



GROUPE BPCE

Bankers and insurers with a different perspective

Press Release

Strategic Plan

Groupe BPCE 2018-2020

TEC2020

TRANSFORMATION DIGITALE ENGAGEMENT CROISSANCE

For all additional information, please refer to the full presentation available on the Groupe BPCE website: www.groupebpce.fr/en

Groupe BPCE launches its 2018-2020 strategic plan: TEC 2020 – Digital Transformation - Engagement - Growth

Paris, November 29, 2017

Groupe BPCE announces the launch of its “TEC 2020” strategic plan for the 2018-2020 period. The plan focuses on a combination of DIGITAL TRANSFORMATION in order to seize opportunities created by the ongoing technological revolution, ENGAGEMENT toward our customers, employees and cooperative shareholders, and GROWTH in all of our core businesses.

Objectives attained with the “Another Way to Grow” plan

The successful execution of “Another Way to Grow” over the 2014-2017 period enabled **Groupe BPCE to strengthen its retail banking business**, as witnessed by a sizeable 730,000 increase in the number of principal active banking customers and a rise in the percentage of the Group’s clients equipped with products. As of today, 28% of customers are equipped with non-life insurance policies (4 points higher than at end-2013), while €780m of additional synergies were generated between Natixis and the Banque Populaire and Caisse d’Epargne networks during the course of the plan.

During the same period, the Group initiated its digital transformation, to the extent that 83% of solutions can now be subscribed for electronically, almost 80% of customers are subscribed to online banking, and the 89C3 digital factory is fully up and running.

Reflecting the strategic ambitions of “Another Way to Grow”, Groupe BPCE became **a major player in the investment solutions market**, with close to 6% average annual growth in customer assets in private banking and a €65bn increase in net inflow in the asset management business over 2014-2017. Groupe BPCE also became **a fully-fledged bancassuranceur**, thanks to the creation of a single insurance platform and the decision to bring life insurance and property & casualty insurance activities back in-house.

During the 2014-2017 period, the Group also **continued to expand Natixis internationally**, such that the latter now earns 48% of its core-business net revenues internationally.

The Group also worked successfully on **numerous structural projects**. Some of the most emblematic involved launching seven mergers among 20 Group establishments (four of these mergers have already been completed), pooling IT production within BPCE-IT and setting up a payments business line within Natixis. All of these projects contributed to collective efficiency gains amounting to €863m between end-2013 and end-September 2017, with a target of €900m for end-2017.

At the same time, Groupe BPCE improved its **financial solidity** and posted a CET1 ratio of 15%¹ at September 30, 2017, one of the highest levels in Europe. This performance was recognized by Moody’s and Standard & Poor’s, both of whom raised their rating outlook on the Group from stable to positive.

The Group also invested in its **human talent** during the period, by fostering parity between its managers, developing dialogue with personnel and facilitating mobility within the Group. And in an internal survey of 80,000 staff, 78% said they were proud of and attached to the Group’s values (+4 points relative to 2014).

¹ CRR/CRD IV without transitional measures (except for deferred tax assets on tax loss carryforwards)

For François Pérol, Chairman of the Groupe BPCE Management Board: *"The digital revolution is the big issue for banks over the coming years and this is duly reflected in the name of our new strategic plan, TEC2020. This plan comprises new engagements toward our clients – to whom we intend to bring more expertise, value-added solutions and satisfaction –, toward our employees – so as to support them in the transformation of their jobs, to equip them with better tools and with the goal of attracting even more talent –, and toward our cooperative shareholders – because a bank that belongs to its clients needs to serve the society in which it operates. In order to respect these engagements, succeed with the Group's digital transformation and meet the ambitious growth targets set for each of our business lines, we will be amplifying our investments in people and technology. And throughout the plan, we will be staying true to the choices that accompanied the creation of our Group back in 2009: all our resources are employed to serve our clients in our banking and insurance businesses; we maintain a moderate appetite for risk; our Group's various companies work together; we exercise the strictest financial discipline; our governance is cooperative and decentralized."*

TEC 2020: Digital Transformation – Engagement – Growth

➤ **Accelerate our digital transformation**

The Group's **digital transformation** is set to accelerate on the back of the organization introduced in early 2017 around the digital taskforce and underpinned by five multi-brand platforms developed by the 89C3 factory. The objective is to lift the Group's digital net promoter score (NPS) into line with the levels commanded by pure players, with 90% of active clients using the Group's digital spaces and 10% of subscriptions being made via digital channels on completion of the plan in 2020.

To achieve these ends, we are going to:

- develop common interfaces for all of our brands, so as to ensure our clients enjoy an experience that matches the best standards,
- invest massively in exploiting data, in order to customize solutions, measure certain risks more precisely, enhance CRM and build artificial intelligence tools,
- make our IT more agile by taking advantage of cloud resources
- continue to optimize our operational model via shared platforms (credit management, Group middle offices, etc.), management by business line, and digitalization and robotization of processes.

