



Press Release

Paris, July 30, 2015

GROUPE BPCE: RESULTS¹ FOR THE 2ND QUARTER AND 1ST HALF OF 2015

Enhanced results: net income² of €841m in Q2-15 (+2.3%) and of €1,850m in H1-2015 (+9.7%)

COMMERCIAL DYNAMISM IN ALL OUR CORE BUSINESS LINES³

- **Banque Populaire and Caisse d'Epargne retail banking networks**
 - Growth in deposits & savings: **+€28bn** year-on-year to **€618bn**
 - Loan outstandings up **2.7%** year-on-year
- **Insurance**
 - Sustained growth in the non-life portfolio: **+9.7%** year-on-year
 - **3.8%** growth in life funds and substantial increase in the impact of unit-linked contracts
- **Core business lines of Natixis**
 - Wholesale Banking: buoyant new loan production in the Structured finance activity (**+€14bn in H1-15**) and very good performance achieved by the Equity derivatives business
 - Investment Solutions: record-breaking half year for net asset management inflows (**+€29bn** in H1-2015) taking assets under management to **€812bn** at June 30, 2015, DNCA included (+€17bn)
 - SFS: very good momentum maintained in the Specialized financing business, notably in Consumer finance (outstandings up 9%) and in Sureties & Financial guarantees (premiums up 22%)

A ROBUST BASIS OF RESULTS IN H1-2015

- Revenues⁴ generated by the Group's core business lines up by **7.2%** vs. H1-14 (+4.5% at constant exchange rates) and by **6.3%** vs. Q2-14 (+3.7% at constant exchange rates)
- Cost/income ratio² improved by **2.2 percentage points** vs. H1-14
- Cost of risk down **25bps in Q2-15** vs. 41bps in Q1-15 and 33bps in Q2-14
- Net income² of the core business lines: +14.1% in H1-15, to **€2bn**, and +15.8% in Q2-15 to **€1bn**

CONTINUED STRENGTHENING OF THE BALANCE SHEET STRUCTURE

- Common Equity Tier-1 ratio⁵ stood at **12.4%** at June 30, 2015 (+20bps vs. Q1-15) and the overall capital adequacy ratio⁵ came to **15.9%** (+20bps vs. Q1-15), including the acquisition of DNCA
- Leverage ratio⁶ equaled **4.8%** at June 30, 2015 (+20bps vs. Q1-15)
- Customer loan-to-deposit ratio came to **119%**⁷ at June 30, 2015, down 2 percentage points compared with Dec. 31. 2014
- Liquidity reserves covered **132%** of short-term funding and MLT & subordinate maturities ≤ 1 year at June 30, 2015, up 12 percentage points since Dec. 31. 2014

¹ Q2 and H1-2014 results are presented pro forma (cf. the note on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of June 30, 2014

² Excluding non-economic and exceptional items and excluding the impact of IFRIC 21

³ Core business lines: Commercial Banking & Insurance, Wholesale Banking, Investment Solutions, and Specialized Financial Services

⁴ Excluding non-economic and exceptional items

⁵ Estimate at June 30, 2015 – CRR/CRD4 without transitional measures after restating to account for deferred tax assets on tax loss carryforwards

⁶ Estimate at June 30, 2015 according to the rules of the Delegated Act published by the European Commission on October 10, 2014 - without transitional measures CRR/CRD4 after restating to account for deferred tax assets on tax loss carryforwards

⁷ Excluding SCF (Compagnie de Financement Foncier, the Group's *société de crédit foncier* – a French legal covered bonds issuer)

On July 30, 2015, the Supervisory Board of BPCE convened a meeting chaired by Pierre Valentin to examine the Group's financial statements for the second quarter of 2015.

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

"Our results for the first half of 2015 confirm the positive trajectory followed by Groupe BPCE. Net income (excluding non-economic and exceptional items) reached 1.76 billion euros for the first six months of the year, equal to growth of 10% compared with the same period in 2014. The revenues of our core business lines have risen by 7.2%, buoyed up by the positive commercial dynamics of the retail banking networks, Crédit Foncier and the business activities of Natixis, against a background of tightly managed operating expenses (+2.7%) and stability in the cost of risk. The Group's balance sheet is continuously being reinforced in line with the targets laid down in our strategic plan "Another way to grow," with further improvement during the quarter of our capital adequacy ratios (a Common Equity Tier-1 ratio of 12.4%, +20 basis points; total capital of 15.9%, +20 basis points), our leverage ratio (4.8%, +20 basis points), and our liquidity reserves which now cover 170% of our short-term funding requirements. As the sixth anniversary of its creation approaches at the end of July 2015, Groupe BPCE has demonstrated its financial strength and commercial dynamism."

1. CONSOLIDATED RESULTS⁸ OF GROUPE BPCE IN THE 2ND QUARTER AND 1ST HALF OF 2015

Groupe BPCE continued to perform well in the 2nd quarter of 2015. Revenues⁹ increased by 3.5% year-on-year to stand at 5,939 million euros. The revenues **Error! Bookmark not defined.** of the core business lines have risen by 6.3% in the space of one year (3.7% at constant exchange rates) to reach a total of 5,911 million euros. In the first half of 2015, revenues **Error! Bookmark not defined.** enjoyed growth of 6.7% year-on-year to reach 12,143 million euros. The revenues **Error! Bookmark not defined.** of the core business lines increased by 7.2% (4.5% at constant exchange rates) to stand at 11,815 million euros.

Groupe BPCE is continuing to reinforce its balance sheet with a Common Equity Tier-1 ratio (CET1) of 12.4%¹⁰ at June 30, 2015, up 20 basis points compared with March 31, 2015, and an overall capital adequacy ratio of 15.9%¹⁰, up 20 basis points compared with March 31, 2015. At June 30, 2015, the Group's leverage ratio¹¹ stood at 4.8%, up 20 basis points compared with March 31, 2015.

