

Results of Groupe BPCE for the 1st quarter of 2010

Paris, May 11, 2010

1st quarter of 2010: good operating performance; net income in excess of 1 billion euros

- Net banking income of 5,973 million euros, including 5,222 million euros generated by the core business lines, representing a 17% improvement compared with the first quarter of 2009
- Effective control over costs, reflecting the efforts made by all group entities and the initial cost synergies resulting from the strategic plan: "Together"
- Sharp decline in aggregate cost of risk and stabilization of the cost of risk of the core business lines at the – still high – level of the 4th quarter of 2009
- Net income attributable to equity holders of the parent of 1,010 million euros with the results of the core business lines multiplied by a factor of two
- Good performance delivered by the Commercial Banking and Insurance business line with an 18% increase in net banking income compared with the first quarter of 2009
- Confirmed recovery of Natixis with a 13% increase in the contribution of its core business lines to the group's net banking income
- Robust financial structure with Tier-1 capital of 39.1 billion euros and a Tier-1 ratio of 9.5% (including 7.3% of Core Tier-1 capital), against 9.1% at December 31, 2009

On May 11, 2010, the Supervisory Board of BPCE examined the Group's financial statements for the first quarter of 2010. These financial statements are compared with pro forma figures presenting the Group's financial position at March 31, 2009 as if the merger between Groupe Banque Populaire and Groupe Caisse d'Épargne had already been completed at that date.

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

"The results of Groupe BPCE for the 1st quarter of 2010 are encouraging. They mark a turnaround compared with the 1st quarter of 2009, a period particularly impacted by the financial crisis. These results continue the strong performance achieved in the 4th quarter of last year, and confirm the renewed profitability of the group. In a business environment that remains fragile, the group's performance reflects the efforts made by all its employees, which represents a promising sign that we shall successfully achieve the goals of our strategic plan "Together" focused on customer service, efficiency and profitability."

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 1ST QUARTER OF 2010¹

The results for the first quarter of 2010 reveal a sharp recovery in Groupe BPCE compared with the first quarter of 2009 and confirm the good performance achieved in the 4th quarter of 2009. The core business lines are taking advantage of an upturn in the economic environment that still, however, remains extremely fragile.

The results of the **Commercial Banking and Insurance** core business line with, in particular, the Banque Populaire and Caisse d'Épargne networks and the core business lines pursued by Natixis (**Corporate & Investment Banking, Investment Solutions and Specialized Financial Services**) reflect an increase in business volumes and a significant improvement in profitability thanks, especially, to a tight control over costs.

The group's **net banking income** stands at 5,973 million euros, representing 64% growth compared with March 31, 2009. The **net banking income** of the group's core business activities rose 17% to reach a total of 5,222 million euros. This level of performance, buoyed up by an advantageous interest rate situation, is already ahead of the targets adopted in the strategic plan: "Together".

- The net banking income posted by the **Commercial Banking and Insurance** business line – €3,803 million euros, equal to growth of 18% compared with the 1st quarter of 2009 – represented 73% of the total net banking income contributed by the group's core business activities. During the period, the contribution of the Banque Populaire network to the group's net banking income amounted to 1,604 million euros while the contribution made by the Caisse d'Épargne network stood at 1,643 million euros.
- Natixis (**Corporate & Investment Banking, Investment Solutions and Specialized Financial Services**) confirms the recovery that first began in the 3rd quarter of 2009. Its net banking income of 1,419 million euros, representing 13% growth compared with the first quarter of 2009, accounts for 27% of the net banking income generated by the core business lines of Groupe BPCE.

Operating expenses have declined by 3%, returning to 3,939 million euros. They remain stable for the core business lines at 3,339 million euros. This improvement is the fruit of the cost-cutting drive pursued by all group entities and shows the impact of the initial cost synergy initiatives launched within the framework of the strategic plan: "Together" in areas related to IT services and purchasing. The **cost/income ratio** has improved considerably, falling from 71.4% in full-year 2009 to 65.9% in the first quarter of 2010.

