

Press Release

Paris, August 2, 2012

Results for the 2nd quarter and 1st half of 2012

Groupe BPCE: Results hold up well in Q2-12 against a background marked by an economic downturn and persistent financial tensions

- **Continued drive to prepare the Group for the Basel 3 regulatory environment:**
 - Capital adequacy strengthened by 50 basis points compared with Q1-12: core Tier-1 ratio of 10.0%¹. Confirmation of the target of Core Tier-1 ratio under Basel 3 in excess of 9%² in 2013.
 - €22.9 billion reduction in the Group's wholesale funding requirements since June 30, 2011 (76% of the target for the end of 2013 has already been achieved)
- **Adaptation of the business models of the core business lines:**
 - Banque Populaire and Caisse d'Épargne networks: customer deposits up by €29bn³ since December 31, 2010, equal to an increase of 11.74%.
 - Implementation of Crédit Foncier's medium-term plan: development projects launched, costs reduced by 21% compared with Q2-11, faster pace of disposals of the international portfolio and the buyback of related liabilities.
 - Adaptation of the business model of Natixis' CIB division, renamed "Wholesale Banking": adaptation of the organization to the "Originate to Distribute" model, implementation of measures announced in November 2011 (activities refocused on priority clientele, discontinuation of activities insufficiently profitable in the new environment), greater operating efficiency.
 - Improvement in operating efficiency: cost synergies worth €771m had been realized by June 30, 2012
- **Major commitment by Groupe BPCE to financing the French economy:**
 - Annual growth in loan outstandings of 6.4%⁴ overall, including a 5.8% increase in loans granted to independent micro-enterprises and SMEs.

Net income attributable to equity holders of the parent of €668m, stable in Q2-12 compared with Q1-12 (+0.5%) but -27.6%⁵ from the high Q2-11 level as a result of measures taken to adapt the core business lines to the new regulatory environment and the downturn in economic activity.

¹ Estimate at June 30, 2012

² Without transitional measures, after restating for deferred tax assets

³ Excluding centralized savings products

⁴ Banque Populaire and Caisse d'Épargne networks, Crédit Foncier and Banque Palatine

⁵ Pro forma to account for the disposal of Eurosic and Foncia in June and July 2011

On August 2, 2012, the Supervisory Board of BPCE convened a meeting chaired by Yves Toubanc to examine the Group's financial statements for the second quarter and first six months of 2012.

François Pérol, Chairman of the Management Board of Groupe BPCE, said:

"The Group's results demonstrate a good degree of resilience at a time when the economy is slowing down against a background of persistent financial tensions in the euro zone. The Group is continuing to fully perform its function of serving its customers and financing the French economy with annual growth of 6.4% in its loan outstandings position. With the plan to create within Natixis a Wholesale Banking arm dedicated to serving economic agents and destined to replace the Corporate & Investment Banking arm, the Group is reasserting its vocation as a banking group exclusively devoted to serving its customers' needs.

Building on the good commercial dynamism of its different core business lines with, in particular, the retail banking networks of the Banque Populaire banks and Caisses d'Epargne, the Group has again enhanced its financial strength with a capital adequacy ratio of 10% as at June 30, 2012, a further reduction in its wholesale funding requirements and an extension of the length of its funding."

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 2ND QUARTER AND 1ST HALF OF 2012⁶

Groupe BPCE has again demonstrated its ability to withstand the adverse effects of an economic downturn and persistent financial tensions. The Group's net income in the second quarter of 2012 stands at €668 million, stable compared with the level achieved in the first quarter of the year. Net income, however, has declined by 27% compared with the high level reached in the second quarter of 2011⁷.

The Group has given priority status to its adaptation to changes in the regulatory environment with the continued enhancement of its capital adequacy ratios. With Core Tier-1 capital standing €3.1 billion higher than the level required by the European Banking Authority, the Group is confident in its ability to achieve its capital adequacy and liquidity targets.

The Group's core businesses are penalized by a sluggish economic environment and by the need to adapt to changes in banking regulations.

They have, however, demonstrated their good commercial dynamics and continued to expand their customer base and to win new market share, thereby justifying the goals defined in the strategic plan in force since 2010.