The liquidity position has improved with a customer loan-to-deposit ratio of 119%¹² at June 30, 2015. Liquidity reserves largely cover short-term funding and medium/long-term and subordinate maturities equal to or less than one year (at a rate of 132%, up 12 points compared with end- December 2014).

2014-2017 strategic plan "Another way to grow": revenue and cost synergies in line with targets

The revenue and cost synergies are in line with the targets adopted by Groupe BPCE's 2014-2017 strategic plan. Thus, additional revenues for a total of 326 million euros generated between the Banque Populaire banks, the Caisses d'Épargne and Natixis were booked at June 30, 2015 for a target of 870 million euros by 2017. Insurance accounted for 57% of these revenue synergies, consumer finance was responsible for 29% while the other businesses contributed 14%.

With respect to cost synergies, savings worth a total of 322 million euros were recorded at June 30, 2015 for a target of 900 million euros by 2017.

Changes in our organizational structure lay behind 70% of these synergies, the management of information systems accounted for 21% while processes (the use of the electronic signature, migration to electronic media, etc.) were responsible for 9%.

1.1 Consolidated results⁸ for the 2nd quarter of 2015: the net income^{9,13} of the core business lines stand at 1 billion euros, up 15.8%

The **net banking income**⁹ of Groupe BPCE in the 2nd quarter of 2015 came to 5,939 million euros, up 3.5% compared with the 2nd quarter of 2014. The core business lines contributed

⁸ Q2 and H1-2014 results are presented pro forma (cf. the note on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of June 30, 2014

⁹ Excluding non-economic and exceptional items

¹⁰ Estimate at June 30, 2015 – CRR/CRD4 without transitional measures after restating to account for deferred tax assets on tax loss carryforwards

¹¹ Estimate at June 30, 2015 according to the rules of the Delegated Act published by the European Commission on October 10, 2014 - without transitional measures CRR/CRD4 after restating to account for deferred tax assets on tax loss carryforwards

¹² Excluding SCF (Compagnie de Financement Foncier, the Group's *société de crédit foncier* – a French legal covered bonds issuer)

¹³ Excluding the impact of IFRIC 12

5,911 million euros to net banking income, up 6.3% compared with the same period in 2014 (3.7% at constant exchange rates).

The Group's **operating expenses** came to 3,929 million euros, up 2.1% year-on-year. The expenses of the core business lines, which came to 3,692 million euros, increased by 3.9%.

Gross operating income stands at 2,010 million euros, up 6.2% compared with the 2nd quarter of 2014. The contribution of the core business lines reached 2,219 million euros, up 10.7% year-on-year.

The **cost of risk** has declined by 10.5% compared with the 2nd quarter of 2014, to stand at 436 million euros, i.e. 25 basis points¹⁴. The **cost of risk of the core business lines**, which stands at 419 million euros, is down by 6.9% to 29 basis points.

Income before tax has risen 10.9% compared with the same period last year and stood at 1,663 million euros in the 2nd quarter of 2015. The income before tax of the core business lines came to 1,868 million euros, up 15.2% compared with the second quarter of 2014.

When restated to reflect the impact of IFRIC 21 and non-economic and exceptional items, **net income attributable to equity holders of the parent** rose by 2.3% to reach 841 million euros, while that of the core business lines rose 15.8% to 1,016 million euros. The **cost/income ratio** improved by 1.1 percentage points, to 67.2% for the Group as a whole. It stands at 63.5% for the core business lines, 1.7 points down compared with the 2nd quarter of 2014 (1.5 points at constant exchange rates). The Group's **ROE** is virtually unchanged at 6.2% (-0.1 point). This metric stands at 11% for the core business lines, representing a 2-point increase compared with the 2nd quarter of 2014.

After accounting for non-economic and exceptional items, in addition to the impact of IFRIC 21, the **published net income** for the 2nd quarter of 2015 enjoyed growth of 24.9% compared with the same period in 2014 and now stands at 1,053 million euros. The published net income of the core business lines rose by 17.6% to reach a total of 1,058 million euros.

1.2 Consolidated results⁸ for the first half of 2015: the net income^{9,15} of the core business lines stand at 2 billion euros, up 14.1%

In the 1st quarter of 2015, the **net banking income** of Groupe BPCE stood at 12,143 million euros, up 6.7% compared with the 1st quarter of 2014. The core business lines contributed 11,815 million euros to net banking income, up 7.2% compared with the first half of 2014 (+4.5% at constant exchange rates).

The Group's **operating expenses** stand at 8,087 million euros, up 2.7% year-on-year. The expenses of the core business lines, which came to 7,588 million euros, increased by 3.6%.

Gross operating income stands at 4,056 million euros, up 15.5% compared with the first half of 2014. The contribution of the core business lines amounted to 4,227 million euros, up 14.2% year-on-year.

Income before tax rose by a strong 19.2% in the space of one year to reach 3,276 million euros in the first half of 2015. For the core business lines, income before tax stands at 3,470 million euros, up 16.9% compared with the first half of 2014.

When restated to reflect the impact of IFRIC 21 and that of exceptional items, **net income attributable to equity holders of the parent** has risen by 9.7% to stand at 1,850 million

¹⁴ Cost of risk expressed in annualized basis points on gross customer outstandings at the beginning of the period including a reversal from provisions of €38m following the disposal in Q2-15 of the entire exposure related to Heta Asset resolution AG

¹⁵ Excluding the impact of IFRIC 12

euros while that of the core business lines increased by 14.1% to 2,037 million euros. The **cost/income ratio** shows a 2.2-point improvement and now stands at 65.6% for the Group as a whole. This ratio is equal to 63.2% for the core business lines, down 1.9 percentage points compared with the first half of 2014. The Group's **ROE** is equal to 6.8%, up 0.3 percentage point. This financial metric is 11% for the core business lines, up two points compared with the first half of 2014.

