

Press Release

Groupe BPCE launches a project geared to integrating Crédit Foncier's activities and teams into the Group

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Groupe BPCE is keen to respond fully to the new requirements of the real-estate finance sector and its customers. It is therefore seeking to combine Crédit Foncier's competencies and expertise with the know-how of the Banques Populaires and Caisses d'Épargne banks throughout France regions and with that of Natixis, Banque Palatine and BPCE SA.

This integration project stems from recognition that the pure real-estate financing model is no longer competitive or suited to circumstances. This is primarily due to the model's non-provision of banking services to customers and its reliance on refinancing solely on financial markets.

Groupe BPCE is therefore seeking to adapt its organization to the new requirements of the real-estate finance market to better meet customers' expectations, use of new technology, competition from new players and the need to set up comprehensive industrial processes underpinned by new digital tools, including virtual assistants.

With this project, Groupe BPCE's Supervisory Board and Crédit Foncier's Board of Directors having approved the project in principle today, Groupe BPCE intends to consolidate its market share in France, which currently exceeds 25% of all real-estate lending in France.

The proposed new organization would cement the Group's leadership on real-estate finance markets, by combining the competencies and many talents of Crédit Foncier with the power of the Banque Populaire and Caisse d'Épargne networks throughout France. Execution of the project would comply with two requirements:

- the Group aims to maintain and strengthen its presence with all categories of customers, first and foremost with those wishing to purchase their first home and particularly in the subsidized sector.
- the integration of Crédit Foncier employees within other Groupe BPCE companies would proceed in a socially responsible manner, in accordance with the companies' traditions.

Comprehensive integration of expertise and talents

The new organization would be underpinned by the integration of Crédit Foncier's know-how and expertise into Groupe BPCE's companies from three angles:

1- New production of loans would be redeployed in the Group's banks:

- Financing activities for individuals would be integrated into the Banques Populaires and Caisses d'Epargne banks, and coupled with an offer of banking services to new customers;
- Corporate financing activities would be redeployed within the Banques Populaires and Caisses d'Epargne banks for social housing and within Natixis for project and infrastructure finance.
- Socfim, which would become a subsidiary of BPCE S.A, would be positioned as a full-service corporate real-estate finance player, by grouping together long-term finance for real-estate professionals with that for developers.
- Crédit Foncier Immobilier, the real-estate services, expertise and commercialization subsidiary, would become a subsidiary of BPCE SA and work on behalf of the whole Group.

During the transition phase, commercial activity with Crédit Foncier's clients and partners would continue as normal.

2- Groupe BPCE would capitalize on the specific expertise of Crédit Foncier's teams:

- by creating a national platform for driving real-estate partnerships;
- by developing a digital platform offering a full loan-subscription experience;
- by reinforcing the Group's national loan monitoring and management platform.

3 – Crédit Foncier would be refocused on two objectives:

- refinancing the Groupe via Compagnie de Financement Foncier, which would itself be repositioned on refinancing public sector assets.
- managing the existing portfolio of loans until their maturity.

A socially responsible process offering a solution for each member of staff

In accordance with the culture of social dialogue that has always prevailed within Groupe BPCE and Crédit Foncier, the proposed project would provide a solution for each staff member based on the following engagements:

- All personnel whose positions would become redundant would be offered a position within a Groupe BPCE company (Banques Populaires, Caisses d'Epargne, Natixis, Banque Palatine, BPCE SA). This position would be of the same nature, of an equivalent classification and in the same local job market;
- On a voluntary basis and for staff members presenting a project that envisages their future outside the Group, Crédit Foncier would also open an Employment Protection Plan (Plan de Sauvegarde de l'Emploi).
- Crédit Foncier staff called upon to manage the existing portfolio of loans would benefit over time from the same financial measures earmarked initially.

- In order to support staff in their mobility within the Group and offer them the best integration possible, the project aims to provide them with an ambitious and personalized multi-year training plan geared to rounding out their expertise.

Following constructive internal dialogue, the project's announcement underlines the Group's ability to put together a lasting solution backed by all stakeholders and designed to integrate the activities, know-how and competencies of Crédit Foncier's teams into the Banques Populaires and the Caisses d'Épargne banks, Natixis, Banque Palatine and BPCE SA.

Groupe BPCE is committing to this project at a time when its financial solidity, prospects and results provide a strong platform to support this change in the best possible conditions.

The project has been presented to union organizations representing Crédit Foncier staff. It will be subject to an information-consultation process involving the works councils of Crédit Foncier and of the Group entities concerned.

About Groupe BPCE

Groupe BPCE, the 2nd-largest banking group in France, includes two independent and complementary cooperative commercial banking networks: the network of 14 Banque Populaire banks and the network of 15 Caisses d'Épargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Asset and Wealth management, Insurance, Corporate & Investment Banking and Specialized Financial Services with Natixis. Groupe BPCE, with its 106,500 employees, serves a total of 31 million customers and enjoys a strong local presence in France with 7,800 branches and 9 million cooperative shareholders.

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