €522 million, up 12% compared with the 1st quarter of the year. The contribution of Natixis' core business lines to the net income attributable to equity holders of the parent of Groupe BPCE stands at €264 million.

Results for the 1st half of 2010

Up 13% on a year-on-year basis, net banking income stands at €2,895 million.

Operating expenses – which stand at €1,760 million – have increased 3% compared with their level in the 1st half of 2009.

The cost of risk has fallen by a total of 84% and now stands at €195 million compared with €1,199 million at June 30, 2009.

The core business lines of Natixis contributed a total of €478 million to Groupe BPCE's net income attributable to equity holders of the parent.

EQUITY INVESTMENTS

The Equity investments division is chiefly comprised of the activities pursued by Foncia, Nexity, Coface and Natixis Private Equity.

The net banking income generated by the Equity investments division enjoyed strong growth in the 1st half of the year, rising from €730 to €1,150 million. This growth reflects, in particular, the fine performance achieved by Coface in the 1st half of 2010.

The division's gross operating income was a positive €181 million in the 1st half of 2010 compared with a €225 million loss in the 1st half of 2009.

Net income attributable to equity holders of the parent has also become positive once again with a profit of €57 million in the 1st half of 2010 compared with a loss of €114 million in the 1st half of 2009.

[6] The results of Natixis are presented in a detailed press release published separately

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Activities managed on a run-off basis and other businesses

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 and the phasing out of the previous proprietary trading activities of CNCE. "Other businesses" includes the contribution of the holding company activities as well as all exceptional items booked in the accounts.

Net income attributable to equity holders of the parent stands at €41 million compared with a loss of €1,493 million in the 1st half of 2009.

The first half of the year was marked by a reduction in the GAPC and Natixis' risk profile following the disposal of the greater part of the risk related to its portfolios of complex credit derivatives.

As observed since the facility was set up in the middle of 2009, the guarantee of assets granted by BPCE in favor of Natixis only had a marginal impact on the results of Groupe BPCE in the 1st half of the year 2010.

2010-2013 Strategic Plan – implementation well under way in the different group entities

Final steps in the creation of Groupe BPCE

On August 5, 2010, the two holding companies (BP Participations and CE Participations) merged with BPCE, which remains owned on a 50/50 basis by the Banque Populaire banks and the Caisses d'Epargne, thereby allowing the creation of a simplified organizational structure.

This operation represents the final stage in the creation of Groupe BPCE, born from the merger of Groupe Banque Populaire and Groupe Caisse d'Epargne. It simplifies the group's structure and represents a major milestone in the implementation of its strategic plan. The assets brought in to BPCE consist, in particular, of Foncia and VBI as far as BP Participations is concerned, and Crédit Foncier de France and Banque Palatine with respect to CE Participations. The Caisses d'Epargne will continue to hold their 41% equity interest in Nexity.

Synergies

At June 30, 2010, cost synergies represented a total of €245 million thanks to the completion of operations having a structural impact on the group. These figures are consistent with the pursuit of the strategic plan due to run until 2013 with the aim of achieving cost synergies worth one billion euros for the group in a full year.

Several processes were adopted during the period to speed up the realization of these cost and revenue synergies:

- In July 2010, in order to pool the procurement activities of the Banque Populaire banks, Caisses d'Epargne and the principal subsidiaries of the group (including Natixis), *BPCE Achats* was created with a view to achieving savings of €146 million in a full year by 2013.
- What is more, the conclusion of the IT convergence program of the Caisses d'Epargne will allow the group to make substantial savings as of the 2011 fiscal period.
- At a local level, the creation of I-DATECH in May 2010 represents the first industrial synergy realized between three Banque Populaire banks and three

Caisses d'Epargne. This regional check-processing platform in eastern France should allow the six banking institutions in question to reduce their costs by a total of €2 million per year.

Despite a rather unpromising economic environment for Natixis' businesses as far as working with the retail networks is concerned, revenue synergies were realized during the period. The additional net banking income is equal to €103 million, a result in line with the targets defined in the 2010-2013 strategic plan.