After accounting for non-economic and exceptional items and the impact of IFRIC 21, the **published net income** rose by 6.4% compared with the first half of 2014, to a total of 1,679 million euros; that of the core business lines grew by 15.8% and stands at 1,953 million euros for the first half of 2015.

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 2ND QUARTER OF 2015

In millions of euros	Q2-15	Q2-15/ Q2-14 * % change	Core business lines** Q2-15	Q2-15/ Q2-14* % change
Net banking income ***	5,939	+3.5%	5,911	+6.3%
Operating expenses ***	- 3,929	+2.1%	- 3,692	+3.9%
Gross operating income ***	2,010	+6.2%	2,219	+10.7%
Cost of risk ***	- 436	- 10.5%	- 419	- 6.9%
Income before tax ***	1,663	+10.9%	1,868	+15.2%
Net income attributable to equity holders of the parent ***	886	+2.5%	1,058	+15.4%
Restatement to account for the IFRIC 21 impact	- 45		- 42	
Net income attributable to equity holders of the parent****	841	+2.3%	1,016	+15.8%
Cost/income ratio ****	67.2%	-1.1 pt	63.5%	-1.7 pt
ROE****	6.2%	- 0.1 pt	11%	+2 pts
Impact on net income of non-economic and exceptional items	167			
Add-back to net income of the IFRIC 21 impact	45		42	
Published net income	1,053	+24.9%	1,058	+17.6%

* Q2-14 pro forma, cf. the note on methodology at the end of this press release

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

*** Excluding non-economic and exceptional items

**** Excluding non-economic and exceptional items and excluding the IFRIC 21 impact

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 1ST HALF OF 2015

In millions of euros	H1-15	H1-15/ H1-14 pf * % change	Core business lines** H1-15	H1-15/ H1-14 pf* % change
Net banking income ***	12,143	+6.7%	11,815	+7.2%
Operating expenses ***	- 8,087	+2.7%	- 7,588	+3.6%
Gross operating income ***	4,056	+15.5%	4,227	+14.2%
Cost of risk ***	- 929	+1.0%	- 892	+3.8%
Income before tax ***	3,276	+19.2%	3,470	+16.9%
Net income attributable to equity holders of the parent ***	1,760	+9.9%	1,953	+14.7%
Restatement to account for the IFRIC 21 impact	90		83	
Net income attributable to equity holders of the parent ****	1,850	+9.7%	2,037	+14.1%
Cost/income ratio****	65.6%	-2.2 pts	63.2%	-1.9 pt
ROE****	6.8%	+0.3 pt	11%	+2 pts
Impact on net income of non-economic and exceptional items	- 80			
Add-back to net income of the IFRIC 21 impact	- 90		- 83	
Published net income	1,679	+6.4%	1,953	+15.8%

* H1-14 pro forma, cf. the note on methodology at the end of this press release

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

*** Excluding non-economic and exceptional items

**** Excluding non-economic and exceptional items and excluding the IFRIC 21 impact

2. CONTINUED STRENGTHENING OF THE BALANCE SHEET STRUCTURE IN THE 2ND QUARTER OF 2015

2.1 A CET1 ratio and an overall capital adequacy ratio up 20 basis points in the 2nd quarter of 2015

Le Groupe BPCE boasts a high level of overall capital adequacy ratio¹⁶, estimated at 15.9% on June 30, 2015, up by 20 basis points compared with March 31, 2015 and by 30 basis points compared with December 31, 2014.

In line with the Group's priorities regarding its regulatory capital, total capital increased by 1.7 billion euros in the first half of 2015, rising from 61.2 billion euros at December 31, 2014 to an estimated 62.9 billion euros at June 30, 2015. For the most part, this growth in the Group's total capital is related to the increase in Common Equity Tier-1 or CET1 (1.6 billion euros) given that Tier-2 issues have offset the decline – for the same amount – of additional Tier-1 capital related to calls exercised on former hybrid Tier-1 issues. At June 30, 2015, estimated CET1 capital stood at 48.9 billion euros versus 47.3 billion euros at December 31, 2014.

The capital adequacy of Groupe BPCE continued to improve in the 2nd quarter of 2015 with a CET1 ratio (under Basel 3) estimated at 12.4%¹⁶ at June 30, 2015, up 20 basis points compared with March 31, 2015 (12.2%¹⁶).

The increase in the CET1 ratio is chiefly driven by retained earnings¹⁷. Groupe BPCE is able to retain a high percentage of its earnings on a regular basis with a view to building up a substantial CET1 safety buffer. By the end of the first 6 months of the year, reserves¹⁸ had increased by 1.4 billion euros, rising from 27.1 billion euros at December 31, 2014 to an estimated 28.5 billion euros at June 30, 2015.

Growth in risk-weighted assets (under Basel 3) remains under tight management, rising from 393 billion euros at December 31, 2014 to 395 billion euros at June 30, 2015.

At June 30, 2015, the leverage ratio¹⁹ (under Basel 3) stood at 4.8% versus 4.6% at March 31, 2015.

2.2 Increase in the rate at which short-term funding is covered by liquidity reserves

Liquidity reserves cover 132% of total short-term funding requirements and medium-/long-term and subordinated debt with maturities of one year or less. Liquidity reserves stood at 166 billion euros at June 30, 2015 (against 151 billion euros at June 30, 2014) including 117 billion euros of available assets eligible for central bank funding (113 billion euros at June 30, 2014) and 49 billion euros in liquid assets placed with central banks (38 billion euros at June 30, 2014).