Groupe BPCE remains deeply committed to financing the French economy with 6.4%⁸ annual growth in aggregate loan outstandings, and 5.8% growth for loans granted to independent micro-enterprises and SMEs.

At June 30, 2012, retail banking contributed 71% of the net banking income generated by the Group's core business lines (68% of which was generated in France) and accounted for 66% of income before tax (including 65% generated in France).

⁶ The quarterly results of the Group for the period ended June 30, 2012 were approved by the Management Board on July 30, 2012.

⁷ Pro forma to account for the disposal of Eurosic and Foncia in June and July 2011

⁸ Banque Populaire and Caisse d'Epargne networks, Crédit Foncier and Banque Palatine

The Group's strong presence in retail banking in France and its new focus on customer-oriented activities will enable it, in the future, to ensure a satisfactory level of profitability in the context of the new banking regulations.

All the initiatives taken within the framework of the 2010-2013 strategic plan "Together" are being pursued and continue to drive improvements in Groupe BPCE's business model.

At June 30, 2012, the aggregate additional net banking income derived from the synergies generated between Natixis and the Banque Populaire and Caisse d'Épargne networks came to a total of €494 million. This result is in line with the linearized objective defined in the strategic plan. The development of revenue synergies is penalized by the adverse conditions facing activities specializing in financial savings products (market decline and adaptation of the networks to the new regulatory environment). In contrast, businesses involved in financing activities are posting results ahead of their predetermined targets thanks, in particular, to the fine performance achieved by consumer finance, leasing and sureties and guarantees.

Cost synergies, for their part, stood at a total of €771 million at June 30, 2012, ahead of the timetable initially planned thanks, in particular, to the rationalization of the Group's IT and procurement systems.

The implementation of the medium-term plan adopted by Crédit Foncier is continuing.

Natixis has started to adapt its organizational structures in line with the "Originate to Distribute" model and its CIB division will be renamed "Wholesale Banking".

1. CAPITAL ADEQUACY AND LIQUIDITY: ADAPTING THE GROUP TO ITS NEW ENVIRONMENT

Groupe BPCE is continuing to adapt its structures to changes in the regulatory and financial environment, leading to the introduction of more stringent requirements governing capital adequacy and liquidity requirements.

The Group is continuing to strengthen its capital adequacy with a Core Tier-1 ratio of 10%⁹ under Basel 2.5 criteria at June 30, 2012, representing a 50 basis point improvement compared with March 30, 2012.

The level of capital required by the EBA has been reached and exceeded, with a Core Tier-1 capital surplus of €3.1 billion.

The Core Tier-1 capital of Groupe BPCE stood at €38.8 billion at June 30, 2012, up from €23.3 billion at June 30, 2009 when the Group was first created, if the €3 billion in preference shares subscribed to by the French state (and subsequently redeemed) are excluded. The Group's capital has consequently increased by a total of €15.5 billion in the space of 3 years.

Groupe BPCE confirms its target of achieving a Common Equity Tier-1 ratio under Basel 3, without transitional measures¹⁰, of 9% in 2013.

Groupe BPCE has demonstrated its ability to closely manage its risk-weighted assets, which came to a total of €386 billion at June 30, 2012, marginally down compared with the end of 2011. The breakdown of the Group's risk-weighted assets has considerably changed since the creation of BPCE. At June 30, 2012, Commercial Banking and Insurance accounted for 71% of the Group's risk-weighted assets, up from 60% in June 2009.

⁹ Estimate at June 30, 2012

¹⁰ After restating for deferred tax assets

The Group's liquidity situation is continuing to improve thanks to the reduction in its wholesale funding requirements.

Groupe BPCE has set itself the target of reducing its liquidity requirements by €25-35 billion between the end of June 2011 and the end of 2013. At June 30, 2012, 76% of this target had been reached with a €22.9 billion reduction in its wholesale funding needs.

On-balance sheet inflows in the Banque Populaire and Caisse d'Épargne networks continue to increase, with the loan/deposit ratio standing at 116%¹¹ at June 30, 2012.