Gross operating income stands at a positive 2,034 million euros against a loss of 408 million euros at March 31, 2009. The **gross operating income** posted by the core business lines rose 60% to an aggregate total of 1,883 million euros, thereby testifying to the strength of the operating performance of the retail networks and Natixis.

The **cost of risk** has declined substantially, falling to 511 million euros at March 31, 2010 from a total of 1,272 million euros at March 31, 2009. This sharp reduction can be attributed, in particular, to the fact that the structured assets of Natixis are no longer impacted by effects of the financial crisis. For the core business lines, the **cost of risk** stands at 438 million euros (decline of 8%).

¹ The quarterly results of the group as at March 31, 2010 were approved by the Management Board on May 10, 2010.

Groupe BPCE only has a moderate exposure to Greece with a total of 2.1 billion euros related to its banking activities; this exposure includes 1.4 billion euros of sovereign risk (including 0.3 billion euros guaranteed by FSA/Assured), 0.1 billion euros of exposure to banking institutions and 0.6 billion euros of exposure to customers. The group's exposure through its insurance activities is extremely small (less than 0.1 billion euros, net of policyholder participation).

Net income attributable to equity holders of the parent represents a total of 1,010 million euros.

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

<i>in millions of euros</i>	Q1-2010	Q1-2009 Pro forma	% change	Core business lines Q1-2010	Q1- 2010/Q1 -2009
Net banking income	5,973	3,641	+ 64%	5,222	+ 17%
Operating expenses	-3,939	-4,049	- 3%	-3,339	=
Gross operating income	2 034	-408	ns	1,883	+ 60%
Cost/income ratio	65,9%	-	-	63,9%	-
Cost of risk	-511	-1,272	- 60%	-438	- 8%
Income before tax	1,566	-1,689	ns	1,500	X2
Income tax	-482	-3	ns	-476	ns
Minority interests	-74	543	ns	-93	ns
Net income attributable to equity holders of the parent	1,010	-1,149	ns	931	X 2

FINANCIAL STRUCTURE OF GROUPE BPCE

Risk-weighted assets stood at an estimated 411 billion euros at March 31, 2009. This item remains stable compared with December 31, 2009; 62% of such assets are concentrated on the Commercial Banking and Insurance business activities.

At March 31, 2009, Tier-1 capital amounted to 39.1 billion euros. The estimated Tier-1 ratio of Groupe BPCE stood at 9.5% (including 7.3% of Core Tier-1 capital), against 9.1% at December 31, 2009 (including 6.9% of Core Tier-1 capital). This increase is chiefly due to the good results achieved in the first quarter of 2010.

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

COMMERCIAL BANKING AND INSURANCE: ENHANCED NET BANKING INCOME AND PROFITABILITY

The Commercial Banking and Insurance core business line includes the activities of the Banque Populaire network, the Caisse d'Epargne network, the Real Estate Financing division (Crédit Foncier de France) and the activities pursued by the Insurance, International and Other Networks division.

- Net banking income up 18% to 3,803 million euros
- Gross operating income of 1,348 million euros, equal to growth of 77%
- Net income attributable to equity holders of the parent of 717 million euros against 317 million euros at March 31, 2009

The Banque Populaire banks, the Caisses d'Épargne and Natixis have pursued their drive to help finance the French economy with a particular focus on small- and medium-sized enterprises (SMEs) and independent micro-companies. Out of the total loan envelope of 38 billion euros that French banks are making available to SMEs and micro-companies in the form of new medium- and long-term credit facilities for the year as a whole, Groupe BPCE has already made commitments for 10 billion euros. At March 31, new loan production is in line with this commitment, and aggregate loans outstanding granted to SMEs/micro-companies were rising by 4.5% on an annual basis.

The net banking income of the Commercial Banking and Insurance core business rose 18% to reach a total of 3,803 million euros. If provisions for regulated home savings products are excluded, the division's net banking income increased by 15.9%.

This increase is the result of strong growth in the interest margin, in view of the favorable trend in volumes and the decline in refinancing costs, and a rise in commissions.