The customer loan/deposit ratio of Groupe BPCE came to 119%²⁰ at June 30, 2015.

The liquidity coverage ratio (LCR) has been higher than 100%²¹ since June 30, 2014.

¹⁶ Estimate at June 30, 2015 – CRR/CRD4 without transitional measures after restating to account for deferred tax assets on tax loss carryforwards

¹⁷ Retained earnings, taking account of the projected distribution of dividends

¹⁸ Reserves net of prudential restatements

¹⁹ Estimate at June 30, 2015 according to the rules of the Delegated Act published by the European Commission on October 10, 2014 - without transitional measures CRR/CRD4 after restating to account for deferred tax assets on tax loss carryforwards

²⁰ Excluding SCF (Compagnie de Financement Foncier, the Group's *société de crédit foncier* – a French legal covered bonds issuer)

²¹ Based on Groupe BPCE's understanding of the latest Basel 3 standards available

2.3 Liquidity: 71% of the 2015 medium-/long-term funding program completed at June 30, 2015

Groupe BPCE's ability to access major debt markets allowed it to raise medium-/long-term (MLT) resources for an aggregate total of 17.7 billion euros at June 30, 2015 (equal to 71% of the 2015 program). Out of this 17.7 billion euro total, 13.7 billion euros were raised in the BPCE MLT funding pool and 4.0 billion euros were raised in the CFF MLT funding pool. The average maturity at issue now stands at 5 years and the average interest rate is equal to mid-swap +18bps. At June 30, 2015, one half of the MLT funding of Groupe BPCE had been completed in the form of public bond issues (50% in the form of private placements).

Readers are reminded that the medium-/long-term issuance program for 2015 aims to raise a total of 25 billion euros divided between the BPCE MLT funding pool (20 billion euros) the MLT funding pool of CFF (5 billion euros).

At June 30, 2015, 71% of the medium-/long-term funding program had been completed in the form of unsecured bond issues (29% in the form of covered bond issues).

Groupe BPCE continues to raise very substantial funds thanks to a greater diversification of its investor base. As a result, 44% of the unsecured bonds issued in the institutional market were placed in currencies other than the euro (notably 22% in USD and 10% in JPY).

3. RESULTS²² OF THE BUSINESS LINES: BUOYANT COMMERCIAL ACTIVITIES

3.1 Commercial Banking & Insurance: strong growth in contribution to the Group's income before tax

The Commercial Banking & Insurance business line groups together the activities pursued by the Banque Populaire and Caisse d'Épargne retail banking networks, and those of the Other Networks division comprised of the subsidiaries of BPCE IOM, Banque Palatine, Crédit Foncier and the minority interest in CNP Assurances.

The Banque Populaire banks and Caisses d'Épargne achieved a solid commercial performance in the 2nd quarter of 2015. Aggregate customer deposits & savings stood at 618 billion euros at June 30, 2015, up 28 billion euros year-on-year. This growth was chiefly driven by an increase in on-balance sheet savings, excluding centralized deposits (+8.7% year-on-year). The second quarter of 2015 confirms the recovery in off-balance sheet savings, which enjoyed year-on-year growth in deposits of 3.5% buoyed up by the positive momentum of life insurance.

Loan outstandings stood at 384 billion euros at June 30, 2015, reflecting year-on-year growth of 2.7%, or by 10 billion euros. Lending to households enjoyed an extremely buoyant rate of growth, notably in the area of consumer loan outstandings where new loan production rose by 17% for the Banque Populaire banks and by 14% for the Caisses d'Épargne versus the first half of 2014. The first half of the year also confirmed the recovery in loans granted to corporate customers. New equipment loan production rose substantially in the first half of 2015 compared with the same period in 2014: +10% for the Banque Populaire banks, +21% for the Caisses d'Épargne. As such, Groupe BPCE confirms its active role in financing the French economy.

Driven by innovation, Groupe BPCE is actively pursuing its ambition to be the leading bank for interpersonal and online customer relations with a host of initiatives completed during the first six months of 2015.

Banque Populaire has innovated with the launch of *Suite Entreprise Watch*, the first banking application for Apple and Android smartwatches specifically tailored for entrepreneurs. This software application allows business creators to manage their companies' finances in real time – and with optimum security – even when they are out of the office.

The Caisse d'Épargne has modernized its long-standing savings product – the Livret A passbook savings account – with the launch of *Livrets À Connecter*, the first participative savings service enabling users to connect their savings accounts to an electronic piggy bank. At the same time, it has created an online crowdfunding platform known as *Espace Dons* (or "gift space") designed for associations, foundations and endowment funds.

Banque Populaire and the Caisse d'Épargne, in association with Natixis Payment Solutions and Oberthur Technologies (OT), a world leader in digital security solutions, have announced tests of the first payment card integrating a dynamic cryptogram solution, Motion Code™. This technology replaces the three-figure security code on the back of the card with a 'mini-screen' displaying a code that automatically changes periodically, adding an additional layer of security to online transactions.

The digital transformation of Groupe BPCE gathered pace with the signature of a strategic partnership with Facebook. This cooperation will enable all the Group's different entities and

²² Q2 and H1-2014 results are presented pro forma (cf. the note on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of June 30, 2014

business lines to offer their customers innovative solutions that are more closely in line with the way they use the world's No.1 social network.

Financial results²² of Commercial Banking & Insurance in the 2nd quarter and 1st half of 2015

The **revenues** generated by the Commercial Banking & Insurance business line came to 3,904 million euros²³ in the 2nd quarter of 2015, equal to growth of 4.7% compared with the same period in 2014. Revenues stood at 7,866 million euros²³ for the first half of 2015, representing growth of 4.8% compared with the first half of 2014.