Digital transformation investments are to be raised to €600m a year (2020 target).

➤ **Strong engagements toward our clients, staff and cooperative shareholders**

Groupe BPCE makes an engagement to clients by pledging to provide them with more expertise and more solutions:

- In retail banking: by focusing sales forces on advisory, thanks to greater digitalization of processes, increasing the number of specialist advisors by over 50%, introducing broader and global solutions in order to respond to customers' new expectations and uses, and keeping a continuous watch on customer satisfaction,
- In asset management: by delivering customized and innovative solutions and active investment strategies,
- In corporate & investment banking: by leveraging our globally recognized expertise in four sectors (energy & commodities, infrastructure, aviation, real estate & hospitality), in order to broaden our relations with clients beyond financing.

Groupe BPCE makes an engagement to staff by pledging to make them active players in the Group's transformation process:

- by enhancing their employability through ambitious investments in training (10 million hours of training) and facilitating mobility within the Group via a dedicated portal,
- by equipping them with digital tools (100% of staff equipped on completion of the plan),
- by reinforcing the Group's employer image, so as to attract and retain new talent (recruitment of 800 key-skilled staff in the IT and digital field).

Groupe BPCE makes an engagement to its cooperative shareholders by pledging to reinforce the Group's cooperative roots:

- the bank for everyone (access for fragile customers, such as disabled or protected persons, micro-credit, etc.),
- the bank that serves local needs (contribution of Group companies to local business and social ecosystems),
- by doing business responsibly (introduction of a code of ethics, prevention of over-indebtedness),
- by assigning priority to green growth and establishing targets out to 2020 that involve granting over €10bn of financing for energy transition, attracting €25bn of net inflow into responsible investment solutions and making two annual green bond issues.

➤ ***Ambitious growth objectives in all business lines***

Despite persistently low interest rates, the sizeable sums to be invested in Groupe BPCE's transformation are mirrored in **strong growth ambitions for all the Group's business lines**:

- Banques Populaires: focus growth on selected client categories (by 2020: +200,000 new principal active customers, +40,000 active professional clients, +5,500 corporate and institutional clients),
- Caisses d'Épargne: tailor commercial organization and approaches to customer profiles (by 2020: +430,000 new principal active customers, of which +120,000 customers with high net-worth potential, +30,000 active professional clients, +4,000 corporate and institutional clients),
- Crédit Foncier: further integrate its activities into the Group,
- Banque Palatine: provide an offering of high-end services focusing on dual banking relationships,
- Fidor: create a benchmark European banking community, targeting growth primarily in Germany, the UK and France in the banking business, and across Europe for marketplace solutions and as a provider of B2B solutions,
- Specialized financial services: become a payments pure player, digitalize all business lines, and increase synergies between Natixis and the two networks, all with the objective of growing revenues by 6% p.a.,
- Insurance: become one of the top five French life and personal protection insurers by 2020, with the target of increasing revenues by 7% p.a.,
- Asset management: reinforce our position in Europe, develop our distribution network in Asia-Pacific, expand the range of alternative products, and increase distribution by the Banques Populaires and Caisses d'Épargne networks, all with the target of lifting revenues by 6% p.a.,
- Corporate & investment banking: become a reference on four key sectors, continue international development, strengthen the originate-to-distribute model and improve positioning with insurers and investment funds, all with the target of lifting revenues by 3% p.a.

This growth will be achieved while strictly respecting the Group's financial fundamentals, i.e. managing the CET1 ratio to ensure it remains above 15.5% and keeping the cost of risk on outstandings between 20 and 30bps. By year-end 2020, Groupe BPCE is targeting net revenues in excess of €25bn.

To reach these targets, the Group can rely on further revenue synergies between Natixis and the Banque Populaire and Caisse d'Épargne networks (over €750m) and a cost-cutting program set to unlock €1bn of savings on a full-year basis by 2020.

A full and detailed presentation of the TEC2020 strategic plan is available via this link on <https://www.groupebpce.fr/en>

About Groupe BPCE

Groupe BPCE, the 2nd-largest banking group in France, includes two independent and complementary cooperative commercial banking networks: the network of 15 Banque Populaire banks and the network of 16 Caisses d'Épargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Investment Solutions & Insurance, Corporate & Investment Banking and Specialized Financial Services with Natixis. Groupe BPCE, with its 108,000 employees, serves a total of 31.2 million customers and enjoys a strong local presence in France with 8,000 branches and 9 million cooperative shareholders.

Contact presse Groupe BPCE

Christophe Gilbert : [+33 \(0\)1 40 39 66 00](tel:+332140396600) / [+33 \(0\)6 73 76 38 98](tel:+332140396600)