The Banque Populaire and Caisse d'Épargne networks generated net income of 298 and 291 million euros respectively and accounted for 82% of the aggregate earnings of the Commercial Banking and Insurance core business line.

○ **Banque Populaire network**

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

In a less troubled economic environment than the first quarter of 2009, the commercial momentum of the Banque Populaire banks remained strong, as testified by the continued capture of new customers and growth in their loans outstanding position.

• **Savings deposits**

At March 31, 2010, customers' savings deposited with the Banque Populaire banks represented an aggregate total of 176.8 billion euros, up 4.2% compared with March 31, 2009. The two types of savings deposits enjoyed significant growth: guaranteed-capital savings rose 5% to reach a total of 103.2 billion euros while financial savings increased by 3.2% to reach a total of 73.6 billion euros.

Individual customer market

During the period, individual customers displayed strong interest for life insurance and guaranteed-capital savings products. Life funds enjoyed growth of 9.9% (38.9 billion euros). Deposits on *livret A* passbook accounts rose to 3.4 billion euros, equal to annual growth of 29%. Demand deposits and savings held in regulated home savings plans and accounts amounted, respectively, to 15.1 billion euros (+ 9,7%) and 14.1 billion euros (+ 2.2%).

Professionals and corporates market

Term accounts enjoyed considerable success during the period compared with the first quarter of 2009 with deposits rising 22.5% to reach a total of 15.2 billion euros. Demand deposits, in

contrast, remained stable at 22.9 billion euros (+ 0.6%). The range of employee savings products is proving to be extremely popular considering that aggregate deposits have increased from 2 to 2.5 billion euros in the space of one year, equal to an increase of 20.5%.

The Banque Populaire banks continued to expand their customer base, recording a 1% increase in the number of individual customers and a 6% rise in the number of corporate customers compared with March 31, 2009.

- **Loans outstanding**

Determined to play an exemplary role in financing the French economy, the Banque Populaire banks made a concerted effort to finance all their different types of clientele. As a result, the aggregate loans outstanding position rose 2% compared with March 31, 2009, reaching a total of 141 billion euros.

Individual customer market

The loans outstanding position increased 4.4% in this market segment to reach a total of 76.4 billion euros. The mortgage loan market – which enjoyed a recovery in the second half of 2009 – continued to grow. Outstandings now amount to 68.8 billion euros (+ 4.8%). Growth in consumer loans equaled 1.5%, representing a total of 7 billion euros.

Professionals and corporates market

Owing to an economic environment that remains challenging both for self-employed professionals and corporate customers, the first three months of the year saw a decline in new loan requests compared with the same period last year. The aggregate loans outstanding position remains virtually unchanged at 64.6 billion euros against 65 billion euros one year earlier

However, the production of new medium- and long-term loans for self-employed professionals and corporate customers remains buoyant and outstandings, up 3.2%, now stand at 49.7 billion euros.

The real estate leasing market also performed well, allowing outstandings to increase by 4.6% to reach a total of 2.1 billion euros.

- **Financial results**

The dynamism of the activities pursued by Banque Populaire banks finds expression in the quality of the network results. The net banking income contribution boasts 13% growth, reaching a total of 1,604 million euros (or 11% if provisions for regulated home savings products are excluded) driven by the substantial increase in the interest margin and the growth in commissions.

Commissions rose 7% to reach a total of 608 million euros. Commissions charged on banking services rose by 2.8%.

The first quarter results reflect the tight control maintained over operating expenses, which rose by 1.4% to 979 million euros. Gross operating income enjoyed 37% growth to reach a total of 625 million euros. As a result, the cost/income ratio has improved significantly, falling to 61% from 67.9% one year earlier.

The fact that a large number of companies continued to face bankruptcy as a result of the depressed economic environment kept the cost of risk at a high level: it stood at 183 million

euros in the first quarter of this year compared with 167 million euros in the same period in 2009.

Net income stands at 298 million euros, up 50% compared with the first quarter of 2009.

- **Caisse d'Épargne network**

The Caisse d'Épargne network includes 17 Caisses d'Épargne.