Against a background of persistently low interest rates, the net customer interest margin remained under negative pressure. Commissions charged on lending activities enjoyed strong growth owing to the larger number of loan renegotiations and early redemption.

Operating expenses remain tightly managed and amounted to 2,448 million euros in the 2nd quarter of 2015, to the effect that they came to an aggregate total of 5,052 million euros in the 1st half of 2015, stable on a year-on-year basis.

Gross operating income amounted to 1,440 million euros in the 2nd quarter of 2015, up 11.4% year-on-year. It rose by 13.8% during the first 6 months of the year to reach 2,787 million euros.

The **cost of risk**, which stood at 359 million euros during the quarter, has improved by 4.1%. Reaching a total of 752 million euros in the first half of the year, it has increased by 5.4% compared with the first half of 2014.

The **contribution of the Commercial Banking & Insurance business line to the Group's income before tax** came to 1,136 million euros at the end of the 2nd quarter of 2015, equal to growth of 15.3% compared with the 2nd quarter of last year. Income before tax reached 2,148 million euros in the first half of 2015, representing growth of 16.0%.

If income before tax is restated to account for the impact of IFRIC 21, this item represents a total of 1,093 million euros in the 2nd quarter, equal to 17.1% growth year-on-year. The Caisses d'Epargne accounted for 46% of this result, the Banque Populaire banks contributed 39%, and the Other networks contributed 15%. Income before tax for the 1st half of the year stands at 2,233 million euros, up by 14.2% compared with the first half of 2014. The **cost/income ratio**²⁴ enjoyed a 2.7-point improvement compared with the 2nd quarter of 2014 to stand at 64.1%. During the first 6 months of the year 2015, it has declined by 2.6 percentage points and now stands at 63.4%. The **ROE**²⁴ stood at 9% in the 2nd quarter of 2015 and at 10% in the first half of 2015, up 1 point.

3.1.1 Banque Populaire: strong growth in deposits & savings, substantial decline in the cost of risk

The Banque Populaire network comprises the 18 Banque Populaire banks, including CASDEN Banque Populaire and Crédit Coopératif and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.

- **Customer base**

The Banque Populaire retail banking network is pursuing its development strategy aimed at priority customer categories, leading to 5.8% year-on-year growth in the number of individual customers using banking services and insurance products, by 1.5% growth in the number of principal customers using banking services, and a 2.2% increase in the number of professional customers active in a dual professional and private capacity.

²³ Excluding changes in provisions for home purchase savings schemes

²⁴ Restated to account for the impact of IFRIC 21

- **Customer deposits & savings**

Deposits & savings recorded strong growth of 15 billion euros year-on-year. Aggregate deposits & savings stood at 228 billion euros at June 30, 2015. If centralized products are excluded, on-balance sheet deposits & savings stood at 149 billion euros, equal to growth of 9.2% on a rolling 12-month basis driven, in particular, by demand deposits (+14.8%) and home purchase savings schemes (+9.7%). At the same time, life funds enjoyed year-on-year growth of 4.8%.

- **Customer loan outstandings**

Customer loan outstandings stood at 169 billion euros at the end of June 2015, representing growth of 1.3%²⁵ year-on-year. Home loan outstandings rose 3.3% compared to the same period in 2014. The production of new consumer loans was extremely dynamic, enjoying growth of 17% in the first half of 2015 compared with the first half of 2014. The production of new equipment loans during the period confirmed the recovery first noted at the end of 2014 with 10% growth compared with the first half of 2014.

- **Insurance**

The portfolio of P&C, provident and health insurance contracts continued to grow, with an increase of 7.6% in P&C insurance cover and 4.9% growth in provident and health insurance contracts versus June 30, 2014.

- **Financial results**

Net banking income for the 2nd quarter of 2015 came to 1,652 million euros (excluding changes in provisions for home purchase savings schemes), up 2.6% compared with the 2nd quarter of 2014. This change results from a 1.7% reduction in the net customer interest margin (excluding changes in provisions for home purchase savings schemes) and 5.3% growth in commissions. Net banking income for the first half of 2015 stands at 3,312 million euros (excluding changes in provisions for home purchase savings schemes), equal to growth of 3.1% compared with the first half of 2014.

Operating expenses, which amounted to 1,052 million euros, rose by 1.4% between the 2nd quarter of 2014 and the 2nd quarter of 2015. For the first half of the year, these expenses came to 2,157 million euros, virtual the same (+0.5%) as in the first half of 2014.

Gross operating income came to 594 million euros in the 2nd quarter, up 4.2% compared with the 2nd quarter of 2014. It amounted to 1,144 million euros for the first half of 2015, equal to 7.5% compared with the first half of 2014.

The **cost of risk**, which stands at 164 million euros, is 8.7% lower than in the 2nd quarter of 2014 following a decline in individual provisions. Equal to 337 million euros in the first half of 2015, it has fallen by 0.3% versus the first half of 2014.

Income before tax saw 9.9% year-on-year growth, rising to 440 million euros in the 2nd quarter of 2015. It came to an aggregate 829 million euros for the first half of 2015, equal to an increase of 11.2% compared with the first half of 2014.

If the results are restated to account for the impact of IFRIC 21, income before tax stands at 423 million euros in the 2nd quarter of 2015, equal to year-on-year growth of 11.3%. The **cost/income ratio** is down by a 0.8 percentage point, to 64.9%. In the first half of the year, the restated income before tax stands at 863 million euros, representing growth of 9.7% compared with the first half of 2014. During this period, the cost/income ratio improved by 1.3 percentage points to 64.3%.