1.1 Liquidity and short-term refinancing

Short-term refinancing outstandings stood at €103 billion at the end of June 2012. Liquidity reserves amounted to €133 billion late June 2012, including €100 billion of available assets eligible for central bank refinancing or liable to be so in the short term (at the end of June 2012) and €33 billion of liquid assets placed with central banks at the end of June 2012.

1.2 Medium/long-term funding: 80% of the 2012 program completed at July 20, 2012 with an average maturity of 6.8 years

With regard to BPCE's medium- and long-term funding pool, 79% of the €18 billion program has been completed with total resources raised of €14.2 billion with an average maturity of 5.9 years.

Regarding the medium- and long-term funding pool of Crédit Foncier, 84% of the €8 billion program has been completed, with total resources raised equal to €6.7 billion with an average maturity of 8.8 years.

The Group's ability to tap the major debt markets enabled it to raise €20.9 billion in medium- and long-term resources at July 20, 2012, with a good balance between unsecured and covered bonds (50/50).

86% of the €21 billion wholesale funding program and 56% of the €5 billion network funding program had been achieved as of July 20, 2012.

Average maturity at issue has increased to 6.8 years, against 4.2 years for the first seven months of 2011. The issue was completed at an average mid-swap rate of +144 basis points.

2. CONSOLIDATED RESULTS FOR THE SECOND QUARTER AND FIRST HALF OF 2012

The **net banking income** generated by Groupe BPCE reached a total of €5,671 million, down 5% compared with the 2nd quarter of 2011¹². Compared with the 1st quarter of 2012, revenues have increased by 4.1%.

The revenues posted by the Group's core business lines¹³ stand at €5,170 million, down 5.2% compared with the 2nd quarter of 2011.

The revenues generated by the core business lines are penalized by measures taken to adapt to changes in banking regulations and by a tightening of economic conditions. The contraction of the revenue base resulting from the program aimed at reducing liquidity requirements and managing risk-weighted assets, along with the higher cost of customer resources (up 5 basis

¹¹ Estimate

¹² Pro forma to account for the disposal of Eurosic and Foncia in June and July 2011

¹³ The core business lines are: Commercial Banking and Insurance (with, in particular, the Banque Populaire and Caisse d'Épargne networks as well as Crédit Foncier de France, Banque Palatine and BPCE International et Outre-mer), Corporate & Investment Banking, Investment Solutions and Specialized Financial Services (Natixis).

points compared with the second quarter of 2011) and wholesale funding, which has not yet been passed on in the form of interest rates charged on loans, depress the revenues generated by the Group's core business lines.

Operating expenses have been trimmed by 1.5%¹⁴ compared with the 2nd quarter of 2011, to a total of €3,899 million.

The **cost/income ratio** is 68.8% for the Group as a whole; it stands at 66.8% for the core business lines.

Gross operating income amounts to €1,772 million, down 11.8% compared with the 2nd quarter of 2011. The contribution from the Group's core business lines stands at €1,716 million.

The **cost of risk** is equal to €648 million, 21.3% higher than in the 2nd quarter of last year. It nevertheless remains at a moderate level (45 basis points) thanks to the Group's business portfolio, which presents a low risk profile overall. The **cost of risk of the core business lines** stands at €580 million, up 68.1% compared with the 2nd quarter of 2011.

This rise in the cost of risk can be explained by the strengthening of collective provisions in the light of a deterioration of customer ratings, the growth in individual provisions, notably for medium-sized corporate customers. What is more, the impact in the Commercial Banking and Insurance core business of a specific funding case involving a financial leasing company in partnership with a specialized company led to the booking of provisions for €113 million in the second quarter of 2011 taking aggregate provisions to €235 million (after provisions booked in the 4th quarter of 2011 and the 1st quarter of 2012), corresponding to the total amount of estimated ultimate losses.

Groupe BPCE's exposure to the sovereign debts of peripheral European countries¹⁵, including Cyprus, remains limited. Aggregate net exposure related to the banking portfolio represents less than 10% of Core Tier-1 capital, given that total exposure to sovereign debt from Greece, Ireland, Portugal, Spain and Cyprus is approximately €0.3 billion, excluding Italy.