Continued reduction of Natixis' risk profile

The drive to refocus on customer-based activities is continuing. On July 5 earlier this year, Natixis announced the sale of the greater part of the risks related to its complex credit derivative portfolios to a banking counterparty, a transaction that enabled it to continue reducing its risk profile. This transfer will also make it possible to reduce the volatility of Natixis' results.

Asset disposals

On June 14, Groupe BPCE announced that it had entered into exclusive negotiations with Crédit du Nord (Société Générale group) with a view to the sale of Société Marseillaise de Crédit (SMC). The price considered for this transaction is €872 million. If account is taken of the cash dividend (€29 million) paid in May by SMC, BPCE will receive (if this transaction goes ahead) a total of €901 million in 2010 for its equity interest in SMC. This sale should be finalized by the end of September 2010.

With respect to the group's equity investments, Natixis has announced the sale to Axa Private Equity of its proprietary Private Equity activities in France.

The two contracts of sale have been signed and their effective execution is now only subject to obtaining the relevant authorizations from the French financial services authority (ACP) and the competition watchdog authority.

Strategic initiatives

Several strategic initiatives related to the strategic plan were launched in the first half of the year. These include:

- An industrial alliance with BNP Paribas, a partnership set up to create a common IT platform designed to manage consumer credit,
- Plans drawn up by Rothschild & Cie Gestion and Banque Privée 1818 to merge the *Sélection R* and *1818 Partenaires* platforms with a view to pooling their distribution capacity aimed at independent financial advisers.

ACHIEVEMENT OF FINANCIAL OBJECTIVES: FINANCIAL STRENGTH MAINTAINED AND ACCELERATION OF THE PROGRAM TO REIMBURSE THE FRENCH GOVERNMENT

Risk-weighted assets were estimated at a total of €428 billion at June 30, 2010. Commercial banking accounts for 61% of these assets.

The group's Tier-1 capital represented a total of €41 billion at June 30, 2010 versus €39.3 billion at March 31, 2010. The Tier-1 ratio stood at 9.6% at June 30, 2010 up from 9.5% at March 31, 2010. The core Tier-1 ratio was 7.4% at the end of the 6-month period compared with 7.3% at March 31, 2010.

The results of the European banking stress tests carried out recently by the Committee of European Banking Supervisors (CEBS) – which revealed excess Tier-1 capital of almost €12 billion above the minimum considered necessary by the regulators to guarantee security in the worst-case scenario – testify to the robust financial health of Groupe BPCE and its ability to withstand adverse conditions.

Groupe BPCE has announced the redemption of a part of the preference shares subscribed to by the French government's equity investment company (SPPE): €1.2 billion on August 6, 2010 thanks to the generation of recurring income, €600 million on October 15, 2010 after the effective completion of the sale of SMC. At that date, the remaining preference shares to be redeemed by BPCE will equal a total of €1.2 billion.

What is more, the group has also announced its intention to redeem deeply subordinated notes (TSS) for a total of €600 million on August 6, 2010 for the benefit of SPPE. Groupe BPCE will then have reimbursed a total of €2.35 billion of TSS out of the €4.05 billion subscribed to by SPPE.

In line with the 2010-2013 strategic plan, Groupe BPCE maintains its target of reimbursing, during the life of this plan, all of the capital contributed by the French government notably by transferring income to reserves.

Once it has repaid this €2.4 billion to the French government, the group also confirms its objective of maintaining its Core Tier-1 and Tier-1 capital ratios at the end of 2010 at a level equivalent to that estimated at June 30, 2010 (i.e. 7.4% and 9.6% respectively).

Groupe BPCE enjoys long-term credit ratings of Aa3 assigned by Moody's and A+ awarded by Standard & Poor's and Fitch, all three accompanied by an "outlook stable."

About Groupe BPCE:
Groupe BPCE, the 2nd-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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