²⁵ Changes expressed on the basis of pro-forma outstandings, following changes in the scope of consolidation of the Crédit Coopératif group following the adoption of IFRS 10 and IFRS 11

3.1.2 Caisse d'Epargne: good commercial performance driven by growth in the customer base

The Caisse d'Epargne network comprises the 17 individual Caisses d'Epargne along with their subsidiaries.

- **Customer base**

The strategy of increasing the delivery of banking services to individual customers of the Caisse d'Epargne network was pursued in the 2nd quarter of 2015 and led to 2.0% growth in the number of individual customers using banking facilities. In the professional and corporate customer segments, the strategy of winning new customers led to a 3.3% increase in the number of active professional customers and to 7.9% growth in the number of active corporate customers.

- **Customer deposits & savings**

Aggregate deposits & savings rose by 13 billion euros in the space of one year compared with June 30, 2014, to reach 390 billion euros at June 30, 2015.

If centralized products are excluded, aggregate on-balance sheet deposits & savings came to 203 billion euros, up 16 billion euros compared with June 30, 2014, equal to growth of 8.4%. Demand deposits grew by 15.6%, term accounts by 18.2%, and home purchase savings schemes by 11.5%.

Off-balance sheet deposits & savings amounted to 124 billion euros at June 30, 2015, driven by the growth in life insurance with an increase in life funds of 4.3%.

- **Customer loan outstandings**

Customer loan outstandings amounted to 215 billion euros at the end of June 2015, up 4.4% versus the end of June 2014 driven, in particular, by the dynamic performance achieved by home loans (+4.9%). In the first half of the year, customer loans enjoyed 14% growth in new production compared with the same period in 2014. The recovery in equipment loans was confirmed with new production up 21% in the first half of the year.

- **Insurance**

Buoyed up by enhanced business activity, the portfolio of P&C contracts enjoyed 11.3% growth on a rolling 12-month period. In the first half of the year, net sales increased by a spectacular 63% compared with the first half of 2014. The portfolio of provident and health insurance contracts continued to enjoy buoyant growth, with a 12.0% increase year-on-year.

- **Financial results**

Net banking income for the 2nd quarter of 2015 stands at 1,806 million euros (excluding changes in provisions for home purchase savings schemes), up 4.6% compared with the 2nd quarter of 2014. This change is the result of a 1.4% decline in the net customer interest margin (excluding changes in provisions for home purchase savings schemes) and an 8.5% increase in commissions.

Net banking income for the first half of 2015 comes to 3,679 million euros (excluding changes in provisions for home purchase savings schemes), representing growth of 4.2% compared with the first half of 2014.

Operating expenses came to 1,144 million euros in the 2nd quarter of 2015, leading to an aggregate total of 2,361 million euros for the first six months of 2015, stable from one year to the next.

Gross operating income came to a total of 651 million euros in the 2nd quarter, up 11.2% compared with the same period in 2014. For the first half of the year, it stands at 1,301 million euros, up 11.3% compared with the first half of 2014.

The **cost of risk**, which came to 132 million euros in the 2nd quarter of this year, has declined by 5.3% versus the 2nd quarter of 2014 thanks to a reduction in the individual cost of risk. In the first half of 2015, however, the cost of risk has increased by 10.4% year-on-year to stand at 305 million euros.

Income before tax has grown by 15.9% to reach 518 million euros in the 2nd quarter of 2015. It stands at 995 million euros for the first half of the year, representing growth of 11.5%.

If the results are restated to account for the impact of IFRIC 21, income before tax comes to 500 million euros in the 2nd quarter of 2015, representing an increase of 17.4% year-on-year. The **cost/income ratio** is down by 2.6 percentage points, to 64.8%. In the first half of the year, restated income before tax amounts to 1,031 million euros, equal to 10.3% growth compared with the first half of 2014. During this same period, the cost/income ratio has declined by 2.2 percentage points, to 63.5%.

3.1.3 Other networks

- **Real estate Financing**

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

In what remains an uncertain environment for the real-estate segment, the activities pursued by Crédit Foncier remained buoyant in the 1st half of 2015. Aggregate new home loan production came to 4.8 billion euros (4.0 billion euros for individual customers and 0.8 billion euros for real-estate investors and public facilities), up 11% compared with the first half of 2014. This new loan production went hand-in-hand with an improvement in margins.

In the 2nd quarter of 2015, the **net banking income** of the Real-estate Financing division rose by 24.0% compared with the same period in 2014, to reach a total of 232 million euros thanks to a rise in commissions related to the high level of early loan redemptions.

Restated to account for exceptional items²⁶, net banking income has risen by 5.2% compared with the 2nd quarter of 2014, while the net interest margin has remained stable.

In the first half of 2015, net banking income stands at 451 million euros, representing strong growth (+27.0%) compared with the first half of 2014.

Operating expenses have fallen significantly (-8.9%), benefitting from a decline in aggregate payroll expenses following the implementation of a retirement plan and a decline in IT expenses; these expenses came to 123 million euros at the end of the 2nd quarter of 2015. In the first half of 2015, they stand at 268 million euros, down by 7.1%.

The **cost of risk** comes to 31 million euros, representing a decline of 16.6% compared with the 2nd quarter of 2014. It stands at 57 million euros for the first 6 months of the year, down 11.1% year-on-year.

Income before tax amounted to 79 million euros in the 2nd quarter of 2015 and to 129 million euros for the first half of 2015.

²⁶ Notably the positive impact of the credit valuation adjustment (CVA) and of the debit valuation adjustment (DVA) as well as the transfer to BPCE of the RMBS portfolio in September 2014

If the results are restated to account for the impact of IFRIC 21, income before tax came to 74 million euros in the 2nd quarter of 2015 and to 141 million euros for the first half of the year. The **cost/income ratio** stood at 55.2% in the 2nd quarter of 2015, down 20.8 percentage points, and at 56.9% in the first half of 2015, down 19.9 percentage points versus the same period last year.