Net income attributable to equity holders of the parent reached a total of €668 million, against €923 million in the 2nd quarter of 2011 (on a pro-forma basis to account for the disposal of Eurosic and Foncia). This result shows considerable resilience considering that it remains stable compared with the 1st quarter of the year against a background of a downturn in economic activity and the presence of strong financial tensions.

The **net income attributable to equity holders of the parent posted by the core business lines**, inhibited by measures taken to adapt to changes in the regulatory environment and by the current economic slowdown, stands at €699 million.

The Group's ROE is 5.6%, while the ROE of the core business lines stands at 8%.

2.1 WORKOUT PORTFOLIO MANAGEMENT (GAPC)

The GAPC is continuing to implement its roadmap of reducing the amount of assets managed in this way without having a significant impact on net income attributable to equity holders of the parent. In the 2nd quarter, assets were sold for a total of €0.8 billion, taking to €2 billion the total amount of assets disposed of in the first 6 months of 2012 at a limited discount.

¹⁴ Pro forma to account for the disposal of Eurosic and Foncia in June and July 2011

¹⁵ Net direct exposure of credit institutions in the banking portfolio and net exposures of insurance companies, net of policyholders' participation

Risk-weighted assets show a one-off, temporary increase related to measures taken to restructure exposures that offset in the first half of the 2012 the decrease in assets related to disposals. These additional risk-weighted assets will disappear when the disposal of the underlying operations is finalized.

The reduction in risk-weighted assets related to the MBIA commutation agreement will be completed, for the most part, before the end of 2012.

CONSOLIDATED RESULTS OF GROUPE BPCE IN THE 2ND QUARTER OF 2012

IN MILLIONS OF EUROS	Q2-12	Q2-12 / Q2-11 *	Q2-12 / Q1-12
Net banking income	5,671	- 5.0%	+ 4.1%
Operating expenses	- 3,899	- 1.5%	- 1.4%
Gross operating income	1,772	-11.8%	+ 18.4%
Cost/income ratio	68.8%	+ 2.4 PTS	- 3.8 PTS
Cost of risk	- 648	+ 21.3%	+ 40.9%
Income before tax	1,187	- 23.1%	+ 9.8%
Income tax	- 408	- 18.6%	+ 7.4%
Minority interests	- 111	- 6.7%	ns
Net income attributable to equity holders of the parent	668	- 27.6%	+ 0.5%
ROE	5.6%		

CONSOLIDATED RESULTS OF THE CORE BUSINESS LINES OF GROUPE BPCE IN THE 2ND QUARTER OF 2012

IN MILLIONS OF EUROS	Core Business Lines** Q2-12	Q2-12 / Q2-11*	Q2-12 / Q1-12	H1-12	H1-12 / H1-11
Net banking income	5,170	- 5.2%	- 2.8%	10 488	- 3.2%
Operating expenses	- 3,454	=	- 1.3%	- 6 953	+ 1.5%
Gross operating income	1,716	- 14.2%	- 5.7%	3,535	- 11.2%
Cost/income ratio	66.8%	+ 3.5 pts	+ 1.0 pt	66.3%	+3.0 pts
Cost of risk	- 580	+ 68.1%	+ 63.8%	- 934	+ 50.9%
Income before tax	1,194	- 30.7%	- 21.2%	2,709	- 22.1%
Résultat net part du groupe	699	- 33.5%	- 20.7%	1 581	- 25.5%
ROE	8%				

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

** Commercial Banking and Insurance, CIB, Investment Solutions and Specialized Financial Services

3. COMMERCIAL BANKING AND INSURANCE: ACCELERATION OF COMMERCIAL DYNAMICS

The Commercial Banking and Insurance core business line groups together the activities of the Banque Populaire and Caisse d'Epargne retail banking networks, activities related to real estate financing (chiefly Crédit Foncier) and the Insurance, International and "other networks" activities (notably BPCE International et Outre-mer and Banque Palatine).

In the second quarter of 2012, BPCE's Commercial Banking and Insurance core business line continued to display true commercial dynamism. The policy consisting in encouraging customers to be more active in their use of banking services, and to use increasingly sophisticated services, and the intensification of customer relations initiated by the two retail banking networks in application of the 2010-2013 strategic plan "Together", has led to a substantial increase in the customer base.