The Caisses d'Épargne confirmed their good performance achieved in the 4th quarter of 2009. Their commercial success is based on growth in new savings deposits and an increase in new loan production.

- **Savings deposits**

At March 31, 2010, the network's aggregate savings deposits stood at 330.5 billion euros, equal to 1.9% growth compared with March 31, 2009. Guaranteed-capital savings increased marginally (0.3%) despite the decline in deposits on *Livret A* passbook accounts. In contrast, aggregate financial savings amounted to 131.8 billion euros, representing growth of 4.3% driven by customer interest in life insurance products.

Individual customer market

Owing to the deregulation of the distribution of *Livret A* passbook accounts as of January 1, 2009 and the decrease in interest paid on regulated savings products, the withdrawal of savings from these accounts continued in the 1st quarter of 2010 but at a slower pace than before. Savings deposited on *Livret A* passbook accounts remained stable compared with December 31, 2009, at 75 billion euros.

The inflow of new life funds remains strong and deposits rose 8.4% during the period to reach a total of 93.9 billion euros.

After a good year in 2009, funds deposited in regulated home savings schemes continued to grow with deposits up 5.7% at March 31, 2010, reaching a total of 35.1 billion euros.

Demand deposit accounts continued their strong upward trend; deposits held by individual customers stood at 21.2 billion euros, equal to growth of 18.3% compared with March 31, 2009.

The Regional Development Banking market (covering the corporate, social economy, public sector, social housing and real estate markets)

In this expanding market, the Caisses d'Épargne continued to enhance their commercial performance. During the first 3 months of the year, the number of active customers increased by 11% and the volumes of commercial flows handled rose by 15%. Funds held in demand deposit accounts increased by 30.9% to reach a total of 8.04 billion euros while funds held in term accounts enjoyed growth of 32.3% to reach an aggregate total of 10.3 billion euros.

- **Loans outstanding**

Like the Banque Populaire banks, the Caisses d'Épargne made a particular effort to fully reassert their role in financing the French economy. The aggregate loans outstanding position has increased by 9.1% in the space of 1 year, reaching a total of 140 billion euros.

Individual customer market

Loans outstanding increased by 7.7% in this market segment to a total of 85.1 billion euros. The recovery in the production of new mortgage loans in the 2nd half of 2009 continued in the 1st quarter of 2010 with outstandings reaching a total of 73.9 billion euros, up 7.2% compared with March 31, 2009.

In the depressed consumer credit market, the range of solutions offered by the Caisses d'Épargne continued to attract customer interest. Outstandings rose from 9.1 to 10.1 billion euros, representing an increase of 10.6%.

Regional Development Banking market

The loans outstanding position rose 11.4% in this market segment to reach a total of 54.8 billion euros. The production of new medium-/long-term loans continued its upward trend, allowing the aggregate loans granted to corporate customers and institutionals to reach 38 billion euros, representing an increase of 13.4% compared with March 31, 2009. Outstanding mortgage loans rose by 8.1% (8.2 billion euros) and outstanding short-term facilities (short-term credit facilities and trade receivables) increased by 15.1% to reach a total of 5 billion euros.

- **Financial results**

The strong commercial performance of the Caisses d'Épargne generated a 26% increase in their net banking income to 1,643 million euros (+24% if provisions for regulated home savings products are excluded), buoyed up by a sharp increase in the interest margin.

The decline in commissions paid on *Livret A* passbook accounts (-12.7%) has been entirely offset by the rise in commission earning from financial savings (+16.3%) and commissions charged for banking services (+3.9%).

Thanks to the drive to keep operating expenses under a tight leash, this item declined by 1.8% to a lower total of 1,108 million euros.

Gross operating income has increased significantly, reaching a total of 535 million euros up from 171 million euros one year earlier.

The cost/income ratio now stands at 67.5% against 86.8% at March 31, 2009.

In contrast, however, the economic environment is still severely depressing the customer risk position, which rose during the period pushing the aggregate cost of risk up to 91 million euros (+7.7%) against 84 million euros at March 31, 2009.