- **Insurance and Other networks (CNP, BPCE IOM, Banque Palatine)**

Insurance

The principal entity comprising the Insurance division is the minority interest in CNP Assurances, accounted for by the equity method.

In life insurance, gross new inflows generated by the Caisses d'Épargne came to 2.3 billion euros in the 2nd quarter of 2015, representing growth of 4.8% year-on-year, and rose to 5.2 billion euros in the first half of the year, equal to 7.1% year-on-year growth driven, in particular, by private banking products, which accounted for 61.2% of gross inflows in the 2nd quarter of 2015 (versus 59.3% in the 1st quarter of 2015 and 58.2% in the 2nd quarter of 2014), with growth boosted, in particular, by up-market contracts.

BPCE IOM

BPCE International et Outre-mer (BPCE IOM) represents all the international and overseas subsidiaries of Groupe BPCE (with the exception of Natixis).

The customer deposits & savings received by BPCE IOM have risen 6.8% year-on-year, reaching a total of 8.7 billion euros at June 30, 2015. This growth was driven by on-balance sheet deposits & savings: +10.2% on demand deposits and +6.3% on other on-balance sheet products. Off-balance sheet deposits & savings declined by 0.6% year-on-year.

Customer loan outstandings, at the end of June 2015, are up 5.5% on a rolling 12-month basis, reaching a total of 9.3 billion euros. In the individual customer segment, loan outstandings have risen by 6.1% with strong 7.9% growth in home loan outstandings.

In the corporate customer segment, loan outstandings have risen by 5.1%

The contribution made by BPCE IOM to the income before tax of Groupe BPCE restated to account for the impact of IFRIC 21, stands at 14 million euros in the 2nd quarter of 2015. Income before tax stands at 45 million euros in the first half of 2015.

Banque Palatine

At June 30, 2015, the customer deposits & savings²⁷ of Banque Palatine were stable versus the previous period at 16.9 billion euros. On-balance sheet savings and deposits rose by 5.4% at the expense of off-balance sheet savings, which declined by 11.4%.

The growth in on-balance sheet deposits & savings is driven by the corporate customer market (+5.8%). Private banking deposits & savings enjoyed a positive momentum both for off- and on-balance sheet deposits & savings (+1.3% and +2.7% respectively).

Customer loan outstandings²⁸ rose by 6.5% to 7.9 billion euros. Loans granted to corporate customers, reflecting the dynamism of new medium-/long-term loan production, rose by 9.3% year-on-year. In the private banking customer segment, the 4.3% decline in outstandings was offset by the level of new loan production in the first half of 2015.

The contribution made by Banque Palatine to the income before tax of Groupe BPCE restated to account for the impact of IFRIC 21, stands at 25 million euros in the 2nd quarter of 2015,

²⁷ Average position in June 2015

²⁸ Loan outstandings at end-June 2015

representing growth of 9.5%. Income before tax stands 46 million euros in the first half of 2015, equal to growth of 6.7%.

3.2 Core business lines of Natixis^{29,30,31}: Wholesale Banking, Investment Solutions and Specialized Financial Services: enhanced profitability in the first half of 2015

The **net banking income** of the core business lines of Natixis (Wholesale Banking, Investment Solutions, and Specialized Financial Services) came to 2,023 million euros in the 2nd quarter of 2015, up 10.5% compared with the 2nd quarter of 2014. It amounted to 3,976 million euros at the end of the first half of 2015, up 12.8% compared with the first half of 2014.

The **operating expenses** of the core business lines of Natixis, which reached a total of 1 244 million euros in the 2nd quarter of 2015, have risen by 11.3% year-on-year. They amounted to 2,536 million euros at the end of the first half of 2015, equal to an increase of 11.6% year-on-year.

The **gross operating income** of the core business lines of Natixis stood at 779 million euros in the 2nd quarter of 2015, representing growth of 9.3% year-on-year. It came to 1,440 million euros at the end of the first half of 2015, up 15.1% year-on-year.

The **cost of risk** of the core business lines of Natixis fell by 21.9% in the 2nd quarter of 2015 to 59 million euros. The cost of risk in the first half of 2015 displayed a 4.2% year-on-year decline to 140 million euros.

In the 2nd quarter of 2015, the **income before tax** of the core business lines of Natixis came to 732 million euros, representing a 15.0% year-on-year increase. It stood at 1,322 million euros in the first half of 2015, up 18.5% on a year-on-year basis.

If the results are restated to account for the impact of IFRIC 21, **income before tax** came to 714 million euros, up 15.4% compared with the 2nd quarter of 2014. It stood at 1,357 million euros in the first half of 2015, representing growth of 17.6% year-on-year.

- In the Wholesale Banking division, **income before tax**³² in the first half of the year rose by 9%³¹ year-on-year. Net banking income rose by 7.6% compared with the first half of 2014 (+10% if non-recurring structured financing operations accounted for in the first quarter of 2014 are excluded). This growth is chiefly driven by the contribution from the international platforms and, more particularly, the Asia platform (+59%). Operation expenses, which rose in the 2nd quarter, include investments in international assets, a negative sterling/euro exchange rate effect, and the application of the Dodd Frank Act and Volcker Rule in the United States. Wholesale Banking accounted for 46% of the **income before tax**³² of the core business lines.
- The **Investment Solutions** division delivered a fine performance with first-half **income before tax**³² up 33.8% on a year-on-year basis, thanks to a substantial increase in revenues from all its business activities (+22.8% at current exchange rates and +10% at constant exchange rates). Buoyed up by all its geographical zones, asset management achieved record-breaking fund inflows of 29 billion euros during the first half of the year. The Investment Solutions division accounted for 39% of the **income before tax**³² of the core business lines.