For the Banque Populaire network, the individual customer segment has seen an intensification of customer relations driven by services used by the most active customers. With regard to the Caisses d'Epargne, progress has been made with all customer targets and, in particular, active customers for whom BPCE is not their principal banking partner, and young people.

The two retail banking networks of Groupe BPCE are continuing their efforts to innovate for the benefit of their customers. In July 2012, they launched 'S'Money', the first banking solution enabling customers to use their smartphones to settle bills, send and receive money and to do so in conditions of absolute security.

Commercial campaigns were organized during the quarter in each of the two networks aimed, in particular, at young people (and chiefly students) and customers liable to be interested in the services provided by Private Banking.

Savings deposits have remained well oriented, driven by on-balance sheet savings (+6.8%¹⁶). BPCE's commitment in favor of financing the French economy remains strong and has led to significant growth in loan outstandings (+6.6%), despite the slower pace of new loan production noted in the first six months of the year overall, in step with general market trends.

Commercial Banking and Insurance: results of the second quarter of 2012

In the second quarter of 2012, the revenues posted by Groupe BPCE's Commercial Banking and Insurance core business lines declined by 2.8% (excluding changes in provisions for home purchase savings schemes) compared with the first quarter of this year to stand at €3,667 million, reflecting the impact of measures taken to adapt to the new regulatory constraints.

The net interest margin of the Banque Populaire and Caisse d'Épargne networks is down -1.3%, owing to the higher cost of deposit-taking (chiefly regarding corporate customers, proportionally more significant in the Banque Populaire banks).

Commissions¹⁷ earned by the Banque Populaire and Caisse d'Épargne networks have declined by 3.2% owing to the contraction in financial savings and the drop in commissions earned on electronic banking products (in application of commitments made in 2011 with the French Competition Council); these negative effects have been offset in the Caisses d'Épargne, however, by strong growth in their customer base. Furthermore, commissions earned in both networks have been adversely affected by fewer early loan redemptions.

Operating expenses have fallen by -0.6% compared with the second quarter 2011, and by -2.2% compared with the first quarter this year. The Banque Populaire banks report operating expenses down by -0.9% compared with the first quarter this year, which bore the impact of the inclusion of exceptional items, and have increased by 1.8% compared with the second quarter in 2011. For the Caisses d'Épargne, changes in operating expenses have remained under tight control: -0.9% compared with the second quarter of last year and -2.3% compared with the first quarter of 2012. The operating expenses incurred by Crédit Foncier have declined by a substantial -21%.

Gross operating income stands at €1,205 million and the cost/income ratio comes to 67.1%, marginally higher than during the first quarter of this year.

3.1 Banque Populaire

The Banque Populaire network comprises the 10 Banque Populaire banks, including CASDEN and Crédit Coopératif and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.

- **Customer base**

The Banque Populaire network is continuing the momentum of expanding its customer base with a focus on its priority customer targets. In the second quarter of 2012, the intensification

¹⁶ Average of the Banque Populaire and Caisse d'Épargne networks, excluding centralized savings products

¹⁷ Commissions excluding commissions earned on centralized savings products and excluding compensation for early loan redemption

of customer relations was particularly emphasized in the individual customer segment. The number of active individual customers rose by 1%, active customers using banking services increased by 2.9% and the number of active customers using banking services and insurance products grew by 3.9%. Lastly, professional customers banking in a dual private and professional capacity rose by 1.6%.

In the corporate customer segment, the Banque Populaire banks introduced an innovative product, *Turbo suite mobile*, the first application available in France enabling business owners to manage their cash flows in real time directly from their smartphones or tablet computers.

- **Savings deposits**

On-balance sheet savings (excluding centralized savings products) have increased by 4.6% from the same period last year. This type of savings is buoyed up by the strong momentum enjoyed by passbook savings accounts (+13.0%) and term accounts (+6.5%). With regard to financial savings, mutual funds have declined by 5% over the year. Life funds have fallen by -4.1% in a depressed market.

- **Loan outstandings**

The Banque Populaire banks continue to help finance the French economy with annual growth in their loan outstandings position of 4.0% to a total of €158.2 billion at June 30, 2012.