Net income stands at 291 million euros compared with 58 million euros at March 31, 2009.

- **Real Estate Financing**

Crédit Foncier is the principal entity in this division.

In the first quarter of 2010, the aggregate total of new loans granted by Crédit Foncier amounted to 3 billion euros, equal to 32% growth during the period compared with the 1st quarter of 2009. Aggregate outstandings remain stable at 116 billion euros.

The net banking income generated by the Real Estate Financing division stands at 242 million euros, up 7% compared with the first quarter of 2009. The cost/income ratio shows a significant improvement, falling from 62.2 to 58.5%.

- **Insurance, International and Other Networks**

The Insurance, International and Other networks division brings together the group's interest in CNP Assurances, GCE Assurances, Banque Palatine, Société Marseillaise de Crédit (SMC) and BPCE International et Outremer, the name proposed for the entity destined to assume responsibility for the international subsidiaries of Groupe BPCE (excluding the entities included in Natixis' scope of consolidation).

The net banking income generated by the division stands at 314 million euros against 276 million euros in the first quarter of 2009.

Net income amounts to 79 million euros, up from 11 million euros in the 1st quarter of 2009.

CORPORATE & INVESTMENT BANKING, INVESTMENT SOLUTIONS AND SPECIALIZED FINANCIAL SERVICES (NATIXIS)²

Corporate & Investment Banking (CIB), Investment Solutions and Specialized Financial Services contributed 1,419 million euros to the net banking income of Groupe BPCE, representing an increased contribution of 13%.

Natixis, like the group's other entities, successfully kept a tight control over its operating expenses. The contribution made by its core business lines to the group's gross operating income amounts to 535 million euros, representing a 30% increase compared with the first quarter of 2009.

The contribution of Natixis' core business lines to the net income attributable to equity holders of the parent has been multiplied by a factor of two compared with the first quarter of 2009 and stands at 214 million euros.

EQUITY INTERESTS

The Equity Interests division primarily consists of the activities of Foncia, Nexity, Coface and Natixis Private Equity.

In the first quarter of 2010, the net banking income of the Equity Interests division reported substantial growth, reaching a total of 531 million euros compared with 342 million euros one year earlier.

Foncia enjoyed revenue growth in all its business lines. The real estate transaction activity enjoyed growth of almost 50% compared with the first quarter of 2009.

Lastly, the first quarter of 2010 saw Coface and Natixis Private Equity become profitable once again.

The gross operating income generated by the division stands at a positive 51 million euros against a loss of 130 million euros at March 31, 2009.

² The results of Natixis are presented in a detailed press release published separately

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 (GAPC) activities of Natixis and the run-off activities conducted by CE Participations (former proprietary trading activity of CNCE). 'Other Businesses' include the contribution of holding company activities as well as all exceptional items.

Market conditions improved significantly during the period compared with the 1st quarter of 2009. Net income is a positive 60 million euros against a net loss of 1,530 million euros at March 31, 2009.

REMINDER OF THE GOALS OF THE STRATEGIC PLAN: "TOGETHER"

During the period running from 2010-2013, Groupe BPCE intends to recover the earning capacity it needs to reinforce its capital adequacy and to put its development plans into practice while simultaneously reimbursing the capital provided by the French state. It is intended to entirely reimburse this capital over the life of the plan, with an initial reimbursement of preferred shares subscribed to by the French state starting this year.

Groupe BPCE has set itself the following targets to be achieved by the end of 2013:

- A net banking income target of more than 25 billion euros, 2/3 of which generated by the activities pursued by the Commercial Banking and Insurance division, and 1/3 generated by the core business lines of Natixis,
- A target cost/income ratio 66% (-5 percentage points). The cost/income ratio target for the Banque Populaire banks and for the Caisses d'Epargne is 64.5% (-3 percentage points) and 68% (-7 percentage points) respectively, by the end of the plan,
- A profitability target for the core business lines in excess of 12%.

The capital generated from the group's enhanced profitability should allow it to create a solid capital base with a target Core Tier-1 ratio in excess of 8% (Basel II) by the year 2013.

About 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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