²⁹ Contribution figures ≠ figures published by Natixis

³⁰ Q2 and H1-2014 results are presented pro forma (cf. the note on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of June 30, 2014

³¹ Q2-14 and H1-14 figures restated to account for changes in methodology related to the implementation of IFRS13 (-€37m in net banking income)

³² Excluding the impact of IFRIC 21

The **income before tax**³² of the **Specialized Financial Services (SFS)** division achieved significant growth of 11.6% in the first half of 2015. Revenues rose by 4.2%, driven by the Specialized financing activities³³ (+8% year-on-year). The Financial Services division accounted for 15% of the **income before tax**³² of the core business lines.

The **cost/income ratio**³² of the core business lines de Natixis remained stable at 62.3% in the 2nd quarter of 2015 and at 62.9% in the first half of 2015.

The **ROE**³² stood at 14% in the 2nd quarter of 2015, representing a 2-point increase compared with the 2nd quarter of 2014 and at 13% in the first half of 2015, equal to a 1-point increase compared with the first half of 2014.

(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)

3.3 Equity interests

The Equity Interests division includes the Group's stake in Nexity and its equity interest in Natixis (including Coface and the Private Equity activities).

In the 2nd quarter of 2015, the net banking income of the Equity interests division stood at 196 million euros, down 7.3% compared with the 2nd quarter of 2014. In the first 6 months of the year, it stood at 423 million euros, stable compared with the first half of 2014.

Income before tax in the 2nd quarter came to 120 million euros; that of the first half of the year stood at 170 million euros.

If the results are restated to account for the impact of IFRIC 21, income before tax came to 119 million euros during the 2nd quarter and amounted to 171 million euros for the first half of the year.

- **Coface**

The turnover³⁴ generated by Coface came to 359 million euros in the 2nd quarter of 2015, representing growth of 2% year-on-year. Turnover amounted to 736 million euros in the first half of the year, equal to 2% growth year-on-year thanks to good commercial dynamics.

The credit insurer subsidiary also boasts tight control over its expenses³⁵, which remained stable during the 6-month period.

The combined ratio, which came to 81.9%, increased by almost 4 points in the first half of 2015 owing to:

The increase in the cost ratio, which stood at 29.8% versus 27% in the first half of 2014 owing to growth in business activities,

The increase in the loss ratio, which came to 52% versus 50.9% in the first half of 2014, owing to the deterioration in the economic environment in certain emerging markets.

Agreement with the French Public Investment Bank (BPI) to transfer the management of public procedures for a total value of approximately 90 million euros.

- **Nexity**

³³ Specialized financing include the following activities: Consumer credit, Factoring, Sureties & financial guarantees, Leasing and film and audio-visual finance

³⁴ Constant perimeter and foreign exchange rates

³⁵ Constant perimeter and foreign exchange rates, excluding exceptional items

In the 2nd quarter of 2015, Groupe BPCE pursued its strategy of divesting non-strategic assets by selling 13.65% of the capital of Nexity. Now carried in the "Available-for-sale assets" portfolio, the Group's residual interest in Nexity stands at 19.75% of the company's equity. The impact on net income of its removal from the scope of consolidation is equal to 109 million euros.

On July 29, 2015, Groupe BPCE announced the sale of an additional 6.9% interest in the capital and voting rights of Nexity. The Group's residual interest is now equal to 12.8%.

For further details about the financial results for the 2nd quarter and first half of 2015, please consult the Investors/Results section of the corporate website www.groupebpce.fr

Notes on methodology

- ✓ The Q2-14 quarterly and H1-14 interim financial results are presented pro forma

The segment information has been modified as of Q2-14. The Commercial Banking & Insurance division is now divided into 3 sub-divisions: the Banque Populaire banks, the Caisses d'Épargne, and the Other networks sub-division (previously 'Insurance and Other networks' division) that chiefly comprises the Banque Palatine, BPCE IOM and Credit Foncier subsidiaries along with the minority equity interest in CNP Assurances. The Workout portfolio management sub-division has also been grouped together with the Corporate center division.

The application of IFRS 10 and IFRS 11 has led to changes in the scope of consolidation of the Crédit Coopératif group.

The fact that IFRIC 21 has been applied retroactively from January 1, 2014 means that taxes and levies imposed by a public authority must be recognized as a liability as of Q1 when the obligating event occurs in Q1 (previously, these taxes and levies were generally recognized throughout the year). Cf. Annex – notes on methodology

As of Q1-15, regulatory capital is allocated to Groupe BPCE business lines on the basis of 10% of their Basel 3 average risk-weighted assets (up from the 9% used previously).

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

- ✓ Exceptional items

The figures and comments contained in this presentation are based on the income statements of Groupe BPCE and its business lines restated to reflect the exceptional accounting items listed on page 5. A reconciliation of the restated income statement with the income statement published by Groupe BPCE is provided in an annex to this document.

- ✓ Leverage ratio

The leverage ratio is calculated using the rules of the Delegated Act published by the European Commission on October 10, 2014, without transitional measures, after restating to account for deferred tax assets on tax loss carryforwards. Securities financing operations carried out with clearing houses are offset on the basis of the criteria set forth in IAS 32, without consideration of maturity and currency criteria.

About Groupe BPCE

Groupe BPCE, the 2nd-largest banking group in France, includes two independent and complementary cooperative commercial banking networks: the network of 18 Banque Populaire banks and the network of 17 Caisses d'Épargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Wholesale 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, 108,000 employees and more than 8.9 million cooperative shareholders.

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