Home loan outstandings, which have risen by 5.4%, have stood up well to the 36% decline in new loan production, in step with the wider market.

Consumer finance, faced with a subdued market, achieved 5% growth in new loan production driven by the large-scale deployment of a personal loan organized with Natixis. This positive development limited the size in the decline in outstandings (-1.1%).

Lastly, equipment loan outstandings rose by a total of 2.9% in a sluggish economic environment that depressed demand.

- **Financial results**

Net banking income for the 2nd quarter generated by the Banque Populaire network stands at €1,488 million, 8.1% down compared with the second quarter of 2011¹⁸.

Operating expenses have risen to a total of €1,039 million.

The cost/income ratio stands at 69.8%, up 6.7 percentage points compared with the same period in 2011.

The cost of risk has risen by 89.7% compared with June 30, 2011.

The contribution of the Banque Populaire network to the Group's net income attributable to equity holders of the parent stands at €115 million.

3.2 Caisse d'Epargne

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

- **Customer base**

In the second quarter of 2012, the customer base of the Caisses d'Epargne enjoyed substantial growth among all customer target groups, confirming the success of the development policy and increased use of sophisticated banking services.

¹⁸ Pro forma to account for the disposal of Eurosic and Foncia in June and July 2011

As a result, the number of active individual customers rose by 3.4% while that of principal active customers using banking services grew by 8.3%. At the same time, the contribution of young customers and customers not using the Caisse d'Epargne as their principal banking partner to the growth in the number of active customers increased significantly. Growth in the customer base among professional customers is also very strong with a 7.6% increase in the number of active professionals banking with the French savings banks.

- **Savings deposits**

The Caisses d'Epargne continued to develop new deposits related to on-balance sheet savings products, enabling them to boast 8.6% growth in aggregate deposits (excluding centralized savings products). This momentum is strong for both demand deposits (+7.7%) and passbook savings accounts (+6.4%). New deposits recorded by the Bank for Regional Decision-Makers (serving the market comprised of business customers, local authorities, etc.) enjoyed strong growth, buoyed up by the success of the Associatis and Social Housing passbook savings accounts.

In contrast to the strong growth enjoyed by on-balance sheet savings products, financial savings continue their decline. In a context of very low short-term rates, outflows from mutual funds weighed down on the aggregate deposit figures (-20.2%). New inflows related to life insurance products continued to grow (+1.5%) in, however, a negatively oriented market.

- **Loan outstandings**

Loan outstandings stood at €177.4 billion at June 30, 2012, up 9.0%.

Real estate loan outstandings again showed strong growth (+9.6%), despite a 27% decline in new loan production in the first half of the year overall.

With regard to consumer finance, outstandings stood up well with a marginal increase of 0.5%, buoyed up by new loan production that remained high in a shrinking market.

The strong upward trajectory enjoyed by equipment loans continued during the quarter at +12.3%, driven by a higher rate of new loan production than in 2011 among corporate and professional customers, two type of customers targeted for expansion.

- **Financial results**

Quarterly net banking income posted by the Caisse d'Epargne network reached a total of €1,681. If changes in provisions for home purchase savings schemes and the impact of the decline in commissions earned on *Livret A* passbook accounts are excluded, net banking income declined by 2.0% compared with the 2nd quarter of 2011.

Operating expenses have been trimmed by 0.9% compared with the 2nd quarter last year to reach a total of €1,102 million.

The cost/income ratio stands at 65.6%, up by a very slight 0.8 percentage points over the same period in 2011.

The cost of risk has increased by 41.6% to reach a total of €126 million.

The contribution of the Caisse d'Epargne network to the Group's net income attributable to equity holders of the parent stands at €283 million.

3.3 Real estate financing

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

Crédit Foncier is actively pursuing the implementation of its 2012-2016 strategic plan, adopted in November 2011. The aim of this plan is to refocus Crédit Foncier's business activities on its core business lines in France, serving the needs of its customers and those of the Group's retail networks, to develop synergies with the Caisses d'Épargne and the Banque Populaire banks, and to discontinue its international activities.

The initial results of the execution of this plan are in line with the predetermined targets.

In the first half of 2012, the disposal of the international portfolio and the buyback of related liabilities continued at a sustained rate, making it possible to liquidate the bank's entire exposure to Greek sovereign debt during the 2nd quarter of 2012.

Since the plan was first launched, international securities have been sold for a total value of almost €2.8 billion while liabilities have been subject to buyback operations for a total of €1.9 billion (including €1.5 billion of disposals and €0.9 billion of buybacks in the first half of 2012), generating a net negative impact of €21 million on net banking income in the second quarter of 2012.

A cost-cutting plan – a major aspect of the strategic plan – has been launched (personnel expenses and the pooling of IT resources with BPCE).

In the first half of 2012, commercial activities remained buoyant despite the sharp drop in the real estate financing market. The aggregate volume of new loan production in France stands at €4.1 billion, down 15% compared with the same period last year.

In the individual customer market, new loan production amounted to €3 billion, with strong positions in the segment represented by home-ownership schemes for low-income families and other first-time buyers.

With respect to new business related to the funding of corporate customers in France, the activity stood at €1.1 billion in the first six months of the year with a good performance achieved in the area of lending to local authorities and to social housing bodies.

In the second quarter of 2012, the contribution of Real estate financing to the Group's income before tax amounted to €27 million compared with €52 million in the second quarter of 2011.

3.4 Insurance

The Insurance business line concerns BPCE Assurances and CNP Assurances.

Life insurance premium income, reflecting a sluggish business environment, fell 27% to a total of €1,504. Net outflows of €0.4 billion were recorded in the second quarter of 2012. The resilience of inflows to unit-linked life insurance policy, which accounted for 12% of gross inflows during the first half of 2012, should be emphasized.

In contrast to this disappointing performance, the Non-life and Provident and Health insurance activities demonstrated strong commercial dynamism.

With respect to Non-life insurance, premium income boasted very strong growth of 15.0% to reach a total of €89 million with a portfolio of contracts up 7%.

With respect to Provident and Health insurance, premium income stands at €95 million, reflecting double-digit growth (+31%, with Health accounting for 11%). Gross sales have

grown 9% thanks to the success of the Funeral contract, while the portfolio of contacts has grown by 11%.

The contribution of the Insurance Division to the Group's income before tax in the second quarter of 2012 stands at €54 million, against €56 million at the same time last year.

3.5 International and 'Other networks':

- **International: 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.

During the past quarter, the customer base benefited from the dynamic trend in new account openings, with 4.9% growth in the number of new customers compared with the first quarter of 2012.

Savings deposits of BPCE IOM rose 3.1% to reach a total of €7.5 billion. This growth was driven by on-balance sheet savings products, which increased by +5.7% dominated by new deposits on term accounts. The corporate customer segment also had a positive impact on new deposit-taking (+6.4%).

Loan outstandings (+4.6%) increased across all segments to reach an aggregate total of €9.1 billion at June 30, 2012: personal loans (+10%), short-term credit facilities (+8.4%) and real estate loans (+6.3%). Growth is stronger for loans granted to individual customers (+6.9%) than for loans to business customers (+3.1%).

The contribution of the International division to the Group's income before tax stands at €16 million in the second quarter of 2012 against €12 million at the end of the same period in 2011.

- **Other networks: Banque Palatine**

Thanks to a constantly stronger drive to win new customers, the number of new 'high-net-worth' individual customers of Banque Palatine increased by 23.7%. New business customers representing "companies generating revenues of more than €15 million" rose by a total of 46.0%.

While savings deposits remain stable at €13.3 billion, on-balance sheet savings deposits alone experienced 8.4% growth to reach a total of €8.2 billion, driven by new inflows on term accounts and certificates of deposit. Off-balance sheet savings contracted sharply (-14.1%).

The loan outstandings position of the 'Other networks' division rose by 6.9% to a total of €6.7 billion, confirming the activity's good resilience in an adverse environment. Growth in outstandings reached 11.5% in the corporate customer market and short- and medium-term loans increased by 14.6% and 9.1% respectively.

In all, the contribution of the 'Other networks' division to the Group's income before tax stood at €38 million in the second quarter of 2012, down from €42 million at the same time last year.

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

The net banking income of the core business lines of Natixis (CIB, Investment Solutions and Specialized Financial Services) amounted to €1,509 million for the second quarter of 2012, down 6.3% compared with the second quarter of 2011. Two core businesses enjoyed growth in their results: Investment Solutions (+4.2%, to €494 million) and Specialized Financial Services (+3.6%, to €314 million). In the Corporate & Investment Banking arm, the limited decline in revenues (-15.8%) demonstrates the resilience of this business line when operating in a difficult environment.

Operating expenses, which stand at €998 million, reflect a moderate increase of 1.6%. The cost/income ratio has risen 5.1 percentage points compared with the second quarter in 2011 and now stands at 66.1%. The cost of risk has risen significantly (+65.4%).

The income before tax of the three core business lines taken together has declined by 26.2% to reach a total of €429 million.

After accounting for minority interests and income tax, the contribution of these activities to the Group's net income attributable to equity holders of the parent stands at €207 million, equal to a decline of 30.8%.

The return on equity of these core business lines stands at 14% in the second quarter of 2012.

For Natixis as a whole, net income attributable to equity holders of the parent is equal to €394 million in the second quarter of 2012, down 22% compared to the second quarter of 2011, but up 113% compared with the first quarter of 2012.

(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).

5. EQUITY INTERESTS

Equity Interests chiefly concern the activities pursued by Coface and Nexity. In view of the asset disposals completed in 2011, the segment information for this division has been restated accordingly for previous periods.

The net banking income posted by the Equity Interests division stands at €442 million for the second quarter of 2012 (+1.4% compared with the first quarter of 2012). Net income attributable to equity holders of the parent is equal to €36 million.

- **Coface core activities¹⁹**

The revenues generated by Coface in the second quarter of 2012 stand at €394 million, up 2% compared with the second quarter of 2011. Revenues for the first six months of 2012, however, have risen by a total of 6% compared with the first half of 2011 to reach €808 million.

Credit insurance revenues enjoyed 3% growth in the second quarter of 2012 and 6% growth in the first half of the year compared to the corresponding periods in 2011.

¹⁹ Credit insurance activities worldwide and factoring business in Germany and Poland

Coface has substantially improved its earning capacity. Its income before tax is 58% higher than the level reached in the first quarter of 2012 and stands at €52 million.

The combined ratio²⁰ stands at 78.5% in the second quarter of 2012, compared to 84.7% for the first quarter of 2012 owing to a less favorable economic environment.

The loss ratio has improved by 9.7 percentage points compared with the first quarter of 2012 with a claims ratio of 51.9% in the second quarter thanks, in particular, to the positive impact of reinsurance activities.

- **Nexity**

In a depressed market environment, exacerbated by uncertainties regarding the economic outlook, Nexity has demonstrated the strong resilience of its commercial results. Its order book stands at €3.4 billion, the equivalent of 20 months of development activity²¹ and representing a 1.5% increase over the level reported at the end of December 2011.

Compared with the first half of 2011, revenues for the first six months of this year remain stable at €1.2 billion. The Commercial real estate division has recorded good results with a 3.5% growth in revenues compared with the first half of 2011.

The success of the Residential real estate division in preserving its market share is confirmed and net reservations of housing units and building plots have experienced a limited 13% decline compared with the first half of 2011.

Notes on methodology

Capital is now allocated to Groupe BPCE's core business lines on the basis of 9% of average risk-weighted assets against 7% in 2011. Furthermore, the consumption of capital related to the securitization operations involving a deduction from regulatory Tier-1 capital is now attributed to the core business lines.

Related figures are published on a pro-forma basis to account for this new allocation.

The Eurosic and Foncia equity interests, sold in June and July 2001, were reclassified under "Other Businesses" on June 30, 2011.

Groupe BPCE sold part of its equity interest in Volksbank International AG (previously attributed to the Commercial Banking and Insurance Division) on February 15, 2012. On December 31, 2011, the financial items corresponding to the businesses in the process of divestment were reclassified under "Other Businesses" and the businesses not subject to divestment were attributed to the Equity Interests core business line.

The segment information of Groupe BPCE has been restated accordingly for previous reporting periods.

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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²⁰ New loss ratio (claims to premium ratio)

²¹ Revenues on a sliding 12-month basis